

**MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
THE CAPITAL MARKET AND FINANCIAL INSTITUTION SUPERVISORY
AGENCY**

DUPLICATE OF

**DECISION OF THE CHAIRMAN OF THE CAPITAL MARKET AND FINANCIAL
INSTITUTIONS SUPERVISORY AGENCY**

NUMBER: KEP-134/BL/2006

CONCERNING

**OBLIGATION TO SUBMIT ANNUAL REPORT FOR ISSUERS OR PUBLIC
COMPANIES**

**THE CHAIRMAN OF THE CAPITAL MARKET AND FINANCIAL INSTITUTION
SUPERVISORY AGENCY,**

- Considering : a. that the annual report of Issuers and Public Company is an important source of information for shareholders and general public to make investment decision;
- b. that in order to improve the quality of information disclosure in preparing annual report of Issuers and Public Company, it is necessary to revise Capital Market and Financial Institutions Supervisory Agency Rule No. VIII.G.2, attachment of Decision of Chairman of Capital Market and Financial Institutions Supervisory Agency No Kep-38/PM/1996 concerning Annual Report by enacting new Decision of Chairman of Capital Market and Financial Institutions Supervisory Agency;
- In view of : 1. Law Number 8 year 1995 concerning the Capital Market (Statute Book year 1995 number 64, Supplement to the Statute Book Number 3608);
2. Government Regulation Number 45 year 1995 concerning Capital Market Organization (Statute Book Year 1995 Number 86, Supplement to Statute Book Number 3617) as revised by Government Regulation Number 12 year 2004 (Statute Book Year 2004 Number 27, Supplement to Statute Book Number 4372);
3. Government Regulation Number 46 year 1995 concerning Capital Market Formal Investigative Procedures (Statute Book year 1995 Number 87, Supplement to Statute Book Number 3618);
4. Decree of the President of the Republic of Indonesia Number 45/M year 2006;

HAS DECIDED:

To enact : **DECISION OF THE CHAIRMAN OF THE CAPITAL MARKET
SUPERVISORY AGENCY CONCERNING OBLIGATION TO
SUBMIT ANNUAL REPORT FOR ISSUERS OR PUBLIC
COMPANIES.**

MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
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AGENCY

Article 1

Provision concerning Obligation to submit annual report for Issuers or Public Companies is regulated in Rule Number X.K.6 as stipulated in the Attachment of this Decision.

Article 2

Provision of Rule Number X.K.6 as stipulated in the Attachment of this Decision shall apply for preparation of annual report for the 31 December 2006 period onward.

Article 3

With the enactment of this decision, Decision of Chairman of the Capital Market Supervisory Agency No. Kep-37/PM/1996 dated January 17, 1996 is declared ineffective.

Article 4

This decision shall become effective since the date of its promulgation. In order that all will be informed, this Regulation will be promulgated by publication in the State Gazette of the Republic of Indonesia.

Enacted in : Jakarta

Date : December 7, 2006

Chairman of Capital Market and Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany

NIP 060063058

Based on the original documents
Executive Secretary

Signed

Abraham Bastari

NIP 060076245

ATTACHMENT :

Decision of the Chairman of Capital
Market and Financial Institutions
Supervisory Agency (CMFISA)

Number : Kep-134/BL/2006

Date : December 7, 2006

**RULE NUMBER X.K.6 : OBLIGATION TO SUBMIT ANNUAL
REPORT FOR ISSUERS OR PUBLIC
COMPANIES**

1. OBLIGATION TO SUBMIT ANNUAL REPORT

- a. Issuer or Public Company whose Registration Statement has become effective must submit annual report to Capital Market and Financial Institutions Supervisory Agency (CMFISA) no later than 4 (four) months after the annual report date in 4 (four) copies one of which is original copy. The original copy of annual report is annual report that must be signed by Directors and Commissioners.
- b. In case where the annual report is already available to shareholders before 4 (four) months after the annual report date, then the annual report must be submitted to CMFISA at the same date with the date of availability to shareholders.
- c. The annual report must be made available to shareholders at the same time with the invitation of shareholders meeting.
- d. In case where an Issuer issues debt Securities, the requirements to submit the annual report take effect until the Issuer settles its debt Securities obligation.
- e. In case where an Issuer or Public Company submits annual report to CMFISA before submitting annual financial statement, the Issuer or Public Company is exempted from obligation to submit annual financial statement, as long as the annual report is:
 - 1) submitted in 6 (six) copies; and
 - 2) at least 1 (one) of which contains original copy of financial statement.

In case where the annual report is submitted after the deadline of annual financial statement submission referred to in Rule Number X.K.2 regarding Obligation to Submit Periodic Financial Statements, the submission is considered as late submission of annual financial statement.

2. FORM AND CONTENT OF ANNUAL REPORT

a. General Provision

- 1) An annual report must include a Summary of important Financial Data, Board of Commissioners reports, Board of an Analysis and discussion by Management, Audited Financial Statements, and a Management Report

- 2) 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. In case where there is any different interpretation due to transfer of language, financial statement in Indonesian language should become reference.
 - 3) The annual report must be printed on light colored paper of high quality, in 21 x 30 centimeter size and in a format that permits reproduction by photocopy.
- b. Summary of Important Financial Data
- 1) 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 business for less than 5 (five) years:
 - a) sales or income;
 - b) gross profit (loss);
 - c) operating income (loss);
 - d) net profit (loss);
 - e) outstanding shares;
 - f) profit (loss) per share;
 - g) proforma sales or income (if needed);
 - h) proforma net profit (loss) (if needed);
 - i) proforma net profit (loss) per share (if needed);
 - j) net working capital;
 - k) total assets;
 - l) total investment;
 - m) total liabilities;
 - n) total equity;
 - o) return on total assets;
 - p) return on equity;
 - q) current ratio;
 - r) debt to equity ratio;
 - s) debt to asset ratio;
 - t) loan to deposit ratio (for banking sector only);
 - u) capital adequacy ratio (for banking sector only); and
 - v) other relevant financial information about the company.
 - 2) The annual report must include information regarding the highest, lowest, closing prices, and total amount of the Securities traded for during each quarterly period in the last 2 (two) years (if any). The share price prior to the change in equity must be adjusted for stock splits, stock dividends, and stock

bonuses.

c. Board of Commissioners' Report

Board of commissioners' report must at least include:

- 1) director performance assessment toward organization governance
- 2) point of view of company's business prospects prepared by director
- 3) committees under board of commissioners supervision
- 4) changes of board of commissioners composition (If any)

d. Directors' Report

Directors' report must at least include brief description of:

- 1) company performance including among other things strategic policy, comparison between realization and estimation, and constraints faced by the company;
- 2) description of company business prospects;
- 3) implementation of corporate governance
- 4) changes of board of directors composition (If any)

e. Company Profile

Company Profile must discuss at least as follow:

- 1) company's name and address;
- 2) company's brief history;
- 3) company's business activities, including its products and or services;
- 4) organization structure, presented in chart;
- 5) company's vision and mission;
- 6) name, position and a brief description of every member of the board of commissioners biography;
- 7) name, position and a brief description of every member of the board of directors biography;
- 8) number of employees and description of their competency development (such as formal and informal education attended and planned to be attended);
- 9) description regarding shareholders and percentage of ownership including the following components:
 - a) shareholders with equal to or more than 5% (five percent) ownership of Issuers' or Public Companies' shares;
 - b) director and commissioners that own the Issuers' or Public Companies' shares;
 - c) group of public shareholders that own less than 5% (five percent) of Issuers' or Public Companies' shares;
- 10) name of subsidiaries and association company, percentage share held, core business, and operating status of the company (if any);

- 11) chronology of the company securities listing and changing of number of outstanding share from initial Public Offering to the last fiscal year and the name of stock exchange where the Securities listed (if any).;
 - 12) chronology of other securities listing and rating agency (if any);
 - 13) name and address of rating agency (if any);
 - 14) name and address of Supporting Institutions and professionals ;
 - 15) local or international award and certification obtained (if any); and
 - 16) name and address of subsidiaries, and or branch or representative offices.
- f. Management's Discussion and Analysis

An annual report must include summary and analysis of financial reports and other information focusing on material changes that have occurred since the last annual report period. The summary must include, among other things:

- 1) overview of business segment by segment, which at least includes:
 - a) production;
 - b) sales/operating income;
 - c) profitability; and
 - d) increase of production capacity.
- 2) financial performance analysis including comparison between current financial performance and prior financial performance, which at least includes:
 - a) current assets, fixed assets and total assets;
 - b) current liability, non-current liability, and total liability;
 - c) sales / operating income;
 - d) expenses; and
 - e) net income
- 3) discussion and analysis on the Company's liability settlement and receivable collection.
- 4) discussion on material commitments for capital investments, purpose of such commitments, source of funds to fulfill such commitments, currency in which such commitments are denominated, and any measures the company plans to take in order to mitigate risks resulting from foreign currency exposures;
- 5) discussion and analysis of the reported financial information containing unusual and unprecedented events;
- 6) Substantial components of other income or expenses, to disclose the company periodic income;
- 7) 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;

- 8) discussion on 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;
- 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);
- 11) marketing aspect toward product and service, among other things, marketing strategy and market share;
- 12) dividend policy, the date and the amount of dividend (cash per share and or non cash) dividends declared or paid per share during each of the last 2 (two) fiscal years;
- 13) actual use of proceeds from Public Offering cumulatively up to the present time if the amount is not used up; In the case where information in the Prospectus has changed, disclosure should be made.
- 14) Material information, among other things regarding investments, expansions, divestments, merger/consolidation, acquisition, debt/capital restructuring, conflict of interest and nature of transaction with affiliated parties;
- 15) significant effect of company financial position due to the changes of rule and regulations (if any); and
- 16) changes in accounting policy, its reasons and impact to financial statement (if any).

g. Corporate Governance

Annual report must include a brief discussion regarding implementation of corporate governance that the company has taken and intends to take in the last financial statement period. The discussion must at least contain:

- 1) Board of commissioner, including among other things:
 - a) discussion of board of commissioners task performance;
 - b) disclosure of determining procedure and the amount of board of commissioners members remuneration; and
 - c) meeting frequency and attendance level of the board of commissioners;
- 2) Directors, including among other things:
 - a) scope of work and responsibility of each directors;
 - b) disclosure of determining procedure and the amount of board of directors members remuneration;
 - c) meeting frequency and attendance level of the board of directors; and
 - d) Training program due to improvement of directors competency;
- 3) audit committee, including among other things:
 - a) name, position and a brief description of every member of the audit committee biography;

- b) job description and responsibility;
 - c) meeting frequency and attendance level of the member of the audit committee; and
 - d) brief report of audit committee task performance
- 4) Other committees, established by company (such as nomination committee and remuneration committee), covering:
- a) name, position and a brief description of committee member biography;
 - b) independency of the committee member;
 - c) task description and responsibility;
 - d) meeting frequency and level of attendance of the committee member; and
 - e) brief report of committee task performance
- 5) job description and function of corporate secretary;
- a) name, position and a brief description of company secretary biography; and
 - b) job description and responsibility;
- 6) description of company internal control system and a description of internal control audit;
- 7) detailed description of the company risks and preventive action toward the risks, such as: fluctuation of currency or interest risk, competitive risk, supply of raw material risk, other countries or international rule and regulation, and government policy;
- 8) A description of social responsibility activities and expenditure;
- 9) Any lawsuit in which the Issuer or Public Company, any of its directors or commissioners is involved, which cover:
- a) main lawsuit / accusation material;
 - b) case position;
 - c) settlement of lawsuit / accusation;
 - d) financial position effects; and
- 10) description of place/address that can be reached by the shareholders or public to obtain company information.

h. Director liability on Financial Statement

An annual report must contain director's statement regarding director liability on Financial Statement referred to in Rule Number VIII.G.11 regarding Director Liability on Financial Statement.

i. Audited Financial Statement

An annual report must contain financial statements prepared in accordance with Financial Accounting Standards issued by the Indonesian Accountant Association and accounting rules issued by CMFISA and must be audited by Accountant registered with CMFISA.

- j. Signature of the member of board of directors and commissioners.
- 1) An annual report must be signed by all active members of board of directors and commissioners;
 - 2) The signature must be in separate sheet which also contain the statement that board of director and board of commissioner are fully responsible for validity and completeness of the financial statement;
 - 3) If there is any member of board of directors or commissioner does not sign the annual report, the party must mention the reason in written in a separate letter attached to the annual report;
 - 4) If there is any member of board of directors or commissioner who does not sign the annual report and not mention the reason in written, the matter must be stated in written in a separate letter by the member of board directors or commissioners that sign the annual report.
3. By no means undermining criminal stipulation in capital market, CMFISA may impose sanctions on any violations of this rule, as well as on any person that causes the violation to occur.

Enacted in : Jakarta
Date : December 7, 2006

Chairman of Capital Market and Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany
NIP. 060063058

Based on the original documents
Executive Secretary

Signed

Abraham Bastari
NIP 060076245