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TLFF I PTE. LTD.

(incorporated with limited liability under the laws of Singapore)

US\$95,000,000 Secured Fixed Rate Notes issued in the following Classes: US\$30,000,000 Class A Notes (the “Class A Notes”), US\$20,000,000 Class B1a Notes (the “Class B1a Notes”), US\$15,000,000 Class B1b Notes (the “Class B1b Notes”), US\$15,000,000 Class B1c Notes (the “Class B1c Notes” and together with the Class B1a and Class B1b Notes, the “Class B1 Notes”) and US\$15,000,000 Class B2 Notes (the “Class B2 Notes” and together with the Class B1 Notes, the “Class B Notes”)

Issue Price: 100 per cent.

The US\$95,000,000 Secured Fixed Rate Notes (the “Notes”), issued by TLFF I PTE. LTD. (the “**Issuer**” and “**TLFF I**”) in the following classes:

<i>Principal Amount of the Notes</i>	<i>Class</i>	<i>Expected Maturity Date</i>	<i>Legal Maturity Date</i>	<i>Interest Rate</i>
US\$30,000,000	Class A Notes	23 February 2033	23 February 2034	4.136% per annum
US\$20,000,000	Class B1a Notes	23 February 2033	23 February 2034	9% per annum
US\$15,000,000	Class B1b Notes	23 February 2023	23 February 2034	8.375% per annum
US\$15,000,000	Class B1c Notes	23 February 2025	23 February 2034	8.875% per annum
US\$15,000,000	Class B2 Notes	23 February 2033	23 February 2034	2% per annum

The Notes are constituted and secured pursuant to a trust deed (the “**Notes Trust Deed**”) dated 23 February 2018 between the Issuer and Citicorp International Limited as trustee for itself and the holders of the Notes (the “**Notes Trustee**”). The Notes are limited recourse obligations of the Issuer.

Payments of interest on the Notes will be made quarterly on each Notes Interest Payment Date (as provided herein) (as adjusted for non-Business Days (as provided herein)) commencing 23 May 2018 in accordance with the priorities of payments described herein.

The Notes are scheduled to mature on the Expected Maturity Date (as defined below) at their outstanding principal amount at the time and, if not redeemed in full on that date, then on the Notes Legal Maturity Date (as defined below).

The Class A Notes were assigned a “Aaa” rating by Moody’s Investors Service Limited (the “**Rating Agency**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 22 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States. The Notes are being offered only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “*Subscription and Sale*”.

Sole Arranger and Lead Manager



BNP PARIBAS

Facility Manager

ADM CAPITAL

The Notes were issued in registered form in the minimum denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes, which were offered and sold pursuant to Regulation S, were delivered through the facilities of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”) on 23 February 2018.

Approval in principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Borrowers, the Facility Guarantor or any of their respective subsidiaries or affiliated companies, the Project (as defined below) and the Notes. There can be no assurance that any such approval or listing will be maintained.

The date of this Offering Circular is 7 March 2018.

IMPORTANT NOTICE

Prospective investors should rely only on the information contained in this Offering Circular or to which reference is made herein. The Issuer has not authorised anyone to provide prospective investors with information that is different. This Offering Circular may only be used where it is legal to sell the Notes. The information in this Offering Circular may only be accurate as at the date of this Offering Circular.

Having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the Issuer’s knowledge, in accordance with the facts. The information in the section headed “*Description of the Facility Guarantor*” below, has been obtained from publicly available sources. Such information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Prospective Noteholders should conduct independent investigation and analysis regarding the Issuer, the security arrangements and the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Purchasers of Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources, to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Notes in the context of their financial position and circumstances. Prospective Noteholders should have regard to the factors described under the section headed “*Risk Factors*” in this document. This Offering Circular does not describe all of the risks of an investment in the Notes. Neither this Offering Circular nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Lead Manager that an recipient of this Offering Circular or any other financial statements should purchase the Notes.

Each purchaser, each subsequent transferee and each person directing such purchaser or subsequent transferee to acquire the Notes, by its purchase or other acquisition of the Notes, is deemed to represent and warrant (which representation and warranty will be deemed to be repeated on each date on which the Notes are held by such purchaser or subsequent transferee, as the case may be), that: (i) it has read and understood the above paragraph; (ii) it has made its own independent decisions to purchase the Notes and as to whether the purchase of the Notes is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary; (iii) it is not relying on any communication (written or oral) of the Issuer, the Lead Manager or any counterparty as investment advice or as a recommendation to purchase the Notes, it being understood that the contents of this Offering Circular will not be considered investment advice or a recommendation to purchase the Notes; and (iv) it understands and agrees that no communication (written or oral) received from the Issuer, the Lead Manager or any counterparty will be deemed to be an assurance or guarantee as to the expected performance of the Notes.

No investigations, searches or other enquiries have been made and no express or implied representations or warranties are made by or on behalf of the Issuer or BNPP in respect of the Issuer, the Borrowers or the Facility Guarantor under the Loan Facility Agreement or the Facility Guarantee (each as defined below).

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, BNP Paribas, acting through its Singapore branch (“**BNPP**” or the “**Lead Manager**”) and Asia Debt Management Hong Kong Limited (“**ADM Capital**” or the “**Facility Manager**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto in certain jurisdictions and to persons

connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular, see the “*Subscription and Sale*” section below. By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Agents, the Common Depositary, the Facility Agent, the Transaction Administrator, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers or the Facility Guarantor (each as defined below). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Borrowers, the Facility Guarantor or any of their respective subsidiaries and associates since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, or the Facility Guarantor to subscribe for or purchase any of the Notes, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to, and its contents may be disclosed only to, the prospective investors to whom it is provided. By accepting delivery of this Offering Circular, each investor agrees to these restrictions.

None of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers or the Facility Guarantor has separately verified the information contained in this Offering Circular. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers or the Facility Guarantor as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Notes.

The Lead Manager does not make any representation as to the suitability of the Notes to fulfil environmental and sustainability criteria required by prospective investors. Investors should refer to the Sustainability Bond Second Party Opinion from Vigeo Eiris at the TLFF website (<http://tlffindonesia.org>) for information. Vigeo Eiris has been appointed by the Issuer, and the Lead Manager has not undertaken, nor is it responsible for, any assessment of the compliance of the Notes with the Green Bond Principles.

Each person contemplating making an investment in the Notes is deemed to represent that it has conducted its own due diligence, investigation and analysis of the Issuer, the Borrowers and the Facility Guarantor, and the terms of the offering, including the merits and risks involved, 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. Each investor in the Notes is deemed to represent that it has had access to such information concerning the Notes, the Issuer, the Borrowers and the Facility Guarantor as it has deemed necessary, and has received all information that it believes is necessary or appropriate in connection with its investment decision to purchase the Notes. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Each person receiving this Offering Circular is deemed to represent and acknowledge that such person has not relied on the Lead Manager, the Facility Manager, the Issuer, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor or any of their respective affiliates, directors or advisors in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor or any of their respective affiliates, directors or advisors accepts any responsibility for the contents of this Offering Circular or for any statement made or purported to be made in connection with the Issuer, the Borrowers, the Facility Guarantor, the Loan Facility Agreement, the Facility Guarantee or the issue and offering of the Notes. Each of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor and each of their respective affiliates, directors and advisors, accordingly, disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. Each person receiving this Offering Circular agrees that it will not hold any of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor and each of their respective affiliates, directors and advisors responsible for any misstatement or omissions in this Offering Circular and waives any claims against such persons arising from or relating to this transaction. None of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor or any of their respective affiliates, directors or advisors undertakes to review the financial condition or affairs of the Issuer, the Borrowers or the Facility Guarantor for so long as the Notes remain outstanding or to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Lead Manager, the Facility Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the Common Depositary, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor or any of their respective affiliates, directors or advisors.

The Lead Manager is not obliged to facilitate trading in the Notes (or beneficial interests therein) and any such activities, if commenced, may be discontinued at any time, for any reason, without notice. If the Lead Manager does not facilitate trading in the Notes (or beneficial interests therein) for any reason, there can be no assurance that another firm or person will do so.

The Lead Manager and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Borrowers, the Facility Guarantor or their respective affiliates, including the extension of credit facilities, from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, the Lead Manager and its affiliates may, from time to time, after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Borrowers, the Facility Guarantor or their respective affiliates in the ordinary course of their business. The Lead Manager or its affiliates may purchase the Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackagings and credit default swaps, at the same time as the offering of the Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, the Lead Manager or its affiliates may hold long or short positions relating to the Notes. The Lead Manager or its affiliates may also purchase Notes for asset management and/or proprietary purposes, but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. While the Lead Manager and its affiliates have policies and procedures to deal with conflicts of interests, any of the above transactions may cause the Lead Manager or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. The Lead Manager may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

Each person receiving this Offering Circular should make an investment in the Notes based on the contents of the final Offering Circular and it acknowledges that any drafts of this Offering Circular (including any preliminary Offering Circular) or any other materials that may have been provided to them prior to the date hereof are superseded in all respects by the final Offering Circular, and such materials should be disregarded for purposes of its investment decision.

The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

PRESENTATION OF INFORMATION

References in this Offering Circular to “**Rp.**” and “**Rupiah**” are to the lawful currency for the time being of the Republic of Indonesia (“**Indonesia**”).

References in this Offering Circular to “**US\$**”, “**Dollars**”, “**US dollars**” or “**USD**” are to the lawful currency for the time being of the United States of America (the “**U.S.**” or the “**United States**”).

References in this Offering Circular to “**S\$**” is to the lawful currency for the time being of the Republic of Singapore (“**Singapore**”).

Capitalised terms used in this Offering Circular, unless otherwise indicated, have the meanings set out in this Offering Circular. A glossary of principal defined terms appears at the back of this Offering Circular.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements of the Borrowers are prepared in accordance with generally accepted accounting principles applicable in Indonesia.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), 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 Directive 2003/71/EC (as amended, the “**Prospectus Directive**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

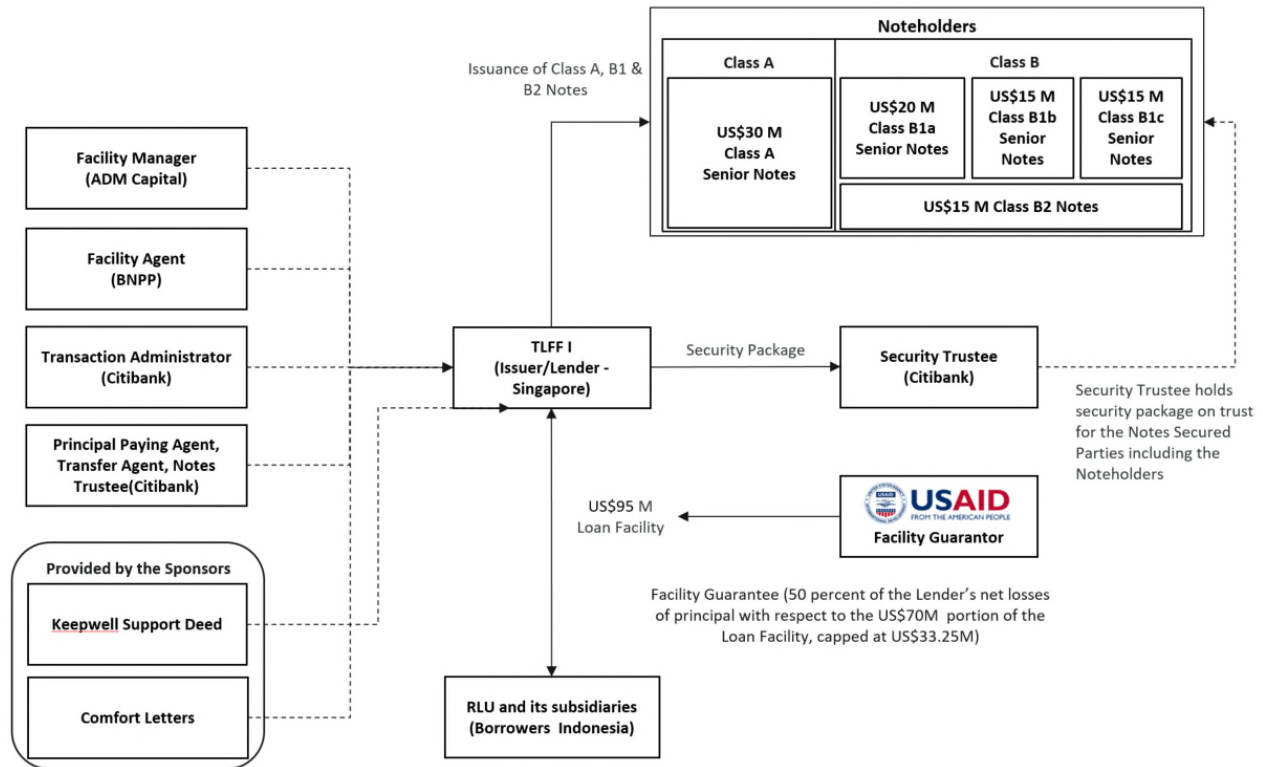
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TRANSACTION SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should therefore read this Offering Circular in its entirety before making any investment decisions.

A – TRANSACTION DIAGRAM



B – SUMMARY

Capitalised terms used in this summary section are defined in the more detailed sections below. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary.

On the date of issuance of the Notes (the Closing Date, as defined below), the Issuer applied the proceeds of the issuance of the Notes towards providing a long-term loan facility (the “**Loan Facility**”) to the Borrowers under the US\$95,000,000 facility agreement dated 25 January 2018 between, amongst others, the Borrowers and TLFF I (as Lender), as amended from time to time (the “**Loan Facility Agreement**”) in connection with the development of natural rubber plantations in Indonesia to produce and sell natural rubber to global and national buyers (the “**Project**”). The issuance proceeds of the Notes were deposited into the Funding Account on the Closing Date to fund the drawdown of the Loan Facility and, on or about the Closing Date, the net proceeds (after deduction of the transaction expenses, Refinancing Amount, Required Reserve Fund Amount, Pre-funded Interest Amount, First Loss Reserve Amount and Contingency Cash Reserve from the Funding Account) were deposited from the Funding Account into the Escrow Account for disbursements to the Borrowers in accordance with the Loan Facility Agreement. See “*The Loan Facility*” section below for further detail.

The performance of the Issuer’s obligations under the Notes is secured by the granting of first ranking security over certain of the Issuer’s property and assets in favour of the Security Trustee to secure all amounts and obligations owed by the Issuer to the Notes Secured Parties under the Notes and the Transaction Documents (as defined below). The Security Trustee, in accordance with the terms of the Notes Security Trust Deed, holds the benefit of the Notes Security for the Notes Secured Parties. The key assets of such security include: (i) the Issuer’s rights to the proceeds received in

respect of the Loan Facility and the Facility Guarantee; (ii) the TLFF I USD Accounts, including all funds therein held from time to time with the Account Bank and the Account Bank (CCR) in the name of the Issuer and any rights of the Issuer against the Account Bank and/or the Account Bank (CCR) in respect thereof; (iii) all of the Issuer's rights under the other Finance Documents not listed in (i) above (other than the Indonesian law governed Finance Documents); and (iv) all of the Issuer's rights under all other Transaction Documents (other than the Indonesian law governed Transaction Documents).

The Security Trustee's security over the Loan Facility and the Facility Guarantee takes effect as a first ranking security assignment over all proceeds arising thereunder (as opposed to a security assignment over all rights of the Issuer thereunder). The terms of the Facility Guarantee prohibit the transfer or assignment of rights under the Facility Guarantee without the Facility Guarantor's prior written consent.

The Class A Notes shall at all times rank *pari passu* without any preference or priority amongst themselves and with the Class B Notes. Within the Class B Notes (i) prior to the occurrence of a Loan Acceleration, the Class B Notes shall rank *pari passu* without any preference or priority amongst themselves and (ii) in the event of Loan Acceleration, the Class B1 Notes shall rank *pari passu* without any preference or priority amongst themselves and in priority to the Class B2 Notes, and the Class B2 Notes shall be subordinated to and rank behind the Class B1 Notes, and rank *pari passu* without any preference or priority amongst themselves. For the avoidance of doubt, the Class A Noteholders have first priority ranking to receive any funds standing to the credit of the Guarantee Payment Account.

The Class A Notes were assigned a "Aaa" rating by the Rating Agency.

C – KEY TRANSACTION PARTIES

Notes-level parties

The Issuer	<p>TLFF I PTE. LTD. (the “Issuer” and “TLFF I”), a newly established special purpose company incorporated in Singapore, issued the Notes.</p> <p>The Issuer’s sole business is:</p> <ul style="list-style-type: none">(a) making available the Loan Facility to the Borrowers under the Loan Facility Agreement in connection with the Project;(b) granting security over certain of the Issuer’s property and assets in favour of the Security Trustee to secure all amounts and obligations owed by the Issuer to the Notes Secured Parties under the Notes and in connection with the Notes Documents;(c) the issuance of the Notes; and(d) the entry into and the performance of its obligations under, referred to in, or contemplated by, the Transaction Documents.
The Issuer Corporate Service Agent	<p>The Issuer has appointed Vistra Corporate Trust (Singapore) Ltd. (formerly known as Vistra Corporate Trust (Singapore) Pte. Ltd.) (the “Issuer Corporate Service Agent”) to provide certain management and administrative services to the Issuer pursuant to a management agreement.</p>
The Lead Manager and the Arranger	<p>BNPP</p>
The Agents	<p>The Issuer appointed Citibank, N.A., London Branch as principal paying agent and transfer agent (the “Principal Paying Agent” and the “Transfer Agent”, respectively) and as registrar for the Notes (the “Registrar”) (collectively, the “Agents”) pursuant to an agency agreement dated 23 February 2018 between the Issuer, the Notes Trustee and the Agents (the “Agency Agreement”).</p>
The Notes Trustee	<p>Citicorp International Limited acts as trustee for the holders of the Notes (the “Notes Trustee”).</p>
The Security Trustee	<p>Citicorp International Limited acts as security trustee (the “Security Trustee”) and holds the Notes Security (as defined below) on behalf of the Noteholders and the other Notes Secured Parties pursuant to a security trust deed dated 23 February 2018 between the Issuer and the Security Trustee (the “Notes Security Trust Deed”). See “<i>The Notes — Notes Security Package</i>” below.</p>
The Account Bank	<p>The Issuer appointed Citibank, N.A., Hong Kong Branch as its account bank (the “Account Bank”) in respect of the TLFF I USD Accounts (excluding the Contingency Cash Reserve Account). The appointment of the Account Bank is documented under an account bank agreement dated 23 February 2018 between the Issuer, the Account Bank and the Transaction Administrator (the “Account Bank Agreement”).</p> <p>If at any time the Account Bank’s long term rating(s) by the Rating Agency falls below A2, TLFF I shall terminate the appointment of the Account Bank as soon as is reasonably practicable but in any event within 60 calendar days, provided that no termination of the appointment of such account bank shall take effect until a replacement financial institution or institutions fulfilling the same ratings requirement is or are appointed. Additionally, the Account Bank may resign voluntarily, provided that a replacement account bank with such required ratings is appointed.</p>
The Account Bank (CCR)	<p>The Issuer appointed BNPP as its account bank (the “Account Bank (CCR)”) in respect of the Contingency Cash Reserve Account. The appointment of the Account Bank (CCR) is documented under an account bank agreement dated 23 February 2018 between the Issuer, the Account Bank (CCR) and the Facility Manager (the “Contingency Cash Reserve”).</p>

Account Bank Agreement”).

If at any time the Account Bank (CCR)’s long term rating(s) by the Rating Agency falls below A2, TLFF I shall terminate the appointment of the Account Bank (CCR) as soon as is reasonably practicable but in any event within 60 calendar days, provided that no termination of the appointment of such account bank shall take effect until a replacement financial institution or institutions fulfilling the same ratings requirement is or are appointed. Additionally, the Account Bank (CCR) may resign voluntarily, provided that a replacement account bank with such required ratings is appointed.

The Account Bank (RLU)

RLU appointed BNPP as its account bank (the “**Account Bank (RLU)**”) in respect of the Interest Pre-funded Account. The appointment of the Account Bank (RLU) is documented under an account bank agreement dated 20 February 2018 between the Borrowers, the Account Bank (RLU) and the Facility Agent (the “**Account Bank Agreement (RLU)**” and together with the Account Bank Agreement and Contingency Cash Reserve Account Bank Agreement, the “**Account Bank Agreements**”).

If at any time the Account Bank (RLU)’s long term rating(s) by the Rating Agency falls below A2, RLU shall terminate the appointment of the Account Bank (RLU) as soon as is reasonably practicable but in any event within 60 calendar days, provided that no termination of the appointment of such account bank shall take effect until a replacement financial institution or institutions fulfilling the same ratings requirement is or are appointed. Additionally, the Account Bank (RLU) may resign voluntarily, provided that a replacement account bank with such required ratings is appointed.

The Transaction Administrator

The Issuer appointed Citicorp International Limited to provide certain administrative services in relation to the payment obligations of the Issuer pursuant to the Transaction Documents (the “**Transaction Administrator**”).

The appointment of the Transaction Administrator is documented under a transaction administration agreement dated 23 February 2018 between, among others, the Issuer and the Transaction Administrator (the “**Transaction Administration Agreement**”). See “*The Transaction Administration Agreement*” section below.

The Common Depositary

Citibank Europe plc. or such other depositary common to Clearstream and Euroclear as may be appointed from time to time.

The Rating Agency(ies)

Moody’s Investors Service Limited (“**Moody’s**”), or such other rating agency(ies) in respect of the Notes from time to time (the “**Rating Agency**”).

Sustainability Bond Second Opinion Provider

The Issuer appointed Vigeo Eiris Enterprise (“**Vigeo Eiris**”) for the review of the compliance of the Notes with the ICMA Green Bond Principles.

Asset-level parties

The Lender

The lender under the Loan Facility is TLFF I PTE. LTD. (the “**Lender**” and “**TLFF I**”).

The Borrowers, the Guarantors and the Obligors

Each of the following entities (each a “**Borrower**”, “**Guarantor**” and “**Obligor**” and collectively the “**Borrowers**”, the “**Guarantors**” and the “**Obligors**”):

- PT Royal Lestari Utama (“**RLU**”), a company established in Indonesia and having its registered address at Wisma Barito Pacific, Tower B, 3rd Floor, Jl. Let. Jend. S. Parman kav.62-63, Jakarta Barat, 11410, Indonesia;
- PT Lestari Asri Jaya (“**LAJ**”), a company established in Indonesia and having its registered address at Wisma Barito Pacific, Tower B, 3rd Floor, Jl. Let. Jend. S. Parman kav.62-63, Jakarta Barat, 11410, Indonesia;
- PT Multi Kusuma Cemerlang (“**MKC**”), a company established in Indonesia and

having its registered address at Wisma Barito Pacific, Tower B, 3rd Floor, Jl. Let. Jend. S. Parman kav.62-63, Jakarta Barat, 11410, Indonesia; and

- PT Wanamuki Wisesa (“**WW**”), a company established in Indonesia and having its registered address at Wisma Barito Pacific, Tower B, 3rd Floor, Jl. Let. Jend. S. Parman kav.62-63, Jakarta Barat, 11410, Indonesia.

See “*Description of the Borrowers*” section below.

The Obligors’ Agent RLU, as agent on behalf of each Obligor in relation to the Finance Documents.

The Sponsor(s) Each of the following entities is a sponsor to the Borrowers (each a “**Sponsor**” and collectively “**Sponsors**”):

- PT Satria Cemerlang (“**Satria Cemerlang**”), a company within the Barito Pacific Group (but which is not a PT. Barito Pacific Tbk. subsidiary), established in Indonesia and having its registered address at Wisma Barito Pacific, Tower B, 3rd Floor, Jl. Letjen S. Parman Kav. 62-63, Jakarta 11410, Indonesia; and
- Compagnie Financière Michelin SCmA (“**Michelin**”), a partnership limited by shares (*Société en commandite par actions*) established and organised under the laws of Switzerland and having its registered address at Route Louis-Braille 10, 1763 Granges-Paccot, Switzerland, and registered with the Commercial Register of the Canton of Fribourg under company registration no. CHE-107.787.063.

On or about the Closing Date, Satria Cemerlang and Michelin purchased the Class B2 Notes from the Lead Manager.

The Shareholders RLU is owned:

- 51% by Satria Cemerlang; and
- 49% by Michelin.

WW is owned:

- 3.12% by PT Revalindo Pratama RVP (“**RVP**”); and
- 96.88% by RLU.

MKC is owned:

- 0.96% by RVP; and
- 99.04% by RLU.

LAJ is owned:

- 1.26% by RVP; and
- 98.74% by RLU.

The Facility Guarantor United States Agency for International Development (the “**Facility Guarantor**”) has provided a guarantee in respect of 50 per cent. of the US\$70,000,000 portion (the “**Guaranteed Loan Portion**”) of any net losses of principal in respect of the loan(s) granted by TLFF I under the US\$95,000,000 Loan Facility (amounting to 36.84 per cent., effectively, of any net losses of principal incurred by TLFF I under such loan(s)) (the “**Facility Guarantee**”). See the “*The Facility Guarantee*” section below.

The Facility Manager The Issuer appointed Asia Debt Management Hong Kong Limited (“**ADM Capital**”), established in Hong Kong and regulated by the Securities and Futures Commission for engaging in fund management services, to act as the facility manager in respect of the Loan Facility (the “**Facility Manager**”).

The appointment of the Facility Manager is documented under a facility management agreement dated 23 February 2018 between the Issuer and the Facility Manager (the “**Facility Management Agreement**”).

The Facility Manager is appointed to provide services in respect of Loan Facility including: (i) exercising and/or coordinating the exercise of Reasonable Collection Efforts (at the cost of the Issuer) consistent with the requirements of the Facility Guarantee following notification from the Facility Agent of a Loan Event of Default or Potential Loan Event of Default under the Loan Facility; (ii) coordinating the making of claims under the Facility Guarantee on

behalf of TLFF I/the Notes Trustee; (iii) coordinating the exercise of any enforcement rights available under the Loan Facility; and (iv) monitoring and reporting on matters related to environmental, social and governance issues of the Borrowers.

See “*The Facility Management Agreement – Facility Manager’s Role*” section below.

The Back-Up Facility Manager

The Issuer appointed BNP Paribas to act as the back-up facility manager in respect of the Loan Facility (the “**Back-Up Facility Manager**”).

The appointment of the Back-Up Facility Manager is documented under a back-up facility management agreement dated 23 February 2018 between the Issuer and the Back-Up Facility Manager (the “**Back-Up Facility Management Agreement**”).

In the event that a termination or resignation in respect of the Facility Manager occurs under and in accordance with the Facility Management Agreement, the Back-Up Facility Manager shall be appointed to provide similar services as the Facility Manager to TLFF I in respect of the Loan Facility in accordance with the terms of the Back-Up Facility Management Agreement and Facility Management Agreement.

The Facility Agent

The Lender appointed BNPP to act as the facility agent under the Loan Facility (the “**Facility Agent**”) to provide certain payment agency and loan agency services in respect of the Loan Facility, including, but not limited to, ongoing monitoring of bank accounts under the Loan Facility.

The Escrow Account Bank

The Borrowers, the Lender and the Facility Manager appointed BNPP to act as account bank (the “**Escrow Account Bank**”) in respect of a bank account (the “**Escrow Account**”) held in the name of RLU. The Escrow Account is used for disbursements of the proceeds of the Loan to the Borrowers. The appointment of the Escrow Account Bank is documented under an escrow account agreement dated 2 February 2018 between the Borrowers, the Lender, the Facility Manager and the Escrow Account Bank (the “**Escrow Account Agreement**”).

D – THE NOTES

The Issuer issued the Notes to the Lead Manager on the Closing Date. The Notes constitute direct and unconditional obligations of the Issuer and are secured by the Notes Security Package. See “*Notes Security Package*” below.

The Notes were issued initially in registered global form only, without coupons attached and registered in the name of Citivic Nominees Limited as nominee of a common depository, for Euroclear and Clearstream.

Beneficial interests in the Notes are shown on, and transfers of beneficial interests in the Notes will be effected only through, records maintained by Euroclear and Clearstream and their respective participants. The Notes are freely transferable in accordance with their terms and subject to certain restrictions on transfers and sales.

Capitalised terms used in this section shall have the meanings given to them in the “Definitions” section immediately below, in the body of this section or elsewhere in this Offering Circular.

Definitions

“**Business Day Convention**” means, in respect of any date specified to be adjusted by this business day convention, if such date would otherwise fall on a day which is not a Business Day, it shall be postponed to the first following day that is a Business Day.

“**Class**” means with respect to the Notes or Noteholders, as the case may be, each or any of the Class A Notes, the Class B1a Notes, the Class B1b Notes, the Class B1c Notes or the Class B2 Notes or to the respective holders thereof.

“**Loan**” in the singular form shall be construed as a reference to all of the loans under the Loan Facility and any reference to principal amount outstanding in respect of the Loan shall be construed as a reference to the aggregate principal amount outstanding of all of the loans under the Loan Facility.

“**Loan Acceleration**” means acceleration of the Loan Facility pursuant to clause 19.28 (*Acceleration*) of the Loan Facility Agreement.

“**Noteholder**” and (in relation to a Note) “**holder**” means a person in whose name a Note is registered in the Register (or in the case of a joint holding, the first name thereof).

“**Notes Documents**” means the Notes Trust Deed, the Notes Security Trust Deed, the Notes Security Documents, the Agency Agreement, the Issuer Corporate Services Agreement, the Account Bank Agreement, the Contingency Cash Reserve Account Bank Agreement, the Master Definitions Agreement, the Transaction Administration Agreement, the Closing Cashflow Agreement, the Notes Subscription Agreement, any fee letters or other documents ancillary thereto and any other document designated as a Notes Document by the Issuer and the Notes Trustee.

“**Notes Principal Repayment Date**” means, in respect of a Class of Notes, each scheduled date specified as such in the Expected Notes Repayment Schedule relating to such Class.

“**Notes Security**” means the Notes Security Interests pursuant to the Notes Security Documents.

“**Notes Security Interest**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Register**” means the register of holders of each Class of Notes.

“**Transaction**” means the provision of the Loan to the Borrowers and the issuance of the Notes to the Noteholders by TLFF I and any transactions, guarantees or arrangements entered into in connection therewith.

“**Transaction Documents**” means the Finance Documents, the Notes Documents, the Keepwell Deed, the Facility Guarantee, the Facility Management Agreement and the Back-Up Facility Management Agreement, any fee letters or other documents ancillary thereto and any other document designated as a Transaction Document by the Issuer and the Notes Trustee.

Principal features of the Notes

The Issuance	US\$ Secured Fixed Rate Notes (the “ Notes ”) issued by TLFF I. The Notes constitute direct and unconditional obligations of TLFF I and are secured by the Notes Security Package.
Issue Price	The Notes were issued at 100 per cent. of their principal amount.

Principal Amount of the Notes	<p>US\$95,000,000 (indicative and illustrative only) in aggregate.</p> <p>In respect of Class A Notes, US\$30,000,000.</p> <p>In respect of Class B1a Notes, US\$20,000,000.</p> <p>In respect of Class B1b Notes, US\$15,000,000.</p> <p>In respect of Class B1c Notes, US\$15,000,000.</p> <p>In respect of Class B2 Notes, US\$15,000,000.</p>
Issue Date and Closing Date	23 February 2018
Expected Maturity Date	<p>The date falling on the 15th anniversary of the Issue Date for the Class A Notes, Class B1a Notes and Class B2 Notes, the date falling on the 5th anniversary of the Issue Date for the Class B1b Notes and the date falling on the 7th anniversary of the Issue Date for the Class B1c Notes (the “Expected Maturity Date”), subject to the provisions of the “<i>Notes Repayment</i>” and “<i>Expected Notes Repayment Schedule</i>” sections below.</p> <p>Any default interest received from the Borrowers under the Loan, including default interest (if any) received from and including the Expected Maturity Date (where the maturity date of the Notes has not occurred on the Expected Maturity Date), shall be deposited into the Notes Interest Payment Account to be applied in accordance with PoP 3 or PoP 4, as the case may be.</p>
Notes Legal Maturity Date	<p>16 years after the Issue Date for all classes of Notes.</p> <p>For the avoidance of doubt, if the Notes have not been redeemed in full on or prior to the Expected Maturity Date, they shall be redeemed in full on the Notes Legal Maturity Date.</p>
Notes Interest	<p>Each Class of Notes pays interest as follows, subject to pro rata reduction on account of any partial redemption in accordance with “<i>Notes Repayment</i>” below.</p> <p>The interest accrual periods of the Notes (of all Classes) shall be the same as the Loan interest accrual periods.</p> <p><i>Class A Notes:</i></p> <p><i>Interest Rate:</i> 4.136% p.a.</p> <p><i>Interest Period:</i> Quarterly</p> <p><i>Interest Calculation Period:</i> 30 / 360</p> <p><i>Business Day Convention:</i> Following</p> <p><i>Class B1a Notes, Class B1b Notes and Class B1c Notes:</i></p> <p><i>Interest Rate for Class B1a Notes:</i> 9% p.a.</p> <p><i>Interest Rate for Class B1b Notes:</i> 8.375% p.a.</p> <p><i>Interest Rate for Class B1c Notes:</i> 8.875% p.a.</p> <p><i>Interest Period:</i> Quarterly</p> <p><i>Interest Calculation Period:</i> 30 / 360</p> <p><i>Business Day Convention:</i> Following</p> <p><i>Class B2 Notes:</i></p> <p><i>Interest Rate:</i> 2% p.a.</p> <p><i>Interest Period:</i> Quarterly</p> <p><i>Interest Calculation Period:</i> 30 / 360</p>

Business Day Convention: Following

Interest shall accrue on the outstanding principal amount of the Notes, as such outstanding principal amount may be reduced by early redemption (in part or full) of the Notes following any scheduled repayment of principal, Voluntary Prepayment or Mandatory Prepayment under the Loan or receipt of Acceleration Proceeds and/or Facility Guarantee claim proceeds in respect of the Loan, in accordance with “*Notes Repayment*” below. No further interest (excluding, for the avoidance of doubt, Notes Makewhole Amounts or Notes Prepayment Fees) shall accrue on the Notes (or such portion thereof) that has been early redeemed (or redeemed in part according to schedule) from the date of such scheduled or unscheduled early redemption.

Business Day

A day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, London, Singapore, Indonesia, Tokyo and New York.

Expected Notes Repayment Schedule

Provided no acceleration of the Loan and/or Notes Enforcement occurs, the Expected Maturity Date for each Class of Notes shall be as set out in “*Expected Maturity Date*” above and the Notes shall redeem in accordance with their respective repayment schedules as set out below, subject to “*Notes Repayment*” below.

To the extent that there is any partial Mandatory Prepayment or Voluntary Prepayment under the Loan, each remaining scheduled Notes Principal Repayment Amount in respect of each Class of Notes shall also be redeemed in part pro rata to such Mandatory Prepayment or Voluntary Prepayment (and each of the scheduled Notes Principal Repayment Amounts in the respective repayment schedules shall be deemed to be reduced pro rata to reflect such partial redemption).

Please refer to each of the Expected Notes Repayment Schedules (the “**Expected Notes Repayment Schedules**”) set out in schedules 1 to 5 of the “*Terms and Conditions of the Notes*” section below.

Notes Makewhole Amount (Total)

Following receipt of any Prepayment Proceeds (only in respect of Voluntary Prepayment) or Acceleration Proceeds, the sum of: (x) the aggregate Notes Makewhole Amounts payable to all Class A Noteholders upon distribution of such Prepayment Proceeds or Acceleration Proceeds and (y) the Makewhole Bank Fee (as defined in “*Notes Makewhole Amount*” below).

Where the Notes Makewhole Amount (Total) is payable as a result of Loan Acceleration, such Notes Makewhole Amount (Total) shall not exceed the amount (if positive) (the “**NMI Cap**”) equal to (i) minus (ii),

where:

(i) equals the lower of:

- (a) the payment on the Facility Guarantee made or to be made by the Facility Guarantor; and
- (b) US\$33.25 million;

and

(ii) equals the aggregate outstanding principal amount of the Class A Notes immediately prior to the date of payment of such Notes Makewhole Amounts and the corresponding early redemption amounts on the

Notes.

Notes Makewhole Amount

The Notes Makewhole Amount accrues and is payable only in respect of the Class A Notes, upon any receipt of voluntary Prepayment Proceeds (but not mandatory Prepayment Proceeds) or Acceleration Proceeds under the Loan, and is an amount in US dollars in respect of each Class A Note equal to such Note's pro rata share of: (i) the Discounted Value, *less* (ii) the Prepayment Proceeds or Acceleration Proceeds (as the case may be) in respect of only the Class A Notes, subject to a floor of zero and subject to the NMI Cap (as defined in "*Notes Makewhole Amount (Total)*" above); and provided that any amounts paid as Notes Makewhole Amounts shall be paid on the relevant Note: (a) subject to any deduction for taxes, fees and expenses and (b) without double counting in respect of any accrued interest. The Notes Makewhole Amounts shall be paid on the Class A Notes on the same day as payment of the corresponding early redemption amounts on the Notes in respect of such Acceleration Proceeds or Prepayment Proceeds (as the case may be).

Definitions:

"Discounted Value" means, with respect to the amount of the Prepayment Proceeds in respect of only the Class A Notes, the aggregate sum of all the Discounted Values (Per Payment).

"Discounted Value (Per Payment)" means, in respect of each Repaid Scheduled Payment, the discounted value of such Repaid Scheduled Payment obtained by discounting such Repaid Scheduled Payment and its corresponding interest accrued (or interest that would have accrued but for such prepayment (or acceleration)) on such Repaid Scheduled Payment from its original scheduled Notes Principal Repayment Date to the relevant date of payment of the corresponding early redemption amounts on the Notes, in accordance with generally accepted financial practice in the market and using a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield.

"Repaid Scheduled Payment" means, following a Loan prepayment (or acceleration) and the pro-rata application of the Prepayment Proceeds only in respect of the Class A Notes to each remaining scheduled Principal Repayment Amount in respect of the Class A Notes, each amount so deemed to have been prepaid in respect of each such remaining scheduled Principal Repayment Amount.

"Reinvestment Yield" means, in respect of each Repaid Scheduled Payment, the sum of (i) 0.5% *plus* (ii) the yield to maturity implied by the "Ask Yield(s)" reported ("**Reported**") as of 10:00 a.m. (New York City time) on the second Business Day preceding the original scheduled Notes Principal Repayment Date relating to such Repaid Scheduled Payment, as it appears on the display page designated as "Page PX1" (or such other display page as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run US Treasury securities having a maturity equal to the Remaining Life of such Repaid Scheduled Payment as of its corresponding scheduled Notes Principal Repayment Date. If there are no such U.S. Treasury securities Reported having a maturity equal to the Remaining Life in respect of a Repaid Scheduled Payment, then such implied yield to maturity in respect of such Repaid Scheduled Payment

will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with general accepted financial practice in the market and (ii) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Life and (2) closest to and less than such Remaining Life. The Reinvestment Yield shall be rounded to the same number of decimal places as that of the interest rate applicable to the Class A Notes, as it appears in the terms and conditions thereof.

If any such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “**Reinvestment Yield**” means, with respect to the relevant Repaid Scheduled Payment, the sum of (a) 0.5% *plus* (b) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported, as of the second Business Day preceding the scheduled Notes Principal Repayment Date with respect to such Repaid Scheduled Payment, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity yield having a term equal to the Remaining Life of such Repaid Scheduled Payment as of such scheduled Notes Principal Repayment Date. If there are no such U.S. Treasury constant maturity yields reported having a term equal to such Remaining Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity yield so reported with the term closest to and greater than such Remaining Life and (2) the U.S. Treasury constant maturity yield so reported with the term closest to and less than such Remaining Life. The Reinvestment Yield shall be rounded to the same number of decimal places as that of the interest rate applicable to the Class A Notes, as it appears in the terms and conditions thereof.

“**Remaining Life**” means, in respect of a Repaid Scheduled Payment, the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the date of prepayment (or acceleration) with respect to such Repaid Scheduled Payment and the original scheduled Notes Principal Repayment Date of such Repaid Scheduled Payment.

An independent investment bank of international standing (the “**Makewhole Bank**”) shall be appointed by the Issuer to determine the relevant Notes Makewhole Amount payable on the relevant Notes Payment Date and any fees of such bank (the “**Makewhole Bank Fee**”) shall be as separately agreed between such bank and TLFF I.

Notes Prepayment Fee

An amount in US dollars in respect of each Class B1 Note equal to the product of: (x) the Prepayment Percentage in respect of such Class B1 Note *multiplied by* (y) the amount that is such Class B1 Note’s pro rata share of the Prepayment Proceeds, following any Voluntary Prepayment of the Loan (but not Loan Acceleration or Mandatory Prepayment). The Notes Prepayment Fees shall be paid on the Class B1 Notes on the same day as payment of the corresponding early redemption amounts on the Notes in respect of such Prepayment Proceeds.

“**Prepayment Percentage**” means, in respect of a Class B1 Note (and, for the avoidance of doubt, applying separately to each Class B1a Note, Class B1b Note

and Class B1c Note, as the case may be), and expressed as a percentage:

- (i) if the payment of the corresponding early redemption amounts on the Notes occurs between the Issue Date and the first anniversary of the Issue Date, half (1/2) of the interest rate applicable to such Class B1 Note;
- (ii) if the payment of the corresponding early redemption amounts on the Notes occurs between the date falling immediately after the first anniversary of the Issue Date and the second anniversary of the Issue Date, one-third (1/3) of the interest rate applicable to such Class B1 Note;
- (iii) if the payment of the corresponding early redemption amounts on the Notes occurs between the date falling immediately after the second anniversary of the Issue Date and the third anniversary of the Issue Date, one-quarter (1/4) of the interest rate applicable to such Class B1 Note; and
- (iv) if the payment of the corresponding early redemption amounts on the Notes occurs between the date falling immediately after the third anniversary of the Issue Date and the fourth anniversary of the Issue Date, one-eighth (1/8) of the interest rate applicable to such Class B1 Note.

The Transaction Administrator shall determine the relevant Notes Prepayment Fees payable on the relevant Notes Payment Date.

Form and Denomination

The Notes were issued to non-US persons (under Regulation S) in registered form and in minimum denominations of US\$200,000 and integral multiples of US\$1,000 and are initially evidenced by global certificates that were deposited on the Issue Date with the Common Depositary.

Clearing Systems

Clearstream and Euroclear

Listing

Approval in principle has been received from the SGX-ST for the listing and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation for the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Borrowers, the Facility Guarantor or any of their respective subsidiaries or affiliated companies, the Project and the Notes.

The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so requires.

Rating

The Class A Notes only were assigned a “Aaa” rating by the Rating Agency.

Underlying Assets/Purpose

TLFF I applied the proceeds of the issuance to extend the Loan Facility to the Borrower(s).

The proceeds from the issuance of the Notes were deposited into the Funding Account on the Utilisation Date to fund the drawdown of the Loan Facility, and the net proceeds (for the avoidance of doubt after deduction of the transaction expenses, Required Reserve Fund Amount, Pre-funded Interest Amount, Contingency Cash Reserve, First Loss Reserve Amount and the amount applied towards the refinancing of the Existing BNI Facilities (as such term is defined in the Loan Facility Agreement – see “*The Loan Facility Agreement – Definitions*” section below) were then deposited into the Escrow Account on or about the

Utilisation Date for the disbursements of the Loan Facility.

Notes Security Package

TLFF I has granted first ranking security over TLFF I's property and assets to the Security Trustee to secure all amounts and obligations owed by TLFF I to the Notes Secured Parties under the Notes and in connection with the Transaction Documents pursuant to:

- (i) an English law security assignment of the Issuer's rights under the English law Transaction Documents dated 23 February 2018 between the Issuer and the Security Trustee (the **"Notes Security Assignment (English law)"**);
- (ii) a Hong Kong law security assignment of the Issuer's rights under the Hong Kong law Transaction Documents dated 23 February 2018 between the Issuer and the Security Trustee (the **"Notes Security Assignment (Hong Kong law)"**);
- (iii) a Singapore law security assignment of the Issuer's rights under the Singapore law Transaction Documents dated 23 February 2018 between the Issuer and the Security Trustee (the **"Notes Security Assignment (Singapore law)"**), and together with the Notes Security Assignment (English law) and the Notes Security Assignment (Hong Kong law), the **"Notes Security Assignments"**);
- (iv) a Hong Kong law accounts charge in relation to the TLFF I USD Accounts (except for the Contingency Cash Reserve Account) dated 23 February 2018 between the Issuer and the Security Trustee (the **"Accounts Charge (Hong Kong law)"**); and
- (v) a Singapore law account charge in relation to the Contingency Cash Reserve Account dated 23 February 2018 between the Issuer and the Security Trustee (the **"Account Charge (Singapore law)"**), and together with the Accounts Charge (Hong Kong law), the **"Accounts Charges"** and together with the Notes Security Assignments, the **"Notes Security Documents"**).

The Security Trustee, in accordance with the terms of the Notes Security Trust Deed, holds the benefit of the Notes Security for itself, the Notes Trustee (for itself and on behalf of the Noteholders), the Agents, the Facility Guarantor, the Facility Manager, the Transaction Administrator, the Issuer Corporate Service Agent, the Account Bank, the Escrow Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Facility Agent and any Receiver or Delegate under (and defined in) the Loan Facility Agreement (the **"Notes Secured Parties"**).

The key assets subject to the Notes Security include:

- (a) an assignment of TLFF I's rights to the proceeds received in respect of the Loan Facility Agreement and the Facility Guarantee;
- (b) an assignment of TLFF I's rights under the other Transaction Documents not listed in paragraph (i) above; and
- (c) the first ranking charges of TLFF I's rights, title, interests and benefit in and to all sums of money standing to the credit of each and all of the TLFF I USD Accounts and other bank accounts of TLFF I and any rights of TLFF I against the Account Bank and the Account Bank (CCR) in respect thereof.

*The Security Trustee's security over the Facility Guarantee and the Loan Facility

Agreement takes effect as a first ranking security assignment over all proceeds arising thereunder (as opposed to a security assignment over all rights of TLFF I thereunder). For the avoidance of doubt, the Class A Noteholders have first priority ranking to receive any funds standing to the credit of the Guarantee Payment Account.

Withholding tax

TLFF I shall not be obliged to pay any additional amounts to the Noteholders in respect of any withholding or deduction for or on account of any present or future taxes.

Conditions precedent to issue of the Notes

Usual and customary conditions precedent for a transaction of this nature including, but not limited to, (a) all conditions precedent to the drawdown of the Loan Facility having been satisfied and (b) the Rating Agency having provided its provisional rating of the Class A Notes.

Acceleration of the Loan

To the extent that any recoveries are made following acceleration of the Loan, submission of a claim under the Facility Guarantee and/or enforcement of Notes Security in respect of the Loan, the proceeds (including in respect of principal, interest or default interest) of such acceleration (but excluding any proceeds from the claim under the Facility Guarantee) and/or enforcement of Notes Security (which, for the avoidance of doubt, excludes all deductions or withholdings on such amounts on account of tax, set-off or otherwise) (the “**Acceleration Proceeds**”) shall be paid into the Notes Interest Payment Account to be applied in accordance with PoP 3 or PoP 4, as the case may be.

The proceeds from the claim under the Facility Guarantee shall be deposited into the Guarantee Payment Account to be applied in accordance with the Priority of Payments for Guarantee Payment Account.

Increased Costs Event

The occurrence of any of the following:

- (i) **Tax Event:** a change in, or amendment to, the laws or regulations of an applicable jurisdiction, or any change in application or official interpretation of such laws or regulations, which results in any material present or future taxes, duties or governmental charges of any nature whatsoever being imposed on payments in respect of the Notes; or
- (ii) **Regulatory Change Event:** TLFF I suffers or will suffer any increased costs in connection with any of the Notes or has become regulated by any additional jurisdiction or regulatory authority or subject to any additional legal requirement or regulation considered by TLFF I to be materially onerous to it in connection with any of the Notes.

The Borrowers would be required to pay amounts to TLFF I on demand under the Loan Facility Agreement to reflect the increased costs arising from such Increased Costs Event. Without prejudice to the “*Withholding Tax*” section above and “*Taxation*” section below, to the extent that (i) such amounts are in respect of taxes, duties or governmental charges being imposed on payments in respect of the Notes and the Noteholders have received less than what they would have otherwise received but for such taxes, duties or governmental charges and (ii) the Borrowers have paid such amount to TLFF I in accordance with the Loan Facility Agreement, each Noteholder shall receive a pro rata share of such amounts in accordance with the applicable Priority of Payments.

Voting and Consultation

TLFF I may not, save as instructed or consented to by the Notes Trustee, exercise

Rights

any right, power or discretion given to it under the Loan Facility Agreement and/or the Facility Guarantee (each a “**Loan-Related Matter**”) (including, without limitation, (i) consenting to any amendment or waiver under the Loan, (ii) requiring mandatory prepayment in full in respect of the Loan upon the occurrence of a Change of Control under (and as defined in) the Loan Facility Agreement, (iii) instructing the Facility Agent and/or Facility Manager to declare a Loan Event of Default and/or accelerate the Loan, (iv) consenting to any proposals in relation to Reasonable Collection Efforts put forth by the Facility Manager following the occurrence of a Loan Event of Default (for the avoidance of doubt, TLFF I would not have rights to instruct the Facility Manager unless the Facility Manager seeks such instruction), (v) consenting to the termination of the Facility Manager and/or Account Bank, and the appointment of a replacement facility manager and/or account bank, upon the occurrence of a Facility Manager Termination Event, Facility Manager Resignation or the Account Bank ceasing to meet the relevant ratings requirement(s) or (vi) prior to the occurrence of a Loan Event of Default, responding to any consultation in respect of certain matters initiated by the Facility Manager pursuant to (and in accordance with) the Loan Facility Agreement, as the case may be).

Where the Notes Trustee’s instruction or consent is sought in respect of any Loan-Related Matters and/or to instruct TLFF I in its exercise of its rights, powers or discretions in respect of such Loan-Related Matters, the Notes Trustee at its discretion may, and shall, if so directed by an Extraordinary Resolution of the Controlling Class of Noteholders, provide such instruction or consent. For the avoidance of doubt, in any restructuring or acceleration of the Loan, enforcement of security in respect thereof or pursuit of Reasonable Collection Efforts in respect of the outstanding amounts under the Loan, the Notes Trustee shall only have the right to instruct the Facility Manager (on TLFF I’s behalf) if the Facility Manager has sought the instructions of the Notes Trustee and shall have no further role in negotiations with the Borrowers, the Facility Guarantor or any other relevant parties.

Notification Rights

Where the Notes Trustee has received a copy of any notice or document in respect of the Transaction Administration Agreement, the Facility Guarantee, the Facility Management Agreement or any Finance Documents from any of the transaction parties, it shall (on the Issuer’s behalf) provide a copy of such notice(s) to the Noteholders in accordance with the provisions contained in the Notes Trust Deed.

Notes Enforcement

Following the occurrence of a Notes Enforcement Event, the Notes Security Package shall become enforceable and the Notes Trustee may, and shall, if directed by Noteholders holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Controlling Class of Notes or by an Extraordinary Resolution of the Controlling Class of Noteholders, and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, deliver an enforcement notice to the Security Trustee requesting that the Security Trustee enforce the Notes Security Package. The proceeds of such enforcement shall be paid into the Notes Interest Payment Account or Notes Principal Payment Account, as the case may be, to be applied in accordance with the relevant Priority of Payments.

Where:

“**Notes Enforcement Event**” means a Notes Acceleration Event (as defined in

“Notes Event of Default” below) or the occurrence of any of the following:

- (i) TLFF I does not pay any of its obligations secured by the Notes Security Package for a period of 3 Business Days or more after the same has become due and payable;
- (ii) TLFF I does not comply with any provision of the security documents in respect of the Notes or repudiates, or evidences an intention to repudiate, any such security document;
- (iii) any security documents in respect of the Notes is not or ceases to be in full force and effect or does not create in favour of the Security Trustee the security which it is expressed to create with the ranking and priority it is expressed to have;
- (iv) the Notes Security Package or any part of it ceases to be in full force and effect or is terminated or jeopardised or becomes invalid or unenforceable or there is any dispute regarding it or purported termination of it or it becomes impossible or unlawful for TLFF I to perform any of its obligations under any security documents in respect of the Notes or for the Security Trustee to exercise its rights, powers or remedies under any security documents in respect of the Notes;
- (v) any of the authorisations required from the government or other authorities (in connection with the execution, validity or performance of any security documents in respect of the Notes) is not granted or ceases to be in full force and effect; or if any law, regulation, judgment or order suspends, varies, excuses or terminates TLFF I’s obligations under any security documents in respect of the Notes; or
- (vi) any event which has a similar effect to any of the events in this definition of Notes Enforcement Event occurs in relation to any third party which has (in the present or future) provided security for or guaranteed or provided any indemnity in respect of any obligations of TLFF I secured by the Notes Security Package.

Notes Event of Default

Any of the following events shall be a Notes Event of Default:

- (i) **Payment default:** default by TLFF I to pay interest on the Notes as and when due for a period of 3 Business Days and/or default by TLFF I to pay principal on the Notes by the Final Legal Maturity Date of the Notes when due for a period of 3 Business Days;
- (ii) **Breach of other obligations:** material default is made by TLFF I in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Notes or the other Transaction Documents, and such material default, if capable of being remedied or cured, is not remedied or cured within 30 Business Days;
- (iii) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or pursued on or against all or a material part of the property, assets or revenues of TLFF I and is not discharged or stayed within 30 days of having been so levied, enforced or pursued;
- (iv) **Insolvency:** TLFF I is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the

benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of TLFF I;

- (v) **Winding-up:** an administrator is appointed, an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of TLFF I, or TLFF I ceases or threatens to cease to carry on all, or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Controlling Class of Noteholders;
- (vi) **Illegality:** it is or will become unlawful for TLFF I to perform or comply with any one or more of its obligations under any of the Notes;
- (vii) **Termination or Failure to Claim under Facility Guarantee:** if:
 - (a) there is termination of the Facility Guarantee or the obligation of the Facility Guarantor to make payment thereunder for any reason whatsoever; or
 - (b) the Facility Guarantor rejects a claim made under the Facility Guarantee by (or on behalf of) TLFF I or in any case the Payment of Claim Period has expired and the Guarantee Claim Payment has not been made by the Facility Guarantor; and
- (viii) **Analogous events:** any event occurs which under the laws of any relevant jurisdiction has an analogous or similar effect to any of the events described in paragraphs (iii) to (v) above.

Consequences of Notes Event of Default

If any Notes Event of Default occurs, the Notes Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Controlling Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Controlling Class of Notes shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), give notice to TLFF I declaring that all Classes of the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding together (if applicable) with accrued and unpaid interest (a “**Notes Acceleration Event**”), resulting in the consequences described in “*Notes Enforcement*” above.

Notwithstanding the paragraph above, the occurrence of a Notes Event of Default under paragraph (vi) (*Illegality*) above would also trigger Mandatory Prepayment under the Loan (as described under “*Notes Termination Notice*” below), resulting in early redemption in accordance with the provisions in “*Notes Repayment*” below.

“**Extraordinary Resolution**” means a resolution passed by the relevant Class(es) of Noteholders, at a meeting of such Class(es) of Noteholders duly convened and held or by written resolution or electronic consent, in each case in accordance with the provisions contained in the Notes Trust Deed, by a majority consisting of not less than 75 per cent. of the persons voting at such meeting or 90 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes (in respect of a written resolution or electronic consent), as the case may be.

Where such Extraordinary Resolution is passed or to be passed by the Controlling Class of Noteholders, the Class A, Class B1a, Class B1b and Class B1c Noteholders shall vote as a single class, and the separate Classes of Noteholders shall be disregarded for such purposes.

Notes Termination Notice

If a Notes Event of Default under paragraph (vi) (*Illegality*) of “*Notes Event of Default*” above occurs, the Notes Trustee shall send a Notes Termination Notice to the Facility Agent (which shall in turn inform the Borrowers, in accordance with the provisions of the Loan Facility Agreement, of the occurrence of a Mandatory Prepayment event thereunder). The delivery of a Notes Termination Notice constitutes a Mandatory Prepayment event under the Loan Facility Agreement.

Notes Payment Dates

Each date on which payment is made or to be made in respect of the Notes (including in respect of payment of principal, interest, Notes Makewhole Amounts and Notes Prepayment Fees), including each Notes Interest Payment Date, Notes Principal Repayment Date and any other payment dates in respect of the Notes (both scheduled and unscheduled).

Where any unscheduled amount in respect of principal (including prepayment amounts or proceeds upon acceleration and/or enforcement of security) is received under the Loan by TLFF I prior to the Notes Legal Maturity Date, the Transaction Administrator shall distribute such amount to the Noteholders and other parties in accordance with the relevant Priority of Payments 5 Business Days after the receipt of such proceeds in the Notes Interest Payment Account or Notes Principal Payment Account, as the case may be.

Notes Repayment

Each Class of Notes shall be redeemed in accordance with “*Expected Notes Repayment Schedule*” above,
provided that:

- (i) to the extent that a Voluntary Prepayment or a Mandatory Prepayment is made under the Loan:
 - (a) the Prepayment Proceeds shall be paid into the Notes Principal Payment Account, to be applied in accordance with PoP 1, subject to paragraph (iii) below (upon an acceleration of the Loan); and
 - (b) any Notes Makewhole Amount (Total) and/or Notes Prepayment Fees (where applicable) and/or other accrued interest, as applicable, received by TLFF I shall be paid into the Notes Interest Payment Account, to be applied in accordance with PoP 1, subject to paragraph (iv) below (upon an acceleration of the Loan);
- (ii) to the extent that any scheduled principal repayment amount is paid under the Loan, such principal repayment amount shall be paid into the Notes Principal Payment Account to be applied in accordance with “*Expected Notes Repayment*” and PoP 2 (and, for the avoidance of doubt, should the corresponding amount to be paid to each Class of Noteholders in respect of such scheduled principal repayment following such application of funds in accordance with PoP 2 differ from the Expected Notes Repayment, this provision shall prevail);
- (iii) following an acceleration of the Loan, to the extent that any Acceleration Proceeds are received or recovered under or in respect of the Loan, such Acceleration Proceeds shall be paid into the Notes Interest Payment Account and, together with any funds standing to the credit of the Notes Principal

Payment Account and the Notes Interest Payment Account, the funds in the Notes Principal Payment Account and the Notes Interest Payment Account shall be applied in accordance with the relevant Priority of Payments (PoP 3, before the expiry of the Payment of Claim Period, and PoP 4, after the expiry of the Payment of Claim Period); and

- (iv) following an acceleration of the Loan, to the extent that any proceeds from the claim under the Facility Guarantee are received, such proceeds shall be paid into the Guarantee Payment Account to be applied in accordance with the Priority of Payments for Guarantee Payment Account,

and, in each case, the Notes shall be redeemed early at an amount corresponding to the amount payable to each Class of Noteholders following application of such Prepayment Proceeds, Loan principal repayment amount, Facility Guarantee claim proceeds and/or Acceleration Proceeds, as the case may be, in accordance with the relevant Priority of Payments.

“Prepayment Proceeds” means the aggregate of the amounts received and to be received by TLFF I under the Loan Facility Agreement in respect of principal (but not interest, makewhole amounts or prepayment fees) following the occurrence of any prepayment under the Loan.

The **“Principal Repayment Amount”** under the Loan is as set out in *“The Loan Facility Agreement - Initial Period and Amortisation”* and **“Acceleration Proceeds”** is defined in *“The Loan Facility Agreement – Acceleration of the Loan”*.

Priority of Payments

Any proceeds received by TLFF I in respect of the Loan, the Facility Guarantee and/or the enforcement of the Loan security shall be applied in accordance with the relevant Priority of Payments applicable to the circumstances at the time.

See definitions of Pop 1, PoP 2, PoP 3, PoP 4 and Priority of Payments for Guarantee Payment Account in *“The Transaction Administration Agreement – Priority of Payments”* section below.

Controlling Class of Noteholders

Means (for so long as there are any Class A, Class B1a, Class B1b or Class B1c Notes outstanding), all of such Class A, Class B1a, Class B1b and Class B1c Notes together (and all of these Classes shall be deemed to be a single Class for such purpose) and (once all the Class A, Class B1a, Class B1b and Class B1c Notes have been redeemed in full and for so long as there are any Class B2 Notes outstanding) the Class B2 Notes.

Principal Amount Outstanding

Means, on any date and in respect of a Note, the initial outstanding principal amount of such Note as at the Issue Date, less all Notes Principal Payments made in respect of such Note on or prior to such date (and, for the avoidance of doubt, the outstanding principal amount of a Note shall be deemed to be reduced on the relevant Notes Principal Payment Date or Notes Payment Date, even if such date is not a Business Day).

Material Adverse Effect

Means any event, condition, regulatory action, sanction or fine which would have a material adverse effect on the collectability of the Loan Facility.

Limited Recourse and Non-Petition

Recourse against TLFF I, and the liability of TLFF I, in relation to its obligations under the Notes and the Transaction Documents, shall be limited to the amounts from time to time available in accordance with, and in the order of priorities set out in the Transaction Administration Agreement (see *“The Transaction*

Administration Agreement - Priority of Payments” below).

Accordingly, no Noteholder or any other transaction party who benefits from the Notes Security Package shall have any claim or recourse against TLFF I in respect of any amount which is or remains, or will remain, unsatisfied when no further amounts are receivable or recoverable in respect of the Notes Security Package and all funds forming part of the Notes Security Package and/or representing the proceeds of realisation thereof have been applied in accordance with the provisions of the Transaction Documents, and any unsatisfied amounts shall be waived and extinguished.

The Noteholders shall have no recourse whatsoever against the other transaction parties such as, without limitation, the Arranger, Lead Manager, Facility Manager, Account Bank, Account Bank (CCR), Account Bank (RLU), Notes Trustee, Security Trustee, Transaction Administrator, Registrar, Principal Paying Agent and Transfer Agent and any other Agents. Each of the parties to the Transaction Documents acknowledges and agrees that TLFF I's obligations are corporate obligations of TLFF I and that each such party shall not have any recourse against any of the directors, officers or employees of TLFF I for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by any Transaction Document.

Notes Status

The payment obligations of TLFF I under the Notes shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Notes constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in “*Limited Recourse*” and “*Non-Petition and Notes Enforcement*” above.

Ranking and Priority

The Class A Notes shall at all times rank *pari passu* without any preference or priority amongst themselves and with the Class B Notes.

Within the Class B Notes, (1) prior to Loan Acceleration, the Class B Notes shall rank *pari passu* without any preference or priority amongst themselves and (2) following Loan Acceleration, the Class B1 Notes shall rank *pari passu* without any preference or priority amongst themselves and in priority to the Class B2 Notes, and the Class B2 Notes shall be subordinated to and rank behind the Class B1 Notes, and rank *pari passu* without any preference or priority amongst themselves.

For the avoidance of doubt, the Priority of Payments that apply to any payments of interest or repayments of principal in respect of the Notes both prior to and following Notes Enforcement remains the same – as set out in “*The Transaction Administration Agreement - Priority of Payments*” below.

Taxation

If any withholding or deduction of any present or future taxes, duties, assessments or governmental charges of whatever nature is required by law in respect of any Note, the appropriate withholding or deduction shall be made and TLFF I shall have no obligation to pay any additional amounts to compensate any Noteholder for such withholding or deduction.

Governing Law

Asset-level documents

The Loan Facility Agreement and related documents are governed by English law, other than the Guarantee Agreements (Indonesian law), the Borrower Share Pledges, the Fiducia Security, the Indonesian Subordination Agreement, the Acknowledgement of Indebtedness and the Powers of Attorney each of which is or will be governed by Indonesian law, the Facility Management Agreement which is governed by Hong Kong law, the Account Bank Agreement (RLU), the Escrow Account Agreement, the RLU Account Charge, the Back-Up Facility Management Agreement and the Keepwell Deed, each of which is governed by Singapore law and the Facility Guarantee which is governed by New York law.

Notes-level documents

The Notes-level documents are governed by English law except for the Account Bank Agreement, the Notes Security Assignment (Hong Kong law) and the Accounts Charge (Hong Kong law), each of which is governed by Hong Kong law and the Contingency Cash Reserve Account Bank Agreement, Notes Security Assignment (Singapore law), the Account Charge (Singapore law) and the Issuer Corporate Services Agreement, each of which is governed by Singapore law.

RISK FACTORS

This Offering Circular does not describe all of the risks of an investment in the Notes. The Issuer, the Lead Manager, the Facility Manager and the Back-Up Facility Manager disclaim any responsibility to advise prospective investors of such risks as they exist at the date of this Offering Circular or as they change from time to time. Further, neither the Issuer, the Lead Manager, the Facility Manager nor the Back-Up Facility Manager makes any representations as to (i) the suitability of any Notes for any particular investor; (ii) the appropriate accounting treatment or possible tax consequences of an investment in any Notes; or (iii) the expected performance of any Notes, either in absolute terms or relative to competing investments. Prospective Noteholders should obtain their own independent accounting, tax and legal advice and should consult their own professional investment advisor to ascertain the suitability of the Notes as an investment and should conduct such independent investigation and analysis regarding the risks, security arrangements and cashflows associated with the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Note. In particular, prospective Noteholders should note that an investment in the Notes is only suitable for persons who (i) have the knowledge and experience in financial and business matters necessary to enable them to evaluate the information contained in this Offering Circular or otherwise made available to prospective Noteholders and the risks of the Notes in the context of their own financial, tax and regulatory circumstances and investment objectives; (ii) are able to bear the economic risk of an investment in the Notes for an indefinite period of time; (iii) are acquiring the Notes for their own account for investment, not with a view to resale; and (iv) recognise it may not be possible to transfer the Notes for a substantial period of time, if at all.

This Offering Circular may also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

No investigations, searches or other enquiries have been made and no express or implied representations or warranties are made by or on behalf of the Issuer, the Lead Manager, the Facility Manager, the Back-Up Facility Manager, the Notes Trustee or any other person on their behalf in respect of the assets.

None of the Issuer, the Lead Manager, the Facility Manager, the Back-Up Facility Manager or any counterparty makes any representation regarding the Facility Guarantor in respect of the Facility Guarantee, and this Offering Circular does not contain detailed information regarding the Facility Guarantor or its business, financial position or prospects. Purchasers of Notes should conduct their own independent investigation and analysis regarding the Facility Guarantor.

Limitations of this Offering Circular

This Offering Circular does not, and does not purport to, contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, the Borrowers, the Facility Guarantor or any other party or matter prior to making an investment or divestment decision in relation to the Notes. Neither this Offering Circular nor any document or information (or any part thereof) delivered or supplied under or in relation to the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Lead Manager that any recipient of this Offering Circular or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Offering Circular is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies, the Lead Manager or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision.

Any recipient of this Offering Circular contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Offering Circular and any such other document or information (or any part thereof), and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Borrowers or the Facility Guarantor, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

Information contained in this Offering Circular relating to the Borrowers has been provided by the Borrowers pursuant to the Loan Facility Agreement. Information relating to the Facility Guarantor has been obtained from public sources. None of the Issuer, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the Account Bank, the Account Bank (CCR) or the Account Bank (RLU) has separately verified such information, nor do they make any representation as to the accuracy and completeness of such information. In the event that information relating to the Borrowers is inaccurate, the Noteholders will only have indirect recourse to the Borrowers through the security assignment provided by the Issuer in favour of the Security Trustee (who holds that security on behalf of the Noteholders and the other Notes Secured Parties) over the proceeds from the Loan Facility Agreement. This includes proceeds of enforcement of any rights the Issuer may have to sue the Borrowers for breach of representation as to the accuracy of such information and rights under the corresponding indemnity. In the event that information relating to the Facility Guarantor is inaccurate, the Noteholders will not have recourse to anyone.

Risks Relating to the Notes

Liability under the Notes is limited to the Issuer

The payment obligations under the Notes are the obligations of the Issuer and are not obligations or responsibilities of any other person or entity. In particular, the Notes are not obligations or responsibilities of, and are not guaranteed by, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Borrowers, the Facility Guarantor or any company in the same group of companies as, or affiliated to, such parties or any other party. None of these persons will accept any liability to the Noteholders whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes. Noteholders do not have any recourse against any parties other than the Issuer.

The Noteholders have limited recourse against the Issuer's obligations

There may be insufficient moneys to meet the payment obligations under the Notes following an enforcement of the Notes Security Trust Deed or the Notes Security Package. The money in the TLFF I USD Accounts and any proceeds received by the Issuer under the Finance Documents are the only assets available to the Issuer to support its obligations in respect of the Notes and, in the event of the enforcement of the Notes Security Trust Deed or the Notes Security Package, the Security Trustee will have recourse only to the Notes Security as constituted under the Notes Security Package.

Subordination

The payment of principal and interest on the Notes are subordinated to payments towards taxes and other senior expenses payable to other parties (subject to an annual cap). See “*The Transaction Administration Agreement - Priority of Payments*” section below.

Limited liquidity of the Notes

There can be no assurance regarding the future development of the market for the Notes or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies, or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The market value of the Notes may fluctuate depending on a number of factors. Consequently, any sale of the Notes by the Noteholders in any secondary market which may develop may be at a discount from the original purchase price of such Notes, and an investor in the Notes must be prepared to hold the Notes for an indefinite period of time or until their maturity.

Approval in principle has been received from the SGX-ST for the listing of and quotation for the Notes on the SGX-ST. The Issuer does not intend to apply for the listing of the Notes on any stock exchange other than the SGX-ST.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the

interest payments at higher prevailing interest rates. Conversely, when interest rates fall, note prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Offering Circular or any applicable supplement to this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for Notes principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of the relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Whilst the Notes being issued seek to comply with Green Bond Principles (as defined herein) where relevant, they may not be a suitable investment for all investors seeking exposure to green or social assets

In seeking to comply with the Green Bond Principles, where relevant, the Issuer has agreed to certain obligations related to reporting and use of proceeds as described under "*Notes being Issued as Sustainability Bonds*" and pursuant to the Green Bond Principles' recommendation that issuers use external assurance to confirm their alignment with the key features of Green Bond Principles, has engaged the Facility Manager to monitor and report on its compliance with the Management Statement on an ongoing basis, as further described under "*Notes being Issued as Sustainability Bonds*".

However, it will not be a Notes Event of Default under the terms and conditions of the Notes if the Issuer and/or the Facility Manager fail to comply with their respective obligations as described under "*Notes being Issued as Sustainability Bonds*". The Issuer's and/or the Facility Manager's failure to comply with such obligations may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in or social green assets.

Any reports and/or documents produced by the Facility Manager in connection with its monitoring and reporting obligations in respect of the Management Statement are not incorporated into, and do not form part of, this Offering Circular and none of the Issuer, the Lead Manager or the Facility Manager make any representation as to the suitability of such reports and/or documents. Such reports and/or documents produced by the Facility Manager shall not constitute a recommendation to buy, sell or hold securities. Any such reports and/or documents produced by the Facility Manager are only current as at the date they were initially issued and are subject to any disclaimers set out therein. Furthermore, such reports and/or documents are for information purposes only and the Facility Manager does not accept any form of liability for the substance of such reports and/or documents and/or any liability for loss arising from the use of such reports and/or documents or the information provided therein.

None of the Lead Manager, the Facility Manager and the Issuer makes any representation as to the compliance of the Issuer and/or the Facility Manager with the Green Bond Principles and/or the Management Statement.

Modification

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Singapore taxation risk

The Notes to be issued from time to time by the Issuer, during the period from the date of this Offering Circular to 31 December 2018, are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”), intended to be “qualifying debt securities” for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the “*Taxation*” section below. However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time. The Issuer may incur additional tax liability to the extent that it receives any taxable income arising from the Loan Facility, provided that any additional amounts payable by the Issuer will be reimbursed by the Borrowers in accordance with the Loan Facility Agreement.

Withholding taxes under the Notes

All payments in respect of the Notes will be made free and clear of, and without withholding or deduction for, any present or future taxes, unless such withholding or deduction is required by law. The Issuer shall not be obliged to make any additional payments as a result of the imposition of such withholding taxes on the Notes. Any amount which the Issuer is obliged to withhold or deduct from payments in respect of the Notes on account of Tax will not be paid by any party.

Potential FATCA withholding

Whilst the Notes are in global form and held within Euroclear Bank or Clearstream (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that provisions of U.S. law, commonly referred to as “**FATCA**” will affect the amount of any payment received by the ICSDs (see “*Taxation - U.S. Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the common depositary for the ICSDs (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

The rating on the Class A Notes may be changed at any time and may adversely affect the market price of the Class A Notes

The Class A Notes were assigned a “Aaa” rating by the Rating Agency upon issuance. The rating addresses the full and timely payment of interest and the timely repayment of principal on or before the maturity date in accordance with the terms and conditions of the Class A Notes. The rating of the Class A Notes is, and will continue to be, based primarily on the rating of the Facility Guarantor, an assessment of relevant structural features of the transaction and the likelihood of the payment of interest and principal on the Class A Notes in a full and timely manner. A rating is not a recommendation to purchase, hold or sell the Class A Notes. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by an assigning rating agency in the future if, in its judgement, circumstances in the future so warrant, such as insolvency. Any decline in the financial position of the Facility Guarantor may impair the ability of the Issuer to make payments to the Class A Noteholders under the Class A Notes and/or result in the rating of the Class A Notes being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Class A Notes is subsequently lowered or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Class A Notes. Any reduction or withdrawal of a rating may have an adverse effect on the liquidity and market price of the

Class A Notes. Any reduction or withdrawal of a rating will not constitute a Notes Event of Default or an event requiring the Issuer to redeem any Class A Notes.

The assets of the Issuer may be insufficient to redeem the Notes at their expected value upon an event of default

The ability of the Issuer to redeem the Notes in accordance with the respective Expected Notes Repayment Schedules is contingent upon, amongst other things, the ability of the Borrowers or the Facility Guarantor to fulfil their obligations under the Loan Facility Agreement and the Facility Guarantee respectively and also the success of a claim under the Facility Guarantee. There is no assurance that, upon any Loan Event of Default or an early redemption under the Notes, the assets available to the Issuer will be sufficient to redeem the Notes in an amount that the holders thereof would have expected to receive in the event that the Notes redeemed in accordance with their Expected Notes Repayment schedule.

The Notes are initially represented by global notes and holders of a beneficial interest in the global notes must rely on the procedures of the Clearing Systems

The Clearing Systems will maintain records of the beneficial interests in the global notes. While the Notes are represented by the global notes, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by the global notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for the Clearing Systems for distribution to their account holders. A holder of a beneficial interest in the global notes must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global notes. Holders of beneficial interests in the global notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Changes in English law, which governs the Notes, may adversely affect holders of the Notes.

The Notes and all non-contractual obligations arising under them are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or procedural practice after the date of the issue of the Notes.

The Notes Trustee and/or the Security Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances, the Notes Trustee and/or the Security Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Noteholders. The Notes Trustee and/or the Security Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Notes Trustee and/or the Security Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Notes Trust Deed and/or the Notes Security Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly. Neither the Notes Trustee nor the Security Trustee is required to do anything which may: (i) be illegal or contrary to applicable law or regulation; or (ii) cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its own rights, powers, authority or discretion if it believes in its discretion that repayment of such funds or satisfactory indemnity against, and/or security and/or pre-funding for, such risk or liability is not assured to it.

CRA3

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and, in particular, any requirements relating to ratings. In this context, prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, “CRA3”) which became effective on 20 June 2013. CRA3 addresses the use of credit ratings for regulatory purposes and requires, among other things, issuers or related third parties intending to solicit a credit rating on a structured finance instrument (as defined in CRA3) to appoint at least two credit rating agencies to provide credit ratings independently of each other.

Risks Relating to the Issuer

The Issuer has no operating history and no other assets

The Issuer is a newly formed special purpose vehicle and has no operating history and no material assets. The Issuer will not engage in any business activity other than the issuance of the Notes, providing the Loan Facility to the

Borrowers, other activities conducted in connection with the payment of amounts in respect of the Notes and other activities incidental or related to the foregoing.

No investigation has been made in respect of the Issuer

No investigation, and limited searches and enquiries, have been made by or on behalf of the Issuer and no investigations, searches or enquiries have been made by or on behalf of any party, in respect of the Issuer.

Counterparty risk

The ability of the Issuer to meet its obligations under the Notes will depend on the ability of the Borrowers to make timely payments under the Loan Facility Agreement, failing which, the ability of the Facility Guarantor to pay under the Facility Guarantee. To the extent that any of the parties above are unable to discharge their obligations in a timely manner, the ability of the Issuer to meet its obligations to pay principal and interest under the Notes will be affected. Accordingly, investors are relying heavily on the creditworthiness of those parties.

The insolvency laws of Singapore may differ from those of another jurisdiction with which the Noteholders are familiar

The Issuer is incorporated under the laws of Singapore. Any insolvency proceeding relating to the Issuer would likely involve Singapore's insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Noteholders are familiar.

Risks Relating to the Underlying and the Transaction structure

Risks following Default under the Loan Facility Agreement

Although the Issuer has granted Notes Security in favour of the Security Trustee in respect of the proceeds from the Loan Facility, the Security Trustee may find it difficult to sell the Loan upon an acceleration under the Loan and/or an enforcement event under the Notes because such sale or transfer of the Loan would require the consent of the Facility Guarantor and such consent may not be forthcoming. This will limit the enforcement options of the Security Trustee – on an early redemption following acceleration of the Loan, the Issuer and/or the Security Trustee are, as the case may be, likely to be limited to pursuing recoveries under the Loan Facility Agreement (with assistance from the Facility Manager or Back-Up Facility Manager, as the case may be) rather than being able to exercise any power of sale in respect of the Loan.

Risks relating to Note Security Package

The proceeds from the Loan, the security granted in respect of the Loan by the Borrowers and the Facility Guarantee are the main assets of the Issuer securing the Notes. Due to certain restrictions under the Facility Guarantee (including, *inter alia*, a restriction from assigning or transferring the Loan without the prior written consent of the Facility Guarantor) and local law requirements, only an assignment of the Issuer's rights to the proceeds in respect of the Loan Facility Agreement and the Facility Guarantee shall be granted in favour of the Security Trustee (for the benefit of Noteholders). In the event that enforcement is required in respect of the Notes Security Package, the Security Trustee will only be able to receive recovery or guarantee claim payment proceeds under such contracts but will not be able to step into the shoes of the Issuer in order to exercise any rights of the Issuer against the Borrowers or the Facility Guarantor or exercise any power of sale in respect of the Loan.

Risks relating to the Facility Manager

The Facility Manager performs certain key functions in respect of the Notes, including ongoing monitoring and reporting on the Borrowers' compliance with the TLFF ESG Standards and, upon a default under the Loan, pursuing recovery action against the defaulting Borrowers, pursuing a claim under the Facility Guarantee and/or enforcing security in respect of the Loan. At any time after the expiry of the Payment of Claim Period (as defined below), the Facility Manager is not required to take action (including without limitation following the instructions of the Notes Trustee) unless the Facility Manager has first agreed with the Issuer (acting on the instructions of the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders)) on payment (or pre-payment) and/or indemnification in respect of the Facility Manager's fees, expenses and any relevant indemnities. Pursuant to the Loan Facility Agreement, the consent and/or prior approval of the Facility Manager (acting on behalf of the Lender) is required for (i) any amendments, variations or modifications of the Business Plan (as defined above) required as a result of taking into account any Permitted Financial Indebtedness (as defined above) incurred by the Borrowers and/or any Permitted Acquisition (as defined above), (ii) the Borrowers' incurrence of or agreement to incur additional expenditure, and (iii) application of the proceeds of any Loan towards the financing or procuring certain activities, and, in each case, the Facility Manager may, but is not obliged to, consult with the Lender (acting on the instructions of the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders), obtained in accordance with the

Notes Trust Deed)) and/or the Facility Guarantor. If the Facility Manager defaults in the performance or observance of any of its material covenants and obligations under the Facility Management Agreement, an insolvency event occurs in respect of the Facility Manager or there is a suspension, revocation or termination of any approvals, authorisations, consents or licences required by the Facility Manager to carry out its obligations under the Facility Management Agreement and that has a material adverse effect on the collectability of the Loan, the Facility Manager's appointment in respect of the Notes is likely to be terminated and the Back-Up Facility Manager would immediately replace the Facility Manager, subject to the aforementioned termination events with respect to the Facility Manager. In the situation where there has been a potential or actual event of default under the Loan, if the Back-Up Facility Manager's appointment is terminated, the Back-Up Facility Manager is unable to perform its functions or the Back-Up Facility Manager goes insolvent and a replacement Facility Manager cannot not be found or there is significant delay in finding such replacement, this could severely impact upon the recoveries under the Loan, the ability to make a claim under the Facility Guarantee and the ability to enforce security in respect of the Loan. Each of these could materially reduce funds available ultimately for distribution to Noteholders under the Notes and the Notes could redeem at significantly less than they otherwise would have had it not been for such Back-Up Facility Manager termination.

Performance risk of the Transaction Administrator, the Facility Manager and the Facility Agent

Each of the Transaction Administrator, the Facility Manager and the Facility Agent plays a critical role in ensuring that sufficient proceeds are received in respect of the Loan Facility Agreement for the purposes of making payments of interest and principal under the Notes. In the event that any party fails to discharge such duties in a timely manner (for example, by failing to make a claim under the Facility Guarantee within the prescribed time following any non-payment under the Loan Facility Agreement), payments of interest and principal under the Notes may be affected.

The Loan Facility is subject to reporting obligations and prudential principles

The Borrowers' obligations pursuant to the Loan Facility must be reported to: (i) the Team for Coordination of Management of Offshore Commercial Loans (Tim Koordinasi Pengelolaan Pinjaman Komersial Luar Negeri or "**PKLN Team**"), initially, based on practice, at the same time with the initial reporting to Bank Indonesia ("**BI**") below and regularly thereafter; (ii) the Ministry of Finance, initially on the effective date of the Loan Facility Agreement and quarterly thereafter; and (iii) BI, under BI Regulation No. 16/22/PBI/2014 on the reporting of "lalu lintas devisa" (commonly known as foreign exchange transaction) activities and activities with regard to the implementation of prudential principle in the management of offshore debt for non-bank companies ("**BI Regulation No. 16/22**"), in particular information regarding: (A) its trade and other transactions with non-residents of Indonesia; (B) overseas financial assets and liabilities held by it vis-à-vis non-residents of Indonesia; and (C) offshore debt plan and realisation (reports on (A) to (C), collectively, "**Foreign Exchange Transaction Report**"). The Foreign Exchange Transaction Report, excluding the report on offshore debt plan (which will be further elaborated in the following paragraph) but including the report on offshore debt realisation ("**Offshore Debt Realization Report**"), must be submitted to BI at the latest on the 15th (fifteenth) day of the following month, which accordingly, in the case of the Loan Facility Agreement, falls on the 15th (fifteenth) day of the following month after the date of the Loan Facility Agreement and monthly thereafter within the first 15 (fifteen) days of each month.

Prior to submitting the Offshore Debt Realization Report, the Borrowers shall also have the obligation to submit a report on its annual offshore debt plan to BI annually at the latest on 15 March and any correction thereof at the latest on 1 July.

Under BI Regulation No. 16/22/2014, the Borrowers shall have the obligation to submit reports on prudential principles implementation activities comprising: (A) (i) report on foreign currency assets and liabilities which are due in 3 (three) and/or 6 (six) months ("**KPPK Report**"), (ii) quarterly unaudited financial statement, which must be submitted by the third month of the end of the relevant quarterly period; (B) (i) KPPK Report as attested by independent public accountant, and (ii) audited annual financial statement, which must be submitted by the end of June of the following year; and (C) credit rating, which must be submitted by the end of the following month after the date of the Loan Facility Agreement.

With respect to the foregoing reporting obligations to BI, the sanction that may be imposed by BI, in connection with: (i) 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 incomplete and/or inaccurate KPPK Report; (ii) any delay to submit KPPK Report (whether non-attested or attested), including its supporting documents and financial statements, 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); (iii) any failure to submit KPPK Report (whether non-attested or attested), including its supporting documents and financial statements, is an administrative sanction in the form of penalty at the amount of Rp.10,000,000 (ten million Rupiah); (iv) any delay and failure to submit the KPPK Report (whether non-attested or attested), including its supporting documents and financial statement, in addition to penalty above, is

administrative sanction in form of warning letter and/or notification to the relevant authority or institution which will be issued by BI; and (v) 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 BI.

Under BI Regulation No. 16/21/PBI/2014 on the Implementation of Prudential Principle in the Management of Offshore Loan for Non-Bank Companies, the Borrowers must also comply with the following and report the same to BI, which report constitute part of the reporting obligations above:

- (i) a minimum hedging ratio of 25% (twenty five percent) of: (a) the negative difference between foreign currency assets and foreign currency liabilities maturing within 3 (three) months from the last date of each quarter (i.e. 31 March, 30 June, 30 September and 31 December); and (b) the negative difference between foreign currency assets and foreign currency liabilities maturing between 3 (three) and 6 (six) months from the last date of each quarter. As of 1 January 2017, any hedging transaction for complying with hedging ratio shall be conducted with Indonesian banks or foreign banks having branches in Indonesia. The requirement to maintain hedging ratio does not apply to the Borrower if: (i) it has obtained approval from the Minister of Finance to present its financial statement in United States Dollar and (ii) it is a non-bank corporation having an export revenue to overall business revenue ratio of more than 50% in the previous calendar year;
- (ii) provision of foreign currency assets (including receivables under hedging made on the then current or previous quarter) at a minimum liquidity ratio of 70% (seventy percent) of the foreign currency liabilities maturing within 3 (three) months from the last date of each quarter; and
- (iii) to receive new offshore facilities, the Borrower must have a minimum credit rating that is equivalent to “BB-” from a ratings agency recognised by BI.

Non-compliance of the abovementioned requirements will be subject to administrative sanction in the form of warning letter. Such non-compliance will also be reported by BI to a range of diverse entities, including the non-compliant borrower’s offshore creditors and the relevant governmental authority or agency.

With regard to the risk relating to the non-reporting of offshore debt, there remains conflicting Indonesian Supreme Court (the “**Supreme Court**”) decisions as to whether the reporting obligations above are administrative requirements only or whether they affect the validity or enforceability of the Loan Facility. Under the relevant applicable laws and regulations, any failure to file such report to BI is subject to sanctions as specified above. While we believe that such reportings are administrative in nature and that, pursuant to relevant applicable laws and regulations, any failure to make any of the above reports or any sanctions imposed by any governmental authority or agency in respect of such failure should not affect the validity, binding nature and enforceability of the Loan Facility, there may still be a possibility that the Indonesian courts may take the opposite view. While, with regard to the reports on prudential principles implementation, there is yet no precedent as to whether the impact for non-compliance would be subject to the above uncertainties.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions relating to notes issuance with guarantees from Indonesian companies as security and have successfully brought legal action against lenders and other transaction participants. Such legal action has resulted in judgments invalidating all obligations under the applicable debt instruments and allowing affirmative recoveries from the lenders in excess of the amounts borrowed

In a June 2006 decision (the “**June 2006 Decision**”), the Supreme Court affirmed a lower court judgment that invalidated US\$500,000,000 of notes (the “**Indah Kiat Notes**”) issued by Indah Kiat International Finance Company B.V., (“**Indah Kiat BV**”) a Dutch subsidiary of PT Indah Kiat Pulp & Paper Tbk (“**Indah Kiat**”) that were guaranteed by Indah Kiat. The Indonesian courts nullified the Indah Kiat Notes and ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat Notes) committed an unlawful act (*perbuatan melawan hukum*) on the basis that the contracts made in relation to the Indah Kiat Notes were signed without any legal cause, and thus did not meet the provision of Article 1320 of the Indonesian Civil Code that requires a legal cause as one of the elements for a valid agreement. The Indonesian courts also ruled that the establishment of Indah Kiat BV was unlawful as it was intended to avoid Indonesian withholding tax payments. However, the June 2006 Decision was further annulled by the Supreme Court on a civil review (*peninjauan kembali*) under its decision issued on August 19, 2008 on the basis that the claim should have been brought in the courts of New York and not a District Court of Indonesia, as the agreements were governed by New York law.

Despite the above, the Supreme Court has taken a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry (“**Lontar Papyrus**”), a sister company of Indah Kiat. In the March 2009 decision (the “**March 2009 Decision**”), the Supreme Court refused a civil review of a judgment by the District Court of Kuala Tungkal, which invalidated US\$550,000,000 of notes issued by APP International Finance Company B.V. (“**APPC**”), a Dutch subsidiary of Lontar Papyrus, and guaranteed by Lontar Papyrus on reasons that the loan agreement between APPC and

Lontar Papyrus and the indenture must conform to the prevailing laws and regulations in Indonesia. In addition, the fact that the loan had been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. The March 2009 Decision effectively affirmed the lower court's decision to invalidate all of the transaction documents, and meaning the verdict is now final.

The structure of the Notes is not relatively similar with the above (i.e. not directly secured by guarantee from an Indonesian company). However, at the Loan Facility level, the Issuer may claim the guarantee from the Indonesian company to fulfil the obligation of the Borrowers under the Loan Facility Agreement to be used by the Issuer to fulfil its obligation on the Notes. The Indonesian legal system does not recognise the doctrine of *stare decisis* (i.e. the doctrine that precedent decisions by a court will subsequently bind later courts) 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 Supreme Court decisions, such decisions have persuasive force. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Decision or the March 2009 Decision in relation to the validity and enforceability of the Notes and the guarantee from an Indonesian company 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. Furthermore, the holders of the Notes may have difficulty in enforcing any rights under the Notes, the guarantee from the Indonesian company or the other transaction documents in Indonesia, where most of the Indonesian company guarantor's assets are located. Depending on the recognition foreign courts grant to such Indonesian decisions, the holders of the Notes may also be precluded from enforcing any right under the Notes, the guarantee from the Indonesian company or the Transaction Documents, or collecting on the Issuer's or the Indonesian company guarantor's respective assets, anywhere else in the world.

Affirmative relief, if granted against the holders of the Notes by Indonesian courts, may be enforced by foreign courts against the assets of the holders of the Notes (or other transaction participants) located outside Indonesia (and each holder of the Notes should seek legal advice in that regard). As a result, your participation as a holder of Notes in this transaction may expose you to affirmative verdicts by Indonesian courts (beyond the value of the Notes you purchased).

Risks Relating to the Facility Guarantee

Facility Guarantee subject to Reasonable Collection Efforts

The Facility Guarantor would only make payment on a claim on the Facility Guarantee if it is first shown that Reasonable Collection Efforts (as set out in the Facility Guarantee) have been diligently pursued against the defaulting borrowers and the assets securing the Loan in order to obtain recoveries. These include, without limitation, requirements for TLFF I to investigate into the likelihood of repayment before declaring a default, declare a default and accelerate the Loan and exercise rights of collateral (enforce security in respect of the assets securing the Loan), unless the Facility Guarantor has waived in writing such requirement (to exercise rights of collateral). The Facility Manager shall not be required to consult with, or take into account any instructions, recommendations or directions from TLFF I or the Notes Trustee in pursuing such Reasonable Collection Efforts. As a result, if the Borrowers default, in order to enable a successful claim on the Facility Guarantee, TLFF I (or the Facility Manager on its behalf) may need to take action on such as acceleration and enforcement of security (in order to meet the requirements for claiming under the Facility Guarantee), the recoveries under which might be less than had such acceleration and enforcement not been pursued (e.g. if other courses of action were taken such as extending further grace periods to the Borrowers or restructuring the Loan). Nonetheless, the Facility Manager could submit a claim if such Reasonable Collection Efforts have been pursued for a period of up to ninety (90) days and the other requirements under the Facility Guarantee (see "*Stringent Criteria to be met in order to make claims under the Facility Guarantee*" below) are met.

Relatively long timeline for payment under Facility Guarantee

To ensure that Reasonable Collection Efforts are made by TLFF I (as described above), TLFF I may not make a claim under the Facility Guarantee for payment from the Facility Guarantor with respect to the acceleration of the Loan Facility earlier than 90 days after the written final demand for full payment under the Loan Facility Agreement has been made by TLFF I against the defaulting Borrowers. As a result, if the Borrowers default on the Loan Facility and TLFF I is unable to recover any amounts from them in respect of such default, TLFF I may be waiting for a relatively long period of time from the date of such default (approximately 225 days at a minimum) before it can receive payment in respect of such default pursuant to the Facility Guarantee. Nonetheless, it is worth noting a Reserve Account has been set up to cover approximately 10.53 months' worth of scheduled interest amount payable under the Loan Facility Agreement, other fees and expenses payable by TLFF (in connection with the Transaction) and the scheduled utilization fees of the Facility Guarantor.

Claim under the Facility Guarantee is limited

Under the Facility Guarantee, the Facility Guarantor is only providing a limited guarantee in respect of up to fifty per cent. of any net losses of principal by TLFF I under the Loan Facility, after deduction of any recoveries under the Loan and application of the First Loss Reserve Amount to offset TLFF I's losses, and further subject to a guarantee ceiling of US\$33,250,000. Any losses of principal not met by the Facility Guarantor would be borne by TLFF I and ultimately the Noteholders. It is also worth noting that Class A Noteholders rank senior to the Class B Noteholders for the application of proceeds from the Facility Guarantee.

The Facility Guarantee is subject to reimbursement provisions

Even after the claim on the Facility Guarantee has been paid out, if TLFF I subsequently receives recoveries on the Loan from the defaulting Borrowers, through the enforcement of security or otherwise (the "**Recovered Funds**"), TLFF I is required under the Facility Guarantee to first reimburse the Facility Guarantor on a pro rata basis out of the Recovered Funds (with allowance for deduction of reasonable and documented expenses incurred in the collection efforts). These reimbursement provisions mean that even in the event that TLFF I is able to successfully recover any amounts from the defaulting Borrowers or the secured assets, such Recovered Funds would have to be paid first to the Facility Guarantor pro rata to reduce the Facility Guarantor's coverage of the losses suffered under the Loan and this consequently means that there would be less Acceleration Proceeds ultimately available for distribution to Noteholders.

Stringent criteria to be met in order to make claims under the Facility Guarantee

In order to make a successful claim for payment from the Facility Guarantor under the Facility Guarantee, stringent criteria needs to have been met, such as: (i) TLFF I (or the Facility Manager on its behalf) must have first accelerated the Loan and pursued Reasonable Collection Efforts against the defaulting Borrowers for a period of up to 90 days (as described above); (ii) after pursuing such Reasonable Collection Efforts, certify to the Facility Guarantor that either (a) such amounts have been written off in entirety as a bad debt or (b) it is unable, because of legal impediment or significant impracticality, to pursue further collection efforts and has established a specific provision of funds for possible loan losses associated with the Borrowers' default, the amount of such provision which must be at least twenty per cent. of the amount of the defaulted principal; and (iii) TLFF I must have provided evidence to the Facility Guarantor that the Borrowers have paid the full amount of the First Loss Reserve Amount and that it has applied such amount to repayments under the Loan, such that the claim submitted to the Facility Guarantor is only for losses in excess of the First Loss Reserve Amount (and up to the guarantee ceiling of US\$33,250,000) and is not for any unrecovered portion of the First Loss Amount. Any inability on the part of TLFF I to satisfy such stringent criteria could potentially prevent it from recovering under the Facility Guarantee in the event of a default by the Borrowers, which would materially reduce in turn the recoveries for the Class A Noteholders.

Termination or suspension by the Facility Guarantor for convenience

The Facility Guarantor may terminate or suspend the Facility Guarantee at its convenience at any time for any reason by written notice to the Issuer, although it is understood that the Facility Guarantor does not expect to exercise this right unless the continuation of the Facility Guarantee would not be in the foreign policy interests of the United States or would be in violation of the relevant applicable law.

Risks Relating to the Facility Guarantor

Credit risk of the Facility Guarantor

The Facility Guarantor is considered a government related entity and derives its credit quality from the credit quality of the government of the United States of America.

Additionally, the credit quality of the Facility Guarantor may deteriorate due to many factors, including without limitation: (a) diminishing strategic importance due to changes in its policy role, or weakening in its relationship with the government, such that strong government support or funding is no longer assured; (b) a downgrade of the United States of America's sovereign ratings; and (c) default by its debtors to meet their payment and other obligations. Moreover, profit maximisation is not the primary objective of the Facility Guarantor.

Risks Relating to the Borrowers and their business

The Borrowers' business is affected by global economic and other conditions

The businesses of the Borrowers is affected by global economic and other conditions over which the Borrowers have no control. The Borrowers' earnings are influenced by various macroeconomic factors such as the level of consumer and business confidence and the cost of raw materials. Fluctuations in rubber prices and prices of other key

commodities or raw materials, a slowdown in global or regional economies or an adverse change in environmental regulations could have a material adverse effect on the Borrowers' businesses.

Events beyond the Borrowers' control, including weather conditions and natural disasters, unexpected geological or physical conditions, or criminal or terrorist attacks, among other things, may affect timing, costs and ability to complete orders

Any of the facilities operated by the Borrowers, or the equipment located therein, may be subject to unfavourable weather conditions in certain periods of the year, including, for example, heavy rains and typhoons in China, India or Southeast Asia or any other catastrophe or other adverse physical conditions. Such situations are rare, but can sometimes lead to a temporary suspension of work at the manufacturing facilities and delays in the completion of orders. Any natural disaster or catastrophe could result in lost revenue at the affected sites during the period of disruption and costly remediation, and such cost overruns would generally be unrecoverable. The Borrowers may not always be able to pass any cost increases due to such unfavourable conditions to customers, and as a result, the occurrence of such an event could adversely affect the business, results of operations and financial condition.

Certain of the Borrowers are required to obtain permanent business licenses from the Indonesian Capital Investment Coordinating Board prior to commencing commercial operations

The Indonesian Capital Investment Coordinating Board's Regulation No. 13 of 2017 on Guidelines and Procedure for Investment Licensing and Facilities, a company having an investment registration during a construction/preparation period is prohibited from undertaking production and/or operations without first securing a permanent business license. As three of the Borrowers (LAJ, MKC and WW) do not have permanent business licenses as at the date of this Offering Circular, such Borrowers will not be able to conduct commercial operations until they have received such licenses from the Indonesian Capital Investment Coordinating Board and/or the Ministry of Environment and Forestry. Failure to comply with this regulation may result in the Borrowers being sanctioned by the Indonesian Capital Investment Coordinating Board and/or the Ministry of Environment and Forestry which may materially adversely affect the Borrowers' business, financial condition, growth prospects and results of operations and the ability to make payments under the Loan Facility thereby affecting the ability of the Issuer to make payments to the Noteholders pursuant to the Notes.

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

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

In addition, the Borrowers must attract highly qualified personnel with an understanding of the industry and retain experienced managers, especially as their business continues to grow and relies on their expertise. If the Borrowers were to lose the service of their managers, they may be unable to find and integrate replacement personnel and this could significantly impair their ability to develop and implement their 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 their business, financial condition, results of operations and prospects.

The Borrowers' insurance coverage may not adequately protect us against operating hazards, major disruptions or damages at any of their project sites and facilities, natural disasters and any resulting losses

The Borrowers maintain insurance policies which they believe are in line with common industry practices and in amounts which they believe to be commercially reasonable. However, the Borrowers may become subject to liabilities or losses including those resulting from major disruptions or damages at any of their project sites and facilities, pollution or other hazards, against which they have not insured adequately, or at all, or cannot insure. The Borrowers insurance policies contain certain exclusions and limitations on coverage, including no coverage for business and production interruption, which may result in their claims not being honoured to the extent of losses or damages suffered by them. In addition, it may take a significant amount of time to receive a recovery from a substantial insurance claim, which may affect their liquidity. The Borrowers 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

honoured by such insurers, could have a material adverse effect on their business, financial condition, results of operations and prospects.

The Borrowers' business is dependent on Michelin and Satria Cemerlang

RLU is a joint venture between Satria Cemerlang and Michelin, with Satria Cemerlang owning 51 per cent. of RLU's shares and Michelin owning 49 per cent. of RLU's shares. The business of RLU (and indirectly, LAJ, MKC and WW) will be affected by a number of factors relating to Satria Cemerlang and Michelin, including and not limited to (i) the ability of Satria Cemerlang and Michelin to fulfil their obligations under the relevant shareholders' agreement, (ii) any financial difficulties of Satria Cemerlang and Michelin, and (iii) disagreements between Satria Cemerlang and Michelin over the economic and business interests of RLU and the other Borrowers.

Société des Matières Premières Tropicales Pte. Ltd. ("SMPT") is the only supplier of remilled latex (produced to certain product and technical specifications) to Michelin, a leading manufacturer and distributor of tyres. SMPT (part of the Michelin group) and RLU have entered into a master commercial agreement under which SMPT (or its affiliates) intends to, pursuant to a Technical Assistance Agreement, provide technical assistance to the Borrowers for improvements in production processes and to, pursuant to long term commercial contracts, purchase a targeted 75% of the annual production of remilled latex produced by plants operated by the Borrowers. The terms of the long term commercial contracts are negotiated on an annual basis between SMPT and the relevant Borrower. The financial performance and business operations of the Borrowers are therefore dependent on the purchase by SMPT of the remilled latex products, the continuation of the long term commercial contracts on terms commercially beneficial to the Borrowers and eventually on the financial performance and business operations of Michelin.

Risks Relating to the Rubber Industry

The Borrowers are exposed to commodity price risk

The Borrowers manufacture and market rubber products and are exposed to market risks arising from changes in commodity prices. The risk of changes in prices, and thus in cashflows, is closely intertwined with the very nature of the business and may only be partially mitigated through recourse to appropriate risk management policies, such as the diversification of key suppliers and customers. The Borrowers' results are influenced by changes in the prices of the products and services sold. Raw materials incidence on price is a relevant aspect, but in general pass-through to clients is well managed. An increase in commodity prices may make it more difficult for the Borrowers to market and distribute their products. In addition, volatility in commodity prices may prevent the Borrowers from effectively managing their purchases and sales and achieving consistent margins. Any of these factors may have a negative effect on the Borrowers' business, results of operations and financial condition.

Supply and demand of natural rubber

According to the International Rubber Study Group (IRSG) and the Economic Intelligence Unit, starting from 2016, there will be a gap between the demand and supply of natural rubber with the demand increasing above the supply, leading to a decrease of natural rubber stock. This increase of demand above the supply for natural rubber could adversely impact the business, financial condition, results of operations and prospects of the Borrowers and their ability to make payments under the Loan Facility, thereby affecting the ability of the Issuer to make payments to the Noteholders pursuant to the Notes.

Slowdown in growth of the global tyre market

The global tyre market witnessed tepid growth from 2011 to 2015, predominantly due to the Eurozone crisis and the slump in crude oil prices. These factors led to weak demand for tyres across Europe and the Middle-East which has restricted the growth in the global tyre market over the last five years. At the same time, the global market is witnessing an increasing inflow of Chinese tyre brands. Demand for Chinese tyres has been growing across the globe over the last five years, majorly due to the lower prices of Chinese tyre brands compared to the flagship tyre brands. The dominance of cheaper Chinese tyre brands may make it difficult for the Borrowers to compete in the rubber industry which may in turn adversely impact the business, financial condition, results of operations and prospects of the Borrowers and their ability to make payments under the Loan Facility, thereby affecting the ability of the Issuer to make payments to the Noteholders pursuant to the Notes.

The Borrowers require certain approvals, licenses, registrations, certificates and permits in the ordinary course of the Borrowers' 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, the Borrowers are required to obtain appropriate approvals, licenses, registrations, certificates and permits from relevant governmental authorities for business operations of the Borrowers. If the Borrowers fail to obtain the required approvals, they may be subject to sanctions, such as fines, or be required to shut down the relevant facility, and their business, operations and financial condition will be materially and adversely affected.

Moreover, the Borrowers cannot assure that they 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, the compliance costs may increase or such laws or regulations may prohibit or make it more expensive for the Borrowers to continue with their operations or any part of their business. As a result, the Borrowers' operations may be restricted and their 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 the Borrowers to incur costs or restrict their operations in a manner that could have a material adverse effect on their business, financial condition, results of operations and prospects

The Borrowers 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 their project site. These laws and regulations may expose the Borrowers to be liable for the conduct of, or conditions caused by, their acts. The Borrowers are required to invest financial and managerial resources to comply with environmental and safety laws and regulations and anticipate that they will be required to do so in the future in order to comply with laws in Indonesia. It is likely that the Borrowers 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 them to penalties, liabilities or suspension of production and/or distribution. Environmental and safety laws could also restrict their ability to expand their facilities and could require them to acquire costly equipment or incur other additional expenses in connection with their remilling process.

Risks related to the Borrowers and their business being based in Indonesia

The Borrowers, being based and operating in Indonesia, are subject to the political, economic, legal and regulatory environment in Indonesia. Substantially all of their operations and assets are located in Indonesia. The Borrowers could be adversely affected by changes in the policies of the government of Indonesia, social instability, natural disasters or other political, economic, legal, regulatory or international developments in or affecting Indonesia which are not within their control, examples of which are described below. These could, in turn, have an adverse effect on the Borrowers' business, prospects, financial condition and results of operations.

Although the Borrowers primarily receive their cash in US dollars certain of their indebtedness, costs, fees and expenses are denominated in Rupiah; as a result, the Borrowers are exposed to currency exchange rate risk

Although the Borrowers' revenues are primarily denominated in US dollars, certain of their indebtedness, costs, fees and expenses are denominated in Rupiah. As such, the Borrowers are exposed to fluctuations in currency exchange rates. Any future exchange rate fluctuations between the Rupiah and US dollar may have a material adverse effect on the Borrowers' ability to make payments.

Emerging markets such as Indonesia are subject to greater risks than more developed markets, and if those risks were to materialise, their consequences could disrupt the Borrowers' business and cause the Issuer, and consequently the Noteholders, to suffer a significant loss to their investments

The Borrowers have historically carried out substantially all of their operations in Indonesia and anticipate that they will continue such practices in the future. These markets have historically been characterised by significant volatility, and their political, social and economic conditions can differ significantly from those in more developed economies. Specific risks that could have a material impact on the Borrowers' businesses, results of operations, cashflows and financial condition include:

- political, social and economic instability;
- exchange rate volatility;
- acts of warfare, terrorism and civil conflicts;

- state intervention, including tariffs, protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- liability for remedial actions under health and safety regulations;
- cost and availability of adequate insurance coverage;
- difficulties and delays in obtaining or renewing licenses, permits and authorisations;
- arbitrary or inconsistent governmental action;
- deficiencies in transportation, energy and other infrastructure; and
- expropriation of assets.

Generally, investing in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in investing in such markets. You should also note that political and related social developments in Indonesia have been unpredictable in the past, are subject to rapid change and, consequently, the information set out in this Offering Circular may become outdated relatively quickly. If any of the risks associated with investing in emerging markets, and in Indonesia in particular, were to materialise, the Borrowers' business, results of operations and financial condition could be materially adversely affected, affecting their ability to make payments under the Loan, and the value of the Notes could decline significantly.

It may not be possible for the Issuer and/or the Noteholders to effect service of process or to enforce certain judgments on the Borrowers outside of Indonesia and the Indonesian legal system is subject to considerable discretion and uncertainty

The Borrowers are limited liability companies incorporated in Indonesia and its assets and operations are located in Indonesia. In addition, certain of its commissioners and directors reside in Indonesia. As a result, it may be difficult for the Issuer and/or the Borrowers to effect service of process, including judgments on the Borrowers or their commissioners and directors outside Indonesia or to enforce against the Borrowers or their commissioners and directors, judgments obtained in non-Indonesian courts.

Judgments of non-Indonesian courts may not be enforceable in Indonesian courts, and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against the Borrowers. 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. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability or jurisdictions other than Indonesia. As a result, TLFF I (or a party act in on its behalf) would be required to pursue claims against the Borrowers or their directors or commissioners in Indonesian courts. 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.

Indonesian legal principles and their practical implementation by Indonesian courts differ materially from those that would apply within the United States or the European Union. Indonesia's legal system is a civil law system based on written statutes as well as judicial and administrative decisions that do not constitute binding precedent and are not systematically published or made publicly available. Indonesia's commercial and civil laws were historically based on Dutch laws that were 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 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 a clear articulation of the legal and factual analysis of the issues presented in a case. 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, which may render judgments inaccurate on enforcement of certain contracts the Borrowers enter into, or the impacts a development or interpretation of Indonesian laws may have on the Borrowers.

Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources. Accordingly, it may not be possible for the Issuer to obtain timely and equitable enforcement of its legal rights against the Borrowers.

Political and social instability in Indonesia may adversely affect the Borrowers

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. As a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest. Such instances of unrest have highlighted the unpredictable nature of Indonesia's changing political landscape. Indonesia also has many political parties, without any one party winning a clear majority to date. These events have resulted in political instability, as well as general social and civil unrest on certain occasions in recent years.

For example, since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against the government of Indonesia and Indonesian government officials, as well as in response to specific issues, including fuel subsidy reductions, privatisation of state assets, anti-corruption measures, decentralisation and provincial autonomy, actions of former Indonesian government officials and their family members, the U.S.-led military campaigns in Afghanistan and Iraq and potential increases in electricity tariffs. Although these demonstrations were generally peaceful, some have turned violent. In June 2001, demonstrations and strikes affected at least 19 cities after the government of Indonesia mandated a 30.0% increase in fuel prices. Similar demonstrations occurred in January 2003, when the government of Indonesia again tried to increase fuel prices, as well as electricity rates and telephone charges. In both instances, the government of Indonesia was forced to drop or substantially reduce the proposed increases. In March 2005, the government of Indonesia implemented an approximately 29.0% increase in fuel prices. In October 2005, the government of Indonesia implemented a new policy that resulted in a 120.0% increase in fuel prices. In response, several non-violent, mass protests were organised in opposition to the increases in oil-related fuel prices, and political tensions have resulted from the government of Indonesia's decision. There can be no assurance that this kind of situation in the future will not lead to further political and social instability. Pursuant to Presidential Regulation No. 8/2011, the government of Indonesia increased electricity tariffs by 10.0% on average with retroactive effect from July 1, 2010. Some of our customers, particularly industrial customers, protested against the increased tariff. As a result, the government of Indonesia decided to cap the maximum tariff increase at 18.0%, which was effective until December 31, 2010. Since January 2011, there has not been any cap on the tariff. There can be no assurance that any increase in tariff will not lead to further protests and revision. Additional tariff increases may result in similar protests and/or a reduction in the demand for electricity by our customers. There can be no assurance that such demonstration or future sources of discontent will not lead to further political and social instability. In addition, 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 clashes between supporters of those separatist movements and the Indonesian military. In Papua, continued activity by separatist rebels has led to violent incidents, in Maluku, clashes between religious groups have resulted in casualties and displaced persons and in the province of Kalimantan, clashes between ethnic groups have produced fatalities and refugees over the past several years. In recent years, the government of Indonesia has made progress in negotiations with these troubled regions (including the peace agreement signed in Helsinki by the government of Indonesia and the leaders of the Aceh separatist movement in August 2005), but has not been able to reach a successful resolution of all of the outstanding issues and there is no guarantee that the terms of any agreement reached between the government of Indonesia and the separatists will be upheld. Human rights violators, including those from high-ranking military positions, have recently begun to be more actively prosecuted in Indonesia, most notably with respect to alleged violations occurring in Timor Leste (formerly East Timor), Aceh, Papua and Maluku. However, the success of these prosecutions has been mixed, and many public commentators and demonstrators have criticised the government of Indonesia's failure to prosecute human rights violations in Indonesia more vigorously.

In 2004, Indonesians directly elected the President, Vice-President and representatives in the Indonesian Parliament for the first time. Indonesians have also begun directly electing heads and representatives of local and regional governments. It is likely that increased electoral activity will be accompanied by increased political activity in Indonesia. In April 2009, elections were held to elect the representatives in the Indonesian Parliament (including national, regional and local representatives). The Indonesian Presidential elections, held in July 2009, resulted in the re-election of President Susilo Bambang Yudhoyono. In the Presidential election held in July 2014, Joko Widodo was elected as the President of Indonesia. Although the April 2009, July 2009 and July 2014 elections were conducted in a peaceful manner, the recent challenge from the losing candidate in the 2014 presidential election and the delay of the conclusion of the election result, as well as political campaigns in Indonesia, may bring a degree of political and social uncertainty to Indonesia. In August 2014, the Constitutional Court of Indonesia decided in favour of the elected president, based on the Decision No.1/PHPU.PRES-XII/2014 dated August 8, 2014. More recently, gubernatorial

elections in Jakarta in February and April 2017 led to mass protests with religious undertone. Political and related social developments in Indonesia can result in civil disturbances that could directly or indirectly, materially and adversely affect our businesses, financial condition, results of operations and prospects.

Political and social developments in Indonesia have been unpredictable in the past and, as a result, confidence in the Indonesian economy has remained low. Any resurgence of political instability could adversely affect the Indonesian economy, which could adversely affect the Borrowers. There can be no assurance that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely, affect the Borrowers' business, financial condition, results of operations and prospects and ability to make payments under the Loan, and therefore the Issuer's ability to make payments on the Notes.

In 2018 and 2019 Indonesia will be going through regional / provincial and presidential election cycles. It is anticipated that this might result in a slowing down of government processes. It may also result in further demonstrations and rallies nationwide.

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

The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes and tsunamis, or tidal waves. On December 26, 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand, India and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. Aftershocks from the December 2004 tsunami and additional high-magnitude earthquakes have occurred in Indonesia, causing significant fatalities and damage. In addition to these geological events, Indonesia has also been struck by other natural disasters such as heavy rains and flooding. All of the above resulted in loss of civilian life, the displacement of large numbers of people, widespread destruction of property and disruptions to businesses.

In July 2013, an earthquake in Aceh resulted in 35 deaths and 2,418 injuries. Following the earthquake 48,563 people were evacuated. The provincial government set aside a relief fund of approximately US\$8 million while the Indonesian National Board for Disaster Management contributed a further US\$4 million towards emergency responses. As of January 2014, there have been 37 recorded deaths with 33,210 people being evacuated resulting in an estimated loss of Rp.1.8 trillion from Mount Sinabung in North Sumatra, an active volcano. In February 2014, Mount Kelud in East Java erupted affecting East Java, Central Java and the D.I. Yogyakarta areas. As a result of the eruption, 25,151 people were evacuated with seven recorded deaths and 1,423 injuries, resulting in an estimated loss of Rp.1.2 trillion. On December 12, 2014, a landslide occurred in Banjarnegara, Central Java as a result of heavy rainfall in the area. There were 95 recorded deaths and 13 people recorded missing. The incident resulted in the relocation of more than 1,500 villagers to other locations. In 2015, earthquakes in Sorong, West Papua and Alor, Nusa Tenggara Timur damaged 7,843 houses and 74 public facilities. In June 2016, floods and landslides hit Purworejo, Central Java causing 81 deaths and total estimated loss of Rp.15.7 billion. On December 7, 2016, another earthquake shook Aceh resulting in 122 deaths and hundreds of injuries. This earthquake damaged 11,668 houses, 265 public facilities and ten government offices.

While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the government of Indonesia has had to spend significant amounts on emergency aid and resettlement efforts. Total government expenditure related to post-natural disaster relief efforts in 2015 and 2016 amounted to Rp 4.0 trillion and Rp. 4.5 trillion, respectively, according to the 2015 and 2016 state budget. A significant portion 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 of Indonesia 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 of Indonesia's finances, and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the government of Indonesia, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, including the Borrowers', thereby materially and adversely affecting the Borrowers' business, financial condition, results of operations and prospects and their ability to make payments on the Loan Facility and thereby the Issuer's ability to make payments under the Notes.

In addition, there can be no assurance 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 centres could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting the Borrowers' business, financial condition, results of operations and prospects, and their ability to make payments on the Loan and thereby the Issuer's ability to make payments under the Notes.

The outbreak of any severe communicable disease in Asia (including Indonesia) or elsewhere may have an adverse effect on the economies of certain Asian countries and may adversely affect the Borrowers' business, operations and financial condition

The outbreak of an infectious disease in Asia (including Indonesia) and elsewhere, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in Indonesia and thereby adversely impact our revenue. Examples are the outbreak in 2004 and 2005 of Avian influenza, or bird flu, in Asia, outbreak in 2009 of Influenza A (“**H1N1**”) and the recent outbreak of Middle East Respiratory Syndrome Corona Virus (“**MERS**”) in 2015. As of May 31, 2014, the government of Indonesia reported 197 confirmed human cases of avian influenza in Indonesia, including 165 deaths. In spite of the implementation of avian influenza prevention and control measures, outbreaks in animals, particularly in birds, and in humans are expected to occur from time to time, as long as avian influenza remains endemic in many provinces in Indonesia. Human cases have been decreasing every year, with the exception of 2011, from 55 cases in 2006, 42 cases in 2007, 24 cases in 2008, 21 cases in 2009, nine cases in 2010, 12 cases in 2011, nine cases in 2012, three cases in 2013 and one case in the first quarter of 2014. As of June 5, 2014, there have been no confirmed reports of MERS in Indonesia. Out of 129 suspected cases occurring across 19 provinces in Indonesia, laboratory testing confirmed 126 negative results with three further cases awaiting results. Worldwide, the World Health Organization has indicated that MERS has been identified in as many as 19 countries with a total of 681 cases. No fully effective avian flu or MERS vaccines have been developed and effective vaccines may not be discovered in time to protect against a potential pandemic. A future outbreak of these or another contagious or infectious diseases or any other serious public health concern in Indonesia may adversely affect our business, financial condition, results of operations and prospects, and our ability to make payments under the Notes. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia.

Indonesian accounting standards differ from those in other jurisdictions

The Borrowers prepare their consolidated financial statements in accordance with Indonesian Financial Accounting Standards, which differs from U.S. Generally Accepted Accounting Principles (“**U.S. GAAP**”) and International Financial Reporting Standards (“**IFRS**”) in certain material respects. As a result, their consolidated financial statements and reported earnings could be significantly different from those that would be reported under U.S. GAAP and IFRS. This Offering Circular does not contain a reconciliation of the Borrowers' consolidated financial statements to U.S. GAAP or IFRS, and such reconciliation may reveal material differences.

Downgrades of the credit ratings of Indonesia and Indonesian companies could materially and adversely affect Borrowers and the market price of the Notes

Several rating agencies, including Moody's and Standard & Poor's, have in the past downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the government of Indonesia and a large number of Indonesian banks and other companies. Currently, Indonesia's sovereign foreign currency long-term debt is rated “Baa3 (Positive)” by Moody's, “BBB- (Stable)” by Standard & Poor's, and “BBB (Stable)” by Fitch. These ratings reflect an assessment of the government of Indonesia's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. While the recent trend in Indonesian sovereign ratings has been positive, with Moody's lifting its sovereign credit rating of Indonesia to “investment grade” in January 2013, no assurance can be given that Moody's, Standard & Poor's, Fitch or any other rating agencies will not downgrade the credit ratings of Indonesia or Indonesian companies in general in the future. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the government of Indonesia and Indonesian companies, including the Issuer, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on the Borrowers and their ability to make payments under the Loan, and thereby the Issuer's ability to make payments under the Notes.

Terrorist attacks and terrorist activities, and certain destabilising events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect the Borrower's business and/or property

In Indonesia during the last ten years, there have been numerous bombing incidents directed towards the government of Indonesia and foreign governments and public and commercial buildings frequented by foreigners. For example, on January 14, 2016, multiple explosions and gunfire took place near the Sarinah shopping mall in Central Jakarta that killed eight people and injured 23 people. The Islamic State of Iraq and the Levant claimed responsibility. While in response to the terrorist attacks, the government of Indonesia has institutionalised 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 destabilise Indonesia and increase internal divisions within the government of Indonesia 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 the Borrowers' business. The Borrowers' projects may be particularly vulnerable to, and adversely affected by, terrorist attacks because of the large numbers of people they attract and the general public access provided. Political unrest in Indonesia may disrupt the operation of the Borrowers' developments or make them less attractive to buyers. There can be no assurance that the Borrowers' properties will not be subject to acts of terrorism, violent acts and adverse political developments which may have a material adverse effect on the Borrowers, their business, financial condition, results of operations and prospects, and their ability to make payments on the Loan and thereby the Issuer's ability to make payments under the Notes.

Domestic, regional or global economic changes may adversely affect the Borrowers' business

Indonesia's economy was severely affected by the Asian financial crisis of 1997, and the crisis was characterised in Indonesia by, among other effects, currency depreciation, a significant decline in real gross domestic product ("GDP"), high interest rates, social unrest and extraordinary political developments. These conditions had a material adverse effect on Indonesian businesses, including our business and financial conditions. Indonesia entered a recessionary phase with relatively low levels of growth in between 1999 to 2002. More recently, Indonesia has been affected by the global economic crisis that began in late 2007, as evidenced by the decrease in its rate of growth to 6.1% in 2008 and 4.6% in 2009 due to a slowdown in the global economic growth rate. The government of Indonesia has had to rely on the support of international agencies and governments to prevent sovereign debt defaults. The rate of growth has stabilised at higher levels in recent years. Indonesia's GDP growth rate was 6.2% in 2011, 6.0% in 2012, 5.6% in 2013, 5.0% in 2014, 4.8% in 2015 and 5.0% in 2016.

Outside of Indonesia, recent difficulties affecting the global financial sectors, adverse conditions and volatility in the United States and worldwide credit and financial markets, fluctuations in oil and commodity prices and the general weakness of the global economy have increased the uncertainty of global economic prospects in general. 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. In addition, in 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these EU nations to continue to service their sovereign debt obligations. The current global recovery is proceeding at varying speeds across regions and is still subject to downside risks stemming from factors like fiscal fragility in advanced economies, slowing growth in the developing world, high sovereign debt levels, highly accommodative macroeconomic policies and persistent difficulties in access to credit. In particular, concerns regarding the continuing global economic uncertainties and slowing growth in the People's Republic of China continue to disrupt financial markets and weaken consumer demand in the European Union, the Asia-Pacific Region, the United States and other parts of the world. The United Kingdom's prospective withdrawal from the European Union in June 2016, the United States' withdrawal from the Trans-Pacific Partnership in January 2017, the results of recent elections in 2017 in key European countries such as the United Kingdom, France and Germany have increased uncertainties in the global financial markets. If unfavorable global economic conditions continue or worsen, this may have a material adverse effect on Indonesian economy and our business. On August 5, 2011, S&P Global Ratings, a division of McGraw Hill Financial, Inc. ("**Standard & Poor's**") downgraded its sovereign credit rating of the U.S. government from AAA to AA+ and has maintained the rating of AA+ for the U.S. government since then. On July 13, 2011, Moody's placed the U.S. government under review for a possible credit ratings downgrade, and, on August 2, 2011, Moody's confirmed the U.S. government's existing sovereign rating, but stated that the rating outlook is negative. On August 2, 2011, Fitch affirmed its existing sovereign rating of the U.S. government, but stated that the rating is under review. There continues to be the perceived risk of a further sovereign credit ratings downgrade of the U.S. government, including the rating of U.S. Treasury securities and the rating of certain government sponsored enterprises such as Fannie Mae and Freddie Mac. It is foreseeable that the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected by any such downgrade.

Indonesia and other Association of Southeast Asian Nations countries have been negatively impacted, along with developing market countries globally, by the unprecedented financial and economic conditions in developed markets. Although the government of Indonesia has taken a number of responses to these unprecedented conditions with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these

unprecedented conditions may negatively impact economic growth, the government of Indonesia's fiscal position, the Rupiah's exchange rate and other facets of the Indonesian economy.

In addition, the government of Indonesia 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. Indonesian government funding requirements to areas affected by the December 2004 tsunami and other natural disasters, as well as increasing oil prices, may increase the government of Indonesia's fiscal deficits. The economic difficulties faced by Indonesia during the Asian economic crisis that began in 1997 resulted in, among other things, volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. While the interest rate for one-month Jakarta Interbank Offered Rate has declined from a peak of 70.8% in August 1998 to 5.8% in March 31, 2017, there can be no assurance that the recent improvement in economic condition 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 Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such increased volatility, slowdown or negative growth could materially and adversely affect the Borrowers' business, financial condition, results of operations and prospects and their ability to make payments under the Loan, which would have adverse impact upon the value of the Notes.

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

One of the most important immediate causes of the Asian 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 US dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp17,000 per US dollar in January 1998, the Rupiah continues to experience significant volatility, and since 2012, has depreciated. For example, the Rupiah depreciated from Rp9,670 per US dollar as of December 31, 2012 to Rp13,795 per US dollar as of December 31, 2015.

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. The Borrowers 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 US dollar, will not occur, or that the government of Indonesia 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 the Borrowers' customers and, as a result, the Borrowers may also face difficulties in funding the Borrowers' capital expenditure and in implementing the Borrowers' business strategy. Any of the foregoing consequences could have a material adverse effect on the Borrowers' business, financial condition, results of operations and prospects.

Obligations arising under the Currency Law and Bank Indonesia Regulation on the mandatory use of Rupiah may affect the Borrowers

On June 28, 2011, the government of Indonesia enacted the Law Number 7 of 2011 on the national currency (the "**Currency Law**"), which took immediate effect. Article 21(1) of the Currency Law requires the mandatory use of the Rupiah (as the local currency) in certain transactions conducted in Indonesia including (i) all transactions which have a purpose of payment, (ii) settlement of obligations which have to be satisfied with a cash payment and (iii) other financial transactions. However, Article 21(2) of the Currency Law provides exemptions for: (a) certain transactions related to the implementation of the state budget, (b) receipt or grant of offshore grants, (c) international trade transactions, (d) bank deposits in foreign currency, or (e) international financing transactions. Article 23 of the Currency Law prohibits any party from refusing to accept Rupiah as payment or in fulfillment of its obligations, which must be satisfied in Rupiah, and for other financial transactions in Indonesia, except where there is doubt as to the authenticity of the Rupiah paid. Failure to comply with the Currency Law may result in imprisonment of up to one year and fines of up to Rp200 million, and if the violation is committed by a company, the imprisonment term and fines will be increased by one-third.

In 2015, Bank Indonesia enacted (i) Bank Indonesia Regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah within the Territory of the Republic of Indonesia ("**PBI 17/2015**") and (ii) Circular Letter of Bank Indonesia No.

17/11DKSP, as the implementation of Currency Law, which requires any party to use Rupiah for any transaction conducted within the territory of Indonesia. PBI 17/2015 stipulates that a recipient is prohibited from refusing to receive Rupiah as means of payment or for the settlement of Rupiah obligations or other financial transactions within Indonesia, unless there is doubt as to the authenticity of the Rupiah paid in a cash transaction and payment or the settlement of an obligation in a foreign currency is agreed in writing by the parties. Article 10 (3) of PBI 17/2015 further clarifies that the exemption applies only for:

- (i) agreements relating to transactions exempted from the mandatory use of Rupiah as referred to in PBI 17/2015 (e.g. international financing transactions and international trading); or
- (ii) agreements for “Strategic Infrastructure Projects” which have been approved by Bank Indonesia. “Strategic Infrastructure Projects” includes transportation infrastructure (including airport services, port services, and railways facilities and infrastructure), roads, irrigation, drinking water infrastructure, sanitation infrastructure, telecommunication and information infrastructure, power infrastructure, and oil and gas infrastructure. However, these exemptions can only be applied if (a) the project has been declared by the central or regional governments 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.

As an exemption, PBI 17/2015 also stipulates that any agreement on payment or settlement of obligations in foreign currency which are made prior to July 1, 2015 are still valid until the expiry of the agreements. This exemption applies only for agreements relating to non-cash payment or settlement of obligations. However, the exemption will not be applicable for any extension or amendment of the agreements (particularly any amendments relating to the subject and/or object of the agreements).

The Borrowers have several payment obligations denominated in US dollars within the territory of Republic of Indonesia under certain agreements.

Effectively, PBI 17/2015 (i) requires the Borrowers to adjust the relevant existing US dollars denominated agreements to conform with the requirements under PBI 17/2015 (whenever there is an extension or amendment to those agreements) and (ii) prohibits the Borrowers from entering into new US dollars denominated agreements with counterparties for transactions conducted within the territory of Republic of Indonesia after July 1, 2015. The elucidation of PBI 17/2015 further explains that an amendment relates to a change of “subject” and “object” of the written agreement. However, there is no further explanation on the object of the agreement itself. If Bank Indonesia adopts a conservative approach, all amendments after July 1, 2015 to such agreements will be subject to PBI 17/2015. A breach of the requirements of PBI 17/2015 will be subject to (i) administrative, criminal or monetary sanctions up to Rp1 billion and (ii) loss of business licenses and/or interruption of business activities of the violating entity, if Bank Indonesia recommends so to the relevant authorities. The restrictions on the Borrowers’ ability to enter into, or renew or amend, the Borrowers’ Rupiah denominated contracts may limit the Borrowers’ ability to naturally hedge or service the Borrowers’ non-Rupiah denominated liabilities or obtain or refinance non-Rupiah financing in the future.

Labour activism could adversely affect Indonesian companies, including the Borrowers, which in turn could affect the Borrowers’ business, financial condition, results of operations and prospects

In March 2003, the government of Indonesia enacted Law No. 13 of 2003 on Labour (the “**Labour Law**”) which, among other things, increased the amount of severance, service and compensation payments payable to employees upon termination of employment. The Labour Law requires, amongst other things, further implementation of regulations that may substantively affect labour 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 labour agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. The liberalisation of regulations permitting the formation of labour unions combined with weak economic conditions has resulted, and will continue to result in, labour unrest and activism in Indonesia.

Moreover, the Labour Law provides that an employer is not allowed to pay an employee wages below the minimum wage stipulated annually by the provincial, regional or city government. The minimum wage is set in accordance with the need for a decent standard of living, taking into consideration the productivity and growth of the economy. However, as there are no specific provisions on how to determine the amount of a minimum wage increase, minimum wage increases can be unpredictable. For instance, recently, the provincial government of Jakarta, through the Governor of DKI Jakarta Regulation No. 230 of 2015, which became effective on January 1, 2016, stipulated that the minimum wage for Jakarta for 2016 is Rp.3.1 million per month, which represents an increase from the Rp.2.7 million minimum wage for 2015. Pursuant to the Governor of DKI Jakarta Regulation No. 227 of 2016, the minimum wage for 2017 is Rp.3.4 million per month, effective on January 1, 2017.

In particular, the Borrowers' expenses for labourers may be affected by increases in the minimum wages. Regional governments have the power to establish minimum wage requirements and do so from the beginning of each calendar year. Over the past ten years, minimum wage levels in various parts of Indonesia have increased significantly. For example, the minimum wage in Jakarta increased by 10.6% from 2014 to 2015, by 14.8% from 2015 to 2016 and by 8.3% from 2016 to 2017.

Labour unrest and activism in Indonesia could disrupt the operations of the Borrowers' business, the Borrowers' suppliers or contractors 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 the Borrowers' businesses, financial condition, results of operations and prospects and the Borrowers' ability to make payments under the Loan.

Agreements related to the Borrowers' business or to the Notes may be required to be prepared and executed in Bahasa Indonesia and the rights of the respective parties may ultimately be governed by the Bahasa Indonesia version of the documents

On July 9, 2009, the government of Indonesia enacted Law 24/2009. Law 24/2009 requires an implementing regulation to be issued within two years of the date of its enactment. Article 31 of the Law 24/2009 obliges the use of Bahasa Indonesia in memoranda of understanding and agreements involving, among others, Indonesian private institutions or individuals. The elucidation of Article 31 of Law 24/2009 states that an agreement in this context includes international agreements made within the framework of public international law. Law 24/2009 does not specify whether: (i) the term "Indonesian private institutions" includes Indonesian companies or Indonesian branches of foreign companies; or (ii) the term "agreements" includes private commercial agreements.

Article 31 of Law 24/2009 further states that, if the agreements or memoranda of understanding involve foreign parties, the national language of those foreign parties and/or the English language can also be used. We presume that this means in addition to Bahasa Indonesia. The elucidation of Article 31 states that each version of an agreement executed in multiple languages is equally original.

However, if there is more than one language used in a single agreement, Law 24/2009 is silent on the governing language. Article 40 of the Law 24/2009 states that further stipulation on the use of Bahasa Indonesia shall be regulated by Presidential Regulation to be issued within two years of the date of the enactment of Law 24/2009. In 2014, the government of Indonesia issued Government Regulation 57/2014 to give effect to certain provisions of Law No. 24/2009. Government Regulation 57/2014 focuses on the promotion and protection of the Indonesian language and literature and, while it is silent on the question of contractual language, it does serve as a reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted). In addition to this implementing regulation, the Minister of State-Owned Enterprises has also issued a Circular Letter No. SE-12/MBU/2009 dated November 3, 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party. The Indonesian Ministry of Law and Human Rights ("MOLHR") has issued a clarification letter No. M.HH.UM.01.01-35 TAHUN 2009 dated December 28, 2009 regarding Clarification for Implication and Implementation of Law No. 24/2009 to clarify that the implementation of Law No. 24/2009 is contingent upon the enactment of a Presidential Regulation and until such a Presidential Regulation is enacted, any agreement that is executed prior to the enactment of the Presidential Regulation in English without a Bahasa Indonesia version, is still legal and valid, and shall not violate Law No. 24/2009. However, this letter was issued only as an opinion and does not fall within the hierarchy as stipulated in Article 7 of Law No. 12/2014 regarding the Formation of Laws and Regulations to be considered as a law or regulation and therefore has no legal force and, as at the date hereof, we cannot be certain that an Indonesian court would permit the English version to prevail or even consider the English version.

In addition, on June 20, 2013, the District Court of West Jakarta ruled in a decision No. 451/Pdt.G/2012/PN.Jkt Bar (the "**June 2013 Decision**") that a loan agreement entered into between an Indonesian borrower, PT Bangun Karya Pratama Lestari, as plaintiff, and a non-Indonesian lender, Nine AM Ltd., as defendant, is null and void under Indonesian law. The governing law of the loan agreement was Indonesian law and the agreement was written in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, *inter alia*, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1) of Law No. 24/2009, it therefore failed to satisfy the "lawful cause" (sebab yang halal) requirement and was void from the outset, meaning that a valid and binding agreement had never existed. The appeal on the June 2013 Decision was decided in favour of the plaintiff in Decision No. 48/PDT/2014/PT.DKI dated February 12, 2014. In addition, on August 31, 2015, the Supreme Court on the case registered No. 601 K/PDT/2015 affirmed the decision of the Jakarta High Court. As a consequence of the Supreme

Court's affirmation on the case registered No. 601 K/PDT/2Des015, every agreement that falls under the provisions of Law No. 24/2009 must be executed in Bahasa Indonesia (although versions in other languages are also permitted) Indonesian court decisions are generally not binding precedents and do not constitute a source of law at any level of the judicial hierarchy, as would typically be the case in common law jurisdictions such as the United States and the United Kingdom. However, there can be no assurance that a court will not, in the future, issue a similar decision to the June 2013 Decision in relation to the validity and enforceability of agreements which are made in the English language.

Although Law 24/2009 does not provide for sanctions for failure to comply, it is possible that future implementing regulations or court interpretations of existing law may invalidate or render null and void agreements that are not in compliance or could impose sanctions for failure to comply (which could include sanctions for entering into agreements that are not in the Indonesian language). Such invalidation or voiding of existing agreements or potential sanctions may materially adversely affect the ability of the Issuer (or a party on behalf of the Issuer) to enforce its rights against the Borrowers under the Loan Facility Agreement.

As a condition subsequent to the Loan Facility Agreement, the Loan Facility Agreement will be prepared in English and in Bahasa Indonesia pursuant to Law No. 24/2009 in bilingual documents. If agreements related to the Borrowers' business and/or the Loan Facility Agreement are governed by translations into Bahasa Indonesia, even if there is an English version available, the interpretation of those documents may differ from the interpretation that would normally be expected based on the English version. There can be no assurance that the English version will accurately reflect the meaning of the Bahasa Indonesia translation or that the Bahasa Indonesia translation will accurately reflect the meaning of the English version. There can also be no assurance that, in the event of inconsistency between the Bahasa Indonesia and English language translations of these documents, an Indonesian court would hold that the English language version of such documents would prevail. Some concepts in the English language may not have a corresponding term in Bahasa Indonesia, or may not be fully captured by the Bahasa Indonesia translation. If this occurs, there can be no assurance that the terms in the Loan Facility Agreement and certain other documents entered into in connection with the Loan there under will be as described in this Offering Circular, or will be interpreted by the Indonesian court as intended.

Corporate Governance standards in Indonesia may differ from those in certain other countries

Corporate governance standards in Indonesia may differ from those applicable in other jurisdictions in significant ways, including the independence of the board of directors, the board of commissioners and the audit committee, and internal and external reporting standards. Accordingly, the directors and commissioners of Indonesian companies like the Borrowers may be more likely to have interests that conflict with the interests of its shareholders generally which may result in them taking actions that are contrary to the interests of the Issuer and consequently the Noteholders.

USE OF PROCEEDS

The Issuer applied the proceeds of the issue of the Notes amounting to US\$95,000,000 towards making available the commitment under the Loan Facility to the Borrowers.

The net proceeds (after the deduction of transaction fees and expenses, the Refinancing Amount, the Required Reserve Fund Amount, the Pre-funded Interest Amount, the First Loss Reserve Amount and the Contingency Cash Reserve Amount in connection with the Loan Facility) were deposited into the Escrow Account for disbursement to the Borrowers under the Loan Facility.

The Borrowers will seek to use the net proceeds of the Loan Facility to fund eligible green or social projects as described in the “*Notes being Issued as Sustainability Bonds*” section below and in accordance with applicable laws and regulations.

NOTES BEING ISSUED AS SUSTAINABILITY BONDS

The information set out below is a summary of how the Issuer is seeking to comply with the Green Bond Principles (as defined below) through the adoption of certain environmental, social and governance principles as at the date of this Offering Circular. The adoption of such principles is at the absolute discretion of the Issuer who may choose to amend and/or cease to adopt such principles in whole or in part at any time. In the event that the Issuer amends and/or ceases to adopt such policies and standards, the Issuer shall not be required to inform the Noteholders of such amendment and/or cessation. These principles are not, and are not intended to be, legally binding upon the Issuer, the Lead Manager, the Facility Manager, the Transaction Administrator or any other party. For the avoidance of doubt, the Issuer, the Facility Manager, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Account Bank, the Agents and the Common Depositary make no representations as to whether such principles are in fact in compliance with the Green Bond Principles.

In connection with the Issuer's intention to offer the Notes as sustainability bonds, being notes which seek to comply with the guidelines set out in the *ICMA Green Bond Principles 2017* (the "**Green Bond Principles**") where relevant, (the "**Sustainability Bonds**"), the Issuer is committed to seeking to comply with the environmental, social and governance policies and procedures described in the section "*Environmental, Social & Governance Principles of the Issuer*" (the "**Management Statement**") and has engaged the Facility Manager to monitor and report on its compliance with the Management Statement on an ongoing basis.

Management Statement

As described in the Management Statement, commitment to the environment is an integral part of the Issuer's core values. The Issuer believes in creating value for all its stakeholders while promoting environmental sustainability and actively managing their environmental footprint. In response to the core value of commitment to the environment, the Issuer has provided the Management Statement which sets out how the Issuer proposes to issue Sustainability Bonds and use the proceeds to fund new and existing projects and businesses with environmental or social benefits in a manner that is consistent with the Issuer's core value of commitment to the environment and local communities. The Management Statement outlines internal guidelines and procedure of the use of proceeds, project evaluation and selection, management of proceeds and reporting in relation to the issuances of Sustainability Bonds which seek to adhere to the core components and recommendations set out in the Green Bond Principles.

Use of Proceeds

The Issuer applied the net proceeds of the Sustainability Bonds towards making available the Loan Facility to the Borrowers in connection with the Project for use in relation to eligible green or social projects as described in the Management Statement.

Project Evaluation and Selection

The Issuer will follow the policies and procedures set out in the Management Statement to evaluate and select the eligible green or social projects.

Management of Proceeds

The Issuer has established an effective mechanism to manage the proceeds, ensuring that the proceeds of the Sustainability Bonds will be used to fund the eligible green or social projects as set out in the Management Statement.

Reporting

As long as the Sustainability Bonds are outstanding, the Issuer intends to maintain the transparency of information by following the reporting and disclosure practices set out in the Management Statement.

Facility Manager Review

The Issuer has engaged the Facility Manager to monitor and report on the Issuer's compliance with the Management Statement on an ongoing basis and to:

- (i) provide advice and assistance to the Issuer in connection with its establishment, and maintenance of an environmental and social policy based on the TLFF ESG Standards set out in "*Environmental, Social & Governance Standards of the Issuer*";
- (ii) notify the Facility Agent in the event that the Facility Manager becomes actually aware of any breach of the environmental and social action plan (the "**ESAP**") with milestones in respect of the Project (detailing the

mitigation and performance improvement measures (if any) necessary to address identified risks in the ESG Due Diligence Report and to ensure compliance with TLFF ESG Standards) or any of the environmental covenants in the Loan Facility Agreement (namely, clauses 18.18 (*Environmental and social incidents*), 18.19 (*TLFF ESG Standards*) and 18.20 (*Environmental and Social Action Plan*) of the Loan Facility Agreement or other similar provisions or undertakings in respect of the environment in the Loan Facility Agreement);

- (iii) maintain documented files in respect of procedures, practices and programmes adopted by the Issuer in respect of the implementation of the TLFF ESG Standards and to ensure compliance with the ESAP; and
- (iv) monitor and prepare annual reports for the Issuer to be distributed by the Note Trustee to Noteholders and the Facility Guarantor in respect of procedures, practices and programmes adopted by the Issuer in respect of implementation of the TLFF ESG Standards and in compliance with the ESAP.

RATING OF THE NOTES

The Class A Notes were assigned a "Aaa" rating by the Rating Agency. The provision of a "AAA" rating by the Rating Agency was a condition of the issuance of the Class A Notes.

A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment, if any, or the receipt of default interest and may be subject to revision, qualification or withdrawal at any time by the assigning rating organisation.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the “Conditions”) that, save for the words in italics, shall be applicable to the definitive Certificates (if any) issued in exchange for the Global Certificate evidencing the Notes. These terms and conditions shall be endorsed in substantially the same form on such definitive Certificates evidencing the Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Master Definitions Agreement or the Notes Trust Deed (each as defined below), the absence of any such meaning indicating that such term is not applicable to the Notes. Those definitions will be endorsed on the definitive Certificates. These Conditions shall be construed and interpreted in accordance with the principles of construction and interpretation set out in clause 1.2 of the Master Definitions Agreement.

The issue of USD 30,000,000 Class A Secured Fixed Rate Notes due 2033 (ISIN: XS1754730502) (the “**Class A Notes**”), USD 20,000,000 Class B1a Secured Fixed Rate Notes due 2033 (ISIN: XS1754737937) (the “**Class B1a Notes**”), USD 15,000,000 Class B1b Secured Fixed Rate Notes due 2023 (ISIN: XS1754743232) (the “**Class B1b Notes**”), USD 15,000,000 Class B1c Secured Fixed Rate Notes due 2025 (ISIN: XS1754746334) (the “**Class B1c Notes**”) and together with the Class B1a Notes and the Class B1b Notes, the “**Class B1 Notes**”) and USD 15,000,000 Class B2 Secured Fixed Rate Notes due 2033 (ISIN: XS1754749353) (the “**Class B2 Notes**”) and, together with the Class A Notes, the Class B1a Notes, the Class B1b Notes, the Class B1c Notes and the Class B2 Notes, the “**Notes**”) was authorised by a resolution of the Directors of TLFF I PTE. LTD. (the “**Issuer**”) passed on 17 January 2018. The Notes are constituted by the notes trust deed (the “**Notes Trust Deed**”) dated on or about 23 February 2018 (the “**Closing Date**”) between the Issuer and Citicorp International Limited as trustee for itself and the holders of the Notes (the “**Notes Trustee**”) and as transaction administrator (the “**Transaction Administrator**”). These Conditions include summaries of, and are subject to, the detailed provisions of the Notes Trust Deed, which includes the form of the Certificates evidencing the Notes. An agency agreement (the “**Agency Agreement**”) dated on or about the Closing Date has been entered into in relation to the Notes between the Issuer, the Notes Trustee and Citibank, N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”), transfer agent (the “**Transfer Agent**”), registrar (the “**Registrar**”), any paying agent (each a “**Paying Agent**”), any transfer agents and any other agent or agents appointed from time to time with respect to the Notes (each a “**Transfer Agent**”) (together, the “**Agents**”). A transaction administration agreement (the “**Transaction Administration Agreement**”) dated on or about the Closing Date has been entered into in relation to the Notes between, amongst others, the Issuer, the Notes Trustee, the Transaction Administrator and the Security Trustee. Copies of the Notes Trust Deed, the Master Definitions Agreement (as defined below), the Transaction Administration Agreement and the Agency Agreement are available for inspection during normal business hours at the specified offices of the Notes Trustee and the Principal Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Notes Trust Deed, the Transaction Administration Agreement and the Master Definitions Agreement and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 Definitions

“**Basic Terms Modification**” means any modification of the Notes Trust Deed, the Conditions, the Notes or the other Notes Documents which would have the effect of:

- (a) modifying the Expected Maturity Date of the Notes, the Expected Notes Repayment Schedule (other than consequential modifications by the Transaction Administrator, in accordance with Conditions 8(b)(i)(a), to reflect any partial redemption of the Notes), or the Notes Interest Payment Dates;
- (b) reducing or cancelling the principal amount of, or interest on, or varying the method of calculating the rate of interest on, any Class of Notes;
- (c) changing PoP 1, PoP 2, PoP 3, PoP 4 and PoP (Guarantee Payment Account);
- (d) modifying the Notes Security;
- (e) changing the currency of payment of any Class of Notes;
- (f) modifying the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution of any Class of Notes;
- (g) amending this definition of Basic Terms Modification;
- (h) modifying clause 6.34 (*Directions from Instructing Notes Secured Party*) of the Notes Security Trust Deed;
- (i) modifying any Notes Security Document in a manner which would or is likely to have a material adverse effect on the Notes Security;
- (j) modifying the Notes Security Trust Deed and/or the Transaction Administration Agreement to vary the manner in which the amounts standing to the credit of the Notes Principal Payment Account, the Notes Interest Payment Account and/or Guarantee Payment Account are distributed by the Transaction Administrator (including on behalf of the Security Trustee) at any time both before and after the occurrence of a Notes Enforcement Event or any enforcement of the Notes Security, or

(k) modifying any Notes Security Document in a manner which would affect the nature or scope of the Notes Security Property;

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, Singapore, Indonesia, Tokyo, London and New York;

“Business Day Convention” means, in respect of any date specified to be adjusted by this business day convention, if such date would otherwise fall on a day which is not a Business Day, it shall be postponed to the first following day that is a Business Day;

“Expected Maturity Date” means, in respect of each Class of Notes, the final Notes Principal Repayment Date specified in the Expected Notes Repayment Schedule relating to such Class, which is:

- (a) in respect of the Class A, Class B1a and Class B2 Notes, the date falling on the fifteenth (15th) anniversary of the Issue Date;
- (b) in respect of the Class B1b Notes, the date falling on the fifth (5th) anniversary of the Issue Date; and
- (c) in respect of the Class B1c Notes, the date falling on the seventh (7th) anniversary of the Issue Date;

“Expected Notes Repayment Schedule” means:

- (a) in respect of the Class A Notes, the repayment schedule set out in Schedule 1 to these Conditions;
- (b) in respect of the Class B1a Notes, the repayment schedule set out in Schedule 2 to these Conditions;
- (c) in respect of the Class B1b Notes, the repayment schedule set out in Schedule 3 to these Conditions;
- (d) in respect of the Class B1c Notes, the repayment schedule set out in Schedule 4 to these Conditions; and
- (e) in respect of the Class B2 Notes, the repayment schedule set out in Schedule 5 to these Conditions,

as each such schedule may be adjusted in respect of each Class by the Transaction Administrator from time to time to reflect any adjustments to the relevant amounts specified therein following early redemption pursuant to Condition 8(b)(i) (*Prepayment*);

“Extraordinary Resolution” means a resolution passed (a) at a meeting duly convened and held in accordance with the Notes Trust Deed by a majority of at least seventy-five (75) per cent. of the votes cast or (b) by a Written Resolution (as defined in the Notes Trust Deed) or (c) by an Electronic Consent (as defined in the Notes Trust Deed); *provided* in each case that in determining if an Extraordinary Resolution of the Controlling Class of Noteholders has been passed, the Class A, Class B1a, Class B1b and Class B1c Notes shall be regarded as a single Class;

“Final Maturity Date” means, in respect of a Note, the earliest to occur of:

- (i) the Expected Maturity Date;
- (ii) the Legal Maturity Date; or
- (iii) the final Notes Payment Date (if any) on which such Note is redeemed in full pursuant to Condition 8(b)(i)(b)(*Full prepayment*), Condition 8(b)(ii)(*Loan Acceleration*) or Condition 8(b)(iii)(*Guarantee Claim Payment proceeds*) (if applicable),

in respect of such Note, as the case may be;

“Increased Costs Events” means any of the events set out in Condition 13 below;

“Legal Maturity Date” means, in respect of all Classes of Notes, 16 years after the Issue Date for all classes of Notes;

“Loan Acceleration” means the occurrence of an acceleration in full of the Loan pursuant to the terms of the Facility Agreement;

“Makewhole Bank” has the meaning given to it in Condition 7(a) (*Notes Makewhole Amount*);

“Makewhole Bank Fee” has the meaning given to it in Condition 7(a) (*Notes Makewhole Amount*);

“Master Definitions Agreement” means the master definitions agreement dated on or about the Issue Date between, amongst others, the Issuer and the Notes Trustee;

“NMI Cap” means, where any Notes Makewhole Amount is to be paid following Loan Acceleration (under PoP 3 or PoP (Guarantee Payment Account), as the case may be), the cap to be applied (pro-rata to each Class A Note) to such payment so that the Notes Makewhole Amount (Total) shall not exceed the amount (if positive) equal to (a) minus (b),

where:

(a) equals the lower of:

- (i) the Guarantee Claim Payment made or to be made by the Facility Guarantor; and
- (ii) USD33.25 million;

and

(b) equals the aggregate outstanding principal amount of the Class A Notes immediately prior to the date of payment of such Notes Makewhole Amounts and their related Notes Early Repayment Amount;

“Notes Account Charge Agreement” means each of:

- (a) the Hong Kong law governed account charge agreement relating to the Accounts Charge in respect of all TLFF I USD Accounts (except the Contingency Cash Reserve Account) between the Issuer and the Security Trustee; and
- (b) the Singapore law governed account charge agreement relating to the Accounts Charge in respect of the Contingency Cash Reserve Account between the Issuer and the Security Trustee;

“Notes Early Repayment Amount” means, in respect of each Note, each early repayment amount payable in respect of such Note as follows:

- (a) where such early repayment amount relates to Loan prepayment, as set out in Condition 8(b)(i)(a) (*Partial prepayment*) or Condition 8(b)(i)(b) (*Full prepayment*), as the case may be;
- (b) where such early repayment amount relates to Loan Acceleration (but not payment of the proceeds of the Guarantee Claim Payment), as set out in Condition 8(b)(ii) (*Loan Acceleration*); or
- (c) where such early repayment amount relates to payment of the proceeds of the Guarantee Claim Payment, as set out in Condition 8(b)(iii) (*Guarantee Claim Payment proceeds*),

as the case may be;

“Notes Enforcement” means, following the occurrence of a Notes Enforcement Event, the delivery of a Notes Enforcement Notice to the Security Trustee by the Notes Trustee;

“Notes Event of Default” means any of the events set out in Condition 12 below;

“Notes Interest Determination Date” means ten (10) Business Days prior to each Notes Interest Payment Date or Notes Payment Date where accrued and unpaid interest is payable pursuant to Condition 6(b)(B);

“Notes Interest Payment” means any interest payments made pursuant to Condition 6(a) below;

“Notes Interest Payment Date” has the meaning given to it in Condition 6(b) below;

“Notes Interest Period” has the meaning given to it in Condition 6(c) below;

“Notes Interest Rate” has the meaning given to it in Condition 6(d) below;

“Notes Interest Amount” has the meaning given to it in Condition 6(e) below;

“Notes Makewhole Amount” has the meaning given to it in Condition 7(a) (*Notes Makewhole Amount*);

“Notes Makewhole Amount (Total)” has the meaning given to it in Condition 7(a) (*Notes Makewhole Amount*);

“Notes Potential Event of Default” means an event or circumstance which could, with the giving of notice, lapse of time, issue of certificate and/or fulfilment of any other requirement provided for in Condition 12 below, become a Notes Event of Default;

“Notes Prepayment Fee” has the meaning given to it on Condition 7(b);

“Notes Principal Payment” means, in respect of a Note, any Notes Principal Repayment Amount or Notes Early Repayment Amount repaid in respect of such Note pursuant to Condition 8 (Redemption and Purchase);

“Notes Principal Repayment Amount” means, in respect of a Class of Notes and a Notes Principal Repayment Date, the scheduled repayment amount in USD specified as such in respect of such Notes Principal Repayment Date in the relevant Expected Notes Repayment Schedule;

“Notes Principal Repayment Date” means, in respect of a Class of Notes, each scheduled date specified as such in the Expected Notes Repayment Schedule relating to such Class;

“Notes Secured Obligations” means all present and future moneys, debts and liabilities due, owing or incurred by the Issuer to the Notes Secured Parties under or in connection with any Transaction Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise);

“Notes Secured Party” means each of the Security Trustee, the Notes Trustee (for itself and on behalf of the Noteholders), the Agents, the Transaction Administrator, the Issuer Corporate Service Agent, the Account Bank, the Escrow Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Facility Agent, the Facility Manager, the Facility Guarantor and any Receiver or Delegate under (and as defined in) the Facility Agreement, together the **“Notes Secured Parties”**;

“Notes Security” means Notes Security Interests pursuant to:

- (a) the first ranking security assignments (the **“Notes Security Assignment”**) given by the Issuer in favour of the Security Trustee on trust for the Notes Secured Parties over (i) all proceeds arising in respect of the Facility Agreement and the Facility Guarantee; and (ii) without prejudice to the assignment in sub-paragraph (i) above, all its rights, title, interest and benefit (present and future, actual and contingent) in, to and under each Transaction Document (except for the Facility Agreement, the Facility Guarantee and each Finance Document governed by Indonesian Law) and any document incidental or ancillary to such Transaction Documents to which the Issuer is party; and
- (b) the first ranking charges (the **“Accounts Charge”**) given by the Issuer in favour of the Security Trustee on trust for the Notes Secured Parties of all of its rights title, interest and benefit (present and future, actual and contingent) in and to all sums of money which may now be or hereafter are from time to time standing to the credit of each and all of the TLFF I USD Accounts and any other bank accounts in which the Issuer may at any time acquire any right, title or interest or benefit, together with all interest accruing from time to time thereon and the debts represented thereby;

“Notes Security Assignment Agreement” means each of:

- (a) the English law governed assignment agreement relating to the Notes Security Assignment dated on or about the Issue Date between, *inter alios*, the Issuer and Security Trustee;
- (b) the Singapore law governed assignment agreement relating to the Notes Security Assignment dated on or about the Issue Date between, *inter alios*, the Issuer and Security Trustee; and
- (c) the Hong Kong law governed assignment agreement relating to the Notes Security Assignment dated on or about the Issue Date between, *inter alios*, the Issuer and Security Trustee;

“Notes Security Documents” means the Notes Security Trust Deed, Notes Security Assignment Agreements, the Notes Account Charge Agreements and any other security document that may at any time be entered into and executed by the Security Trustee which creates (or is expressed to create) Notes Security for any of the Notes Secured Obligations;

“Notes Security Interest” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

“Notes Security Property” means the assets, shares, rights, interests and benefits from time to time which are, or expressed to be, the subject of the Notes Security created pursuant to the Notes Security Documents;

“Notes Trust Deed” means the notes trust deed between, among others, the Issuer and the Notes Trustee dated on or about the Issue Date (as from time to time altered in accordance with such notes trust deed) and any other documents executed in accordance with the Notes Trust Deed (as from time to time so altered) and expressed to be supplemental to the Notes Trust Deed;

“Principal Amount Outstanding” means, on any date and in respect of a Note, the initial outstanding principal amount of such Note as at the Issue Date, less all Notes Principal Payments made in respect of such Note on or prior to such date (and, for the avoidance of doubt, the outstanding principal amount of a Note shall be deemed to be reduced on the relevant Notes Principal Payment Date or Notes Payment Date, even if such date is not a Business Day); and

“Relevant Indebtedness” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market.

2 Form, Denomination and Title

The Notes are issued in the specified denomination of U.S.\$200,000 and higher integral multiples of U.S.\$1,000.

The Notes are represented by Certificates and, save as provided in Condition 4 (*Transfer of Notes and Issue of Certificates*), each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the Register. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

3 Status, Priority and Security

(a) **Status:** The Notes constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 15 (Limited Recourse and Non-Petition) and Condition 19 (*Enforcement*).

(b) **Priority:** The Class A Notes shall at all times rank *pari passu* without any preference or priority amongst themselves and with the Class B Notes. Within the Class B Notes, (1) prior to Loan acceleration, the Class B Notes shall rank *pari passu* without any preference or priority amongst themselves and (2) following Loan acceleration, the Class B1 Notes shall rank *pari passu* without any preference or priority amongst themselves and in priority to the Class B2 Notes, and the Class B2 Notes shall be subordinated to and rank behind the Class B1 Notes, and rank *pari passu* without any preference or priority amongst themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by any applicable legislation and subject to Condition 5 (*Security and Negative Pledge*), at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

For the avoidance of doubt, the provisions of Condition 5(c) (*Application of proceeds*) shall apply to any payments of interest or repayments of principal in respect of the Notes both prior to and following an enforcement of the Notes Security.

(c) **Conflicts between Classes:** The Notes Trust Deed contains provisions requiring the Notes Trustee to have regard to the interests of the Noteholders equally as regards all powers, trusts authorities, duties and discretions of the Notes Trustee (except where expressly provided otherwise), but requiring the Notes Trustee to have regard only to the interests of the holders of the Controlling Class of Notes if, in the Notes Trustee’s opinion, there is a conflict between the interests of the holders of the Controlling Class of Notes and the interests of any other Noteholders.

The Notes Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Controlling Class, *inter alia*, to request or direct the Notes Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Controlling Class of Notes. Except in certain circumstances set out in Condition 17 (*Meetings of Noteholders, Modification, Waiver and Substitution*), the Notes Trust Deed contains no such limitation on the powers of the holders of the Controlling Class of Notes, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.

The Notes Trust Deed and Condition 17 (*Meetings of Noteholders, Modification, Waiver and Substitution*) also contain provisions regarding the resolution of disputes between the holders of more than one Class of Notes where all of such Classes are the Controlling Class and between the holders of more than one Class of Notes other than the Controlling Class.

4 Transfers of Notes and Issue of Certificates

- (a) **Register:** The Issuer will cause the Register to be kept at the specified office of the Registrar (which shall be outside the United Kingdom in all circumstances) and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes. Each Noteholder shall be entitled to receive only one Certificate in respect of its entire holding of Notes.
- (b) **Transfers:** A holding of Notes may, subject to Condition 4(e) (*Closed periods*) below, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a holder of Note, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Notes Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Delivery of new Certificates:** Each new Certificate to be issued upon a transfer of Notes will, within seven business days (as defined below) of receipt by the Registrar or, as the case may be, any Transfer Agent of the Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Notes but free of charge to the holder and at the Issuer's expense to the address specified in the form of transfer. The form of transfer is available at the specified offices during the normal office hours between 9:00 a.m. to 3:00 p.m. (local time) of the Registrar and the Transfer Agents.

Where only part of a principal amount of the Notes (being that of one or more Notes) in respect of which a Certificate is issued is to be transferred or exchanged, a new Certificate in respect of the Notes not so transferred or exchanged will, within seven business days of delivery of the original Certificate to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred or exchanged (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

In this Condition 4(c) (*Delivery of new Certificates*), "business day" shall mean a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the city in which the specified office of the Registrar or (as the case may be) such Transfer Agent with whom a Certificate is deposited in connection with a transfer or exchange, is located.

- (d) **Formalities free of charge:** Registration of a transfer of Notes and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or (as the case may be) the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or (as the case may be) the relevant Transfer Agent being satisfied that the regulations concerning transfer of Notes have been complied with.
- (e) **Closed periods:** No Noteholder may require the transfer of a Note to be registered during the period of (i) 7 days ending on (but excluding) the due date for any payment of principal in respect of that Note; (ii) during the period of ten days ending on (and including) any Record Date (as defined in Condition 9(a) (*Method of Payment*)); or (iii) after any such Note has been called for redemption.
- (f) **Regulations:** All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Notes Trustee, or by the

Registrar, with the prior written approval of the Notes Trustee. A copy of the current regulations will be mailed (free of charge to the Noteholder and at the Issuer's expense) by the Registrar to any Noteholder upon written request and is available during normal office hours between 9:00 a.m. to 3:00 p.m. (local time) at the specified offices of the Registrar and each Transfer Agent.

5 Security and Negative Pledge

- (a) **Security:** The Notes Secured Obligations of the Issuer to the Noteholders under the Notes and the Notes Trust Deed are secured by the Notes Security.
- (b) **Enforcement:** If there has been a Notes Enforcement Event, the Notes Trustee may, in accordance with the provisions of the Notes Trust Deed and the Notes Security Documents, instruct the Security Trustee to enforce the Notes Security. Each of the Notes Trustee and the Security Trustee shall not be bound to take any such proceedings or action, unless it is indemnified and/or secured and/or prefunded to its satisfaction.
- (c) **Application of proceeds:** Under the Notes Security Documents and the Notes Trust Deed, all moneys received by the Security Trustee and the Notes Trustee in connection with the realisation or enforcement of the Notes Security will, regardless of any appropriation of all or part thereof by the Issuer, be held by the Security Trustee and the Notes Trustee on trust and applied in accordance with the Transaction Administration Agreement, and with the Notes Security Documents and the Notes Trust Deed, respectively.
- (d) **Discharge:** Subject to the terms of the relevant Notes Security Document, upon the Security Trustee being satisfied that all security obligations have been irrevocably paid in full, the Security Trustee shall at the request and cost of the Issuer discharge the Notes Security.
- (e) **Negative pledge:** So long as any Note remains outstanding (as defined in the Notes Trust Deed), except for:
 - (i) the Notes Security over the Notes Security Property and (ii) following receipt of a Guarantee Claim Payment, any assignment to the Facility Guarantor (or its designee), upon the Facility Guarantor's request, of the Issuer's rights to receive recoveries and/or pursue collection in respect of the Loan, to the extent of the Facility Guarantor's share of such Loan recoveries, in accordance with Section 5.04 (*Assignment of Claim*) of the Facility Guarantee Agreement, the Issuer will not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes (A) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity; or (B) such other security as either (a) the Notes Trustee may in its absolute discretion deem not materially less beneficial to the interest of the Noteholders; or (b) shall be approved by an Extraordinary Resolution of the Controlling Class of Noteholders.

6 Scheduled Notes Interest

- (a) **Notes Interest Payments:** The Notes bear interest on their Principal Amount Outstanding from and including the Closing Date. Each Note will cease to bear interest from its Final Maturity Date, unless upon surrender of the Certificate evidencing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Notes Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).
- (b) **Notes Interest Payment Dates:**
 - (A) Subject to Condition 6(b)(B) below, interest will be payable on the Notes quarterly in arrears on each last day of each Notes Interest Period (each such day, a "**Notes Interest Payment Date**"), provided that:
 - (i) the first Notes Interest Payment Date shall be 23 May 2018; and
 - (ii) the final Notes Interest Payment Date shall be the Final Maturity Date.
 - (B) Following acceleration of the Loan, interest accrued and unpaid on the Notes up to (but excluding) each (i) Notes Interest Payment Date, (ii) Notes Payment Date occurring pursuant to Condition 8(b)(ii) (*Loan Acceleration*) or (iii) Notes Payment Date occurring pursuant to Condition 8(b)(iii) (*Guarantee Claim Payment proceeds*) will be payable on such Notes Interest Payment Date or Notes Payment Date.

(c) **Notes Interest Periods:**

Interest on the Notes will be payable by reference to successive interest periods (each, a “**Notes Interest Period**”). The initial Notes Interest Period will commence on (and include) the Closing Date and end on (but exclude) 23 May 2018. Each successive Notes Interest Period (except the final Notes Interest Period) will commence on and include the last day of the immediately preceding Notes Interest Period and end on (but exclude) the 23rd day of the month falling 3 calendar months from such commencement date, so that each Notes Interest Period will end on (but exclude) 23 February, 23 May, 23 August or 23 November of any given year, provided that the final Notes Interest Period will commence on (and include) the Notes Interest Payment Date immediately preceding the Final Maturity Date and end on (but exclude) the Final Maturity Date.

(d) **Rate of interest:** The rate of interest payable in respect of each Class of Notes (the “**Notes Interest Rate**”) will be as follows:

Notes	Notes Interest Rate
Class A Notes	4.136 per cent. per annum
Class B1a Notes	9 per cent. per annum
Class B1b Notes	8.375 per cent. per annum
Class B1c Notes	8.875 per cent. per annum
Class B2 Notes	2 per cent. per annum

(e) **Determination of Notes Interest Amounts:** The Principal Paying Agent will calculate the amount of interest (the “**Notes Interest Amount**”) payable in respect of each Note for such Notes Interest Period (or part thereof, pursuant to Condition 6(b)(B)). The Notes Interest Amount in respect of each Note will be calculated on each Notes Interest Determination Date by applying the relevant Notes Interest Rate for such Note to the Principal Amount Outstanding (taking into account all Notes Principal Payments (if any) in respect of such Note during such Notes Interest Period (or part thereof, pursuant to Condition 6(b)(B))), multiplying the product by the Day Count Fraction and rounding the resulting figure to the nearest U.S. cent (half a cent being rounded upwards). The Principal Paying Agent will on the Notes Interest Determination Date notify the Transaction Administrator of the Notes Interest Amount so calculated.

(f) **Determinations to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Scheduled Notes Interest*) by the Transaction Administrator will (in the absence of manifest error) be binding on the Issuer, the Agents and the Noteholders.

(g) **Definitions:** In these Conditions:

“**Day Count Fraction**” means, in respect of the calculation of a Notes Interest Amount, 30/360.

“**30/360**” means the number of days in the Notes Interest Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Notes Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Notes Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Notes Interest Period falls;

“**M2**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Notes Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Notes Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Notes Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

7 **Unscheduled Notes Makewhole Amount and Notes Prepayment Fees**

In respect of Class A

(a) **Notes Makewhole Amount**

- (i) **Prepayment:** Upon any (partial or full) early redemption of the Notes pursuant to Condition 8(b)(i) (*Prepayment*) arising from a Loan Voluntary Prepayment (but not a Loan Mandatory Prepayment), a Notes Makewhole Amount shall be paid on each Class A Note on the same date that the Notes Early Repayment Amount in respect of such Note is paid pursuant to Condition 8(b)(i) (*Prepayment*), to the extent the Issuer has received payment in respect of such Notes Makewhole Amount in the Notes Interest Payment Account.
- (ii) **Loan Acceleration:** Upon any (partial or full) early redemption of the Notes following acceleration of the Loan, a Notes Makewhole Amount shall be paid on each Class A Note on each date that a Notes Early Repayment Amount in respect of such Note is paid pursuant to Condition 8(b)(ii) (*Loan Acceleration*) and/or Condition 8(b)(iii) (*Guarantee Claim Payment proceeds*), as the case may be, to the extent the Issuer has received payment in respect of such Notes Makewhole Amount in the Notes Interest Payment Account.
- (iii) The Notes Makewhole Amounts shall be determined by an independent investment bank of international standing selected and appointed by the Issuer to make such determination (the “**Makewhole Bank**”) (and the appointment and identity of such independent investment bank, where appointed, shall be notified to the Noteholders in accordance with Condition 21 (*Notices*)). The Makewhole Bank may charge a fee, as agreed with the Issuer, for making such determination (the “**Makewhole Bank Fee**”) and such fee shall be paid to the Makewhole Bank under the Relevant Priority of Payments.
- (iv) **Definitions:** In these Conditions:

“**Discounted Value**” means, in respect of a Notes Early Repayment Amount and the date of payment of such Notes Early Repayment Amount, the sum of all the Discounted Values (Per Payment) in respect of all Class A Notes as at such date of payment.

“**Discounted Value (Per Payment)**” means, in respect of each Repaid Scheduled Payment in respect of each Class A Note, the discounted value of such Repaid Scheduled Payment obtained by discounting such Repaid Scheduled Payment and its corresponding interest accrued (or interest that would have accrued on such Repaid Scheduled Payment but for the early redemption pursuant to Condition 8(b) (*Unscheduled Redemption*)) on such Repaid Scheduled Payment from its original scheduled Notes Principal Repayment Date to the date of payment of the corresponding Notes Early Repayment Amount, in accordance with generally accepted financial practice in the market and using a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield.

“**Notes Makewhole Amount**” means, in respect of a Notes Early Repayment Amount in respect of a Class A Note, such Note’s pro-rata share of an amount in USD equal to:

(A) the Discounted Value,

less

(B) the amount of the aggregate share of the Prepayment Proceeds, Loan Acceleration Proceeds or Guarantee Claim Payment proceeds, as the case may be, in respect of the Class A Notes,

subject to a floor of zero and subject to the NMI Cap, and provided that any amounts paid as Notes Makewhole Amounts shall be paid on the relevant Note: (i) subject to any deduction for taxes, fees and expenses and (ii) without double counting in respect of any accrued interest scheduled to be paid (in respect of Loan prepayment) as Notes Interest Amounts on the Notes on the immediately following Notes Interest Payment Date or (in respect of Loan acceleration) distributions of Loan Acceleration Proceeds in respect of the Notes;

“**Notes Makewhole Amount (Total)**” means, in respect of any Loan Voluntary Prepayment or Loan acceleration, the sum of (x) the aggregate Notes Makewhole Amounts payable to all Class A Noteholders following the receipt of any proceeds in respect of such Loan Voluntary Prepayment or Loan Acceleration and (y) the Makewhole Bank Fee;

“Repaid Scheduled Payment” means, following any Loan prepayment or acceleration and the pro-rata application of the Prepayment Proceeds, Loan Acceleration Proceeds or Guarantee Claim Payment proceeds, as the case may be, in respect of the Class A Notes, to each remaining scheduled Principal Repayment Amount in respect of each Class A Note (for the avoidance of doubt, in accordance with Condition 8(b) (*Unscheduled Redemption*)), each amount so deemed to have been prepaid in respect of each such remaining scheduled Principal Repayment Amount;

“Reinvestment Yield” means, in respect of each Repaid Scheduled Payment, the sum of (a) 0.5% plus (b) the yield to maturity implied by the “Ask Yield(s)” reported (“**Reported**”) as of 10:00 a.m. (New York City time) on the second Business Day preceding the original scheduled Notes Principal Repayment Date relating to such Repaid Scheduled Payment, as it appears on the display page designated as “Page PX1” (or such other display page as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities having a maturity equal to the Remaining Life of such Repaid Scheduled Payment as of its corresponding scheduled Notes Principal Repayment Date. If there are no such U.S. Treasury securities Reported having a maturity equal to the Remaining Life in respect of a Repaid Scheduled Payment, then such implied yield to maturity in respect of such Repaid Scheduled Payment will be determined by (i) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with general accepted financial practice in the market and (ii) interpolating linearly between the “Ask Yields” Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Life and (2) closest to and less than such Remaining Life. The Reinvestment Yield shall be rounded to the same number of decimal places as that of the interest rate applicable to the Class A Notes, as it appears in the terms and conditions thereof.

If any such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then **“Reinvestment Yield”** means, with respect to the relevant Repaid Scheduled Payment, the sum of (a) 0.5% plus (b) the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported, as of the second Business Day preceding the scheduled Notes Principal Repayment Date with respect to such Repaid Scheduled Payment, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity yield having a term equal to the Remaining Life of such Repaid Scheduled Payment as of such scheduled Notes Principal Repayment Date. If there are no such U.S. Treasury constant maturity yields reported having a term equal to such Remaining Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity yield so reported with the term closest to and greater than such Remaining Life and (2) the U.S. Treasury constant maturity yield so reported with the term closest to and less than such Remaining Life. The Reinvestment Yield shall be rounded to the same number of decimal places as that of the interest rate applicable to the Class A Notes, as it appears in the terms and conditions thereof.

“Remaining Life” means, in respect of a Repaid Scheduled Payment, the number of years, computed on the basis of a 360-day year comprised of twelve 30-day months and calculated to two decimal places, that will elapse between the date of prepayment (or acceleration) with respect to such Repaid Scheduled Payment and the original scheduled Notes Principal Repayment Date of such Repaid Scheduled Payment.

In respect of Class B1

- (b) (i) **Notes Prepayment Fee:** Upon any Loan Voluntary Prepayment (but, for the avoidance of doubt, not any Loan Acceleration or Loan Mandatory Prepayment) a Notes Prepayment Fee, as determined by the Transaction Administrator (following receipt by the Transaction Administrator of written notice from the Facility Agent of the amount of Prepayment Proceeds, shall be paid on each Class B1a Note, Class B1b Note and Class B1c Note on the same day that the Notes Early Repayment Amount relating to such Loan Voluntary Prepayment is paid in respect of such Note pursuant to Condition 8(b)(i) (*Prepayment*), to the extent the Issuer has received payment in respect of such Notes Prepayment Fee in the Notes Interest Payment Account.

Definitions: In these Conditions:

“Notes Prepayment Fee” means, in respect of each Notes Early Repayment Amount resulting from a Loan Voluntary Prepayment in respect of each Class B1 Note, an amount in USD equal to the product of: (x) the Prepayment Percentage multiplied by (y) such Notes Early Repayment Amount in respect of such Class B1 Note.

“Prepayment Percentage” means, in respect of each Class B1a Note, Class B1b Note or Class B1c Note, as the case may be, and expressed as a percentage:

- (a) if the payment of the relevant Notes Early Repayment Amount occurs between the Issue Date and the first anniversary of the Issue Date, half (1/2) of the Notes Interest Rate applicable to such Note;
- (b) if the payment of the relevant Notes Early Repayment Amount occurs between the date falling immediately after the first anniversary of the Issue Date and the second anniversary of the Issue Date, one-third (1/3) of the Notes Interest Rate applicable to such Note;
- (c) if the payment of the relevant Notes Early Repayment Amount occurs between the date falling immediately after the second anniversary of the Issue Date and the third anniversary of the Issue Date, one-quarter (1/4) of the Notes Interest Rate applicable to such Note; and
- (d) if the payment of the relevant Notes Early Repayment Amount occurs between the date falling immediately after the third anniversary of the Issue Date and the fourth anniversary of the Issue Date, one-eighth (1/8) of the Notes Interest Rate applicable to such Note.

In respect of all Classes of Notes

- (c) **Default Interest (upon Loan Acceleration):** on each Notes Payment Date occurring in accordance with Condition 8(b)(ii) (*Loan Acceleration*), any default interest in respect of the Loan received by the Issuer (in the Notes Interest Payment Account), including default interest (if any) received from and including the Expected Maturity Date (where the final redemption of the Notes has not occurred on the Expected Maturity Date), shall be distributed to Noteholders in accordance with Condition 8(b)(ii) (*Loan Acceleration*) and the Relevant Priority of Payments.

8 Redemption and Purchase

(a) Scheduled redemption:

- (i) Unless previously redeemed and provided that no Loan Acceleration and/or Notes Enforcement has occurred or is occurring, each Class of Notes will be redeemed (in part) on each Notes Principal Repayment Date, together with accrued and unpaid interest, at the Notes Principal Repayment Amount specified in respect of such Notes Principal Repayment Date, to the extent of funds available in accordance with the Relevant Priority of Payments.
- (ii) The Notes may not be redeemed at the option of the Issuer.
- (iii) Subject to Condition 8(b)(i)(b) (*Full prepayment*) and Condition 8(b)(iii) (*Guarantee Claim Payment proceeds*), each Class of Notes shall be fully and finally redeemed at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Expected Maturity Date in respect of such Class; *provided that* if insufficient funds are available to redeem all the Notes in full at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Expected Maturity Date, the Issuer will instead redeem the Notes in full, together with accrued and unpaid interest, on the Legal Maturity Date, at their Principal Amount Outstanding, in accordance with the Relevant Priority of Payments.
- (iv) For the avoidance of doubt, all unscheduled redemptions in accordance with Condition 8(b) (*Unscheduled Redemption*) shall go towards reducing the Principal Amount Outstanding in respect of the Notes in accordance with such Condition 8(b) (*Unscheduled Redemption*).

(b) Unscheduled Redemption:

Following any prepayment of the Loan, Loan Acceleration and/or receipt of any Guarantee Claim Payment, the Issuer will redeem the Notes in part or full, as the case may be, in accordance with the Relevant Priority of Payments, on the applicable Notes Payment Date (as determined in accordance with the below) in the manner set out below:

(i) Prepayment:

subject to Condition 8(b)(ii) (*Loan Acceleration*) below,

- (a) **Partial prepayment:** in the case of any partial Loan Mandatory Prepayment or Loan Voluntary Prepayment:
 - (i) each Note shall be redeemed in part on the fifth Business Day after the receipt of the Prepayment Proceeds by the Issuer (for the avoidance of doubt, such date shall be a Notes Payment Date), in an amount (such amount, a **Notes Early Repayment**

Amount) equal to the product of: (x) the Prepayment Proceeds and (y) the proportion that the Principal Amount Outstanding of such Note at the time represents of the whole that is the aggregate Principal Amount Outstanding of all the Notes of all Classes outstanding at the time; and

- (ii) payment of the Notes Early Repayment Amount in respect of each Note shall satisfy the obligations of the Issuer under Conditions 8(a)(i) and 8(a)(iii) against the remaining Notes Principal Repayment Amounts relating to such Note (derived by reference to the Expected Notes Repayment Schedule in respect of such Note) on a pro-rata basis and, consequentially, the remaining Notes Principal Repayment Amount shall be deemed to be reduced accordingly to reflect such partial redemption and the Transaction Administrator shall update the relevant Notes Principal Repayment Amount(s) (following receipt of written notice by the Transaction Administrator from the Facility Agent of such Loan Mandatory Prepayment or Loan Voluntary Prepayment), and make any further consequential amendments as required, in each of the Expected Note Repayment Schedules; or
 - (b) **Full prepayment:** in the case of full Mandatory Prepayment or Voluntary Prepayment, each Note shall be redeemed in full at its Principal Amount Outstanding (such amount, a **Notes Early Repayment Amount**) on the Notes Payment Date falling five Business Days after the receipt of the Prepayment Proceeds by the Issuer in accordance with the Relevant Priority of Payments;
- (ii) **Loan Acceleration:** on and after the delivery of a Notice of Loan Acceleration, on each date that any Loan Acceleration Proceeds are received by the Issuer (in the Notes Principal Payment Account), on the date falling five Business Days after such receipt (such date, also a Notes Payment Date):
 - (a) such Loan Acceleration Proceeds, together with any funds at the time standing to the credit of the Notes Principal Payment Account and the Notes Interest Payment Account, shall be distributed to the Noteholders and other Transaction Parties by the Transaction Administrator (pursuant to the Transaction Administration Agreement) in accordance with the Relevant Priority of Payments (for the avoidance of doubt, PoP 3, before the expiry of the Payment of Claim Period, and PoP 4, after the expiry of the Payment of Claim Period); and
 - (b) each Note shall be redeemed in part on such Notes Payment Date at the amount so determined in respect of principal repayment in respect of such Note (such amount, a **Notes Early Repayment Amount**); and/or
- (iii) **Guarantee Claim Payment proceeds:** on and after the receipt of the Guarantee Claim Payment by the Issuer (in the Guarantee Payment Account), on the date falling five Business Days after such receipt (such date, also a Notes Payment Date):
 - (a) such Guarantee Claim Payment, together with any funds at the time standing to the credit of the Guarantee Payment Account, shall be distributed to the Noteholders and other Transaction Parties by the Transaction Administrator (pursuant to the Transaction Administration Agreement) in accordance with the PoP (Guarantee Payment Account); and
 - (b) each Note shall be redeemed in part or whole, as the case may be, on such Notes Payment Date at the amount so determined in respect of principal repayment in respect of such Note (such amount, a **Notes Early Repayment Amount**).
- (c) **Cancellation:** All Notes redeemed in full will be cancelled by the Principal Paying Agent or the Registrar to whom such Notes are presented for redemption or surrender, and may not be resold or reissued.

9 Payments

(a) Method of Payment:

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) of this Condition 9(a) (*Method of Payment*).

- (ii) Interest on each Note shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in USD by either transfer to the registered account of the Noteholder or by cheque drawn on a bank that processes USD payments and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.
 - (iii) For the purposes of this Condition 9 (*Payments*), a Noteholder’s “**registered account**” means the USD account maintained by or on behalf of it with a bank that processes USD payments, details of which appear on the Register at the close of business on the fifth Payment Business Day before the due date for payment.
 - (iv) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Noteholder) issue a new Certificate at the Issuer’s expense with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.
- (b) **Payment initiation:** Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (c) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) **Appointment of Agents:** The Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the prior written approval of the Notes Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved in writing by the Notes Trustee.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Noteholders.

The Principal Paying Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are as follows:

Citibank N.A., London Branch

c/o Citibank, N.A., Dublin Branch
Ground Floor
1 North Wall Quay
Dublin 1
Ireland

- (e) **Delay in payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Payment Business Day or if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Note is not a Payment Business Day, the holder shall not be entitled to payment until the immediately following Payment Business Day nor to any interest or other sum in respect of such postponed payment or if a cheque mailed in accordance with Condition 9(a)(ii) (*Method of Payment*) arrives after the due date for payment.

In this Condition 9 (*Payments*), “**Payment Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in Hong Kong, Tokyo, Singapore, Indonesia, London and New York, the place in which the specified office of the Principal Paying Agent is located and (if surrender of the relevant Certificate is required) the relevant place of presentation.

10 Covenants

So long as any Note remains outstanding, the Issuer shall not (save as permitted by, or provided for in, the Transaction Documents or with the prior written consent of the Notes Trustee):

- (a) **No Security:** create or permit to subsist, or have outstanding any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues;
- (b) **Restrictions on Activities:**
 - (i) engage in any activity which is not incidental or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in; or
 - (ii) have or form any subsidiaries or employees or premises or act as a director of any company;
- (c) **Disposal of Assets:** transfer, sell, lend, invest, part with or otherwise dispose of or deal with or grant any option over or any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein or agree or attempt or purport to do any of the following;
- (d) **Equitable Interests:** permit any person, other than the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right title or benefit therein;
- (e) **Dividends or Distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares or alter any rights attaching to its shares;
- (f) **Borrowings:** incur any indebtedness in respect of borrowed moneys whatsoever or give any guarantee or indemnity in respect of any indebtedness or obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;
- (h) **Bank Accounts:** have an interest in any bank account, other than the TLFF I USD Accounts, unless such account or interest is charged in favour of the Security Trustee so as to form part of the Notes Security on terms acceptable to the Security Trustee;
- (i) **Tax Grouping:**
 - (i) form or become part of any group of companies for the purposes of value added tax; or
 - (ii) surrender or consent to the surrender of any amounts by way of group relief within the meaning of Part 5 of the Corporation Tax Act 2010;
- (j) **Tax Residence:** do any act or thing, the effect of which would be to make the Issuer resident for tax purposes in any jurisdiction other than Singapore;
- (k) **Waiver or Consent:**
 - (i) permit any of the Transaction Documents to which it is a party to become invalid or ineffective or the priority of the Notes Security created thereby to be reduced, amended, terminated or discharged;
 - (ii) consent to any variation or novation of, or exercise any powers of consent or waiver pursuant to, the terms of any of the Transaction Documents to which it is a party; or
 - (iii) permit any party to any of the Transaction Documents to which it is a party, or any other person whose obligations form part of the Notes Security Property, to be released from its respective obligations; or
- (l) **U.S. Activities:** engage in any activities in the United States (directly or through agents, or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business with the United States as determined under United States income tax principles.

11 Taxation

- (a) All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If any withholding or deduction of any present or future taxes, duties, assessments or governmental charges of whatever nature is required by law in respect of any Note, the appropriate withholding or deduction shall be made and the Issuer shall have no obligation to pay any additional amounts to compensate any Noteholder for such withholding or deduction.
- (b) Notwithstanding anything to the contrary contained in these Conditions, the Issuer shall be entitled to make a FATCA Withholding and the Issuer shall not be required to pay any additional amounts in respect of such FATCA Withholding.

12 Notes Events of Default

If any of the following events occurs, the Notes Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Controlling Class of Notes or if so directed by an Extraordinary Resolution of the holders of the Controlling Class of Notes shall (subject to it being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer declaring that all Classes of the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding together (if applicable) with accrued and unpaid interest:

- (a) **Payment default:** there has been any of (i) a failure to pay any interest on any Class of Notes, after the same has become due and payable, for a period of 3 Business Days or more; or (ii) a failure to pay any Principal Amount Outstanding on any Class of the Notes by the Final Legal Maturity Date of the Notes, to the extent the same has become due and payable, for a period of 3 Business Days or more;
- (b) **Breach of other obligations:** there has been a material default by the Issuer in the performance or observance of any other obligation, condition, provision, representation or warranty binding upon or made by it under the Notes or the other Transaction Documents, and such material default, if capable of being remedied or cured, is not remedied or cured within 30 Business Days;
- (c) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or pursued on or against all or, a material part of the property, assets or revenues of the Issuer and is not discharged or stayed within 30 days of having been so levied, enforced or pursued;
- (d) **Insolvency:** the Issuer is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer;
- (e) **Winding-up:** an administrator is appointed, an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all, or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Controlling Class of Noteholders;
- (f) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes;
- (g) **Termination or Failure to Claim under Facility Guarantee:** if:
 - (i) there is a termination of the Facility Guarantee Agreement (including termination in accordance with the terms of the Facility Guarantee Agreement) or the obligation of the Facility Guarantor to make payment thereunder for any reason whatsoever; or
 - (ii) the Facility Guarantor rejects a claim made under the Facility Guarantee by (or on behalf of) TLFF I or in any case the Payment of Claim Period has expired and the Guarantee Claim Payment has not been made by the Facility Guarantor;

- (h) Analogous events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (c) to (e) of this Condition 12 (*Notes Event of Default*).

If the Notes Trustee receives written notice from the Issuer of the occurrence of a Notes Event of Default under Condition 12(f) (Illegality), the Notes Trustee shall send a Notes Termination Notice to the Facility Agent (which shall in turn notify the Borrowers and trigger a mandatory prepayment of the Loan in accordance with the provisions of the Facility Agreement).

13 Increased Costs Event

If any of the following events occurs, the Issuer shall, in accordance with the Transaction Administration Agreement, inform the Facility Agent of such amount(s) of tax or increased costs incurred by the Issuer or in respect of the Notes as a result of such events, and the Facility Agent shall, in accordance with the Facility Agreement, demand that the Borrowers pay such amount(s) to the Issuer (pursuant to the Facility Agreement):

- (a) **Tax Event:** a change in, or amendment to, the laws or regulations of an applicable jurisdiction, or any change in application or official interpretation of such laws or regulations, which results in any material present or future taxes, duties or governmental charges of any nature whatsoever being imposed on payments in respect of any of the Notes; or
- (b) **Regulatory Change Event:** the Issuer suffers or will suffer any increased costs in connection with any of the Notes or has become regulated by any additional jurisdiction or regulatory authority or subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it in connection with any of the Notes.

Without prejudice to Condition 11 (*Taxation*), to the extent that (i) such amounts are in respect of taxes, duties or governmental charges being imposed on payments in respect of the Notes and the Noteholders have received less than they would have otherwise received but for such taxes, duties or governmental charges and (ii) the Borrowers have paid the Issuer such amounts in accordance with the Facility Agreement, each Noteholder shall receive a pro-rata share of such amounts in accordance with the Relevant Priority of Payments.

14 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate payment dates in respect of them.

15 Limited Recourse and No Petition

- (a) **Limited Recourse:** Recourse against the Issuer, and the liability of the Issuer, in relation to its obligations under the Notes and the Transaction Documents, shall be limited to the amounts from time to time available in accordance with the Relevant Priority of Payments (as set out in clause 5 (*Payments*) of the Transaction Administration Agreement). Accordingly, no Noteholder (or other Notes Secured Party) shall have any claim or recourse against the Issuer in respect of any amount which is or remains, or will remain, unsatisfied when no further amounts are receivable or recoverable in respect of the Notes Security Property and all funds comprising the Notes Security Property and/or representing the proceeds of realisation thereof have been applied in accordance with the provisions of the Transaction Documents, and any unsatisfied amounts shall be waived and extinguished. In addition, where compliance with the obligations imposed on the Issuer under any Transaction Document would require the expenditure by the Issuer of its own funds, the obligations of the Issuer shall be limited to the extent that it is put in funds to meet such expenditure.
- (b) **No Petition:** No Noteholder shall have the right to take any action to commence any case, proceedings, proposal or other action under any existing or further law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganisation, arrangement in the name of insolvency proceedings, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to the Issuer or the debts of the Issuer, provided that, nothing in this paragraph (b) shall:
 - (i) prevent the Notes Trustee or the Security Trustee from initiating any proceedings for the purpose of enforcing the obligations of the Issuer under the Notes, the Notes Trust Deed and the Notes Security Trust Deed or from obtaining a declaratory judgment as to the obligations of the Issuer

under the Notes and the Notes Trust Deed owed to any Noteholder (provided that no action is taken to enforce or implement such judgment); or

- (ii) prevent any Noteholder from lodging a claim in any action as aforesaid which is initiated by any person (other than the Notes Trustee).
- (c) **Corporate obligations:** The Issuer's obligations are corporate obligations of the Issuer and no Noteholder shall have any recourse against any of the directors, officers or employees of the Issuer for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by any Transaction Document.

16 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any other Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or such Agent may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings and Extraordinary Resolutions of Noteholders:** The Notes Trust Deed contains provisions for convening meetings of Noteholders of a particular Class or Classes to consider matters affecting their interests including the sanctioning by Extraordinary Resolution (passed by way of meeting or otherwise) of a modification of any of these Conditions or any provisions of the other Transaction Documents. In respect of an Extraordinary Resolution to be passed by the Controlling Class of Noteholders in accordance with this Conditions and the Notes Trust Deed, Class A, Class B1a, Class B1b and Class B1c shall be deemed to be a single class for such purposes.
- (b) **Relationship between the Classes:** The Notes Trust Deed provides as follows:
 - (i) An Extraordinary Resolution duly passed at a meeting of the Noteholders of a particular Class or Classes shall be binding on all Noteholders of such Class(es) (whether or not they were present at the meeting at which such resolution was passed).
 - (ii) An Extraordinary Resolution of the holders of the Controlling Class of Notes shall be binding on the holders of all other Classes of Notes irrespective of the effect on them, except an Extraordinary Resolution of the holders of the Controlling Class of Notes to sanction a Basic Terms Modification, which shall not take effect unless it has also been sanctioned by an Extraordinary Class of the holders of each other Class of Notes.
 - (iii) An Extraordinary Resolution passed at a meeting of the Class B2 Noteholders shall not be effective for any purpose while any Class A, Class B1a, Class B1b or Class B1c Notes are outstanding unless either (i) in the opinion of the Notes Trustee, it would not be prejudicial to the interests of such Class A Noteholders, Class B1a Noteholders, Class B1b Noteholders or Class B1c Noteholders or (ii) it is sanctioned by an Extraordinary Resolution of the Controlling Class of Notes.
- (c) **Relationship between the Classes:** Provided that in respect of any Loan-Related Matter a meeting or Extraordinary Resolution shall always be held or obtained from the Controlling Class of Noteholders (and, for such purpose, the Class A Noteholders, Class B1a Noteholders, Class B1b Noteholders and Class B1c Noteholders shall be deemed to be a single Class):
 - (i) meetings of Noteholders of separate Classes will normally be held separately, but the Notes Trustee may from time to time determine that meetings of Noteholders of separate Classes shall be held together;
 - (ii) an Extraordinary Resolution that in the opinion of the Notes Trustee affects one Class alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Class concerned;
 - (iii) an Extraordinary Resolution that in the opinion of the Notes Trustee affects the Noteholders of more than one Class but does not give rise to a conflict of interest between the Noteholders of the

different Classes concerned shall be deemed to have been duly passed if duly passed at a single meeting of the Noteholders of the relevant Class;

- (iv) subject to Condition 17(c)(v) below, an Extraordinary Resolution that in the opinion of the Notes Trustee affects the Noteholders of more than one Class and gives or may give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of the relevant Classes; and
 - (v) an Extraordinary Resolution that in the opinion of the Notes Trustee affects the Noteholders of more than one Class where all of such Classes are part of the Controlling Class shall be deemed to have been duly passed only if duly passed at a single meeting of the Noteholders of the Controlling Class.
- (d) **Quorum:** The quorum for any meeting of Noteholders in respect of one or more Classes of Noteholders convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority (above fifty (50)) per cent.) in Principal Amount Outstanding of the Notes in aggregate of the relevant Class(es) of Notes in respect of such meeting, or at any adjourned meeting one or more persons being or representing Noteholders of such Class(es) whatever the Principal Amount Outstanding in aggregate of the relevant Class(es) of Notes in respect of such meeting held or represented, unless the business of such meeting includes consideration of a special quorum resolution (as defined in the Notes Trust Deed, and includes any resolution regarding a Basic Terms Modification), in which case the necessary quorum will be one or more persons holding or representing not less than seventy-five (75) per cent., or at any adjourned meeting not less than twenty-five (25) per cent., in Principal Amount Outstanding in aggregate of the relevant Class(es) of Notes in respect of such meeting.
- (e) **Modification and Waiver:** The Notes Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of the provisions of the Notes Trust Deed, these Conditions or any other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error; (ii) any other modification (except a Basic Terms Modification), and any waiver or authorization of any breach or proposed breach of any of the provisions of the Notes Trust Deed, the Conditions, or any of the other Transaction Documents which is in the opinion of the Notes Trustee, not materially prejudicial to the interests of the Noteholders; (iii) any modification of the provisions of the Notes Trust Deed, these Conditions or any other Transaction Documents which is required by the Rating Agency(ies) in order for the Notes to meet any relevant rating criteria. Any such modification, authorization or waiver shall be binding on the Noteholders and, if the Notes Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.
- (f) **Substitution:** The Notes Trust Deed contains provisions permitting the Notes Trustee to agree, subject to such amendment of the Notes Trust Deed and such other conditions as are set out in the Notes Trust Deed or as the Notes Trustee may otherwise require, but without the consent of the Noteholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Notes Trust Deed and the Notes. In the case of such substitution, the Notes Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Notes Trust Deed provided that such change would not in the opinion of the Notes Trustee be materially prejudicial to the interests of the Noteholders.
- (g) **Entitlement of the Notes Trustee:** In connection with the exercise of its functions (including but not limited to those referred to in this Condition 17(g) (*Entitlement of the Notes Trustee*)) the Notes Trustee:
 - (i) shall have regard to the interests of the Noteholders (or as applicable, the Noteholders of a particular Class) as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Notes Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders; and
 - (ii) the Notes Trustee may, in determining whether or not a proposed action will be materially prejudicial to the Noteholders (or, as applicable, the Noteholders of a particular Class), have regard to, among other things, whether or not the Rating Agencies have confirmed to the Notes Trustee or the Issuer that such action will not result in the withdrawal or downgrading of, or entail any other adverse action with respect to, the then current rating of the Notes (or, as applicable, the Notes of a particular Class).

18 Provision of Information

Each Noteholder (and any beneficial owner of an interest in a Note) shall, having regard to Condition 11(b) (*Taxation*) above, provide any forms, certifications and other documentation reasonably requested by (or on behalf of) the Issuer, any Agent or a taxing authority in order to enable the Issuer or such Agent to comply with FATCA or to determine the amount to deduct and withhold from payments. For the avoidance of doubt, such documentation may include, inter alia, identifying information (residence, citizenship, telephone number) about such holder or owner as well as identifying information about equity holders in such holder or owner.

19 Enforcement

At any time following a notice of Notes Enforcement Event, the Notes Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Notes Trust Deed and the Notes (including, without limitation, instructing the Security Trustee pursuant to Condition 5(b) (*Enforcement*)), but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Controlling Class of Notes or so requested in writing by Noteholders holding at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Controlling Class of Notes, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder may proceed directly against the Issuer unless the Notes Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

20 Indemnification of the Notes Trustee

The Notes Trust Deed contains provisions for the indemnification of the Notes Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce payment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Notes Trustee and any affiliate are entitled to enter into business transactions with any other party to the Transaction Documents and any entity related to them without accounting to the Noteholders for any profit resulting therefrom. The Notes Trustee is not responsible for monitoring or supervising the performance by any other person of its obligations to the Issuer and may assume these are being performed unless it shall have actual knowledge to the contrary.

The Notes Trustee may rely without liability to Noteholders on any report, confirmation, opinion, certificate or any advice of accountants, lawyers, financial advisers, financial institutions or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Notes Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Notes Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice, in which event such report, confirmation, opinion or certificate or advice shall be binding on the Issuer, the Notes Trustee and the Noteholders.

The Notes Trust Deed provides that in acting as Notes Trustee thereunder, the Notes Trustee shall have regard solely to the interests of the Noteholders (or, as applicable, the Noteholders of a particular Class) and shall not assume any duty or responsibility to the other Notes Secured Parties.

21 Notices

Notices to Noteholders will be valid if (a) made in writing in English and mailed to them by uninsured mail at the Issuer's expense at their addresses in the Register maintained by the Registrar; or (b) published at the Issuer's expense in a leading English language daily newspaper having general circulation in Asia (which is expected to be The Wall Street Journal Asia). The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

22 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

23 Governing Law

- (a) **Governing Law:** The Notes Trust Deed, the Agency Agreement, the Transaction Administration Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.
- (b) **Jurisdiction:** The courts of England are to have exclusive jurisdiction to settle any disputes, which may arise out of or in connection with the Notes Trust Deed, the Agency Agreement, the Transaction Administration Agreement and the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes Trust Deed, the Agency Agreement, the Transaction Administration Agreement and the Notes (“**Proceedings**”) may be brought in such courts. Pursuant to clause 17.2 (*Jurisdiction*) of the Notes Trust Deed, the Issuer irrevocably submits to the jurisdiction of such courts.
- (c) **Agent for Service of Process:** Pursuant to clause 17.3 (*Service of Process*) of the Notes Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes.
- (d) **Waiver of Immunity:** The Issuer has, pursuant to the Notes Trust Deed, waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SCHEDULE 1

Class A Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 May 2018	1	30,000,000	—
23 August 2018	2	30,000,000	—
23 November 2018	3	30,000,000	—
23 February 2019	4	30,000,000	—
23 May 2019	5	30,000,000	—
23 August 2019	6	30,000,000	—
23 November 2019	7	30,000,000	—
23 February 2020	8	30,000,000	—
23 May 2020	9	30,000,000	—
23 August 2020	10	30,000,000	—
23 November 2020	11	30,000,000	—
23 February 2021	12	30,000,000	—
23 May 2021	13	30,000,000	—
23 August 2021	14	30,000,000	—
23 November 2021	15	30,000,000	—
23 February 2022	16	30,000,000	—
23 May 2022	17	29,250,000	750,000
23 August 2022	18	28,500,000	750,000
23 November 2022	19	27,750,000	750,000
23 February 2023	20	27,000,000	750,000
23 May 2023	21	26,250,000	750,000
23 August 2023	22	25,500,000	750,000
23 November 2023	23	24,750,000	750,000
23 February 2024	24	24,000,000	750,000
23 May 2024	25	23,100,000	900,000
23 August 2024	26	22,200,000	900,000
23 November 2024	27	21,300,000	900,000
23 February 2025	28	20,400,000	900,000
23 May 2025	29	19,500,000	900,000
23 August 2025	30	18,600,000	900,000
23 November 2025	31	17,700,000	900,000

Class A Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 February 2026	32	16,800,000	900,000
23 May 2026	33	16,200,000	600,000
23 August 2026	34	15,600,000	600,000
23 November 2026	35	15,000,000	600,000
23 February 2027	36	14,400,000	600,000
23 May 2027	37	13,800,000	600,000
23 August 2027	38	13,200,000	600,000
23 November 2027	39	12,600,000	600,000
23 February 2028	40	12,000,000	600,000
23 May 2028	41	11,400,000	600,000
23 August 2028	42	10,800,000	600,000
23 November 2028	43	10,200,000	600,000
23 February 2029	44	9,600,000	600,000
23 May 2029	45	9,000,000	600,000
23 August 2029	46	8,400,000	600,000
23 November 2029	47	7,800,000	600,000
23 February 2030	48	7,200,000	600,000
23 May 2030	49	6,600,000	600,000
23 August 2030	50	6,000,000	600,000
23 November 2030	51	5,400,000	600,000
23 February 2031	52	4,800,000	600,000
23 May 2031	53	4,200,000	600,000
23 August 2031	54	3,600,000	600,000
23 November 2031	55	3,000,000	600,000
23 February 2032	56	2,400,000	600,000
23 May 2032	57	1,800,000	600,000
23 August 2032	58	1,200,000	600,000
23 November 2032	59	600,000	600,000
23 February 2033	60	–	600,000

SCHEDULE 2

Class B1a Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 May 2018	1	20,000,000	—
23 August 2018	2	20,000,000	—
23 November 2018	3	20,000,000	—
23 February 2019	4	20,000,000	—
23 May 2019	5	20,000,000	—
23 August 2019	6	20,000,000	—
23 November 2019	7	20,000,000	—
23 February 2020	8	20,000,000	—
23 May 2020	9	20,000,000	—
23 August 2020	10	20,000,000	—
23 November 2020	11	20,000,000	—
23 February 2021	12	20,000,000	—
23 May 2021	13	20,000,000	—
23 August 2021	14	20,000,000	—
23 November 2021	15	20,000,000	—
23 February 2022	16	20,000,000	—
23 May 2022	17	20,000,000	—
23 August 2022	18	20,000,000	—
23 November 2022	19	20,000,000	—
23 February 2023	20	20,000,000	—
23 May 2023	21	20,000,000	—
23 August 2023	22	20,000,000	—
23 November 2023	23	20,000,000	—
23 February 2024	24	20,000,000	—
23 May 2024	25	20,000,000	—
23 August 2024	26	20,000,000	—
23 November 2024	27	20,000,000	—
23 February 2025	28	20,000,000	—
23 May 2025	29	20,000,000	—
23 August 2025	30	20,000,000	—
23 November 2025	31	20,000,000	—

Class B1a Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 February 2026	32	20,000,000	–
23 May 2026	33	20,000,000	–
23 August 2026	34	20,000,000	–
23 November 2026	35	20,000,000	–
23 February 2027	36	20,000,000	–
23 May 2027	37	19,750,000	250,000
23 August 2027	38	19,500,000	250,000
23 November 2027	39	19,250,000	250,000
23 February 2028	40	19,000,000	250,000
23 May 2028	41	18,500,000	500,000
23 August 2028	42	18,000,000	500,000
23 November 2028	43	17,500,000	500,000
23 February 2029	44	17,000,000	500,000
23 May 2029	45	16,250,000	750,000
23 August 2029	46	15,500,000	750,000
23 November 2029	47	14,750,000	750,000
23 February 2030	48	14,000,000	750,000
23 May 2030	49	13,000,000	1,000,000
23 August 2030	50	12,000,000	1,000,000
23 November 2030	51	11,000,000	1,000,000
23 February 2031	52	10,000,000	1,000,000
23 May 2031	53	8,750,000	1,250,000
23 August 2031	54	7,500,000	1,250,000
23 November 2031	55	6,250,000	1,250,000
23 February 2032	56	5,000,000	1,250,000
23 May 2032	57	3,750,000	1,250,000
23 August 2032	58	2,500,000	1,250,000
23 November 2032	59	1,250,000	1,250,000
23 February 2033	60	–	1,250,000

SCHEDULE 3

Class B1b Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 May 2018	1	15,000,000	—
23 August 2018	2	15,000,000	—
23 November 2018	3	15,000,000	—
23 February 2019	4	15,000,000	—
23 May 2019	5	15,000,000	—
23 August 2019	6	15,000,000	—
23 November 2019	7	15,000,000	—
23 February 2020	8	15,000,000	—
23 May 2020	9	15,000,000	—
23 August 2020	10	15,000,000	—
23 November 2020	11	15,000,000	—
23 February 2021	12	15,000,000	—
23 May 2021	13	15,000,000	—
23 August 2021	14	15,000,000	—
23 November 2021	15	15,000,000	—
23 February 2022	16	15,000,000	—
23 May 2022	17	15,000,000	—
23 August 2022	18	15,000,000	—
23 November 2022	19	15,000,000	—
23 February 2023	20	—	15,000,000

SCHEDULE 4

Class B1c Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 May 2018	1	15,000,000	—
23 August 2018	2	15,000,000	—
23 November 2018	3	15,000,000	—
23 February 2019	4	15,000,000	—
23 May 2019	5	15,000,000	—
23 August 2019	6	15,000,000	—
23 November 2019	7	15,000,000	—
23 February 2020	8	15,000,000	—
23 May 2020	9	15,000,000	—
23 August 2020	10	15,000,000	—
23 November 2020	11	15,000,000	—
23 February 2021	12	15,000,000	—
23 May 2021	13	15,000,000	—
23 August 2021	14	15,000,000	—
23 November 2021	15	15,000,000	—
23 February 2022	16	15,000,000	—
23 May 2022	17	15,000,000	—
23 August 2022	18	15,000,000	—
23 November 2022	19	15,000,000	—
23 February 2023	20	15,000,000	—
23 May 2023	21	15,000,000	—
23 August 2023	22	15,000,000	—
23 November 2023	23	15,000,000	—
23 February 2024	24	15,000,000	—
23 May 2024	25	15,000,000	—
23 August 2024	26	15,000,000	—
23 November 2024	27	15,000,000	—
23 February 2025	28	—	15,000,000

SCHEDULE 5

Class B2 Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 May 2018	1	15,000,000	—
23 August 2018	2	15,000,000	—
23 November 2018	3	15,000,000	—
23 February 2019	4	15,000,000	—
23 May 2019	5	15,000,000	—
23 August 2019	6	15,000,000	—
23 November 2019	7	15,000,000	—
23 February 2020	8	15,000,000	—
23 May 2020	9	15,000,000	—
23 August 2020	10	15,000,000	—
23 November 2020	11	15,000,000	—
23 February 2021	12	15,000,000	—
23 May 2021	13	15,000,000	—
23 August 2021	14	15,000,000	—
23 November 2021	15	15,000,000	—
23 February 2022	16	15,000,000	—
23 May 2022	17	15,000,000	—
23 August 2022	18	15,000,000	—
23 November 2022	19	15,000,000	—
23 February 2023	20	15,000,000	—
23 May 2023	21	15,000,000	—
23 August 2023	22	15,000,000	—
23 November 2023	23	15,000,000	—
23 February 2024	24	15,000,000	—
23 May 2024	25	15,000,000	—
23 August 2024	26	15,000,000	—
23 November 2024	27	15,000,000	—
23 February 2025	28	15,000,000	—
23 May 2025	29	15,000,000	—
23 August 2025	30	15,000,000	—
23 November 2025	31	15,000,000	—

Class B2 Notes			
Notes Principal Repayment Date	Number of Quarters from Issue Date	Outstanding Principal Amount (in USD) after the Notes Principal Repayment Amount is paid on such date	Notes Principal Repayment Amount (in USD)
23 February 2026	32	15,000,000	—
23 May 2026	33	15,000,000	—
23 August 2026	34	15,000,000	—
23 November 2026	35	15,000,000	—
23 February 2027	36	15,000,000	—
23 May 2027	37	15,000,000	—
23 August 2027	38	15,000,000	—
23 November 2027	39	15,000,000	—
23 February 2028	40	15,000,000	—
23 May 2028	41	15,000,000	—
23 August 2028	42	15,000,000	—
23 November 2028	43	15,000,000	—
23 February 2029	44	15,000,000	—
23 May 2029	45	15,000,000	—
23 August 2029	46	15,000,000	—
23 November 2029	47	15,000,000	—
23 February 2030	48	15,000,000	—
23 May 2030	49	15,000,000	—
23 August 2030	50	15,000,000	—
23 November 2030	51	15,000,000	—
23 February 2031	52	15,000,000	—
23 May 2031	53	15,000,000	—
23 August 2031	54	15,000,000	—
23 November 2031	55	15,000,000	—
23 February 2032	56	15,000,000	—
23 May 2032	57	15,000,000	—
23 August 2032	58	15,000,000	—
23 November 2032	59	15,000,000	—
23 February 2033	60	—	15,000,000

THE LOAN FACILITY AGREEMENT

The Issuer is the sole lender under the Loan Facility Agreement and has made the Loan Facility available to the Borrowers.

Certain Loan Facility Agreement Definitions

For the purposes of the descriptions of the Loan Facility Agreement below, capitalised terms shall have the meanings given to them in the in “*The Loan Facility Agreement – Definitions*” section below, the body of this section or elsewhere in this Offering Circular.

Principal features of the Loan Facility Agreement

Facility Amount	An aggregate amount of US\$95,000,000 was disbursed to a funding account opened by RLU in Indonesia (the “ Funding Account ”) and applied towards the Use of Proceeds (including the amount credited into the Escrow Account on or about the Utilisation Date). Thereafter, multiple drawdowns from the Escrow Account have occurred (in respect of the scheduled initial drawings by the Borrowers) and are expected to occur (in respect of scheduled future drawings by the Borrowers). All payments and repayments under the Loan Facility Agreement shall be made in US\$.
Utilisation Date	23 February 2018.
Loan Maturity Date	The Loan Facility shall mature and any outstanding amounts shall be repaid in full on the fifth Business Day prior to the date falling 15 years after the Utilisation Date.
Loan Interest	Aggregate of the interest payable for the corresponding interest period under the Notes. Accrued interest in respect of a Loan is payable on the fifth Business Day prior to the last day of each interest period (the “ Loan Interest Payment Date ”).
Business Day	“ Business Day ” means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong, Tokyo, Singapore, Indonesia, London and New York City.
Initial Period and Amortisation	<p>During the initial period of 3 years from the Utilisation Date (the “Initial Period”), the Borrowers shall not be required to make any repayment of principal in respect of the Loan Facility.</p> <p>After the expiry of the Initial Period, the Borrowers shall repay all outstanding amounts of principal on the Loan Facility on each Loan Interest Payment Date in quarterly instalments which are expected to be in accordance with the schedule below (or such lower amount as notified by the Facility Agent to the Obligor's Agent to reflect any Voluntary Prepayments or Mandatory Prepayments), until all amounts outstanding under the Loan Facility Agreement have been repaid in full.</p>

Loan Repayment Schedule

Loan Principal Payment Date	Number of Quarters from Utilisation Date	Repayment Instalment (in US\$)
23 May 2018	1	0
23 August 2018	2	0
23 November 2018	3	0
23 February 2019	4	0

23 May 2019	5	0
23 August 2019	6	0
23 November 2019	7	0
23 February 2020	8	0
23 May 2020	9	0
23 August 2020	10	0
23 November 2020	11	0
23 February 2021	12	0
23 May 2021	13	0
23 August 2021	14	0
23 November 2021	15	0
23 February 2022	16	0
23 May 2022	17	750,000
23 August 2022	18	750,000
23 November 2022	19	750,000
23 February 2023	20	15,750,000
23 May 2023	21	750,000
23 August 2023	22	750,000
23 November 2023	23	750,000
23 February 2024	24	750,000
23 May 2024	25	900,000
23 August 2024	26	900,000
23 November 2024	27	900,000
23 February 2025	28	15,900,000
23 May 2025	29	900,000
23 August 2025	30	900,000

23 November 2025	31	900,000
23 February 2026	32	900,000
23 May 2026	33	600,000
23 August 2026	34	600,000
23 November 2026	35	600,000
23 February 2027	36	600,000
23 May 2027	37	850,000
23 August 2027	38	850,000
23 November 2027	39	850,000
23 February 2028	40	850,000
23 May 2028	41	1,100,000
23 August 2028	42	1,100,000
23 November 2028	43	1,100,000
23 February 2029	44	1,100,000
23 May 2029	45	1,350,000
23 August 2029	46	1,350,000
23 November 2029	47	1,350,000
23 February 2030	48	1,350,000
23 May 2030	49	1,600,000
23 August 2030	50	1,600,000
23 November 2030	51	1,600,000
23 February 2031	52	1,600,000
23 May 2031	53	1,850,000
23 August 2031	54	1,850,000
23 November 2031	55	1,850,000
23 February 2032	56	1,850,000

23 May 2032	57	1,850,000
23 August 2032	58	1,850,000
23 November 2032	59	1,850,000
Termination Date	60	All amounts outstanding under the Facility

Use of Proceeds

All the net proceeds of the Sustainability Bonds are fully allocated to the Loan Facility, and the proceeds of the Loan Facility were credited to the Funding Account.

The amounts standing to the credit of the Funding Account were on or about the Utilisation Date applied towards:

- (a) Funding the Escrow Account in respect of amounts required to finance each Borrower's general corporate purposes in accordance with the mutually agreed 23-year business plan for the period up to 2040 in respect of the Project which includes, without limitation, items such as planting direct costs, planting indirect costs, other plantation capital expenditure and corporate social responsibility capital expenditure (buildings, equipment and land compensation) (the "**Business Plan**").
- (b) Funding of the Pre-funded Interest Amount.
- (c) Funding of the Required Reserve Fund Amount.
- (d) Funding of the Contingency Cash Reserve.
- (e) Funding of the First Loss Reserve Amount.
- (f) Refinancing of the Existing BNI Facilities (subject to the condition that no more than one-third of the aggregate amount of the Loans would be applied to the refinancing of the Existing BNI Facilities).
- (g) The payment of (or the reimbursement of TLFF I of) fees, costs and expenses payable under the Finance Documents.

Escrow Account

All amounts credited into the Escrow Account from the Funding Account on or about the Utilisation Date were held, and the remaining amounts, following the initial drawings by the Borrowers, are held, in the Escrow Account for release to the Borrowers based on written requests (attaching reasonable supporting documentation) (each a "**Drawing Request**") for application of proceeds towards certain uses corresponding to the Sources and Uses Budget provided by the Borrowers. Upon receipt of a properly completed Drawing Request, TLFF I, or the Facility Manager on behalf of TLFF I, shall countersign / approve online a corresponding transfer out of the Escrow Account provided that the aggregate of all drawings does not exceed the Escrow Amount.

Transfers and instructions in respect of the Escrow Account shall be jointly approved with co-signature (or online joint token approval) by each of TLFF I (or the Facility Manager on behalf of TLFF I) and RLU in accordance with the above. TLFF I (or the Facility Manager on behalf of TLFF I) undertakes to respond to the Borrowers' requests for transfer or instruction requests within three (3) Business Days. RLU shall ensure that TLFF I and the Facility Manager will at all times be entitled to internet monitoring access to the Escrow Account.

The Escrow Account is subject to an absolute assignment and a charge in favour of TLFF I as security for the Loan Facility.

Escrow Amount

The aggregate amount of all the Loans utilised on the Utilisation Date by the Borrowers and which were credited to the Escrow Account on or about the Utilisation Date and the interest (if any) that accrues on such amount whilst credited to the Escrow Account (but excluding, for the avoidance of doubt, any amounts for the refinancing of the Existing BNI Facilities, deposited to the Interest Pre-funded Account, the Reserve Account, the Contingency Cash Reserve Account, the First Loss Reserve Account and all fees, costs and expenses due and payable on or before the Utilisation Date, in each case in accordance with the section titled “*Use of Proceeds*” above).

TLFF I USD Accounts

On or before the Closing Date, TLFF I established, or caused to be established, and the Transaction Administrator is authorised to operate (save for the Contingency Cash Reserve Account):

- (a) the Notes Principal Payment Account;
- (b) the Notes Interest Payment Account;
- (c) the Reserve Account;
- (d) the First Loss Reserve Account;
- (e) the Guarantee Payment Account; and
- (f) the Contingency Cash Reserve Account,

each as a segregated account in the name of TLFF I with the Account Bank in Hong Kong (save for the Contingency Cash Reserve Account, which was opened in the name of TLFF I with the Account Bank (CCR) in Singapore and is operated solely by the Facility Manager) (collectively, the “**TLFF I USD Accounts**”).

Any interest earned on the funds standing to the credit of the Interest Pre-funded Account, the Reserve Account and/or the First Loss Reserve Account, and any interest earned on any Authorised Investments made from such funds, shall be deposited into the Notes Interest Payment Account for application in accordance with the relevant Priority of Payments.

Authorised Investments

The Transaction Administrator (or the Account Bank (RLU), in the case of the Interest Pre-funded Account) shall apply all funds standing to the credit of each of the Interest Pre-funded Account, the Reserve Account and the First Loss Reserve Account from time to time towards Authorised Investments, where “**Authorised Investments**” means cash or other authorised investments permitted to be held by TLFF I, provided that:

- (a) the rating of the short-term unsecured, unguaranteed and unsubordinated debt obligations of the entity with which the investments are made is at least P-1 or at least A2 from Moody’s (if applicable);
- (b) the relevant investments have a residual maturity of not more than 90 calendar days and mature prior to the next Loan Interest Payment Date (or at least such amount as is required to be paid on such Loan Interest Payment Date matures prior to that Loan Interest Payment Date); and
- (c) at the time of any investment in Authorised Investments, the aggregate amount to be invested shall not exceed the aggregate outstanding balance of (in respect of the Account Bank (RLU)) the Interest Pre-funded Account and (in respect of the Transaction Administrator) the Reserve Account and First Loss

Reserve Account.

Notes Principal Payment Account	TLFF I established an offshore bank account (in Hong Kong) with the Account Bank for collection of principal repayment from the Borrowers and other principal prepayments or proceeds. The funds standing to the credit of the Notes Principal Payment Account will be applied in accordance with the relevant Priority of Payments.
Notes Interest Payment Account	TLFF I established an offshore bank account (in Hong Kong) with the Account Bank for collection of interest and other (non-principal) payments from the Borrowers. The funds standing to the credit of the Notes Interest Payment Account will be applied in accordance with the relevant Priority of Payments.
Interest Pre-funded Account	<p>RLU established an offshore bank account (in Singapore) with the Account Bank (RLU) for the deposit of the Pre-funded Interest Amount. On or about the Utilisation Date, the Pre-funded Interest Amount was funded from the proceeds of the Loan Facility in accordance with the Closing Cashflow Agreement. The Interest Pre-funded Account is interest bearing (if any) and any interest earned shall be deposited into the Notes Interest Payment Account for application in accordance with the relevant Priority of Payments.</p> <p>During the Initial Period, on the tenth Business Day prior to each Notes Interest Payment Date, the Transaction Administrator will notify the Account Bank (RLU) in writing (with copies to the Facility Agent and the Facility Manager) of the aggregate interest payable on such Notes Interest Payment Date and the corresponding Notes Interest Period. On or before the fifth Business Day prior to each Notes Interest Payment Date, the Account Bank (RLU) will debit the cash in the Interest Pre-funded Account and credit the Notes Interest Payment Account for an amount equal to the interest payment on such Notes Interest Payment Date, and such debit of the Interest Pre-funded Account and credit to the Notes Interest Payment Account shall satisfy the Borrowers' obligations in respect of interest payment under the Loans in respect of that interest period.</p> <p>On the tenth Business Day prior to the expiry of the Initial Period, the balance of the Interest Pre-funded Account shall be swept into the Notes Interest Payment Account.</p> <p>If the Account Bank (RLU) receives a Notice of Loan Acceleration prior to the expiry of the Initial Period, it shall sweep the balance of the Pre-funded Interest Amount in the Interest Pre-funded Account into the Notes Interest Payment Account within 5 Business Days.</p>
Pre-funded Interest Amount	<p>An amount equal to the aggregate interest payable in respect of the Notes during the Initial Period, as such amount may be reduced from time to time to reflect any early redemption of the Notes following Loan prepayment. On or about the Utilisation Date, the Pre-funded Interest Amount was funded from the proceeds of the drawdown of the Loan Facility in accordance with the Closing Cashflow Agreement.</p> <p>If an early redemption of the Notes occurs during the Initial Period, the Pre-funded Interest Amount shall be reduced to reflect such early redemption and if the amount on deposit in the Interest Pre-funded Account exceeds the revised Pre-funded Interest Amount (as calculated by the Transaction Administrator (provided that the Transaction Administrator has been informed by the Facility Agent of the aggregate amount of such prepayment or other unscheduled reduction)), the excess in the</p>

Interest Pre-funded Account above the revised Pre-funded Interest Amount shall be transferred to the account of the Borrowers.

Reserve Account

TLFF I established an offshore bank account (in Hong Kong) with the Account Bank for the deposit and maintenance of the Required Reserve Fund Amount. On or about the Utilisation Date, the Required Reserve Fund Amount was funded from the proceeds of the drawdown of the Loan Facility in accordance with the Closing Cashflow Agreement.

During the Initial Period, on the tenth Business Day prior to each Notes Interest Payment Date, the Transaction Administrator shall inform the Facility Agent of the amount (the “**Required Reserve Fund Top Up Amount**”) by which the funds standing to the credit of the Reserve Account on such date is lower than (x) the Required Reserve Fund Amount plus (y) the CCR Shortfall Amount on such date, and the Facility Agent will notify the Borrowers on such date of the Required Reserve Fund Top Up Amount. The Borrowers shall, on a joint and several basis, deposit the Required Reserve Fund Top Up Amount in the Reserve Account within five (5) Business Days of being so notified.

After the Initial Period, on each tenth Business Day prior to each day in each calendar month which is the numerically corresponding day to the Utilisation Date (such day, a “**Relevant Date**”), the Transaction Administrator shall inform the Facility Agent of the Required Reserve Fund Top Up Amount on such date and the Facility Agent will send a notice on such date to the Borrowers to notify them of the Required Reserve Fund Top Up Amount. The Borrowers shall, on a joint and several basis, deposit the Required Reserve Fund Top Up Amount in the Reserve Account within five (5) Business Days of being so notified.

If a Loan Event of Default has occurred or is existing, the Transaction Administrator shall on or prior to each Notes Payment Date on which there is or would be a shortfall in the Notes Interest Payment Account in respect of TLFF I’s payment obligations under limbs (i)(a) to (e) (inclusive) of PoP 3 (see “*The Transaction Administration Agreement – Priority of Payments*” section below) transfer from the Reserve Account such amount as is required to meet such shortfall on such Notes Payment Date. Upon the expiry of the Payment of Claim Period, the funds standing to the credit of the Reserve Account shall be transferred to the Notes Interest Payment Account to be applied in accordance with the relevant Priority of Payments.

At any time the amount on deposit in the Reserve Account exceeds the sum of the Required Reserve Fund Amount and any CCR Shortfall Amount, the Transaction Administrator shall transfer from the Reserve Account all amounts in excess of the sum of the Required Reserve Fund Amount and the CCR Shortfall Amount on such date to such account of the Borrowers as the Facility Agent shall notify in writing to the Transaction Administrator.

The Reserve Account is interest bearing and the Borrowers are entitled to any interest earned.

Required Reserve Fund Amount

On any date, the aggregate sum of:

- (a) the product of: (a) 10.53 and (b) (x) the aggregate interest on all the Notes paid on the Notes Interest Payment Date immediately preceding such date *divided by* (y) 3;
- (b) the product of: (a) 10.53 / 12 and (b) the aggregate of the annual capped amounts in respect of the fees, costs and expenses payable by TLFF I

(including the fees payable to trustees and other agents in connection with the Transaction but excluding the Facility Manager's annual fee); and

- (c) the product of: (a) (x) the amount of the utilisation fees last invoiced by the Facility Guarantor *divided by* (y) 6 and (b) 10.53.

**Contingency Cash
Reserve Account**

TLFF I established an offshore bank account (in Singapore) with the Account Bank (CCR) for the deposit and maintenance of the Contingency Cash Reserve. On the Utilisation Date, the Contingency Cash Reserve was funded from the proceeds of the Loan Facility in accordance with the Closing Cashflow Agreement.

The Facility Manager is entitled to withdraw funds from the Contingency Cash Reserve Account for application towards its fees, costs, expenses and indemnification claims (including reimbursement and/or pre-funding of costs and expenses incurred in pursuing Reasonable Collection Efforts) in accordance with the Facility Management Agreement and the Transaction Administration Agreement. To the extent of any shortfall in the Contingency Cash Reserve Account below the required balance of US\$644,740 at any time (such amount, the "**CCR Shortfall Amount**"), and provided that no Potential Loan Event of Default (that has not been remedied) or Loan Event of Default has occurred, such CCR Shortfall Amount shall be topped up from the Reserve Account to the Contingency Cash Reserve Account in accordance with the Transaction Administration Agreement.

So long as no amounts remain outstanding under the Finance Documents, no further amendment, collection and/or enforcement fees, in respect of the Loan Facility Agreement are due and payable at such time, and the Facility Manager has certified in writing that no amounts remain unpaid or may arise which are, or may be, payable to the Facility Manager under the Facility Management Agreement, the Facility Manager shall transfer the balance standing to the credit of the Contingency Cash Reserve Account into the Note Principal Payment Account to be applied in accordance with the relevant Priority of Payments.

The Contingency Cash Reserve Account is interest bearing and Borrowers are entitled to any interest earned. Cash in the Contingency Cash Reserve Account shall be held as cash and shall not be invested in Authorised Investments.

**Contingency Cash
Reserve**

A contingency cash reserve of an amount of US\$644,740 to cover any fees, expenses, indemnification claims and other liabilities of the Facility Manager in the performance of its obligations in respect of the Facility Management Agreement under limbs (i) and (ii) but not limbs (iii) and (iv) of "*The Facility Management Agreement – Facility Manager's Role*".

**First Loss Reserve
Account**

TLFF I established an offshore bank account (in Hong Kong) with the Account Bank for the deposit and maintenance of the First Loss Reserve Amount. At the Utilisation Date, the First Loss Reserve Amount was funded from the proceeds of the Loan Facility in accordance with the Closing Cashflow Agreement.

To the extent that a claim is submitted under the Facility Guarantee, the amount standing to the credit of the First Loss Reserve Account will be drawn and deposited into the Notes Principal Payment Account within 2 Business Days of the Transaction Administrator being notified by the Facility Manager of such submission of such claim to the Facility Guarantor.

The First Loss Reserve Account is interest bearing and the Borrowers are entitled to any interest earned.

First Loss Reserve

An amount equal to US\$4,750,000. For the avoidance of doubt, such amount will

Amount be maintained until all amounts of principal, interest and other outstanding amounts under the Loan Facility have been fully repaid.

Refinancing Amount US\$31,000,000 or such amount in Rp. equivalent to US\$31,000,000 (or such other amount as agreed between the Obligors' Agent and the Lender, provided that no more than one-third of the aggregate amount of the Loans may be applied towards funding the Refinancing Amount).

Payment of Interest and Principal into Accounts **Principal Payments:**
After the Initial Period:

- (a) on the tenth Business Day prior to each Relevant Date (as defined in the section "*Reserve Account*" above), the Facility Agent shall notify the Obligors' Agent of the amount that is equal to the Principal Deposit Amount; and
- (b) on or prior to the fifth Business Day prior to each Relevant Date (as defined in the section "*Reserve Account*" above), the Borrowers shall deposit into the Notes Principal Payment Account an amount equal to the Principal Deposit Amount,

where:

"Interim Bullet Amount" means US\$15,000,000 of the principal amount due, as applicable, on the Loan Principal Payment Date (20th Quarter) or on the Loan Principal Payment Date (28th Quarter) (as each such amount may have been reduced as a result of any prepayment made pursuant to paragraph (a) of the section "*Mandatory Prepayment*" below or the section "*Voluntary Prepayment*" below).

"Loan Principal Payment Date (nth Quarter)" means the Loan Principal Payment Date in respect of the nth quarterly period from the Utilisation Date (as set out in the Loan Repayment Schedule) where, in each case, "n" refers to the number of quarterly periods from the Utilisation Date.

"Principal Deposit Amount" means an amount equal to the sum of (a), (b) and (c) where:

- (a) is one-third (1/3) of the aggregate principal amount of the Loans scheduled to be payable on the immediately following Loan Principal Payment Date less, if the next Loan Principal Payment Date is the Loan Principal Payment Date (20th Quarter) or the Loan Principal Payment Date (28th Quarter), the Interim Bullet Amount;
- (b) is, for each calendar month during the period commencing on the day immediately after the Loan Principal Payment Date (16th Quarter) to (and including) the Loan Principal Payment Date (20th Quarter), one-twelfth (1/12) of the Interim Bullet Amount, otherwise, zero; and
- (c) is, from each calendar month during the period commencing on the day immediately after the Loan Principal Payment Date (24th Quarter) to (and including) the Loan Principal Payment Date (28th Quarter), one-twelfth (1/12) of the Interim Bullet Amount, otherwise, zero,

or such lower amount as notified by the Agent to the Obligors' Agent.

Interest Payments:

Please refer to the section titled "*Interest Pre-Funded Account*" above for the period of the first three (3) years following the Utilisation Date.

After the Initial Period:

- (a) on the tenth Business Day prior to each Relevant Date, the Facility Agent

shall notify the Obligors' Agent of the amount that is equal to one-third (1/3) of the aggregate interest amount of all Classes of Notes scheduled to be payable on the immediately following Notes Interest Payment Date; and

- (b) on or prior to the fifth Business Day prior to each Relevant Date, the Borrowers shall deposit such amount as notified by the Facility Agent into the Notes Interest Payment Account.

Default Interest

Default Interest of 1% (1 per cent.) per annum will be due in addition to the then current Loan Interest and compounded daily on all past due amounts.

Loan Makewhole Amount and Prepayment Fee

If the Loans are prepaid (in whole or in part and whether due to a Voluntary Prepayment or as a result of an acceleration of the Loans, but not Mandatory Prepayment), the Borrowers shall within three (3) Business Days of notification pay to the Lender the loan makewhole amount which is an amount equal to the Notes Makewhole Amount (Total) (as referred to in "*The Notes – Notes Makewhole Amount*" above).

Prepayment Fee

In the case of a Voluntary Prepayment of a Loan, whether in whole or in part, the Borrowers shall within five (5) Business Days of notification pay to the Lender the aggregate of the Notes Prepayment Fees (as referred to in "*The Notes – Notes Prepayment Fee*" above).

Voluntary Prepayment

The Loans may be prepaid in whole or in part at any time after the end of the Availability Period subject to:

- (i) if prepaid in part, a minimum prepayment amount of US\$2,000,000;
- (ii) the Borrowers giving the Lender not less than 20 Business Days' prior notice;
- (iii) the payment of (i) the Loan Makewhole Amount (if any), (ii) the Prepayment Fee and (iii) any accrued interest in respect of such prepayment amount up to the date of prepayment; and
- (iv) there being no more than 2 prepayments from the date of the Loan Facility Agreement to the date falling 7 years from the Utilisation Date,

provided that the prepayments of the Loan Facility shall be applied *pro rata* against the remaining scheduled instalments of principal (with reference to the US\$ amounts of such instalments) due in respect of the Loans.

Mandatory Prepayment

The Borrowers shall promptly make partial or full (as the case may be) prepayment of the Loans, together with any accrued interest in respect of the prepaid amount up to the date of prepayment out of any and all net proceeds received by the Borrowers from:

- (i) an amount of any additional indebtedness arising pursuant to paragraph (g) of "*Permitted Financial Indebtedness*" below which is required to bring the debt to equity ratio to no more than 3.0 : 1 (on a consolidated basis); or
- (ii) any insurance claim under any insurance maintained by any member of the Group (other than proceeds from specified insurance policies and which are to be applied to meet a third party claim, to cover operating losses, to replace, reinstate and/or repair assets or which are equal to or less than US\$1,000,000 in aggregate in any Financial Year (the "**Excluded Insurance Proceeds**")),

in each case promptly upon receipt and such prepayment of the Loans shall be applied *pro rata* against the remaining scheduled instalments of principal (with reference to the US\$ amounts of such instalments) due in respect of the Loans. TLFF I shall deposit such prepayment amounts received from the Borrowers in the

Notes Principal Payment Account.

The Borrowers shall also promptly prepay all amounts outstanding under the Loan Facility Agreement, together with any accrued interest up to the date of prepayment, if any of the following exists or occurs:

- (i) Change of Control, where TLFF I has been instructed by the Notes Trustee to exercise such rights to require mandatory prepayment under the Loans (see the “*The Loan Facility Agreement – Definitions*” section);
- (ii) Illegality (as defined immediately below);
- (iii) the receipt of a Notes Termination Notice from the Notes Trustee; or
- (iv) the Facility Manager or the Back-Up Facility Manager ceases to act as facility manager pursuant to the Loan Facility Agreement and no replacement facility manager is subsequently appointed.

“**Illegality**” means it is or will become unlawful for TLFF I to perform or comply with any one or more of its obligations under the Loan Facility Agreement or to fund its participation in the Loan Facility.

Mandatory Prepayment Account

RLU will, prior to the receipt by any member of the Group of any Excluded Insurance Proceeds, establish an offshore bank account (in Singapore) with the Account Bank (RLU) into which such Excluded Insurance Proceeds shall be paid.

TLFF I shall be entitled to apply such amounts credited to the Mandatory Prepayment Account which have not been applied for the purposes contemplated under the definition of “*Excluded Insurance Proceeds*” above and within stipulated time limits, for the prepayment of the Loans by paying such amounts into the Notes Principal Payment Account.

If a Loan Event of Default has occurred and is continuing, TLFF I shall be entitled to apply such amounts credited to the Mandatory Prepayment Account for the prepayment of the Loans, regardless of whether the stipulated time limits have lapsed, by paying such amounts into the Notes Principal Payment Account.

Permitted Financial Indebtedness

Includes the following:

- (a) the facility provided to MKC by Société Générale (“**Soc Gen**”), Singapore Branch of a principal amount not exceeding US\$25,000,000;
- (b) a facility or facilities made available to a member of the Group to fund the capital expenditure requirements of the Group in respect of the plantation and re-milling;
- (c) a facility or facilities made available to a member of the Group to fund the working capital requirements of the Group arising in the ordinary course of trade (and not for general corporate purposes);
- (d) a facility or facilities made available to a member of the Group which is collateralised against receivables of an aggregate value not exceeding US\$20,000,000 (or its equivalent in other currencies) on a limited recourse basis and which is used to fund the working capital requirements of the Group;
- (e) for the purposes of the Forestry Partnership Programme between WW, MKC, LAJ and the local communities in relation to the development of a sustainable natural rubber plantation of an amount not exceeding US\$40,000,000 (or its equivalent in other currencies);

- (f) up to one Business Day after the Utilisation Date, the Existing BNI Facilities;
- (g) such other financial indebtedness incurred with the prior consent of TLFF I;
and
- (h) until such amount is recorded as equity, the advance of capital from Michelin to RLU in accordance with the Samarinda Investment Agreement,

provided, in respect of paragraphs (a) to (g) above, that:

- (i) the aggregate principal amount outstanding under such financial indebtedness shall not exceed US\$120,000,000 (or its equivalent in other currencies) in aggregate at any time;
- (ii) the plantation schedule as represented per hectare of land for each calendar year shall not deviate above or below the predetermined plantation schedule by more than 10 per cent. in any calendar year (as set out in the Business Plan);
- (iii) RLU has provided updated financial projections to TLFF I showing that:
 - (A) the projected debt service coverage ratio will be at least 1.1 : 1; and
 - (B) the projected debt to equity ratio will be no more than 3.0 : 1 (on a consolidated basis), in each case calculated after taking into account such financial indebtedness and the use of proceeds in respect thereof; and
- (iv) no Default is continuing or would occur as a result of the incurrence of such Financial Indebtedness,

provided that the Obligors' Agent has delivered to the Agent and the Facility Manager (on behalf of the Lender) not later than five Business Days before incurring such Financial Indebtedness a certificate confirming or demonstrating (with calculations giving reasonable detail) that the conditions set out in paragraphs (i) to (iv) have been met),

and provided further in respect of paragraph (b) and (c) above:

- (v) a copy of the finance documentation in respect of such financial indebtedness is provided to TLFF I no later than 5 Business Days prior to their execution;
- (vi) if such financial indebtedness is (A) granted by TLFF I and funded by means of a subsequent issue of notes by TLFF I and is secured; or (B) secured using assets which are not subject to security under the Loan Security Documents referred to in the section titled "*Loan Security*" below, a mutually agreed intercreditor agreement in respect of the sharing of any security assets or the relevant ranking of creditors in an acceleration or enforcement situation is first put in place;
- (vii) at least 45 days prior notice is provided to the Agent and the Facility Manager (on behalf of the Lender) and the Facility Manager (on behalf of the Lender) has consented to the incurrence of such Financial Indebtedness (with such consent to be deemed to be provided if the Lender fails to respond to such request within 45 days of such request being made). In determining whether or not to provide its consent pursuant to this paragraph (vii), the Facility Manager may, but is not

obliged to, consult with the Lender (acting on the instructions of the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders, obtained in accordance with the Notes Trust Deed)) and/or the Facility Guarantor.

Loan Security

Payment of principal, interest and other amounts under the Loan Facility are or are expected to be secured by:

- (a) pledge over the shares in the share capital of LAJ held by RLU and RVP (the **“LAJ Share Pledges”**);
- (b) pledge over the shares in the share capital of MKC held by RLU and RVP (the **“MKC Share Pledges”**);
- (c) pledge over the shares in the share capital of WW held by RLU and RVP (the **“WW Share Pledges”**);
- (d) pledge over the shares in the share capital of RLU held by Michelin¹ (the **“RLU Share Pledge (Michelin)”**) and Satria Cemerlang (the **“RLU Share Pledges”**) and together with the LAJ Share Pledges, the MKC Share Pledges and the WW Share Pledges, the **“Borrower Share Pledges”**);
- (e) Fiducia Security over Vehicles, Machinery and Equipment granted by each of LAJ, MKC and WW (the **“Fiducia Security over Vehicles, Machinery and Equipment”**);
- (f) Fiducia Security over Inventory granted by each of LAJ, MKC and WW which shall include the plantation trees and other biological assets (the **“Fiducia Security over Inventory”**), and together with the Fiducia Security over Vehicles, Machinery and Equipment, the **“Fiducia Security”**);
- (g) a charge over the Escrow Account, the Interest Pre-funded Account and upon its opening, the Mandatory Prepayment Account (the **“RLU Account Charge”**), and together with the Borrower Share Pledges and the Fiducia Security, the **“Loan Security Documents”**); and
- (h) Indonesian law guarantees granted by each of RLU, LAJ, MKC and WW (the **“Guarantee Agreements (Indonesian law)”**).

Board Observer Rights

- (a) TLFF I (or the Facility Manager on behalf of TLFF I) is entitled to appoint one person (the **“Observer”**) to attend as an observer at each meeting of the advisory board of the Obligors overseeing environmental and social governance (the **“Advisory Board”**).
- (b) The Observer shall have no right to vote at such meetings of the Advisory Board.
- (c) For the avoidance of doubt, in the event the Observer (or her/his alternate) is not able to attend the Advisory Board meeting after having been delivered not less than 10 Business Days’ notice of meeting, the Advisory Board meeting

¹ The pledge over the shares in the share capital of RLU held by Michelin to be granted within 120 days after the date of the Loan Facility Agreement as a condition subsequent.

may proceed without the Observer in attendance.

- (d) The Obligors shall ensure the Advisory Board shall meet at least once per financial year.

Loan Event of Default

Any of the following events occurring or continuing (subject to the applicable grace / remedy period):

- (a) Failure to pay any sum when due, including but not limited to payment of the Reimbursement Amounts, the top-up of the Reserve Account by the Required Reserve Fund Top Up Amount and any payment into the Notes Interest Payment Account or Notes Principal Payment Account and such payment is not made within five (5) Business Days of its due date;
- (b) Breach of the Use of Proceeds, any covenant or financial ratio;
- (c) Breach of any obligation under the Finance Documents;
- (d) Misrepresentation;
- (e) Cross-default under other Financial Indebtedness;
- (f) Cross-default/breach of any shareholders' agreement between the Sponsors;
- (g) Insolvency, insolvency proceedings and/or creditors' process instituted against any member of the Group or Security Provider;
- (h) Failure to comply with court judgment or arbitral award by any member of the Group or Security Provider;
- (i) Unlawfulness or invalidity of any of the Finance Documents or performance thereunder;
- (j) Repudiation or rescission of any of the Finance Documents or Loan Security;
- (k) Cessation or suspension of business, or regulatory restrictions resulting in cessation or suspension of business, of any member of the Group;
- (l) Audit qualification;
- (m) Material litigation against any member of the Group or Security Provider;
- (n) Expropriation restricting the ability of any member of the Group or Security Provider to conduct its business;
- (o) Any law, regulation or action is imposed, issued, amended or taken by the Government of the Republic of Indonesia or by any Governmental Agency in, or of, Indonesia imposing foreign exchange controls or other restrictions which have or would reasonably be expected to have the effect of prohibiting, preventing or delaying the remittance to TLFF I of any amount due to TLFF I under the Finance Documents;
- (p) Moratorium on external indebtedness;
- (q) Fraud of any Obligor or Sponsor;
- (r) Adverse reputational risk for Finance Parties;
- (s) Failure to maintain Material Licenses and approvals;

- (t) Suspension of the development or operation of the Project;
- (u) Abandonment of the Project;
- (v) Material loss or damage to the Project and/or property relating to the Project;
- (w) A Supply Agreement is terminated, repudiated or ceases to be in full force and effect or if any notice of default is given under a Supply Agreement and such default would, in the opinion of TLFF I (or the Facility Manager on its behalf), have a Material Adverse Effect;
- (x) A Technical Assistance Agreement is terminated, repudiated or ceases to be in full force and effect or if any notice of default is given under a Technical Assistance Agreement and such default would, in the opinion of TLFF I (or the Facility Manager on its behalf), have a Material Adverse Effect;
- (y) Amendment to the constitutional documents of an Obligor or a Security Provider; or
- (z) Material adverse change.

Declaration of Loan Event of Default

A “**Potential Loan Event of Default**” shall be a Loan Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of the foregoing) constitute a Loan Event of Default.

Payment related default

The Facility Agent shall monitor the TLFF I USD Accounts (save for the Reserve Account) on an ongoing basis to determine whether any payment related Potential Loan Event of Default has occurred or is continuing. Other than as specified in the Facility Management Agreement and/or the other Transaction Documents that the Facility Agent or the Facility Manager are party to, respectively, neither the Facility Agent nor the Facility Manager shall have any obligation to monitor compliance by the Borrowers with their other obligations under the Loan Facility.

Upon the Facility Agent becoming actually aware that a payment related Potential Loan Event of Default has occurred or is continuing, it shall immediately notify TLFF I, the Facility Manager, the Notes Trustee and the Transaction Administrator of such Potential Loan Event of Default.

Upon receiving such notice from the Facility Agent, the Facility Manager shall immediately take the actions described in paragraphs (a) and (b) of “*The Facility Guarantee – Reasonable Collection Efforts*” below.

Upon expiry of the relevant grace period, the Facility Agent shall immediately notify TLFF I, the Facility Manager, the Notes Trustee and the Transaction Administrator of whether such payment related Potential Loan Event of Default has been cured/remedied by the relevant parties within the grace period or whether it has become a Loan Event of Default.

Non-payment related default

If the Facility Agent receives notice from any party to the Loan Facility Agreement and/or the Facility Management Agreement informing it of a Potential Loan Event of Default, the Facility Agent shall forward such notification to TLFF I, the Facility

Manager, the Notes Trustee and the Transaction Administrator.

Upon receiving any notice of Potential Loan Event of Default (as forwarded to it by the Facility Agent), the Facility Manager shall immediately take the actions described in paragraphs (a) and (b) of “*The Facility Guarantee – Reasonable Collection Efforts*”.

Following discussions with the Facility Manager in accordance with paragraph (b) of “*The Facility Guarantee – Reasonable Collection Efforts*” below, the Borrowers shall promptly notify the Facility Agent of any remedial action taken to cure the Potential Loan Event of Default and any information or documentation necessary or useful to demonstrate such cure; and the Facility Agent shall forward such notification to TLFF I, the Facility Manager, the Notes Trustee and the Transaction Administrator.

The Notes Trustee shall provide a copy of all notices or recommendations received from the Borrowers, the Facility Agent or the Facility Manager (if any) to the Noteholders in accordance with the provisions of the Notes Trust Deed.

Following such notifications, in respect of any non-payment-related Potential Loan Event of Default, the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders) shall (on behalf of TLFF I) determine whether or not the relevant Potential Loan Event of Default has been cured/remedied or has become a Loan Event of Default, and inform the Facility Agent of such determination; and the Facility Agent shall notify the Facility Manager of the same.

All Loan Events of Default (payment related or otherwise)

If the Facility Manager is notified by the Facility Agent that a Loan Event of Default has occurred, it shall instruct TLFF I to deliver, and procure such delivery by TLFF I, of the Notice of Loan Acceleration.

For the avoidance of doubt, for a payment related Loan Event of Default, the Facility Agent shall notify the Facility Manager of the occurrence of the Loan Event of Default accordingly upon the expiry of the 5 Business Day grace period without the need for any determination by the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders).

Notice of Loan Acceleration

If a Loan Event of Default exists and is notified by the Facility Agent to the Facility Manager, the Facility Manager shall procure the delivery by TLFF I of a notice to the Borrowers, with a copy to the Notes Trustee, the Facility Agent, the Facility Manager, the Account Bank (RLU), the Account Bank (CCR) and the Transaction Administrator, to declare that the Loans are immediately due and payable (a “**Notice of Loan Acceleration**”). Such Notice of Loan Acceleration shall be sent within 3 Business Days of such notification to the Facility Manager.

Upon such Notice of Loan Acceleration being sent to the Borrowers, the Facility Manager shall be required to carry out, or, as the case may be, to coordinate the carrying out of, further actions described in “*The Facility Guarantee – Reasonable Collection Efforts*”.

Reimbursement Amounts

The Borrowers shall from time to time and on demand pay the Facility Manager, the Facility Guarantor, the Notes Trustee, the Account Bank, the Rating Agency(ies) and all other trustees, agents or parties involved in the Transaction (or reimburse TLFF I, to the extent payment has been made or incurred by or on behalf of TLFF I to such party):

- (a) any taxes, fees, costs, charges, liabilities, expenses or losses (including

enforcement costs and indemnity claims) of itself or any other person as set out in, and which rank above the Noteholders in accordance with, the relevant Priority of Payments;

- (b) any other fees, costs and expenses arising under the Finance Documents and the Facility Guarantee in respect of or in connection with the provision of the Loans by TLFF I;
- (c) any fees, costs and expenses incurred in respect of the Notes by TLFF I; and
- (d) TLFF I's corporate maintenance fees.

On the tenth Business Day prior to (during the Initial Period) each Notes Interest Payment Date or (after the Initial Period) each Relevant Date (as defined in the section "*Reserve Account*" above), the Transaction Administrator shall notify the Facility Agent of the Reimbursement Amounts and the Facility Agent shall on the same day notify the Borrowers of the same. The Borrowers shall on or prior to the fifth Business Day prior to (during the Initial Period) such Notes Interest Payment Date or (after the Initial Period) such Relevant Date deposit such Reimbursement Amounts into the Notes Interest Payment Account for distribution in accordance with the relevant Priority of Payments on the immediately following Notes Interest Payment Date.

Reimbursement Amounts due and payable on or prior to the Utilisation Date were paid in accordance with the Closing Cashflow Agreement.

Covenants

The Obligors provide positive and negative covenants customary for transactions of this nature, including (without limitation):

(a) Affirmative Covenants

- (i) Maintenance of (i) all authorisations required to perform its obligations under the Finance Documents, each Supply Agreement and each Technical Assistance Agreement and (ii) all Material Licenses.
- (ii) Compliance with applicable laws and regulations including (without limitation) filing and/or reporting obligations, any obligation to obtain relevant Material Licenses for business operations and any applicable Bank of Indonesia filing and/or reporting requirements.
- (iii) Ensure it will not (and will ensure that no other member of the Group will) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital); repay or distribute any dividend or share premium reserve; pay or allow any member of the Group to pay any management, advisory or other fee to or to the order of any of the shareholders or any Sponsor Affiliate; or redeem, repurchase, defease, retire or repay any of its share capital or resolve to do any of the foregoing (together, the "**Permitted Distributions**"), unless:
 - (A) the debt service coverage ratio is at least 1.25x as at the most recent test and as re-calculated immediately prior to such payment;
 - (B) no Loan Event of Default has occurred or is continuing with respect to the Borrowers;

- (C) such Permitted Distribution would not result in the financial covenant tests not being complied with for the Relevant Period first ending after the payment of such distribution (calculated on a pro forma basis as if the Permitted Distribution had already been made) (provided that if the relevant Permitted Distribution is completed prior to the first financial covenant test date, the financial covenant tests for the first financial covenant test date shall be used); and
 - (D) the Obligors' Agent has delivered to the Agent and the Facility Manager (on behalf of the Lender) prior to such Permitted Distribution being made a certificate signed by one director or one authorised signatory (being the chief financial officer or the chief executive officer) of the Obligors' Agent confirming or demonstrating (with calculations giving reasonable detail) that each of the conditions set out in paragraphs (A) to (C) above have been met).
- (iv) Preservation of assets in good working order for business operations.
 - (v) Compliance with applicable Environmental Law, and maintain any requisite Environment Permits.
 - (vi) Compliance with the FCPA, other anti-corruption laws and sanctions.
 - (vii) Payment of taxes.
 - (viii) Maintenance of customary insurances with endorsements in favour of TLFF I.
 - (ix) Permit TLFF I, the Agent or the Facility Manager free access to conduct annual site visits with reasonable prior notice to the Borrowers.
 - (x) Maintain and preserve its intellectual property assets.
 - (xi) Ensure the performance of, and enforcement of rights under, the Supply Contracts.
 - (xii) Ensure no material amendment to the Supply Agreements.
 - (xiii) Utilisation of the Loans in line with their purposes.
 - (xiv) Maintain the Financial Ratios, which shall be tested on a semi-annual basis.
 - (xv) Before the Loans are repaid, each Obligor is obliged to:
 - (A) Supply the Facility Agent copies of:
 - (I) its audited financial statements within 150 days after the end of each of its Financial Years;
 - (II) half-yearly financial statements within 90 days after the end of the first half of each of its Financial Years; and
 - (III) an Annual Budget for each Financial Year by no later than 31 January of that Financial Year and where applicable, the updated Business Plan.
 - (B) Deliver a presentation to the Finance Parties on the business and financial performance of the Group on an annual basis or more frequently if the Facility Agent or the Facility Manager (on behalf of the Lender) reasonably suspects a Default is continuing.

(C) Notify TLFF I of:

- (I) any litigation with any other party which may have a material adverse effect on the Obligors;
- (II) any litigation between BOD/BOC with shareholders, or among BOD/BOC or shareholders;
- (III) material changes of Borrowers' financial or business prospects which may affect Borrowers' ability to pay-off debt; and
- (IV) any other matter which alter business prospect and Borrowers' ability to pay off the debt.

(b) **Negative Covenants**

Before the Loans are fully repaid, without prior written approval from TLFF I, the Obligors are prohibited from conducting the following:

- (i) Creating or permitting to subsist any security over its assets, other than for Permitted Security.
- (ii) Selling, leasing, transferring or otherwise disposing of any assets, other than for Permitted Disposals.
- (iii) Entering into related party transactions except in the ordinary course of trading on arm's length terms and for full market value.
- (iv) Standing as a creditor in respect of any Financial Indebtedness other than for Permitted Loans.
- (v) Guaranteeing any obligation other than for Permitted Guarantees.
- (vi) Incurring or allowing to remain outstanding any financial indebtedness other than for Permitted Financial Indebtedness.
- (vii) Issuing shares or granting options, warrants over the share capital of any member of the Group except pursuant to a Permitted Share Issue or the option to purchase shares in RLU pursuant to the original form of the Shareholders' Agreement.
- (viii) Undertaking a merger or consolidation, or acquiring any business other than a Permitted Acquisition.
- (ix) Changing the nature of its present business of operations.
- (x) Acquiring or investing in any business or any share issued by any person.
- (xi) Entering into a joint venture.
- (xii) Ensuring no registered lobbyists make lobbying contacts on its behalf in connection with the transaction.
- (xiii) Changing its auditors except with the consent of the Lender or to a recognised firm of independent auditors of international standing or its Accounting Reference Date.

Cross-Guarantee

The Borrowers have each provided joint and several guarantees of each others' obligations in respect of the Finance Documents.

Financial Ratios

With respect to each half-year period of each Financial Year, commencing with the half-year period ending 30 June 2021, the Borrowers (on consolidated basis) shall maintain the following financial ratios:

- (a) Debt to Equity Ratio shall not be more than 3.0:1; and

ESG Monitoring and Evaluation	<p>(b) Debt Service Coverage Ratio shall not be less than 1.1:1.</p> <p>The Borrowers commit to adhering with the TLFF ESG Standards (see “<i>Environmental, Social & Governance Standards of The Issuer</i>” section).</p> <p>The Facility Manager is responsible for ongoing monitoring of compliance with TLFF ESG Standards, with annual reporting based on a pre-agreed ESAP (as amended and restated from time to time) with milestones for the implementation of measures to address the risks identified in the ESG Due Diligence Report and to comply with the TLFF ESG Standards.</p>
Representations and Warranties	<p>The Borrowers provide positive and negative continuing representations and warranties customary for financing of this nature as defined by TLFF I including (without limitation) environmental and social compliance, planning approvals, zoning, no litigation (other than as disclosed), due capacity, solvency, full unencumbered title to its properties (save for the existing security in favour of Soc Gen and BNI (where that in favour of BNI shall be fully released on or about the utilisation date of the Loans), that has been disclosed to TLFF I), legality, full disclosure, no misleading information, accuracy of financial statements, enforceability and Borrowers’ corporate governance and taxes etc., subject to customary lenders’ counsel reservations and disclosures to lenders.</p> <p>Additional representations also apply in respect of, amongst other things, environmental, social, anti-terrorism and integrity/corruption matters.</p>
Conditions Precedent / Conditions Subsequent	<p>Customary for this type of transaction, including, but not limited to:</p> <p>Conditions precedent</p> <ul style="list-style-type: none"> (a) No default or event of default is continuing in respect of the Borrowers. (b) The constitutional documents of each Obligor and Security Provider. (c) All required corporate, regulatory, shareholders’ or other approvals required for execution of the Finance Documents. (d) Execution of the Loan Facility Agreement, the Guarantee Agreements (Indonesian law), the Indonesian Subordination Agreement, the Escrow Account Agreement, the Facility Letter, the Closing Cashflow Agreement, the Michelin Undertaking and any fee letters. (e) Execution, registration of the RLU Account Charge, Borrower Share Pledges (other than the RLU Share Pledge (Michelin)), Fiducia Security and other security documentation and a letter from the relevant notary in relation to the share pledges, fiducia security, the Indonesian law guarantee agreement and the related power of attorneys. (f) Execution of the Account Bank Agreement (RLU). (g) Opinion(s) of independent legal counsel in connection with the enforceability of the finance and security documentation. (h) Evidence of the appointment of a process agent in each relevant jurisdiction. (i) Original Financial Statements of each obligor. (j) Legal, financial, technical and tax due diligence satisfactory to the Arranger. (k) Environmental due diligence satisfactory to the Facility Manager. (l) The first Annual Budget for the Financial Year ending 31 December 2017 and the Business Plan (with the Sources and Uses Budget attached as a schedule thereto). (m) Establishment of the Funding Account, Escrow Account, Notes Principal

Payment Account, Notes Interest Payment Account, Reserve Account, First Loss Reserve Account, Interest Pre-funded Account, the Contingency Cash Reserve Account and the Guarantee Payment Account with the Account Bank, the Account Bank (RLU), the Account Bank (CCR), the Escrow Account Bank or the Funding Account Bank (as applicable).

- (n) Completion by the Lender of all “know you customer” or other similar identification procedures.
- (o) Evidence that all fees, costs and expenses have been or will be paid by the Utilisation Date.
- (p) Execution of all necessary offshore finance documentation and delivery of requisite condition precedent documentation, including, without limitation, this Offering Circular, the ESAP, the ESG Due Diligence Report and entry into the Facility Guarantee.
- (q) Evidence from BNI confirming the amount outstanding under the Existing BNI Facility as at the proposed Utilisation Date (or such other date as agreed) and that, immediately upon receipt by BNI of the Refinancing Amount, the Existing BNI Security will be unconditionally and irrevocably discharged and released.
- (r) Executed copy of the Master Commercial Agreement, the Technical Assistance Agreement and the Shareholders Agreement are provided.
- (s) Subject to the applicable laws and regulations, Borrowers are responsible to ensure that all material permits and licenses necessary in accordance with applicable law for the conduct of its business are in place prior to loan finalisation.
- (t) Executed copy of the keepwell support deed between the Issuer, the Borrowers and the Sponsors (the “**Keepwell Deed**”) (see the “*The Keepwell Deed and Comfort Letters*” section below).
- (u) Executed copy of the letter of comfort from Michelin to the Lender (the “**Michelin Comfort Letter**”) (see the “*The Keepwell Deed and Comfort Letters*” section below).
- (v) Executed copy of the letter of comfort from Satria Cemerlang to the Lender (the “**Satria Cemerlang Comfort Letter**” and together with the Michelin Comfort Letter, the “**Comfort Letters**”) (see the “*The Keepwell Deed and Comfort Letters*” section below).
- (w) Evidence of reporting of the Loan Facility Agreement and each Guarantee Agreement (Indonesian Law) by the Borrowers and the Guarantors, respectively, to the Ministry of Finance and the Team of Offshore Commercial Loans (Tim PKLN) in compliance with applicable regulations.
- (x) A list of insurance policies of the Group and summary information in relation thereto.
- (y) Confirmation that the conditions set out in clause 3.1 (Conditions) of the Samarinda Investment Agreement (other than receipt of the BKPM approval) have been fulfilled and evidence that the advance of capital from Michelin to RLU in accordance with the Samarinda Investment Agreement has been recorded as equity in the accounts of the Obligors’ Agent.

Conditions subsequent

As usual for this type of transaction, including, but not limited to:

- (a) Before the 15th day of the month following the month in which the Loan Facility Agreement or each Guarantee Agreement (as the case may be) are executed, evidence that the Loan Facility Agreement and such Guarantee Agreement has been reported by each Borrower or each Guarantor to Bank Indonesia in compliance with applicable regulations.
- (b) On the Utilisation Date, a notarial letter confirming that the Acknowledgement of Indebtedness has been duly executed.
- (c) Within 11 Business Days after the Utilisation Date, a copy of all documents required to perfect the security interest under the Borrower Share Pledges (other than the RLU Share Pledge (Michelin)).
- (d) Within 11 Business Days after the Utilisation Date, evidence that the annotation of each pledge of shares forming part of the Existing BNI Security has been deleted and the certified true copy of the share register books of LAJ, MKC and WW evidencing the annotation of the relevant Borrower Share Pledges.
- (e) Within 11 Business Days after the Utilisation Date, evidence that the existing fiducia security over the Existing BNI Security has been duly released and delivery of the certificates of fiducia in connection with the Fiducia Security.
- (f) Within 11 Business Days after the Utilisation Date, if applicable, copies of any further notices required to be given pursuant to the RLU Account Charge.
- (g) Execution of Bahasa language version of all English language Finance Documents acceptable to TLFF I and the Borrowers within sixty (60) days of execution of the English law version of that Finance Document.
- (h) Within six (6) Business Days after the Utilisation Date, written confirmation from BNI that all amounts outstanding under the Existing BNI Facility have been repaid and the Obligors are under no further obligations thereunder and that the Existing BNI Security has been irrevocably and unconditionally discharged and released.
- (i) No later than 90 days after the Utilisation Date, the restated ESAP satisfactory to TLFF I and the Facility Manager.
- (j) No later than 120 days after the date of the Loan Facility Agreement, a notarial letter confirming that the RLU Share Pledge (Michelin) has been duly executed and a copy of all other documents required to perfect the security interests in the RLU Share Pledge (Michelin).
- (k) The constitutional documents of and all required corporate, regulatory, shareholders' or other approvals required by Michelin for the execution of the RLU Share Pledge (Michelin).
- (l) Opinions from independent legal counsel in connection with the enforceability of the RLU Share Pledge (Michelin).
- (m) With respect to the business licences of forestry activity of LAJ, MKC and WW:
 - (i) By no later than 28 February 2018, evidence that an application letter has been submitted by MKC or on its behalf to BKPM for the foreign investment business license (the "MKC Permanent Business License").
 - (ii) By no later than 31 March 2018, evidence that an application letter

has been submitted by LAJ and WW or on each of their behalf to BKPM for the extension of each of their principle licenses.

- (iii) By no later than 28 April 2018 (in the case of LAJ) and 29 April 2018 (in the case of WW), a copy of the letter from BKPM approving the extension of the principle licenses of LAJ and WW.
- (iv) By no later than 29 April 2018 (being the date of expiry of MKC's current principle license), a copy of the MKC Permanent Business License awarded by BKPM.

Taxes and Duties

All taxes and duties shall be borne by the respective parties in accordance with applicable law, provided however that if any payment of principal or interest under the Loan Facility Agreement is subject to withholding or deduction for or on account of any present or future taxes, the Borrowers shall be obliged to pay additional amounts to TLFF I in respect of such withholding or deduction.

Limited Recourse and Non-Petition

Recourse against TLFF I, and the liability of TLFF I, in relation to its obligations under the Loan Facility Agreement, shall be limited to the amounts from time to time available in accordance with, and in the order of priorities set out in the Transaction Administration Agreement (see “*The Transaction Administration Agreement – Priority of Payments*” provisions).

Accordingly, no parties shall have any claim or recourse against TLFF I in respect of any amount which is or remains, or will remain, unsatisfied when no further amounts are receivable or recoverable after the assets of, or the security granted by, TLFF I have been applied in accordance with the provisions of the Transaction Documents (in particular, the relevant Priority of Payments in the Transaction Administration Agreement), and any unsatisfied amounts shall be waived and extinguished.

None of the Noteholders or other parties to the Transaction Documents shall have any recourse whatsoever against the Arranger and Lead Manager, Facility Manager, Back-Up Facility Manager, Account Bank, Escrow Account Bank, Account Bank (RLU), Account Bank (CCR), Principal Paying Agent or Transfer Agent. Each of the parties to the Transaction Documents acknowledges and agrees that TLFF I's obligations are corporate obligations of TLFF I and that each such party shall not have any recourse against any of the directors, officers, employees or agents of TLFF I for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with any transactions contemplated by any Transaction Document.

Costs and Expenses

The Borrowers shall be jointly and severally liable for all reasonably incurred costs and expenses in relation to the Loan Facility, the Facility Guarantee and the Notes, including, and not limited to, technical, financial, tax and environmental due diligence and legal and transaction costs, and costs of any enforcement of any of the Transaction Documents will be borne by the Borrowers (whether or not the transaction is consummated).

If the transaction is consummated, TLFF I's costs and expenses in relation to the Loan Facility, the Facility Guarantee and the Notes will be deducted from the proceeds of the first drawdown of the Loan Facility.

Transferability

TLFF I's interest in the Finance Documents is freely transferable, subject to each of the Facility Guarantor's and the Notes Trustee's consent. Unless an Event of

Default is continuing, TLFF I shall give at least 25 Business Days' prior notice to the Obligors' Agent of an assignment or transfer of the Loan Facility Agreement to a competitor.

The Borrowers cannot transfer all or part of its rights and obligations under the Loan Facility Agreement without prior written consent from TLFF I.

Law

The Loan Facility Agreement is governed by English Law. See "*The Notes – Governing Law*" section above for further information.

THE FACILITY GUARANTEE

Pursuant to the Facility Guarantee, USAID has agreed to guarantee a portion of any net losses of principal by TLFF I under the Loan Facility.

Principal features of the Facility Guarantee

Facility Guarantee	The Facility Guarantee provided by USAID under the Loan Guarantee Agreement dated 18 September 2017 (as amended and restated on 19 January 2018), Guarantee No. 497-DCA-17-011 (the “ Facility Guarantee ”).
Facility Guarantor	The United States Agency for International Development (“ USAID ”) on behalf of the United States of America.
Guaranteed Party	TLFF I
Currency	US Dollars
Maximum Cumulative Disbursements Amount	US\$95,000,000
Adjusted Guarantee Percentage	Guarantee Percentage X 70 / 95 = 36.84%
Guarantee Percentage	50% of the Guaranteed Party’s net losses of principal only with respect to the Guaranteed Loan Portion, not to exceed the Guarantee Ceiling.
Guarantee Ceiling	Thirty Three Million Two Hundred and Fifty Thousand US Dollars (US\$33,250,000), which represents USAID’s maximum liability.
Payment under the Facility Guarantee	<p>Under the Facility Guarantee, the Facility Guarantor will provide a guarantee in respect of fifty per cent. of any net losses of principal by TLFF I of the US\$70,000,000 guaranteed loan portion (the “Guaranteed Loan Portion”) of the Loan(s) by TLFF I granted under the US\$95,000,000 Loan Facility.</p> <p>The amount of the claim will be equal to the lower of:</p> <ul style="list-style-type: none"> (a) Guarantee Percentage multiplied by the Facility Net Loss Amount for the Guaranteed Loan Portion; and (b) the Guarantee Ceiling, <p>(the “Guarantee Claim Payment”).</p>
Guaranteed Loan Portion	The Guaranteed Loan Portion will reduce pro rata with the remaining portion of the Loan for any scheduled repayment or prepayment of the Loan such that USAID’s Guaranteed Loan Portion will always be equal to 70/95 of the outstanding principal amount of the Loan.
First Loss Amount	US\$4,750,000 (5 per cent. of the Maximum Cumulative Disbursements Amount).
First Loss Coverage Amount	US\$3,500,000 (5 per cent. of the Maximum Cumulative Disbursements Amount of the Guaranteed Loan Portion).
Facility Net Loss Amount	<p>Defaulted principal amount (excluding any default interest payments)</p> <p><i>less</i></p> <ul style="list-style-type: none"> (a) recoveries received by TLFF I from the occurrence of a Loan Event of Default to the date of the request for payment of claim form (net of any default interest payments); and (b) the First Loss Amount as of the date of the request for payment of claim

form.

For the avoidance of doubt, the claim that may be submitted to USAID is only for those losses of the Guaranteed Loan Portion in excess of the First Loss Coverage Amount and up to the Guarantee Ceiling.

Reasonable Collection Efforts

The payment of the Guarantee Claim Payment by the Facility Guarantor is subject to Reasonable Collection Efforts first having been made by TLFF I (or the Facility Manager on its behalf).

Where “**Reasonable Collection Efforts**” shall mean:

- (a) delivery of a notice of Potential Loan Event of Default to the Borrowers, with demand for remedy within a specified period;
- (b) reasonable investigation of the likelihood of repayment before declaring a default (including discussions with the Borrowers for any remedy actions);
- (c) sending a notice of Loan Event of Default and acceleration of the Loan to the Borrowers and any other entity that may be liable on the Loan pursuant to agreement with the Borrowers or by operation of law;
- (d) freezing of offshore accounts (if any) and/or drawdown of any reserves (if needed);
- (e) reasonably pursuing, collecting, and accepting payments to cure any payment defaults by the Borrowers;
- (f) exercising rights of collateral (which, for the avoidance of doubt, shall include parent guarantees from the parent company and affiliate guarantees from affiliated companies with respect to the Borrowers) (unless waived by the Facility Guarantor in writing pursuant to a written request and explanation by (or on behalf of) TLFF I);
- (g) exercising setoff rights or other rights of TLFF I under the Loan Facility Agreement and the relevant Loan Facility Security Documents; and
- (h) any other action that is standard or reasonable as part of the Guaranteed Party’s standard repayment collection process.

For the avoidance of doubt, “Reasonable Collection Efforts” is not required to include the issuance of any preliminary or final order of any court or other authority or legal or other proceeding against the Borrowers.

Coverage Expiration Date

Sixteen years from 18 September 2017.

First Date of Disbursement of the Loan

The first and only disbursement of the Loan must occur by 31 March 2018.

Final Date for Submitting Claims

180 days after the Coverage Expiration Date, provided that no claims may be submitted in connection with any default on the Loan that occurs after the Coverage Expiration Date.

Taxation

The Guaranteed Party agrees to pay all taxes imposed by any government authority in the Borrowers’ country (and/or its countries, if applicable), including any interest and penalties, if any, on or with respect to the Facility Guarantee, and shall indemnify USAID against any such taxes that may be imposed upon USAID in connection with the Facility Guarantee.

Payment Timeline

Submission of Claim

The Guaranteed Party shall make a claim with respect to the Loan by submitting to USAID a claims form. No claim relating to the Guaranteed Party’s losses in

connection with the Loan Facility shall be honoured by USAID unless the Guaranteed Party certifies to USAID, and USAID thereafter reasonably determines, that the following requirements have been met:

- (a) the total outstanding principal amount of the Loan Facility has become immediately due and payable (i.e. a Loan Event of Default), and the Guaranteed Party has made a written demand upon the defaulting Borrower(s) for full payment of all amounts due and payable;
- (b) Reasonable Collection Efforts have been diligently pursued against the defaulting Borrower(s) and any other entity that may be liable to make payment under the Loan Facility Agreement, in accordance with applicable law and standard banking practice in the Borrower(s)' country for a period of up to ninety (90) days;
- (c) after such collection activities, the Guaranteed Party has either (1) certified to USAID that it has written off the entire outstanding balance (including principal and interest) of the Loan as a bad debt expense; or (2) certified to USAID that it (A) is unable, because of a legal impediment or significant impracticality, to take the action described in (1) above, and (B) has established a specific provision of funds (which is evidenced on its balance sheet or income statement) for possible loan losses associated with the default by the defaulting Borrower, and the amount of such provision equals or exceeds twenty percent (20%) of the amount of defaulted principal; and
- (d) the Guaranteed Party has provided evidence satisfactory to USAID that: (1) the claim submitted to USAID is only for those losses of the Guaranteed Loan Portion in excess of the First Loss Coverage Amount and up to the Guarantee Ceiling and (ii) the claim submitted to USAID is not for any unrecovered portion of the First Loss Coverage Amount.

Approval of Claim and Payment

Upon approval of a claim for payment by USAID and subject to the Guarantee Ceiling, USAID shall pay to the Guaranteed Party the approved amount of the claim in the Currency of guarantee payment.

For the avoidance of doubt, USAID shall have 15 business days to review a claim and either (i) certify that sufficient documentation has been received or (ii) request additional information regarding the claim submission.

Once the claim is approved, USAID shall make the claim payment within 135 calendar days from the date the claim has been submitted. USAID shall have the right to reduce the amount of payment of any claim by the amount of any unpaid utilisation fees in respect of the Facility Guarantee.

Guarantee Payment Account

The Guaranteed Party established an offshore bank account in Hong Kong with the Account Bank for the deposit of any payments made by the Facility Guarantor.

Payment of Claim Period

The period beginning after the submission of a claims notice to the Facility Guarantor under the Facility Guarantee and ending on the earlier of:

- (a) the day of payment of the Guarantee Claim Payment by the Facility Guarantor; and
- (b) 135 calendar days from the date the claim has been submitted under section 4.05 (*Payment of Claim*) of the Facility Guarantee.

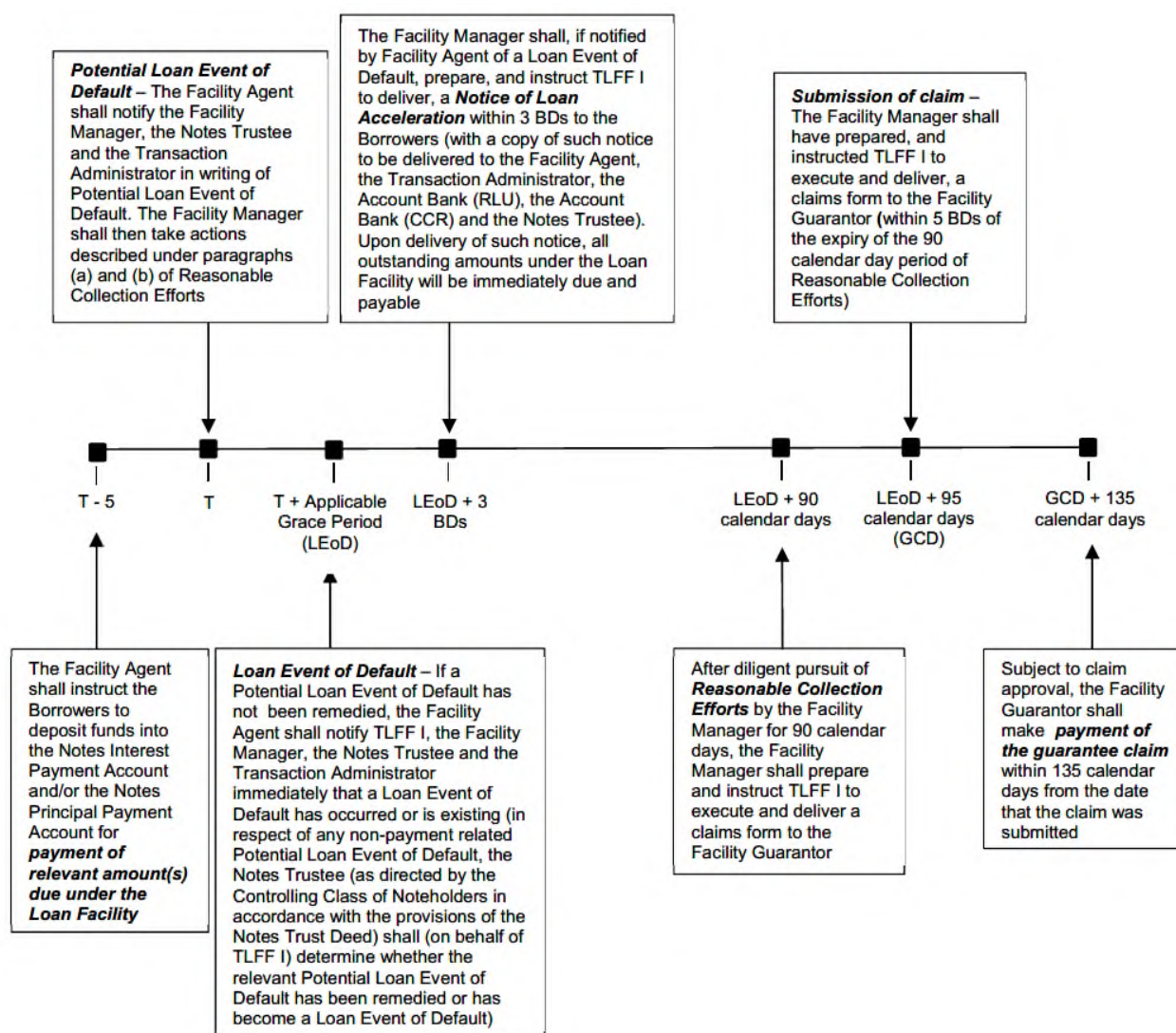
Restrictions on Transferability

No assignment or transfer of any of the Guaranteed Party's, the Facility Manager's or the Back-Up Facility Manager's rights or obligations under the Loan Facility Agreement, the Loan or the Facility Guarantee shall be made without the prior written consent of USAID, such consent not to be unreasonably withheld (save for any assignment or transfer of rights or obligations by the Facility Manager under the Facility Guarantee to the Back-Up Facility Manager).

Governing Law and Dispute Resolution

The Facility Guarantee is governed by and shall be construed in accordance with the laws of the State of New York of the United States of America.

Facility Guarantee Claim Timeline*



T = (i) the payment due date under the Loan Facility and, if the Borrowers fail to deposit payment amount(s) due to be made into the Notes Interest Payment Account and/or the Notes Principal Payment Account on such date, the date of payment related Potential Loan Event of Default or (ii) the date on which the Facility Agent receives notice under the Facility Agreement and/or the Facility Management Agreement from any party thereto informing it of the occurrence of a non-payment related Potential Loan Event of Default

Applicable Grace Period = 5 BDs for a payment related Potential Loan Event of Default

*The above Facility Guarantee Claim Timeline is a diagrammatic summary of the claim process under the Facility Guarantee and should be read in conjunction with the relevant provisions of this Offering Circular and the Transaction Documents.

THE FACILITY MANAGEMENT AGREEMENT

Pursuant to the Facility Management Agreement, TLFF I has appointed the Facility Manager to provide certain services in respect of the Loan Facility.

Facility Manager's Role

The Facility Manager shall provide the following services in respect of the Loan Facility:

- (i) coordinating and pursuing Reasonable Collection Efforts (as required under the Facility Guarantee) on behalf of TLFF I against the Borrowers following the occurrence of a Potential Loan Event of Default or Loan Event of Default under the Loan Facility Agreement (including, for the avoidance of doubt, the continued pursuit of such reasonable collection efforts (including exercising rights of collateral enforcement) at its discretion after the claim under the Facility Guarantee has been paid, subject to first having agreed with the Notes Trustee (on behalf of the Controlling Class of Noteholders) on its payment, pre-payment and/or indemnification in respect thereof);
- (ii) coordinating and making claims under the Facility Guarantee on behalf of TLFF I (including providing, or procuring the provision of, any requisite action, documentation or evidence in connection therewith by or on behalf of TLFF I under the Facility Guarantee);
- (iii) providing advice and assistance to TLFF I in connection with its establishment, and maintenance of an environmental and social policy based on the TLFF ESG Standards; and
- (iv) monitoring the implementation and compliance with TLFF ESG Standards as described in "*The Loan Facility Agreement – ESG Monitoring and Evaluation*" section above,

in each case subject to the terms and conditions of the Facility Management Agreement.

Instructions or Directions to the Facility Manager

In pursuing Reasonable Collection Efforts involving enforcement of collateral rights under the Loan Facility Agreement, the Facility Manager shall be entitled to consult with and take instructions from the Facility Guarantor in respect of such matters (or, if the Facility Guarantor has paid the claim under the Facility Guarantee, the Notes Trustee) and shall not be liable for any act (or omission) if the Facility Manager acts (or refrains from taking action) in accordance with such instructions.

The Facility Manager shall be similarly entitled to instruct and procure that TLFF I shall consult and take instructions from the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders) (i) if the Facility Guarantor rejects, or fails to make payment in respect of, a claim under the Facility Guarantee, in respect of any action to be taken against the Facility Guarantor or (ii) if the Facility Guarantor has approved a claim made under the Facility Guarantee, in respect of the continuation of Reasonable Collection Efforts. In each case, the Facility Manager shall not be liable for any act (or omission) if the Facility Manager acts (or refrains from taking action) in accordance with such instructions.

At any time after the expiry of the Payment of Claim Period, the Facility Manager is not required to take action (including, without limitation, following the instructions of the Notes Trustee) unless the Facility Manager has first agreed with TLFF I (acting on the instructions of the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders)) on payment (or pre-payment) and/or indemnification in respect of the Facility Manager's fees, expenses and any relevant indemnities, including from the Contingency Cash Reserve in respect thereto.

The Facility Manager shall not be liable to any person in respect of any delay or failure of TLFF I to take any action recommended to be taken by it in respect of any actions required to be done by TLFF I in pursuing Reasonable Collection Efforts under the Facility Guarantee.

Facility Manager Termination Event

TLFF I, as directed by the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders), may terminate the appointment of the Facility Manager if any of the following events occurs:

- (i) other than a Facility Guarantee Breach, the Facility Manager defaults in the performance or observance of any of its material covenants and obligations under the Facility Management Agreement and (except where such default is incapable of remedy) such default continues unremedied for a period of 30 Business Days following delivery of notice of such default by the Notes Trustee (acting on the instruction of the Controlling Class of Noteholders), and which default is, or is likely in the opinion of the Notes Trustee (as instructed by the Controlling Class of

Noteholders) to be, materially prejudicial to the interests of the Noteholders or, in the case of a default which is incapable of remedy, such default has a Material Adverse Effect;

- (ii) an insolvency event (as set out under the Facility Management Agreement) occurs in relation to the Facility Manager;
- (iii) there is a suspension, revocation, termination or withdrawal of any approval, authorisation, consent or licence required by the Facility Manager to carry out any of its duties or obligations under the Facility Management Agreement to which it is a party and such suspension, revocation, termination or withdrawal has a Material Adverse Effect; or
- (iv) any of (each a “**Facility Guarantee Breach**”):
 - (a) a Termination Event (as defined in the Facility Guarantee) existing as a result of the Facility Manager having committed a material breach of the Facility Guarantee and the Facility Manager, TLFF I or the Facility Guarantor has received notice (or copy thereof) from any of the other two parties under the Facility Guarantee notifying of the existence of such Termination Event, whereupon the Facility Manager’s appointment shall be terminated automatically with immediate effect (subject to a remedy period of 10 New York business days if the relevant breach is remediable); or
 - (b) the earliest to occur of (i) receipt by the Facility Manager, TLFF I or the Facility Guarantor of any notice (or copy thereof) from any of the other two parties under the Facility Guarantee notifying of the existence of a Termination Event (as defined in the Facility Guarantee) in respect of the Facility Manager other than a result of the Facility Manager having committed a material breach of the Facility Guarantee or (ii) notification in writing by the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders, obtained in accordance with the Notes Trust Deed) to the Facility Manager that the Facility Manager has engaged in gross negligence, fraud or misrepresentation with respect to the Facility Guarantee or any transaction contemplated thereunder, whereupon the Facility Manager’s appointment shall be terminated automatically with immediate effect.

No termination of the Facility Manager’s appointment by TLFF I shall take effect until the date that a successor facility manager has been appointed that has been approved or pre-approved by TLFF I, the Facility Guarantor and (if such successor facility manager is not the Back-Up Facility Manager) the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders, obtained in accordance with the Notes Trust Deed), save for automatic termination following a Facility Guarantee Breach (as described in item (iv) above).

If the Facility Manager is terminated, it shall be replaced by the Back-Up Facility Manager in accordance with “Facility Manager Replacement” below.

Facility Manager Resignation

The Facility Manager shall be permitted to resign without cause at any time by delivery of ninety (90) calendar days’ notice to TLFF I (with a copy to the Facility Guarantor, the Facility Agent, the Back-Up Facility Manager, the Notes Trustee and the Transaction Administrator), provided that no such termination shall be effective until the date of appointment by TLFF I of any replacement or successor facility manager that is the Back-Up Facility Manager or any other successor or replacement that has been appointed in accordance with the terms of the Facility Management Agreement.

Facility Manager Replacement

If a Facility Manager Termination Event occurs, the Back-Up Facility Manager shall become the facility manager pursuant to the Back-Up Facility Management Agreement, or, failing which, TLFF I may appoint a replacement or successor facility manager that is approved or pre-approved by the Facility Guarantor and the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders), provided that no termination of the Facility Manager’s appointment shall take effect until a successor facility manager has been appointed (save for automatic termination following a Facility Guarantee Breach (as defined in “*Facility Manager Termination Event*” above)).

THE TRANSACTION ADMINISTRATION AGREEMENT

Pursuant to the Transaction Administration Agreement, the Issuer has appointed the Transaction Administrator to provide certain administrative services in relation to the payment obligations of the Issuer pursuant to the Transaction Documents.

Principal Features of the Transaction Administration Agreement

The Transaction Administrator is required to administer and operate the TLFF I USD Accounts (excluding the Contingency Cash Reserve Account, which shall at all times be administered by the Facility Manager) on behalf of the Issuer in accordance with the Transaction Administration Agreement.

Duties of the Transaction Administrator

Control of the TLFF I USD Accounts

Subject to the security interests created over the TLFF I USD Accounts in favour of the Security Trustee pursuant to the Notes Security Documents, the Transaction Administrator shall have control (on behalf of TLFF I) of the TLFF I USD Accounts (other than the Contingency Cash Reserve Account, which shall at all times be controlled by the Facility Manager) and all moneys on deposit from time to time therein. Following Notes Security enforcement after the occurrence of a Notes Enforcement Event, the Security Trustee shall have control (on behalf of the Notes Secured Parties) of the TLFF I USD Accounts and all moneys on deposit from time to time therein and all proceeds thereof, provided that all moneys on deposit in the TLFF I USD Accounts (other than the Contingency Cash Reserve Account) shall continue to be applied by the Transaction Administrator in accordance with the relevant Priority of Payments or otherwise in accordance with the Transaction Administration Agreement.

Establishment and Administration of the TLFF I USD Accounts and Transaction Expenses

The Transaction Administrator shall (on behalf of the Issuer): (i) administer the relevant TLFF I USD Accounts (save for the Contingency Cash Reserve Account which shall be administered by the Account Bank (CCR)); (ii) over the course of the transaction, apply all monies received in each of the TLFF I USD Accounts (save for the Contingency Cash Reserve Account) in accordance with the Transaction Administration Agreement and the other Transaction Documents to which it is a party (and, in particular, shall administer to the application of the funds in the Notes Principal Payment Account and/or the Notes Interest Payment Account to the relevant parties in accordance with the relevant Priority of Payments); and (iii) arrange payment of the fees, costs, expenses and claims payable by TLFF I to various transaction parties based on invoices or claims received from the relevant transaction parties in accordance with the relevant Priority of Payments.

Authorised Investments

The Transaction Administrator or the Account Bank (RLU) (in respect of the Interest Pre-funded Account) shall invest all funds standing to the credit of the Reserve Account, First Loss Reserve Account and Interest Pre-Funded Account in Authorised Investments. Any interest earned on the funds standing to the credit of the Reserve Account, First Loss Reserve Account and/or Interest Pre-funded Account shall be for the account of the Borrowers and shall be deposited into the Notes Interest Payment Account to be applied towards satisfaction of the Borrowers' interest payment obligations under the Loan Facility Agreement.

Application of Funds

The Transaction Administrator shall apply all amounts standing to the credit of the Issuer's Notes Principal Payment Account, the Notes Interest Payment Account and the Guarantee Payment Account in accordance with the relevant Priority of Payments.

Priority of Payments

Any proceeds received by TLFF I in respect of the Loan, the Facility Guarantee and/or the enforcement of the Loan security shall be applied in accordance with the relevant priority of payments applicable to the circumstances at the time as follows:

- (i) in respect of any distributions of Prepayment Proceeds, Notes Makewhole Amounts and/or Notes Prepayment Fees, following any Voluntary Prepayment or Mandatory Prepayment under the Loan, PoP 1 (as defined below);

- (ii) subject to sub-paragraphs (iii) and (iv) below, in respect of any distributions of proceeds to be made on any Notes Payment Date which does not relate to distribution of Prepayment Proceeds, Notes Makewhole Amounts, Makewhole Bank Fees or Notes Prepayment Fees, PoP 2 (as defined below);
- (iii) in respect of any distributions of proceeds (including proceeds relating to Notes Makewhole Amounts) to be made on or after the receipt of a Notice of Loan Acceleration, but before the expiry of the Payment of Claim Period, PoP 3 (as defined below);
- (iv) in respect of any distributions of proceeds (but not including proceeds relating to Notes Makewhole Amounts) to be made on or after the delivery of a Notice of Loan Acceleration, and after the expiry of the Payment of Claim Period, PoP 4 (as defined below); and
- (v) in respect of any distributions of proceeds from the claim under the Facility Guarantee, the Priority of Payments for Guarantee Payment Account (as defined below).

PoP 1

On the fifth Business Day after the receipt of the Prepayment Proceeds, Notes Makewhole Amounts (Total) (if any), Makewhole Bank Fees and/or Notes Prepayment Fees (if any) (as the case may be) by TLFF I, following any Voluntary Prepayment or Mandatory Prepayment under the Loan, and subject to no acceleration of the Loan having occurred, the Transaction Administrator will, on behalf of TLFF I (“**PoP 1**”):

- (i) apply all Prepayment Proceeds received in the Notes Principal Payment Account in the following order of priority:
 - (a) *first, pro rata and pari passu*, to the Class A, Class B1a, Class B1b, Class B1c and Class B2 Noteholders, towards reduction of the outstanding principal amount in respect of the Notes; and
 - (b) *second*, the balance (if any) to be retained in the Notes Principal Payment Account;
- and
- (ii) apply all proceeds received in the Notes Interest Payment Account in respect of (or apportioned to) the Notes Makewhole Amounts, Makewhole Bank Fees and/or Notes Prepayment Fees in the following order of priority:
 - (a) *first, pro rata and pari passu*, to the Class A Noteholders and the Makewhole Bank, towards (i) the Notes Makewhole Amounts due and payable under the Class A Notes and (ii) the Makewhole Bank Fees due and payable to the Makewhole Bank;
 - (b) *second, pro rata and pari passu*, to the Class B1 Noteholders, towards the Notes Prepayment Fees due and payable under the Class B1 Notes; and
 - (c) *third*, the balance (if any) to be retained in the Notes Interest Payment Account.

To the extent any Notes Makewhole Amounts and/or Notes Prepayment Fees is/are payable to Noteholders, such payments shall be made subject to any deduction for taxes, fees and expenses.

PoP 2

On each Notes Principal Repayment Date and/or Notes Interest Payment Date prior to the acceleration of the Loan, the Transaction Administrator will, on behalf of TLFF I, apply all amounts (other than Prepayment Proceeds, Notes Makewhole Amounts, Makewhole Bank Fees or Notes Prepayment Fees, for which PoP 1 applies) on deposit in the Notes Principal Payment Account and/or the Notes Interest Payment Account, as the case may be, in the following order of priority (or if such date is not a Business Day, payment shall be made on such date as adjusted in accordance with the Business Day Convention) (“**PoP 2**”):

- (i) For the Notes Interest Payment Account:
 - (a) *first*, towards all taxes and governmental fees incurred or payable by TLFF I;
 - (b) *second*, to the parties set out below in the following order of priority:
 - (A) *first, pro rata and pari passu*, towards (i) all fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Notes Trustee, the Security Trustee, the Agents, the Facility Agent, the Facility Manager, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Rating Agency(ies) and the Issuer Corporate Service Agent which are due but unpaid, and (ii) all other costs

and expenses of the Facility Manager under the Facility Management Agreement incurred in relation to the engagement of third party professionals;

- (B) *second, pro rata and pari passu*, towards the payment of any ancillary fees, expenses and out-of-pocket expenses payable to other parties (if any),

in each case subject to their respective annual caps;

- (c) *third*, to the Facility Guarantor, to pay all amounts of accrued and unpaid utilisation fees in respect of the Facility Guarantee;
- (d) *fourth, pro rata* (to the interest due and payable on each Class of Notes on the relevant Notes Interest Payment Date) and *pari passu*, to the Class A and all Class B Noteholders towards payment of all interest due and payable under the Notes;
- (e) *fifth*, to the parties set out below in the following order of priority:
 - (A) *first, pro rata and pari passu*, to pay all other fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Notes Trustee, the Security Trustee, the Agents, the Facility Manager, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Rating Agency(ies) and the Issuer Corporate Service Agent; and
 - (B) *second, pro rata and pari passu*, towards the payment of any ancillary fees, expenses and out-of-pocket expenses of any other parties (if any) and any other fees, costs, charges, liabilities and expenses incurred by TLFF I,

in each case in excess of the relevant annual cap referred to in paragraph (b) above;

- (f) *sixth*, any amounts to be distributed to Noteholders as a result of the occurrence of any Increased Costs Events (to the extent such amounts are received by TLFF I from the Borrowers); and
- (g) *seventh*, the balance to be retained in the Notes Interest Payment Account.

(ii) For the Notes Principal Payment Account:

- (a) *first*, towards any unpaid amount per paragraphs (i)(a) to (d) above (inclusive) in the same order of priority, after any amounts on deposit in the Notes Interest Payment Account have first been applied;
- (b) *second, pro rata* (to the principal due and payable on each Class of Notes on the relevant Notes Principal Payment Date) and *pari passu*, to the Class A and Class B Noteholders, towards reduction of the outstanding principal amount in respect of the Notes in accordance with the Expected Notes Repayment Schedule; and
- (c) *third*, the balance to be retained in the Notes Principal Payment Account.

Where the Loan is fully repaid, as determined by the Facility Agent, and the Notes have been fully redeemed, the balance (if any) retained in each of the Notes Principal Payment Account and the Notes Interest Payment Account shall be paid to or to the order of the Borrowers.

PoP 3

On each fifth Business Day after each date on which the Notes Interest Payment Account has a positive balance, or on each Notes Principal Repayment Date and/or Notes Interest Payment Date and on the Notes Legal Maturity Date (if any Notes remain outstanding of this date), in each case, following acceleration of the Loan but before the expiry of the Payment of Claim Period, the Transaction Administrator will apply all amounts on deposit in each of the Notes Principal Payment Account and/or the Notes Interest Payment Account, as the case may be, in the following order of priority (or if such date is not a Business Day, payment shall be made on such date as adjusted in accordance with the Business Day Convention) (“**PoP 3**”):

(i) For the Notes Interest Payment Account:

- (a) *first*, towards all taxes and governmental fees incurred or payable by TLFF I;
- (b) *second*, to the parties set out below in the following order of priority:

- (A) *first, pro rata and pari passu*, towards all fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Notes Trustee, the Security Trustee, the Agents, the Facility Agent, the Facility Manager (only in relation to its engagement of third party professionals and subject to a cap of US\$50,000 per annum), the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Rating Agency(ies) and the Issuer Corporate Service Agent which are due but unpaid; and
- (B) *second, pro rata and pari passu*, towards the payment of any ancillary fees, expenses and out-of-pocket expenses payable to other parties (if any),

in each case subject to their respective annual caps;

- (c) *third*, to the Facility Guarantor, to pay all amounts of accrued and unpaid utilisation fees in respect of the Facility Guarantee;
- (d) *fourth, pro rata and pari passu* to the Class A and the Class B Noteholders, and the Makewhole Bank (where applicable), as amongst themselves and, in respect of the Class B Noteholders, in the priority as set out below, towards payment of all interest accrued up to but excluding such Notes Payment Date on each Class of Notes and all Notes Makewhole Amounts (if applicable) and Makewhole Bank Fees (if applicable) due and payable under or in respect of the Notes on such Notes Payment Date:

- (A) *first, pro rata and pari passu*, among the Class B1a, Class B1b and Class B1c Noteholders towards payment of all interest accrued up to but excluding such Notes Payment Date under the Class B1 Notes; and
- (B) *second, pro rata and pari passu*, to the Class B2 Noteholders towards payment of all interest accrued up to but excluding such Notes Payment Date under the Class B2 Notes;

- (e) *fifth*, to the parties set out below in the following order of priority:

- (A) *first, pro rata and pari passu*, to pay all other fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Notes Trustee, the Security Trustee, the Agents, the Facility Manager (only in relation to its engagement of third party professionals), the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Rating Agency(ies) and the Issuer Corporate Service Agent; and
- (B) *second, pro rata and pari passu*, towards the payment of any ancillary fees, expenses and out-of-pocket expenses of any other parties (if any) and any other fees, costs, charges, liabilities and expenses incurred by TLFF I,

in each case in excess of the relevant cap in paragraph (b) above;

- (f) *sixth*, any amounts to be distributed to Noteholders as a result of the occurrence of any Increased Costs Events (to the extent such amounts are received by TLFF I from the Borrowers); and
- (g) *seventh*, the balance to be paid into the Notes Principal Payment Account.

(ii) For the Notes Principal Payment Account:

- (a) *first*, towards any unpaid amount per paragraphs (i)(a) to (d) above in the same order of priority, after any amounts on deposit in the Notes Interest Payment Account have first been applied;
- (b) *second, pro rata and pari passu*, to the Class A and Class B Noteholders, as amongst themselves and, in respect of the Class B Noteholders, in the priority as set out below, towards reduction of the outstanding principal amount in respect of the Notes;
 - (A) *first, pro rata and pari passu*, among the Class B1a, Class B1b and Class B1c Noteholders, towards reduction of the outstanding principal amount in respect of the Notes; and
 - (B) *second, pro rata and pari passu*, to the Class B2 Noteholders, towards reduction of the outstanding principal amount in respect of the Class B2 Notes; and
- (c) *third*, the balance to be retained in the Notes Principal Payment Account.

Where the Loan is fully repaid, as determined by the Facility Agent, and the Notes have been fully redeemed, the balance (if any) retained in each of the Notes Principal Payment Account and the Notes Interest Payment Account shall be paid to or to the order of the Borrowers.

PoP 4

On each fifth Business Day after each date on which the Notes Interest Payment Account has a positive balance, each Notes Principal Repayment Date and/or Notes Interest Payment Date and the Notes Legal Maturity Date (if any of the Notes remain outstanding on this date), in each case, following acceleration of the Loan and after the expiry of the Payment of Claim Period, the Transaction Administrator will apply all amounts on deposit in the Notes Principal Payment Account and the Notes Interest Payment Account as set out below (or if such date is not a Business Day, payment shall be made on such date as adjusted in accordance with the Business Day Convention) (“**PoP4**”).

The funds in the Notes Principal Payment Account and the Notes Interest Payment Account will be aggregated and applied in the following order of priority:

- (i) *first*, towards all taxes and governmental fees incurred or payable by TLFF I;
- (ii) *second*, to the parties set out below and in the following order of priority:
 - (a) *first, pro rata and pari passu*, towards all fees, costs, charges, liabilities and expenses of: (I) the Transaction Administrator, the Notes Trustee, the Security Trustee, the Agents, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Rating Agency(ies) and the Issuer Corporate Service Agent which are due but unpaid (subject in each case to their respective annual caps) and (II) all fees, costs, charges, liabilities, indemnities and expenses of the Facility Manager which are due but unpaid; (III) any deferred claims in respect of indemnities, out of pocket expenses and costs incurred by the Facility Manager in the period following delivery of a Notice of Loan Acceleration and prior to the expiry of the Payment of Claim Period, payable to the Facility Manager in accordance with the Facility Management Agreement; and (IV) any additional amounts payable to the Facility Manager, to the extent agreed with the Notes Trustee (acting in accordance with the Notes Trust Deed), which are due but not paid and in excess of the Contingency Cash Reserve; and
 - (b) *second, pro rata and pari passu*, towards the payment of any ancillary fees, expenses and out-of-pocket expenses payable to other parties (if any) subject to the relevant annual cap;
- (iii) *third*, to pay all accrued but unpaid fees, costs, charges, liabilities and expenses from the previous period in subparagraphs (i), (ii)(a)(I) and (b) above that would have been paid in the previous period but for the relevant caps;
- (iv) *fourth*, to the Facility Guarantor, in an amount equal to the lower of:
 - (a) the product of (x) the Adjusted Guarantee Percentage and (y) the funds available at this limb (iv) of this PoP 4; and
 - (b) the amount paid by the Facility Guarantor under the Facility Guarantee less the aggregate of all amounts previously paid to the Facility Guarantor up to such date at this limb of PoP 4,provided that such payment to the Facility Guarantor shall be made only to the extent that TLFF I has not given prior written notice to the Transaction Administrator of any assignment of TLFF I's rights (or part thereof) in respect of the Loan to the Facility Guarantor pursuant to the Facility Guarantee;
- (v) *fifth, pro rata and pari passu*, to the Class A Noteholders and Class B Noteholders, as amongst themselves and, in respect of the Class B Noteholders, in the priority as set out below, towards payment of all interest accrued up to but excluding such Notes Payment Date under the Notes:
 - (a) *first, pro rata and pari passu*, between the Class B1a, Class B1b and Class B1c Noteholders, towards payment of all interest accrued up to but excluding such Notes Payment Date under the Class B1 Notes; and
 - (b) *second, pro rata and pari passu*, to Class B2 Noteholders towards payment of all interest accrued up to but excluding such Notes Payment Date under the Class B2 Notes;
- (vi) *sixth, pro rata and pari passu*, between the Class A Noteholders and Class B Noteholders, as amongst themselves and, in respect of the Class B Noteholders, in the priority as set out below, towards reduction of the outstanding principal amount in respect of the Notes until such Notes have been fully redeemed:

- (a) *first, pro rata and pari passu*, among the Class B1a, Class B1b and Class B1c Noteholders, towards reduction of the outstanding principal amount in respect of the Class B1 Notes until such Notes have been fully redeemed; and
 - (b) *second, pro rata and pari passu*, to the Class B2 Noteholders, towards reduction of the outstanding principal amount in respect of the Class B2 Notes until such Notes have been fully redeemed;
- (vii) *seventh*, to the parties set out below and in the following order of priority:
- (a) *first, pro rata and pari passu*, to pay all other fees, costs, charges, liabilities and expenses of the Transaction Administrator, the Notes Trustee, the Security Trustee, the Agents, the Facility Agent, the Account Bank, the Account Bank (CCR), the Account Bank (RLU), the Facility Manager (in respect of the fees of third party professionals subject to the relevant cap), the Rating Agency(ies) and the Issuer Corporate Service Agent; and
 - (b) *second, pro rata and pari passu*, towards the payment of any ancillary fees, expenses and out-of-pocket expenses of any other parties (if any) and any other fees, costs, charges, liabilities and expenses incurred by TLFF I,
- in each case in excess of any relevant cap in paragraph (ii) above; and
- (viii) *eighth*, any amounts to be distributed to Noteholders as a result of the occurrence of any Increased Costs Events (to the extent such amounts are received by TLFF I from the Borrowers).

Where the Loan is fully repaid, as determined by the Facility Agent, and the Notes have been fully redeemed, the balance (if any) retained in each of the Notes Principal Payment Account and the Notes Interest Payment Account shall be paid to or to the order of the Borrowers.

Priority of Payments for Guarantee Payment Account

On the fifth Business Day following the receipt of the claim payment from the Facility Guarantor, the Transaction Administrator will on behalf of TLFF I or the Security Trustee apply all funds standing to the credit of the Guarantee Payment Account in the following order of priority (“**Priority of Payments for Guarantee Payment Account**”):

- (i) *first, pro rata and pari passu* to (i) the Class A Noteholders towards payment of all interest due and accrued but unpaid under the Class A Notes and all Notes Makewhole Amounts and (ii) the Makewhole Bank towards payment of all Makewhole Bank Fees due but unpaid (provided that Notes Makewhole Amounts and Makewhole Bank Fees shall be included only to the extent that such Notes Makewhole Amounts and Makewhole Bank Fees (or part thereof) have not already been paid in PoP 3);
- (ii) *second, pro rata and pari passu*, to the Class A Noteholders, towards reduction of the outstanding principal amount in respect of the Class A Notes until such Notes have been fully redeemed;
- (iii) *third, pro rata and pari passu*, to the Class B1a, Class B1b and Class B1c Noteholders towards payment of all interest accrued up to but excluding such Notes Payment Date under the Class B1 Notes;
- (iv) *fourth, pro rata and pari passu*, to the Class B1a, Class B1b and Class B1c Noteholders, towards payment of principal due and payable under the Notes until such Notes have been fully redeemed;
- (v) *fifth, pro rata and pari passu*, to the Class B2 Noteholders towards payment of all interest accrued up to but excluding such Notes Payment Date under the Class B2 Notes;
- (vi) *sixth, pro rata and pari passu*, to the Class B2 Noteholders, towards reduction of the outstanding principal amount in respect of the Class B2 Notes until such Notes have been fully redeemed; and
- (vii) *seventh*, the balance to the Notes Principal Payment Account to be applied in accordance with the Relevant Priority of Payments.

See the section “*The Facility Guarantee*” for further details.

Governing Law

The Transaction Administration Agreement is governed by the laws of England.

THE KEEPWELL DEED AND COMFORT LETTERS

Keepwell Deed

As a condition precedent to Utilisation, the Issuer, Sponsors and Borrowers entered into the Keepwell Deed for the benefit of the Issuer.

Pursuant to the Keepwell Deed, each Sponsor undertakes, *inter alia*, that:

- (i) it shall not amend the constitution of the Borrowers in a manner that is, directly or indirectly, materially adverse to the Noteholders;
- (ii) it shall not amend or terminate the Shareholders' Agreement in a manner that is, directly or indirectly, materially adverse to the Noteholders; and
- (iii) the Master Commercial Agreement is not amended or terminated in a manner that is, directly or indirectly, materially adverse to the Noteholders,

and each Sponsor represents that, as of the date of the Keepwell Deed and the date of the RLU Share Pledge (Michelin), Michelin and Satria Cemerlang are not directly or indirectly owned by the same beneficial owner.

The obligations of the parties pursuant to the Keepwell Deed are expressed to remain in full force and effect until no sum remains payable under all Notes and until no further Notes may be issued.

Comfort Letters

As a condition precedent to Utilisation, each Sponsor has provided the Issuer with an executed Comfort Letter, pursuant to which each Sponsor:

- (i) confirms its level of shareholding in RLU and its intention to maintain its shareholding at that level;
- (ii) undertakes to inform the Issuer in advance should it decide or be compelled to relinquish its shareholding in RLU; and
- (iii) confirms that it is its general policy, subject to its portion of shareholding in its affiliates, to ensure that the financial situation of its affiliates is adequate and such that its affiliates are in a position to meet their financial obligations.

DESCRIPTION OF THE ISSUER

Formation

TLFF I PTE. LTD. is a company incorporated with limited liability under the laws of Singapore (Company Number: 201724909Z). It was incorporated in Singapore on 31 August 2017 as a special purpose vehicle. Its registered office is situated at the offices of 1 Raffles Place, #13-01, Singapore 048616. Its telephone number is +65 6438 1330.

The Issuer is a special purpose vehicle and has no prior operating experience. The Issuer has no subsidiaries.

Business Activities

The Issuer was established with unrestricted objects and powers as set out in its memorandum of association. The Issuer has not commenced operations or undertaken any business activities since the date of its incorporation, other than those activities incidental to its incorporation and establishment and those incidental to the authorisation, execution and issue of the Notes and the documents and matters which are incidental or ancillary to the foregoing. The Issuer covenants to observe certain restrictions on its activities pursuant to the Notes Trust Deed.

Financial Statements

The Issuer has not published any financial statements.

Directors and Officers

The Director of the Issuer is Caroline Baker and the Alternate Director of the Issuer is Tariq Syed Usman, whose business address is at the offices 1 Raffles Place, #13-01, Singapore 048616 and who provides directorship services to special purpose companies.

The Issuer does not have any employees.

Certain affairs of the Issuer (including various corporate, secretarial and administrative services) are managed by the Issuer Corporate Service Agent (Vistra Corporate Trust (Singapore) Ltd. (formerly known as Vistra Corporate Trust (Singapore) Pte. Ltd.) a company incorporated in Singapore having its registered office at 1 Raffles Place, #13-01, Singapore 048616) pursuant to a corporate services agreement between the Issuer and the Issuer Corporate Service Agent (the “**Issuer Corporate Services Agreement**”). The Issuer Corporate Service Agent will, *inter alia*, provide the services of two or more directors to the Issuer and be responsible for the day-to-day administration of the Issuer.

Share Capital

The share capital of the Issuer is US\$1 comprising 1 ordinary share of a par value of US\$1.

Financial Year

The financial year of the Issuer runs from 1 January to 31 December. There has been no material change in the activities of the Issuer since its incorporation.

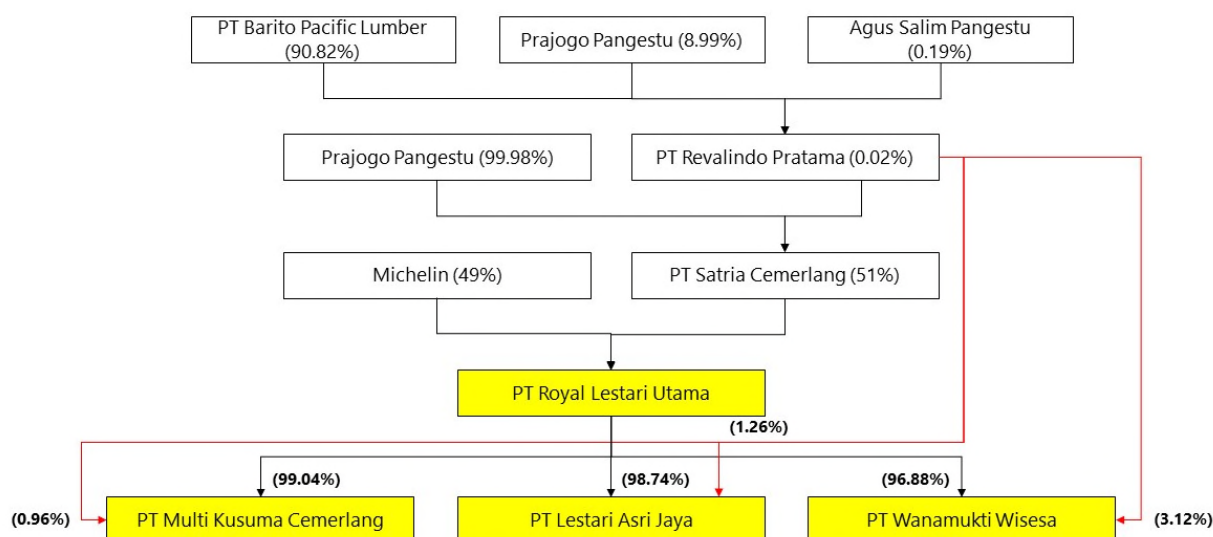
DESCRIPTION OF THE BORROWERS

The information set out below relating to the Borrowers has been provided by the Borrowers in connection with the Loan Facility Agreement and the issuance of Notes. The Borrowers have given representations and warranties to the effect that such information is true, complete and accurate in all material respects as of the date of the Loan Facility Agreement and the date of this Offering Circular. Neither the Issuer nor the Lead Manager has separately verified such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the Account Bank, the Common Depositary or the Facility Guarantor or any of their respective affiliates, as to the accuracy or completeness of the information relating to the Borrowers set out below.

CORPORATE STRUCTURE

The project company, RLU, is a limited liability company in which 51% of its capital is subscribed for by Satria Cemerlang, an affiliate of a leading Indonesian conglomerate, and the remaining 49% of its capital is subscribed for by Michelin through the issuance of new shares by RLU in 2015. RLU has three operating subsidiaries, namely WW, LAJ and MKC as its concession companies. RLU holds 99.04%, 98.74% and 96.88% of shares of MKC, LAJ and WW, respectively, and the remaining shares of the subsidiaries are subscribed for by PT Revalindo Pratama. The diagram below reflects the corporate structure of RLU as at the date of this Offering Circular:

Shareholder Structure of Royal Lestari Utama



The collaboration between Satria Cemerlang as a member of a leading Indonesian conglomerate with longstanding proven history in forestry business along with Michelin's support in technical and quality management of the engaged business will ensure a stable and continuous supply of high-quality natural rubber products over the concession period. Further, joint expertise between Satria Cemerlang and Michelin in agronomy will provide better management of the area, including reforestation and the development of a socially inclusive and wildlife-friendly rubber plantation.

As the world leader in tyre production and the largest purchaser of natural rubber, Michelin is committed to ensure sustainable and responsible management of the natural rubber supply chain. In order to secure a strategic stable supply of high-quality natural rubber, Société des Matières Premières Tropicales Pte. Ltd. (SMPT)² and RLU entered into a Master Commercial Agreement pursuant to which LAJ and MKC shall supply and SMPT shall purchase a target volume of the total production of the remilled latex (75 per cent.). Natural rubber is a critical raw material for the tyre industry as it has great elasticity, good plasticity, high wear out resistance and high heat resistance.

² The sole natural rubber supplier for the Michelin group worldwide (www.michelin.com.sg)

In accordance with Indonesian law, each of the Borrowers has both a Board of Commissioners and a Board of Directors. The two boards are separated and no individual may serve as a member on both boards concurrently. The rights and obligations of each member on their Board of Commissioners and their Board of Directors are regulated by the Borrowers' respective Articles of Association (the “**Articles**”), the decision(s) of their shareholders at general meetings and relevant company law.

Background of RLU's shareholders

Satria Cemerlang

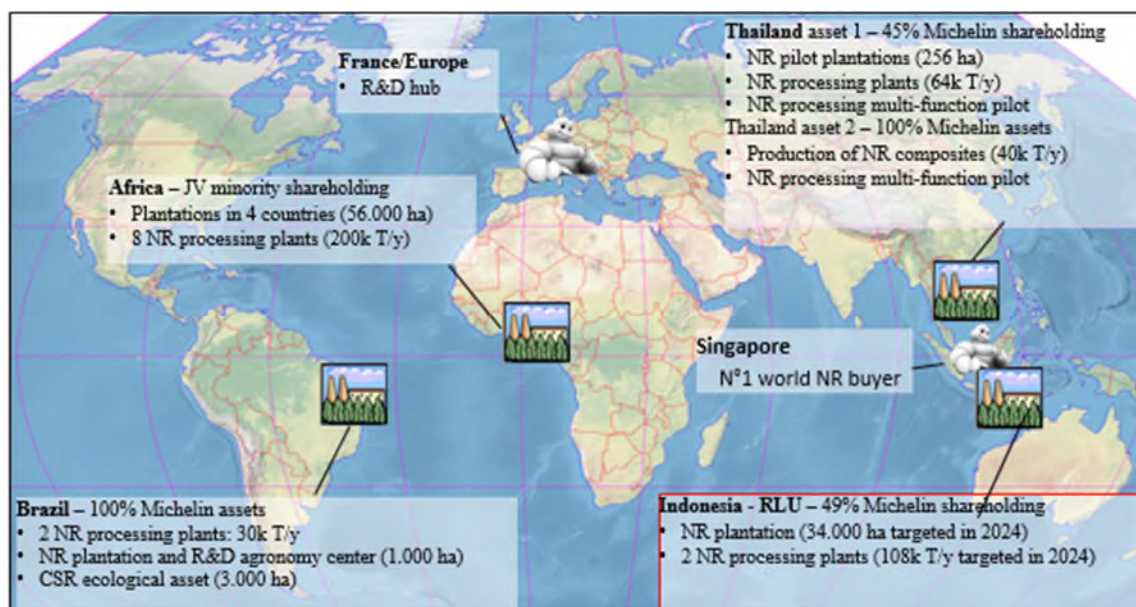
Satria Cemerlang is a company affiliated with an Indonesian leading conglomerate, who also owns Barito Pacific Group, a company based in Jakarta Barat, Indonesia. Satria Cemerlang's scope of business comprises operations in the forestry, plantation, agriculture, mining and trading industries. Satria Cemerlang owns 51 per cent. of the shares in RLU.

Barito Pacific Group was established in 1979 to pioneer Indonesia's timber and woodworking industry and eventually became the country's largest forestry group with 5 million hectares of concessions and several plywood factories. The Group acquired all natural forest harvesting and plywood operations by 2007, and has since diversified its operations to include a range of industries, including geothermal energy, petrochemical, synthetic and natural rubber.

Michelin

Michelin was established in 1889 and is the second largest tyre-manufacturing company in the world. The mission of Michelin is to contribute, in a sustainable way, to progress in the mobility of people and goods by constantly making traveling safer, easier, more enjoyable, more economical and more respectful of people and the environment. For more than 100 years, Michelin has been being a major actor of the natural rubber sector. As one of the largest natural rubber buyers in the world, it has been a leader in promoting sustainable natural rubber for a long time.

Michelin has been involved in the production of rubber since 1925. Michelin has deployed its full expertise and know-how from the tree to the tyre for decades. Michelin provides technical assistance, agricultural advice and access to technology to natural rubber producers and smallholders, especially in Thailand and Indonesia. In 2016, Michelin has a worldwide footprint and growing presence in Asia. The Group gives technical assistance to each of its assets. See below for Michelin's global natural rubber assets implantation:



Michelin NR asset



Other operations

Michelin assists RLU with agronomic know-how which helps to achieve the best agricultural management practices for RLU covering operational, environmental and social aspects. RLU has entered into a technical services agreement with SMPT pursuant to which SMPT will provide all the necessary technical support to RLU for the development of the plantation project.

OVERVIEW OF THE BORROWERS

RLU is based in Jakarta Barat, Indonesia. Since 2015, RLU has conducted its business through its subsidiaries, namely WW, LAJ and MKC. The Borrowers are all incorporated in Indonesia and are engaged in the business of industrial forest work including rubber plantations and rubber latex extraction as well as rubber remilling and trading. The Borrowers' business encompasses the operations and management of an industrial rubber producer including planting, maintenance, collection, processing and marketing. The Borrowers are all involved in the natural rubber business.

LAJ's and WW's plantations are located in the Jambi province whilst MKC's is located in the East Kalimantan province. LAJ obtained a permit to utilise forest wood in a timber plantation (a **"Forest Permit"**) over an area of approximately 61,495 hectares in 2010 while WW had already obtained its Forest Permit over an area of approximately 9,105 hectares in 1998 and has accumulated eighteen years of experience in operating an industrial natural rubber plantation. As at the date of this Offering Circular, WW has produced and sold natural rubbers to several companies such as Kirana Group, Itochu Group, Sritrang Group and local players (PT Transco). LAJ's Forest Permit is valid until 2070 and WW's Forest Permit is valid until 2047.

MKC obtained its Forest Permit in 2009 over an area approximately of 18,045 hectares. MKC completed construction of its natural rubber remilling factory (mills) in Samarinda in 2017 and the factory is now operational (subject to the usual ramp-up period that is expected for a new factory). MKC's Forest Permit is valid until 2069.

Part of the Jambi concession area is located in the south of the Bukit Tigapuluh National Park which was seriously deforested by predominantly migrant encroachers. Satria Cemerlang and Michelin combined their expertise in agronomy and re-milling and established RLU to better manage the area. This includes reforestation and development of a socially inclusive and wildlife friendly rubber plantation. Please see below a brief description of the history of RLU.

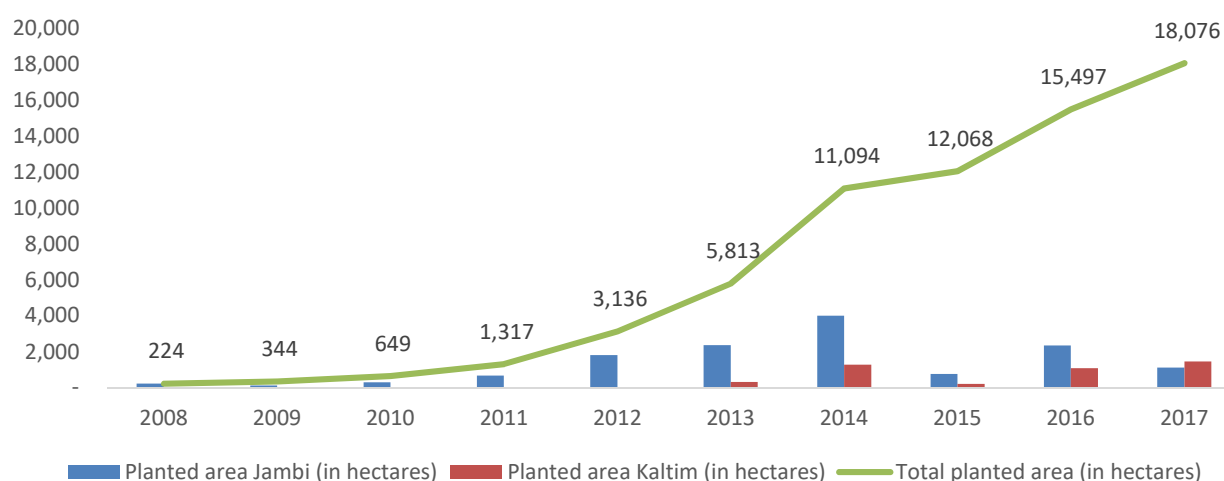
History

Year	Events
16 July 2008	Established as PT Inti Energi Perkasa and later officially incorporated under Indonesian law on 21 August 2008.
13 June 2011	Changed its name from PT Inti Energi Perkasa to PT Royal Lestari Utama.
29 July 2011	PT Royal Lestari Utama acquired the majority of the shares in PT Lestari Asri Jaya, making the company its subsidiary.
25 April 2014	PT Royal Lestari Utama acquired the majority of the shares in PT Multi Kusuma Cemerlang and PT Wanamukti Wisesa, making both companies its subsidiaries in addition to PT Lestari Asri Jaya.
17 December 2014	A joint venture in relation to an industrial natural rubber forest and mill project in Indonesia began following the execution of a Shareholders' Agreement between PT Royal Lestari Utama and PT Satria Cemerlang and Compagnie Financière Michelin SCmA (formerly Compagnie Financiere Du Groupe Michelin 'Senard et Cie').
3 March 2015	Compagnie Financière Michelin SCmA (formerly Compagnie Financiere Du Groupe Michelin 'Senard et Cie') and PT Satria Cemerlang officially invested in the concession area as shareholders in PT Royal Lestari Utama. Change of company status to a Foreign Investment Company.
22 February 2017	Both Shareholders agreed to subscribe for more equity. Compagnie Financière Michelin SCmA (formerly Compagnie Financiere Du Groupe Michelin 'Senard et Cie') subscribed for more equity with cash and PT Satria Cemerlang subscribed for more equity with assets.
13 November 2017	Debt to Equity conversion of PT Royal Lestari Utama in PT Lestari Asri Jaya, PT Wanamukti Wisesa and PT Multi Kusuma Cemerlang, effectively increasing levels of shareholding in the subsidiaries.

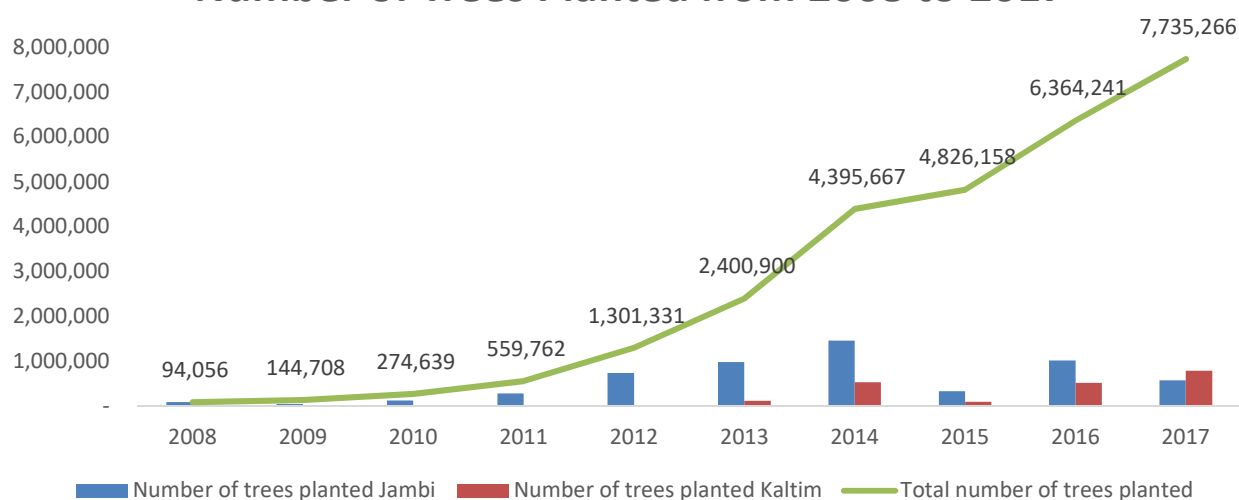
Hectares of Land Planted for Natural Rubber Trees

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Jambi Province										
Planted area (in hectares)	224	120	305	668	1,819	2,361	4,011	758	2,342	1,118
Number of trees planted	94,056	50,652	129,931	285,123	741,569	980,662	1,462,494	334,656	1,020,394	579,478
East Kalimantan Province										
Planted area (in hectares)	-	-	-	-	-	316	1,270	216	1,087	1,461
Number of trees planted	-	-	-	-	-	118,907	532,273	95,835	517,689	791,547
Total planted area (in hectares)	224	344	649	1,317	3,136	5,813	11,094	12,068	15,497	18,076
Total number of trees planted	94,056	144,708	274,639	559,762	1,301,331	2,400,900	4,395,667	4,826,158	6,364,241	7,735,266

Planted Area (in hectares) from 2008 to 2017



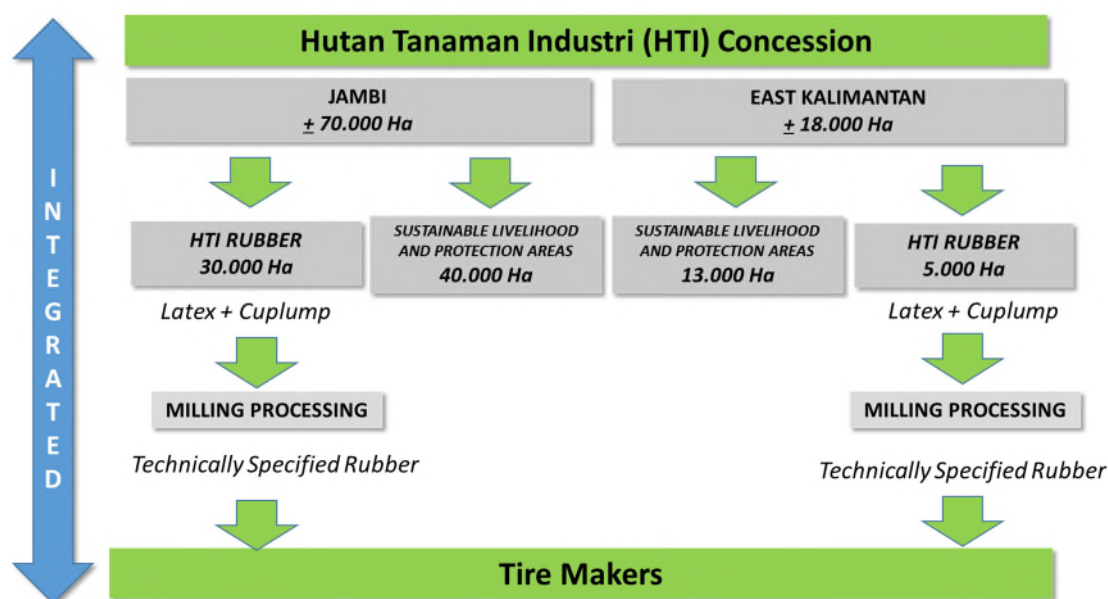
Number of Trees Planted from 2008 to 2017



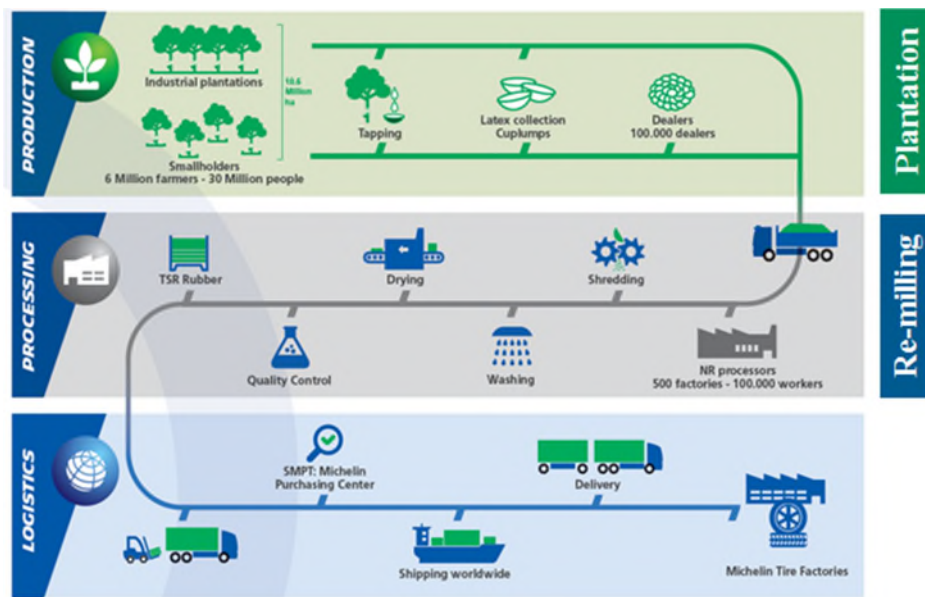
BUSINESS OF THE BORROWERS

The natural rubber business is divided into two main businesses: rubber plantations and rubber re-milling / reprocessing. RLU's sustainable rubber development strategy is to become an industry leader in producing sustainable natural rubber for tyre manufacturers globally with full vertical integration, from plantation to the production of the natural rubber product (re-milled latex), with the majority of the product target to be sold to SMPT. See "RLU's Sustainable Rubber Development Strategy (till 2045)" and "Natural Rubber Value Chain" below.

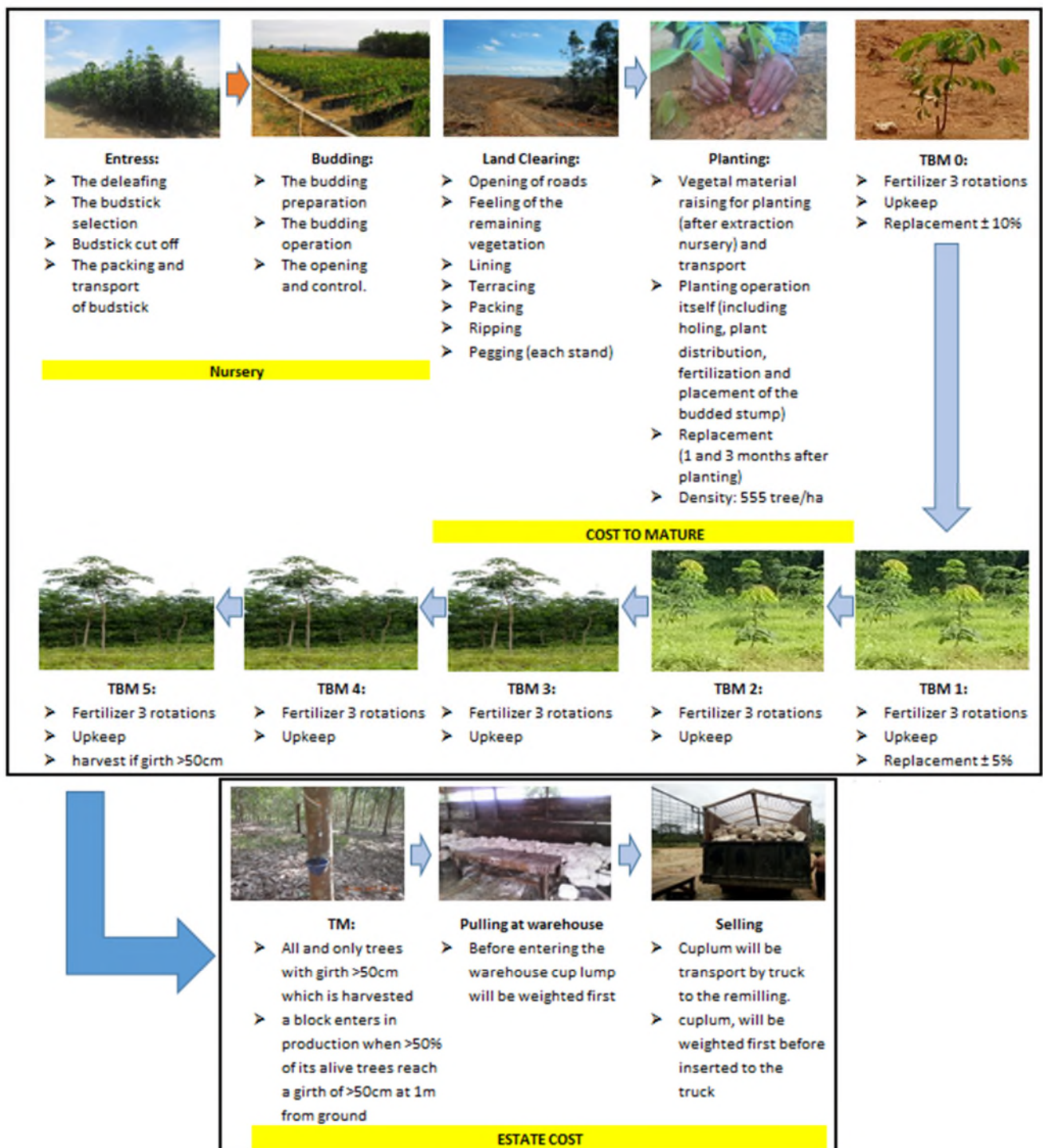
RLU's Sustainable Rubber Development Strategy (till 2045)



Natural Rubber Value Chain



Plantation Production Cycle



Re-milling Production Cycle

The processing of natural rubber cup lumps (also called re-milling) consists of 5 main steps: purchasing, cleaning, drying and packing, quality control and shipment. See below.

Purchasing & Reception



Figure 1 - Raw Material cup lumps at the field

- The natural rubber cup lumps are received and sorted at the factory. It can come both from an industrial plantation or a small owner plantation.

- The delivery is inspected and sorted according to quality standards.

Cleaning



Figure 2 - Crumbs in washing process

- The product received a complete cleaning by successive granulation and washing.

Drying and Packaging



Figure 3 - Natural rubber after drying

- The product is packaged according to customer requirements in pallets.

Quality Control



Figure 4 - Natural rubber after drying

- Measurements are done on the final product to make sure the product meets the customer requirements:
 - ✓ Water Content
 - ✓ Mechanical properties
 - ✓ Chemical properties

Shipments



- The pallets are shipped in a container, both for domestic and abroad markets.
- 90% of the crumb rubber production is sold to tire manufacturer.

SHARE CAPITAL

RLU

Pursuant to the Deed of Shareholders Resolutions No. 295 dated 22 December 2017, made before Hasbullah Abdul Rasyid, S.H., M.Kn., a notary in South Jakarta, which has been notified to the MOLHR as evidenced by receipt of notification No. AHU-AH.01.03-0021872 dated 17 January 2018, the capital structure and shareholding composition of RLU is as follows:

Authorised Capital	:	IDR12,500,000,000 divided into 12,500 shares
Issued and Paid-up Capital	:	IDR5,836,000,000 divided into 5,836 shares

Shareholding Composition

No.	Shareholders	Number of Shares	Nominal Value (IDR)	Percentage (%)
1.	PT Satria Cemerlang	2.972	2,972,000,000	51
2.	Compagnie Financiere Du Groupe Michelin, Senard Et Cie	2.864	2,864,000,000	49
Total		5.836	5,836,000,000	100
Shares in Portfolio		6.664		

WW

Pursuant to the Deed of Shareholders Circular Resolution No. 25 dated 13 November 2017, drawn up before Nanny Wiana Setiawan, S.H., Notary in Jakarta, which was ratified by the MOLHR by virtue of its Decree No. AHU-0024653.AH.01.02.TAHUN 2017 dated 24 November 2017, notified to MOLHR as evidenced with Receipt of Notification No. AHU-AH.01.03-0194206 dated 24 November 2017, registered in the Company Register maintained by the MOLHR under register No. AHU-0149366.AH.01.11.TAHUN 2017 dated 24 November 2017, the capital structure and shareholding composition of WW is as follows:

Authorised Capital	:	IDR150,000,000,000 divided into 150,000 shares
Issued and Paid-up Capital	:	IDR120,000,000,000 divided into 3,750 shares

Shareholding Composition

No.	Shareholders	Number of Shares	Nominal Value (IDR)	Percentage (%)
1.	PT Royal Lestari Utama	116,250	116,250,000,000	96.88
2.	PT Revalindo Pratama	3,750	3,750,000,000	3.12

Total	120,000	120,000,000,000	100
Shares in Portfolio	30,000		

LAJ

Pursuant to the Deed of Shareholders Circular Resolution No. 24 dated 13 November 2017, drawn up before Nanny Wiana Setiawan, S.H., Notary in Jakarta, which was ratified by the MOLHR by virtue of its Decree No. AHU-0024651.AH.01.02.TAHUN 2017 dated 24 November 2017, notified to MOLHR as evidenced with Receipt of Notification No. AHU-AH.01.03-0194201 dated 24 November 2017, registered in the Company Register maintained by the MOLHR under register No. AHU-0149361.AH.01.11.TAHUN 2017 dated 24 November 2017, the capital structure and shareholding composition of LAJ is as follows:

Authorised Capital	:	IDR600,000,000,000 divided into 600,000 shares
Issued and Paid-up Capital	:	IDR455,000,000,000 Divided into 455,000 shares

Shareholding Composition

No.	Shareholders	Number of Shares	Nominal Value (IDR)	Percentage (%)
1.	PT Royal Lestari Utama	449,250	449,250,000,000	98.74
2.	PT Revalindo Pratama	5,750	5,750,000,000	1.26
Total		455,000	455,000,000,000	100
Shares in Portfolio		145,000		

MKC

Pursuant to the Deed of Shareholders Circular Resolution No. 26 dated 13 November 2017, drawn up before Nanny Wiana Setiawan, S.H., Notary in Jakarta, which was ratified by the MOLHR by virtue of its Decree No. AHU-0024654.AH.01.02.TAHUN 2017 dated 24 November 2017, notified to MOLHR as evidenced with Receipt of Notification No. AHU-AH.01.03-0194207 dated 24 November 2017, registered in the Company Register maintained by the MOLHR under register No. AHU-0149369.AH.01.11.TAHUN 2017 dated 24 November 2017, the capital structure and shareholding composition of MKC is as follows:

Authorised Capital	:	IDR300,000,000,000 divided into 300,000 shares
Issued and Paid-up Capital	:	IDR247,250,000,000 Divided into 247,250 shares

Shareholding Composition

No.	Shareholders	Number of Shares	Nominal Value (IDR)	Percentage (%)
1.	PT Royal Lestari Utama	244,887	244,887,000,000	99.04
2.	PT Revalindo Pratama	2,363	2,363,000,000	0.96
Total		247,250	247,250,000,000	100
Shares in Portfolio		52,750		

BOARDS OF COMMISSIONERS AND BOARDS OF DIRECTORS FOR THE BORROWERS

The principle function of the board of commissioners is to give advice and recommendations to, and to supervise, the board of directors. Members of the board of commissioners are appointed and removed by shareholder vote at a general meeting of shareholders.

The board of directors is responsible for the management of the company's business. Members of the board of directors are appointed and removed by shareholder vote at a general meeting of shareholders.

RLU

Board of Commissioners

As of June 2017, the current members of the board of commissioners are as follows:

Name	Position
Yazirwan Uyun	President Commissioner
Luc Marie Gaston Fernand Minguet	Vice President Commissioner
Fifi Setiawaty Leono	Commissioner
Didier Claude Gaidon	Commissioner
Andry Setiawan	Commissioner

Board of Directors

As of June 2017, the current members of the board of directors are as follows:

Name	Position
David Raimond Sulaiman	President Director
Eric Pierre Robert Vallier	Vice President Director
Jean Coupey	Director
Bruno Marie Jean Louis Mangenot	Director
Polmer Nababan	Director
Meizani Irmadhiany	Director

WW

Board of Commissioners

As of June 2017, the current members of the board of commissioners are as follows:

Name	Position
Yazirwan Uyun	President Commissioner
Fifi Setiawaty Leono	Commissioner
Luc Marie Gaston Fernand Minguet	Commissioner
Didier Claude Gaidon	Commissioner
Andry Setiawan	Commissioner

Board of Directors

As of June 2017, the current members of the board of directors are as follows:

Name	Position
David Raimond Sulaiman	President Director
Eric Pierre Robert Vaillier	Vice President Director
Jean Coupey	Director
Bruno Marie Jean Louis Mangenot	Director
Polmer Nababan	Director
Meizani Irmadhiany	Director

LAJ

Board of Commissioners

As of June 2017, the current members of the board of commissioners are as follows:

Name	Position
Yazirwan Uyun	President Commissioner
Fifi Setiawaty Leono	Commissioner
Luc Marie Gaston Fernand Minguet	Commissioner
Didier Claude Gaidon	Commissioner
Andry Setiawan	Commissioner

Board of Directors

As of June 2017, the current members of the board of directors are as follows:

Name	Position
David Raimond Sulaiman	President Director
Eric Pierre Robert Vaillier	Vice President Director
Jean Coupey	Director
Bruno Marie Jean Louis Mangenot	Director
Polmer Nababan	Director
Meizani Irmadhiany	Director

MKC*Board of Commissioners*

As of June 2017, the current members of the board of commissioners are as follows:

Name	Position
Yazirwan Uyun	President Commissioner
Fifi Setiawaty Leono	Commissioner
Luc Marie Gaston Fernand Minguet	Commissioner
Didier Claude Gaidon	Commissioner
Andry Setiawan	Commissioner

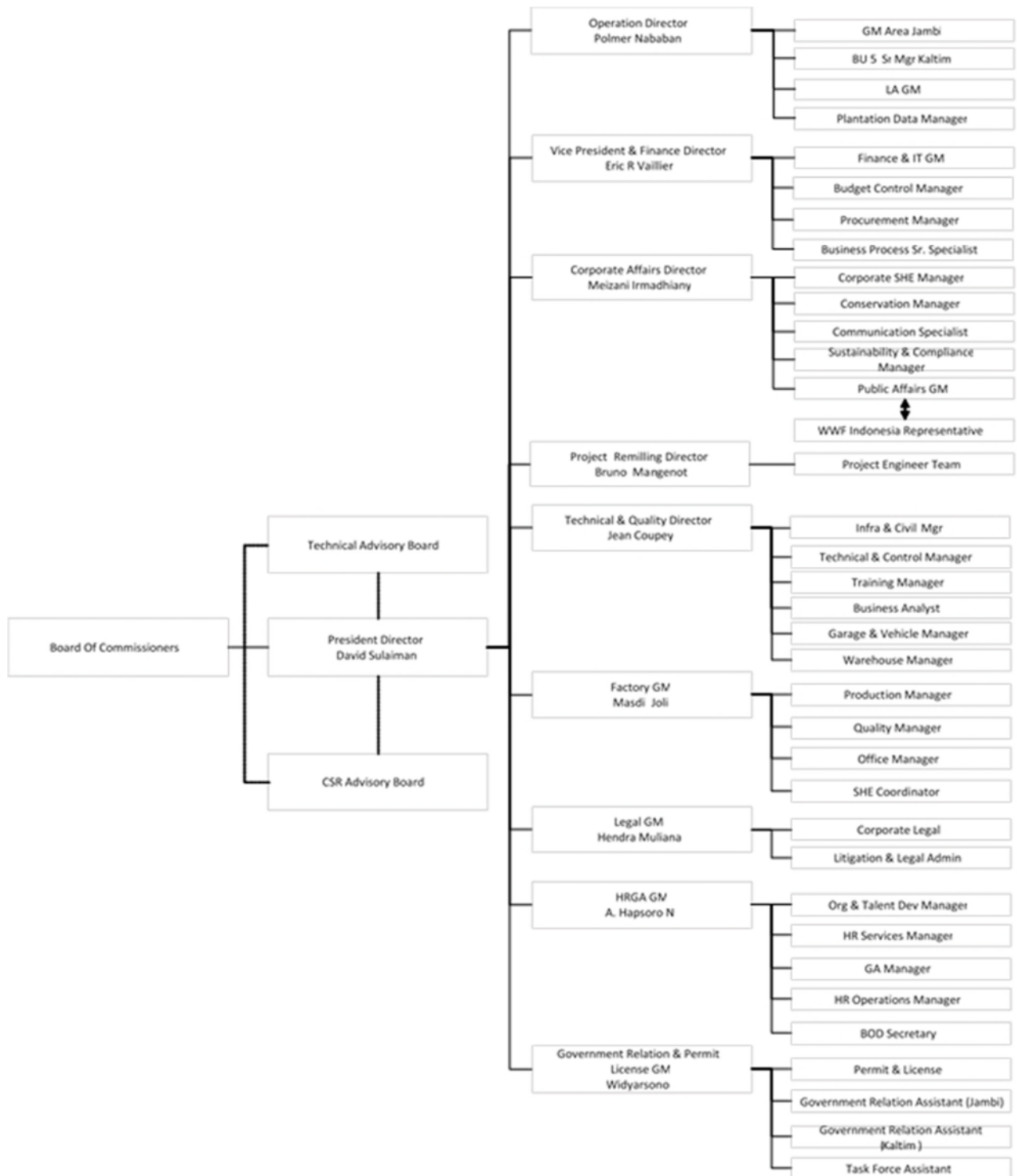
Board of Directors

As of June 2017, the current members of the board of directors are as follows:

Name	Position
David Raimond Sulaiman	President Director
Eric Pierre Robert Vaillier	Vice President Director
Jean Coupey	Director
Bruno Marie Jean Louis Mangenot	Director
Polmer Nababan	Director
Meizani Irmadhiany	Director

ORGANISATIONAL CHART AND DESCRIPTION OF THE DIRECTORS OF THE BORROWERS

Organisational Chart of the Borrowers' Group



Description of the Directors of the Borrowers

1. *Yazirwan Uyun (President Commissioner for each of RLU, WW, LAJ and MKC)*

An Indonesian citizen, Uyun has been appointed as President Commissioner of RLU since March of 2015. He was born in Bukit Tinggi in 1954 and became an Indonesian journalist. After graduating from Padjajaran University, he then moved on to have a career in Televisi Republik Indonesia (“**TVRI**”) since 1982 and served as Director of TVRI in 2004. He was also a Chief Editor at Television Education Indonesia in 1999. Until now, Uyun is also a member of the Broadcasting Commission of the Republic of Indonesia. In addition, apart from being active in the world of broadcasting, he also serves as President Director of PT Satria Cemerlang in 2010. In 2012, he was appointed President Director of PT. Anpa International.

2. *Luc Marie Gaston Fenand Minguet (Vice President Commissioner for each of RLU, WW, LAJ and MKC)*

A French citizen who was born in Tunis, France in 1953, he has been Vice President Commissioner since March 2015. Minguet, who has worked for more than 15 years at Michelin, is currently Senior Vice President of the Group Chief Procurement Officer at Michelin since 2012. Previously he worked at Valeo, a French automotive company, in 1999 and Shell in 1996.

3. *Didier Claude Gaidon (Commissioner for each of RLU, WW, LAJ and MKC)*

A French citizen, Gaidon was born in Vincennes, France in 1958. He has accepted the position of Commissioner since March of 2015. Didier is currently Vice President of the Division of Elastomer in Semi-Finish Products (LMAT / ESNB) at Michelin.

4. *Andry Setiawan (Commissioner for each of RLU, WW, LAJ and MKC)*

An Indonesian citizen, Andry Setiawan has served as President Director of Royal Lestari Utama from January to May 2017, then resumed his position as commissioner, a position he has occupied since June 2017. The University of California, Berkeley graduate began his career at Economics Analysis LLC, Los Angeles in 1999. He then returned to his homeland and was trusted to the position of Vice President Director of PT. Chandra Asri Petrochemical from 2003 to 2012. In addition to being a commissioner, he currently also holds the position of President Director of PT. Petrindo Jaya Kreasi.

5. *Fifi Setyawati Leono (Commissioner for each of RLU, WW, LAJ and MKC)*

An Indonesian citizen, Fifi Setyawati Leono has been serving as a member of Royal Lestari Utama commissioners board since March of 2015. Jakarta-born in the year 1974, she earned her Bachelor of Science from Boston College. She started her career as an auditor at Arthur Andersen LLP in New York for two years, then joined PT Jabar Utama Wood Industries in 1998. In 2002, she was appointed Finance Director of PT Nansari Prima Plywood. She also served as Finance Director at PT. Barito Pacific Lumber in 2005.

6. *David Sulaiman (President Director for each of RLU, WW, LAJ and MKC)*

Born in Jakarta, Indonesia in 1979, David Sulaiman, an alumni of York University, has been serving as President Director since June 2017. He started his career at Asia Pulp and Paper in 2002 before joining Quvat Management Group until 2012. David then assumed the position of Director for five years at PT. Petrindo Jaya Kreasi. He also serves as one of the commissioners in PT. Griya Idola, one of Barito Pacific's subsidiaries since 2016.

As President Director, David is responsible for all day-to-day management decisions and for implementing the company's long and short term plans. The President Director acts as a direct liaison between the Board and management of the company and communicates to the Board on behalf of management.

7. *Eric Pierre Robert Vaillier (Vice President & Finance Director for each of RLU, WW, LAJ and MKC)*

A French citizen, Eric has been serving as the Vice President and Finance director since June 2016. Eric earned a Master of Laws from the University of London. In the past, Eric worked at Michelin from 2009. From 2004, he worked at Thales for 7 years. Eric also worked for CMA CGM and Société Générale.

As Finance Director, Eric has to ensure effective strategic and operational (budget analysis and management, financial modelling and reporting, cost benefit analysis, forecasting needs, accounting and treasury operations, information and technology, procurement, sales and marketing, mergers and acquisitions and investment) to enhance the decision making process of Company and to ensure the Company and its subsidiary companies comply with all statutory and external requirements and regulations. Eric manages 28 people in his department.

8. *Meizani Irmadhiany (Corporate Affairs Director for each of RLU, WW, LAJ and MKC)*

An Indonesian born in Jakarta in 1985, Meizani has been serving as Corporate Affairs Director since March of 2015. In addition, she is also active as an executive secretary consultant at the Indonesian Geothermal Association since 2011. Meizani graduated from the University of Minnesota. Her career began in 2007 as a consultant at the International Labour Organization. One year later she joined Star Energy, an oil, gas and geothermal company, for 4 years. In 2012, she was entrusted with the position of General Manager of Business Development at Barito Pacific.

As Corporate Affairs Director, Meizani has to ensure effective strategic and operational (safety health and environment, conservation, corporate communication and public affairs) to enhance the decision making process of the company and to ensure the company and its subsidiary companies comply with all statutory and external requirements and regulations. Meizani manages 28 people in her department.

9. *Bruno Marie Jean-Louis Mangenot (Project Remilling Director for each of RLU, WW, LAJ and MKC)*

A French citizen born in Mirecourt in 1959, Bruno has a degree of Superior Technician in Mechanical Construction. Prior to that, he had a career at Michelin for 35 years in various engineering and construction projects. Now, he has been entrusted to serve as Project Remilling Director of Royal Lestari Utama since June 2016.

As Project Remilling Director, Bruno's role is to ensure that planning, development, implementation and maintenance of projects meet the technical, financial, business development and ethical standards, from the construction planning phase through to the commissioning phase. Bruno manages 5 people in his department.

10. *Polmer Nababan (Operation Director for each of RLU, WW, LAJ and MKC)*

An Indonesian citizen born in Pematang Siantar in 1966, Polmer graduated from Nommensen HKBP University. Polmer has occupied the position of Operation Director of Royal Lestari Utama since July 2016.

Polmer has a lot of experience in plantation. He worked at PT. Pamor Ganda in 1993. Subsequently in 1996 he joined PT. Pinago Utama with his last position as Plantation Director & Development. Furthermore, Polmer also served as Plantation Director & Forestry at PT. Buana Sriwijaya Sejahtera Group (BSS Group) until July of 2016.

As Operation Director, Nababan has to ensure Plan, develop and implement long-term business strategy and maintain the operation of the plantation as production performance and financial performance and compliance with business ethics and prevailing provisions. Nababan manages 716 people in his department.

11. *Jean Coupey (Technical & Quality Director for each of RLU, WW, LAJ and MKC)*

A French citizen born in Seclin in 1962, Jean Coupey has occupied the position of Technical & Quality Director of Royal Lestari Utama since May 2017. Jean, who holds the Masters of Sciences and Techniques, served as Co-Founder & Co-Manager at Llicancahur Mining Consulting until 1999 before finally having a career of more than 17 years at Michelin in various positions.

As Technical & Quality Director, Jean's role is to assure sustainable, competitive, applicable, trainable and economic rationale for quality for products and processes in the plantation and milling activities. Jean manages 9 people in his department.

LEGAL PROCEEDINGS

There are no legal proceedings against or affecting the Borrowers nor any of its assets or revenues, nor are the Borrowers aware of any pending or threatened proceedings of such kind, which may have or have had in the recent past (covering at least the previous 12 months) a significant effect on the Issuer's financial position.

RECENT DEVELOPMENT

There has been no material adverse change in the prospects of each of the Borrowers since 31 December 2016, being the date of its last published audited financial statements, nor has there been any significant change in the financial trading position of the Borrowers since 31 December 2016, except for changes in shareholder structure for PT Lestari Asri Jaya, PT Wanamukti Wisesa and PT Multi Kusuma Cemerlang. See "Overview of the Borrowers" section above.

DESCRIPTION OF THE FACILITY GUARANTOR

The information set out below relating to the Facility Guarantor has been obtained from public sources. None of the Borrowers, the Lead Manager or the Issuer has separately verified such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Borrowers, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the Account Bank, the Common Depositary or the Facility Guarantor or any of their respective affiliates, directors or advisors, as to the accuracy or completeness of the information relating to the Facility Guarantor set out below.

Overview

The Facility Guarantor is the United States Agency for International Development (“**USAID**”), a United States of America Government Agency that works to end extreme global poverty and enable resilient democratic societies to realise their potential.

Further information on USAID is publicly available on its official website (<https://www.usaid.gov/>).

DESCRIPTION OF THE FACILITY MANAGER

The information set out below relating to the Facility Manager has been provided by the Facility Manager. Neither the Issuer nor the Lead Manager has separately verified such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Facility Agent, the Account Bank, the Common Depositary or the Facility Guarantor or any of their respective affiliates, as to the accuracy or completeness of the information relating to the Facility Manager set out below.

Asia Debt Management Hong Kong Limited (“**ADM Capital**” or the “**Facility Manager**”) was founded 1998 after the Asian financial crisis with a focus on private credit in the Asian region. ADM Capital currently has over US\$1,000,000,000 in assets under management, and employs over 50 staff across its regional offices in Asia and Europe.

ADM Capital has been investing in Indonesia since its original inception in 1998, making it one of the few fund managers in Asia with an almost 20-year track record in the country and giving ADM Capital a deep history of experience to draw upon in Indonesian private credit transactions. Since 2004, when ADM Capital’s strategy first began to focus on self-originated private credit investments, ADM Capital’s Asian funds have invested in approximately 118 private Asian deals in 15 different jurisdictions, deployed approximately US\$2,500,000,000 in investments and executed over 100 deals.

ADM Capital has developed relatively deep and proprietary sourcing networks and a strong understanding of the legal and cultural environment in Indonesia through years of credit investing.

Asia Debt Management Hong Kong Limited is a Hong Kong headquartered investment adviser, regulated by the Hong Kong Securities and Futures Commission (AEN 683).

ADM Capital Foundation (the “**Foundation**”) was established in 2006 as an impact-driven non-profit to provide funding and intellectual capital to help address specific forestry, water, air, marine and wildlife trade challenges. The Foundation is a leader in environmental philanthropy in Asia, with a focus on systemic change based on research. The Foundation has a staff of 17, with over US\$20,000,000 directed toward innovative work with 40 partners in 10 countries over the past decade. The Foundation's research on water in China via ADM Capital Foundation initiative, chinawaterrisk.org, and on other topics such as ocean health, have provided important insight into environmental risk as well as investment opportunity. In Indonesia, the Foundation provided core conservation funding and strategic support to a substantial conservation and community effort over many years and learnings from that project formed the basis for TLFF I.

DESCRIPTION OF THE PROJECT

Financing Sustainable Rubber

1. Overview

The Project is a large scale natural rubber plantation in Indonesia to produce and sell natural rubber products to global and national buyers, including, but not limited to, SMPT. The Project sites are located in Jambi, Sumatra and East Kalimantan provinces, and are currently under development. The Project, extending over 3 concessions with a total area of circa 88,000 hectares, aims to create natural habitat protection zones, including the creation of a critical buffer alongside the Bukit Tigapuluh National Park. Out of the circa 88,000 hectares, circa 45,000 hectares will be set aside for community livelihoods, land restoration and conservation corridors for the many iconic species in the adjacent national parks. The Project protects a conservation landscape in Jambi, Sumatra, replete with iconic species populations, as well as indigenous and local communities who will benefit in terms of expanded livelihood opportunities.

In Jambi, the Borrowers' intention is to protect three of the largest and richest parks on the planet: Bukit Tigapuluh and two Limau Parks, as well as to protect an important water catchment area. The Borrowers propose to place half the concession areas in set-asides for local livelihoods, including smallhold rubber plasma and outgrowers, wildlife conservation designated areas and forest/land protection/restoration. The Project involves a partnership with the World Wildlife Fund ("WWF"), which has worked with the Borrowers to set aside remaining high carbon stock and high conservation value forest, as well as critical wildlife conservation and riparian areas. In addition, in Jambi, the two concession areas held by the Borrowers and two WWF concessions form a strong and contiguous buffer zone protecting the Bukit Tigapuluh National Park from further encroachment, largely from smallholders fueled by capital from land speculators. In social benefit, at maturity, the Natural Rubber plantation is expected to provide approximately 16,000 jobs at minimum wage or better, providing a critical source of employment for local communities. At maturity, the rubber plantation will also represent almost 10% of Michelin's global natural rubber supply.

The Project will be developed in phases and is expected to be completed by year 2024 with a total annual natural rubber production of over 55,000 metric tons (cup lumps or re-milled latex). The site is comprised of approximately 34,000 hectares of land in total for rubber plantation and the Borrowers have already planted until December 2017 approximately 18,076 hectares in rubber trees. The first commercial production of cup lumps started in 2014. NGO partnerships, including with WWF, will act to support conservation and community benefit for the Project. Two full-time WWF staff are employed locally and will be integrated into the advisory board.

Additionally, the Borrowers expect to deliver environmental co-benefits of bigger and better natural forest areas providing habitat for tiger, elephant and orangutan and other unique biodiversity and improved water supply and soil stability in the two local watersheds and also social and economic co-benefits of improved livelihood of 24,000 people and 18 local villages through participation.

(a) E&S Objectives:

- Develop climate smart, wildlife friendly, socially inclusive and sustainable production of rubber to generate legal income for companies and multiplier effect to resident communities including two indigenous peoples groups.
- Through education, training and employment, protect and rehabilitate natural forest and prevent fire to avoid emissions, sequester carbon and improve habitat for wildlife populations.
- Expand agricultural productivity in a landscape that has been substantially encroached, logged and burned.
- Demonstrate a viable model of socially inclusive, sustainable production inside a conservation landscape.
- Ensure job creation and enhanced livelihoods via employment (at least at minimum wage) for approximately 16,000 workers, at maturity.
- Establish Community Partnership Programs ("CPPs") that include needed infrastructure development (houses, schools, health clinics).

- Resolve any land encroachment disputes via Free Prior Informed Consent (“**FPIC**”) and community engagement.
- Ensure inclusion of local people, including the two indigenous tribes in the area.
- Resource efficiency and pollution prevention, including reduced use of agrochemicals.
- Protect and conserve biodiversity insofar as that is possible, maintain ecosystems and sustainably maintain living natural resources.
- Avoid or minimise risks and impacts to community health, safety and security.
- Biodiversity conservation and sustainable use of natural resources in plantation management to ensure vegetative cover, soil quality etc.
- Work toward agreements with other nearby concession holders to support expansion of the RLU/WWF model that would further protect local conservation and forest areas.

(b) Current Status:

- Two years’ work with WWF to set aside critical conservation areas, including approximately 24,000 hectares of HCV and HCS land.
 - Priority forest areas secured in partnership with neighbouring concessions and the National Park authorities.
 - Memorandum of understanding signed with Tigapuluh National Park on protection and restoration of park boundaries.
- More than 20 villages and other communities working in partnership to develop sustainable plantation.
- Approximately 2,000 community members currently employed in approximately 16,000 hectares of RLU rubber planted since 2008 in Kalimantan and Jambi.

2. Project Background

The Bukit Tigapuluh landscape straddles the Jambi / Riau provincial boundary in the centre of Indonesia’s Sumatra island and lies inside the Rimba Corridor, designated as one of five pilot areas for ecosystem-based land use planning by Presidential Decree No. 13/2012 on Sumatra Island Spatial Planning. The landscape is one of Sumatra’s last lowland forest landscapes that earned Indonesia the nickname “Emerald of the Equator”: dense canopy, lush forests of incredible biodiversity and rolling hills. It is home for around 500 people of the indigenous Orang Rimba tribe and 8,000 people of the Talang Mamak tribe and provides habitat for populations of three critically endangered flagship species: >30 Sumatran tigers, >150 Sumatran elephants and >180 Sumatran orangutans.

However, this originally fully forested landscape has suffered severe deforestation in recent years. Only 230,000 ha of forest cover remained in 2014, mostly in two government protected areas and in two licensed and one potential ecosystem restoration concession blocks. All remaining forests face increasing degradation and deforestation threats mainly from illegal harvesting of timber, clearance for slash and burn agriculture, and illegal development of oil palm plantations.

Indonesia has the world’s third largest area of tropical forest. However, its high rates of deforestation, associated with often disastrous annual fires and their resulting haze, make the country one of the world’s major greenhouse gas emitters. The island of Sumatra experienced the country’s fastest forest loss driven by very large scale unsustainable and often illegal commodity production. Its increasingly fragmented forest landscapes, including Bukit Tigapuluh, are divided into many polygons, managed by numerous government, corporate and community entities. Sumatra is representative for the rest of Indonesia where similar development is in progress, Borneo’s deforestation is now similar to Sumatra’s, Sulawesi is well on the way, and Papua has begun. Solutions found for landscapes in Sumatra are likely to be applicable in other islands, hopefully before their forests have all but disappeared.

Conversely, the country is also vulnerable to climate change, threatening water, food security and agricultural/forestry productivity with devastating impact on community livelihoods and resilience. We expect that protection and restoration of upstream natural forests in the two local watersheds by our programme will contribute to reducing the flooding and sedimentation that have already been affecting the downstream population through blackouts, school closures and epidemics. Proper land use management and expansion of employment opportunities generated by our programme would also provide better income and sustainable livelihoods which will make the population less vulnerable to hydro-meteorological disasters linked to climate change.

Overall, the programme area's current state is characterised by high emission, low income and high social and wildlife conflict levels. The concessions in Jambi are particularly densely populated (55 habitants/km²) with illegal logging and illegal palm oil as the main sources of income. The Borrowers aim to enable a transition towards a socially inclusive, low-emission and sustainable production landscape, with strong landscape planning and tenure arrangements, high carbon and conservation values by establishing a commercially viable model for such a landscape that ensures financially sustainable continuation of the programme's outcomes and relevant activities.

3. Land Acquisition and Planting Strategy

Planting land is a three-stage process involving: (i) the acquisition of land; (ii) the preparation of the land; and (iii) the planting and cultivation of the land. This process follows instructions, norms and standards ("**INS**") advised by Michelin's Technical Assistance team.

Land Acquisition

This step is only necessary if the land targeted for planting has already been claimed by third parties. Otherwise, the Borrowers may proceed straight to land preparation.

In the Borrowers' Jambi concessions, the Borrowers have an FPIC-compliant land compensation scheme in place. A transparent and public compensation grid sets the price the subsidiaries of RLU pay for land based on crop and age by surface. As part of the Borrowers' operations department, a dedicated development team is in charge of managing this process, under the supervision of the conservation (environmental sustainability) and public affairs (social sustainability) teams for checks and balances.

In the Borrowers' East Kalimantan concession, no land acquisition is in place to date.

In both cases, a CPP is currently being prepared with well-known consultants to ensure local communities take part in the success of RLU through revenue-sharing schemes against land while ensuring local livelihood sustainability.

Land Preparation

A plot of land is identified as a "block" following a set of rules (e.g. minimum surface of 5ha, one contiguous and homogeneous parcel, not HCV-HCS, etc.) and assigned a specific number by our geographic information system department. Usually this block number will stay until replanting, around 30 years after initial planting.

As part of the Borrowers' operations department, a dedicated land preparation and planting team lays the infrastructure before machinery is brought in. This typically involves the building of roads but this may also include constructing buildings.

The Borrowers' land preparation team then clears the land in compliance with RLU's commitments to biodiversity (e.g. streams and bigger zones are left untouched to act as wildlife corridors). Slopes above 20° usually require terracing. Slopes above 40° are not planted on in accordance with Indonesian law.

Land preparation is finished once pegging has been performed. This ensures the Borrowers comply with their 555 trees per hectare standard.

Land Planting

Assuming there has been enough recent rain as per the INS, a tree from the Borrowers' nurseries is planted at every peg. Once planting through the whole block is performed, the "upkeep" process starts and usually lasts for 5 or 6 years before tapping begins.

The Target Plantation Schedule for the Project can be found below:

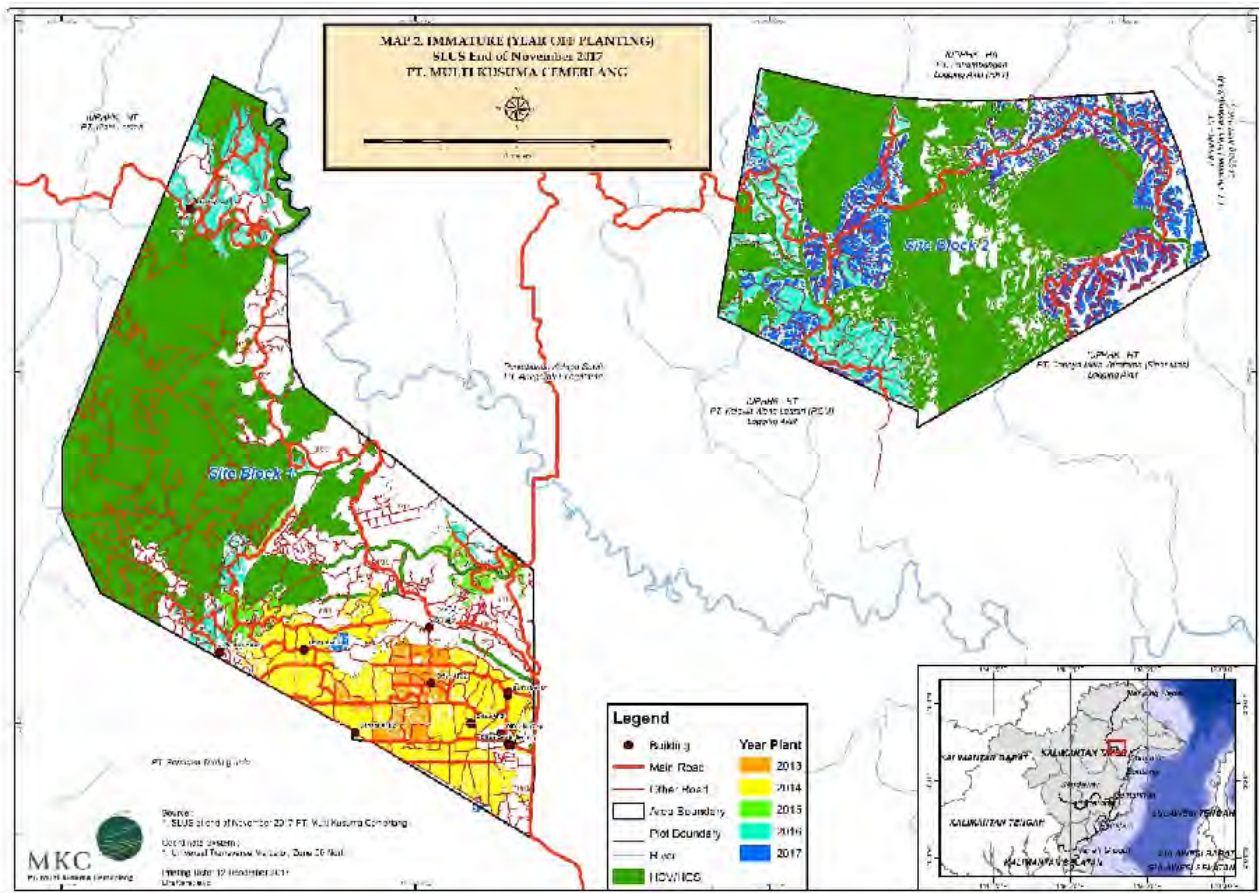
Planting Year	Q 1		TOTAL	Q 2		TOTAL	Q 3		TOTAL	Q 4		TOTAL	Grand Total		
	JAMBI	KALTIM*		JAMBI	KALTIM*		JAMBI	KALTIM*		JAMBI	KALTIM*		JAMBI	KALTIM*	RLU
2008- 2017													13,726	4,350	18,076
2018	700	125	825	700	125	825	700	125	825	700	125	825	2,800	500	3,300
2019	500	50	550	500	50	550	500	50	550	500	50	550	2,000	200	2,200
2020	488	50	538	488	50	538	487	50	537	487	50	537	1,950	200	2,150
2021	488	50	538	488	50	538	487	50	537	487	50	537	1,950	200	2,150
2022	488	50	538	488	50	538	487	50	537	487	50	537	1,950	200	2,150
2023	488	50	538	488	50	538	487	50	537	487	50	537	1,950	200	2,150
2024	425	31	456	425	31	456	425	31	456	425	31	456	1,700	124	1,824
Total	3,577	406	3,983	3,577	406	3,983	3,573	406	3,983	3,573	406	3,983	27,966	6,033	34,000

*"KALTIM" means East Kalimantan province

Jambi Province Plantation Map



East Kalimantan Province Plantation Map



4. Carbon Benefits Across the Landscape

Including two WWF ecosystem restoration concessions at either end of the RLU landscape, ABT concessions, preliminary analysis estimated eventual carbon benefits generated by the programme until 2075 to include around 24.5 million tCO₂eq of avoided emissions by preventing loss of natural forest remaining in the programme area, 13.2 million tCO₂eq of carbon sequestration by restoring natural forests and 5.2 million tCO₂eq of carbon sequestration by rubber plantation development (subject to updated, detailed assessments).

5. Project E&S Implementing Partners

- PT Royal Lestari Utama.
- PT Alam Bukit Tigapuluh, WWF-Indonesia.
- Bukit Tigapuluh National Park authorities.
- The programme sponsors and the partners above will also attempt to facilitate establishment of a multi-stakeholder “Bukit Tigapuluh Forum”, including public, private sector and community stakeholders.

ENVIRONMENTAL, SOCIAL & GOVERNANCE STANDARDS OF THE ISSUER

The information set out below is a summary of the current environmental, social and governance principles of the Issuer as at the date of this Offering Circular. The adoption of such principles is at the absolute discretion of the Issuer who may choose to amend and/or cease to adopt such principles in whole or in part at any time. In the event that the Issuer amends and/or ceases to adopt such policies and standards, the Issuer shall not be required to inform the Noteholders of such amendment and/or cessation. These principles are not, and are not intended to be, legally binding upon the Issuer, the Lead Manager, the Facility Manager, the Transaction Administrator or any other party. For the avoidance of doubt, the Issuer, the Facility Manager, the Lead Manager, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Account Bank, the Agents and the Common Depositary make no representations as to whether such principles are in fact in compliance with the Green Bond Principles.

1. Introduction of Tropical Landscapes Finance Facility and Sustainable Finance Facilities Programme

The Tropical Landscapes Financing Facility Programme (the “**TLFF Programme**”) is a programme established in October 2016 seeking to step into the lack of long-tenor credit available in Indonesia for projects with strong development benefits. Co-founded by the Facility Manager, along with partners BNP Paribas, United Nations Environment Programme (“**UNEP**”), and The World Agroforestry Centre (“**ICRAF**”), the programme seeks to mobilise international capital markets to provide funding to two areas that respond to the Government of Indonesia’s nationally determined contributions: a) sustainable agriculture and b) renewable energy projects. The TLFF Programme is governed by a Secretariat and a Board of Directors, comprised of prominent members of Jakarta’s business and political community. A Jakarta-based TLFF Secretariat provides support to the Facility Manager, particularly with regard to regulatory or environmental, social and governance (“**ESG**”) aspects of the projects. The ESG components are also supported by UNEP and ICRAF, which offer expertise and other resources to the Facility Manager.

Building on TLFF Programme, UNEP and BNP Paribas signed an agreement at the One Planet Summit in December 2017 under the patronage of the President of the French Republic, Emmanuel Macron, to establish Sustainable Finance Facilities. Under the Sustainable Finance Facilities programme, UNEP and BNP Paribas will collaborate to identify suitable sustainable commercial projects with a target of capital funding amounting to US\$10,000,000,000 by 2025 in developing countries. The Sustainable Finance Facilities programme is the first of its kind in terms of collaboration between companies, investors, development sector partners and civil society organisations, with the support of national governments. Further details can be found in the respective press releases and Summit webpage below:

Convergence:

<https://convergence.finance/press-detail/2uwNwfETcAIWOWqUcYgWwC>

UNEP:

<http://staging.unep.org/newscentre/Default.aspx?DocumentID=27086&ArticleID=36287&l=en>

ICRAF (a United Nations entity):

<http://blog.worldagroforestry.org/index.php/2016/10/31/better-deal-incentivising-wise-land-use-tropical-landscape-finance-facility/>

BNP Paribas:

<https://group.bnpparibas/en/press-release/united-nations-environment-programme-un-environment-bnp-paribas-partnering-bring-private-capital-sustainable-projects-emerging-countries>

One Planet Summit:

<https://www.oneplanetsummit.fr/en/projects-for-our-planet/>

2. TLFF Programme

The TLFF Programme is intended as a series of separate investment projects in Indonesia based on common ESG principles. The transactions contemplated by the Issuer in the Transaction Documents are the first facility to be launched under this programme.

It is anticipated that the Facility Manager may draw upon resources from the TLFF Programme in connection with the Facility Manager’s duties and obligations under the Facility Management Agreement.

The Issuer intends to adopt specific environmental, social and governance standards consistent with the overall objectives of the TLFF Programme (such principles as adopted by the Issuer from time to time referred to herein as, the “**TLFF ESG Standards**”). A non-exhaustive summary of the TLFF ESG Standards is set out below.

The Loan Facility is intended to fulfil one or more of the following objectives of these TLFF ESG Standards, including to provide long-term finance for projects that improve livelihoods, with attention paid to gender equality, the alleviation of poverty, and the reduction of greenhouse gas emissions, deforestation and forest degradation as well as no development on peat. The Issuer intends that the Loan Facility should offer both a competitive financial risk-adjusted return as well as social and/or environmental impact. The TLFF ESG Standards are intended to look beyond the immediate investment to support the development of sustainable supply chains for agricultural products and specifically in the rubber industry.

From an investment perspective, the Issuer’s intention is that integrating the TLFF ESG Standards into its investment criteria strengthens its investment decision-making process.

The Issuer believes that it can help foster sustainable development through its operations and also through its influence with companies in which it invests in order to benefit the local community, as well as ultimately improving business efficiency and performance so that it can achieve the maximum returns for its investors.

3. Introduction

The TLFF ESG Standards serve as guidance for the Loan Facility.

The Loan Facility Agreement will contain provisions confirming adherence to a TLFF ESG policy and standards, which will serve as the primary document governing TLFF ESG Standards in respect of the Loan Facility.

4. TLFF ESG Standards Risks

The Issuer believes the TLFF ESG Standards can have a material impact on the long-term financial performance of projects and companies and that poorly managed risks can lead to inefficiencies, operational disruption, litigation, regulatory change and reputational damage. Therefore, the Issuer believes that supplementing traditional financial analysis with a review of ESG-related management practices and performance is prudent, and is in line with its fiduciary responsibility to optimise investor returns. Pursuant to the Loan Facility Agreement, the Issuer will procure the delivery of an environmental and social action plan which will contain, *inter alia*, milestones and measures to ensure compliance with the TLFF ESG Standards, which will be regularly monitored by the Facility Manager (on behalf of the Issuer) based on semi-annual reports delivered by the Obligors to the Lender and the Facility Manager in respect of such compliance.

Some key areas of ESG-related risks which are the focus of the Issuer in application of the TLFF ESG Standards are expected to include:

- **Environmental:** Sustainable use of natural resources, pollution, greenhouse gases emitted, conservation of land and water ecosystems, restoration and rehabilitation of forest and peatland, forest canopy retention, protection of biodiversity, on both land and in marine environments.
- **Social:** Human and labour rights, land tenure rights and security, customary rights, improved lives for marginalised rural populations, expanding social benefit more generally, and non-exploitative supply chains.
- **Governance:** Transparency and integrity where there is lack of appropriate access to information and board oversight, decision-making structures, traceability of agricultural or marine commodities and derivative products, and comprehensive reporting.
- **Ethical conduct:** Reputation, and the reputation of associated partners, for integrity and fairness is important.

5. ESG Positive Impact and Benefit: The Issuer's Eight Core Objectives

The Issuer aims to help promote sustainable economic development in Indonesia while helping the country achieve climate targets stated in its 'Nationally Determined Contributions'³.

Eight core objectives (the “**Eight Core Objectives**”) of the TLFF ESG Standards that are expected to be considered by the Issuer in managing the Loan Facility will include:

1. **Forest retention:** Retained canopy cover, reduced land conversion and reduced emissions through use of finance to support better efficiency in the smallholder agriculture sector as well as no deforestation commitments.
2. **Improved rural livelihoods** from better smallholder farming practices as well as access to clean energy and skills-based training for projects, with particular attention paid to gender equality, no child labour and fair labour and wages.
3. **Peatland restoration and rehabilitation:** no drainage or burning, where relevant.
4. **Sustainable supply chains** for agricultural companies, including improved use of certifications by mills, cooperatives, use of technology and innovation (traceability, GPS land mapping, farming practices, monitoring) prompting better farming practices.
5. **Clean energy:** Scaling up investment in renewable energy capacity, including solar, wind, environmentally sustainable small-scale hydro, with a particular focus on access to electricity for marginalized, off-grid communities.
6. **Reduced emissions** from prohibitions on slash and burn in landscapes, by substituting diesel-generated and other polluting electricity generation for renewables, where relevant.
7. **Biodiversity protection** and mapping of threatened species.
8. **Pollution reduction** in freshwater systems, reduced air emissions (haze, diesel), reduced soil contamination from better farming practices and reduced chemical use.

6. ESG Investment Factors for all Companies

It is expected that the Issuer will include provisions in the Loan Facility Agreement requiring the Borrowers to comply with the following requirements:

1. undertake third-party ESG risk assessments to identify key risk areas and develop ESG development plans for mitigation of identified risks;
2. operate in compliance with all applicable local and national laws, including but not limited to laws covering environmental impacts (including permitting and zoning), labour rights, social issues, corporate governance and those intended to prevent extortion, bribery, corruption and financial crime;
3. adopt and implement policies to prevent extortion, bribery, fraud, corruption and financial crime, with zero tolerance, in accordance with local law and international best practice;
4. implement appropriate management systems that ensure a systematic approach to ESG risk assessment, addressing relevant risks, monitoring and reporting;
5. work in partnership toward improved environmental and social standards;
6. ensure continuous compliance with required items included in the ESG Development Action Plan; and
7. work with regulators and auditors in an open and cooperative manner.

3

http://www4.unfccc.int/ndcregistry/PublishedDocuments/Indonesia%20First/First%20NDC%20Indonesia_submitted%20to%20UNFCCC%20Set_November%20202016.pdf

7. International Finance Corporation's Performance Standards on Environmental and Social Sustainability

The Issuer will apply the International Finance Corporation's Performance Standards on Environmental and Social Sustainability ("IFCPS") for project management. The IFCPS can be found here: (https://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afdf998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES).

8. Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Security ("VGGT")

For reporting purposes, the Issuer will refer to the VGGT.

9. Adhering to Relevant Company ESG and CSR Policies

The Issuer will have regard to the ESG policies and CSR policies of associated institutions, where relevant and applicable, to the assessment of projects during the initial project assessment phase, and during ongoing project evaluation. Of particular relevance here will be the BNPP sector policy statement on agriculture, which can be found here: https://group.bnpparibas/uploads/file/position_paper_soft_commodities_format_corporate_final.pdf.

10. Green Bond Principles

Where relevant, the Issuer will refer for guidance and reporting to the ICMA Green Bond Principles, Voluntary Process Guidelines for Issuing Green Bonds. These recommend transparency and disclosure and promote integrity, in the development of the Green Bond market by clarifying the approach for the issuance of a Green Bond. The Green Bond Principles set out guidance and requirements in respect of four areas: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and (iv) reporting.

11. Improving Supply Chains

As the Loan Facility will involve a project which is an important part of the global agricultural supply chains, the Issuer expects to encourage the Borrowers, where appropriate, to consider the following resources:

1. The UN Declaration of Human Rights and the Guiding Principles on Business and Human Rights: implementing the United Nations "Protect, Respect and Remedy" Framework.
2. Organisation for Economic Co-Operation and Development ("OECD") Guidelines for Multinational Enterprises.
3. The range of internationally certifiable environmental, social and quality standards issued by the International Organization for Standardization.
4. Internationally recognised standards on health and safety including, the International Labour Organization guidelines for occupational safety and health.
5. Relevant and credible standards as demonstrated by independent verification or certification such as the Forestry Stewardship Council certification, the Marine Stewardship Council certification, the Principles and Criteria of the Roundtable on Sustainable Palm Oil (RSPO) and the Indonesian Sustainable Palm Oil System (ISPO).
6. G20/OECD International standards of good corporate governance.
7. The Asian Development Bank's ("ADB") safeguard policies. The operational policies of the ADB include three safeguard policies: The Involuntary Resettlement Policy (1995), the Policy on Indigenous Peoples (1998), and the Environment Policy (2002).
8. The Food and Agriculture Organization ("FAO") voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security.
9. The FAO Code of Conduct for Responsible Fisheries.
10. The WWF 2050 Key Performance Criteria.
11. The Consumer Goods Forum and Sustainability Pillar 2010 resolutions regarding deforestation and refrigeration.
12. The relevant World Bank Group Agribusiness/Food production EHS Guidelines.

13. The FAO Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas.
14. The United Nations General Assembly Resolutions pertaining to sustainable fisheries (including ban of driftnets).
15. The FAO, International Fund for Agricultural Development, United Nations Conference on Trade and Development and World Bank Principles for Responsible Agricultural Investment (PRAI).

12. Issuer's Application of TLFF ESG Standards in the Loan Facility Agreement

As part of its application of the TLFF ESG Standards, the Issuer intends to apply the following provisions in the Loan Facility Agreement and the financing documents:

1. ensuring that agents and contracting parties of the Issuer (including the Facility Manager) understand the TLFF ESG Standards;
2. requiring that the Borrowers establish an ESG management system that promotes thorough ESG due diligence as well as systematic management of ESG issues and works toward achievement of the Issuer's Eight Core Objectives; and
3. requiring that the Borrowers implement an ESG management system that is consistent with the TLFF ESG Standards.

13. Monitoring and Impact Assessment

The Issuer intends to appoint the Facility Manager as its agent to monitor the Borrowers' compliance with the ESG action plan, TLFF ESG Standards and other ESG requirements (in each case as specified in the Loan Facility Agreement). The role of the Facility Manager will also include working with external ESG consultants for review and supervision, where relevant, as well as preparing annual ESG reporting for investors in the Notes and the Facility Guarantor.

NATURAL RUBBER INDUSTRY

The information set out below is a non-exhaustive summary of the natural rubber industry and does not purport to fully describe such industry or the challenges and risks faced by participants in such industry. The facts, figures, statistics and information used in this section have been taken from public sources and have not been independently verified by the Lead Manager, the Facility Manager, the Issuer, the Notes Trustee, the Security Trustee, the Transaction Administrator, the Agents, the Common Depositary, the Facility Agent, the Account Bank, the Borrowers, the Facility Guarantor, and/or any of their respective affiliates, directors or advisors and should not be unduly relied on. Furthermore, the historical performance of an industry does not necessarily predict or guarantee future performance and/or future success. Any predictions, forecasts, key performance indicators, commentary or analysis contained herein are inherently uncertain and should not be unduly relied on. Potential investors should conduct their own investigation and research in order to form their own independent views on the prospects, performance and future performance of this industry.

Application of Natural Rubber

Natural rubber, whose main component is polymers of the organic compound isoprene, is harvested in the form of the latex from the rubber trees. Native to South America, rubber trees thrive in warm, rainy climates, particularly around the Equator. New varieties bred to tolerate more extreme climates are allowing large-scale cultivation throughout Asia. In 2016, the global natural rubber plantation reached approximately 13 million hectares, with 93 per cent. of it located in Southeast Asia, and 12.2 million tonnes of natural rubber was produced globally. The three largest producers, Thailand, Indonesia and Vietnam, together account for around 70 per cent. of global natural rubber production⁴.

Natural rubber is a critical raw material for the tyre industry and approximately 75 per cent. of natural rubber is consumed by tyre production⁵. Natural rubber is essential in tyre production as it has great elasticity, good plasticity, high wear out resistance and high heat resistance. A satisfactory substitute for natural rubber has yet to be discovered, especially in the production of high-quality tyres used in heavy vehicles and aircraft.

In addition to its importance to the tyre industry, natural rubber is also extensively used in many other industries, such as the chemical, agriculture and health where the resulting products are grouped as general rubber products.

Tyres

Tyres are essential components of an automobile that transfer a vehicle's load from the axle through the wheel to the ground and provide traction on the surface being travelled over. Natural rubber is used in the initial stage of the tyre making process as a critical raw material. In accordance with the properties required for the tyre, natural rubber is mixed with other ingredients, such as synthetic rubber, carbon, zinc oxide, stearic acid, accelerator and oil to make a batch of rubber compound. The rubber compound is then blended into a homogeneous substance, which will be used to form rubber components in the later stage. After all the components are prepared, they will go through the tyre forming process, vulcanisation process, final inspection process and in the end be sold to automobile manufacturers if the tyre passes the final test.

Natural rubber plays a key role in the tyre making process because of its three important properties: (1) its resistance to abrasion which enables a tyre to last for three to four years, (2) its great elasticity which enables the tyre to absorb shock and therefore reduce vibrations and (3) its resistance to water and the action of most fluid chemicals which makes the tyre physically and chemically stable. On average, natural rubber takes up 12-18% of the weight of the tyres of passenger cars and 23-30 per cent. of the weight of the tyres of commercial vehicles⁶.

The continuing importance of natural rubber in the tyre making process is indicated by the fact that about 75 per cent. of all natural rubber consumed annually goes into the tyre industry as raw material. No satisfactory substitute of natural rubber could be identified which has both natural rubber's relatively low price and outstanding technical benefits.

⁴ Source: International Rubber Study Group (IRSG), LMC International

⁵ Source: LMC International

⁶ Source: US Tire Manufacturers Association (formerly Rubber Manufacturers Association)

General Rubber Products

In addition to its major application in tyre industry, natural rubber can also be found in a number of applications spread across many important industries. General rubber products can roughly be split into five main categories: (1) non-tyre automotive components, such as seals and various forms of padding for automobile parts, (2) hoses and belts, which are made from a natural rubber sheet that can be cut and customised into a number of different products, (3) footwear, (4) polystyrene and high impact polystyrene (HIPS) and (5) natural rubber latex products, including gloves, adhesives, sealants and carpet backing.

Demand of Natural Rubber

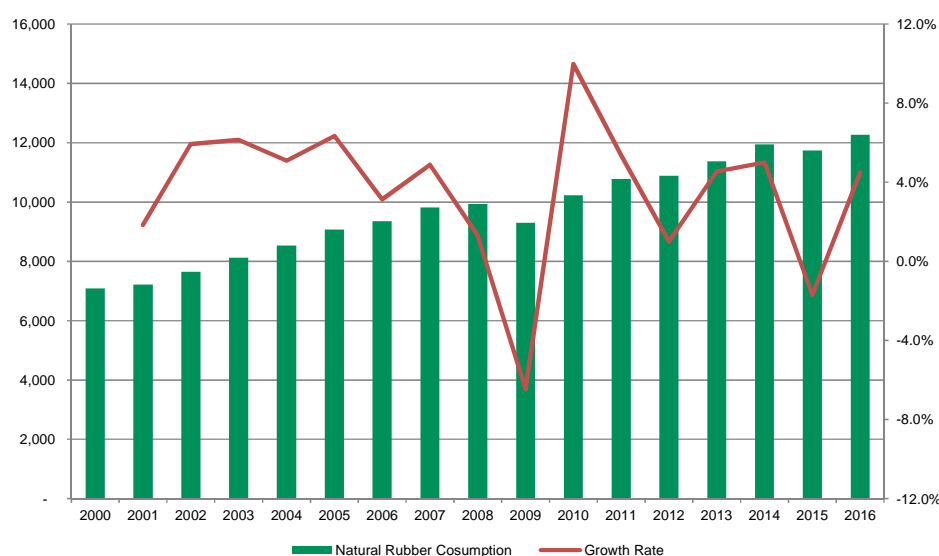
The demand for rubber measured by consumption has almost doubled in the past 16 years (see Table 1 and Chart 1 below). The global natural rubber demand increased at an average growth rate of 3.6 per cent. from 2000 to 2016 and stands at 12.3 million tonnes in 2016. The demand had been increasing steadily at an average growth rate of 4.8 per cent. from 2001 to 2007. After the financial crisis in 2008, the growth rate started to fluctuate but was still mostly positive. The major driver of this growth was the advancement of the tyre industry, especially the shift toward radial tyres, which use a higher percentage of natural rubber than bias-ply tyres. There have also been diverse government incentives to help develop the downstream rubber processing industry in Southeast Asia which also contributes to the growth of natural rubber demand⁷.

Table 1: Global Natural Rubber Consumption: thousand tonnes, 2000-2016

Year	2000	2005	2010	2015	2016
World NR Consumption	7,090	9,072	10,224	11,740	12,268

Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Chart 1: Global Natural Rubber Consumption: thousand tonnes, 2000-2016



Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

In terms of global natural rubber demand by products, auto tyre products dominate with a demand of 6.4 million tonnes in 2016. This accounts for 52 per cent. of global natural rubber consumption. Other tyre (24 per cent.), latex (12 per cent.), general rubber goods (10 per cent.) and non-tyre auto products (3 per cent.) account for the rest of the natural rubber demand (see Table 2 and Chart 2 below).

⁷ Source: International Rubber Study Group (IRSG)

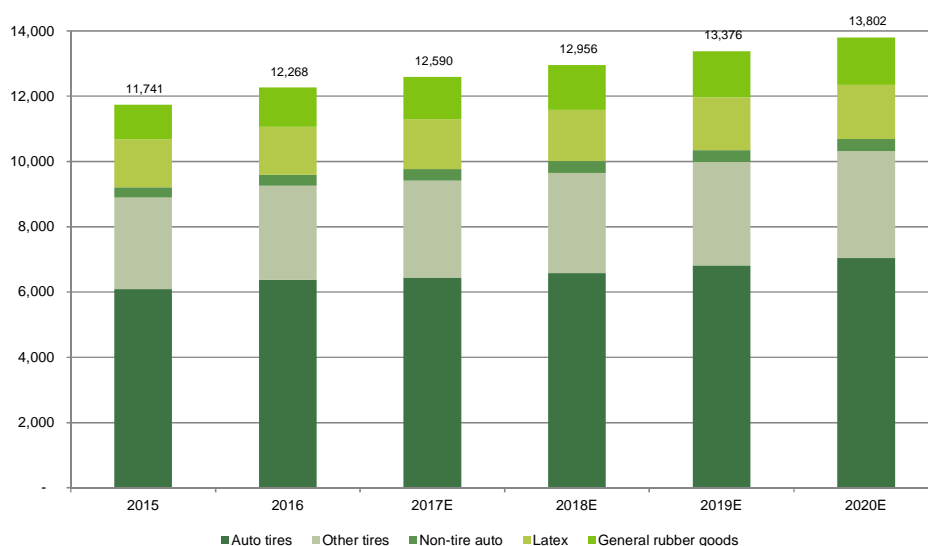
The usage of natural rubber appears to have gained momentum over the course of year 2016 with year-on-year growth of 4.5 per cent.. However, growth in natural rubber demand in 2017 and 2018 is expected to be subdued at around 2.8 per cent.. In addition to subdued economic expansion, decrease in mining companies' budgets (the mining sector is a big consumer of natural rubber) and increased competitiveness of synthetic rubber due to low oil prices are likely to hamper natural rubber consumption. Nonetheless, natural rubber usage is still supported by the ongoing expansion in the global vehicle fleet, historically low prices and the need to restock⁸.

Table 2: Natural Rubber Consumption by Product: thousand tonnes, 2015-2020E

Product	2015	2016	2017E	2018E	2019E	2020E
Auto tyres	6,091	6,371	6,442	6,581	6,816	7,045
Other tyres	2,794	2,883	2,976	3,071	3,169	3,271
Non-tyre auto	324	339	347	354	364	374
Latex	1,471	1,473	1,534	1,572	1,612	1,649
General rubber goods	1,061	1,202	1,291	1,377	1,414	1,463
Total	11,740	12,268	12,590	12,956	13,376	13,802

Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Chart 2: Natural Rubber Consumption by Product: thousand tonnes, 2015-2020E



Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Tyre Production

Approximately 75 per cent. of natural rubber is used in tyre making and, therefore, the consumption of natural rubber is closely related to the production of tyres. In 2016, there were 7.8 billion tyres produced worldwide. The growth of the global tyre market is mainly driven by the rising population, urbanisation, lifestyle changes and the increase in disposable incomes. See Table 3 and Chart 3 for the global tyre market volume in million tyres from 2012 to 2021. In terms of the end-user consumption, the replacement market is a major end-user segment which accounts for approximately 69 per cent. of the overall market value. The other major segment which accounts for the rest 31 per cent. is the OEM market, which refers to brand new tyres on the vehicles⁹.

⁸ Source: International Rubber Study Group (IRSG)

⁹ Source: TechNavio Analysis

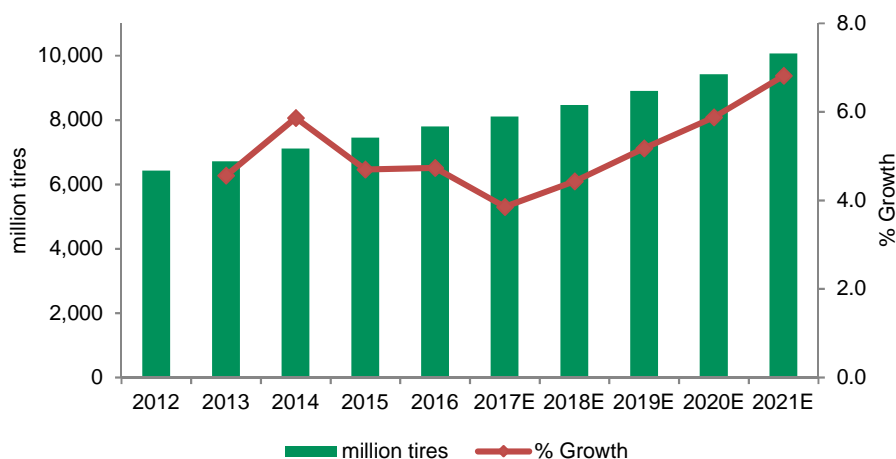
According to Marketline, the compound annual growth rate of the global tyre market volume in the period 2016 to 2021 is predicted to be 5.2 per cent. The global tyre rubber market is forecasted to have a volume of 10,062.9 million tyres by 2021, an increase of 29 per cent. since 2016.

Table 3: Global Tyre Market Volume: million tyres, 2012-2021E¹⁰

Year	million tyres	% Growth
2012.....	6,424.3	
2013.....	6,717.6	4.6%
2014.....	7,111.7	5.9%
2015.....	7,446.1	4.7%
2016.....	7,799.1	4.7%
CAGR: 2012–2016.....		5.0%
2017E.....	8,100.0	3.9%
2018E.....	8,459.0	4.4%
2019E.....	8,897.3	5.2%
2020E.....	9,420.6	5.9%
2021E.....	10,062.9	6.8%
CAGR: 2016–2021.....		7.0%

Source: Marketline

Chart 3: Global Tyre Market Volume: million tyres, 2012-2021E



Source: Marketline

In terms of the market value, the global tyre market witnessed tepid growth from 2012 to 2016 (see Table 4 and Chart 4 below) predominantly due to the Eurozone crisis and the slump in crude oil prices. These factors led to a weak demand for tyres across Europe and the Middle-East. At the same time, the global tyre market witnessed an increasing inflow of Chinese tyre brands. Demand for Chinese tyres has been growing across the globe over the last five years, primarily due to the lower prices of Chinese tyres compared to other flagship tyre brands.

¹⁰ The volume represents the number of tyres produced for passenger cars and commercial vehicles only, including OEM and aftermarket tyres.

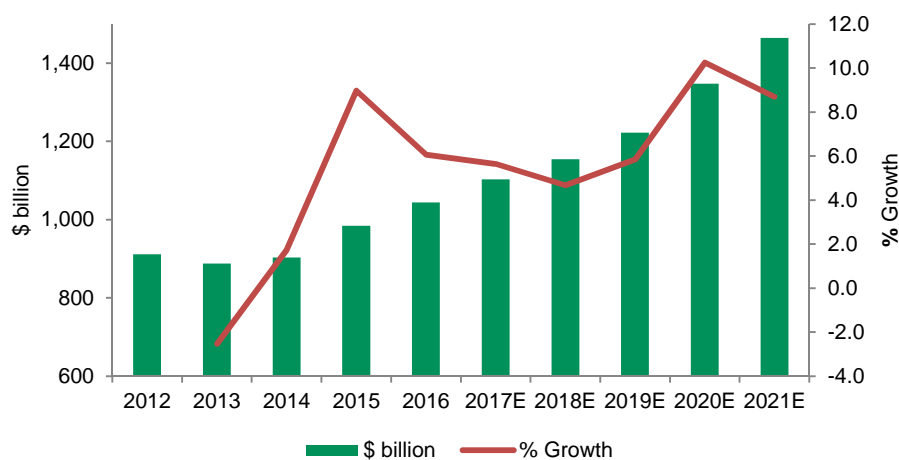
According to Marketline, the global tyre market is forecasted to grow at a CAGR of 7.0 per cent. from 2016 to 2021 on account of anticipated stabilisation of crude oil price, expected rise in the vehicle sales and expanding vehicle fleet, especially in Asia-Pacific.

Table 4: Global Tyre Market Value: \$ billion, 2012-2021E¹¹

Year	\$ billion	% Growth
2012.....	911.3	
2013.....	888.2	(2.5%)
2014.....	903.5	1.7%
2015.....	984.6	9.0%
2016.....	1,044.3	6.1%
CAGR: 2012–2016.....		3.5%
2017E.....	1,103.2	5.6%
2018E.....	1,154.6	4.7%
2019E.....	1,222.0	5.8%
2020E.....	1,347.2	10.2%
2021E.....	1,464.4	8.7%
CAGR: 2016–2021.....		7.0%

Source: Marketline

Chart 4: Global Tyre Market Value: \$ billion, 2012-2021E

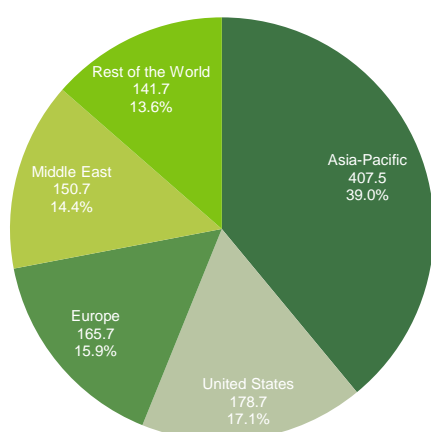


Source: Marketline

According to Marketline, in 2016, approximately 39.0 per cent. of the global tyre production output was generated in the Asia Pacific region, with China being the largest producer. After Asia, the United States is the second largest in terms of overall tyre production, accounting for 17.1 per cent. of global production, closely followed by Europe (15.9 per cent.) (see Chart 5 below).

¹¹ Global tyre market value consists of the manufacturers revenues generated through the sales of both aftermarket (replacement) and original equipment manufacturer (OEM) tyres for passenger cars and commercial vehicles, earthmoving equipment, motorcycles, scooters, bicycles and aircraft.

Chart 5: Global Tyre Market Value by Region: \$ billion, 2016



Source: Marketline

Asia-Pacific is forecasted to continue its dominance in the global tyre market over the next five years, owing to anticipated increase in the vehicle production, sales and vehicle fleet in the region. In the passenger car tyre sector, growing per capita income and anticipated increase in the launch of new vehicle models are the two key factors expected to drive the demand over the next five years.

Global Tyre Manufacturers

See Table 5 below for the ranking of the global tyre manufacturers in 2017. The rankings are published by Rubber & Plastics News based on 2016 tyre sales. The leading companies are Bridgestone from Japan, Michelin from France and Goodyear from USA.

Table 5: 2017 Global Tyre Company Rankings

2017 Ranking	1	2	3	4	5
Tyre Manufacturer	Bridgestone	Michelin	Goodyear	Continental	Pirelli
Origin Country.....	Japan	France	USA	Germany	Italy
Tyres Sales (in million US\$).....	22,121	21,129	13,645	10,785	6,830
2017 Ranking	6	7	8	9	10
Tyre Manufacturer	Sumitomo Rubber	Hankook Tyre	Yokohama Rubber	Cheng Shin Rubber	Zhongce Rubber
Origin Country.....	Japan	South Korea	Japan	Taiwan	China
Tyres Sales (in million US\$).....	6,030	5,009	4,208	3,887	3,229

Source: Rubber & Plastics News

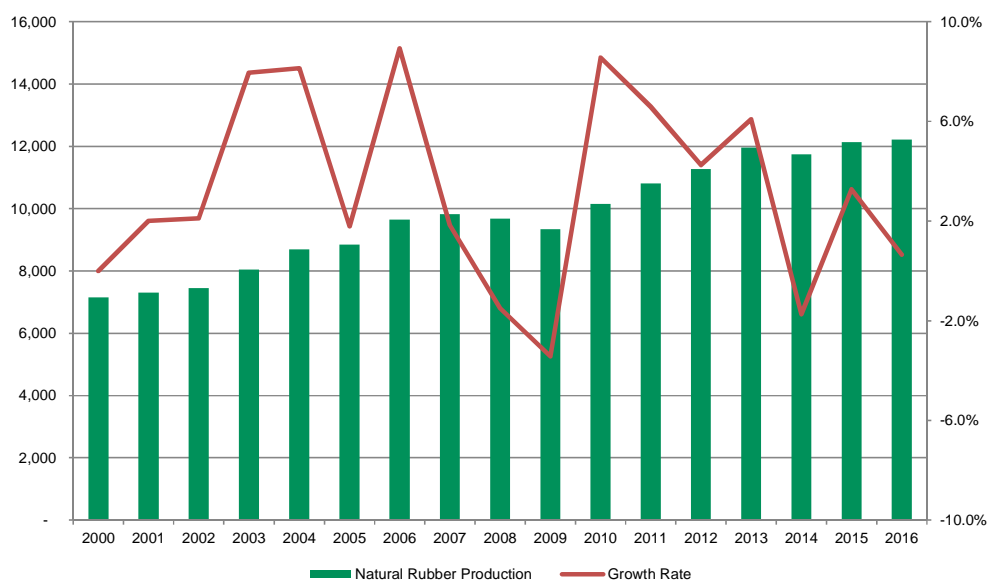
Supply of Natural Rubber

See Table 6 and Chart 6 below for the world natural rubber supply measured by production which nearly doubled over the last 16 years. The global natural rubber supply increased at an average growth rate of 3.5 per cent. from 2000 to 2016. In 2008, natural rubber supply decreased for the first time since 2000 because of the financial crisis. After the financial crisis, natural rubber returned to a growth of 8.6 per cent. in 2010. In 2014, world natural rubber supply decreased again because of the weak price and returned to expansion in 2015.

Table 6: Global Natural Rubber Production: thousand tonnes, 2000-2016

Year	2000	2005	2010	2015	2016
World NR Production	7,154	8,853	10,141	12,130	12,209

Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Chart 6: Global Natural Rubber Production: thousand tonnes, 2000-2016

Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

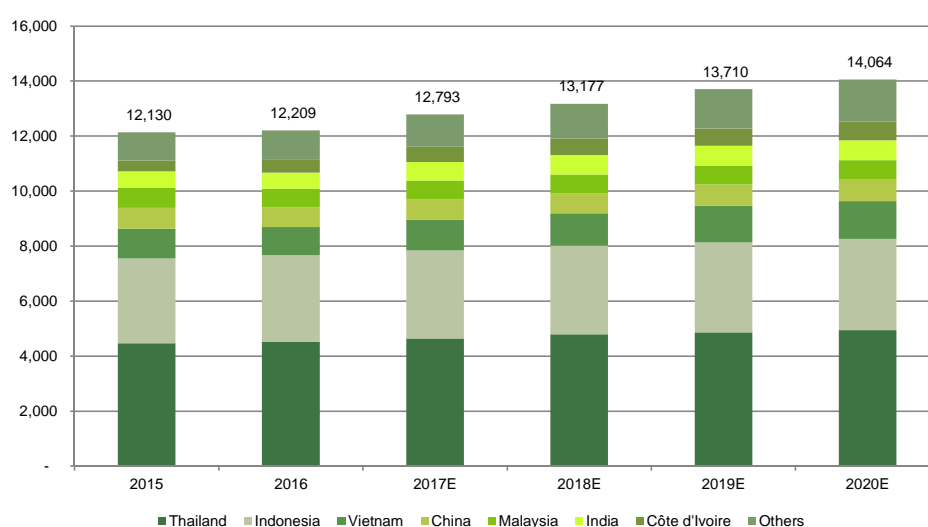
The global natural rubber supply measured by production was 12.2 million tonnes in 2016. See Table 7 and Chart 7 below for natural rubber production by region. In 2016, Thailand continues to be the largest natural rubber producer in the world with an annual production of 4.5 million tonnes, representing 37 per cent. of global supply, followed by Indonesia (26 per cent.), Vietnam (8 per cent.) and other Asia countries. In total, Asia produced 10.7 million tonnes of natural rubber in 2016, which represents 87 per cent. of global supply.

Table 7: Natural Rubber Production by Region: thousand tonnes, 2015-2020E

Country	2015	2016	2017E	2018E	2019E	2020E
Thailand.....	4,474	4,527	4,643	4,786	4,869	4,952
Indonesia.....	3,076	3,139	3,200	3,225	3,271	3,310
Vietnam	1,088	1,030	1,111	1,175	1,330	1,377
China	756	718	737	740	774	798
Malaysia	722	674	697	674	687	692
India.....	595	589	671	711	717	721
Côte d'Ivoire	407	489	558	601	635	685
Others	1,013	1,044	1,175	1,265	1,428	1,528
World.....	12,130	12,209	12,793	13,177	13,710	14,064

Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Chart 7: Natural Rubber Production by Region: thousand tonnes, 2015-2020E



Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

LMC International estimates that the natural rubber production should expand by 4.8 per cent. in 2017, in tandem with higher prices and new plantings coming on stream. After the recovery in 2017, production should rise by a more modest 3 per cent. in 2018, broadly in line with consumption growth.

Demand and Supply Balance

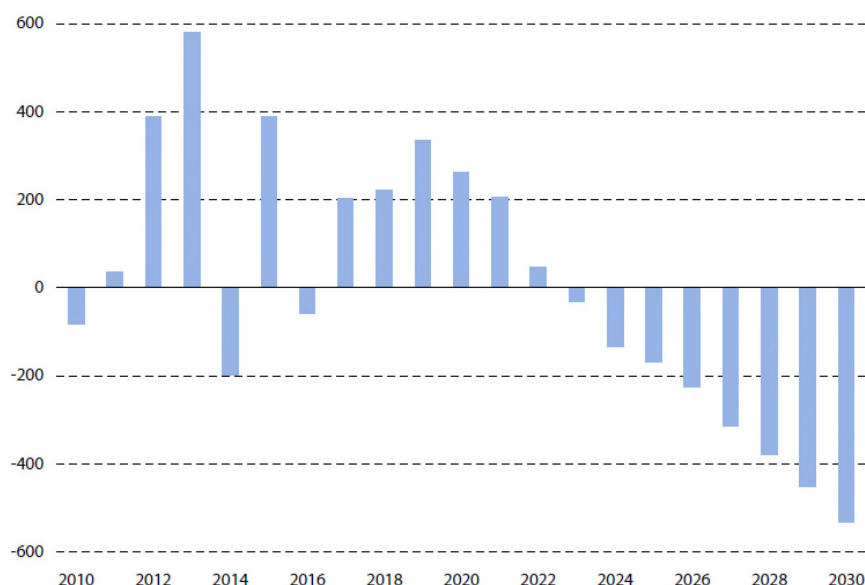
According to LMC International, the period from 2011 to 2013 experienced a surplus in the market due to the high natural rubber prices in 2011 as new plantings, particularly in North Thailand, came on stream. The market then briefly turned into deficit in 2014 and 2016 as producers reduced tapping in response to lower prices. However, with new plantings coming on stream, a surplus is re-emerging. LMC International forecasts a period of surplus from 2017 to 2022, followed by increasing deficits in the market from 2023 onwards, as a function of lower plantings during the period of low prices.

Table 8: Global Natural Rubber Supply and Demand Prospects at Long-Run Average Prices: thousand tonnes, 2010-2030E

	2010	2015	2016	2017	2018	2019	2020	2025	2030
Supply.....	10,141	12,130	12,209	12,793	13,177	13,710	14,064	15,594	17,283
Demand.....	10,224	11,740	12,268	12,590	12,956	13,376	13,802	15,763	17,815
Surplus (Deficit)	(82)	390	(59)	203	221	334	262	(169)	(531)

Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Chart 8: Global Natural Rubber Supply and Demand Prospects at Long-Run Average Prices: thousand tonnes, 2010-2030E

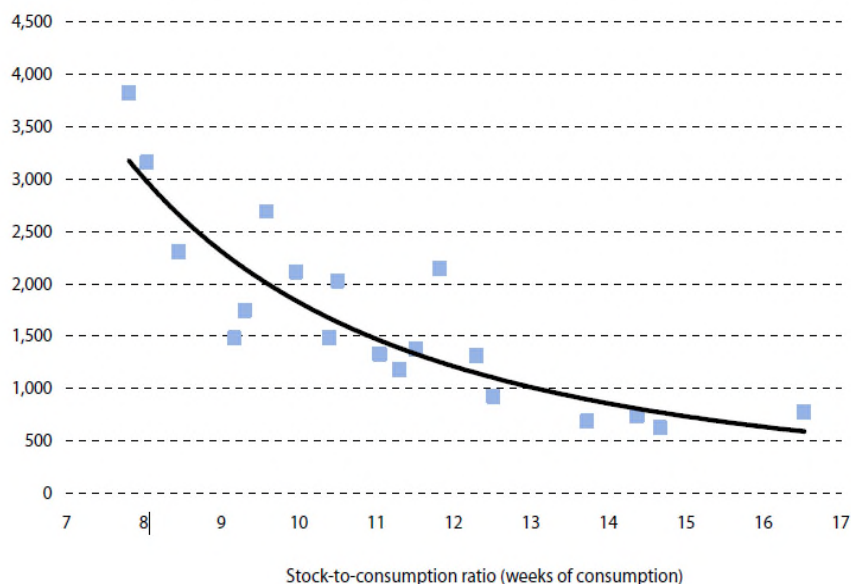


Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Natural Rubber Price Factor – Supply/Demand Balance

The supply/demand balance is a key determinant of prices. A surplus in the supply/demand balance adds to the global stocks available and leads to a fall in price, while a deficit decreases the stocks available and leads to a rise in prices (see Chart 9 below).

Chart 9: Relationship between a Change in Stocks and Natural Rubber Prices: US\$/tonne, 1998-2016

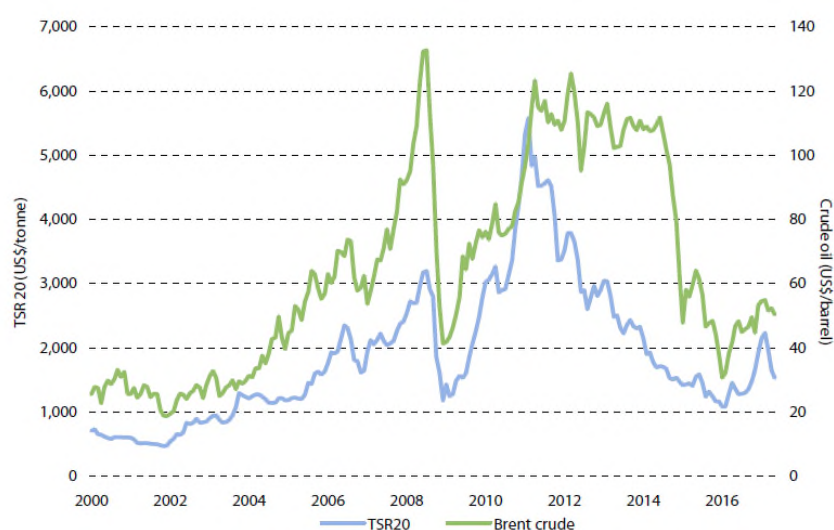


Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Natural Rubber Price Factor – Relationship between Natural Rubber and Oil Prices

Historically, there has been a close positive correlation between rubber and crude oil prices (see Chart 10 below) due to substitution between natural rubber and synthetic rubber (which is made from a by-product of crude oil) in some end-use applications. This relationship weakened from 2011-2015, but strengthened again when crude oil prices fell below US\$ 60 per barrel in 2015.

Chart 10: Relationship between Natural Rubber and Crude Oil Prices: 1998-2016



Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Natural Rubber Price Factor – Relationship between Natural Rubber and Synthetic Rubber Prices

The substitutability of natural rubber and synthetic rubber are limited due to technical reasons. LMC International compared the prices of natural rubber with the prices of two types of synthetic rubbers, polyisoprene rubber (“**IR**”) (the closest substitute) and styrene-butadiene rubber (“**SBR**”) (the most common substitute).

The price of IR tends to follow that of natural rubber (see Chart 11 below). In 2010 and 2011, the price of natural rubber was above that of IR, but was soon adjusted as natural rubber prices decreased below IR prices, suggesting that it might have been only a short diversion from the long-term market trend.

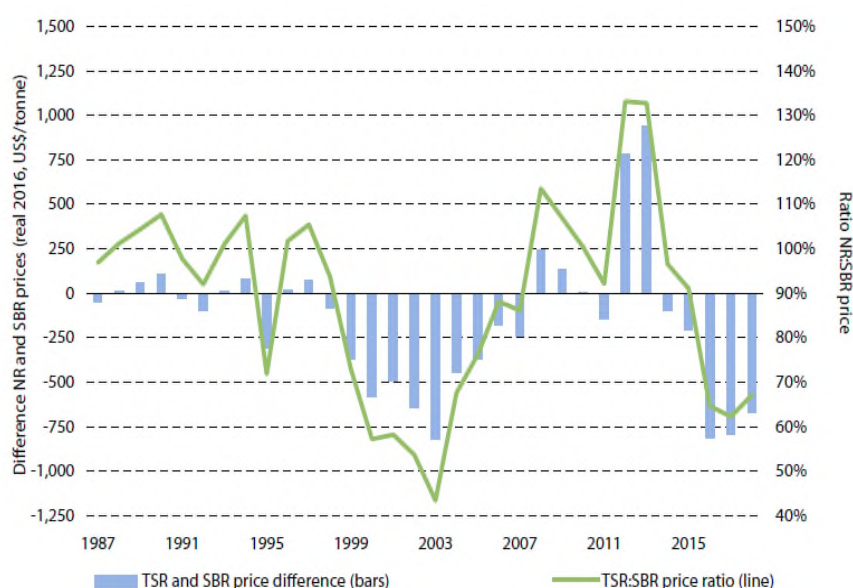
Chart 11: Relationship between Natural Rubber and IR Prices: 1999-2016



Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

LMC International compared the natural rubber and SBR prices by plotting the price differential in real terms from 1985 to 2016, combined with the natural rubber: SBR price ratios (see Chart 12 below). The chart shows that there is a degree of substitutability between the two products, but it is limited and substitution is slow to take place. The chart also suggests that the substitutability of natural rubber and synthetic rubber has neither increased nor decreased over the last 30 years, and there appears to be a limit to the size of the differential in prices, with the extremes at 1:0.5 and 1:1.5.

Chart 12: Natural Rubber and SBR Price Ratios: 1985-2016

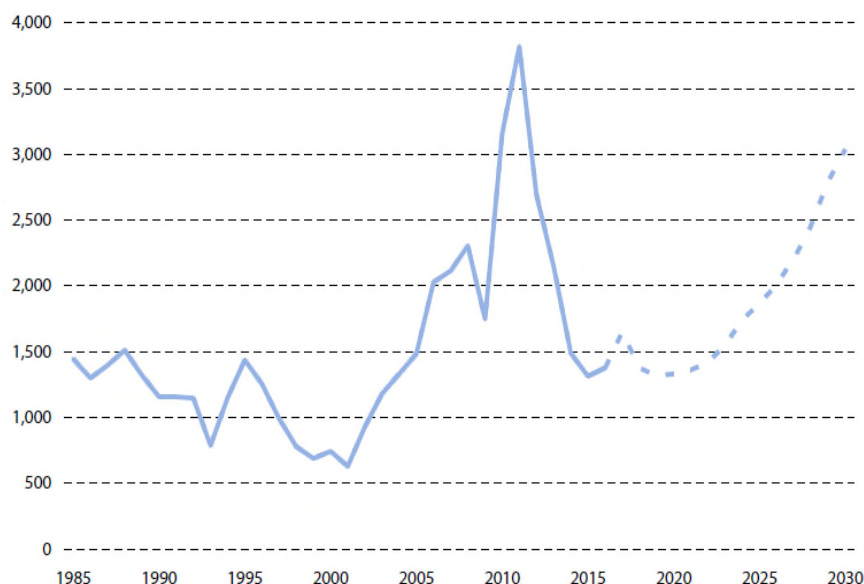


Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

Natural Rubber Price Forecast

LMC International based their price forecasts on the supply/demand balance. During periods of surplus (2017-2022), prices are expected to remain under pressure, while prices will then rise as the market returns to deficit (2023-2030), with higher prices needed to encourage new plantings. See Chart 13 below for LMC International's natural rubber price forecast up to 2030.

Chart 13: Natural Rubber Price Forecasts: US\$/tonne, 1985-2030



Source: LMC International 2017 Report: Outlook for Natural & Synthetic Rubbers

TAXATION

General

Tax considerations may apply to the purchase, ownership and disposition of the Notes. Persons considering the purchase of the Notes should consult their own tax advisor concerning the application of relevant tax laws to their particular situations, as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

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 Inland Revenue Authority (“IRAS”) of Singapore and the MAS in force as at the date of this Offering Circular, 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 could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Noteholder 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 below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership 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 emphasised that none of the Issuer, the Facility Guarantor, the Facility Manager, the Lead Manager or 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, 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 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its 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 per cent. The rate of 15 per cent. 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 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the Lead Manager for the issue of the Notes is a Financial Sector Incentive (Standard Tier) Company (as defined in the Income Tax Act) and the Notes are issued during the period from 1 January 2014 to 31 December 2018, such Notes (the “**Relevant Notes**”) would be “qualifying debt securities” pursuant to the Income Tax Act and the Income Tax (Qualifying Debt Securities) Regulations, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing to the MAS and such other relevant authorities as may be prescribed of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Notes, derived by a Noteholder 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 Relevant Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (b) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and
 - (ii) the furnishing to the MAS and such other relevant authorities as may be prescribed of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (a) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (b) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant 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 Relevant 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.

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 Income Tax Act 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 meanings as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant 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 qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using funds and profits of such person’s operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the furnishing to the MAS and such other relevant authorities as may be prescribed of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require), income tax exemption is granted on Qualifying Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) has an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such qualifying debt security; and
 - (ii) the qualifying debt security does not contain any call, put, conversion, exchange or similar option that dates or at specified prices which have been priced into the value of the qualifying debt security at the time of its issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even though a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if at any time during the tenure of such tranche of Relevant Notes, fifty (50) per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

- (a) any related party of the Issuer; or

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

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

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.

Noteholders who apply or are required to apply Singapore Financial Reporting Standard 109 ("**FRS 109**") may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 109. Please see the section below on "*Adoption of FRS 109 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 109 Treatment for Singapore Income Tax Purposes

The Accounting Standards Council has issued a new financial reporting standard for financial instruments, FRS 109 – Financial Instruments, which will become mandatorily effective for annual periods beginning on or after 1 January 2018. The IRAS has issued a circular entitled "Income Tax: Income Tax Treatment Arising Implications Arising from the Adoption of FRS 109 - Financial Instruments" (the "**FRS 109 Circular**"). The Income Tax Act has since been amended to give effect to the FRS 109 Circular.

The FRS 109 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 109 for financial reporting purposes.

Noteholders who may be subject to the tax treatment under the FRS 109 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

U.S. Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to 1 January 2019. Further, Notes that are not treated as equity for U.S. federal income tax purposes and that have a fixed term issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding on foreign passthru payments unless materially modified after such date. However, if additional Notes that are not distinguishable from outstanding Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including the Notes issued prior to expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HODLER IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISERS TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

CLEARING AND SETTLEMENT ARRANGEMENTS

Clearance and Settlement under Euroclear and/or Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another.

Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream are governed by the respective rules and operating procedures of Euroclear or Clearstream and any applicable laws. Both Euroclear and Clearstream act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 25 January 2018 between the Issuer and the Lead Manager (the “**Subscription Agreement**”), the Lead Manager, upon the terms and subject to the conditions contained therein, purchased the Notes at their issue price of 100 per cent. of their principal amount on the Closing Date. Pursuant to a purchase order delivered to the Lead Manager as a condition precedent to the Subscription Agreement, the Sponsors purchased the Class B2 Notes from the Lead Manager.

Pursuant to the Subscription Agreement, the Lead Manager could, by notice to the Issuer given at any time prior to payment of the subscription moneys for the Notes to the Issuer, terminate the Subscription Agreement under certain circumstances, if any of the conditions specified in the Subscription Agreement had not been satisfied, or had not been waived by the Lead Manager. Such conditions include, but are not limited to, the following: (a) the execution and delivery of certain documents; and (b) there not having been on the Closing Date (i) the occurrence of any event making any of the Issuer’s representations and warranties under the Subscription Agreement untrue and incorrect in any material respect on the Closing Date as though they had been given and made on such date with reference to the facts and circumstances then subsisting, (ii) the occurrence of any material breach of the Issuer’s undertakings under the Subscription Agreement, or (iii) the occurrence of an Event of Default under the Notes.

The Issuer has agreed with the Lead Manager that private banks be paid a commission in connection with the purchase of the Notes by its private bank clients.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Lead Manager or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

Selling Restrictions

The Notes are subject to the following restrictions:

Australia

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Notes (including this Offering Circular) has been or will be lodged with or registered by the Australian Securities and Investments Commission (“**ASIC**”) or any other regulatory authority in Australia. The Lead Manager has represented and agreed that it has not (unless this Offering Circular or a supplement to this Offering Circular otherwise provides):

- (a) made or invited, and will not make or invite, an offer of any Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distributed or published and will not distribute or publish any draft, preliminary or final form offering memorandum, advertisement or other offering material relating to the Notes in Australia,

unless:

- (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding money lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Australian Corporations Act;
- (ii) the offer does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Australian Corporations Act; and
- (iii) such action complies with all applicable laws, directives and regulations (including without limitation, the licensing requirements set out in Chapter 7 of the Australian Corporations Act) and does not require any document to be lodged with, or registered by, ASIC.

European Economic Area

The Lead Manager 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 which are subject of the offering contemplated by this Offering Circular as contemplated by the conditions in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) 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 Directive 2003/71/EC (as amended, the “**Prospectus Directive**”); and
- (b) 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 Lead Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities 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” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, the Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Korea

The Lead Manager has represented and agreed that a registration statement for the offering and sale of the Notes has not been filed with the Financial Services Commission of Korea (the “**FSC**”). Accordingly, the Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to or for the account or benefit of any Korean resident (as defined under the Foreign Exchange Transaction Law of Korea and the regulations thereunder) except as otherwise permitted by applicable Korean law and regulations (including the sale of the Notes to professional investors (as defined under the Financial Investment Services and Capital Markets Act of Korea and its enforcement decree)).

In addition, to the extent required by the applicable laws and regulations of Korea, until the expiration of one year after the issuance of any Notes, such Notes may not be transferred to any resident of Korea except as otherwise permitted by applicable Korean law and regulations (including the sale of the Notes to professional investors in the secondary market if the Notes have been (a) listed in one of the major markets designated by the Financial Supervisory Service or (b) registered with or reported to a financial supervisory authority located in one of such major markets or (c) offered through such procedures as may be considered a public offering). The Lead Manager has undertaken to use commercially reasonable best measures as a Lead Manager in the ordinary course of its business so that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Lead Manager that it will comply with the restrictions described above.

Malaysia

No approval or authorisation from the Securities Commission Malaysia (“SC”) has been or will be obtained and no lodgement with the SC has been or will be made for the offering or issuance of the Securities. Accordingly, the Securities may not be offered, sold, transferred or otherwise disposed directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to non retail investor(s) in Malaysia. “Non retail investor” means (i) high net-worth individual; (ii) high net-worth entity or (iii) an accredited investor as described in Schedule 1 of Guidelines on Sales Practices of Unlisted Capital Market Products revised on 19 July 2016, issued by the SC.

Singapore

The Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Lead Manager has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”)) pursuant to Section 274 of the SFA, (b) 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 or (c) 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 (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Notes pursuant to an offer made under Section 275 of the SFA, except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

This Offering Circular is not intended to constitute an offer or a solicitation to purchase or invest in the Notes described herein. 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 on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652(a) or article 1156 of the Swiss Code of Obligations or a listing

prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision of any Swiss regulatory authority, including the Swiss Financial Supervisory Authority FINMA, and investor in the Notes will not benefit from protection or supervision by such authority.

United Kingdom

The Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) 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.

General

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue may be used in connection with, and does not constitute an offer or solicitation or invitation by or on behalf of any person to subscribe for or purchase, the Notes in any jurisdiction in which such offer, solicitation or invitation is unlawful or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Offering Circular or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Offering Circular or any such other document or information or into whose possession this Offering Circular or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

Any person who may be in doubt as to the restrictions set out in the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

- (a) The issue of the Notes was duly authorised by resolutions of the Board of Directors of the Issuer passed on 17 January 2018.
- (b) The Notes were accepted for clearance through Clearstream and Euroclear with the following Common Code and ISIN number:

Class	Common Code	ISIN Code
Class A Notes	175473050	XS1754730502
Class B1a Notes	175473793	XS1754737937
Class B1b Notes	175474323	XS1754743232
Class B1c Notes	175474633	XS1754746334
Class B2 Notes	175474935	XS1754749353

- (c) The Issuer has not since incorporation been involved in any governmental, litigation or arbitration proceedings relating to claims in amounts which may have or have had a significant effect on the financial position of the Issuer, nor, so far as the Issuer is aware, is any such governmental, litigation or arbitration proceedings involving it pending or threatened.
- (d) Since its date of incorporation, there has been (i) no material adverse change in the prospects of the Issuer and (ii) no significant change in the financial or trading position of the Issuer.
- (e) The Issuer has not commenced operations or published any audited financial statements to date.
- (f) Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Borrowers, the Facility Guarantor, their respective subsidiaries or affiliated companies, the Project and the Notes.

The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so requires.

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note Certificate is exchanged for Definitive Notes. In addition, in the event that the Global Note Certificate is exchanged for Definitive Notes, an announcement of such exchange shall be made through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Notes, including details of the Paying Agent in Singapore.

- (g) The Issuer does not intend to provide post-issuance transaction information regarding the securities being admitted to trading or the performance of the underlying asset.
- (h) Linklaters is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for the listing of and quotation for the Notes on the Official List of the SGX-ST.
- (i) Copies of the following documents may be inspected in physical form at the office of the Principal Paying Agent during normal business hours for the life of this Offering Circular:
- (i) the memorandum and articles of association of the Issuer;
 - (ii) the Notes Trust Deed;

- (iii) the Agency Agreement;
- (iv) the Notes Security Trust Deed;
- (v) the Notes Security Assignments;
- (vi) the Accounts Charges;
- (vii) the Transaction Administration Agreement;
- (viii) the Account Bank Agreements;
- (ix) the Loan Facility Agreement;
- (x) the Facility Guarantee;
- (xi) the Subscription Agreement;
- (xii) the Issuer Corporate Services Agreement;
- (xiii) the Facility Management Agreement; and
- (xiv) memorandum and articles of association of each Borrower.

THE LOAN FACILITY AGREEMENT – DEFINITIONS

“**Accounting Principles**” means generally accepted accounting principles, standards and practices (Pernyataan Standar Akuntansi Keuangan) in Indonesia with reference to IFRS.

“**Accounting Reference Date**” means 31 December.

“**Acknowledgement of Indebtedness**” means an acknowledgement in the form of a notarial deed substantially in the form set out in Schedule 14 (*Form of Acknowledgement of Indebtedness*) to the Loan Facility Agreement.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Annual Budget**” means:

- (a) in relation to the Financial Year ending on 31 December 2018, the first annual budget delivered by the Borrowers to the Facility Agent pursuant to Clauses 4.1 (*Initial conditions precedent*) and 16.4 (*Annual Budget*) of the Loan Facility Agreement; and
- (b) in relation to each subsequent Financial Year, such other budget delivered by the Borrowers to the Facility Agent in respect of such period pursuant to Clause 16.4 (*Annual Budget*) of the Loan Facility Agreement which is either (i) consistent with the Business Plan, or (ii) to the extent of any material inconsistency with the Business Plan, as approved by the Facility Manager (on behalf of the Lender).

“**Authorisation**” means:

- (a) an authorisation, consent, approval, resolution, license, permit, exemption, filing, notarisation, lodgement or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

“**Availability Period**” means the period from and including the date of the Loan Facility Agreement to and including the date which is two months after the date of the Loan Facility Agreement.

“**BKPM**” means the Capital Investment Coordination Board (Badan Koordinasi Penanaman Modal).

“**BNI**” means PT Bank Negara Indonesia (Persero) Tbk.

“**Borrowings**” means, as at any particular time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of the Financial Indebtedness of members of the Group (other than any indebtedness referred to in paragraph (h) of the definition of "Financial Indebtedness" and any guarantee or indemnity in respect of that indebtedness).

For this purpose, any amount outstanding or repayable in a currency other than US Dollars shall on that day be taken into account in its US Dollar equivalent at the rate of exchange that would have been used had an audited consolidated balance sheet of the Group been prepared as at that day in accordance with the Accounting Principles applicable to the Original Financial Statements of RLU.

“**Capital Expenditure**” means any expenditure or obligation in respect of expenditure which, in accordance with the Accounting Principles, is treated as capital expenditure (and (except for the purposes of paragraph (f) of the definition of "Net Cashflow" where it shall not be included) including the capital element of any expenditure or obligation incurred in connection with a Finance Lease).

“**Change of Control**” means:

- (a) Satria Cemerlang (or, subject to paragraph (x) below, a Permitted SC Holdco) does not or ceases to:
 - i. have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) other than as permitted by paragraph (z) below, cast, or control the casting of, 51 per cent. of the maximum number of votes that might be cast at a general meeting of RLU;
 - (B) appoint or remove half of the directors of RLU;

- (C) appoint or remove the majority of the commissioners of RLU; or
 - (D) give directions (together with Michelin) with respect to the operating and financial policies of RLU with which the directors and commissioners of RLU are obliged to comply; or
 - ii. other than as permitted by paragraph (z) below, directly hold 51 per cent. of each class of the issued share capital of RLU; or
- (b) Michelin (or, subject to paragraph (y) below, a Permitted Michelin Holdco) does not or ceases to:
- i. have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) other than as permitted by paragraph (z) below, cast, or control the casting of, 49 per cent. of the maximum number of votes that might be cast at a general meeting of RLU;
 - (B) appoint or remove half of the directors of RLU;
 - (C) appoint or remove the minority of the commissioners of RLU; or
 - (D) give directions (together with Satria Cemerlang) with respect to the operating and financial policies of RLU with which the directors and commissioners of RLU are obliged to comply; or
 - ii. other than as permitted by paragraph (z) below, directly hold at least 49 per cent. of each class of the issued share capital of RLU; or
- (c) RLU does not or ceases to:
- i. have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) cast, or control the casting of, at least 98.74 per cent. of the maximum number of votes that might be cast at a general meeting of LAJ;
 - (B) appoint or remove all, or the majority, of the directors and commissioners of LAJ; or
 - (C) give directions with respect to the operating and financial policies of LAJ with which the directors and commissioners of LAJ are obliged to comply; or
 - ii. directly hold at least 98.74 per cent. of each class of the issued share capital of LAJ; or
- (d) RLU does not or ceases to:
- i. have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) cast, or control the casting of, at least 99.04 per cent. of the maximum number of votes that might be cast at a general meeting of MKC;
 - (B) appoint or remove all, or the majority, of the directors and commissioners of MKC; or
 - (C) give directions with respect to the operating and financial policies of MKC with which the directors and commissioners of MKC are obliged to comply; or
 - ii. directly hold at least 99.04 per cent. of each class of the issued share capital of MKC; or
- (e) RLU does not or ceases to:
- i. have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) cast, or control the casting of, at least 96.88 per cent. of the maximum number of votes that might be cast at a general meeting of WW;
 - (B) appoint or remove all, or the majority, of the directors and commissioners of WW; or
 - (C) give directions with respect to the operating and financial policies of WW with which the directors and commissioners of WW are obliged to comply; or

ii. directly hold at least 96.88 per cent. of each class of the issued share capital of WW,

provided that:

- (x) no Change of Control will occur in respect of paragraph (a) above as a result of any change in the shareholding of RLU arising solely as a result of Satria Cemerlang transferring its entire shareholding in RLU to any person which, whether through ownership of voting capital, by contract or otherwise, as at the date of this Agreement controls Satria Cemerlang (a "**Permitted SC Holdco**") (where "**control**" means (i) the holding legally or beneficially, directly or indirectly, of more than 50 per cent. of each class of issued share capital of Satria Cemerlang; and (ii) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of Satria Cemerlang) and subject to such Permitted SC Holdco providing Transaction Security over its shares in RLU in form and substance satisfactory to the Lender;
- (y) no Change of Control will occur in respect of paragraph (b) above as a result of any change in the shareholding of RLU arising solely as a result of Michelin transferring its entire shareholding in RLU to any person which, whether through ownership of voting capital, by contract or otherwise, as at the date of this Agreement controls Michelin (a "**Permitted Michelin Holdco**") (where "**control**" means (i) the holding legally or beneficially, directly or indirectly, of more than 50 per cent. of each class of issued share capital of Michelin; and (ii) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of Michelin) and subject to such Permitted Michelin Holdco providing Transaction Security over its shares in RLU in form and substance satisfactory to the Lender; and
- (z) the percentages referred to in paragraphs (a)(i)(A), (a)(ii), (b)(i)(A) and (b)(ii) above may be reduced as a result of an issuance by RLU to a new shareholder of shares in RLU in accordance with paragraph (a) of the definition of "Permitted Share Issue" (the "**New Share Issuance**") provided that:
 - i. at no time shall Satria Cemerlang (or, if applicable, any Permitted SC Holdco) and Michelin (or, if applicable, any Permitted Michelin Holdco) in aggregate cease to:
 - (A) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, at least 75 per cent. of the maximum number of votes that might be cast at a general meeting of RLU; and
 - (B) directly hold at least 75 per cent. of each class of the issued share capital of RLU;
 - ii. the proportion of the shareholding in RLU held by Satria Cemerlang (or, if applicable, any Permitted SC Holdco) and Michelin (or, if applicable, any Permitted Michelin Holdco) after the date of completion of any New Share Issuance in respect of each other shall remain the same as such proportion of the shareholding in respect of each other as at the date of this Agreement;
 - iii. no amendments, variations or other changes shall be made to any Supply Agreement or the Technical Assistance Agreement as a result of or in connection with the New Share Issuance;
 - iv. RLU shall provide the Facility Agent with at least 20 Business Days prior notice of the New Share Issuance together with all other information requested by the Facility Agent and/or the Facility Manager (such information to be satisfactory to the Facility Agent and the Facility Manager) in connection with the New Share Issuance (including, without limitation, details of the ultimate beneficial ownership of the new shareholder); and
 - v. RLU shall ensure that any newly issued shares are subject to Transaction Security on substantially the same terms as the RLU Share Pledge (Michelin) and the RLU Share Pledge (Satria Cemerlang) and shall on the date of completion of the New Share Issuance deliver to the Facility Agent a Loan Security Document evidencing such Transaction Security.

"**Closing Cashflow Agreement**" means the closing cashflow agreement dated on or prior to the Utilisation Date and made between, among others, the Lender, the Obligors' Agent, the Account Bank and the Escrow Account Bank.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 8 (*Form of Compliance Certificate*) to the Loan Facility Agreement.

"**Current Assets**" means the aggregate (on a consolidated basis) of all inventory (including without limitation, any raw material, semi-raw material, processed material and processed products in any form produced by or derived from the rubber plantations and/or the rubber trees), work in progress, trade and other receivables of each member of the Group

including prepayments in relation to operating items and sundry debtors (but excluding cash and cash equivalent investments) expected to be realised within twelve months from the date of computation but excluding amounts in respect of:

- (a) receivables in relation to Tax;
- (b) Exceptional Items and other non-operating items;
- (c) insurance claims; and
- (d) any interest owing to any member of the Group.

“Current Liabilities” means the aggregate (on a consolidated basis) of all liabilities (including trade creditors, accruals and provisions) of each member of the Group expected to be settled within twelve months from the date of computation but excluding amounts in respect of:

- (a) liabilities for Borrowings and Finance Charges;
- (b) liabilities for Tax;
- (c) Exceptional Items and other non-operating items;
- (d) insurance claims; and
- (e) liabilities in relation to dividends declared but not paid by RLU or by a member of the Group in favour of a person which is not a member of the Group.

“Debt Service Coverage Ratio” means the ratio of Net Cashflow to Loan Debt Service in respect of any Relevant Period.

“Debt to Equity Ratio” means the ratio of Borrowings to Net Worth.

“Default” means a Loan Event of Default or any event or circumstance specified in Clause 19 (*Events of Default*) of the Loan Facility Agreement which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be a Loan Event of Default.

“EBITDA” means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (excluding the results from discontinued operations):

- (a) before deducting any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period;
- (b) not including any accrued interest owing to any member of the Group;
- (c) after adding back any amount attributable to the amortisation, depreciation or impairment of assets of members of the Group;
- (d) before taking into account any Exceptional Items;
- (e) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (f) plus or minus the Group's share of the profits or losses (after finance costs and tax) of Non-Group Entities;
- (g) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis); and
- (h) before taking into account any gain or loss arising from an upward or downward revaluation of any other asset,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

“Environment” means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);

- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including land under water).

“Environmental Law” means any applicable law which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including any waste.

“Environmental Permits” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“ESAP” means the environmental and social action plan in respect of the Group prepared by the consortium of Daemeter, Cirad and Proforest as set out in the ESG Due Diligence Report (and which contains, amongst other things, milestones and detailing the mitigation and performance improvement measures (if any) necessary to address identified risks in the ESG Due Diligence Report and compliance with the TLFF ESG Standards).

“ESG Due Diligence Report” means the environmental, social and governance due diligence report dated July 2017 and produced by the consortium of Daemeter, Cirad and Proforest in respect of the Group.

“Exceptional Items” means any exceptional, one off, non-recurring or extraordinary items.

“Existing BNI Security” means the Loan Security listed in Schedule 13 (*Existing BNI Security*) to the Loan Facility Agreement.

“Existing SocGen Facility” means the facility provided to MKC by Société Générale, Singapore Branch pursuant to a facility agreement dated 14 November 2017 of a principal amount not exceeding US\$25,000,000.

“Existing SocGen Security” means the following Loan Security granted or to be granted in connection with the Existing SocGen Facility:

- (a) the fiducia security over buildings located on the Samarinda Land in favour of (i) a common security agent pursuant to a security sharing agreement between BNI and Société Générale, Singapore Branch or (ii) Société Générale, Singapore Branch (as the case may be under the Existing SocGen Facility);
- (b) the fiducia security over the machineries and equipment of MKC located on and in the manufacturing plant owned by MKC located at the Samarinda Land; and
- (c) the hak tanggungan over the Samarinda Land.

“Facility Letter” means the Indonesian law governed facility letter entered into or to be entered into by the Obligors, the Facility Agent and the Facility Manager in relation to the Loan Facility Agreement.

“FCPA” means the Foreign Corrupt Practices Act of 1977 (FCPA) (15 U.S.C. § 78dd-1, et seq).

“Fee Letter” means any letter or letters dated on or prior to the Utilisation Date between the Facility Agent, the Lender and the Borrowers setting out any of the fees referred to in Clause 10.1 (*Agency fee*) of the Loan Facility Agreement.

“Finance Charges” means, in relation to any Relevant Period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalised) accrued by the Group in that Relevant Period in respect of Borrowings including:

- (a) the interest element of payments in respect of Finance Leases;
- (b) any profit payable in respect of any transaction or arrangement contemplated in paragraph (g) of the definition of “Financial Indebtedness”;
- (c) commitment fees, commissions, arrangement fees and guarantee fees; and
- (d) amounts in the nature of interest payable in respect of any shares other than equity share capital,

adjusted (but without double counting) by adding back the net amount payable (or deducting the net amount receivable) in respect of that Relevant Period under any interest or (so far as they relate to interest) currency hedging arrangements

as determined (except as needed to reflect the terms of Clause 17 (*Financial Covenants*) of the Loan Facility Agreement) from the financial statements of the Group and Compliance Certificates delivered under Clauses 16.1 (*Financial statements*) and 16.2 (*Compliance Certificate*) of the Loan Facility Agreement.

“Finance Documents” means:

- (a) the Loan Facility Agreement;
- (b) any Loan Security Documents;
- (c) the Guarantee Agreements (Indonesian law);
- (d) the Powers of Attorney;
- (e) the Escrow Account Agreement;
- (f) any Subordination Deed;
- (g) any Transfer Certificate (as defined in the Loan Facility Agreement);
- (h) any Assignment Agreement (as defined in the Loan Facility Agreement);
- (i) the Utilisation Request;
- (j) any Drawing Request (as defined in the Loan Facility Agreement);
- (k) the Facility Letter;
- (l) the Indonesian Subordination Agreement;
- (m) the Acknowledgement of Indebtedness;
- (n) the Closing Cashflow Agreement;
- (o) the Michelin Undertaking;
- (p) the Fee Letter; and
- (q) the Account Bank Agreement (RLU),

and any other document designated as such by the Facility Agent and the Obligors' Agent.

“Finance Lease” means any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability (other than a lease or hire purchase contract which would, in accordance with the Accounting Principles applicable to the Original Financial Statements of RLU, be treated as an operating lease).

“Finance Party” means the Facility Agent, the Facility Manager or the Lender.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit, bill acceptance or bill endorsement facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any Finance Lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;
- (g) any amount raised under any other transaction or arrangement which is structured and completed within the principles of Shariah (including any murabahah or series of murabahas, an Ijarah or a sukuk transaction);
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any

actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

- (i) shares which are expressed to be redeemable;
- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (k) any put option or guarantee entered into in respect of any shares or instruments convertible into shares or other securities where such put option or guarantee is granted or entered into primarily as a method of raising or assuring payment or repayment of Financial Indebtedness;
- (l) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply; and
- (m) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (l) above.

“Financial Year” means the annual accounting period of the Group ending on or about 31 December in each year.

“Forestry Partnership Agreement” means an agreement which regulates the terms of Forestry Partnership Programme entered into or to be entered by each of the Obligors (except the Obligors' Agent) with the relevant local communities and approved by MOEF.

“Forestry Partnership Programme” means the mandatory cooperation between the Obligors (except the Obligors' Agent) and the local communities in relation to the development of a sustainable natural rubber plantation inside of the concession area of each Obligor (except the Obligors' Agent), including forest preparation, seeding, planting, harvesting and distribution, pursuant to Minister of Environmental and Forestry Regulation No. 83/Menhut-II of 2016 regarding social forestry (the terms of which are documented pursuant to the original form of the Forestry Partnership Agreement).

“Governmental Agency” means any government or any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity or authority (including any stock exchange or any self-regulatory organisation established under any law).

“Group” means each Borrower and each of their respective Subsidiaries from time to time.

“Holding Company” means, in relation to a person, any other person in respect of which it is a Subsidiary.

“IFRS” means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“Indonesian Subordination Agreement” means an Indonesian law subordination agreement dated prior to the Utilisation Date and entered into between the Obligors and the Facility Agent.

“Intellectual Property” means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow, topography and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group (which may now or in the future subsist).

“Interest” means, in respect of the interest on the Loans for each Interest Period, the aggregate of all interest payable by the Lender on the Notes for the corresponding Notes Interest Period.

“Interest Period” means, in relation to a Loan, each period determined in accordance with Clause 9 (*Interest Periods*) of the Loan Facility Agreement and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*) of the Loan Facility Agreement.

“Irrevocable Power of Attorney” means:

- (a) the LAJ Irrevocable Power of Attorney (RLU);
- (b) the LAJ Irrevocable Power of Attorney (RVP);

- (c) the MKC Irrevocable Power of Attorney (RLU);
- (d) the MKC Irrevocable Power of Attorney (RVP);
- (e) the RLU Irrevocable Power of Attorney (Michelin);
- (f) the RLU Irrevocable Power of Attorney (Satria Cemerlang);
- (g) the WW Irrevocable Power of Attorney (RLU); or
- (h) the WW Irrevocable Power of Attorney (RVP).

“**Joint Venture**” means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

“**LAJ Irrevocable Power of Attorney (RLU)**” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of LAJ granted or to be granted by RLU in favour of the Lender.

“**LAJ Irrevocable Power of Attorney (RVP)**” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of LAJ granted or to be granted by RVP in favour of the Lender.

“**LAJ Power of Attorney to Manage Concession**” means the Indonesian law governed power of attorney to perform certain activities in relation to the LAJ Forestry License granted or to be granted by LAJ in favour of the Lender.

“**LAJ Power of Attorney to Sell Shares (RLU)**” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of LAJ granted or to be granted by RLU in favour of the Lender.

“**LAJ Power of Attorney to Sell Shares (RVP)**” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of LAJ granted or to be granted by RVP in favour of the Lender.

“**Loan**” means a loan made or to be made under the Loan Facility or the principal amount outstanding for the time being of that loan.

“**Loan Debt Service**” means, in respect of any Relevant Period, the aggregate of:

- (a) Loan Finance Charges for that Relevant Period; and
- (b) all scheduled and mandatory repayments of the Loans falling due and any voluntary prepayments made during that Relevant Period.

“**Loan Finance Charges**” means, in relation to any Relevant Period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalised) accrued in respect of the Loan Facility adjusted (but without double counting) by:

- (a) adding back the net amount payable (or deducting the net amount receivable) in respect of that Relevant Period under any interest or (so far as they relate to interest) currency hedging arrangements; and
- (b) deducting the amount to be debited from the Interest Pre-funded Account for the payment of Interest on the immediately succeeding Loan Interest Payment Date,

as determined (except as needed to reflect the terms of Clause 17 (*Financial Covenants*) of the Loan Facility Agreement) from the financial statements of the Group and Compliance Certificates delivered under Clauses 16.1 (*Financial statements*) and 16.2 (*Compliance Certificate*) of the Loan Facility Agreement.

“**Loan Principal Payment Date**” means each date specified in the Loan Repayment Schedule.

“**Loan Repayment Schedule**” means the loan repayment schedule as set out in Schedule 5 (*Loan Repayment*) to the Loan Facility Agreement (or as replaced on or prior to the Utilisation Date by a revised loan repayment schedule attached as a schedule to the Utilisation Request provided to the Facility Agent pursuant to Clause 4.1 (*Initial conditions precedent*) of the Loan Facility Agreement (and, for the avoidance of doubt, only to the extent accepted by the Facility Agent or the Arranger as being in form and substance satisfactory to the Facility Agent or the Arranger)).

“**Loan Security**” means a mortgage, hak tanggungan, charge, pledge, assignment, hypothecation, lien, fiducia or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Long Term Commercial Contract**” means each long term commercial contract entered into between a member of the Group and SMPT pursuant to the Master Commercial Agreement.

“**Material License**” means:

(a) in relation to RLU:

- i. Foreign Investment Principle License No. 75/I/IP/PMA/2015 dated 14 January 2015 as lastly amended by amendment license No. 1817/1/IP-PB/PMA/2015 dated 18 June 2015; and
- ii. Decree of the Head of the Indonesian Investment Coordination Board on Foreign Investment Trade Business License No. 110/1/IU/PMA dated 29 January 2016;

(b) in relation to LAJ:

- i. Foreign Investment Principle License of PT Lestari Asri Jaya No. 874/1/IP/PMA/2015 dated 28 April 2015;
- ii. Decree of MOEF No. SK.141/MENHUT-II/2010 dated 31 March 2010 on the Granting of License for Utilization of Timber Wood Production from Industrial Forest (“**LAJ Forestry License**”); and
- iii. Extension of Principle License or Investment Registration (Pendaftaran Penanaman Modal) (upon being awarded by BKPM) or such business license from BKPM with regards to business activities contemplated under LAJ Forestry License;

(c) in relation to MKC:

- i. Foreign Investment Principle License of PT Multi Kusuma Cemerlang No. 910/1/IP/PMA/2015 dated 29 April 2015 as amended by Principle License No. 2130/1/IP-PB/PMA/2016 dated 20 June 2016;
 - ii. Decree of MOEF No. SK.519/MENHUT-II/2009 dated 8 September 2009 on the Granting of License for Utilization of Timber Wood Production from Industrial Forest;
 - iii. Decree of MOEF No. SK.433/MENHUT-II/2013 dated 12 June 2013 on the amendment of Decree of MOEF No. SK.519/MENHUT-II/2009 dated 8 September 2009;
 - iv. Decree of the Head of Regional Licensing and Investment Office of East Kalimantan Province No. 503/1399/IUIPHHBK/BPPMD-PTSP/VII/2016 dated 20 July 2016;
- (paragraphs (ii), (iii) and (iv) above shall be referred to as the “**MKC Forestry License**”); and
- v. (upon being awarded by BKPM) business license from BKPM with regards to business activities contemplated under MKC Forestry License;

(d) in relation to WW:

- i. Foreign Investment Principle License of PT Wanamukti Wisesa No. 919/1/IP/PMA/2015 dated 29 April 2015;
- ii. Decree of MOEF No. SK.275/KPTS-II/1998 dated 27 February 1998 on the Granting of License for Utilization of Industrial Forest with Transmigration Scheme (“**WW Forestry License**”); and
- iii. Extension of Principle License or Investment Registration (Pendaftaran Penanaman Modal) (upon being awarded by BKPM) or such business license from BKPM with regards to business activities contemplated under WW Forestry License; and

(e) any other licenses, permits, concessions and/or Authorisations required for the conduct of the business, trade and ordinary activities of the Borrowers in accordance with the prevailing laws and regulations.

“**Master Commercial Agreement**” means the agreement dated 17 December 2014 and made between SMPT and RLU pursuant to which the Obligors shall supply and SMPT shall buy a targeted percentage of the total production of the remilled latex of the Obligors.

“**Master Definitions Agreement**” means the master definitions agreement dated on or prior to the Utilisation Date and entered into between, amongst others, the Lender and the Notes Trustee.

“**Michelin Undertaking**” means the English law governed undertaking entered into or to be entered into between Michelin, the Lender and the Facility Agent.

“**MKC**” means PT Multi Kusuma Cemerlang a company established in Indonesia and having its registered address at Wisma Barito Pacific, Tower B, 3rd Floor, Jl. Let. Jend. S. Parman kav.62-63, Jakarta Barat, 11410, Indonesia.

“**MKC Irrevocable Power of Attorney (RLU)**” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of MKC granted or to be granted by RLU in favour of the Lender.

“MKC Irrevocable Power of Attorney (RVP)” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of MKC granted or to be granted by RVP in favour of the Lender.

“MKC Power of Attorney to Manage Concession” means the Indonesian law governed power of attorney to perform certain activities in relation to the MKC Forestry License (as defined in the definition of “Material License”) granted or to be granted by MKC in favour of the Lender.

“MKC Power of Attorney to Sell Shares (RLU)” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of MKC granted or to be granted by RLU in favour of the Lender.

“MOEF” means the Minister of Environmental and Forestry.

“Net Cashflow” means, in respect of any Relevant Period, EBITDA for that Relevant Period after (but without double counting):

- (a) adding the amount of any decrease (and deducting the amount of any increase) in Working Capital for that Relevant Period;
- (b) adding the amount of any cash receipts (and deducting the amount of any cash payments) during that Relevant Period in respect of any Exceptional Items not already taken account of in calculating EBITDA for any Relevant Period;
- (c) adding the amount of any cash receipts during that Relevant Period in respect of any Tax rebates or credits and deducting the amount actually paid or due and payable in respect of Taxes during that Relevant Period by any member of the Group;
- (d) adding (to the extent not already taken into account in determining EBITDA) the amount of any dividends or other profit distributions received in cash by any member of the Group during that Relevant Period from any entity which is itself not a member of the Group and deducting (to the extent not already deducted in determining EBITDA) the amount of any dividends paid in cash during the Relevant Period to minority shareholders in members of the Group;
- (e) adding the amount of any increase in provisions, other non-cash debits and other non-cash charges (which are not Current Assets or Current Liabilities) and deducting the amount of any non-cash credits (which are not Current Assets or Current Liabilities) in each case to the extent taken into account in establishing EBITDA;
- (f) deducting the amount of any Capital Expenditure actually made (or due to be made) in cash during that Relevant Period by any member of the Group except (in each case) to the extent funded from the proceeds of any insurance claims permitted to be retained for this purpose;
- (g) adding the cash balance on the balance sheet of the Group as at the end of the prior Relevant Period;
- (h) adding any Principal Deposit Amount deposited into the Notes Principal Payment Account and any such amount deposited into the Notes Interest Payment Account in accordance with paragraph (e) of Clause 8.2 (*Payment of interest*) of the Loan Facility Agreement as at the end of the prior Relevant Period;
- (i) adding the cash raised in relation to a non-debt related capital fund raising exercise from the shareholders in members of the Group during the Relevant Period; and
- (j) deducting the amount of any Other Debt Service,

and so that no amount shall be added (or deducted) more than once.

“Net Worth” means, as at any particular time, the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of RLU (other than any shares which are expressed to be redeemable);
 - (b) plus (if a positive number) or minus (if a negative number) the amount of the consolidated reserves of the Group,
- less (but without double counting) any amount included in the above which is attributable to:
- i. goodwill or other intangible assets;
 - ii. amounts set aside for Tax;
 - iii. minority interests;

- iv. the amount by which the net book value of any asset has been written up after 31 December 2016 (or, in the case of a person becoming a member of the Group after that date, the date on which that person became or becomes a member of the Group) by way of revaluation or on its transfer from one member of the Group to another; and
- v. any dividend or other distribution declared, recommended or made by any member of the Group,

but ignoring any variation in the credit or debit balance on the Group consolidated profit and loss account since the date of the then latest audited consolidated balance sheet of the Group except to the extent reflected in any later Group consolidated profit and loss statement delivered to the Facility Agent under Clause 16 (*Information undertakings*) of the Loan Facility Agreement.

“Non-Group Entity” means any investment or entity (which is not itself a member of the Group (including associates and Joint Ventures)) in which any member of the Group has an ownership interest.

“Notes Interest Period” has the meaning given to it under the Notes Documents.

“Original Financial Statements” means:

- (a) in relation to RLU, its audited non-consolidated and consolidated financial statements for the financial year ended 31 December 2016; and
- (b) in relation to each Obligor other than RLU, its audited non-consolidated financial statements for its financial year ended 31 December 2016.

“Other Debt Service” means, in respect of any Relevant Period, the aggregate of:

- (a) Finance Charges for that Relevant Period;
- (b) all scheduled and mandatory repayments of Borrowings falling due and any voluntary prepayments made during that Relevant Period but excluding:
 - i. any amounts falling due under any overdraft or revolving facility and which were available for simultaneous redrawing according to the terms of that facility; and
 - ii. any such obligations owed to any member of the Group;
- (c) the amount of the capital element of any payments in respect of that Relevant Period payable under any Finance Lease entered into by any member of the Group,

but excluding the Loan Debt Service and so that no amount shall be included more than once.

“Permitted Acquisition” means:

- (a) an acquisition of shares or securities pursuant to a Permitted Share Issue;
- (b) the incorporation of a limited liability company which on incorporation becomes a member of the Group;
- (c) an acquisition of latex from smallholder farmers within the vicinity of the concession area of each Obligor pursuant to the Forestry Partnership Programme;
- (d) the Samarinda Land Acquisition;
- (e) an acquisition for cash consideration of (A) all of the issued share capital of a limited liability company or (B) (if the acquisition is made by a limited liability company whose sole purpose is to make the acquisition) a business or undertaking carried on as a going concern, but only if:
 - i. no Default is continuing or would occur as a result of the acquisition, both tested on the date that the Group legally commits to the acquisition (the **“Commitment Date”**);
 - ii. the acquired company, business or undertaking is incorporated or established, and carries on its principal business in Indonesia and is engaged in a business substantially the same as that carried on by the Group;
 - iii. the consideration (including associated costs and expenses) for the acquisition and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in the acquired company (or any such business) at the date of acquisition (when aggregated with the consideration (including associated costs and expenses) for any other Permitted Acquisition and any Financial Indebtedness or other assumed actual or contingent liability, in each case remaining in any such acquired companies or businesses at the time of

acquisition) does not in any Financial Year exceed in aggregate US\$20,000,000 or its equivalent in other currencies;

- iv. the acquired entity or business has no contingent liabilities other than as permitted under the Finance Documents;
- v. the Obligors would have remained in compliance with their obligations under Clause 17.2 (*Financial condition*) of the Loan Facility Agreement if the covenant tests were recalculated for the Relevant Period ending on the financial covenant test date falling immediately prior to the Commitment Date and, for the purposes of such recalculation, consolidating the financial statements of the target entity (consolidated if it has Subsidiaries) or business with the financial statements of the Group for such period on a pro forma basis and as if the consideration for the proposed acquisition had been paid at the start of that Relevant Period (provided that if the relevant acquisition is completed prior to the first financial covenant test date, the financial covenant tests for the first financial covenant test date shall be used);
- vi. the Obligors are forecast to remain in compliance with each financial covenant in Clause 17.2 (*Financial condition*) of the Loan Facility Agreement (calculated on the same pro forma basis as in paragraph v. above) for the two Relevant Periods ending immediately after the Commitment Date (provided that if the relevant acquisition is completed prior to the first financial covenant test date, the financial covenant test for the first financial covenant test date shall be used);
- vii. final form legal, tax and accounting due diligence reports and other reports which would be customary for the type and scale of entity or business being acquired (including, if applicable, but not limited to, commercial, operational and environmental) (the “**DD Reports**”) have been delivered to the Facility Agent;
- viii. in respect of an acquisition the consideration for which (including any remaining Financial Indebtedness and any actual or contingent liabilities in the relevant entity or business) is in excess of US\$3,000,000 (or its equivalent in other currencies), DD Reports have been delivered to the Facility Agent and are capable of being relied on by the Finance Parties; and
- ix. such acquisition is detailed in the Business Plan.

Any acquisition will only be permitted under paragraph (e) above if the Obligors' Agent has delivered to the Facility Agent not later than five Business Days before the Commitment Date a certificate signed by one director or one authorised signatory (being chief financial officer or the chief executive officer) of the Obligors' Agent (in form and substance satisfactory to the Facility Agent (acting reasonably)) confirming or demonstrating (with calculations giving reasonable detail) that each of the conditions set out in paragraph (e) above have been met and to which is attached a copy of the latest audited accounts (or if not available, management accounts) of the target company or business.

“**Permitted Disposal**” means any sale, lease, license, transfer or other disposal:

- (a) of trading stock made by any member of the Group in the ordinary course of trading of the disposing entity;
- (b) of assets (other than shares, businesses, Real Property and Intellectual Property) in exchange for other assets comparable or superior as to type, value and quality and for a similar purpose;
- (c) of obsolete or redundant vehicles, plant and equipment for cash;
- (d) of cash for a purpose not otherwise prohibited under the Finance Documents;
- (e) the Samarinda Lease;
- (f) arising as a result of any Permitted Security;
- (g) of assets where the higher of the market value and consideration receivable (when aggregated with the higher of the market value and consideration receivable for any other sale, lease, license, transfer or other disposal not allowed under the preceding paragraphs) does not exceed US\$2,000,000 (or its equivalent in another currency or currencies) in any Financial Year;
- (h) of rights to use land and plantation as required under the Forestry Partnership Programme; and
- (i) of receivables in relation to and in compliance with the raising of Financial Indebtedness in paragraph (k) of the definition of “Permitted Financial Indebtedness”.

“**Permitted Financial Indebtedness**” means Financial Indebtedness:

- (a) arising under the Finance Documents;

- (b) arising under a Permitted Subordinated Loan;
- (c) arising under a Permitted Loan or a Permitted Guarantee;
- (d) as permitted by Clause 18.29 (*Treasury Transactions*) of the Loan Facility Agreement;
- (e) under Finance Leases of vehicles, plant, equipment or computers, provided that the aggregate capital value of all such items so leased under outstanding leases by members of the Group does not exceed US\$4,000,000 (or its equivalent in other currencies) at any time;
- (f) up to and including the date falling one Business Day after the Utilisation Date, arising under the Existing BNI Facility;
- (g) arising under the Existing SocGen Facility provided that the principal amount outstanding under the Existing SocGen Facility shall not exceed US\$25,000,000 at any time;
- (h) arising under a facility or facilities made available to a member of the Group to fund the Capital Expenditure requirements of the Group in respect of the plantation and re-milling and in accordance with the projections on costs, assets and liabilities in the Business Plan;
- (i) arising under a facility or facilities made available to a member of the Group to fund the working capital requirements of the Group arising in the ordinary course of trade (and not for general corporate purposes) and in accordance with the projections on costs, assets and liabilities in the Business Plan;
- (j) for the purpose of the Forestry Partnership Programme so long as the aggregate amount of such Financial Indebtedness does not exceed US\$40,000,000 (or its equivalent in other currencies) at any time;
- (k) arising under a receivables facility or facilities made available to a member of the Group which is collateralised on a limited recourse basis (being limited to those receivables) with receivables of a value of up to an aggregate of US\$20,000,000 (or its equivalent in other currencies) at any time and which is to be used to fund the working capital requirements of the Group;
- (l) incurred with the prior written consent of the Lender; or
- (m) until such amount is recorded as equity, the advance of capital from Michelin to RLU in accordance with the Samarinda Investment Agreement,

provided that in respect of paragraphs (b) to (l) above:

- i. the aggregate principal amount outstanding in respect of such Financial Indebtedness shall not exceed US\$120,000,000 (or its equivalent in other currencies) in aggregate at any time;
- ii. the plantation schedule as represented per hectare of land for each calendar year has not and shall not deviate above or below the predetermined plantation schedule as set out in the Business Plan by more or less than 10 per cent. in any calendar year;
- iii. the aggregate amount of such Financial Indebtedness shall not exceed an amount which would result in:
 - (A) the Debt Service Coverage Ratio being less than 1.1:1; or
 - (B) the Debt to Equity Ratio exceeding 3.0:1,
- (n) (after having given pro forma effect to the incurrence of such Financial Indebtedness and the use of the proceeds thereof but, for the avoidance of doubt, not giving pro forma effect to any increase in cash or cash equivalent investments on the account of such utilisation) for the Relevant Period ending prior to the incurrence of such Financial Indebtedness for which financial statements have been delivered under the Loan Facility Agreement or result in the covenant tests not being complied with for the Relevant Period first ending after the incurrence of such Financial Indebtedness (provided that if the incurrence of such Financial Indebtedness occurs prior to the first financial covenant test date, the financial covenant tests for the first financial covenant test date shall be used); and
- iv. no Default is continuing or would occur as a result of the incurrence of such Financial Indebtedness;
- (o) (provided that the Obligors' Agent has delivered to the Facility Agent and the Facility Manager (on behalf of the Lender) not later than five Business Days before incurring such Financial Indebtedness a certificate signed by one director or one authorised signatory (being the chief financial officer or the chief executive officer) of the Obligors' Agent (in form and substance satisfactory to the Facility Agent (acting reasonably)) confirming or demonstrating

(with calculations giving reasonable detail) that each of the conditions set out in paragraphs (i) to (iv) have been met);

(p) and further provided that in respect of paragraphs (h) and (i) above:

v. the execution copies of the finance documentation (and any security agreements) in respect of such Financial Indebtedness are provided to the Facility Agent and the Facility Manager (acting on behalf of the Lender) no later than five Business Days prior to its execution;

vi. if such Financial Indebtedness is:

(C) the Second Tranche Loan and is to benefit from Security or Quasi-Security; or

(D) to benefit from Security or Quasi-Security over assets which are not subject to Transaction Security,

(q) Clause 34.3 (*Security Sharing*) of the Loan Facility Agreement has been complied with; and

vii. the Obligors' Agent has notified the Facility Agent and the Facility Manager (on behalf of the Lender) at least 45 days prior to any member of the Group incurring such Financial Indebtedness and the Facility Manager (on behalf of the Lender) has consented to the incurrence of such Financial Indebtedness (with such consent to be deemed to be provided if the Lender fails to respond to such request within 45 days of such request being made). In determining whether or not to provide its consent pursuant to this paragraph (vii), the Facility Manager may, but is not obliged to, consult with the Lender (acting on the instructions of the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders, obtained in accordance with the Notes Trust Deed)) and/or the Facility Guarantor.

“Permitted Guarantee” means:

(a) any guarantee arising under the Finance Documents;

(b) up to and including the date falling one Business Day after the Utilisation Date, any guarantee granted by RLU in respect of the Existing BNI Facility;

(c) the guarantee granted or to be granted by RLU in respect of the Existing SocGen Facility;

(d) the endorsement of negotiable instruments in the ordinary course of trade;

(e) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade; or

(f) any guarantee permitted under Clause 18.9 (*Financial Indebtedness*) of the Loan Facility Agreement.

“Permitted Loan” means:

(a) any loan or credit provided by any member of the Group in connection with the Forestry Partnership Programme so long as the aggregate amount of such loans or credit arrangements does not exceed US\$40,000,000 (or its equivalent in other currencies) at any time;

(b) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;

(c) Financial Indebtedness which is referred to in the definition of, or otherwise constitutes, "Permitted Financial Indebtedness" (except under paragraph (c) of that definition);

(d) a loan made by an Obligor to another Obligor or made by a member of the Group which is not an Obligor to another member of the Group which is not an Obligor; and

(e) a loan made by an Obligor to another member of the Group which is not an Obligor so long as the aggregate amount of the Financial Indebtedness under any such loans does not exceed US\$3,000,000 (or its equivalent in other currencies) at any time.

“Permitted Security” means:

(a) up to and including the date falling 11 Business Days after the Utilisation Date, the Existing BNI Security;

(b) the Existing SocGen Security;

- (c) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group and provided that the debt which is secured thereby is paid when due or contested in good faith by appropriate proceedings and properly provisioned;
- (d) any payment or close out netting or set-off arrangement pursuant to any Treasury Transaction or foreign exchange transaction entered into by a member of the Group which constitutes Permitted Financial Indebtedness, excluding any Security or Quasi-Security under a credit support arrangement;
- (e) any Security or Quasi-Security created pursuant to any Finance Document;
- (f) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;
- (g) any Security or Quasi-Security arising as a consequence of any Finance Lease permitted pursuant to paragraph (e) of the definition of "Permitted Financial Indebtedness" and over only the assets subject to such Finance Lease;
- (h) any Security or Quasi-Security arising as a result of legal proceedings being contested in good faith and which is discharged within 30 days of such Security or Quasi-Security first arising;
- (i) any Security or Quasi-Security securing Permitted Working Capital/Capex Financial Indebtedness provided that:
 - (A) the Obligors' Agent has delivered a certificate to the Facility Manager (on behalf of the Lender) and the Facility Agent confirming the aggregate amount that such Security or Quasi-Security secures;
 - (B) Clause 34.3 (*Security Sharing*) of the Loan Facility Agreement has been complied with; and
 - (C) the Obligors' Agent has notified the Facility Agent and the Facility Manager (on behalf of the Lender) at least 45 days prior to any member of the Group granting such Security or Quasi-Security and the Facility Manager (on behalf of the Lender) has consented to the granting of such Security or Quasi-Security (with such consent to be deemed to be provided if the Lender fails to respond to such request within 45 days of such request being made) and in determining whether or not to provide its consent pursuant to this paragraph (C), the Facility Manager may, but is not obliged to, consult with the Lender (acting on the instructions of the Notes Trustee (acting on the instructions of the Controlling Class of Noteholders, obtained in accordance with the Notes Trust Deed)) and/or the Facility Guarantor;
- (j) any Security securing Financial Indebtedness referred to in paragraph (j) of the definition of "Permitted Financial Indebtedness" and over only the assets that are the subject to the Forestry Partnership Programme (provided that prior to granting such Security the terms of the Forestry Partnership Agreement have been approved by the Lender); or
- (k) any Security securing Financial Indebtedness referred to in paragraph (k) of the definition of "Permitted Financial Indebtedness" and over only the receivables that are the subject to such Financial Indebtedness.

"Permitted Share Issue" means an issue of:

- (a) ordinary shares by RLU paid for in full in cash or (in respect of the Samarinda Land Acquisition only) in kind upon issue and which by their terms are not redeemable and where such issue does not lead to a Change of Control and where (if the existing shares are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the date of issuance and on the same terms as the existing Transaction Security; and
- (b) shares by a member of the Group which is a Subsidiary of RLU to its shareholders and where such issue does not lead to a Change of Control, provided that where such shareholder is a member of the Group, it shall acquire:
 - i. (where such newly issued shares are of a class then currently in issue as a class) the number of such shares that is at least in proportion to their respective then current percentage holdings in that class of shares; and
 - ii. (where such newly-issued shares are of a different class from those then currently in issue as a class) the number of such shares that is at least in proportion to the highest then current percentage holding in all other existing equity classes of shares,

and, where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly-issued shares also become subject to the Transaction Security on the same term.

“Permitted Subordinated Loan” means any Financial Indebtedness of an Obligor in relation to which the creditor is a Sponsor and which is subordinated to the Loan Facility pursuant to the terms of a Subordination Deed and the Indonesian Subordination Agreement.

“Permitted Working Capital/Capex Financial Indebtedness” means Financial Indebtedness permitted under paragraphs (h) or (i) of the definition of “Permitted Financial Indebtedness”.

“Powers of Attorney” means the Powers of Attorney to Manage Concessions, the Powers of Attorney to Sell Shares and the Irrevocable Powers of Attorney.

“Power of Attorney to Manage Concessions” means:

- (a) the LAJ Power of Attorney to Manage Concession;
- (b) the MKC Power of Attorney to Manage Concession; or
- (c) the WW Power of Attorney to Manage Concession.

“Power of Attorney to Sell Shares” means:

- (a) the LAJ Power of Attorney to Sell Shares (RLU);
- (b) the LAJ Power of Attorney to Sell Shares (RVP);
- (c) the MKC Power of Attorney to Sell Shares (RLU);
- (d) the MKC Power of Attorney to Sell Shares (RVP);
- (e) the RLU Power of Attorney to Sell Shares (Michelin);
- (f) the RLU Power of Attorney to Sell Shares (Satria Cemerlang);
- (g) the WW Power of Attorney to Sell Shares (RLU); or
- (h) the WW Power of Attorney to Sell Shares (RVP).

“Quasi-Security” means:

- (a) any arrangement or transaction under which a member of the Group will sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;
- (b) any arrangement or transaction under which a member of the Group will sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (c) any title retention arrangement;
- (d) any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
- (e) any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising or assuring the payment of Financial Indebtedness or of financing the acquisition of an asset.

“Relevant Period” means:

- (a) each period beginning on the first day of the first half of a Financial Year and ending on the last day of the first half of that Financial Year; and
- (b) each period beginning on the first day of the second half of a Financial Year and ending on the last day of the second half of that Financial Year.

“RLU Irrevocable Power of Attorney (Michelin)” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of RLU granted or to be granted by Michelin in favour of the Lender.

“RLU Irrevocable Power of Attorney (Satria Cemerlang)” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of RLU granted or to be granted by Satria Cemerlang in favour of the Lender.

“RLU Power of Attorney to Sell Shares (Michelin)” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of RLU granted or to be granted by Michelin in favour of the Lender.

“RLU Power of Attorney to Sell Shares (Satria Cemerlang)” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of RLU granted or to be granted by Satria Cemerlang in favour of the Lender.

“RVP” means PT Revalindo Pratama RVP, a limited liability company incorporated under the laws of Indonesia.

“Samarinda Investment Agreement” means the investment and subscription agreement entered into between Michelin, Satria Cemerlang and RLU dated 22 February 2017, as amended from time to time.

“Samarinda Investment Shares” means such number of ordinary shares in RLU to be subscribed for by Michelin and Satria Cemerlang in accordance with the Samarinda Investment Agreement.

“Samarinda Land” means the plots of land and building of PT Sangkulirang Bhakti totalling approximately 25 hectares, located in Palaran District, Samarinda City, East Kalimantan, Indonesia together with a rubber factory building constructed on it.

“Samarinda Land Acquisition” means the acquisition of the Samarinda Land by RLU (which was earlier acquired by Satria Cemerlang and will be or has been injected as an in-kind contribution to RLU for Satria Cemerlang's subscription of the relevant Samarinda Investment Shares).

“Samarinda Lease” means the lease agreement entered or to be entered into between RLU and MKC in respect of the Samarinda Land.

“Second Tranche Loan” means a loan to be granted by the Lender to one or more of the Borrowers and to be funded by the Lender by means of a subsequent issue of notes by the Lender and pursuant to the terms of such loan is to be secured by:

- (a) any existing and future planted ecological assets situated on the non-forest concession land under the Project; and/or
- (b) any of the vehicles, machinery and/or building equipment of LAJ, WW and MKC.

“Security Provider” means:

- (a) Satria Cemerlang;
- (b) Michelin;
- (c) RVP; and
- (d) any person who grants or purports to grant Loan Security for the benefit of the Lender who is not an Obligor.

“Shareholders’ Agreement” means the shareholders agreement dated 17 December 2014 and entered into between Michelin, Satria Cemerlang and RLU (as supplemented by the addendum dated 11 February 2015 between Michelin, Satria Cemerlang and RLU).

“SMPT” means Société des Matières Premières Tropicales Pte. Ltd.

“Sponsor Affiliate” means either Sponsor, each of its respective Affiliates, any trust of which a Sponsor or any of its respective Affiliates is a trustee, any partnership of which the Sponsor or any of its respective Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, a Sponsor or any of its respective Affiliates.

“Sources and Uses Budget” means the sources and uses budget in respect of the Borrowers delivered by the Borrowers to the Facility Agent in accordance with Clause 4.1 (*Initial conditions precedent*) of the Loan Facility Agreement.

“Subordination Deed” means a subordination deed entered into or to be entered into between the relevant Obligor, the relevant Sponsor and the Facility Agent and on terms satisfactory to the Facility Agent.

“Subsidiary” means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or

(c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and, for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors, board of commissioners or equivalent body.

“Supply Agreement” means the Master Commercial Agreement and each Long Term Commercial Contract.

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“Technical Assistance Agreement” means:

- (a) the technical assistance agreement dated 17 December 2014 and entered into between Manufacture Francaise Des Pneumatiques Michelin and LAJ;
- (b) the technical assistance agreement dated 17 December 2014 and entered into between Manufacture Francaise Des Pneumatiques Michelin and MKC; and
- (c) the technical assistance agreement dated 17 December 2014 and entered into between Manufacture Francaise Des Pneumatiques Michelin and WW.

“Transaction Security” means the Loan Security created or evidenced or expressed to be created or evidenced under the Loan Security Documents.

“Treasury Transactions” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“Unpaid Sum” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“Utilisation” means a utilisation of the Loan Facility.

“Utilisation Request” means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*) to the Loan Facility Agreement.

“Working Capital” means, on any date, Current Assets less Current Liabilities.

“WW Irrevocable Power of Attorney (RLU)” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of WW granted or to be granted by RLU in favour of the Lender.

“WW Irrevocable Power of Attorney (RVP)” means the Indonesian law governed irrevocable power of attorney in relation to the share capital of WW granted or to be granted by RVP in favour of the Lender.

“WW Power of Attorney to Manage Concession” means the Indonesian law governed power of attorney to perform certain activities in relation to the WW Forestry License (as defined in the definition of “Material License”) granted or to be granted by WW in favour of the Lender.

“WW Power of Attorney to Sell Shares (RLU)” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of WW granted or to be granted by RLU in favour of the Lender.

“WW Power of Attorney to Sell Shares (RVP)” means the Indonesian law governed power of attorney to sell shares in relation to the share capital of WW granted or to be granted by RVP in favour of the Lender.

GLOSSARY OF DEFINED TERMS

Set forth below is a list of certain of the more important capitalised terms used in this Offering Circular and the pages on which the definitions of those terms may be found.

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FINANCIAL STATEMENTS

Please see overleaf for the audited financial statements of each of the borrowers for the financial year ended 31 December 2016.

PT ROYAL LESTARI UTAMA

DAN ENTITAS ANAK/*AND SUBSIDIARIES*

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

**UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016/
*FOR THE YEAR ENDED 31 DECEMBER 2016***

DAN/*AND*

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

**PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016**

**PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

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1-4

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5

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**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016 DAN 2015**

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK

Kami, yang bertanda tangan di bawah ini:

1. Nama : Andry Setiawan
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan Taman
Sari, Jakarta Barat
Nomor Telepon : (021) 5306711
Jabatan : Direktur Utama
2. Nama : Eric Pierre Robert Vaillier
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced APT
N 1805
Nomor Telepon : (021) 5306711
Jabatan : Direktur

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian;
2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian telah dimuat secara lengkap dan benar;
b. Laporan keuangan konsolidasian tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Royal Lestari Utama dan entitas anak.

Demikian pernyataan ini dibuat dengan sebenarnya.

**DIRECTOR'S STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2016 AND 2015
PT ROYAL LESTARI UTAMA AND SUBSIDIARIES**

We, the undersigned:

1. Name : Andry Setiawan
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Domicile Address : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan
Taman Sari, Jakarta Barat
Phone Number : (021) 5306711
Position : President Director
2. Name : Eric Pierre Robert Vaillier
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Domicile Address : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced
APT N 1805
Phone Number : (021) 5306711
Position : Director

Stated that:

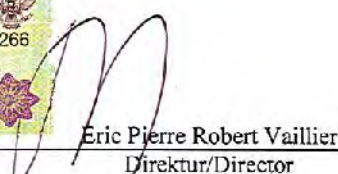
1. We are responsible for the preparation and presentation of the consolidated financial statements;
2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the consolidated financial statements is complete and correct;
b. The consolidated financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for PT Royal Lestari Utama and subsidiaries' internal control system.

This statement letter is made truthfully.

Jakarta, 17 April 2017/ 17 April 2017



Andry Setiawan
Direktur Utama/President Director



Eric Pierre Robert Vaillier
Direktur/Director

This report is originally issued in Indonesian language

No. : 484/O.R032/FH.0/12.16
Hal : Laporan Keuangan Konsolidasian
31 Desember 2016

No. : 484/O.R032/FH.0/12.16
Re : Consolidated Financial Statements
31 December 2016

Laporan Auditor Independen

Independent Auditors' Report

Pemegang Saham, Dewan Komisaris dan
Direksi
PT Royal Lestari Utama
Jakarta

Shareholders, Board of Commissioners and
Directors
PT Royal Lestari Utama
Jakarta

Kami telah mengaudit laporan keuangan konsolidasian PT Royal Lestari Utama dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2016, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying consolidated financial statements of PT Royal Lestari Utama and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan

Management's responsibility for the financial statements

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.

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.

Tanggung jawab auditor

Auditor's responsibility

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 memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit 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.

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 keefektifitasan 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 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 Royal Lestari Utama dan entitas anaknya tanggal 31 Desember 2016, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

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 auditor's 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 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 Royal Lestari Utama and its subsidiaries as of 31 December 2016, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Hal lain

Audit kami atas laporan keuangan konsolidasian PT Royal Lestari Utama dan entitas anaknya pada tanggal 31 Desember 2016 dan untuk tahun yang berakhir pada tanggal tersebut terlampaikan dilaksanakan dengan tujuan merumuskan suatu opini atas laporan keuangan konsolidasian tersebut secara keseluruhan. Informasi keuangan tambahan PT Royal Lestari Utama (entitas induk saja) yang terdiri dari laporan posisi keuangan pada tanggal 31 Desember 2016, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut (secara kolektif disebut sebagai "Informasi Keuangan Entitas Induk"), yang disajikan sebagai informasi tambahan terhadap laporan keuangan konsolidasian terlampaikan, disajikan untuk tujuan analisis tambahan dan bukan merupakan bagian dari laporan keuangan konsolidasian terlampaikan yang diharuskan menurut Standar Akuntansi Keuangan di Indonesia. Informasi Keuangan Entitas Induk merupakan tanggung jawab manajemen serta dihasilkan dari dan berkaitan secara langsung dengan catatan akuntansi dan catatan lainnya yang mendasarinya yang digunakan untuk menyusun laporan keuangan konsolidasian terlampaikan. Informasi Keuangan Entitas Induk telah menjadi objek prosedur audit yang diterapkan dalam audit atas laporan keuangan konsolidasian terlampaikan berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Menurut opini kami, Informasi Keuangan Entitas Induk disajikan secara wajar, dalam semua hal yang material, berkaitan dengan laporan keuangan konsolidasian terlampaikan secara keseluruhan.

Other matter

Our audit of the accompanying consolidated financial statements of PT Royal Lestari Utama and its subsidiaries as of 31 December 2016 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The supplementary financial information of PT Royal Lestari Utama (parent entity only), which comprises the statement of financial position as of 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the audit procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards of Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI BAMBANG & Rekan



Fahmi, SE, Ak, CPA, CA
NIAP AP.0124/
License No. AP.0124

17 April 2017/ 17 April 2017

FDSH/yn

Ekshibit A

Exhibit A

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
A S E T				A S S E T S
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	2e,f,s,4	157.250.827.419	462.645.256.048	Cash and cash equivalents
Piutang usaha - Pihak ketiga	2e,g	108.589.440	49.352.980	Trade receivable - Third parties
Piutang lain-lain - Pihak ketiga	2e,g	70.531.486	456.286.369	Other receivables - Third parties
Persediaan	2h,5	5.204.931.487	5.365.129.806	Inventories
Uang muka		8.328.487.783	695.339.843	Advances
Pajak dibayar di muka	2r,13a	3.752.317.821	396.333.888	Prepaid tax
Beban dibayar di muka	2j	6.851.228.791	1.500.497.293	Prepaid expenses
Total Aset Lancar		181.566.914.227	471.108.196.227	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Hutan tanaman industri - setelah dikurangi akumulasi amortisasi sebesar Rp 18.225.448.310 pada tahun 2016 dan Rp 17.153.669.710 pada tahun 2015	2k,m,6	19.226.312.272	9.374.909.587	Industrial timber plantations-net of accumulated amortization of Rp 18,225,448,310 in 2016 and Rp 17,153,669,710 in 2015
Hutan tanaman industri dalam tahap pengembangan	2k,m,7	825.822.989.769	540.957.025.215	Industrial timber plantations under development stage
Aset tetap - setelah dikurangi akumulasi penyusutan sejumlah Rp 21.025.417.703 pada tahun 2016 dan Rp 13.754.484.689 pada tahun 2015	2l,m,8	133.035.805.736	39.261.980.132	Property and equipment - net of accumulated depreciation of Rp 21,025,417,703 in 2016 and Rp 13,754,484,689 in 2015
Aset pajak tangguhan	2r,13d	1.028.821.335	29.600.245.660	Deferred tax assets
Aset tidak lancar lain-lain		1.721.590.667	674.283.840	Other non-current assets
Total Aset Tidak Lancar		980.835.519.779	619.868.444.434	Total Non-Current Assets
TOTAL ASET		1.162.402.434.006	1.090.976.640.661	TOTAL ASSETS

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

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

Ekshibit A/2

Exhibit A/2

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS				LIABILITIES
LIABILITAS JANGKA PENDEK				SHORT-TERM LIABILITIES
Utang usaha - Pihak ketiga	2e,9	13.744.181.259	5.127.027.256	Trade payables - Third parties
Utang lain-lain	2e,10			Other payables
Pihak ketiga		31.293.705.286	590.150.850	Third parties
Pihak berelasi	2i,22	17.399.508.315	-	Related parties
Utang pajak	2r,13b	1.649.687.197	4.233.958.453	Taxes payable
Beban masih harus dibayar	2e,11	5.078.663.171	6.811.493.029	Accrued expenses
Pinjaman bank jangka panjang yang telah jatuh tempo dalam satu tahun	2e,12	11.548.000.000	6.776.000.000	Current maturities of long-term bank loan
Total Liabilitas Jangka Pendek		80.713.745.228	23.538.629.588	Total Short-Term Liabilities
LIABILITAS JANGKA PANJANG				LONG-TERM LIABILITIES
Pinjaman bank jangka panjang - setelah dikurangi bagian yang telah jatuh tempo dalam satu tahun	2e,12	429.702.113.475	297.912.989.205	Long-term bank loans - net of current maturities
Liabilitas diestimasi imbalan kerja karyawan	2n,14	15.382.161.671	7.096.840.641	Estimated liabilities for employee benefits
Liabilitas pajak tangguhan	2r,13d	14.241.558.761	-	Deferred tax liabilities
Total Liabilitas Jangka Panjang		459.325.833.907	305.009.829.846	Total Long-Term Liabilities
Total Liabilitas		540.039.579.135	328.548.459.434	Total Liabilities
EKUITAS				EQUITY
Ekuitas yang diatribusikan kepada pemilik entitas induk				Equity attributable to owners of the parent company
Modal saham - nilai nominal				Share capital - par value of
Rp 1.000.000 per saham				Rp 1,000,000 per share
Modal dasar - 12.500				Authorized - 12,500 shares
Modal ditempatkan dan disetor penuh - 3.400 saham	15	3.400.000.000	3.400.000.000	Issued and fully paid-in share capital - 3,400 shares
Tambahan modal disetor	16	864.980.935.986	864.980.935.986	Additional paid-in capital
Defisit		(248.278.406.506)	(113.018.164.196)	Deficits
Sub-total		620.102.529.480	755.362.771.790	Sub-total
Kepentingan non-pengendali	17	2.260.325.391	7.065.409.437	Non-controlling interest
Total Ekuitas		622.362.854.871	762.428.181.227	Total Equity
TOTAL LIABILITAS DAN EKUITAS		1.162.402.434.006	1.090.976.640.661	TOTAL LIABILITIES AND EQUITY

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

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

Ekshibit B

Exhibit B

**PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016**

(Disajikan dalam Rupiah, kecuali dinyatakan lain)

**PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2016**

(Expressed in Rupiah, unless otherwise stated)

	2 0 1 6	Catatan/ Notes	2 0 1 5	
PENJUALAN NETO	7.069.840.730	2q, 18	5.902.234.950	NET SALES
BEBAN POKOK PENDAPATAN	(8.926.548.758)	2q, 19	(6.976.375.537)	COST OF SALES
RUGI BRUTO	(1.856.708.028)		(1.074.140.587)	GROSS LOSS
Beban penjualan	(52.886.281)	2q,	(284.982.084)	<i>Selling expenses</i>
Beban umum dan administrasi	(68.717.313.029)	2q, 20	(41.213.240.297)	<i>General and administrative expenses</i>
Pendapatan operasi lainnya	710.385.078	2q, 21a	739.303.091	<i>Other operating income</i>
Beban operasi lainnya	(5.486.315.478)	2q, 21b	(37.419.343.660)	<i>Other operating expenses</i>
RUGI USAHA	(75.402.837.738)		(79.252.403.537)	OPERATING LOSS
Keuntungan (kerugian) atas selisih kurs - Neto	(16.576.527.303)		18.866.326.329	<i>Gain (loss) on foreign exchange - Net</i>
Pendapatan keuangan	2.265.113.365		3.741.727.633	<i>Finance income</i>
Beban keuangan	(2.266.680.999)		(3.199.510.214)	<i>Finance expenses</i>
RUGI SEBELUM MANFAAT PAJAK PENGHASILAN	(91.980.932.675)		(59.843.859.789)	LOSS BEFORE INCOME TAX BENEFIT
(BEBAN) MANFAAT PAJAK PENGHASILAN				(EXPENSE) INCOME TAX BENEFIT
Kini	(5.191.108.250)		-	<i>Current</i>
Tangguhan	(42.833.058.672)	2r, 13d	10.607.048.285	<i>Deferred</i>
MANFAAT PAJAK PENGHASILAN	(48.024.166.922)		10.607.048.285	INCOME TAX BENEFITS
RUGI NETO TAHUN BERJALAN	(140.005.099.597)		(49.236.811.504)	NET LOSS FOR THE YEAR
PENGHASILAN (RUGI) KOMPREHENSIF LAIN				OTHER COMPREHENSIF INCOME (LOSS)
Pos-pos yang tidak akan direklasifikasi ke laba rugi				<i>Items not to be reclassified to profit or loss</i>
Keuntungan (kerugian) aktuarial program pensiun	(80.302.345)	2r, 14	(256.528.812)	<i>Actuarial gain (loss) from pension plan</i>
Pajak tangguhan terkait	20.075.586	2r, 13d	64.132.203	<i>Relating to deferred tax</i>
JUMLAH RUGI KOMPREHENSIF LAIN	(60.226.759)		(192.396.609)	TOTAL OTHER COMPREHENSIVE LOSS
TOTAL RUGI KOMPREHENSIF PADA TAHUN BERJALAN	(140.065.326.356)		(49.429.208.113)	TOTAL COMPEHENISVE LOSS FOR THE YEAR
Rugi netto tahun berjalan yang dapat diatribusikan kepada:				Net loss for the year attributable to:
Pemilik entitas induk	(135.203.469.726)		(46.411.958.847)	<i>Owners of the parent company</i>
Kepentingan non-pengendali	(4.801.629.871)		(2.824.852.657)	<i>Non-controlling interest</i>
T o t a l	(140.005.099.597)		(49.236.811.504)	T o t a l
Rugi komprehensif tahun berjalan yang dapat diatribusikan kepada:				Comprehensive loss for the year attributable to:
Pemilik entitas induk	(135.260.242.310)		(46.597.560.791)	<i>Owners of the parent company</i>
Kepentingan non-pengendali	(4.805.084.046)		(2.831.647.322)	<i>Non-controlling interest</i>
T o t a l	(140.065.326.356)		(49.429.208.113)	T o t a l

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

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

Ekshibit C

Exhibit C

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Ekuitas yang diatribusikan kepada pemilik entitas induk/ <i>Equity attributable to the owners of the parent company</i>					
	Modal saham/ <i>Share capital</i>	Tambahan modal disetor/ <i>Additional paid-in capital</i>	Defisit/ <i>deficits</i>	Kepentingan non-pengendali/ <i>Non-controlling interest</i>	Total ekuitas/ <i>Total equity</i>	
Saldo per 31 Desember 2014	1.734.000.000	136.928.435.986	(66.420.603.405)	9.897.056.759	82.138.889.340	<i>Balance as of 31 December 2014</i>
Penerbitan saham baru oleh Perusahaan	1.666.000.000	-	-	-	1.666.000.000	<i>Issuance of new shares by the Company</i>
Tambahan modal disetor	-	728.052.500.000	-	-	728.052.500.000	<i>Additional paid-in capital</i>
Total rugi komprehensif pada tahun berjalan	-	-	(46.597.560.791)	(2.831.647.322)	(49.429.208.113)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2015	3.400.000.000	864.980.935.986	(113.018.164.196)	7.065.409.437	762.428.181.227	<i>Balance as of 31 December 2015</i>
Total rugi komprehensif pada tahun berjalan	-	-	(135.260.242.310)	(4.805.084.046)	(140.065.326.356)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2016	<u>3.400.000.000</u>	<u>864.980.935.986</u>	<u>(248.278.406.506)</u>	<u>2.260.325.391</u>	<u>622.362.854.871</u>	<i>Balance as of 31 December 2016</i>
	Catatan 15/ <i>Note 15</i>	Catatan 16/ <i>Note 16</i>		Catatan 17/ <i>Note 17</i>		

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

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

Ekshibit D

Exhibit D

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN ARUS KAS KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	2016	2015	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Rugi sebelum manfaat pajak penghasilan	(91.980.932.675)	(59.843.859.789)	Loss before income tax benefits
Penyesuaian untuk merekonsiliasi rugi sebelum manfaat pajak penghasilan menjadi kas bersih yang diperoleh dari (digunakan untuk) aktivitas operasi:			Adjustments to reconcile loss before income tax benefit to net cash provided by (used in) operating activities:
Penyusutan	8.218.558.264	5.295.746.234	Depreciation
Amortisasi hutan tanaman industri	1.071.778.600	509.086.776	Amortization of industrial timber plantation
Beban penyisihan atas imbalan kerja karyawan	8.205.018.685	2.666.338.808	Employee benefit expenses
Rugi atas penanaman kembali	1.408.333.192	-	Loss on replanting
Rugi atas penghapusan bibit	2.456.474.340	-	Loss on disposal nursery
Rugi atas kebakaran aset tanaman		33.644.469.948	Loss on fire of plantation asset
Rugi atas penghapusan aset tetap	810.539.144	1.528.927.745	Loss on disposal of property and equipment
Laba atas penjualan aset tetap	(109.295.455)	-	Gain on sale of property and equipment
Perubahan aset dan liabilitas operasi:			Changes in operating assets and liabilities:
Piutang usaha	(59.236.460)	64.096.410	Trade receivables
Piutang lain-lain	385.754.883	113.953.331	Other receivables
Persediaan	160.198.319	(2.011.099.320)	Inventories
Uang muka	(7.633.147.940)	(192.524.976)	Advances
Pajak dibayar di muka	(3.355.983.933)	(291.984.509)	Prepaid tax
Beban dibayar di muka	(5.350.731.498)	(793.322.368)	Prepaid expense
Aset tidak lancar lain-lain	(1.047.306.827)	(674.283.840)	Other non-current assets
Utang usaha	8.617.154.000	(959.338.710)	Trade payables
Utang lain-lain	48.103.062.751	(1.863.078.941)	Other payables
Utang pajak	(2.653.032.170)	3.944.615.225	Taxes payable
Uang muka dari pelanggan		(100.000.000)	Advance from customers
Beban masih harus dibayar	(1.732.829.855)	(2.339.192.335)	Accrued expenses
Arus kas digunakan untuk aktivitas operasi	(34.485.624.635)	(21.301.450.311)	Cash flows used in operating activities
Pembayaran pajak penghasilan	(5.122.347.336)	-	Payments income tax
Arus kas netto digunakan untuk aktivitas operasi	(39.607.971.971)	(21.301.450.311)	Net cash flows used in operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Hutan tanaman industri	(10.923.181.285)	(4.226.950.143)	Industrial timber plantations
Hutan tanaman industri dalam tahap pengembangan	(288.730.772.086)	(202.930.618.647)	Industrial timber plantation under development stage
Penjualan aset tetap	220.545.455	-	Selling of property and equipment
Pembelian aset tetap	(102.914.173.012)	(17.339.495.552)	Acquisition of property and equipment
Arus kas netto digunakan untuk aktivitas investasi	(402.347.580.928)	(224.497.064.342)	Net cash flows used in investing activities

Ekshibit D/2

Exhibit D/2

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
LAPORAN ARUS KAS KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Pembayaran pinjaman jangka pendek	-	(125.804.268.667)	Payments short -term loan
Penambahan pinjaman bank jangka panjang	136.561.124.270	100.775.856.148	Additional from long-term bank loan
Penambahan penerbitan saham baru	-	1.666.000.000	Additional from issuance of new shares
Tambahan modal disetor	-	728.052.500.000	Additional paid-in capital
Arus kas neto diperoleh dari aktivitas pendanaan	<u>136.561.124.270</u>	<u>704.690.087.481</u>	Net cash flows provided by financing activities
(PENURUNAN) KENAIKAN NETO DALAM KAS DAN SETARA KAS	<u>(305.394.428.629)</u>	<u>458.891.572.828</u>	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS PADA AWAL TAHUN	<u>462.645.256.048</u>	<u>3.753.683.220</u>	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS PADA AKHIR TAHUN	<u>157.250.827.419</u>	<u>462.645.256.048</u>	CASH AND CASH EQUIVALENTS AT END OF YEAR

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

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

Ekshibit E

Exhibit E

**PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)**

1. U M U M

a. Pendirian Perusahaan

PT Royal Lestari Utama ("Perusahaan") didirikan di Republik Indonesia dengan nama PT Inti Energi Perkasa pada tanggal 16 Juli 2008 berdasarkan akta Notaris Benny Kristianto, S.H No. 35. Akta pendirian Perusahaan telah disahkan oleh Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. AHU 53362.AH.01.01.Tahun 2008 tanggal 21 Agustus 2008, dan telah diumumkan dalam Berita Negara Republik Indonesia No. 104 tanggal 26 Desember 2008, Tambahan No. 29513. Anggaran dasar Perusahaan telah mengalami beberapa kali perubahan, terakhir berdasarkan akta Notaris Benny Kristianto, S.H., No. 14 tanggal 13 Juni 2011, tentang perubahan nama Perusahaan yang semula PT Inti Energi Perkasa menjadi PT Royal Lestari Utama dan telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-38766.AH.01.02 Tahun 2011 tanggal 2 Agustus 2011 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 81 tanggal 9 Oktober 2012, Tambahan No. 59731 dan berdasarkan akta Notaris No. 20 tanggal 3 Maret 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., para pemegang saham menyetujui Compaigne Financiere Du Groupe Michelin, 'Senard Et Cie' sebagai pemegang saham Perusahaan, adanya setoran modal dari Compaigne Financiere Du Groupe Michelin, 'Senard Et Cie', perubahan status Perusahaan dari Non-Penanaman Modal Dalam Negeri/Penanaman Modal Asing menjadi Perusahaan dalam rangka Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 75/1/IP/PMA/2015 tanggal 14 Januari 2015 dan perubahan susunan Dewan Komisaris dan Direksi. Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0004178.AH.01.02.Tahun 2015 tanggal 17 Maret 2015 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 33 tanggal 24 April 2015, Tambahan No. 23451.

Sesuai dengan Pasal 3 anggaran dasar Perusahaan, ruang lingkup kegiatan utama Perusahaan bergerak dalam bidang konsultasi manajemen bisnis. Perusahaan berlokasi di Wisma Barito Pacific Lt. IIIB, Jl. Letjen. S. Parman Kav 62-63, Jakarta Barat.

1. G E N E R A L

a. Establishment of the Company

PT Royal Lestari Utama (the "Company") was established in the Republic of Indonesia under its original name PT Inti Energi Perkasa on 16 July 2008 based on Notarial deed No. 35 of Notary Benny Kristianto, S.H. The Company's deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. AHU-53362.AH.01.01.Tahun 2008 dated 21 August 2008 and was published in the State Gazette of the Republic of Indonesia No. 104 dated 26 December 2008, Supplement No. 29513. The Company's articles of association have been amended several times, the most recent being based on Notarial deed No. 14 of Notary Benny Kristianto, S.H., dated 13 June 2011, about the change in Company's name from PT Inti Energi Perkasa to PT Royal Lestari Utama which was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-38766.AH.01.02 Tahun 2011 dated 2 August 2011 and was published in the State Gazette of the Republic of Indonesia No. 81 dated 9 October 2012, Supplement No. 59731 and based on Notarial deed No. 20 dated 3 March 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., the shareholders approved the Compaigne Financiere Du Groupe Michelin, 'Senard et cie' as shareholder of the Company, there capital injection from the Compaigne Financiere Du Groupe Michelin, 'Senard et cie', changes of Company's status from Non-Domestic Investment/Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 75/1/IP-PB/PMA/2015 dated 14 January 2015 and changes the composition of the Company's Board of Commisioners amd Directors. The establishment deed has been approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0004178.AH.01.02.Tahun 2015 dated 17 March 2015 and was published in the State Gazette of the Republic of Indonesia No. 33 dated 24 April 2015, Supplement No. 23451.

In accordance on Article 3 of the Company's articles of association, the scope of the Company's activities is to engaged in business management consulting. The office of the Company is located at Wisma Barito Pacific Fl. IIIB, Jl. Letjen. S. Parman Kav 62-63, West Jakarta.

Ekshibit E/2

Exhibit E/2

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. **U M U M** (Lanjutan)

b. **Struktur Grup**

Perusahaan beserta entitas anak selanjutnya disebut sebagai "Grup".

Pada tanggal 31 Desember 2016 dan 2015, Perusahaan mempunyai entitas anak, secara langsung atau tidak langsung, sebagai berikut:

Nama entitas anak/ Name of subsidiaries	Domisili/ Domicile	Jenis usaha/ Nature of business	Mulai beroperasi secara komersial/ Start of commercial operations	Persentase kepemilikan (%)/ Percentage of ownership (%)		Total asset (dalam jutaan Rupiah)/ Total assets (in million Rupiah)	
				31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
<u>Dimiliki secara langsung/ Directly owned</u>							
PT Lestari Asri Jaya (“LAJ”)	Jambi	Hutan tanaman industri/ <i>Industrial timber plantations</i>	-	95,00	95,00	598.146	375.668
PT Wanamukti Wisesa (“WW”)	Jambi	Hutan tanaman industri/ <i>Industrial timber plantations</i>	2 0 1 4	95,00	95,00	180.322	143.160
PT Multi Kusuma Cemerlang (“MKC”)	Kalimantan Timur	Hutan tanaman industri/ <i>Industrial timber plantations</i>	-	95,00	95,00	306.471	136.079

PT Lestari Asri Jaya (LAJ)

PT Lestari Asri Jaya (LAJ) didirikan berdasarkan akta Notaris No. 40 tanggal 26 Juli 2007 dari Notaris Benny Kristianto, S.H., akta pendirian ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-45089.AH.01.01.TH.2008 tanggal 28 Juli 2008 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 55 tanggal 10 Juli 2009, Tambahan No. 17918. Anggaran dasar Perusahaan telah beberapa kali mengalami perubahan, yang terakhir berdasarkan akta Notaris Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 2 tanggal 5 Januari 2015, mengenai penerbitan saham baru perusahaan dan peningkatan modal disetor akibat konversi utang dari pemegang saham. Perubahan tersebut telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-000708.AH.01.02.Tahun 2015 tanggal 19 Januari 2015 dan berdasarkan akta Notaris No. 220 tanggal 30 April 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., mengenai perubahan status Perusahaan dari Non-Penanaman Modal Dalam Negeri/Penanaman Modal Asing menjadi Perusahaan Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 874/1/IP/PMA/2015 pada tanggal 28 April 2015.

1. **G E N E R A L** (Continued)

b. **Structure of the Group**

The Company and its subsidiaries are here in after referred as the "Group".

As of 31 December 2016 and 2015, the Company has the following direct or indirect subsidiaries, as follows:

PT Lestari Asri Jaya (LAJ)

PT Lestari Asri Jaya (LAJ) was established based on Notarial deed No. 40 dated 26 July 2007 of Notary Benny Kristianto, S.H., the deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-45089.AH.01.01.TH.2008 dated 28 July 2008 and published in the State Gazette of the Republic of Indonesia No. 55 dated 10 Juli 2009, Supplement No. 17918. The Company's articles of association have been amended several times, the latest changes were based on Notarial deed by Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 2 dated 5 January 2015, regarding issued new shares and increased in authorized capital caused by conversion of payables from shareholders. These changes have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-000708.AH.01.02.Tahun 2015 dated 19 January 2015 and based on Notarial deed No. 220 dated 30 April 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., the shareholders approved the changes of the Company's status from Non-Domestic Investment/Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 874/1/IP/PMA/2015 dated 28 April 2015.

Ekshibit E/3

Exhibit E/3

**PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)**

1. U M U M (Lanjutan)

b. Struktur Grup (Lanjutan)

PT Lestari Asri Jaya (LAJ) (Lanjutan)

Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0935943. AH.01.02. Tahun 2015 tanggal 27 Mei 2015.

LAJ adalah Perusahaan yang didirikan di Indonesia dengan ruang lingkup dalam dalam bidang pengusahaan hutan lainnya dan pemungutan getah karet serta industri pengasapan karet dan remilling karet. LAJ berkedudukan di 2 lokasi yaitu Desa Pemayung dan Desa Aurcino, Kabupaten Tebo, Provinsi Jambi.

PT Wanamukti Wisesa (WW)

PT Wanamukti Wisesa (WW) didirikan berdasarkan akta Notaris No. 107 tanggal 31 Agustus 1992 dari Mudofir Hadi, S.H., Notaris di Jakarta. Akta pendirian ini telah disahkan oleh Menteri Kehakiman Republik Indonesia berdasarkan Surat Keputusan No. C2-16.481. HT.01.01TH.95 tanggal 15 Desember 1995 dan diumumkan dalam Berita Negara Republik Indonesia No. 53 tanggal 2 Juli 1996, Tambahan No. 5960. Anggaran dasar WW telah mengalami beberapa kali perubahan, yang terakhir berdasarkan akta Notaris No. 4 tanggal 5 Januari 2015 dari Notaris Kumala Tjahjani Widodo, S.H., M.H., M.Kn., mengenai penerbitan saham baru perusahaan dan peningkatan modal disetor akibat konversi utang dari pemegang saham. Perubahan tersebut telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0002659.AH.01.03. Tahun 2015 tanggal 16 Januari 2015 dan berdasarkan akta Notaris No. 218 tanggal 30 April 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., mengenai perubahan status WW dari Non-Penanaman Modal Dalam Negeri/ Penanaman Modal Asing menjadi Perusahaan Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 919/1/IP/PMA/2015 tanggal 29 April 2015. Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0935941. AH.01.02. Tahun 2015 tanggal 27 Mei 2015.

1. G E N E R A L (Continued)

b. Structure of the Group (Continued)

PT Lestari Asri Jaya (LAJ) (Continued)

The Notarial deed was approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935943.AH.01.02. Tahun 2015 dated 27 May 2015.

LAJ is a company incorporated in Indonesia and engaged in the business of other plantations and rubber sap collection also in smoking rubber and remilling. LAJ is located in 2 location namely Desa Pemayung and Desa Aurcino, Kabupaten Tebo, Province of Jambi.

PT Wanamukti Wisesa (WW)

PT Wanamukti Wisesa (WW) was established based on Notarial deed No. 107 dated 31 August 1992 of Mudofir Hadi S.H., Notary in Jakarta. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. C2-16.481.HT.01.01 TH.95 dated 15 December 1995 and published in the State Gazette of the Republic of Indonesia No. 53 dated 2 July 1996, Supplement No. 5960. WW article of association has been amended several times, the latest based on Notarial deed No. 4 dated 5 January 2015 of Notary Kumala Tjahjani Widodo, S.H., M.H., M.Kn., regarding issued new shares and increased in authorized capital caused by conversion payables from shareholders. These changes have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0002659.AH.01.03. Tahun 2015 dated 16 January 2015 and based on Notarial deed No. 218 dated 30 April 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., regarding the changes of WW status from Non-Domestic Investment/ Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 919/1/IP/PMA/ 2015 dated 29 April 2015. The establishment deed has been approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935941.AH.01.02. Tahun 2015 dated 27 May 2015.

Ekshibit E/4

Exhibit E/4

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1. **U M U M** (Lanjutan)

b. **Struktur Grup** (Lanjutan)

PT Wanamukti Wisesa (WW) (Lanjutan)

WW adalah Perusahaan yang didirikan di Indonesia dengan ruang lingkup dalam bidang pengusahaan hutan lainnya dan pemungutan getah karet serta industri pengasapan karet. WW berlokasi di Desa Sungai Karang, Kecamatan VII, Koto Ilir, Kabupaten Tebo, Provinsi Jambi.

PT Multi Kusuma Cemerlang (MKC)

PT Multi Kusuma Cemerlang (MKC) didirikan berdasarkan akta Notaris No. 10 tanggal 2 Desember 2011 dari Kumala Tjahjani Widodo, S.H., M.H., M.Kn., Notaris di Jakarta. Akta pendirian ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-1372.AH.01.01.Tahun 2012 tanggal 10 Januari 2012 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 32 tanggal 19 April 2013, Tambahan No. 8496. Anggaran dasar MKC telah beberapa kali mengalami perubahan, yang terakhir berdasarkan Notaris Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 3 tanggal 5 Januari 2015, mengenai penerbitan saham baru MKC dan peningkatan modal disetor akibat konversi utang dari pemegang saham. Perubahan tersebut telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0000707.AH.01.02. Tahun 2015 tanggal 19 Januari 2015 dan berdasarkan akta Notaris No. 219 tanggal 30 April 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., mengenai perubahan status MKC dari Non-Penanaman Modal Dalam Negeri/ Penanaman Modal Asing menjadi Perusahaan Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 910/1/IP/PMA/2015 tanggal 29 April 2015. Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0935942. AH.01.02. Tahun 2015 tanggal 27 Mei 2015.

MKC adalah perusahaan yang didirikan di Indonesia dengan ruang lingkup dalam bidang pengusahaan hutan lainnya dan pemungutan getah karet serta industri pengasapan karet dan remilling karet. MKC berlokasi di Desa Tepian Langsat, Kecamatan Bengalon, Kabupaten Kutai Timur, Provinsi Kalimantan Timur.

1. **G E N E R A L** (Continued)

b. **Structure of the Group** (Continued)

PT Wanamukti Wisesa (WW) (Continued)

WW is Company incorporated in Indonesia and engaged in the business of other plantations and rubber sap collection also in smoking rubber. WW is located in Desa Sungai Karang, Kecamatan VII, Koto Ilir, Kabupaten Tebo, Province Jambi.

PT Multi Kusuma Cemerlang (MKC)

PT Multi Kusuma Cemerlang (MKC) was established based on Notarial deed No. 10 dated 2 December 2011 of Kumala Tjahjani Widodo, S.H., M.H., M.Kn., Notary in Jakarta. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-1372. AH.01.01. Tahun 2012 dated 10 January 2012 and published in the State Gazette of the Republic of Indonesia No. 32 dated 19 April 2013, Supplement No. 8496. MKC articles of association have been amended several times, the latest changes were based on Notarial deed of Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 3 dated 5 January 2015, regarding issued new shares and increased in authorized capital caused by conversion of payables from shareholders. These changes have been approved by the minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0000707.AH.01.02. Tahun 2015 dated 19 January 2015 and based on Notarial deed No. 219 dated 30 April 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., regarding the changes of MKC status from Non-Domestic Investment/Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 910/1/IP/PMA/2015 dated 29 April 2015. The establishment deed has been approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935942.AH.01.02. Tahun 2015 dated 27 May 2015.

MKC is a company incorporated in Indonesia and engaged in the business of other plantations and rubber sap collection also in smoking rubber and remilling. MKC is located in Desa Tepian Langsat, Kecamatan Bengalon, Kabupaten Kutai Timur, Province of Kalimantan Timur.

Ekshibit E/5

Exhibit E/5

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
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1. U M U M (Lanjutan)

c. Dewan Komisaris, Direksi dan Karyawan

Susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2016 dan 2015, berdasarkan akta Notaris Nanny Wiana Setiawan, S.H., No. 60 tanggal 28 Juni 2016 dan akta Notaris Hasbullah Abdul Rasyid, S.H, M.Kn, No. 20 tanggal 3 Maret 2015 adalah sebagai berikut :

**31 Desember 2016/
31 December 2016**

Dewan Komisaris

Komisaris Utama : Yazirwan Uyun
Wakil Komisaris Utama : Luc Marie Gaston Fernand Minguet

Komisaris : Didier Claude Gaidon
Komisaris : Fifi Setiawaty Leono
Komisaris : Andry Setiawan

Dewan Direksi

Direktur Utama : Armando Robert Wirajendi
Wakil Direktur Utama : Yannick Jean Marie Vincent Balerin

Direktur : Andre
Direktur : Meizani Irmadhiany
Direktur : Eric Vaillier
Direktur : Bruno Mangenot

Pada tanggal 31 Desember 2016 dan 2015, Grup mempunyai karyawan tetap masing-masing sebanyak 369 karyawan tetap dan 126 karyawan tetap (tidak diaudit).

1. G E N E R A L (Continued)

c. Board of Commissioner, Directors and Employees

The members of the Company's Boards of Commissioners and Directors as of 31 December 2016 and 2015, based on Notarial deed of Notary Nanny Wiana Setiawan, S.H., No. 60 dated 28 June 2016 and Notarial deed of Notary Hasbullah Abdul Rasyid, S.H, M.Kn, No. 20 dated 3 March 2015 are as follows :

**31 Desember 2015/
31 December 2015**

Board of Commissioners

Yazirwan Uyun : President Commissioner
Luc Marie Gaston Fernand : Vice President Commissioner Minguet

Didier Claude Gaidon : Commissioner
Fifi Setiawaty Leono : Commissioner
Esjin Kariko : Commissioner

Board of Directors

Armando Robert Wirajendi : President Director
Yannick Jean Marie : Vice President Director Vincent Balerin

Andre : Director
Meizani Irmadhiany : Director
Thierry Stephane Serres : Director
Evaliny Edisyam : Director

As of 31 December 2016 and 2015, the Group has 369 permanent employees and 126 permanent employees, respectively (unaudited).

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN

a. Pernyataan Kepatuhan

Laporan keuangan konsolidasian telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

b. Dasar Penyajian Laporan Keuangan Konsolidasian

Laporan keuangan konsolidasian disusun berdasarkan basis akrual, dengan menggunakan konsep biaya perolehan, kecuali untuk persediaan yang dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi bersih dan akun-akun tertentu yang disusun berdasarkan pengukuran lain yang dijelaskan dalam kebijakan akuntansi masing-masing akun yang bersangkutan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which are comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

b. Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements have been prepared on the accrual basis, using the historical cost concept, except for inventories which are stated at the lower of cost or net realizable value and certain accounts which are prepared under other measurement basis as described in the accounting policies of the respective accounts.

Ekshibit E/6

Exhibit E/6

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**b. Dasar Penyajian Laporan Keuangan
Konsolidasian (Lanjutan)**

Laporan arus kas konsolidasian, yang disusun dengan menggunakan metode tidak langsung, menyajikan penerimaan dan pengeluaran kas dan setara kas yang diklasifikasikan ke dalam aktivitas operasi, investasi dan pendanaan.

Mata uang pelaporan yang digunakan pada laporan keuangan konsolidasian adalah Rupiah yang merupakan mata uang fungsional Grup.

Perubahan Kebijakan Akuntansi

Kebijakan akuntansi yang diadopsi adalah konsisten dengan kebijakan akuntansi keuangan tahun sebelumnya, kecuali bagi pengadopsian PSAK dan ISAK yang berlaku efektif pada atau setelah tanggal 1 Januari 2016. Perubahan kebijakan akuntansi Group, dibuat sebagaimana disyaratkan sesuai dengan ketentuan transisi dalam masing-masing standar dan interpretasi.

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016:

- PSAK 5 (Penyesuaian 2015), "Segmen Operasi",
- PSAK 7 (Penyesuaian 2015), "Pengungkapan Pihak-pihak Berelasi",
- PSAK 13 (Penyesuaian 2015), "Properti Investasi",
- PSAK 16 (Penyesuaian 2015), "Aset Tetap",
- PSAK 19 (Penyesuaian 2015), "Aset Takberwujud",
- PSAK 22 (Penyesuaian 2015), "Kombinasi Bisnis",
- PSAK 25 (Penyesuaian 2015), "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan",

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

**b. Basis of Preparation of the Consolidated
Financial Statements (Continued)**

The consolidated statement of cash flow, which have been prepared using the indirect method, present receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities.

The reporting currency used in the consolidated financial statements is Rupiah which is the Group's functional currency.

Change in Accounting Policies

Accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the PSAK and ISAK that are effective on or after 1 January 2016. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretation.

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016:

- PSAK 5 (Annual Improvement 2015), "Operating Segments",
- PSAK 7 (Annual Improvement 2015), "Related Party Disclosures",
- PSAK 13 (Annual Improvement 2015), "Investment Property",
- PSAK 16 (Annual Improvement 2015), "Property, Plant and Equipment",
- PSAK 19 (Annual Improvement 2015), "Intangible Assets",
- PSAK 22 (Annual Improvement 2015), "Business Combination",
- PSAK 25 (Annual Improvement 2015), Accounting Policies, Changes in Accounting Estimates and Errors",

Ekshibit E/7

Exhibit E/7

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

**b. Dasar Penyajian Laporan Keuangan
Konsolidasian (Lanjutan)**

**b. Basis of Preparation of the Consolidated
Financial Statements (Continued)**

Perubahan Kebijakan Akuntansi (Lanjutan)

Change in Accounting Policies (Continued)

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016: (Lanjutan)

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016: (Continued)

- PSAK 53 (Penyesuaian 2015), “Pembayaran Berbasis Saham”, dan
- PSAK 68 (Penyesuaian 2015), “Pengukuran Nilai Wajar”,
- PSAK 4, “Laporan Keuangan Tersendiri” tentang Metode Ekuitas dalam Laporan Keuangan Tersendiri,
- PSAK 15, “Investasi Pada Entitas Asosiasi dan Ventura Bersama” tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 24, “Imbalan Kerja” tentang Program Imbalan Pasti: Iuran Pekerja,
- PSAK 65, “Laporan Keuangan Konsolidasian” tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 67, “Pengungkapan Kepentingan Dalam Entitas Lain” tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi, dan
- ISAK 30, “Pungutan”,
- PSAK 16, “Aset Tetap” tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi,
- PSAK 19, “Aset TakBerwujud” tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi, dan
- PSAK 66, “Pengaturan Bersama” tentang Akuntansi Akuisisi Kepentingan dalam Operasi Bersama,

- PSAK 53 (Annual Improvement 2015), “Share-based Payments”, and
- PSAK 68 (Annual Improvement 2015), “Fair Value Measurement”,
- PSAK 4, “Separate Financial Statements” about Equity Method in Separate Financial Statements,
- PSAK 15, “Investment in Associates and Joint Venture” about Investment Entities: Applying the Consolidation Exception,
- PSAK 24, “Employee Benefits” about Defined Benefit Plans: Employee Contributions,
- PSAK 65, “Consolidated Financial Statements” about Investment Entities: Applying the Consolidation Exception,
- PSAK 67, “Disclosures of Interest in Other Entities” about Investment Entities: Applying the Consolidation Exception, and
- ISAK 30, “Levies”,
- PSAK 16, “Property, Plant and Equipment” about Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19, “Intangible Asset” about Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66, “Joint Arrangements” about Accounting for Acquisitions of Interests in Joint Operation,

Penerapan dari standar-standar di atas, tidak menyebabkan perubahan kebijakan akuntansi Grup dan tidak memiliki dampak terhadap jumlah yang dilaporkan di tahun berjalan atau tahun sebelumnya.

The implementation of the standards above did not cause a change in the Group’s Accounting policies and had no impact on the amounts reported for current or prior financial years.

Amandemen standar dan interpretasi berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017, dengan penerapan dini diperkenankan yaitu amandemen PSAK 1, “Penyajian Laporan Keuangan” tentang Prakarsa Pengungkapan dan ISAK 31, “Interpretasi atas Ruang Lingkup PSAK 13, “Properti Investasi”.

Amendments to standard and interpretation effective for periods beginning on or after 1 January 2017, with early application permitted are amendments to PSAK 1, “Presentation of Financial Statements” about Disclosure Initiative and ISAK 31, “Scope Interpretation of PSAK 13, “Investment Property”.

Ekshibit E/8

Exhibit E/8

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**2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)**

**b. Dasar Penyajian Laporan Keuangan
Konsolidasian (Lanjutan)**

Perubahan Kebijakan Akuntansi (Lanjutan)

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016: (Lanjutan)

Standar dan amandemen standar berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2018, dengan penerapan dini diperkenankan yaitu PSAK 69, "Agrikultur" dan amandemen PSAK 16, "Aset Tetap" tentang Agrikultur: Tanaman Produktif.

Sampai dengan tanggal penerbitan laporan keuangan, manajemen sedang mengevaluasi dampak dari standar dan interpretasi tersebut terhadap laporan keuangan konsolidasian.

c. Prinsip Konsolidasian

Laporan keuangan konsolidasian menggabungkan laporan keuangan Perusahaan dan entitas anaknya.

Semua akun dan transaksi antar perusahaan yang material, termasuk keuntungan atau kerugian yang belum direalisasi, jika ada, dieliminasi untuk mencerminkan laporan posisi keuangan konsolidasian dan hasil operasi Grup sebagai satu kesatuan usaha.

Entitas anak adalah seluruh entitas (termasuk entitas bertujuan khusus) dimana Grup memiliki pengendalian untuk mengatur kebijakan keuangan dan operational, yang umumnya mewakili kepemilikan saham lebih dari separuh hak suara.

Entitas anak dikonsolidasi secara penuh sejak tanggal akuisisi, yaitu tanggal Grup memperoleh pengendalian, sampai dengan tanggal Grup kehilangan pengendalian.

Rugi entitas anak yang tidak dimiliki secara penuh diatribusikan pada Kepentingan Non-Pengendali (KNP) bahkan jika hal ini mengakibatkan KNP memiliki saldo defisit.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIE
(Continued)**

**b. Basis of Preparation of the Consolidated
Financial Statements (Continued)**

Change in Accounting Policies (Continued)

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016: (Continued)

Standard and amendment to standard effective for periods beginning on or after 1 January 2018, with early application permitted are PSAK 69, "Agriculture" and amendments to PSAK 16, "Property, Plant and Equipment" about Agriculture: Bearer Plants.

As of the date of issuance of the financial statements, management is evaluating the impact of the standards and interpretations on the consolidated financial statements.

c. Principles of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

All material intercompany accounts and transactions, including unrealized gains or losses, if any, are eliminated to reflect the consolidated statements of financial position and the results of operations of the Group as one business entity.

Subsidiaries are all entities (including special purpose entities) over which Grup has the power to govern the financial statements and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date of acquisitions, being the date on which the Company obtained control, and continue to be consolidated until the date such control ceases.

Losses of a non-wholly owned subsidiaries are attributed to the Non-Controlling Interest (NCI) even if such losses result in a deficit balance for the NCI.

Ekshibit E/9

Exhibit E/9

**PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
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**2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Prinsip Konsolidasian (Lanjutan)

c. Principles of Consolidation (Continued)

Jika kehilangan pengendalian atas suatu entitas anak, maka Grup:

In case of loss of control over a subsidiaries, the Group:

- menghentikan pengakuan aset (termasuk setiap goodwill) dan liabilitas entitas anak;
- menghentikan pengakuan jumlah tercatat setiap KNP;
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian; dan
- mereklasifikasi bagian induk atas komponen yang sebelumnya diakui sebagai pendapatan komprehensif ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian, atau mengalihkan secara langsung ke saldo laba.

- *derecognizes the assets (including goodwill) and liabilities of the subsidiaries;*
- *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 any surplus or deficit in consolidated statements of comprehensive income; and*

- *reclassifies the parent's share of components previously recognized in other comprehensive income to consolidated statements of comprehensive or retained earnings, as appropriate.*

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.

Changes in the parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in consolidated statement of profit or loss and other comprehensive income.

KNP mencerminkan bagian atas laba rugi dan aset neto dari entitas anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung oleh Perusahaan, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik Perusahaan induk.

NCI represents the portion of the profit or loss and net assets of the subsidiary attributable to equity interests that are not owned directly or indirectly by the Company, which is presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statements of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent entity.

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 dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

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 consolidated statement of profit or loss and other comprehensive income.

Ekshibit E/10

Exhibit E/10

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**2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Prinsip Konsolidasian (Lanjutan)

c. Principles of Consolidation (Continued)

Setelah pengakuan awal, *goodwill* diukur pada jumlah tercatat dikurangi akumulasi kerugian penurunan nilai. Untuk tujuan uji penurunan nilai, *goodwill* yang diperoleh dari suatu kombinasi bisnis, sejak tanggal akuisisi dialokasikan kepada setiap Unit-Penghasil Kas ("UPK") dari Grup yang diharapkan akan bermanfaat dari sinergi kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang diakuisisi ditetapkan atas UPK tersebut.

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, from the acquisition date, allocated to each of the Group's Cash-Generating Units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those CGUs.

d. Restrukturisasi Entitas Sepengendali

d. Restructuring of Entities Under Common Control

Akuisisi atau pengalihan saham antara entitas sepengendali, dicatat sesuai dengan PSAK 38, "Akuntansi restrukturisasi entitas sepengendali". Dalam PSAK 38, pengalihan aset, liabilitas, saham, dan instrumen kepemilikan lainnya dari entitas sepengendali tidak akan menghasilkan laba atau rugi bagi Perusahaan atau entitas individual dalam kelompok yang sama.

Acquisitions or transfer of the shares among companies under common control are accounted for in accordance with PSAK 38, "Accounting for Restructuring of Entities under Common Control". In accordance with PSAK 38, transfers of assets, liabilities, shares, and/or other ownership instruments among companies under common control do not result in gains or losses for the Company or individual entity in the same group.

Karena transaksi restrukturisasi entitas sepengendali tidak mengakibatkan perubahan substansi ekonomi pemilikan atas aset, liabilitas, saham atau instrumen kepemilikan lainnya yang dipertukarkan, aset atau liabilitas yang dialihkan dicatat pada nilai buku sebagai kombinasi bisnis dengan menggunakan metode penyatuan kepemilikan.

Since a restructuring transaction between entities under common control does not result in a change of the economic substance of the ownership of assets, liabilities, shares or other instruments of ownership which are exchanged, the assets, liabilities, shares or other instruments of ownership transferred are recorded at book values as a business combination using the pooling-of-interests method.

Dalam menerapkan metode penyatuan kepemilikan, komponen laporan keuangan konsolidasian untuk periode di mana terjadi restrukturisasi dan untuk periode lain yang disajikan untuk tujuan perbandingan, disajikan sedemikian rupa seolah-olah restrukturisasi telah terjadi sejak awal periode laporan keuangan konsolidasian yang disajikan.

In applying the pooling-of-interests method, the components of the consolidated financial statements of the restructured Company for the period during which the restructuring occurred and for other years presented, must be presented in such a manner as if the companies were combined from the beginning of the earliest consolidated financial statements period presented.

Selisih antara nilai tercatat investasi pada tanggal efektif dan harga pengalihan dibukukan dalam akun "Tambahan modal disetor".

The difference between the book value on the effective date and the transfer price recorded in "Additional paid-in share capital".

Ekshibit E/11

Exhibit E/11

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

e. Aset dan Liabilitas Keuangan

Grup mengakui aset keuangan atau liabilitas keuangan dalam laporan posisi keuangan Konsolidasian, jika dan hanya jika, Grup menjadi salah satu pihak dalam ketentuan kontrak instrumen keuangan tersebut.

1. Klasifikasi

a. Aset Keuangan

Grup menentukan klasifikasi aset keuangannya pada saat pengakuan awal, sepanjang diperbolehkan, mengevaluasi penentuan klasifikasi aset keuangan setiap akhir tahun. Aset keuangan diklasifikasikan sebagai aset keuangan diukur melalui laba rugi, pinjaman yang diberikan dan piutang, dimiliki hingga jatuh tempo dan tersedia untuk dijual.

Aset keuangan Grup terdiri dari kas dan setara kas, piutang usaha dan piutang lain-lain.

i. Aset keuangan yang diukur pada nilai wajar melalui laba rugi

Aset keuangan diukur pada nilai wajar melalui laba rugi terdiri dari aset yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan aset keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

ii. Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Grup tidak berniat untuk menjualnya segera atau dalam waktu dekat.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Financial Assets and Liabilities

The Group recognized financial assets or financial liabilities in the statement of financial position, when and only when, the Group become party to contractual provisions of the financial instruments.

1. Classification

a. Financial Assets

The Group determines the classification of its financial assets at initial recognition, and where allowed, re-evaluates the classification of such financial assets at each year-end. Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Group's financial assets consist of cash and cash equivalents, trade receivables and other receivables.

i. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Group does not intend to sell immediately or in the near future.

Ekshibit E/12

Exhibit E/12

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

e. Aset dan Liabilitas Keuangan (Lanjutan)

1. Klasifikasi (Lanjutan)

a. Aset Keuangan (Lanjutan)

iii. Investasi dimiliki hingga jatuh tempo

Dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan di mana Grup mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo dan tidak ditetapkan pada nilai wajar melalui laba rugi atau tersedia untuk dijual.

iv. Tersedia untuk dijual aset keuangan

Tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan ke dalam salah satu kategori aset keuangan lainnya.

b. Liabilitas Keuangan

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi dan liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi. Grup menentukan klasifikasi liabilitas keuangan pada pengakuan awal.

Liabilitas keuangan Grup terdiri dari utang usaha, utang lain-lain, beban masih harus dibayar dan pinjaman bank jangka panjang.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Financial Assets and Liabilities (Continued)

1. Classification (Continued)

a. Financial Assets (Continued)

iii. Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intention and ability to held-to-maturity and are not designated as at fair value through profit or loss or available-for-sale.

iv. Available-for-sale financial assets

Available-for-sale are non-derivative financial assets that are designated as for-sale or not classified into one of the other financial asset categories.

b. Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost. The Group determines the classification of financial liabilities at initial recognition.

The Group's financial liabilities consist of trade payables, other payables, accrued expenses and long-term bank loan.

Ekshibit E/13

Exhibit E/13

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Aset dan Liabilitas Keuangan (Lanjutan)

e. Financial Assets and Liabilities (Continued)

1. Klasifikasi (Lanjutan)

1. Classification (Continued)

b. Liabilitas Keuangan (Lanjutan)

b. Financial Liabilities (Continued)

**(1) Liabilitas Keuangan Diukur Pada
Nilai Wajar Melalui Laporan Laba
Rugi**

**(1) Financial Liabilities measured at
Fair Value through Profit and Loss**

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi terdiri dari liabilitas keuangan yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan liabilitas keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

Financial liabilities measured at fair value through profit or loss includes the financial liabilities held-for-trading and liabilities designated upon initial recognition at fair value through profit or loss.

Liabilitas keuangan diklasifikasikan sebagai dimiliki untuk diperdagangkan jika diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Liabilitas derivatif juga diklasifikasikan sebagai dimiliki untuk diperdagangkan kecuali ditetapkan sebagai instrumen lindung nilai yang efektif.

Financial liabilities are classified as held-for-trading if acquired for the purpose of sale or repurchase in the near future. Derivative liabilities are also classified as held-for-trading unless designated as effective hedging instruments.

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi dicatat di laporan posisi keuangan konsolidasian pada nilai wajar dengan keuntungan atau kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Financial liabilities measured at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value with gains or losses recognized in consolidated statement of profit or loss and other comprehensive income.

(2) Liabilitas Keuangan Lainnya

(2) Other Financial Liabilities

Pinjaman adalah liabilitas keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

Loans are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell immediately or in the near future.

Ekshibit E/14

Exhibit E/14

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Aset dan Liabilitas Keuangan (Lanjutan)

e. Financial Assets and Liabilities (Continued)

2. Pengukuran

2. Measurement

Pada saat pengakuan awal, aset atau liabilitas keuangan diukur pada nilai wajar, kecuali aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, ditambah atau dikurangi dengan biaya transaksi yang dapat diatribusikan secara langsung atas perolehan aset keuangan atau penerbitan liabilitas keuangan.

At initial recognition, financial assets or liabilities are measured at fair value, except for financial assets and liabilities measured at fair value through profit or loss, plus or minus the transaction costs that are directly attributable to the acquisition of financial assets or issuance of financial liabilities.

Pengukuran aset dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasi aset dan liabilitas keuangan tersebut.

The subsequent measurement of financial assets and liabilities depends on the classification of financial assets and liabilities.

Aset keuangan diukur pada nilai wajar melalui laba rugi diukur pada nilai wajarnya, tanpa dikurangi biaya transaksi yang mungkin timbul pada penjualan atau pelepasan lain.

Asset at fair value through profit or loss are measured at fair value without any deduction for transaction costs it may incurred on sale or other disposal.

Pinjaman yang diberikan dan piutang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Loan and receivables are measured at amortized cost using the effective interest method.

Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi setelah pengakuan awal diukur pada nilai wajarnya.

Financial liabilities at fair value through profit or loss after initial recognition are measured at fair value.

Liabilitas keuangan lainnya, setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan suku bunga efektif.

Other financial liabilities, after initial recognition are measured at amortized cost using the effective interest method.

3. Pengukuran Nilai Wajar

3. Fair Value Measurement

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Fair value is the price that would be received for selling the asset or paid to transfer the liability an orderly transaction between market participants.

Ekshibit E/15

Exhibit E/15

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Aset dan Liabilitas Keuangan (Lanjutan)

e. Financial Assets and Liabilities (Continued)

3. Pengukuran Nilai Wajar (Lanjutan)

3. Fair Value Measurement (Continued)

Jika tersedia, Grup mengukur nilai wajar instrumen keuangan dengan menggunakan harga kuotasi di pasar aktif untuk instrumen tersebut. Suatu pasar dianggap aktif jika harga kuotasi sewaktu waktu dan secara berkala tersedia dan mencerminkan transaksi pasar yang aktual dan teratur dalam suatu transaksi yang wajar.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and reflect actual and regularly occurring market transactions on an arm's length basis.

Jika pasar suatu instrumen keuangan tidak aktif, Grup menentukan nilai wajar dengan menggunakan teknik penilaian mencakup penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang memahami, berkeinginan, dan jika tersedia, referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, penggunaan analisa arus kas yang didiskonto dan penggunaan model penetapan harga opsi.

If the market of the financial instrument is inactive, the Group determines fair value by using valuation techniques which include using recent market transactions conducted properly by knowledgeable, willing parties and, if available, reference to the current fair value of another instrument which is substantially the same, discounted cash flows analysis and option pricing model.

4. Hirarki Nilai Wajar

4. Fair Value Hierarchy

PSAK 60 mensyaratkan pengungkapan tertentu yang mensyaratkan klasifikasi aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar dengan menggunakan hirarki nilai wajar yang mencerminkan signifikan input yang digunakan di dalam melakukan pengukuran nilai wajar. Hirarki nilai wajar memiliki tingkatan sebagai berikut:

PSAK 60 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. Fair value hierarchy has the following levels:

Tingkat 1: Kuotasi pasar (belum disesuaikan) di dalam pasar aktif bagi aset maupun liabilitas yang dapat diidentifikasi;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Tingkat 2: Input selain kuotasi pasar yang termasuk di dalam Tingkat 1 yang dapat diobservasi bagi aset atau liabilitas, baik langsung (misalnya, harga) maupun tidak langsung (misalnya, derivatif harga);

Level 2: Inputs other than market quotations included within Level 1 that are observable for the asset or liability, either directly (for example, prices) or indirectly (for example, derivatives prices);

Tingkat 3: Input bagi aset dan liabilitas yang bukan berdasarkan data pasar yang dapat diobservasi (input yang tidak dapat diobservasi).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Ekshibit E/16

Exhibit E/16

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

e. Aset dan Liabilitas Keuangan (Lanjutan)

4. Hirarki Nilai Wajar (Lanjutan)

Untuk aset dan liabilitas yang diakui dalam laporan keuangan konsolidasian secara berulang, Grup menentukan apakah transfer telah terjadi antara Tingkat dalam hirarki dengan menilai kembali kategorisasi (berdasarkan masukan tingkat terendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan) pada akhir setiap periode pelaporan.

5. Pengukuran Biaya Perolehan Diamortisasi

Biaya perolehan diamortisasi dari aset dan liabilitas keuangan adalah jumlah aset atau liabilitas keuangan yang diukur pada saat pengakuan awal dikurangi pembayaran pokok, ditambah atau dikurangi dengan amortisasi kumulatif dengan menggunakan metode suku bunga efektif yang dihitung dari selisih antara nilai awal dan nilai jatuh temponya, dan dikurangi penyisihan kerugian penurunan nilai.

6. Penurunan Nilai dari Aset Keuangan

Pada setiap tanggal laporan posisi keuangan konsolidasian, Grup mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi hanya jika terdapat bukti yang obyektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara handal.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Financial Assets and Liabilities (Continued)

4. Fair Value Hierarchy (Continued)

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. Amortized Cost Measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest rate method, calculated from the difference between initial amount and maturity amount, minus any reduction for impairment.

6. Impairment of Financial Assets

At each consolidated statement of financial position date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring subsequent to initial recognition of the asset (loss events), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Ekshibit E/17

Exhibit E/17

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Aset dan Liabilitas Keuangan (Lanjutan)

e. Financial Assets and Liabilities (Continued)

**6. Penurunan Nilai dari Aset Keuangan
(Lanjutan)**

6. Impairment of Financial Assets (Continued)

Grup pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang signifikan secara individual, dan secara individual atau kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Grup menentukan tidak terdapat bukti obyektif mengenai penurunan nilai aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Grup memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual, dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

The Group considers whether there is objective evidence of impairment individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment of financial assets exists individually for an individually-assessed financial assets, regardless of whether the financial asset is significant or not, those financial assets will be assessed collectively in a group of financial assets that have similar credit risk characteristics. Assets that are individually assessed, and for impairment or continues to be recognized, are not included in a collective assessment of impairment.

Jumlah kerugian penurunan nilai atas aset keuangan yang penurunan nilainya dievaluasi secara individual diukur berdasarkan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan tersebut. Nilai tercatat aset tersebut dikurangi melalui akun cadangan kerugian penurunan nilai dan beban kerugian diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

The impairment loss of a financial asset which is assessed individually is measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows discounted using the effective interest rate at the beginning of the financial assets. The carrying amount of the asset is presented by deducting the allowance for impairment losses and the impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

Arus kas masa datang dari kelompok aset keuangan yang penurunan nilainya dievaluasi secara kolektif, diestimasi berdasarkan arus kas kontraktual atas aset-aset di dalam kelompok tersebut dan kerugian historis yang pernah dialami atas aset-aset yang memiliki karakteristik risiko kredit yang serupa dengan karakteristik risiko kredit kelompok tersebut. Kerugian historis yang pernah dialami kemudian disesuaikan berdasarkan data terkini yang dapat diobservasi untuk mencerminkan kondisi saat ini yang tidak berpengaruh pada periode terjadinya kerugian historis tersebut, dan untuk menghilangkan pengaruh kondisi yang ada pada periode historis namun sudah tidak ada lagi pada saat ini.

Future cash flows in a group of financial asset that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Ekshibit E/18

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

e. Aset dan Liabilitas (Lanjutan)

e. Financial Assets and Liabilities (Continued)

7. Penghentian Pengakuan

7. Derecognition

Grup menghentikan pengakuan aset keuangan pada saat hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut kadaluarsa atau Grup mentransfer seluruh hak untuk menerima arus kas kontraktual dari aset keuangan dalam transaksi di mana Grup secara substansial telah mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan yang ditransfer. Setiap hak atau liabilitas atas aset keuangan yang ditransfer yang timbul atau yang masih dimiliki oleh Grup diakui sebagai aset atau liabilitas secara terpisah.

The Group derecognizes financial assets when the contractual rights of the cash flows arising from the financial assets expire or the Group transfers all rights to receive contractual cash flows of financial assets in a transaction where the Group has transferred substantially all the risks and rewards of ownership of financial assets. Any rights or obligations on the transferred financial assets that arise or are still owned by the Group are recognized as assets or liabilities separately.

Grup menghentikan pengakuan liabilitas keuangan pada saat liabilitas yang ditetapkan dalam kontrak dilepaskan, dibatalkan atau kadaluarsa.

The Group derecognizes financial liabilities when the obligation specified in the contract is released, canceled or expires.

Dalam transaksi di mana Grup secara substansial tidak memiliki atau tidak mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan, Grup menghentikan pengakuan aset tersebut jika Grup tidak lagi memiliki pengendalian atas aset tersebut. Hak dan liabilitas yang timbul atau yang masih dimiliki dalam transfer tersebut diakui secara terpisah sebagai aset atau liabilitas.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of financial assets, the Group derecognizes the assets if they do not retain control over the assets. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate.

Dalam transfer di mana pengendalian atas aset masih dimiliki, Grup tetap mengakui aset yang ditransfer tersebut sebesar keterlibatan yang berkelanjutan, di mana tingkat keberlanjutan Grup dalam aset yang ditransfer adalah sebesar perubahan nilai aset yang ditransfer.

In transfers in which control over the asset is retained, the Group continues to recognize the assets to the extent of their continuing involvement, determined by the extent to which they are exposed to changes in the value of the transferred assets.

8. Saling Hapus

8. Offsetting

Aset dan liabilitas keuangan saling hapus dan nilai bersih dilaporkan dalam laporan posisi keuangan konsolidasian jika, dan hanya jika, Grup memiliki hak hukum saat ini yang dilaksanakan untuk mengimbangi jumlah yang diakui dan ada niat untuk menyelesaikan secara bersih, atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

Financial assets and liabilities are set-off and the net amount is presented in the consolidated statements of financial position if, and only if, the Group has a legal right to offset the amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

Ekshibit E/19

Exhibit E/19

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(Lanjutan)**

f. Setara Kas

Call deposit dan deposito berjangka, dengan jangka waktu tiga (3) bulan atau kurang sejak tanggal penempatan dan tidak digunakan sebagai jaminan atas pinjaman atau liabilitas lain serta tidak dibatasi penggunaannya, diklasifikasikan sebagai “*Setara Kas*”.

g. Piutang

Piutang usaha dan piutang lain-lain merupakan aset keuangan non-derivatif dengan jangka waktu pembayaran yang tetap atau telah ditentukan serta tidak diperdagangkan dalam pasar aktif.

Piutang usaha dan piutang lain-lain pada saat pengakuan awal diakui pada nilai wajarnya dan selanjutnya diukur pada biaya perolehan diamortisasi. Dalam hal terjadi penurunan nilai, kerugian penurunan nilai dilaporkan sebagai pengurang dari nilai tercatat aset keuangan dan diakui dalam laporan laba rugi dan penghasilan komprehensif lain sebagai “*Cadangan kerugian penurunan nilai*”.

h. Persediaan

Persediaan dinyatakan sebesar nilai yang terendah antara biaya perolehan dan nilai realisasi bersih. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang.

Penyisihan untuk persediaan usang, jika diperlukan, ditentukan berdasarkan hasil penelaahan terhadap keadaan fisik persediaan pada akhir tahun.

i. Transaksi dengan Pihak-Pihak Berelasi

Suatu pihak dianggap berelasi dengan Perusahaan jika:

(1) Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut:

- (a) memiliki pengendalian atau pengendalian bersama atas entitas pelapor;
- (b) memiliki pengaruh signifikan atas entitas pelapor; atau
- (c) personil manajemen kunci entitas pelapor atau entitas induk entitas pelapor.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

f. Cash Equivalents

Call and time deposits, with maturities of three (3) months or less at the time of placement, not pledged as collateral for loans or other liability, and not restricted, are considered as “Cash Equivalents”.

g. Receivables

Trade receivable and other receivables are non-derivative financial assets with fixed or determinable repayment terms and are not traded in active markets.

Trade receivables and other receivables are recognized at fair value upon initial recognition and subsequently measured at amortized cost. In the event of impairment, impairment loss is reported as a reduction of the carrying value of financial assets and recognized in the statement of profit or loss and other comprehensive income as “Allowance for impairment losses”.

h. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average method.

Allowance for inventory obsolescence, if necessary, determined based on a review of the physical state of inventories at the end of the year.

i. Transactions with Related Parties

Parties considered to be related to the Company if:

(1) A person or family member has a relationship with a reporting entity if that person:

- (a) has control or joint control over the reporting entity;
- (b) has significant influence over the reporting entity; or
- (c) key management personnel of the reporting entity or of the parent of the reporting entity.

Ekshibit E/20

Exhibit E/20

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(Lanjutan)**

**i. Transaksi dengan Pihak-Pihak Berelasi
(Lanjutan)**

(2) Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

- (a) Entitas dan entitas pelapor adalah anggota dari kelompok usaha 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 kelompok usaha, 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 diidentifikasi dalam huruf 1.
- (g) orang yang diidentifikasi dalam huruf (1)
 - (a) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

Anggota keluarga dekat merupakan individu anggota keluarga yang diharapkan mempengaruhi, atau dipengaruhi oleh orang, dalam hubungan mereka dengan entitas.

Seluruh transaksi dan saldo dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan konsolidasian.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

i. Transactions with Related Parties (Continued)

(2) 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 paragraph 1.
- (g) person identified in subparagraph (1) (a) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

All significant transactions and balances with related parties are disclosed in the notes to consolidated financial statements.

Ekshibit E/21

Exhibit E/21

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

j. Beban Dibayar di Muka

Beban dibayar di muka dibebankan sesuai masa manfaat masing-masing beban yang bersangkutan dan diamortisasi dengan menggunakan metode garis lurus.

k. Hutan Tanaman Industri

Biaya-biaya sehubungan dengan kegiatan pengembangan Hutan Tanaman Industri (HTI), seperti penanaman, pemeliharaan, beban bunga pinjaman, pembinaan dan pengamanan HTI dalam daur pertama, kecuali beban umum dan administrasi yang tidak berkaitan langsung dengan kegiatan tersebut dikapitalisasi dan disajikan dalam laporan posisi keuangan konsolidasian sebagai "Hutan tanaman industri dalam pengembangan". Pada saat areal HTI menghasilkan/siap ditebang, akumulasi biaya tersebut dipindahkan ke akun "*Hutan tanaman industri*" dan diamortisasi lurus selama 20 tahun dengan menggunakan metode garis lurus.

HTI tanaman karet tersebut dinyatakan telah menghasilkan bila telah berumur enam tahun. Jangka waktu tanaman dapat menghasilkan ditentukan oleh pertumbuhan vegetatif dan berdasarkan taksiran manajemen.

l. Aset Tetap

Grup telah memilih untuk menggunakan model biaya sebagai kebijakan akuntansi pengukuran aset tetapnya. Aset tetap dinyatakan berdasarkan biaya perolehan dikurangi akumulasi penyusutan.

Penyusutan terhadap aset tetap dihitung dengan menggunakan metode garis lurus, berdasarkan taksiran masa manfaat ekonomis aset tetap, sebagai berikut:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

j. Prepaid Expenses

Prepaid expenses are amortized over the useful life of each of the relevant costs and amortized using the straight-line method.

k. Industrial Timber Plantations

Cost and expenses incurred in connection with the development of Industrial Timber Plantations (ITP) such as plantation, cultivation, interest expense loan, forest maintenance and security in the ITP's initial cycle, except for non-related general and administrative expenses, are capitalized and presented in consolidated statement of financial position as "Industrial timber plantations under development stage". When the ITP becomes commercially productive, the accumulated costs and expenses are reclassified to "Industrial timber plantations" and amortized over 20 years using the straight-line method.

ITP rubber plantations are considered mature at the age of six years. The period of the plantations can produce is determined by the vegetative growth and management's estimation.

l. Property and Equipment

The Group has chosen the cost model as the accounting policy for the measurement of its property and equipment. Property and equipment are stated at cost less accumulated depreciation.

Depreciation of property and equipment is computed using the straight-line method, over the estimated useful life of the assets, as follows:

Ekshibit E/22

Exhibit E/22

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

l. Aset Tetap (Lanjutan)

l. Property and Equipment (Continued)

Tahun/Years

Bangunan	10
Sarana dan prasarana	5 - 10
Mesin dan alat berat	4 - 8
Kendaraan	4 - 8
Peralatan kantor	4 - 8

Buildings
Infrastructures
Machineries and heavy equipments
Vehicles
Office furnitures

Nilai residu dan masa manfaat ekonomis aset tetap ditinjau kembali dan disesuaikan, jika perlu, pada akhir tanggal periode pelaporan.

Residual values and useful life of the assets are reviewed and adjusted, if necessary, at each end of period reporting date.

Aset dalam penyelesaian meliputi bangunan dan prasarana lainnya, yang dinyatakan berdasarkan biaya pembangunan, biaya pegawai langsung, biaya tidak langsung dalam pembangunan tersebut dan biaya-biaya pinjaman yang digunakan untuk membiayai aset selama masa pembangunan. Akumulasi biaya aset dalam penyelesaian akan direklasifikasi ke aset tetap yang bersangkutan dan kapitalisasi biaya pinjaman dihentikan pada saat pembangunan selesai dan aset tersebut siap dipergunakan.

Construction-in-progress consist of buildings and other infrastructure, which are stated at cost based on development costs, direct labor costs, indirect costs incurred in the development, and borrowing costs used to finance the asset over the development period. The accumulated costs of construction-in-progress will be reclassified to the appropriate property and equipment account and the capitalization of borrowing costs is ceased when the construction is completed and the assets are ready for their intended use.

Aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dikreditkan atau dibebankan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun berjalan.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains 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 credited or charged to consolidated statement of profit or loss and other comprehensive income current operation.

Beban perbaikan dan pemeliharaan rutin dibebankan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada saat terjadinya; beban pemugaran dan penambahan dalam jumlah signifikan, dan yang meningkatkan masa manfaat aset tetap sebagaimana dipersyaratkan dalam PSAK 16, mengenai kapitalisasi aset tetap yang bersangkutan.

Repair and maintenance expenses are taken to consolidated statements of comprehensive income during the financial year in which they are incurred; significant renewals and betterments, as defined under PSAK 16, that will prolong the useful lives of the related assets are capitalized.

Ekshibit E/23

Exhibit E/23

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

l. Aset Tetap (Lanjutan)

Ketika aset tidak digunakan lagi atau aset yang berkaitan dijual, nilai tercatat dan akumulasi penyusutannya dikeluarkan dari kelompok aset tetap dan hasil laba atau rugi yang terjadi dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun berjalan.

m. Penurunan Nilai Aset Non-Keuangan

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset, maka Grup membuat estimasi formal jumlah terpulihkan aset tersebut.

n. Imbalan Kerja Karyawan

Grup mengakui liabilitas imbalan kerja yang tidak didanai sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 tanggal 25 Maret 2003 ("Undang-Undang").

Imbalan kerja jangka pendek diakui dengan metode akrual, sedangkan imbalan pasca-kerja dan pesangon pemutusan hubungan kerja dihitung dengan menggunakan metode aktuarial, berdasarkan jasa yang diberikan oleh karyawan sampai dengan tanggal laporan posisi keuangan konsolidasian sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 (Undang-Undang Tenaga Kerja) dan telah sesuai dengan standar tersebut di atas. Tidak terdapat pendanaan yang disisihkan oleh Perusahaan sehubungan dengan imbalan pasca-kerja ini.

Liabilitas atau aset imbalan kerja bersih adalah agregat dari nilai kini liabilitas imbalan pasti pada akhir periode pelaporan dikurangi dengan nilai wajar aset program (jika ada), disesuaikan dengan dampak yang membatasi aset imbalan pasti bersih terhadap batas atas aset. Batas atas aset adalah nilai sekarang dari manfaat ekonomis yang tersedia dalam bentuk pengembalian dana dari program atau pengurangan iuran masa mendatang tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

l. Property and Equipment (Continued)

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statement of profit or loss and other comprehensive income for the current year.

m. Impairment of Non-Financial Assets

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists or impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

n. Employee Benefits

The Group recognized an unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated 25 March 2003 (the "Law").

Short-term employee benefits are recognized using the accrual method and the provision for post-employment benefits and termination benefits are calculated using the actuarial method, based on and pursuant to services given by employees until the consolidated statement of financial position date according to Labor Law No. 13/2003 (Manpower Law) and have been complied with the standard above. There are no funding allowances, reserved by the Company regarding these post-employment benefits.

Liabilities or net assets of employee benefits is the aggregate of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any), adjusted for the effects that limit the net defined benefit asset to the upper limit of the asset. The upper limit asset is the present value of economic benefits available in the form of refunds from the plan or reduction in future contributions.

Ekshibit E/24

Exhibit E/24

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

n. Imbalan Kerja Karyawan (Lanjutan)

n. Employee Benefits (Continued)

Grup merancang program pensiun imbalan pasti dan tidak terdapat pendanaan yang disisihkan atas imbalan pasca-kerja ini.

The Group has designed benefit pension plan and no funding has been made on this post-employment benefits.

Penyisihan tersebut diestimasi berdasarkan perhitungan akturia independen dengan menggunakan metode "Projected-Unit-Credit".

The provision has been estimated based on independent actuarial calculation using the "Projected-Unit-Credit".

Liabilitas imbalan pensiun tersebut merupakan nilai kini liabilitas imbalan pasti pada akhir periode pelaporan yang dihitung oleh aktuaris independen dengan menggunakan metode *Projected-Unit-Credit*.

The pension benefit obligation is the present value of the defined benefit obligation at the end of the reporting period is calculated by independent actuaries using the Projected-Unit-Credit method.

Beban jasa lalu diakui segera dalam laporan laba rugi dan penghasilan komprehensif lain. Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian pengalaman dan perubahan asumsi aktuarial segera diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Past service cost is recognized immediately in statement of profit or loss and other comprehensive income. Gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately statement of profit or loss and other comprehensive income.

o. Biaya Pinjaman

o. Borrowing Cost

Biaya pinjaman yang diatribusikan langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian biaya perolehan aset tersebut. Sebaliknya, biaya pinjaman lainnya diakui sebagai beban pada saat terjadi. Biaya pinjaman terdiri dari biaya bunga, biaya lain dan kerugian selisih kurs, sejauh mereka dianggap sebagai penyesuaian atas biaya bunga yang ditanggung Grup sehubungan dengan pinjaman dana.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the related asset. Otherwise, borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests, other financing charges and foreign exchange loss, to the extent that they are regarded as an adjustment to interest cost, that the Group incurs in connection with the borrowing of funds.

Kapitalisasi biaya pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya dan pengeluaran untuk aset dan biaya pinjamannya telah terjadi. Kapitalisasi biaya pinjaman dihentikan pada saat selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya.

Capitalization of borrowing costs begin when required activities to prepare the asset for use in accordance with the intention and expenditures for the asset and borrowing costs have occurred. Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use is substantially completed.

Ekshibit E/25

Exhibit E/25

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

p. Pengakuan Pendapatan dan Beban

Pendapatan dari penjualan diakui berdasarkan bukti serah terima barang yang telah sesuai dengan nota timbang dari pembeli.

Beban diakui pada saat terjadinya (*accrual basis*).

q. Pajak Penghasilan

Pajak Penghasilan Badan dihitung untuk setiap Grup sebagai badan hukum yang berdiri sendiri.

Beban pajak tahun berjalan dibukukan berdasarkan taksiran penghasilan kena pajak untuk tahun berjalan. Aset dan liabilitas pajak tangguhan diakui atas seluruh perbedaan temporer antara pencatatan komersial dan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan terutama yang timbul dari penyusutan dan penyisihan. Manfaat pajak di masa yang akan datang, seperti saldo rugi fiskal yang belum digunakan juga diakui apabila besar kemungkinan manfaat pajak tersebut dapat direalisasi.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan, saldo terbawa aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan, sepanjang perbedaan temporer yang boleh dikurangkan, saldo terbawa atas aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap akhir tanggal periode pelaporan. Nilai tercatat aset pajak tangguhan tersebut diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua aset pajak tangguhan.

Aset dan liabilitas pajak tangguhan diukur berdasarkan tarif pajak yang diharapkan akan diberlakukan pada saat aset direalisasikan atau liabilitas diselesaikan berdasarkan peraturan perpajakan yang berlaku atau yang telah secara substansial berlaku pada tanggal laporan posisi keuangan konsolidasian. Penyisihan dan atau penyesuaian kembali dari seluruh perbedaan temporer selama periode berjalan diakui sebagai penghasilan atau beban dan termasuk dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun berjalan.

Koreksi terhadap liabilitas perpajakan diakui saat Surat Ketetapan Pajak diterima atau jika mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

p. Revenue and Expenses Recognition

Revenue from sales is recognized based on the proof of transfer of goods in accordance with weight notes from buyer.

Expenses are recognized when they are incurred (accrual basis).

q. Income Tax

Corporate Income Tax is determined on a per legal entity basis.

Current tax expense is recorded based on estimated taxable income tax for the year. Deferred tax assets and liabilities are recognized for all deductible between the financial and the tax bases of assets and liabilities at each reporting date that appeared from depreciation and allowance. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets are recognized for all deductible, carry-forward of unused tax assets and tax loss that have not been compensated for all deductible temporary differences, carry-forward of unused tax assets and tax loss that have not been compensated is probable that future taxable income can be utilized.

Carrying value of deferred tax assets are reviewed every end of reporting period date. Carrying value of deferred tax assets are impaired if taxable income may not be appropriate to compensate some or all of deferred tax assets.

Deferred tax assets and liabilities are measured based on tax rates that are expected to be applied when the assets are realized or the liabilities are settled based on tax regulations that have been enacted or substantially prevailing at the date of the consolidated statement of financial position. Allowance and/or readjustment of all temporary differences during the period are recognized as income or expense and included in the consolidated statement of profit or loss and other comprehensive income for the current year.

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.

Ekshibit E/26

Exhibit E/26

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

r. Transaksi dan Saldo dalam Mata Uang Asing

Transaksi di dalam mata uang asing diukur dengan mata uang fungsional Grup dan dicatat pada tanggal awal pengakuan mata uang fungsional pada kurs nilai tukar yang mendekati tanggal transaksi. Aset dan liabilitas moneter dinyatakan dalam mata uang asing yang dijabarkan pada kurs nilai tukar pada akhir periode pelaporan. Item-item non-moneter yang diukur pada biaya historis di dalam mata uang asing dijabarkan dengan menggunakan kurs nilai tukar pada tanggal transaksi awal. Item-item non-moneter diukur pada nilai wajar di dalam mata uang asing yang dijabarkan dengan menggunakan kurs nilai tukar pada tanggal di mana nilai wajar ditentukan.

Selisih nilai tukar yang timbul dari penyelesaian item-item moneter atau pada item-item non-moneter yang dijabarkan atau pada item-item moneter yang dijabarkan pada akhir periode pelaporan, diakui di dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Pada tanggal 31 Desember 2016 dan 2015, nilai tukar yang digunakan masing-masing adalah Rp 13.436 dan Rp 13.795 per US\$ 1.

s. Provisi

Provisi diakui ketika Grup memiliki liabilitas legal maupun konstruktif sebagai hasil peristiwa lalu, yaitu kemungkinan besar arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas dan suatu estimasi terhadap jumlah dapat dilakukan.

Provisi ditinjau pada akhir tiap periode pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik. Apabila tidak ada lagi kemungkinan arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas, maka provisi tersebut dicadangkan.

Apabila dampak nilai waktu uang adalah material, maka provisi didiskontokan dengan menggunakan tarif sebelum pajak, jika lebih tepat, untuk mencerminkan risiko spesifik liabilitas. Ketika pendiskontoan digunakan, kenaikan provisi karena berlalunya waktu diakui sebagai beban finansial.

t. Kontinjensi

Liabilitas kontinjensi tidak diakui di dalam laporan keuangan. Liabilitas kontinjensi diungkapkan di dalam catatan atas laporan keuangan konsolidasian kecuali kemungkinan arus keluar sumber daya ekonomi adalah kecil.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

r. Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Group and recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating non-monetary items or monetary items at the end of the reporting period are recognized in the consolidated statement of profit or loss and other comprehensive income.

As of 31 December 2016 and 2015, the exchange rates used were Rp 13,436 and Rp 13,795 per US\$ 1, respectively.

s. Provision

Provision are recognized when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflows of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

t. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Ekshibit E/27

Exhibit E/27

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN
(Lanjutan)**

t. Kontinjensi (Lanjutan)

Aset kontinjensi tidak diakui di dalam laporan keuangan konsolidasian, namun diungkapkan di dalam catatan atas laporan keuangan konsolidasian jika terdapat kemungkinan suatu arus masuk manfaat ekonomis mengalir ke dalam entitas.

u. Peristiwa Setelah Periode Pelaporan

Peristiwa setelah periode pelaporan menyajikan bukti kondisi yang terjadi pada akhir periode pelaporan (peristiwa penyesuai) yang dicerminkan di dalam laporan keuangan konsolidasian.

Peristiwa setelah periode pelaporan yang bukan merupakan peristiwa penyesuai, diungkapkan di dalam catatan atas laporan keuangan konsolidasian bila material.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Penyajian laporan keuangan konsolidasian Grup mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontinjensi, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

a. Pertimbangan

Di dalam proses penerapan kebijakan akuntansi Grup, manajemen telah melakukan pertimbangan, terpisah dari masalah estimasi, yang memiliki dampak signifikan terhadap jumlah yang diakui di dalam laporan keuangan konsolidasian:

Klasifikasi Aset dan Liabilitas Keuangan

Grup menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan pertimbangan bila definisi yang ditetapkan PSAK 55 terpenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Grup seperti diungkapkan pada Catatan 2e.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

t. Contingencies (Continued)

Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

u. Events After The Reporting Period

Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements.

Events after the reporting period, that are not considered as adjustments, are disclosed in the notes for the consolidated financial statements, especially when material.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liability affected in future periods.

a. Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Classification of Financial Assets and Financial Liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definitions set forth in PSAK 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2e.

Ekshibit E/28

Exhibit E/28

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

b. Sumber Utama Ketidakpastian Estimasi

Kunci asumsi tentang masa depan dan kunci sumber estimasi ketidakpastian di akhir periode pelaporan, memiliki risiko yang signifikan menyebabkan penyesuaian materi untuk membawa jumlah aset dan liabilitas dalam tahun anggaran berikutnya.

Pajak Penghasilan

Pertimbangan signifikan dilakukan dalam menentukan provisi atas Pajak Penghasilan Badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti dalam kegiatan usaha normal. Grup mengakui liabilitas atas Pajak Penghasilan Badan berdasarkan estimasi apakah akan terdapat tambahan Pajak Penghasilan Badan.

Nilai Wajar Instrumen Keuangan

Dalam menentukan nilai wajar atas aset keuangan dan liabilitas keuangan di mana tidak terdapat harga pasar yang dapat diobservasi, Grup harus menggunakan teknik penilaian seperti dijelaskan pada Catatan 2c. Untuk instrumen keuangan yang jarang diperdagangkan dan tidak memiliki harga yang transparan, nilai wajarnya menjadi kurang obyektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga dan risiko lainnya yang mempengaruhi instrumen tertentu.

Jumlah nilai wajar aset dan liabilitas keuangan sebesar Rp 157.429.948.345 dan Rp 508.766.171.506, pada tanggal 31 Desember 2016, dan Rp 463.150.895.397 dan Rp 317.217.660.340 pada tanggal 31 Desember 2015. Rincian lebih lanjut diungkapkan dalam Catatan 24.

Penyisihan Persediaan Usang

Grup menetapkan penyisihan persediaan setiap kali nilai realisasi bersih dari persediaan menjadi lebih rendah dari harga perolehan akibat kerusakan, kondisi fisik menurun, keusangan, perubahan tingkat harga atau penyebab lainnya. Akun penyisihan ditinjau untuk mencerminkan penilaian yang akurat dalam catatan keuangan. Nilai tercatat persediaan Grup pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 5.204.931.487 dan Rp 5.365.129.806. Penjelasan lebih rinci diungkapkan pada Catatan 5.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES
AND ASSUMPTIONS (Continued)**

b. Key Source of Estimation Uncertainty

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.

Income Tax

Significant judgement 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 Group recognizes liabilities for expected Corporate Income Tax issues based on estimates of whether additional Corporate Income Tax will be due.

Fair Value of Financial Instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price, Group is required the use of valuation techniques as described in Note 2c. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Total fair value of financial assets and liabilities amounted to Rp 157,429,948,345 and Rp 508,766,171,506 as of 31 December 2016 and Rp 463,150,895,397 and Rp 317,217,660,340 as of 31 December 2015. Further details are disclosed in Note 24.

Allowance for Inventory Obsolescence

The Group provides allowance for inventories whenever the net realizable value of the inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed to reflect the accurate valuation in the financial records. The carrying amount of inventories of the Group as of 31 December 2016 and 2015 amounted to Rp 5,204,931,487 and Rp 5,365,129,806, respectively. Further details are disclosed in Note 5.

Ekshibit E/29

Exhibit E/29

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

**b. Sumber Utama Ketidakpastian Estimasi
(Lanjutan)**

**Masa Manfaat Hutan Tanaman Industri dan
Aset Tetap**

Biaya perolehan hutan tanaman industri dan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis hutan tanaman industri selama 20 tahun dan aset tetap antara 4 sampai 10 tahun. Ini adalah umur yang secara umum diharapkan dalam industri. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya beban penyusutan masa depan mungkin direvisi.

Nilai tercatat bersih atas hutan tanaman industri Grup pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 19.226.312.272 dan Rp 9.374.909.587. Penjelasan lebih rinci diungkapkan dalam Catatan 6.

Nilai tercatat bersih atas aset tetap Grup pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 133.035.805.736 dan Rp 39.261.980.132. Penjelasan lebih rinci diungkapkan dalam Catatan 8.

**Penyisihan atas Penurunan Nilai Piutang Usaha
dan Lain-Lain**

Grup mengevaluasi akun tertentu jika terdapat informasi bahwa pelanggan yang bersangkutan tidak dapat memenuhi liabilitas keuangannya. Dalam hal tersebut, Grup mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit dari pelanggan berdasarkan catatan kredit dari pihak ketiga dan faktor pasar yang telah diketahui, untuk mencatat provisi spesifik atas jumlah piutang pelanggan guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Grup. Provisi spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan untuk piutang lain-lain.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,
ESTIMATES AND ASSUMPTIONS (Continued)**

**b. Key Source of Estimation Uncertainty
(Continued)**

**Useful Life of Industrial Timber Plantation
and Property and Equipment**

The costs of industrial timber plantation and property and equipment are depreciated on a straight-line method over their estimated useful life. Management estimates the useful life of industrial timber plantation to be 20 years and property and equipment to be 4 to 10 years, respectively. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological development could impact the economic useful life and the residual values of these industrial timber plantation and property and equipment, and therefore future depreciation charges could be revised.

The net carrying amount of the Group's industrial timber plantation as of 31 December 2016 and 2015 amounted to Rp 19,226,312,272 and Rp 9,374,909,587, respectively. Further details are disclosed in Note 6.

The net carrying amount of the Group's property and equipment as of 31 December 2016 and 2015 were Rp 133,035,805,736 and Rp 39,261,980,132, respectively. Further details are disclosed in Note 8.

**Allowance for Impairment of Trade
receivables and Other Receivables**

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of other receivables.

Ekshibit E/30

Exhibit E/30

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

**b. Sumber Utama Ketidakpastian Estimasi
(Lanjutan)**

**Penyisihan atas Penurunan Nilai Piutang Usaha
dan Lain-Lain (Lanjutan)**

Tidak terdapat penyisihan untuk penurunan nilai piutang usaha dan lain-lain pada tanggal 31 Desember 2016 dan 2015.

Nilai tercatat dari piutang usaha Grup pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 108.589.440 dan Rp 49.352.980. Sedangkan nilai tercatat dari piutang lain-lain Grup pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 70.531.486 dan Rp 456.286.369.

Pensiun dan Imbalan Kerja

Penentuan liabilitas imbalan kerja Grup 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 Grup langsung diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim pada saat terjadinya.

Sementara Grup berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Grup dapat mempengaruhi secara material liabilitas atas imbalan kerja dan beban imbalan kerja bersih.

Nilai tercatat atas liabilitas diestimasi imbalan kerja Grup pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 15.382.161.671 dan Rp 7.096.840.641. Penjelasan lebih rinci diungkapkan dalam Catatan 14.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,
ESTIMATES AND ASSUMPTIONS (Continued)**

**b. Key Source of Estimation Uncertainty
(Continued)**

**Allowance for Impairment of Trade
receivables and Other Receivables
(Continued)**

There were no allowance for impairment of trade and other receivables as of 31 December 2016 and 2015.

The carrying amount of the Group's trade receivables as of 31 December 2016 and 2015 amounted to Rp 108,589,440 and Rp 49,352,980, respectively. Whereas the carrying amount of the Group's other receivables as of 31 December 2016 and 2015 amounted to Rp 70,531,486 and Rp 456,286,369, respectively.

Pension and Employee Benefits

The determination of the Group employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group assumptions are recognized immediately in interim consolidated statements of comprehensive income as and when they occur.

While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group actual experiences or significant changes in the Group assumptions may materially affect its liability for employee benefits and net employee benefits expense.

The carrying amount of the Group estimated liabilities for employee benefits as of 31 December 2016 and 2015 amounted to Rp 15,382,161,671 and Rp 7,096,840,641, respectively. Further details are disclosed in Note 14.

Ekshibit E/31

Exhibit E/31

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

**b. Sumber Utama Ketidakpastian Estimasi
(Lanjutan)**

Pajak Tangguhan

Aset pajak tangguhan diakui untuk perbedaan temporer dan rugi fiskal yang belum digunakan apabila besar kemungkinan bahwa jumlah laba fiskal akan memadai untuk dikompensasi dengan perbedaan temporer dan rugi fiskal yang belum dimanfaatkan. Estimasi manajemen yang signifikan diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan waktu dan kemungkinan tingkat laba fiskal pada masa mendatang bersama-sama dengan strategi perencanaan pajak masa depan.

Nilai tercatat aset dan liabilitas pajak tangguhan masing-masing sebesar Rp 1.028.821.335 dan Rp 14.241.558.761 pada tanggal 31 Desember 2016 dan sebesar Rp 29.600.245.660 dan nil pada 31 Desember 2015. Penjelasan lebih rinci diungkapkan dalam Catatan 13d.

Penurunan Nilai dari Aset Non-keuangan

Grup menilai apakah terdapat indikasi penurunan nilai semua aset non-keuangan pada setiap tanggal pelaporan. Aset non-keuangan diuji untuk penurunan nilai apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset tidak dapat dipulihkan kembali. Hal ini memerlukan estimasi nilai Unit Penghasil Kas. Estimasi nilai mengharuskan Grup untuk membuat perkiraan arus kas masa depan yang diharapkan dari Unit Penghasil Kas dan juga memilih tingkat diskonto yang sesuai untuk menghitung nilai sekarang dari arus kas tersebut. Apabila terdapat nilai yang tidak bisa diestimasi secara andal, jumlah yang dapat dipulihkan didasarkan pada nilai wajar dikurangi beban penjualan.

Manajemen berkeyakinan bahwa tidak ada penurunan nilai aset non-keuangan yang harus diakui pada tanggal 31 Desember 2016 dan 2015.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,
ESTIMATES AND ASSUMPTIONS (Continued)**

**b. Key Source of Estimation Uncertainty
(Continued)**

Deferred Tax

Deferred tax assets are recognized on temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the temporary differences and unused tax losses can be utilized. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The carrying value of recognized deferred tax assets and liabilities amounted to Rp 1,028,821,335 and Rp 14,241,558,761 respectively, as of 31 December 2016 and Rp 29,600,245,660 and nil respectively, as of 31 December 2015. Further details are disclosed in Note 13d.

Impairment of Non-Financial Assets

The Group assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be not recoverable. This requires an estimation of the value in use of the Cash Generated Unit. Estimation of the value in use requires the Group to make an estimate of the expected future cash flows from the Cash Generated Unit and also choose a suitable discount rate in order to calculate the present value of those cash flows. In cases where the value in use can not be reliably estimated, the recoverable amount is based on the fair value less cost to sell.

The management is of the opinion that there should be no impairment for non-financial assets that should be recognized as of 31 December 2016 and 2015.

Ekshibit E/32

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4. KAS DAN SETARA KAS		4. CASH AND CASH EQUIVALENTS	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
K a s	27.813.400	68.503.465	Cash on hand
B a n k			Cash in banks
Dalam Rupiah			In Rupiah
PT Bank Negara Indonesia (Persero) Tbk	9.312.083.060	17.497.089.779	PT Bank Negara Indonesia (Persero) Tbk
Dalam Dolar AS			In US Dollar
PT Bank Negara Indonesia (Persero) Tbk	62.975.886.752	1.263.941.080	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	473.044.207	375.721.724	PT Bank Mandiri (Persero) Tbk
Sub-total	72.761.014.019	19.136.752.583	Sub-total
Deposito berjangka			Time deposit
Dalam Rupiah			In Rupiah
PT Bank Negara Indonesia (Persero) Tbk	24.000.000.000	2.000.000.000	PT Bank Negara Indonesia (Persero) Tbk
Dalam Dollar AS			In US Dollar
PT Bank Mandiri (Persero) Tbk	-	372.465.000.000	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	60.462.000.000	68.975.000.000	PT Bank Negara Indonesia (Persero) Tbk
Sub-total	84.462.000.000	443.440.000.000	Sub-total
T o t a l	157.250.827.419	462.645.256.048	T o t a l

Pada tanggal 31 Desember 2016 dan 2015, suku bunga untuk deposito berjangka dalam Rupiah masing-masing sebesar 4,25%-7,5% dan 7,50%-7,75% per tahun dan dalam dolar AS 0,45%-1,00% dan 1,00%-2,01% per tahun.

As of 31 December 2016 and 2015, interest rate for time deposit in Rupiah was 4.25%-7.5% and 7.50%-7.75% per annum, respectively and in US Dollar was 0.45%-1.00% and 1.00%-2.01% per annum, respectively.

5. PERSEDIAAN

	31 Desember 2016/ 31 December 2016
Pupuk dan bahan kimia	2.673.109.826
Persediaan dalam perjalanan	22.159.095
Bahan bakar dan pelumas	459.647.180
Getah karet	223.002.050
Lain-lain	1.827.013.336
T o t a l	5.204.931.487

Pada tahun 2016 dan 2015, Grup mengasuransikan persediaan dengan nilai pertanggungan Rp 2.276.452.983 dan nihil. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan dan risiko kerugian lainnya

5. INVENTORIES

	31 Desember 2015/ 31 December 2015	
3.007.497.089		Fertilizer and chemicals
729.659.165		Inventory in transit
201.886.872		Fuels and lubricants
28.221.158		Rubber latex
1.397.865.522		Others
T o t a l	5.365.129.806	T o t a l

In 2016 and 2015, the Group has insured inventories with coverage amounting to Rp 2,276,452,983 and nil. Management believes that Insurance coverage is adequate to cover possible losses that may arise from damage and other risk.

Ekshibit E/33

Exhibit E/33

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5. **PERSEDIAAN (Lanjutan)**

Berdasarkan hasil penilaian dan penelaahan terhadap akun persediaan pada tanggal 31 Desember 2016 dan 2015, manajemen Grup berkeyakinan tidak terdapat persediaan usang.

5. **INVENTORIES (Continued)**

Based on a review of the condition of inventories as of 31 December 2016 and 2015, the management of the Group believes that there was no inventory obsolescence.

6. **HUTAN TANAMAN INDUSTRI**

PT Wanamukti Wisesa (WW), entitas anak, memperoleh Hak Pengusahaan Hutan Tanaman Industri (HPHTI) pola transmigrasi berdasarkan Surat Keputusan Menteri Kehutanan No. 275/Kpts-11/1998 tanggal 27 Februari 1998 seluas 9.263,77 Ha yang terletak di Propinsi Jambi.

Nilai perolehan dan amortisasi Hutan Tanaman Industri pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>
<u>Tanaman Sengon dan Gmelina</u>		
Tanaman menghasilkan - Sengon dan Gmelina	16.346.843.660	16.346.843.660
Akumulasi amortisasi - Tanaman menghasilkan Sengon dan Gmelina	(16.346.843.660)	(16.346.843.660)
<u>Tanaman Karet</u>		
Tanaman menghasilkan - Karet - 2008	5.954.785.494	5.954.785.494
Akumulasi amortisasi - Tanaman menghasilkan karet	(893.217.820)	(595.478.546)
Tanaman menghasilkan - Karet - 2009	4.226.950.143	4.226.950.143
Akumulasi amortisasi - Tanaman menghasilkan karet	(422.695.010)	(211.347.504)
Tanaman menghasilkan - Karet - 2010	10.923.181.285	-
Akumulasi amortisasi - Tanaman menghasilkan karet	(562.691.820)	-
T o t a l	<u>19.226.312.272</u>	<u>9.374.909.587</u>

Beban amortisasi tanaman menghasilkan karet untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah sebesar Rp 1.071.778.600 dan Rp 509.086.776 yang diakui dalam "Beban pokok penjualan" di laporan laba rugi dan penghasilan komprehensif lain konsolidasian (Catatan 19).

6. **INDUSTRIAL TIMBER PLANTATIONS**

PT Wanamukti Wisesa (WW), a subsidiary, acquire Industrial Forest Plantation Permit (IFPP) transmigration patterns based on the Letter of the Minister of Forestry No. 275/Kpts-11/1998 dated 27 February 1998 covering an area of 9,263.77 Ha located in Province of Jambi.

Amortization and acquisition value of Industrial Timber Plantation as of 31 December 2016 and 2015 are as follow:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
<u>Tanaman Sengon dan Gmelina</u>			<u>Sengon and Gmelina Plantation</u>
Tanaman menghasilkan - Sengon dan Gmelina	16.346.843.660	16.346.843.660	Mature plantation - Sengon and Gmelina
Akumulasi amortisasi - Tanaman menghasilkan Sengon dan Gmelina	(16.346.843.660)	(16.346.843.660)	Accumulated amortization - Mature Sengon and Gmelina plantation
<u>Tanaman Karet</u>			<u>Rubber Plantation</u>
Tanaman menghasilkan - Karet - 2008	5.954.785.494	5.954.785.494	Mature plantation - Rubber - 2008
Akumulasi amortisasi - Tanaman menghasilkan karet	(893.217.820)	(595.478.546)	Accumulated amortization - Mature rubber plantation
Tanaman menghasilkan - Karet - 2009	4.226.950.143	4.226.950.143	Mature plantation - Rubber - 2009
Akumulasi amortisasi - Tanaman menghasilkan karet	(422.695.010)	(211.347.504)	Accumulated amortization - Mature rubber plantation
Tanaman menghasilkan - Karet - 2010	10.923.181.285	-	Mature plantation - Rubber - 2010
Akumulasi amortisasi - Tanaman menghasilkan karet	(562.691.820)	-	Accumulated amortization - Mature rubber plantation
T o t a l	<u>19.226.312.272</u>	<u>9.374.909.587</u>	T o t a l

Amortization expenses of industrial rubber plantation charged for the years ended 31 December 2016 and 2015 amounting to Rp 1,071,778,600 and Rp 509,086,776 which recognized in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income (Note 19).

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6. HUTAN TANAMAN INDUSTRI (Lanjutan)

Pada tanggal 31 Desember 2016 dan 2015, seluruh hutan tanaman industri diasuransikan dengan nilai pertanggungan Rp 15.292.702.923 dan Rp 3.672.800.000. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan atau risiko kerugian lainnya.

Nilai Hutan Tanaman Industri dalam pengembangan pada daur pertama kemudian direklasifikasi dan diakui sebagai nilai perolehan hutan tanaman industri. Nilai perolehan diamortisasi selama jangka waktu 20 tahun.

Berdasarkan penelaahan terhadap kondisi setiap jenis hutan tanaman industri pada tanggal 31 Desember 2016 and 2015, manajemen berkeyakinan bahwa tidak terdapat peristiwa atau perubahan keadaan yang mengindikasikan penurunan nilai hutan tanaman industri dalam tahap pengembangan sehingga tidak perlu membuat cadangan penurunan nilai.

Pada tahun 2016 dan 2015, HTI milik WW, entitas anak, digunakan sebagai jaminan atas fasilitas pinjaman bank jangka panjang yang diterima dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

6. INDUSTRIAL TIMBER PLANTATIONS (Continued)

As of 31 December 2016 and 2015, all industrial timber plantations under development stage are insured with coverage amounting to Rp 15,292,702,923 and Rp 3,672,800,000. Management believes that insurance coverage is adequate to cover possible losses that may arise from damage and other risk.

Industrial timber plantations under development stage value of the first cycle and then reclassified and recognized as an acquisition value of industrial timber plantations. Value amortized over the term of the 20 years.

Based on the review of the condition of industrial timber plantations as of 31 December 2016 and 2015, management believes that there is no events or change in circumstances which indicates the impairment of the industrial timber plantations under development stage, thus allowance for the impairment is not necessary.

In 2016 and 2015, WW's ITP, a subsidiary, was used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

7. HUTAN TANAMAN INDUSTRI DALAM TAHAP PENGEMBANGAN

7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
<u>Tanaman acacia magnium</u>			<u>Acacia magnium plantations</u>
Tanaman Acacia - 2010	107.776.453	107.776.453	Acacia plantations - 2010
<u>Tanaman karet</u>			<u>Rubber plantations</u>
Tanaman karet - 2010		9.162.452.907	Rubber plantations - 2010
Tanaman karet - 2011	29.757.690.374	25.033.373.694	Rubber plantations - 2011
Tanaman karet - 2012	117.841.937.538	97.132.927.135	Rubber plantations - 2012
Tanaman karet - 2013	154.370.003.228	127.253.501.119	Rubber plantations - 2013
Tanaman karet - 2014	236.051.072.102	166.162.831.659	Rubber plantations - 2014
Tanaman karet - 2015	56.677.190.256	39.962.367.197	Rubber plantations - 2015
Tanaman karet - 2016	106.977.321.425	-	Rubber plantations - 2016
<u>Pembibitan karet</u>	22.820.460.114	12.809.150.862	<u>Rubber nurseries</u>
<u>Bunga masa konstruksi dan provisi bank</u>	101.219.538.279	63.332.644.189	<u>Interest during construction and bank provision</u>
T o t a l	<u>825.822.989.769</u>	<u>540.957.025.215</u>	T o t a l

Ekshibit E/35

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7. HUTAN TANAMAN INDUSTRI DALAM TAHAP
PENGEMBANGAN (Lanjutan)

Berdasarkan klasifikasi jenis kegiatan, akun tersebut terdiri dari:

	<u>31 Desember 2016/</u> <u>31 December 2016</u>
<u>Tanaman Acacia Magnum</u>	
Penanaman dan pemeliharaan	107.776.453
<u>Tanaman Karet</u>	
Penanaman dan pemeliharaan	525.991.731.189
Pembukaan lahan	198.503.943.848
Bunga masa konstruksi dan provisi bank	101.219.538.279
Sub-total	825.715.213.316
T o t a l	<u>825.822.989.769</u>

Saldo Hutan Tanaman Industri (HTI) Grup pada tanggal 31 Desember 2016 dan 2015 berasal dari PT Lestari Asri Jaya (LAJ), PT Wanamukti Wisesa (WW) dan PT Multi Kusuma Cemerlang (MKC), entitas anak.

HTI dalam pengembangan milik LAJ dibangun berdasarkan Surat Keputusan Menteri Kehutanan Republik Indonesia No. SK.141/MENHUT-II/2010 dengan izin pembangunan seluas kurang lebih 61.495 Ha di Kabupaten Tebo, Provinsi Jambi.

HTI dalam pengembangan milik WW dibangun berdasarkan Surat Keputusan Menteri Kehutanan Republik Indonesia No. 275/Kpts-II/1998 dengan izin pembangunan seluas kurang lebih 9.263,77 Ha di Kabupaten Tebo, Provinsi Jambi.

HTI dalam pengembangan milik MKC dibangun berdasarkan Surat Keputusan Menteri Kehutanan No. S.433/Menhut-II/2013 tanggal 12 Juni 2013 tentang perubahan Keputusan Menteri Kehutanan No. SK.519/MENHUT-II/2009 tanggal 8 September 2009, dengan ijin pembangunan seluas kurang lebih 18.045 Ha di Kabupaten Kutai Timur, Provinsi Kalimantan Timur.

Pada tanggal 31 Desember 2016 dan 2015, seluruh HTI dalam pengembangan telah diasuransikan. Nilai pertanggungan asuransi atas HTI tersebut sebesar Rp 203.228.103.983 dan Rp 186.514.375.405. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kebakaran dan risiko lainnya.

7. INDUSTRIAL TIMBER PLANTATIONS UNDER
DEVELOPMENT STAGE (Continued)

Based on the classification of the type of activity, the account consists of:

31 Desember 2015/
31 December 2015

	<u>31 Desember 2015/</u> <u>31 December 2015</u>	<u>Acacia Magnum Plantations</u>
	107.776.453	Planting and upkeep
		<u>Rubber Plantations</u>
	332.751.577.020	Planting and upkeep
	144.765.027.553	Land clearing
	63.332.644.189	Interest during construction and bank provision
	540.849.248.762	Sub-total
	<u>540.957.025.215</u>	T o t a l

Balance of the Group's Industrial Timber Plantations (ITP) as of 31 December 2016 and 2015 arose from PT Lestari Asri Jaya (LAJ), PT Wanamukti Wisesa (WW) and PT Multi Kusuma Cemerlang (MKC), subsidiaries.

ITP under development stage owned by LAJ builds upon the Decision Letter of the Republic of Indonesia Minister of Forestry No. SK.141/MENHUT-II/2010 to permit the construction of approximately 61,495 Ha in Kabupaten Tebo, Province of Jambi.

ITP under development stage owned by WW builds upon the Decision Letter of the Republic of Indonesia Minister of Forestry No. 275/Kpts-II/1998 to permit the construction of approximately 9,263.77 Ha in Kabupaten Tebo, Province of Jambi.

ITP under development stage owned by MKC builds upon the Decision Letter of Minister of Forestry No. S.433/Menhut-II/2013 dated 12 June 2013 the amendment of the Decision Minister for Forestry No. SK.519/MENHUT-II/2009 dated 8 September 2009, to permit the construction of approximately 18,045 Ha located in Kabupaten Kutai Timur, Province of Kalimantan Timur.

As of 31 December 2016 and 2015, all the Group's ITP under development stage are insured. The insurance coverage of HTI amounted to Rp 203,228,103,983 and Rp 186,514,375,405. Management believes that insurance coverage is adequate to cover possible losses that may arise from fire and other risks.

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Exhibit E/36

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7. HUTAN TANAMAN INDUSTRI DALAM TAHAP PENGEMBANGAN (Lanjutan)

Berdasarkan penelaahan terhadap kondisi setiap jenis hutan tanaman industri dalam pengembangan pada tanggal 31 Desember 2016 dan 2015, manajemen berkeyakinan bahwa tidak terdapat peristiwa atau perubahan keadaan yang mengindikasikan penurunan nilai HTI dalam tahap pengembangan, sehingga tidak perlu membuat cadangan penurunan nilai.

Pada tahun 2015, tanaman karet LAJ dan WW, entitas anak mengalami kebakaran. Kerugian atas kebakaran tersebut telah dicatat dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada akun "Beban operasi lainnya" sebesar Rp 33.644.469.948 (Catatan 21b).

Pada tahun 2016 dan 2015, HTI milik Grup digunakan sebagai jaminan atas fasilitas pinjaman bank jangka panjang yang diterima dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE (Continued)

Based on the review of each condition of industrial timber plantations under development stage as of 31 December 2016 and 2015, management believes that there is no events or change in circumstances which indicates the impairment of the ITP under development stage, thus allowance for the impairment is not necessarily made.

In 2015, rubber plantation of LAJ and WW was caught on fire. Fire losses were recorded in the consolidated statement of profit or loss and other comprehensive income under "Other operating expenses" account amount of Rp 33,644,469,948 (Note 21b).

In 2016 and 2015, the Group's ITP were used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

8. ASET TETAP

8. PROPERTY AND EQUIPMENT

31 Desember 2016

31 December 2016

	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	
Biaya perolehan Kepemilikan langsung						C o s t
Bangunan	9.927.548.103	1.229.519.126	692.449.830	3.260.634.768	13.725.252.167	Direct ownership
Sarana dan prasarana	17.401.730.093	5.456.696.725	-	-	22.858.426.818	Buildings
Mesin dan alat berat	3.493.778.160	17.874.872.650	445.466.178	-	20.923.184.632	Infrastructures
Kendaraan	9.829.554.135	4.425.789.545	615.925.000	-	13.639.418.680	Machineries and
Peralatan kantor	4.040.798.204	10.273.716.872	115.573.386	-	14.198.941.690	heavy equipments
						Vehicles
						Office furnitures
Aset dalam penyelesaian						Construction- in-progress
Bangunan	8.323.056.126	25.183.819.121	-	(3.260.634.768)	30.246.240.479	Buildings
Mesin	-	38.469.758.973	-	-	38.469.758.973	Machines
Sub-total	53.016.464.821	102.914.173.012	1.869.414.394	-	154.061.223.439	Sub-total

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8. ASET TETAP (Lanjutan)

8. PROPERTY AND EQUIPMENT (Continued)

31 Desember 2016
(Lanjutan)

31 December 2016
(Continued)

	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	
Akumulasi penyusutan Kepemilikan langsung						Accumulated depreciation Direct ownership
Bangunan	2.186.202.216	994.945.888	53.620.867	-	3.127.527.237	Buildings
Sarana dan prasarana	5.291.401.205	2.087.888.809	-	-	7.379.290.014	Infrastructures Machineries and heavy equipments
Mesin dan alat berat	1.493.218.855	1.734.342.711	319.894.226	-	2.907.667.340	heavy equipments
Kendaraan	2.856.011.424	1.631.825.157	503.347.917	-	3.984.488.664	Vehicles
Peralatan kantor	1.927.650.989	1.769.555.699	70.762.240	-	3.626.444.448	Office furnitures
Sub-total	13.754.484.689	8.218.558.264	947.625.250	-	21.025.417.703	Sub-total
Nilai buku bersih	39.261.980.132				133.035.805.736	Net book value

31 Desember 2015

31 December 2015

	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	
Biaya perolehan Kepemilikan langsung						C o s t Direct ownership
Bangunan	8.691.448.207	1.023.829.389	1.944.315.804	2.156.586.311	9.927.548.103	Buildings
Sarana dan prasarana	16.245.536.387	1.315.086.706	-	(158.893.000)	17.401.730.093	Infrastructures Machineries and heavy equipments
Mesin dan alat berat	2.631.311.493	1.118.617.667	256.151.000	-	3.493.778.160	heavy equipments
Kendaraan	7.589.749.901	2.852.926.234	613.122.000	-	9.829.554.135	Vehicles
Peralatan kantor	2.733.557.983	1.344.056.624	195.709.403	158.893.000	4.040.798.204	Office furnitures
Aset dalam penyelesaian	794.663.505	9.684.978.932	-	(2.156.586.311)	8.323.056.126	Construction-in-progress
Sub-total	38.686.267.476	17.339.495.552	3.009.298.207	-	53.016.464.821	Sub-total
Akumulasi penyusutan Kepemilikan langsung						Accumulated depreciation Direct ownership
Bangunan	1.753.868.772	974.500.511	542.167.067	-	2.186.202.216	Buildings
Sarana dan prasarana	3.585.311.076	1.709.234.192	3.144.063	-	5.291.401.205	Infrastructures Machineries and heavy equipments
Mesin dan alat berat	920.990.461	776.584.499	204.356.105	-	1.493.218.855	heavy equipments
Kendaraan	2.467.497.859	961.343.898	572.830.333	-	2.856.011.424	Vehicles
Peralatan kantor	1.211.440.749	874.083.134	157.872.894	-	1.927.650.989	Office furnitures
Sub-total	9.939.108.917	5.295.746.234	1.480.370.462	-	13.754.484.689	Sub-total
Nilai buku bersih	28.747.158.559				39.261.980.132	Net book value

Ekshibit E/38

Exhibit E/38

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8. ASET TETAP (Lanjutan)

Pada tanggal 31 Desember 2016 dan 2015, aset dalam penyelesaian terutama terdiri dari akumulasi biaya bangunan dan sarana prasarana.

Alokasi beban penyusutan aset tetap untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah sebagai berikut:

	<u>2 0 1 6</u>
Beban umum dan administrasi (Catatan 20)	8.218.558.264

Pada tahun 2016 and 2015, Grup telah mengasuransikan aset tetap terhadap risiko kerugian atas kebakaran dan risiko kerugian lainnya dengan nilai pertanggungan sebesar Rp 43.381.472.666, USD 14.300.000 dan Rp 10.601.263.678. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kebakaran dan risiko lainnya.

Rincian laba atas penjualan aset tetap adalah sebagai berikut:

	<u>2 0 1 6</u>
Harga jual	220.545.455
Biaya perolehan	600.000.000
Akumulasi penyusutan	(488.750.000)
Nilai buku	111.250.000
Laba atas penjualan aset tetap (Catatan 21a)	109.295.455

Rincian rugi atas penghapusan aset tetap adalah sebagai berikut:

	<u>2 0 1 6</u>
Biaya perolehan	1.269.414.394
Akumulasi penyusutan	(458.875.250)
Nilai buku	810.539.144
Rugi atas penghapusan aset tetap (Catatan 21b)	(810.539.144)

Berdasarkan penelaahan atas nilai aset pada akhir tahun, manajemen berkeyakinan bahwa tidak terdapat potensi atas perubahan penurunan nilai aset tetap untuk tahun yang berakhir pada 31 Desember 2016 dan 2015.

Pada tahun 2016 dan 2015, aset tetap milik Grup digunakan sebagai jaminan atas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

8. PROPERTY AND EQUIPMENT (Continued)

As of 31 December 2016 and 2015, construction-in-progress consist mainly of accumulated costs of buildings and infrastructures.

Allocation of depreciation expenses of property and equipment for the years ended 31 December 2016 and 2015 are as follows:

	<u>2 0 1 5</u>
General and administrative expenses (Note 20)	5.295.746.234

In 2016 and 2015, the Group has insured property and equipment against losses by fire and other risks with coverage amounting to Rp 43,381,472,666, USD 14,300,000 and Rp 10,601,263,678. Management believes that insurance coverage is adequate to cover possible losses that may arise from fire and other risks.

Details of gain on sales of property and equipment are as follows:

	<u>2 0 1 5</u>
Selling price	-
Acquisition cost	-
Accumulated depreciation	-
Net book value	-
Gain on sales of property and equipment (Note 21a)	-

Details of loss on disposal of property and equipment are as follows:

	<u>2 0 1 5</u>
Acquisition cost	3.009.298.207
Accumulated depreciation	(1.480.370.462)
Net book value	1.528.927.745
Loss on disposal of property and equipment (Note 21b)	(1.528.927.745)

Based on the review of the assets values at the end of the year, management believes that there is no potential impairment in the values of the property and equipment for the years ended 31 December 2016 and 2015.

In 2016 and 2015, the Group's property and equipment are used as collateral for long-term bank loan from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

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9. UTANG USAHA

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Pihak ketiga		
CV Prima Jaya Abadi	2.550.570.193	-
PT Catur Prajna Utama	1.665.443.538	66.353.753
PT Bareksa Anugrah Sejahtera	1.395.165.750	-
PT Cahaya Baru Gemilang	1.062.987.750	-
PT Sentana Adidaya Pratama	1.002.404.527	-
CV Mekar Tani	689.417.118	11.823.600
PT Hidup Baruna	664.125.000	-
PT Persada Palembang Raya	626.780.000	-
PT Petro Anugrah Dinamika	473.937.030	44.233.800
PT Sinar Agung Lestari Pratama	472.465.950	-
PT Mest Indonesy	415.499.996	1.351.303.444
CV Mutiara Bonggol	384.811.751	40.233.600
PT Baja Teknik Karya	352.936.100	534.497.590
PT Pupuk Hikay	-	820.799.999
Titik Pulayna	-	512.992.000
PT Perkasa Primajaya Mandiri	-	319.872.740
Lain - lain (masing-masing di bawah Rp 300.000.000)	1.987.636.556	1.424.916.730
T o t a l	13.744.181.259	5.127.027.256

Akun ini merupakan utang usaha kepada pihak ketiga atas pekerjaan penyiapan lahan, pembelian pupuk, bahan kimia dan kebutuhan lainnya.

Pada tanggal 31 Desember 2016 dan 2015, analisis umur utang usaha di atas adalah sebagai berikut:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Belum jatuh tempo	13.016.800.770	4.650.304.720
Lewat jatuh tempo		
1 - 30 hari	177.184.430	28.073.870
31 - 60 hari	161.547.392	160.000.000
> 60 hari	388.648.667	288.648.666
T o t a l	13.744.181.259	5.127.027.256

Pada 31 Desember 2016 and 2015, seluruh utang usaha Grup didenominasi dalam bentuk Rupiah.

9. TRADE PAYABLES

Third parties
CV Prima Jaya Abadi
PT Catur Prajna Utama
PT Bareksa Anugrah Sejahtera
PT Cahaya Baru Gemilang
PT Sentana Adidaya Pratama
CV Mekar Tani
PT Hidup Baruna
PT Persada Palembang Raya
PT Petro Anugrah Dinamika
PT Sinar Agung Lestari Pratama
PT Mest Indonesy
CV Mutiara Bonggol
PT Baja Teknik Karya
PT Pupuk Hikay
Titik Pulayna
PT Perkasa Primajaya Mandiri
Others (each below Rp 300,000,000)

T o t a l

This account represents the trade payable to third party for land clearing, purchasing of fertilizer, chemicals and other needs.

As of 31 December 2016 and 2015, the aging analysis of the above trade payables is as follows:

Current
Overdue
1 - 30 days
31 - 60 days
> 60 days

T o t a l

As of 31 December 2016 and 2015, all trade payables of the Group that are denominated in Rupiah.

Ekshibit E/40

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10. UTANG LAIN-LAIN		10. OTHER PAYABLES	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pihak ketiga			Third parties
Dalam Rupiah			In Rupiah
PT Atmindo Maha Jaya	7.947.552.600	-	PT Atmindo Maha Jaya
PT Melshin	961.932.991	-	PT Melshin
PT Traktor Nusantara	739.200.000	-	PT Traktor Nusantara
PT Sumber Mahakam			PT Sumber Mahakam
Abaditama	665.500.000	-	Abaditama
Koperasi Karang Sepakat	378.413.423	13.775.511	Koperasi Karang Sepakat
Lain - lain (masing-masing di bawah Rp 300.000.000)	1.101.831.803	576.375.339	Others (each below Rp 300,000,000)
Sub-total	11.794.430.817	590.150.850	Sub-total
Dalam Dollar Amerika Serikat			In United States Dollar
Sphere Corporation Sdn Bhd	19.356.127.325	-	Sphere Corporation Sdn Bhd
Kam Kit engineering Sdn Bhd	143.147.144	-	Kam Kit engineering Sdn Bhd
Sub-total	19.499.274.469	-	Sub-total
Pihak ketiga	31.293.705.286	590.150.850	Third parties
Pihak Berelasi (Catatan 22)	17.399.508.315	-	Related Parties (Note 22)
T o t a l	48.693.213.601	590.150.850	T o t a l
11. BEBAN MASIH HARUS DIBAYAR		11. ACCRUED EXPENSES	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Cadangan cuti dan tunjangan hari raya	3.720.982.170	3.042.443.112	Provision leave and holiday allowances
Jasa profesional	1.314.956.001	1.361.678.500	Professional fees
Lain-lain	42.725.000	2.407.371.417	Others
T o t a l	5.078.663.171	6.811.493.029	T o t a l
12. PINJAMAN BANK JANGKA PANJANG		12. LONG-TERM BANK LOAN	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
PT Bank Negara Indonesia (Persero) Tbk	441.250.113.475	304.688.989.205	PT Bank Negara Indonesia (Persero) Tbk
Bagian yang jatuh tempo dalam waktu satu tahun	(11.548.000.000)	(6.776.000.000)	Current maturities of long-term bank loans
Pinjaman bank jangka panjang - setelah dikurangi bagian yang telah jatuh tempo dalam satu tahun	429.702.113.475	297.912.989.205	Long-term bank loans - net of current maturities

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Exhibit E/41

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

PT Lestari Asri Jaya (LAJ)

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 33 tanggal 17 Desember 2012 dari Notaris Wenda Taurusita Amidjaja, S.H., Notaris di Jakarta, LAJ, memperoleh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk (BNI) sejumlah Rp 217.496.000.000 yang terdiri dari:

- Trance A, dengan jumlah maksimum Rp 108.042.000.000 pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2022, termasuk periode bebas bunga sampai dengan tanggal 24 Maret 2018, dengan perincian sebagai berikut:
 - Kredit Investasi Kebun Karet: Rp 83.493.000.000.
 - Kredit Investasi Interest During Construction: Rp 24.549.000.000.
- Trance B, dengan jumlah maksimum Rp 109.453.000.000 pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2023, termasuk periode bebas bunga sampai dengan tanggal 24 Maret 2019, dengan perincian sebagai berikut:
 - Kredit Investasi Kebun Karet: Rp 87.030.000.000.
 - Kredit Investasi Interest During Construction: Rp 22.423.000.000.
- Trance lainnya dengan jumlah Rp 1.000.000.

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 26 dan 27 tanggal 8 Desember 2014 dari Wenda Taurusita Amidjaja, S.H., Notaris di Jakarta, LAJ memperoleh fasilitas kredit tahap II dari PT Bank Negara Indonesia (Persero) Tbk dengan jumlah Rp 309.837.170.000, terdiri dari :

- Fasilitas Kredit Investasi Pokok dengan jumlah maksimum Rp 248.647.000.000, pinjaman ini akan jatuh tempo pada tanggal 7 Juni 2027, termasuk masa tenggang selama 6 tahun 6 bulan.
- Fasilitas Kredit Investasi Interest During Construction dengan jumlah maksimum Rp 61.190.170.000, pinjaman ini akan jatuh tempo pada tanggal 7 Juni 2026, termasuk masa tenggang selama 6 tahun 6 bulan.

Fasilitas ini dijamin dengan proyek HTI-Karet dengan luas 11.000 Ha, kendaraan dan alat-alat berat diikat Fidusia, tanah Sertifikat Hak Guna Bangunan, tanah Sertifikat Hak Milik, surat kuasa dari Perusahaan kepada Bank untuk mengalihkan ijin HTI, saham Perusahaan diikat secara gadai saham, *company guarantee* PT Royal Lestari Utama, dan *personal guarantee* Tuan Prajogo Pangestu diikat *borghtocht* (Catatan 7 dan 8).

12. LONG-TERM BANK LOAN (Continued)

PT Lestari Asri Jaya (LAJ)

Based on Credit Agreement stated in Notarial deed No. 33 dated 17 December 2012 from Notary Wenda Taurusita Amidjaja, S.H., Notary in Jakarta, LAJ, obtained credit facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) amounting to Rp 217,496,000,000 which consist of:

- Trance A, with maximum amounting to Rp 108,042,000,000 this loan will be due on 25 December 2022, including interest-free period until the date of 24 March 2018, with the following details:
 - Investment Credit Rubber Plantation: Rp 83,493,000,000.
 - Credit Investment Interest During Construction: Rp 24,549,000,000.
- Trance B, with maximum amounting to Rp 109,453,000,000 this loan will be due on 25 December 2023, including interest-free period until the date of 24 March 2019, with the following details:
 - Investment Credit Rubber Plantation: Rp 87,030,000,000.
 - Credit Investment Interest During Construction: Rp 22,423,000,000.
- Other trance amounting to Rp 1,000,000.

Based on Credit Agreement stated in Notarial deed No. 26 and 27 dated 8 December 2014 from Wenda Taurusita Amidjaja, S.H., Notary in Jakarta, LAJ obtained credit facility stage II from PT Bank Negara Indonesia (Persero) Tbk with amount of Rp 309,837,170,000. consist of:

- Investment Credit Facility Principal, total maximum amounting to Rp 248,647,000,000, this loan will be due on 7 June 2027, including a grace period for 6 years 6 month.
- Investment Credit Facility Interest During Construction, total maximum amounting to Rp 61,190,170,000, this loan will be due on 7 June 2026, including a grace period for 6 years 6 month.

The facility is secured by a ITP-rubber project with an area of 11,000 Ha, vehicles and heavy equipment tied Fiduciary, soil Broking Certificate, Certificate of owned land, a power of attorney from the Company to the Bank to transfer the HTI license, stock of the Company tied pledge of share, company guarantee of PT Royal Lestari Utama, and personal guarantee of Mr. Prajogo Pangestu tied *borghtocht* (Notes 7 and 8).

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

PT Lestari Asri Jaya (LAJ) (Lanjutan)

Berdasarkan perjanjian pinjaman dengan BNI, tanpa persetujuan tertulis terlebih dahulu dari BNI, Perusahaan tidak diperkenankan melakukan transaksi-transaksi sebagai berikut:

- a. Mengubah bentuk atau status hukum LAJ, merubah anggaran dasar (kecuali meningkatkan modal LAJ) memindahtangankan resipis atau saham LAJ baik antar pemegang saham maupun kepada pihak lain yang mengakibatkan perubahan pemegang saham dominan (*ultimate shareholder*).
- b. Menggunakan dana LAJ untuk tujuan di luar usaha yang dibiayai dengan fasilitas kredit dari BNI.
- c. Menjual atau menjaminkan harta kekayaan LAJ kepada pihak lain.
- d. Menerima fasilitas kredit baru baik dari bank lain maupun lembaga keuangan lainnya (termasuk penerbitan obligasi).
- e. Melakukan investasi baru kecuali dalam rangka pengembangan usaha LAJ sepanjang tidak merubah ratio-ratio keuangan yang telah ditetapkan.
- f. Membagi laba usaha dan membayar dividen kepada pemegang saham.
- g. Membuka usaha baru yang tidak terkait dengan usaha.
- h. Mengikatkan diri sebagai penjamin (*borg*), harta kekayaan yang telah dijaminkan kepada BNI, kepada pihak lain.
- i. Melakukan interfinancing antar grup usaha selain dalam rangka meningkatkan kinerja bisnis dan keuangan, tidak diperkenankan.

Pada tanggal 31 Desember 2016 dan 2015, saldo pinjaman bank LAJ masing-masing sebesar Rp 239.279.061.111 dan Rp 164.195.144.121.

PT Wanamukti Wisesa (WW)

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 105 dan 106 tanggal 25 Oktober 2013 dari Wenda Taurusita Amidjaja, S.H., WW memperoleh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk (BNI) pinjaman terdiri dari:

- Kredit Investasi Kebun Karet (KI-Kebun Karet), dengan jumlah maksimum sebesar Rp 211.102.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2025, termasuk masa tenggang sampai 25 Desember 2013.
- Kredit Investasi *Interest During Construction* Kebun Karet (KI-IDC), dengan jumlah maksimum sebesar Rp 39.374.000.000. pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2025, termasuk masa tenggang sampai 25 Desember 2013

12. LONG-TERM BANK LOAN (Continued)

PT Lestari Asri Jaya (LAJ) (Continued)

Under the loan agreement with BNI, without the prior written consent of BNI, the Company are not allowed to perform the following transaction:

- a. *Change the corporate structure or legal status of LAJ, changed the articles of association, (except increase LAJ's capital) transfer resipis or share LAJ among the shareholders or to other parties that result in changes in the dominant shareholder (ultimate shareholder).*
- b. *Using LAJ's funds for purposes outside of the business financed with credit facility from PT Bank Negara Indonesia (Persero) Tbk.*
- c. *Selling or pledge LAJ's assets to other parties.*
- d. *Receive new credit facility either from other banks or other financial institutions (including the issuance of bonds).*
- e. *New investment except for business development of LAJ as long as it does not change the ratio-defined financial ratios.*
- f. *Distribute operating profit and pay dividends to shareholders.*
- g. *Opening a new business that is not related to the business.*
- h. *Act as pledgor or pledging (borg), the assets that have been pledged to BNI, to another party.*
- i. *Interfinancing between business groups other than in order to boost the business and financial performance, are not allowed.*

As of 31 December 2016 and 2015, the outstanding balance of bank loan of LAJ amounted to Rp 239,279,061,111 and Rp 164,195,144,121, respectively.

PT Wanamukti Wisesa (WW)

Based on Credit Agreement stated in Notarial deed No. 105 and 106 dated 25 October 2013 from Wenda Taurusita Amidjaja, S.H., WW obtained credit facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) which consist of:

- *Investment Credit Rubber Plantation (IC - Rubber Plantation), with total maximum amount of Rp 211,102,000,000, this loan will be due on 25 December 2025, including grace period until the date of 25 Desember 2013.*
- *Investment Credit Interest During Construction Rubber Plantation (IC-IDC), with total maximum amount of Rp 39,374,000,000, this loan will be due on 25 December 2025, including grace period until the date of 25 Desember 2013.*

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Exhibit E/43

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

PT Wanamukti Wisesa (WW) (Lanjutan)

Pinjaman ini dijamin dengan proyek HTI-Karet dengan luas 5.000 Hektar, kendaraan dan alat-alat berat diikat Fidusia, tanah Sertifikat Hak Guna Bangunan, tanah Sertifikat Hak Milik, surat kuasa dari Perusahaan kepada bank untuk mengalihkan ijin HTI, saham WW diikat secara gadai saham, *company guarantee* PT Royal Lestari dan *personal guarantee* Tuan Prajogo Pangestu diikat *borgtocht* (Catatan 6, 7 dan 8).

Berdasarkan perjanjian pinjaman dengan BNI, tanpa persetujuan tertulis terlebih dahulu dari BNI, WW tidak diperkenankan melakukan transaksi-transaksi sebagai berikut:

- a. Mengubah bentuk atau status hukum WW, merubah anggaran dasar (kecuali meningkatkan modal WW) memindahtangankan resipis atau saham WW baik antar pemegang saham maupun kepada pihak lain yang mengakibatkan perubahan pemegang saham dominan (*Ultimate Shareholder*).
- b. Menggunakan dana WW untuk tujuan di luar usaha yang dibiayai dengan fasilitas kredit dari BNI.
- c. Mengalihkan usahanya kepada pihak lain dengan cara apapun juga.
- d. Menjamin dalam bentuk apapun kepada pihak lain.
- e. Menerima fasilitas kredit baru baik dari bank lain maupun lembaga keuangan lainnya (termasuk penerbitan obligasi)
- f. Membagi laba usaha dan membayar dividen kepada pemegang saham.
- g. Membuka usaha baru yang tidak terkait dengan usaha.
- h. Mengikatkan diri sebagai penjamin (*borg*), harta kekayaan yang telah dijaminkan kepada BNI, kepada pihak lain.
- i. Menjual saham yang telah ada yang berakibat pada berubahnya pemegang saham dominan saat ini (*ultimate shareholder*).
- j. Melakukan investasi baru dengan nilai melebihi 10% total aset WW.
- k. Melakukan *interfinancing* antar grup usaha selain dalam rangka meningkatkan kinerja bisnis dan keuangan, tidak diperkenankan.

Pada tanggal 31 Desember 2016 dan 2015, saldo pinjaman bank WW masing-masing sebesar Rp 123.500.173.460 dan Rp 95.703.543.130.

12. LONG-TERM BANK LOAN (Continued)

PT Wanamukti Wisesa (WW) (Continued)

The bank loan is secured by by a rubber-plantation project with an area of 5,000 Hectare, vehicles and heavy equipment tied Fiduciary, soil Broking Certificate, Certificate of owned land, a power of attorney from the Company to the Bank to transfer the ITP license, share of WW tied pledge of shares, company guarantee PT Royal Lestari Utama and personal guarantee of Mr. Prajogo Pangestu tied *borgtocht* (Notes 6, 7 and 8).

Under the loan agreement with BNI, without the prior written consent of BNI, WW are not allowed to perform the following transaction:

- a. Change their corporate structure or legal status of WW, changed the articles of association, (except increase WW's capital) transfer resipis or share WW among the shareholders or to other parties that result in changes in the dominant shareholder (*Ultimate Shareholder*).
- b. Using WW's funds for purposes outside of the business financed with credit facility from BNI.
- c. Divert business to another party in any way.
- d. Guarantee in anyform to any other party.
- e. Receive new credit facility either from other banks or other financial institutions (including the issuance of bonds).
- f. Dividing operating profit and pay dividends to shareholders.
- g. Opening a new business that is not related to the business.
- h. Act as pledgor or pledge (*borg*) , that assets have been pledged by the brothers to BNI, to another party.
- i. Sell existing shares resulting in changes to the current dominant shareholder (*ultimate shareholder*).
- j. New investments with a value exceeding 10% of the total assets of WW.
- k. Interfinancing between business groups in addition in order to boost the company's business and financial performance, are not allowed.

As of 31 December 2016 and 2015, the outstanding balance of bank loan of WW amounted to Rp 123,500,173,460 and Rp 95,703,543,130, respectively.

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

PT Multi Kusuma Cemerlang (MKC)

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 75, 76, 77 dan 78 tanggal 22 Oktober 2013 dari Wenda Taurusita Amidjaja, S.H., Notaris di Jakarta, Perusahaan, memperoleh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk (BNI) yang terdiri dari:

- Kredit Investasi Kebun Karet (Baru) dengan jumlah maksimum Rp 378.000.000.000 dan Kredit Investasi IDC (Interest During Construction) Kebun Karet (Baru) dengan jumlah maksimum Rp 113.905.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2021, termasuk masa tenggang sampai 25 Desember 2016.
- Kredit Investasi pabrik Karet (Baru) dengan jumlah maksimum Rp 40.454.000.000 dan Kredit Investasi IDC (Interest During Construction) Pabrik Karet (Baru) dengan jumlah maksimum Rp 6.026.000.000. pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2021, termasuk masa tenggang sampai 25 Desember 2016. Sampai dengan tanggal 31 Desember 2016 Pinjaman ini belum di gunakan.

Fasilitas ini dijamin dengan proyek HTI-Karet dengan luas 10.000 Ha di Kalimantan Timur, sarana dan prasarana kebun karet, bangunan pabrik pengolahan karet beserta seluruh fasilitasnya, surat kuasa dari MKC kepada BNI untuk mengalihkan ijin HTI, saham MKC diikat secara gadai saham dan *company guarantee* dari PT Royal Utama Lestari (RLU) sebagai pemegang saham terbesar MKC masing-masing untuk 2016 dan 2015 (Catatan 7 dan 8)

Berdasarkan perjanjian pinjaman dengan BNI, tanpa persetujuan tertulis terlebih dahulu dari BNI, MKC tidak diperkenankan melakukan transaksi-transaksi sebagai berikut:

- a. Mengubah bentuk atau status hukum MKC, merubah anggaran dasar (kecuali meningkatkan modal MKC) memindahtangankan resipis atau saham MKC baik antar pemegang saham maupun kepada pihak lain yang mengakibatkan perubahan pemegang saham dominan (*Ultimate Shareholder*).
- b. Menggunakan dana MKC untuk tujuan di luar usaha yang dibiayai dengan fasilitas kredit dari BNI.
- c. Mengalihkan usahanya kepada pihak lain dengan cara apapun juga.
- d. Menjamin dalam bentuk apapun kepada pihak lain.
- e. Menerima fasilitas kredit baru baik dari bank lain maupun lembaga keuangan lainnya (termasuk penerbitan obligasi).

12. LONG-TERM BANK LOAN (Continued)

PT Multi Kusuma Cemerlang (MKC)

Based on Credit Agreement stated in Notarial deed No. 75, 76, 77, dan 78 dated 22 October 2013 from Wenda Taurusita Amidjaja, S.H., Notary in Jakarta, the Company, obtained credit facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) which consist of:

- Investment Loan Rubber Plantations (New) with maximum amounting to Rp 378,000,000,000 and Investment Loan IDC (Interest During Construction) of Rubber Plantations (New) with maximum amounting to Rp 113,905,000,000, this loan will be due on 25 December 2021, including grace period until the date of 25 Desember 2016.
- Investment Loan Rubber Mill (New) with maximum amounting to Rp 40,454,000,000 and Investment Loan IDC (Interest During Construction) of Rubber Mill (New) with maximum amounting to Rp 6,026,000,000. This loan will be due on 25 December 2021, including grace period until the date of 25 Desember 2016. As of 31 December 2016 this loan is not in use.

The facility is secured by a ITP-rubber project with an area of 10,000 Ha in East Borneo, infrastructure rubber plantations, rubber processing factory buildings and all facilities, a power of attorney from MKC to BNI to transfer the license ITP, share of MKC tied pledge of shares and company guarantee from PT Royal Utama Lestari (RLU) as the biggest shareholder of MKC respectively for 2016 and 2015 (Notes 7 and 8)

Under the loan agreement with BNI, without the prior written consent of BNI, MKC are not allowed to perform the following transaction:

- a. Change their corporate structure or legal status of MKC, changed the articles of association, (except increase MKC's capital) transfer resipis or share MKC among the shareholders or to other parties that result in changes in the dominant shareholder (*Ultimate Shareholder*).
- b. Using MKC's funds for purposes outside. Business financed with credit facility from BNI.
- c. Divert business to another party in any way.
- d. Guarantees in any form to any other party.
- e. Receive new credit facility either from other banks or other financial institutions (including the issuance of bonds).

Total

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

c. Perhitungan Fiskal

c. Fiscal Computation

Rekonsiliasi antara rugi sebelum manfaat pajak penghasilan yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dengan rugi fiskal untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah sebagai berikut:

A reconciliation between loss before income tax benefit, as shown in the consolidated statement of profit or loss and other comprehensive income and fiscal loss for the years ended 31 December 2016 and 2015 are as follows:

	2016	2015	
Rugi sebelum manfaat pajak penghasilan menurut laporan laba rugi dan penghasilan komprehensif lain konsolidasian	(91.980.932.675)	(59.843.859.789)	Loss before income tax benefit per consolidated statement of profit or loss and other comprehensive income
Rugi bersih entitas anak sebelum manfaat pajak penghasilan	55.211.635.709	74.692.071.106	Loss before income tax benefit of subsidiaries
Transaksi dengan entitas anak yang telah dieliminasi	53.489.337.329	16.890.539.869	Transaction with subsidiaries when has been eliminated
Laba (rugi) sebelum (beban) manfaat pajak penghasilan Perusahaan	16.720.040.363	31.738.751.186	Income (loss) before income tax (expense) benefit of the Company
Beda temporer:			Temporary differences:
Beban penyisihan imbalan kerja karyawan	168.583.917	370.670.006	Provision for employee benefits
Cadangan cuti dan tunjangan hari raya	(180.756.735)	338.741.669	Provision leave and holiday allowances
Beda tetap:			Permanent differences:
Beban yang tidak dapat dikurangkan:			Non-deductable expenses:
Beban Pajak Penghasilan Pasal 21	2.385.465.633	1.031.841.025	Income Tax Article 21
Natura	3.209.187.286	909.895.114	Natura
Beban Badan Penyelenggara Jaminan Sosial	75.603.049	51.121.250	Healthcare and Social Security Agency Expense
Beban pajak lainnya	47.902.818	8.158.779	Tax penalty others
Lain-lain	289.607.397	-	others
Pendapatan bunga yang telah dikenakan pajak bersifat final	(1.951.199.897)	(3.387.888.606)	Interest income already subjected to final income tax
Laba (rugi) fiskal Perusahaan tahun berjalan (dipindahkan)	20.764.433.831	31.061.290.423	Fiscal income (loss) for the year of the Company (brought forward)

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

c. Perhitungan Fiskal (Lanjutan)

c. Fiscal Computation (Continued)

	2016	2015	
Laba (rugi) fiskal Perusahaan tahun berjalan (pindahan)	20.764.433.831	31.061.290.423	Fiscal income (loss) for the year of the Company (carried forward)
Rugi fiskal:			Fiscal losses:
2015	31.061.290.423	-	2015
2014	(25.204.578.370)	(25.204.578.370)	2014
2013	(13.440.127.267)	(13.440.127.267)	2013
2012	(370.066.544)	(370.066.544)	2012
2011	(82.733.269)	(82.733.269)	2011
Koreksi akumulasi rugi fiskal Perusahaan disebabkan karena mengikuti program pengampunan pajak (Catatan 25)	8.036.215.027	-	Correction of accumulated tax losses due to follow the tax amnesty program (Note 25)
Total laba (rugi) fiskal Perusahaan	20.764.433.831	(8.036.215.027)	Estimated accumulated fiscal gain (loss)
Taksiran laba fiskal tahun berjalan (dibulatkan)	20.764.433.000	-	Estimated taxable income - current year (rounded)
Beban pajak penghasilan, kini	5.191.108.250	-	Income tax expense, at present
<u>Entitas anak</u>			<u>Subsidiaries</u>
Beban pajak penghasilan	-	-	Income tax expense
Sub-total	5.191.108.250	-	Sub-total
Dikurangi pajak penghasilan dibayar di muka:			Less prepaid of Income taxes:
<u>Perusahaan</u>			<u>Company</u>
Pasal 23	5.122.347.336	-	Article 23
Sub-total	5.122.347.336	-	Sub-total
<u>Entitas anak</u>	-	-	<u>Subsidiaries</u>
Total pajak penghasilan dibayar di muka	5.122.347.336	-	Total prepaid of income taxes
Taksiran pajak penghasilan Pasal 29			Estimated income tax Article 29
Perusahaan	68.760.914	-	Company
Entitas anak	-	-	Subsidiaries
T o t a l	68.760.914	-	T o t a l

Angka untuk pajak telah diungkapkan pada laporan keuangan untuk tahun 2016 dan 2015 sudah sama dengan angka SPT yang disampaikan kepada Kantor Pelayanan Pajak.

The tax disclosed in the financial statements for 2016 and 2015 are the same as those by the tax returns filed with the Tax Service Office.

Koreksi liabilitas pajak Perusahaan dicatat pada saat Surat Ketetapan Pajak diterima, atau jika mengajukan keberatan, pada saat keputusan atas keberatan Perusahaan tersebut telah ditetapkan.

Amendments for tax obligations are recorded when an Tax Assessment Letter is received, or if appealed against, when the decision of Company's appeal is determined.

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

d. Pajak Tangguhan

d. Deferred Tax

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas menurut laporan keuangan konsolidasian dengan dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan adalah sebagai berikut:

The deferred tax is calculated on the effects of the temporary differences between the carrying amounts of the assets and liabilities according to the consolidated financial statements with the tax bases of assets and liabilities. The details of deferred tax assets and liabilities of as follows:

	31 Desember 2015/ 31 December 2015	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ Credited (charged) to consolidated statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif konsolidasian lain/ credited to consolidated other comprehensive income	31 Desember 2016/ 31 December 2016	
Aset Pajak Tangguhan Perusahaan:					Deferred Tax Assets the Company:
Akumulasi rugi fiskal	2.009.053.757 (	2.009.053.757)	-	-	Accumulated fiscal loss Provision
Cadangan cuti dan tunjangan hari raya	84.685.417 (	45.189.184)	-	39.496.233	leave and holiday allowances
Liabilitas diestimasi imbalan kerja karyawan	111.501.938	42.145.980 (	2.952.287)	150.695.631	Estimated liabilities for employee benefits
Sub-total	2.205.241.112 (	2.012.096.961)	(2.952.287)	190.191.864	Sub-total
Aset Pajak Tangguhan Entitas anak:					Deferred Tax Assets Subsidiaries:
Akumulasi rugi fiskal	12.970.114.645 (	6.661.728.065)	-	6.308.386.580	Accumulated fiscal loss
Liabilitas diestimasi imbalan kerja karyawan	858.074.480	783.621.813	98.889.152	1.740.585.445	Estimated liabilities for employee benefits
Penjualan aset tetap	59.308.666 (	54.950.054)	-	4.358.612	Sale of asset
Penyusutan fiskal	150.705.799	65.046.140	-	215.751.939	Fiscal depreciation Provision
Cadangan cuti dan tunjangan hari raya	232.945.429 (	12.524.480)	-	220.420.949	leave and holiday allowances
Amortisasi	2.766.844	19.984.921	-	22.751.765	Amortization
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(5.170.035.511)	(2.503.590.308)	-	(7.673.625.819)	Salaries expense capitalized to industrial timber plantation under development stage
Sub-total	9.103.880.352 (	8.364.140.033)	98.889.152	838.629.471	Sub-total
T o t a l	11.309.121.464 (10.376.236.994)	95.936.865	1.028.821.335	T o t a l

Ekshibit E/49

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

d. Aset (Liabilitas) Pajak Tangguhan (lanjutan)

d. Deferred Tax Assets (Liabilities) (Continued)

	31 Desember 2015/ 31 December 2015	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ <i>Credited (charged) to consolidated statement of profit or loss and other comprehensive income</i>	Dikreditkan ke penghasilan komprehensif konsolidasian lain/ <i>credited to consolidated other comprehensive income</i>	31 Desember 2016/ 31 December 2016	
Liabilitas Pajak Tangguhan Entitas anak:					Deferred tax Liabilities Subsidiaries: Accumulated fiscal loss Estimated liabilities for employee benefits Provision leave and holiday allowances Salaries expense capitalized to industrial timber plantation under development stage
Akumulasi rugi fiskal	40.890.187.465 (	11.741.679.500)	-	29.148.507.965	
Liabilitas diestimasi imbalan kerja karyawan	804.633.741	1.225.486.880 (	75.861.279)	1.954.259.342	
Cadangan cuti dan tunjangan hari raya	246.952.868	16.193.397	-	263.146.265	
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(23.650.649.878) (	21.956.822.455)	-	(45.607.472.333)	
T o t a l	18.291.124.196	(32.456.821.678)	(75.861.279)	(14.241.558.761)	T o t a l
		Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ <i>Credited (charged) to consolidated statement of profit or loss and other comprehensive income</i>	Dikreditkan ke penghasilan komprehensif konsolidasian lain/ <i>credited to consolidated other comprehensive income</i>		
	31 Desember 2014/ 31 December 2014			31 Desember 2015/ 31 December 2015	
Aset (Liabilitas) Pajak Tangguhan Perusahaan:					Deferred Tax Assets (Liabilities) the Company: Accumulated fiscal loss Provision leave and holiday allowances Estimated liabilities for employee benefits
Akumulasi rugi fiskal	9.774.376.363 (	7.765.322.606)	-	2.009.053.757	
Cadangan cuti dan tunjangan hari raya	-	84.685.417	-	84.685.417	
Liabilitas diestimasi imbalan kerja karyawan	-	92.667.501	18.834.437	111.501.938	
Sub-total	9.774.376.363	(7.587.969.688)	18.834.437	2.205.241.112	Sub-total

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Exhibit E/50

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

d. Aset (Liabilitas) Pajak Tangguhan (lanjutan)

d. Deferred Tax Assets (Liabilities) (Continued)

	31 Desember 2014/ 31 December 2014	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian/ <i>Credited (charged) to consolidated statement of profit or loss and other comprehensive income</i>	Dikreditkan ke penghasilan komprehensif konsolidasian lain/ <i>credited to consolidated other comprehensive income</i>	31 Desember 2015/ 31 December 2015	
Aset (Liabilitas) Pajak Tangguhan (lanjutan) Entitas anak:					Deferred Tax Assets (Liabilities) (Continued) Subsidiaries:
Akumulasi rugi fiskal	16.618.538.051	37.241.764.059	-	53.860.302.110	Accumulated fiscal loss
Liabilitas diestimasi imbalan kerja karyawan	1.043.493.255	573.917.200	45.297.766	1.662.708.221	Estimated liabilities for employee benefits
Penjualan aset tetap dan depresiasi	-	59.308.666	-	59.308.666	Sale of asset and depreciation
Penyusutan fiskal	91.633.383	59.072.416	-	150.705.799	Fiscal depreciation Provision
Cadangan cuti dan tunjangan hari raya	396.900.105	82.998.192	-	479.898.297	leave and holiday allowances
Amortisasi	-	2.766.844	-	2.766.844	Amortization
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(8.995.875.985)	(19.824.809.404)	-	(28.820.685.389)	Salaries expense capitalized to industrial timber plantation under development stage
Sub-total	9.154.688.809	18.195.017.973	45.297.766	27.395.004.548	Sub-total
T o t a l	18.929.065.172	10.607.048.285	64.132.203	29.600.245.660	T o t a l

14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS

Grup mencatat liabilitas diestimasi bersih untuk imbalan kerja karyawan masing-masing sebesar Rp 15.382.161.671 dan Rp 7.096.840.641 pada tanggal 31 Desember 2016 dan 2015, yang disajikan sebagai akun "Liabilitas diestimasi imbalan kerja karyawan" di laporan posisi keuangan konsolidasian.

The Group recorded net estimated liabilities for post-employee benefits amounting to Rp 15,382,161,671 dan Rp 7,096,840,641 for 31 December 2016 and 2015, respectively, which is presented as "Estimated liabilities for employee benefits" in the consolidated statement of financial position.

Analisis atas mutasi saldo liabilitas diestimasi untuk imbalan kerja karyawan selama tahun 2016 dan 2015 adalah sebagai berikut:

Analysis of the movement in balance of the above mentioned estimated liabilities for employee benefits during 2016 and 2015 are as follows:

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14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN
(Lanjutan)

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS
(Continued)

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Saldo awal tahun	7.096.840.641	4.173.973.021	Balance at beginning of the year
Beban manfaat karyawan yang diakui pada tahun berjalan	8.318.768.685	2.685.202.444	Employee benefit costs recognized in the current year
Pembayaran manfaat pesangon karyawan pada tahun berjalan	(113.750.000)	(18.863.636)	Payment of employee severance benefits in the current year
Total biaya yang diakui dalam penghasilan komprehensif lain	<u>80.302.345</u>	<u>256.528.812</u>	The total cost recognized in other comprehensive income
Saldo akhir tahun	<u>15.382.161.671</u>	<u>7.096.840.641</u>	Balance at end of the year

Beban imbalan kerja karyawan disajikan sebagai bagian dari akun "Beban umum dan administrasi" di dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dengan rincian sebagai berikut:

Provisions for employee benefits is presented as part of "General and administrative expenses" in the consolidated statement of comprehensive income with details as follows:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Beban jasa masa kini	4.894.235.457	2.423.950.382	Current service cost
Beban bunga	871.579.294	122.481.289	Interest cost
Beban jasa lalu	2.754.724.171	163.170.069	Past service cost
Penyesuaian	(212.622.756)	(20.184.975)	Adjustment
Perubahan asumsi aktuarial	<u>10.852.519</u>	<u>(4.214.321)</u>	Changes in actuarial assumptions
T o t a l	<u>8.318.768.685</u>	<u>2.685.202.444</u>	T o t a l

Aktuarial kerugian yang disebabkan oleh perubahan faktor-faktor berikut:

Actuarial losses are caused by changes in the following factors:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
Penyesuaian pengalaman	(500.925.756)	(125.192.013)	Experience adjustments
Perubahan asumsi keuangan	<u>581.228.101</u>	<u>381.720.825</u>	Changes in financial assumptions
T o t a l	<u>80.302.345</u>	<u>256.528.812</u>	T o t a l

Penyisihan imbalan kerja tersebut di atas merupakan estimasi manajemen berdasarkan perhitungan aktuaris PT Padma Radya Aktuarial, dengan menggunakan metode "Projected Unit Credit" untuk tahun 2016 dan 2015. Asumsi dasar yang digunakan pada perhitungan aktuaris tersebut pada tahun 2016 dan 2015 adalah sebagai berikut, antara lain:

Provision for employee benefits mentioned above are estimated by management based on actuarial calculations of PT Padma Radya Aktuarial, by using the "Projected Unit Credit" method for 2016 and 2015. Assumptions used in the actuarial calculations in 2016 and 2015 are as follows, among others:

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14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN
(Lanjutan)

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS
(Continued)

Tingkat mortalita	:	100% TMI3 pada tahun 2016 dan 2015/ 100% TMI3 in 2016 and in 2015	:	Mortality rate
Tingkat diskonto	:	8,50% dan 9,00% pada tahun 2016 dan 2015/ 8.50% and 9.00% in 2016 and 2015	:	Discount rate
Tingkat kenaikan gaji tahunan	:	5,00% pada tahun 2016 dan 2015/ 5.00% in 2016 and 2015	:	Annual wage and salary increase
Umur pensiun	:	55 tahun/ 55 years	:	Retirement age

Kewajiban imbalan pasti - sensitivitas analisis

Defined benefit obligation - sensitivity analysis

Dampak terhadap nilai kewajiban imbalan pasti dari perubahan yang mungkin terjadi pada satu asumsi aktuarial, menganggap semua asumsi lainnya konstan, disajikan dalam tabel di bawah:

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

Asumsi aktuarial	Penjelasan kemungkinan perubahan/ Reasonably possible change	Kewajiban imbalan pasti / Defined benefit obligation		Actuarial assumptions
		Kenaikan/ Increase	Penurunan/ Decrease	
Tingkat diskonto	(+/- 1,00%)	26.050.470.508	30.361.691.692	Discount rate
Pertumbuhan gaji masa depan	(+/- 1,00%)	30.617.778.995	25.811.025.109	Growth in future salaries
T o t a l		56.668.249.503	56.172.716.801	T o t a l

15. MODAL SAHAM

15. SHARE CAPITAL

Susunan para pemegang saham Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

The composition of shareholders of the Company as of 31 December 2016 and 2015 are as follows:

<u>Pemegang saham</u>	<u>Modal saham/ Share capital</u>	<u>Persentase kepemilikan (%)/ Percentage of ownership (%)</u>	<u>T o t a l / T o t a l</u>	<u>Shareholders</u>
PT Satria Cemerlang Compaigne Financiere Du Groupe Michelin, 'Senard Et Cie'	1.734	51,00%	1.734.000.000	PT Satria Cemerlang Compaigne Financiere Du Groupe Michelin, 'Senard Et Cie'
	1.666	49,00%	1.666.000.000	
T o t a l	3.400	100,00%	3.400.000.000	T o t a l

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15. MODAL SAHAM (Lanjutan)

Berdasarkan akta Notaris No. 20 tanggal 3 Maret 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., anggaran dasar Perusahaan menjadi Rp 12.500.000.000 terbagi atas 12.500 saham dan modal disetor dan ditempatkan sejumlah 3.399 saham yang terdiri dari SC memiliki sebanyak 1.734 saham dan Michelin sebanyak 1.665 saham.

Berdasarkan Pernyataan Keputusan Pemegang Saham Perusahaan dari akta Notaris No. 205 tanggal 26 Mei 2015 oleh Notaris Jimmy Tanal, S.H., Perusahaan menyetujui penerbitan saham baru sebanyak 1 saham yang seluruhnya diambil oleh Michelin. Sehingga modal yang disetor dan ditempatkan meningkat menjadi 3.400 saham

15. SHARE CAPITAL (Continued)

based on Notarial deed No. 20 dated 3 March 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., shares authorization of the Company amounted to Rp 12,500,000,000 consist of 12,500 shares and issued and paid in capital amounted to 3,399 shares, consists of SC has 1,734 shares and Michelin amounted to 1,665 shares.

Based on the shareholders statement of the Company from Notarial deed No. 205 dated 26 May 2015 by Notary Jimmy Tanal, S.H., the Company's approved issued new shares amounted to 1 shares which is entirely is taken by Michelin. So, the paid in capital increased to 3,400 shares.

16. TAMBAHAN MODAL DISETOR

	31 Desember 2016/ 31 December 2016
Agio saham	871.216.057.984
Selisih nilai transaksi restrukturisasi entitas sepengendali	(6.235.121.998)
T o t a l	864.980.935.986

Berdasarkan adopsi PSAK 38, selisih biaya terhadap nilai buku bersih setiap transaksi kombinasi bisnis entitas sepengendali, dicatat sebagai "Tambahan modal disetor" dan disajikan sebagai bagian ekuitas.

Berdasarkan Edaran Keputusan Pemegang Saham Sebagai Pengganti Dari Rapat Umum Pemegang Saham Luar Biasa pada tanggal 17 Desember 2014, para pemegang saham menyetujui konversi utang Perusahaan kepada SC sebesar US\$ 11.554.662 setara dengan nilai Rp 143.647.557.984 (dengan mempergunakan kurs US\$ 1 sama dengan Rp 12.432) menjadi 484 lembar saham seharga Rp 484.000.000 dan sisanya sebesar Rp 143.163.557.984 sebagai agio saham.

Berdasarkan akta Notaris No. 22 tanggal 7 Januari 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., para pemegang saham menyetujui penyeteroran modal oleh Compagnie Financiere Du Groupe Michelin, 'Senard et cie' sebesar USD 30.000.000 atau setara dengan Rp 388.860.000.000 untuk mendapatkan 1.665 lembar saham seharga Rp 1.665.000.000 dan sisanya sebesar Rp 387.195.000.000 disetorkan sebagai agio saham.

16. ADDITIONAL PAID-IN CAPITAL

31 Desember 2015/ 31 December 2015	
871.216.057.984	Share premium
(6.235.121.998)	Difference in value from restructuring transactions of entities under common control
864.980.935.986	T o t a l

Upon adoption of PSAK 38, the excess of cost over the net book value of each business combination transaction with under common control entities is recorded as "Additional paid-in capital" and presented as part of the equity section.

Based on Circular Resolutions of The Shareholder in Lieu of An Extraordinary General Meeting of Shareholders dated 17 December 2014, the shareholder resolved to convert the Company's debt to SC amounting to US\$ 11,554,662 with equivalent amounting to Rp 143,647,557,984 (using the exchange rate US\$ 1 equivalent to Rp 12,432) into 484 shares is amounting to Rp 484,000,000 and the different amounting to Rp 143,163,557,984 is deposited to share premium.

Based on Notarial deed No 22 dated 7 January 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., the shareholders approved capital injection by Compagnie Financiere Du Groupe Michelin, 'Senard et cie' amounted to USD 30,000,000 or equivalent with Rp 388,860,000,000 to get 1,665 shares is amounting to Rp 1,665,000,000 and the different amounting to Rp 387,195,000,000 is deposited as share premium.

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16. TAMBAHAN MODAL DISETOR (Lanjutan)

Berdasarkan akta No. 205 tanggal 26 Mei 2015 oleh Notaris Jimmy Tanal, S.H., para pemegang saham menyetujui penyeteroran modal oleh Compagnie Financiere Du Groupe Michelin, 'Senard et cie' sebesar USD 25.500.000 atau setara dengan Rp 340.858.500.000 untuk mendapatkan 1 saham seharga Rp 1.000.000 dan sisanya sebesar Rp 340.857.500.000 disetorkan sebagai agio saham.

16. ADDITIONAL PAID-IN CAPITAL (Continued)

Based on Notarial deed No 205 dated 26 May 2015 by Notary Jimmy Tanal, S.H., the shareholders approved capital injection by Compagnie Financiere Du Groupe Michelin, 'Senard et cie' amounted to USD 25,500,000 or equivalent with Rp 340,858,500,000 to get 1 shares is amounting to Rp 1,000,000 and the different amounted to Rp 340,857,500,000 is deposited as share premium.

17. KEPENTINGAN NON-PENGENDALI

Kepentingan non-pengendali atas aset bersih entitas anak merupakan bagian pemegang saham minoritas atas aset bersih entitas anak yang tidak seluruh sahamnya dimiliki oleh Perusahaan.

Rincian kepentingan non-pengendali atas ekuitas dan bagian atas hasil bersih entitas anak yang dikonsolidasi adalah sebagai berikut:

17. NON-CONTROLLING INTEREST

Non-controlling interests in net assets of subsidiaries represent the share of minority shareholders in the net assets of subsidiaries that are not wholly owned by the Company.

Details of non-controlling interests in the equity and share of results of consolidated subsidiaries are as follows:

	31 Desember 2016/ 31 December 2016
PT Lestari Asri Jaya	644.146.280
PT Multi Kusuma Cemerlang	1.090.278.057
PT Wanamukti Wisesa	525.901.054
T o t a l	2.260.325.391

	31 Desember 2015/ 31 December 2015
	3.163.332.251
	1.983.924.884
	1.918.152.302
T o t a l	7.065.409.437

PT Lestari Asri Jaya
PT Multi Kusuma Cemerlang
PT Wanamukti Wisesa

18. PENJUALAN NETO

	2 0 1 6
K a r e t	7.069.840.730

Untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015, penjualan karet sebesar 493.058 kg dan 401.323 kg.

18. NET SALES

	2 0 1 5
	5.902.234.950

R u b b e r

For the years ended 31 December 2016 and 2015, sales of rubber totaled to 493,058 kg and 401,323 kg.

19. BEBAN POKOK PENJUALAN

	2 0 1 6
Bahan baku - karet	
Awal tahun	28.221.158
Akhir tahun	(223.002.050)
Pemakaian bahan baku - karet	(194.780.892)
Beban produksi	
Pemungutan hasil panen	4.084.970.566
Beban tidak langsung kebun	3.625.504.160
Amortisasi tanaman (Catatan 6)	1.071.778.600
Pemeliharaan tanaman	224.782.282
Pemupukan	114.294.042
Total beban produksi	9.121.329.650
T o t a l	8.926.548.758

19. COST OF SALES

	2 0 1 5
	15.215.569
	(28.221.158)
	(13.005.589)
	3.691.063.977
	2.278.067.606
	509.086.776
	367.386.245
	143.776.522
Total beban produksi	6.989.381.126
T o t a l	6.976.375.537

Raw materials - rubber
At beginning of the year
At end of the year
Raw materials used - rubber
Cost of production
Harvesting crops
Indirect expense plantations
Amortization of plantation (Note 6)
Upkeep plantation plants
Fertilization
Total cost of production

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20. BEBAN UMUM DAN ADMINISTRASI

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015	
G a j i	25.804.886.565	15.694.634.397	Salaries
Beban Pajak Penghasilan			
Pasal 21	4.589.397.009	2.693.709.653	Income Tax Article 21 expense
Cadangan cuti dan tunjangan			Provision of pay leave and holiday
hari raya	1.093.987.527	1.919.593.187	allowance
Imbalan kerja (Catatan 14)	8.318.768.685	2.685.202.444	Employee benefits (Note 14)
Penyusutan (Catatan 8)	8.218.558.264	5.295.746.234	Depreciation (Note 8)
S e w a	7.754.700.838	3.407.582.568	R e n t
Jasa profesional	6.200.124.956	3.280.949.721	Professional fees
Beban kantor	2.675.626.858	3.192.721.927	Office expenses
Perjalanan dinas	905.487.016	1.329.816.536	Traveling
Lain-lain	3.155.775.311	1.713.283.630	Others
T o t a l	68.717.313.029	41.213.240.297	T o t a l

21. PENDAPATAN DAN BEBAN OPERASI LAINNYA

21. OTHER OPERATING INCOME AND EXPENSES

a. Pendapatan Operasi Lainnya

a. Other Operating Income

	2016	2015	
Penjualan log	543.354.700	315.116.500	Sales of log
Laba atas penjualan aset			Gain on sale of property and
tetap (Catatan 8)	109.295.455	-	Equipment (Note 8)
Lain-lain	57.734.923	424.186.591	Others
T o t a l	710.385.078	739.303.091	T o t a l

b. Beban Operasi Lainnya

b. Other Operating Expenses

	2016	2015	
Rugi penghapusan bibit	2.456.474.340	-	Loss on disposal nursery
Rugi penanaman kembali	1.408.333.192	-	Loss on replanting
Rugi atas penghapusan aset			Loss on disposal of property and
tetap (Catatan 8)	810.539.144	1.528.927.745	equipment (Note 8)
Rugi atas penghapusan			
persediaan	670.098.926	-	Loss in disposal inventories
Beban administrasi bank	82.546.940	41.507.033	Bank administration expense
Rugi atas kebakaran aset			Plantation asset loss from fire
tanaman (Catatan 7)	-	33.644.469.948	(Note 7)
Lain-lain	58.322.936	2.204.438.934	Others
T o t a l	5.486.315.478	37.419.343.660	T o t a l

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22. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI

Perusahaan melakukan transaksi dengan pihak-pihak berelasi, antara lain:

Pihak Berelasi/ <i>Related Parties</i>	Sifat dari Hubungan/ <i>Relationship</i>	Sifat dari Transaksi/ <i>Nature of the Transaction</i>
Michelin Global Mobility	Entitas sepengendali/ <i>Entity under common control</i>	Utang lain-lain, jasa profesional/ <i>Other payables, professional fee expenses</i>
Manufacture Francaise Des Pneumatiques Michelin	Entitas sepengendali/ <i>Entity under common control</i>	Utang lain-lain, jasa profesional/ <i>Other payables, professional fee expenses</i>

Rincian saldo transaksi dengan pihak-pihak berelasi adalah sebagai berikut:

In normal operations, the company does transactions with related parties:

The details of the transaction with related parties are as follows:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Utang lain-lain			Other payable
Manufacture Francaise Des Pneumatiques Michelin	16.924.009.651	-	Manufacture Francaise Des Pneumatiques Michelin
Michelin Global Mobility	475.498.664	-	Michelin Global Mobility
Total	17.399.508.315	-	Total

Pada tanggal 17 Desember 2014, entitas anak perusahaan LAJ, WW, dan MKC mengadakan perjanjian bantuan teknis dengan Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin akan memberikan bantuan sehubungan dengan bidang pohon karet, pemeliharaan, penelitian, dan eksploitasi kebun karet, serta pembelian karet mentah dari perkebunan dari pihak ketiga. Manufacture Francaise des Pneumatiques Michelin juga akan memberikan bantuan sehubungan dengan teknis dan industri yang berkaitan dengan pengolahan karet alami dan kontrol atas kualitas, serta pembangunan dan pemeliharaan peralatan dan infrastruktur. Perjanjian ini berlaku selama 19 tahun sejak ditanda tangani.

As of 17 December 2014, Subsidiaries LAJ, WW, and MKC entered into a technical assistance agreement with Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin will provide assistance in connection with the field of rubber trees, maintenance, research and exploitation of rubber plantations, as well as the purchase of raw rubber from the estate of a third party. Manufacture Francaise des Pneumatiques Michelin will also be giving out assistance with respect to the technical and industries related to natural rubber processing and control over quality, and the construction and maintenance of equipment and infrastructure. This agreement is applicable for 19 years since the signing.

23. MANAJEMEN RISIKO KEUANGAN

Kebijakan manajemen risiko keuangan Grup bertujuan untuk mengidentifikasi dan menganalisa risiko-risiko keuangan yang dihadapi Perusahaan, menetapkan batasan risiko dan pengendalian yang sesuai serta untuk mengawasi kepatuhan terhadap batasan yang telah ditetapkan.

23. FINANCIAL RISK MANAGEMENT

The Group financial risk management policy aims to identify and analyze the financial risks faced by the Company, set appropriate risk limits and controls, and oversee compliance with the limits established.

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23. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

23. FINANCIAL RISK MANAGEMENT (Continued)

a. Risiko Likuiditas

a. Liquidity Risk

Risiko likuiditas timbul apabila Grup bertemu kesulitan dalam mewujudkan asetnya atau mengumpulkan dana untuk memenuhi komitmen terkait dengan liabilitas keuangannya.

Liquidity risk arises when the Group encounters difficulty in realizing its assets or otherwise raising funds to meet commitments associated with its financial liabilities.

Grup mengelola likuiditas dengan membuat rencana penerimaan dan pengeluaran dalam bentuk perencanaan arus kas secara periodik dan melakukan *monitoring* atas realisasinya. Grup menempatkan kelebihan atas kas dalam instrumen keuangan dengan risiko yang rendah namun memberikan imbal hasil yang memadai pada lembaga-lembaga keuangan yang memiliki kredibilitas dan *rating* yang dapat dipertanggungjawabkan.

The Group manages liquidity by making the plan revenue and expenditure in the form of periodic cash flows planning and monitoring of their realization. The Group put the excess of cash in financial instruments with low risk but provide adequate returns on financial institutions that have credibility and rating may be applied.

b. Risiko Kredit

b. Credit Risk

Eksposur risiko kredit Grup terutama timbul dari pengelolaan piutang usaha dan piutang lain-lain. Grup melakukan pengawasan kolektibilitas piutang sehingga dapat diterima penagihannya secara tepat waktu dan juga melakukan penelaahan atas masing-masing piutang pelanggan secara berkala untuk menilai potensi timbulnya kegagalan penagihan.

The Group's exposure to credit risk arise primarily from managing trade receivables and other receivables. The Group monitors receivables so that these are collected in a timely manner and also conduct reviews of individual customer accounts on a regular basis to assess the potential for uncollectibility.

c. Risiko Pasar

c. Market Risk

Risiko pasar adalah risiko dimana nilai wajar arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi karena perubahan harga pasar. Jenis-jenis risiko pasar yaitu: risiko suku bunga, risiko mata uang. Risiko pasar yang signifikan untuk Grup adalah sebagai berikut:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The types of market risk: interest rate risk, currency risk. Market risk significant to the Group are as follows:

Risiko Tingkat Suku Bunga

Interest Rate Risk

Risiko tingkat suku bunga adalah risiko dimana nilai wajar atau arus kas masa datang dari suatu instrumen keuangan akan berfluktuasi akibat perubahan suku bunga pasar. Eksposur Grup terhadap risiko perubahan suku bunga pasar terutama terkait dengan utang bank jangka panjang Grup dengan suku bunga mengambang.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term bank loans with floating interest rates.

Grup selalu melakukan analisa atas dampak dari tingkat suku bunga terhadap biaya operasional dan kemampuan Grup sebelum menyetujui pinjaman tersebut.

The Group always performs an analysis of the impact of interest rates on operating costs and the ability of the Group before approving the loan.

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23. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

23. FINANCIAL RISK MANAGEMENT (Continued)

c. Risiko Pasar (Lanjutan)

c. Market Risk (Continued)

Risiko Mata Uang Asing

Foreign Currency Risk

Risiko mata uang asing adalah risiko dimana nilai wajar atau arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi akibat perubahan nilai tukar mata uang asing. Eksposur Grup terhadap risiko perubahan kurs mata uang asing terutama berkaitan dengan operasi Grup dan pendanaan.

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities.

Grup secara konsisten melakukan *monitoring* terhadap pergerakan nilai tukar mata uang untuk mengetahui dampak perubahan nilai tukar mata uang asing tersebut terhadap kinerja operasional dan keuangan Grup.

The Group consistently monitors the movement of currency exchange rate to determine the impact of changes in foreign currency exchange rates are against the operational and financial performance of the Group.

Grup memiliki aset dan liabilitas dalam mata uang asing dengan rincian sebagai berikut (dalam satuan penuh, kecuali jumlah setara Rupiah):

The Group has assets and liabilities denominated in foreign currencies as follows (in full amounts, except Rupiah equivalent):

31 Desember 2016/ 31 December 2016			
		USD	Setara Rupiah/ Rupiah Equivalent
A s e t			
Kas dan setara kas		9.222.308	123.910.930.959
31 Desember 2015/ 31 December 2015			
		USD	Setara Rupiah/ Rupiah Equivalent
A s e t			
Kas dan setara kas		32.118.859	443.079.662.804

A s s e t s
Cash and cash equivalents

A s s e t s
Cash and cash equivalents

Dalam menerjemahkan mata uang asing aset keuangan dan liabilitas dalam mata uang IDR ke tingkat USD nilai tukar yang digunakan adalah Rp 13.436 dan Rp 13.795 per USD masing-masing pada tahun 2016 dan 2015. Rugi bersih selisih kurs yang diakui masing-masing pada tahun 2016 sebesar Rp 16.576.527.303 dan laba bersih selisih kurs pada tahun 2015 sebesar Rp 18.866.326.329.

In translating the foreign currency-denominated financial assets and liabilities from IDR to USD exchange rates used was Rp 13,436 and Rp 13,795 per USD in 2016 and 2015, respectively. Net foreign exchange loss recognized in 2016 amounted to Rp 16,576,527,303 and net foreign exchange gain in 2015 amounted to Rp 18,866,326,329.

d. Manajemen Permodalan

d. Capital Management

Tujuan utama dari pengelolaan modal Grup adalah untuk memastikan rasio modal yang sehat agar dapat mendukung kelancaran usahanya dan memaksimalkan nilai dari pemegang saham.

The main objective of the Group's capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximize shareholder value.

Ekshibit E/59

Exhibit E/59

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR PADA
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PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
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24. NILAI WAJAR INSTRUMEN KEUANGAN

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Berikut ini adalah metode dan asumsi yang digunakan untuk memperkirakan nilai wajar setiap kelompok dari instrumen keuangan Grup:

- Kas dan setara kas, piutang usaha, piutang lain-lain, pinjaman jangka pendek, utang usaha, utang lain-lain dan beban masih harus dibayar mendekati nilai tercatatnya karena bersifat jangka pendek.
- Nilai tercatat dari pinjaman bank jangka panjang mendekati nilai wajarnya disebabkan oleh pemakaian suku bunga mengambang atas instrumen tersebut, dimana tingkat bunga tersebut selalu disesuaikan dengan pasar.

Di bawah ini menyajikan nilai wajar, yang mendekati nilai tercatat:

	<u>Nilai tercatat/ Carrying value</u>	<u>Nilai wajar/ Fair value</u>
31 Desember 2016		
A S E T		
Kas dan setara kas	157.250.827.419	157.250.827.419
Piutang usaha	108.589.440	108.589.440
Piutang lain-lain	70.531.486	70.531.486
T o t a l	<u>157.429.948.345</u>	<u>157.429.948.345</u>
	<u>Nilai tercatat/ Carrying value</u>	<u>Nilai wajar/ Fair value</u>
31 Desember 2016		
LIABILITAS		
Utang usaha	13.744.181.259	13.744.181.259
Utang lain-lain	48.693.213.601	48.693.213.601
Beban masih harus dibayar	5.078.663.171	5.078.663.171
Pinjaman bank jangka panjang	441.250.113.475	441.250.113.475
T o t a l	<u>508.766.171.506</u>	<u>508.766.171.506</u>

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for selling the asset or paid to transfer the liability in an orderly transaction between market participants.

The following are the methods and assumptions used to estimate the fair value of each group of the Group's financial instruments:

- Cash and cash equivalents, trade receivables, other receivables, short-term loan, trade payables, other payables and accrued expenses approximate their carrying values due to their short-term nature.
- The carrying amount of long-term bank loan approximate their fair values due to the use of floating interest rates for the mentioned instruments, in which the interest rate is always adjusted to market.

Below is stated the fair values, which approximate the carrying values:

	<u>31 December 2016</u>
A S S E T S	
Cash and cash equivalents	
Trade receivables	
Other receivables	
T o t a l	
	<u>31 December 2016</u>
LIABILITIES	
Trade payables	
Other payables	
Accrued expenses	
Long-term bank loan	
T o t a l	

Ekshibit E/60

Exhibit E/60

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
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24. NILAI WAJAR INSTRUMEN KEUANGAN (Lanjutan)

24. FAIR VALUE OF FINANCIAL INSTRUMENTS
(Continued)

	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
31 Desember 2015			31 December 2015
A S E T			A S S E T S
Kas dan setara kas	462.645.256.048	462.645.256.048	Cash and cash equivalents
Piutang usaha	49.352.980	49.352.980	Trade receivables
Piutang lain-lain	456.286.369	456.286.369	Other receivables
T o t a l	463.150.895.397	463.150.895.397	T o t a l
LIABILITAS			LIABILITIES
Utang usaha	5.127.027.256	5.127.027.256	Trade payables
Utang lain-lain	590.150.850	590.150.850	Other payables
Beban masih harus dibayar	6.811.493.029	6.811.493.029	Accrued expenses
Pinjaman bank jangka panjang	304.688.989.205	304.688.989.205	Long-term bank loan
T o t a l	317.217.660.340	317.217.660.340	T o t a l

25. PERISTIWA SETELAH PERIODE PELAPORAN

25. EVENT AFTER THE REPORTING PERIOD

1. Susunan Dewan Komisaris dan Direksi Grup berdasarkan akta Notaris Djumini Setyoadi, S.H., M.Kn, No. 13 tanggal 16 Januari 2017 adalah sebagai berikut:

1. The member of the Grup's Board of Commissioners and Directors based on Notarial deed of Djumini Setyoadi, S.H., M.Kn, No. 13 dated 16 January 2017 are as follows:

Dewan Komisaris

Komisaris Utama	:	Yazirwan Uyun
Wakil Komisaris	:	Luc Marie Gaston Fernand Minguet
Komisaris	:	Fifi Setiawaty Leono
Komisaris	:	Didier Claude Gaidon

Board of Commissioners

	:	President Commissioner
	:	Vice President Commissioner
	:	Commissioner
	:	Commissioner

Dewan Direksi

Direktur Utama	:	Andry Setiawan
Wakil Direktur Utama	:	Eric Pierre Robert Vaillier
Direktur	:	Yannick Jean Marie Vincent Balerin
Direktur	:	Bruno Marie Jean Louis Mangenot
Direktur	:	Polmer Nababan
Direktur	:	Meizani Irmadhiany

Board of Directors

	:	President Director
	:	Vice President Director
	:	Director
	:	Director
	:	Director
	:	Director

2. Perusahaan melakukan deklarasi aset melalui program pengampunan pajak berdasarkan tanda terima surat pernyataan harta No. 03100003506 tanggal 29 Maret 2017.

2. The Company made the declaration of assets through a tax amnesty program based on Surat tanda terima surat pernyataan harta No. 03100003506 dated 29 March 2017.

Ekshibit E/61

Exhibit E/61

PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
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25. PERISTIWA SETELAH PERIODE PELAPORAN
(Lanjutan)

3. Berdasarkan keputusan edaran para pemegang saham sebagai pengganti dari rapat umum pemegang saham luar biasa perusahaan tertanggal 20 Februari 2017, para pemegang saham perusahaan menyepakati dan menyetujui penerbitan saham baru sebesar Rp 2.436.000.000 untuk mendapatkan 2.436 lembar saham, dengan nilai nominal Rp 1.000.000 per lembar saham.

Pada tanggal 24 Februari 2017 Compagnie Financiere Du Groupe Michelin, 'Senard et cie' menyetorkan sebesar USD 17.518.301 atau setara dengan Rp 232.993.398.693 untuk mendapatkan 1.198 lembar saham seharga Rp 1.198.000.000 dan sisanya sebesar Rp 231.795.398.693 dicatat sebagai agio saham.

PT Satria Cemerlang (SC) menyetorkan tanah dan bangunan (sebagai penyertaan dalam bentuk barang "inbreng") yang berlokasi di kecamatan Palaran, kota Samarinda, Kalimantan timur dengan luas sekitar 25 hektar dengan sertifikat HGB No. 02008, 31 dan 02014 dengan nilai yang telah disetujui para pemegang saham senilai USD 20.000.000 atau setara dengan Rp 266.000.000.000 untuk mendapatkan 1.238 lembar saham seharga Rp 1.238.000.000 dan sisanya sebesar Rp 264.762.000.000 dicatat sebagai agio saham. Sampai saat ini tanah dan bangunan yang setorkan sedang dalam proses pengalihan.

25. EVENT AFTER THE REPORTING PERIOD
(Continued)

3. Based on circular resolution of shareholders in lieu of the extraordinary general meeting of shareholders on 20 February 2017, the shareholders Company agree and approved issuance new shares amounting to Rp 2,436,000,000 to acquire 2,436 shares with a nominal Rp 1,000,000 per shares.

On 24 February 2017 Compagnie Financiere Du Groupe Michelin, 'Senard et cie' deposits amounted to USD 17,518,301 or equivalent to Rp 232,993,398,693 to acquire 1,198 shares worth Rp 1,198,000,000 and the different amounted to Rp 231,795,398,693 will be registered as share premium. .

PT Satria Cemerlang (SC) contributes land and building (as participation in kind) located in the district Palaran, Samarinda, East Kalimantan with an area approximately 25 hectares with HGB certificate No. 02008, 31 and 02014 with the value that was approved by shareholders amounted to USD 20,000,000 or equivalent to Rp 266,000,000,000 to acquire 1,238 shares worth USD 1,238,000,000 and the different Rp 264,762,000,000 will be registered as share premium. Until now provided land in the process of transfer.

26. REKLASIFIKASI

Akun tertentu pada laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2015 telah direklasifikasi agar sesuai dengan penyajian laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2016, dengan rincian sebagai berikut:

Deskripsi	Sebelum reklasifikasi kembali/ Before reclassification	Reklasifikasi/ Reclassification
31 Desember 2015 Laporan Posisi Keuangan		
Utang usaha	5.699.525.055 (	572.497.799)
Utang lain-lain	17.653.051	572.497.799

26. RECLASSIFICATION

Certain accounts in the financial statements for the year ended 31 December 2015 have been reclassified to conform with the presentation of the financial statements for the year ended 31 December 2016, with details as follows:

Sesudah reklasifikasi/ After reclassification	Description
	31 December 2015 Statemen of Financial Position
5.127.027.256	Trade payables
590.150.850	Other payables

Ekshibit E/62

Exhibit E/62

**PT ROYAL LESTARI UTAMA DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
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**PT ROYAL LESTARI UTAMA AND SUBSIDIARIES
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**27. TANGGUNG JAWAB MANAJEMEN DAN
PERSETUJUAN ATAS LAPORAN KEUANGAN
KONSOLIDASIAN**

Manajemen bertanggung jawab atas penyusunan laporan keuangan konsolidasian ini yang diselesaikan pada tanggal 17 April 2017.

**27. MANAGEMENT RESPONSIBILITY AND APPROVAL OF
THE CONSOLIDATED FINANCIAL STATEMENTS**

The management is responsible for the preparation of these consolidated financial statements that were completed on 17 April 2017.

28. INFORMASI KEUANGAN TAMBAHAN

Informasi tambahan dalam laporan keuangan konsolidasian Perusahaan dan entitas anaknya merupakan laporan keuangan tersendiri entitas induk, yang terdiri dari laporan posisi keuangan, laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, laporan arus kas dan catatan atas laporan keuangan.

Laporan keuangan tersendiri entitas induk disajikan dari Lampiran 1 sampai dengan 5.

28. SUPPLEMENTARY FINANCIAL INFORMATION

Supplementary information to the consolidated financial statements of the Company and its subsidiary represent the separate financial statements of the parent entity, that consist of statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to financial statements.

Financial information of the parent entity was presented on Appendix 1 to 5.

INFORMASI TAMBAHAN/ SUPPLEMENTARY INFORMATION

PT ROYAL LESTARI UTAMA (Entitas Induk Saja) LAPORAN POSISI KEUANGAN 31 DESEMBER 2016 (Disajikan dalam Rupiah, kecuali dinyatakan lain)		PT ROYAL LESTARI UTAMA (Parent Entity Only) STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2016 (Expressed in Rupiah, unless otherwise stated)	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
A S E T			A S S E T S
ASET LANCAR			CURRENT ASSET
Kas dan bank	145.443.808.341	449.416.788.059	Cash on hand and in banks
Piutang lain-lain			Other receivables
Pihak ketiga	67.531.486	190.169.869	Third parties
Pihak berelasi	-	3.373.568.631	Related parties
Uang muka	29.500.000	10.000.000	Advances
Beban dibayar di muka	1.496.877.760	592.790.120	Prepaid expenses
Total Aset Lancar	147.037.717.587	453.583.316.679	Total Current Assets
ASET TIDAK LANCAR			NON-CURRENT ASSETS
Piutang lain-lain - Pihak berelasi	502.056.771.916	184.309.293.700	Other receivables- Related parties
Penyertaan dalam saham	231.198.637.464	231.198.637.464	Investment in shares
Aset tetap - setelah dikurangi akumulasi penyusutan sejumlah Rp 115.034.423 pada tahun 2016 dan Rp 39.190.534 pada tahun 2015	222.145.302	258.639.191	Property and equipment - net of accumulated depreciation of Rp 115,034,423 in 2016 and Rp 39,190,534 in 2015
Aset pajak tangguhan	190.191.864	2.205.241.112	Deferred tax assets
Aset tidak lancar lain-lain	393.905.787	286.848.960	Other non-current assets
Total Aset Tidak Lancar	734.061.652.333	418.258.660.427	Total Non-Current Assets
TOTAL ASET	881.099.369.920	871.841.977.106	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES AND EQUITY
LIABILITAS LANCAR			CURRENT LIABILITIES
Utang lain-lain			Other payables
Pihak ketiga	30.002.523	-	Third parties
Pihak berelasi	475.498.664	-	Related parties
Utang pajak	390.781.375	714.470.945	Taxes payable
Beban masih harus dibayar	657.392.333	1.264.277.918	Accrued expenses
Total Liabilitas Jangka Pendek	1.553.674.895	1.978.748.863	Total Short-Term Liabilities
LIABILITAS TIDAK LANCAR			NON-CURRENT LIABILITIES
Liabilitas imbalan kerja	602.782.524	446.007.752	Employee benefit liabilities
Total Liabilitas	2.156.457.419	2.424.756.615	Total Liabilities
EKUITAS			EQUITY
Modal saham - nilai nominal Rp 1.000.000 per saham			Share capital - par value of Rp 1,000,000 per share
Modal dasar - 12.500 saham			Authorized - 12,500 shares in
Modal ditempatkan dan disetor penuh - 3.400 saham	3.400.000.000	3.400.000.000	Issued and fully paid - 3,400 shares
Tambahan modal disetor	871.216.057.984	871.216.057.984	Additional paid-in capital
Saldo laba (Defisit)	4.326.854.517	(5.198.837.493)	Retained earnings (deficits)
Total Ekuitas	878.942.912.501	869.417.220.491	Total Equity
TOTAL LIABILITAS DAN EKUITAS	881.099.369.920	871.841.977.106	TOTAL LIABILITIES AND EQUITY

INFORMASI TAMBAHAN/ SUPPLEMENTARY INFORMATION

PT ROYAL LESTARI UTAMA (Entitas Induk Saja) LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016 (Disajikan dalam Rupiah, kecuali dinyatakan lain)		PT ROYAL LESTARI UTAMA (Parent Entity Only) STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016 (Expressed in Rupiah, unless otherwise stated)	
	2016	2015	
Penjualan	23.960.149.135	12.774.414.979	Sales
Beban pokok penjualan	-	-	Cost of sales
LABA BRUTO	23.960.149.135	12.774.414.979	GROSS PROFIT
Beban umum dan administrasi	(23.487.596.892)	(10.789.531.963)	General and administrative Expenses
Pendapatan operasi lainnya	-	128.040	Other operating income
Beban operasi lainnya	(29.102.816)	(939.223.006)	Other operating expenses
(RUGI) LABA USAHA	443.449.427	1.045.788.050	(LOSS) PROFIT FROM OPERATION
Keuntungan (kerugian) atas selisih kurs, Neto	(16.628.904.792)	25.083.185.912	Gain (loss) on foreign exchange, Net
Pendapatan keuangan	32.905.495.728	7.849.055.338	Finance income
Beban keuangan	-	(2.239.278.114)	Interest expenses
LABA (RUGI) SEBELUM (BEBAN) MANFAAT PAJAK PENGHASILAN	16.720.040.363	31.738.751.186	INCOME (LOSS) BEFORE INCOME TAX (EXPENSE) BENEFIT
(BEBAN) MANFAAT PAJAK PENGHASILAN			INCOME TAX (EXPENSE) BENEFIT
Kini	(5.191.108.250)	-	Current
Tangguhan	(2.012.096.961)	(7.587.969.688)	Deferred
(BEBAN) MANFAAT PAJAK PENGHASILAN	(7.203.205.211)	(7.587.969.688)	INCOME TAX (EXPENSE) BENEFIT
LABA (RUGI) NETO TAHUN BERJALAN	9.516.835.152	24.150.781.498	NET PROFIT (LOSS) FOR THE YEAR
PENGHASILAN (RUGI) KOMPREHENSIF LAINNYA			OTHER COMPREHENSIVE INCOME (LOSS)
Pos-pos yang tidak akan direklasifikasi ke laporan laba rugi			Items that will not be reclassified to profit or loss
Keuntungan (kerugian) aktuarial program pensiun	11.809.145	(75.337.746)	Actuarial gain (loss) from pension plan
Pajak tangguhan terkait	(2.952.287)	18.834.437	Relating to deferred tax
JUMLAH LABA (RUGI) KOMPREHENSIF LAIN	8.856.858	(56.503.309)	TOTAL OTHER COMPREHENSIVE INCOME (LOSS)
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN	9.525.692.010	24.094.278.189	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

INFORMASI TAMBAHAN/ SUPPLEMENTARY INFORMATION

PT ROYAL LESTARI UTAMA
(Entitas Induk Saja)
LAPORAN PERUBAHAN EKUITAS
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA
(Parent Entity Only)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
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(Expressed in Rupiah, unless otherwise stated)

	Modal saham/ <i>Share capital</i>	Tambahan modal disetor/ <i>Additional paid-in capital</i>	Saldo laba (defisit)/ <i>Retained earnings (deficits)</i>	Total ekuitas/ <i>Total equity</i>	
Saldo per 1 Januari 2015	1.734.000.000	143.163.557.984	(29.293.115.682)	115.604.442.302	<i>Balance as of 1 January 2015</i>
Penerbitan saham baru	1.666.000.000	-	-	1.666.000.000	<i>Issuance of new shares</i>
Tambahan modal disetor	-	728.052.500.000	-	728.052.500.000	<i>Additional paid-in capital</i>
Total laba komprehensif pada tahun berjalan	-	-	24.094.278.189	24.094.278.189	<i>Total comprehensive income for the year</i>
Saldo per 31 Desember 2015	3.400.000.000	871.216.057.984	(5.198.837.493)	869.417.220.491	<i>Balance as of 31 December 2015</i>
Total laba komprehensif pada tahun berjalan	-	-	9.525.692.010	9.525.692.010	<i>Total comprehensive income for the year</i>
Saldo per 31 Desember 2016	<u>3.400.000.000</u>	<u>871.216.057.984</u>	<u>4.326.854.517</u>	<u>878.942.912.501</u>	<i>Balance as of 31 December 2016</i>

INFORMASI TAMBAHAN/ SUPPLEMENTARY INFORMATION

PT ROYAL LESTARI UTAMA LAPORAN ARUS KAS TERSENDIRI TAHUN YANG BERAKHIR 31 DESEMBER 2016 (Disajikan dalam Rupiah, kecuali dinyatakan lain)		PT ROYAL LESTARI UTAMA SEPARATE STATEMENTS OF CASH FLOWS YEAR ENDED 31 DECEMBER 2016 (Expressed in Rupiah, unless otherwise stated)	
	2 0 1 6	2 0 1 5	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Laba sebelum (beban) manfaat pajak penghasilan	16.720.040.363	31.738.751.186	Income before income tax (expense) benefit
Penyesuaian untuk merekonsiliasi laba (rugi) sebelum (beban) manfaat pajak penghasilan menjadi kas bersih yang diperoleh dari (digunakan untuk) aktivitas operasi:			Adjustments to reconcile income (loss) before income tax (expense) benefit to net cash provided by (used in) operating activities:
Penyisihan imbalan kerja karyawan	168.583.918	370.670.006	Provision of employee benefit
Penyusutan	75.843.889	39.190.534	Depreciation
Perubahan aset dan liabilitas operasi			Changes in operating assets and liabilities
Piutang lain-lain	3.496.207.014	(3.563.738.500)	Other receivables
Beban dibayar di muka	(904.087.640)	(592.790.120)	Prepaid expenses
Aset tidak lancar lainnya	(107.056.827)	(286.848.960)	Other non-current assets
Uang muka	(19.500.000)	(10.000.000)	Advanced
Utang pajak	(392.450.484)	686.531.953	Tax payables
Utang usaha	162.593.787	342.907.400	Trade payables
Beban masih harus dibayar	(263.978.186)	391.288.403	Accrued expenses
Arus kas (digunakan untuk) diperoleh dari aktivitas operasi	18.936.195.834	29.115.961.902	Cash flows provided by (used in) operating activities
Pembayaran pajak penghasilan	(5.122.347.336)	-	Payment income tax
Arus kas netto diperoleh dari aktivitas operasi	13.813.848.498	29.115.961.902	Net cash flows provided by operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Pemberian pinjaman-piutang dari pihak berelasi	(317.747.478.216)	(184.309.293.700)	Lending - due from related parties
Perolehan aset tetap	(39.350.000)	(297.829.725)	Acquisition of property and equipment
Arus kas netto digunakan untuk aktivitas investasi	(317.786.828.216)	(184.607.123.425)	Net cash flows used in investing activities

INFORMASI TAMBAHAN/ SUPPLEMENTARY INFORMATION

PT ROYAL LESTARI UTAMA LAPORAN ARUS KAS TERSENDIRI TAHUN YANG BERAKHIR 31 DESEMBER 2016 (Disajikan dalam Rupiah, kecuali dinyatakan lain)		PT ROYAL LESTARI UTAMA SEPARATE STATEMENTS OF CASH FLOWS YEAR ENDED 31 DECEMBER 2016 (Expressed in Rupiah, unless otherwise stated)	
	2016	2015	
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Pembayaran pinjaman jangka pendek	-	(125.804.268.667)	Payments from short-term loans
Penambahan modal disetor	-	728.052.500.000	Additional paid-in capital
Penambahan setoran modal saham	-	1.666.000.000	Additionak of share capital
Arus kas netto diperoleh dari aktivitas pendanaan	-	603.914.231.333	Net cash flows provided by financing activities
(PENURUNAN) KENAIKAN NETO DALAM KAS DAN BANK	(303.972.979.718)	448.423.069.810	NET (DECREASE) INCREASE IN CASH ON HAND AND IN BANKS
KAS DAN BANK PADA AWAL TAHUN	449.416.788.059	993.718.249	CASH ON HAND AND IN BANKS AT THE BEGINNING OF THE YEAR
KAS DAN BANK PADA AKHIR TAHUN	145.443.808.341	449.416.788.059	CASH ON HAND AND IN BANKS AT THE END OF THE YEAR

INFORMASI TAMBAHAN/ SUPPLEMENTARY INFORMATION

PT ROYAL LESTARI UTAMA
(Entitas Induk Saja)
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT ROYAL LESTARI UTAMA
(Parent Entity Only)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN

Laporan keuangan tersendiri entitas induk disusun sesuai dengan Pernyataan Standar Akuntansi keuangan ("PSAK") 4, "Laporan Keuangan Konsolidasian dan Laporan Keuangan Tersendiri".

PSAK 4 mengatur dalam hal entitas memilih untuk menyajikan laporan keuangan tersendiri maka laporan tersebut hanya dapat disajikan sebagai informasi tambahan dalam laporan keuangan konsolidasian. Laporan keuangan tersendiri adalah laporan keuangan yang disajikan oleh entitas induk yang mencatat investasi pada entitas anak bersama berdasarkan kepemilikan ekuitas langsung bukan berdasarkan laporan hasil dan aset neto *investee*.

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan tersendiri entitas induk adalah sama dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian Perusahaan dan entitas anaknya sebagaimana diungkapkan dalam Catatan 2 atas laporan keuangan konsolidasian, kecuali untuk penyertaan pada entitas anak.

Sesuai dengan PSAK 4, entitas induk mencatat penyertaan saham pada entitas anak dengan menggunakan metode biaya.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the parent entity are prepared in accordance with the Statement of Financial Accounting Standards ("PSAK") 4, "Consolidated and Separate Financial Statements".

PSAK 4 regulates that when an entity elected to present the separate financial statements, such financial statements should be presented as supplementary information to the consolidated financial statements. Separate financial statements are those presented by a parent entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investee.

Accounting policies adopted in the preparation of the parent entity separate financial statements are the same as the accounting policies adopted in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements, except for investments in subsidiaries.

In accordance with PSAK 4, the parent entity recorded the investments in subsidiaries using cost method.

2. PENYERTAAN SAHAM PADA ENTITAS ANAK

Pada tanggal 31 Desember 2016 dan 2015, entitas induk memiliki penyertaan saham pada entitas anak, sebagai berikut:

2. INVESTMENTS IN SHARES OF SUBSIDIARY

As of 31 December 2016 and 2015, the parent entity has the following investments in shares of subsidiary:

Entitas anak/ Subsidiaries	Persentase kepemilikan/ Percentage of ownership	Biaya perolehan 1 Januari 2016/ Acquisition cost at 1 January 2016	2 0 1 6		
			Penambahan/ Additions	Pengurangan/ Disposals	Biaya perolehan 31 Desember 2016/ Acquisition cost at 31 December 2016
PT Lestari Asri Jaya (LAJ)	95,00%	109.250.000.000	-	-	109.250.000.000
PT Wanamukti Wisesa (WW)	95,00%	71.250.000.000	-	-	71.250.000.000
PT Multi Kusuma Cemerlang (MKC)	95,00%	50.698.637.464	-	-	50.698.637.464
Total / Total		231.198.637.464	-	-	231.198.637.464
Entitas anak/ Subsidiaries	Persentase kepemilikan/ Percentage of ownership	Biaya perolehan 1 Januari 2015/ Acquisition cost at 1 January 2015	2 0 1 5		
			Penambahan/ Additions	Pengurangan/ Disposals	Biaya perolehan 31 Desember 2015/ Acquisition cost at 31 December 2015
PT Lestari Asri Jaya (LAJ)	95,00%	109.250.000.000	-	-	109.250.000.000
PT Wanamukti Wisesa (WW)	95,00%	71.250.000.000	-	-	71.250.000.000
PT Multi Kusuma Cemerlang (MKC)	95,00%	50.698.637.464	-	-	50.698.637.464
Total / Total		231.198.637.464	-	-	231.198.637.464

PT LESTARI ASRI JAYA

**LAPORAN KEUANGAN/
FINANCIAL STATEMENTS**

**UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016/
FOR THE YEAR ENDED 31 DECEMBER 2016**

DAN/AND

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

*These Financial Statements are originally
issued in Indonesian language*

**PT LESTARI ASRI JAYA
LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016**

**PT LESTARI ASRI JAYA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

DAFTAR ISI

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Laporan Laba Rugi dan Penghasilan Komprehensif Lain	B	<i>Statement of Profit or Loss and Other Comprehensive Income</i>
Laporan Perubahan Ekuitas	C	<i>Statement of Changes in Equity</i>
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Catatan atas Laporan Keuangan	E	<i>Notes to Financial Statements</i>

**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016 DAN 2015
PT LESTARI ASRI JAYA**

Kami, yang bertanda tangan di bawah ini:

1. Nama : Andry Setiawan
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan Taman
Sari, Jakarta Barat

Nomor Telepon : (021) 5306711
Jabatan : Direktur Utama
2. Nama : Eric Pierre Robert Vaillier
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced APT
N 1805
Nomor Telepon : (021) 5306711
Jabatan : Direktur

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan;
2. Laporan keuangan telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan telah dimuat secara lengkap dan benar;
b. Laporan keuangan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Lestari Asri Jaya.

Demikian pernyataan ini dibuat dengan sebenarnya.

**DIRECTOR'S STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2016 AND 2015
PT LESTARI ASRI JAYA**

We, the undersigned:

1. Name : Andry Setiawan
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Domicile Address : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan
Taman Sari, Jakarta Barat

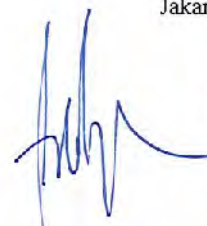
Phone Number : (021) 5306711
Position : President Director
2. Name : Eric Pierre Robert Vaillier
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Domicile Address : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced
APT N 1805
Phone Number : (021) 5306711
Position : Director

Stated that:

1. We are responsible for the preparation and presentation of the financial statements;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements is complete and correct;
b. The financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for PT Lestari Asri Jaya' internal control system.

This statement letter is made truthfully.

Jakarta, 12 April 2017/ 12 April 2017



Andry Setiawan

Direktur Utama/President Director

PT Lestari Asri Jaya

Wisma Barito Pacific Tower B 3rd Floor

Jl. Let. Jend. S. Parman Kav. 62-63

Jakarta 11410, Indonesia

T +62(021)534 7050 F +62(021)534 7048




Eric Pierre Robert Vaillier

Direktur/Director

This report is originally issued in Indonesian language

No. : 463/O.L021/FH.0/12.16
Hal : Laporan Keuangan
31 Desember 2016

No. : 463/O.L021/FH.0/12.16
Re : *Financial Statements*
31 December 2016

Laporan Auditor Independen

Independent Auditor's Report

Pemegang Saham, Dewan Komisaris dan
Direksi
PT Lestari Asri Jaya
J a k a r t a

*Shareholders, Board of Commissioners and
Directors
PT Lestari Asri Jaya
J a k a r t a*

Kami telah mengaudit laporan keuangan PT Lestari Asri Jaya terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2016, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying financial statements of PT Lestari Asri Jaya, which comprise the statement of financial position as of 31 December 2016, and the statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan

Management's responsibility for the financial statements

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Tanggung jawab auditor

Auditor's responsibility

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan 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 memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, 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 entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan 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 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 terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Lestari Asri Jaya tanggal 31 Desember 2016, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of PT Lestari Asri Jaya as of 31 December 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI BAMBANG & Rekan



Fahmi, SE, Ak, CPA, CA
NIAP AP.0124/
License No. AP.0124

12 April 2017 / 12 April 2017

FDSH/yn

Ekshibit A

Exhibit A

PT LESTARI ASRI JAYA
LAPORAN POSISI KEUANGAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

A S E T	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	A S S E T S
ASET LANCAR				CURRENT ASSETS
Kas dan bank	2c,d,p,4	2.496.664.118	61.666.144	Cash on hand and in banks
Piutang lain-lain - Pihak ketiga	2c	500.000	51.000.000	Other receivables - Third parties
Persediaan	2f,5	2.389.730.901	3.079.681.336	Inventories
Uang muka	6	689.678.050	164.839.800	Advances
Beban dibayar di muka	2h	660.186.897	427.500.316	Prepaid expenses
Total Aset Lancar		6.236.759.966	3.784.687.596	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Hutan tanaman industri dalam tahap pengembangan	2i,k,m,p,7,17	551.853.080.578	335.889.103.010	Industrial timber plantations under development stage
Aset tetap, setelah dikurangi akumulasi penyusutan sebesar Rp 12.309.262.303 pada tahun 2016 dan Rp 7.862.413.357 pada tahun 2015	2j,k,8	39.907.217.570	19.999.538.639	Property and equipment, net of accumulated depreciation of Rp 12,309,262,303 in 2016 and Rp 7,862,413,357 in 2015
Aset pajak tangguhan	2o,11c	-	15.865.416.781	Deferred tax assets
Aset tidak lancar lainnya		149.144.960	129.144.960	Other non-current assets
Total Aset Tidak Lancar		591.909.443.108	371.883.203.390	Total Non-Current Assets
TOTAL ASET		598.146.203.074	375.667.890.986	TOTAL ASSETS

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

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

Ekshibit A/2

Exhibit A/2

PT LESTARI ASRI JAYA
LAPORAN POSISI KEUANGAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES
Utang usaha - Pihak ketiga	2c,9	7.875.923.891	2.634.800.386	Trade payables - Third parties
Utang lain - lain	2c			Other payables
Pihak ketiga		1.294.661.162	563.801.050	Third parties
Pihak berelasi	2g,17	10.433.151.008	49.000.000	Related parties
Utang pajak	2o,11a	671.091.546	2.355.098.679	Taxes payable
Beban masih harus dibayar	2c,g,10,17	2.567.128.571	5.624.258.327	Accrued expenses
Total Liabilitas Jangka Pendek		22.841.956.178	11.226.958.442	Total Current Liabilities
LIABILITAS JANGKA PANJANG				NON-CURRENT LIABILITIES
Pinjaman bank jangka panjang	2c,12	239.279.061.111	164.195.144.121	Long-term bank loan
Utang pemegang saham	2c,g,17	303.781.376.276	134.275.720.000	Shareholder's loan
Liabilitas diestimasi imbalan kerja karyawan	2l,13	6.759.832.977	2.911.474.107	Estimated liabilities for employee benefits
Liabilitas pajak tangguhan	2o,11c	12.809.101.722	-	Deferred tax liabilities
Total Liabilitas Jangka Panjang		562.629.372.086	301.382.338.228	Total Non-Current Liabilities
Total Liabilitas		585.471.328.264	312.609.296.670	Total Liabilities
EKUITAS				EQUITY
Modal saham - nilai nominal				Share capital - par value
Rp 1.000.000 per saham				Rp 1,000,000 per share
Modal dasar - 300.000 saham				Authorized - 300,000 shares
Modal ditempatkan dan disetor penuh - 115.000 saham	14	115.000.000.000	115.000.000.000	Issued and fully paid-in share capital - 115,000 shares
Defisit		(102.325.125.190)	(51.941.405.684)	Deficits
Total Ekuitas		12.674.874.810	63.058.594.316	Total Equity
TOTAL LIABILITAS DAN EKUITAS		598.146.203.074	375.667.890.986	TOTAL LIABILITIES AND EQUITY

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

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

Ekshibit B

Exhibit B

PT LESTARI ASRI JAYA
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	<u>2 0 1 6</u>	<u>Catatan/ Notes</u>	<u>2 0 1 5</u>	
Beban umum dan administrasi	(19.475.811.758)	2n,15	(15.576.744.660)	General and administrative expenses
Pendapatan operasi lainnya	74.600.789	2n,16a	422.118.552	Other operating income
Beban operasi lainnya	(2.698.502.235)	2n,16b	(40.770.504.528)	Other operating expenses
RUGI USAHA	(22.099.713.204)		(55.925.130.636)	OPERATING LOSS
Pendapatan keuangan	47.690.000	2n	50.691.494	Finance income
RUGI SEBELUM MANFAAT PAJAK PENGHASILAN	(22.052.023.204)		(55.874.439.142)	LOSS BEFORE INCOME TAX BENEFIT
MANFAAT PAJAK PENGHASILAN				INCOME TAX BENEFIT
Tangguhan	(28.588.812.953)	2o,11c	13.546.560.718	Deferred
RUGI NETO TAHUN BERJALAN	(50.640.836.157)		(42.327.878.424)	NET LOSS FOR THE YEAR
PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laporan laba rugi				Items that will not be reclassified to profit or loss
Keuntungan (kerugian) aktuarial atas imbalan pasca kerja	342.822.201	2l,13	145.020.898	Actuarial gains (loss) of post-employment benefits
Pajak tangguhan terkait	(85.705.550)	2o,11c	(36.255.225)	Relating to deferred tax
JUMLAH PENGHASILAN KOMPREHENSIF LAIN	257.116.651		108.765.673	TOTAL OTHER COMPREHENSIVE INCOME
TOTAL RUGI KOMPREHENSIF PADA TAHUN BERJALAN	(50.383.719.506)		(42.219.112.751)	TOTAL COMPREHENSIVE LOSS FOR THE YEAR

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

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

*These Financial Statements are originally
issued in Indonesian language*

Ekshibit C

Exhibit C

**PT LESTARI ASRI JAYA
LAPORAN PERUBAHAN EKUITAS
UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT LESTARI ASRI JAYA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)**

	Modal ditempatkan dan disetor penuh/ <i>Issued and fully paid share capital</i>	Defisits/ <i>Deficits</i>	Total ekuitas/ <i>Total equity</i>	
Saldo per 1 Januari 2015	115.000.000.000 (	9.722.292.933)	105.277.707.067	<i>Balance as of 1 January 2015</i>
Total rugi komprehensif pada tahun berjalan	- (	42.219.112.751)	(42.219.112.751)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2015	115.000.000.000 (	51.941.405.684)	63.058.594.316	<i>Balance as of 31 December 2015</i>
Total rugi komprehensif pada tahun berjalan	- (	50.383.719.506)	(50.383.719.506)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2016	<u>115.000.000.000</u> (	<u>102.325.125.190</u>)	<u>12.674.874.810</u>	<i>Balance as of 31 December 2016</i>
	Catatan 14/ Note 14			

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

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

Ekshibit D

Exhibit D

PT LESTARI ASRI JAYA
LAPORAN ARUS KAS
UNTUK TAHUN YANG BERAKHIR
PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	2016	2015	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Rugi sebelum manfaat pajak penghasilan	(22.052.023.204)	(55.874.439.142)	Loss before income tax benefit
Penyesuaian untuk merekonsiliasi rugi sebelum manfaat pajak penghasilan menjadi kas bersih yang diperoleh dari (digunakan untuk) aktivitas operasi:			Adjustments to reconcile loss before income tax benefit to net cash provided by (used in) operating activities:
Rugi atas kebakaran aset tanaman	-	33.576.699.417	Plantation asset loss from fire
Penyusutan	4.813.456.882	3.435.736.732	Depreciation
Rugi atas penghapusan bibit	1.276.444.361	-	Loss on disposal nurseries
Rugi atas penghapusan aset tetap	727.383.487	1.507.847.080	Loss on disposal of property and equipment
Laba atas penjualan aset tetap	(34.750.000)	-	Gain on sale of property and equipment
Beban penyisihan imbalan kerja karyawan	4.191.181.071	1.360.928.325	Provision for employee benefits
Perubahan aset dan liabilitas operasi:			Changes in operating assets and liabilities:
Piutang lain-lain	50.500.000	519.239.700	Other receivables
Persediaan	689.950.435	(1.843.535.188)	Inventories
Uang muka	(524.838.250)	258.454.714	Advances
Beban dibayar di muka	(232.686.582)	(156.380.156)	Prepaid expenses
Aset tidak lancar lainnya	(20.000.000)	(129.144.960)	Other non-current assets
Utang usaha	5.241.123.504	(2.433.596.006)	Trade payables
Utang lain-lain	11.115.011.120	(11.145.142.517)	Other payables
Utang pajak	(1.684.007.133)	2.233.275.492	Taxes payable
Beban masih harus dibayar	(3.057.129.753)	(603.903.490)	Accrued expenses
Arus kas digunakan untuk aktivitas operasi	499.615.938	(29.293.959.999)	Cash flows used in operating activities
Pembayaran beban keuangan	(42.865.319.930)	(24.974.819.638)	Payments of finance cost
Arus kas netto digunakan untuk aktivitas operasi	(42.365.703.992)	(54.268.779.637)	Net cash flows used in operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Hutan tanaman industri dalam tahap pengembangan	(174.375.102.000)	(121.547.162.402)	Industrial timber plantations under development stage
Perolehan aset tetap	(25.529.769.300)	(5.248.126.387)	Acquisitions of property and equipment
Hasil penjualan aset tetap	116.000.000	-	Proceeds from sale property and equipment
Arus kas netto digunakan untuk aktivitas investasi	(199.788.871.300)	(126.795.288.789)	Net cash flows used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penambahan utang pemegang saham	169.505.656.276	134.275.720.000	Additional shareholder loan
Penambahan pinjaman bank jangka panjang	75.083.916.990	45.840.464.003	Additional from long-term bank loan
Arus kas netto diperoleh dari aktivitas pendanaan	244.589.573.266	180.116.184.003	Net cash flows provided by financing activities
KENAIKAN (PENURUNAN) NETO DALAM KAS DAN BANK	2.434.997.974	(947.884.423)	NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS
KAS DAN BANK PADA AWAL TAHUN	61.666.144	1.009.550.567	CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR
KAS DAN BANK PADA AKHIR TAHUN	2.496.664.118	61.666.144	CASH ON HAND AND IN BANKS AT END OF YEAR

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

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

Ekshibit E

Exhibit E

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. U M U M

a. Pendirian Perusahaan

PT Lestari Asri Jaya ("Perusahaan") didirikan berdasarkan akta Notaris No. 40 tanggal 26 Juli 2007 dari Notaris Benny Kristianto, S.H., akta pendirian ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-45089.AH.01.01.TH.2008 tanggal 28 Juli 2008 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 55 tanggal 10 Juli 2009, Tambahan No. 17918. Anggaran dasar Perusahaan telah beberapa kali mengalami perubahan, yang terakhir berdasarkan akta Notaris Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 2 tanggal 5 Januari 2015, mengenai penerbitan saham baru perusahaan dan peningkatan modal disetor akibat konversi utang dari pemegang saham. Perubahan tersebut telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-000708.AH.01.02.Tahun 2015 tanggal 19 Januari 2015 dan berdasarkan akta Notaris No. 220 tanggal 30 April 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., mengenai perubahan status Perusahaan dari Non-Penanaman Modal Dalam Negeri/ Penanaman Modal Asing menjadi Perusahaan Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 874/1/IP/PMA/2015 pada tanggal 28 April 2015. Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-0935943.AH.01.02.Tahun 2015 tanggal 27 Mei 2015.

Sesuai dengan Pasal 3 anggaran dasar Perusahaan, ruang lingkup kegiatan Perusahaan adalah dalam bidang pengusahaan hutan lainnya dan pemungutan getah karet serta industri pengasapan karet dan remilling karet. Hutan Tanaman Industri Perusahaan berlokasi di Desa Pelayung dan Desa Aurcino, Kabupaten Tebo, Provinsi Jambi. Berdasarkan Surat Keputusan Menteri Kehutanan No. SK. 141/Kpts-II/2010 tanggal 31 Maret 2010, Perusahaan telah memperoleh ijin usaha pemanfaatan hasil hutan kayu pada hutan tanaman industri seluas kurang lebih 61.495 Hektar.

1. G E N E R A L

a. Establishment of the Company

PT Lestari Asri Jaya (the "Company") was established based on Notarial deed No. 40 dated 26 July 2007 of Notary Benny Kristianto, S.H., the deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-45089.AH.01.01.TH.2008 dated 28 July 2008 and published in the State Gazette of the Republic of Indonesia No. 55 dated 10 July 2009, Supplement No. 17918. The Company's articles of association have been amended several times, the latest changes were based on Notarial deed by Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 2 dated 5 January 2015, regarding issued new shares and increased in authorized capital caused by conversion of payables from shareholders. These changes have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-000708.AH.01.02.Tahun 2015 dated 19 January 2015 and based on Notarial deed No. 220 dated 30 April 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., the shareholders approved the changes of the Company's status from Non-Domestic Investment/Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 874/1/IP/PMA/2015 dated 28 April 2015. The Notarial deed was approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935943.AH.01.02. Tahun 2015 dated 27 May 2015.

In accordance with the Article 3 of the Company's articles of association, the Company's scopes of operations are activities in other plantations and rubber sap collection also in smoking rubber and remilling. The Company's Industrial Timber Plantation is located in Desa Pelayung and Desa Aurcino, Kabupaten Tebo, Province of Jambi. Based on the Decree of Minister of Forestry No. SK. 141/Kpts-II/2010 dated 31 March 2010, the Company has obtained usage rights for timber in their industrial timber plantation area of approximately 61,495 Hectares.

Ekshibit E/2

Exhibit E/2

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. U M U M (Lanjutan)

b. Dewan Komisaris, Direksi dan Karyawan

Pada tanggal 31 Desember 2016, susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan akta Notaris Nanny Wiana Setiawan S.H., No. 58 tanggal 28 Juni 2016. Susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

	2016
<u>Dewan Komisaris</u>	
Komisaris Utama :	Yazirwan Uyun
Komisaris :	Harlina Tjandinegara
Komisaris :	Eric Pierre Robert Vaillier
<u>Dewan Direksi</u>	
Direktur Utama :	Armando Robert Wirajendi
Direktur :	Evaliny
Direktur :	Andre
Direktur :	Meizani Irmadhiany

Pada tanggal 31 Desember 2016 dan 2015, Perusahaan mempunyai karyawan tetap masing-masing sebanyak 187 orang dan 31 orang (tidak diaudit).

1. G E N E R A L (Continued)

b. Board of Commissioners, Directors and Employee

As of 31 December 2016, the members of the Company's Board of Commissioners and Directors based on Notarial deed Nanny Wiana Setiawan SH., No. 58 dated 28 June 2016. The members of the Company's Board of Commissioners and Directors as of 31 December 2016 and 2015 are as follows:

	2015	<u>Board of Commissioners</u>
Yazirwan Uyun :		President Commissioner
Harlina Tjandinegara :		Commissioner
- :		Commissioner
<u>Board of Directors</u>		
Armando Robert Wirajendi :		President Director
Evaliny :		Director
- :		Director
- :		Director

As of 31 December 2016 and 2015, the Company had 187 and 31 permanent employees, respectively (unaudited).

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN

a. Pernyataan Kepatuhan

Laporan keuangan telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

b. Dasar Penyajian Laporan Keuangan

Laporan keuangan disusun berdasarkan basis akrual, dengan menggunakan konsep biaya perolehan, kecuali untuk persediaan yang dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi bersih dan akun-akun tertentu yang disusun berdasarkan pengukuran lain yang dijelaskan dalam kebijakan akuntansi masing-masing akun yang bersangkutan.

Laporan arus kas, yang disusun dengan menggunakan metode tidak langsung, menyajikan penerimaan dan pengeluaran kas dan bank yang diklasifikasikan ke dalam aktivitas operasi, investasi dan pendanaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which are comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

b. Basis of Preparation of the Financial Statements

The financial statements have been prepared on an accrual basis, using the historical cost concept, except for inventories which are stated at the lower of cost or net realizable value and certain accounts which are prepared under other measurement basis as described in the accounting policies of the respective accounts.

The Statements of cash flows, which have been prepared using the indirect method, present receipts and disbursements of cash on hand and in banks classified into operating, investing and financing activities.

Ekshibit E/3

Exhibit E/3

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Dasar Penyajian Laporan Keuangan (Lanjutan)

b. Basis of Preparation of Financial Statements
(Continued)

Mata uang pelaporan yang digunakan pada laporan keuangan adalah Rupiah, yang merupakan mata uang fungsional Perusahaan.

The reporting currency used in the financial statements is Indonesian Rupiah which is the Company's functional currency.

Perubahan Kebijakan Akuntansi

Changes in Accounting Policies

Kebijakan akuntansi yang diadopsi adalah konsisten dengan kebijakan akuntansi keuangan tahun sebelumnya, kecuali bagi pengadopsian PSAK dan ISAK yang berlaku efektif pada atau setelah tanggal 1 Januari 2016. Perubahan kebijakan akuntansi Perusahaan, dibuat sebagaimana disyaratkan sesuai dengan ketentuan transisi dalam masing-masing standar dan interpretasi.

Accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the PSAK and ISAK that effective on or after 1 January 2016. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretation.

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016:

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016:

- PSAK 5 (Penyesuaian 2015), "Segmen Operasi",
- PSAK 7 (Penyesuaian 2015), "Pengungkapan Pihak-pihak Berelasi",
- PSAK 13 (Penyesuaian 2015), "Properti Investasi",
- PSAK 16 (Penyesuaian 2015), "Aset Tetap",
- PSAK 19 (Penyesuaian 2015), "Aset Takberwujud",
- PSAK 22 (Penyesuaian 2015), "Kombinasi Bisnis",
- PSAK 25 (Penyesuaian 2015), "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan",
- PSAK 53 (Penyesuaian 2015), "Pembayaran Berbasis Saham", dan
- PSAK 68 (Penyesuaian 2015), "Pengukuran Nilai Wajar",
- PSAK 4, "Laporan Keuangan Tersendiri" tentang Metode Ekuitas dalam Laporan Keuangan Tersendiri,
- PSAK 15, "Investasi Pada Entitas Asosiasi dan Ventura Bersama" tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 24, "Imbalan Kerja" tentang Program Imbalan Pasti: Iuran Pekerja,

- PSAK 5 (Annual Improvement 2015), "Operating Segments",
- PSAK 7 (Annual Improvement 2015), "Related Party Disclosures",
- PSAK 13 (Annual Improvement 2015), "Investment Property",
- PSAK 16 (Annual Improvement 2015), "Property, Plant and Equipment",
- PSAK 19 (Annual Improvement 2015), "Intangible Assets",
- PSAK 22 (Annual Improvement 2015), "Business Combination",
- PSAK 25 (Annual Improvement 2015), Accounting Policies, Changes in Accounting Estimates and Errors",
- PSAK 53 (Annual Improvement 2015), "Share-based Payments", and
- PSAK 68 (Annual Improvement 2015), "Fair Value Measurement",
- PSAK 4, "Separate Financial Statements" regarding Equity Method in Separate Financial Statements,
- PSAK 15, "Investment in Associates and Joint Venture" regarding Investment Entities: Applying the Consolidation Exception,
- PSAK 24, "Employee Benefits" regarding Defined Benefit Plans: Employee Contributions,

Ekshibit E/4

Exhibit E/4

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Dasar Penyajian Laporan Keuangan (Lanjutan)

b. Basis of Preparation of Financial Statements
(Continued)

Perubahan Kebijakan Akuntansi (Lanjutan)

Changes in Accounting Policies (Continued)

Berikut adalah PSAK dan ISAK yang berlaku efektif
tanggal 1 Januari 2016: (Lanjutan)

The following PSAK and ISAK, that became
effective for the financial year beginning
1 January 2016 : (Continued)

- PSAK 65, “Laporan Keuangan Konsolidasian”
tentang Entitas Investasi: Penerapan
Pengecualian Konsolidasi,
- PSAK 67, “Pengungkapan Kepentingan Dalam
Entitas Lain” tentang Entitas Investasi:
Penerapan Pengecualian Konsolidasi, dan
- ISAK 30, “Pungutan”,
- PSAK 16, “Aset Tetap” tentang Klarifikasi
Metode yang Diterima untuk Penyusutan dan
Amortisasi,
- PSAK 19, “Aset Tak berwujud” tentang
Klarifikasi Metode yang Diterima untuk
Penyusutan dan Amortisasi, dan
- PSAK 66, “Pengaturan Bersama” tentang
Akuntansi Akuisisi Kepentingan dalam Operasi
Bersama,

- PSAK 65, “Consolidated Financial Statements”
regarding Investment Entities: Applying the
Consolidation Exception,
- PSAK 67, “Disclosures of Interest in Other
Entities” regarding Investment Entities:
Applying the Consolidation Exception, and
- ISAK 30, “Levies”,
- PSAK 16, “Property, Plant and Equipment”
regarding Clarification of Acceptable Methods
of Depreciation and Amortization,
- PSAK 19, “Intangible Asset” regarding
Clarification of Acceptable Methods of
Depreciation and Amortization, and
- PSAK 66, “Joint Arrangements” regarding
Accounting for Acquisitions of Interests in
Joint Operation,

Penerapan dari standar-standar di atas, tidak
menyebabkan perubahan kebijakan akuntansi
Perusahaan dan tidak memiliki dampak terhadap
jumlah yang dilaporkan di tahun berjalan atau
tahun sebelumnya.

The implementation of the standards above did
not cause a change in the Company’s accounting
policies and had no impact on the amounts
reported for current or prior financial years.

Amandemen standar dan interpretasi berikut
efektif untuk periode yang dimulai pada
atau setelah 1 Januari 2017, dengan penerapan
dini diperkenankan yaitu amandemen PSAK 1,
“Penyajian Laporan Keuangan” tentang Prakarsa
Pengungkapan dan ISAK 31, “Interpretasi atas
Ruang Lingkup PSAK 13, “Properti Investasi”.

Amendments to standard and interpretation
effective for periods beginning on or after
1 January 2017, with early application permitted
are amendments to PSAK 1, “Presentation of
Financial Statements” about Disclosure Initiative
and ISAK 31, “Scope Interpretation of PSAK 13,
”Investment Property”.

Standar dan amandemen standar berikut efektif
untuk periode yang dimulai pada atau setelah
tanggal 1 Januari 2018, dengan penerapan dini
diperkenankan yaitu PSAK 69, “Agrikultur” dan
amandemen PSAK 16, “Aset Tetap” tentang
Agrikultur: Tanaman Produktif.

Standard and amendment to standard effective
for periods beginning on or after 1 January 2018,
with early application permitted are PSAK 69,
“Agriculture” and amendments to PSAK 16,
“Property, Plant and Equipment” about
Agriculture: Bearer Plants.

Sampai dengan tanggal penerbitan laporan
keuangan, manajemen sedang mengevaluasi
dampak dari standar dan interpretasi tersebut
terhadap laporan keuangan.

As of issuance date for the financial statements,
management is evaluating the standards and
interpretations on the financial statements.

Ekshibit E/5

Exhibit E/5

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

c. Aset dan Liabilitas Keuangan

Perusahaan mengakui aset keuangan atau liabilitas keuangan dalam laporan posisi keuangan, jika dan hanya jika, Perusahaan menjadi salah satu pihak dalam ketentuan kontrak instrumen keuangan tersebut.

1. Klasifikasi

a. Aset Keuangan

Perusahaan menentukan klasifikasi aset keuangannya pada saat pengakuan awal, sepanjang diperbolehkan, mengevaluasi penentuan klasifikasi aset keuangan setiap akhir tahun. Aset keuangan diklasifikasikan sebagai aset keuangan diukur melalui laba rugi, pinjaman yang diberikan dan piutang, dimiliki hingga jatuh tempo dan tersedia untuk dijual.

Aset keuangan Perusahaan terdiri dari kas dan bank dan piutang lain-lain.

i. Aset Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi

Aset keuangan diukur pada nilai wajar melalui laba rugi terdiri dari aset yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan aset keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

ii. Pinjaman yang Diberikan dan Piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

iii. Investasi Dimiliki Hingga Jatuh Tempo

Dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan di mana Perusahaan mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo dan tidak ditetapkan pada nilai wajar melalui laba rugi atau tersedia untuk dijual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Financial Asset and Liabilities

The Company recognized financial assets or financial liabilities in the statement of financial position, when and only when, the Company become party to contractual provisions of the financial instruments.

1. Classification

a. Financial Assets

The Company determines the classification of its financial assets at initial recognition, and where allowed, re-evaluates the classification of such financial assets at each year-end. Financial assets classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Company's financial assets consist of cash on hand and in banks and other receivables.

i. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Company does not intend to sell immediately or in the near future.

iii. Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intention and ability to held-to-maturity and are not designated as at fair value through profit or loss or available-for-sale.

Ekshibit E/6

Exhibit E/6

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

i. Klasifikasi (Lanjutan)

i. Classification (Continued)

a. Aset Keuangan (Lanjutan)

a. Financial Assets (Continued)

iv. Tersedia untuk Dijual Aset Keuangan

iv. Available-For-Sale Financial Assets

Tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan ke dalam salah satu kategori aset keuangan lainnya.

Available-for-sale are non-derivative financial assets that are designated as for-sale or not classified into one of the other financial asset categories.

b. Liabilitas Keuangan

b. Financial Liabilities

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi. Perusahaan menentukan klasifikasi liabilitas keuangan pada pengakuan awal.

Financial liabilities are classified as financial liabilities at fair value through profit or loss. The Company determines the classification of financial liabilities at initial recognition.

Liabilitas keuangan Perusahaan terdiri dari utang usaha, utang lain-lain, beban masih harus dibayar, pinjaman bank jangka panjang dan utang pemegang saham.

The Company's financial liabilities consist of trade payables, other payables, accrued expenses, long-term bank loan and shareholder's loan.

i. Liabilitas Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi

i. Financial Liabilities Measured at Fair Value Through Profit or Loss

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi terdiri dari liabilitas keuangan yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan liabilitas keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

Financial liabilities measured at fair value through profit or loss includes the financial liabilities held-for-trading and liabilities designated upon initial recognition at fair value through profit or loss.

Liabilitas keuangan diklasifikasikan sebagai dimiliki untuk diperdagangkan jika diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Liabilitas derivatif juga diklasifikasikan sebagai dimiliki untuk diperdagangkan kecuali ditetapkan sebagai instrumen lindung nilai yang efektif.

Financial liabilities are classified as held-for-trading if acquired for the purpose of sale or repurchase in the near future. Derivative liabilities are also classified as held-for-trading unless designated as effective hedging instruments.

Ekshibit E/7

Exhibit E/7

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

i. Klasifikasi (Lanjutan)

i. Classification (Continued)

b. Liabilitas Keuangan (Lanjutan)

b. Financial Liabilities (Continued)

i. Liabilitas Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi (Lanjutan)

i. Financial Liabilities Measured at Fair Value Through Profit or Loss (Continued)

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi dicatat di laporan posisi keuangan pada nilai wajar dengan keuntungan atau kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Financial liabilities measured at fair value through profit or loss are recorded in the statement of financial position at fair value with gains or losses recognized in statement of profit or loss and other comprehensive income.

ii. Liabilitas Keuangan Lainnya

ii. Other Financial Liabilities

Pinjaman adalah liabilitas keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

Loans are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell immediately or in the near future.

ii. Pengukuran

ii. Measurement

Pada saat pengakuan awal, aset atau liabilitas keuangan diukur pada nilai wajar, kecuali aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, ditambah atau dikurangi dengan biaya transaksi yang dapat diatribusikan secara langsung atas perolehan aset keuangan atau penerbitan liabilitas keuangan.

At initial recognition, financial assets or liabilities are measured at fair value, except for financial assets and liabilities measured at fair value through profit or loss, plus or minus the transaction costs that are directly attributable to the acquisition of financial assets or issuance of financial liabilities.

Pengukuran aset dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasi aset dan liabilitas keuangan tersebut.

The subsequent measurement of financial assets and liabilities depends on the classification of financial assets and liabilities.

Ekshibit E/8

Exhibit E/8

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**2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

ii. Pengukuran (Lanjutan)

ii. Measurement (Continued)

Aset keuangan diukur pada nilai wajar melalui laba rugi diukur pada nilai wajarnya, tanpa dikurangi biaya transaksi yang mungkin timbul pada penjualan atau pelepasan lain.

Asset at fair value through profit or loss are measured at fair value without any deduction for transaction costs it may incurred on sale or other disposal.

Pinjaman yang diberikan dan piutang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Loan and receivables are measured at amortized cost using the effective interest method.

Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi setelah pengakuan awal diukur pada nilai wajarnya.

Financial liabilities at fair value through profit or loss after initial recognition are measured at fair value.

Liabilitas keuangan lainnya, setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan suku bunga efektif.

Other financial liabilities, after initial recognition are measured at amortized cost using the effective interest method.

iii. Pengukuran Nilai Wajar

iii. Fair Value Measurement

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Fair value is the price that would be received for selling the asset or paid to transfer the liability an orderly transaction between market participants.

Jika tersedia, Perusahaan mengukur nilai wajar instrumen keuangan dengan menggunakan harga kuotasi di pasar aktif untuk instrumen tersebut. Suatu pasar dianggap aktif jika harga kuotasi sewaktu waktu dan secara berkala tersedia dan mencerminkan transaksi pasar yang aktual dan teratur dalam suatu transaksi yang wajar.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and reflect actual and regularly occurring market transactions on an arm's length basis.

Jika pasar suatu instrumen keuangan tidak aktif, Perusahaan menentukan nilai wajar dengan menggunakan teknik penilaian mencakup penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang memahami, berkeinginan, dan jika tersedia, referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, penggunaan analisa arus kas yang didiskonto dan penggunaan model penetapan harga opsi.

If the market of the financial instrument is inactive, the Company determines fair value by using valuation techniques which include using recent market transactions conducted properly by knowledgeable, willing parties and, if available, reference to the current fair value of another instrument which is substantially the same, discounted cash flows analysis and option pricing model.

Ekshibit E/9

Exhibit E/9

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

iv. Hirarki Nilai Wajar

iv. Fair Value Hierarchy

PSAK 60 mensyaratkan pengungkapan tertentu yang mensyaratkan klasifikasi aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar dengan menggunakan hirarki nilai wajar yang mencerminkan signifikansi input yang digunakan di dalam melakukan pengukuran nilai wajar. Hirarki nilai wajar memiliki tingkatan sebagai berikut:

PSAK 60 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. Fair value hierarchy has the following levels:

Tingkat 1: Kuotasi pasar (belum disesuaikan) di dalam pasar aktif bagi aset maupun liabilitas yang dapat diidentifikasi;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Tingkat 2: Input selain kuotasi pasar yang termasuk di dalam Tingkat 1 yang dapat diobservasi bagi aset atau liabilitas, baik langsung (misalnya, harga) maupun tidak langsung (misalnya, derivatif harga);

Level 2: Inputs other than market quotations included within Level 1 that are observable for the asset or liability, either directly (for example, prices) or indirectly (for example, derivatives prices);

Tingkat 3: Input bagi aset dan liabilitas yang bukan berdasarkan data pasar yang dapat diobservasi (input yang tidak dapat diobservasi).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Untuk aset dan liabilitas yang diakui dalam laporan keuangan secara berulang, Perusahaan menentukan apakah transfer telah terjadi antara Tingkat dalam hirarki dengan menilai kembali kategorisasi (berdasarkan masukan tingkat terendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan) pada akhir setiap periode pelaporan.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

v. Pengukuran Biaya Perolehan Diamortisasi

v. Amortized Cost Measurement

Biaya perolehan diamortisasi dari aset dan liabilitas keuangan adalah jumlah aset atau liabilitas keuangan yang diukur pada saat pengakuan awal, dikurangi pembayaran pokok, ditambah atau dikurangi dengan amortisasi kumulatif dengan menggunakan metode suku bunga efektif, yang dihitung dari selisih antara nilai awal dan nilai jatuh temponya dan dikurangi penyisihan kerugian penurunan nilai.

The amortized cost of a financial assets or liability is the amount at which the financial assets or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest rate method, calculated from the difference between the initial amount and the maturity amount, minus any reduction for impairment.

Ekshibit E/10

Exhibit E/10

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c. Aset dan Liabilitas Keuangan (Lanjutan)

vi. Penurunan Nilai dari Aset Keuangan

Pada setiap tanggal laporan posisi keuangan, Perusahaan mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi hanya jika terdapat bukti yang obyektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara handal.

Perusahaan pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang signifikan secara individual, dan secara individual atau kolektif untuk aset keuangan yang tidak signifikan secara individual.

Jika Perusahaan menentukan tidak terdapat bukti obyektif mengenai penurunan nilai aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Perusahaan memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual, dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Financial Assets and Liabilities (Continued)

vi. Impairment of Financial Assets

At each statement of financial position date, the Company assesses whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or Company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring subsequent to initial recognition of the asset (loss events), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company considers whether there are any objective evidence of impairment individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment of financial assets exists individually for an individually-assessed financial assets, regardless of whether the financial asset is significant or not, those financial assets will be assessed collectively in a group of financial assets that have similar credit risk characteristics. Assets that are individually assessed, and for impairment or continues to be recognized, are not included in a collective assessment of impairment.

Ekshibit E/11

Exhibit E/11

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vi. Penurunan Nilai dari Aset Keuangan
(Lanjutan)

vi. Impairment of Financial Assets (Continued)

Jumlah kerugian penurunan nilai atas aset keuangan yang penurunan nilainya dievaluasi secara individual diukur berdasarkan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan tersebut. Nilai tercatat aset tersebut dikurangi melalui akun cadangan kerugian penurunan nilai dan beban kerugian diakui pada laporan laba rugi dan penghasilan komprehensif lain.

The impairment loss of a financial assets which is assessed individually is measured as the difference between the carrying value of the financial assets and the present value of estimated future cash flows discounted using the effective interest rate at the beginning of the financial assets. The carrying amount of the asset is presented by deducting the allowance for impairment losses and the impairment loss is recognized in the statement of profit or loss and other comprehensive income.

Arus kas masa datang dari kelompok aset keuangan yang penurunan nilainya dievaluasi secara kolektif, diestimasi berdasarkan arus kas kontraktual atas aset-aset di dalam kelompok tersebut dan kerugian historis yang pernah dialami atas aset-aset yang memiliki karakteristik risiko kredit yang serupa dengan karakteristik risiko kredit kelompok tersebut. Kerugian historis yang pernah dialami kemudian disesuaikan berdasarkan data terkini yang dapat diobservasi untuk mencerminkan kondisi saat ini yang tidak berpengaruh pada periode terjadinya kerugian historis tersebut dan untuk menghilangkan pengaruh kondisi yang ada pada periode historis namun sudah tidak ada lagi pada saat ini.

Future cash flow in a group financial assets category that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

vii. Penghentian Pengakuan

vii. Derecognition

Perusahaan menghentikan pengakuan aset keuangan pada saat hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut kadaluarsa atau Perusahaan mentransfer seluruh hak untuk menerima arus kas kontraktual dari aset keuangan dalam transaksi di mana Perusahaan secara substansial telah mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan yang ditransfer. Setiap hak atau liabilitas atas aset keuangan yang ditransfer yang timbul atau yang masih dimiliki oleh Perusahaan diakui sebagai aset atau liabilitas secara terpisah.

The Company derecognizes financial assets when the contractual rights of the cash flows arising from the financial assets expire or the Company transfers all rights to receive contractual cash flows of financial assets in a transaction where the Company has transferred substantially all the risks and rewards of ownership of the financial assets transferred. Any rights or obligations on the transferred financial assets that arise or are still owned by the Company are recognized as assets or liabilities separately.

Ekshibit E/12

Exhibit E/12

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vii. Penghentian Pengakuan (Lanjutan)

vii. Derecognition (Continued)

Perusahaan menghentikan pengakuan liabilitas keuangan pada saat liabilitas yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluarsa.

The Company derecognizes financial liabilities when the obligation specified in the contract is released, canceled or expires.

Dalam transaksi di mana Perusahaan secara substansial tidak memiliki atau tidak mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan, Perusahaan menghentikan pengakuan aset tersebut jika Perusahaan tidak lagi memiliki pengendalian atas aset tersebut. Hak dan liabilitas yang timbul atau yang masih dimiliki dalam transfer tersebut diakui secara terpisah sebagai aset atau liabilitas.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of financial assets, the Company derecognizes the assets if they do not retain control over the assets. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate.

Dalam transfer di mana pengendalian atas aset masih dimiliki, Perusahaan tetap mengakui aset yang ditransfer tersebut sebesar keterlibatan yang berkelanjutan, di mana tingkat keberlanjutan Perusahaan dalam aset yang ditransfer adalah sebesar perubahan nilai aset yang ditransfer.

In transfers in which control over the asset is retained, the Company continues to recognize the assets to the extent of their continuing involvement, determined by the extent to which they are exposed to changes in the value of the transferred assets.

viii. Saling Hapus

viii. Offsetting

Aset dan liabilitas keuangan saling hapus dan nilai neto dilaporkan dalam laporan posisi keuangan jika, dan hanya jika, Perusahaan memiliki hak hukum saat ini yang dilaksanakan untuk mengimbangi jumlah yang diakui dan ada niat untuk menyelesaikan secara bersih atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

Financial assets and liabilities whenever offsets and net amount is presented in the statement of financial position if, and only if, the Company has a legal right to offset the amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

d. Kas dan Bank

d. Cash on Hand and in Banks

Kas dan bank adalah saldo kas dan bank yang tidak dapat dijadikan sebagai jaminan atas utang dan tidak dibatasi dalam penggunaannya.

Cash on hand and in bank is consist of cash on hand and in banks, not use as collateral and not restricted in use.

Ekshibit E/13

Exhibit E/13

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

e. Piutang

Piutang lain-lain merupakan aset keuangan non-derivatif dengan jangka waktu pembayaran yang tetap atau telah ditentukan serta tidak diperdagangkan dalam pasar aktif.

Piutang lain-lain pada saat pengakuan awal diakui pada nilai wajarnya dan selanjutnya diukur pada biaya perolehan diamortisasi. Dalam hal terjadi penurunan nilai, kerugian penurunan nilai dilaporkan sebagai pengurang dari nilai tercatat aset keuangan dan diakui dalam laporan laba rugi dan penghasilan komprehensif lain sebagai "Cadangan kerugian penurunan nilai".

f. Persediaan

Persediaan dinyatakan sebesar nilai yang terendah antara biaya perolehan dan nilai realisasi bersih. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang.

Penyisihan untuk persediaan usang, jika diperlukan, ditentukan berdasarkan hasil penelaahan terhadap keadaan fisik persediaan pada akhir tahun.

g. Transaksi dengan Pihak-Pihak Berelasi

Suatu pihak dianggap berelasi dengan Perusahaan jika:

(a) 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 entitas pelapor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

e. Receivables

Other receivables are non-derivative financial assets with fixed or determinable repayment terms and are not traded in active markets.

Other receivables are recognized at fair value upon initial recognition and subsequently measured at amortized cost. In the event of impairment, impairment loss is reported as a reduction of the carrying value of financial assets and recognized in the statement of profit or loss and other comprehensive income as "Allowance for impairment losses".

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average method.

Allowance for inventory obsolescence, if necessary, determined based on a review of the physical state of inventories at the end of the year.

g. Transactions with Related Parties

Parties considered to be related to the Company if:

(a) 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.

Ekshibit E/14

Exhibit E/14

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

g. Transaksi dengan Pihak-Pihak Berelasi
(Lanjutan)

(b) Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

- i. Entitas dan entitas pelapor adalah anggota dari Perusahaan yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain);
- ii. Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu Perusahaan, yang mana entitas lain tersebut adalah anggotanya;
- iii. kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
- iv. Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
- v. 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;
- vi. entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf a.
- vii. orang yang diidentifikasi dalam huruf (a) (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

Anggota keluarga dekat merupakan individu anggota keluarga yang diharapkan mempengaruhi, atau dipengaruhi oleh orang, dalam hubungan mereka dengan entitas.

Seluruh transaksi dan saldo dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

g. Transactions with Related Parties (Continued)

(b) An entity is related to the reporting entity if it meets one of the following:

- i. The entity and the reporting entity are members of the same business Company (i.e. a parent, subsidiaries, and entities associated with the next subsidiaries of another entity);
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business Company, which the other entity is a member;
- iii. both entities are joint ventures of the same third party;
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v. 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;
- vi. entities controlled or jointly controlled by a person identified in paragraph a.
- vii. person identified in subparagraph (a) (i) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

All significant transactions and balances with related parties are disclosed in the notes to financial statements.

Ekshibit E/15

Exhibit E/15

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

h. Beban Dibayar di Muka

Beban dibayar di muka dibebankan sesuai masa manfaat masing-masing beban yang bersangkutan dan diamortisasi dengan menggunakan metode garis lurus.

i. Hutan Tanaman Industri

Biaya-biaya sehubungan dengan kegiatan pengembangan Hutan Tanaman Industri (HTI), seperti penanaman, pemeliharaan, beban bunga pinjaman, pembinaan dan pengamanan HTI dalam daur pertama, kecuali beban umum dan administrasi yang tidak berkaitan langsung dengan kegiatan tersebut dikapitalisasi dan disajikan dalam laporan posisi keuangan sebagai "Hutan Tanaman Industri dalam tahap pengembangan". Pada saat areal HTI menghasilkan/siap ditebang, akumulasi biaya tersebut dipindahkan ke akun "Hutan Tanaman Industri" dan diamortisasi berdasarkan sisa masa manfaat hak perusahaan HTI dengan menggunakan metode garis lurus selama 20 tahun.

HTI tanaman karet tersebut dinyatakan telah menghasilkan bila telah berumur enam tahun. Jangka waktu tanaman dapat menghasilkan ditentukan oleh pertumbuhan vegetatif dan berdasarkan taksiran manajemen.

j. Aset Tetap

Perusahaan telah memilih untuk menggunakan model biaya sebagai kebijakan akuntansi pengukuran aset tetapnya. Aset tetap dinyatakan berdasarkan biaya perolehan dikurangi akumulasi penyusutan.

Penyusutan terhadap aset tetap dihitung dengan menggunakan metode garis lurus, berdasarkan taksiran masa manfaat ekonomis aset tetap, sebagai berikut:

Tahun/Years

Bangunan	10
Sarana dan prasarana	5 - 10
Mesin dan alat berat	4 - 8
Kendaraan	4 - 8
Peralatan kantor	4 - 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

h. Prepaid Expenses

Prepaid expenses are amortized over the useful life of each of the relevant costs and amortized using the straight-line method.

i. Industrial Timber Plantations

Cost and expenses incurred in connection with the development of Industrial Timber Plantations (ITP), such as plantation, cultivation, interest expense on loan, forest maintenance and security in the ITP's initial cycle plantations, except for non-related general and administrative expenses are capitalized and presented in statement of financial position as "Industrial Timber Plantations under development stage". When the ITP becomes commercially productive, the accumulated costs and expenses are reclassified to "Industrial Timber Plantations" and amortized based on the remaining term of the concession right of the ITP using the straight-line method over 20 years.

ITP rubber plantations are considered mature at the age six years. The period the plantations can produce is determined by the vegetative growth and through management's estimation.

j. Property and Equipment

The Company has chosen the cost model as the accounting policy for the measurement of its property and equipment. Property and equipment are stated at cost less accumulated depreciation.

Depreciation of property and equipment is computed using the straight-line method, over the estimated useful life of the assets, as follows:

Buildings
Infrastructures
Machineries and heavy equipments
Vehicles
Office equipments

Ekshibit E/16

Exhibit E/16

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

j. Aset Tetap (Lanjutan)

Nilai residu dan masa manfaat ekonomis aset ditinjau kembali dan disesuaikan, jika perlu, pada akhir tanggal periode pelaporan.

Aset dalam penyelesaian meliputi bangunan dan prasarana lainnya, yang dinyatakan berdasarkan biaya pembangunan, biaya pegawai langsung, biaya tidak langsung dalam pembangunan tersebut, dan biaya-biaya pinjaman yang digunakan untuk membiayai aset selama masa pembangunan. Akumulasi biaya aset dalam penyelesaian akan direklasifikasi ke aset tetap yang bersangkutan dan kapitalisasi biaya pinjaman dihentikan pada saat pembangunan selesai dan aset tersebut siap dipergunakan.

Aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dikreditkan atau debebankan pada tahun berjalan.

Beban perbaikan dan pemeliharaan rutin dibebankan pada laporan laba rugi dan penghasilan komprehensif lain pada saat terjadinya; pemugaran dan penambahan dalam jumlah signifikan, dan yang meningkatkan masa manfaat aset tetap sebagaimana dipersyaratkan dalam PSAK 16 mengenai kapitalisasi aset tetap yang bersangkutan.

Ketika aset tidak digunakan lagi atau aset yang berkaitan dijual, nilai tercatat dan akumulasi penyusutannya dikeluarkan dari kelompok aset tetap dan hasil laba atau rugi yang terjadi dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

k. Penurunan Nilai Aset Non-Keuangan

Pada setiap akhir periode pelaporan, Perusahaan menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset, maka Perusahaan membuat estimasi formal jumlah terpulihkan aset tersebut.

l. Imbalan Kerja

Perusahaan mengakui liabilitas imbalan kerja yang tidak didanai sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 tanggal 25 Maret 2003 ("Undang-Undang").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

j. Property and Equipment (Continued)

Residual values and useful life of the assets are reviewed and adjusted, if necessary, at each end of period reporting date.

Construction-in-progress consist of buildings and other infrastructure, which are stated at cost based on development costs, direct labor costs, indirect costs incurred in the development, and borrowing costs used to finance the asset over the development period. The accumulated costs of construction-in-progress will be reclassified to the appropriate property and equipment account and the capitalization of borrowing costs is ceased when the construction is completed and the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains 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 credited or charged to current year.

Repair and maintenance expenses are taken to statement of profit or loss and other comprehensive income during the financial year in which they are incurred; significant renewals and betterments, as defined under PSAK 16, that will prolong the useful lives of the related assets are capitalized.

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of profit or loss and other comprehensive income for the current year.

k. Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset, the Company makes a formal estimate of recoverable amount is estimated.

l. Employee Benefits

The Company recognized an unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated 25 March 2003 (the "Law").

Ekshibit E/17

Exhibit E/17

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

l. Imbalan Kerja (Lanjutan)

Imbalan kerja jangka pendek diakui dengan metode akrual, sedangkan imbalan pasca-kerja dan pesangon pemutusan hubungan kerja dihitung dengan menggunakan metode aktuarial, berdasarkan jasa yang diberikan oleh karyawan sampai dengan tanggal laporan posisi keuangan sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 (Undang-Undang Tenaga Kerja) dan telah sesuai dengan standar tersebut di atas. Tidak terdapat pendanaan yang disisihkan oleh Perusahaan sehubungan dengan imbalan pasca-kerja ini.

Liabilitas atau aset imbalan kerja bersih adalah agregat dari nilai kini liabilitas imbalan pasti pada akhir periode pelaporan dikurangi dengan nilai wajar aset program (jika ada), disesuaikan dengan dampak yang membatasi aset imbalan pasti bersih terhadap batas atas aset. Batas atas aset adalah nilai sekarang dari manfaat ekonomis yang tersedia dalam bentuk pengembalian dana dari program atau pengurangan iuran masa mendatang tersebut.

Perusahaan merancang suatu program khusus untuk imbalan pensiun, tetapi tidak ada pendanaan yang disisihkan untuk program tersebut.

Penyisihan tersebut diestimasi berdasarkan perhitungan aktuarial independen dengan menggunakan metode "Projected-Unit-Credit".

Liabilitas imbalan pensiun tersebut merupakan nilai kini liabilitas imbalan pasti pada akhir periode pelaporan yang dihitung oleh aktuaris independen dengan menggunakan metode "Projected Unit Credit".

Beban jasa lalu diakui segera dalam laporan laba rugi dan penghasilan komprehensif lain. Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian pengalaman dan perubahan asumsi aktuarial segera diakui pada laporan laba rugi dan penghasilan komprehensif lain.

m. Beban Pinjaman

Beban pinjaman yang diatribusikan langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian dari beban perolehan aset tersebut. Sebaliknya, beban pinjaman lainnya diakui sebagai beban pada saat terjadi. Beban pinjaman terdiri dari beban bunga, beban keuangan lain dan kerugian selisih kurs, sejauh beban-beban tersebut dianggap sebagai penyesuaian atas beban bunga yang ditanggung Perusahaan sehubungan dengan pinjaman dana.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

l. Employee Benefits (Continued)

Short-term employee benefits are recognized using the accrual method and the provision for post-employment benefits and termination benefits are calculated using the actuarial method, based on and pursuant to services given by employees until the statement of financial position date according to Labor Law No. 13/2003 (Manpower Law) and have been complied with the standard above. There are no funding allowances, reserved by the Company regarding these post-employment benefits.

Liabilities or net assets of employee benefits is the aggregate of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any), adjusted for the effects that limit the net defined benefit asset to the maximum limit of the asset. The maximum limit asset is the present value of economic benefits available in the form of refunds from the plan or reduction in future contributions.

The Company designed a specific retirement benefit plan, however there are no funding has been contributed for this program.

The provision has been estimated based on independent actuarial calculation using the "Projected-Unit-Credit" method.

The pension benefit obligation is the present value of the defined benefit obligation at the end of the reporting period is calculated by independent actuaries using the "Projected Unit Credit" method.

Afterwards service cost is immediately recognized in the statement of profit or loss and other comprehensive income. Gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in statement of profit or loss and other comprehensive income.

m. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the related asset. Otherwise, borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests, other financing charges and foreign exchange loss, to the extent that they are regarded as an adjustment to interest cost, that the Company incurs in connection with the borrowing of funds.

Ekshibit E/18

Exhibit E/18

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

m. Beban Pinjaman (Lanjutan)

Kapitalisasi beban pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya dan pengeluaran untuk aset dan beban pinjamannya telah terjadi. Kapitalisasi beban pinjaman dihentikan pada saat selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasi agar dapat digunakan sesuai dengan maksudnya.

n. Pengakuan Beban

Beban diakui pada saat terjadinya (*accrual basis*).

o. Pajak Penghasilan

Beban pajak tahun berjalan dibukukan berdasarkan taksiran penghasilan kena pajak untuk tahun berjalan. Aset dan liabilitas pajak tangguhan diakui atas seluruh perbedaan temporer antara pencatatan komersial dan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan terutama yang timbul dari penyusutan dan penyisihan. Manfaat pajak di masa yang akan datang, seperti saldo rugi fiskal yang belum digunakan juga diakui apabila besar kemungkinan manfaat pajak tersebut dapat direalisasi.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan, saldo terbawa aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan, sepanjang perbedaan temporer yang boleh dikurangkan, saldo terbawa atas aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap akhir tanggal periode pelaporan. Nilai tercatat aset pajak tangguhan tersebut diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua aset pajak tangguhan.

Aset dan liabilitas pajak tangguhan diukur berdasarkan tarif pajak yang diharapkan akan diberlakukan pada saat aset direalisasikan atau liabilitas diselesaikan berdasarkan peraturan perpajakan yang berlaku atau yang telah secara substansial berlaku pada tanggal laporan posisi keuangan. Penyisihan dan/atau penyesuaian kembali dari seluruh perbedaan temporer selama periode berjalan diakui sebagai penghasilan atau beban dan termasuk dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

m. Borrowing Cost (Continued)

Capitalization of borrowing costs begin when required activities to prepare the asset for use in accordance with the intention and expenditures for the asset and borrowing costs have occurred. Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use is substantially completed.

n. Expenses Recognition

Expenses are recognized when they are incurred (*accrual basis*).

o. Income Tax

Current tax expense is recorded based on estimated taxable income tax for the year. Deferred tax assets and liabilities are recognized for all deductible between the financial and the tax bases of assets and liabilities at each reporting date that appeared from depreciation and allowance. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets are recognized for all deductible, carry-forward of unused tax assets and tax loss that have not been compensated for all deductible temporary differences, carry-forward of unused tax assets and tax loss that have not been compensated is probable that future taxable income can be utilized.

Carrying value of deferred tax assets are reviewed every end of reporting period date. Carrying value of deferred tax assets are impaired if taxable income may not be appropriate to compensate some or all of deferred tax assets.

Deferred tax assets and liabilities are measured based on tax rates that are expected to be applied when the assets are realized or the liabilities are settled based on tax regulations that have been enacted or substantially prevailing at the date of the statement of financial position. Allowance and/or readjustment of all temporary differences during the period are recognized as income or expense and included in the statement of profit or loss and other comprehensive income for the current year.

Ekshibit E/19

Exhibit E/19

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o. Pajak Penghasilan (Lanjutan)

Koreksi terhadap liabilitas perpajakan diakui saat Surat Ketetapan Pajak diterima atau jika mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

p. Transaksi dan Saldo dalam Mata Uang Asing

Transaksi di dalam mata uang asing diukur dengan mata uang fungsional Perusahaan dan dicatat pada tanggal awal pengakuan mata uang fungsional pada kurs nilai tukar yang mendekati tanggal transaksi.

Aset dan liabilitas moneter dinyatakan dalam mata uang asing yang dijabarkan pada kurs nilai tukar pada akhir periode pelaporan menurut Bank Indonesia. Item-item non-moneter yang diukur pada biaya historis di dalam mata uang asing dijabarkan dengan menggunakan kurs nilai tukar pada tanggal transaksi awal. Item-item non-moneter diukur pada nilai wajar di dalam mata uang asing yang dijabarkan dengan menggunakan kurs nilai tukar pada tanggal di mana nilai wajar ditentukan.

Selisih nilai tukar yang timbul dari penyelesaian item-item moneter atau pada item-item non-moneter yang dijabarkan atau pada item-item moneter yang dijabarkan pada akhir periode pelaporan, diakui di dalam laporan laba rugi dan penghasilan komprehensif lain.

Pada tanggal 31 Desember 2016 dan 2015 nilai tukar yang digunakan masing-masing adalah Rp 13.436 dan Rp 13.795 per US\$ 1.

q. Provisi

Provisi diakui ketika Perusahaan memiliki liabilitas legal maupun konstruktif sebagai hasil peristiwa lalu, yaitu kemungkinan besar arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas dan suatu estimasi terhadap jumlah dapat dilakukan.

Provisi ditinjau pada akhir tiap periode pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik. Apabila tidak ada lagi kemungkinan arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas, maka provisi tersebut dicadangkan.

Apabila dampak nilai waktu uang adalah material, maka provisi didiskontokan dengan menggunakan tarif sebelum pajak, jika lebih tepat, untuk mencerminkan risiko spesifik liabilitas. Ketika pendiskontoan digunakan, kenaikan provisi karena berlalunya waktu diakui sebagai beban finansial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

o. Income Tax (Continued)

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.

p. Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange as reported at the end of period by Bank Indonesia. Non-monetary items that are measured in terms of historical cost in a foreign currency are converted using the exchange rates as at times of the initial transactions. Non-monetary items measured at fair value in a foreign currency are converted using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating non-monetary items or monetary items at the end of the reporting period are recognized in statement of profit or loss and other comprehensive income.

As of 31 December 2016 and 2015 the exchange rates used were Rp 13,436 and Rp 13,795 and per US\$ 1, respectively.

q. Provision

Provision are recognized when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Ekshibit E/20

Exhibit E/20

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

r. Kontinjensi

Liabilitas kontinjensi tidak diakui di dalam laporan keuangan. Aset dan liabilitas kontinjensi diungkapkan di dalam catatan atas laporan keuangan kecuali kemungkinan arus keluar sumber daya ekonomi adalah kecil.

Aset kontinjensi tidak diakui di dalam laporan keuangan, namun diungkapkan di dalam catatan atas laporan keuangan jika terdapat kemungkinan suatu arus masuk manfaat ekonomis mengalir ke dalam entitas.

s. 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.

Peristiwa setelah periode pelaporan yang bukan merupakan peristiwa penyesuaian, diungkapkan di dalam catatan atas laporan keuangan bila material.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Penyajian laporan keuangan Perusahaan mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah pendapatan, beban, aset dan liabilitas yang dilaporkan, dan pengungkapan atas liabilitas kontinjensi tanggal pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

a. Pertimbangan

Di dalam proses penerapan kebijakan akuntansi Perusahaan, manajemen telah melakukan pertimbangan, terpisah dari masalah estimasi, yang memiliki dampak signifikan terhadap jumlah yang diakui di dalam laporan keuangan:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

r. Contingencies

Contingent Liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

s. Events After the Reporting Period

Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are reflected in the financial statements.

Events after the reporting period, that are not considered as adjustments, are disclosed in the notes for the financial statements, especially when material.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liabilities affected in future periods.

a. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

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3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN (Lanjutan)**

a. **Pertimbangan (Lanjutan)**

Klasifikasi Aset dan Liabilitas Keuangan

Perusahaan menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan pertimbangan bila definisi yang ditetapkan PSAK 55 terpenuhi. Dengan demikian, aset dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Perusahaan seperti diungkapkan pada Catatan 2c.

b. **Sumber Utama Ketidakpastian Estimasi**

Kunci asumsi tentang masa depan dan kunci sumber estimasi ketidakpastian di akhir periode pelaporan, memiliki risiko yang signifikan menyebabkan penyesuaian materi untuk membawa jumlah aset dan liabilitas dalam tahun anggaran berikutnya.

Pajak Penghasilan

Pertimbangan signifikan dilakukan dalam menentukan provisi atas Pajak Penghasilan Badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti dalam kegiatan usaha normal. Perusahaan mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan Pajak Penghasilan Badan.

Nilai Wajar Instrumen Keuangan

Dalam menentukan nilai wajar atas aset keuangan dan liabilitas keuangan di mana tidak terdapat harga pasar yang dapat diobservasi, Perusahaan harus menggunakan teknik penilaian seperti dijelaskan pada Catatan 2c. Untuk instrumen keuangan yang jarang diperdagangkan dan tidak memiliki harga yang transparan, nilai wajarnya menjadi kurang obyektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga dan risiko lainnya yang mempengaruhi instrumen tertentu.

Jumlah nilai wajar aset dan liabilitas keuangan Perusahaan masing-masing sebesar Rp 2.497.164.118 dan Rp 565.231.302.019 pada tanggal 31 Desember 2016 dan masing-masing sebesar Rp 112.666.144 dan Rp 307.342.723.884 pada tanggal 31 Desember 2015. Penjelasan lebih rinci diungkapkan dalam Catatan 19.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

a. **Judgements (Continued)**

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 55. Hence, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2c.

b. **Key Source of Estimation Uncertainty**

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.

Income Tax

Significant judgement 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 recognizes liabilities for expected Corporate Income Tax issues based on estimates of whether additional Corporate Income Tax will be due.

Fair Value of Financial Instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price, the Company is required the use of valuation techniques as described in Note 2c. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Total fair value of financial assets and liabilities of the Company amounted to Rp 2,497,164,118 and Rp 565,231,302,019 as of 31 December 2016 and Rp 112,666,144 and Rp 307,342,723,884 as of 31 December 2015. Further details are disclosed in Note 19.

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SIGNIFIKAN (Lanjutan)

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES**
AND ASSUMPTIONS (Continued)

b. **Sumber Utama Ketidakpastian Estimasi (Lanjutan)**

b. **Key Source of Estimation Uncertainty (Continued)**

Penyisihan Persediaan Usang

Allowance for Inventory Obsolescence

Perusahaan menetapkan penyisihan persediaan setiap kali nilai realisasi bersih dari persediaan menjadi lebih rendah dari biaya perolehan akibat kerusakan, kondisi fisik menurun, keusangan, perubahan tingkat harga atau penyebab lainnya. Akun penyisihan ditinjau untuk mencerminkan penilaian yang akurat dalam catatan keuangan.

The Company provides allowance for inventories whenever the net realizable value of the inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed to reflect the accurate valuation in the financial records.

Nilai tercatat persediaan Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah masing-masing sebesar Rp 2.389.730.901 dan Rp 3.079.681.336. Penjelasan lebih rinci diungkapkan pada Catatan 5.

The carrying amount of the Company's inventories as of 31 December 2016 and 2015 are amounted to Rp 2,389,730,901 and Rp 3,079,681,336, respectively. Further details are disclosed in Note 5.

Masa Manfaat Aset Tetap

Useful Life of Property and Equipment

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 10 tahun. Ini adalah umur yang secara umum diharapkan dalam industri. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya beban penyusutan masa depan mungkin direvisi.

The cost of property and equipment is depreciated on straight-line method over the assets estimated useful economic life. Management estimates the useful life of these property and equipment to be 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological development could impact the economic useful life and the residual values of these property and equipment, and therefore future depreciation expense could be revised.

Nilai tercatat bersih atas aset tetap Perusahaan pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 39.907.217.570 dan Rp 19.999.538.639. Penjelasan lebih rinci diungkapkan dalam Catatan 8.

The net carrying amount of the Company's property and equipment as of 31 December 2016 and 2015 were Rp 39,907,217,570 and Rp 19,999,538,639, respectively. Further details are disclosed in Note 8.

Penurunan Nilai Aset Non-Keuangan

Impairment of Non-Financial Assets

Perusahaan menilai apakah terdapat indikasi penurunan nilai semua aset non-keuangan pada setiap tanggal pelaporan. Aset non-keuangan diuji untuk penurunan nilai apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset tidak dapat dipulihkan kembali. Hal ini memerlukan estimasi nilai Unit Penghasil Kas. Estimasi nilai mengharuskan Perusahaan untuk membuat perkiraan arus kas masa depan yang diharapkan dari Unit Penghasil Kas dan juga memilih tingkat diskonto yang sesuai untuk menghitung nilai sekarang dari arus kas tersebut. Apabila terdapat nilai yang tidak bisa diestimasi secara andal, jumlah yang dapat dipulihkan didasarkan pada nilai wajar dikurangi beban penjualan.

The Company assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be not recoverable. This requires an estimation of the value in use of the Cash Generated Unit. Estimation of the value in use requires the Company to make an estimate of the expected future cash flows from the Cash Generated Unit and also choose a suitable discount rate in order to calculate the present value of those cash flows. In cases where the value in use can not be reliably estimated, the recoverable amount is based on the fair value less cost to sell.

Manajemen berkeyakinan bahwa tidak ada penurunan nilai aset non-keuangan yang harus diakui pada tanggal 31 Desember 2016 dan 2015.

The management believes that there is no impairment for non-financial assets should be recognized on 31 December 2016 and 2015.

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3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI**
SIGNIFIKAN (Lanjutan)

b. **Sumber Utama Ketidakpastian Estimasi**
(Lanjutan)

Pajak Tangguhan

Aset pajak tangguhan diakui untuk perbedaan temporer dan rugi fiskal yang belum digunakan apabila besar kemungkinan bahwa jumlah laba fiskal akan memadai untuk dikompensasi dengan perbedaan temporer dan rugi fiskal yang belum dimanfaatkan. Estimasi manajemen yang signifikan diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan waktu dan kemungkinan tingkat laba fiskal pada masa mendatang bersama-sama dengan strategi perencanaan pajak masa depan.

Nilai tercatat (liabilitas) aset pajak tangguhan Perusahaan diakui pada tanggal 31 Desember 2016 dan 2015 adalah sebesar (Rp 12.809.101.722) dan Rp 15.865.416.781. Penjelasan lebih rinci diungkapkan dalam Catatan 11c.

Pensiun dan Imbalan Kerja

Penentuan liabilitas dan biaya pensiun dan liabilitas imbalan kerja Perusahaan 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 langsung diakui dalam laporan laba rugi dan penghasilan komprehensif lain pada saat terjadinya.

Sementara Perusahaan berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dapat mempengaruhi secara material liabilitas diestimasi atas pensiun dan imbalan kerja dan beban imbalan kerja bersih.

Nilai tercatat atas liabilitas diestimasi imbalan kerja Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebesar Rp 6.759.832.977 dan Rp 2.911.474.107. Penjelasan lebih rinci diungkapkan dalam Catatan 13.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS,**
ESTIMATES AND ASSUMPTIONS (Continued)

b. **Key Source of Estimation Uncertainty**
(Continued)

Deferred Tax

Deferred tax assets are recognized on temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the temporary differences and unused tax losses can be utilized. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The carrying value of the Company's deferred tax (liabilities) assets, recognized on of 31 December 2016 and 2015 are amounted to (Rp 12,809,101,722) and Rp 15,865,416,781. Further details are disclosed in Note 11c.

Pension and Employee Benefits

The determination of the Company's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company's assumptions are recognized immediately in statement of profit or loss and other comprehensive income as and when they occur.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions has materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

The carrying amount of the Company's estimated liabilities for employee benefits as of 31 December 2016 and 2015 amounted to Rp 6,759,832,977 and Rp 2,911,474,107. Further details are disclosed in Note 13.

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4. KAS DAN BANK

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
K a s	10.030.800	23.735.350	Cash on hand
B a n k			Cash in banks
PT Bank Negara Indonesia (Persero) Tbk			PT Bank Negara Indonesia (Persero) Tbk
Dalam Rupiah	2.465.885.447	15.182.977	In Rupiah
Dalam Dolar AS	20.747.871	22.747.817	In US Dollar
Sub-total	2.486.633.318	37.930.794	Sub-total
T o t a l	2.496.664.118	61.666.144	T o t a l

5. PERSEDIAAN

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pupuk dan bahan kimia	1.387.780.512	1.421.274.967	Fertilizer and chemicals
Persediaan dalam perjalanan	-	719.454.165	Inventory in transit
Bahan bakar dan pelumas	180.316.474	86.672.331	Fuels and lubricants
Lain-lain	821.633.915	852.279.873	Others
T o t a l	2.389.730.901	3.079.681.336	T o t a l

Pada tanggal 31 Desember 2016 dan 2015, Persediaan diasuransikan dengan nilai pertanggungan Rp 1.112.830.200 dan nihil. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan dan risiko kerugian lainnya

As of 31 December 2016 and 2015, all inventories are insured with coverage amounting to Rp 1,112,830,200 and nil. Management believes that Insurance coverage is adequate to cover possible losses that may arise from damage and other risk.

Berdasarkan hasil penilaian dan penelaahan terhadap akun persediaan pada tanggal 31 Desember 2016 dan 2015, manajemen Perusahaan berkeyakinan tidak terdapat persediaan usang dan penurunan nilai persediaan sehingga tidak perlu membuat cadangan persediaan usang dan penurunan nilai persediaan.

Based on a review of the condition of inventories as of 31 December 2016 and 2015, the management of the Company believes that there were no inventories obsolescence and impairment of inventories thus no need to make allowance for inventories obsolescence and impairment of inventories.

6. UANG MUKA

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pemasok	517.660.555	81.016.400	Suppliers
Karyawan	172.017.495	83.823.400	Employees
T o t a l	689.678.050	164.839.800	T o t a l

6. ADVANCES

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7. HUTAN TANAMAN INDUSTRI DALAM TAHAP PENGEMBANGAN	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE
Tanaman acacia magnium Tanaman Acacia - 2010	107.776.453	107.776.453	<u>Acacia magnium plantations</u> Acacia plantations - 2010
Tanaman karet			<u>Rubber plantations</u>
Tanaman karet - 2011	6.509.923.230	5.755.451.113	Rubber plantations - 2011
Tanaman karet - 2012	78.455.179.153	64.965.380.091	Rubber plantations - 2012
Tanaman karet - 2013	84.990.403.686	65.402.562.910	Rubber plantations - 2013
Tanaman karet - 2014	180.820.860.031	125.221.574.557	Rubber plantations - 2014
Tanaman Karet - 2015	40.186.977.469	27.049.265.242	Rubber plantations - 2015
Tanaman Karet - 2016	65.283.219.527	-	Rubber plantations - 2016
Pembibitan karet	9.552.711.443	4.306.382.988	<u>Rubber nurseries</u>
Bunga masa konstruksi dan provisi bank	62.686.721.897	39.697.118.020	<u>Interest during construction and bank provision</u>
Beban bunga utang pemegang saham (Catatan 17)	23.259.307.689	3.383.591.636	Interest of shareholder loan expense (Note 17)
T o t a l	551.853.080.578	335.889.103.010	T o t a l

Berdasarkan klasifikasi jenis kegiatan, akun tersebut terdiri dari:

Based on the classification of the type of activity, the account consists of:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Tanaman acacia magnium			<u>Acacia magnium plantations</u>
Penanaman dan pemeliharaan	107.776.453	107.776.453	Planting and maintenance
Tanaman karet			<u>Rubber plantations</u>
Penanaman dan pemeliharaan	340.712.415.203	195.655.192.568	Planting and maintenance
Pembukaan lahan	125.086.859.336	97.045.424.333	Land clearing
Bunga masa konstruksi dan provisi bank	62.686.721.897	39.697.118.020	Interest during construction and bank provision
Beban bunga utang pemegang saham (Catatan 17)	23.259.307.689	3.383.591.636	Interest of shareholder loan expense (Note 17)
T o t a l	551.853.080.578	335.889.103.010	T o t a l

HTI dalam pengembangan ini dibangun berdasarkan Surat Keputusan Menteri Kehutanan Republik Indonesia No. SK.141/MENHUT-II/2010 dengan izin pembangunan seluas kurang lebih 61.495 Hektar di Kabupaten Tebo, Provinsi Jambi

ITP under development stage builds upon the Decision Letter of the Republic of Indonesia Minister of Forestry No. SK.141/MENHUT-1112010 to permit the construction of approximately 61,495 Hectares in Kabupaten Tebo, Province of Jambi.

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7. HUTAN TANAMAN INDUSTRI DALAM TAHAP PENGEMBANGAN (Lanjutan)

Pada tahun 2016 dan 2015 terdapat beban jasa profesional dari PT Royal Lestari Utama sebagai pemegang saham yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan dan dialokasikan berdasarkan tahun tanam sebesar Rp 13.776.036.905 dan Rp 7.536.904.838 (Catatan 17).

Pada tanggal 31 Desember 2016 dan 2015, seluruh hutan tanaman industri dalam tahap pengembangan diasuransikan dengan nilai pertanggungan Rp 120.791.552.241 dan Rp 119.603.162.973. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan dan risiko kerugian lainnya.

Pada tahun 2015, tanaman karet dan tanaman acacia Perusahaan mengalami kebakaran. Kerugian atas kebakaran tersebut telah dicatat dalam laporan laba rugi dan penghasilan komprehensif lain pada akun "Beban operasi lainnya" sebesar Rp 33.576.699.417 (Catatan 16b).

Berdasarkan penelaahan terhadap kondisi setiap jenis hutan tanaman industri dalam tahap pengembangan pada tanggal 31 Desember 2016 dan 2015, manajemen berkeyakinan bahwa tidak terdapat peristiwa atau perubahan keadaan yang mengindikasikan penurunan nilai hutan tanaman industri dalam tahap pengembangan, sehingga tidak perlu membuat cadangan penurunan nilai.

HTI milik Perusahaan sebesar 11.000 Hektar digunakan sebagai jaminan atas fasilitas pinjaman bank jangka panjang yang diterima dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE (Continued)

In 2016 and 2015 there is professional fees expense from PT Royal Lestari Utama as shareholder which capitalized to industrial timber plantations under development stage and are allocated based on the year of planting amounted to Rp 13,776,036,905 and Rp 7,536,904,838 (Note 17).

As of 31 December 2016 and 2015, all industrial timber plantations under development stage are insured with coverage amounting to Rp 120,791,552,241 and Rp 119,603,162,973. Management believes that Insurance coverage is adequate to cover possible losses that may arise from damage and other risk.

In 2015, Company's rubber plantation and acacia magnium plantations was caught on fire. Fire losses were recorded in the statement of profit or loss and other comprehensive income under "Other operating expenses" account amount of Rp 33,576,699,417 (Note 16b).

Based on the review of the condition of each industrial timber plantations under development stage as of 31 December 2016 and 2015, management believes that there is no events or change in circumstances which indicates the impairment of the industrial timber plantations under development stage, thus allowance for the impairment is not necessary.

The Company's ITP amounting to 11,000 Hectares are used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

8. ASET TETAP

8. PROPERTY AND EQUIPMENT

31 Desember 2016	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	31 December 2016
Biaya perolehan						C o s t
Pemilikan langsung						Direct ownership
Bangunan	7.178.300.994	643.157.651	672.265.098	2.123.364.996	9.272.558.543	Buildings
Sarana dan prasarana	14.423.647.556	2.390.926.890	-	-	16.814.574.446	Infrastructures
Mesin dan alat berat	1.738.091.281	10.968.059.850	158.166.325	-	12.547.984.806	Machineries and heavy equipments
Kendaraan	1.884.904.998	681.485.000	315.925.000	-	2.250.464.998	Vehicles
Peralatan kantor	2.624.636.033	7.784.601.375	28.885.000	-	10.380.352.408	Office equipments
Sub-total	27.849.580.862	22.468.230.766	1.175.241.423	2.123.364.996	51.265.935.201	Sub-total
Aset dalam penyelesaian						Construction-in-progress
Bangunan	12.371.134	3.061.538.534	-	(2.123.364.996)	950.544.672	Buildings
Sub-total	12.371.134	3.061.538.534	-	(2.123.364.996)	950.544.672	Sub-total
T o t a l	27.861.951.996	25.529.769.300	1.175.241.423	-	52.216.479.873	T o t a l

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8. ASET TETAP (Lanjutan)

8. PROPERTY AND EQUIPMENT (Continued)

31 Desember 2016	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	31 December 2016
Akumulasi penyusutan						Accumulated depreciation
Pemilikan langsung						Direct ownership
Bangunan	1.604.744.473	709.084.695	44.602.739	-	2.269.226.429	Buildings
Sarana dan prasarana	3.650.508.686	1.550.113.304	-	-	5.200.621.990	Infrastructures
Mesin dan alat berat	568.662.370	988.216.386	66.238.009	-	1.490.640.747	Machineries and heavy equipments
Kendaraan	607.060.629	351.784.791	233.347.917	-	725.497.503	Vehicles
Peralatan kantor	1.431.437.199	1.214.257.706	22.419.271	-	2.623.275.634	Office equipments
Sub-total	7.862.413.357	4.813.456.882	366.607.936	-	12.309.262.303	Sub-total
Nilai buku	19.999.538.639				39.907.217.570	Net book value
31 Desember 2015	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	31 December 2015
Biaya perolehan						C o s t
Pemilikan langsung						Direct ownership
Bangunan	6.695.602.051	276.512.613	1.893.445.381	2.099.631.711	7.178.300.994	Buildings
Sarana dan prasarana	13.751.901.440	671.746.116	-	-	14.423.647.556	Infrastructures
Mesin dan alat berat	1.054.654.281	838.976.000	155.539.000	-	1.738.091.281	Machineries and heavy equipments
Kendaraan	1.260.704.998	1.037.700.000	413.500.000	-	1.884.904.998	Vehicles
Peralatan kantor	2.086.966.547	640.184.620	102.515.134	-	2.624.636.033	Office equipments
Sub-total	24.849.829.317	3.465.119.349	2.564.999.515	2.099.631.711	27.849.580.862	Sub-total
Aset dalam penyelesaian						Construction-in-progress
Bangunan	328.995.807	1.783.007.038	-	(2.099.631.711)	12.371.134	Buildings
Sub-total	328.995.807	1.783.007.038	-	(2.099.631.711)	12.371.134	Sub-total
T o t a l	25.178.825.124	5.248.126.387	2.564.999.515	-	27.861.951.996	T o t a l
Akumulasi penyusutan						Accumulated depreciation
Pemilikan langsung						Direct ownership
Bangunan	1.351.496.017	752.720.100	499.471.644	-	1.604.744.473	Buildings
Sarana dan prasarana	2.238.336.106	1.412.172.580	-	-	3.650.508.686	Infrastructures
Mesin dan alat berat	302.728.539	373.432.310	107.498.479	-	568.662.370	Machineries and heavy equipments
Kendaraan	655.067.712	325.201.250	373.208.333	-	607.060.629	Vehicles
Peralatan kantor	936.200.686	572.210.492	76.973.979	-	1.431.437.199	Office equipments
Sub-total	5.483.829.060	3.435.736.732	1.057.152.435	-	7.862.413.357	Sub-total
Nilai buku	19.694.996.064				19.999.538.639	Net book value

Pada tanggal 31 Desember 2016 dan 2015, aset dalam penyelesaian terutama terdiri dari akumulasi biaya bangunan.

As of 31 December 2016 and 2015, construction-in-progress consist mainly of accumulated costs of buildings.

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8. ASET TETAP (Lanjutan)

Jumlah beban penyusutan aset tetap untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 yang dialokasikan adalah sebagai berikut:

	<u>2 0 1 6</u>
Beban umum dan administrasi (Catatan 15)	4.813.456.882

Rincian laba atas penjualan aset tetap adalah sebagai berikut:

	<u>2 0 1 6</u>
Harga jual	116.000.000
Biaya perolehan	300.000.000
Akumulasi penyusutan	(218.750.000)
Nilai buku	81.250.000

Laba atas penjualan aset tetap (Catatan 16a)	<u>34.750.000</u>
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Rincian rugi atas penghapusan aset tetap adalah sebagai berikut:

	<u>2 0 1 6</u>
Biaya perolehan	875.241.423
Akumulasi penyusutan	(147.857.936)
Nilai buku	727.383.487

Rugi atas penghapusan aset tetap (Catatan 16b)	<u>(727.383.487)</u>
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Pada tahun 2016 dan 2015, Perusahaan telah mengasuransikan aset tetap terhadap risiko kerugian atas kebakaran dan risiko kerugian lainnya dengan nilai pertanggungan masing-masing sebesar Rp 22.401.602.842 dan Rp 6.381.273.678. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kebakaran dan risiko kerugian lainnya.

Berdasarkan penelaahan atas nilai aset pada akhir tahun, manajemen berkeyakinan bahwa tidak terdapat potensi atas penurunan nilai aset untuk tahun yang berakhir pada 31 Desember 2016 dan 2015.

8. PROPERTY AND EQUIPMENT (Continued)

Total amount of depreciation of property and equipment for the years ended 31 December 2016 and 2015 was allocated to the following:

	<u>2 0 1 5</u>
	3.435.736.732

Detail gain on sales property and equipment to the following:

	<u>2 0 1 5</u>
	-
	-
	-

	<u>-</u>
--	----------

Detail loss on disposal property and equipment to the following:

	<u>2 0 1 5</u>
	2.564.999.515
	(1.057.152.435)
	1.507.847.080

	<u>(1.507.847.080)</u>
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In 2016 and 2015, the Company has insured property and equipment against losses by fire and other risks with coverage amounting to Rp 22,401,602,842 and Rp 6,381,273,678, respectively. Management believes that insurance coverage is adequate to cover possible losses that may arise from fire and other risks.

Based on the review of the assets values at the end of the year, management believes that there is no potential impairment in the values of the assets for the years ended 31 December 2016 and 2015.

Ekshibit E/29

Exhibit E/29

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8. ASET TETAP (Lanjutan)

Pada tanggal 31 Desember 2016 dan 2015, aset tetap milik Perusahaan digunakan sebagai jaminan atas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

8. PROPERTY AND EQUIPMENT (Continued)

As of 31 December 2016 and 2015, the Company's property and equipment were used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

9. UTANG USAHA

	<u>31 Desember 2016/ 31 December 2016</u>
Pihak ketiga	
PT Bareksa Anugrah Sejahtera	1.395.165.750
PT Cahaya Baru Gemilang	1.062.987.750
PT Sentana Adidaya Pratama	877.131.800
CV Mekar Tani	672.017.118
PT Hidup Baruna	664.125.000
PT Persada Palembang Raya	626.780.000
PT Sinar Agung Lestari Pratama	472.465.950
PT Baja Teknik Karya	352.936.100
CV Mutiara Bonggol	345.292.271
PT Petro Anugrah Dinamika	326.877.030
PT Mest Indonesia	-
PT Perkasa Primajaya Mandiri	-
Lain-lain (masing-masing di bawah Rp 300.000.000)	1.080.145.122
Total	<u>7.875.923.891</u>

Akun ini merupakan utang usaha kepada pihak ketiga atas pekerjaan penyiapan lahan, pembelian pupuk, bahan kimia dan kebutuhan lainnya.

Pada tanggal 31 Desember 2016 dan 2015, analisis umur utang usaha di atas adalah sebagai berikut:

	<u>31 Desember 2016/ 31 December 2016</u>
Belum jatuh tempo	7.639.923.891
Lewat jatuh tempo	
1 - 30 hari	76.000.000
31 - 60 hari	160.000.000
Total	<u>7.875.923.891</u>

Pada tanggal 31 Desember 2016 and 2015, seluruh utang usaha Perusahaan didenominasi dalam bentuk Rupiah.

9. TRADE PAYABLES

31 Desember 2015/
31 December 2015

		Third parties
-		PT Bareksa Anugrah Sejahtera
-		PT Cahaya Baru Gemilang
-		PT Sentana Adidaya Pratama
-		CV Mekar Tani
-		PT Hidup Baruna
-		PT Persada Palembang Raya
-		PT Sinar Agung Lestari Pratama
534.497.590		PT Baja Teknik Karya
40.233.600		CV Mutiara Bonggol
44.233.800		PT Petro Anugrah Dinamika
1.039.395.538		PT Mest Indonesia
319.872.740		PT Perkasa Primajaya Mandiri
656.567.118		Others (each below Rp 300,000,000)
Total	<u>2.634.800.386</u>	Total

This account represents trade payables to third parties for land clearing, purchasing of fertilizer, chemicals and other needs.

As of 31 December 2016 and 2015, the aging analysis of the above trade payables is as follows:

<u>31 Desember 2015/ 31 December 2015</u>	
2.457.700.386	Current
17.100.000	Overdue
160.000.000	1 - 30 days
	31 - 60 days
Total	<u>2.634.800.386</u>

As of 31 December 2016 and 2015, all trade payables of the Company are denominated in Rupiah.

Ekshibit E/30

Exhibit E/30

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10. BEBAN MASIH HARUS DIBAYAR

10. ACCRUED EXPENSES

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pihak ketiga			Third parties
Cadangan cuti dan tunjangan hari raya	2.128.077.871	1.506.692.742	Provision leave and holiday allowance
Jasa profesional	439.050.700	909.272.100	Professional fees
Lain-lain	-	646.635.923	Others
Sub-total	2.567.128.571	3.062.600.765	Sub-total
Pihak berelasi			Related party
Beban bunga utang pemegang saham (Catatan 17)	-	2.561.657.562	Interest of shareholder loan expenses (Note 17)
T o t a l	2.567.128.571	5.624.258.327	T o t a l

11. PERPAJAKAN

11. TAXATION

a. Utang Pajak		a. Taxes Payable	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pajak Penghasilan:			Income Taxes:
Pasal 4 (2)	10.192.946	23.836.022	Article 4 (2)
Pasal 21	236.698.018	582.370.663	Article 21
Pasal 23	424.200.582	673.074.087	Article 23
Pajak Pertambahan Nilai	-	1.075.817.907	Value Added Tax
T o t a l	671.091.546	2.355.098.679	T o t a l

b. Perhitungan Fiskal

b. Fiscal Computation

Rekonsiliasi antara rugi sebelum manfaat pajak penghasilan yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain dengan taksiran rugi fiskal untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

A reconciliation between loss before income tax benefit, as shown in the statement of profit or loss and other comprehensive income, and estimated fiscal loss for the years ended 31 December 2016 and 2015 are as follows:

Ekshibit E/31

Exhibit E/31

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11. PERPAJAKAN (Lanjutan)

11. TAXATION (Continued)

b. Perhitungan Fiskal (Lanjutan)

b. Fiscal Computation (Continued)

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Rugi sebelum manfaat pajak penghasilan menurut laporan laba rugi dan penghasilan komprehensif lain	(22.052.023.204)	(55.874.439.142)	Loss before income tax benefit per statement of profit or loss and other comprehensive income
Beda temporer:			Temporary differences:
Beban penyisihan imbalan kerja karyawan	4.191.181.071	1.360.928.325	Provision for employee benefits
Cadangan cuti dan tunjangan hari raya	(2.208.332)	196.554.808	Provision leave and holiday allowances
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam pengembangan	(62.433.085.374)	(52.864.229.397)	Salaries expense capitalized to industrial timber plantation under development stage
Beda tetap:			Permanent differences:
Beban yang tidak dapat dikurangkan:			Non-deductable expenses:
Beban Badan Penyelenggara Jaminan Sosial	100.399.333	103.853.400	Healthcare and Social Security Agency expenses
Beban Pajak Penghasilan Pasal 21	1.324.536.029	1.037.359.998	Income Tax Article 21 expenses
Beban kantor	105.007.750	9.687.020	Office expenses
Pendapatan bunga yang telah dikenakan pajak bersifat final	(47.690.000)	(50.691.494)	Interest income already subjected to final tax
Taksiran rugi fiskal	(78.813.882.727)	(106.080.976.482)	Estimated fiscal loss
Rugi fiskal:			Fiscal loss:
2015	(106.080.976.482)	-	2015
2014	(27.413.050.428)	(27.413.050.428)	2014
2013	(670.025.331)	(670.025.331)	2013
2012	(384.152.347)	(384.152.347)	2012
2011	-	(376.817.319)	2011
Koreksi akumulasi rugi fiskal Perusahaan disebabkan karena mengikuti program pengampunan pajak (Catatan 20)	134.548.204.588	-	Correction of accumulated tax losses due to follow the tax amnesty program (Note 20)
Akumulasi rugi fiskal	(78.813.882.727)	(134.925.021.907)	Accumulated fiscal losses

Angka untuk pajak telah diungkapkan pada laporan keuangan untuk tahun 2016 dan 2015 sudah sama dengan angka SPT yang disampaikan kepada Kantor Pelayanan Pajak.

The tax disclosed in the financial statements for 2016 and 2015 are the same as those by the tax returns filed with the Tax Service Office.

Ekshibit E/32

Exhibit E/32

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11. PERPAJAKAN (Lanjutan)

11. TAXATION (Continued)

b. Perhitungan Fiskal (Lanjutan)

b. Fiscal Computation (Continued)

Koreksi liabilitas pajak Perusahaan dicatat pada saat Surat Ketetapan Pajak diterima, atau jika mengajukan keberatan, pada saat keputusan atas keberatan Perusahaan tersebut telah ditetapkan.

Amendments for tax obligations are recorded when an Tax Assessment Letter is received, or if appealed against, when the decision of Company's appeal is determined.

c. Pajak Tangguhan

c. Deferred Tax

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan adalah sebagai berikut:

The deferred tax is calculated by the effects of the temporary differences between the carrying amounts of the assets and liabilities according to the financial statements with the tax bases of assets and liabilities. The details of deferred tax assets and liabilities of the Company are as follows:

	31 Desember 2015/ 31 December 2015	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dibebankan ke penghasilan komprehensif lain/ Charged to other comprehensive income	31 Desember 2016/ 31 December 2016	
Aset (Liabilitas) Pajak Tangguhan					Deferred Tax Assets (Liabilities)
Akumulasi rugi fiskal	33.731.255.476	(14.027.784.794)	-	19.703.470.682	Accumulated fiscal losses
Cadangan cuti dan tunjangan hari raya	246.952.868	(552.083)	-	246.400.785	Provision leave and holiday allowances
Liabilitas diestimasi imbalan kerja karyawan	727.868.527	1.047.795.268	(85.705.550)	1.689.958.245	Estimated liabilities for employee benefits
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam pengembangan	(18.840.660.090)	(15.608.271.344)	-	(34.448.931.434)	Salaries expense capitalized to industrial timber plantation under development stage
Total	<u>15.865.416.781</u>	<u>(28.588.812.953)</u>	<u>(85.705.550)</u>	<u>(12.809.101.722)</u>	Total

Ekshibit E/33

Exhibit E/33

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11. PERPAJAKAN (Lanjutan)

11. TAXATION (Continued)

c. Pajak Tangguhan (Lanjutan)

c. Deferred Tax (Continued)

	31 Desember 2014/ 31 December 2014	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif lainnya/ Credited to other comprehensive income	31 Desember 2015/ 31 December 2015	
Aset (Liabilitas) Pajak Tangguhan					Deferred Tax Assets (Liabilities)
Akumulasi rugi fiskal	7.358.008.192	26.373.247.284	-	33.731.255.476	Accumulated fiscal losses
Cadangan cuti dan tunjangan hari raya	197.814.166	49.138.702	-	246.952.868	Provision leave and holiday allowances
Liabilitas diestimasi imbalan kerja karyawan	423.891.671	340.232.081	(36.255.225)	727.868.527	Estimated liabilities for employee benefits
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam pengembangan	(5.624.602.741)	(13.216.057.349)	-	(18.840.660.090)	Salaries expense capitalized to industrial timber plantation under development stage
Total	2.355.111.288	13.546.560.718	(36.255.225)	15.865.416.781	Total

12. PINJAMAN BANK JANGKA PANJANG

12. LONG-TERM BANK LOAN

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
PT Bank Negara Indonesia (Persero) Tbk	239.279.061.111	164.195.144.121	PT Bank Negara Indonesia (Persero) Tbk

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 33 tanggal 17 Desember 2012 dari Notaris Wenda Taurusita Amidjaja, S.H., Notaris di Jakarta, Perusahaan, memperoleh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk (BNI) sejumlah Rp 217.496.000.000 yang terdiri dari:

- Trance A, dengan jumlah maksimum Rp 108.042.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2022, termasuk periode bebas bunga sampai dengan tanggal 24 Maret 2018, dengan perincian sebagai berikut:

- Kredit Investasi Kebun Karet: Rp 83.493.000.000.
- Kredit Investasi Interest During Construction: Rp 24.549.000.000.

Based on Credit Agreement stated in Notarial deed No. 33 dated 17 December 2012 from Notary Wenda Taurusita Amidjaja, S.H., Notary in Jakarta, the Company, obtained credit facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) amounting to Rp 217,496,000,000 which consist of:

- Trance A, with maximum amounting to Rp 108,042,000,000, this loan will be due on 25 December 2022, including interest-free period until the date of 24 March 2018, with the following details:

- Investment Credit Rubber Plantation: Rp 83,493,000,000.
- Credit Investment Interest During Construction: Rp 24,549,000,000.

Ekshibit E/34

Exhibit E/34

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

- Trance B, dengan jumlah maksimum Rp 109.453.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2023, termasuk periode bebas bunga sampai dengan tanggal 24 Maret 2019, dengan perincian sebagai berikut:
 - Kredit Investasi Kebun Karet: Rp 87.030.000.000.
 - Kredit Investasi Interest During Construction: Rp 22.423.000.000.
- Trance lainnya dengan jumlah Rp 1.000.000.

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 26 dan 27 tanggal 8 Desember 2014 dari Wenda Taurusita Amidjaja, S.H., Notaris di Jakarta, Perusahaan memperoleh fasilitas kredit tahap II dari PT Bank Negara Indonesia (Persero) Tbk dengan jumlah Rp 309.837.170.000, dengan perincian sebagai berikut:

- Fasilitas Kredit Investasi Pokok dengan jumlah maksimum Rp 248.647.000.000, pinjaman ini akan jatuh tempo pada tanggal 7 Juni 2027, termasuk masa tenggang selama 6 tahun 6 bulan.
- Fasilitas Kredit Investasi Interest During Construction dengan jumlah maksimum Rp 61.190.170.000, pinjaman ini akan jatuh tempo pada tanggal 7 Juni 2026, termasuk masa tenggang selama 6 tahun 6 bulan.

Fasilitas ini dijamin dengan proyek HTI-Karet dengan luas 11.000 Hektar, kendaraan dan alat-alat berat diikat Fidusia, tanah Sertifikat Hak Guna Bangunan, tanah Sertifikat Hak Milik, surat kuasa dari Perusahaan kepada Bank untuk mengalihkan ijin HTI, saham Perusahaan diikat secara gadai saham, company guarantee PT Royal Lestari Utama, dan personal guarantee Tuan Prajogo Pangestu diikat *borghtocht* (Catatan 7 dan 8).

Berdasarkan perjanjian pinjaman dengan BNI, tanpa persetujuan tertulis terlebih dahulu dari BNI, Perusahaan tidak diperkenankan melakukan transaksi-transaksi sebagai berikut:

- a. Mengubah bentuk atau status hukum Perusahaan, merubah anggaran dasar (kecuali meningkatkan modal Perusahaan) memindahtangankan resipis atau saham Perusahaan baik antar pemegang saham maupun kepada pihak lain yang mengakibatkan perubahan pemegang saham dominan (*Ultimate Shareholder*).
- b. Menggunakan dana Perusahaan untuk tujuan di luar usaha yang dibiayai dengan fasilitas kredit dari BNI.

12. LONG-TERM BANK LOAN (Continued)

- Trance B, with maximum amounting to Rp 109,453,000,000, this loan will be due on 25 December 2023, including interest-free period until the date of 24 March 2019, with the following details:
 - Investment Credit Rubber Plantation: Rp 87,030,000,000.
 - Credit Investment Interest During Construction: Rp 22,423,000,000.
- Other trance amounting to Rp 1,000,000.

Based on Credit Agreement stated in Notarial deed No. 26 and 27 dated 8 December 2014 from Wenda Taurusita Amidjaja, S.H., Notary in Jakarta, the Company obtained credit facility stage II from PT Bank Negara Indonesia (Persero) Tbk with amount of Rp 309,837,170,000, with the following details:

- Investment Credit Facility Principal, total maximum amounting to Rp 248,647,000,000, this loan will be due on 7 June 2027, including a grace period for 6 years 6 month.
- Investment Credit Facility Interest During Construction, total maximum amounting to Rp 61,190,170,000, this loan will be due on 7 June 2026, including a grace period for 6 years 6 month.

The facility is collateralized by a rubber-plantation project with an area of 11,000 Hectares, Fiduciary-tied vehicles and heavy equipment, Hak Guna Bangunan (HGB) Certificate, Certificate of land ownership, a power of attorney from the Company to the Bank to transfer the HTI license, Company's shares tied with mortgage and guarantee, company guarantee of PT Royal Lestari Utama, and personal guarantee of Mr. Prajogo Pangestu tied *borghtocht* (Notes 7 and 8).

Under the loan agreement with BNI, without the prior written consent of BNI, the Company is not allowed to perform the following transaction:

- a. Change in their corporate structure or legal status of the company, changes in the article of association (with the exception on the increament of Company's capital), transfer of rights or company's shares to other parties that may result to changes in the *Ultimate Shareholder*.
- b. Using the Company's funds for purposes outside of the business financed with credit facility from BNI.

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

- c. Menjual atau menjaminkan harta kekayaan Perusahaan kepada pihak lain.
- d. Menerima fasilitas kredit baru baik dari bank lain maupun lembaga keuangan lainnya (termasuk penerbitan obligasi).
- e. Melakukan investasi baru kecuali dalam rangka pengembangan usaha Perusahaan sepanjang tidak merubah ratio-ratio keuangan yang telah ditetapkan.
- f. Membagi laba usaha dan membayar dividen kepada pemegang saham.
- g. Membuka usaha baru yang tidak terkait dengan usaha.
- h. Mengikatkan diri sebagai penjamin (*borg*) harta kekayaan yang telah dijaminkan kepada BNI kepada pihak lain.
- i. Melakukan *interfinancing* antar grup usaha selain dalam rangka meningkatkan kinerja bisnis dan keuangan, tidak diperkenankan.

12. LONG-TERM BANK LOAN (Continued)

- c. Selling or pledging the Company's assets to other parties.
- d. Receive new credit facility either from other banks or other financial institutions (including the issuance of bonds).
- e. New investment except for business development of the Company as long as it does not change the defined financial ratios.
- f. Distribute operating profit and pay dividends to shareholders.
- g. Opening a new business that is not related to the business.
- h. Acts as a guarantor for the collateralized asset to BNI, to another party.
- i. Interfinancing between business groups other than to boost the business and financial performance, are not allowed.

13. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN

Perusahaan mencatat liabilitas diestimasi bersih untuk imbalan kerja karyawan sejumlah Rp 6.759.832.977 dan Rp 2.911.474.107 pada tanggal 31 Desember 2016 dan 2015, yang disajikan sebagai akun "*Liabilitas diestimasi imbalan kerja karyawan*" di laporan posisi keuangan.

Analisis atas mutasi saldo liabilitas diestimasi untuk imbalan kerja karyawan selama tahun 2016 dan 2015 adalah sebagai berikut:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Saldo awal tahun	2.911.474.107	1.695.566.680
Beban manfaat karyawan yang diakui pada tahun berjalan	4.286.181.071	1.368.428.325
Pembayaran manfaat pesangon karyawan pada tahun berjalan	(95.000.000)	(7.500.000)
Total biaya yang diakui dalam penghasilan komprehensif lain	(342.822.201)	(145.020.898)
Saldo akhir tahun	6.759.832.977	2.911.474.107

Beban imbalan kerja karyawan disajikan sebagai bagian dari akun "*Beban umum dan administrasi*" di dalam laporan laba rugi dan penghasilan komprehensif lain, dengan rincian sebagai berikut:

	2016	2015
Beban jasa masa kini	3.076.270.275	1.498.901.882
Beban jasa masa lalu	947.934.888	(230.347.297)
Beban bunga	356.136.963	91.219.787
Penyesuaian	(99.400.525)	11.137.078
Perubahan asumsi aktuarial	5.239.470	(2.483.125)
Total	4.286.181.071	1.368.428.325

13. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS

The Company recorded net estimated liabilities for employee benefits amounted to Rp 6,759,832,977 and Rp 2,911,474,107 as of 31 December 2016 and 2015, which are presented as "Estimated liabilities for employee benefits" in the statement of financial position.

Analysis of movement of the estimated liabilities for employee benefits during in 2016 and 2015 are as follows:

Balance at beginning of the year	1.695.566.680
Employee benefit costs recognized in the current year	1.368.428.325
Payments of employee severance benefits in the current year	(7.500.000)
The total cost recognized in other comprehensive income	(145.020.898)
Balance at end of year	2.911.474.107

Provision for employee is presented as part of "General and administrative expenses" in the statement of profit or loss and other comprehensive income, with details as follows:

	2016	2015
Current service cost	3.076.270.275	1.498.901.882
Past service cost	947.934.888	(230.347.297)
Interest cost	356.136.963	91.219.787
Adjustments	(99.400.525)	11.137.078
Changes of actuarial assumption	5.239.470	(2.483.125)
Total	4.286.181.071	1.368.428.325

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13. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN
(Lanjutan)

Aktuaria (keuntungan) kerugian yang disebabkan oleh perubahan faktor-faktor berikut:

	2016	2015
Perubahan asumsi keuangan	245.074.248	170.570.752
Penyesuaian pengalaman	(587.896.449)	25.549.854
T o t a l	(342.822.201)	(145.020.898)

Penyisihan imbalan kerja tersebut di atas merupakan estimasi manajemen berdasarkan perhitungan aktuaris PT Padma Radya Aktuaria, dengan menggunakan metode "Projected Unit Credit". Asumsi dasar yang digunakan pada perhitungan aktuaris tersebut pada tahun 2016 dan 2015 adalah sebagai berikut, antara lain:

Tingkat mortalita	:	100% TMI3 pada tahun 2016 dan 2015/ 100% TMI3 in 2016 and 2015	:	Mortality rate
Tingkat diskonto	:	8,50% dan 9,00% pada tahun 2016 dan 2015/ 8.50% and 9.00% in 2016 and 2015	:	Discount rate
Tingkat kenaikan gaji tahunan	:	5,00% pada tahun 2016 dan 2015/ 5.00% in 2016 and 2015	:	Annual wage and salary increase
Umur pensiun	:	55 tahun/55 years	:	Retirement age

Liabilitas imbalan pasti - sensitivitas analisis

Dampak terhadap nilai liabilitas imbalan pasti dari perubahan yang mungkin terjadi pada satu asumsi aktuarial, menganggap semua asumsi lainnya konstan, disajikan dalam tabel di bawah:

13. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS
(Continued)

Actuarial (gains) losses are caused by changes in the following factors:

	2016	2015	
Changes in financial assumptions	245.074.248	170.570.752	
Experience adjustments	(587.896.449)	25.549.854	
T o t a l	(342.822.201)	(145.020.898)	T o t a l

Provision for employee benefits mentioned above are estimated by management based on actuarial calculations of PT Padma Radya Aktuaria, by using the "Projected Unit Credit" method. Assumptions used in the actuarial calculations in 2016 and 2015 are as follows, among others:

Defined benefit obligation - sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

Asumsi aktuarial	Penjelasan kemungkinan perubahan/ Reasonably possible change	Liabilitas imbalan pasti / Defined benefit obligation		Actuarial assumptions
		Kenaikan/ Increase	Penurunan/ Decrease	
Tingkat diskonto	(+/- 1,00%)	6.290.673.558	7.312.846.245	Discount rate
Pertumbuhan gaji masa depan	(+/- 1,00%)	7.373.724.413	6.235.452.975	Growth in future salaries
T o t a l		13.664.397.971	13.548.299.220	T o t a l

14. MODAL SAHAM

Susunan pemegang saham Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

14. SHARE CAPITAL

The composition of Company's shareholders as of 31 December 2016 and 2015 are as follows:

Pemegang saham	Jumlah saham/ Number of shares	Persentase kepemilikan (%)/ Percentage of ownership (%)	T o t a l	Shareholders
PT Royal Lestari Utama	109.250	95,00	109.250.000.000	PT Royal Lestari Utama
PT Revalindo Pratama	5.750	5,00	5.750.000.000	PT Revalindo Pratama
T o t a l	115.000	100,00	115.000.000.000	T o t a l

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14. MODAL SAHAM (Lanjutan)

Modal saham Perusahaan dijadikan jaminan atas fasilitas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

14. SHARE CAPITAL (Continued)

The share capital of the Company was pledged as collateral for long-term bank loans obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

15. BEBAN UMUM DAN ADMINISTRASI

	2 0 1 6
G a j i	5.785.679.007
Penyusutan (Catatan 8)	4.813.456.882
Imbalan kerja (Catatan 13)	4.286.181.071
Beban Pajak Penghasilan Pasal 21	1.324.536.029
Beban sewa	865.000.677
Jasa professional	592.185.000
Cadangan cuti dan tunjangan hari raya	453.291.668
Beban kantor	375.830.422
Beban asuransi	373.828.932
Perjalanan dinas	349.190.382
Lain-lain	256.631.688
T o t a l	19.475.811.758

15. GENERAL AND ADMINISTRATIVE EXPENSES

	2 0 1 5	
	5.139.338.813	Salaries
	3.435.736.732	Depreciation (Note 8)
	1.368.428.325	Employee benefits (Note 13)
	1.037.359.998	Income Tax Article 21 expense
	621.356.641	Rent expenses
	745.595.898	Professional fees
	987.811.474	Provision leave and holiday allowances
	1.013.157.487	Office expenses
	350.984.164	Insurance expense
	485.885.791	Traveling
	391.089.337	Others
T o t a l	15.576.744.660	T o t a l

16. PENDAPATAN DAN BEBAN OPERASI LAINNYA

a. Pendapatan Operasi Lainnya

	2 0 1 6
Keuntungan atas penjualan aktiva aset tetap	34.750.000
Laba selisih kurs	6.518.028
Lain-lain	33.332.761
T o t a l	74.600.789

16. OTHER OPERATING INCOME AND EXPENSES

a. Other Operating Income

	2 0 1 5	
	-	Gain on sales property and equipment
	-	Gain on foreign exchange
	422.118.552	Others
T o t a l	422.118.552	T o t a l

b. Beban Operasi Lainnya

	2 0 1 6
Rugi penghapusan bibit	1.276.444.361
Rugi atas penghapusan aset tetap (Catatan 8)	727.383.487
Rugi atas penghapusan inventory	670.098.926
Rugi atas selisih kurs	-
Rugi atas kebakaran tanaman karet dan tanaman acacia magnium (Catatan 7)	-
Lain-lain	24.575.461
T o t a l	2.698.502.235

b. Other Operating Expenses

	2 0 1 5	
	-	Loss on disposal nursery
	1.507.847.080	Loss on disposal of property and equipment (Note 8)
	-	Loss on disposal of inventories
	4.620.297.626	Loss on foreign exchange
	33.576.699.417	Rubber plantation and acacia magnium loss on fire (Note 7)
	1.065.660.405	Others
T o t a l	40.770.504.528	T o t a l

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17. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI

Perusahaan melakukan transaksi dengan pihak-pihak berelasi, antara lain:

17. ACCOUNT BALANCES, RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

In normal operations, the company does transactions with related parties:

Pihak berelasi/ Related parties	Sifat dari hubungan/ Relationship		Sifat dari transaksi/ Nature of the transaction
PT Royal Lestari Utama (RLU)	Pemegang saham/Shareholder		Utang lain - lain, beban masih harus dibayar, utang pemegang saham, beban bunga utang pemegang saham dan beban jasa profesional/ Other payables, accrued expense, shareholder's loan, interest of shareholder's loan expense and professional fee expenses
Manufacture Francaise des Pneumatiques Michelin	Entitas sepengendali/Entity under common control		Utang lain-lain, jasa profesional/ Other payables, professional fee expenses
Rincian saldo transaksi dengan pihak-pihak berelasi adalah sebagai berikut:		The details of the transaction with related parties are as follows:	
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Beban bunga utang pemegang saham yang dikapitalisasi ke hutan tanaman industri dalam pengembangan PT Royal Lestari Utama (Catatan 7)	23.259.307.689	3.383.591.636	Interest of shareholder's loan expense capitalized to industrial timber plantation under development stage PT Royal Lestari Utama (Note 7)
Beban jasa profesional yang dikapitalisasi ke hutan tanaman industri dalam pengembangan PT Royal Lestari Utama (Catatan 7)	13.776.036.905	7.536.904.838	Professional fees expense capitalized to industrial timber plantation under development stage PT Royal Lestari Utama (Note 7)
Utang lain-lain PT Royal Lestari Utama	-	49.000.000	Other payable PT Royal Lestari Utama Manufacture Francaise des Pneumatiques Michelin
Manufacture Francaise des Pneumatiques Michelin	10.433.151.008	-	
T o t a l	10.433.151.008	49.000.000	T o t a l
Beban masih harus dibayar PT Royal Lestari Utama (Catatan 10)	-	2.561.657.562	Acccrued expense PT Royal Lestari Utama (Note 10)
Utang pemegang saham PT Royal Lestari Utama	303.781.376.276	134.275.720.000	Shareholder's loan PT Royal Lestari Utama

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17. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI (Lanjutan)

Berdasarkan Surat Perjanjian Pinjaman Pemegang Saham pada tanggal 22 Juni 2015, Para Pemegang Saham menyetujui Perusahaan memperoleh pinjaman dari RLU dengan total pokok US\$ 40.000.000. Tujuan pinjaman ini adalah untuk kegiatan operasional Perusahaan. Jangka waktu pembayaran pinjaman ini adalah 10 tahun dan pinjaman ini dikenakan biaya LIBOR+200bp.

Pada tanggal 8 September 2015, diterbitkan Addendum I atas Surat Perjanjian Pemegang Saham. Perubahan tersebut yaitu RLU sepakat untuk mengubah pemberian dan perhitungan utang dari mata uang USD menjadi Rupiah, kurs yang digunakan menggunakan Rp 14.244 dan suku bunga pinjaman diubah menjadi JIBOR+200bp. Sampai dengan tanggal 31 Desember 2016 dan 2015, Perusahaan memperoleh pinjaman sebesar Rp 303.781.376.276 dan Rp 134.275.720.000.

Pada tanggal 15 Januari 2015, Perusahaan setuju menunjuk RLU untuk memberikan jasa kepada pihak perseroan yang berkaitan dengan konsultasi manajemen, memberikan bimbingan aspek operasional terkait kegiatan usaha serta perencanaan strategi Perusahaan dan melaksanakan hal-hal lain guna memajukan kegiatan perseroan. RLU akan menerima imbalan jasa dari Perusahaan sebesar total biaya yang dikeluarkan oleh RLU dalam rangka pemberian jasa ditambah 2%, di mana Perusahaan mengkapitalisasi jasa profesional tersebut kedalam hutan tanaman industri dalam tahap pengembangan. Perjanjian ini berlaku sampai dengan 15 Januari 2016 tahun dan dapat diperpanjang berdasarkan kesepakatan kedua belah pihak. Pada tanggal 11 Januari 2016 perjanjian ini telah diperpanjang sampai dengan 15 January 2017.

Pada tanggal 17 Desember 2014, Perusahaan mengadakan perjanjian bantuan teknis dengan Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin akan memberikan bantuan sehubungan dengan bidang pohon karet, pemeliharaan penelitian, dan eksploitasi kebun karet, serta pembelian karet mentah dari perkebunan dari orang ketiga. Manufacture Francaise des Pneumatiques Michelin juga akan memberikan bantuan sehubungan dengan teknis dan industri yang berkaitan dengan pengolahan karet alami dan kontrol atas kualitas, serta pembangunan dan pemeliharaan peralatan dan infrastruktur. Perjanjian ini berlaku selama 19 tahun sejak ditanda tangani.

17. ACCOUNT BALANCES, RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Based on the Shareholder Loan Agreement dated 22 June 2015, shareholder approved that the Company obtained loan from RLU amounting to US\$ 40,000,000. The purpose of this loan is used for the Company operational activity. The term payment of this loan is 10 years and this loan is charged of interest expense with LIBOR+200bp.

On 8 September 2015, issued Addendum I of the Shareholder Loan Agreement. This changes include RLU approved to convert and re-calculate the loan from USD into Rupiah, used exchange rate Rp 14,244 and interest expense change into JIBOR+200bp. As of 31 December 2016 dan 2015, the Company obtained loan with amount of Rp 303,781,376,276 dan Rp 134,275,720,000.

As of 15 January 2015, the Company agreed to appoint RLU to provide services to the Company relating to management consulting, providing guidance related to operational aspects of the business activities and the Company's strategic planning and implement - other things in order to promote Company activities. RLU will receive a fee from the Company for the total costs incurred by RLU in the framework of the provision of services plus 2%, where the Company capitalized professional fees in to industrial timber plantations under development stage. This agreement is valid until 15 January 2016 and may be extended based on the agreement of both parties. On 11 January 2016 this agreement was extended until 15 January 2017.

As of 17 December 2014, the Company entered a technical assistance agreement with Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin will provide assistance in connection with the field of rubber trees, maintenance, research and exploitation of rubber plantations, as well as the purchase of raw rubber from the estate of a third person. Manufacture Francaise des Pneumatiques Michelin will also be giving out assistance with respect to technical and industries related with natural rubber processing and control over quality, and the construction and maintenance of equipment and infrastructure. This agreement is applicable for 19 years.

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18. MANAJEMEN RISIKO KEUANGAN

Kebijakan manajemen risiko keuangan Perusahaan bertujuan untuk mengidentifikasi dan menganalisa risiko-risiko keuangan yang dihadapi Perusahaan, menetapkan batasan risiko dan pengendalian yang sesuai serta untuk mengawasi kepatuhan terhadap batasan yang telah ditetapkan.

a. Risiko Likuiditas

Risiko likuiditas timbul apabila Perusahaan bertemu kesulitan dalam mewujudkan asetnya atau mengumpulkan dana untuk memenuhi komitmen terkait dengan liabilitas keuangannya.

Perusahaan mengelola likuiditas dengan membuat rencana penerimaan dan pengeluaran dalam bentuk perencanaan arus kas secara periodic dan melakukan *monitoring* atas realisasinya. Perusahaan menempatkan kelebihan atas kas dalam instrumen keuangan dengan risiko yang rendah namun memberikan imbal hasil yang memadai pada lembaga-lembaga keuangan yang memiliki kredibilitas dan *rating* yang dapat dipertanggungjawabkan.

b. Risiko Kredit

Eksposur risiko kredit Perusahaan terutama timbul dari pengelolaan piutang usaha dan piutang lain-lain. Perusahaan melakukan pengawasan kolektibilitas piutang sehingga dapat diterima penagihannya secara tepat waktu dan juga melakukan penelaahan atas masing-masing piutang pelanggan secara berkala untuk menilai potensi timbulnya kegagalan penagihan.

c. Risiko Pasar

Risiko pasar adalah risiko dimana nilai wajar arus kas masa depan akan berfluktuasi karena perubahan harga pasar. Jenis-jenis risiko pasar yaitu: risiko suku bunga dan risiko mata uang.

Risiko Tingkat Suku Bunga

Risiko tingkat suku bunga adalah risiko dimana nilai wajar atau arus kas masa datang akan berfluktuasi akibat perubahan suku bunga pasar. Eksposur Perusahaan terhadap risiko perubahan suku bunga pasar terutama terkait dengan utang bank jangka panjang Perusahaan dengan suku bunga mengambang.

Perusahaan selalu melakukan analisa atas dampak dari tingkat suku bunga terhadap biaya operasional dan kemampuan Perusahaan sebelum menyetujui pinjaman tersebut.

18. FINANCIAL RISK MANAGEMENT

The Company financial risk management policy aims to identify and analyze the financial risks faced by the Company, set appropriate risk limits and controls, and oversee compliance with the limits established.

a. *Liquidity Risk*

Liquidity risk arises when the Company encounters difficulty in realizing its assets or otherwise raising funds to meet commitments associated with its financial liabilities.

The Company manages liquidity by making the plan revenue and expenditure in the form of periodic cash flows planning and monitoring of their realization. The Company put the excess of cash in financial instruments with low risk but provides adequate returns on financial institutions that have credibility and rating may be applied.

b. *Credit Risk*

The Company's exposure to credit risk arise primarily from managing trade receivables and other receivables. The Company's monitors receivables so that these are collected in a timely manner and also conduct reviews of individual customer accounts on a regular basis to assess the potential for uncollectibility.

c. *Market Risk*

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. The types of market risk: interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term bank loans with floating interest rates.

The Company always performs an analysis of the impact of interest rates on operating costs and the ability of the Company before approving the loan.

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18. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

c. Risiko Pasar

Risiko Mata Uang Asing

Risiko mata uang asing adalah risiko di mana nilai wajar atau arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi akibat perubahan nilai tukar mata uang asing. Eksposur Perusahaan terhadap risiko perubahan kurs mata uang asing terutama berkaitan dengan kegiatan operasi dan pendanaan Perusahaan.

Perusahaan secara konsisten melakukan *monitoring* terhadap pergerakan nilai tukar mata uang untuk mengetahui dampak perubahan nilai tukar mata uang asing tersebut terhadap kinerja operasional dan keuangan Perusahaan.

d. Manajemen Permodalan

Tujuan utama dari pengelolaan modal Perusahaan adalah untuk memastikan rasio modal yang sehat agar dapat mendukung kelancaran usahanya dan memaksimalkan nilai dari pemegang saham.

19. NILAI WAJAR INSTRUMEN KEUANGAN

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Berikut ini adalah metode dan asumsi yang digunakan untuk memperkirakan nilai wajar setiap kelompok dari instrumen keuangan Perusahaan:

- Kas dan bank, piutang lain-lain, utang usaha, utang lain-lain dan beban masih harus dibayar mendekati nilai tercatatnya karena bersifat jangka pendek.
- Nilai tercatat dari pinjaman bank jangka panjang dan utang pemegang saham mendekati nilai wajarnya disebabkan oleh pemakaian suku bunga mengambang atas instrumen tersebut, di mana tingkat bunga tersebut selalu disesuaikan dengan pasar.

18. FINANCIAL RISK MANAGEMENT (Continued)

c. Market Risk

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument in a financial instrument fluctuates due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities.

The Company consistently monitors the movement of currency exchange rate to determine the impact of changes in foreign currency exchange rates are towards the operational and financial performance of the Company.

d. Capital Management

The main 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.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for selling the asset or paid to transfer the liability an orderly transaction between market participants.

The following are the methods and assumptions used to estimate the fair value of each group of the Company's financial instruments:

- Cash on hand and in banks, other receivables, trade payables, other payables and accrued expenses approximate their carrying values due their short-term nature.
- The carrying amount of long-term bank loan and shareholder's loan approximate their fair values due to the use of floating interest rates for the mentioned instruments, in which the interest rate is always adjusted to market.

Ekshibit E/42

Exhibit E/42

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

19. NILAI WAJAR INSTRUMEN KEUANGAN (Lanjutan)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS
(Continued)

Di bawah ini menyajikan nilai wajar, yang
mendekati nilai tercatat:

Below is stated the fair values, which approximate
the carrying values:

	31 Desember 2016/ 31 December 2016		31 Desember 2015/ 31 December 2015		
	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
A S E T					A S S E T S
Kas dan bank	2.496.664.118	2.496.664.118	61.666.144	61.666.144	Cash on hand and in banks
Piutang lain-lain	500.000	500.000	51.000.000	51.000.000	Other receivables
T o t a l	2.497.164.118	2.497.164.118	112.666.144	112.666.144	T o t a l
LIABILITAS					LIABILITIES
Utang usaha	7.875.923.891	7.875.923.891	2.634.800.386	2.634.800.386	Trade payables
Utang lain-lain	11.727.812.170	11.727.812.170	612.801.050	612.801.050	Other payables
Beban masih harus dibayar	2.567.128.571	2.567.128.571	5.624.258.327	5.624.258.327	Accrued expenses
Pinjaman bank jangka panjang	239.279.061.111	239.279.061.111	164.195.144.121	164.195.144.121	Long-term bank loan
Utang pemegang saham	303.781.376.276	303.781.376.276	134.275.720.000	134.275.720.000	Shareholder's loan
T o t a l	565.231.302.019	565.231.302.019	307.342.723.884	307.342.723.884	T o t a l

20. PERISTIWA SETELAH PERIODE PELAPORAN

20. EVENTS AFTER THE REPORTING PERIOD

1. Susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan akta Notaris Djumini Setyoadi, S.H., M.Kn, No. 11 tanggal 16 Januari 2017 adalah sebagai berikut:

1. The members of the Company's Board of Commissioners and Directors based on Notarial deed of Djumini Setyoadi, S.H., M.Kn, No.11 dated 11 January 2017 are as follows:

Dewan Komisaris

Komisaris Utama	:	Yazirwan Uyun
Komisaris	:	Fifi Setiawaty Leono
Komisaris	:	Luc Marie Gaston Fernand Minguet
Komisaris	:	Didier Claude Gaidon

Board of Commissioners

:	President Commissioner
:	Commissioner
:	Commissioner
:	Commissioner

Dewan Direksi

Direktur Utama	:	Andry Setiawan
Wakil Direktur Utama	:	Eric Pierre Robert Vaillier
Direktur	:	Yannick Jean Marie Vincent Balerin
Direktur	:	Bruno Marie Jean Louis Mangenot
Direktur	:	Polmer Nababan
Direktur	:	Meizani Irmadhiany

Board of Directors

:	President Director
:	Vice President Director
:	Director
:	Director
:	Director
:	Director

2. Perusahaan melakukan deklarasi aset melalui program pengampunan pajak berdasarkan tanda terima surat pernyataan harta No. D1500006603 tanggal 31 Maret 2017.

2. The Company made the declaration of assets through a tax amnesty program based on Surat tanda terima surat pernyataan harta No. D1500006603 dated 31 March 2017.

Ekshibit E/43

Exhibit E/43

PT LESTARI ASRI JAYA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT LESTARI ASRI JAYA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

21. REKLASIFIKASI

Akun tertentu pada laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2015 telah direklasifikasi agar sesuai dengan penyajian laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2016, dengan rincian sebagai berikut:

21. RECLASSIFICATION

Certain accounts in the financial statements for the year ended 31 December 2015 have been reclassified to conform with the presentation of the financial statements for the year ended 31 December 2016, with details as follows:

<u>Deskripsi</u>	<u>Sebelum reklasifikasi kembali/ Before Reclassification</u>	<u>reklasifikasi/ reclassification</u>	<u>Sesudah reklasifikasi/ After reclassification</u>	<u>Description</u>
31 Desember 2015 Laporan Posisi Keuangan				31 December 2015 Statemen of Financial Position
Utang usaha pihak ketiga	3.180.948.385 (	546.147.999)	2.634.800.386	Trade payables Third parties
Utang lain-lain Pihak ketiga	17.653.051	546.147.999	563.801.050	Other payables Third parties

22. TANGGUNG JAWAB MANAJEMEN DAN
PERSETUJUAN ATAS LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan ini yang diselesaikan pada tanggal 12 April 2017.

22. MANAGEMENT RESPONSIBILITY AND APPROVAL OF
FINANCIAL STATEMENTS

The management is responsible for the preparation of these financial statements that were completed on 12 April 2017.

PT MULTI KUSUMA CEMERLANG

**LAPORAN KEUANGAN/
FINANCIAL STATEMENTS**

**UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016/
FOR THE YEAR ENDED 31 DECEMBER 2016**

DAN/AND

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

*These Financial Statements are originally
issued in Indonesian language*

**PT MULTI KUSUMA CEMERLANG
LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016**

**PT MULTI KUSUMA CEMERLANG
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

DAFTAR ISI

C O N T E N T S

Pernyataan Direksi

Director's Statement

Laporan Auditor Independen

Independent Auditor's Report

**Ekshibit/
Exhibit**

Laporan Posisi Keuangan

A

Statement of Financial Position

**Laporan Laba Rugi dan Penghasilan
Komprehensif Lain**

B

***Statement of Profit or Loss and Other
Comprehensive Income***

Laporan Perubahan Ekuitas

C

Statement of Changes in Equity

Laporan Arus Kas

D

Statement of Cash Flows

Catatan atas Laporan Keuangan

E

Notes to Financial Statements



**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016 DAN 2015
PT MULTI KUSUMA CEMERLANG**

Kami, yang bertanda tangan di bawah ini:

1. Nama : Andry Setiawan
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan Taman
Sari, Jakarta Barat
Nomor Telepon : (021) 5306711
Jabatan : Direktur Utama
2. Nama : Eric Pierre Robert Vaillier
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced APT
N 1805
Nomor Telepon : (021) 5306711
Jabatan : Direktur

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan;
2. Laporan keuangan telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan telah dimuat secara lengkap dan benar;
b. Laporan keuangan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Multi Kusuma Cemerlang.

Demikian pernyataan ini dibuat dengan sebenarnya.

**DIRECTOR'S STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2016 AND 2015
PT MULTI KUSUMA CEMERLANG**

We, the undersigned:

1. Name : Andry Setiawan
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Domicile Address : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan
Taman Sari, Jakarta Barat
Phone Number : (021) 5306711
Position : President Director
2. Name : Eric Pierre Robert Vaillier
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Domicile Address : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced
APT N 1805
Phone Number : (021) 5306711
Position : Director

Stated that:

1. We are responsible for the preparation and presentation of the financial statements;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements is complete and correct;
b. The financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for PT Multi Kusuma Cemerlang' internal control system.

This statement letter is made truthfully.

Jakarta, 12 April 2017/ 12 April 2017

Andry Setiawan
Direktur Utama/President Director



Eric Pierre Robert Vaillier
Direktur/Director

This report is originally issued in Indonesian language

No. : 465/O.M146/FH.0/12.16
Hal : Laporan Keuangan
31 Desember 2016

No. : 465/O.M146/FH.0/12.16
Re : Financial Statements
31 December 2016

Laporan Auditor Independen

Independent Auditors' Report

Pemegang Saham, Dewan Komisaris dan
Direksi
PT Multi Kusuma Cemerlang
Jakarta

Shareholders, Board of Commissioners and
Directors
PT Multi Kusuma Cemerlang
Jakarta

Kami telah mengaudit laporan keuangan PT Multi Kusuma Cemerlang terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2016, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying financial statements of PT Multi Kusuma Cemerlang, which comprise the statement of financial position as of 31 December 2016, and the statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan

Management's responsibility for the financial statements

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Tanggung jawab auditor

Auditor's responsibility

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan 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 memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

TANUBRATA SUTANTO FAHMI BAMBANG & REKAN

Tanubrata Sutanto Fahmi Bambang & Rekan (Certified Public Accountants), an Indonesian partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of International BDO network of independent member firms.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, 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 entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan 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 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 terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Multi Kusuma Cemerlang tanggal 31 Desember 2016, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

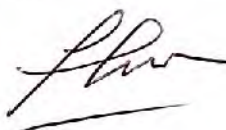
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of PT Multi Kusuma Cemerlang as of 31 December 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI BAMBANG & Rekan



Fahmi, SE, Ak, CPA, CA
NIAP AP.0124/
License No. AP.0124

12 April 2017/ 12 April 2017

FDSH/yn

Ekshibit A

Exhibit A

PT MULTI KUSUMA CEMERLANG
LAPORAN POSISI KEUANGAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
A S E T				A S S E T S
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	2c,d,p,4	4.002.812.465	3.092.968.985	Cash and cash equivalents
Piutang lain-lain - Pihak ketiga	2c	2.500.000	215.116.500	Other receivables - Third parties
Persediaan	2f,5	1.843.568.838	1.485.418.435	Inventories
Uang muka	6	7.375.161.191	415.800.360	Advances
Pajak dibayar di muka	2o,13a	1.930.031.377	-	Prepaid tax
Beban dibayar di muka	2h	4.410.462.575	269.707.753	Prepaid expenses
Total Aset Lancar		19.564.536.446	5.479.012.033	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Hutan tanaman industri dalam tahap pengembangan	2i,k,m,p,7,18	202.319.730.493	113.172.106.231	Industrial timber plantations under development stage
Aset tetap, setelah dikurangi akumulasi penyusutan sebesar Rp 4.560.313.205 pada tahun 2016 dan Rp 2.512.378.472 pada tahun 2015	2j,k,8	83.537.017.742	14.872.957.810	Property and equipment, net of accumulated depreciation of Rp 4,560,313,205 in 2016 and Rp 2,512,378,472 in 2015
Aset pajak tangguhan	2o,13d	-	2.425.707.415	Deferred tax assets
Aset tidak lancar lainnya		1.049.394.960	129.144.960	Other non-current assets
Total Aset Tidak Lancar		286.906.143.195	130.599.916.416	Total Non-Current Assets
TOTAL ASET		306.470.679.641	136.078.928.449	TOTAL ASSETS

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

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

Ekshibit A/2

Exhibit A/2

PT MULTI KUSUMA CEMERLANG
LAPORAN POSISI KEUANGAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES
Utang usaha - Pihak ketiga	2c,9	5.031.388.519	1.682.950.750	Trade payables - Third parties
Utang lain-lain	2c,10			Other payables
Pihak ketiga	2p	29.163.677.025	17.698.870	Third parties
Pihak berelasi	2g,18	5.447.865.764	3.195.000	Related parties
Beban masih harus dibayar	2c,g,11,18	769.498.381	2.043.727.407	Accrued expenses
Utang pajak	2o,13b	398.398.838	876.872.198	Taxes payable
Total Liabilitas Jangka Pendek		40.810.828.527	4.624.444.225	Total Current Liabilities
LIABILITAS JANGKA PANJANG				NON-CURRENT LIABILITIES
Pinjaman bank jangka panjang	2c,12	78.470.878.904	44.790.301.954	Long-term bank loan
Utang pemegang saham	2c,g,18	162.893.749.640	46.678.623.700	Shareholder's loan
Liabilitas diestimasi imbalan kerja karyawan	2l,14	1.057.204.386	307.060.856	Estimated liabilities for employee benefits
liabilitas pajak tangguhan	2o,13d	1.432.457.039	-	Deferred tax liabilities
Total Liabilitas Jangka Panjang		243.854.289.969	91.775.986.510	Total Non-Current Liabilities
Total Liabilitas		284.665.118.496	96.400.430.735	Total Liabilities
EKUITAS				EQUITY
Modal saham - nilai nominal				Share capital - par value
Rp 1.000.000 per saham				Rp 1,000,000 per share
Modal dasar - 150.000 saham				Authorized - 150,000 shares
Modal ditempatkan dan disetor penuh - 47.250 saham	15	47.250.000.000	47.250.000.000	Issued and fully paid - 47,250 shares
Defisit		(25.444.438.855)	(7.571.502.286)	Deficits
Total Ekuitas		21.805.561.145	39.678.497.714	Total Equity
TOTAL LIABILITAS DAN EKUITAS		306.470.679.641	136.078.928.449	TOTAL LIABILITIES AND EQUITY

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

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

Ekshibit B

Exhibit B

PT MULTI KUSUMA CEMERLANG
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	<u>2 0 1 6</u>	<u>Catatan/ Notes</u>	<u>2 0 1 5</u>	
Beban umum dan administrasi	(12.019.812.552)	2n,16	(3.439.680.555)	General and administrative expenses
Pendapatan operasi lainnya	600.639.617	2n,17a	315.116.500	Other operating income
Beban operasi lainnya	(2.604.982.580)	2n,17b	(1.584.535.192)	Other operating expenses
RUGI BRUTO	(14.024.155.515)		(4.709.099.247)	GROSS LOSS
Pendapatan keuangan	<u>48.760.482</u>	2n	<u>26.245.697</u>	Finance income
RUGI SEBELUM MANFAAT PAJAK PENGHASILAN	(13.975.395.033)		(4.682.853.550)	LOSS BEFORE INCOME TAX BENEFIT
MANFAAT PAJAK PENGHASILAN				INCOME TAX BENEFIT
Tangguhan	(3.868.008.725)	2o,13d	<u>1.175.981.398</u>	Deferred
RUGI NETO TAHUN BERJALAN	(17.843.403.758)		(3.506.872.152)	NET LOSS FOR THE YEAR
PENGHASILAN (RUGI) KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME (LOSS)
Pos-pos yang tidak akan direklasifikasi ke laba rugi				Items that will not be reclassified to profit or loss
Keuntungan (kerugian) aktuarial atas imbalan pasca kerja	(39.377.082)	2l,14	10.578.641	Actuarial gains (loss) of post-employment benefits
Pajak tangguhan terkait	<u>9.844.271</u>	2o,13d	(2.644.660)	Relating to deferred tax
JUMLAH (RUGI) PENGHASILAN KOMPREHENSIF LAIN	(29.532.811)		7.933.981	TOTAL OTHER COMPREHENSIVE INCOME (LOSS)
TOTAL RUGI KOMPREHENSIF PADA TAHUN BERJALAN	(17.872.936.569)		(3.498.938.171)	TOTAL COMPREHENSIVE LOSS FOR THE YEAR

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

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

*These Financial Statements are originally
issued in Indonesian language*

Ekshibit C

Exhibit C

**PT MULTI KUSUMA CEMERLANG
LAPORAN PERUBAHAN EKUITAS
UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT MULTI KUSUMA CEMERLANG
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)**

	Modal ditempatkan dan disetor penuh/ <i>Issued and fully paid share capital</i>	Defisit/ <i>Deficits</i>	Total ekuitas/ <i>Total equity</i>	
Saldo per 31 Desember 2014	47.250.000.000	(4.072.564.115)	43.177.435.885	<i>Balance as of 31 December 2014</i>
Total rugi komprehensif pada tahun berjalan	-	(3.498.938.171)	(3.498.938.171)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2015	47.250.000.000	(7.571.502.286)	39.678.497.714	<i>Balance as of 31 December 2015</i>
Total rugi komprehensif pada tahun berjalan	-	(17.872.936.569)	(17.872.936.569)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2016	<u>47.250.000.000</u>	<u>(25.444.438.855)</u>	<u>21.805.561.145</u>	<i>Balance as of 31 December 2016</i>
	Catatan 15/ Note 15			

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

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

Ekshibit D

Exhibit D

PT MULTI KUSUMA CEMERLANG
LAPORAN ARUS KAS
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Rugi sebelum manfaat pajak penghasilan	(13.975.395.033)	(4.682.853.550)	Loss before income tax benefit
Penyesuaian untuk merekonsiliasi rugi sebelum manfaat pajak penghasilan menjadi kas bersih yang diperoleh dari (digunakan untuk) aktivitas operasi:			Adjustments to reconcile loss before income tax benefit to net cash provided by (used in) operating activities:
Penyusutan	2.047.934.733	1.082.204.947	Depreciation
Rugi atas penghapusan aset tetap	-	5.588.373	Loss on disposal of property and equipment
Rugi atas penghapusan bibit	(1.180.029.979)	-	Loss on disposal of nursery
Rugi atas penanaman kembali	(1.408.333.192)	-	Loss on disposal of replanting
Beban penyisihan imbalan kerja karyawan	710.766.448	167.602.001	Provision for employee benefits expense
Perubahan aset dan liabilitas operasi:			Changes in operating assets and liabilities:
Piutang lain-lain	212.616.500	(215.116.500)	Other receivables
Persediaan	(358.150.403)	260.944.134	Inventories
Uang muka	(6.959.360.831)	(365.471.007)	Advances
Pajak dibayar di muka	(1.930.031.377)	-	Prepaid tax
Beban dibayar di muka	(4.140.754.822)	(119.950.207)	Prepaid expenses
Aset tidak lancar lainnya	(920.250.000)	(129.144.960)	Other non-current assets
Utang usaha	3.348.437.769	174.769.358	Trade payables
Utang lain-lain	34.590.648.919	3.195.000	Other payables
Beban masih harus dibayar	(1.274.229.026)	582.669.680	Accrued expenses
Utang pajak	(478.473.360)	822.096.434	Taxes payable
Uang muka pelanggan	-	(100.000.000)	Advance from customer
Arus kas diperoleh dari (digunakan untuk) aktivitas operasi	8.285.396.346	(2.513.466.297)	Cash flows provided by (used in) operating activities
Pembayaran beban keuangan	(16.265.648.598)	(5.511.050.649)	Payments of finance cost
Arus kas netto digunakan untuk aktivitas operasi	(7.980.252.252)	(8.024.516.946)	Net cash flows used in operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Hutan tanaman industri dalam tahap pengembangan	(70.293.612.493)	(42.212.586.034)	Industrial timber plantations under development stage
Perolehan aset tetap	(70.711.994.665)	(9.533.636.252)	Acquisitions of property and equipment
Arus kas netto digunakan untuk aktivitas investasi	(141.005.607.158)	(51.746.222.286)	Net cash flows used in investing activities

Ekshibit D/2

Exhibit D/2

PT MULTI KUSUMA CEMERLANG
LAPORAN ARUS KAS
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penambahan pinjaman bank jangka panjang	33.680.576.950	15.973.212.838	Additional from long-term bank loan
Penambahan utang pemegang saham	<u>116.215.125.940</u>	<u>46.678.623.700</u>	Additional shareholder's loan
Arus kas neto diperoleh dari aktivitas pendanaan	<u>149.895.702.890</u>	<u>62.651.836.538</u>	Net cash flows provided by financing activities
KENAIKAN NETO DALAM KAS DAN SETARA KAS	909.843.480	2.881.097.306	NET INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS PADA AWAL TAHUN	<u>3.092.968.985</u>	<u>211.871.679</u>	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS PADA AKHIR TAHUN	<u><u>4.002.812.465</u></u>	<u><u>3.092.968.985</u></u>	CASH AND CASH EQUIVALENTS AT END OF YEAR

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

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

Ekshibit E

Exhibit E

**PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)**

1. U M U M

a. Pendirian Perusahaan

PT Multi Kusuma Cemerlang ("Perusahaan") didirikan berdasarkan akta Notaris No. 10 tanggal 2 Desember 2011 dari Kumala Tjahjani Widodo, S.H., M.H., M.Kn., Notaris di Jakarta. Akta pendirian ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-1372.AH.01.01.Tahun 2012 tanggal 10 Januari 2012 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 32 tanggal 19 April 2013, Tambahan No. 8496. Anggaran dasar Perusahaan telah beberapa kali mengalami perubahan, yang terakhir berdasarkan Notaris Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 3 tanggal 5 Januari 2015, mengenai penerbitan saham baru perusahaan dan peningkatan modal disetor akibat konversi utang dari pemegang saham. Perubahan tersebut telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0000707.AH.01.02. Tahun 2015 tanggal 19 Januari 2015 dan berdasarkan akta Notaris No. 219 tanggal 30 April 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., mengenai perubahan status Perusahaan dari Non-Penanaman Modal Dalam Negeri/Penanaman Modal Asing menjadi Perusahaan Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 910/1/IP/ PMA/2015 tanggal 29 April 2015. Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0935942.AH.01.02. Tahun 2015 tanggal 27 Mei 2015.

Sesuai dengan Pasal 3 anggaran dasar Perusahaan, ruang lingkup kegiatan Perusahaan adalah dalam bidang pengusahaan hutan lainnya dan pemungutan getah karet serta industri pengasapan karet dan remilling karet. Hutan Tanaman Industri Perusahaan berlokasi di Desa Tepian Langsung, Kecamatan Bengalon, Kabupaten Kutai Timur, Provinsi Kalimantan Timur. Berdasarkan Surat Keputusan Menteri Kehutanan No. S.433/Menhut-II/2013 tanggal 12 Juni 2013 tentang perubahan Keputusan Menteri Kehutanan No. SK.519/MENHUT-II/2009 tanggal 8 September 2009, Perusahaan telah memperoleh ijin usaha pemanfaatan hasil hutan kayu pada hutan tanaman industri atas area seluas kurang lebih 18.045 Hektar.

1. G E N E R A L

a. Establishment of the Company

PT Multi Kusuma Cemerlang (the "Company") was established based on Notarial deed No. 10 dated 2 December 2011 of Kumala Tjahjani Widodo, S.H., M.H., M.Kn., Notary in Jakarta. The deed of establishment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-1372.AH.01.01.Tahun 2012 dated 10 January 2012 and published in the State Gazette of the Republic of Indonesia No. 32 dated 19 April 2013, Supplement No. 8496. The Company's articles of association have been amended several times, the latest changes were based on Notarial deed of Kumala Tjahjani Widodo, S.H., M.H., M.Kn., No. 3 dated 5 January 2015, regarding issued new shares and increased in authorized capital caused by conversion of payables from shareholders. These changes have been approved by the minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0000707.AH.01.02.Tahun 2015 dated 19 January 2015 and based on Notarial deed No. 219 dated 30 April 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., regarding the changes of the Company's status from Non-Domestic Investment/Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 910/1/IP/PMA/2015 dated 29 April 2015. The establishment deed has been approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935942.AH.01.02.Tahun2015 dated 27 May 2015.

In accordance with the Article 3 of the Company's articles of association, the Company's scopes of operations are activities in other plantations and rubber sap collection also in smoking rubber and remilling. The Company's Industrial Timber Plantation is located in Desa Tepian Langsung, Kecamatan Bengalon, Kabupaten Kutai Timur, Province of Kalimantan Timur. Based on the Decree of Minister of Forestry No. S.433/Menhut-II/2013 dated 12 June 2013 regarding the amendment of the Decision Minister of Forestry No. SK.519/MENHUT-II/2009 dated 8 September 2009, the Company has obtained usage rights for timber in their industrial timber plantation area of approximately 18,045 Hectares.

Ekshibit E/2

Exhibit E/2

PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. U M U M (Lanjutan)

b. Dewan Komisaris, Direksi dan Karyawan

Pada tanggal 31 Desember 2016, susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan akta Notaris Nanny Wiana Setiawan S.H., No. 56 tanggal 28 Juni 2016. Susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

	2 0 1 6
Dewan Komisaris	
Komisaris Utama :	Yazirwan Uyun
Komisaris :	Harlina Tjandinegara
Komisaris :	Eric Pierre Robert Vaillier
Dewan Direksi	
Direktur Utama :	Armando Robert Wirajendi
Direktur :	Evaliny
Direktur :	Andre
Direktur :	Meizani Irmadhiany

Pada tanggal 31 Desember 2016 dan 2015, Perusahaan mempunyai karyawan tetap masing-masing sebanyak 40 dan 22 orang (tidak diaudit).

1. G E N E R A L (Continued)

b. Board of Commissioners, Directors and Employees

As of 31 December 2016, the members of the Company's Board of Commissioners and Directors based on Notarial deed Nanny Wiana Setiawan SH., No. 56 Dated 28 June 2016. The members of the Company's Board of Commissioners and Directors as of 31 December 2016 and 2015 are as follows:

	2 0 1 5	Board of Commissioners
Yazirwan Uyun :		President Commissioner
Harlina Tjandinegara :		Commissioner
- :		Commissioner
Board of Directors		
Armando Robert Wirajendi :		President Director
Evaliny :		Director
- :		Director
- :		Director

As of 31 December 2016 and 2015, the Company had 40 and 22 permanent employees, respectively (unaudited).

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN

a. Pernyataan Kepatuhan

Laporan keuangan telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

b. Dasar Penyajian Laporan Keuangan

Laporan keuangan disusun berdasarkan basis akrual, dengan menggunakan konsep biaya perolehan, kecuali untuk persediaan yang dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi bersih dan akun-akun tertentu yang disusun berdasarkan pengukuran lain yang dijelaskan dalam kebijakan akuntansi masing-masing akun yang bersangkutan.

Laporan arus kas, yang disusun dengan menggunakan metode tidak langsung, menyajikan penerimaan dan pengeluaran kas dan bank yang diklasifikasikan ke dalam aktivitas operasi, investasi dan pendanaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which are comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

b. Basis of Preparation of the Financial Statements

The financial statements have been prepared on an accrual basis, using the historical cost concept, except for inventories which are stated at the lower of cost or net realizable value and certain accounts which are prepared under other measurement basis as described in the accounting policies of the respective accounts.

The Statements of cash flows, which have been prepared using the indirect method, present receipts and disbursements of cash on hand and in banks classified into operating, investing and financing activities.

Ekshibit E/3

Exhibit E/3

PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

b. Dasar Penyajian Laporan Keuangan (Lanjutan)

Mata uang pelaporan yang digunakan pada laporan keuangan adalah Rupiah, yang merupakan mata uang fungsional Perusahaan.

Perubahan Kebijakan Akuntansi

Kebijakan akuntansi yang diadopsi adalah konsisten dengan kebijakan akuntansi keuangan tahun sebelumnya, kecuali bagi pengadopsian PSAK dan ISAK yang berlaku efektif pada atau setelah tanggal 1 Januari 2016. Perubahan kebijakan akuntansi Perusahaan, dibuat sebagaimana disyaratkan sesuai dengan ketentuan transisi dalam masing-masing standar dan interpretasi.

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016:

- PSAK 5 (Penyesuaian 2015), “Segmen Operasi”,
- PSAK 7 (Penyesuaian 2015), “Pengungkapan Pihak-pihak Berelasi”,
- PSAK 13 (Penyesuaian 2015), “Properti Investasi”,
- PSAK 16 (Penyesuaian 2015), “Aset Tetap”,
- PSAK 19 (Penyesuaian 2015), “Aset Takberwujud”,
- PSAK 22 (Penyesuaian 2015), “Kombinasi Bisnis”,
- PSAK 25 (Penyesuaian 2015), “Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan”,
- PSAK 53 (Penyesuaian 2015), “Pembayaran Berbasis Saham”, dan
- PSAK 68 (Penyesuaian 2015), “Pengukuran Nilai Wajar”,
- PSAK 4, “Laporan Keuangan Tersendiri” tentang Metode Ekuitas dalam Laporan Keuangan Tersendiri,
- PSAK 15, “Investasi Pada Entitas Asosiasi dan Ventura Bersama” tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 24, “Imbalan Kerja” tentang Program Imbalan Pasti: Iuran Pekerja,

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016

(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Basis of Preparation of Financial Statements
(Continued)

The reporting currency used in the financial statements is Indonesian Rupiah which is the Company's functional currency.

Changes in Accounting Policies

Accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the PSAK and ISAK that effective on or after 1 January 2016. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretation.

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016:

- PSAK 5 (Annual Improvement 2015), “Operating Segments”,
- PSAK 7 (Annual Improvement 2015), “Related Party Disclosures”,
- PSAK 13 (Annual Improvement 2015), “Investment Property”,
- PSAK 16 (Annual Improvement 2015), “Property, Plant and Equipment”,
- PSAK 19 (Annual Improvement 2015), “Intangible Assets”,
- PSAK 22 (Annual Improvement 2015), “Business Combination”,
- PSAK 25 (Annual Improvement 2015), Accounting Policies, Changes in Accounting Estimates and Errors”,
- PSAK 53 (Annual Improvement 2015), “Share-based Payments”, and
- PSAK 68 (Annual Improvement 2015), “Fair Value Measurement”,
- PSAK 4, “Separate Financial Statements” regarding Equity Method in Separate Financial Statements,
- PSAK 15, “Investment in Associates and Joint Venture” regarding Investment Entities: Applying the Consolidation Exception,
- PSAK 24, “Employee Benefits” regarding Defined Benefit Plans: Employee Contributions,

Ekshibit E/4

Exhibit E/4

PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

b. Dasar Penyajian Laporan Keuangan (Lanjutan)

Perubahan Kebijakan Akuntansi (Lanjutan)

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016: (Lanjutan)

- PSAK 65, “Laporan Keuangan Konsolidasian” tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 67, “Pengungkapan Kepentingan Dalam Entitas Lain” tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi, dan
- ISAK 30, “Pungutan”,
- PSAK 16, “Aset Tetap” tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi,
- PSAK 19, “Aset Tak berwujud” tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi, dan
- PSAK 66, “Pengaturan Bersama” tentang Akuntansi Akuisisi Kepentingan dalam Operasi Bersama,

Penerapan dari standar-standar di atas, tidak menyebabkan perubahan kebijakan akuntansi Perusahaan dan tidak memiliki dampak terhadap jumlah yang dilaporkan di tahun berjalan atau tahun sebelumnya.

Amandemen standar dan interpretasi berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017, dengan penerapan dini diperkenankan yaitu amandemen PSAK 1, “Penyajian Laporan Keuangan” tentang Prakarsa Pengungkapan dan ISAK 31, “Interpretasi atas Ruang Lingkup PSAK 13, “Properti Investasi”.

Standar dan amandemen standar berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2018, dengan penerapan dini diperkenankan yaitu PSAK 69, “Agrikultur” dan amandemen PSAK 16, “Aset Tetap” tentang Agrikultur: Tanaman Produktif.

Sampai dengan tanggal penerbitan laporan keuangan, manajemen sedang mengevaluasi dampak dari standar dan interpretasi tersebut terhadap laporan keuangan.

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Basis of Preparation of Financial Statements
(Continued)

Changes in Accounting Policies (Continued)

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016 : (Continued)

- PSAK 65, “Consolidated Financial Statements” regarding Investment Entities: Applying the Consolidation Exception,
- PSAK 67, “Disclosures of Interest in Other Entities” regarding Investment Entities: Applying the Consolidation Exception, and
- ISAK 30, “Levies”,
- PSAK 16, “Property, Plant and Equipment” regarding Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19, “Intangible Asset” regarding Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66, “Joint Arrangements” regarding Accounting for Acquisitions of Interests in Joint Operation,

The implementation of the standards above did not cause a change in the Company’s accounting policies and had no impact on the amounts reported for current or prior financial years.

Amendments to standard and interpretation effective for periods beginning on or after 1 January 2017, with early application permitted are amendments to PSAK 1, “Presentation of Financial Statements” about Disclosure Initiative and ISAK 31, “Scope Interpretation of PSAK 13, “Investment Property”.

Standard and amendment to standard effective for periods beginning on or after 1 January 2018, with early application permitted are PSAK 69, “Agriculture” and amendments to PSAK 16, “Property, Plant and Equipment” about Agriculture: Bearer Plants.

As of issuance date for the financial statements, management is evaluating the standards and interpretations on the financial statements.

Ekshibit E/5

Exhibit E/5

PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan

c. Financial Asset and Liabilities

Perusahaan mengakui aset keuangan atau liabilitas keuangan dalam laporan posisi keuangan, jika dan hanya jika, Perusahaan menjadi salah satu pihak dalam ketentuan kontrak instrumen keuangan tersebut.

The Company recognized financial assets or financial liabilities in the statement of financial position, when and only when, the Company become party to contractual provisions of the financial instruments.

1. Klasifikasi

1. Classification

a. Aset Keuangan

a. Financial Assets

Perusahaan menentukan klasifikasi aset keuangannya pada saat pengakuan awal, sepanjang diperbolehkan, mengevaluasi penentuan klasifikasi aset keuangan setiap akhir tahun. Aset keuangan diklasifikasikan sebagai aset keuangan diukur melalui laba rugi, pinjaman yang diberikan dan piutang, dimiliki hingga jatuh tempo dan tersedia untuk dijual.

The Company determines the classification of its financial assets at initial recognition, and where allowed, re-evaluates the classification of such financial assets at each year-end. Financial assets classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Aset keuangan Perusahaan terdiri dari kas dan bank dan piutang lain-lain.

The Company's financial assets consist of cash on hand and in banks and other receivables.

i. Aset Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi

i. Financial Assets Measured at Fair Value Through Profit or Loss

Aset keuangan diukur pada nilai wajar melalui laba rugi terdiri dari aset yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan aset keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

Financial assets measured at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss.

ii. Pinjaman yang Diberikan dan Piutang

ii. Loans and Receivables

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Company does not intend to sell immediately or in the near future.

iii. Investasi Dimiliki Hingga Jatuh Tempo

iii. Held-to-Maturity Investments

Dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan di mana Perusahaan mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo dan tidak ditetapkan pada nilai wajar melalui laba rugi atau tersedia untuk dijual.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intention and ability to held-to-maturity and are not designated as at fair value through profit or loss or available-for-sale.

Ekshibit E/6

Exhibit E/6

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

i. Klasifikasi (Lanjutan)

i. Classification (Continued)

a. Aset Keuangan (Lanjutan)

a. Financial Assets (Continued)

iv. Tersedia untuk Dijual Aset Keuangan

iv. Available-For-Sale Financial Assets

Tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan ke dalam salah satu kategori aset keuangan lainnya.

Available-for-sale are non-derivative financial assets that are designated as for-sale or not classified into one of the other financial asset categories.

b. Liabilitas Keuangan

b. Financial Liabilities

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi. Perusahaan menentukan klasifikasi liabilitas keuangan pada pengakuan awal.

Financial liabilities are classified as financial liabilities at fair value through profit or loss. The Company determines the classification of financial liabilities at initial recognition.

Liabilitas keuangan Perusahaan terdiri dari utang usaha, utang lain-lain, beban masih harus dibayar, pinjaman bank jangka panjang dan utang pemegang saham.

The Company's financial liabilities consist of trade payables, other payables, accrued expenses, long-term bank loan and shareholder's loan.

i. Liabilitas Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi

i. Financial Liabilities Measured at Fair Value Through Profit or Loss

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi terdiri dari liabilitas keuangan yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan liabilitas keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

Financial liabilities measured at fair value through profit or loss includes the financial liabilities held-for-trading and liabilities designated upon initial recognition at fair value through profit or loss.

Liabilitas keuangan diklasifikasikan sebagai dimiliki untuk diperdagangkan jika diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Liabilitas derivatif juga diklasifikasikan sebagai dimiliki untuk diperdagangkan kecuali ditetapkan sebagai instrumen lindung nilai yang efektif.

Financial liabilities are classified as held-for-trading if acquired for the purpose of sale or repurchase in the near future. Derivative liabilities are also classified as held-for-trading unless designated as effective hedging instruments.

Ekshibit E/7

Exhibit E/7

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

i. Klasifikasi (Lanjutan)

i. Classification (Continued)

b. Liabilitas Keuangan (Lanjutan)

b. Financial Liabilities (Continued)

i. Liabilitas Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi (Lanjutan)

i. Financial Liabilities Measured at Fair Value Through Profit or Loss (Continued)

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi dicatat di laporan posisi keuangan pada nilai wajar dengan keuntungan atau kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Financial liabilities measured at fair value through profit or loss are recorded in the statement of financial position at fair value with gains or losses recognized in statement of profit or loss and other comprehensive income.

ii. Liabilitas Keuangan Lainnya

ii. Other Financial Liabilities

Pinjaman adalah liabilitas keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

Loans are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell immediately or in the near future.

ii. Pengukuran

ii. Measurement

Pada saat pengakuan awal, aset atau liabilitas keuangan diukur pada nilai wajar, kecuali aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, ditambah atau dikurangi dengan biaya transaksi yang dapat diatribusikan secara langsung atas perolehan aset keuangan atau penerbitan liabilitas keuangan.

At initial recognition, financial assets or liabilities are measured at fair value, except for financial assets and liabilities measured at fair value through profit or loss, plus or minus the transaction costs that are directly attributable to the acquisition of financial assets or issuance of financial liabilities.

Pengukuran aset dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasi aset dan liabilitas keuangan tersebut.

The subsequent measurement of financial assets and liabilities depends on the classification of financial assets and liabilities.

Ekshibit E/8

Exhibit E/8

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

ii. Pengukuran (Lanjutan)

ii. Measurement (Continued)

Aset keuangan diukur pada nilai wajar melalui laba rugi diukur pada nilai wajarnya, tanpa dikurangi biaya transaksi yang mungkin timbul pada penjualan atau pelepasan lain.

Asset at fair value through profit or loss are measured at fair value without any deduction for transaction costs it may incurred on sale or other disposal.

Pinjaman yang diberikan dan piutang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Loan and receivables are measured at amortized cost using the effective interest method.

Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi setelah pengakuan awal diukur pada nilai wajarnya.

Financial liabilities at fair value through profit or loss after initial recognition are measured at fair value.

Liabilitas keuangan lainnya, setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan suku bunga efektif.

Other financial liabilities, after initial recognition are measured at amortized cost using the effective interest method.

iii. Pengukuran Nilai Wajar

iii. Fair Value Measurement

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Fair value is the price that would be received for selling the asset or paid to transfer the liability an orderly transaction between market participants.

Jika tersedia, Perusahaan mengukur nilai wajar instrumen keuangan dengan menggunakan harga kuotasi di pasar aktif untuk instrumen tersebut. Suatu pasar dianggap aktif jika harga kuotasi sewaktu waktu dan secara berkala tersedia dan mencerminkan transaksi pasar yang aktual dan teratur dalam suatu transaksi yang wajar.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and reflect actual and regularly occurring market transactions on an arm's length basis.

Jika pasar suatu instrumen keuangan tidak aktif, Perusahaan menentukan nilai wajar dengan menggunakan teknik penilaian mencakup penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang memahami, berkeinginan, dan jika tersedia, referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, penggunaan analisa arus kas yang didiskonto dan penggunaan model penetapan harga opsi.

If the market of the financial instrument is inactive, the Company determines fair value by using valuation techniques which include using recent market transactions conducted properly by knowledgeable, willing parties and, if available, reference to the current fair value of another instrument which is substantially the same, discounted cash flows analysis and option pricing model.

Ekshibit E/9

Exhibit E/9

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

iv. Hirarki Nilai Wajar

iv. Fair Value Hierarchy

PSAK 60 mensyaratkan pengungkapan tertentu yang mensyaratkan klasifikasi aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar dengan menggunakan hirarki nilai wajar yang mencerminkan signifikan input yang digunakan di dalam melakukan pengukuran nilai wajar. Hirarki nilai wajar memiliki tingkatan sebagai berikut:

PSAK 60 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. Fair value hierarchy has the following levels:

Tingkat 1: Kuotasi pasar (belum disesuaikan) di dalam pasar aktif bagi aset maupun liabilitas yang dapat diidentifikasi;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Tingkat 2: Input selain kuotasi pasar yang termasuk di dalam Tingkat 1 yang dapat diobservasi bagi aset atau liabilitas, baik langsung (misalnya, harga) maupun tidak langsung (misalnya, derivatif harga);

Level 2: Inputs other than market quotations included within Level 1 that are observable for the asset or liability, either directly (for example, prices) or indirectly (for example, derivatives prices);

Tingkat 3: Input bagi aset dan liabilitas yang bukan berdasarkan data pasar yang dapat diobservasi (input yang tidak dapat diobservasi).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Untuk aset dan liabilitas yang diakui dalam laporan keuangan secara berulang, Perusahaan menentukan apakah transfer telah terjadi antara Tingkat dalam hirarki dengan menilai kembali kategorisasi (berdasarkan masukan tingkat terendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan) pada akhir setiap periode pelaporan.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

v. Pengukuran Biaya Perolehan Diamortisasi

v. Amortized Cost Measurement

Biaya perolehan diamortisasi dari aset dan liabilitas keuangan adalah jumlah aset atau liabilitas keuangan yang diukur pada saat pengakuan awal, dikurangi pembayaran pokok, ditambah atau dikurangi dengan amortisasi kumulatif dengan menggunakan metode suku bunga efektif, yang dihitung dari selisih antara nilai awal dan nilai jatuh temponya dan dikurangi penyisihan kerugian penurunan nilai.

The amortized cost of a financial assets or liability is the amount at which the financial assets or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest rate method, calculated from the difference between the initial amount and the maturity amount, minus any reduction for impairment.

Ekshibit E/10

Exhibit E/10

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vi. Penurunan Nilai dari Aset Keuangan

vi. Impairment of Financial Assets

Pada setiap tanggal laporan posisi keuangan, Perusahaan mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi hanya jika terdapat bukti yang obyektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara handal.

At each statement of financial position date, the Company assesses whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or Company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring subsequent to initial recognition of the asset (loss events), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Perusahaan pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang signifikan secara individual, dan secara individual atau kolektif untuk aset keuangan yang tidak signifikan secara individual.

The Company considers whether there are any objective evidence of impairment individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

Jika Perusahaan menentukan tidak terdapat bukti obyektif mengenai penurunan nilai aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Perusahaan memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual, dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

If the Company determines that no objective evidence of impairment of financial assets exists individually for an individually-assessed financial assets, regardless of whether the financial asset is significant or not, those financial assets will be assessed collectively in a group of financial assets that have similar credit risk characteristics. Assets that are individually assessed, and for impairment or continues to be recognized, are not included in a collective assessment of impairment.

Ekshibit E/11

Exhibit E/11

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vi. Penurunan Nilai dari Aset Keuangan
(Lanjutan)

vi. Impairment of Financial Assets (Continued)

Jumlah kerugian penurunan nilai atas aset keuangan yang penurunan nilainya dievaluasi secara individual diukur berdasarkan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan tersebut. Nilai tercatat aset tersebut dikurangi melalui akun cadangan kerugian penurunan nilai dan beban kerugian diakui pada laporan laba rugi dan penghasilan komprehensif lain.

The impairment loss of a financial assets which is assessed individually is measured as the difference between the carrying value of the financial assets and the present value of estimated future cash flows discounted using the effective interest rate at the beginning of the financial assets. The carrying amount of the asset is presented by deducting the allowance for impairment losses and the impairment loss is recognized in the statement of profit or loss and other comprehensive income.

Arus kas masa datang dari kelompok aset keuangan yang penurunan nilainya dievaluasi secara kolektif, diestimasi berdasarkan arus kas kontraktual atas aset-aset di dalam kelompok tersebut dan kerugian historis yang pernah dialami atas aset-aset yang memiliki karakteristik risiko kredit yang serupa dengan karakteristik risiko kredit kelompok tersebut. Kerugian historis yang pernah dialami kemudian disesuaikan berdasarkan data terkini yang dapat diobservasi untuk mencerminkan kondisi saat ini yang tidak berpengaruh pada periode terjadinya kerugian historis tersebut dan untuk menghilangkan pengaruh kondisi yang ada pada periode historis namun sudah tidak ada lagi pada saat ini.

Future cash flow in a group financial assets category that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

vii. Penghentian Pengakuan

vii. Derecognition

Perusahaan menghentikan pengakuan aset keuangan pada saat hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut kadaluarsa atau Perusahaan mentransfer seluruh hak untuk menerima arus kas kontraktual dari aset keuangan dalam transaksi di mana Perusahaan secara substansial telah mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan yang ditransfer. Setiap hak atau liabilitas atas aset keuangan yang ditransfer yang timbul atau yang masih dimiliki oleh Perusahaan diakui sebagai aset atau liabilitas secara terpisah.

The Company derecognizes financial assets when the contractual rights of the cash flows arising from the financial assets expire or the Company transfers all rights to receive contractual cash flows of financial assets in a transaction where the Company has transferred substantially all the risks and rewards of ownership of the financial assets transferred. Any rights or obligations on the transferred financial assets that arise or are still owned by the Company are recognized as assets or liabilities separately.

Ekshibit E/12

Exhibit E/12

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vii. Penghentian Pengakuan (Lanjutan)

vii. Derecognition (Continued)

Perusahaan menghentikan pengakuan liabilitas keuangan pada saat liabilitas yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluarsa.

The Company derecognizes financial liabilities when the obligation specified in the contract is released, canceled or expires.

Dalam transaksi di mana Perusahaan secara substansial tidak memiliki atau tidak mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan, Perusahaan menghentikan pengakuan aset tersebut jika Perusahaan tidak lagi memiliki pengendalian atas aset tersebut. Hak dan liabilitas yang timbul atau yang masih dimiliki dalam transfer tersebut diakui secara terpisah sebagai aset atau liabilitas.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of financial assets, the Company derecognizes the assets if they do not retain control over the assets. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate.

Dalam transfer di mana pengendalian atas aset masih dimiliki, Perusahaan tetap mengakui aset yang ditransfer tersebut sebesar keterlibatan yang berkelanjutan, di mana tingkat keberlanjutan Perusahaan dalam aset yang ditransfer adalah sebesar perubahan nilai aset yang ditransfer.

In transfers in which control over the asset is retained, the Company continues to recognize the assets to the extent of their continuing involvement, determined by the extent to which they are exposed to changes in the value of the transferred assets.

viii. Saling Hapus

viii. Offsetting

Aset dan liabilitas keuangan saling hapus dan nilai neto dilaporkan dalam laporan posisi keuangan jika, dan hanya jika, Perusahaan memiliki hak hukum saat ini yang dilaksanakan untuk mengimbangi jumlah yang diakui dan ada niat untuk menyelesaikan secara bersih atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

Financial assets and liabilities whenever offsets and net amount is presented in the statement of financial position if, and only if, the Company has a legal right to offset the amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

d. Setara Kas

d. Cash Equivalents

Call deposit dan deposito berjangka, dengan jangka waktu tiga (3) bulan atau kurang sejak tanggal penempatan dan tidak digunakan sebagai jaminan atas pinjaman atau liabilitas lain serta tidak dibatasi penggunaannya, diklasifikasikan sebagai "Setara Kas".

Call and time deposits, with maturities of three (3) months or less at the time of placement, not pledged as collateral for loans or other liability, and not restricted, are considered as "Cash Equivalents".

Ekshibit E/13

Exhibit E/13

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

e. Piutang

e. Receivables

Piutang lain-lain merupakan aset keuangan non-derivatif dengan jangka waktu pembayaran yang tetap atau telah ditentukan serta tidak diperdagangkan dalam pasar aktif.

Other receivables are non-derivative financial assets with fixed or determinable repayment terms and are not traded in active markets.

Piutang lain-lain pada saat pengakuan awal diakui pada nilai wajarnya dan selanjutnya diukur pada biaya perolehan diamortisasi. Dalam hal terjadi penurunan nilai, kerugian penurunan nilai dilaporkan sebagai pengurang dari nilai tercatat aset keuangan dan diakui dalam laporan laba rugi dan penghasilan komprehensif lain sebagai "Cadangan kerugian penurunan nilai".

Other receivables are recognized at fair value upon initial recognition and subsequently measured at amortized cost. In the event of impairment, impairment loss is reported as a reduction of the carrying value of financial assets and recognized in the statement of profit or loss and other comprehensive income as "Allowance for impairment losses".

f. Persediaan

f. Inventories

Persediaan dinyatakan sebesar nilai yang terendah antara biaya perolehan dan nilai realisasi bersih. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang.

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average method.

Penyisihan untuk persediaan usang, jika diperlukan, ditentukan berdasarkan hasil penelaahan terhadap keadaan fisik persediaan pada akhir tahun.

Allowance for inventory obsolescence, if necessary, determined based on a review of the physical state of inventories at the end of the year.

g. Transaksi dengan Pihak-Pihak Berelasi

g. Transactions with Related Parties

Suatu pihak dianggap berelasi dengan Perusahaan jika:

Parties considered to be related to the Company if:

(a) Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut:

(a) A person or family member has a relationship with a reporting entity if that person:

- 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 entitas pelapor.

- 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.*

Ekshibit E/14

Exhibit E/14

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

g. Transaksi dengan Pihak-Pihak Berelasi
(Lanjutan)

g. Transactions with Related Parties (Continued)

(b) Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

(b) An entity is related to the reporting entity if it meets one of the following:

- i. Entitas dan entitas pelapor adalah anggota dari Perusahaan yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain);
- ii. Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu Perusahaan, yang mana entitas lain tersebut adalah anggotanya;
- iii. kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
- iv. Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
- v. 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;
- vi. entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf a.
- vii. orang yang diidentifikasi dalam huruf (a) (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

- i. The entity and the reporting entity are members of the same business Company (i.e. a parent, subsidiaries, and entities associated with the next subsidiaries of another entity);
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business Company, which the other entity is a member;
- iii. both entities are joint ventures of the same third party;
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v. 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;
- vi. entities controlled or jointly controlled by a person identified in paragraph a.
- vii. person identified in subparagraph (a) (i) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity).

Anggota keluarga dekat merupakan individu anggota keluarga yang diharapkan mempengaruhi, atau dipengaruhi oleh orang, dalam hubungan mereka dengan entitas.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Seluruh transaksi dan saldo dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan.

All significant transactions and balances with related parties are disclosed in the notes to financial statements.

Ekshibit E/15

Exhibit E/15

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

h. Beban Dibayar di Muka

h. Prepaid Expenses

Beban dibayar di muka dibebankan sesuai masa manfaat masing-masing beban yang bersangkutan dan diamortisasi dengan menggunakan metode garis lurus.

Prepaid expenses are amortized over the useful life of each of the relevant costs and amortized using the straight-line method.

i. Hutan Tanaman Industri

i. Industrial Timber Plantations

Biaya-biaya sehubungan dengan kegiatan pengembangan Hutan Tanaman Industri (HTI), seperti penanaman, pemeliharaan, beban bunga pinjaman, pembinaan dan pengamanan HTI dalam daur pertama, kecuali beban umum dan administrasi yang tidak berkaitan langsung dengan kegiatan tersebut dikapitalisasi dan disajikan dalam laporan posisi keuangan sebagai "Hutan Tanaman Industri dalam tahap pengembangan". Pada saat areal HTI menghasilkan/siap ditebang, akumulasi biaya tersebut dipindahkan ke akun "Hutan Tanaman Industri" dan diamortisasi berdasarkan sisa masa manfaat hak perusahaan HTI dengan menggunakan metode garis lurus selama 20 tahun.

Cost and expenses incurred in connection with the development of Industrial Timber Plantations (ITP), such as plantation, cultivation, interest expense on loan, forest maintenance and security in the ITP's initial cycle plantations, except for non-related general and administrative expenses are capitalized and presented in statement of financial position as "Industrial Timber Plantations under development stage". When the ITP becomes commercially productive, the accumulated costs and expenses are reclassified to "Industrial Timber Plantations" and amortized based on the remaining term of the concession right of the ITP using the straight-line method over 20 years.

HTI tanaman karet tersebut dinyatakan telah menghasilkan bila telah berumur enam tahun. Jangka waktu tanaman dapat menghasilkan ditentukan oleh pertumbuhan vegetatif dan berdasarkan taksiran manajemen.

ITP rubber plantations are considered mature at the age six years. The period the plantations can produce is determined by the vegetative growth and through management's estimation.

j. Aset Tetap

j. Property and Equipment

Perusahaan telah memilih untuk menggunakan model biaya sebagai kebijakan akuntansi pengukuran aset tetapnya. Aset tetap dinyatakan berdasarkan biaya perolehan dikurangi akumulasi penyusutan.

The Company has chosen the cost model as the accounting policy for the measurement of its property and equipment. Property and equipment are stated at cost less accumulated depreciation.

Penyusutan terhadap aset tetap dihitung dengan menggunakan metode garis lurus, berdasarkan taksiran masa manfaat ekonomis aset tetap, sebagai berikut:

Depreciation of property and equipment is computed using the straight-line method, over the estimated useful life of the assets, as follows:

Tahun/Years

Bangunan	10
Sarana dan prasarana	5 - 10
Mesin dan alat berat	4 - 8
Kendaraan	4 - 8
Peralatan kantor	4 - 8

Buildings
Infrastructures
Machineries and heavy equipments
Vehicles
Office equipments

Ekshibit E/16

Exhibit E/16

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

j. Aset Tetap (Lanjutan)

j. Property and Equipment (Continued)

Nilai residu dan masa manfaat ekonomis aset ditinjau kembali dan disesuaikan, jika perlu, pada akhir tanggal periode pelaporan.

Residual values and useful life of the assets are reviewed and adjusted, if necessary, at each end of period reporting date.

Aset dalam penyelesaian meliputi bangunan dan prasarana lainnya, yang dinyatakan berdasarkan biaya pembangunan, biaya pegawai langsung, biaya tidak langsung dalam pembangunan tersebut, dan biaya-biaya pinjaman yang digunakan untuk membiayai aset selama masa pembangunan. Akumulasi biaya aset dalam penyelesaian akan direklasifikasi ke aset tetap yang bersangkutan dan kapitalisasi biaya pinjaman dihentikan pada saat pembangunan selesai dan aset tersebut siap dipergunakan.

Construction-in-progress consist of buildings and other infrastructure, which are stated at cost based on development costs, direct labor costs, indirect costs incurred in the development, and borrowing costs used to finance the asset over the development period. The accumulated costs of construction-in-progress will be reclassified to the appropriate property and equipment account and the capitalization of borrowing costs is ceased when the construction is completed and the assets are ready for their intended use.

Aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dikreditkan atau dibebankan pada tahun berjalan.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains 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 credited or charged to current year.

Beban perbaikan dan pemeliharaan rutin dibebankan pada laporan laba rugi dan penghasilan komprehensif lain pada saat terjadinya; pemugaran dan penambahan dalam jumlah signifikan, dan yang meningkatkan masa manfaat aset tetap sebagaimana dipersyaratkan dalam PSAK 16 mengenai kapitalisasi aset tetap yang bersangkutan.

Repair and maintenance expenses are taken to statement of profit or loss and other comprehensive income during the financial year in which they are incurred; significant renewals and betterments, as defined under PSAK 16, that will prolong the useful lives of the related assets are capitalized.

Ketika aset tidak digunakan lagi atau aset yang berkaitan dijual, nilai tercatat dan akumulasi penyusutannya dikeluarkan dari kelompok aset tetap dan hasil laba atau rugi yang terjadi dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of profit or loss and other comprehensive income for the current year.

k. Penurunan Nilai Aset Non-Keuangan

k. Impairment of Non-Financial Assets

Pada setiap akhir periode pelaporan, Perusahaan menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset, maka Perusahaan membuat estimasi formal jumlah terpulihkan aset tersebut.

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset, the Company makes a formal estimate of recoverable amount is estimated.

l. Imbalan Kerja

l. Employee Benefits

Perusahaan mengakui liabilitas imbalan kerja yang tidak didanai sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 tanggal 25 Maret 2003 ("Undang-Undang").

The Company recognized an unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated 25 March 2003 (the "Law").

Ekshibit E/17

Exhibit E/17

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

l. Imbalan Kerja (Lanjutan)

l. Employee Benefits (Continued)

Imbalan kerja jangka pendek diakui dengan metode akrual, sedangkan imbalan pasca-kerja dan pesangon pemutusan hubungan kerja dihitung dengan menggunakan metode aktuarial, berdasarkan jasa yang diberikan oleh karyawan sampai dengan tanggal laporan posisi keuangan sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 (Undang-Undang Tenaga Kerja) dan telah sesuai dengan standar tersebut di atas. Tidak terdapat pendanaan yang disisihkan oleh Perusahaan sehubungan dengan imbalan pasca-kerja ini.

Short-term employee benefits are recognized using the accrual method and the provision for post-employment benefits and termination benefits are calculated using the actuarial method, based on and pursuant to services given by employees until the statement of financial position date according to Labor Law No. 13/2003 (Manpower Law) and have been complied with the standard above. There are no funding allowances, reserved by the Company regarding these post-employment benefits.

Liabilitas atau aset imbalan kerja bersih adalah agregat dari nilai kini liabilitas imbalan pasti pada akhir periode pelaporan dikurangi dengan nilai wajar aset program (jika ada), disesuaikan dengan dampak yang membatasi aset imbalan pasti bersih terhadap batas atas aset. Batas atas aset adalah nilai sekarang dari manfaat ekonomis yang tersedia dalam bentuk pengembalian dana dari program atau pengurangan iuran masa mendatang tersebut.

Liabilities or net assets of employee benefits is the aggregate of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any), adjusted for the effects that limit the net defined benefit asset to the maximum limit of the asset. The maximum limit asset is the present value of economic benefits available in the form of refunds from the plan or reduction in future contributions.

Perusahaan merancang suatu program khusus untuk imbalan pensiun, tetapi tidak ada pendanaan yang disisihkan untuk program tersebut.

The Company designed a specific retirement benefit plan, however there are no funding has been contributed for this program.

Penyisihan tersebut diestimasi berdasarkan perhitungan aktuarial independen dengan menggunakan metode "Projected-Unit-Credit".

The provision has been estimated based on independent actuarial calculation using the "Projected-Unit-Credit" method.

Liabilitas imbalan pensiun tersebut merupakan nilai kini liabilitas imbalan pasti pada akhir periode pelaporan yang dihitung oleh aktuaris independen dengan menggunakan metode "Projected Unit Credit".

The pension benefit obligation is the present value of the defined benefit obligation at the end of the reporting period is calculated by independent actuaries using the "Projected Unit Credit" method.

Beban jasa lalu diakui segera dalam laporan laba rugi dan penghasilan komprehensif lain. Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian pengalaman dan perubahan asumsi aktuarial segera diakui pada laporan laba rugi dan penghasilan komprehensif lain.

Afterwards service cost is immediately recognized in the statement of profit or loss and other comprehensive income. Gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in statement of profit or loss and other comprehensive income.

m. Beban Pinjaman

m. Borrowing Cost

Beban pinjaman yang diatribusikan langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian dari beban perolehan aset tersebut. Sebaliknya, beban pinjaman lainnya diakui sebagai beban pada saat terjadi. Beban pinjaman terdiri dari beban bunga, beban keuangan lain dan kerugian selisih kurs, sejauh beban-beban tersebut dianggap sebagai penyesuaian atas beban bunga yang ditanggung Perusahaan sehubungan dengan pinjaman dana.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the related asset. Otherwise, borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests, other financing charges and foreign exchange loss, to the extent that they are regarded as an adjustment to interest cost, that the Company incurs in connection with the borrowing of funds.

Ekshibit E/18

Exhibit E/18

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

m. Beban Pinjaman (Lanjutan)

m. Borrowing Cost (Continued)

Kapitalisasi beban pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya dan pengeluaran untuk aset dan beban pinjamannya telah terjadi. Kapitalisasi beban pinjaman dihentikan pada saat selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya.

Capitalization of borrowing costs begin when required activities to prepare the asset for use in accordance with the intention and expenditures for the asset and borrowing costs have occurred. Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use is substantially completed.

n. Pengakuan Beban

n. Expenses Recognition

Beban diakui pada saat terjadinya (*accrual basis*).

Expenses are recognized when they are incurred (*accrual basis*).

o. Pajak Penghasilan

o. Income Tax

Beban pajak tahun berjalan dibukukan berdasarkan taksiran penghasilan kena pajak untuk tahun berjalan. Aset dan liabilitas pajak tangguhan diakui atas seluruh perbedaan temporer antara pencatatan komersial dan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan terutama yang timbul dari penyusutan dan penyisihan. Manfaat pajak di masa yang akan datang, seperti saldo rugi fiskal yang belum digunakan juga diakui apabila besar kemungkinan manfaat pajak tersebut dapat direalisasi.

Current tax expense is recorded based on estimated taxable income tax for the year. Deferred tax assets and liabilities are recognized for all deductible between the financial and the tax bases of assets and liabilities at each reporting date that appeared from depreciation and allowance. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan, saldo terbawa aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan, sepanjang perbedaan temporer yang boleh dikurangkan, saldo terbawa atas aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

Deferred tax assets are recognized for all deductible, carry-forward of unused tax assets and tax loss that have not been compensated for all deductible temporary differences, carry-forward of unused tax assets and tax loss that have not been compensated is probable that future taxable income can be utilized.

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap akhir tanggal periode pelaporan. Nilai tercatat aset pajak tangguhan tersebut diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua aset pajak tangguhan.

Carrying value of deferred tax assets are reviewed every end of reporting period date. Carrying value of deferred tax assets are impaired if taxable income may not be appropriate to compensate some or all of deferred tax assets.

Aset dan liabilitas pajak tangguhan diukur berdasarkan tarif pajak yang diharapkan akan diberlakukan pada saat aset direalisasikan atau liabilitas diselesaikan berdasarkan peraturan perpajakan yang berlaku atau yang telah secara substansial berlaku pada tanggal laporan posisi keuangan. Penyisihan dan/atau penyesuaian kembali dari seluruh perbedaan temporer selama periode berjalan diakui sebagai penghasilan atau beban dan termasuk dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

Deferred tax assets and liabilities are measured based on tax rates that are expected to be applied when the assets are realized or the liabilities are settled based on tax regulations that have been enacted or substantially prevailing at the date of the statement of financial position. Allowance and/or readjustment of all temporary differences during the period are recognized as income or expense and included in the statement of profit or loss and other comprehensive income for the current year.

Ekshibit E/19

Exhibit E/19

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

o. Pajak Penghasilan (Lanjutan)

o. Income Tax (Continued)

Koreksi terhadap liabilitas perpajakan diakui saat Surat Ketetapan Pajak diterima atau jika mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

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.

p. Transaksi dan Saldo dalam Mata Uang Asing

p. Foreign Currency Transactions and Balances

Transaksi di dalam mata uang asing diukur dengan mata uang fungsional Perusahaan dan dicatat pada tanggal awal pengakuan mata uang fungsional pada kurs nilai tukar yang mendekati tanggal transaksi.

Transactions in foreign currencies are measured in the functional currency of the Company and recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Aset dan liabilitas moneter dinyatakan dalam mata uang asing yang dijabarkan pada kurs nilai tukar pada akhir periode pelaporan menurut Bank Indonesia. Item-item non-moneter yang diukur pada biaya historis di dalam mata uang asing dijabarkan dengan menggunakan kurs nilai tukar pada tanggal transaksi awal. Item-item non-moneter diukur pada nilai wajar di dalam mata uang asing yang dijabarkan dengan menggunakan kurs nilai tukar pada tanggal di mana nilai wajar ditentukan.

Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange as reported at the end of period by Bank Indonesia. Non-monetary items that are measured in terms of historical cost in a foreign currency are converted using the exchange rates as at times of the initial transactions. Non-monetary items measured at fair value in a foreign currency are converted using the exchange rates at the date when the fair value was determined.

Selisih nilai tukar yang timbul dari penyelesaian item-item moneter atau pada item-item non-moneter yang dijabarkan atau pada item-item moneter yang dijabarkan pada akhir periode pelaporan, diakui di dalam laporan laba rugi dan penghasilan komprehensif lain.

Exchange differences arising on the settlement of monetary items or on translating non-monetary items or monetary items at the end of the reporting period are recognized in statement of profit or loss and other comprehensive income.

Pada tanggal 31 Desember 2016 dan 2015 nilai tukar yang digunakan masing-masing adalah Rp 13.436 dan Rp 13.795 per US\$ 1.

As of 31 December 2016 and 2015 the exchange rates used were Rp 13,436 and Rp 13,795 and per US\$ 1, respectively.

q. Provisi

q. Provision

Provisi diakui ketika Perusahaan memiliki liabilitas legal maupun konstruktif sebagai hasil peristiwa lalu, yaitu kemungkinan besar arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas dan suatu estimasi terhadap jumlah dapat dilakukan.

Provision are recognized when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisi ditinjau pada akhir tiap periode pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik. Apabila tidak ada lagi kemungkinan arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas, maka provisi tersebut dicadangkan.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Apabila dampak nilai waktu uang adalah material, maka provisi didiskontokan dengan menggunakan tarif sebelum pajak, jika lebih tepat, untuk mencerminkan risiko spesifik liabilitas. Ketika pendiskontoan digunakan, kenaikan provisi karena berlalunya waktu diakui sebagai beban finansial.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Ekshibit E/20

Exhibit E/20

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

r. Kontinjensi

r. Contingencies

Liabilitas kontinjensi tidak diakui di dalam laporan keuangan. Aset dan liabilitas kontinjensi diungkapkan di dalam catatan atas laporan keuangan kecuali kemungkinan arus keluar sumber daya ekonomi adalah kecil.

Contingent Liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Aset kontinjensi tidak diakui di dalam laporan keuangan, namun diungkapkan di dalam catatan atas laporan keuangan jika terdapat kemungkinan suatu arus masuk manfaat ekonomis mengalir ke dalam entitas.

Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

s. Peristiwa Setelah Periode Pelaporan

s. Events After the Reporting Period

Peristiwa setelah periode pelaporan menyajikan bukti kondisi yang terjadi pada akhir periode pelaporan (peristiwa penyesuaian) yang dicerminkan di dalam laporan keuangan.

Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are reflected in the financial statements.

Peristiwa setelah periode pelaporan yang bukan merupakan peristiwa penyesuaian, diungkapkan di dalam catatan atas laporan keuangan bila material.

Events after the reporting period, that are not considered as adjustments, are disclosed in the notes for the financial statements, especially when material.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Penyajian laporan keuangan Perusahaan mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah pendapatan, beban, aset dan liabilitas yang dilaporkan, dan pengungkapan atas liabilitas kontinjensi tanggal pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

The preparation of the Company's financial statements requires management to make judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liabilities affected in future periods.

a. Pertimbangan

a. Judgements

Di dalam proses penerapan kebijakan akuntansi Perusahaan, manajemen telah melakukan pertimbangan, terpisah dari masalah estimasi, yang memiliki dampak signifikan terhadap jumlah yang diakui di dalam laporan keuangan:

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Klasifikasi Aset dan Liabilitas Keuangan

Classification of Financial Assets and Financial Liabilities

Perusahaan menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan pertimbangan bila definisi yang ditetapkan PSAK 55 terpenuhi. Dengan demikian, aset dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Perusahaan seperti diungkapkan pada Catatan 2c.

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 55. Hence, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2c.

Ekshibit E/21

Exhibit E/21

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3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI**
SIGNIFIKAN (Lanjutan)

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES**
AND ASSUMPTIONS (Continued)

b. **Sumber Utama Ketidakpastian Estimasi**

b. **Key Source of Estimation Uncertainty**

Kunci asumsi tentang masa depan dan kunci sumber estimasi ketidakpastian di akhir periode pelaporan, memiliki risiko yang signifikan menyebabkan penyesuaian materi untuk membawa jumlah aset dan liabilitas dalam tahun anggaran berikutnya.

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.

Pajak Penghasilan

Income Tax

Pertimbangan signifikan dilakukan dalam menentukan provisi atas Pajak Penghasilan Badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti dalam kegiatan usaha normal. Perusahaan mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan Pajak Penghasilan Badan.

Significant judgement 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 recognizes liabilities for expected Corporate Income Tax issues based on estimates of whether additional Corporate Income Tax will be due.

Nilai Wajar Instrumen Keuangan

Fair Value of Financial Instruments

Dalam menentukan nilai wajar atas aset keuangan dan liabilitas keuangan di mana tidak terdapat harga pasar yang dapat diobservasi, Perusahaan harus menggunakan teknik penilaian seperti dijelaskan pada Catatan 2c. Untuk instrumen keuangan yang jarang diperdagangkan dan tidak memiliki harga yang transparan, nilai wajarnya menjadi kurang obyektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga dan risiko lainnya yang mempengaruhi instrumen tertentu.

The determination of fair value for financial assets and liabilities for which there is no observable market price, the Company is required the use of valuation techniques as described in Note 2c. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Jumlah nilai wajar aset dan liabilitas keuangan Perusahaan masing-masing sebesar Rp 4.005.312.465 dan Rp 281.777.058.233 pada tanggal 31 Desember 2016 dan masing-masing sebesar Rp 3.308.085.485 dan Rp 95.216.497.681 pada tanggal 31 Desember 2015. Penjelasan lebih rinci diungkapkan dalam Catatan 20.

Total fair value of financial assets and liabilities of the Company amounted to Rp 4,005,312,465 and Rp 281,777,058,233 as of 31 December 2016 and Rp 3,308,085,485 and Rp 95,216,497,681 as of 31 December 2015. Further details are disclosed in Note 20.

Penyisihan Persediaan Usang

Allowance for Inventory Obsolescence

Perusahaan menetapkan penyisihan persediaan setiap kali nilai realisasi bersih dari persediaan menjadi lebih rendah dari biaya perolehan akibat kerusakan, kondisi fisik menurun, keusangan, perubahan tingkat harga atau penyebab lainnya. Akun penyisihan ditinjau untuk mencerminkan penilaian yang akurat dalam catatan keuangan.

The Company provides allowance for inventories whenever the net realizable value of the inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed to reflect the accurate valuation in the financial records.

Nilai tercatat persediaan Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah masing-masing sebesar Rp 1.843.568.838 dan Rp 1.485.418.435. Penjelasan lebih rinci diungkapkan pada Catatan 5.

The carrying amount of the Company's inventories as of 31 December 2016 and 2015 are amounted to Rp 1,843,568,838 and Rp 1,485,418,435, respectively. Further details are disclosed in Note 5.

Ekshibit E/22

Exhibit E/22

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3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI**
SIGNIFIKAN (Lanjutan)

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS,**
ESTIMATES AND ASSUMPTIONS (Continued)

b. **Sumber Utama Ketidakpastian Estimasi**
(Lanjutan)

b. **Key Source of Estimation Uncertainty**
(Continued)

Masa Manfaat Aset Tetap

Useful Life of Property and Equipment

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 10 tahun. Ini adalah umur yang secara umum diharapkan dalam industri. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya beban penyusutan masa depan mungkin direvisi.

The cost of property and equipment is depreciated on straight-line method over the assets estimated useful life. Management estimates the useful life of these property and equipment to be 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological development could impact the economic useful life and the residual values of these property and equipment, and therefore future depreciation expense could be revised.

Nilai tercatat bersih atas aset tetap Perusahaan pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 83.537.017.742 dan Rp 14.872.957.810. Penjelasan lebih rinci diungkapkan dalam Catatan 8.

The net carrying amount of the Company's property and equipment as of 31 December 2016 and 2015 were Rp 83.537.017.742 and Rp 14,872,957,810, respectively. Further details are disclosed in Note 8.

Penurunan Nilai Aset Non-Kuangan

Impairment of Non-Financial Assets

Perusahaan menilai apakah terdapat indikasi penurunan nilai semua aset non-keuangan pada setiap tanggal pelaporan. Aset non-keuangan diuji untuk penurunan nilai apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset tidak dapat dipulihkan kembali. Hal ini memerlukan estimasi nilai Unit Penghasil Kas. Estimasi nilai mengharuskan Perusahaan untuk membuat perkiraan arus kas masa depan yang diharapkan dari Unit Penghasil Kas dan juga memilih tingkat diskonto yang sesuai untuk menghitung nilai sekarang dari arus kas tersebut. Apabila terdapat nilai yang tidak bisa diestimasi secara andal, jumlah yang dapat dipulihkan didasarkan pada nilai wajar dikurangi beban penjualan.

The Company assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be not recoverable. This requires an estimation of the value in use of the Cash Generated Unit. Estimation of the value in use requires the Company to make an estimate of the expected future cash flows from the Cash Generated Unit and also choose a suitable discount rate in order to calculate the present value of those cash flows. In cases where the value in use can not be reliably estimated, the recoverable amount is based on the fair value less cost to sell.

Manajemen berkeyakinan bahwa tidak ada penurunan nilai aset non-keuangan yang harus diakui pada tanggal 31 Desember 2016 dan 2015.

The management believes that there is no impairment for non-financial assets should be recognized on 31 December 2016 and 2015.

Ekshibit E/23

Exhibit E/23

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3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI**
SIGNIFIKAN (Lanjutan)

b. **Sumber Utama Ketidakpastian Estimasi**
(Lanjutan)

Pajak Tangguhan

Aset pajak tangguhan diakui untuk perbedaan temporer dan rugi fiskal yang belum digunakan apabila besar kemungkinan bahwa jumlah laba fiskal akan memadai untuk dikompensasi dengan perbedaan temporer dan rugi fiskal yang belum dimanfaatkan. Estimasi manajemen yang signifikan diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan waktu dan kemungkinan tingkat laba fiskal pada masa mendatang bersama-sama dengan strategi perencanaan pajak masa depan.

Nilai tercatat (liabilitas) aset pajak tangguhan Perusahaan, diakui pada tanggal 31 Desember 2016 dan 2015 adalah sebesar (Rp 1.432.457.039) dan Rp 2.425.707.415. Penjelasan lebih rinci diungkapkan dalam Catatan 13d.

Pensiun dan Imbalan Kerja

Penentuan liabilitas dan biaya pensiun dan liabilitas imbalan kerja Perusahaan 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 langsung diakui dalam laporan laba rugi dan penghasilan komprehensif lain pada saat terjadinya.

Sementara Perusahaan berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dapat mempengaruhi secara material liabilitas diestimasi atas pensiun dan imbalan kerja dan beban imbalan kerja bersih.

Nilai tercatat atas liabilitas diestimasi imbalan kerja Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebesar Rp 1.057.204.386 dan Rp 307.060.856. Penjelasan lebih rinci diungkapkan dalam Catatan 14.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS,**
ESTIMATES AND ASSUMPTIONS (Continued)

b. **Key Source of Estimation Uncertainty**
(Continued)

Deferred Tax

Deferred tax assets are recognized on temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the temporary differences and unused tax losses can be utilized. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The carrying value of the Company's deferred tax (liabilities) assets, recognized on 31 December 2016 and 2015 are amounted to (Rp 1,432,457,039) and Rp 2,425,707,415. Further details are disclosed in Note 13d.

Pension and Employee Benefits

The determination of the Company's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company's assumptions are recognized immediately in statement of profit or loss and other comprehensive income as and when they occur.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions has materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

The carrying amount of the Company's estimated liabilities for employee benefits as of 31 December 2016 and 2015 amounted to Rp 1,057,204,386 and Rp 307,060,856. Further details are disclosed in Note 14.

Ekshibit E/24

Exhibit E/24

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4. KAS DAN SETARA KAS

	31 Desember 2016/ 31 December 2016
K a s	7.433.000
B a n k	
PT Bank Negara Indonesia (Persero) Tbk	
Dalam Rupiah	2.977.161.324
Dalam Dolar AS	18.218.141
Sub-total	2.995.379.465
Deposito	
Dalam Rupiah	
PT Bank Negara Indonesia (Persero) Tbk	1.000.000.000
T o t a l	4.002.812.465

Suku bunga untuk deposito berjangka dalam Rupiah sebesar 4,25% per tahun pada tahun 2016.

4. CASH AND CASH EQUIVALENTS

	31 Desember 2015/ 31 December 2015	
	34.279.715	Cash on hand
		Cash in banks
		PT Bank Negara Indonesia (Persero) Tbk
	2.936.609.038	In Rupiah
	122.080.232	In US Dollar
Sub-total	3.058.689.270	Sub-total
Time deposit		In Rupiah
	-	PT Bank Negara Indonesia (Persero) Tbk
T o t a l	3.092.968.985	T o t a l

Interest rate for time deposit was 4.25% per annum in 2016.

5. PERSEDIAAN

	31 Desember 2016/ 31 December 2016
Pupuk dan bahan kimia	922.634.201
Bahan bakar dan pelumas	185.479.540
Lain-lain	735.455.097
T o t a l	1.843.568.838

Persediaan tidak diasuransikan terhadap risiko kebakaran, bencana alam atau pencurian dan risiko lainnya karena persediaan mempunyai perputaran cepat.

Berdasarkan hasil penilaian dan penelaahan terhadap akun persediaan pada tanggal 31 Desember 2016 dan 2015, manajemen Perusahaan berkeyakinan tidak terdapat persediaan usang dan penurunan nilai persediaan sehingga tidak perlu membuat cadangan persediaan usang dan penurunan nilai persediaan.

5. INVENTORIES

	31 Desember 2015/ 31 December 2015	
	904.936.735	Fertilizer and chemicals
	76.083.833	Fuels and lubricants
	504.397.867	Others
T o t a l	1.485.418.435	T o t a l

All inventories are not insured against fire loss, natural disaster, theft and other risks because the Company's inventories has fast turn over.

Based on a review of the condition of inventories as of 31 December 2016 and 2015, the management of the Company believes that there were no inventories obsolescence and impairment of the inventories thus no need to make allowance for inventories obsolescence and impairment of inventories.

Ekshibit E/25

Exhibit E/25

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6. UANG MUKA

	<u>31 Desember 2016/</u> <u>31 December 2016</u>
Pemasok	7.014.517.291
Karyawan	356.909.100
Lain-lain	3.734.800
T o t a l	7.375.161.191

6. ADVANCES

	<u>31 Desember 2015/</u> <u>31 December 2015</u>	
-	-	Suppliers
54.412.450	54.412.450	Employees
361.387.910	361.387.910	Others
T o t a l	415.800.360	T o t a l

7. HUTAN TANAMAN INDUSTRI DALAM TAHAP PENGEMBANGAN

	<u>31 Desember 2016/</u> <u>31 December 2016</u>
<u>Tanaman karet</u>	
Tanaman karet - 2013	42.736.044.904
Tanaman karet - 2014	68.477.982.121
Tanaman karet - 2015	18.812.578.672
Tanaman karet - 2016	35.179.792.014
Pembibitan karet	12.675.523.449
Bunga masa konstruksi bank	13.758.630.001
Beban bunga utang pemegang saham (Catatan 18)	10.679.179.332
T o t a l	202.319.730.493

7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE

	<u>31 Desember 2015/</u> <u>31 December 2015</u>	
		<u>Rubber plantations</u>
37.717.614.455	37.717.614.455	Rubber plantations - 2013
45.598.273.694	45.598.273.694	Rubber plantations - 2014
13.614.813.907	13.614.813.907	Rubber plantations - 2015
-	-	Rubber plantations - 2016
8.069.243.440	8.069.243.440	Rubber nurseries
7.105.847.660	7.105.847.660	Bank Interest during construction
1.066.313.075	1.066.313.075	Interest of shareholder loan expense (Note 18)
T o t a l	113.172.106.231	T o t a l

Berdasarkan klasifikasi jenis kegiatan, akun tersebut terdiri dari:

Based on the classification of the type of activity, the account consists of:

	<u>31 Desember 2016/</u> <u>31 December 2016</u>
<u>Tanaman karet</u>	
Penanaman dan pemeliharaan	128.572.781.193
Pembukaan lahan	49.309.139.967
Bunga masa konstruksi bank	13.758.630.001
Beban bunga utang pemegang saham (Catatan 18)	10.679.179.332
T o t a l	202.319.730.493

	<u>31 Desember 2015/</u> <u>31 December 2015</u>	
		<u>Rubber plantations</u>
76.352.591.918	76.352.591.918	Planting and maintenance
28.647.353.578	28.647.353.578	Land clearing
7.105.847.660	7.105.847.660	Bank Interest during construction
1.066.313.075	1.066.313.075	Interest of shareholder loan expense (Note 18)
T o t a l	113.172.106.231	T o t a l

Berdasarkan Surat Keputusan Menteri Kehutanan No. S.433/Menhut-II/2013 tanggal 12 Juni 2013 tentang perubahan Keputusan Menteri Kehutanan No. SK.519/MENHUT-II/2009 tanggal 8 September 2009, Perusahaan telah memperoleh ijin usaha pemanfaatan hasil hutan kayu pada hutan tanaman industri atas area seluas kurang lebih 18.045 Hektar di Kabupaten Kutai Timur, Provinsi Kalimantan Timur.

Based on the Decision Letter of Minister of Forestry No. S.433/Menhut-II/2013 dated 12 June 2013 regarding the amendment of the Decision of Minister for Forestry No. SK.519/MENHUT-II/2009 dated 8 September 2009, the Company has obtained usage rights for timber in their industrial timber plantation area of approximately 18,045 Hectares located in Kabupaten Kutai Timur, Province of Kalimantan Timur.

Ekshibit E/26

Exhibit E/26

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**7. HUTAN TANAMAN INDUSTRI DALAM TAHAP
PENGEMBANGAN (Lanjutan)**

Pada tahun 2016 dan 2015 terdapat beban jasa profesional dari PT Royal Lestari Utama sebagai pemegang saham yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan dan dialokasikan berdasarkan tahun tanam sebesar Rp 3.975.868.881 dan Rp 1.788.418.098 (Catatan 18).

Pada tanggal 31 Desember 2016 dan 2015, seluruh hutan tanaman industri dalam tahap pengembangan diasuransikan dengan nilai pertanggungan Rp 29.481.242.432 dan Rp 29.481.242.432. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kebakaran dan risiko kerugian lainnya.

Berdasarkan penelaahan terhadap kondisi setiap jenis hutan tanaman industri dalam tahap pengembangan pada tanggal 31 Desember 2016 dan 2015, manajemen berkeyakinan bahwa tidak terdapat peristiwa atau perubahan keadaan yang mengindikasikan penurunan nilai hutan tanaman industri dalam tahap pengembangan, sehingga tidak perlu membuat cadangan penurunan nilai.

Pada tahun 2016 dan 2015, HTI milik Perusahaan sebesar 10.000 Hektar digunakan sebagai jaminan atas fasilitas pinjaman bank jangka panjang yang diterima dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

**7. INDUSTRIAL TIMBER PLANTATIONS UNDER
DEVELOPMENT STAGE (Continued)**

In 2016 and 2015 there are professional fee expenses from PT Royal Lestari Utama as shareholder which capitalized to industrial timber plantations under development stage and are allocated based on the year of planting is amounted to Rp 3,975,868,881 and Rp 1,788,418,098 (Note 18).

As of 31 December 2016 and 2015, all industrial timber plantations under development stage are insured with coverage amounting to Rp 29,481,242,432 and Rp 29,481,242,432. Management believes that insurance coverage is adequate to cover possible losses that may arise from fire and other risks.

Based on the review of the condition of industrial timber plantations under development stage as of 31 December 2016 and 2015, management believes that there is no events or change in circumstances which indicates the impairment of the industrial timber plantations under development stage, thus allowance for the impairment is not necessary.

In 2016 and 2015, the Company's ITP amounting to 10,000 Hectares are used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

8. ASET TETAP

8. PROPERTY AND EQUIPMENT

31 Desember 2016	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Deduction	Reklasifikasi/ Reclassification	Saldo akhir/ Ending balance	31 December 2016
Biaya perolehan						C o s t
Pemilikan langsung						Direct ownership
Bangunan	677.459.201	525.423.976	-	-	1.202.883.177	Buildings
Sarana dan prasarana	643.340.590	2.668.740.554	-	-	3.312.081.144	Infrastructures
Mesin dan alat berat	777.853.926	3.819.810.000	-	-	4.597.663.926	Machineries and heavy equipments
Kendaraan	6.075.422.904	3.711.400.000	-	-	9.786.822.904	Vehicles
Peralatan kantor	900.574.669	1.818.187.661	-	-	2.718.762.330	Office equipments
Sub-total	9.074.651.290	12.543.562.191	-	-	21.618.213.481	Sub-total
Aset dalam penyelesaian						Construction-in- progress
Bangunan	8.310.684.992	19.698.673.501	-	-	28.009.358.493	Buildings
Mesin dan alat berat	-	38.469.758.973	-	-	38.469.758.973	Machineries and heavy equipments
Sub-total	8.310.684.992	58.168.432.474	-	-	66.479.117.466	Sub-total
T o t a l	17.385.336.282	70.711.994.665	-	-	88.097.330.947	T o t a l

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8. ASET TETAP (Lanjutan)

8. PROPERTY AND EQUIPMENT (Continued)

<u>31 Desember 2016</u> (Lanjutan)	<u>Saldo awal/ Beginning balance</u>	<u>Penambahan/ Additions</u>	<u>Pengurangan/ Deduction</u>	<u>Reklasifikasi/ Reclassification</u>	<u>Saldo akhir/ Ending balance</u>	<u>31 December 2016</u> (Continued)
Akumulasi penyusutan						Accumulated depreciation
Pemilikan langsung						Direct ownership
Bangunan	77.554.688	83.910.907	-	-	161.465.595	Buildings
Sarana dan prasarana	25.960.126	185.757.048	-	-	211.717.174	Infrastructures
Mesin dan alat berat	177.936.017	339.287.992	-	-	517.224.009	Machineries and heavy equipments
Kendaraan	1.855.517.356	1.057.739.530	-	-	2.913.256.886	Vehicles
Peralatan kantor	375.410.285	381.239.256	-	-	756.649.541	Office equipments
Sub-total	2.512.378.472	2.047.934.733	-	-	4.560.313.205	Sub-total
Nilai buku	14.872.957.810				83.537.017.742	Net book value
	<u>Saldo awal/ Beginning balance</u>	<u>Penambahan/ Additions</u>	<u>Pengurangan/ Deduction</u>	<u>Reklasifikasi/ Reclassification</u>	<u>Saldo akhir/ Ending balance</u>	<u>31 December 2015</u>
Biaya perolehan						C o s t
Pemilikan langsung						Direct ownership
Bangunan	459.528.961	160.975.640	-	56.954.600	677.459.201	Buildings
Sarana dan prasarana	158.893.000	643.340.590	-	(158.893.000)	643.340.590	Infrastructures
Mesin dan alat berat	648.137.259	134.066.667	4.350.000	-	777.853.926	Machineries and heavy equipments
Kendaraan	5.717.322.903	358.100.001	-	-	6.075.422.904	Vehicles
Peralatan kantor	414.414.209	335.181.460	7.914.000	158.893.000	900.574.669	Office equipments
Aset dalam penyelesaian	<u>465.667.698</u>	<u>7.901.971.894</u>	<u>-</u>	<u>(56.954.600)</u>	<u>8.310.684.992</u>	Construction-in- progress
Sub-total	7.863.964.030	9.533.636.252	12.264.000	-	17.385.336.282	Sub-total
Akumulasi penyusutan						Accumulated depreciation
Pemilikan langsung						Direct ownership
Bangunan	23.107.570	54.447.118	-	-	77.554.688	Buildings
Sarana dan prasarana	64.548.397	25.960.126	-	(64.548.397)	25.960.126	Infrastructures
Mesin dan alat berat	91.171.294	88.305.349	1.540.626	-	177.936.017	Machineries and heavy equipments
Kendaraan	1.101.683.556	753.833.800	-	-	1.855.517.356	Vehicles
Peralatan kantor	156.338.335	159.658.554	5.135.001	64.548.397	375.410.285	Office equipments
Sub-total	1.436.849.152	1.082.204.947	6.675.627	-	2.512.378.472	Sub-total
Nilai buku	6.427.114.878				14.872.957.810	Net book value

Pada tanggal 31 Desember 2016 dan 2015, aset dalam penyelesaian terutama terdiri dari akumulasi biaya bangunan, sarana prasarana dan mesin.

As of 31 December 2016 and 2015, construction-in-progress consist mainly of accumulated costs of buildings, infrastructures and machineries.

Jumlah beban penyusutan aset tetap untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 yang dialokasikan adalah sebagai berikut:

Total amount of depreciation of property and equipment for the years ended 31 December 2016 and 2015 was allocated to the following:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Beban umum dan administrasi (Catatan 16)	2.047.934.733	1.082.204.947	General and administrative expenses (Note 16)

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8. ASET TETAP (Lanjutan)

Pada tanggal 31 Desember 2015, rugi atas penghapusan aset tetap sejumlah Rp 5.588.373 (Catatan 17b).

Pada tahun 2016 dan 2015, Perusahaan telah mengasuransikan aset tetap terhadap risiko kerugian atas kebakaran dan risiko kerugian lainnya dengan nilai pertanggungan masing-masing sebesar Rp 13.392.174.468, USD 14.300.000 pada tahun 2016 dan Rp 3.738.740.000 pada tahun 2015. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kebakaran dan risiko kerugian lainnya.

Berdasarkan penelaahan atas nilai aset pada akhir tahun, manajemen berkeyakinan bahwa tidak terdapat potensi atas penurunan nilai aset untuk tahun yang berakhir pada 31 Desember 2016 dan 2015.

Pada tanggal 31 Desember 2016 dan 2015, aset tetap milik Perusahaan digunakan sebagai jaminan atas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

8. PROPERTY AND EQUIPMENT (Continued)

As of 31 December 2015, loss on disposal property and equipment are Rp 5,588,373 (Note 17b).

In 2016 and 2015, the Company has insured property and equipment against losses by fire and other risks with coverage amounting to Rp 13,392,174,468, USD 14,300,000 in 2016 and Rp 3,738,740,000 in 2015, respectively. Management believes that insurance coverage is adequate to cover possible losses that may arise from fire and other risks.

Based on the review of the assets values at the end of the year, management believes that there is no potential impairment in the values of the assets for the years ended 31 December 2016 and 2015.

As of 31 December 2016 and 2015, the Company's property and equipment were used as collateral for long-term bank loan from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

9. UTANG USAHA

	31 Desember 2016/ 31 December 2016
Pihak ketiga	
CV Prima Jaya Abadi	2.550.570.193
PT Catur Prajna Utama	1.665.443.538
PT Mest Indonesiy	415.499.996
PT Pupuk Hikay	-
Titik Pulayna	-
Lain-lain (masing-masing di bawah Rp 300.000.000)	399.874.792
Total	5.031.388.519

Akun ini merupakan utang usaha kepada pihak ketiga atas pekerjaan penyiapan lahan, pembelian pupuk, bahan kimia dan kebutuhan lainnya.

9. TRADE PAYABLES

	31 Desember 2015/ 31 December 2015	
		Third parties
	-	CV Prima Jaya Abadi
	66.353.752	PT Catur Prajna Utama
	74.624.999	PT Mest Indonesiy
	820.799.999	PT Pupuk Hikay
	512.992.000	Titik Pulayna
		Others (each below Rp 300,000,000)
	208.180.000	
	1.682.950.750	Total

This account represents trade payables to third parties for land clearing, purchasing of fertilizer, chemicals and other needs.

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9. **UTANG USAHA (Lanjutan)**

9. **TRADE PAYABLES (Continued)**

Pada tanggal 31 Desember 2016 dan 2015, analisis umur utang usaha di atas adalah sebagai berikut:

As of 31 December 2016 and 2015, the aging analysis of the above trade payables are as follows:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Belum jatuh tempo	4.858.771.127	1.671.976.880	Current
Lewat jatuh tempo			Overdue
1 - 30 hari	71.070.000	10.973.870	1 - 30 days
31 - 60 hari	1.547.392	-	31 - 60 days
>60 hari	100.000.000	-	>60 days
T o t a l	<u>5.031.388.519</u>	<u>1.682.950.750</u>	T o t a l

Pada tanggal 31 Desember 2016 and 2015, seluruh utang usaha Perusahaan didenominasi dalam bentuk Rupiah.

As of 31 December 2016 and 2015, all trade payables of the Company are denominated in Rupiah.

10. **UTANG LAIN-LAIN**

10. **OTHER PAYABLES**

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Pihak ketiga			Third parties
Dalam Rupiah			In Rupiah
PT Atmindo Maha Jaya	7.947.552.600	-	PT Atmindo Maha Jaya
PT Traktor Nusantara	739.200.000	-	PT Traktor Nusantara
PT Sumber Mahakam Abaditama	665.500.000	-	PT Sumber Mahakam Abaditama
Lain-lain (masing-masing dibawah Rp 300.000.000)	312.149.956	17.698.870	Others (each below Rp 300,000,000)
Sub-total	<u>9.664.402.556</u>	<u>17.698.870</u>	Sub-total
Dalam Dolar AS			In US Dollar
Sphere Corporation Sdn Bhd	19.356.127.325	-	Sphere Corporation Sdn Bhd
Kam Kit Engineering Sdn Bhd	143.147.144	-	Kam Kit Engineering Sdn Bhd
Sub-total	<u>19.499.274.469</u>	<u>-</u>	Sub-total
Pihak ketiga	29.163.677.025	17.698.870	Third parties
Pihak berelasi (Catatan 18)	5.447.865.764	3.195.000	Related parties (Note 18)
T o t a l	<u>34.611.542.789</u>	<u>20.893.870</u>	T o t a l

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11. BEBAN MASIH HARUS DIBAYAR

	31 Desember 2016/ 31 December 2016
Pihak ketiga	
Cadangan cuti dan tunjangan hari	
Raya	553.450.480
Jasa profesional	216.047.901
Lain-lain	-
Sub-total	769.498.381
Pihak berelasi	
Beban bunga utang pemegang saham (Catatan 18)	-
T o t a l	769.498.381

11. ACCRUED EXPENSES

	31 Desember 2015/ 31 December 2015	
		Third parties
		Provision leave and holiday allowance
		Professional fees
		Others
Sub-total	1.285.267.666	Sub-total
		Related party
		Interest of shareholder loan (Note 18)
T o t a l	2.043.727.407	T o t a l

12. PINJAMAN BANK JANGKA PANJANG

	31 Desember 2016/ 31 December 2016
PT Bank Negara Indonesia (Persero) Tbk	78.470.878.904

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 75, 76, 77 dan 78 tanggal 22 Oktober 2013 dari Wenda Taurusita Amidjaja, S.H., Notaris di Jakarta, Perusahaan memperoleh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk (BNI) yang terdiri dari:

- Kredit Investasi Kebun Karet (Baru) dengan jumlah maksimum Rp 378.000.000.000 dan Kredit Investasi IDC (Interest During Construction) Kebun Karet (Baru) dengan jumlah maksimum Rp 113.905.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2021, termasuk masa tenggang sampai 25 Desember 2016.
- Kredit Investasi pabrik Karet (Baru) dengan jumlah maksimum Rp 40.454.000.000 dan Kredit Investasi IDC (Interest During Construction) Pabrik Karet (Baru) dengan jumlah maksimum Rp 6.026.000.000. Pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2021, termasuk masa tenggang sampai 25 Desember 2016. Sampai dengan tanggal 31 Desember 2016 Pinjaman ini belum di gunakan.

12. LONG-TERM BANK LOAN

	31 Desember 2015/ 31 December 2015	
		PT Bank Negara Indonesia (Persero) Tbk
	44.790.301.954	

Based on Credit Agreement stated in Notarial deed No. 75, 76, 77 and 78 dated 22 October 2013 from Wenda Taurusita Amidjaja, S.H., Notary in Jakarta, the Company obtained credit facilities from PT Bank Negara Indonesia (Persero) Tbk (BNI) which consist of:

- Investment Loan Rubber Plantations (New) with maximum amounting to Rp 378,000,000,000 and Investment Loan IDC (Interest During Construction) of Rubber Plantations (New) with maximum amounting to Rp 113,905,000,000, this loan will be due on 25 December 2021, including grace period until the date of 25 Desember 2016.
- The (new) rubber mill is invested with loan a maximum amount of Rp 40,454,000,000 and IDC (Interest During Construction) investment loan at maximum of Rp 6,026,000,000. This loan will be due on 25 December 2021, including grace period until the date of 25 Desember 2016. As of 31 December 2016 this loan is not in use.

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Exhibit E/31

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12. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

Fasilitas ini dijamin dengan proyek HTI dengan luas 10.000 Hektar di Kalimantan Timur, sarana dan prasarana kebun karet, bangunan pabrik, surat kuasa dari Perusahaan kepada BNI untuk mengalihkan ijin HTI, saham perusahaan diikat secara gadai saham dan *company guarantee* dari PT Royal Utama Lestari (RLU) sebagai pemegang saham terbesar Perusahaan masing-masing untuk tahun 2016 dan 2015 (Catatan 7 dan 8).

Berdasarkan perjanjian pinjaman dengan BNI, tanpa persetujuan tertulis terlebih dahulu dari BNI, Perusahaan tidak diperkenankan melakukan transaksi-transaksi sebagai berikut:

- a. Mengubah bentuk atau status hukum Perusahaan, merubah anggaran dasar (kecuali meningkatkan modal Perusahaan), memindah tangankan resipis atau saham Perusahaan baik antar pemegang saham maupun kepada pihak lain yang mengakibatkan perubahan pemegang saham dominan (*Ultimate Shareholder*).
- b. Menggunakan dana Perusahaan untuk tujuan di luar usaha yang dibiayai dengan fasilitas kredit dari BNI.
- c. Mengalihkan usahanya kepada pihak lain dengan cara apapun juga.
- d. Menjamin dalam bentuk apapun kepada pihak lain.
- e. Menerima fasilitas kredit baru baik dari bank lain maupun lembaga keuangan lainnya (termasuk penerbitan obligasi).
- f. Membagi laba usaha dan membayar dividen kepada pemegang saham.
- g. Membuka usaha baru yang tidak terkait dengan usaha.
- h. Mengikatkan diri sebagai penjamin (*borg*), harta kekayaan yang telah dijaminkan kepada BNI, kepada pihak lain.
- i. Menjual saham yang telah ada yang berakibat pada berubahnya pemegang saham dominan saat ini (*ultimate shareholder*).
- j. Melakukan investasi baru dengan nilai melebihi 10% total aset Perusahaan. Mengalihkan usahanya kepada pihak lain dengan cara apapun juga.
- k. Melakukan interfinancing antar grup usaha selain dalam rangka meningkatkan kinerja bisnis dan keuangan, tidak diperkenankan.

12. LONG-TERM BANK LOAN (Continued)

The facility is collateralized by a plantation project with an area of 10,000 Hectares in Kalimantan Timur, an infrastructure for rubber plantations, factory building, the power of attorney from the Company to BNI to transfer the license ITP, company shares tied with mortgage and guarantee from PT Royal Utama Lestari (RLU) as the biggest shareholder of the Company respectively for in 2016 and 2015 (Notes 7 and 8).

Under the loan agreement with BNI, without the prior written consent of BNI, the Company is not allowed to perform the following transaction:

- a. *Change in their corporate structure or legal status of the Company, changes in the article of association (with the exception on the increment of Company's capital), transfer of rights or company shares to other parties that may result to changes in the Ultimate Shareholder.*
- b. *Using the Company's funds for purposes outside of the business financed with credit facility from BNI.*
- c. *Diverting the business to another party in any way.*
- d. *Guarantees in any form to any other party.*
- e. *Receive new credit facility either from other banks or other financial institutions (including the issuance of bonds).*
- f. *Distribute operating profit and pay dividends to shareholders.*
- g. *Opening a new business that is not related to the business.*
- h. *Acts as a guarantor for the collateralized asset to BNI, to another party.*
- i. *Sell existing shares resulting in changes to the current dominant shareholder (ultimate shareholder).*
- j. *New investments with a value exceeding 10% of the total assets of the Company. Transferring his business to other parties with any legalities.*
- k. *Interfinancing between business groups in addition in order to boost the business and financial performance, are not allowed.*

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13. PERPAJAKAN

13. TAXATION

a. Pajak Dibayar Di Muka

a. Prepaid Tax

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Pajak Pertambahan Nilai	1.930.031.377	-
T o t a l	398.398.838	876.872.198

Value-Added Tax

b. Utang Pajak

b. Taxes Payable

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Pajak Penghasilan:		
Pasal 4 (2)	103.720.251	18.370.699
Pasal 21	36.143.830	100.127.515
Pasal 23	258.534.757	196.615.454
Pajak Pertambahan Nilai	-	561.758.530
T o t a l	398.398.838	876.872.198

Income Taxes:
Article 4 (2)
Article 21
Article 23
Value-Added Tax

T o t a l

c. Perhitungan Fiskal

c. Fiscal Computation

Rekonsiliasi antara rugi sebelum manfaat pajak penghasilan yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain dengan taksiran rugi fiskal untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah sebagai berikut:

A reconciliation between loss before income tax benefit, as shown in the statement of profit or loss and other comprehensive income, and estimated fiscal loss for the years ended 31 December 2016 and 2015 are as follows:

	2016	2015	
Rugi sebelum manfaat pajak penghasilan menurut laporan laba rugi dan penghasilan komprehensif lain	(13.975.395.033)	(4.682.853.550)	Loss before income tax benefit per statement of profit or loss and other comprehensive income
Beda temporer:			Temporary differences:
Beban penyisihan imbalan kerja karyawan	710.766.448	167.602.001	Provision for employee expense benefits
Cadangan cuti dan tunjangan hari raya	66.981.918	(122.713.289)	Provision leave and holiday Allowances
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(25.394.204.446)	(16.634.862.430)	Salary expenses capitalized to industrial timber plantation under development stage
Dipindahkan	(38.591.851.113)	21.272.827.268	Carried forward

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

c. Perhitungan Fiskal (Lanjutan)

c. Fiscal Computation (Continued)

	2016	2015	
Pindahan	(38.591.851.113)	(21.272.827.268)	Brought forward
Beda tetap:			Permanent differences:
Beban yang tidak dapat dikurangkan:			Non-deductable expenses:
Beban pajak atas bunga	579.972.574	-	Tax expense for interest
Beban pajak penghasilan pasal 21	191.014.618	-	Income tax article 21
Beban Badan penyelenggara Jaminan Sosial	78.608.971	-	Healthcare and Social Security Agency expenses
Lain-lain	10.866.300	5.173.650	Other expenses
Pendapatan bunga yang telah dikenakan pajak bersifat final	(48.760.482)	(26.245.697)	Interest income already subjected to final tax
Taksiran rugi fiskal	(37.780.149.132)	(21.293.899.315)	Estimated fiscal loss
Rugi fiskal:			Fiscal loss:
2015	(21.293.899.315)	-	2015
2014	(4.441.744.550)	4.441.744.550	2014
2013	(2.833.993.294)	2.833.993.294	2013
2012	(66.090.798)	66.090.798	2012
Koreksi akumulasi rugi fiskal Perusahaan disebabkan karena mengikuti program pengampunan pajak (Catatan 21)	28.635.727.957	-	Correction of accumulated tax losses due to follow the tax amnesty program (Note 21)
Akumulasi rugi fiskal	(37.780.149.132)	(28.635.727.957)	Accumulated fiscal losses

Angka untuk pajak telah diungkapkan pada laporan keuangan untuk tahun 2016 dan 2015 sudah sama dengan SPT yang disampaikan kepada Kantor Pelayanan Pajak.

The tax disclosed in the financial statements for 2016 and 2015 are the same as those of the tax returns filed with the tax service office.

Koreksi liabilitas pajak Perusahaan dicatat pada saat Surat Ketetapan Pajak diterima, atau jika mengajukan keberatan, pada saat keputusan atas keberatan Perusahaan tersebut telah ditetapkan.

Amendments for tax obligations are recorded when an Tax Assessment Letter is received, or if appealed against, when the decision of appeal is determined.

d. Pajak Tangguhan

d. Deferred Tax

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan adalah sebagai berikut:

The deferred tax is calculated by the effects of the temporary differences between the carrying amounts of the assets and liabilities according to the financial statements with the tax bases of assets and liabilities. The details of deferred tax assets and liabilities of the Company are as follows:

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13. PERPAJAKAN (Lanjutan)

13. TAXATION (Continued)

d. Pajak Tangguhan (Lanjutan)

d. Deferred Tax (Continued)

	31 Desember 2015/ 31 December 2015	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dibebankan ke penghasilan komprehensif lainnya/ Charged to other comprehensive income	31 Desember 2016/ 31 December 2016	
Aset Pajak (Liabilitas) Tangguhan					Deferred Tax Assets (Liabilities)
Liabilitas diestimasi imbalan kerja karyawan	76.765.214	177.691.612	9.844.271	264.301.097	Estimated liabilities for employee benefits
Rugi fiskal	7.158.931.989	2.286.105.294	-	9.445.037.283	Fiscal loss
Cadangan cuti dan tunjangan hari raya	-	16.745.480	-	16.745.480	Provision leave and holiday allowance
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(4.809.989.788)	(6.348.551.111)	-	(11.158.540.899)	Salary expenses capitalized to industrial timber plantation under development stage
T o t a l	2.425.707.415	(3.868.008.725)	9.844.271	(1.432.457.039)	T o t a l

	31 Desember 2014/ 31 December 2014	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif lainnya/ Charged to other comprehensive income	31 Desember 2015/ 31 December 2015	
Aset Pajak (Liabilitas) Tangguhan					Deferred Tax Assets (Liabilities)
Liabilitas diestimasi imbalan kerja karyawan	37.509.374	41.900.500	2.644.660	76.765.214	Estimated liabilities for employee benefits
Rugi fiskal	1.835.457.161	5.323.474.828	-	7.158.931.989	Fiscal loss
Cadangan cuti dan tunjangan hari raya	30.678.322	(30.678.322)	-	-	Provision leave and holiday allowance
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(651.274.180)	(4.158.715.608)	-	(4.809.989.788)	Salary expenses capitalized to industrial timber plantation under development stage
T o t a l	1.252.370.677	1.175.981.398	(2.644.660)	2.425.707.415	T o t a l

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14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN

Perusahaan mencatat liabilitas diestimasi bersih untuk imbalan kerja karyawan sejumlah Rp 1.057.204.386 dan Rp 307.060.856 pada tanggal 31 Desember 2016 dan 2015, yang disajikan sebagai akun "Liabilitas diestimasi imbalan kerja karyawan" di laporan posisi keuangan.

Analisis atas mutasi saldo liabilitas diestimasi untuk imbalan kerja karyawan selama tahun 2016 dan 2015 adalah sebagai berikut:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Saldo awal tahun	307.060.856	150.037.496
Beban imbalan kerja bersih	710.766.448	167.602.001
Beban yang diakui dalam penghasilan komprehensif lain	39.377.082	(10.578.641)
Saldo akhir tahun	1.057.204.386	307.060.856

Beban imbalan kerja karyawan disajikan sebagai bagian dari akun "Beban umum dan administrasi" di dalam laporan laba rugi dan penghasilan komprehensif lain, dengan rincian sebagai berikut:

	2016	2015
Beban jasa masa kini	459.270.647	155.219.170
Beban jasa masa lalu	208.919.836	-
Beban bunga	41.863.562	12.378.093
Penyesuaian	(512.275)	422.362
Perubahan asumsi aktuarial	1.224.678	(417.624)
Total	710.766.448	167.602.001

Aktuarial (keuntungan) kerugian yang disebabkan oleh perubahan faktor-faktor berikut:

	2016	2015
Perubahan asumsi keuangan	42.345.471	(22.414.670)
Penyesuaian pengalaman	(2.968.389)	11.836.029
Total	39.377.082	(10.578.641)

Penyisihan imbalan kerja tersebut di atas merupakan estimasi manajemen berdasarkan perhitungan aktuarial PT Padma Radya Aktuarial pada tahun 2016 dan 2015, dengan menggunakan metode "Projected Unit Credit". Asumsi dasar yang digunakan pada perhitungan aktuarial tersebut pada tahun 2016 dan 2015 adalah sebagai berikut, antara lain:

Tingkat mortalita	:	100% TMI3 pada tahun 2016 dan 2015/ 100% TMI3 in 2016 and in 2015	:	Mortality rate
Tingkat diskonto	:	8,50% dan 9,00% pada tahun 2016 dan 2015/ 8.50% and 9.00% in 2016 and 2015	:	Discount rate
Tingkat kenaikan gaji tahunan	:	5,00% pada tahun 2016 dan 2015/ 5.00% in 2016 and 2015	:	Annual wage and salary increase
Umur pensiun	:	55 tahun/55 years	:	Retirement age

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS

The Company recorded net estimated liabilities for employee benefits amounted to Rp 1,057,204,386 and Rp 307,060,856 as of 31 December 2016 and 2015, which are presented as "Estimated liabilities for employee benefits" in the statements of financial position.

Analysis of movement of the estimated liabilities for employee benefits during 2016 and 2015 are as follows:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Saldo awal tahun	307.060.856	150.037.496	Balance at beginning of the year
Beban imbalan kerja bersih	710.766.448	167.602.001	Net employee benefits expense
Beban yang diakui dalam penghasilan komprehensif lain	39.377.082	(10.578.641)	Expense recognized in other comprehensive income
Saldo akhir tahun	1.057.204.386	307.060.856	Balance at end of year

Provision for employee is presented as part of "General and administrative expenses" in the statement of profit or loss and other comprehensive income, with details as follows:

	2016	2015	
Beban jasa masa kini	459.270.647	155.219.170	Current service cost
Beban jasa masa lalu	208.919.836	-	Past service cost
Beban bunga	41.863.562	12.378.093	Interest cost
Penyesuaian	(512.275)	422.362	Adjustment
Perubahan asumsi aktuarial	1.224.678	(417.624)	Changes in actuarial assumptions
Total	710.766.448	167.602.001	Total

Actuarial (gains) losses are caused by changes in the following factors:

	2016	2015	
Perubahan asumsi keuangan	42.345.471	(22.414.670)	Changes of financial assumptions
Penyesuaian pengalaman	(2.968.389)	11.836.029	Experience adjustments
Total	39.377.082	(10.578.641)	Total

Provision for employee benefits mentioned above are estimated by management based on actuarial calculations of PT Padma Radya Aktuarial in 2016 and 2015, by using the "Projected Unit Credit" method. Assumptions used in the actuarial calculations in 2016 and 2015 are as follows, among others:

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14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN
(Lanjutan)

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS
(Continued)

Liabilitas imbalan pasti - sensitivitas analisis

Defined benefit obligation - sensitivity analysis

Dampak terhadap nilai liabilitas imbalan pasti dari perubahan yang mungkin terjadi pada satu asumsi aktuarial, menganggap semua asumsi lainnya konstan, disajikan dalam tabel di bawah:

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

<u>Asumsi aktuarial</u>	<u>Penjelasan kemungkinan perubahan/ Reasonably possible change</u>	<u>Liabilitas imbalan pasti / Defined benefit obligation</u>		<u>Actuarial assumptions</u>
		<u>Kenaikan/ Increase</u>	<u>Penurunan/ Decrease</u>	
Tingkat diskonto	(+/- 1,00%)	975.897.717	1.151.723.166	Discount rate
Pertumbuhan gaji masa depan	(+/- 1,00%)	1.161.865.640	966.444.656	Growth in future salaries
T o t a l		2.137.763.357	2.118.167.822	T o t a l

15. MODAL SAHAM

15. SHARE CAPITAL

Susunan pemegang saham Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

The composition of Company's shareholders as of 31 December 2016 and 2015 are as follows:

<u>Pemegang saham</u>	<u>Jumlah saham/ Number of shares</u>	<u>Persentase kepemilikan (%)/ Percentage of ownership (%)</u>	<u>T o t a l</u>	<u>Shareholders</u>
PT Royal Lestari Utama	44.887	95,00	44.887.000.000	PT Royal Lestari Utama
PT Revalindo Pratama	2.363	5,00	2.363.000.000	PT Revalindo Pratama
T o t a l	47.250	100,00	47.250.000.000	T o t a l

Modal saham Perusahaan dijadikan jaminan atas fasilitas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 12).

The share capital of the Company was pledged as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 12).

16. BEBAN UMUM DAN ADMINISTRASI

16. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
Beban gaji	4.068.226.541	-	Salaries expenses
Beban sewa	2.395.991.835	533.491.292	Rent expenses
Penyusutan (Catatan 8)	2.047.934.733	1.082.204.947	Depreciation (Note 8)
Beban pajak	723.142.044	-	Tax expenses
Imbalan kerja (Catatan 14)	710.766.448	167.602.001	Employee benefits (Note 14)
Beban kantor	695.887.988	416.298.541	Office expenses
Jasa profesional	449.190.555	723.364.998	Professional fees
Cadangan cuti dan tunjangan hari raya	200.947.316	-	Provision leave and holiday allowances
Beban pajak penghasilan pasal 21	191.014.618	-	Income tax article 21 expenses
Perjalanan dinas	94.194.155	391.421.869	Traveling
Lain-lain	442.516.319	125.296.907	Others
T o t a l	12.019.812.552	3.439.680.555	T o t a l

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17. PENDAPATAN DAN BEBAN OPERASI LAINNYA

a. Pendapatan Operasi Lainnya

	2 0 1 6
Penjualan kayu	543.354.700
Laba selisih kurs	57.284.917
T o t a l	600.639.617

b. Beban Operasi Lainnya

	2 0 1 6
Rugi atas penanaman kembali	1.408.333.192
Rugi atas penghapusan bibit	1.180.029.979
Rugi selisih kurs	-
Rugi atas penghapusan aset tetap (Catatan 8)	-
Biaya lain-lain	16.619.409
T o t a l	2.604.982.580

17. OTHER OPERATING INCOME AND EXPENSES

a. Other Operating Income

	2 0 1 5	
Timber sales	315.116.500	
Gain on foreign exchange	-	
T o t a l	315.116.500	

b. Other Operating Expense

	2 0 1 5	
Loss on disposal of replanting	-	
Loss on disposal of nursery	-	
Loss on foreign exchange	1.569.663.870	
Loss on disposal property and equipment (Note 8)	5.588.373	
others	9.282.949	
T o t a l	1.584.535.192	

18. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI

Perusahaan melakukan transaksi dengan pihak-pihak berelasi, antara lain:

18. ACCOUNT BALANCES, RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES

In normal operations, the Company has transactions with related parties:

Pihak berelasi/ Related parties	Sifat dari hubungan/ Relationship	Sifat dari transaksi/ Nature of the transaction
PT Royal Lestari Utama (RLU)	Pemegang saham/Shareholder	Utang lain-lain, beban masih harus dibayar, utang pemegang saham, beban bunga utang pemegang saham dan beban jasa profesional/ Other payables, accrued expense, shareholder's loan, interest of shareholder's loan expense and professional fee expenses
Manufacture Francaise des Pneumatiques Michelin	Entitas sepengendali/Entity under common control	Utang lain-lain, jasa profesional/ Other payables, professional fees expense
Rincian saldo transaksi dengan pihak-pihak berelasi sebagai berikut:		The details of the transaction with related parties are as follows:
	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
Beban bunga utang pemegang saham yang dikapitalisasi ke hutan tanaman industri dalam pengembangan		Interest of shareholder's loan expense capitalized to industrial timber plantation under development stage
PT Royal Lestari Utama (Catatan 7)	10.679.179.332	1.066.313.075 PT Royal Lestari Utama (Note 7)

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18. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN
PIHAK BERELASI (Lanjutan)

18. ACCOUNT BALANCES, RELATIONSHIPS AND
TRANSACTIONS WITH RELATED PARTIES
(Continued)

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Beban jasa profesional yang dikapitalisasi ke hutan tanaman industri dalam pengembangan PT Royal Lestari Utama (Catatan 7)	<u>3.975.868.881</u>	<u>1.788.418.098</u>	Professional fee expenses capitalized to industrial timber plantation under development stage PT Royal Lestari Utama (Note 7)
Utang lain-lain Manufacture Francaise des Pneumatiques Michelin PT Royal Lestari Utama	<u>5.447.865.764</u> <u>-</u>	<u>-</u> <u>3.195.000</u>	Other payable Manufacture Francaise des Pneumatiques Michelin PT Royal Lestari Utama
T o t a l (Catatan 10)	<u>5.447.865.764</u>	<u>3.195.000</u>	T o t a l (Note 10)
Beban masih harus di bayar PT Royal Lestari Utama (Catatan 11)	<u>-</u>	<u>758.459.741</u>	Accrued expense PT Royal Lestari Utama (Note 11)
Utang pemegang saham PT Royal Lestari Utama	<u>162.893.749.640</u>	<u>46.678.623.700</u>	Shareholde's loan PT Royal Lestari Utama

Berdasarkan Surat Perjanjian Pinjaman Pemegang Saham pada tanggal 22 Juni 2015, Para Pemegang Saham menyetujui Perusahaan memperoleh pinjaman dari RLU dengan total pokok US\$ 20.000.000. Tujuan pinjaman ini adalah untuk kegiatan operasional Perusahaan. Jangka waktu pembayaran pinjaman ini adalah 10 tahun dan pinjaman ini dikenakan biaya LIBOR+200bp.

Based on the Shareholder Loan Agreement dated 22 June 2015, shareholder approved that the Company obtained loan from RLU amounting to US\$ 20,000,0000. The purpose of this loan is used for the Company operational activity. The term paymen of this loan is 10 years and this loan is charged of interest expense with LIBOR+200bp.

Pada tanggal 8 September 2015, diterbitkan Addendum I atas Surat Perjanjian Pemegang Saham. Perubahan tersebut yaitu RLU sepakat untuk mengubah pemberian dan perhitungan utang dari mata uang US\$ menjadi Rupiah, kurs yang digunakan menggunakan Rp 14.244 dan suku bunga pinjaman diubah menjadi JIBOR+200bp. Pada tanggal 31 Desember 2016 dan 2015, Perusahaan memperoleh pinjaman sebesar masing-masing Rp 162.893.749.640 dan Rp 46.678.623.700.

As of 8 September 2015, issued Addendum I of the Shareholder Loan Agreement. This changes include RLU approved to convert and re-calculate the loan from US\$ into Rupiah, used exchange rate Rp 14,244 and interest expense change into JIBOR+200bp. As of 31 December 2016 and 2015, the Company obtained loan with amount of Rp 162,893,749,640 and Rp 46,678,623,700, respectively.

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18. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI (Lanjutan)

Pada tanggal 15 Januari 2015, Perusahaan setuju menunjuk RLU untuk memberikan jasa kepada pihak perseroan yang berkaitan dengan konsultasi manajemen, memberikan bimbingan aspek operasional terkait kegiatan usaha serta perencanaan strategi Perusahaan dan melaksanakan hal - hal lain guna memajukan kegiatan perseroan. RLU akan menerima imbalan jasa dari Perusahaan sebesar total biaya yang dikeluarkan oleh RLU dalam rangka pemberian jasa ditambah 2%, di mana Perusahaan mengkapitalisasi jasa profesional tersebut kedalam hutan tanaman industri dalam tahap pengembangan. Perjanjian ini berlaku sampai dengan 15 Januari 2016 tahun dan dapat diperpanjang berdasarkan kesepakatan kedua belah pihak. Pada tanggal 11 Januari 2016 perjanjian ini telah diperpanjang sampai dengan 15 January 2017.

Pada tanggal 17 Desember 2014, Perusahaan mengadakan perjanjian bantuan teknis dengan Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin akan memberikan bantuan sehubungan dengan bidang pohon karet, pemeliharaan penelitian, dan eksploitasi kebun karet, serta pembelian karet mentah dari perkebunan dari orang ketiga. Manufacture Francaise des Pneumatiques Michelin juga akan memberikan bantuan sehubungan dengan teknis dan industri yang berkaitan dengan pengolahan karet alami dan kontrol atas kualitas, serta pembangunan dan pemeliharaan peralatan dan infrastruktur. Perjanjian ini berlaku selama 19 tahun sejak ditanda tangani.

18. ACCOUNT BALANCES, RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (Continued)

As of 15 January 2015, the Company agreed to appoint RLU to provide services to the Company relating to management consulting, providing guidance related to operational aspects of the business activities and the Company's strategic planning and implement - other things in order to promote Company activities. RLU will receive a fee from the Company for the total costs incurred by RLU in the framework of the provision of services plus 2 %, where the Company capitalized professional fees in to industrial timber plantations under development stage. This agreement is valid until 15 January 2016 and may be extended based on the agreement of both parties. On 11 January 2016 this agreement was extended until 15 January 2017.

As of 17 December 2014, the Company entered a technical assistance agreement with Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin will provide assistance in connection with the field of rubber trees, maintenance, research and exploitation of rubber plantations, as well as the purchase of raw rubber from the estate of a third person. Manufacture Francaise des Pneumatiques Michelin will also be giving out assistance with respect to technical and industries related with natural rubber processing and control over quality, and the construction and maintenance of equipment and infrastructure. This agreement is applicable for 19 years.

19. MANAJEMEN RISIKO KEUANGAN

Kebijakan manajemen risiko keuangan Perusahaan bertujuan untuk mengidentifikasi dan menganalisa risiko-risiko keuangan yang dihadapi Perusahaan, menetapkan batasan risiko dan pengendalian yang sesuai serta untuk mengawasi kepatuhan terhadap batasan yang telah ditetapkan.

a. Risiko Likuiditas

Risiko likuiditas timbul apabila Perusahaan bertemu kesulitan dalam mewujudkan asetnya atau mengumpulkan dana untuk memenuhi komitmen terkait dengan liabilitas keuangannya.

Perusahaan mengelola likuiditas dengan membuat rencana penerimaan dan pengeluaran dalam bentuk perencanaan arus kas secara periodik dan melakukan *monitoring* atas realisasinya. Perusahaan menempatkan kelebihan atas kas dalam instrumen keuangan dengan risiko yang rendah namun memberikan imbal hasil yang memadai pada lembaga-lembaga keuangan yang memiliki kredibilitas dan *rating* yang dapat dipertanggungjawabkan.

19. FINANCIAL RISK MANAGEMENT

The Company financial risk management policy aims to identify and analyze the financial risks faced by the Company, set appropriate risk limits and controls, and oversee compliance with the limits established.

a. Liquidity Risk

Liquidity risk arises when the Company encounters difficulty in realizing its assets or otherwise raising funds to meet commitments associated with its financial liabilities.

The Company manages liquidity by making the plan revenue and expenditure in the form of periodic cash flows planning and monitoring of their realization. The Company puts the excess of cash in financial instruments with low risk but provides adequate returns on financial institutions that have credibility and rating may be applied.

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(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

19. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

19. FINANCIAL RISK MANAGEMENT (Continued)

b. Risiko Kredit

Eksposur risiko kredit Perusahaan terutama timbul dari pengelolaan piutang usaha dan piutang lain-lain. Perusahaan melakukan pengawasan kolektibilitas piutang sehingga dapat diterima penagihannya secara tepat waktu dan juga melakukan penelaahan atas masing-masing piutang pelanggan secara berkala untuk menilai potensi timbulnya kegagalan penagihan.

b. Credit Risk

The Company's exposure to credit risk arise primarily from managing trade receivables and other receivables. The Company's monitors receivables so that these are collected in a timely manner and also conduct reviews of individual customer accounts on a regular basis to assess the potential for uncollectibility.

c. Risiko Pasar

Risiko pasar adalah risiko dimana nilai wajar arus kas masa depan akan berfluktuasi karena perubahan harga pasar. Jenis-jenis risiko pasar yaitu: risiko suku bunga dan risiko mata uang.

c. Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. The types of market risk: interest rate risk and currency risk.

Risiko Tingkat Suku Bunga

Risiko tingkat suku bunga adalah risiko dimana nilai wajar atau arus kas masa datang akan berfluktuasi akibat perubahan suku bunga pasar. Eksposur Perusahaan terhadap risiko perubahan suku bunga pasar terutama terkait dengan utang bank jangka panjang Perusahaan dengan suku bunga mengambang.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term bank loans with floating interest rates.

Perusahaan selalu melakukan analisa atas dampak dari tingkat suku bunga terhadap biaya operasional dan kemampuan Perusahaan sebelum menyetujui pinjaman tersebut.

The Company always performs an analysis of the impact of interest rates on operating costs and the ability of the Company before approving the loan.

Risiko Mata Uang Asing

Risiko mata uang asing adalah risiko di mana nilai wajar atau arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi akibat perubahan nilai tukar mata uang asing. Eksposur Perusahaan terhadap risiko perubahan kurs mata uang asing terutama berkaitan dengan kegiatan operasi dan pendanaan Perusahaan.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows in a financial instrument fluctuates due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities.

Perusahaan secara konsisten melakukan *monitoring* terhadap pergerakan nilai tukar mata uang untuk mengetahui dampak perubahan nilai tukar mata uang asing tersebut terhadap kinerja operasional dan keuangan Perusahaan.

The Company consistently monitors the movement of currency exchange rate to determine the impact of changes in foreign currency exchange rates are towards the operational and financial performance of the Company.

d. Manajemen Permodalan

Tujuan utama dari pengelolaan modal Perusahaan adalah untuk memastikan rasio modal yang sehat agar dapat mendukung kelancaran usahanya dan memaksimalkan nilai dari pemegang saham.

d. Capital Management

The main 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.

Ekshibit E/41

Exhibit E/41

PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

20. NILAI WAJAR INSTRUMEN KEUANGAN

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Berikut ini adalah metode dan asumsi yang digunakan untuk memperkirakan nilai wajar setiap kelompok dari instrumen keuangan Perusahaan:

- Kas dan setara kas, piutang lain-lain, utang usaha, utang lain-lain dan beban masih harus dibayar mendekati nilai tercatatnya karena bersifat jangka pendek.
- Nilai tercatat dari pinjaman bank jangka panjang dan utang pemegang saham mendekati nilai wajarnya disebabkan oleh pemakaian suku bunga mengambang atas instrumen tersebut, di mana tingkat bunga tersebut selalu disesuaikan dengan pasar.

Di bawah ini menyajikan nilai wajar, yang mendekati nilai tercatat:

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for selling the asset or paid to transfer the liability in an orderly transaction between market participants.

The following are the methods and assumptions used to estimate the fair value of each group of the Company's financial instruments:

- Cash and cash equivalents, other receivables, trade payables, other payables and accrued expenses approximate their carrying values due to their short-term nature.
- The carrying amount of long-term bank loan and shareholder loan approximate their fair values due to the use of floating interest rates for the mentioned instruments, in which the interest rate is always adjusted to market.

Below is stated the fair values, which approximate the carrying values:

	31 Desember 2016/ 31 December 2016		31 Desember 2015/ 31 December 2015		
	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
A S E T					A S S E T S
Kas dan setara kas	4.002.812.465	4.002.812.465	3.092.968.985	3.092.968.985	Cash and cash equivalents
Piutang lain-lain	2.500.000	2.500.000	215.116.500	215.116.500	Other receivables
T o t a l	4.005.312.465	4.005.312.465	3.308.085.485	3.308.085.485	T o t a l
	31 Desember 2016/ 31 December 2016		31 Desember 2015/ 31 December 2015		
	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
LIABILITAS					LIABILITIES
Utang usaha	5.031.388.519	5.031.388.519	1.682.950.750	1.682.950.750	Trade payables
Utang lain-lain	34.611.542.789	34.611.542.789	20.893.870	20.893.870	Other payables
Beban masih harus dibayar	769.498.381	769.498.381	2.043.727.407	2.043.727.407	Accrued expenses
Pinjaman bank jangka panjang	78.470.878.904	78.470.878.904	44.790.301.954	44.790.301.954	Long-term bank loan
Utang pemegang saham	162.893.749.640	162.893.749.640	46.678.623.700	46.678.623.700	Shareholder's loan
T o t a l	281.777.058.233	281.777.058.233	95.216.497.681	95.216.497.681	T o t a l

Ekshibit E/42

Exhibit E/42

PT MULTI KUSUMA CEMERLANG
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT MULTI KUSUMA CEMERLANG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

21. PERISTIWA SETELAH PERIODE PELAPORAN

1. Susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan Akta Notaris Djumini Setyoadi, S.H., M.Kn, No. 10 tanggal 16 Januari 2017 adalah sebagai berikut:

Dewan Komisaris

Komisaris Utama	:	Yazirwan Uyun
Komisaris	:	Fifi Setiawaty Leono
Komisaris	:	Luc Marie Gaston Fernand Minguet
Komisaris	:	Didier Claude Gaidon

Dewan Direksi

Direktur Utama	:	Andry Setiawan
Wakil Direktur Utama	:	Eric Pierre Robert Vaillier
Direktur	:	Yannick Jean Marie Vincent Balerin
Direktur	:	Bruno Marie Jean Louis Mangelot
Direktur	:	Polmer Nababan
Direktur	:	Meizani Irmadhiany

2. Perusahaan melakukan deklarasi aset melalui program pengampunan pajak berdasarkan tanda terima surat pernyataan harta No. 03100003497 tanggal 29 Maret 2017.

21. EVENTS AFTER THE REPORTING PERIOD

1. The members of the Company's Board of Commissioners and Directors based on Notarial deed of Djumini Setyoadi, S.H., M.Kn, No.10 dated 16 January 2017 are as follows:

Board of Commissioners

:	President Commissioner
:	Commissioner
:	Commissioner
:	Commissioner

Board of Directors

:	President Director
:	Vice President Director
:	Director
:	Director
:	Director
:	Director

2. The Company made the declaration of assets through a tax amnesty program based on Surat tanda terima surat pernyataan harta No. 03100003497 dated 29 March 2017.

22. REKLASIFIKASI

Akun tertentu pada laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2015 telah direklasifikasi agar sesuai dengan penyajian laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2016, dengan rincian sebagai berikut:

22. RECLASSIFICATION

Certain accounts in the financial statements for the year ended 31 December 2015 have been reclassified to conform with the presentation of the financial statements for the year ended 31 December 2016, with details as follows:

<u>Deskripsi</u>	<u>Sebelum reklasifikasi kembali/ Before reclassification</u>	<u>reklasifikasi/ reclassification</u>	<u>Sesudah reklasifikasi/ After reclassification</u>	<u>Description</u>
31 Desember 2015				31 December 2015
Laporan Posisi				Statemen of Financial
Keuangan				Position
Utang usaha				Trade payables
Pihak ketiga	1.700.649.620 (	17.698.870)	1.682.950.750	Third parties
Utang lain-lain				Other payables
Pihak ketiga	-	17.698.870	17.698.870	Third parties

23. TANGGUNG JAWAB MANAJEMEN DAN PERSETUJUAN ATAS LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan ini yang diselesaikan pada tanggal 12 April 2017.

23. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The management is responsible for the preparation of these financial statements that were completed on 12 April 2017.

PT WANAMUKTI WISESA

**LAPORAN KEUANGAN/
FINANCIAL STATEMENTS**

**UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016/
FOR THE YEAR ENDED 31 DECEMBER 2016**

DAN/AND

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

*These Financial Statements are originally
issued in Indonesian language*

**PT WANAMUKTI WISESA
LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016**

**PT WANAMUKTI WISESA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016**

DAFTAR ISI

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Pernyataan Direksi		<i>Director's Statement</i>
Laporan Auditor Independen	<i>Ekshibit/ Exhibit</i>	<i>Independent Auditor's Report</i>
Laporan Posisi Keuangan	A	<i>Statement of Financial Position</i>
Laporan Laba Rugi dan Penghasilan Komprehensif Lain	B	<i>Statement of Profit or Loss and Other Comprehensive Income</i>
Laporan Perubahan Ekuitas	C	<i>Statement of Changes in Equity</i>
Laporan Arus Kas	D	<i>Statement of Cash Flows</i>
Catatan atas Laporan Keuangan	E	<i>Notes to Financial Statements</i>



**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016 DAN 2015
PT WANAMUKTI WISESA**

Kami, yang bertanda tangan di bawah ini:

1. Nama : Andry Setiawan
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan Taman
Sari, Jakarta Barat

Nomor Telepon : (021) 5306711
Jabatan : Direktur Utama
2. Nama : Eric Pierre Robert Vaillier
Alamat Kantor : Wisma Barito Pacific Tower B, Lantai 3
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Alamat Domisili : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced APT
N 1805

Nomor Telepon : (021) 5306711
Jabatan : Direktur

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan;
2. Laporan keuangan telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan telah dimuat secara lengkap dan benar;
b. Laporan keuangan tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Wanamukti Wisesa.

Demikian pernyataan ini dibuat dengan sebenarnya.

**DIRECTOR'S STATEMENT LETTER
REGARDING THE RESPONSIBILITY FOR
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
31 DECEMBER 2016 AND 2015
PT WANAMUKTI WISESA**

We, the undersigned:

1. Name : Andry Setiawan
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63

Domicile Address : Jl. S.W. Pranoto No. 33, Rukun
Tetangga 001, Rukun Warga 001,
Kelurahan Maphar, Kecamatan
Taman Sari, Jakarta Barat

Phone Number : (021) 5306711
Position : President Director
2. Name : Eric Pierre Robert Vaillier
Office Address : Wisma Barito Pacific Tower B, 3rd
Jl. Let. Jend. S. Parman Kav 62-63
Jakarta 11410
Domicile Address : Jl. Permata Berlian V Permata Hijau,
Somerset, Berlian Jakarta Serviced
APT N 1805

Phone Number : (021) 5306711
Position : Director

Stated that:

1. We are responsible for the preparation and presentation of the financial statements;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements is complete and correct;
b. The financial statements do not contain any incorrect information or material fact, nor do they omit information or material fact;
4. We are responsible for PT Wanamukti Wisesa' internal control system.

This statement letter is made truthfully.

Jakarta, 12 April 2017/ 12 April 2017

Andry Setiawan
Direktur Utama/President Director



Eric Pierre Robert Vaillier
Direktur/Director

PT. Wanamukti Wisesa

Head Office

Wisma Barito Pacific Tower B 10th Floor

Jl. Let. Jend. S. Parman Kav. 62-63

Jakarta 11410, Indonesia

T +62(021)534 7050 F +62(021)534 7048

Site Location

Desa Sungai Karang

Kec. VII Koto Ilir, Kab. Tebo.

Jambi, Indonesia

This report is originally issued in Indonesian language

No. : 464/O.W028/FH.0/12.16
Hal : Laporan Keuangan
31 Desember 2016

No. : 464/O.W028/FH.0/12.16
Re : *Financial Statements*
31 December 2016

Laporan Auditor Independen

Independent Auditors' Report

Pemegang Saham, Dewan Komisaris dan
Direksi
PT Wanamukti Wisesa
J a k a r t a

*Shareholders, Board of Commissioners and
Directors
PT Wanamukti Wisesa
J a k a r t a*

Kami telah mengaudit laporan keuangan PT Wanamukti Wisesa terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2016, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying financial statements of PT Wanamukti Wisesa, which comprise the statement of financial position as of 31 December 2016, and the statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan

Management's responsibility for the financial statements

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Tanggung jawab auditor

Auditor's responsibility

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan 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 memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, 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 entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan 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 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 terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Wanamukti Wisesa tanggal 31 Desember 2016, serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of PT Wanamukti Wisesa as of 31 December 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI BAMBANG & Rekan



Fahmi, SE, Ak, CPA, CA
NIAP AP.0124/
License No. AP.0124

12 April 2017 / 12 April 2017

FDSH/yn

Ekshibit A

Exhibit A

PT WANAMUKTI WISESA
LAPORAN POSISI KEUANGAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
A S E T				A S S E T S
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	2c,d,p,4	5.307.542.495	10.073.832.860	Cash and cash equivalents
Piutang usaha - Pihak ketiga	2c,e	108.589.440	49.352.980	Trade receivable - Third parties
Persediaan	2f,5	971.631.748	800.030.035	Inventories
Uang muka		234.148.542	104.699.683	Advances
Pajak dibayar di muka	2o,12a	1.822.286.444	396.333.888	Prepaid tax
Beban dibayar di muka	2h,6	283.701.559	210.499.105	Prepaid expenses
Total Aset Lancar		8.727.900.228	11.634.748.551	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Hutan tanaman industrial dalam tahap pengembangan	2i,k,m,p,7,21	141.699.400.780	108.786.355.842	Industrial timber plantations under development stage
Hutan tanaman industri - setelah dikurangi akumulasi amortisasi sebesar Rp 18.225.448.310 pada tahun 2016 dan Rp 17.153.669.710 pada tahun 2015	2i,k,8	19.556.967.387	9.374.909.587	Industrial timber plantations-net of accumulated amortization of Rp 18,225,448,310 in 2016 and Rp 17,153,669,710 in 2015
Aset tetap - setelah dikurangi akumulasi penyusutan sebesar Rp 4.040.807.772 pada tahun 2016 dan Rp 3.340.502.326 pada tahun 2015	2j,k,9	9.369.425.122	4.130.844.492	Property and equipment - net of accumulate depreciation of Rp 4,040,807,772 in 2016 Rp 3,340,502,326 in 2015
Aset pajak tangguhan	2o,12d	838.629.471	9.103.880.351	Deferred tax assets
Aset tidak lancar lainnya		129.144.960	129.144.960	Other non-current assets
Total Aset Tidak Lancar		171.593.567.720	131.525.135.232	Total Non-Current Assets
TOTAL ASET		180.321.467.948	143.159.883.783	TOTAL ASSETS

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

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

Ekshibit A/2

Exhibit A/2

PT WANAMUKTI WISESA
LAPORAN POSISI KEUANGAN
PADA TANGGAL 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES
Utang usaha - Pihak ketiga	2c, 10	836.868.849	809.276.118	Trade payables - Third parties
Utang lain-lain	2c			Other payable
Pihak ketiga		805.364.576	8.650.930	Third parties
Pihak berelasi	2g, 21	1.042.992.879	-	Related parties
Utang pajak	2o, 12b	189.415.438	287.516.631	Taxes payable
Beban masih harus dibayar	2c, g, 11, 21	1.084.643.886	1.200.603.010	Accrued expenses
Pinjaman bank jangka panjang yang telah jatuh tempo dalam satu tahun	2c, 13	11.548.000.000	6.776.000.000	Current maturities of long-term bank loans
Total Liabilitas Jangka Pendek		15.507.285.628	9.082.046.689	Total Current Liabilities
LIABILITAS JANGKA PANJANG				NON-CURRENT LIABILITIES
Pinjaman bank jangka panjang, setelah dikurangi bagian yang telah jatuh tempo dalam satu tahun	2c, 13	111.952.173.460	88.927.543.130	Long-term bank loan, net of current maturities
Utang pemegang saham	2c, g, 21	35.381.646.000	3.354.950.000	Shareholder's loan
Liabilitas diestimasi imbalan kerja karyawan	2l, 14	6.962.341.781	3.432.297.924	Estimated liabilities for employee benefits
Total Liabilitas Jangka Panjang		154.296.161.241	95.714.791.054	Total Non-Current Liabilities
Total Liabilitas		169.803.446.869	104.796.837.743	Total Liabilities
EKUITAS				EQUITY
Modal saham - nilai nominal				Share capital - par value
Rp 1.000.000 per saham				Rp 1,000,000 per share
Modal dasar - 100.000 saham				Authorized - 100,000 shares
Modal ditempatkan dan disetor penuh				Issued and fully paid-in
- 75.000 saham	15	75.000.000.000	75.000.000.000	share capital - 75,000 shares
Defisit		(64.481.978.921)	(36.636.953.960)	Deficits
Total Ekuitas		10.518.021.079	38.363.046.040	Total Equity
TOTAL LIABILITAS DAN EKUITAS		180.321.467.948	143.159.883.783	TOTAL LIABILITIES AND EQUITY

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

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

Ekshibit B

Exhibit B

PT WANAMUKTI WISESA
LAPORAN LABA RUGI DAN
PENGHASILAN KOMPREHENSIF LAIN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	2 0 1 6	Catatan/ Notes	2 0 1 5	
PENJUALAN NETO	7.069.840.730	2n,16	5.902.234.950	NET SALES
BEBAN POKOK PENJUALAN	(8.926.548.758)	2n,17	(6.976.375.537)	COST OF SALES
RUGI BRUTO	(1.856.708.028)		(1.074.140.587)	GROSS LOSS
Beban penjualan	(52.886.281)		(284.982.084)	<i>Selling expenses</i>
Beban umum dan administrasi	(14.899.197.899)	2n,18,21	(11.752.192.323)	<i>General and administrative expenses</i>
Pendapatan operasi lainnya	98.947.619	2n,19a	1.939.999	<i>Other operating income</i>
Beban operasi lainnya	(165.153.304)	2n,19b	(341.940.517)	<i>Other operating expenses</i>
RUGI USAHA	(16.874.997.893)		(13.451.315.512)	OPERATING LOSS
Pendapatan keuangan	217.462.986		276.901.836	<i>Finance income</i>
Beban keuangan	(2.526.682.565)	2n,20,21	(960.364.738)	<i>Finance cost</i>
RUGI SEBELUM MANFAAT PAJAK PENGHASILAN	(19.184.217.472)		(14.134.778.414)	LOSS BEFORE INCOME TAX BENEFIT
MANFAAT PAJAK PENGHASILAN				INCOME TAX BENEFIT
Tangguhan	(8.364.140.032)	2o,12d	3.472.475.857	<i>Deferred</i>
RUGI NETO TAHUN BERJALAN	(27.548.357.504)		(10.662.302.557)	NET LOSS FOR THE YEAR
PENGHASILAN (RUGI) KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME (LOSS)
Pos-pos yang tidak akan di reklasifikasi ke laba rugi				<i>Item that will not be reclassified to profit or loss</i>
Keuntungan (kerugian) aktuarial atas imbalan pasca kerja	(395.556.609)	2l,14	(336.790.605)	<i>Actuarial gains (loss) of post-employment benefits</i>
Pajak tangguhan terkait	98.889.152	2o,12d	84.197.651	<i>Relating to deferred tax</i>
JUMLAH RUGI KOMPREHENSIF LAIN	(296.667.457)		(252.592.954)	TOTAL OTHER COMPREHENSIVE LOSS
TOTAL RUGI KOMPREHENSIF PADA TAHUN BERJALAN	(27.845.024.961)		(10.914.895.511)	TOTAL COMPREHENSIVE LOSS FOR THE YEAR

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

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

*These Financial Statements are originally
issued in Indonesian language*

Ekshibit C

Exhibit C

**PT WANAMUKTI WISESA
LAPORAN PERUBAHAN EKUITAS
UNTUK TAHUN YANG BERAKHIR PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT WANAMUKTI WISESA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)**

	Modal ditempatkan dan disetor penuh/ <i>Issued and fully paid share capital</i>	Defisits/ <i>Deficits</i>	Total ekuitas/ <i>Total equity</i>	
Saldo per 31 Desember 2014	75.000.000.000 (	25.722.058.449)	49.277.941.551	<i>Balance as of 31 December 2014</i>
Total rugi komprehensif pada tahun berjalan	- (	10.914.895.511)	(10.914.895.511)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2015	75.000.000.000 (	36.636.953.960)	38.363.046.040	<i>Balance as of 31 December 2015</i>
Total rugi komprehensif pada tahun berjalan	- (	27.845.024.961)	(27.845.024.961)	<i>Total comprehensive loss for the year</i>
Saldo per 31 Desember 2016	<u>75.000.000.000 (</u>	<u>64.481.978.921)</u>	<u>10.518.021.079</u>	<i>Balance as of 31 December 2016</i>
	Catatan 15/ <i>Note 15</i>			

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

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

Ekshibit D

Exhibit D

PT WANAMUKTI WISESA
LAPORAN ARUS KAS
UNTUK TAHUN YANG BERAKHIR
PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	2 0 1 6	2 0 1 5	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Rugi sebelum manfaat pajak penghasilan	(19.184.217.472)	(14.134.778.414)	Loss before income tax benefit
Penyesuaian untuk merekonsiliasi rugi sebelum manfaat pajak penghasilan menjadi kas bersih yang diperoleh dari (digunakan untuk) aktivitas operasi:			Adjustments to reconcile loss before income tax benefit to net cash provided by (used in) operating activities:
Beban penyisihan imbalan kerja karyawan	3.134.487.248	767.138.476	Provision for employee benefits
Penyusutan	1.281.322.760	738.614.021	Depreciation
Amortisasi hutan tanaman industri	1.071.778.600	509.086.776	Amortization of industrial timber plantation
Rugi atas kebakaran tanaman karet	-	67.770.531	Rubber plantation loss From fire
Laba atas penjualan aset tetap	(74.545.455)	-	Gain on sale of property and equipment
Rugi atas penghapusan aset tetap	83.155.657	15.492.292	Loss on disposal of property and equipment
Perubahan aset dan liabilitas operasi:			Changes in operating assets and liabilities:
Piutang usaha	(59.236.460)	64.096.410	Trade receivable
Persediaan	(171.601.713)	(428.508.265)	Inventories
Piutang lain-lain	-	10.775.225.279	Other receivables
Uang muka	(129.448.859)	(75.508.683)	Advance payments
Pajak dibayar di muka	(1.425.952.556)	(291.984.509)	Prepaid tax
Beban dibayar di muka	(73.202.453)	75.798.114	Prepaid expenses
Aset tidak lancar lainnya	-	(129.144.960)	Other non-current assets
Utang usaha	27.592.731	(144.673.766)	Trade payables
Utang lain-lain	1.839.706.525	-	Other payables
Utang pajak	(98.101.193)	202.711.346	Taxes payable
Beban masih harus dibayar	(115.959.124)	269.219.303	Accrued expenses
Arus kas digunakan untuk dari aktivitas operasi	(13.894.221.764)	(1.719.446.049)	Cash flows used in operating activities
Pembayaran beban keuangan	(9.450.219.720)	(8.299.271.816)	Payments of finance cost
Arus kas netto digunakan untuk aktivitas operasi	(23.344.441.484)	(10.018.717.865)	Net cash flows used in operating activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Hutan tanaman industri	(11.253.836.400)	(4.226.950.143)	Industrial timber plantations
Hutan tanaman industri dalam tahap pengembangan	(23.462.825.219)	(17.276.267.976)	Industrial timber plantation under development stage
Hasil penjualan aset tetap	104.545.455	-	Proceeds from sale of property and equipment
Perolehan aset tetap	(6.633.059.047)	(2.259.903.188)	Acquisitions of property and equipment
Arus kas netto digunakan untuk aktivitas investasi	(41.245.175.211)	(23.763.121.307)	Net cash flows used in investing activities

Ekshibit D/2

Exhibit D/2

PT WANAMUKTI WISESA
LAPORAN ARUS KAS
UNTUK TAHUN YANG BERAKHIR
PADA 31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penambahan pinjaman bank jangka panjang	27.796.630.330	38.962.179.307	Additional from long-term bank loan
Penambahan utang pemegang saham	<u>32.026.696.000</u>	<u>3.354.950.000</u>	Additional of shareholder loan
Arus kas neto diperoleh dari aktivitas pendanaan	<u>59.823.326.330</u>	<u>42.317.129.307</u>	Net cash flows provided by financing activities
(PENURUNAN) KENAIKAN NETO DALAM KAS DAN SETARA KAS	(4.766.290.365)	8.535.290.135	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS PADA AWAL TAHUN	<u>10.073.832.860</u>	<u>1.538.542.725</u>	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
KAS DAN SETARA KAS PADA AKHIR TAHUN	<u>5.307.542.495</u>	<u>10.073.832.860</u>	CASH AND CASH EQUIVALENTS AT END OF YEAR

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

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

Ekshibit E

Exhibit E

PT WANAMUKTI WISESA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. U M U M

a. Pendirian Perusahaan

PT Wanamukti Wisesa ("Perusahaan") didirikan berdasarkan akta Notaris No. 107 tanggal 31 Agustus 1992 dari Mudofir Hadi, S.H., Notaris di Jakarta. Akta pendirian ini telah disahkan oleh Menteri Kehakiman Republik Indonesia berdasarkan Surat Keputusan No. C2-16.481.HT.01.01TH.95 tanggal 15 Desember 1995 dan diumumkan dalam Berita Negara Republik Indonesia No. 53 tanggal 2 Juli 1996, Tambahan No. 5960. Anggaran dasar Perusahaan telah mengalami beberapa kali perubahan, yang terakhir berdasarkan akta Notaris No. 4 tanggal 5 Januari 2015 dari Notaris Kumala Tjahjani Widodo, S.H., M.H., M.Kn., mengenai penerbitan saham baru perusahaan dan peningkatan modal disetor akibat konversi utang dari pemegang saham. Perubahan tersebut telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0002659.AH.01.03.Tahun 2015 tanggal 16 Januari 2015 dan berdasarkan akta Notaris No. 218 tanggal 30 April 2015 oleh Notaris Hasbullah Abdul Rasyid, S.H., M.Kn., mengenai perubahan status Perusahaan dari Non-Penanaman Modal Dalam Negeri/ Penanaman Modal Asing menjadi Perusahaan Penanaman Modal Asing dengan Surat Badan Koordinasi Penanaman Modal No. 919/1/IP/PMA/2015 tanggal 29 April 2015. Akta Notaris ini telah disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusan No. AHU-0935941.AH.01.02.Tahun 2015 tanggal 27 Mei 2015.

Sesuai dengan Pasal 3 anggaran dasar Perusahaan, ruang lingkup Perusahaan adalah dalam bidang pengusahaan hutan lainnya dan pemungutan getah karet serta industri pengasapan karet. Kebun Perusahaan berlokasi di Desa Sungai Karang, Kecamatan VII, Koto Ilir, Kabupaten Tebo, Provinsi Jambi. Berdasarkan Surat Keputusan Menteri Kehutanan No. 275/Kpts-II/1998 tanggal 27 Februari 1998, Perusahaan telah memperoleh ijin usaha pemanfaatan hasil hutan kayu pada hutan tanaman industri seluas kurang lebih 9.263,77 Hektar.

1. G E N E R A L

a. Establishment of the Company

PT Wanamukti Wisesa (the "Company") was established based on Notarial deed No. 107 dated 31 August 1992 of Mudofir Hadi S.H., Notary in Jakarta. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. C2-16.481.HT.01.01TH.95 dated 15 December 1995 and published in the State Gazette of the Republic of Indonesia No. 53 dated 2 July 1996, Supplement No. 5960. The Company's article of association has been amended several times, the latest based on Notarial deed No. 4 dated 5 January 2015 of Notary Kumala Tjahjani Widodo, S.H., M.H., M.Kn., regarding issued new shares and increased in authorized capital caused by conversion payables from shareholders. These changes have been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0002659.AH.01.03.Tahun 2015 dated 16 January 2015 and based on Notarial deed No. 218 dated 30 April 2015 by Notary Hasbullah Abdul Rasyid, S.H., M.Kn., regarding the changes of the Company's status from Non-Domestic Investment/ Foreign Investment into the Company in Context of Foreign Direct Investment with Investment Coordinating Board Letter No. 919/1/IP/PMA/2015 dated 29 April 2015. The establishment deed has been approved by Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0935941.AH.01.02.Tahun 2015 dated 27 May 2015.

In accordance with the article 3 of the Company's articles of association, the Company's scopes of operations are activities in other plantations and rubber sap collection also in smoking rubber. The Company's estate is located in Desa Sungai Karang, Kecamatan VII, Koto Ilir, Kabupaten Tebo, Province of Jambi. Based on the Decree of Minister of Forestry No. 275/Kpts-II/1998 dated 27 February 1998, the Company has obtained usage rights for timber in their industrial timber plantation area of approximately 9,263.77 Hectares.

Ekshibit E/2

Exhibit E/2

PT WANAMUKTI WISESA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

1. U M U M (Lanjutan)

b. Dewan Komisaris, Direksi dan Karyawan

Pada tanggal 31 Desember 2016, susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan akta Notaris Nanny Wiana Setiawan S.H., No. 54 tanggal 28 Juni 2016. Susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

	2 0 1 6
Dewan Komisaris	
Komisaris Utama :	Yazirwan Uyun
Komisaris :	Harlina Tjandinegara
Komisaris :	Eric Pierre Robert Vaillier
Dewan Direksi	
Direktur Utama :	Armando Robert Wirajendi
Direktur :	Evaliny
Direktur :	Andre
Direktur :	Meizani Irmadhiany

Pada tanggal 31 Desember 2016 dan 2015, Perusahaan mempunyai karyawan tetap masing-masing sebanyak 134 dan 66 orang (tidak diaudit).

1. G E N E R A L (Continued)

b. Board of Commissioners, Directors and Employees

As of 31 December 2016, the members of the Company's Board of Commissioners and Directors based on Notarial deed Nanny Wiana Setiawan S.H., No. 54 dated 28 June 2016. The members of of the Company's Board of Commissioners and Directors as of 31 December 2016 and 2015 are as follows:

	2 0 1 5	Board of Commissioners
Yazirwan Uyun :		President Commissioner
Harlina Tjandinegara :		Commissioner
- :		Commissioner
Board of Directors		
Armando Robert Wirajendi :		President Director
Evaliny :		Director
- :		Director
- :		Director

As of 31 December 2016 and 2015, the Company had 134 and 66 permanent employees, respectively (unaudited).

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN

a. Pernyataan Kepatuhan

Laporan keuangan telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia.

b. Dasar Penyajian Laporan Keuangan

Laporan keuangan disusun berdasarkan basis akrual, dengan menggunakan konsep biaya perolehan, kecuali untuk persediaan yang dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi bersih dan akun-akun tertentu yang disusun berdasarkan pengukuran lain yang dijelaskan dalam kebijakan akuntansi masing-masing akun yang bersangkutan.

Laporan arus kas, yang disusun dengan menggunakan metode tidak langsung, menyajikan penerimaan dan pengeluaran kas dan bank yang diklasifikasikan ke dalam aktivitas operasi, investasi dan pendanaan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards, which are comprised of the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

b. Basis of Preparation of the Financial Statements

The financial statements have been prepared on an accrual basis, using the historical cost concept, except for inventories which are stated at the lower of cost or net realizable value and certain accounts which are prepared under other measurement basis as described in the accounting policies of the respective accounts.

The Statements of cash flows, which have been prepared using the indirect method, present receipts and disbursements of cash on hand and in banks classified into operating, investing and financing activities.

Ekshibit E/3

Exhibit E/3

PT WANAMUKTI WISESA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Dasar Penyajian Laporan Keuangan (Lanjutan)

b. Basis of Preparation of Financial Statements
(Continued)

Mata uang pelaporan yang digunakan pada laporan keuangan adalah Rupiah, yang merupakan mata uang fungsional Perusahaan.

The reporting currency used in the financial statements is Indonesian Rupiah which is the Company's functional currency.

Perubahan Kebijakan Akuntansi

Changes in Accounting Policies

Kebijakan akuntansi yang diadopsi adalah konsisten dengan kebijakan akuntansi keuangan tahun sebelumnya, kecuali bagi pengadopsian PSAK dan ISAK yang berlaku efektif pada atau setelah tanggal 1 Januari 2016. Perubahan kebijakan akuntansi Perusahaan, dibuat sebagaimana disyaratkan sesuai dengan ketentuan transisi dalam masing-masing standar dan interpretasi.

Accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the PSAK and ISAK that effective on or after 1 January 2016. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretation.

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016:

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016:

- PSAK 5 (Penyesuaian 2015), "Segmen Operasi",
- PSAK 7 (Penyesuaian 2015), "Pengungkapan Pihak-pihak Berelasi",
- PSAK 13 (Penyesuaian 2015), "Properti Investasi",
- PSAK 16 (Penyesuaian 2015), "Aset Tetap",
- PSAK 19 (Penyesuaian 2015), "Aset Takberwujud",
- PSAK 22 (Penyesuaian 2015), "Kombinasi Bisnis",
- PSAK 25 (Penyesuaian 2015), "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan",
- PSAK 53 (Penyesuaian 2015), "Pembayaran Berbasis Saham", dan
- PSAK 68 (Penyesuaian 2015), "Pengukuran Nilai Wajar",
- PSAK 4, "Laporan Keuangan Tersendiri" tentang Metode Ekuitas dalam Laporan Keuangan Tersendiri,
- PSAK 15, "Investasi Pada Entitas Asosiasi dan Ventura Bersama" tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 24, "Imbalan Kerja" tentang Program Imbalan Pasti: Iuran Pekerja,

- PSAK 5 (Annual Improvement 2015), "Operating Segments",
- PSAK 7 (Annual Improvement 2015), "Related Party Disclosures",
- PSAK 13 (Annual Improvement 2015), "Investment Property",
- PSAK 16 (Annual Improvement 2015), "Property, Plant and Equipment",
- PSAK 19 (Annual Improvement 2015), "Intangible Assets",
- PSAK 22 (Annual Improvement 2015), "Business Combination",
- PSAK 25 (Annual Improvement 2015), Accounting Policies, Changes in Accounting Estimates and Errors",
- PSAK 53 (Annual Improvement 2015), "Share-based Payments", and
- PSAK 68 (Annual Improvement 2015), "Fair Value Measurement",
- PSAK 4, "Separate Financial Statements" regarding Equity Method in Separate Financial Statements,
- PSAK 15, "Investment in Associates and Joint Venture" regarding Investment Entities: Applying the Consolidation Exception,
- PSAK 24, "Employee Benefits" regarding Defined Benefit Plans: Employee Contributions,

Ekshibit E/4

Exhibit E/4

PT WANAMUKTI WISESA
CATATAN ATAS LAPORAN KEUANGAN
UNTUK TAHUN YANG BERAKHIR PADA
31 DESEMBER 2016
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

PT WANAMUKTI WISESA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2016
(Expressed in Rupiah, unless otherwise stated)

2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

b. Dasar Penyajian Laporan Keuangan (Lanjutan)

b. Basis of Preparation of Financial Statements
(Continued)

Perubahan Kebijakan Akuntansi (Lanjutan)

Changes in Accounting Policies (Continued)

Berikut adalah PSAK dan ISAK yang berlaku efektif tanggal 1 Januari 2016: (Lanjutan)

The following PSAK and ISAK, that became effective for the financial year beginning 1 January 2016 : (Continued)

- PSAK 65, "Laporan Keuangan Konsolidasian" tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi,
- PSAK 67, "Pengungkapan Kepentingan Dalam Entitas Lain" tentang Entitas Investasi: Penerapan Pengecualian Konsolidasi, dan
- ISAK 30, "Pungutan",
- PSAK 16, "Aset Tetap" tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi,
- PSAK 19, "Aset Tak berwujud" tentang Klarifikasi Metode yang Diterima untuk Penyusutan dan Amortisasi, dan
- PSAK 66, "Pengaturan Bersama" tentang Akuntansi Akuisisi Kepentingan dalam Operasi Bersama,

- PSAK 65, "Consolidated Financial Statements" regarding Investment Entities: Applying the Consolidation Exception,
- PSAK 67, "Disclosures of Interest in Other Entities" regarding Investment Entities: Applying the Consolidation Exception, and
- ISAK 30, "Levies",
- PSAK 16, "Property, Plant and Equipment" regarding Clarification of Acceptable Methods of Depreciation and Amortization,
- PSAK 19, "Intangible Asset" regarding Clarification of Acceptable Methods of Depreciation and Amortization, and
- PSAK 66, "Joint Arrangements" regarding Accounting for Acquisitions of Interests in Joint Operation,

Penerapan dari standar-standar di atas, tidak menyebabkan perubahan kebijakan akuntansi Perusahaan dan tidak memiliki dampak terhadap jumlah yang dilaporkan di tahun berjalan atau tahun sebelumnya.

The implementation of the standards above did not cause a change in the Company's accounting policies and had no impact on the amounts reported for current or prior financial years.

Amandemen standar dan interpretasi berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017, dengan penerapan dini diperkenankan yaitu amandemen PSAK 1, "Penyajian Laporan Keuangan" tentang Prakarsa Pengungkapan dan ISAK 31, "Interpretasi atas Ruang Lingkup PSAK 13, "Properti Investasi".

Amendments to standard and interpretation effective for periods beginning on or after 1 January 2017, with early application permitted are amendments to PSAK 1, "Presentation of Financial Statements" about Disclosure Initiative and ISAK 31, "Scope Interpretation of PSAK 13, "Investment Property".

Standar dan amandemen standar berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2018, dengan penerapan dini diperkenankan yaitu PSAK 69, "Agrikultur" dan amandemen PSAK 16, "Aset Tetap" tentang Agrikultur: Tanaman Produktif.

Standard and amendment to standard effective for periods beginning on or after 1 January 2018, with early application permitted are PSAK 69, "Agriculture" and amendments to PSAK 16, "Property, Plant and Equipment" about Agriculture: Bearer Plants.

Sampai dengan tanggal penerbitan laporan keuangan, manajemen sedang mengevaluasi dampak dari standar dan interpretasi tersebut terhadap laporan keuangan.

As of issuance date for the financial statements, management is evaluating the standards and interpretations on the financial statements.

Ekshibit E/5

Exhibit E/5

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

c. Aset dan Liabilitas Keuangan

Perusahaan mengakui aset keuangan atau liabilitas keuangan dalam laporan posisi keuangan, jika dan hanya jika, Perusahaan menjadi salah satu pihak dalam ketentuan kontrak instrumen keuangan tersebut.

1. Klasifikasi

a. Aset Keuangan

Perusahaan menentukan klasifikasi aset keuangannya pada saat pengakuan awal, sepanjang diperbolehkan, mengevaluasi penentuan klasifikasi aset keuangan setiap akhir tahun. Aset keuangan diklasifikasikan sebagai aset keuangan diukur melalui laba rugi, pinjaman yang diberikan dan piutang, dimiliki hingga jatuh tempo dan tersedia untuk dijual.

Aset keuangan Perusahaan terdiri dari kas dan bank dan piutang lain-lain.

i. Aset Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi

Aset keuangan diukur pada nilai wajar melalui laba rugi terdiri dari aset yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan aset keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

ii. Pinjaman yang Diberikan dan Piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

iii. Investasi Dimiliki Hingga Jatuh Tempo

Dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan di mana Perusahaan mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo dan tidak ditetapkan pada nilai wajar melalui laba rugi atau tersedia untuk dijual.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Financial Asset and Liabilities

The Company recognized financial assets or financial liabilities in the statement of financial position, when and only when, the Company become party to contractual provisions of the financial instruments.

1. Classification

a. Financial Assets

The Company determines the classification of its financial assets at initial recognition, and where allowed, re-evaluates the classification of such financial assets at each year-end. Financial assets classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The Company's financial assets consist of cash on hand and in banks and other receivables.

i. Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets measured at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss.

ii. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Company does not intend to sell immediately or in the near future.

iii. Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intention and ability to held-to-maturity and are not designated as at fair value through profit or loss or available-for-sale.

Ekshibit E/6

Exhibit E/6

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

i. Klasifikasi (Lanjutan)

i. Classification (Continued)

a. Aset Keuangan (Lanjutan)

a. Financial Assets (Continued)

iv. Tersedia untuk Dijual Aset Keuangan

iv. Available-For-Sale Financial Assets

Tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan ke dalam salah satu kategori aset keuangan lainnya.

Available-for-sale are non-derivative financial assets that are designated as for-sale or not classified into one of the other financial asset categories.

b. Liabilitas Keuangan

b. Financial Liabilities

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi. Perusahaan menentukan klasifikasi liabilitas keuangan pada pengakuan awal.

Financial liabilities are classified as financial liabilities at fair value through profit or loss. The Company determines the classification of financial liabilities at initial recognition.

Liabilitas keuangan Perusahaan terdiri dari utang usaha, utang lain-lain, beban masih harus dibayar, pinjaman bank jangka panjang dan utang pemegang saham.

The Company's financial liabilities consist of trade payables, other payables, accrued expenses, long-term bank loan and shareholder's loan.

i. Liabilitas Keuangan Diukur Pada Nilai Wajar Melalui Laba Rugi

i. Financial Liabilities Measured at Fair Value Through Profit or Loss

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi terdiri dari liabilitas keuangan yang diklasifikasikan ke dalam kelompok untuk diperdagangkan dan liabilitas keuangan pada saat pengakuan awal ditetapkan pada nilai wajar melalui laba rugi.

Financial liabilities measured at fair value through profit or loss includes the financial liabilities held-for-trading and liabilities designated upon initial recognition at fair value through profit or loss.

Liabilitas keuangan diklasifikasikan sebagai dimiliki untuk diperdagangkan jika diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Liabilitas derivatif juga diklasifikasikan sebagai dimiliki untuk diperdagangkan kecuali ditetapkan sebagai instrumen lindung nilai yang efektif.

Financial liabilities are classified as held-for-trading if acquired for the purpose of sale or repurchase in the near future. Derivative liabilities are also classified as held-for-trading unless designated as effective hedging instruments.

Ekshibit E/7

Exhibit E/7

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**2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

i. Klasifikasi (Lanjutan)

i. Classification (Continued)

b. Liabilitas Keuangan (Lanjutan)

b. Financial Liabilities (Continued)

**i. Liabilitas Keuangan Diukur Pada Nilai
Wajar Melalui Laba Rugi (Lanjutan)**

**i. Financial Liabilities Measured at Fair
Value Through Profit or Loss (Continued)**

Liabilitas keuangan diukur pada nilai wajar melalui laba rugi dicatat di laporan posisi keuangan pada nilai wajar dengan keuntungan atau kerugian diakui dalam laporan laba rugi dan penghasilan komprehensif lain.

Financial liabilities measured at fair value through profit or loss are recorded in the statement of financial position at fair value with gains or losses recognized in statement of profit or loss and other comprehensive income.

ii. Liabilitas Keuangan Lainnya

ii. Other Financial Liabilities

Pinjaman adalah liabilitas keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan yang tidak mempunyai kuotasi di pasar aktif dan Perusahaan tidak berniat untuk menjualnya segera atau dalam waktu dekat.

Loans are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and the Company does not intend to sell immediately or in the near future.

ii. Pengukuran

ii. Measurement

Pada saat pengakuan awal, aset atau liabilitas keuangan diukur pada nilai wajar, kecuali aset dan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, ditambah atau dikurangi dengan biaya transaksi yang dapat diatribusikan secara langsung atas perolehan aset keuangan atau penerbitan liabilitas keuangan.

At initial recognition, financial assets or liabilities are measured at fair value, except for financial assets and liabilities measured at fair value through profit or loss, plus or minus the transaction costs that are directly attributable to the acquisition of financial assets or issuance of financial liabilities.

Pengukuran aset dan liabilitas keuangan setelah pengakuan awal tergantung pada klasifikasi aset dan liabilitas keuangan tersebut.

The subsequent measurement of financial assets and liabilities depends on the classification of financial assets and liabilities.

Ekshibit E/8

Exhibit E/8

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

ii. Pengukuran (Lanjutan)

ii. Measurement (Continued)

Aset keuangan diukur pada nilai wajar melalui laba rugi diukur pada nilai wajarnya, tanpa dikurangi biaya transaksi yang mungkin timbul pada penjualan atau pelepasan lain.

Asset at fair value through profit or loss are measured at fair value without any deduction for transaction costs it may incurred on sale or other disposal.

Pinjaman yang diberikan dan piutang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Loan and receivables are measured at amortized cost using the effective interest method.

Liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi setelah pengakuan awal diukur pada nilai wajarnya.

Financial liabilities at fair value through profit or loss after initial recognition are measured at fair value.

Liabilitas keuangan lainnya, setelah pengakuan awal diukur pada biaya perolehan diamortisasi dengan menggunakan suku bunga efektif.

Other financial liabilities, after initial recognition are measured at amortized cost using the effective interest method.

iii. Pengukuran Nilai Wajar

iii. Fair Value Measurement

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Fair value is the price that would be received for selling the asset or paid to transfer the liability an orderly transaction between market participants.

Jika tersedia, Perusahaan mengukur nilai wajar instrumen keuangan dengan menggunakan harga kuotasi di pasar aktif untuk instrumen tersebut. Suatu pasar dianggap aktif jika harga kuotasi sewaktu waktu dan secara berkala tersedia dan mencerminkan transaksi pasar yang aktual dan teratur dalam suatu transaksi yang wajar.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and reflect actual and regularly occurring market transactions on an arm's length basis.

Jika pasar suatu instrumen keuangan tidak aktif, Perusahaan menentukan nilai wajar dengan menggunakan teknik penilaian mencakup penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang memahami, berkeinginan, dan jika tersedia, referensi atas nilai wajar terkini dari instrumen lain yang secara substansial sama, penggunaan analisa arus kas yang didiskonto dan penggunaan model penetapan harga opsi.

If the market of the financial instrument is inactive, the Company determines fair value by using valuation techniques which include using recent market transactions conducted properly by knowledgeable, willing parties and, if available, reference to the current fair value of another instrument which is substantially the same, discounted cash flows analysis and option pricing model.

Ekshibit E/9

Exhibit E/9

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(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

iv. Hirarki Nilai Wajar

iv. Fair Value Hierarchy

PSAK 60 mensyaratkan pengungkapan tertentu yang mensyaratkan klasifikasi aset keuangan dan liabilitas keuangan yang diukur pada nilai wajar dengan menggunakan hirarki nilai wajar yang mencerminkan signifikan input yang digunakan di dalam melakukan pengukuran nilai wajar. Hirarki nilai wajar memiliki tingkatan sebagai berikut:

PSAK 60 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in measuring fair value. Fair value hierarchy has the following levels:

Tingkat 1: Kuotasi pasar (belum disesuaikan) di dalam pasar aktif bagi aset maupun liabilitas yang dapat diidentifikasi;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Tingkat 2: Input selain kuotasi pasar yang termasuk di dalam Tingkat 1 yang dapat diobservasi bagi aset atau liabilitas, baik langsung (misalnya, harga) maupun tidak langsung (misalnya, derivatif harga);

Level 2: Inputs other than market quotations included within Level 1 that are observable for the asset or liability, either directly (for example, prices) or indirectly (for example, derivatives prices);

Tingkat 3: Input bagi aset dan liabilitas yang bukan berdasarkan data pasar yang dapat diobservasi (input yang tidak dapat diobservasi).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Untuk aset dan liabilitas yang diakui dalam laporan keuangan secara berulang, Perusahaan menentukan apakah transfer telah terjadi antara Tingkat dalam hirarki dengan menilai kembali kategorisasi (berdasarkan masukan tingkat terendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan) pada akhir setiap periode pelaporan.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

v. Pengukuran Biaya Perolehan Diamortisasi

v. Amortized Cost Measurement

Biaya perolehan diamortisasi dari aset dan liabilitas keuangan adalah jumlah aset atau liabilitas keuangan yang diukur pada saat pengakuan awal, dikurangi pembayaran pokok, ditambah atau dikurangi dengan amortisasi kumulatif dengan menggunakan metode suku bunga efektif, yang dihitung dari selisih antara nilai awal dan nilai jatuh temponya dan dikurangi penyisihan kerugian penurunan nilai.

The amortized cost of a financial assets or liability is the amount at which the financial assets or liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest rate method, calculated from the difference between the initial amount and the maturity amount, minus any reduction for impairment.

Ekshibit E/10

Exhibit E/10

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c. Aset dan Liabilitas Keuangan (Lanjutan)

vi. Penurunan Nilai dari Aset Keuangan

Pada setiap tanggal laporan posisi keuangan, Perusahaan mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi hanya jika terdapat bukti yang obyektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara handal.

Perusahaan pertama kali menentukan apakah terdapat bukti obyektif penurunan nilai secara individual atas aset keuangan yang signifikan secara individual, dan secara individual atau kolektif untuk aset keuangan yang tidak signifikan secara individual.

Jika Perusahaan menentukan tidak terdapat bukti obyektif mengenai penurunan nilai aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Perusahaan memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual, dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Financial Assets and Liabilities (Continued)

vi. Impairment of Financial Assets

At each statement of financial position date, the Company assesses whether there is objective evidence that a financial asset or Company of financial assets is impaired. A financial asset or Company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring subsequent to initial recognition of the asset (loss events), and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company considers whether there are any objective evidence of impairment individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment of financial assets exists individually for an individually-assessed financial assets, regardless of whether the financial asset is significant or not, those financial assets will be assessed collectively in a group of financial assets that have similar credit risk characteristics. Assets that are individually assessed, and for impairment or continues to be recognized, are not included in a collective assessment of impairment.

Ekshibit E/11

Exhibit E/11

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vi. Penurunan Nilai dari Aset Keuangan
(Lanjutan)

vi. Impairment of Financial Assets (Continued)

Jumlah kerugian penurunan nilai atas aset keuangan yang penurunan nilainya dievaluasi secara individual diukur berdasarkan selisih antara nilai tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa datang yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan tersebut. Nilai tercatat aset tersebut dikurangi melalui akun cadangan kerugian penurunan nilai dan beban kerugian diakui pada laporan laba rugi dan penghasilan komprehensif lain.

The impairment loss of a financial assets which is assessed individually is measured as the difference between the carrying value of the financial assets and the present value of estimated future cash flows discounted using the effective interest rate at the beginning of the financial assets. The carrying amount of the asset is presented by deducting the allowance for impairment losses and the impairment loss is recognized in the statement of profit or loss and other comprehensive income.

Arus kas masa datang dari kelompok aset keuangan yang penurunan nilainya dievaluasi secara kolektif, diestimasi berdasarkan arus kas kontraktual atas aset-aset di dalam kelompok tersebut dan kerugian historis yang pernah dialami atas aset-aset yang memiliki karakteristik risiko kredit yang serupa dengan karakteristik risiko kredit kelompok tersebut. Kerugian historis yang pernah dialami kemudian disesuaikan berdasarkan data terkini yang dapat diobservasi untuk mencerminkan kondisi saat ini yang tidak berpengaruh pada periode terjadinya kerugian historis tersebut dan untuk menghilangkan pengaruh kondisi yang ada pada periode historis namun sudah tidak ada lagi pada saat ini.

Future cash flow in a group financial assets category that are collectively evaluated for impairment, are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

vii. Penghentian Pengakuan

vii. Derecognition

Perusahaan menghentikan pengakuan aset keuangan pada saat hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut kadaluarsa atau Perusahaan mentransfer seluruh hak untuk menerima arus kas kontraktual dari aset keuangan dalam transaksi di mana Perusahaan secara substansial telah mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan yang ditransfer. Setiap hak atau liabilitas atas aset keuangan yang ditransfer yang timbul atau yang masih dimiliki oleh Perusahaan diakui sebagai aset atau liabilitas secara terpisah.

The Company derecognizes financial assets when the contractual rights of the cash flows arising from the financial assets expire or the Company transfers all rights to receive contractual cash flows of financial assets in a transaction where the Company has transferred substantially all the risks and rewards of ownership of the financial assets transferred. Any rights or obligations on the transferred financial assets that arise or are still owned by the Company are recognized as assets or liabilities separately.

Ekshibit E/12

Exhibit E/12

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**2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

c. Aset dan Liabilitas Keuangan (Lanjutan)

c. Financial Assets and Liabilities (Continued)

vii. Penghentian Pengakuan (Lanjutan)

vii. Derecognition (Continued)

Perusahaan menghentikan pengakuan liabilitas keuangan pada saat liabilitas yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluarsa.

The Company derecognizes financial liabilities when the obligation specified in the contract is released, canceled or expires.

Dalam transaksi di mana Perusahaan secara substansial tidak memiliki atau tidak mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan, Perusahaan menghentikan pengakuan aset tersebut jika Perusahaan tidak lagi memiliki pengendalian atas aset tersebut. Hak dan liabilitas yang timbul atau yang masih dimiliki dalam transfer tersebut diakui secara terpisah sebagai aset atau liabilitas.

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of financial assets, the Company derecognizes the assets if they do not retain control over the assets. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate.

Dalam transfer di mana pengendalian atas aset masih dimiliki, Perusahaan tetap mengakui aset yang ditransfer tersebut sebesar keterlibatan yang berkelanjutan, di mana tingkat keberlanjutan Perusahaan dalam aset yang ditransfer adalah sebesar perubahan nilai aset yang ditransfer.

In transfers in which control over the asset is retained, the Company continues to recognize the assets to the extent of their continuing involvement, determined by the extent to which they are exposed to changes in the value of the transferred assets.

viii. Saling Hapus

viii. Offsetting

Aset dan liabilitas keuangan saling hapus dan nilai neto dilaporkan dalam laporan posisi keuangan jika, dan hanya jika, Perusahaan memiliki hak hukum saat ini yang dilaksanakan untuk mengimbangi jumlah yang diakui dan ada niat untuk menyelesaikan secara bersih atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

Financial assets and liabilities whenever offsets and net amount is presented in the statement of financial position if, and only if, the Company has a legal right to offset the amounts and intends either to settle on a net basis or realize the asset and settle the liability simultaneously.

d. Setara kas

d. Cash Equivalents

Call deposit dan deposito berjangka, dengan jangka waktu tiga (3) bulan atau kurang sejak tanggal penempatan dan tidak digunakan sebagai jaminan atas pinjaman atau liabilitas lain serta tidak dibatasi penggunaannya, diklasifikasikan sebagai "Setara Kas".

Call and time deposits, with maturities of three (3) months or less at the time of placement, not pledged as collateral for loans or other liability, and not restricted, are considered as "Cash Equivalents".

Ekshibit E/13

Exhibit E/13

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e. Piutang

Piutang lain-lain merupakan aset keuangan non-derivatif dengan jangka waktu pembayaran yang tetap atau telah ditentukan serta tidak diperdagangkan dalam pasar aktif.

Piutang lain-lain pada saat pengakuan awal diakui pada nilai wajarnya dan selanjutnya diukur pada biaya perolehan diamortisasi. Dalam hal terjadi penurunan nilai, kerugian penurunan nilai dilaporkan sebagai pengurang dari nilai tercatat aset keuangan dan diakui dalam laporan laba rugi dan penghasilan komprehensif lain sebagai "Cadangan kerugian penurunan nilai".

f. Persediaan

Persediaan dinyatakan sebesar nilai yang terendah antara biaya perolehan dan nilai realisasi bersih. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang.

Penyisihan untuk persediaan usang, jika diperlukan, ditentukan berdasarkan hasil penelaahan terhadap keadaan fisik persediaan pada akhir tahun.

g. Transaksi dengan Pihak-Pihak Berelasi

Suatu pihak dianggap berelasi dengan Perusahaan jika:

(a) 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 entitas pelapor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

e. Receivables

Other receivables are non-derivative financial assets with fixed or determinable repayment terms and are not traded in active markets.

Other receivables are recognized at fair value upon initial recognition and subsequently measured at amortized cost. In the event of impairment, impairment loss is reported as a reduction of the carrying value of financial assets and recognized in the statement of profit or loss and other comprehensive income as "Allowance for impairment losses".

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted-average method.

Allowance for inventory obsolescence, if necessary, determined based on a review of the physical state of inventories at the end of the year.

g. Transactions with Related Parties

Parties considered to be related to the Company if:

(a) 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.

Ekshibit E/14

Exhibit E/14

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(Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

g. Transaksi dengan Pihak-Pihak Berelasi
(Lanjutan)

g. Transactions with Related Parties (Continued)

(b) Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

(b) An entity is related to the reporting entity if it meets one of the following:

- i. Entitas dan entitas pelapor adalah anggota dari Perusahaan yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain);
- ii. Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu Perusahaan, yang mana entitas lain tersebut adalah anggotanya;
- iii. kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
- iv. Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
- v. 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;
- vi. entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf a.
- vii. orang yang diidentifikasi dalam huruf (a)
(i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

- i. The entity and the reporting entity are members of the same business Company (i.e. a parent, subsidiaries, and entities associated with the next subsidiaries of another entity);
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business Company, which the other entity is a member;
- iii. both entities are joint ventures of the same third party;
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- v. 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;
- vi. entities controlled or jointly controlled by a person identified in paragraph a.
- vii. person identified in subparagraph (a) (i) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity).

Anggota keluarga dekat merupakan individu anggota keluarga yang diharapkan mempengaruhi, atau dipengaruhi oleh orang, dalam hubungan mereka dengan entitas.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Seluruh transaksi dan saldo dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan.

All significant transactions and balances with related parties are disclosed in the notes to financial statements.

Ekshibit E/15

Exhibit E/15

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

h. Beban Dibayar di Muka

Beban dibayar di muka dibebankan sesuai masa manfaat masing-masing beban yang bersangkutan dan diamortisasi dengan menggunakan metode garis lurus.

i. Hutan Tanaman Industri

Biaya-biaya sehubungan dengan kegiatan pengembangan Hutan Tanaman Industri (HTI), seperti penanaman, pemeliharaan, beban bunga pinjaman, pembinaan dan pengamanan HTI dalam daur pertama, kecuali beban umum dan administrasi yang tidak berkaitan langsung dengan kegiatan tersebut dikapitalisasi dan disajikan dalam laporan posisi keuangan sebagai "Hutan Tanaman Industri dalam tahap pengembangan". Pada saat areal HTI menghasilkan/siap ditebang, akumulasi biaya tersebut dipindahkan ke akun "Hutan Tanaman Industri" dan diamortisasi berdasarkan sisa masa manfaat hak perusahaan HTI dengan menggunakan metode garis lurus selama 20 tahun.

HTI tanaman karet tersebut dinyatakan telah menghasilkan bila telah berumur enam tahun. Jangka waktu tanaman dapat menghasilkan ditentukan oleh pertumbuhan vegetatif dan berdasarkan taksiran manajemen.

j. Aset Tetap

Perusahaan telah memilih untuk menggunakan model biaya sebagai kebijakan akuntansi pengukuran aset tetapnya. Aset tetap dinyatakan berdasarkan biaya perolehan dikurangi akumulasi penyusutan.

Penyusutan terhadap aset tetap dihitung dengan menggunakan metode garis lurus, berdasarkan taksiran masa manfaat ekonomis aset tetap, sebagai berikut:

Tahun/Years

Bangunan	10
Sarana dan prasarana	5 - 10
Mesin dan alat berat	4 - 8
Kendaraan	4 - 8
Peralatan kantor	4 - 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

h. Prepaid Expenses

Prepaid expenses are amortized over the useful life of each of the relevant costs and amortized using the straight-line method.

i. Industrial Timber Plantations

Cost and expenses incurred in connection with the development of Industrial Timber Plantations (ITP), such as plantation, cultivation, interest expense on loan, forest maintenance and security in the ITP's initial cycle plantations, except for non-related general and administrative expenses are capitalized and presented in statement of financial position as "Industrial Timber Plantations under development stage". When the ITP becomes commercially productive, the accumulated costs and expenses are reclassified to "Industrial Timber Plantations" and amortized based on the remaining term of the concession right of the ITP using the straight-line method over 20 years.

ITP rubber plantations are considered mature at the age six years. The period the plantations can produce is determined by the vegetative growth and through management's estimation.

j. Property and Equipment

The Company has chosen the cost model as the accounting policy for the measurement of its property and equipment. Property and equipment are stated at cost less accumulated depreciation.

Depreciation of property and equipment is computed using the straight-line method, over the estimated useful life of the assets, as follows:

Buildings
Infrastructures
Machineries and heavy equipments
Vehicles
Office equipments

Ekshibit E/16

Exhibit E/16

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

j. Aset Tetap (Lanjutan)

Nilai residu dan masa manfaat ekonomis aset ditinjau kembali dan disesuaikan, jika perlu, pada akhir tanggal periode pelaporan.

Aset dalam penyelesaian meliputi bangunan dan prasarana lainnya, yang dinyatakan berdasarkan biaya pembangunan, biaya pegawai langsung, biaya tidak langsung dalam pembangunan tersebut, dan biaya-biaya pinjaman yang digunakan untuk membiayai aset selama masa pembangunan. Akumulasi biaya aset dalam penyelesaian akan direklasifikasi ke aset tetap yang bersangkutan dan kapitalisasi biaya pinjaman dihentikan pada saat pembangunan selesai dan aset tersebut siap dipergunakan.

Aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) dikreditkan atau debebankan pada tahun berjalan.

Beban perbaikan dan pemeliharaan rutin dibebankan pada laporan laba rugi dan penghasilan komprehensif lain pada saat terjadinya; pemugaran dan penambahan dalam jumlah signifikan, dan yang meningkatkan masa manfaat aset tetap sebagaimana dipersyaratkan dalam PSAK 16 mengenai kapitalisasi aset tetap yang bersangkutan.

Ketika aset tidak digunakan lagi atau aset yang berkaitan dijual, nilai tercatat dan akumulasi penyusutannya dikeluarkan dari kelompok aset tetap dan hasil laba atau rugi yang terjadi dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

k. Penurunan Nilai Aset Non-Keuangan

Pada setiap akhir periode pelaporan, Perusahaan menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset, maka Perusahaan membuat estimasi formal jumlah terpulihkan aset tersebut.

l. Imbalan Kerja

Perusahaan mengakui liabilitas imbalan kerja yang tidak didanai sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 tanggal 25 Maret 2003 ("Undang-Undang").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

j. Property and Equipment (Continued)

Residual values and useful life of the assets are reviewed and adjusted, if necessary, at each end of period reporting date.

Construction-in-progress consist of buildings and other infrastructure, which are stated at cost based on development costs, direct labor costs, indirect costs incurred in the development, and borrowing costs used to finance the asset over the development period. The accumulated costs of construction-in-progress will be reclassified to the appropriate property and equipment account and the capitalization of borrowing costs is ceased when the construction is completed and the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains 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 credited or charged to current year.

Repair and maintenance expenses are taken to statement of profit or loss and other comprehensive income during the financial year in which they are incurred; significant renewals and betterments, as defined under PSAK 16, that will prolong the useful lives of the related assets are capitalized.

When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of profit or loss and other comprehensive income for the current year.

k. Impairment of Non-Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset, the Company makes a formal estimate of recoverable amount is estimated.

l. Employee Benefits

The Company recognized an unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated 25 March 2003 (the "Law").

Ekshibit E/17

Exhibit E/17

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(Lanjutan)

l. Imbalan Kerja (Lanjutan)

Imbalan kerja jangka pendek diakui dengan metode akrual, sedangkan imbalan pasca-kerja dan pesangon pemutusan hubungan kerja dihitung dengan menggunakan metode aktuarial, berdasarkan jasa yang diberikan oleh karyawan sampai dengan tanggal laporan posisi keuangan sesuai dengan Undang-Undang Ketenagakerjaan No. 13/2003 (Undang-Undang Tenaga Kerja) dan telah sesuai dengan standar tersebut di atas. Tidak terdapat pendanaan yang disisihkan oleh Perusahaan sehubungan dengan imbalan pasca-kerja ini.

Liabilitas atau aset imbalan kerja bersih adalah agregat dari nilai kini liabilitas imbalan pasti pada akhir periode pelaporan dikurangi dengan nilai wajar aset program (jika ada), disesuaikan dengan dampak yang membatasi aset imbalan pasti bersih terhadap batas atas aset. Batas atas aset adalah nilai sekarang dari manfaat ekonomis yang tersedia dalam bentuk pengembalian dana dari program atau pengurangan iuran masa mendatang tersebut.

Perusahaan merancang suatu program khusus untuk imbalan pensiun, tetapi tidak ada pendanaan yang disisihkan untuk program tersebut.

Penyisihan tersebut diestimasi berdasarkan perhitungan aktuarial independen dengan menggunakan metode "Projected-Unit-Credit".

Liabilitas imbalan pensiun tersebut merupakan nilai kini liabilitas imbalan pasti pada akhir periode pelaporan yang dihitung oleh aktuaris independen dengan menggunakan metode "Projected Unit Credit".

Beban jasa lalu diakui segera dalam laporan laba rugi dan penghasilan komprehensif lain. Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian pengalaman dan perubahan asumsi aktuarial segera diakui pada laporan laba rugi dan penghasilan komprehensif lain.

m. Beban Pinjaman

Beban pinjaman yang diatribusikan langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian dikapitalisasi sebagai bagian dari beban perolehan aset tersebut. Sebaliknya, beban pinjaman lainnya diakui sebagai beban pada saat terjadi. Beban pinjaman terdiri dari beban bunga, beban keuangan lain dan kerugian selisih kurs, sejauh beban-beban tersebut dianggap sebagai penyesuaian atas beban bunga yang ditanggung Perusahaan sehubungan dengan pinjaman dana.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

l. Employee Benefits (Continued)

Short-term employee benefits are recognized using the accrual method and the provision for post-employment benefits and termination benefits are calculated using the actuarial method, based on and pursuant to services given by employees until the statement of financial position date according to Labor Law No. 13/2003 (Manpower Law) and have been complied with the standard above. There are no funding allowances, reserved by the Company regarding these post-employment benefits.

Liabilities or net assets of employee benefits is the aggregate of the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any), adjusted for the effects that limit the net defined benefit asset to the maximum limit of the asset. The maximum limit asset is the present value of economic benefits available in the form of refunds from the plan or reduction in future contributions.

The Company designed a specific retirement benefit plan, however there are no funding has been contributed for this program.

The provision has been estimated based on independent actuarial calculation using the "Projected-Unit-Credit" method.

The pension benefit obligation is the present value of the defined benefit obligation at the end of the reporting period is calculated by independent actuaries using the "Projected Unit Credit" method.

Afterwards service cost is immediately recognized in the statement of profit or loss and other comprehensive income. Gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in statement of profit or loss and other comprehensive income.

m. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the related asset. Otherwise, borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests, other financing charges and foreign exchange loss, to the extent that they are regarded as an adjustment to interest cost, that the Company incurs in connection with the borrowing of funds.

Ekshibit E/18

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

m. Beban Pinjaman (Lanjutan)

m. Borrowing Cost (Continued)

Kapitalisasi beban pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya dan pengeluaran untuk aset dan beban pinjamannya telah terjadi. Kapitalisasi beban pinjaman dihentikan pada saat selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasi agar dapat digunakan sesuai dengan maksudnya.

Capitalization of borrowing costs begin when required activities to prepare the asset for use in accordance with the intention and expenditures for the asset and borrowing costs have occurred. Capitalization of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use is substantially completed.

n. Pengakuan Pendapatan dan Beban

n. Revenues and Expenses Recognition

Pendapatan dari penjualan diakui berdasarkan bukti serah terima barang yang telah sesuai dengan nota timbang dari pembeli.

Revenue from sales is recognized based on the proof of transfer of goods in accordance with weight notes from buyer.

Beban diakui pada saat terjadinya (*accrual basis*).

Expenses are recognized when they are incurred (*accrual basis*).

o. Pajak Penghasilan

o. Income Tax

Beban pajak tahun berjalan dibukukan berdasarkan taksiran penghasilan kena pajak untuk tahun berjalan. Aset dan liabilitas pajak tangguhan diakui atas seluruh perbedaan temporer antara pencatatan komersial dan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan terutama yang timbul dari penyusutan dan penyisihan. Manfaat pajak di masa yang akan datang, seperti saldo rugi fiskal yang belum digunakan juga diakui apabila besar kemungkinan manfaat pajak tersebut dapat direalisasi.

Current tax expense is recorded based on estimated taxable income tax for the year. Deferred tax assets and liabilities are recognized for all deductible between the financial and the tax bases of assets and liabilities at each reporting date that appeared from depreciation and allowance. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Aset pajak tangguhan diakui untuk seluruh perbedaan temporer yang boleh dikurangkan, saldo terbawa aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan, sepanjang perbedaan temporer yang boleh dikurangkan, saldo terbawa atas aset pajak yang belum digunakan dan rugi fiskal yang belum dikompensasikan tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

Deferred tax assets are recognized for all deductible, carry-forward of unused tax assets and tax loss that have not been compensated for all deductible temporary differences, carry-forward of unused tax assets and tax loss that have not been compensated is probable that future taxable income can be utilized.

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap akhir tanggal periode pelaporan. Nilai tercatat aset pajak tangguhan tersebut diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua aset pajak tangguhan.

Carrying value of deferred tax assets are reviewed every end of reporting period date. Carrying value of deferred tax assets are impaired if taxable income may not be appropriate to compensate some or all of deferred tax assets.

Aset dan liabilitas pajak tangguhan diukur berdasarkan tarif pajak yang diharapkan akan diberlakukan pada saat aset direalisasikan atau liabilitas diselesaikan berdasarkan peraturan perpajakan yang berlaku atau yang telah secara substansial berlaku pada tanggal laporan posisi keuangan. Penyisihan dan/atau penyesuaian kembali dari seluruh perbedaan temporer selama periode berjalan diakui sebagai penghasilan atau beban dan termasuk dalam laporan laba rugi dan penghasilan komprehensif lain tahun berjalan.

Deferred tax assets and liabilities are measured based on tax rates that are expected to be applied when the assets are realized or the liabilities are settled based on tax regulations that have been enacted or substantially prevailing at the date of the statement of financial position. Allowance and/or readjustment of all temporary differences during the period are recognized as income or expense and included in the statement of profit or loss and other comprehensive income for the current year.

Ekshibit E/19

Exhibit E/19

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN (Lanjutan)

o. Pajak Penghasilan (Lanjutan)

Koreksi terhadap liabilitas perpajakan diakui saat Surat Ketetapan Pajak diterima atau jika mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

p. Transaksi dan Saldo dalam Mata Uang Asing

Transaksi di dalam mata uang asing diukur dengan mata uang fungsional Perusahaan dan dicatat pada tanggal awal pengakuan mata uang fungsional pada kurs nilai tukar yang mendekati tanggal transaksi.

Aset dan liabilitas moneter dinyatakan dalam mata uang asing yang dijabarkan pada kurs nilai tukar pada akhir periode pelaporan menurut Bank Indonesia. Item-item non-moneter yang diukur pada biaya historis di dalam mata uang asing dijabarkan dengan menggunakan kurs nilai tukar pada tanggal transaksi awal. Item-item non-moneter diukur pada nilai wajar di dalam mata uang asing yang dijabarkan dengan menggunakan kurs nilai tukar pada tanggal di mana nilai wajar ditentukan.

Selisih nilai tukar yang timbul dari penyelesaian item-item moneter atau pada item-item non-moneter yang dijabarkan atau pada item-item moneter yang dijabarkan pada akhir periode pelaporan, diakui di dalam laporan laba rugi dan penghasilan komprehensif lain.

Pada tanggal 31 Desember 2016 dan 2015 nilai tukar yang digunakan masing-masing adalah Rp 13.436 dan Rp 13.795 per US\$ 1.

q. Provisi

Provisi diakui ketika Perusahaan memiliki liabilitas legal maupun konstruktif sebagai hasil peristiwa lalu, yaitu kemungkinan besar arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas dan suatu estimasi terhadap jumlah dapat dilakukan.

Provisi ditinjau pada akhir tiap periode pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik. Apabila tidak ada lagi kemungkinan arus keluar sumber daya ekonomi diperlukan untuk menyelesaikan liabilitas, maka provisi tersebut dicadangkan.

Apabila dampak nilai waktu uang adalah material, maka provisi didiskontokan dengan menggunakan tarif sebelum pajak, jika lebih tepat, untuk mencerminkan risiko spesifik liabilitas. Ketika pendiskontoan digunakan, kenaikan provisi karena berlalunya waktu diakui sebagai beban finansial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

o. Income Tax (Continued)

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.

p. Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in the functional currency of the Company and recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are converted at the rate of exchange as reported at the end of period by Bank Indonesia. Non-monetary items that are measured in terms of historical cost in a foreign currency are converted using the exchange rates as at times of the initial transactions. Non-monetary items measured at fair value in a foreign currency are converted using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating non-monetary items or monetary items at the end of the reporting period are recognized in statement of profit or loss and other comprehensive income.

As of 31 December 2016 and 2015 the exchange rates used were Rp 13,436 and Rp 13,795 and per US\$ 1, respectively.

q. Provision

Provision are recognized when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Ekshibit E/20

Exhibit E/20

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2. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN
(Lanjutan)

r. Kontinjensi

Liabilitas kontinjensi tidak diakui di dalam laporan keuangan. Aset dan liabilitas kontinjensi diungkapkan di dalam catatan atas laporan keuangan kecuali kemungkinan arus keluar sumber daya ekonomi adalah kecil.

Aset kontinjensi tidak diakui di dalam laporan keuangan, namun diungkapkan di dalam catatan atas laporan keuangan jika terdapat kemungkinan suatu arus masuk manfaat ekonomis mengalir ke dalam entitas.

s. 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.

Peristiwa setelah periode pelaporan yang bukan merupakan peristiwa penyesuaian, diungkapkan di dalam catatan atas laporan keuangan bila material.

3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN

Penyajian laporan keuangan Perusahaan mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah pendapatan, beban, aset dan liabilitas yang dilaporkan, dan pengungkapan atas liabilitas kontinjensi tanggal pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

a. Pertimbangan

Di dalam proses penerapan kebijakan akuntansi Perusahaan, manajemen telah melakukan pertimbangan, terpisah dari masalah estimasi, yang memiliki dampak signifikan terhadap jumlah yang diakui di dalam laporan keuangan:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

r. Contingencies

Contingent Liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

s. Events After the Reporting Period

Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusting events) are reflected in the financial statements.

Events after the reporting period, that are not considered as adjustments, are disclosed in the notes for the financial statements, especially when material.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset and liabilities affected in future periods.

a. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Ekshibit E/21

Exhibit E/21

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

a. Pertimbangan (Lanjutan)

Klasifikasi Aset dan Liabilitas Keuangan

Perusahaan menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan pertimbangan bila definisi yang ditetapkan PSAK 55 terpenuhi. Dengan demikian, aset dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Perusahaan seperti diungkapkan pada Catatan 2c.

b. Sumber Utama Ketidakpastian Estimasi

Kunci asumsi tentang masa depan dan kunci sumber estimasi ketidakpastian di akhir periode pelaporan, memiliki risiko yang signifikan menyebabkan penyesuaian materi untuk membawa jumlah aset dan liabilitas dalam tahun anggaran berikutnya.

Pajak Penghasilan

Pertimbangan signifikan dilakukan dalam menentukan provisi atas Pajak Penghasilan Badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti dalam kegiatan usaha normal. Perusahaan mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan Pajak Penghasilan Badan.

Nilai Wajar Instrumen Keuangan

Dalam menentukan nilai wajar atas aset keuangan dan liabilitas keuangan di mana tidak terdapat harga pasar yang dapat diobservasi, Perusahaan harus menggunakan teknik penilaian seperti dijelaskan pada Catatan 2c. Untuk instrumen keuangan yang jarang diperdagangkan dan tidak memiliki harga yang transparan, nilai wajarnya menjadi kurang obyektif dan karenanya, membutuhkan tingkat pertimbangan yang beragam, tergantung pada likuiditas, konsentrasi, ketidakpastian faktor pasar, asumsi penentuan harga dan risiko lainnya yang mempengaruhi instrumen tertentu.

Jumlah nilai wajar aset dan liabilitas keuangan Perusahaan masing-masing sebesar Rp 5.416.131.935 dan Rp 162.651.689.650 pada tanggal 31 Desember 2016 dan masing-masing sebesar Rp 10.123.185.840 dan Rp 101.077.023.188 pada tanggal 31 Desember 2015. Penjelasan lebih rinci diungkapkan dalam Catatan 23.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES
AND ASSUMPTIONS (Continued)**

a. Judgements (Continued)

Classification of Financial Assets and Financial Liabilities

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK 55. Hence, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2c.

b. Key Source of Estimation Uncertainty

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.

Income Tax

Significant judgement 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 recognizes liabilities for expected Corporate Income Tax issues based on estimates of whether additional Corporate Income Tax will be due.

Fair Value of Financial Instruments

The determination of fair value for financial assets and liabilities for which there is no observable market price, the Company is required the use of valuation techniques as described in Note 2c. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Total fair value of financial assets and liabilities of the Company amounted to Rp 5,416,131,935 and Rp 162,651,689,650 as of 31 December 2016 and Rp 10,123,185,840 and Rp 101,077,023,188 as of 31 December 2015. Further details are disclosed in Note 23.

Ekshibit E/22

Exhibit E/22

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

b. Sumber Utama Ketidakpastian Estimasi (Lanjutan)

Penyisihan Persediaan Usang

Perusahaan menetapkan penyisihan persediaan setiap kali nilai realisasi bersih dari persediaan menjadi lebih rendah dari biaya perolehan akibat kerusakan, kondisi fisik menurun, keusangan, perubahan tingkat harga atau penyebab lainnya. Akun penyisihan ditinjau untuk mencerminkan penilaian yang akurat dalam catatan keuangan.

Nilai tercatat persediaan Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah masing-masing sebesar Rp 971.631.748 dan Rp 800.030.035. Penjelasan lebih rinci diungkapkan pada Catatan 5.

Masa Manfaat Hutan Tanaman Industri dan Aset Tetap

Biaya perolehan hutan tanaman industri dan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis hutan tanaman industri selama 20 tahun dan aset tetap antara 4 sampai 10 tahun. Ini adalah umur yang secara umum diharapkan dalam industri. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya beban penyusutan masa depan mungkin direvisi.

Nilai tercatat bersih atas Hutan Tanaman Industri Perusahaan pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 19.556.967.387 dan Rp 9.374.909.587. Penjelasan lebih rinci diungkapkan dalam Catatan 8.

Nilai tercatat bersih atas aset tetap Perusahaan pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 9.369.425.122 dan Rp 4.130.844.492. Penjelasan lebih rinci diungkapkan dalam Catatan 9.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,
ESTIMATES AND ASSUMPTIONS (Continued)**

b. Key Source of Estimation Uncertainty (Continued)

Allowance for Inventory Obsolescence

The Company provides allowance for inventories whenever the net realizable value of the inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed to reflect the accurate valuation in the financial records.

The carrying amount of the Company's inventories as of 31 December 2016 and 2015 are amounted to Rp 971,631,748 and Rp 800,030,035, respectively. Further details are disclosed in Note 5.

Useful Life of Industrial Timber Plantation and Property and Equipment

The costs of industrial timber plantation and property and equipment are depreciated on a straight-line method over the assets estimated useful life. Management estimates the useful life of these industrial timber plantation to be 20 years and property and equipment to be 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological development could impact the economic useful life and the residual values of these industrial timber plantation and property and equipment, and therefore future depreciation charges could be revised.

The net carrying amount of the Company's Industrial Timber Plantations as of 31 December 2016 and 2015 were Rp 19,556,967,387 and Rp 9,374,909,587, respectively. Further details are disclosed in Note 8.

The net carrying amount of the Company's property and equipment as of 31 December 2016 and 2015 were Rp 9,369,425,122 and Rp 4,130,844,492, respectively. Further details are disclosed in Note 9.

Ekshibit E/23

Exhibit E/23

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI
SIGNIFIKAN (Lanjutan)**

b. Sumber Utama Ketidakpastian Estimasi (Lanjutan)

Penurunan Nilai Aset Non-Keuangan

Perusahaan menilai apakah terdapat indikasi penurunan nilai semua aset non-keuangan pada setiap tanggal pelaporan. Aset non-keuangan diuji untuk penurunan nilai apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset tidak dapat dipulihkan kembali. Hal ini memerlukan estimasi nilai Unit Penghasil Kas. Estimasi nilai mengharuskan Perusahaan untuk membuat perkiraan arus kas masa depan yang diharapkan dari Unit Penghasil Kas dan juga memilih tingkat diskonto yang sesuai untuk menghitung nilai sekarang dari arus kas tersebut. Apabila terdapat nilai yang tidak bisa diestimasi secara andal, jumlah yang dapat dipulihkan didasarkan pada nilai wajar dikurangi beban penjualan.

Manajemen berkeyakinan bahwa tidak ada penurunan nilai aset non-keuangan yang harus diakui pada tanggal 31 Desember 2016 dan 2015.

Pajak Tangguhan

Aset pajak tangguhan diakui untuk perbedaan temporer dan rugi fiskal yang belum digunakan apabila besar kemungkinan bahwa jumlah laba fiskal akan memadai untuk dikompensasi dengan perbedaan temporer dan rugi fiskal yang belum dimanfaatkan. Estimasi manajemen yang signifikan diperlukan untuk menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan waktu dan kemungkinan tingkat laba fiskal pada masa mendatang bersama-sama dengan strategi perencanaan pajak masa depan.

Nilai tercatat aset pajak tangguhan Perusahaan diakui pada tanggal 31 Desember 2016 dan 2015 adalah sebesar Rp 838.629.471 dan Rp 9.103.880.351. Penjelasan lebih rinci diungkapkan dalam Catatan 12d.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS,
ESTIMATES AND ASSUMPTIONS (Continued)**

b. Key Source of Estimation Uncertainty (Continued)

Impairment of Non-Financial Assets

The Company assesses whether there are any indications of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be not recoverable. This requires an estimation of the value in use of the Cash Generated Unit. Estimation of the value in use requires the Company to make an estimate of the expected future cash flows from the Cash Generated Unit and also choose a suitable discount rate in order to calculate the present value of those cash flows. In cases where the value in use can not be reliably estimated, the recoverable amount is based on the fair value less cost to sell.

The management believes that there is no impairment for non-financial assets should be recognized on 31 December 2016 and 2015.

Deferred Tax

Deferred tax assets are recognized on temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the temporary differences and unused tax losses can be utilized. Significant management estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

The carrying value of the Company's deferred tax assets, recognized on 31 December 2016 and 2015 are amounted to Rp 838,629,471 and Rp 9,103,880,351. Further details are disclosed in Note 12d.

Ekshibit E/24

Exhibit E/24

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3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES**
AND ASSUMPTIONS (Continued)

b. **Sumber Utama Ketidakpastian Estimasi (Lanjutan)**

b. **Key Source of Estimation Uncertainty (Continued)**

Pensiun dan Imbalan Kerja

Pension and Employee Benefits

Penentuan liabilitas dan biaya pensiun dan liabilitas imbalan kerja Perusahaan 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 langsung diakui dalam laporan laba rugi dan penghasilan komprehensif lain pada saat terjadinya.

The determination of the Company's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company's assumptions are recognized immediately in statement of profit or loss and other comprehensive income as and when they occur.

Sementara Perusahaan berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dapat mempengaruhi secara material liabilitas diestimasi atas pensiun dan imbalan kerja dan beban imbalan kerja bersih.

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Company's assumptions has materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

Nilai tercatat atas liabilitas diestimasi imbalan kerja Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebesar Rp 6.962.341.781 dan Rp 3.432.297.924. Penjelasan lebih rinci diungkapkan dalam Catatan 14.

The carrying amount of the Company's estimated liabilities for employee benefits as of 31 December 2016 and 2015 amounted to Rp 6,962,341,781 and Rp 3,432,297,924. Further details are disclosed in Note 14.

4. **KAS DAN SETARA KAS**

4. **CASH AND CASH EQUIVALENTS**

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
K a s	10.349.600	10.488.400	Cash on hand
B a n k			Cash in banks
PT Bank Negara Indonesia (Persero) Tbk			PT Bank Negara Indonesia (Persero) Tbk
Dalam Rupiah	2.277.950.662	8.032.784.947	In Rupiah
Dalam Dolar AS	19.242.233	30.559.513	In US Dollar
Sub-total	2.297.192.895	8.063.344.460	Sub-total
Deposito			Time deposit
Dalam Rupiah			In Rupiah
PT Bank Negara Indonesia (Persero) Tbk	3.000.000.000	2.000.000.000	PT Bank Negara Indonesia (Persero) Tbk
T o t a l	5.307.542.495	10.073.832.860	T o t a l

Suku bunga untuk deposito berjangka dalam Rupiah sebesar 6,5%-7,5% dan 7,5%-7,75% per tahun pada tahun 2016 dan 2015.

Interest rate for time deposit was 6.5%-7.5% and 7.5%-7.75% per annum in 2016 and 2015.

Ekshibit E/25

Exhibit E/25

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5. PERSEDIAAN

	31 Desember 2016/ 31 December 2016
Pupuk dan bahan kimia	362.695.113
Getah karet	223.002.050
Bahan bakar dan pelumas	93.851.166
Persediaan dalam perjalanan	22.159.092
Lain-lain	269.924.327
T o t a l	971.631.748

Pada tahun 2016 dan 2015, Perusahaan mengasuransikan persediaan dengan nilai pertanggungan Rp 1.163.622.783 dan nihil. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan dan risiko kerugian lainnya

Berdasarkan hasil penilaian dan penelaahan terhadap akun persediaan pada tanggal 31 Desember 2016 dan 2015, manajemen Perusahaan berkeyakinan tidak terdapat persediaan usang dan penurunan nilai persediaan sehingga tidak perlu membuat cadangan persediaan usang dan penurunan nilai persediaan.

5. INVENTORIES

	31 Desember 2015/ 31 December 2015	
	681.285.387	Fertilizer and chemicals
	28.221.158	Rubber sap
	39.130.708	Fuel and lubricants
	10.205.000	Inventory in transit
	41.187.782	Others
T o t a l	800.030.035	T o t a l

In 2016 and 2015, the Group has insured inventories with coverage amounting to Rp 1,163,622,783 and nil. Management believes that Insurance coverage is adequate to cover possible losses that may arise from damage and other risk.

Based on a review of the condition of inventories as of 31 December 2016 and 2015, the management of the Company believes that there were no inventories obsolescence and impairment of inventories thus no need to make allowance for inventories obsolescence and impairment of inventories.

6. BEBAN DIBAYAR DI MUKA

	31 Desember 2016/ 31 December 2016
Asuransi kesehatan	97.229.276
Sewa kantor	91.467.131
Lain-lain	95.005.152
T o t a l	283.701.559

6. PREPAID EXPENSES

	31 Desember 2015/ 31 December 2015	
	96.860.180	Health insurance
	90.726.270	Office rental
	22.912.655	Others
T o t a l	210.499.105	T o t a l

7. HUTAN TANAMAN INDUSTRI DALAM PENGEMBANGAN

	31 Desember 2016/ 31 December 2016
<u>Tanaman karet</u>	
Tanaman karet - 2010	-
Tanaman karet - 2011	25.320.301.175
Tanaman karet - 2012	43.959.044.658
Tanaman karet - 2013	35.518.743.393
Tanaman karet - 2014	603.746.530
Tanaman karet - 2016	9.714.312.191
<u>Pembibitan karet</u>	592.225.222
<u>Bunga masa konstruksi dan provisi bank</u>	24.774.186.381
<u>Beban bunga utang pemegang saham (Catatan 21)</u>	1.216.841.230
T o t a l	141.699.400.780

7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE

	31 Desember 2015/ 31 December 2015	
	9.493.108.022	<u>Rubber plantations</u>
	20.098.282.535	Rubber plantations - 2010
	34.590.215.857	Rubber plantations - 2011
	27.156.386.566	Rubber plantations - 2012
	474.030.537	Rubber plantations - 2013
	-	Rubber plantations - 2014
	-	Rubber plantations - 2016
	433.524.434	<u>Rubber Nurseries</u>
	16.529.678.509	<u>Interest during construction and bank provision</u>
	11.129.382	<u>Interest of shareholder's loan expense (Note 21)</u>
T o t a l	108.786.355.842	T o t a l

Ekshibit E/26

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7. HUTAN TANAMAN INDUSTRI DALAM PENGEMBANGAN
(Lanjutan)

Berdasarkan klasifikasi jenis kegiatan, akun tersebut terdiri dari:

	31 Desember 2016/ 31 December 2016
Penanaman dan pemeliharaan	91.600.428.624
Pembukaan lahan	24.107.944.545
Bunga masa konstruksi dan provisi bank	24.774.186.381
Beban bunga utang pemegang saham (Catatan 21)	1.216.841.230
T o t a l	141.699.400.780

HTI dalam pengembangan dibangun berdasarkan Surat Keputusan Menteri Kehutanan Republik Indonesia No. 275/Kpts-II/1998 tanggal 27 Februari 1998, Perusahaan telah memperoleh ijin usaha pemanfaatan hasil hutan kayu pada hutan tanaman industri seluas kurang lebih 9.263,77 Hektar di Kabupaten Tebo, Provinsi Jambi.

Pada tahun 2016 dan 2015 terdapat beban jasa profesional dari PT Royal Lestari Utama sebagai pemegang saham yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan dan dialokasikan berdasarkan tahun tanam sebesar Rp 5.043.137.279 dan Rp 3.104.182.839 serta sebesar Rp 1.165.106.070 dan Rp 344.909.204 yang dibebankan ke dalam laporan laba rugi dan penghasilan komprehensif lain pada akun "Beban Umum dan Administrasi" (Catatan 18 dan 21).

Pada tanggal 31 Desember 2016 dan 2015, seluruh hutan tanaman industri dalam pengembangan diasuransikan dengan nilai pertanggungan Rp 52.955.309.310 dan Rp 37.429.970.000. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan dan risiko kerugian lainnya.

Pada tahun 2015, tanaman karet Perusahaan mengalami kebakaran. Kerugian dari kebakaran tersebut telah dicatat dalam laporan laba rugi dan penghasilan komprehensif lain pada akun "Beban Operasi lainnya" sebesar Rp 67.770.531 (Catatan 19b).

Berdasarkan penelaahan terhadap kondisi setiap jenis hutan tanaman industri dalam pengembangan pada tanggal 31 Desember 2016 dan 2015, manajemen berkeyakinan bahwa tidak terdapat peristiwa atau perubahan keadaan yang mengindikasikan penurunan nilai hutan tanaman industri dalam pengembangan sehingga tidak perlu membuat cadangan penurunan nilai.

Pada tahun 2016 dan 2015, HTI milik Perusahaan sebesar 5.000 Hektar digunakan sebagai jaminan atas fasilitas pinjaman bank jangka panjang yang diterima dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 13).

7. INDUSTRIAL TIMBER PLANTATIONS UNDER DEVELOPMENT STAGE (Continued)

Based on the classification of the type of activity, the account consists of:

	31 Desember 2015/ 31 December 2015	
Planting and maintenance	73.173.298.309	Planting and maintenance
Land clearing	19.072.249.642	Land clearing
Interest during construction and bank provision	16.529.678.509	Interest during construction and bank provision
Interest of shareholder's loan expense (Note 21)	11.129.382	Interest of shareholder's loan expense (Note 21)
T o t a l	108.786.355.842	T o t a l

ITP under development stage builds based on the Decision Letter of Republic Indonesia Minister of Forestry No. 275/Kpts-II/1998 dated 27 February 1998, the Company has obtained usage rights for timber in their industrial timber plantation area of approximately 9,263.77 Hectares in Kabupaten Tebo, Province of Jambi.

In 2016 and 2015 there are professional fee expenses from PT Royal Lestari Utama as shareholder which capitalized to industrial timber plantations under development stage and are allocated based on the year of planting is amounted to Rp 5,043,137,279 and Rp 3,104,182,839 and amounted to Rp 1,165,106,070 and Rp 344,909,204 is subject to statement of profit or loss and other comprehensive income in account "General and Administrative expense" (Notes 18 and 21).

As of 31 December 2016 and 2015, all industrial timber plantations under development stage are insured with coverage amount to Rp 52,955,309,310 and Rp 37,429,970,000. Insurance coverage is adequate to cover possible losses that may arise from damage and other risk.

In 2015, the Company's Rubber plantation experienced fire. Loss from fire were recorded in the statement of profit or loss and other comprehensive income under "Other Operating Expense" account amount to Rp 67,770,531 (Note 19b).

Based on the review of the condition of industrial timber plantations under development stage as of 31 December 2016 and 2015, management believes that there is no events or change in circumstances which indicates the impairment of the industrial timber plantations under development stage, thus allowance for the impairment is not necessary.

In 2016 and 2015, the Company's ITP amounting to 5,000 Hectares were used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 13).

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8. HUTAN TANAMAN INDUSTRI

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015
<u>Tanaman Sengon dan Gmelina</u>		
Tanaman menghasilkan - Sengon dan Gmelina	16.346.843.660	16.346.843.660
Akumulasi amortisasi - Tanaman menghasilkan Sengon dan Gmelina	(16.346.843.660)	(16.346.843.660)
<u>Tanaman Karet</u>		
Tanaman menghasilkan - Karet - 2008	5.954.785.494	5.954.785.494
Akumulasi amortisasi - Tanaman menghasilkan karet	(893.217.820)	(595.478.546)
Tanaman menghasilkan - Karet - 2009	4.226.950.143	4.226.950.143
Akumulasi amortisasi - Tanaman menghasilkan karet	(422.695.010)	(211.347.504)
Tanaman menghasilkan - Karet - 2010	11.253.836.400	-
Akumulasi amortisasi - Tanaman menghasilkan karet	(562.691.820)	-
T o t a l	19.556.967.387	9.374.909.587

Beban amortisasi tanaman menghasilkan karet untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah sebesar Rp 1.071.778.600 dan Rp 509.086.776 yang diakui dalam "Beban pokok penjualan" di laporan laba rugi dan penghasilan komprehensif lain (Catatan 17).

Pada tanggal 31 Desember 2016 dan 2015, seluruh hutan tanaman industri diasuransikan dengan nilai pertanggungan Rp 15.292.702.923 dan Rp 3.672.800.000. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan atau risiko kerugian.

Nilai Hutan Tanaman Industri dalam pengembangan pada daur pertama kemudian direklasifikasi dan diakui sebagai nilai perolehan hutan tanaman industri. Nilai perolehan diamortisasi selama jangka waktu 20 tahun.

Berdasarkan penelaahan terhadap kondisi setiap jenis hutan tanaman industri pada tanggal 31 Desember 2016 dan 2015, manajemen berkeyakinan bahwa tidak terdapat peristiwa atau perubahan keadaan yang mengindikasikan penurunan nilai Hutan Tanaman Industri dalam pengembangan sehingga tidak perlu membuat cadangan penurunan nilai.

Pada tahun 2016 dan 2015, HTI milik Perusahaan sebesar 5.000 Hektar digunakan sebagai jaminan atas fasilitas pinjaman bank jangka panjang yang diterima dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 13).

8. INDUSTRIAL TIMBER PLANTATIONS

<u>Sengon and Gmelina Plantation</u>
Mature plantation - Sengon and Gmelina
Accumulated amortization - Mature Sengon and Gmelina plantation
<u>Rubber Plantation</u>
Mature plantation - Rubber - 2008
Accumulated amortization - Mature rubber plantation
Mature plantation - Rubber - 2009
Accumulated amortization - Mature rubber plantation
Mature plantation - Rubber - 2010
Accumulated amortization - Mature rubber plantation

T o t a l

Amortization expenses of industrial rubber plantation for the years ended 31 December 2016 and 2015 amounting to Rp 1,071,778,600 and Rp 509,086,776 which recognized in "Cost of sales" in the statement of profit or loss and other comprehensive income (Note 17).

As of 31 December 2016 and 2015, all industrial timber plantations under development stage are insured with coverage amounting to Rp 15,292,702,923 and Rp 3,672,800,000. Management believes that insurance coverage is adequate to cover possible losses that may arise.

Industrial timber plantations under development stage value of the first cycle and then reclassified and recognized as an acquisition value of industrial timber plantations. Value amortized over the term of the 20 years.

Based on the review of each condition of Industrial Timber Plantations as of 31 December 2016 and 2015, management believes that there is no events or change in circumstances which indicates the impairment of the Industrial Timber Plantations under development stage, thus allowance for the impairment is not necessary.

In 2016 and 2015, the Company's ITP amounting to 5,000 Hectares are used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia (Persero) Tbk (Note 13).

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9. ASET TETAP

9. PROPERTY AND EQUIPMENT

<u>31 Desember 2016</u>	<u>Saldo awal/ Beginning balance</u>	<u>Penambahan/ Additions</u>	<u>Pengurangan/ Deduction</u>	<u>Reklasifikasi/ Reclassification</u>	<u>Saldo akhir/ Ending balance</u>	<u>31 December 2016</u>
Biaya perolehan						C o s t
Pemilikan langsung						Direct ownership
Bangunan	2.071.787.908	60.937.499	20.184.732	1.137.269.772	3.249.810.447	Buildings
Sarana dan prasarana	2.334.741.947	397.029.281	-	-	2.731.771.228	Infrastructures
Mesin dan alat berat	977.832.953	3.087.002.800	287.299.853	-	3.777.535.900	Machineries and heavy equipments
Kendaraan	1.869.226.233	32.904.545	300.000.000	-	1.602.130.778	Vehicles
Peralatan kantor	217.757.777	631.577.836	86.688.386	-	762.647.227	Office equipments
Sub-total	7.471.346.818	4.209.451.961	694.172.971	1.137.269.772	12.123.895.580	Sub-total
Aset dalam penyelesaian						Construction - in progress
Bangunan	-	2.423.607.086	-	(1.137.269.772)	1.286.337.314	Buildings
T o t a l	7.471.346.818	6.633.059.047	694.172.971	-	13.410.232.894	T o t a l
Akumulasi penyusutan						Accumulated depreciation
Pemilikan langsung						Direct ownership
Bangunan	503.903.055	201.950.286	9.018.128	-	696.835.213	Buildings
Sarana dan prasarana	1.614.932.394	352.018.457	-	-	1.966.950.851	Infrastructures
Mesin dan alat berat	746.620.468	406.838.333	253.656.217	-	899.802.584	Machineries and heavy equipments
Kendaraan	393.433.439	222.300.836	270.000.000	-	345.734.275	Vehicles
Peralatan kantor	81.612.970	98.214.848	48.342.969	-	131.484.849	Office equipments
Sub-total	3.340.502.326	1.281.322.760	581.017.314	-	4.040.807.772	Sub-total
Nilai buku	4.130.844.492				9.369.425.122	Net book value

<u>31 Desember 2015</u>	<u>Saldo awal/ Beginning balance</u>	<u>Penambahan/ Additions</u>	<u>Pengurangan/ Deduction</u>	<u>Reklasifikasi/ Reclassification</u>	<u>Saldo akhir/ Ending balance</u>	<u>31 December 2015</u>
Biaya perolehan						C o s t
Pemilikan langsung						Direct ownership
Bangunan	1.536.317.195	586.341.136	50.870.423	-	2.071.787.908	Buildings
Sarana dan prasarana	2.334.741.947	-	-	-	2.334.741.947	Infrastructures
Mesin dan alat berat	928.519.953	145.575.000	96.262.000	-	977.832.953	Machineries and heavy equipments
Kendaraan	611.722.000	1.457.126.233	199.622.000	-	1.869.226.233	Vehicles
Peralatan kantor	232.177.227	70.860.819	85.280.269	-	217.757.777	Office equipments
Sub-total	5.643.478.322	2.259.903.188	432.034.692	-	7.471.346.818	Sub-total
Akumulasi penyusutan						Accumulated depreciation
Pemilikan langsung						Direct ownership
Bangunan	379.265.185	167.333.293	42.695.423	-	503.903.055	Buildings
Sarana dan prasarana	1.282.426.573	332.505.821	-	-	1.614.932.394	Infrastructures
Mesin dan alat berat	791.871.878	50.065.590	95.317.000	-	746.620.468	Machineries and heavy equipments
Kendaraan	445.965.341	147.090.098	199.622.000	-	393.433.439	Vehicles
Peralatan kantor	118.901.728	41.619.219	78.907.977	-	81.612.970	Office equipments
Sub-total	3.018.430.705	738.614.021	416.542.400	-	3.340.502.326	Sub-total
Nilai buku	2.625.047.617				4.130.844.492	Net book value

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9. ASET TETAP (Lanjutan)

Beban penyusutan untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah masing-masing sebesar Rp 1.281.322.760 dan Rp 738.614.021 yang diakui dalam "Beban umum dan administrasi" di laporan laba rugi dan penghasilan komprehensif lain (Catatan 18).

Rincian laba atas penjualan aset tetap adalah sebagai berikut:

	2016
Harga jual	104.545.455
Biaya perolehan	300.000.000
Akumulasi penyusutan	(270.000.000)
Nilai buku	30.000.000
Laba atas penjualan aset tetap (Catatan 19a)	74.545.455

Rincian rugi atas penghapusan aset tetap adalah sebagai berikut:

	2016
Biaya perolehan	394.172.971
Akumulasi penyusutan	(311.017.314)
Nilai buku	83.155.657
Rugi atas penghapusan aset tetap (Catatan 19b)	(83.155.657)

Pada tahun 2016 dan 2015, Perusahaan telah mengasuransikan kendaraan terhadap risiko kerugian atas kerusakan dan risiko kerugian lainnya dengan nilai pertanggungan masing-masing Rp 7.587.695.356 dan Rp 481.250.000. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi risiko kerugian atas kerusakan dan risiko kerugian lainnya.

Berdasarkan penelaahan atas nilai aset pada akhir tahun, manajemen berkeyakinan bahwa tidak terdapat potensi atas penurunan nilai aset untuk tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015.

Pada tanggal 31 Desember 2016 dan 2015, aset tetap milik Perusahaan digunakan sebagai jaminan atas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 13).

9. PROPERTY AND EQUIPMENT (Continued)

Depreciation expenses for the years ended 31 December 2016 and 2015 amounting to Rp 1,281,322,760 and Rp 738,614,021, respectively, recognized in "General and administrative expenses" in the statement of profit or loss and other comprehensive income (Note 18).

Detail gain on sales property and equipment to the following:

	2015	
	-	Selling price
	-	Acquisition cost
	-	Accumulated depreciation
	-	book value
	-	Gain on sales of property and equipment (Note 19a)

Detail loss on disposal property and equipment to the following:

	2015	
	432.034.692	Acquisition cost
	(416.542.400)	Accumulated depreciation
	15.492.292	book value
	(15.492.292)	Loss on disposal of property and equipment (Note 19b)

In 2016 and 2015, the Company has insured vehicles against losses by damage and other risks which coverage amounting to Rp 7,587,695,356 and Rp 481,250,000, respectively. Management believes that insurance coverage is adequate to cover possible losses that may arise from damage and other risks.

Based on the review of the assets values at the end of the year, management believes that there is no potential impairment in the values of the assets for the years ended 31 December 2016 and 2015.

As of 31 December 2016 and 2015, the Company's property and equipment were used as collateral for long-term bank loan obtained from PT Bank Negara Indonesia Tbk (Note 13).

10. UTANG USAHA

	31 Desember 2016/ 31 December 2016
Pihak ketiga	
CV Rimba Lestari	278.648.666
PT Petro Anugrah Dinamika	147.060.000
PT Sentana Adidaya Pratama	125.272.727
Dipindahkan	550.981.393

10. TRADE PAYABLES

	31 Desember 2015/ 31 December 2015	
	278.648.666	Third parties
	-	CV Rimba Lestari
	-	PT Petro Anugrah Dinamika
	-	PT Sentana Adidaya Pratama
	278.648.666	Carried forward

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10. UTANG USAHA (Lanjutan)

10. TRADE PAYABLES (Continued)

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pihak ketiga (Lanjutan)			Third parties (Continued)
Pindahan	550.981.393	278.648.666	Brought forward
Lain-lain (masing-masing di bawah Rp 300.000.000)	285.887.456	530.627.452	Others (each below Rp 300,000,000)
T o t a l	836.868.849	809.276.118	T o t a l

Akun ini merupakan utang usaha kepada pihak ketiga untuk pembelian bahan bakar, pembelian pupuk, bahan kimia dan kebutuhan lainnya.

This account represents the trade payables to third parties for purchase of fuel, purchasing of fertilizer, chemicals and other needs.

Pada tanggal 31 Desember 2016 dan 2015, analisis umur utang usaha di atas adalah sebagai berikut:

As of 31 December 2016 and 2015, the aging analysis of the above trade payables is as follows:

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Belum jatuh tempo	518.105.753	525.627.452	Current
Lewat jatuh tempo			Overdue
1 - 30 hari	30.114.430	-	1 - 30 days
31 - 60 hari	-	-	31 - 60 days
> 60 hari	288.648.666	283.648.666	> 60 days
T o t a l	836.868.849	809.276.118	T o t a l

Berdasarkan hasil penelaahan keadaan akun utang usaha Perusahaan pada tanggal 31 Desember 2016 dan 2015, Perusahaan tidak mempunyai saldo dalam mata uang asing.

Based on review of Company trade payables as of 31 December 2016 and 2015, the Company does not have any balances in foreign currency.

11. BEBAN MASIH HARUS DIBAYAR

11. ACCRUED EXPENSES

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pihak ketiga			Third parties
Cadangan cuti dan tunjangan hari raya	881.468.886	823.774.422	Provision leave and holiday allowances
Jasa profesional	160.450.000	109.500.000	Profesional fees
Lain-lain	42.725.000	266.072.260	Others
Sub-total	1.084.643.886	1.199.346.682	Sub-total
Pihak berelasi			Related party
Beban bunga utang pemegang saham (Catatan 21)	-	1.256.328	Interest of shareholder's loan expense (Note 21)
T o t a l	1.084.643.886	1.200.603.010	T o t a l

12. PERPAJAKAN

12. TAXATION

a. Pajak Dibayar di Muka

a. Prepaid Tax

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pajak Pertambahan Nilai	1.822.286.444	396.333.888	Value-Added Tax

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12. PERPAJAKAN (Lanjutan)

12. TAXATION (Continue)

b. Utang Pajak

b. Taxes Payable

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
Pajak Penghasilan:			Income Taxes:
Pasal 21	128.177.318	74.132.651	Article 21
Pasal 23	59.489.474	82.692.940	Article 23
Pasal 4 (2)	1.748.646	23.142.476	Article 4 (2)
Pajak Pertambahan Nilai	-	107.548.564	Value-Added Tax
T o t a l	189.415.438	287.516.631	T o t a l

c. Perhitungan Fiskal

c. Fiscal Computation

Rekonsiliasi antara rugi sebelum manfaat pajak penghasilan yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain dengan taksiran rugi fiskal untuk tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah sebagai berikut:

A reconciliation between loss before income tax benefit, as shown in the statement of profit or loss and other comprehensive income, and estimated fiscal loss for the years ended 31 December 2016 and 2015 are as follows:

	2016	2015	
Rugi sebelum manfaat pajak penghasilan menurut laporan laba rugi dan penghasilan komprehensif lain	(19.184.217.472)	(14.134.778.414)	Loss before income tax benefit per statement of profit or loss and other comprehensive income
Beda temporer:			Temporary differences:
Beban penyisihan imbalan kerja karyawan	3.134.487.248	767.138.476	Provision for employee benefits
Cadangan cuti dan tunjangan hari raya	(50.097.918)	258.151.246	Provision leave and holiday allowances
Penyusutan	260.184.558	236.289.665	Depreciation
Amortisasi gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	79.939.683	11.067.375	Salary expense capitalized to industrial timber plantation under development stage
Penghapusan aset tetap	16.489.449	945.000	Disposal of property and equipment
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(10.014.361.230)	(9.800.145.786)	Salary expense capitalized to industrial timber plantation under development stage
Beda tetap:			Permanent differences:
Beban yang tidak dapat dikurangkan:			Non-deductable expenses:
Beban Pajak Penghasilan Pasal 21	688.380.729	624.508.630	Income Tax Article 21 Expenses
Beban Badan Penyelenggara Jaminan Sosial	112.093.245	101.353.834	Healthcare and Social Security Agency expenses
Beban Pajak Penghasilan Pasal 22	17.268.372	-	Income Tax Article 22 Expenses
Penjualan aset tetap	(76.250.000)	-	Sales of property of equipment
Pendapatan bunga yang telah dikenakan pajak bersifat final	(217.462.986)	(276.901.836)	Interest income already subjected to final tax
Taksiran rugi fiskal	(25.233.546.322)	(22.212.371.810)	Estimated fiscal loss

Ekshibit E/32

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12. PERPAJAKAN (Lanjutan)

12. TAXATION (Continued)

c. Perhitungan Fiskal (Lanjutan)

c. Fiscal Computation (Continued)

	2016	2015	
Taksiran rugi fiskal	(25.233.546.322)	(22.212.371.810)	Estimated fiscal loss
Rugi fiskal:			Fiscal loss:
2015	(22.212.371.810)	-	2015
2014	(20.582.986.559)	(20.582.986.559)	2014
2013	(3.209.359.672)	(3.209.359.672)	2013
2012	(4.614.928.077)	(4.614.928.077)	2012
2011	(1.260.812.460)	(1.260.812.460)	2011
Koreksi akumulasi rugi fiskal Perusahaan disebabkan karena mengikuti program pengampunan pajak (Catatan 24)	51.880.458.578	-	Correction of accumulated tax losses due to follow the tax amnesty program (Note 24)
Akumulasi rugi fiskal	(25.233.546.322)	(51.880.458.578)	Accumulated fiscal losses

Angka untuk pajak telah diungkapkan pada laporan keuangan untuk tahun 2016 dan 2015 sudah sama dengan SPT yang disampaikan kepada Kantor Pelayanan Pajak.

The tax disclosed in the financial statements for 2016 and 2015 are the same as those of the tax returns filed with the Tax Service Office.

Koreksi liabilitas pajak Perusahaan dicatat pada saat Surat Ketetapan Pajak diterima, atau jika mengajukan keberatan, pada saat keputusan atas keberatan Perusahaan tersebut telah ditetapkan.

Amendments for tax obligations are recorded when an Tax Assessment Letter is received, or if appealed against, when the decision of appeal is determined.

d. Pajak Tangguhan

d. Deferred Tax

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan adalah sebagai berikut:

The deferred tax is calculated by the effects of the temporary differences between the carrying amounts of the assets and liabilities according to the financial statements with the tax bases of assets and liabilities. The details of deferred tax assets and liabilities of the Company are as follows:

	31 Desember 2015/ 31 December 2015	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif lain/ Credited to other comprehensive income	31 Desember 2016/ 31 December 2016	
Aset (Liabilitas) Pajak Tangguhan					Deferred Tax Assets (Liabilities)
Liabilitas diestimasi imbalan kerja karyawan	858.074.480	783.621.813	98.889.152	1.740.585.445	Estimated liabilities for employee benefits
Akumulasi rugi fiskal	12.970.114.644 (	6.661.728.064)	-	6.308.386.580	Accumulated fiscal Losses
Penyusutan fiskal	150.705.799	65.046.140	-	215.751.939	Fiscal depreciation
Penghapusan aset tetap dan penyusutan fiskal	59.308.666 (	54.950.054)	-	4.358.612	Disposal of property and equipment and fiscal depreciation
Cadangan cuti dan tunjangan hari raya	232.945.429 (	12.524.480)	-	220.420.949	Provision leave and holiday allowances
Dipindahkan	14.271.149.018 (5.880.534.645)	98.889.152	8.489.503.525	Carried forward

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12. PERPAJAKAN (Lanjutan)

12. TAXATION (Continued)

d. Pajak Tangguhan (Lanjutan)

d. Deferred Tax (Continued)

	31 Desember 2015/ 31 December 2015	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif lain/ Credited to other comprehensive income	31 Desember 2016/ 31 December 2016	
Aset (Liabilitas)					Deferred Tax
Pajak Tangguhan					Assets (Liabilities)
Pindahan	14.271.149.018 (	5.880.534.645)	98.889.152	8.489.503.525	Brought forward
Amortisasi	2.766.844	19.984.921	-	22.751.765	Amortization
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(5.170.035.511) (	2.503.590.308)	-	(7.673.625.819)	Salary expense capitalized to industrial timber plantation under development stage
Neto	<u>9.103.880.351 (</u>	<u>8.364.140.032)</u>	<u>98.889.152</u>	<u>838.629.471</u>	Net
	31 Desember 2014/ 31 December 2014	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif lain/ Credited to other comprehensive income	31 Desember 2015/ 31 December 2015	
Aset (Liabilitas)					Deferred Tax Assets
Pajak Tangguhan					(Liabilities)
Liabilitas diestimasi imbalan kerja karyawan	582.092.210	191.784.619	84.197.651	858.074.480	Estimated liabilities for employee benefits
Akumulasi rugi fiskal	7.425.072.697	5.545.041.947	-	12.970.114.644	Accumulated fiscal losses
Penyusutan fiskal	91.633.383	59.072.416	-	150.705.799	Fiscal depreciation
Penghapusan aset tetap dan penyusutan fiskal	-	59.308.666	-	59.308.666	Disposal of property and equipment and fiscal depreciation
Cadangan cuti dan tunjangan hari raya	168.407.617	64.537.812	-	232.945.429	Provision leave and holiday allowances
Dipindahkan	8.267.205.907	5.919.745.460	84.197.651	14.271.149.018	Carried forward

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12. PERPAJAKAN (Lanjutan)

12. TAXATION (Continued)

d. Pajak Tangguhan (Lanjutan)

d. Deferred Tax (Continued)

	31 Desember 2014/ 31 December 2014	Dikreditkan (dibebankan) ke laporan laba rugi dan penghasilan komprehensif lain/ Credited (charged) to statement of profit or loss and other comprehensive income	Dikreditkan ke penghasilan komprehensif lain/ Credited to other comprehensive income	31 Desember 2015/ 31 December 2015	
Aset (Liabilitas) Pajak Tangguhan					Deferred Tax Assets (Liabilities)
Pindahan Amortisasi	8.267.205.907	5.919.745.460	84.197.651	14.271.149.018	Brought forward Amortization
Beban gaji yang dikapitalisasi ke hutan tanaman industri dalam tahap pengembangan	(2.719.999.064)	(2.450.036.447)	-	(5.170.035.511)	Salary expense capitalized to industrial timber plantation under development stage
N e t o	5.547.206.843	3.472.475.857	84.197.651	9.103.880.351	N e t

13. PINJAMAN BANK JANGKA PANJANG

13. LONG-TERM BANK LOAN

	31 Desember 2016/ 31 December 2016	31 Desember 2015/ 31 December 2015	
PT Bank Negara Indonesia (Persero) Tbk	123.500.173.460	95.703.543.130	PT Bank Negara Indonesia (Persero) Tbk
Pinjaman bank jangka panjang yang jatuh tempo dalam satu tahun	(11.548.000.000)	(6.776.000.000)	Current maturities of long-term loans
Pinjaman bank jangka panjang, setelah dikurangi bagian yang telah jatuh tempo dalam satu tahun	<u>111.952.173.460</u>	<u>88.927.543.130</u>	Long-term bank loans, net of current maturities

Berdasarkan perjanjian kredit yang dituangkan dalam akta Notaris No. 105 dan 106 tanggal 25 Oktober 2013 dari Notaris Wenda Taurusita Amidjaja, S.H., Perusahaan memperoleh fasilitas kredit dari PT Bank Negara Indonesia (Persero) Tbk (BNI) pinjaman terdiri dari:

Based on Credit Agreement stated in Notarial deed No. 105 and 106 dated 25 October 2013 from Notary Wenda Taurusita Amidjaja, S.H., the Company obtained credit facility from PT Bank Negara Indonesia (Persero) Tbk (BNI) which consist of:

- Kredit Investasi Kebun Karet (KI-Kebun Karet), dengan jumlah maksimum sebesar Rp 211.102.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2025, termasuk masa tenggang sampai 25 Desember 2013.

- Investment Credit Rubber Plantation (IC - Rubber Plantation), with total maximum amount of Rp 211,102,000,000, this loan will be due on 25 December 2025, including grace period until the date of 25 December 2013.

Ekshibit E/35

Exhibit E/35

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13. PINJAMAN BANK JANGKA PANJANG (Lanjutan)

- Kredit Investasi Interest During Construction Kebun Karet (KI-IDC), dengan jumlah maksimum sebesar Rp 39.374.000.000, pinjaman ini akan jatuh tempo pada tanggal 25 Desember 2025, termasuk masa tenggang sampai 25 Desember 2013.

Fasilitas ini dijamin dengan proyek HTI-Karet dengan luas 5.000 hektar, kendaraan dan alat-alat berat diikat Fidusia, Sertifikat Hak Guna Bangunan (HGB), tanah Sertifikat Hak Milik, surat kuasa dari Perusahaan kepada Bank untuk mengalihkan ijin HTI, saham Perusahaan diikat secara gadai saham, *company guarantee* dari PT Royal Lestari Utama dan *personal guarantee* Tuan Prajogo Pangestu diikat *borghtocht* (Catatan 7, 8 dan 9).

Berdasarkan perjanjian pinjaman dengan BNI, tanpa persetujuan tertulis terlebih dahulu dari BNI, Perusahaan tidak diperkenankan melakukan transaksi-transaksi sebagai berikut:

- a. Mengubah bentuk atau status hukum Perusahaan, merubah anggaran dasar (kecuali meningkatkan modal Perusahaan) memindahtangankan resipis atau saham Perusahaan baik antar pemegang saham maupun kepada pihak lain yang mengakibatkan perubahan pemegang saham dominan (*Ultimate Shareholder*).
- b. Menggunakan dana Perusahaan untuk tujuan di luar usaha yang dibiayai dengan fasilitas kredit dari BNI.
- c. Mengalihkan usahanya kepada pihak lain dengan cara apapun juga.
- d. Menjamin dalam bentuk apapun kepada pihak lain.
- e. Menerima fasilitas kredit baru baik dari bank lain maupun lembaga keuangan lainnya (termasuk penerbitan obligasi)
- f. Membagi laba usaha dan membayar dividen kepada pemegang saham.
- g. Membuka usaha baru yang tidak terkait dengan usaha.
- h. Mengikatkan diri sebagai penjamin (*borg*), harta kekayaan yang telah dijaminkan kepada BNI, kepada pihak lain.
- i. Menjual saham yang telah ada yang berakibat pada berubahnya pemegang saham dominan saat ini (*ultimate shareholder*).
- j. Melakukan investasi baru dengan nilai melebihi 10% total aset Perusahaan.
- k. Melakukan *interfinancing* antar grup usaha selain dalam rangka meningkatkan kinerja bisnis dan keuangan, tidak diperkenankan.

14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN

Perusahaan mencatat liabilitas diestimasi bersih untuk imbalan kerja karyawan sejumlah Rp 6.962.341.781 dan Rp 3.432.297.924 pada tanggal 31 Desember 2016 dan 2015, yang disajikan sebagai akun "*Liabilitas diestimasi imbalan kerja karyawan*" di laporan posisi keuangan.

13. LONG-TERM BANK LOAN (Continued)

- *Investment Credit Interest During Construction Rubber Plantation (IC-IDC), with total maximum amount of Rp 39,374,000,000, this loan will be due on 25 December 2025, including grace period until the date of 25 December 2013.*

The facility is collateralized with rubber-plantation project with an area of 5,000 hectares, Fiduciary-tied vehicles and heavy equipment, Hak Guna Bangunan (HGB) Certificate, Certificate of land ownership, the power of attorney from the Company to the Bank to transfer the ITP license, company shares tied with mortgage and guarantee, company guarantee from PT Royal Lestari Utama and personal guarantee of Mr. Prajogo Pangestu tied borghtocht (Notes 7, 8 and 9).

Under the loan agreement with BNI, without the prior written consent of BNI, the Company are not allowed to perform the following transaction:

- a. Change in their corporate structure or legal status of the Company, changes in the article of association (with the exception on the increament of Company's capital), transfer of rights or company shares to other parties that may result to changes in the Ultimate Shareholder.*
- b. Using the Company's funds for purposes outside of the business financed with credit facility from BNI.*
- c. Diverting the business to another party in any way.*
- d. Guarantees in anyform to any other party.*
- e. Receive new credit facility either from other banks or other financial institutions (including the issuance of bonds).*
- f. Dividing operating profit and pay dividends to shareholders.*
- g. Opening a new business that is not related to the business.*
- h. Acts as a guarantor for the collateralized asset to BNI, to another party.*
- i. Sell existing shares resulting in changes to the current dominant shareholder (ultimate shareholder).*
- j. New investments with a value exceeding 10% of the total assets of the Company.*
- k. Interfinancing between business groups in addition in order to boost the business and financial performance, are not allowed.*

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS

The Company recorded net estimated liabilities for employee benefits amounted to Rp 6,962,341,781 and Rp 3,432,297,924 as of 31 December 2016 and 2015, which are presented as "Estimated liabilities for employee benefits" in the statement of financial position.

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14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN
(Lanjutan)

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS
(Continued)

Analisis atas mutasi saldo liabilitas diestimasi untuk imbalan kerja karyawan selama tahun 2016 dan 2015 adalah sebagai berikut:

Analysis of movement of the estimated liabilities for employee benefits during 2016 and 2015 are as follows:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Saldo awal tahun	3.432.297.924	2.328.368.843	Balance at beginning of the year
Beban manfaat karyawan yang diakui pada tahun berjalan	3.144.987.248	778.502.112	Employee benefit cost recognized in the current year
Pembayaran manfaat pesangon karyawan pada tahun berjalan	(10.500.000)	(11.363.636)	Payment of employee severance benefits in the current year
Total beban dalam penghasilan komprehensif lain	<u>395.556.609</u>	<u>336.790.605</u>	Total cost in other comprehensive income
Saldo akhir tahun	<u>6.962.341.781</u>	<u>3.432.297.924</u>	Balance at end of year

Beban imbalan kerja karyawan disajikan sebagai bagian dari akun "Beban umum dan administrasi" di dalam laporan laba rugi dan penghasilan komprehensif lain, dengan rincian sebagai berikut:

Provision for employee is presented as part of "General and administrative expenses" in the statement of profit or loss and other comprehensive income, with details as follows:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
Beban jasa masa kini	1.107.505.363	632.857.213	Current service cost
Beban jasa masa lalu	1.705.810.488	-	Past service cost
Beban bunga	429.856.530	182.692.213	Interest cost
Penyesuaian	(101.888.314)	(35.733.742)	Adjustment
Perubahan asumsi aktuarial	<u>3.703.181</u>	<u>(1.313.572)</u>	Changes in actuarial assumptions
T o t a l	<u>3.144.987.248</u>	<u>778.502.112</u>	T o t a l

Aktuarial kerugian yang disebabkan oleh perubahan faktor-faktor berikut:

Actuarial losses are caused by changes in the following factors:

	<u>2 0 1 6</u>	<u>2 0 1 5</u>	
Perubahan asumsi keuangan	268.369.815	504.590.930	Changes of financial assumptions
Penyesuaian pengalaman	<u>127.186.794</u>	<u>(167.800.325)</u>	Experience adjustments
T o t a l	<u>395.556.609</u>	<u>336.790.605</u>	T o t a l

Penyisihan imbalan kerja di atas merupakan estimasi manajemen berdasarkan perhitungan aktuaris PT Padma Radya Akturia, dengan menggunakan metode "Projected Unit Credit". Asumsi dasar yang digunakan pada perhitungan aktuaris tersebut pada tahun 2016 dan 2015 yang dilakukan oleh manajemen Perusahaan adalah sebagai berikut, antara lain:

Provision for employee benefits mentioned above are estimated by management based on actuarial calculations of PT Padma Radya Akturia, by using the "Projected Unit Credit". Assumptions used in the actuarial calculations in 2016 and 2015 by the Company's management are as follows, among others:

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Exhibit E/37

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14. LIABILITAS DIESTIMASI IMBALAN KERJA KARYAWAN
(Lanjutan)

14. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFITS
(Continued)

Tingkat mortalita	:	100% TMI3 pada tahun 2016 dan 2015/ 100% TMI3 in 2016 and in 2015	:	Mortality rate
Tingkat diskonto	:	8,50% dan 9,00% pada tahun 2016 dan 2015/ 8.50% and 9.00% in 2016 and 2015	:	Discount rate
Tingkat kenaikan gaji tahunan	:	5,00% pada tahun 2016 dan 2015/ 5.00% in 2016 and 2015	:	Annual wage and salary increase
Umur pensiun	:	55 tahun/ 55 years	:	Retirement age

Kewajiban imbalan pasti - sensitivitas analisis

Defined benefit obligation - sensitivity analysis

Dampak terhadap nilai kewajiban imbalan pasti dari perubahan yang mungkin terjadi pada satu asumsi aktuarial, menganggap semua asumsi lainnya konstan, disajikan dalam tabel di bawah:

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

Asumsi aktuarial	Penjelasan kemungkinan perubahan/ Reasonably possible change	Kewajiban imbalan pasti / Defined benefit obligation		Actuarial assumptions
		Kenaikan/ Increase	Penurunan/ Decrease	
Tingkat diskonto	(+/- 1,00%)	6.457.033.742	7.539.605.789	Discount rate
Pertumbuhan gaji masa depan	(+/- 1,00%)	7.604.451.242	6.394.920.629	Growth in future salaries
T o t a l		14.061.484.984	13.934.526.418	T o t a l

15. MODAL SAHAM

15. SHARE CAPITAL

Susunan pemegang saham Perusahaan pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

The composition of Company's shareholders as of 31 December 2016 and 2015 are as follows:

Pemegang Saham	Jumlah saham/ Number of shares	Persentase kepemilikan (%)/ Percentage of ownership (%)	T o t a l	Shareholders
PT Royal Lestari Utama	71.250	95,00	71.250.000.000	PT Royal Lestari Utama
PT Revalindo Pratama	3.750	5,00	3.750.000.000	PT Revalindo Pratama
T o t a l	75.000	100,00	75.000.000.000	T o t a l

Modal saham Perusahaan dijadikan jaminan atas fasilitas pinjaman bank jangka panjang dari PT Bank Negara Indonesia (Persero) Tbk (Catatan 13)

The share capital of the Company as collateral for long-term bank loan facility from PT Bank Negara Indonesia (Persero) Tbk (Note 13)

16. PENJUALAN NETO

16. NET SALES

	2 0 1 6	2 0 1 5	
K a r e t	7.069.840.730	5.902.234.950	R u b b e r

Untuk tahun yang berakhir pada 31 Desember 2016 dan 2015, penjualan karet masing-masing sebesar 493,058 kg dan 401.323 kg.

For the years ended 31 December 2016 and 2015, sales of rubber totaled to 493,058 kg and 401,323 kg, respectively.

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Exhibit E/38

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17. BEBAN POKOK PENJUALAN

	2 0 1 6	2 0 1 5
Bahan baku - karet		
Awal tahun	28.221.158	15.215.569
Akhir tahun	(223.002.050)	(28.221.158)
Pemakaian bahan baku - karet	(194.780.892)	(13.005.589)
Beban produksi		
Pemungutan hasil panen	4.084.970.566	3.691.063.977
Beban tidak langsung kebun	3.625.504.160	2.278.067.606
Amortisasi tanaman		
(Catatan 8)	1.071.778.600	509.086.776
Perawatan tanaman	224.782.282	367.386.245
Pemupukan	114.294.042	143.776.522
Total beban produksi	9.121.329.650	6.989.381.126
T o t a l	8.926.548.758	6.976.375.537

Raw materials - rubber
At beginning of year
At end of year
Raw materials used - rubber
Cost of production
Harvesting crops
Indirect expenses plantations
Amortization of plantation
(Note 8)
Upkeep plantation
Fertilization
Total cost of production
T o t a l

18. BEBAN UMUM DAN ADMINISTRASI

	2 0 1 6	2 0 1 5
G a j i	5.235.115.049	5.067.332.943
Imbalan kerja (Catatan 14)	3.144.987.248	778.502.112
Jasa profesional	1.584.306.070	727.484.205
Penyusutan (Catatan 9)	1.281.322.760	738.614.021
Beban kantor	1.188.055.297	1.323.953.359
Beban sewa	717.371.252	711.019.543
Beban pajak penghasilan		
pasal 21	688.380.729	624.508.630
Cadangan cuti dan tunjangan		
hari raya	363.602.082	931.781.713
Perjalanan dinas	52.905.417	210.974.889
Lain-lain	643.151.995	638.020.908
T o t a l	14.899.197.899	11.752.192.323

Salaries
Employee benefits (Note 14)
Professional fee
Depreciation (Note 9)
Office expenses
Rent expense
Income tax article 21
Expenses
Provision leave and
holiday allowances
Traveling
Others
T o t a l

19. PENDAPATAN DAN BEBAN OPERASI LAINNYA

a. Pendapatan Operasi Lainnya

	2 0 1 6	2 0 1 5
Keuntungan Atas Penjualan		
aktiva tetap	74.545.455	-
Lain-lain	24.402.164	1.939.999
T o t a l	98.947.619	1.939.999

19. OTHER OPERATING INCOME AND EXPENSES

a. Other Operating Income

Gain on sales property and
equipment
Others
T o t a l

Ekshibit E/39

Exhibit E/39

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19. PENDAPATAN DAN BEBAN OPERASI LAINNYA
(Lanjutan)

19. OTHER OPERATING INCOME AND EXPENSES
(Continued)

b. Beban Operasi Lainnya

b. Other Operating Expense

	2016	2015	
Kerugian atas penghapusan atas aset tetap (Catatan 9)	83.155.657	15.492.292	Loss on disposal of property and equipment (Note 9)
Kerugian dari kebakaran tanaman karet (Catatan 7)	-	67.770.531	Rubber plantation loss from fire (Note 7)
Kerugian selisih kurs	11.425.456	26.898.087	Loss on foreign exchange
Lain-lain	70.572.191	231.779.607	Others
Total	165.153.304	341.940.517	Total

20. BEBAN KEUANGAN

20. FINANCE EXPENSES

	2016	2015	
Bunga pinjaman bank	2.266.680.999	960.232.099	Interest of bank loan
Bunga utang pemegang saham (Catatan 21)	260.001.566	132.639	Interest of shareholder loans (Note 21)
Total	2.526.682.565	960.364.738	Total

21. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN
PIHAK BERELASI

21. ACCOUNT BALANCES, RELATIONSHIPS AND
TRANSACTIONS WITH RELATED PARTIES

Perusahaan melakukan transaksi dengan pihak-pihak
berelasi, antara lain:

In normal operations, the company does transactions
with related parties:

Pihak Berelasi/ Related Parties	Sifat dari Hubungan/ Relationship	Sifat dari Transaksi/ Nature of the Transaction
PT Royal Lestari Utama (RLU)	Pemegang saham/Shareholder	Beban masih harus dibayar, utang pemegang saham, beban bunga pinjaman pemegang saham dan beban jasa profesional/ Accrued expense, shareholder's loan, interest of shareholder's loan expense and professional fee expense
Manufacture Francaise des Pneumatiques Michelin	Entitas sepengendali/Entity under common control	Utang lain-lain, jasa profesional/ Other payables, professional fee expenses

Ekshibit E/40

Exhibit E/40

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21. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN PIHAK BERELASI (Lanjutan)

21. ACCOUNT BALANCES, RELATIONSHIPS AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Rincian saldo transaksi dengan pihak-pihak berelasi adalah sebagai berikut:

The details of the transaction with related parties are as follows:

	<u>31 Desember 2016/ 31 December 2016</u>	<u>31 Desember 2015/ 31 December 2015</u>	
Beban bunga utang pemegang saham yang dikapitalisasi ke hutan tanaman industri dalam pengembangan PT Royal Lestari Utama (Catatan 7)	<u>1.216.841.230</u>	<u>11.129.382</u>	<i>Interest of shareholder's loan expense capitalized to industrial timber plantation under development stage</i> PT Royal Lestari Utama (Note 7)
Beban jasa profesional yang dikapitalisasi ke hutan tanaman industri dalam pengembangan PT Royal Lestari Utama (Catatan 7)	<u>5.043.137.279</u>	<u>3.104.182.839</u>	<i>Professional fee expenses capitalized to industrial timber plantation under development stage</i> PT Royal Lestari Utama (Note 7)
Utang lain-lain Manufacture Francaise des Pneumatiques Michelin	<u>1.042.992.879</u>	<u>-</u>	<i>Other payable</i> Manufacture Francaise des Pneumatiques Michelin
Beban masih harus di bayar PT Royal Lestari Utama (Catatan 11)	<u>-</u>	<u>1.256.328</u>	<i>Accrued expense</i> PT Royal Lestari Utama (Note 11)
Utang pemegang saham PT Royal Lestari Utama	<u>35.381.646.000</u>	<u>3.354.950.000</u>	<i>Shareholder's loan</i> PT Royal Lestari Utama
	<u>2016</u>	<u>2015</u>	
Beban bunga PT Royal Lestari Utama (Catatan 20)	<u>260.001.566</u>	<u>132.639</u>	<i>Interest expenses</i> PT Royal Lestari Utama (Note 20)
Beban jasa profesional PT Royal Lestari Utama (Catatan 18)	<u>1.165.106.070</u>	<u>344.909.204</u>	<i>Professional fee expenses</i> PT Royal Lestari Utama (Note 18)

Berdasarkan Surat Perjanjian Pinjaman Pemegang Saham pada tanggal 22 Juni 2015, Para Pemegang Saham menyetujui Perusahaan memperoleh pinjaman dari RLU dengan total pokok US\$ 10.000.000. Tujuan pinjaman ini adalah untuk kegiatan operasional Perusahaan. Jangka waktu pembayaran pinjaman ini adalah 10 tahun dan pinjaman ini dikenakan biaya LIBOR+200bp.

Based on the shareholder Loan Agreement dated 22 June 2015, shareholder approved that the Company obtained loan from RLU amounting to US\$ 10,000,0000. The purpose of this loan is used for the Company operational activity. The term payment of this loan is 10 years and this loan is charged of interest expense with LIBOR+200bp.

Pada tanggal 8 September 2015, diterbitkan Adendum I atas Surat Perjanjian Pemegang Saham. Perubahan tersebut yaitu RLU sepakat untuk mengubah pemberian dan perhitungan utang dari mata uang US\$ menjadi Rupiah, kurs yang digunakan menggunakan Rp 14.244 dan suku bunga pinjaman diubah menjadi JIBOR+200bp. Sampai dengan tanggal 31 Desember 2016 dan 2015, Perusahaan memperoleh pinjaman sebesar Rp 35.381.646.000 dan Rp 3.354.950.000.

On 8 September 2015, issued Addendum I of the Shareholder Loan Agreement. This changes include RLU approved to convert and re-calculate the loan from US\$ into Rupiah, used exchange rate Rp 14,244 and interest expense change into JIBOR+200bp. As of 31 December 2016 dan 2015, the Company obtained loan with amount of Rp 35,381,646,000 and Rp 3,354,950,000.

Ekshibit E/41

Exhibit E/41

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**21. SALDO AKUN, HUBUNGAN DAN TRANSAKSI DENGAN
PIHAK BERELASI (Lanjutan)**

Pada tanggal 15 Januari 2015, Perusahaan setuju menunjuk RLU untuk memberikan jasa kepada pihak perseroan yang berkaitan dengan konsultasi manajemen, memberikan bimbingan aspek operasional terkait kegiatan usaha serta perencanaan strategi Perusahaan dan melaksanakan hal - hal lain guna memajukan kegiatan perseroan. RLU akan menerima imbalan jasa dari Perusahaan sebesar total biaya yang dikeluarkan oleh RLU dalam rangka pemberian jasa ditambah 2%, dimana Perusahaan mengkapitalisasi jasa profesional tersebut kedalam hutan tanaman industri dalam tahap pengembangan. Perjanjian ini berlaku sampai dengan 15 Januari 2016 tahun dan dapat diperpanjang berdasarkan kesepakatan kedua belah pihak. Pada tanggal 11 Januari 2016 perjanjian ini telah diperpanjang sampai dengan 15 January 2017.

Pada tanggal 17 Desember 2014, Perusahaan mengadakan perjanjian bantuan teknis dengan Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin akan memberikan bantuan sehubungan dengan bidang pohon karet, pemeliharaan penelitian, dan eksploitasi kebun karet, serta pembelian karet mentah dari perkebunan dari orang ketiga. Manufacture Francaise des Pneumatiques Michelin juga akan memberikan bantuan sehubungan dengan teknis dan industri yang berkaitan dengan pengolahan karet alami dan kontrol atas kualitas, serta pembangunan dan pemeliharaan peralatan dan infrastruktur. Perjanjian ini berlaku selama 19 tahun sejak ditanda tangani.

22. MANAJEMEN RISIKO KEUANGAN

Kebijakan manajemen risiko keuangan Perusahaan bertujuan untuk mengidentifikasi dan menganalisa risiko-risiko keuangan yang dihadapi Perusahaan, menetapkan batasan risiko dan pengendalian yang sesuai serta untuk mengawasi kepatuhan terhadap batasan yang telah ditetapkan.

a. Risiko Likuiditas

Risiko likuiditas timbul apabila Perusahaan bertemu kesulitan dalam mewujudkan asetnya atau mengumpulkan dana untuk memenuhi komitmen terkait dengan liabilitas keuangannya.

Perusahaan mengelola likuiditas dengan membuat rencana penerimaan dan pengeluaran dalam bentuk perencanaan arus kas secara periodik dan melakukan *monitoring* atas realisasinya. Perusahaan menempatkan kelebihan atas kas dalam instrumen keuangan dengan risiko yang rendah namun memberikan imbal hasil yang memadai pada lembaga-lembaga keuangan yang memiliki kredibilitas dan *rating* yang dapat dipertanggungjawabkan.

**21. ACCOUNT BALANCES, RELATIONSHIPS AND
TRANSACTIONS WITH RELATED PARTIES (Continued)**

As of 15 January 2015, the Company agreed to appoint RLU to provide services to the Company relating to management consulting, providing guidance related to operational aspects of the business activities and the Company's strategic planning and implement - other things in order to promote Company activities. RLU will receive a fee from the Company for the total costs incurred by RLU in the framework of the provision of services plus 2 %, where the Company capitalized professional fees in to industrial timber plantations under development stage. This agreement is valid until 15 January 2016 and may be extended based on the agreement of both parties. On 11 January 2016 this agreement was extended until 15 January 2017

As of 17 December 2014, the Company entered a technical assistance agreement with Manufacture Francaise des Pneumatiques Michelin. Manufacture Francaise des Pneumatiques Michelin will provide assistance in connection with the field of rubber trees, maintenance, research and exploitation of rubber plantations, as well as the purchase of raw rubber from the estate of a third person. Manufacture Francaise des Pneumatiques Michelin will also be giving out assistance with respect to technical and industries related with natural rubber processing and control over quality, and the construction and maintenance of equipment and infrastructure. This agreement is applicable for 19 years.

22. FINANCIAL RISK MANAGEMENT

The Company financial risk management policy aims to identify and analyze the financial risks faced by the Company, set appropriate risk limits and controls, and oversee compliance with the limits established.

a. Liquidity Risk

Liquidity risk arises when the Company encounters difficulty in realizing its assets or otherwise raising funds to meet commitments associated with its financial liabilities.

The Company manages liquidity by making the plan revenue and expenditure in the form of periodic cash flows planning and monitoring of their realization. The Company puts the excess of cash in financial instruments with low risk but provides adequate returns on financial institutions that have credibility and rating may be applied.

Ekshibit E/42

Exhibit E/42

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22. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

b. Risiko Kredit

Eksposur risiko kredit Perusahaan terutama timbul dari pengelolaan piutang usaha dan piutang lain-lain. Perusahaan melakukan pengawasan kolektibilitas piutang sehingga dapat diterima penagihannya secara tepat waktu dan juga melakukan penelaahan atas masing-masing piutang pelanggan secara berkala untuk menilai potensi timbulnya kegagalan penagihan.

c. Risiko Pasar

Risiko pasar adalah risiko dimana nilai wajar arus kas masa depan akan berfluktuasi karena perubahan harga pasar. Jenis-jenis risiko pasar yaitu: risiko suku bunga dan risiko mata uang.

Risiko Tingkat Suku Bunga

Risiko tingkat suku bunga adalah risiko dimana nilai wajar atau arus kas masa datang akan berfluktuasi akibat perubahan suku bunga pasar. Eksposur Perusahaan terhadap risiko perubahan suku bunga pasar terutama terkait dengan utang bank jangka panjang Perusahaan dengan suku bunga mengambang.

Perusahaan selalu melakukan analisa atas dampak dari tingkat suku bunga terhadap biaya operasional dan kemampuan Perusahaan sebelum menyetujui pinjaman tersebut.

Risiko Mata Uang Asing

Risiko mata uang asing adalah risiko di mana nilai wajar atau arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi akibat perubahan nilai tukar mata uang asing. Eksposur Perusahaan terhadap risiko perubahan kurs mata uang asing terutama berkaitan dengan kegiatan operasi dan pendanaan Perusahaan.

Perusahaan secara konsisten melakukan *monitoring* terhadap pergerakan nilai tukar mata uang untuk mengetahui dampak perubahan nilai tukar mata uang asing tersebut terhadap kinerja operasional dan keuangan Perusahaan.

d. Manajemen Permodalan

Tujuan utama dari pengelolaan modal Perusahaan adalah untuk memastikan bahwa dipertahankannya peringkat kredit yang kuat dan rasio modal yang sehat agar dapat mendukung kelancaran usahanya dan memaksimalkan nilai dari pemegang saham.

22. FINANCIAL RISK MANAGEMENT (Continued)

b. Credit Risk

The Company's exposure to credit risk arise primarily from managing trade receivables and other receivables. The Company's monitors receivables so that these are collected in a timely manner and also conduct reviews of individual customer accounts on a regular basis to assess the potential for uncollectibility.

c. Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. The types of market risk: interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term bank loans with floating interest rates.

The Company always performs an analysis of the impact of interest rates on operating costs and the ability of the Company before approving the loan.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows in a financial instrument fluctuates due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities.

The Company consistently monitors the movement of currency exchange rate to determine the impact of changes in foreign currency exchange rates are towards the operational and financial performance of the Company.

d. Capital Management

The main objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

Ekshibit E/43

Exhibit E/43

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23. NILAI WAJAR INSTRUMEN KEUANGAN

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset, atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar.

Berikut ini adalah metode dan asumsi yang digunakan untuk memperkirakan nilai wajar setiap kelompok dari instrumen keuangan Perusahaan:

- Kas dan setara kas, piutang usaha, utang usaha dan beban masih harus dibayar mendekati nilai tercatatnya karena bersifat jangka pendek.
- Nilai tercatat dari pinjaman bank jangka panjang dan utang pemegang saham mendekati nilai wajarnya disebabkan oleh pemakaian suku bunga mengambang atas instrumen tersebut, dimana tingkat bunga tersebut selalu disesuaikan dengan pasar.

Di bawah ini menyajikan nilai wajar, yang mendekati nilai tercatat:

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received for selling the asset or paid to transfer the liability in an orderly transaction between market participants.

The following are the methods and assumptions used to estimate the fair value of each group of the Company's financial instruments:

- Cash and cash equivalents, trade receivable, trade payables and accrued expenses approximate their carrying values due their short-term nature.
- The carrying amount of long-term bank loan and shareholder's loan approximate their fair values due to the use of floating interest rates for the mentioned instruments, in which the interest rate is always adjusted to market.

Below is stated the fair values, which approximate the carrying values:

	31 Desember 2016/ 31 December 2016		31 Desember 2015/ 31 December 2015		
	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
A S E T					A S S E T S
Kas dan setara kas	5.307.542.495	5.307.542.495	10.073.832.860	10.073.832.860	Cash and cash equivalents
Piutang usaha	108.589.440	108.589.440	49.352.980	49.352.980	Trade receivable
T o t a l	5.416.131.935	5.416.131.935	10.123.185.840	10.123.185.840	T o t a l
LIABILITAS					LIABILITIES
Utang usaha	836.868.849	836.868.849	809.276.118	809.276.118	Trade payables
Utang lain-lain	1.848.357.455	1.848.357.455	8.650.930	8.650.930	Other payables
Beban masih harus dibayar	1.084.643.886	1.084.643.886	1.200.603.010	1.200.603.010	Accrued expenses
Pinjaman bank jangka panjang	123.500.173.460	123.500.173.460	95.703.543.130	95.703.543.130	Long-term bank loan
Utang pemegang saham	35.381.646.000	35.381.646.000	3.354.950.000	3.354.950.000	Shareholder's loan
T o t a l	162.651.689.650	162.651.689.650	101.077.023.188	101.077.023.188	T o t a l

24. PERISTIWA SETELAH PERIODE PELAPORAN

1. Susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan Akta Notaris Djumini Setyoadi, S.H., M.Kn, No. 12 tanggal 16 Januari 2017 adalah sebagai berikut:

Dewan Komisaris

Komisaris Utama	:	Yazirwan Uyun
Komisaris	:	Fifi Setiawaty Leono
Komisaris	:	Luc Marie Gaston Fernand Minguet
Komisaris	:	Didier Claude Gaidon

24. EVENTS AFTER THE REPORTING PERIOD

1. The members of the Company's Board of Commissioners and Directors based on Notarial deed of Djumini Setyoadi, S.H., M.Kn, No.12 dated 16 January 2017 are as follows:

Board of Commissioners

President Commissioner	:	Yazirwan Uyun
Commissioner	:	Fifi Setiawaty Leono
Commissioner	:	Luc Marie Gaston Fernand Minguet
Commissioner	:	Didier Claude Gaidon

Ekshibit E/44

Exhibit E/44

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24. PERISTIWA SETELAH PERIODE PELAPORAN
(lanjutan)

1. Susunan Dewan Komisaris dan Direksi Perusahaan berdasarkan Akta Notaris Djumini Setyoadi, S.H., M.Kn, No. 12 tanggal 16 Januari 2017 adalah sebagai berikut: (Lanjutan)

Dewan Direksi

Direktur Utama	:	Andry Setiawan
Wakil Direktur Utama	:	Eric Pierre Robert Vaillier
Direktur	:	Yannick Jean Marie Vincent Balerin
Direktur	:	Bruno Marie Jean Louis Mangelot
Direktur	:	Polmer Nababan
Direktur	:	Meizani Irmadhiany

2. Perusahaan melakukan deklarasi aset melalui program pengampunan pajak berdasarkan tanda terima surat pernyataan harta No. D1500006604 tanggal 31 Maret 2017.

24. EVENTS AFTER THE REPORTING PERIOD
(Continued)

1. The members of the Company's Board of Commissioners and Directors based on Notarial deed of Djumini Setyoadi, S.H., M.Kn, No.12 dated 16 January 2017 are as follows:
(Continued)

Board of Directors

	:	President Director
	:	Vice President Director
	:	Director
	:	Director
	:	Director
	:	Director

2. The Company made the declaration of assets through a tax amnesty program based on Surat tanda terima surat pernyataan harta No. D1500006604 dated 31 March 2017.

25. REKLASIFIKASI

Akun tertentu pada laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2015 telah direklasifikasi agar sesuai dengan penyajian laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2016, dengan rincian sebagai berikut:

25. RECLASSIFICATION

Certain accounts in the financial statements for the year ended 31 December 2015 have been reclassified to conform with the presentation of the financial statements for the year ended 31 December 2016, with details as follows:

<u>Deskripsi</u>	<u>Sebelum reklasifikasi kembali/ Before reclassification</u>	<u>Reklasifikasi/ Reclassification</u>	<u>Sesudah reklasifikasi/ After reclassification</u>	<u>Description</u>
31 Desember 2015				31 December 2015
Laporan Posisi				Statemen of Financial
Keuangan				Position
Utang usaha	817.927.048 (	8.650.930)	809.276.118	Trade payables
Utang lain-lain	-	8.650.930	8.650.930	Other payables

26. TANGGUNG JAWAB MANAJEMEN DAN PERSETUJUAN ATAS LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan ini yang diselesaikan pada tanggal 12 April 2017.

26. MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS

The management is responsible for the preparation of these financial statements that were completed on 12 April 2017.

ISSUER
TLFF I PTE. LTD.
1 Raffles Place #13-01
One Raffles Place
Singapore 048616

LEAD MANAGER
BNP Paribas, acting through its Singapore branch
20 Collyer Quay
#01-01 Singapore 049319

**PRINCIPAL PAYING AGENT AND TRANSFER
AGENT**

Citibank N.A., London Branch
c/o Citibank, N.A., Dublin Branch
Ground Floor
1 North Wall Quay
Dublin 1
Ireland

REGISTRAR

Citibank N.A., London Branch
c/o Citibank, N.A., Dublin Branch
Ground Floor
1 North Wall Quay
Dublin 1
Ireland

NOTES TRUSTEE AND SECURITY TRUSTEE

Citicorp International Limited
39/F Champion Tower
Three Garden Road
3 Garden Road
Central
Hong Kong

LISTING AGENT

Linklaters Singapore Pte. Ltd.
One George Street #17-01
Singapore 049145

FACILITY MANAGER

Asia Debt Management Hong Kong Limited
1008 ICBC Tower, 3 Garden Road
Central
Hong Kong

LEGAL ADVISERS

To the Lead Manager and Arranger
as to English and Singapore law

To the Notes Trustee, Security Trustee, Agents
and Transaction Administrator
as to English and Singapore law

Linklaters
10/F, Alexandra House
18 Chater Road
Central
Hong Kong
c/o

Linklaters Singapore Pte. Ltd.
One George Street #17-01
Singapore 049145

Jones Day
31st Floor, Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

To the Sponsor

Assegaf Hamzah & Partners
Capital Place, Level 36 & 37
Jalan Jenderal Gatot Subroto Kav. 18
Jakarta 12710
Indonesia