

# PROSPECTUS



## PT. LIPPO PACIFIC FINANCE

Licence from the  
Minister of Finance of  
the Republic of Indonesia  
No. : SI-043/SHM/MK.10/1989  
Date: August 21, 1989

Offering Period: August 31, 1989 to September 13, 1989  
Final Allotment Date: September 20, 1989  
Date of Refund : September 25, 1989  
Date of Listing on the  
Jakarta Stock Exchange : October 10, 1989

Domiciled in Jakarta

### PUBLIC OFFERING

2,140,000 Common Shares with Nominal Value of Rp. 1,000.- per share  
Offering Price Rp. 7,900.- per share which should be fully paid  
at the submission of Share Purchase Application Forms

### LEAD UNDERWRITERS

PT. Multinational Finance Corporation (MULTICOR)  
PT. (PERSERO) DANAREKSA

### LEAD MANAGING UNDERWRITER

PT. Multinational Finance Corporation (MULTICOR)

### CO-UNDERWRITERS

PT. Aseam Indonesia  
Bank Pembangunan Indonesia (Bapindo)  
PT. Finconesia  
PT. First Indonesian Finance and  
Investment Corporation  
(FICORINVEST)  
PT. Indonesian Finance and  
Investment Company (IFI)

PT. Indonesian Investments  
International (INDOVEST)  
PT. Inter-Pacific Financial  
Corporation (INTER-PACIFIC)  
PT. Merchant Investment  
Corporation (MERINCORP)  
PT. Mutual International Finance  
Corporation (MIFC)

This Prospectus is published in Jakarta on August 25, 1989

PT. Lippo Pacific Finance has submitted a Registration Statement in connection with this Public Offering to the Capital Market Executive Agency (Bapepam) in Jakarta, in accordance with the Decree of The Minister of Finance of the Republic Indonesia No. 859/KMK.01/1987 article 4 section (1) dated December 23, 1987.

Listing of the shares that are currently offered is implemented on the Jakarta Stock Exchange.

In connection with this Public Offering no party is allowed to make any statement concerning matters which are not included in this Prospectus without written consent from PT. Lippo Pacific Finance, PT. Multinational Finance Corporation (Multicor) and PT. (Persero) Danareksa.

The Company accepts full responsibility on the accuracy of all information and truthfulness of opinions contained in this Prospectus.

This English Prospectus is adapted from a Prospectus written in the Indonesian language which is deemed to be the governing document in the event of any dispute regarding the information contained herein.



**LIPPO PACIFIC FINANCE**



LIPPO CENTER BUILDING SUITE 1002  
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Tel.: 520-1095, 520-1096, 520-0202. Telex : 62527 C POINT IA.  
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## I. PUBLIC OFFERING

The Lead Underwriters, on behalf of P.T. Lippo Pacific Finance (hereafter referred to as the "Company"), hereby perform the first Public Offering of 2,140,000 shares of Common Stock with a nominal value of Rp. 1,000.- per share (hereafter referred to as the "Shares"). The offering price of the Shares is Rp. 7,900.- per share.

The Company was established under the Notarial Deed No. 2 dated April 1, 1982 made before Notary Public Misahardi Wilamarta SH in Jakarta. It has been approved by the Decree of the Minister of Justice of the Republic of Indonesia No. C2-2611.HT.01.01.TH.82 dated November 18, 1982, registered at the Jakarta Public Court No. 4614 and 4615 on November 25, 1982, and published in the Supplement No. 58 to State Gazette of the Republic of Indonesia No. 4 dated January 14, 1983. Articles of Association of the Company have been amended several times, the latest being contained in Notarial Deed No. 190 dated July 31, 1989 made before Notary Public Kartini Muljadi SH, which has been approved by the Decree of the Minister of Justice of the Republic of Indonesia No. C2-7613.HT.01.04-TH.89 dated August 18, 1989.

In the Shareholders' Meeting on July 31, 1989, the shareholders of the Company resolved to increase the Company's authorized capital from Rp. 3,000,000,000.- to Rp. 10,000,000,000.- Breakdown of the Company's Capital Stock is as follows:

### CAPITAL STOCK

Nominal value Rp. 1,000.- per share

	Authorized Capital	Paid-up Capital	Offered Shares
Number of Shares	10,000,000	5,000,000	2,140,000
Nominal Value (Rp.)	10,000,000,000	5,000,000,000	2,140,000,000

On August 21, 1989, the Company was granted permission from the Chairman of BAPEPAM, on behalf of the Minister of Finance of the Republic of Indonesia, to offer to the public 2,140,000 shares of Common Stock with a par value of Rp. 1,000.- per share. The Shares are identical to and will give the same rights and equal rank in all matters as the other outstanding common shares of the Company. Shareholding structure before and after the Public Offering is as follows :



	Before the Offering			After the Offering		
	Number of shares	Nominal value	%	Number of shares	Nominal value	%
(in millions)		Rp.			Rp.	
Authorized Capital	10.00	10,000	–	10.00	10,000	–
Subscribed Capital	5.00	5,000	100.0	7.14	7,140	100.0
Paid-up Capital :						
- Stephens Finance Ltd. (HK)	2.75	2,750	55.0	2.75	2,750	38.5
- P.T. Dwi Parama Dinamika	1.75	1,750	35.0	1.75	1,750	24.5
- P.T. Lippo Bank	0.50	500	10.0	0.50	500	7.0
- Public	–	–	–	2.14	2,140	30.0
Shares in Portfolio	5.00	5,000		2.86	2,860	

*Dicatatkan di Bursa sbg partial listing*

*per 18 April 1980.*

## II. PURPOSE OF THE PUBLIC OFFERING

1. To give an opportunity to the public, both individuals and institutions, to participate in the ownership of the Company.
2. To further strengthen the Company's Balance Sheet in order to support future growth.
3. To broaden the scope of the Company's business activities.
4. To support the Government's program in developing the Capital Market.

## III. USE OF THE PROCEEDS

The proceeds from this Public Offering will be used to expand the Company's existing financial services operation. With a larger equity, the Company intends to undertake other financial activities, subject to the approval of the relevant government authorities, thereby increasing the Company's value.



# **IV. INFORMATION ON THE COMPANY**

**PT. Bursa Efek Jakarta  
PERPUSTAKAAN**



## Brief History

The Company, originally known as P.T. Stephens Utama International Leasing Corporation, was established on April 1, 1982 as a joint venture between Stephens Finance Limited, Hongkong and P.T. Gema Nusantara Kencana, and its name was changed to P.T. Lippo Pacific Finance on July 31, 1989. Subsequent changes in the shareholding structure led to the present composition of Stephens Finance Limited, P.T. Dwi Parama Dinamika, and P.T. Lippo Bank.

Stephens Finance Limited was set up in 1978, originally as a joint venture deposit taking finance company in Hongkong, between Stephens Inc. of the United States of America and Lippo Holdings Co. Ltd. Hongkong, to provide a wide range of merchant banking products, trade financing and other financial services.

P.T. Dwi Parama Dinamika is a financial services investment holding company of the Lippo Group which, among others, has holdings in financial services and the Group's other related interests.

P.T. Lippo Bank is one of the oldest private national commercial banks in Indonesia and is a member of the Lippo Group. It was established in 1948 and presently has total assets of Rp. 750 billion, a 76 nationwide branch network, and 2300 employees. Lippo Bank is reputed as one of the leading banks in the Indonesian commercial and consumer banking field.

P.T. Lippo Pacific Finance is part of the Lippo Group, an integrated banking and financial services group of companies founded by Dr. Mochtar Riady, one of Asia's leading bankers and entrepreneurs. Since its inception more than three decades ago, Lippo Group has grown to become one of the most successful private financial services groups in South East Asia and the largest in Indonesia. With managed total banking assets of US\$ 3 billion, Lippo Group is engaged in institutional, individual, international and investment banking activities as well as in insurance, computer services and other specialized financial services.

## Capital

The following table highlights the development of the Company's equity position for the fiscal years ended December 31, 1987 and 1988, and 6 months ended June 30, 1989.

(in Rp. millions)

	6 months ended June 30 1989	12 months ended December 31 1988	1987
Paid-up Capital	1,500.0	1,500.0	1,500.0
Retained Earnings	4,269.2	3,361.3	2,438.0
Total Shareholders' Equity	5,769.2	4,861.3	3,938.0

In the Shareholders' Meeting on July 31, 1989, the shareholders resolved to increase the Company's paid-up capital from Rp. 1,500,000,000.- to Rp. 5,000,000,000.-, an increase of Rp. 3,500,000,000.-

Assuming that the above changes in capital had taken place on June 30, 1989, the Company's proforma equity on that date would have been as follows :



## PROFORMA EQUITY ON JUNE 30, 1989

	(in Rp. thousands)			
	Capital Stock	Shares Premium	Retained Earnings	Equity
Financial Report Position June 30, 1989	1,500,000		4,269,273	5,769,273
Changes in Equity after June 30, 1989 :				
- Capitalization of Retained Earnings	3,500,000		(3,500,000)	
- Dividend Payment in Cash			(625,000)	(625,000)
Proforma as of June 30, 1989 before Public Offering	5,000,000		144,273	5,144,273
Sales of Shares to the Public	2,140,000			2,140,000
Shares premium		14,766,000		14,766,000
Proforma as of June 30, 1989 after Public Offering	7,140,000	14,766,000	144,273	22,050,273

## Management

The Company is managed by a Board of Executive Directors, under the supervision of a Board of Supervisory Commissioners, whose members are elected through a Shareholders' Meeting. Commissioners are elected for a period of 5 years, whereas Directors have a service period of 5 years. Responsibilities and rights of the two Boards are stipulated in the Company's Articles of Association. The present composition of the respective Boards is as follows :

### Board of Supervisory Commissioners

- |                        |                          |
|------------------------|--------------------------|
| - Dr. Mochtar Riady    | - President Commissioner |
| - Dr. HMNM Hasjim Ning | - Commissioner           |
| - James T. Riady       | - Commissioner           |
| - Roy E. Tirtadji      | - Commissioner           |
| - Stephen T. Riady     | - Commissioner           |

### Board of Executive Directors

- |                     |                      |
|---------------------|----------------------|
| - Nestor J. Padilla | - President Director |
| - Didi K. Mukti     | - Managing Director  |
| - Lina Latif        | - Director           |
| - Jose R. Hanna     | - Director           |



The following is a brief information on the individual members of the Board of Executive Directors and the Board of Supervisory Commissioners.

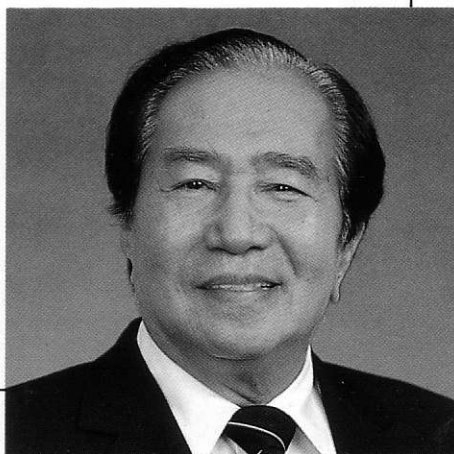
Dr. Mochtar Riady, 60 years old, is a well known and highly respected banker and entrepreneur who guided the Lippo banking and commercial group in Southeast Asia to prominence during the past 25 years. Today, as Chairman of the Lippo Group of Companies, he has active and substantial interests in a number of commercial banks, merchant/investment banks, insurance companies, finance and leasing companies, as well as holdings in other industrial, commercial and trading companies.



*Dr. Mochtar Riady*

Dr. HMNM Hasjim Ning, 73 years old, is one of Indonesia's most distinguished entrepreneurs with long and respectable business experiences. Among his notable achievements was the establishment of Indonesia's first car assembly plant in 1950. Presently, he holds various top management positions including as President Commissioner of Lippobank, President Commissioner of P.T. Cahaya Sakti Motors, the sole assembler and distributor of BMW automobiles in Indonesia, and Commissioner of P.T. Pembangunan Jaya. He is also Head of the Indonesian Industry Assembly and Honorary Chairman of the Indonesian Chamber of Commerce and Industry.

*Dr. HMNM Hasjim Ning*

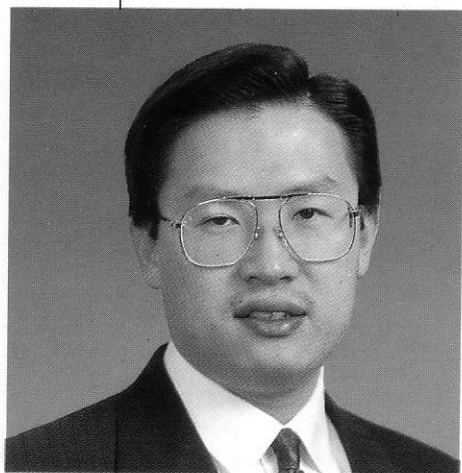




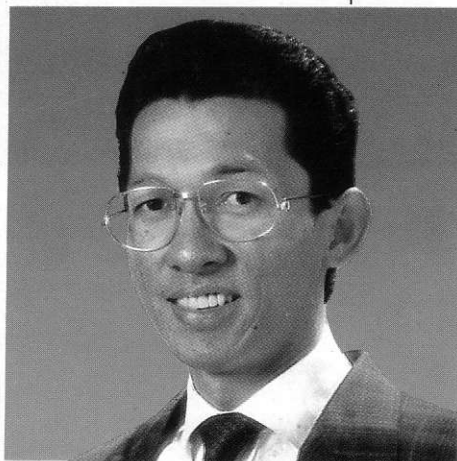
James T. Riady, 32 years old, is the President Director and Chief Executive of Lippobank. He has a background in Accounting and Economic Development from the University of Melbourne, Australia. Over the past 12 years, he has served the Lippo Group in various capacities in New York, California, Hongkong, and Indonesia.

Roy E. Tirtadji, 42 years old, is the Deputy President Director of Lippobank and Executive Director of the Lippo Group. He started his banking career in 1971 and is currently active in the Indonesian banking and financial community.

Stephen T. Riady, 29 years old, is the Executive Director of the Lippo Group and Deputy Managing Director of the Hongkong Chinese Bank Ltd. Hongkong. Based in Hongkong, he is responsible for the Group's operation in the Far East, covering Hongkong, Macau, and Taiwan. He holds a Bachelor and a Masters degree in banking and finance.



*James T. Riady*



*Roy E. Tirtadji*



*Stephen T. Riady*



*Lina Latif*

*Jose R. Hanna*

*Didi K. Mukti*

*Nestor J. Padilla*

Nestor J. Padilla, 34 years old, has been the President Director of the Company since 1985. He holds a degree in Business Management and started his merchant banking career with a leading investment bank in the Philippines in 1975. His exposure to the region includes three and a half years executive role with a joint venture finance company in Malaysia.

Didi K. Mukti, 30 years old, joined the Company in 1985 after obtaining his degree in Economics from the University of Indonesia. His business exposure over the past 4 years has been in banking, finance and leasing.

Lina Latif, 33 years old, holds a degree in Economics and is a qualified Accountant. She joined the Company in 1985 and is responsible for the Company's financial and treasury affairs.

Jose R. Hanna, 41 years old, joined the Company as Director in 1984 and holds a Masters degree in Commercial and International Law. His long international experience with a large American Bank, coupled with extensive knowledge in electronic bankin technology, contribute significantly to the Company's operation and technology activities.

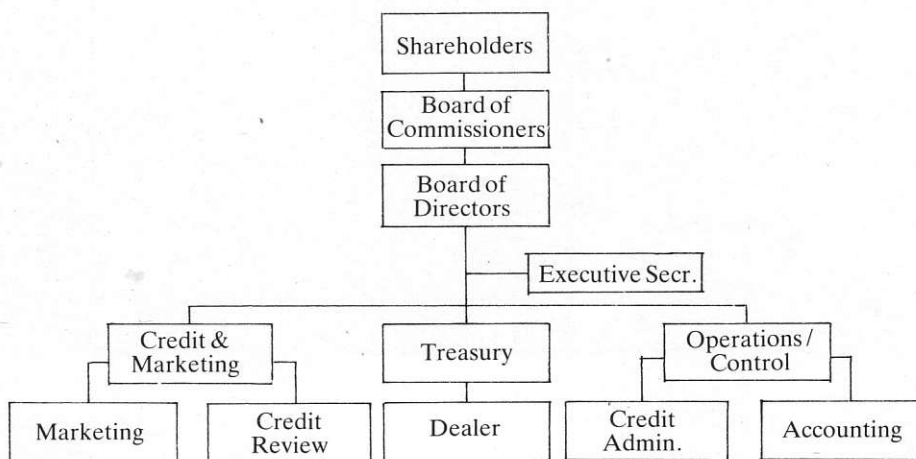


## Organization

The Company's philosophy is to keep a lean and efficient organization which currently consists of 20 personnel, comprising 11 professionals and 9 support staff. The structure of the organization is depicted in the organizational chart included in this Prospectus.

In an effort to improve the quality and ability of the personnel, the Company regularly sends select staff members to participate in various in-house as well as external seminars. The Company has also adopted a computerized system to increase the efficiency of its accounting and operation departments.

Organization Chart



## Business Activities

### 1. Operation

The Company provides lease financing of capital goods to business entities for a predetermined period with regular installment repayments. Lease transactions invariably include options for the entities to either purchase or refinance the capital goods concerned according to agreed upon residual values. Lease financing as implemented by the Company is in accordance with Article 1 of Joint Decree of the Minister of Finance, Minister of Industry, and Minister of Trade No. Kep-122/MK/IV/2/1974 and 30/Kpb/I/1974 dated February 7, 1974.

Established as the 33rd leasing company in Indonesia, it is one of the most active and better performing leasing companies in the industry. The Company's progress in the leasing industry is demonstrated by the value of lease contracts at the end of each year.

#### VALUE OF LEASE CONTRACTS (In Rp. millions)

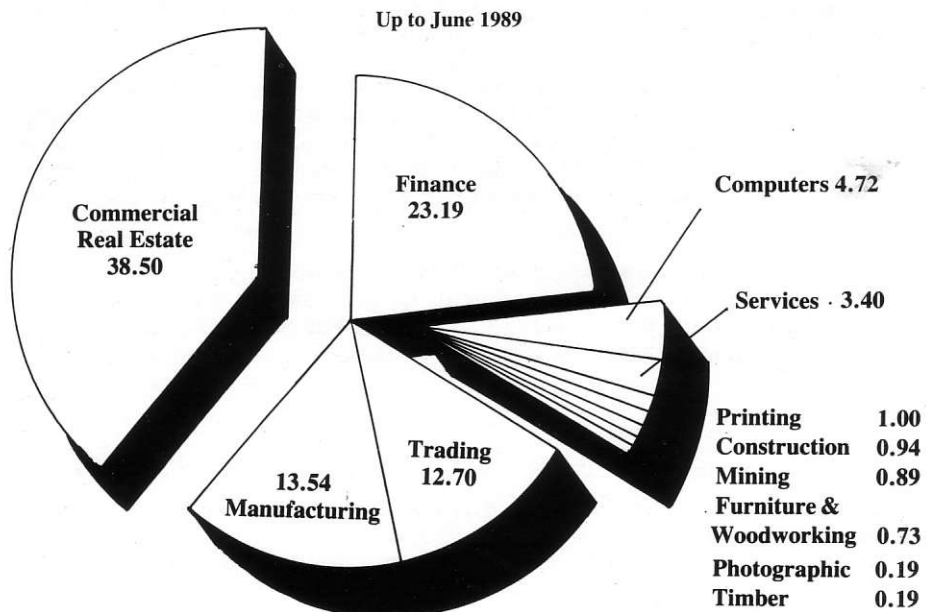
6 months ended June 30 1989	12 months ended December 31 1988	12 months ended December 31 1987
63,652.2	46,372.7	23,209.1



The following table shows the breakdown of the Company's portfolio according to economic sectors.

(in percent)			
Sector	Up to June 1989	1988	1987
Commercial Real Estate	38.50	46.37	2.85
Banking & Finance	23.19	11.46	17.38
Manufacturing	13.54	13.43	35.47
Trading	12.70	16.46	9.37
Computers	4.72	2.75	7.29
Services	3.40	3.99	10.21
Printing	1.00	1.51	3.03
Construction	0.94	1.13	6.22
Mining	0.89	1.28	3.78
Furnitures & Woodworking	0.73	0.97	1.66
Photographic	0.19	0.34	1.16
Timber	0.18	0.31	1.58
Total	100.00	100.00	100.00

#### BREAKDOWN COMPANY'S PORTFOLIO ACCORDING TO ECONOMIC SECTORS





## 2. General policy

The Company concentrates on financing medium to large ticket leases in the banking & finance, manufacturing, industrial, trade and service sectors. In building up its portfolio, the Company emphasizes quality rather than purely quantity of credits.

Currently, the Company organizes syndicated leases, i.e. transactions involving large scale investments. As Agent of lease syndications, the Company earns considerable agency fees and, not less important, has the opportunity to develop the skills of its staff.

## 3. Source of Funds

In obtaining its funding, the Company follows a general policy of good timing and planning in order to minimize cost of funds and maintain liquidity. The Company's funds are sourced from local commercial banks and non-bank financial institutions as well as offshore banks. Currently, the Company has more than sufficient funding lines and sources.

## 4. Future Prospects

As a result of the Government's deregulation of the banking and financial sector and other sectors, the Indonesian economy is expected to experience increased business activities. The Government's drive to boost non-oil and gas exports will create demand for more financing. As a financial services company which provides financing of capital goods, the Company is in a good position to take advantage of these opportunities.

With increased capital, the Company will be able to acquire the status of a full finance company, the provision of which is stipulated in the Decree of the Minister of Finance No. 1251/KMK.013/1988. Under this Decree, full finance companies are permitted to operate in various financing activities including leasing, venture capital, securities trading, factoring, credit cards, and consumer financing.

It is the plan of the management to diversify the Company's scope of activities in light of the current environment. By providing varied financial products, the Company will reach more diversified customers, thus enlarging its customer base and, therefore, its profitability.



## V. SUMMARY OF THE COMPANY'S FINANCIAL STATEMENT

### Financial Highlights

	(In Rp. millions)		
	6 months ended June 30 1989	12 months ended December 31 1988	12 months ended December 31 1987
Total Revenues	4,583.0	8,330.2	5,331.8
Net Profit	907.9	923.2	692.7
Total Assets	62,130.3	69,182.7	38,566.6
Notes Payable	47,230.8	49,123.8	28,985.0
Total Liabilities	56,361.0	64,321.4	34,628.5
Shareholders' Equity	5,769.2	4,861.3	3,938.0
Value of Lease Contracts	63,652.3	46,372.7	23,209.1
Allowance for Doubtful Accounts	763.3	725.8	513.7

### Financial Ratios Based on Audited Financial Figures

	6 months ended June 30 1989	12 months ended December 31 1988	12 months ended December 31 1987
Debt/Equity Ratio	8.19	10.11	7.36
Net Profit/Average Assets	1.60% *)	1.65%	2.23%
Net Profit/Average Equity	17.12% *)	20.75%	19.21%
Allowance for Doubtful Accounts/Lease Contracts	1.20%	1.57%	2.21%
Earnings per share (Rp.)	605.3 *)	615.5	461.8

Note: \*) These figures are based on 6 months' operating results.

## VI. DIVIDEND POLICY

The Company plans to declare and pay dividend on a yearly basis. The amount of dividend to be paid will be contingent on the Company's profitability during the corresponding year and with due consideration on the soundness of its financial condition. Dividends may be paid in the form of cash or shares.



## **VII. APPLICATION PROCEDURE**

### **1. Share Purchase Application**

Applications must be made in accordance with the conditions contained in the Share Purchase Application Forms. These forms can be obtained from the offices of the Lead Underwriters and authorized Sales Agents, i.e. Security Brokers who are members of the Jakarta Stock Exchange as listed on Chapter XV of this Prospectus.

Any application made in deviation from the abovementioned conditions will not be accepted.

### **2. Eligible Applicants**

Individuals, Indonesian and foreign citizens, irrespective of their domicile as well as Indonesian and foreign Institutions/Business Entities, irrespective of their domicile. Applications by foreigners and/or foreign Institutions/Business Entities shall adhere to the provisions contained in the Decree of the Minister of Finance No. 859/KMK.01/1987 dated December 23, 1987.

### **3. Quantity of Orders**

Share purchase application must be made for a minimum quantity of 100 shares and, subsequently, in integral multiples of 100 shares.

### **4. Submission of Share Purchase Application**

Applications must be submitted during normal business hours before the close of the Offering Period, to the Lead Underwriters or authorized Sales Agents from whom the Share Purchase Application Forms can be obtained.

### **5. Offering Period**

The Offering Period will commence on August 31, 1989 and will close on September 13, 1989 at 12.00 Western Indonesia Time.

### **6. Final Allotment Date**

The final allotment date, on which the Lead Managing Underwriter and the Company determine the final allotment of shares for each applicant, will be on September 20, 1989.

### **7. Special Application**

Applications by members of the Boards of Supervisory Commissioners and the Board of Executive Directors and current employees of the Company should be submitted directly to the Company without going through the Underwriters and authorized Sales Agents. Shares allotted for Special Application will not exceed 10% of the total shares being offered.

### **8. Term of Payment**

Payment may be made in cash, cheques or bank drafts in Rupiah currency and made payable to the Lead Underwriters or authorized Sales Agents at the time Share Application forms are submitted. All bank charges and



transfer fees in connection to these payments shall be borne by the applicants. Cheques and bank drafts will be immediately cashed upon receipt. In the event that cheques or bank drafts are rejected by the Bank at the time of cashing, the related share purchase application will be considered void and canceled.

For Special Applications, payments shall be made directly to the Company.

#### **9. Proof of Receipt**

Lead Underwriters and authorized Sales Agents who receive submission of purchase applications, will immediately return signed copy of the Shares Purchase Application Form to the applicants concerned as Proof of Receipt of the applications. This proof of Receipt does not, in any way, constitute a commitment to issue the Shares to the applicants. For Special Applications, such Proof of Receipt will be issued directly by the Company.

#### **10. Allotment of Shares**

In the case that the total number of shares for which applications are made, exceeds the number of the Shares being offered, allotment shall be made on the discretion of the Company and Lead Managing Underwriter in such a way that ensures wide distribution of the Shares ownership. Applications for small number of shares will be given priority in the allotment.

Allotment for Special Applications by members of the Board of Supervisory Commissioners and the Board of Executive Directors, and current employees of the Company shall be made with the provision that it does not exceed 10% of the total shares being offered.

#### **11. Cancellation of the Public Offering**

Prior to the close of, and during the Offering period, the Company and the Lead Managing Underwriter reserve the right to cancel the Public Offering based on the articles contained in the Underwriting Agreement.

#### **12. Refunds**

For share applications which are rejected in parts or in whole, or in the event of cancellation of this Public Offering, refunds shall be made in Rupiah by the Lead Underwriters or authorized Sales Agents to whom the related applications were submitted. Refunds shall be made not later than 4 (four) working days after the final allotment date, or the date on which Public Offering cancellation is announced, as the case may be.

Refund can only be made available for collection upon presentation/ surrender of Proof of Receipt. Applicants will not be subject to any banking or transfer charges relating to these refunds. For Special Applications, refunds will be made directly by the Company.



### **13. Delivery of Share Certificates/Collective Shares**

Allocated Shares Certificates/Collective Shares of the company will be made available to their respective owners, at the latest, within a period of 12 (twelve) working days after the final allotment date, or 1 (one) exchange operation day before the date of listing of the Shares on the Indonesian Stock Exchange. Delivery of the Share Certificates/Collective Shares will be carried out by the Lead Underwriters or authorized Sales Agents to whom applications were submitted. Share Certificates/Collective Shares may only be collected upon presentation of Proof of Receipt. For Special Applications, delivery of the Share Certificates/Collective Shares will be performed directly by the Company.

### **14. Miscellaneous**

Multiple applications which are submitted on more than one forms will be treated as one order for allotment purposes.

## **VIII. SECURITY ISSUE UNDERWRITING**

In conformity with the condition incorporated in the Agreement of Security Issue Underwriting, and in the Agreement among the Security Issue Underwriters dated August 18, 1989, the Underwriters whose names are listed below have agreed and will endeavor with their best ability, individually as well as jointly, to realize the sales of 2,140,000 common shares of the Company.

#### **Lead Managing Underwriters :**

PT. Multinational Finance Corporation

#### **Lead Underwriters :**

PT. Multinational Finance Corporation  
PT. (Persero) Danareksa

#### **Co-Underwriters**

PT. Aseam Indonesia  
Bank Pembangunan Indonesia  
PT. Finconesia  
PT. First Indonesian Finance and Investment Corporation  
PT. Indonesian Finance and Investment Company.  
PT. Indonesian Investments International  
PT. Inter-Pacific Financial Corporation  
PT. Merchant Investment Corporation  
PT. Mutual International Finance Corporation



## **IX. PARTIES INVOLVED IN THE PUBLIC OFFERING**

In addition to the Lead Managing Underwriter and Lead Underwriters, the following parties are involved in this Public Offering :

- |                              |  |
|------------------------------|--|
| Public Accountant            | : Drs. Utomo & Co.<br>Chase Plaza 8th Floor<br>Jl. Jend. Sudirman Kav. 21<br>Jakarta 12920.              |
| Notary Public                | : Kartini Muljadi SH<br>Gedung Bina Mulia 6th Floor<br>Jl. H.R. Rasuna Said Kav. 10<br>Jakarta 12950.    |
| Legal Advisor to the Company | : Sandjaja & Associates<br>Gedung Bina Mulia 5th Floor<br>Jl. H.R. Rasuna Said Kav. 10<br>Jakarta 12950. |
| Appraisal Company            | : Colliers Utaba Indo<br>S. Widjojo Centre 3rd Floor<br>Jl. Jend. Sudirman Kav. 71<br>Jakarta 12190.     |



# FINANCIAL STATEMENT

TELP : 5703891 - 588175  
584030 - 584401  
584493 - 584188  
588771  
TELEX : 44168 SGVU IA.  
45858 SGVU IA  
FAX : 584383

**DRS UTOMO & CO.**  
REGISTERED PUBLIC ACCOUNTANTS  
P.O. BOX 2134, JAKARTA 10001  
INDONESIA



**THE SGV GROUP**

ADDRESS :  
CHASE PLAZA, 8th Floor  
JL. JEND. SUDIRMAN KAV. 21  
JAKARTA 12920, INDONESIA

Report No. 11031 S

The Stockholders and Board of Commissioners  
P.T. Stephens Utama International Leasing  
Corporation

We have examined the balance sheets of P.T. Stephens Utama International Leasing Corporation as at June 30, 1989, December 31, 1988 and 1987, and the related statements of income and retained earnings and changes in financial position for the six months ended June 30, 1989 and the years ended December 31, 1988 and 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of P.T. Stephens Utama International Leasing Corporation as at June 30, 1989, December 31, 1988 and 1987, and the results of its operations and the changes in its financial position for period and the years then ended, in conformity with generally accepted accounting principles in Indonesia applied on a consistent basis.

DRS UTOMO & CO.

Drs Jahja Prijatna  
Registered Accountant No. D-126

August 10, 1989

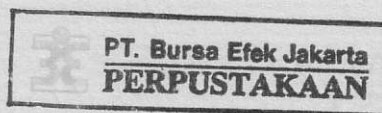
P.T. STEPHENS UTAMA INTERNATIONAL LEASING CORPORATION  
BALANCE SHEETS  
JUNE 30, 1989, DECEMBER 31, 1988 AND 1987

A S S E T S

	Notes	June 30, 1989	December 31, 1988	December 31, 1987
<b>CURRENT ASSETS</b>				
Cash on hand and in banks	4,5	Rp 362,628,732	Rp 79,605,877	Rp 91,057,944
Time deposits	4,6	11,507,050,000	14,779,492,000	14,965,913,342
Other receivables	7	109,673,038	452,929,183	340,963,624
Net investment in direct financing leases – portion maturing within one year, net of allowance for doubtful accounts of Rp 763,299,580 as at June 30, 1989, Rp 725,799,580 as at December 31, 1988 and Rp 513,705,839 as at December 31, 1987	2,4,8	3,307,124,347	2,981,506,959	1,957,207,438
Prepaid expenses		–	9,800,434	17,760,654
<b>Total Current Assets</b>		<b>15,286,476,117</b>	<b>18,303,334,453</b>	<b>17,372,903,002</b>
<b>NET INVESTMENT IN DIRECT FINANCING LEASES –</b>				
Portion maturing more than one year	2,4,8	46,516,651,803	49,173,892,789	20,868,493,139
<b>INVESTMENT IN AND ADVANCES TO RELATED COMPANIES</b>				
	4,9	–	1,396,988,334	–
<b>PROPERTY AND EQUIPMENT –</b>				
Net of accumulated depreciation of Rp 174,430,512 as at June 30, 1989 Rp 154,357,514 as at December 31, 1988 and Rp 110,583,591 as at December 31, 1987	2,10	285,102,377	241,099,172	241,690,095
<b>OTHER ASSETS</b>				
Employees' loans		77,717,314	65,508,964	76,658,199
Guarantee deposits		1,880,000	1,880,000	6,855,000
<b>Total Other Assets</b>		<b>79,597,314</b>	<b>67,388,964</b>	<b>83,513,199</b>
<b>TOTAL ASSETS</b>		<b>Rp 62,167,827,611</b>	<b>Rp 69,182,703,712</b>	<b>Rp 38,566,599,435</b>

# LIABILITIES AND STOCKHOLDERS' EQUITY

	Notes	June 30, 1989	December 31, 1988	December 31, 1987
<b>CURRENT LIABILITIES</b>				
Notes payable	4,11	Rp 47,230,815,711	Rp 49,123,814,194	Rp 28,985,000,000
Other payables	12	1,951,953,325	33,426,961	17,805,000
Taxes payable	13	19,663,709	67,191,420	40,448,299
Accrued expenses		412,072,698	628,083,687	421,151,093
Deposits from lessees - portion maturing within one year	4,8	1,331,278,498	1,561,937,808	495,521,000
Total Current Liabilities		50,945,783,941	51,414,454,070	29,959,925,392
 <b>DEPOSITS FROM LESSEES -</b>				
Portion maturing more than one year	4,8	5,452,770,165	12,906,957,452	4,668,628,216
 <b>STOCKHOLDERS' EQUITY</b>				
Common stock - Rp 10,000,000 par value				
Authorized - 300 shares				
Issued and fully paid - 150 shares	14,20	1,500,000,000	1,500,000,000	1,500,000,000
Retained earnings		4,269,273,505	3,361,292,190	2,438,045,827
Total Stockholders' Equity		5,769,273,505	4,861,292,190	3,938,045,827
<b>TOTAL STOCKHOLDERS' EQUITY</b>		Rp 62,167,827,611	Rp 69,182,703,712	Rp 38,566,599,435



See accompanying Notes to Financial Statements which are  
an integral part of the Financial Statements.

P.T. STEPHENS UTAMA INTERNATIONAL LEASING CORPORATION  
STATEMENTS OF INCOME AND RETAINED EARNINGS  
FOR THE SIX MONTHS ENDED JUNE 30, 1989  
AND THE YEARS ENDED DECEMBER 31, 1988 AND 1987

	Notes	June 30, 1989 (Six Months)	December 31, 1988 (One Year)	December 31, 1987 (One Year)
OPERATING INCOME				
Lease income	2,15	Rp 2,775,066,231	Rp 4,482,161,452	Rp 3,043,745,260
Interest income and provision earned	19	767,384,450	2,114,921,621	1,632,944,578
Other Operating income	16	75,524,414	132,935,493	113,933,383
Total Operating Income		<u>3,617,975,095</u>	<u>6,730,018,566</u>	<u>4,790,623,221</u>
OPERATING EXPENSES				
Interest expense	17	3,326,499,170	6,544,182,871	4,005,454,454
General and administrative expenses	18	348,489,066	862,815,943	633,639,537
Total Operating Expenses		<u>3,674,988,236</u>	<u>7,406,998,814</u>	<u>4,639,093,991</u>
INCOME (LOSS) FROM OPERATIONS		<u>( 57,013,141)</u>	<u>( 676,980,248)</u>	<u>151,529,230</u>
OTHER INCOME (CHARGES)				
Gain on foreign exchange	2	726,242,444	1,579,088,590	539,012,114
Gain on sale of investment	2,9	239,325,000	—	—
Gain (loss) on sale of properties	2	( 572,988)	21,138,021	2,207,084
Other Income - Net		<u>964,994,456</u>	<u>1,600,226,611</u>	<u>541,219,198</u>
NET INCOME	2,13	907,981,315	923,246,363	692,748,428
RETAINED EARNINGS AT BEGINNING OF PERIOD		<u>3,361,292,190</u>	<u>2,438,045,827</u>	<u>1,745,297,399</u>
RETAINED EARNINGS AT END OF PERIOD		<u>Rp 4,269,273,505</u>	<u>Rp 3,361,292,190</u>	<u>Rp 2,438,045,827</u>
Earnings Per Share	2	<u>Rp 6,053,209</u>	<u>Rp 6,154,976</u>	<u>Rp 4,618,323</u>

See accompanying Notes to Financial Statements which are  
an integral part of the Financial Statements.

P.T. STEPHENS UTAMA INTERNATIONAL LEASING CORPORATION  
STATEMENTS OF CHANGES IN FINANCIAL POSITION  
FOR THE SIX MONTHS ENDED JUNE 30, 1989  
AND THE YEARS ENDED DECEMBER 31, 1988 AND 1987

	June 30, 1989 (Six Months)	December 31, 1988 (One Year)	December 31, 1987 (One Year)
WORKING CAPITAL WAS PROVIDED FROM			
Operations			
Net income	Rp 907,981,315	Rp 923,246,363	Rp 692,748,428
Add (deduct) items not affecting funds			
Depreciation	25,796,010	69,411,945	37,360,518
Loss (gain) on sale of properties	572,988	( 21,138,022)	( 2,207,084)
Total from operations	934,350,313	971,520,286	727,901,862
Decrease in net investment in direct financing leases - portion maturing more than one year	2,657,240,986	—	—
Decrease in investment in and advances to related companies	1,396,988,334	—	—
Deposits from lessees - portion maturing more than one year	—	8,238,329,236	2,779,462,558
Proceeds from sale of properties	—	23,000,000	4,249,708
Decrease in other assets	—	16,124,235	—
TOTAL WORKING CAPITAL PROVIDED	4,988,579,633	9,248,973,757	3,511,614,128
WORKING CAPITAL WAS USED FOR			
Decrease in deposits from lessees - portion maturing more than one year	7,454,187,287	—	—
Acquisitions of property and equipment	70,372,203	70,683,000	63,348,384
Increase in investment in direct financing leases - portion maturing more than one year	—	28,305,399,650	7,834,916,077
Investment in and advances to related companies	—	1,396,988,334	—
Increase in other assets	12,208,350	—	6,855,000
TOTAL WORKING CAPITAL USED	7,536,767,840	29,773,070,984	7,905,119,461
DECREASE IN WORKING CAPITAL	Rp 2,548,188,207	Rp 20,524,097,227	Rp 4,395,505,333

	June 30, 1989 (Six Months)	December 31, 1988 (One Year)	December 31, 1987 (One Year)
<b>CHANGES IN COMPONENTS OF WORKING CAPITAL</b>			
Current Assets			
Cash on hand and in banks	Rp 283,022,855	(Rp 11,452,067)	Rp 51,882,387
Time deposits	( 3,272,442,000)	( 186,421,342)	1,962,809,685
Other receivables	( 343,256,145)	111,965,559	( 777,580,825)
Net investment in direct financing leases - portion maturing within one year	325,617,388	1,024,299,521	209,078,295
Prepaid expenses	( 9,800,434)	( 7,960,220)	13,170,199
Current Liabilities			
Notes payable	1,892,998,483	( 20,138,814,194)	( 5,792,000,000)
Other payables	( 1,918,526,364)	( 15,621,961)	34,848,315
Taxes payable	47,527,711	( 26,743,121)	( 14,541,563)
Accrued expenses	216,010,989	( 206,932,594)	( 68,310,826)
Deposits from lessees - portion maturing within one year	230,659,310	( 1,066,416,808)	( 12,861,000)
<b>DECREASE IN WORKING CAPITAL</b>	<u>Rp 2,548,188,207</u>	<u>Rp20,524,097,227</u>	<u>Rp 4,393,505,333</u>

See accompanying Notes to Financial Statements which are  
an integral part of the Financial Statements.

P.T. STEPHENS UTAMA INTERNATIONAL LEASING CORPORATION  
NOTES TO FINANCIAL STATEMENTS

1. GENERAL

P.T. Stephens Utama International Leasing Corporation which is domiciled in Jakarta, was established on April 1, 1982 based on the Notarial Deed of Misahardi Wilamarta S.H. No. 2 year 1982 and subsequently amended based on the Notarial Deed No. 382 dated June 18, 1988 of the same notary. Its Articles of Association was approved by the the Minister of Justice of the Republic of Indonesia in his decision letter No. C2 – 2611 – HT01 – 01. th 82 dated November 18, 1982 and has been published in the State Gazette No. 4 dated January 14, 1983 (see Note 20).

The Company obtained its operating license from the Minister of Finance in his Decree No. KEP-649/MK/IV/5/1974 dated May 6, 1974.

According to article 2 of the Company's Articles of Association, the scope of its activities is to engage in providing financial lease to companies in the supply of capital goods to be used for certain periods, payable in installments with an option for those companies to return or purchase those capital goods or extend the lease period based on the residual value approved by all parties concerned.

2. SUMMARY OF ACCOUNTING POLICIES

Accounting Principles

The Company's financial statements have been prepared based on "Direct Financing" method in accordance with joint Decrees Numbers KEP – 122/IV/74, 32/M/SK/1974 and 30/Kpb/I/74 dated February 7, 1974 of the Minister of Finance, Minister of Industry and Minister of Trade concerning leasing business licence and the Circular Letter of the Directorate General of Monetary Affairs Number SE – 499/MD/1984 dated January 24, 1984 which was superseded by the Minister of Finance decision letter Number 1251/KMK .013/1988 dated December 20, 1988. Since all lease contracts/lease transactions meet one of the following general and special criteria, the Company records those transactions as "Direct Financing Lease". According to the guide of the Capital Market Executive Agency, those general and special criteria are as follows:

A. General Criteria

1. There is transfer of ownership of the leased assets to the lessee at the end of the lease term.
2. The lease agreement includes an option for the lessee to purchase the leased assets.
3. The lease period should cover at least 75% of the estimated useful life of the assets.
4. The present value of the lease payment is at least 90% of the fair market value of the assets.

B. Special Criteria

1. Collection of lease payments is guaranteed and can be estimated.
2. There is no uncertainty in the collection of expenses disbursed by lessor in connection with the lease agreement.

The excess of minimum lease payments receivable and residual value of the assets over the acquisition cost of the assets is regarded as unearned income, which will be recognized as income in accordance with the term of the lease.

The statements of changes in financial position have been prepared based on working capital concept.

Allowance for Doubtful Accounts

The Company provides allowance for doubtful accounts based on a review of the status of the overdue receivables at the end of year.

### Investment in Shares of Stock

Investment in shares of stock is carried at cost.

### Property and Equipment

Property and equipment are stated at cost. Depreciation is computed based on double-declining balance method, except for depreciation of landright and building and partitions which are computed based on straight line method, using the following rates:

Landright and building	5%
Partitions	33 1/3 %
Vehicles	50%
Furniture, fixtures and office equipment	25% and 50%

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period.

### Provision for Income Tax

The Company follows the taxes payable method in computing its income tax expense. Under this method, the provision for income tax is determined on the basis of estimated taxable income for the year. No deferred tax is provided for the timing differences in the recognition of income and expenses for financial reporting and income tax purposes.

### Foreign Currency Transaction and Balances

Transactions during the year involving foreign currencies are recorded in rupiah amounts at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, assets and liabilities denominated in foreign currencies are adjusted to reflect the rate of exchange prevailing at such date and the resulting gains of losses are credited or charged to current operations.

### Earnings per Share

Earnings per share is computed based on the number of shares outstanding at the end of period.

## 3. TRANSACTIONS RELATING TO LEASE AGREEMENTS

### a. Lease Receivables

The Company's activities consist mainly of leases in buildings, industrial machineries, transportation equipment and office equipment with lease periods ranging from 1 to 10 years.

Presented below is the minimum lease payments which will be collected in accordance with the due dates of the leases as at June 30, 1989:

	Total
Will be due in	
One year	Rp 3,152,816,398
Two years	10,225,281,130
Three years	5,476,202,080
Four years	6,445,044,799
Five years	37,178,154,654
More than five years	1,175,791,266
Total	Rp 63,653,290,327

b. Lease expense s

All expenses relating to the acquisition of the leased assets are charged to the lessees. These expenses consist mainly of insurance and stamps for the lease agreements.

c. Deposits from lessees

At the time lease contracts are executed, lessees give security deposits which will be applied against the selling price of the leased assets at the end of the lease term if the lessee exercise the option, otherwise, the security deposit will be refunded to the lessee.

4. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company enters into transactions with certain companies which are regarded as having special relationship as defined in the Circular Letter No. SE – 24/PM/1987 dated December 24, 1987 of the Chairman of Capital Market Executive Agency.

Transactions on these special relationship affect certain accounts in the financial statements: cash on hand and in banks, time deposits, net investment in direct financing leases, notes payable and investment in and advances to related companies.

The nature and amounts of transactions resulting from these special relationship are shown in each of the notes to financial statements of the aforementioned accounts.

5. CASH ON HAND AND IN BANKS

Includeid in this account is the balance of cash in bank amounting to Rp 355,553,894, Rp 76,499,440 and Rp 40,557,944 in P.T. Lippo Bank and P.T. Bank Central Asia as at June 30, 1989, December 31, 1988 and 1987 (see Note 4).

6. TIME DEPOSITS

This account represents short-term time deposits in Rupiah and US dollar currencies at the following banks :

	June 30, 1989	December 31, 1988	December 31, 1987
Local banks	Rp 10,000,000,000	Rp –	Rp –
Foreign banks (US\$ 850,000 in 1989, US\$ 8,548,000 in 1988 and US\$ 9,070,250.51 in 1987)	1,507,050,000	14,779,492,000	14,965,913,342
Total	<u>Rp 11,507,050,000</u>	<u>Rp 14,779,492,000</u>	<u>Rp 14,965,913,342</u>

The interest rate of Rupiah time deposits ranges from 17.5% to 20.4% per year while the interest rate of US Dollar time deposits ranges from 8.8125% to 10.3875% per year in 1989, 7.75% to 9.7625% per year in 1988 and 7% to 9.5125% per year in 1987 (see Note 4).

7. OTHER RECEIVABLES

This account consists mainly of accrued interest receivable, accrued gain on swap and other receivable from lessees.

## 8. NET INVESTMENT IN DIRECT FINANCING LEASES

The details of this account are as follows :

	June 30, 1989	December 31, 1988	December 31, 1987
Net Investment in direct financing leases – portion maturing within one year			
Lease receivables	Rp 3,152,816,398	Rp 2,397,498,186	Rp 2,251,872,704
Residual value	1,331,278,498	1,561,937,808	495,521,000
Less			
Unearned lease income	( 413,670,969)	( 252,129,455)	( 276,480,436)
Allowance for doubtful accounts	( 763,299,580)	( 725,799,580)	( 513,705,830)
Net	<u>3,307,124,347</u>	<u>2,981,506,959</u>	<u>1,957,207,438</u>
Net investment in direct financing leases – portion maturing more than one year			
Lease receivables	60,500,473,929	43,975,233,167	20,957,184,782
Residual value	5,452,770,165	12,906,957,452	4,668,628,216
Less			
Unearned lease income	( 19,436,592,291)	( 7,708,297,830)	( 4,757,319,859)
Net	<u>46,516,651,803</u>	<u>49,173,892,789</u>	<u>20,868,493,139</u>
Total net investment in direct financing leases	<u>Rp 49,823,776,150</u>	<u>Rp 52,155,399,748</u>	<u>Rp 22,825,700,577</u>

Included in this account is the balance of net investment in direct financing leases with companies having special relationship with P.T. Stephens Utama International Leasing Corporation (see Note 4).

## 9. INVESTMENT IN AND ADVANCE TO RELATED COMPANIES

The details of this account as at December 31, 1988 are as follow :

P.T. Fourindustar Perdana	
Investment in shares of stock (350 shares with Rp 1,000,000 per value; 35% ownership interest)	Rp 350,000,000
Advances	532,184,881
Advances for future capital stock subscription	253,750,000
P.T. Orient Pride Leasing	
Investment in shares of stock (490 shares with Rp 1,000,000 per value; 49% ownership interest )	261,053,453
Total	<u>Rp 1,396,988,334</u>

In 1989, the aforementioned investment in shares of stock and advances were sold and transferred at an amount of Rp 1,636,313,334 (see Note 4).

10. PROPERTY AND EQUIPMENT

Property and equipment as at June 30, 1989, December 31, 1988 and 1987 consist of :

		June 30, 1989		
		Acquisition Cost	Accumulated Depreciation	Net Book Value
Landright and building	Rp	212,661,179	Rp 47,042,182	Rp 165,618,997
Vehicles		71,277,000	45,043,695	26,233,305
Furniture, fixture and office equipment		124,760,936	64,518,951	60,241,985
Partitions		50,833,774	17,825,684	33,008,090
Total	Rp	459,532,889	Rp 174,430,512	Rp 285,102,377
		December 31, 1988		
		Acquisition Cost	Accumulated Depreciation	Net Book Value
Landright and building	Rp	209,904,179	Rp 41,774,880	Rp 168,129,299
Vehicles		71,277,000	36,299,250	34,977,750
Furniture, fixture and office equipment		100,987,007	62,994,884	37,992,123
Partitions		13,288,500	13,288,500	—
Total	Rp	395,456,686	Rp 154,357,514	Rp 241,099,172
		December 31, 1987		
		Acquisition Cost	Accumulated Depreciation	Net Book value
Landright and building	Rp	209,904,179	Rp 31,279,673	Rp 178,624,506
Vehicles		29,262,000	25,383,996	3,878,004
Furniture, 'fixture and office equipment		99,819,007	49,490,422	50,328,585
Partitions		13,288,500	4,429,500	8,859,000
Total	Rp	352,273,686	Rp 110,583,591	Rp 241,690,095

Depreciation charged to operations amounted to Rp 25,803,491 for the six months ended June 30, 1989, Rp 69,411,945 and Rp 37,360,518 for the years ended December 31, 1988 and 1987, respectively.

11. NOTES PAYABLE

Notes payable as at June 30, 1989, December 3, 1988 and 1987 consist of liability to:

		June 30, 1989	December 31, 1988	December 31, 1987
Local creditors	Rp	44,464,935,711	Rp 31,124,924,194	Rp 27,005,000,000
Foreign creditors				
(US\$ 1,560,000) in 1989,				
US\$10,410,000 in 1988				
and US\$1,200,000 in 1987)		2,765,880,000	17,998,890,000	1,980,000,000
Total	Rp	47,230,815,711	Rp 49,123,814,194	Rp 28,985,000,000

The notes payable to local creditors bear interest ranging from 16.25% to 20% per annum in 1989, 18% to 22% per annum in 1988 and 15% to 22% per annum in 1987, while notes payable to foreign creditors bear interest ranging from 9.5% to 10.6625% per annum in 1989, 9% to 10% per annum in 1988 and 9.3375% per annum in 1987.

Certain loans are guaranteed by letters of comfort from Stephens Finance Ltd., Hongkong (see Note 4).

## 12. OTHER PAYABLES

This account represents mainly liabilities to suppliers for purchases of leased assets and payable to lessees.

## 13. TAXES PAYABLE

Taxes payable consist of :

	June 30, 1989	December 31, 1988	December 31, 1987
Income tax			
Article 21	Rp 18,612,214	Rp 44,685,278	Rp 35,218,855
Article 26	1,051,495	22,506,142	5,229,444
Total	Rp 19,663,709	Rp 67,191,420	Rp 40,448,299

For tax purposes, the Company's estimated taxable income is computed using the operating method. Under this method, the total lease rentals received from lessees during the year are recognized as income and depreciation on leased assets is computed in accordance with Government Regulation No. 42 issued on November 13, 1985.

For the six months ended June 30, 1989 and the years ended December 31, 1988 and 1987, the Company incurs fiscal losses and, accordingly, no provision for income tax was provided.

The computation of fiscal loss for the six months ended June 30, 1989 is as follows:

Net income under direct financing method	Rp 907,981,315
Adjustments from direct financing to operating method:	
Lease income	( 2,775,066,230)
Rental income	6,635,581,150
Depreciation on leased assets	( 7,253,402,158)
Other income	( 253,931,214)
Gain on sale of leased asset – building	1,529,401,034
Provision for doubtful accounts	37,500,000
Non taxable income:	
Interest on time deposits	( 555,701,410)
Timing differences:	
Depreciation on property and equipment	( 35,566,407)
Loss on disposal of properties	98,858
NON DEDUCTIBLE EXPENSES :	
Depreciation on property and equipment	23,905,527
Training and education	700,000
Salaries and allowances	39,308,911
Repairs and maintenance	364,390
Others	6,050,563
Fiscal Loss	Rp 1,692,775,671

#### 14. CAPITAL STOCK

The composition of Company's stockholders as at June 30, 1989, December 31, 1988 and 1987 is as follows:

Name of Shareholders	Number of Share Issued	Percentage of Ownsrip	Amount
Stephens Finance Ltd, Hongkong	105 Shares	70%	Rp 1,050,000,000
P.T. Gema Nusantara Kencana	45	30%	450,000,000
Total	150 shares	100%	Rp 1,500,000,000

#### 15. LEASE INCOME

Lease income for the six months ended June 30, 1989 and the years ended December 31, 1988 and 1987 is Rp 2,775,066,231, Rp 4,482,161,452 and Rp 3,043,745,260, respectively. This income arises from lease transactions consisting of buildings, transportation equipment, office equipment and industrial machineries.

#### 16. OTHER OPERATING INCOME

Other income represents income received from penalty on late lease payment.

#### 17. INTEREST EXPENSE

Interest expense incurred for the six months ended June 30, 1989 and the years ended December 31, 1988 and 1987 arise from:

	June 30, 1989 (Six Months)	December 31, 1988 (One Year)	December 31, 1987 (One Year)
Loan	Rp 3,302,199,980	Rp 6,436,149,095	Rp 3,829,743,519
Swap	24,299,190	108,033,776	175,710,935
Total	Rp 3,326,499,170	Rp 6,544,182,871	Rp 4,005,454,454

## 18. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses for the six months ended June 30, 1989 and the years ended December 31, 1988 and 1987 are as follows:

	June 30, 1989 (Six Months)	December 31, 1988 (One Year)	December 31, 1987 (One Year)
Salaries and allowances	Rp 208,187,321	Rp 400,211,022	Rp 322,571,358
Provision for doubtful accounts	37,500,000	212,093,750	150,000,000
Building rent	37,471,825	66,968,237	45,419,203
Depreciation	25,796,010	69,411,945	37,360,518
Stationery and office supplies	7,231,055	1,498,630	1,462,015
Professional fees	6,408,405	42,200,792	11,937,090
Telephone and telex	4,800,000	9,370,850	5,801,415
Entertainment	3,436,763	11,744,715	8,241,282
Advertising and promotion	2,554,038	6,538,000	2,372,500
License and registration	2,207,000	4,840,600	4,198,050
Training and education	1,952,090	4,485,538	11,741,025
Donation	1,565,000	4,792,530	1,923,100
Insurance	1,276,577	3,100,105	2,733,555
Travelling	1,076,582	4,511,779	8,007,825
Maintenance	1,004,440	2,305,206	1,660,875
Others	6,021,960	18,742,244	18,209,726
Total	Rp 348,489,066	Rp 862,815,943	633,639,537

## 19. INTEREST INCOME AND PROVISION EARNED

This income represents interest income on time deposits and notes receivable and administration fee received from lessees.

## 20. SUBSEQUENT EVENTS

- On August 9, 1989, the Company has submitted a registration statement to the Capital Market Executive Agency for the issuance of its shares through the Jakarta Stock Exchange.
- In the extraordinary stockholders meeting held on July 31, 1989 attended by Kartini Mulyadi, Notary, it was decided to:
  - Change the Company's name from P.T. Stephens Utama International Leasing Corporation to P.T. Lippo Pacific Finance.
  - Transfer P.T. Gema Nusantara Kencana's share in the Company to P.T. Dwi Parama Dinamika.
  - Transfer a part of Stephens Finance, Ltd., Hongkong share in the Company to P.T. Dwi Parama Dinamika (15 shares) and P.T. Lippo Bank (30 shares).
  - Increase the Company's authorized capital from Rp 3,000,000,000 to Rp 10,000,000,000.
  - Change the par value of the Company's capital stock from Rp 10,000,000 to Rp 1,000.
  - Issue stock dividends totalling Rp 3,500,000,000 and declare cash dividends totalling Rp 625,000,000 to the stockholders.

As of August 10, 1989, the changes in the Company's Articles of Association have not yet been approved by the Minister of Justice.

## 21. RECLASSIFICATION OF ACCOUNTS.

Certain accounts in 1988 and 1987 financial statements have been reclassified to conform with the presentation of accounts in the 1989 financial statements.



# **XI. LEGAL OPINION**

Number: 08/VIII/89

Jakarta, 18 August 1989.

-P.T. Multinational Finance Corporation  
(P.T. Multicor)  
-P.T. (Persero) Danareksa  
Jakarta.

Dear Sirs,

Subject: Issue of Shares of "PT Lippo Pacific Finance".

We are acting as the legal advisors appointed by PT Lippo Pacific Finance, having its legal domicile in Jakarta (the "Company"), and we hereby submit our legal opinion with respect to the Company's intention to offer and to sell to the public through the Indonesian Stock Exchange ("Bursa Efek di Indonesia") the amount of 2,140,000 (two million one hundred forty thousand) shares of the Company (the "Shares"). In connection with the abovementioned matter we have examined the documents of the Company required with respect to this legal opinion as follows:

1. Supplement number 58 to the State Gazette of the Republic of Indonesia number 4, dated 14 January 1983;
2. Minutes of the Extraordinary General Meeting of Shareholders of the Company set forth in deed number 190, dated 31 July 1989, drawn up by Kartini Muljadi, S.H., Notary in Jakarta;
3. Rectification of the Amendment to the Articles of Association of the Company as set forth in deed number 50, dated 16 August 1989, passed before Kartini Muljadi, S.H., Notary in Jakarta;
4. Approval of the Minister of Justice of the Republic of Indonesia to deed number 190, dated 31 July 1989, drawn up by Kartini Muljadi, S.H., Notary in Jakarta, and deed number 50, dated 16 August 1989, passed before Kartini Muljadi S.H., Notary in Jakarta, as set forth in his Decree number C2-7613-HT.01.04.TH.89 dated 18 August 1989;
5. Operating licence in the field of leasing held by the Company as evidenced by the Decree of the Minister of Finance of the Republic of Indonesia number Kep-111/KM.13/1988, dated 7 July 1988;
6. Minutes of the Annual General Meeting of Shareholders of the Company set forth in deed number 187, dated 31 July 1989, drawn up by Kartini Muljadi, S.H., Notary in Jakarta;
7. Minutes of the Meeting of the Board of Directors of the Company set forth in deed number 52, dated 18 August 1989, drawn up by Kartini Muljadi, S.H., Notary in Jakarta;
8. Minutes of the Meeting of the Board of Commissioners of the Company set forth in deed number 53, dated 18 August 1989, drawn up by Kartini Muljadi, S.H., Notary in Jakarta;
9. Underwriters Agreement as set forth in deed number 54, dated 18 August 1989, passed before Kartini Muljadi, S.H., Notary in Jakarta;
10. Documents relating to the Company's properties;
11. Draft of the Prospectus for the issue of the Shares;
12. Regulations having the force of law in the Republic of Indonesia applicable to the issue of the Shares; and
13. Written statement of the Board of Directors of the Company dated 18 August 1989 (the "Board of Directors' Statement") regarding the facts of the Company.

Based on the abovementioned documents we are of the opinion that:

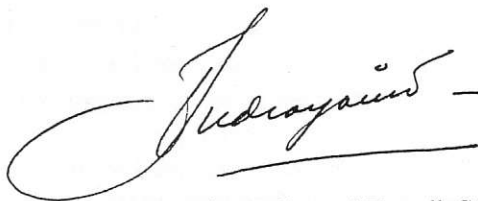
1. the Company is a limited liability company organized and existing under and

by virtue of the laws of the Republic of Indonesia, having its legal domicile in Jakarta, which Articles of Association were published in Supplement number 58 to the State Gazette of the Republic of Indonesia number 4, dated 14 January 1983, amended by deed number 190, dated 31 July 1989, drawn up by Kartini Muljadi S.H., Notary in Jakarta, and further rectified by deed number 50, dated 16 August 1989, passed before Kartini Muljadi S.H., Notary in Jakarta, which deeds have been approved by the Minister of Justice of the Republic of Indonesia by his Decree number C2-7613-HT.01.04.TH- 89 dated 18 August 1989;

2. the Company has obtained the operating licence in the field of leasing which is still valid as evidenced by the Decree of the Minister of Finance of the Republic of Indonesia number Kep-111/KM.13/1988, dated 7 July 1988;
3. up to the date of issue of this legal opinion, to the extent of our knowledge, the activities and business of the Company are performed in accordance with the Articles of Association of the Company and the prevailing regulations having the force of law;
4. the shares of the Company shall give the right to the person/party whose name is registered in the register of shareholders of the Company, to exercise his rights as a shareholder of the Company pursuant to the Articles of Association of the Company and the prevailing regulations having the force of law;
5. the Underwriters Agreement entered into by and between the Company and P.T. Multinational Finance Corporation (P.T. Multicor) and P.T. (Persero) Danareksa as the Lead Underwriters as set forth in deed number 54, dated 18 August 1989, passed before Kartini Muljadi, S.H., Notary in Jakarta ("Underwriters Agreement") is legal and binding according to law and may be executed pursuant to the provisions therein contained, unless the implementation thereof shall be restricted by force of law;
6. to enter into the Underwriters Agreement, the provisions provided in paragraphs 1 and 2 of Article 10 of the Articles of Association of the Company shall have been complied with as set forth in deeds number 52 and number 53, both dated 18 August 1989, passed before Kartini Muljadi, S.H., Notary in Jakarta;
7. up to the date this legal opinion is issued, to the extent of our knowledge, the Company's properties which are in accordance with the documents related thereto are legally owned by the Company and shall not be affected by the issue of the Shares by the Company;
8. up to the date this legal opinion is issued, to the extent of our knowledge, there are no criminal actions or civil suits neither against the Company nor against the members of the Board of Komisaris and/or the members of the Board of Directors of the Company which may substantially affect the business and the activities of the Company and the issue of the Shares.

Our legal opinion in the framework of the issue of the Shares by the Company is pursuant to the prevailing regulations having the force of law in the Republic of Indonesia.

Respectfully yours,  
Sandjaja & Associates



Dian Indrayani Tamzil, S.H.

Copies sent to:

- Chairman of the Badan Pelaksana Pasar Modal
- c.q. Biro I Biro Hukum dan Research
- PT Lippo Pacific Finance



## **XII. STATEMENT FROM THE APPRAISAL COMPANY**

# COLLIERS

I N T E R N A T I O N A L

## P.T. COLLIERS UTABA INDO

Property Consultants

## P.T. PENILAI

Valuation & Development Appraisal

S. Widjojo Centre 3rd. Floor Jl. Jenderal Sudirman 71 Jakarta 12920 – Indonesia  
P.O. Box 16/JKWK. Tel. 5703844, 584481. Telex : 44672 SWIDJO IA.

**Ir. H. Raysoeli Moeloek**  
**Ir. Hendra Gunawan**  
**A.L. Gultom**  
**R. Hedy Herawaty**  
**Ir. Maria Odilia**  
Consultants

**Technical Advisor**  
**Trevor J. Peach AAIQS**  
**Jeremy Lauw B.Sc.**

**Tan Kim Choon P.P.A., BSc., FRICS,**  
**HPSISV, FISM, ACI Arb., FSI Arb.**

**Stephen E Baker FRICS FAIV FSLE**

14 August 1989  
Reference : V/11/6-PTP/102

**THE BOARD OF DIRECTORS  
AND SHAREHOLDERS  
STEPHENS UTAMA INTERNATIONAL  
LEASING CORPORATION**  
Centrepont Building, Suite 1002  
Jalan Gatot Subroto  
Jakarta Selatan

Dear Sirs,

### 1.0 INSTRUCTIONS

In accordance with your instructions concerning an offering to the public of shares in the Company, in our capacity as a licensed valuer under Licenses of the Trade Department No. 003/Pen/BSP-3/X/86 dated 30 October 1986 and the Minister of Finance No. S-013/MK.11/1987 dated 10 January 1987, we have made an investigation and appraisal of certain property of :

**P.T. STEPHENS UTAMA INTERNATIONAL LEASING CORPORATION**  
("the Company")

for the purpose of expressing an opinion of the Open Market Value of the property as of 14 August 1989. The appraisal of the Company's assets covers land, buildings and other land improvements, but exclusive of supplies, materials of hand, Company's records or any current or intangible assets, located at Permata Hijau Block E-25, Jakarta Selatan.

### 2.0 BASIS OF VALUATION

#### 2.1 Land

There is some comparable evidence for land sales in the vicinity of the property and we have valued the land on an "Open Market Value" basis.

### Basis of Valuation

In arriving at our opinion of the open market value we have had regard to the Guidance Notes issued by the Royal Institution of Chartered Surveyors in which open market value is defined as "the best price at which an interest in a property might reasonably be expected to be sold by private treaty at the date of valuation assuming :

- a) willing seller;
- b) a reasonable period within which to negotiate a sale taking into account the nature of the property and the state of the market;
- c) values will remain static throughout the period;
- d) the property will be freely exposed to the market;
- e) no account is to be taken of any bid by a special purchaser."

Furthermore, when arriving at the open market value of existing use, the additional assumption that the property will continue in its existing use is made (that is, no account is taken of any possible form of alternative use, any element of hope value, any value attributable to goodwill and any possible increase in value due to special investment or financial transaction which would leave the owners with a different interest from the one to be valued).

### 2.2 Buildings and Site Improvements

We have valued the building and site improvements on a Depreciated Replacement Cost (DRC) basis which is carried out by estimating the new replacement cost of the buildings and site improvements as the date of valuation and then condition and functional obsolescence.

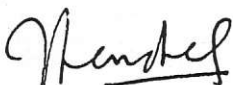
### 3.0 CONCLUSION

On the assumption that there are no onerous restrictions covenants or unusual out-goings of which we have no knowledge and subject to the basis of valuation specified above, we are of the opinion that the current open market value of the property with vacant possession is as follows :

<u>DESCRIPTION</u>	<u>OPEN MARKET VALUE</u>
Land	Rp. 206,000,000.-
DRC - Buildings and other Land Improvements	<u>Rp. 119,000,000.-</u>
Total	<u>Rp. 325,000,000.-</u>

(RUPIAH THREE HUNDRED AND TWENTY FIVE MILLION ONLY).

Yours faithfully,



Ir. Hendra Gunawan  
Director



# **XIII. ARTICLES OF ASSOCIATION**

## NAME AND DOMICILE

### Article 1

- 1.- The name of the Company is : "PT Lippo Pacific Finance" and has its legal domicile and head office in Jakarta.
- 2.- The Company may open offices, establish branches and representative offices in other places, both inside and outside the territory of the Republic of Indonesia, as decided by the Board of Directors.

## OBJECTIVES AND PURPOSES

### Article 2

– The objectives and purposes of the Company are:

- a.- to engage in the activity of financing of stock of capital goods by way of Finance Lease, namely the leasing activity whereby the lessee at the end of the contract period shall have the optionright to purchase the leased object, to be used by the lessee during a certain period of time by virtue of a periodical payment on the basis of the balance value mutually agreed upon;
- b.- to engage in the activity of financing of stock of capital goods by way of Operating Lease, namely the leasing activity whereby the lessee shall not have the optionright to purchase the leased object to be used by the lessee during a certain period of time by virtue of a periodical payment;
- c.- to engage in other financing activities subject to the approval of the appropriate authorities;
- d.- to establish or joint in establishing or participate in other enterprises or corporate bodies which objectives are the same or almost the same as the objectives of the Company, as a joint venture company or as a joint enterprise;
- e.- to engage in any activity and endeavour in the pursuit of and in conformity with the objectives and purposes mentioned in the preceding paragraphs and to conduct its activities in the broadest sense of the word for its own account or in conjunction with other persons or corporate entities in such manner and forms as may be required without prejudice to the prevailing regulations having the force of law.

## TIME OF INCEPTION AND DURATION OF ASSOCIATION

### Article 3

– The Company shall be established for a period of 75 (seventy-five) consecutive years as from the eighteenth day of November of the year one thousand nine hundred and eighty-two (18-11-1982), with due regard to the provision set fort in Article 51 of the Indonesian Commercial Code.

## C A P I T A L

### Article 4

- 1.- The authorized capital of the Company shall be Rp 10,000,000,000.00 (ten billion Rupiah) divided into 10,000,000.00 (ten million) shares, each share worth Rp 1,000.00 (one thousand Rupiah) in par value.
- 2.- From the abovementioned shares have been subscribed by and will be issued to and have been fully paid up by:
  - a.- Stephens Finance Limited: 2,750,000 (two million seven hundred fifty thousand) shares, having the aggregate par value of two billion seven hundred fifty million Rupiah or ..... Rp 2,750,000,000.00;
  - b.- P..T Dwi Parama Dinamika: 1,750,000 (one million seven hundred fifty thousand) shares, having the aggregate par value of one billion seven hundred fifty million Rupiah or ..... Rp 1,750,000,000.00;
  - c.- P.T. Lippo Bank: 500,000 (five hundred thousand) shares, having the aggregate par value of five hundred million Rupiah or ..... Rp 500,000,000.00;– or the aggregate of 5,000,000 (five million) shares having the aggregate par value of five billion Rupiah or ..... Rp 5,000,000,000.00
- 3.- 100% (one hundred per cent) of the price of each subscribed share or the aggregate of Rp 5,000,000,000.00 (five billion Rupiah) shall be fully paid up in cash not later than on the date of the approval of the amendment to these Articles of Association by the Minister of Justice of the Republic of Indonesia.
- 4.- Any further issue of shares shall only be done on the basis of a resolution of the Meeting of the Board

of Directors with the approval of the Meeting of the Board of Commissioners to issue an additional number of shares, in which resolution shall be determined the price at which the shares are to be issued and other conditions with respect to such issue of shares.

- 5.- If the unissued shares are to be issued by way of private placement, then all the shareholders of the Company shall be given preemptive right to purchase the shares to be issued in proportion to the number of shares they respectively own within 1 (one) month after the Board of Directors has announced the decision on the intention of such issue in a newspaper in the Indonesian language which in the opinion of the Board of Directors has a wide circulation, and if within such period of 1 (one) month the shareholders have not purchased the offered shares by paying in cash the price of the offered shares to the Company, then the passing of time shall be sufficient evidence that they have no intention to utilize their preemptive right, so that for that purpose no reminder or re-offer shall be required to those concerned, and the Board of Directors shall be free to issue those shares to whomsoever, with the price and terms of payment not less than the offering price to the shareholders, without prejudice to the regulations regarding the foreign investment in the stock market.
- 6.- The total authorized capital shall have been issued and fully paid up within a period of 10 (ten) years as of the date this amendment to the Articles of Association is approved by the Minister of Justice of the Republic of Indonesia, unless such period shall be extended with the approval of the Minister of Justice of the Republic of Indonesia, if by the time it is still required upon request of the competent Board of Directors to submit such application without any authorization being required from the General Meeting of Shareholders.

## S H A R E S

### Article 5

- 1.- All shares in the Company are registered shares and issued in the name of the owner of the shares as registered in the register of shareholders of the Company.
- 2.- In each share certificate shall be mentioned the serial number of the share concerned and shall bear the signatures of one the members of the Board of Directors designated by the Meeting of the Board of Directors together with one of the members of the Board of Commissioners designated by the Meeting of the Board of Commissioners.
- 3.- A collective certificate may be issued as evidence of ownership of 2 (two) or more shares held by 1 (one) shareholder, in which shall be mentioned the number of the shares concerned and the serial numbers thereof.
  - A collective certificate shall also bear the signatures of one of the members of the Board of Directors designated by the Meeting of the Board of Directors together with one of the members of the Board of Commissioners designated by the Meeting of the Board of Commissioners.
- 4.- The share certificates shall be numbered and on each share certificate shall be indicated the date of issue, together with such identification marks as the Board of Directors may determine and shall state the restrictions and limitations applicable to such shares, determined by the Board of Directors pursuant to the provisions in these Articles of Association and in future amendments to these Articles of Association.
- 5.- The Company shall acknowledge only 1 (one) person, either an individual or a corporate body, as being entitled to exercise and utilize all the rights conferred by law upon a share.
  - In the event that a share for whatsoever reason becomes the property of several persons, then those persons having joint-ownership shall designate in writing 1 (one) person from amongst them or another person as their joint representative and only this representative's name shall be entered in the register of shareholders of the Company and this representative shall be considered as the only legal holder of the share concerned and shall be entitled to exercise and utilize all the rights conferred by law upon said share.
  - Prior to the Company receiving the written notification with respect to the designation of such joint representative or any amendment to such designation, the Company shall be entitled to treat the person whose name is registered in the register of shareholders of the Company as the only person entitled to exercise and utilize all the rights conferred by law upon such share.
- 6.- These Articles of Association and all further amendments to these Articles of Association and all resolutions legally adopted by the General Meeting of Shareholders shall be binding upon all shareholders of the Company.
- 7.- To such shares of the Company which are registered at the Indonesian Stock Exchange shall be applicable the regulations of the Indonesian Stock Exchange at the places where the shares of the Company are registered.

## DUPLICATES

### Article 6

- 1.- In case a certificate of share is damaged or lost or for any other reason determined by the Board of Directors deemed necessary to be replaced, the original certificate of share may be exchanged for its replacement upon written request addressed to the Board of Directors of the Company and on surrender of the original certificate of share what is left thereof.
- 2.- The original certificate of share as referred to in paragraph 1 hereinabove shall be destroyed at the subsequent Meeting of the Board of Directors and the proceeding shall be recorded in the minutes of said Meeting.
- 3.- In case a certificate of share is lost or totally damaged, the replacement may be issued to the shareholder concerned, provided he gives ample evidence acceptable to the Board of Directors, that said certificate of share is really lost or totally damaged and gives such guarantee as may be deemed necessary by the Board of Directors in any particular case.
- 4.- The issue of a replacement for a lost or totally damaged certificate of share shall forthwith be announced by the Board of Directors by means of an advertisement in 1 (one) or more daily newspapers in the Indonesian language circulating in the legal domicile of the Company and in the State Gazette of the Republic of Indonesia at least 30 (thirty) days before the issue of the replacement, except for shares registered at the Indonesian Stock Exchange, as for such shares shall be applicable the regulations of the Stock Exchange at the places where such shares are registered.
- 5.- The issue of a replacement in accordance with the provisions of this article renders the original certificate of share null and void.
- 6.- All expenses incurred for the replacement of the certificates of shares in accordance with the provisions of this article shall be borne by the shareholder concerned.
- 7.- The provisions in paragraph 1 up till and including 6 of this Article 6 shall be mutatis mutandis applicable to the issue of replacements for collective certificates.

## REGISTER OF SHAREHOLDERS

### Article 7

- 1.- The Board of Directors shall keep a register of shareholders of the Company, which shall contain each shareholder's name and address as notified by the shareholder in writing to the Board of Directors, the serial numbers of the shares and the amount of shares held by the shareholder and other particulars deemed necessary by the Company and/or by applicable regulations having the force of law.  
– The Board of Directors shall be notified in writing of every change in address or in other particulars of a shareholder and before such notification has been duly received by the Board of Directors, the address and other particulars registered in the register of shareholders of the Company shall be used for all correspondence, notices and dividends sent to a shareholder and regarding other matters which may be performed by a shareholder.
- 2.- Upon request of the shareholder concerned or of the pledgee, a pledge of shares shall be recorded in the register of shareholders in a manner to be determined by the Board of Directors, based on satisfactory evidence acceptable to the Board of Directors with respect to the pledge of shares concerned.  
– The acknowledgement of the pledge of shares by the Company as required under Article 1153 of the Indonesian Civil Code shall only be evidence by the annotation of the pledge in the register of shareholders.
- 3.- Any records and/or amendments to the register of shareholders shall be signed by one of the members of the Board of Directors designated by the Meeting of the Board of Directors together with one of the members of the Board of Commissioners designated by the Meeting of the Board of Commissioners.
- 4.- Any registrations or annotations in the register of shareholders including annotation pertaining to any sale, transfer, encumbrance, pledge, assignment of the shares of the Company or rights or interests therein must be done in accordance with these Articles of Association, without prejudice to the licences granted by the appropriate authorities by virtue of the prevailing regulations having the force of law.

## TRANSFER OF SHARES

### Article 8

- 1.- In case of change of ownership of a share, the original owner registered in the register of shareholders shall be deemed to remain the holder of such share until the name of the new owner has been entered in

the register of shareholders of the Company, without prejudice to the licences granted by the appropriate authorities.

- 2.- All share transfer shall be evidenced by a document signed by or on behalf of the transferor and by or on behalf of the transferee of the share concerned.
  - Such document of share-transfer shall be in the form as determined by the Board of Directors, provided that with respect to documents on the transfer of shares registered at the Indonesian Stock Exchange, such documents shall comply with the regulations of the Indonesian Stock Exchange prevailing at the places where the shares of the Company are registered, without prejudice to the provisions in the Indonesian Commercial Code with respect to transfer of shares.
- 3.- The Board of Directors may decline to register any transfer of shares in the register of shareholders, if the procedures required in these Articles of Association of the Company and those procedures stipulated by the Meeting of the Board of Directors are not complied with, or if any of the requirements in any licence granted to the Company by the appropriate authorities or any other matter required by the appropriate authorities are not complied with.
- 4.- If the Board of Directors declines to register any transfer of shares, they shall within 30 (thirty) days after the date of request for registration was received by the Board of Directors of the Company, send to the prospective transferor notice of the refusal.
  - With respect to shares of the Company registered at the Indonesian Stock Exchange, each refusal to register the transfer of shares shall be in accordance with the regulations of the Stock Exchange prevailing at the places where the shares of the Company are registered.
- 5.- The registration of the transfer of shares shall not be done during the period as of the date of the despatch of the notices for an Annual General Meeting of shareholders or an Extraordinary General Meeting of Shareholders until and including the date of the closing of such Meetings.
- 6.- Any person becoming entitled to a share in consequence of the death of a shareholder or of any other cause by which the ownership of a share changes by operation of law, may, upon producing such evidence of title as may from time to time be required by the Board of Directors, apply in writing to be registered as the holder of the share.
  - The registration can only be done if the Board of Directors can accept and is satisfied with such evidence of title without prejudice to the provisions in these Articles of Association and with due regard to the prevailing regulations of the Indonesian Stock Exchange at the places where the shares of the Company are registered.
- 7.- All the limitations, restrictions and provisions in these Articles of Association regulating the transfer and registration of the transfer of shares shall also be applicable to any transfer pursuant to paragraph 6 of this Article 8.

## MANAGEMENT AND SUPERVISION

### Article 9

- 1.- The Company shall be managed by a Board of Directors under the supervision of a Board of Commissioners.
  - The Board of Directors shall consist of a minimum of 3 (three) and a maximum of 5 (five) members of the Board of Directors.
  - The composition of the Board of Directors is as follows:
    - a.- 1 (one) President Director
    - b.- minimum 2 (two) Directors and maximum 4 (four) Directors.
- 2.- Subject to the provisions of paragraphs 4, 5, 6 and 7 of this Article 9, members of the Board of Directors are appointed by a General Meeting of Shareholders for period commencing from the date as resolved at the General Meeting of Shareholders appointing them until the closing of the fifth Annual General Meeting of Shareholders following the date of their appointment.
- 3.- A member of the Board of Directors whose term of office has expired shall be eligible for re-election.
- 4.- The General Meeting of Shareholders may remove any member of the Board of Directors before the expiration of his period of office.
  - Such dismissal shall be effective on the date determined by such Meeting.
- 5.- The General Meeting of Shareholders may appoint another person to replace a member of the Board of Directors removed from office under paragraph 4 of this Article 9 or in case of a vacancy, without prejudice to other provisions in these Articles of Association.
  - A person appointed in place of a member of the Board of Directors so removed or to fill such vacancy, or

a person appointed as additional member to the existing members of the Board of Directors, shall be appointed for a period of time constituting the remaining term of office of the other members of the Board of Directors still in office.

- 6.- A member of the Board of Directors may resign from his office upon giving at least 30 (thirty) days notice in writing to the Company of his intention to do so.  
– A resigning member of the Board of Directors shall only be discharged from his responsibility after a General Meeting of Shareholders has accepted his resignation.
- 7.- The term of office of a member of the Board of Directors shall automatically terminate, if such member of be Board of Directors:
  - a.- is declared bankrupt or a court decision is issued that he is put under custody; or
  - b.- is removed as provided in paragraph 4 of this Article 9; or
  - c.- becomes prohibited from being a member of the Board of Directors under the provision of the prevailing regulations having the force of law; or
  - d.- resign from his office by written notification as provided in paragraph 6 of this Article 9; or
  - e.- passes away.
- 8.- The remuneration of the members of the Board of Directors shall from time to time be determined by the Meeting of the Board of Commissioners.
- 9.- When the post of a member of the Board of Directors becomes vacant, a General Meeting of Shareholders shall be called within 6 (six) months after such vacancy occurs, to fill such vacancy.

## THE BOARD OF DIRECTORS

### Article 10

- 1.- Without prejudice to the provisions of paragraph 2 of this Article 10, any 2 (wo) members of the Board of Directors designated by the Meeting of the Board of Directors shall be entitled and have the power to represent and to act for and on behalf of the Board of Directors and the Company.
- 2.- The Board of Directors represents and commits the Company within and outside the Courts of Justice and has the power to perform for and on behalf of the Company, all transactions concerning management of the affairs of the Company and disposition of its properties, provided that the approval of the Meeting of the Board of Commissioners shall be required for the following transactions:
  - a.- to acquire, dispose immovable property of a new company or a company separated from the Company;
  - b.- to participate in an enterprise;
  - c.- to perform expenditures with respect to fixed assets or transfer of or acquiring property (except the transfer of or acquiring property for the purpose of leasing) in an amount exceeding the limit which shall from time to time be determined by the Meeting of the Board of Commissioners;
  - d.- to hypothecate or pledge or in any other manner encumber property or assets of the Company (except for a hypothec or pledge of property to secure any transaction of leasing or to finance a loan as part of a transaction of leasing);
  - e.- to lend money of the Company or to commit the Company as a guarantor for an amount exceeding the amount from time to time determined by the Meeting of the Board fo Commissioners;
  - f.- to borrow money in the name of the Company exceeding the limit of the Rupiah value which from time to time shall be determined by the Meeting of the Board of Commissioners, provided that to withdraw money from a credit account or a loan already made shall not be considered as a loan for the purpose of this provision;
  - g.- to enter into, amend or terminate technical service agreements or management service agreements, if any.
- 3.- The approval of the Meeting of the Board of Commissioners as referred to in paragraph 2 of this Article 10 shall be evidenced by the Minutes of the Meeting of the Board of Commissioners or an excerpt of the Minutes of the Meeting of the Board of Commissioners, or by a decision of the Board of Commissioners as set forth in paragraph 12 of Article 14, or by a written approval of 2 (two) members of the Board of Commissioners designated by the Meeting of the Board of Commissioners, or shall be evidenced by the signatures of 2 (two) members of the Board of Commissioners, designated by the Meeting of the Board of Commisioners, on the document containing the transaction concerned.

- 4.- The distribution of work amongst the members of the Board of Directors shall be arranged and determined by a Meeting of the Board of Directors.
- 5.- The Board of Directors subject to their ultimate accountability shall be entitled to appoint one or more persons as its attorney-in-fact and to give them powers to perform specific actions by issuing a written power of attorney; such powers shall be exercised only in accordance with these Articles of Association.

## MEETING OF THE BOARD OF DIRECTORS

### Article 11

- 1.- A Meeting of the Board of Directors may be called by the President Director or by 1 (one) or more members of the Board of Directors at such time as they shall deem necessary, provided that written notice of the Meeting shall be hand-delivered against proper receipt or shall be sent by registered mail or telegram or telex (if sent by telegram or telex, a written confirmation shall be sent as soon as practicable) at least 5 (five) days before the Meeting is to be held, excluding the date of the notice and the date of the Meeting.
  - The notice shall state the agenda, date, time and place of the Meeting.
  - If all members of the Board of Directors are present and/or represented, such prior written notice shall not be required.
  - The Meeting of the Board of Directors shall be held at the legal domicile of the Company or at any other place in the territory of the Republic of Indonesia as determined by the Board of Directors, at a time and place as designated by those members of the Board of Directors calling the Meeting.
- 2.- The President Director shall preside over the Meeting of the Board of Directors and in case of this absence or inability, of which impediment no evidence to other parties shall be required, one of the other members of the Board of Directors designated by such Meeting of the Board of Directors shall preside over the Meeting of the Board of Directors.
- 3.- A Meeting of the Board of Directors shall be valid and entitled to take lawful and binding resolutions only if more than 50% (fifty per cent) or the total number of incumbent members of the Board of Directors are present and/or represented.
- 4.- A member of the Board of Directors may be represented at a Meeting of the Board of Directors only by another member of the Board of Directors designated by written power of attorney.
- 5.- Resolutions of the Meeting of the Board of Directors shall be taken based upon the same being approved by more than 50% (fifty per cent) of the total number of incumbent members of the Board of Directors.
- 6.- Each member of the Board of Directors shall be entitled to cast 1 (one) vote and in addition 1 (one) vote for each other member he represents.
- 7.- Blank votes and void votes shall be considered not having been cast and thus being non-existent and shall not be counted in determining the total votes cast in the Meeting of the Board of Directors.
- 8.- Minutes of the Meeting of the Board of Directors shall be drawn up by someone present at the Meeting designated by the Chairman of the Meeting and shall then be signed by the Chairman of the Meeting and one of the members of the Board of Directors or by one of the representatives or attorneys of the members of the Board of Directors designated for such purpose at the Meeting concerned to verify the completeness and accuracy of the minutes.
  - In case of any dispute with respect to the matters set forth in the minutes of the Board of Directors' Meeting, such matter shall be resolved at a Meeting of the Board of Directors and the resolution shall be adopted on the basis of the affirmative votes of more than 50% (fifty per cent) of the total incumbent members of the Board of Directors.
  - Such minutes shall serve as legal evidence for the members of the Board of Directors and for other parties regarding the resolutions adopted at the Meeting concerned.
  - If the minutes are drawn up by a notary, such signatures shall not be required.
- 9.- The Board of Directors may also adopt valid and binding decisions without convening a Meeting of the Board of Directors, provided that all members of the Board of Directors have been notified in writing regarding the proposal concerned and more than 50% (fifty per cent) of the total incumbent members of the Board of Directors have approved the proposal concerned by executing a written consent.
  - Decisions of the Board of Directors so adopted shall have the same legal effect as decisions adopted in a Meeting of the Board of Directors.

10. A member of the Board of Directors who is personally in any way, whether directly or indirectly, interested in a transaction, contract or proposed contract, to which the Company is a party, shall declare the nature of his interest at a Meeting of the Board of Directors and he shall not be entitled to participate in the voting pertaining to matters related to such transaction or contract, unless otherwise decided by the Meeting of the Board of Commissioners.

## THE BOARD OF COMMISSIONERS

### Article 12

- 1.- The Board of Commissioners shall consist of a minimum of 3 (three) and a maximum of 7 (seven) members of the Board of Commissioners.
  - The composition of the Board of Commissioners is as follows:
    - a.- 1 (one) President Commissioner;
    - b.- minimum of 2 (two) Commissioners and a maximum of 6 (six) Commissioners.
- 2.- 2 (two) members of the Board of Commissioners designated by the Meeting of the Board of Commissioners shall be entitled to act for and on behalf of the Board of Commissioners.
- 3.- Subject to the provisions of paragraphs 4, 5, 6 and 7 of this Article 12 the members of the Board of Commissioners shall be appointed by the General Meeting of Shareholders for a period as from the date of their appointment as resolved at a General Meeting of Shareholders until the closing of the fifth Annual General Meeting of shareholders after the date of their appointment, and after their term of office has expired they may be immediately re-elected.
- 4.- A member of the Board of Commissioners may be dismissed at any time even before the expiration of his term of office by a General Meeting of Shareholders.
- 5.- The General Meeting of Shareholders may appoint another person in place of a member of the Board of Commissioners removed from office under paragraph 4 of this Article 12.
  - A person appointed in place of a member of the Board of Commissioners removed pursuant to paragraph 4 of this Article 12 or to fill said vacancy, or a person appointed in addition to the existing members of the Board of Commissioners, shall be appointed for a period of time constituting the remaining term of office of the other incumbent members of the Board of Commissioners.
- 6.- A member of the Board of Commissioners may resign from his office upon giving at least 30 (thirty) days notice in writing to the Company of his intention to do so.
  - A resigning member of the Board of Commissioners shall only be discharged from his responsibility after a General Meeting of Shareholders has accepted his resignation.
- 7.- The term of office of a member of the Board of Commissioners shall automatically terminate if such member of the Board of Commissioners:
  - a.- is declared bankrupt or a court decision is issued that he is put under custody; or
  - b.- is removed as provided in paragraph 4 of this Article 12; or
  - c.- becomes prohibited from being a member of the Board of Commissioners under the provision of the prevailing regulations having the force of law; or
  - d.- resigns from his office by written notifications provided in paragraph 6 of this Article 12; or
  - e.- passes away.
- 8.- The members of the Board of Commissioners may receive such per diems or honoraria as determined by a General Meeting of Shareholders.
- 9.- When the post of a member of the Board of Commissioners becomes vacant, then a General Meeting of Shareholders shall be held within 6 (six) months after such vacancy occurs, to fill said vacancy.

## DUTIES AND POWERS OF THE BOARD OF COMMISSIONERS

### Article 13

- 1.- The Board of Commissioners is charged with the duty to supervise the management of the Company by the Board of Directors.
- 2.- The members of the Board of Commissioners both singly or jointly have the right to enter the buildings, offices and premises used by the Company and have the right to inspect the records and documents as well as the assets of the Company for exercising their duties.
- 3.- The Board of Directors shall give all pertinent information about the Company as required by the Board of Commissioners for exercising their duties.

- 4.- At any time the Meeting of the Board of Commissioners may suspend a member (or members) of the Board, of Directors from his (their) office(s) when he (they) has (have) committed acts violating these Articles of Association or harmful to the objects and purposes of the Company or he (they) neglects (neglect) his (their) duties.
- 5.- After the suspension the Board of Commissioners shall call an Extraordinary General Meeting of Shareholders, which shall be held within 3 (three) months as of the date of such suspension and shall be presided over by the President Commissioner, in case of absence or inability of the President Commissioner, of which impediment no evidence to other parties shall be required, the Meeting shall be presided over by one of the members of the Board of Commissioners and notice shall be given in accordance with the provisions set forth in Article 19 hereinbelow.
  - Such Meeting shall only be entitled and shall have the power to decide whether or not the suspended member(s) of the Board of Directors shall be dismissed after having summoned the suspended member(s) of the Board of Directors and after having given him (them) ample opportunity to submit any defence refuting the charges against him (them).
- 6.- In case such Extraordinary General Meeting of Shareholders has not been held within a period of 3 (three) months as from the stipulated date of such suspension, then the suspension shall cease automatically.
- 7.- In case all members of the Board of Directors are suspended or in case for whatever reason there is no member of the Board of Directors at all, the Board of Commissioners shall manage the Company temporarily without prejudice to the provision in paragraph 9 of Article 9 of the Articles of Association of the Company.
  - In such case the Board Commissioners shall be entitled to empower 1 (one) or more members of the Board of Commissioners to manage the Company and to act on behalf of and to represent the Company.

## MEETING OF OF THE BOARD OF COMMISSIONERS

### Article 14

- 1.- The Meeting of the Board of Commissioners shall be chaired by the President Commissioner.
  - If the President Commissioner is absent or for any reason whatsoever does not attend the Meeting, of which impediment no evidence to other parties shall be required, the Meeting shall be presided over by one of the Commissioners elected by the members of the Board of Commissioners present and/or represented at the Meeting.
- 2.- The Meeting of the Board of Commissioners may be convened at any time and when deemed necessary by the President Commissioner or by any 2 (two) members of the Board of Commissioners or by a Meeting of the Board of Directors or by shareholders representing at least 30 (thirty per cent) of the total issued shares of the Company, provided that written notice for the Meeting shall be delivered against proper receipt or shall be sent by registered mail or by telegram or telex (if sent by telegram or telex, a written confirmation shall be given as soon as practicable) at least 10 (ten) days before the Meeting is to be held excluding the date of the notice and the date of the Meeting.
  - The notice shall state the agenda, date, time and place of the Meeting.
  - If all the members of the Board of Commissioners are present and/or represented, such prior written notice shall not be required.
- 3.- The members of the Board of Commissioners shall meet at a time and place designated by those calling the Meeting, provided that the place of the Meeting shall be at the legal domicile of the Company or at another place in the territory of the Republic of Indonesia as determined by the Board of Commissioners.
- 4.- The Meeting of the Board of Commissioners shall only be legal and may take lawful and binding decision if more than 50% (fifty per cent) of the total incumbent members of the Board of Commissioners are present and/or represented.
- 5.- Resolution of the Meeting of the Board of Commissioners shall be adopted based on the same being approved by more than 50% (fifty per cent) of the total incumbent members of the Board of Commissioners.
- 6.- Each member of the Board of Commissioners has the right to cast 1 (one) vote and in addition 1 (one) vote for each other member of the Board of Commissioners he represents.
- 7.- Blank votes and void votes shall be considered not having been cast and thus being non-existent and shall not be counted in determining the total votes cast in the Meeting of the Board of Commissioners.
- 8.- Minutes of the Meeting of the Board of Commissioners shall be drawn up by someone present at the Meeting designated by the Chairman of the Meeting and shall then be signed by the Chairman of the Meeting and by one of the members of the Board of Commissioners or by a representative or proxy of a member of the Board of Commissioners designated at the Meeting concerned for such purpose to verify the completeness and accuracy of the minutes.

- If the minutes are drawn up by a notary, such signatures shall not be required.
- 9.- The minutes of the Meeting of the Board of Commissioners made and signed in accordance with the provisions of paragraph 8 of this article shall serve as legal evidence both for members of the Board of Commissioners and for other parties concerning resolutions of the Board of Commissioners taken at the Meeting concerned.
  10. A member of the Board of Commissioners may be represented at the Meeting of the Board of Commissioners only by another member of the Board of Commissioners by virtue of a written power of attorney.
  11. Any member of the Board of Commissioners who is personally in any way, whether directly or indirectly, interested in a transaction, contract or proposed contract to which the Company is a party, shall declare the nature of his interest to the other members of the Board of Commissioners and shall not be entitled to vote on any proposal or resolution relating to such transaction or contract, unless otherwise agreed by a Meeting of the Board of Commissioners.
  12. The Board of Commissioners may also pass lawful and binding resolutions without convening a Meeting of the Board of Commissioners, provided that all members of the Board of Commissioners have been notified in writing about the proposal concerned and more than 50% (fifty per cent) of the total incumbent members of the Board of Commissioners have approved the proposal concerned by executing a written consent.  
– Decisions of the Board of Commissioners so adopted shall have the same legal effect as decisions adopted in a Meeting of the Board of Commissioners.

## ACCOUNTING YEAR AND ACCOUNTS

### Article 15

- 1.- The accounting year of the Company shall commence on the first day of January and end on the thirty-first day of December of the same year.
- 2.- From the closing of the Company's books, a balance sheet, a profit and loss account and such other financial statements as shall be deemed necessary or useful by the Board of Directors shall be prepared together with the annual report of the Board of Directors.  
– The balance sheet, profit and loss account and other parts of the financial statements shall, after having been audited by a public accountant designated by a General Meeting of Shareholders, be signed on behalf of the board of Directors and on behalf of the Board of Commissioners.  
– Such documents shall be made available at the Company's office for inspection by the shareholders as from the date of notification that the Annual General Meeting of Shareholders will be convened as referred to in paragraph 2 of Article 19 hereinbelow.  
– Copies of such documents shall be sent to the shareholders at their written request, which request shall be received at the head office of the Company at least 14 (fourteen) days prior to the date of the Annual General Meeting of Shareholders.
- 3.- The Annual General Meeting of Shareholders shall adopt the resolution on the approval of the balance sheet and profit and loss account of the Company in accordance with these Articles of Association.  
– The approval of the balance sheet and profit and loss account by the General Meeting of Shareholders shall fully discharge the Board of Directors from its management liabilities, and shall fully discharge the Board of Commissioners from the responsibility for its supervisory actions performed during the accounting year related to such approved balance sheet and profit and loss account, to the extent such actions are reflected in the said balance sheet and profit and loss account, except for fraud, embezzlement and any other criminal acts.

## GENERAL MEETING OF SHAREHOLDERS

### Article 16

- 1.- There are 2 (two) kinds of General Meetings of Shareholders:
  - a). the Annual General Meeting of Shareholders is the General Meeting of Shareholders mentioned in Article 17 hereinbelow;
  - b). the Extraordinary General Meetings of Shareholders are all General Meetings of Shareholders other than the Annual General Meeting of Shareholders.
- 2.- "General Meeting of Shareholders" shall mean in these Articles of Association both Annual and Extraordinary General Meetings of Shareholders except if expressly indicated otherwise.
- 3.- Unless otherwise provided in these Articles of Association as referred to in Articles 24 of these Articles of Association, a General meeting of Shareholders shall be lawful and shall be entitled to adopt lawful and binding decisions only if there are present and/or represented at the Meeting by proxy, shareholders representing more than 50% (fifty per cent) of the shares issued by the Company.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

### Article 17

– The Annual General Meeting of Shareholders shall be held once a year not later than the end of the month of July every year, in which Meeting:

- a.- the Board of Directors shall report on the affairs of the Company and the financial administration of the completed accounting year;
- b.- the audited balance sheet and profit and loss account of the completed accounting year shall be submitted for approval by the Meeting;
- c.- appropriation of earnings of the completed accounting year and undistributed profits of the preceeding accounting years shall be determined and approved;
- d.- if necessary, members of the Board of Directors and members of the Board of Commissioners shall be elected and remunerations of the members of the Board of Commissioners and the members of the Board of Directors shall be determined;
- e.- a public accountant shall be appointed;
- f.- such other matters shall be resolved as may be properly brought up before the Meeting in accordance with these Articles of Association.

## EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

### Article 18

– The Board of Directors may call, whenever it may deem necessary, and Extraordinary General Meeting of Shareholders, and the Board of Directors is obliged to call an Extraordinary General Meeting of Shareholders upon the written request of one or more shareholders representing at least 40% (forty per cent) of the total number of subscribed and issued shares of the Company, or upon the written request of the Board of Commissioners, stating in such request the matters to be dealt with.

– If the Board of Directors fails to call such Extraordinary General Meeting of Shareholders within 3 (three) months after receipt of such request, the shareholders or the members of the Board of Commissioners signing such request shall be entitled to call such Meeting at the expense of the Company with due observance of the provisions stipulated in these Articles of Association, at which Meeting the Chairman of the Meeting shall be elected by and from amongst those present, and all decisions at such Meeting shall be lawful and binding on the Company, provided all requirements in these Articles of Association with respect to quorum and voting requirements for the particular subject matter of the proposed resolutions are properly fulfilled.

## PLACE AND NOTICE OF GENERAL MEETINGS OF SHAREHOLDERS

### Article 19

- 1.- Without prejudice to other provisions in the Articles of Association of the Company, General Meetings of Shareholders shall be held at the legal domicile of the Company.
- 2.- At least 30 (thirty) days prior to the giving of notice for a General Meeting of Shareholders, the party entitled to give the notice shall notify the shareholders by placing an advertisement in at least 2 (two) daily newspapers in the Indonesian language with wide circulation, that a General Meeting of Shareholders will be held.
- 3.- Notice of the General Meeting of Shareholders shall be given to the shareholders by an advertisement in at least 2 (two) daily newspapers in the Indonesian language published in the legal domicile of the Company and with wide circulation in Indonesia as determined by the Board of Directors or the Board of Commissioners, and for those with registered addresses outside Indonesia by telegram or telex (if sent by telegram or telex a written confirmation shall be sent by airmail as soon as practicable) or by registered letter.  
– Notice of an Extraordinary General Meeting of Shareholders shall be given at least 14 (fourteen) days before the date of the Extraordinary General Meeting of Shareholders, whereas notice for an Annual General Meeting of Shareholders shall be given not less than 21 (twenty-one) days before the date of the Annual General Meeting of Shareholders, excluding the date of the notice and the date of the Meeting.
- 4.- The notice shall state the place, date and time as well as the agenda of the Meeting and notices for an Annual General Meeting of Shareholders shall be accompanied by a notification that the balance sheet and profit and loss statement for the preceding accounting year are available for inspection by the shareholders at the head office of the Company as from the date of the notification mentioned in paragraph 2 of this article, and that copies of the balance sheet and profit and loss account for the preceding accounting year can be obtained from the Company upon written request of the shareholders, such request shall be received at the head

office of the Company at least 14 (fourteen) days before the Annual General Meeting of Shareholders concerned.

– Without prejudice to other provisions in these Articles of Association, notice shall be given by the Board of Directors or the Board of Commissioners in such manner as provided in these Articles of Association.

- 5.- If all shareholders are present and/or represented at a General Meeting of Shareholders, prior notification and notice shall not be required, and the Meeting may be held anywhere in the territory of the Republic of Indonesia and shall be entitled to take binding decisions.
- 6.- Proposal by shareholders shall be included in the agenda of a General Meeting of Shareholders if:
  - (a) the proposal concerned has been submitted in writing to the Board of Directors by 1 (one) or more shareholders representing at least 30% (thirty per cent) of the total number of shares issued by the Company;
  - (b) They have been received at least 14 (fourteen) days prior to the giving of notice for the Meeting concerned; and
  - (c) the proposal is in the opinion of the Board of Directors directly relevant to the business of the Company and with due regard to the other provisions in these Articles of Association.

## CHAIRMANSHIP AND MINUTES OF THE GENERAL MEETING OF SHAREHOLDERS

### Article 20

- 1.- Any and all General Meetings of Shareholders shall be presided over by the President Director, in case the President Director is absent or unable to attend the Meeting, of which impediment no evidence to other parties shall be required, the Meeting shall be presided over by one of the Directors, and if there is no member of the Board of Directors at all present, the Meeting shall be presided over by the President Commissioners and if the President Commissioner is not present or unable to attend the Meeting, of which impediment no evidence to other parties shall be required, the Meeting shall be presided over by a Commissioner, and should there be no member of the Board of Commissioners at all present, the Meeting shall be presided over by a person elected from among those present.
- 2.- The Chairman of the Meeting shall be entitled to request those persons present at the Meeting to furnish proof of their rights to attend the Meeting concerned.
- 3.- Minutes of the Meeting shall be drawn up by someone present and designated by the Chairman of the Meeting and shall be signed by the Chairman of the Meeting and 1 (one) shareholder or the proxy of a shareholder who has been designated for that purpose by the Meeting.
  - If the minutes are drawn up by a notary, the signatures mentioned above shall not be required.
  - Such minutes shall serve as valid evidence of all resolutions adopted in the Meeting concerned and of the events which happened in the Meeting concerned for all shareholders and other parties.

## RESOLUTION AND VOTING RIGHT

### Article 21

- 1.- Unless otherwise provided in these Articles of Association, all resolutions shall be adopted on the basis of a majority of votes lawfully cast.
- 2.- Each share shall grant to its holder the right to cast 1 (one) vote.
- 3.- Voting concerning persons shall be by unsigned and sealed ballot paper, unless the Chairman of the Meeting permits another manner of voting, if there is no statement of objection from anyone present and entitled to cast votes;
  - voting concerning other matters shall be oral, unless at least 5 (five) shareholders jointly representing at least 30% (thirty per cent) of the total number of shares issued by the Company, request a secret ballot.
- 4.- In case of a tie vote, if the voting concerns persons, it shall be done by drawing lots; if it concerns other matters, the proposal shall be deemed to have been rejected.
- 5.- Any matter to be put forward by the shareholders during discussions or voting in a General Meeting of Shareholders shall fulfill all of the following requirements :
  - (a) said matters shall be directly connected with one of the agenda items of the Meeting concerned; and
  - (b) said matters shall be put forward by the shareholders representing at least 30% (thirty per cent) of the total issued shares of the Company; and

(c) the proposal shall be in the opinion of the Board of Directors directly relevant to the business of the Company.

– Proposal for election of members of the Board of Commissioners and the Board of Directors shall have been submitted to the Board of Directors at least 7 (seven) days prior to the Meeting.

6.- Shareholders may be represented at a General Meeting of Shareholders by another person by virtue of a proxy, but the members of the Board of Directors, members of the Board of Commissioners and employees of the Company are not allowed to act as proxies of shareholders of the Company at a General Meeting of Shareholders and for the casting of votes at a General Meeting of Shareholders.

– Votes cast by them as proxies shall not be valid.

– The proxy shall be made and signed in the form as determined by the Board of Directors of the Company without prejudice to prevailing regulations having the force of law with respect to evidence in civil law, and shall be submitted to the Board of Directors at least 3 (three) working days before the date of the General Meeting of Shareholders concerned.

7.- Shareholders may also take lawful and binding decisions without convening a General Meeting of Shareholders, provided the proposal concerned has been notified in writing to all shareholders of the Company and all shareholders have approved the proposal concerned by giving a signed statement to evidence their approval.

– Such decision shall be considered having the same legal effect as a decision adopted at a General Meeting of Shareholders.

8.- Blank votes and void votes shall be considered not having been cast and thus being non-existent and shall not be counted in determining the total votes cast.

## APPROPRIATION OF PROFIT

### Article 22

1.- The Meeting of the Board of Directors shall submit to the Annual General Meeting of Shareholders such proposal relating to the appropriation of the net earnings as specified in the financial statements submitted for approval of the Annual General Meeting of Shareholders, in which proposal may be stated how much of the undistributed earnings can be used as reserve fund referred to in Article 23 hereinbelow.

2.- Dividends shall be paid only in accordance with a resolution adopted at a General Meeting of Shareholders, which resolution shall also determine the time and manner of payment of the dividends, with due observance of the prevailing regulations of the Indonesian Stock Exchange, at the places where the shares of the Company are registered.

– A dividend for a share shall be payable to the person in whose name the share is entered in the register of shareholders, on a business day to be determined by or on the authority of the General Meeting of Shareholders at which the resolution for the distribution of dividends is adopted.

– The payment day shall be notified to all shareholders by the Board of Directors.

– Paragraph 3 of Article 19 shall apply mutatis mutandis to such notification.

3.- The Board of Directors may, by a resolution of the Meeting of the Board of Directors, declare such interim dividends as they consider appropriate, taking into consideration the financial position of the Company, provided that such interim dividends shall be offset against the dividends which will be declared by a resolution at the next Annual General Meeting of shareholders adopted in accordance with the provisions in these Articles of Association and with due regard to the regulations in force at the Indonesian Stock Exchange, at the places where the shares of the Company are registered.

4.- Taking into consideration the Company's income in the accounting year concerned, from the net earnings as referred to in the approved balance sheet and profit and loss account and after having deducted the income tax, may be given tantieme to the members of the Board of Directors and the Board of Commissioners, the amount of which shall be determined by the General Meeting of Shareholders.

5.- In case the account of profit and loss in 1 (one) accounting year shows a loss which cannot be covered by the reserve fund as referred to in Article 23 hereinbelow, the loss shall remain recorded as such in the profit and loss statement, and furthermore for the succeeding years the Company shall not be deemed as having made a profit as long as the loss recorded as such in the profit and loss statement has not been fully covered, without prejudice to the prevailing regulations having the force of law.

6.- Dividends left unclaimed after 5 (five) years counted from the day they are payable shall cease to be payable and shall be credited to the profit and loss account of the Company.

## RESERVE FUND

### Article 23

- 1.- To cover future losses a reserve fund may be created and the amount thereof shall be determined by the General Meeting of Shareholders in accordance with these Articles of Association and upon recommendation of the Board of Directors.
- 2.- The reserve fund may be used for capital outlays or for other purposes as decided by the General Meeting of Shareholders in accordance with these Articles of Association, but only for the benefit of the Company.
- 3.- Subject to decisions of the General Meeting of Shareholders in accordance with these Articles of Association, the Board of Directors shall administer the reserve fund and endeavour that such reserve fund shall make a profit.
  - Any profit earned from such reserve fund shall be entered in the profit and loss account.

## AMENDMENT TO THE ARTICLES OF ASSOCIATION

### Article 24

- 1.- Amendment to these Articles of Association including change of name, domicile, objects and purposes of the Company, liquidation of the Company prior to the expiration of the period referred to in Article 3 hereinabove, extension of the said period, increases or reductions in the Company's authorized capital (a resolution regarding reduction of the authorized capital shall be published by the Board of Directors in the State Gazette of the Republic of Indonesia and 1 (one) or more daily newspapers in the Indonesian language circulating in the domicile of the Company for the benefit of the creditors) can be effected only by a resolution of a General Meeting of Shareholders, at which Meeting shareholders representing at least 2/3 (two thirds) of the total shares issued by the Company are present and/or represented, under the following conditions:
  - a.- if in said Meeting are represented exactly 2/3 (two thirds) of the total shares issued by the Company, such resolution shall be adopted by unanimous vote by the shareholders present and/or represented in the Meeting; or
  - b.- if in said Meeting are represented more than 2/3 (two thirds) of the total shares issued by the Company, such resolution shall be adopted on the basis of affirmative votes of the shareholders present and/or represented in the Meeting representing at least 2/3 (two thirds) of the total shares issued by the Company.
- 2.- If in the Meeting referred to in the previous paragraph the number of shares represented is not sufficient to reach the quorum stipulated hereinabove, then within 21 (twenty-one) days and not sooner than 7 (seven) days thereafter, a Meeting may be convened for the second time under the same conditions as the first Meeting, at which Meeting decisions may be made on resolutions proposed in the first Meeting, provided such resolutions shall be adopted on the basis of affirmative votes of the shareholders as provided in paragraph 1 above.
- 3.- All the above shall be without prejudice to the approval of the appropriate authorities as required by law.

## IMPLEMENTATION OF LIQUIDATION

### Article 25

- 1.- In the event a resolution of the General Meeting of Shareholders is adopted to liquidate the Company, the liquidation shall be carried out by the Board of Directors, unless the General Meeting of Shareholders shall determine otherwise.
- 2.- The decision to liquidate must be registered at the office of the Registrar of the appropriate District Court ("Kantor Panitera Pengadilan Negeri") concerned and must be announced in the State Gazette of the Republic of Indonesia and in at least 2 (two) daily newspapers in the Indonesian language with national circulation together with a notice thereof to the creditors.
- 3.- The Articles of Association as set forth in this deed or in later amendments shall remain in force until the date the accounts of the liquidation are lawfully ratified at a General Meeting of Shareholders based on the approval of a majority of votes cast and a full discharge of responsibility is given to all liquidators.
- 4.- The balance of the liquidation account shall be divided among the shareholders, each receiving the part in proportion to the fully paid up nominal value of the shares they respectively own.

## MISCELLANEOUS PROVISIONS

### Article 26

- 1.- Regarding the implementation of these Articles of Association the shareholders of the Company shall be deemed having chosen permanent and general domicile at their respective addresses as registered in the register of shareholders.
- 2.- All matters that are not provided for or not adequately covered in these Articles of Association shall be decided by the General Meeting of Shareholders in accordance with these Articles of Association, subject to the approval of the shareholders representing more than 50% (fifty per cent) of the total shares issued by the Company.



#### **XIV. TAXATION**

Dividend on shares is subject to the prevailing income tax regulation. According to the Decree of the Minister of Finance of the Republic of Indonesia No. 250/KMK.011/1985 dated March 6, 1985, juncto Decree of the Minister of Finance No. 1033/KMK.013/1988 dated October 20, 1988, earnings of Pension Funds approved by the Minister of Finance, are not included as object of income tax if they are derived, i.a. from investments in shares listed on the Bourse.

#### **XV. DISTRIBUTION OF PROSPECTUS AND APPLICATION FORMS**

Prospectus and application forms can be obtained from Underwriters and authorized Sales Agents, viz. Securities Brokers and/or security traders who are members of the Jakarta Stock Exchange.

##### **1. LEAD UNDERWRITERS**

**P.T. MULTINATIONAL FINANCE CORPORATION  
(MULTICOR)**

Wisma BCA 12th floor  
Jl. Jend. Sudirman Kav. 22-23  
Jakarta  
Ph. 5781450

**P.T. (PERSERO) DANAREKSA**

Gedung Danareksa  
Jl. Medan Merdeka Selatan 13  
Jakarta  
Ph. 360408

**PT. (PERSERO) DANAREKSA**

Gedung Bank Ekspor Impor Indonesia  
Jl. Pemuda 29-31  
Surabaya



## **2. PARTICIPATING UNDERWRITERS**

### **P.T. ASEAM**

Bank Bumi Daya Plaza 16th floor  
Jl. Imam Bonjol No. 61  
Jakarta  
Ph. 321932

### **BANK PEMBANGUNAN INDONESIA (BAPINDO)**

Jl. Gondangdia Lama 2-4  
Jakarta  
Ph. 321908

### **P.T. FINCONESIA**

Summitmas Tower 5th floor  
Jl. Jend. Sudirman Kav. 61-62  
Jakarta  
Ph. 5201500

### **P.T. FIRST INDONESIAN FINANCE AND INVESTMENT CORPORATION (FICORINVEST)**

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Jl. H.R. Rasuna Said Kav. C-18  
Jakarta  
Ph. 5204068, 5204048

### **P.T. INDONESIAN INVESTMENT INTERNATIONAL (INDOVEST)**

Menara BDN 24th floor  
Jl. Kebon Sirih 83  
Jakarta  
Ph. 3801985, 3801942-43

### **P.T. INDONESIAN FINANCE & INVESTMENT COMPANY (IFI)**

Chase Plaza 15th floor  
Jl. Jend. Sudirman Kav. 21  
Jakarta  
Ph. 5700170, 5700148



**P.T. INTER – PACIFIC FINANCIAL CORPORATION  
(INTER – PACIFIC)**

Wisma Metropolitan II 9th floor  
Jl. Jend. Sudirman Kav. 31  
Jakarta  
Ph. 5781095

**P.T. MERCHANT INVESTMENT CORPORATION  
(MERINCORP)**

Summitmas Tower 21st floor  
Jl. Jend. Sudirman Kav. 61-62  
Jakarta  
Ph. 5200808

**P.T. MUTUAL INTERNATIONAL FINANCE CORPORATION  
(MIFC)**

Wisma Nusantara 17th floor  
Jl. M.H. Thamrin 59  
Jakarta  
Ph. 331108

**3. STOCK BROKERS AND/OR SECURITY TRADERS, MEMBERS  
OF THE JAKARTA STOCK EXCHANGE**

**A. STATE – OWNED BANKS**

**BANK BNI**  
Jl. Lada No. 1  
Jakarta  
Ph. 6901217  
and its authorized branches

**BANK BUMI DAYA**  
Jl. Imam Bonjol No. 61  
Jakarta  
Ph. 333721  
and its authorized branches

**BANK DAGANG NEGARA**  
Menara BDN  
Jl. Kebon Sirih 83  
Jakarta  
Ph. 3800800  
and its authorized branches



BANK RAKYAT INDONESIA  
Gedung BRI  
Jl. Jend. Sudirman Kav 42-43  
Jakarta  
Ph. 587051, 586111  
and its authorized branches

**B. PRIVATE BANKS**

P.T. BANK AGUNG ASIA  
Jl. Pintu Besar Selatan No. 75  
Jakarta  
Ph. 6901711

P.T. BANK BALI  
Jl. Hayam Wuruk No. 84-85  
Jakarta  
Ph. 6498006

P.T. BANK BUANA INDONESIA  
Jl. Asemka No. 33-35  
Jakarta  
Ph. 672901, 672045

P.T. BANK CENTRAL ASIA  
Jl. Jend. Sudirman Kav. 22-23  
Jakarta  
Ph. 5703711

P.T. BANK CENTRAL DAGANG  
Jl. K.H. Wahid Hasyim No. 174  
Jakarta  
Ph. 331751

P.T. BANK DAGANG NASIONAL INDONESIA  
Wisma Hayam Wuruk, Floor 12A  
Jl. Hayam Wuruk No. 8, Jakarta  
Ph. 351221, 374986, 3803530

BANK HARAPAN SANTOSA  
Gajah Mada Plz., Ground Floor, I,II,III  
Jl. Gajah Mada No. 19-26  
Jakarta

BANK INTERNATIONAL INDONESIA  
Jl. Ir. H. Juanda No. 37-38  
Jakarta  
Ph. 377688, 3807575



P.T. BANK SURYA INDONESIA  
Kuningan Plaza, Ground Floor  
Jl. H.R. Rasuna Said Kav. C11-14  
Jakarta  
Ph. 5201445

P.T. BANK UMUM NASIONAL  
Jl. Prapatan No. 50, Jakarta  
Ph. 365563

P.T. LIPPOBANK  
Lippo Life Building  
Jl. H.R. Rasuna Said Kav. B-10  
Jakarta  
Ph. 511186, 511530, 511561

P.T. PAN INDONESIA BANK LTD.  
Gedung Panin, Ground Floor  
Jl. Jend. Sudirman  
Jakarta  
Ph. 7394545

PT. SOUTH EAST ASIA BANK  
Jl. Asemka No. 16-17  
Jakarta

#### **C. OTHER STOCK BROKERS/SECURITY TRADERS**

P.T. AKSARA KENCANA  
Jl. Prapatan No. 20, Jakarta  
Ph. 348198

P.T. ANEKA KELOLADANA  
Mid Plaza, 8th floor  
Jl. Jend. Sudirman Kav. 10-11  
Jakarta  
Ph. 5780797

PT. ANTAR DHANAMASA  
Majapahit Permai Blok A/108  
Jl. Majapahit  
Jakarta

P.T. APERDI  
Gedung Bursa 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 353054, 365509 ext. 184/187



**PT. BAHAMAS SECURINDO**  
Menara BDN Building, 10th Floor  
Jl. Kebon Sirih No. 83  
Jakarta  
Telp. 3800353

**PT. BERSEPINDO UTAMA**  
Gedung Tifa, 5th floor  
Jl. Kuningan Barat No. 26  
Jakarta  
Ph. 511373

**P.T. BINAARTHA PARAMA**  
Setiabudi Building I, 4th floor  
Jl. H.R. Rasuna Said  
Jakarta  
Ph. 5207538

**P.T. BINA TATA LAKSANA PACIFIC**  
The Landmark Centre, 23rd floor  
Jl. Jend. Sudirman No. 1  
Jakarta  
Ph. 5780124, 5780514

**PT. CITRAMAS SECURINDO**  
Wisma Metropolitan I/11  
Jl. Jendral Sudirman Kav. 29  
Jakarta

**P.T. DANATAMA MAKMUR**  
Gedung Danareksa 2nd floor  
Jl. Medan Merdeka Selatan No. 13  
Jakarta  
Ph. 3801928, 3801929

**P.T. DEEMTE ARTA DHARMA**  
Wisma Dharmala Sakti 19th floor  
Jl. Jend. Sudirman Kav. 32  
Jakarta  
Ph. 543702

**P.T. DHANAMAS BUANA WIRASTA**  
Gedung Bursa 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 365509 ext. 181



P.T. DHARMALA ARTA SEJAHTERA  
Komp. Majapahit Permai Blok B No. 04-05-06  
Jl. Majapahit No. 14  
Jakarta  
Ph. 341020

P.T. EFERINDO AGUNG  
Gedung Bank Niaga, 7th floor  
Jl. M.H. Thamrin No. 55, Jakarta  
Ph. 330507, 332007

P.T. FINAN CORPINDO  
Wisma Antara, 16th floor  
Jl. Medan Merdeka Selatan No. 17  
Jakarta  
Ph. 343886, 343989

P.T. HARUMDANA SEKURITAS  
Gedung Bursa, 3rd floor  
Jl. Merdeka Selatan  
Jakarta  
Ph. 3803595

P.T. INTAN ARTHA EXCHANGE CO.  
Gedung Bursa, 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 347958, 349002

P.T. INTERINDO DANAPRAYA  
Jl. Kebon Jeruk VII No. 26  
Jakarta  
Ph. 6398738

P.T. INTERKOMARTA JASA  
Gedung Bursa, 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 365509 ext. 179, 370064-65

P.T. JASEREH UTAMA  
Jl. Alam Asri VI/20, Pondok Indah  
Jakarta  
Ph. 7500785



P.T. KAPITA SEKURINDO  
Kompleks Harmoni Plaza B-25  
Jl. Suryopranoto No. 2  
Jakarta  
Ph. 342527

P.T. KOLIBINDO PERKASA  
Enseval Building  
Jl. Letjen. Suprpto  
Jakarta  
Ph. 413908

PT. LUMBUNG PERSADA KHATULISTIWA  
Jl. Cisadane 8-A  
Jakarta  
Ph. 322633

P.T. MAKINDO  
Gedung Bursa, 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 359707, 359927

P.T. MURNI SEGARA LESTARI  
Gedung Bursa, 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 377149, 365509 ext. 174

P.T. ORIENTAMA INTISECURINDO  
Jl. Gajah Mada 3 Blok A No. 15-16  
Jakarta  
Ph. 374456

PT. PENTASENA ARTHASENTOSA  
Nusantara Building, 23rd Floor  
Jl. M.H. Thamrin No. 59  
Jakarta

P.T. PRATAMA PENAGANARTA  
Jl. Kemang Raya No. 98  
Jakarta  
Ph. 7999844, 7980151, 7980152

P.T. RAMAYANA ARTHA PERKASA  
Kompleks Ketapang Indah Blok B.3/19  
Jl. K.H. Zainul Arifin  
Jakarta  
Ph. 6399535, 6283258



P.T. RITA WIJAYA  
Jl. K.H. Wahid Hasjim No. 84-85  
Jakarta  
Ph. 330186

P.T. TRIPANCA MULIA  
Jl. Tanah Abang IV No. 21  
Jakarta  
Ph. 374383

P.T. TUMORA TRI PRATAMA  
Gedung Bursa, 3rd floor  
Jl. Medan Merdeka Selatan No. 14  
Jakarta  
Ph. 365509.ext. 180