

**RULE NUMBER VIII.G.2: ANNUAL REPORTS**

---

Attachment :  
Decision of the Chairman of Bapepam  
Number : Kep-38/PM/1996  
Date : January 17, 1996  
Substitute Prior decision  
Number : Kep-17/PM/1995  
Date : June 9, 1995

**1. GENERAL**

This rule applies to companies that have made a Public Offering and Public Companies.

**2. REQUIREMENTS TO SUBMIT ANNUAL REPORTS**

- a. The annual report of companies that have made a Public Offering of shares and Public companies shall be submitted to Bapepam in 4 (four) copies and made available to shareholders not later than 14 (fourteen) days before the annual shareholders meeting.
- b. The annual report of companies that have made a Public Offering of debt Securities must be submitted to Bapepam in 4 (four) copies not later than 5 (five) months after the end of the company's fiscal year. This requirement continues as long as the debt Securities are outstanding.

**3. FORM AND CONTENT OF THE ANNUAL REPORT****a. General Provisions**

- 1) The annual report of companies must include a Summary of important Financial Data, an Analysis and discussion by Management, Audited Financial Statements, and a Management Report.
- 2) The annual report must be in the Indonesian language. If the annual report is also presented in another language, either in the same or separate documents, the documents must be available at the same time and contain the same material information.
- 3) The annual report must be printed in a format that permits reproduction by photocopy.
- 4) The annual report must be printed on light colored paper of high quality, in 21 X 30 centimeter size.
- 5) The annual report may include pictures and graphs, except in the Financial Reports section.

**b. Management Report****1) General Explanation**

A company is free to give a general explanation, as long as it not misleading or in conflict with information in other sections. The explanation may contain:

- a) messages from commissioners and or directors, either individually or as a group, addressed to shareholders, clients or the general public;
  - b) descriptions of the involvement in public service activities, community programs, charity, and other social events;
  - c) a description of the company's human resources development program;
  - d) historical information about the company;
  - e) a description of the marketing of products and services by the company;
  - f) curriculum vitae of commissioners and or directors; and
  - g) other general information relating to objectives to be achieved in the future.
- 2) Special Explanations

Special explanations may cover things such as:

- a) the location and types of the fixed assets with a value of more than 5% of the total assets of the company and its subsidiaries. If such assets are pledged to guarantee a liability, the description of the guarantee must be provided;
- b) the Securities Exchange(s) on which the company's Securities are traded;
- c) the highest and lowest prices for shares and the number traded for each quarterly period during the last two fiscal years, if applicable. The prices prior to the change in equity should be adjusted for share splits, share dividends and bonus shares;
- d) a statement regarding dividend policies and the dates and the amounts of cash dividends declared or paid per share during each of the last four fiscal years;
- e) the actual use of funds received from a Public Offering; cumulatively up to the present time, if some of the funds are still available. If there is a difference in the actual use from what was stated in the Prospectus, it should be explained; and
- f) other material information, such as investments, expansion, divestments, acquisitions, conflict of interest transactions, and transactions with Affiliated Persons.

c. Section concerning A Summary of Important Financial Data

A company must present the following comparative information for the last 5 (five) fiscal years or since the establishment of the company, if the company has been in

All rules published are translated from the original documents. If there is any hesitation regarding the rules, please refer to the original documents

business for less than 5 (five) years:

- 1) sales or income;
- 2) gross profit;
- 3) operating income;
- 4) net profit;
- 5) outstanding shares;
- 6) profit (loss) per share;
- 7) proforma sales or income (if needed);
- 8) proforma net profit (if needed);
- 9) proforma profit (loss) per share perform(if needed);
- 10) net working capital;
- 11) total assets;
- 12) total investment;
- 13) total liabilities;
- 14) total equity;
- 15) return on total assets;
- 16) return on equity;
- 17) current ratio;
- 18) debt to equity ratio;
- 19) debt to asset ratio;
- 20) loan to deposit ratio;
- 21) capital adequacy ratio; and
- 22) other relevant financial information about the company.

d. Section containing Management's General Discussion and Analysis

The company must summarize and analyze financial reports and other information focusing on material changes that have occurred since the last annual report or since the Registration Statement was submitted. For example the discussion and analysis should include:

- 1) a description of the company's business activity;
- 2) a discussion of the company's material commitments for capital investments, the purpose of such commitments, the source of funds to fulfill such commitments, the

currency in which such commitments are denominated, and any measures the company has taken to hedge risks resulting from foreign currency exposures;

- 3) a discussion of the extent to which the company's future operating results or financial condition are exposed to risks due to fluctuations in foreign currency exchange rates or interest rates. This discussion must include description of all unhedged loans and commitments in foreign currency, or debts with unfixed interest rates;
- 4) a discussion and analysis of the reported financial information regarding unusual events that cause it not to be representative of future results;
- 5) a description of any unusual or infrequent events or transactions, and any material economic changes that may affect the company's revenue in the audited financial statements, with stress on the latest financial statements. In addition, a description of any other material income and expense considered necessary to understand the company's operations;
- 6) if the financial statements show a material increase or decrease in net sales or revenue, the discussion should disclose the extent to which the increase or decrease is a result of changes in prices, volume of sales and or new products or services;
- 7) a discussion of the effect of price changes to sales and net operating income for the last 2 (two) years, or since the beginning of the business if it is less than 2 (two) years;
- 8) information with regard to business risk caused, among other things, by:
  - a) competition;
  - b) supply of raw materials;
  - c) rules of other countries or international regulations; and
  - d) government policy

The degree of each risk and its effects on the company should be taken into account;

- 9) Information and material facts that occurred after the date of the auditor's report;
  - 10) description of the company's business prospects in relation to the industry, the general economy and the international market supported by quantitative data (if there is a reliable source).
- e. Financial Statement Section
- 1) This section must contain financial statements prepared in accordance with Financial Accounting Standards issued by the Indonesian Accountant Association and accounting rules issued by Bapepam and have been audited by the Accountant registered with Bapepam. If there is a difference of opinion between the company and the accountant regarding the preparation of the financial statements, and if the disagreement causes the accountant to give a qualified opinion, adverse opinion, or to resign from the engagement or to be dismissed by the company, the company must disclose these facts and the important aspects of the financial reports on which there is disagreement;
  - 2) The financial statements that shall be presented for the last 2 (two) years, or since the establishment of the company if the company has been in business for less than 2 (two) years are as follows:
    - a) a balance sheet;
    - b) a profit and loss statement;
    - c) a statement of retained earnings;

- d) a cash flow statement;
  - e) notes to the financial statements;
  - f) other reports and descriptions of matters which are an integral part of the financial statements (if required), such as reports on commitments and contingencies for Issuers and Public companies operating in the banking industry;
- 3) Notes to the financial statements must disclose separately the amount of each type of transaction and the balance of accounts of the directors, commissioners, employees, substantial shareholders, and related Persons as defined in Financial Accounting Standards. The separate summaries shall show receivables, accounts payable, sales or income and expenses. When the transaction(s) in a certain category with respect to one person exceed Rp1,000,000,000 (one billion rupiah), such transactions must be recorded in a separate account and the name of the Person must be disclosed;
- 4) The company must disclose all transactions and reconcile them to beginning and ending balances in the separate summary of notes to the financial statements;
- 5) The notes to the financial statements must disclose business segments in accordance with generally accepted accounting standards; and
- 6) The following additional information must be disclosed in appropriate account in the financial statements:
- a) description of stock ownership by directors, commissioners and shareholders who own 5% (five percent) or more ( showing total shares, par value, and percentage of ownership);
  - b) description of pending legal cases that could affect more than 2% (two percent) of net equity or consolidated net annual profit of the company and its subsidiaries;
  - c) export sales or revenue from abroad of more than 10% of total sales or revenue;
  - d) sales or revenues from any business activity, that contributes 10% (ten percent) or more of the total sales or revenue of the company or its subsidiaries;
  - e) sales to, or revenue from, one client or a group of affiliated clients that constitutes 20% (twenty percent) or more of the total sales or revenue;
  - f) any cost or expense that exceeds 5% (five percent) of the total costs or expenses related to a product or project that will contribute to revenue in the future, or which is not related to existing revenue contributing activities.