

# IMPORTANT NOTICE

## NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular following this page (the "Offering Circular"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE FOLLOWING OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The following Offering Circular is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU) as implemented in member states of the European Economic Area ("**EEA**") (the "**Prospectus Directive**"). This Offering Circular has not been approved by any regulatory authority in the United Kingdom.

This Offering Circular and the Offering described herein when made are only addressed to and directed at persons in member states of the EEA who are "qualified investors" (within the meaning of Article 2(1)(e) of the Prospectus Directive to the extent implemented in the relevant Member State of the EEA) and any implementing measure in each relevant Member State of the EEA ("**Qualified Investors**"). In the United Kingdom, this Offering Circular and the Offering described herein is directed only at (1) Qualified Investors who are (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) high net worth companies, unincorporated associations etc. as described in Article 49(2)(a) to (d) of the Order; or (2) other persons to whom it can otherwise lawfully be distributed (each a "**Relevant Person**"). This Offering Circular and the Offering contained herein must not be acted or relied upon by persons other than Relevant Persons in the United Kingdom and in any Member State of the EEA, other than the United Kingdom, by persons other than Qualified Investors, and any investment or investment activity or controlled investment or controlled activity to which this document relates will only be available to such persons and will be engaged in only with such persons.

**CONFIRMATION OF YOUR REPRESENTATION:** IN ORDER TO BE ELIGIBLE TO VIEW THE OFFERING CIRCULAR, INVESTORS MUST COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THIS DOCUMENT AT YOUR REQUEST AND ON THE BASIS THAT YOU HAVE CONFIRMED TO CLSA LIMITED, CREDIT SUISSE (SINGAPORE) LIMITED AND PT CIPTADANA SEKURITAS ASIA (THE "**JOINT BOOKRUNNERS**") THAT YOU (1) ARE OUTSIDE THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) AND, TO THE EXTENT THAT YOU PURCHASE THE SECURITIES DESCRIBED IN THE FOLLOWING OFFERING CIRCULAR, YOU WILL BE DOING SO IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S) IN COMPLIANCE WITH REGULATION S; AND (2) CONSENT TO DELIVERY OF THE FOLLOWING OFFERING CIRCULAR AND ANY AMENDMENTS OR SUPPLEMENTS THERETO BY ELECTRONIC TRANSMISSION.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver this Offering Circular to any other person.

You are reminded that the information in the offering circular is subject to further amendments and completion in the final offering circular. No offer or agreement shall be made on the basis of the offering circular to purchase or subscribe for any securities to which the offering circular relates. Any investment decision should be made on the basis of the information contained in the final offering circular that will be distributed to you prior to the closing date and not on the basis of the offering circular. Certain information (including dates and times) and statements in the offering circular refer to events which have not occurred or been completed and may or may not have occurred or been completed by the date of the final offering circular.

None of this email, the offering circular or anything contained in it or them shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. You are reminded that no representation or warranty, express or implied is made or given by or on behalf of any of the Joint Bookrunners, nor any person who controls them or any commissioner, director, officer, employee, agent or representative of them or affiliate of such person as to the accuracy, completeness or fairness of the information or opinions contained in the offering circular and such persons do not accept responsibility or liability for any such information or opinions. Neither the Joint Bookrunners nor any of their respective affiliates or any other person accepts any liability whatsoever for any loss howsoever arising from any use of this email or the offering circular or their respective contents or otherwise arising in connection therewith.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Bookrunners or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Bookrunners or such affiliate on behalf of PT Surya Pertiwi Tbk (the "**Company**") in such jurisdiction.

The Offering Circular has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Company, the Joint Bookrunners or any person who controls any of them or any of their respective commissioners, directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.



SURYA PERTIWI

## PT SURYA PERTIWI TBK

*(incorporated with limited liability under the laws of the Republic of Indonesia)*
**1,080,000,000 Offer Shares**  
**Offer Price: Rp. 1,160 per Share**

This offering circular ("**Offering Circular**") has been prepared by PT Surya Pertiwi Tbk (the "**Company**") in connection with the global offering of 1,080,000,000 shares (the "**Offer Shares**") of the Company's ordinary shares of par value Rp. 100 per share, consisting of a primary offering of 700,000,000 shares (the "**Primary Shares**") by the Company and a secondary offering of 380,000,000 shares (the "**Secondary Shares**") by the Selling Shareholders (as defined herein). Up to 10% of the Primary Shares or a maximum of 70,000,000 Offer Shares will be offered to eligible employees.

The Primary Shares are being offered (i) in connection with a public offer of shares in the Republic of Indonesia (the "**Indonesian Offering**") and (ii) in connection with a private placement of shares to eligible investors resident outside of the Republic of Indonesia (the "**Primary International Offering**" and, together with the Indonesian Offering, the "**Primary Offering**"). The Secondary Shares are being offered in connection with a private placement of shares to eligible investors resident outside of the Republic of Indonesia (the "**Secondary Offering**" and together with the Primary International Offering, the "**International Offering**"), as described in this Offering Circular. The Primary Offering and the Secondary Offering are collectively referred to as the "**Offering**." The completion of the Secondary Offering is conditional upon the completion of the Primary Offering.

This Offering Circular is being made available with respect to the International Offering only. In connection with the International Offering, Credit Suisse (Singapore) Limited and CLSA Limited (the "**Joint Global Coordinators**") are soliciting applications from eligible investors resident outside Indonesia together with PT Ciptadana Sekuritas Asia (together with the Joint Global Coordinators, the "**Joint Bookrunners**"). The Indonesian Offering will be conducted by PT Ciptadana Sekuritas Asia (the "**Domestic Underwriter**") in Indonesia.

The Company has applied to have the Company's shares (including the Offer Shares) listed on the Indonesia Stock Exchange (the "**IDX**") on completion of the Indonesian Offering. The Primary Offering is the Company's initial public offering, and no public market currently exists for the Company's shares. The Offer Price may not reflect the market price of the Primary Shares or the Secondary Shares after the closing of the Offering.

**This Offering Circular may only be distributed outside Indonesia to persons who are neither citizens of Indonesia (wherever located) nor residents of Indonesia.**

**Investing in the Offer Shares involves a high degree of risk. Before purchasing any of the Offer Shares, prospective purchasers should carefully read "Risk Factors" beginning on page 17 of this Offering Circular.**

**Indonesian regulations permit the cancellation of the Offering only in limited circumstances, and you may be required to complete your acquisition of the Offer Shares if the Offering is required to proceed despite the occurrence of a material adverse change in conditions. See "Plan of Distribution" and "Risk Factors—Risks Relating to Ownership of Our Shares—You may be required to complete your acquisition of the Offer Shares if the Offering is required to proceed and complete despite the occurrence of a material adverse change in international or national monetary, financial, political or economic conditions or other force majeure events or any material adverse change in matters including our business or financial condition."**

The Joint Bookrunners expect to deliver the Primary Shares to purchasers on or about May 11, 2018 and the Secondary Shares to purchasers on or about May 14, 2018. The Offer Shares will begin trading on the IDX on the listing date (the "**Listing Date**"), which is expected to be May 14, 2018.

The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Offer Shares are being offered and sold only outside the United States in offshore transactions in accordance with and in reliance on the exemption from registration provided by Regulation S under the Securities Act ("**Regulation S**"). The Offer Shares are not transferable except in accordance with certain restrictions on transfer described under "**Plan of Distribution**."

*Joint Global Coordinators**Joint Bookrunners*

The date of this Offering Circular is May 4, 2018.

You should rely only on the information contained in this Offering Circular. Neither we nor the Selling Shareholders nor any of our respective affiliates have authorized anyone to provide you with different information, and if anyone provides you with different or inconsistent information, you should not rely on it. None of us, the Selling Shareholders or the Joint Bookrunners nor any affiliates of any of us or them are making an offer of these securities in any jurisdiction where the offer is not permitted. Unless otherwise indicated, you should not assume that the information contained in this Offering Circular is accurate as of any date other than the date on the front of this Offering Circular.

The United States Securities and Exchange Commission and state securities regulators have not approved of, disapproved of or recommended the Offer Shares, nor have any of the foregoing authorities renewed, passed upon, determined or endorsed the merits of the offering of the Offer Shares or the accuracy or adequacy of this Offering Circular. Any representation to the contrary may be a criminal offense in certain jurisdictions. In addition, the Indonesian Financial Services Authority or *Otoritas Jasa Keuangan* (“**OJK**”) does not declare its approval or disapproval of the Offer Shares, nor does it declare the accuracy or adequacy of this Offering Circular. Any statement to the contrary is a violation of Indonesian law. With effect from December 31, 2012, OJK replaced and assumed the function, duty and authority of the Indonesian Capital Markets and Financial Supervisory Agency (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*) (“**BAPEPAM-LK**”). For the purposes of the Indonesian Offering, the formal offering document is the Indonesian prospectus.

This Offering Circular is strictly confidential and has been prepared by us solely for use in connection with the proposed offer of the Offer Shares to eligible investors outside the Republic of Indonesia by way of the International Offering. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase, or otherwise acquire, the Offer Shares. Distribution of this Offering Circular to any person other than the offeree is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective purchaser, by accepting delivery of this Offering Circular, agrees to the foregoing.

The Company has prepared this Offering Circular and is solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Offer Shares. By purchasing Offer Shares, you will be deemed to have made the acknowledgements, representations and agreements set forth under “*Plan of Distribution*.”

No representation or warranty, expressed or implied, is made by the Joint Bookrunners nor any of their respective affiliates as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular nor the offer of the Offer Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Offering Circular or that any information contained herein is correct as of any date subsequent to the date hereof.

None of us, the Selling Shareholders, the Joint Bookrunners, nor any affiliate or representative of ours, the Selling Shareholders or the Joint Bookrunners, make any representation to any purchaser of shares regarding the legality of an investment by such purchaser under applicable laws. In addition, you should not construe the contents of this Offering Circular as legal, business or tax advice. You should be aware that you may be required to bear the financial risks of an investment in the Offer Shares for an indefinite period of time. You should consult with your own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Offer Shares.

In making an investment decision, each prospective purchaser must rely on its own examination of us and the terms of the International Offering, including the merits and risks involved. By receiving this Offering Circular, each prospective purchaser acknowledges that (i) it has not relied on any of the Joint Bookrunners, or any person affiliated with the Joint Bookrunners in connection with its investigation of the accuracy of any information in this Offering Circular or its investment decision,

and (ii) no person has been authorized to give any information or to make any representation concerning us or the Company's shares other than as contained in this Offering Circular, and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Joint Bookrunners.

This Offering Circular does not constitute an offer to sell or an invitation by or on behalf of us or the Joint Bookrunners or any affiliate or representative of any of ours or the Joint Bookrunners to purchase any of the Offer Shares and may not be used for the purpose of an offer to, or a solicitation by, anyone, in each case, in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful. There are restrictions on the distribution of this Offering Circular and the making of solicitations pursuant thereto in certain jurisdictions, further details of which are set out under "*Plan of Distribution*." Recipients of this Offering Circular are required to inform themselves about and observe any applicable restrictions.

Each purchaser of the Offer Shares must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such shares or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such shares under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales, and none of us or the Joint Bookrunners shall have any responsibility therefor.

The Offer Shares have not been, and will not be, registered under the Securities Act or any United States state securities laws. Unless so registered, the Offer Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws. The Offer Shares are being offered or sold outside the United States in reliance on Regulation S. Each purchaser of the Offer Shares in making its purchase will be required to make or will be deemed to have made certain acknowledgements, representations and agreements. For a description of these and certain further restrictions on offers, sales and transfers of our shares, see "*Plan of Distribution*."

## CONVENTIONS THAT APPLY TO THIS OFFERING CIRCULAR

In this Offering Circular, unless otherwise specified or the context otherwise requires:

- the term "**Company**" refers to PT Surya Pertiwi Tbk on a stand-alone basis;
- the terms "**we**," "**us**," "**our**" and derivatives thereof and "**Group**" refer to the Company together with its consolidated subsidiaries;
- "**OJK**" refers to the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan*);
- "**Surya Pertiwi Nusantara**" refers to PT Surya Pertiwi Nusantara, our 51%-owned consolidated subsidiary;
- "**Surya Graha Pertiwi**" refers to PT Surya Graha Pertiwi, our 50%-owned consolidated subsidiary;
- "**Surya Toto Indonesia**" refers to PT Surya Toto Indonesia Tbk, our sister company and primary supplier; Surya Toto Indonesia is a public company in Indonesia, listed on the Indonesia Stock Exchange, and is owned by the two families that control our Company (through our direct shareholders Multifortuna Asindo and Suryaparamitra Abadi) on the one hand and TOTO Japan on the other hand; see "*Corporate History and Structure — Our Relationship with Surya Toto Indonesia*";
- "**Multifortuna Asindo**" refers to PT Multifortuna Asindo, our direct 50% shareholder;

- “**Suryaparamitra Abadi**” refers to PT Suryaparamitra Abadi, our direct 50% shareholder;
- “**TOTO**” or “**TOTO Japan**” refers to TOTO Ltd.;
- “**TOTO Overseas Group**” refers to TOTO Ltd. and its consolidated subsidiaries and other group companies (which, for the avoidance of doubt, does not include Surya Toto Indonesia); and
- “**shares**,” “**common shares**” and “**our shares**” refer to the common shares, par value Rp. 100 per share, in the share capital of the Company.

In addition, in this Offering Circular, unless otherwise specified or the context otherwise requires: all references to “**Indonesia**” are references to the Republic of Indonesia; all references to the “**Government**” are references to the central Government of Indonesia; all references to “**United States**” or “**U.S.**” are to the United States of America; all references to “**Rupiah**” and “**Rp.**” are to the lawful currency of Indonesia; and all references to “**U.S. dollars**” and “**US\$**” are to the lawful currency of the United States of America.

For convenience, certain Rupiah amounts have been translated into U.S. dollar amounts. Unless otherwise indicated, such translations have been made based on the exchange rate on December 29, 2017 of Rp. 13,548 = US\$1.00, being the middle exchange rate announced by Bank Indonesia on that date. Such translations should not be construed as representations that the Indonesian Rupiah or U.S. dollar amounts referred to could have been, or could be, converted into Rupiah or U.S. dollars, as the case may be, at that or any other rate or at all. See “*Exchange Rates and Exchange Controls*” for further information regarding rates of exchange between Rupiah and U.S. dollars.

This Offering Circular contains financial information prepared on a consolidated basis as of and for the years ended December 31, 2015, 2016 and 2017 (the “**Consolidated Financial Statements**”) prepared and presented in accordance with Indonesian Financial Accounting Standards (“**Indonesian FAS**”). Our consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 have been audited by KAP Kosasih, Nurdian, Mulyadi, Tjahjo & Rekan, member of Crowe Horwath International (“**Crowe Horwath**”).

In this Offering Circular, certain information, including percentages, has been rounded for convenience. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to such rounding.

By receiving this Offering Circular, prospective purchasers acknowledge that the Consolidated Financial Statements included in this Offering Circular have been prepared in accordance with Indonesian FAS, which differ in certain respects from International Financial Reporting Standards (“**IFRS**”), and are subject to Indonesian auditing standards and are not comparable to the financial statements of a company prepared under IFRS. See “*Summary of Certain Differences Between Indonesian FAS and IFRS*.”

## NON-GAAP FINANCIAL MEASURES

EBITDA refers to net income before tax, depreciation and amortization expense. EBITDA and the related ratios presented in this Offering Circular are supplemental measures of our performance that are not required by, or presented in accordance with, Indonesian FAS or IFRS. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS or IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term; hence, a direct comparison between companies using such a term may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-IFRS financial measures when reporting their results. Nevertheless, EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our financial condition or results of operations, as reported under Indonesian FAS. Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

See “*Summary Financial Information and Operating Data*” and “*Selected Financial Information and Operating Data*” for a reconciliation of EBITDA to net income under Indonesian FAS.

## **INDUSTRY AND MARKET DATA**

This Offering Circular includes market share and industry data and forecasts that we have obtained from industry publications and surveys, including the Industry report prepared by Euromonitor International Limited. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While we have taken reasonable actions to ensure that the information is extracted accurately and used in its proper context, none of us or the Joint Bookrunners have independently verified any of the data from third-party sources or ascertained the underlying economic assumptions they relied upon.

## **AVAILABLE INFORMATION**

We will furnish annual and interim reports in English and Bahasa Indonesia to our shareholders through our website and the IDX. These reports will include a review of our business and operations, our annual reports and our audited financial statements, which will be prepared in accordance with Indonesian FAS. We will also furnish to the IDX and our website all notices of shareholders’ meetings in English and Bahasa Indonesia that we make available to our shareholders.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this Offering Circular constitute “forward-looking statements,” including statements regarding our expectations and projections for future operating performance and business prospects. The words “believe,” “expect,” “anticipate,” “estimate,” “project,” “will,” “aim,” “will likely result,” “will continue,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “should,” “will pursue” and similar expressions or variations of these expressions identify forward-looking statements. In addition, all statements other than statements of historical fact included in this Offering Circular, including without limitation those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans), are forward-looking statements. Such forward-looking statements involve, among other things:

- our plans, targets, objectives or goals, including those related to our future sales and our manufacturing facilities in Surabaya;
- our revenue and profitability;
- our future economic performance;
- the growth of our businesses;

- future and budgeted capital expenditures and investments;
- the size and development of the Indonesian sanitary wares and sanitary fittings industries; and
- a variety of additional factors related to our operations and financial results and to the industry and markets in which we operate.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause some or all of those assumptions not to occur or cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others:

- our dependence on Surya Toto Indonesia for the supply of our products and a number of other aspects of our business;
- conflicts of interest between our founders and us;
- macroeconomic, financial and monetary conditions in Indonesia;
- developments in the Indonesian sanitary wares industry;
- our inability to implement our growth strategy;
- our reliance on third-party dealers and distributors to bring our products to market;
- our dependence on a limited number of suppliers;
- our inability to manage our inventory levels successfully;
- our reliance on the Indonesian real estate and property development market;
- competition in our markets;
- risks relating to our manufacturing business;
- risks relating to the jurisdictions in which we do business; and
- other factors which may or may not be within our control.

This list of important factors is not exhaustive. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*.” When relying on forward-looking statements, prospective purchasers should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, prospective purchasers should not place undue reliance on any forward-looking statements contained in this Offering Circular.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are a limited liability company incorporated under the laws of the Republic of Indonesia. All of our commissioners, directors and executive officers reside in Indonesia. All of our assets and substantially all of the assets of our commissioners, directors and executive officers are located in Indonesia. As a result, it may be difficult for purchasers to effect service of process upon such persons or to enforce against us or any of them any court judgments obtained in courts outside of Indonesia.

We have been advised by our Indonesian legal counsel, Hiswara, Bunjamin & Tandjung, that judgments of courts outside Indonesia, which include the judgments of U.S. courts based on the civil liability provisions of the federal securities laws of the United States, are not recognized or directly enforceable in Indonesia, although such judgments could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court with respect to the matter of law of the jurisdiction of such non-Indonesian court and may be given evidentiary weight if the Indonesian court, in its sole discretion, deems it appropriate. Accordingly, in order to obtain an order of an Indonesian court in respect of a claim, a successful party in a foreign proceeding must commence a new action in an Indonesian court and reargue the matter on its merits. Re-examination of the underlying claim *de novo* would be required before an Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions. In addition, there is doubt as to whether Indonesian courts will enter judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of the federal securities laws of the United States.

# CONTENTS

	<b>Page</b>
SUMMARY .....	1
SUMMARY OF THE OFFERING.....	6
SUMMARY FINANCIAL INFORMATION AND OPERATING DATA .....	10
RISK FACTORS .....	17
USE OF PROCEEDS .....	42
DIVIDENDS .....	43
EXCHANGE RATES AND EXCHANGE CONTROLS .....	44
CAPITALIZATION .....	50
DILUTION .....	51
SELECTED FINANCIAL INFORMATION AND OPERATING DATA .....	52
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	58
INDUSTRY OVERVIEW .....	80
CORPORATE HISTORY AND STRUCTURE.....	81
BUSINESS.....	84
REGULATORY OVERVIEW .....	101
MANAGEMENT .....	109
PRINCIPAL SHAREHOLDERS .....	115
RELATED PARTY TRANSACTIONS.....	116
DESCRIPTION OF OUR MATERIAL AGREEMENTS.....	120
DESCRIPTION OF OUR COMMON SHARES.....	126
INDONESIAN CAPITAL MARKETS.....	131
TAXATION .....	150
PLAN OF DISTRIBUTION .....	153
LEGAL MATTERS .....	168
INDEPENDENT PUBLIC ACCOUNTANTS.....	169
INDUSTRY CONSULTANT.....	170
SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDONESIAN FAS AND IFRS.....	171
INDEX TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS .....	F-1
ANNEX A INDUSTRY REPORT .....	A-1

## SUMMARY

*This summary does not contain all the information that may be important to prospective purchasers of our shares in deciding to invest in the Offer Shares. Prospective purchasers of our shares should read the entire Offering Circular, including the section entitled “Risk Factors” and the financial statements and related notes included in this Offering Circular before making an investment decision.*

### Overview

We are the leading distributor of sanitary wares, bathroom fittings and other bathroom-related products in Indonesia, by volume and value of sales. We are the exclusive agent in Indonesia for sanitary ware products and bathroom fittings under the “TOTO” brand. The “TOTO” brands belongs to TOTO Ltd., a leading Japanese and global manufacturer of sanitary wares, bathroom fittings and related products. More than 90% of the products we sell are TOTO-brand products, and we also sell products from other manufacturers, mostly established European brands, such as Villeroy & Boch, Kaldewei, Geberit, Stiebel Eltron and Franke. We also sell some kitchen-related products.

We had a market share of 55.1% in sanitary wares and 49.8% in bathroom fittings in 2016, according to Euromonitor International Limited. We have an extensive distribution network throughout the country, with 11 exclusive sole distributors in the major Indonesian cities outside of Greater Jakarta and Surabaya and more than 100 dealers in the Greater Jakarta and Surabaya areas. Our size and the broad reach of our geographic network provide us with strong brand recognition throughout Indonesia and strong customer relationships, and they constitute a high barrier to entry for any existing or new competitors. Given our already substantial market share, we expect to grow our business on the basis of an expansion of the market as a whole, rather than on the basis of additional market share. Euromonitor International Limited expects the Indonesian market for sanitary wares and fittings to grow at a CAGR of 9% through and including 2019, and the wide recognition of our brand name positions us well to benefit from this continued economic growth of the Indonesian market as a whole.

Our founders and senior management have more than 40 years of experience in the Indonesian market for sanitary wares and fittings, and over the course of these years, they have built a strong relationship with the TOTO Group to develop our strong market position in Indonesia. Our founders also founded Surya Toto Indonesia, together with TOTO Japan, as the sole manufacturer of TOTO-branded products in Indonesia. Since our inception until recently, we have purchased all of our TOTO products from Surya Toto Indonesia. Surya Toto Indonesia is a public company in Indonesia, listed on the Indonesia Stock Exchange, and certain of our founders and ultimate beneficial owners also hold positions at Surya Toto Indonesia and manage its operations, with significant input from TOTO, both in terms of technical assistance and in terms of operating and financial decisions. See “*Corporate History and Structure — Our Relationship with Surya Toto Indonesia.*”

In 2016, in order to benefit from lower costs and in conjunction with TOTO and Surya Toto Indonesia, we constructed a production facility in Surabaya, Indonesia, to manufacture certain lines of TOTO-brand sanitary ware products. We built this facility using our 51%-owned subsidiary Surya Pertiwi Nusantara, which we had established jointly with Surya Toto Indonesia. We expect to source a portion of our products from Surya Pertiwi Nusantara in the future, as we seek to drive the growth of our sales in Indonesia.

In 2015, 2016 and 2017, our net sales were Rp. 2,171.4 billion, Rp. 2,071.8 billion, and Rp. 2,141.9 billion (US\$ 160.1 million). For the same period, our gross profit was Rp. 455.7 billion, Rp. 491.0 billion, and Rp. 510.9 billion (US\$ 38.2 million) and our EBITDA was Rp. 276.3 billion, Rp. 293.1 billion, and Rp. 289.0 billion (US\$ 21.5 million).

## **Our Competitive Strengths**

We believe that the following strengths provide us with a competitive advantage in our market:

### ***We are the largest distributor of branded sanitary wares and fittings in Indonesia***

We are the largest distributor of sanitary wares and fittings in Indonesia, with a market share of 55.1% in sanitary wares and 49.8% in bathroom fittings, according to Euromonitor International Limited. We also sell a portion of our products directly to end-user customers, such as property developers such as the Agung Podomoro Group and Ciputra Group, where we believe we are the largest distributor of sanitary wares and fittings in Jakarta and Greater Jakarta.

Our leading market share and dominant size provides us with significant barriers to entry vis-à-vis our competitors. For example, our scale provides us with significant financial strength in terms of our ability to provide credit terms to our sole distributors and dealers. Our financial strength also contributes to our dominant market share in the Greater Jakarta development market, as we are able to pre-fund significant orders, which our competitors may not be able to do.

The size and strength of our distribution network also affords us strong network effect benefits of scale and efficiency. See “— *We have an established nationwide distribution network which provides a significant barrier to entry and granular competitive intelligence.*”

### ***We are well-positioned to benefit from Indonesia’s continuous macroeconomic growth and shifts in consumer demographics and preferences***

Indonesia has enjoyed continuous GDP growth and rising disposable income per capita during 2012 to 2016 and, according to Euromonitor International Limited, these favorable macroeconomic trends are expected to continue from 2016 to 2019, supporting continued construction of residential, hospitality, office and retail properties.

Consumers become more likely to embark on home improvement projects and demand for premium products as they become wealthier and one of the most popular projects they embark on includes upgrading from squatting toilets to sitting toilets, according to Euromonitor International Limited. We believe that Indonesia lies below the average disposable income per capita threshold where comparable countries experienced an increase in the sales of sitting toilets and is nearing this inflection point.

Favorable Indonesian government policies are expected to support the construction boom in Indonesia, according to Euromonitor International Limited. For example, under the Government’s 13th economic policy package, released on August 24, 2016, the Government simplified the process to establish residential property projects for low-income families making it easier to obtain building permits or building worthiness certificates. In addition, under Indonesia’s One Million Houses Program, 765,120 houses had been built in 2017 as of December 4, 2017. In 2018, the ministry hopes to outdo previous years as the World Bank promised to disburse US\$425 million in soft loans for the program.

As a result, according to Euromonitor International Limited, sanitary wares and bathroom fittings are expected to maintain sustained growth during the forecast period between 2016 and 2019. Sales of sanitary wares are expected to grow at 9.4% CAGR from US\$198.2 million in 2016 to US\$259.3 million in 2019. In particular, retail sales of sitting toilets are expected to grow at 11.0% CAGR from US\$95.5 million in 2016 to US\$130.7 million in 2019. Sales of bathroom fittings are expected to grow at 11.5% from US\$184.5 million in 2016 to US\$255.8 million in 2019.

***We have an established nationwide distribution network, which provides a significant barrier to entry and granular competitive intelligence***

We distribute our products through a wide network of sole distributors and dealers, which, in turn, distribute to traditional shops and modern retail outlets across Indonesia. Our extensive distribution network comprises 11 exclusive sole distributors in the major cities of operation outside of Greater Jakarta and Surabaya and more than 100 dealers in the Greater Jakarta and Surabaya areas. Under our exclusive arrangements with our sole distributors, our sole distributors can only sell TOTO-branded sanitary wares and fittings in their designated market areas but may sell other non-TOTO branded products when it comes to complementary products. Our dominant market share in the product suite of the dealers drives mutual dependence between us and our dealers. We have long-term relationships with most of our sole distributors.

Furthermore, our on-the-ground network of sole distributors, dealers and sub-dealers provides us with critical market intelligence regarding changes in competitor and consumer behavior. We harness this market intelligence to drive our distribution strategy and address consumers' needs for sanitary ware and bathroom fittings. The scale and breadth of our network across Indonesia also allows us to tap new potential markets across the country more quickly than our competitors that have more limited distribution networks.

The strength of our distribution network, in addition to our leading market shares, gives us the unique ability to position ourselves as a “distributor-of-choice” for complementary products and a provider of “all-in-one” solutions for customers.

***Strength of TOTO brand and TOTO relationship with Founders' Group since 1968***

Our dominant position as the leading distributor of sanitary wares and fittings in Indonesia is driven by our exclusive distribution arrangements with the manufacturers of TOTO products for Indonesia, namely, Surya Toto Indonesia and TOTO Overseas Group. We believe that TOTO's superior brand strength makes it easily identifiable for consumers and potential customers in Indonesia, and makes us an essential supplier to distributors throughout Indonesia who rely on their TOTO offerings to drive foot traffic to their stores and stalls.

Our exclusive distribution rights for TOTO-branded products in Indonesia are driven by the long-term relationship of our Founders' Group with TOTO Japan's management. Key members of our Founders' Group, including Mardjoeki Atmadiredja, have had a personal and working relationship with TOTO Japan's management teams for at least 50 years. Our Founders' Group and TOTO Japan's management team share a strong working relationship, which includes strategic dialogue on the price and volume of products that Surya Toto Indonesia sells to us and our ongoing collaboration with TOTO Japan to develop and grow the Surabaya factory at our subsidiary Surya Pertiwi Nusantara.

***We generate stable earnings and profit margins***

Our core retail distribution business provides the majority of our earnings and stability in operating performance through our extensive distribution network, whereas the direct sales through project development contracts and increasing importance of high-end imported sanitary ware and fitting products provides operating leverage.

We are able to stabilize our key operating cost margins, given our long-term fixed-margin arrangement with Surya Toto Indonesia, the main manufacturer of TOTO products in Indonesia, from whom we purchased 91.0%, 92.6% and 91.1% of our total purchases in 2015, 2016 and 2017, respectively.

As a result of the above, we have a strong free cash flow generation profile resulting in an ability to pay dividends, while retaining enough cash to fund future expansion opportunities. See “—*We intend to continually expand our newly-constructed manufacturing facility in Surabaya to increase our production capacity, expand our geographical reach, widen our product range, and optimize our costs.*”

***Our management team has a significant wealth of experience running the Company and growing our partnership with Surya Toto Indonesia and TOTO Overseas Group***

Our management team is led by Tjahjono Alim, who has been with the Company since 1979 and has been the Company's President Director since 1982. Under Mr. Alim's leadership, we grew to become the largest distributor of branded sanitary wares and fittings in Indonesia.

Our management team has over 50 years of experience as the exclusive distributor of TOTO branded products in Indonesia, cementing their relationship with Surya Toto Indonesia and TOTO Overseas Group, and their in-depth knowledge of the Indonesian sanitary ware and bathroom fittings market.

### **Our Operating Strategies**

Our primary objective is to broaden our footprint as the exclusive agent for TOTO Japan, covering the whole Indonesian archipelago, by focusing on the principal strategies set forth below:

***We intend to continually expand our newly-constructed manufacturing facility in Surabaya to increase our production capacity, expand our geographical reach, widen our product range, and optimize our costs***

Our newly-constructed manufacturing facility in Surabaya has one production line, with a production capacity of approximately 500,000 pieces per annum and has sufficient land area to house 10 production lines. We believe it is one of the largest sanitary ware manufacturing facilities in Indonesia and will enable us to meet growth requirements for the next decade. It also gives us an opportunity to capture additional margins as we expand into manufacturing. We expect to benefit from the relatively low land and labor costs in Surabaya, as well as low logistics and transportation costs to service our customers in Eastern Indonesia. We intend to use some of the primary proceeds from the Offering to install a second production line in our Surabaya facility beginning in the second half of 2018.

In the initial stages, our Surabaya factory will manufacture lower-end products, which have a higher volume of demand, to take advantage of the operating efficiencies in Surabaya. We intend for our Surabaya factory to capture greater market share outside the Greater Jakarta area and to cater to demand in Eastern Indonesia.

***We continuously train and motivate our sales teams and strengthen our distribution channels to promote sales growth***

We believe that having a strong sales team and sales strategy is critical to our business. We provide incentives to our distributors and dealers to promote sales growth. We coordinate our sales and marketing efforts with our sole distributors, dealers and project customers. For our distributors, our sales initiatives include sales target rebates, co-op promotions, payment incentives and annual travel incentives for the best-performing distributors. Sales initiatives for our project customers include providing technical specification, delivery and on-site supervisions for our customers' easier installation. We ensure that members of our sales team regularly undergo sales training. All new sales employees are required to complete a sales training program upon joining us, and we conduct product knowledge trainings for existing sales employees at either Surya Toto Indonesia's factory or our Surabaya factory, whichever is more convenient, twice a year.

We also intend to increasingly penetrate modern retail channels as these distribution channels become more prominent. Our net sales through modern outlets grew from Rp. 126.1 billion in 2015 to Rp. 155.1 billion in 2017. Online sales are not yet common in the industry, but we expect that in the long-run, this will also be a prominent distribution channel that can provide us additional opportunities.

We intend to further promote sales growth through the development of our new office building in West Jakarta, which is held and developed in Surya Graha Pertiwi, our 50-50 joint venture entity with Surya Toto Indonesia. The building will include office space for both Surya Pertiwi and Surya Toto Indonesia, as well as a 6,000 sq.m showroom, which will provide customers with first hand product experience and enhanced visuals of Surya Pertiwi's products.

***We intend to maintain strong sales with sole distributors and dealers, as well as our project customers***

In 2015, 2016 and 2017, approximately 70.5%, 75.7% and 74.5% of our net sales were to sole distributors and dealers. Sales to retail customers through our sole distributors and dealers, who on-sell to retail customers, provide stable demand, robust growth and better margins. Hence, we intend to maximize our sales to sole distributors and dealers in order to set a solid base of profits.

The balance of our net sales is generated by projects customers, which we opportunistically bid for to provide big-ticket revenue events, while ensuring that we maintain our profit margins. We intend to maintain good relationships with major real estate developers, hotel chain operators, architects and designers in order to identify and be able to bid for sizeable projects.

***We intend to offer complementary products to provide “all-in-one” solutions and upside exposure to non-traditional product markets***

In addition to TOTO-branded sanitary ware and bathroom fittings, we sell kitchen and other complementary imported products, such as Geberit, Stiebel Eltron and Villeroy & Boch, among others. Offering these additional products allow us to provide customers with “all-in-one” solutions for their respective bathroom and kitchen needs. It also gives us access to and insight into the market's acceptance of other products that are complementary to ours, which we believe allows us to stay ahead of competitors in terms of market intelligence.

### **Principal Offices**

Our principal executive offices and registered office are located at Gedung TOTO, Jl. Tomang Raya No. 16-18, Palmerah, West Jakarta, Indonesia. Our telephone number at this address is +(62) 21 2929 8585. Our main website is <http://www.suryapertiwi.co.id>. The information contained on our website is not a part of this Offering Circular.

## SUMMARY OF THE OFFERING

*The following summary contains basic information about the Offering and the Offer Shares and is not intended to be complete. It does not contain all the information that is important to prospective purchasers of our shares. For a more complete understanding of the Offering and the Offer Shares, please refer to the sections entitled “Plan of Distribution,” “Description of Our Common Shares” and “Indonesian Capital Markets” in this Offering Circular.*

The Company. . . . .	PT Surya Pertiwi Tbk
Selling Shareholders . . . . .	PT Multifortuna Asindo and PT Suryaparamitra Abadi
Offer Shares. . . . .	1,080,000,000 shares, consisting of 700,000,000 Primary Shares to be offered by the Company and 380,000,000 Secondary Shares to be offered by the Selling Shareholders.
Offer Price. . . . .	Rp. 1,160 per Offer Share.
Offering. . . . .	The Offering consists of the concurrent Indonesian Offering and International Offering. The completion of the Indonesian Offering and the International Offering are each conditional upon the completion of the other.
Indonesian Offering . . . . .	The offering of Primary Shares in Indonesia through the Underwriters (as defined herein) by way of a public offering in Indonesia. There is no offering of Secondary Shares in Indonesia.
International Offering . . . . .	The offering of (i) Primary Shares in the Primary International Offering to persons outside Indonesia and the United States through the Domestic Underwriter’s arrangements with the International Selling Agents by way of a private placement and (ii) the Secondary Shares in the Secondary Offering outside Indonesia to eligible investors resident outside of Indonesia, and the United States in each case in offshore transactions in reliance on Regulation S under the Securities Act. The Secondary Shares may not be offered or sold in Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offering under the laws and regulations of Indonesia. The completion of the Secondary Offering is conditional upon the completion of the Primary Offering and the listing of the Company’s shares on the IDX.
Clawback and Re-allocation. . . . .	The Primary Shares may be re-allocated from the Indonesian Offering to Primary International Offering and <i>vice versa</i> .
Use of Proceeds. . . . .	We expect the net proceeds we will receive from the Offering, after deducting underwriting fees and commissions and other expenses related to the Offering, to be approximately Rp.774.2 billion (US\$57.1 million). We intend to use the proceeds as set forth in “Use of Proceeds.”  We will not receive any of the proceeds from the sale of the Secondary Shares by the Selling Shareholders.

Payment for and Delivery of the Primary Shares . . . . .	<p>We expect payment to us for the Primary Shares to be made on or about May 11, 2018, in immediately available funds.</p> <p>Delivery of the Primary Shares to successful applicants will be made in electronic (scripless) form for their administration in the Collective Depository of the Indonesian Central Securities Depository, PT Kustodian Sentral Efek Indonesia (“KSEI”). See “<i>Indonesian Capital Markets</i>” and “<i>Plan of Distribution—Registration of the Securities in KSEI</i>.” We expect that the Primary Shares will be delivered on or about, May 11, 2018.</p>
Payment and Delivery of the Secondary Shares . . . . .	<p>The completion of the Secondary Offering is conditional upon the completion of the Primary Offering and the listing of the Offer Shares on the IDX. Assuming these conditions are satisfied, we expect payment to the Selling Shareholders for the Secondary Shares to take place on or about May 14, 2018 in immediately available funds, and delivery of the Secondary Shares will be made against payment therefor in electronic (scripless) form for their administration in KSEI on or about May 14, 2018.</p>
Listing and Trading . . . . .	<p>The Company has applied to have the Company’s shares (including the Offer Shares) listed on the IDX on completion of the Indonesian Offering. Prior to the Offering, there has been no public market for our shares. We expect trading in the Offer Shares on the IDX to commence on or about May 14, 2018, under the symbol “<b>SPTO</b>.”</p>
Outstanding Shares . . . . .	<p>2,000,000,000 common shares outstanding prior to the Offering and 2,700,000,000 common shares outstanding immediately following the Offering.</p>
Share Ownership . . . . .	<p>Immediately following the completion of the Offering, PT Multifortuna Asindo and PT Suryaparamitra Abadi, our controlling shareholders, will own approximately 30.0% and 30.0% of our total outstanding ordinary shares, respectively, assuming all of the Offer Shares are sold. See “<i>Principal Shareholders</i>.”</p>

Lock-up . . . . .	<p>The Company has agreed that, without the prior written consent of the Joint Bookrunners, it will not, for a period of 12 months from the date the registration statement relating to the Indonesian Offering is declared effective by the OJK (the “<b>Effective Date</b>”), (A) offer, pledge, sell, accept subscription for issue, contract to sell, mortgage, charge, assign, sell any option, warrant or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to subscribe for or purchase, lend, or otherwise transfer or dispose of or create an encumbrance over, directly or indirectly, conditionally or unconditionally, or otherwise, any of our shares or interests therein or any other securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our shares or any interests therein or file any registration statement with respect to any of the foregoing, (B) enter into any swap, hedge, derivative or other transactions or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of our shares or any interest in our shares, (C) deposit any of our shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our shares or any interests therein in any depository receipt facilities or (D) publicly announce any intention to do any of the above, whether any such transaction described in clause (A), (B) or (C) above is to be settled by delivery of our shares or such other securities, in cash or otherwise. The foregoing restriction does not apply to the issuance and sale of the Offer Shares or any shares allocated or transferred to any employees under any employee stock option plan.</p> <p>Each of the Selling Shareholders, on its own behalf and on behalf of its shareholders, affiliates and nominees of trustees holding our shares in trust for or on its behalf, has agreed to similar restrictions for a period of six months from the Effective Date. These restrictions do not apply to any Secondary Shares to be offered and sold in the Secondary Offering.</p> <p>See “<i>Plan of Distribution—Lock-Up Arrangements.</i>”</p>
Employee Stock Allocation . . . . .	<p>Up to 10% of the Primary Shares or a maximum of 70,000,000 Offer Shares will be offered to eligible employees. The exercise price of the Offer Shares allocated in the employee stock allocation programme will be the same as the Offering Price. Offer Shares allocated to the eligible employees will be subject to a lock-up arrangement for the period ending three months after the listing of our shares on the IDX. For more information, see “<i>Plan of Distribution</i>”.</p>
Voting Rights . . . . .	<p>Owners of shares purchased in the Offering will be entitled to the same voting rights as other holders of our shares. See “<i>Description of Our Common Shares—Shareholders’ Meetings and Voting Rights.</i>”</p>

Dividends . . . . .	The declaration, amount and payment of future dividends on our shares, if any, are discretionary and will be subject to the recommendation of the Company’s Board of Directors and approval at a general meeting of our shareholders. See “ <i>Dividends</i> ” and “ <i>Description of Our Common Shares—Dividends.</i> ”
Subscription of Offer Shares . . . .	The International Selling Agents and the Domestic Underwriter and/or any of their affiliates may subscribe for Offer Shares in the Offering for their own account.
Selling Restrictions . . . . .	The Offer Shares will be subject to certain distribution and selling restrictions as described in “ <i>Plan of Distribution—Selling Restrictions.</i> ”
Risk Factors. . . . .	Investing in the Offer Shares involves risks. See “ <i>Risk Factors.</i> ”
Timetable. . . . .	An indicative timetable in respect of the Offering is set forth in “ <i>Plan of Distribution—Important Events.</i> ”

## SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

The summary financial information and operating data as of December 31, 2015, 2016 and 2017 and for the years then ended have been derived from our Consolidated Financial Statements included elsewhere in this Offering Circular and are qualified in their entirety by reference to those Consolidated Financial Statements and the related notes thereto.

Prospective purchasers of the Offer Shares should read the summary financial information presented below in conjunction with our Consolidated Financial Statements and the notes to the Consolidated Financial Statements included in this Offering Circular, as well as the section of this Offering Circular entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We have prepared and presented our consolidated financial statements in accordance with Indonesian FAS, which differs in certain respects from IFRS. See “Summary of Certain Differences Between Indonesian FAS and IFRS.”

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Net Sales . . . . .	2,171.4	2,071.8	2,141.8	160.1
Cost of Sales . . . . .	(1,715.7)	(1,580.8)	(1,630.9)	(121.9)
<b>Gross Profit . . . . .</b>	<b>455.7</b>	<b>491.0</b>	<b>510.9</b>	<b>38.2</b>
<b>Operating Expenses</b>				
Selling . . . . .	(61.7)	(71.0)	(84.7)	(6.3)
General and administrative . . . . .	(122.2)	(132.6)	(139.2)	(10.4)
<b>Total Operating Expenses . . . . .</b>	<b>(183.9)</b>	<b>(203.6)</b>	<b>(223.8)</b>	<b>(16.7)</b>
<b>Operating Income . . . . .</b>	<b>271.8</b>	<b>287.4</b>	<b>287.1</b>	<b>21.5</b>
<b>Other Income (Charges)</b>				
Increase in fair value of investment properties . . . . .	—	—	8.8	0.7
Income from penalty related to delay on construction . . . . .	—	—	8.0	0.6
Interest Income . . . . .	7.0	8.7	3.9	0.3
Gain on sale of investment property . . . . .	—	—	1.6	0.1
Gain on sale of fixed assets . . . . .	0.6	1.2	1.1	0.1
Gain on sale of investment in shares . . . . .	0.5	—	—	—
Bank charges . . . . .	(1.1)	(1.0)	(1.1)	(0.1)
Loss on foreign exchange - net . . . . .	(0.7)	(1.5)	(4.9)	(0.4)
Interest expense . . . . .	(1.6)	(2.6)	(9.1)	(0.7)
Others - net . . . . .	0.2	0.7	1.9	0.1
<b>Other Income - Net . . . . .</b>	<b>4.9</b>	<b>5.5</b>	<b>10.2</b>	<b>0.8</b>
<b>Income Before Income Tax . . . . .</b>	<b>276.7</b>	<b>293.0</b>	<b>297.3</b>	<b>22.2</b>
<b>Income Tax Benefit (Expense)</b>				
Current . . . . .	(72.5)	(67.9)	(79.6)	(6.0)
Deferred . . . . .	1.2	(7.0)	3.9	0.3
<b>Income Tax Expense - Net . . . . .</b>	<b>(71.3)</b>	<b>(74.9)</b>	<b>(75.7)</b>	<b>(5.7)</b>
<b>Net Income . . . . .</b>	<b>205.4</b>	<b>218.1</b>	<b>221.6</b>	<b>16.6</b>
<b>Net income attributable to:</b>				
Owners of the parent . . . . .	208.5	222.1	225.4	16.9
Non-controlling interest . . . . .	(3.1)	(4.1)	(3.8)	(0.3)
<b>Net Income . . . . .</b>	<b>205.4</b>	<b>218.1</b>	<b>221.6</b>	<b>16.6</b>

# Consolidated Statement of Financial Position

	As of December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Current Assets</b>				
Cash and cash equivalents . . . . .	194.3	139.1	160.4	11.8
Trade Receivables - Third Parties . . . . .	310.1	374.3	429.3	31.7
Other receivables . . . . .	—	—	—	—
Related Parties . . . . .	58.1	—	—	—
Third Parties . . . . .	0.8	1.9	10.0	0.7
Net Inventories . . . . .	250.8	261.4	328.0	24.2
Advances . . . . .	2.8	5.1	4.1	0.3
Prepaid Expenses - Current . . . . .	3.2	3.3	3.9	5.6
Prepaid taxes . . . . .	20.8	41.9	75.3	0.3
<b>Total Current Assets . . . . .</b>	<b>840.8</b>	<b>827.0</b>	<b>1,011.0</b>	<b>74.6</b>
<b>Non-Current Assets</b>				
Prepaid Expenses - non-current . . . . .	—	6.4	10.5	0.8
Advances for purchase of fixed assets and investment properties . . . . .	4.2	38.3	25.3	1.9
Deferred tax asset . . . . .	14.8	9.6	14.3	1.1
Fixed Assets - net of accumulated depreciation of Rp. 32,771,728,506 in 2017, Rp. 31,258,225,550 in 2016, of Rp. 28,726,893,359 in 2015 . . . . .	182.0	276.1	768.6	56.7
Investment properties . . . . .	64.5	198.2	185.8	13.7
Intangible Assets - net of accumulated amortization of Rp. 18,039,062 in 2017, Rp. 7,106,250 in 2016 . . . . .	—	0.03	0.06	0.0
Other Non-Current Assets . . . . .	3.3	0.8	4.3	0.3
<b>Total Non-Current Assets . . . . .</b>	<b>268.7</b>	<b>529.5</b>	<b>1,009.0</b>	<b>74.5</b>
<b>Total Assets . . . . .</b>	<b>1,109.5</b>	<b>1,356.5</b>	<b>2,020.0</b>	<b>149.1</b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Short-Term Bank Loans . . . . .	15.0	125.4	329.0	24.3
Trade Payables:				
Related Parties . . . . .	473.4	417.1	434.1	32.1
Third Parties . . . . .	2.8	1.4	1.5	0.1
Other Payables:				
Related Parties . . . . .	0.5	2.2	3.2	0.2
Third Parties . . . . .	38.6	15.0	31.3	2.3
Accrued Expenses . . . . .	8.0	11.4	11.4	0.8
Taxes Payable . . . . .	15.1	9.3	15.2	1.1
Advances and Deposits from Customers . . . . .	155.0	163.6	186.3	13.8
Short-term employee benefits liability . . . . .	31.6	9.8	4.2	0.3
Current Maturities of Long-Term Debts:				
Consumer Financing Payable . . . . .	1.5	1.9	1.3	0.1
Bank loans . . . . .	1.7	1.7	20.9	1.5
<b>Total Current Liabilities . . . . .</b>	<b>743.1</b>	<b>758.7</b>	<b>1,038.4</b>	<b>76.6</b>

	As of December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Non-Current Liabilities</b>				
Long-Term Debts net of Current Maturities:				
Consumer Financing Payables . . . . .	0.9	0.7	0.3	0.0
Bank Loans . . . . .	3.3	1.7	96.0	7.1
Due to Related Party . . . . .	85.4	149.7	73.9	5.5
Long-term Employee Benefits Liability . . . .	27.6	28.6	38.3	2.8
<b>Total Non-Current Liabilities . . . . .</b>	<b>117.2</b>	<b>180.7</b>	<b>208.5</b>	<b>15.4</b>
<b>Total Liabilities . . . . .</b>	<b>860.3</b>	<b>939.4</b>	<b>1,246.8</b>	<b>92.0</b>
<b>Equity</b>				
<b>Share Capital:</b>				
Authorised/Issued and fully paid — FY2017, FY2016 and FY2015 . . . . .	20.0	20.0	200.0	14.8
General reserve . . . . .	—	—	5.0	0.4
Retained earnings . . . . .	207.3	258.4	86.4	6.4
Total Equity Attributable to:				
Owners of the Parent . . . . .	227.3	278.4	291.4	21.5
Non-Controlling Interest . . . . .	21.9	138.8	481.7	35.6
<b>Total Equity . . . . .</b>	<b>249.2</b>	<b>417.1</b>	<b>773.1</b>	<b>57.1</b>
<b>Total Liabilities and Equity . . . . .</b>	<b>1,109.5</b>	<b>1,356.5</b>	<b>2,020.0</b>	<b>149.1</b>

## Consolidated Statement of Cashflows

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Cash Flows from Operating Activities</b>				
Cash Receipts from Customers . . . . .	2,207.4	2,016.2	2,109.6	157.7
Cash Paid to Suppliers, Employers and for Other Operating Expenses . . . . .	(1,889.0)	(1,820.7)	(1,922.1)	(143.5)
Cash Generated from Operations . . . . .	318.4	195.5	187.5	14.0
Interest Received . . . . .	7.0	8.7	3.9	0.3
Interest Paid . . . . .	(1.6)	(2.6)	(9.1)	(0.7)
Corporate Income Tax Paid . . . . .	(67.5)	(78.7)	(74.2)	(5.6)
<b>Net Cash Provided by Operating Activities . .</b>	<b>256.3</b>	<b>122.8</b>	<b>108.1</b>	<b>8.1</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sale of Investment Properties . .	—	—	5.2	0.4
Proceeds from Sale of Fixed Assets . . . . .	0.6	1.3	2.8	0.2
Payment of Value Added Tax . . . . .	(15.6)	(8.8)	(19.6)	(1.5)
Acquisition of Fixed Assets . . . . .	(129.0)	(92.0)	(335.1)	(25.0)
Acquisition of Intangible Assets . . . . .	—	(0.04)	(0.04)	(0.0)
Acquisition of Investment Properties . . . . .	(42.6)	(129.0)	(68.9)	(5.2)
Payment of Advance Purchase of Fixed Assets and Investment Properties . . . . .	(3.2)	(37.7)	(19.3)	(1.5)
Long-term prepaid rent . . . . .	—	(6.5)	(4.2)	(0.3)
Borrowings cost capitalized to fixed asset . . . .	—	—	(15.0)	(1.1)
Borrowings cost capitalized to investment properties . . . . .	—	—	(5.5)	(0.4)
Payment of liabilities related to acquisition of fixed asset . . . . .	—	(29.0)	—	—
Proceeds from sale of investment in shares . . .	2.3	—	—	—
<b>Net Cash Used in Investing Activities . . . . .</b>	<b>(187.6)</b>	<b>(301.9)</b>	<b>(459.7)</b>	<b>(34.4)</b>
<b>Cash Flows from Financing Activities</b>				
Dividends Paid . . . . .	(146.5)	(165.7)	(210.0)	(15.7)
Proceeds from Short-Term Bank Loans . . . . .	15.0	110.4	200.6	15.0
Proceeds from Long-Term Bank Loans . . . . .	—	—	115.1	8.6
Payment of Long-Term Loans . . . . .	(1.7)	(1.7)	(1.7)	(0.1)
Payment of Consumer Financing Payable . . . . .	(1.1)	(4.5)	(2.4)	(0.2)
Receipt from Deposit for Future Share Subscription from Non-Controlling Interest .	68.7	34.3	—	—
Receipt from Issuance of Share Capital to Non-Controlling Interest . . . . .	—	35.5	101.2	7.6
Proceeds from Loan from Related Party . . . . .	—	115.4	169.8	12.7
<b>Net Cash Provided by (Used in) Financing Activities . . . . .</b>	<b>(65.4)</b>	<b>123.8</b>	<b>372.6</b>	<b>27.9</b>
Effect of foreign exchange on cash and cash equivalents . . . . .	0.1	0.2	0.3	0.0

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Net Increase (Decrease) on Cash and Cash Equivalents . . . . .</b>	<b>3.4</b>	<b>(55.2)</b>	<b>21.4</b>	<b>1.6</b>
<b>Cash and Cash Equivalents at the Beginning of the Year . . . . .</b>	<b>190.9</b>	<b>194.3</b>	<b>139.1</b>	<b>10.2</b>
<b>Cash and Cash Equivalents at the End of the Year . . . . .</b>	<b>194.3</b>	<b>139.1</b>	<b>160.4</b>	<b>11.8</b>
<b>Non Cash Activities</b>				
Reclassification from investment properties to fixed assets. . . . .	—	—	90.7	6.8
Share dividend. . . . .	—	—	180.0	13.5
Conversion of loan to shareholder into share of non-controlling interest . . . . .	—	—	211.3	15.8
Acquisition of Fixed Assets through Receivables Realization . . . . .	4.5	—	—	—
Acquisition of Fixed Assets which have not been paid . . . . .	38.6	1.9	19.4	1.4
Borrowing cost capitalized to Fixed Assets which have not been paid. . . . .	—	0.7	3.0	0.2
Acquisition of Fixed Assets Through Consumer Financing . . . . .	1.5	4.8	1.3	0.1
Borrowing Costs Capitalized to Investment Properties which have not been paid. . . . .	—	1.3	—	—
Increase in fair value of investment properties . . . . .	—	—	8.8	0.7
Acquisition of fixed assets through advances . . . . .	—	—	32.4	2.4
Acquisition of investment properties through advances. . . . .	—	3.6	—	—

## Consolidated Non-GAAP Financial Information

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions, except as otherwise stated)			
EBITDA <sup>(1)</sup>	276.3	293.1	289.0	21.5
EBITDA Margin <sup>(2)</sup>	12.7%	14.1%	13.5%	13.5%
Net Income Margin <sup>(3)</sup>	9.5%	10.5%	10.3%	10.3%

<sup>(1)</sup> EBITDA refers to operating income before depreciation and amortization expense. EBITDA and the related ratios presented in this Offering Circular are supplemental measures of our performance that are not required by, or presented in accordance with, Indonesian FAS, U.S. GAAP or IFRS. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS, U.S. GAAP or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS, U.S. GAAP or IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term; hence, a direct comparison between companies using such a term may not be possible. Set forth below is a reconciliation of our profit for the period under Indonesian FAS to our definition of EBITDA for the periods indicated.

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Operating income	271.8	287.4	287.1	21.5
Add/(Deduct)				
Depreciation and amortization	4.5	5.7	1.9	0.1
<b>EBITDA</b>	<b>276.3</b>	<b>293.1</b>	<b>289.0</b>	<b>21.6</b>

<sup>(2)</sup> EBITDA margin is calculated by dividing EBITDA by net sales.

<sup>(3)</sup> Net income margin is calculated by dividing net income by net sales.

## Key Performance Indicators

	For the Year Ended December 31,		
	2015	2016	2017
<b>Operating Data</b>			
Units sold			
Sanitary wares . . . . .	2,012,874	1,946,900	1,804,319
Fittings . . . . .	3,763,873	3,363,149	3,459,787
Other bathroom-related products . . . . .	18,976	17,650	20,648
Kitchen-related products . . . . .	4,095	5,610	7,730
Average unit price			
Sanitary wares (Rp.) . . . . .	532,706	549,580	587,232
Fittings (Rp.) . . . . .	271,521	279,808	291,179
Other bathroom-related products (Rp.) . . . . .	3,592,860	2,658,681	2,645,793
Kitchen-related products (Rp.) . . . . .	2,200,177	2,467,174	2,627,362
Average unit cost			
Sanitary wares (Rp.) . . . . .	418,373	425,477	450,737
Fittings (Rp.) . . . . .	218,182	213,728	223,168
Other bathroom-related products (Rp.) . . . . .	2,361,793	1,512,487	1,502,226
Kitchen-related products (Rp.) . . . . .	1,850,306	1,237,010	1,811,865
Average receivable days outstanding . . . . .	52	66	73
Average inventory days outstanding . . . . .	48	59	66
Average payable days outstanding . . . . .	108	97	98

## RISK FACTORS

*An investment in the Offer Shares involves risks. You should consider carefully all of the information contained in this Offering Circular, especially the following risk factors, in evaluating whether to purchase the Offer Shares. Additional risks not presently known to us or that we currently deem immaterial may also materially and adversely impair our business, cash flows, results of operations, financial condition or prospects. The market price of the Offer Shares could decline due to any one of these risks, and you may lose all or part of your investment. You should also note that certain of the statements set forth below constitute “forward-looking statements” as discussed in “Forward-Looking Statements.” The risks described below are not the only ones that may affect us or the Offer Shares. In general, investing in securities of companies in emerging-market countries such as Indonesia involves risks not typically associated with investing in the securities of companies in more developed economies. To the extent the description in this section relates to the Government, Indonesian macroeconomic data or information regarding the industry in which we operate, such information has been extracted from official Government publications or other third-party sources and has not been independently verified by us.*

### **Risks Relating to our Distribution Business**

***We depend on Surya Toto Indonesia for the supply of our products and for a number of other aspects of our business, and any disruption to or downturn in the business of Surya Toto Indonesia or the Toto Overseas Group or in the relationship between Surya Toto Indonesia and TOTO Japan could have a material adverse effect on our business.***

We purchase substantially all of our products from Surya Toto Indonesia and TOTO Overseas Group. See “*Business—Supply Arrangements.*” In 2015, 2016 and 2017, approximately 91.0%, 92.6% and 91.1% of our total purchases were from Surya Toto Indonesia, respectively. For the same period, approximately 5.5%, 2.6% and 4.0% of our total purchases were from TOTO Overseas Group, respectively. If Surya Toto Indonesia decided to begin selling some or all of its products to another distributor or were no longer able to supply us with its products at the current discount rate or at all, or if the supply from Surya Toto Indonesia were to be materially disrupted or limited as a result of a material disruption to or downturn in the production, business or operations of Surya Toto Indonesia, our business, financial condition and results of operations would be materially and adversely affected and we would not be able to fulfill orders from our distributors, dealers or customers, and our relationships and reputation could suffer irreparable harm. There can be no assurance that we would be able to switch to another manufacturer’s products, either on commercially reasonable terms or at all, or that we would be able to distribute other products and to continue operating our business. We may be subject to penalties for late delivery or we may lose future business with these customers, which would have a material adverse effect on our business, results of operations, financial condition or prospects. In addition, Surya Toto Indonesia and TOTO Overseas Group have the sole right to determine the retail list price of their products, which in turn affects the prices at which we purchase our inventory from them and sell such products to our customers. There can be no assurance that we can pass any price increases by Surya Toto Indonesia or the TOTO Overseas Group on to our customers, which may have a material and adverse effect on our operating margins and profitability.

We are heavily dependent on Surya Toto Indonesia and the TOTO Overseas Group for a number of other aspects of our business, including the maintenance and promotion of the TOTO brand and TOTO products, quality assurance, customer service, pricing and related policies, and competitiveness in the market. As a consequence, any potential conflicts or misalignment of interests with Surya Toto Indonesia or the TOTO Overseas Group, or a downturn in the relationship between Surya Toto Indonesia and TOTO Japan (which may lead to Surya Toto Indonesia and/or Surya Pertiwi Nusantara losing support from TOTO Japan), or any material disruption to or downturn in the production, business or operations of Surya Toto Indonesia or the TOTO Overseas Group would likely have a material adverse effect on our business. As a result, we are indirectly subject to a number of risks facing the TOTO Overseas Group. These risks include: international competition, even in markets outside Indonesia; general risks associated with manufacturing, including quality control, accidents or

production interruptions; risks relating to the price and availability of raw materials; financial risks (such as interest rate exposure, high levels of indebtedness and foreign exchange exposure); litigation; regulatory risks; reputational risk (including risks that may materially and adversely affect the TOTO brand); operational risks, such as transport and logistics; strikes, “key man” risks or other employee-related risks; and others. Therefore, an economic downturn, financial difficulty, business or operational disruptions, legal issues and/or brand and reputational damage that materially and adversely affect the TOTO Overseas Group may also have a material and adverse impact on our business, financial condition and results of operations.

***Our business and financial performance depend on macroeconomic, financial and monetary conditions in Indonesia.***

Our business, results of operations and financial performance depend largely on macroeconomic and other market conditions in Indonesia. Because we sell sanitary wares and fixtures, which are basic consumer products that most households need but only buy a limited number of times, and because consumer preferences for these products tend to evolve as consumers become more affluent (for example, preferences for seated toilets over traditional squat toilets), our sales and financial performance are closely linked to developments in these macroeconomic and general market conditions. To the extent these developments are negative, they could have a material adverse effect on our business and performance. Specifically, we depend on continued growth of the Indonesian middle class and of consumers’ purchasing power to drive a shift in consumer preferences for modern sanitary wares and fittings such as those we sell. Developments that could negatively impact this growth include: fluctuations or contractions in GDP and per capita GDP in Indonesia; changes in consumer confidence; decreases in new construction, renovation or replacement activities; price developments in individual housing markets; a slow-down in lending to consumers and businesses; fluctuations in interest rates; changes in market demand; and increases in labor costs and taxes. These factors are outside our control. The demand for our products is directly linked to these factors among other factors.

A slow-down in or reversal of economic growth or a deterioration of the market and economic conditions described above would lead to lower family incomes, higher unemployment rates, lower levels of home purchasing or construction, and decreased consumer spending power. These factors, in turn, would lead to lower demand for sanitary ware products generally and for our products in particular, either due to a general contraction in the market or due to a loss of market share or both, and could stop consumers’ purchasing practices and preferences from developing in the ways we anticipate. Such a slow-down in growth and decrease in demand could last for an extended period of time. We may not be able to predict or respond to such adverse developments, either in a timely fashion or effectively or at all, which could have a material adverse effect on our sales and our operating and financial performance. We also depend specifically on the property development, construction and real estate industries, as new construction drives demand for sanitary wares, and we would expect a slow-down in these industries to have a material adverse effect on our business. See “—We depend on the real estate, property development and construction industries, and fluctuations in these industries could result in lower net sales and reduced profitability,” below. In addition, these adverse market developments could result in increased price competition, which could result in further pressure on our operating margins or require us to offer longer payment terms to our distributors, dealers and customers. We may also experience a materially substantial default or a higher incidence of default by our distributors, dealers and customers. Our revenues and cash flows may be negatively impacted by any such event. In addition, our suppliers may fail to meet their delivery obligations and may experience shortages in supply for our production, or our suppliers may change the credit terms they extend to us, including shortening our payment terms or reducing or eliminating the amount of trade credit available to us, all of which could also have material adverse effect on our cash flows and results of operations.

Any slow-down in or deterioration of the general economic, financial and monetary conditions described above could have a material adverse impact on our sales, our supply chain, our production capabilities and our ability to deliver products and services to our customers and therefore on our business, financial condition and results of operations. See also “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Major Factors Affecting Our Results of Operations and Financial Condition.*”

***We are dependent on developments in the Indonesian sanitary wares and bathroom fittings industry.***

We are dependent on developments in the Indonesian sanitary wares and bathroom fittings industry. In 2016 we had a market share of approximately 55.1% in the Indonesian sanitary wares market and approximately 49.8% in the Indonesian bathroom fittings market, according to Euromonitor International Limited. We cannot assure you that we will be able to maintain or increase this market share in the future, as it is difficult for us to grow our business by increasing an already substantial market share. Instead, we depend for growth in our sales on the growth of the sanitary wares market in general, which in turn largely depends on the macroeconomic factors described above. We cannot assure you that the sanitary wares and fittings industries will continue to grow or will not contract, which would materially and adversely impact our ability to grow or maintain the levels of our sales and therefore, our business, financial condition and results of operations. In addition, we face competition from other international manufacturers of other high-end brands, as well as from Chinese manufacturers of lower-end products. See “*Industry Overview*”. The competition that we face may change and grow more intense, and any inability to compete may materially and adversely affect our business. We have in recent years lost market share, as the Indonesian market for sanitary wares and bathroom fittings has grown at a CAGR of over 11% over the past five years, while our net sales for the past three years have been largely flat. See “*—We face competition in Indonesia with regard to TOTO-brand products, and if we are unable to maintain our market share, it could have a material adverse effect on our business and operating results.*”

***We may be unable to successfully implement our expansion strategy or manage our future growth.***

Over the past decade, we have expanded our business through organic growth. We plan to continue this strategy by strengthening our network of distributors and expanding our geographic reach across Indonesia, as we expect the market for sanitary wares to grow. See “*Business—Our Operating Strategies.*” In addition, as part of our growth strategy, we have entered into the manufacturing business and have constructed a new manufacturing facility in Surabaya, where we now manufacture our own products for sale and intend to build additional production lines. See “*Business—Our Manufacturing Operations.*” For other risks relating to our manufacturing operations, see “*—Risks Relating to our Manufacturing Business.*” This growth strategy will require significant capital investments and cash outlays, which may have a material impact on our results of operations in the next few years. Our ability to successfully execute these expansion plans, to the extent they proceed, will depend on various factors, including:

- the availability, terms and costs of financing required to fund construction or expansion of our Surabaya facility;
- unexpected delays in completing expansion of our new Surabaya facility;
- our ability to operate our new Surabaya facility safely and efficiently and without unexpected delays or interruptions;
- favorable investment and regulatory conditions in Surabaya, including labor, environmental and tax policies in relation to the construction, operation or expansion of our Surabaya facility;
- our ability to maintain our market share and reach new consumers throughout Indonesia; and

- general economic conditions, in particular as they pertain to growth in GDP per capita in Indonesia, increased consumer purchase power and, therefore, growth in the sanitary wares and fittings industries generally.

We cannot assure you that we will be able to execute our plans and, to the extent they proceed, that we will be able to complete them within our budget or on time, achieve an adequate return on our investment or maintain current or prospective growth rates. Even if we are able to implement some or all of the initiatives of our business strategy successfully, our operating results may not improve to the extent we anticipate, or at all.

Even if we are successful in growing our operations and increasing our sales, our failure to manage this growth effectively could materially and adversely affect our business and financial condition. Our growth may significantly strain our managerial, operational and financial resources and systems. In order to compete effectively and to grow our business profitably, we will have to continue to implement and improve our operational, financial and management controls, reporting systems and procedures. In addition, we must effectively expand, train and manage our employees. Any failure or delay on our part in responding to these challenges could have a material adverse effect on our business, financial condition and result of operations.

***We rely heavily on third-party dealers and distributors to bring our products to market, as well as on other third parties for certain parts of our operations.***

We use third-party dealers and distributors to on-sell most of our products to other dealers or to end-users in Indonesia, and we rely on these parties to market and sell our products to end-users. See “*Business—Distribution Network.*” In 2015, 2016 and 2017, sales made to our sole distributors and dealers accounted for 70.4%, 75.7% and 74.5% of our net sales. As a result of this distribution system, we do not directly control the consumer-facing aspects of our business, including sales and marketing to end users, customer care, after-sales services and the management of the TOTO brand. We work closely with our sole distributors on a number of sales promotion initiatives relating to these areas and we seek to ensure that promoting and selling our products is in their economic interest. For example, our sales initiatives for our sole distributors include annual sales target rebates, co-op promotions, payment incentives and annual travel incentives for the best-performing sole distributors. See “*Business—Sales and Marketing.*” Nonetheless, our dealers’ or distributors’ incentives may not be aligned with ours, and they may not have strong or sufficient incentives to sell our products in a timely manner or at all or to seek out new sales opportunities on our behalf. They may also prefer to sell products other than ours. We cannot ensure that our dealers and sole distributors always use their best efforts to market and sell our products and to promote our brand, which may materially and adversely affect the TOTO brand or other brands that we sell, our dealers’ and distributors’ purchase volumes from us, and our net sales, financial condition and results of operation. In addition, we do not control our sole distributors or dealers, and any violations by them of any rules, laws or regulations, in particular with regard to anti-corruption and similar laws, could expose us to reputational and legal risks. Failure to manage our sole distributors and dealers may harm the TOTO brand or our corporate image among end-users of our products and disrupt our sales.

Further, we sell our products to our sole distributors pursuant to agreements that are updated on a biennial basis and to our dealers through purchase orders on an as-needed basis, rather than pursuant to long-term contracts. Our sole distributors may stop purchasing from us with limited notice, and our dealers may stop purchasing from us at any time. In addition, if our competitors offer more favorable terms or greater incentives to our sole distributors or dealers, our sole distributors and dealers may prioritize sales of our competitors’ products over ours. If our relationships with our dealers or sole distributors deteriorate and we are unable to repair these relationships or find replacement dealers, our revenues, business, financial condition, results of operations and prospects could be materially and adversely affected.

We also engage third-party delivery companies to deliver our products to our customers. See “*Business—Transportation.*” Strikes, delays, poor service or any other disruption to the business of our third-party delivery companies may affect the timely delivery of our finished products and cause us to miss customer deadlines. This may lead to breach of contract claims being made against us, and our reputation and the loyalty of our customers may be adversely affected. We may also be negatively affected by an increase in logistics and transportation costs or by the unavailability of transportation services. In any such instances, our business, results of operations, financial condition or prospects may be materially adversely affected.

***We depend on a limited number of suppliers for the products that we sell, and supply shortages or price increases could adversely affect our business, financial condition and results of operations.***

In addition to Surya Toto Indonesia and TOTO Overseas Group, we procure products from a number of other manufacturers, primarily leading global brands producing sanitary fixtures. While these products represent a comparatively small portion of our business (approximately 3.1%, 4.6% and 4.5% of our total purchases in 2015, 2016 and 2017), they are important to our ability to provide customers in Indonesia with a full range of sanitary products. See “*Business—Supply Arrangements.*” If these suppliers were unable or unwilling to continue to sell their products to us, either at all or on commercially reasonable terms or in sufficient quantities to meet our customers’ demand, we may not be able to meet market demand or to switch to other products or to increase sales of other products to mitigate the drop in supply of another product. In addition, our suppliers may fail to meet their delivery obligations and may experience shortages in supply for our production, or our suppliers may change the credit terms they extend to us, including shortening our payment terms or reducing or eliminating the amount of trade credit available to us, all of which could also have a material adverse effect on our cash flows and results of operations. For risks related to our dependence on Surya Toto Indonesia for the supply of our products, see “*—We depend on Surya Toto Indonesia for the supply of our products and for a number of other aspects of our business, and any disruption to or downturn in the business of Surya Toto Indonesia and the Toto Overseas Group could have a material adverse effect on our business.*”

In addition, most of the contracts with our import suppliers, which include TOTO Overseas Group, typically have terms of up to one to four years. We cannot be certain that these suppliers will continue to deal with us on their current terms, that prices for products will not significantly increase, or that we will be able to purchase supplies at prices that allow our products to be competitive, or at all. Any inability to obtain sufficient quantities of these products could result in delays and increased costs in our operations or an inability to properly maintain our existing level of operations. Further, we may not be able to obtain replacement products if contracts with our suppliers are not renewed or are terminated. As a consequence, supply shortages or price increases by our import suppliers could materially and adversely affect our business, financial condition and results of operations.

***We may not be able to manage the inventory levels of our products effectively, which could have a material adverse effect on our results of operations and financial condition.***

Our ability to manage our inventory levels to meet demand from our customers for our products is important for our business. We typically maintain one month of inventory, based on our internal projections of demand from our dealers and sole distributors, and may choose to maintain more. If market demand for particular products exceeds our expectations or the amounts that we agree or are required to purchase from Surya Toto Indonesia or our other suppliers, we may not have a sufficient number of products in our inventory, which could lead to delays in our ability to respond to customer orders and to lost orders and sales. Conversely, if predicted market demand is substantially lower than orders, there may be excess inventory, which may require us to reduce our prices, which may materially and adversely affect our gross margins. Failure to effectively manage our inventory levels may have a material adverse effect on our business, results of operations and financial position.

***We depend on the real estate, property development and construction industries, and fluctuations in these industries could result in lower net sales and reduced profitability.***

Customers in the real estate, property development and construction industries contributed 28.4%, 22.8% and 24.6% of our net sales in 2015, 2016 and 2017. As a result, we are dependent on fluctuations in these industries. The state of these industries depends on levels of new development and business investment, which are a function of many factors, all of which are beyond our control, including credit availability, interest rates, mortgage rates, employment levels, income levels and consumer confidence. An economic downturn or slowdown in Indonesia generally or in the regional markets we serve could result in reduced levels of real estate development and construction, which, in turn, could result in lower net sales and lower profitability. For example, the 1998 financial crisis in Indonesia caused a substantial downturn in the real estate, property development and construction industries and significantly reduced our sales to our projects customers. Moreover, these factors could be exacerbated by unfavorable economic conditions resulting from certain events, such as the political situation or sovereign debt issues in the country or region or the threat of terrorist attacks. Any decline in these industries could have a material adverse effect on our financial condition and results of operations.

***We face competition in Indonesia with regard to TOTO-brand products, and we may not be able to maintain our market share.***

Our TOTO-brand products, which are manufactured by Surya Toto Indonesia, face competition from global manufacturers of well-known brands, such as American Standard and, in the near future, Kohler, who seek to serve the same end-user market in Indonesia. We also expect that we and Surya Toto Indonesia may also face increasing competition from new entrants into the market, in particular from Chinese manufacturers seeking to compete with lower prices. Competition in our market is based on many factors, including brand recognition and customer loyalty, product quality and reliability, breadth of product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality of services, and price. Our success depends, in part, on our size, our extensive distribution network, our customer relationships, the quality of our products, our reputation and that of the TOTO brand, and the high barriers to entry in our industry. If we are not able to compete successfully with other brands and companies, we may not be able to maintain our market share. In 2016 we held a market share of approximately 55.1% in the Indonesian sanitary wares market and approximately 49.8% in the Indonesian bathroom fittings market, according to Euromonitor International Limited. However, while the overall sanitary wares and bathroom fittings markets in Indonesia grew by a CAGR of over 11% by value from 2012 to 2016, our sales from 2015 to 2017 have remained relatively flat, which suggests a loss of market share. If we are not able to maintain or grow our market share, we may be unable to achieve the sales volumes or pricing levels that we need to achieve in order to maintain or grow our profitability. See “*Industry Overview*.”

Some of Surya Toto Indonesia’s and our competitors are divisions or subsidiaries of larger companies that may have greater financial and other resources than we do, which may enable them to adapt more quickly to new or emerging technologies and changes in customer requirements or preferences or devote greater resources to the promotion and sale of their products than we can. Many of our competitors may also offer other products that we do not provide. We also experience price pressure from competitors in certain product lines and markets, and, in general, price transparency has increased. We believe that maintaining and growing our competitive advantage will require continued investment in sales and marketing and customer relationships. We cannot assure you that we will have sufficient resources to make the necessary investments or that we will be able to compete successfully against existing or future competitors. In addition, if we do not timely and effectively identify and respond to changing purchasing practices and consumer preferences, the demand for our products could be reduced and our results of operations and financial position could be materially and adversely affected. See also “*Business—Competition*.”

***We may require additional capital in the future, which may not be available to us on satisfactory terms, if at all.***

We will require liquidity to fund our operating expenses and interest on our debt, as well as the future expansion of our manufacturing facilities in Surabaya. To the extent that the funds generated by our operations are insufficient to cover our liquidity requirements, we may need to raise additional funds through financings. If we cannot obtain adequate capital or sources of credit on favorable terms, or at all, our business, operating results and financial condition could be adversely affected.

***If we do not retain our key personnel or attract and retain other highly skilled or skilled labor employees, our business may suffer.***

The success of our business is heavily dependent on the leadership of our key management personnel and given our dependence on the sale of TOTO products, on the long-standing relationship that our key management personnel has with members of the Toto Overseas Group, particularly TOTO Japan. Our President Commissioner, Mardjoeki Atmadiredja and our President Director, Tjahjono Alim, have almost 40 years of experience in the sanitary wares and fittings industry in Indonesia. Mr. Atmadiredja is also the President Commissioner of Surya Toto Indonesia. We believe that our future success will depend on the continued service of our key management personnel and on our ability to maintain and cultivate relationships with the Toto Overseas Group in the future. In addition, we will need to continue to attract, motivate and retain highly skilled and qualified personnel. In particular, attracting and retaining key technical and engineering personnel is important as we enter the manufacturing business. We have hired 36 employees from Surya Toto Indonesia with particular technical expertise, including factory managers and heads of certain production lines, to assist with the establishment of our manufacturing facility in Surabaya and to assist with the technical and engineering aspects of our business. If we lose key personnel, it could be difficult to replace them, and our business, financial condition and results of operations could be adversely affected. We do not maintain key-man life insurance. We cannot assure you that we will continue to be successful in attracting, retaining and motivating key personnel and other highly skilled or skilled labor employees. See “*Management.*”

***Our operations could be severely hampered by natural disasters or other catastrophes.***

Our operations could be disrupted for reasons beyond our control. Our distribution operations are subject to interruptions to our distribution network and our logistics organization, either as a result of operational failures or failures by our business partners or natural disasters such as hurricanes, earthquakes, tsunamis, tidal waves or floods. Similarly, our manufacturing operations are subject to disruptions which may include extreme weather conditions, fire, natural disasters or other catastrophes. A significant catastrophic event such as war, acts of terrorism or global threats, including the outbreak of epidemic disease, could disrupt our operations and impair distribution of our products, damage inventory, interrupt critical functions, cause our suppliers to be unable to meet our demand for parts and equipment, reduce demand for our products, prevent our customers from honoring their contractual obligations to us or otherwise affect our business negatively. To the extent that such disruptions or uncertainties result in delays or cancellations of customer orders, or the manufacture or shipment of our products, our business, operating results and financial condition could be materially and adversely affected.

***Any prolonged business interruption at our manufacturing facility or warehouses or those of our suppliers or customers could have a material adverse effect on our business.***

Any material interruption at any of our manufacturing facility or warehouses or those of our suppliers including power failure and unexpected mechanical failure of equipment, caused by work stoppages, slowdowns, operational failures, accidents or earthquakes, fires or any other calamity, could impede our ability to meet customer orders. Irregular or interrupted supplies of power or water, electricity shortages or government intervention, particularly in the form of power rationing, are factors that could adversely affect our daily operations. If there is an insufficient supply of electricity or water to satisfy our operating requirements or a significant increase in electricity prices, we may need to limit

or delay our production. Similarly, an earthquake, fire, accident or other calamity resulting in significant damage at our manufacturing facility, warehouses or those of our suppliers or affecting the operations of our third-party cargo companies could have a material adverse effect on our business. Any material disruption at our manufacturing facility, warehouses or those of our suppliers could result in our inability to maximize facility utilization or meet order deadlines, which could damage our relationships with our customers and result in penalties being imposed on us by our customers, harm our reputation or result in us being liable to pay liquidated or other damages for breach of contract.

There is no assurance that our manufacturing facility or those of our suppliers which are unaffected by any disruption will have the capacity to increase their output to manufacture products on behalf of the affected manufacturing facilities. As a result, we may not be able to meet customers' demands in a timely manner and our business, results of operations and financial condition may be materially adversely affected.

Similarly, a business disruption at any of our suppliers may lead to a shortage of products, which could result in us being unable to complete customer orders in a timely manner. In extreme cases, such events may adversely affect our sales and we may be forced to incur additional costs in sourcing replacement products, which could have a material adverse effect on our financial condition and results of operations.

***We use temporary workers in certain of our operations, which may affect product quality and our overall success.***

We outsource certain office supporting functions, including our drivers and administrative support staff, sales promotion staff, warehouse laborers and certain administrative work streams, to third parties, whom we hire on an as-needed basis. As of December 31, 2017, we had 324 temporary workers provided to us by several employment agencies, which makes 40.3% of our total employees. See “*Business—Employees.*” In the event that there are any changes in Government regulations that restrict the functions of a business that are permitted to be outsourced, our costs may increase, as we would be required to hire more permanent employees to carry on such functions. Further, our temporary workers may not have the same level of commitment or vested interest as our permanent employees in the sales and marketing of our products or the production of high quality products or our overall success. There can be no assurance that we will be able to source sufficient temporary workers for our operations that will be satisfactory or match our expectations or that the services rendered by third parties, including any temporary workers, will be satisfactory or match our expectations. These factors may have a material adverse effect on our business, financial condition or results of operations.

***We face risks inherent in concentrating our business in one industry and one country.***

All of our assets and manufacturing facilities are located in Indonesia, and substantially our only market is and will continue to be Indonesia. In addition, we source most of our products from Surya Toto Indonesia, whose assets, manufacturing facilities and market is concentrated in Indonesia. See “*Business—Our Operating Strategies*” and “*Industry Overview.*” This business strategy exposes us to the risks inherent in concentrating our business in one industry in one country. We are exposed to risks arising from an economic downturn either in Indonesia generally or in key industries specifically, which may affect the demand for our products, and the insolvency of customers, suppliers and other counterparties in our industry. These risks may also restrict our ability to raise funds for our business and result in higher financing costs. We have not attempted to, and do not intend to mitigate these risks by selling into different countries or by providing products for different industries. If the potential economic and domestic consumption growth that we anticipate in Indonesia does not materialize or if there is an economic downturn or other financial, political or monetary crisis in Indonesia, the concentration of our business in one industry and in one country could significantly limit our ability to conduct our business, which would have a material adverse effect on our business, financial condition and results of operations.

***Currency exchange rate fluctuations could have an adverse effect on our net sales and results of operations.***

We purchase certain of our products from Europe, Japan, Singapore and other countries in Asia. See “Business—Our Products and Brands.” We make these purchases in U.S. dollars, Euros, Singapore dollars and Chinese Yuan and we sell these products in Rupiah. In 2015, 2016 and 2017, 8.8%, 7.2% and 7.9% of our cost of sales were denominated in foreign currencies. For the same periods, 10.0%, 9.1% and 10.3% of our net sales consisted of sales of imported goods. To the extent that we are unable to match net sales received in Indonesian Rupiah with our purchases in other foreign currencies, exchange rate fluctuations in any such currency could have an adverse effect on our financial results.

***We may be vulnerable to interest rate fluctuations on our indebtedness, which may materially and adversely affect our results of operations.***

We finance our operations with both fixed rate and variable rate borrowings, which may be impacted by changes in interest rates. As of December 31, 2017, Rp. 445.8 billion (US\$32.9 million) of our borrowings bore interest at variable rates. If in the future interest rates subsequently increase significantly, it could significantly increase the interest expense on our variable rate borrowings which could have an adverse effect on our operating results and liquidity.

Certain of our finance agreements contain financial covenants, which if breached may trigger events of default, which will give lenders the right to accelerate payment of the amounts owing under the finance agreements and we may be obliged to repay the outstanding loans immediately. This will have a material impact on our business, prospects, cash flows, financial condition and results of operations and any such acceleration may discourage lenders from providing us with finance and may therefore increase our cost of funding in the future.

***We are subject to various national, regional and local laws and regulations, and failure to comply with such laws or regulations or failure to maintain the relevant regulatory permissions or approvals necessary for our business and operations could materially and adversely affect our business.***

We are subject to a number of national, regional and local laws, rules and regulations, including laws, rules and regulations relating to our operations, the protection of our employees, the environment and natural resources, including the management of hazardous substances and waste, and occupational workplace health and safety, as well as taxation. Compliance with these laws and regulations entails considerable costs, and violation of these laws could result in the imposition of administrative sanctions ranging from a written warning to revocation of our business license to criminal sanctions in form of monetary sanctions or imprisonment. In addition, our suppliers may have used or discarded wastes in violation of applicable laws, regulations or permits. Such violations may result in the imposition of administrative sanctions ranging from a written warning to revocation of their business license and criminal sanctions in the form of monetary sanctions and imprisonment, which may also materially and adversely affect us.

We are also required to maintain certain operational licenses for our distribution business and to register our distribution agreements. Upon registration of our distribution agreements, we are issued a Registration Letter (*Surat Tanda Pendaftaran* or “STP”). We have obtained registration letters for our TOTO suppliers, including Surya Toto Indonesia and TOTO Asia Oceania Pte. Ltd., and certain of our non-TOTO import suppliers, including Geberit, Villeroy & Boch and Stiebel Eltron, and are in the process of obtaining registration letters for the remainder of our non-TOTO import suppliers. Failure to obtain such registration letters may result in administrative sanctions, ranging from a written warning to a revocation of our business license, and may prevent us from importing products from those suppliers. As of the date of this Offering Circular, the Company has not received any written warnings in relation to the absence of registration letters for our non-TOTO import suppliers.

***We may not be able to effectively predict or react to consumer preferences and technological changes that could render our products obsolete.***

We believe that our future success will partly depend on our ability to predict evolving consumer preferences and demands, including setting the appropriate prices for our products, and changing industry standards. If we do not anticipate or adequately respond to evolving market demands, we will not be able to sell our products or maintain the appeal of our brand successfully, which may adversely affect our business, financial condition and results of operations. Furthermore, we cannot assure you that existing, proposed or as yet undeveloped technologies will not render the products which we distribute less profitable or less viable, or that we will have available the financial and other resources to compete effectively against distributors selling products with such technologies.

### **Risks Relating to our Manufacturing Business**

***With our new manufacturing facility in Surabaya, we will be subject to general risks relating to manufacturing.***

Our new manufacturing facility in Surabaya commenced commercial production in April 2018. See “*Business—Our Manufacturing Operations.*” As well as risks related to having increased costs and working capital requirements, we are subject to general risks relating to running a manufacturing operation, including workplace health and safety issues, quality control issues, business interruption risk, disputes and/or disruptions at our manufacturing facility, risks related to running a production plant efficiently, excess capacity, regulatory risk, environmental risks and liability. As our manufacturing operations are new, we have no prior experience in dealing with these risks, and the risks may be exacerbated by the fact that this is a new line of business for us. We cannot assure you that these risks or others related to manufacturing activities will not materialize, and to the extent they do, it could have a material adverse effect on our business, financial condition and results of operations.

***We rely on licensed trademarks from TOTO, the loss of which could have a material adverse effect on our revenues and profitability.***

Our new manufacturing facility in Surabaya will produce exclusively TOTO-brand products. As part of our new manufacturing operations, Surya Pertiwi Nusantara has entered into a trademark licensing agreement with TOTO Japan for the TOTO brand, and our manufacturing operations are dependent upon the continued use of the TOTO trademark. Pursuant to the trademark licensing agreement with TOTO Japan, in the event that TOTO Japan determines that the products manufactured by our Surabaya factory do not conform to TOTO standards and specifications, TOTO Japan has the right to force us to (i) suspend our distribution of TOTO brand products, (ii) withdraw the TOTO products we manufactured from the market and (iii) suspend or discontinue the use of the TOTO trademark. If we are unable to sell products under the TOTO trademark or our trademark licensing agreement with TOTO Japan is terminated, it could have a material adverse effect on our business, operating results and financial condition. In addition, the trademark licensing agreement may be terminated in the event that, among other things, TOTO Japan is no longer a shareholder in Surya Toto Indonesia and Surya Toto Indonesia is no longer a shareholder in Surya Pertiwi Nusantara. For more information on the trademark licensing agreement with TOTO Japan, see “*Related Party Transactions—TOTO Japan.*”

***We may not be successful in achieving cost savings and operating efficiencies.***

Our business strategy includes continuing to take initiatives to improve and implement cost savings and operating efficiencies. In 2016, we through our subsidiary Surya Pertiwi Nusantara, which we formed in conjunction with Surya Toto Indonesia, built a factory in Gresik, near Surabaya, Indonesia, to manufacture TOTO-brand sanitary wares. The decision to establish a factory in Surabaya was a strategic move to remain competitive in the Indonesian market by taking advantage of the cheaper price of land and labor cost in Surabaya. At the initial stage, our intention is that the Surabaya factory will manufacture lower-end products, for which there is higher demand, to take advantage of the

operating efficiencies in Surabaya and to drive our growth. Our Surabaya factory may not produce the full cost reduction and efficiency benefits we expect. Further, these benefits may be realized later than expected, and the ongoing costs of implementing these measures may be greater than anticipated. If these measures are not successful or sustainable, our financial condition and results of operation would be adversely affected.

***Our insurance coverage may be inadequate to fully protect us from all losses.***

We are exposed to liability risks that are inherent to the manufacturing industry. Our operations are subject to the risk of loss due to fire and the risk of other natural calamities or general disruptions affecting our Surabaya factory. While we maintain insurance coverage of the type and in the amounts that we believe are commensurate with our operations and risks, including industrial all-risk insurance, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or in a timely manner, or that we have purchased sufficient insurance to cover all material losses and may materially and adversely affect our business, financial condition and results of operations.

***Volatility in the supply or price of our raw materials, particularly industrial clays, could adversely affect our operations and profitability.***

We depend on industrial clays such as pottery stone and ball clay as the primary raw materials for the production of our sanitary wares. Our Surabaya factory sources approximately 80% of its raw materials, including industrial clay, from outside of Indonesia, including from the United Kingdom, France, Thailand, Korea and Malaysia, due to the consistent quality of raw materials obtained abroad. We expect the proportion between domestically sourced and internationally sourced raw materials to be similar going forward. See “*Business—Our Manufacturing Operations.*” We pay for the raw materials that we obtain abroad mostly in U.S. dollars, as well as in Euro and, on occasion, in the local currency of the country in which we obtain the raw material. While prices of industrial clays are generally stable in their local currency, we are exposed to volatility in foreign exchange rates between the Indonesian Rupiah and the U.S. dollar or the relevant local currencies, which we expect to affect our cost for industrial clays and other raw materials.

Prices of pottery stone and ball clay have generally remained stable. However, various factors, including some that are beyond our control, can influence pottery stone and ball clay prices. These factors include weather adversity, industry supply and demand, foreign exchange rates and regulation implementations. Due to the uncertainty of these fluctuations, we cannot reasonably estimate our ability to successfully recover any cost increases of our raw materials. To the extent that cost increases cannot be passed on to our customers, or the duration of time lags associated with a pass-through becomes significant, such increases may have a material and adverse effect on our financial performance. Increases in our raw material costs could lower our gross margin significantly. We have not hedged historically, and do not hedge currently, against increases in our raw material costs.

In addition, to maintain competitive operations we must obtain from our suppliers, in a timely manner, sufficient quantities of raw materials at acceptable prices. We obtain our raw materials via a bidding process and do not have long term contracts with our suppliers. As suppliers seek to reduce their own costs or due to other factors, suppliers may offer raw materials to us on less favourable terms, which may affect our business and results of operations. If our suppliers are unable to meet our demand for raw materials on a timely basis and on acceptable terms, our ability to maintain timely and cost-effective production of our products could suffer. In addition, if any of our suppliers were to cease selling to us or to cease operations for any reason, we might experience difficulty in obtaining raw materials from alternative suppliers in a timely or cost-effective basis and on acceptable terms. If our inventories run low, our production activities could be slowed or halted. In the event of any delay or failure in obtaining the necessary raw materials or other component parts from our suppliers on commercially acceptable terms or at all, our business, results of operations and financial condition may be materially and adversely affected.

***Our manufacturing operations are labor-intensive, and any increase in labor costs at our facilities or at the facilities of our suppliers will increase our operating and other costs.***

Our manufacturing operations are labor-intensive, and our financial performance is and will be affected by the cost of labor. Indonesia has undergone changes in minimum wage policies in recent years and national and regional minimum wages have also increased in the past few years. In 2015, 2016, and 2017, the minimum wage for Jakarta increased to Rp 2.7 million per month, Rp 3.1 million per month, and Rp 3.4 million per month, respectively, and effective from January 1, 2018, to Rp 3.6 million per month. For the same periods, the minimum wage for Surabaya City and Gresik Regency increased to Rp 2.7 million per month, Rp 3.0 million per month, and Rp 3.3 million per month, and effective from January 1, 2018, to Rp 3.6 million per month. Any national or regional increase of wages will directly and indirectly increase our operating costs and thus decrease our profit margin. Further, competition for employees may also result in higher level of wages, which could in turn result in higher operating costs. If there is any significant increase in wages and we are unable to offset the increase in our labor costs or pass along such increased labor costs to our customers, our profitability and results of operations could be materially and adversely affected. See also “— *Labor activism and strikes, or failure to maintain satisfactory labor relations could adversely affect us, our customers and Indonesian companies in general, which in turn could affect our business, financial condition and results of operations and prospects.*”

***We face new risks of potential product liability claims relating to products we manufacture.***

Our historical product liability claims have not been material and while management is not aware of any material product liability issues, we do face an inherent business risk of exposure to product liability claims in the event that the use of any of our products results in personal injury or property damage. In the event that any of our products proves to be defective, among other things, we may be responsible for damages related to any defective products and we may be required to recall or redesign such products. Our products typically have a manufacturer’s warranty period of one to two years and Surya Toto Indonesia provides a warranty period of five years. However, because of the long useful life of our products, it is possible that latent defects might not appear for several years. Any insurance we maintain may not continue to be available on terms acceptable to us or such coverage may not be adequate for liabilities actually incurred. Further, any claim or product recall could result in adverse publicity against us, which could cause our sales to decline, or increase our costs.

## **Risks Relating to the Founders’ Group**

***The interests of our controlling shareholders may conflict with the interests of purchasers of the Offer Shares.***

After the Offering, our controlling shareholders, Multifortuna Asindo and Suryaparamitra Abadi, will own approximately 30% each of our outstanding shares. Multifortuna Asindo and Suryaparamitra Abadi are directly or indirectly controlled by Benny Suryanto, Anton Budiman, Mardjoeki Atmadiredja and the Andy family, who are all related to one another by blood or marriage. See “*Principal Shareholders.*” As a result, the above individuals and/or their families (collectively, the “**Founders’ Group**”) have generally been able to exercise effective control of our Company, including the power to elect our directors and commissioners and determine the outcome of any action requiring shareholders’ approval. In addition, various members of the Founders’ Group have served as directors and commissioners of our Company, and Mardjoeki Atmadiredja has been our President Commissioner for over 35 years. Consequently, the Founders’ Group has managed, and will continue to manage, the day-to-day operations of the Company and will continue to control other significant matters relating to the Company, including:

- approving any merger, consolidation, or dissolution;
- amending our articles of association;

- exercising significant influence over our business policies and affairs;
- electing a majority of our directors and commissioners; and
- determining the outcome of any action requiring shareholder approval (except where OJK conflict of interest rules require a controlling shareholder or an affiliated director or commissioner to abstain from voting), including the timing and payment of any future dividends.

Circumstances may occur in which the interests of the members of the Founders' Group, collectively or individually, could be in conflict with your interests.

***The members of our Founders' Group control Surya Toto Indonesia, our principal supplier, and there may be conflicts of interest between us and/or the management of our Group on the one hand and the management of Surya Toto Indonesia on the other hand.***

Multifortuna Asindo and Suryaparamitra Abadi (which are our direct shareholders) and the members of our Founders' Group have other business interests and other interests outside of our Company, our Group and our operations, and those interests may conflict with those of our Group and of our shareholders. In particular, the members of our Founders' Group own a significant stake in and control most of the management and operations of Surya Toto Indonesia, our principal supplier. We do not have noncompetition agreements in place with the Founders' Group or with Surya Toto Indonesia or with any of our other affiliates prohibiting any of them from engaging in the sanitary-wares business or in other related businesses or regulating how corporate opportunities among the Founders' Group's various businesses will be allocated. As a result, members of our Founders' Group may, individually or collectively, take actions that may or may not involve us or that favor the interests of their other businesses or companies over ours. For example, while there is an informal commercial understanding among the owners of Surya Toto Indonesia and our Group about how to manage the manufacturing operations of Surya Pertiwi Nusantara and those of Surya Toto Indonesia (see "*Corporate History and Corporate Structure—Our Relationship with Surya Toto Indonesia*"), it is possible that, if there were a downturn in demand, the manufacturing output of Surya Pertiwi Nusantara would be reduced while that of Surya Toto Indonesia would be maintained or that particular corporate opportunities would be passed to Surya Toto Indonesia rather than to us. Similarly, there may be a conflict of interests in determining whether the products we manufacture at our new facility in Surabaya conform to TOTO standards and specifications under our trademark licensing agreement with TOTO Japan. See "*Risks Relating to our Manufacturing Business—We rely on licensed trademarks from TOTO, the loss of which could have a material adverse effect on our revenues and profitability.*"

In addition, Surya Toto Indonesia has the sole right to determine the retail list price of its products and the discount provided to us, which affects the prices at which we purchase our inventory from them and sell our products to our customers. There can be no assurance that we can pass any price increases by Surya Toto Indonesia on to our customers, and our inability to do so could have a material and adverse effect on our operating margins and profitability. See "*Risks Relating to our Distribution Business—We depend on Surya Toto Indonesia for the supply of our products and for a number of other aspects of our business, and any disruption to or downturn in the business of Surya Toto Indonesia and the Toto Overseas Group or in the relationship between Surya Toto Indonesia and TOTO Japan could have a material adverse effect on our business.*" Similarly, while we meet with Surya Toto Indonesia several times throughout the year to negotiate and determine the purchase volumes for our inventory, which we set according to our expectations of market demand and consumer trends, Surya Toto Indonesia can determine the volumes of products it produces and which it sells to us. See "*Business—Supply Arrangements—Surya Toto Indonesia and TOTO Overseas Group.*" As a result, and despite our close relationship with Surya Toto Indonesia, we may not be able to reduce our purchase volumes as and when we would like. In the event that market demand is weaker than we expected and we are unable to sell the products in our inventory, our inventory levels will increase and our average inventory days will also increase. Any such actions or events could materially and adversely affect our business, financial condition, results of operations and prospects.

From time to time, we enter into transactions with entities controlled by one or more members of the Founders' Group and other related parties in the ordinary course of business, and we expect to continue to do so. No assurances can be made that such transactions will be on terms that benefit us. If the Founders' Group ceases to effectively control us in the future, there can be no assurance that we will continue to benefit from our business relationships with our non-subsidiary affiliates.

Although any conflict of interest transaction (as defined under OJK rules) that we undertake with related parties after the Offering must be approved by our independent shareholders in accordance with BAPEPAM-LK Rule No. IX.E.1, whether or not a conflict of interest exists may be open to interpretation by us and our affiliates. In addition, there can be no assurance that any amount we may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party in comparable transactions.

### **Risks Relating to Indonesia**

Since we are incorporated, and all of our operations and assets are located, in Indonesia, we could be adversely affected by changes in Government policies, social instability, natural disasters or other political, economic, legal, social, regulatory or international developments in or affecting Indonesia which are not within our control, examples of which are described below. These could, in turn, have an adverse effect on our business, financial condition, results of operations and prospects.

#### ***Domestic, regional or global economic changes may adversely affect our business.***

The economic crisis which affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among other things, currency depreciation, negative economic growth, high interest rates, social unrest and extraordinary political events. These conditions had a material adverse effect on Indonesian businesses. In addition, the economic crisis resulted in the failure of many Indonesian companies to meet their debt obligations. More recently, the global financial crisis, which was triggered in part by the subprime mortgage crisis in the United States, caused failures of large U.S. financial institutions and rapidly evolved into a global credit crisis. U.S. bank failures were followed by failures of a number of European banks and declines in various stock indexes, as well as large reductions in the market value of equities and commodities worldwide, including in Indonesia. According to the IMF, the world economic downturn adversely affected the economic performance of Indonesia, slowing real GDP growth to 5.6%, 5.0% and 4.9% in 2013, 2014 and 2015, before strengthening to 5.0% in 2016. A loss of investor confidence in the financial systems of emerging or other markets may cause increased volatility in Indonesian financial markets which may, in turn, adversely affect the Indonesian economy in general. Any worldwide financial instability could also have a negative impact on the Indonesian economy, which could have an adverse effect on our business, financial condition, results of operations and prospects. There can be no assurance that the recent improvement in economic condition will continue or that adverse economic conditions will not recur. Such developments could have a material adverse effect on us and our business, financial condition, results of operations and prospects.

An economic downturn in Indonesia could also lead to additional defaults by Indonesian borrowers and could have a material adverse effect on our business, financial condition and results of operations and prospects. A loss of investor confidence in the financial systems of emerging and other markets, or other factors, including the deterioration of the global economic situation, may cause increased volatility in the Indonesian financial markets and a slowdown in economic growth or negative economic growth in Indonesia. Any such increased volatility or slowdown or negative growth could have a material adverse effect on our business, financial condition, results of operations and prospects.

#### ***Political and social instability in Indonesia may adversely affect us.***

Since 1998, Indonesia has undergone significant political and social changes which have highlighted the unpredictable nature of Indonesia's changing political landscape. As a relatively newly democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest. Indonesia also has many political parties, without any one party winning a clear majority to date.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, and former President Yudhoyono, as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anticorruption measures, minimum wage, decentralization and provincial autonomy, potential increases in electricity charges and the American-led military campaigns in Afghanistan and Iraq. Although these demonstrations were generally peaceful, some have turned violent.

In 2004, Indonesians directly elected the President, Vice-President and representatives to the Indonesian parliament for the first time in its history through proportional voting with an open list of candidates. At the lower levels of government, Indonesians have also started directly electing their respective heads and representatives of regional governments and local legislative assemblies. In April 2009, another set of elections was held in Indonesia to elect the President, Vice-President and representatives to the Indonesian parliament (including national and local representatives). In October 2009, President Yudhoyono was inaugurated for his second five-year term, which expired in October 2014. The Indonesian Constitution limits presidential tenure to two five-year terms. In July 2014, Indonesia had a presidential election resulting in Joko Widodo being elected as the new President of Indonesia, with a term which will expire in five years. Mr. Widodo was sworn in as President of Indonesia in October 2014. Initially, Mr. Widodo's coalition had a minority position in Indonesia's parliament, which has since grown to a majority position. However, due to political instability and uncertainty in Indonesia, such coalition may collapse at any time.

Political and social developments in Indonesia have been unstable and unpredictable in the past and there can be no assurance that there will not be any political and social instability in the future. Any political or social instability in Indonesia may, directly or indirectly, materially and adversely affect our business, financial condition, results of operations, and prospects.

***Indonesia is located in a geologically active zone and is subject to the risk of significant geological and other natural disasters, which could lead to social and economic instability.***

All of our existing operations are located on the Indonesian archipelago. Many parts of Indonesia are vulnerable to natural disasters such as earthquakes, tsunamis, floods, volcanic eruptions as well as droughts, power outages or other events beyond our control.

The Indonesian archipelago is one of the most volcanically active regions in the world. It is located in the convergence zone of three major lithospheric plates and, accordingly, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves, that could lead to substantial economic loss and social unrest. On December 26, 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster and damages were estimated to be in billions of U.S. dollars. Aftershocks from the December 2004 tsunami also claimed casualties. In September 2009, two major earthquakes struck West Java and West Sumatra, with magnitudes of 7.0 and 7.6 respectively, leading to the death of more than 600 people. On October 25, 2010, a 7.7 magnitude earthquake struck Mentawai Island, adjacent to West Sumatra, and on October 26, 2010, Mount Merapi, located in Central Java, erupted.

In addition to these geological events, seasonal downpours have resulted in frequent landslides and flash floods in Indonesia, including Jakarta, Sumatra and Sulawesi, displacing a large number of people and killing others. In August 2012, flash floods and a landslide triggered by torrential rains in eastern Indonesia killed at least eight people and left three others missing in Sirimau village and in the capital of Maluku province, Ambon.

While these events did not have a significant economic impact on the Indonesian capital markets, the Government has had to spend significant amounts of resources on emergency aid and resettlement efforts. However, there can be no assurance that such aid will be sufficient to aid all victims, or that it will be delivered to recipients on a timely basis. If the Government is unable to deliver aid to

affected communities in a timely fashion, political and social unrest could result. Additionally, recovery and relief efforts may strain the Government's finances and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could potentially trigger an event of default under numerous private-sector borrowings, and thereby may have a material adverse effect on the Company's business, cash flows, results of operations, financial condition and prospects.

In addition, there can be no assurance that future geological occurrences or other natural disasters will not significantly affect the Indonesian economy. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby potentially adversely affecting the Company's business, results of operations, financial condition and prospects.

We cannot assure you that our insurance coverage will be sufficient to protect us from potential losses resulting from such natural disasters and other events beyond our control. In addition, we cannot assure you that the premium payable for these insurance policies upon renewal will not increase substantially, which may materially and adversely affect our financial condition and results of operations. We also cannot assure you that future geological or meteorological occurrences will not have more of an impact on the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

***Terrorist attacks and activities could cause economic and social volatility, which may materially and adversely affect our business.***

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. During the last several years and as recently as January 14, 2016, there have been various terrorist attacks directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners in Indonesia, which killed and injured a number of people. There can be no assurance that further terrorist acts will not occur in the future. Terrorist acts could destabilize Indonesia and increase internal divisions within the Government as it considers responses to such instability and unrest, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, which could have a material adverse effect on our results of operations, financial condition and prospects.

***Labor activism and strikes, or failure to maintain satisfactory labor relations could adversely affect us, our customers and Indonesian companies in general, which in turn could affect our business, financial condition and results of operations and prospects.***

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted, and may continue to result, in labor unrest and activism in Indonesia.

In 2000, the Indonesian Government enacted Law No. 21 of 2000 on Labor Unions ("**Labor Union Law**"). The Labor Union Law, which took effect on August 4, 2000, permits employees to form unions without employer, government, political party or other party intervention. In March 2003, the Indonesian Government enacted Law No. 13 of 2003 on Labor ("**Labor Law**"), which, among other things, increased the amount of severance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. Under the Labor Law, employees who voluntarily resign are entitled to payments for, among others unclaimed annual leave, relocation expenses and compensation which amounts to severance payment and/or reward for years of service. The Labor Law also provides that employers have the right to terminate the employment of their

employees in the event of an employer's change of status, change of ownership or merger or consolidation, and provides employees the right to receive severance package, tenure appreciation package and other compensations, which is calculated based on their basic salary and fixed allowances, as well as their length of employment with such employer. Based on the Labor Law, companies with 50 employees or more are required to have a bipartite forum consisting of both employers and employees. The Labor Law requires a company to have labor union with more than half of a company's employees participating as members and who may represent the employees in negotiating collective labor agreements. In addition, the Labor Law established more permissive procedures for employees to stage strikes.

Following its enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and ordered the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including (i) procedures to terminate an employee who committed a serious violation, (ii) the imposition of criminal sanctions against an employee who instigates or participates in an illegal labor strike, (iii) for companies with more than one labor union, the requirements for representation before the labor unions are eligible to conduct negotiations with the employer, (iv) the ability of businesses to enter into outsourcing arrangements and (v) the statutory time limit for the employees to demand severance package entitlements. As a result, we may not be able to rely on certain provisions of the Labor Law.

Labor unrest and activism in Indonesia could disrupt our, our customers' and/or our suppliers' operations and could have a material adverse effect on the financial condition of Indonesian companies in general, which in turn could adversely affect prices of Indonesian securities on the IDX and the value of the Indonesian Rupiah relative to other currencies. Such events could have a material adverse effect on our business, cash flows, results of operations, financial condition or prospects. In addition, general inflationary pressures or changes in applicable laws and regulations could increase labor costs, which could have a material adverse effect on our business, cash flows, results of operations, financial condition and prospects.

Further, the Labor Law provides that the employer is not allowed to pay an employee wages below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is set in accordance with the need for a decent standard of living and taking into consideration the productivity and growth of economy. However, as there are no specific provisions on how to determine the amount of a minimum wage increase, minimum wage increases can be unpredictable. Effective from January 1, 2018, the minimum wage for Jakarta increased from Rp. 3.4 million per month to Rp. 3.6 million per month. Effective from January 1, 2018, the minimum wage of Surabaya City and Gresik District increased from Rp. 3.3 million per month to Rp. 3.6 million per month. In addition to directly increasing wages for lower-level employees, these minimum wage increases indirectly apply upward pressure on the wages of higher-level employees over time. As a result, any significant increase in the minimum wage in Indonesia may increase our manpower costs and have a material adverse effect on our business, cash flows and financial condition.

Furthermore, the recent change in the social security program from "Jamsostek" and "Astek" to "BPJS for Manpower" and "BPJS for Health" in accordance with Law No. 24 of 2011 on Social Security Administrator also increased our costs, and any further changes to social security arrangements could have an adverse effect on our business, cash flow, financial condition and prospects.

***Outbreak of an infectious disease, or fear of an outbreak, or any other serious public health concerns in Asia (including Indonesia) and elsewhere may adversely impact our business and financial conditions.***

The outbreak of an infectious disease in Asia, including Indonesia, or elsewhere, or fear of an outbreak, together with any resulting travel restrictions or quarantines could have a negative impact on the economy and business activity in Indonesia and thereby adversely impact our revenue.

An outbreak of an infectious disease, including the avian flu, SARS, H1N1, MERS, the Ebola virus, the Zika virus or another contagious disease or measures taken by the governments of affected countries, including Indonesia, against potential or actual outbreaks, could seriously interrupt our operations or those of our suppliers, sole distributors and dealers and other customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia, and thereby adversely affect our business, financial condition, results of operations and prospects.

***Growing regional autonomy creates an uncertain business environment for us and may increase our costs of doing business.***

In response to a rise in demand for and assertion of autonomy in local governments in Indonesia, the Government has recently devolved some autonomy to local governments, allowing the imposition by such local governments of taxes and other charges on businesses within their jurisdiction and often requiring local participation and investment in such businesses. Increased regional autonomy may increase regulation of our business, disrupt sources of raw materials, require organizational restructuring to be undertaken and increase taxes and other costs of doing business, all of which could have material and adverse effect upon our business, prospects, financial condition, cash flows and results of operations.

***Fluctuations in the value of the Rupiah may materially and adversely affect our financial condition and results of operations.***

One of the most important immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from the low point of Rp. 17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. More recently, the Rupiah depreciated from Rp. 9,670 per U.S. dollar as of December 31, 2012 to Rp. 13,548 per U.S. dollar as of December 31, 2017. See “*Exchange Rates and Exchange Controls*” for further information on changes in the value of the Rupiah as measured against the U.S. dollar in recent periods. There can be no assurance that the Rupiah will not be subject to depreciation and continued volatility, that the current exchange rate policy will remain the same, or that the Government will, or will be able to, act when necessary to stabilize, maintain or increase the value of the Rupiah, and will not act to devalue the Rupiah, or that any such action, if taken, will be successful.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could have a material adverse effect on our business, financial conditions, results of operations and prospects.

***Indonesian accounting standards differ from those in other jurisdictions.***

Our financial statements are prepared in accordance with Indonesian FAS, which differ in certain respects from IFRS. As a result, our financial statements, and reported earnings could be different from those which would be reported under IFRS. Such differences may be material. This Offering Circular does not contain a reconciliation of our financial statements to IFRS. Had our financial statements and other financial information been prepared in accordance with IFRS, the results of operations and financial position may have been materially different. Because differences exist between Indonesian FAS and IFRS, the financial information in respect of us contained in this Offering Circular may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS. See “*Summary of Certain Differences Between Indonesian FAS and IFRS.*” In making an investment decision, investors must rely upon their own examination of us, the terms of the Offering and the financial information contained in this Offering Circular. Potential investors should consult their own professional advisors for an understanding of the differences between Indonesian FAS and IFRS, and how such differences might affect the financial information contained herein.

***Regional authorities may impose additional and/or conflicting local restrictions, taxes and levies.***

Indonesia is a nation with diverse customs and culture. During the Soeharto administration, the central government controlled and exercised decision-making authority on almost all aspects of national and regional administration, which led to a demand for greater regional autonomy. In response, the Indonesian Parliament passed Law No. 22 of 1999 on Regional Government (“**Law No. 22/1999**”) and Law No. 25 of 1999 on Fiscal Balance between the Central and the Regional Governments (“**Law No. 25/1999**”). Law No. 22/1999 has been revoked and replaced by the provisions of Regional Government Law No. 32 of 2004 (“**Law No. 32/2004**”) as amended by Government Regulation in Lieu of Law No. 3 of 2005 on the Amendment on Law No. 32 on Regional Government, as ratified by Law No. 8 of 2005 on the Stipulation of Government Regulation in Lieu of Law No. 3 of 2005 on the Amendment on Law No. 32 of 2004 on Regional Government into Law, and Law No. 12 of 2008 on the Second Amendment of Law No. 32/2004 which has been revoked by Law No. 23 of 2014 on Regional Government, as further amended by Government Regulation in lieu of Law No. 2 of 2014 on Amendment of Law No. 23 of 2014 and Law No. 9 of 2015 regarding Second Amendment of Law No. 23 of 2014. Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 on the Fiscal Balance between the Central and the Regional Governments. These regional autonomy laws are expected to give the regions greater power and responsibility over the use of national assets and to create a balanced and equitable financial relationship between central and local governments. Although there are few developments within the regional autonomy laws and regulations, uncertainty on autonomy still exists, specifically with respect to issues of certain regulatory, taxing and other powers transferred from the central government to regional governments. These uncertainties include a lack of implementing regulations on areas of regional autonomy and a lack of government personnel with relevant sector experience at some regional government levels. Moreover, limited precedent or other guidance exists on the interpretation and implementation of the regional autonomy laws and regulations.

Moreover, the various restrictions, taxes and levies put in place by one regional government may differ than those put in place by other regional governments and may even differ than those put in place by the Government. Conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities may have a material adverse effect on our business and operations.

***Indonesia may suffer from governmental or business corruption.***

We operate and conduct our business and operations in Indonesia, a country that is ranked 90 out of 176 in Transparency International’s 2016 Corruption Perception Index. While we do not currently conduct any business with government-related entities, we interact with government officials in the ordinary course of business to, among other things, apply for and obtain the necessary licenses, permits and other approvals for our business and operations. Corrupt practices by government officials

may have a material adverse effect on our business, results of operations or financial condition. For example, in the event that a government official requests us for a payment or promise of benefit beyond those required or permitted by law, we will not be able to comply with the request and the issuance of the license, permit or approval may be delayed, which may prevent us from conducting our business and operations, which may materially and adversely affect our business, results of operations and financial condition.

### **Risks Relating to Ownership of Our Shares**

*There is no existing market for our shares, and we do not know whether one will develop to provide you with adequate liquidity.*

Prior to this Offering, there has not been a public market for our shares. If an active trading market does not develop, you may have difficulty selling any of the shares that you buy. There can be no assurance as to the liquidity of any market that may develop for our shares, the ability of holders to sell our shares or the prices at which holders would be able to sell our shares. Consequently, you may not be able to sell our shares when desired at prices equal to or greater than the price paid by you in this Offering or in the secondary market, or at all. Further, there can be no assurance that the trading price of our shares will reflect our operations and financial conditions, our growth prospects or the growth prospects of the industry in which we operate.

*The price of our shares may fluctuate widely.*

The price of our shares after the Offering may fluctuate widely, depending on many factors, including:

- perceived prospects for our business and operations and the sanitary wares industry in general;
- changes in general economic, political or market conditions in Indonesia;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or perceptions of us or Indonesia;
- announcements by us of significant acquisitions, strategic alliances, joint ventures or divestments;
- changes in prices of equity securities of foreign (particularly Asian) and emerging markets companies;
- additions or departures of key personnel;
- involvement in litigation; and/or
- broad stock market price fluctuations.

Future sales of a substantial number of shares in the public market may also depress trading price and our shares may trade at prices significantly below the Offer Price.

*Downgrades of the credit ratings of Indonesia and Indonesian companies could materially and adversely affect us and the market price of the Offer Shares.*

Beginning in 1997, certain recognized statistical rating organizations, including Moody's Investors Service, Inc. ("**Moody's**"), Standard & Poor's Rating Group ("**S&P**"), and Fitch Ratings ("**Fitch**"), downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. As of the date of this

Offering Circular, Indonesia's sovereign foreign currency long-term debt was rated "Baa2" by Moody's, "BBB-" by S&P and "BBB" by Fitch. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

We cannot assure you that Moody's, Standard & Poor's, Fitch or any other rating agencies will not downgrade the credit ratings of Indonesia or Indonesian companies, including us, in general in the future. These rating agencies have in the past downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business, financial condition, results of operations and prospects and the market price of our shares.

***You may be required to complete your acquisition of the Offer Shares if the Offering is required to proceed despite the occurrence of a material adverse change in international or national monetary, financial, political or economic conditions or other force majeure events or any material adverse change in matters including our business or financial condition.***

Indonesian regulations permit the cancellation of the Offering only in limited circumstances. See "Plan of Distribution" for a discussion of these circumstances. If a material adverse change in the international or national monetary, financial, political or economic conditions or other force majeure events were to occur, or any material adverse change in matters including our business or financial condition were to arise after we have obtained the OJK effective statement and prior to the completion of the Offering and the listing of our common shares, the Company may request permission from OJK to cancel the Offering. However, there can be no assurance that the Company will request such a cancellation or that OJK will grant the cancellation, and OJK may require the Offering to proceed and be completed pursuant to Indonesian regulations. In this situation, investors who have been allocated Offer Shares may be required to complete their acquisition of the Offer Shares even if such events may limit their ability to sell the shares after the Offering or cause the trading price of the shares after the Offering to be at prices significantly below the Offer Price.

***Conditions in the Indonesian securities market may affect the price or liquidity of our shares and the absence of a prior market in our shares may contribute to a lack of liquidity.***

We have applied to list our shares on the IDX. There is currently no market for our shares. There can be no assurance that a market will develop for our shares or, if a market does develop, that our shares will be liquid. The Indonesian capital markets are less liquid and may be more volatile, and have different reporting standards, than markets in developed countries. Also, prices in the Indonesian capital markets are typically more volatile than in such other markets. Therefore, we cannot predict whether a trading market for our shares will develop or how liquid that market will be.

The ability to sell and settle trades on the IDX may be subject to delays. In light of the foregoing, there can be no assurance that a holder of our shares will be able to dispose of said shares at prices, in amounts or at times at which such holder would be able to do so in more liquid markets or at all.

Even if our listing application is approved, our shares will not be listed on the IDX immediately after the allocation period for the Indonesian Offering. During that period, purchasers will be exposed to movements in the price of our shares without the ability to dispose of the purchased shares through the IDX. See "Indonesian Capital Markets—Scripless Trading" and "Description of Our Common Shares."

***Our ability to pay dividends in the future will depend upon future retained earnings, financial condition, cash flows and working capital requirements.***

The amount of our future dividend payments, if any, will depend on our future retained earnings, financial condition, cash flows and working capital requirements, as well as our capital expenditures, contractual commitments and expenses incurred in connection with our expansion. In addition, we may also enter into financing agreements in the future which could further limit our ability to pay dividends, and we may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends.

Any of these factors may affect our ability to pay dividends to our shareholders. Accordingly, we cannot assure you that we will be able to pay dividends or that our board will declare dividends.

***The failure to comply with disclosure and internal control and financial reporting requirements, and other risk management and related practices, appropriate for a publicly listed company could harm our operations and our ability to comply with our periodic reporting obligations.***

After the completion of this Offering, we will become a publicly listed company subject to the reporting requirements of the IDX, the stock exchange on which our shares will be listed. IDX rules and regulations require, among other things, that we maintain effective disclosure controls and procedures and relevant internal controls over financial reporting to provide regular financial and other material business updates to IDX and our investors. Commencing with our interim financial statements as of and for the six months ended June 30, 2018, we will need to comply with listing requirements and implement risk management and related practices, which will require that we incur substantial additional professional fees and internal costs to expand our accounting and finance functions and that we expend significant management efforts. We would also need to employ sufficient personnel with an appropriate level of accounting knowledge, experience and training commensurate with our financial reporting requirements and a segregation of duties in our finance and accounting functions. We have not had to comply with these types of obligations in the past, and they may place a significant strain on us. Moreover, we may face additional challenges relating to implementing effective disclosure and internal controls. If we are not able to comply with the listing requirements of IDX, or if we are unable to maintain proper and effective internal controls, and otherwise implement other relevant risk management and related practices, we could be required to incur additional costs, our business and financial condition and operating results could be harmed, and we could be prevented from meeting our reporting obligations. Ineffective disclosure and internal controls and risk management and related practices also could cause our shareholders and potential investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our shares. In addition, investors relying upon any misinformation could make an uninformed investment decision, and we could be subject to sanctions or investigations by the IDX, OJK or other regulatory authorities.

***The application of OJK conflict of interest rules may cause us to forego transactions that are in our best interests.***

In order to protect the rights of minority shareholders, the BAPEPAM-LK issued BAPEPAM-LK Rule No. IX.E.1, Attachment of Decision of the Chairman of BAPEPAM-LK No. KEP-412/BL/2009 dated November 25, 2009, regarding Affiliated Party Transactions and Conflict of Interest in Certain Transactions (“**BAPEPAM-LK Rule No. IX.E.1**”). BAPEPAM-LK Rule No. IX.E.1 afford independent shareholders of Indonesian public companies the right to vote to approve or disapprove any transactions, whether or not material, which entail a “conflict of interest” under the BAPEPAM-LK rules unless fulfilling certain exemption, including the conflict existed before a company became listed on the IDX and was fully disclosed in the relevant Indonesian share offering documents. Transactions between us and our substantial shareholder (defined as a holder of 20.0% or more of our issued shares) or other companies owned or controlled by our substantial shareholder or other companies with the same director or commissioner where there is a conflict between the economic interests of ours and such persons would constitute conflict of interest transactions under

the BAPEPAM-LK rule. As a result, the approval of holders of a majority of shareholders who do not have a conflict of interest in relation to the transaction and/or are not the affiliates of such persons who have a conflict of interest over that transaction (“**Independent Shareholders**”) would have to be obtained if a conflict of interest were to exist. OJK has the power to enforce this rule and our shareholders may also be entitled to seek enforcement or bring enforcement action based on BAPEPAM-LK Rule No. IX.E.1.

The requirement to obtain Independent Shareholders approval could be burdensome to us in terms of time and expense and could cause us to forego entering into certain transactions which we might otherwise consider to be in our best interests. Moreover, there can be no assurance that approval of Independent Shareholders would be obtained if sought.

***Judgments of a foreign court may not be enforceable against us.***

We are a limited liability company incorporated under the laws of Indonesia. All of our commissioners, directors and executive officers reside in Indonesia. All of our assets and most of the assets of our commissioners, directors and executive officers are located in Indonesia.

It may not be possible for investors to effect service of process outside Indonesia upon us or such persons to enforce against us or such persons outside Indonesia. In addition, judgments obtained in non-Indonesian courts are not enforceable in Indonesian courts. As a result, holders of our shares may be required to pursue claims against us in Indonesia under Indonesian law. Re-examination of the issue of *de novo* would be required before an Indonesian court in order to enforce a foreign judgment in Indonesia.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. There can be no assurance that the Indonesian courts would protect the interests of investors in the same manner or to the same extent as would courts in more developed countries outside Indonesia.

Indonesia’s legal system is a civil law system based on written statutes, in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. The application of Indonesian law depends, in large part, upon subjective criteria such as the parties’ good faith and public policy. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. The administration of laws and regulations by courts and Government agencies may be subject to considerable discretion and uncertainty. In addition, because relatively few disputes relating to commercial matters and modern financial transactions and instruments are brought before Indonesia’s courts, such courts do not necessarily have the expertise and experience in dealing with such matters, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. There is no certainty as to how long it will take for proceedings in Indonesian courts to be concluded, and the outcome of proceedings in Indonesian courts may be more uncertain than that of similar proceedings in other jurisdictions. Accordingly, it may not be possible for purchasers to obtain swift and equitable enforcement of their legal rights.

***You may be subject to limitations on minority shareholders rights.***

The obligations under Indonesian law of the majority shareholders, commissioners and directors with respect to minority shareholders may be more limited than those in other countries. Consequently, minority shareholders may not be able to protect their interests under current Indonesian law to the same extent as in other countries. Principles of corporate law relating to such matters as the validity of corporate procedures, the fiduciary duties of our management, commissioners, directors and controlling shareholders, and the rights of our minority shareholders are governed by Indonesian Company Law No. 40 of 2007 (the “**Company Law**”) and its accompanying regulations, the regulations of OJK, the rules of the IDX and our Articles of Association. Such principles of law differ from those that would apply if we were incorporated in a jurisdiction other than Indonesia. In

particular, concepts relating to the fiduciary duties of management are untested in Indonesian courts. Derivative actions brought in connection with the activities of directors and commissioners have almost never been brought on behalf of companies or been tested in Indonesian courts, and minority shareholders' rights have only been defined since 1995 and are unproven in practice. Even if the conduct were actionable under Indonesian law, the absence of judicial precedents could make prosecution of such civil proceedings considerably more difficult. Accordingly, there can be no assurance that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

***Corporate governance standards in Indonesia may differ from those in certain other countries.***

Corporate governance standards in Indonesia differ from those applicable in other jurisdictions in significant ways including the independence of the board of directors, the board of commissioners and the audit committee, and internal and external reporting standards. Corporate governance standards and practices may not be as strict, particularly with regard to the independence of boards of directors, the board of commissioners and audit and other committees. Because of this, the directors of Indonesian companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of shareholders.

***There may be less company information available on Indonesian securities markets than on securities markets in developed countries.***

There is a difference between the level of regulation and monitoring of the Indonesian securities markets and the activities of investors, brokers and other participants and that of certain developed economies. OJK and the stock exchanges are responsible for improving disclosure and other regulatory standards for the Indonesian securities markets. OJK has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may still, however, be less publicly available information about Indonesian companies than is regularly made available by public companies in developed countries.

In addition, corporate governance standards and practices may not be as strict, including with regard to the independence of boards of directors and audit and other committees. Because of this, the directors of Indonesian companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of shareholders.

***Indonesian law may operate differently from the laws of other jurisdictions with regard to the convening of, and the right of shareholders to attend and vote at, general meetings of shareholders.***

We are subject to Indonesian law and the continuing listing requirements of the IDX. In particular, the convening and conduct of general meetings of our shareholders will continue to be governed by Indonesian law.

The procedure and notice periods in relation to the convening of general meetings of our shareholders, as well as the ability of our shareholders to attend and vote at such general meetings, may be different from those of jurisdictions outside Indonesia. For instance, our shareholders who would be entitled to attend and vote at general meetings of shareholders are, by operation of Indonesian law, those shareholders appearing in our register of shareholders on the market day immediately preceding the day, or record date, on which the notice of general meeting is issued, regardless of whether such shareholders may have disposed of their shares following the record date and prior to the general meeting of the shareholders. In addition, investors who may have acquired their shares after the record date (and before the day of the general meeting) would not be entitled to attend and vote at the general meeting. For further details on the procedure for the convening and conduct of general meetings of

our shareholders under Indonesian law, please see “*Description of Our Common Shares.*” Accordingly, potential investors should note that they may be subject to procedures and rights with regards to general meetings of our shareholders that are different from those to which they may be accustomed in other jurisdictions.

***Purchasers’ rights to participate in any rights offerings by us could be limited, which would cause dilution to a purchaser’s shareholding.***

Under OJK Regulation No. 32/POJK.04/2015 on Capital Increases in Public Company with Pre-emptive Rights, dated December 22, 2015, a publicly listed company must offer its shareholders, who are registered on the record date, pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentage prior to the issuance of any new shares.

To the extent that we offer our shareholders the pre-emptive rights to purchase or subscribe for new shares or otherwise distribute shares to our shareholders, our foreign shareholders may be unable to exercise such rights, or we may be unable to extend such rights to shareholders unless securities laws in their jurisdiction are complied with. For example, shareholders from certain jurisdictions may require an effective registration statement complying with the relevant securities laws of their jurisdiction, or an exemption from registration if available, before such rights as described above are exercisable by, or extendable to, such shareholders.

Whenever we make a rights or similar offering of shares, we will evaluate the costs and potential liabilities associated with, and our ability to comply with, non-Indonesian regulations as well as any other factors we consider appropriate. However, we may choose not to comply with the securities laws in certain jurisdictions and, if so, and if no exemption from registration or filing requirements are available, then holders of our Shares in such jurisdictions would be unable to participate in rights or similar offerings and would suffer dilution of their shareholdings. Consequently, we cannot assure purchasers that they will be able to maintain their proportional equity interests in our shares. Because rights issues in Indonesia generally enable participants to purchase shares at a large discount to the recent trading price, the inability to participate could cause holders of our shares material economic harm.

## USE OF PROCEEDS

We expect the net proceeds from the sale of the Primary Shares, after deduction of fees and commissions and certain expenses incurred in connection with the Offering, to amount to approximately Rp.774.2 billion (US\$57.1 million). We intend to use these proceeds as follows:

- approximately 61% of the net proceeds for debt repayment;
- approximately 32% of the net proceeds for capital expenditures; and
- the remainder, or approximately 7% of the net proceeds, for working capital purposes.

The foregoing represents our current intentions and our best estimate of our allocation of the net proceeds of the Offering based upon our current plans and estimates regarding our anticipated expenditures. We may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other business related purposes. Pending the use of our proceeds from the Offering in the manner described above, we may place the funds in fixed deposits with banks and financial institutions or invest the funds in short-term money market instruments, as the Company's Board of Directors may deem appropriate.

The estimated fees, commissions and expenses that we expect to incur in connection with the Offering are approximately 4.7% of our gross proceeds from the Offering.

Pursuant to OJK Regulation No. 30/POJK.04/2015 dated December 22, 2015 on Reports on the Realization of Use of Public Offering Proceeds, we are responsible for reporting the use of the proceeds of the Offering until all amounts of the proceeds have been utilized. Such reports shall be submitted to the OJK semi-annually within 15 days following June 30 and December 31 each year and also reported at general meetings of shareholders. If any change to the use of proceeds is proposed, we will need to obtain our shareholders' approval for such changes at a general meeting of shareholders and by OJK.

If we use our proceeds from the Offering in a manner which constitutes an affiliated transaction, conflict of interest transaction or a material transaction, we will comply with prevailing capital market regulations as stipulated in BAPEPAM-LK Rule No. IX.E.1 and/or BAPEPAM-LK Rule No. IX.E.2, Attachment of Decision of the Chairman of BAPEPAM-LK No. KEP-14/BL/2011 dated November 28, 2011, regarding Material Transactions.

We will not receive any of the proceeds from the sale of the Secondary Shares by the Selling Shareholders.

## DIVIDENDS

All of our shares, including the Offer Shares, have the same and equal rights, including in relation to dividends, in accordance with the Company's Articles of Association and the Company Law.

We paid dividends totaling Rp. 146.4 billion, or Rp. 7.3 million per Share, in 2015, Rp. 165.7 billion, or Rp. 8.3 million per Share, in 2016, and Rp. 210.0 billion, or Rp. 10.5 million per Share, in 2017.

Under Indonesian law, the decision with regards to dividends is made by a resolution of the shareholders at the annual or general meeting of shareholders upon the recommendation of the Board of Directors. We may declare dividends in any year if we have positive retained earnings. The Company's Articles of Association allow for the distribution of interim dividends provided that the interim dividend does not result in its net assets becoming less than the total issued and paid up capital and the compulsory reserves fund. Such distribution is determined by the Company's Board of Directors after first being approved by the Company's Board of Commissioners. If, after the end of the relevant financial year, the Company suffers losses, the distributed interim dividend must be returned by the shareholders to the Company, and the Company's Board of Directors and Board of Commissioners will be jointly and severally responsible if the interim dividend is not returned.

Under Indonesian law, a portion of our net profits, as determined by the annual general meeting of shareholders, after deduction of corporate tax, must be allocated as a reserve fund. As of December 31, 2017, we have allocated Rp. 5.0 billion or 2.3% of our net profits for our statutory reserve.

We intend to pay dividends at a rate of a minimum of 40% of our consolidated net income for the previous year, after provisioning for all statutory reserves, starting from 2018.

The rate of dividends will be subject to our cash flow and investment plans, as well as regulatory restrictions. See *"Description of Our Common Shares—Dividends"* and *"Risk Factors—Risks Relating to Ownership of Our Shares—Our ability to pay dividends in the future will depend upon future retained earnings, financial condition, cashflows and working capital requirements."*

To the extent a decision is made to declare dividends, dividends will be paid in Indonesian Rupiah. Holders of our shares on the applicable record dates will be entitled to the full amount of dividends approved, subject to any Indonesian withholding tax imposed. Dividends received by a non-Indonesian holder of shares will be subject to 20.0% Indonesian withholding tax. This rate may be lower for a non-Indonesian holder of shares whose country has entered into a double taxation treaty with Indonesia. For further information relating to Indonesian taxation, see *"Taxation."*

An investor acquiring shares in the Offering will be entitled to the same and equal rights as our existing shareholders, including the right to receive dividends.

The Company's dividend policy is a statement of present intention and not legally binding as it is subject to modification by the Company's Board of Directors' and shareholders' approval at a general meeting of shareholders.

## EXCHANGE RATES AND EXCHANGE CONTROLS

### Exchange Rates

The table below shows the exchange rate of Rupiah to U.S. dollars based on the closing rates of the last trading day of the year or month, the average of the daily closing rate for the period and the high and low daily closing rate for the year or month. None of us, or the Joint Bookrunners makes any representations that the Rupiah or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Rupiah, as the case may be, at the rate indicated or any other rate or at all.

	<b>Period End</b>	<b>Period Average<sup>(1)</sup></b>	<b>High<sup>(2)</sup></b>	<b>Low<sup>(2)</sup></b>
		<b>Rp. per US\$</b>		
2014 .....	12,388	11,881	12,725	11,289
2015 .....	13,788	13,398	14,693	12,459
2016 .....	13,473	13,305	13,964	12,955
2017 .....	13,555	13,382	13,609	13,156
October .....	13,563	13,529	13,609	13,464
November .....	13,526	13,527	13,580	13,498
December .....	13,555	13,557	13,590	13,519
2018				
January .....	13,386	13,379	13,514	13,289
February .....	13,751	13,598	13,751	13,424
March .....	13,728	13,760	13,816	13,728
April (up to April 12) .....	13,778	13,761	13,778	13,728

Source: Bloomberg.

<sup>(1)</sup> The average exchange rate shown for the periods indicated are based on the average of the daily closing rate.

<sup>(2)</sup> The high and low amounts for each year and month are based on the daily closing rate for the periods indicated.

### Exchange Controls

Indonesia has limited foreign exchange controls. The Indonesian Rupiah has been, and in general is, freely convertible within or from Indonesia. However, to maintain the stability of the Rupiah and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from (i) banks within Indonesia to banks domiciled outside of Indonesia or to offshore branches of Indonesian banks, or (ii) any Rupiah-denominated investment with foreign parties and/or Indonesian parties domiciled or permanently residing outside of Indonesia, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all persons and legal entities that are domiciled, or plan to domicile, in Indonesia for at least one year. Bank Indonesia regulations also require non-bank institutions, including companies that have total assets or total annual gross revenues of at least Rp100 billion to report to Bank Indonesia all data concerning their foreign currency activities involving transactions not conducted via a domestic bank or domestic non-bank financial institution (for example, insurance companies, securities companies, finance companies, or venture capital companies). However, if such transactions are conducted via a domestic bank or a domestic non-bank financial institution, the requirement to report to Bank Indonesia is imposed on the relevant Indonesian bank or non-bank financial institution that carried out the transaction. The transactions that must be reported include receipt and payment of foreign currency through bank accounts outside of Indonesia.

## Foreign Exchange Transactions

Pursuant to Bank Indonesia Regulation No. 16/22/PBI/2014 on Reporting of Foreign Exchange Traffic Activities and Reporting of the Implementation of Prudential Principles in the Management of Non-Bank Corporation Offshore Borrowings (“**PBI 16/22/2014**”), all Indonesian residents who are engaged in foreign exchange traffic activities, whether individuals or legal entities, must report to Bank Indonesia: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia, (ii) the position and changes in the balance of offshore financial assets and/or offshore financial liabilities and/or (iii) any offshore borrowing plan and/or its realization. Bank Indonesia requires reports to be submitted monthly through an online system by the 15th day of the following month, at the latest. In the event that a correction is required, the correction must be submitted through the online system no later than the 20th day of the reporting month. For offshore borrowings plan, the report must be submitted at the beginning of each year, no later than March 15, and any amendment thereto by no later than July 1.

In addition to reporting on foreign exchange activities, for the purpose of implementing prudential principles in relation to offshore borrowings as required by Bank Indonesia Regulation No. 16/21/PBI/2014 enacted on December 29, 2014 on the Implementation of Prudential Principles in the Management of Non-Bank Corporation Offshore Borrowings as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 enacted on April 22, 2016 (“**PBI 16/21/2014**”), which is implemented by the Circular Letter of Bank Indonesia No. 17/3/DStA dated March 6, 2015 on the Reporting of Implementation of Prudential Principles in the Management of Non-Bank Corporation Offshore Borrowings as amended by Circular Letter of Bank Indonesia No. 17/24/DStA dated October 12, 2015, Indonesian non-bank corporations are required to provide the following documents:

1. the prudential principle implementation activity report (“**KPPK Report**”), to be submitted on a quarterly basis, no later than the end of the third month after the end of the relevant quarter;
2. the KPPK Report, attested by a public accountant, to be submitted no later than the end of June after the end of the current financial year;
3. information on the fulfillment of credit ratings, to be submitted by the end of the following month after the execution or the issuance of the offshore borrowings; and
4. the financial statements of the company, consisting of (i) unaudited financial statements, which must be submitted quarterly and no later than the end of the third month after the end of the relevant quarter, and (ii) annual audited financial statements which must be submitted by no later than the end of June in the following financial year.

Bank Indonesia examines the accuracy of the foreign exchange traffic reports and the prudential principles implementation activity reports and may impose administrative sanctions, such as written warnings under certain circumstances, for instance, the delay in the submission of such reports. It may also report violations to other authorities due to any delay or failure regarding the submission of such reports.

Submissions of and corrections to the prudential principles implementation activity report must be made online.

## Indonesian Law on Currency and Obligation to Use Rupiah in Indonesian Territory

On June 28, 2011, the Indonesian House of Representatives passed Law No. 7 of 2011 on Currency (the “**Currency Law**”) concerning the use of the Rupiah and, on March 31, 2015, the Governor of Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 on the Obligation to Use Rupiah in the Territory of Indonesia (“**PBI 17/3/2015**”) which was implemented by Circular Letter of Bank Indonesia No. 17/11/DKSP dated June 1, 2015 (“**SEBI 17/11/2015**”). Under the Currency Law and PBI

17/3/2015, each party is required to use Rupiah for cash and non-cash transactions conducted within the territory of Indonesia, including for (i) each transaction with the purpose of payment, (ii) settlement of other obligations which must be satisfied with money and/or (iii) other financial transactions (including deposits of Rupiah in various amounts and types from customers to banks).

Subject to further requirements under PBI 17/3/2015, the obligation to use Rupiah does not apply to:

1. certain transactions relating to the implementation of state revenue and expenditure;
2. the receipt of provision of grants whether from or to an overseas source;
3. international trade transactions, including (a) export or import of goods to or from outside Indonesia, (b) activities relating to cross border trade in services and (c) bank deposits denominated in foreign currencies;
4. foreign currency bank deposits;
5. international financing transactions; and
6. transactions denominated in a currency other than Rupiah conducted in accordance with applicable laws, including, among others (a) a bank's business activities in a currency other than Rupiah conducted based on applicable laws regarding conventional and Shari'a banks, (b) securities in a currency other than Rupiah issued by the Government in a primary or secondary market based on the applicable laws and (c) other transactions in a currency other than Rupiah based on applicable laws, including the law on Bank Indonesia, the law on investment and the law on Indonesian Export Financing Institution (*Lembaga Pembiayaan Ekspor Indonesia* (Indonesia Eximbank)).

The Currency Law and PBI 17/3/2015 also prohibit any party from rejecting Rupiah that is used as a means of payment to settle obligations with respect to other financial transactions within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah that is received in respect to cash transactions, or the parties to the transactions have agreed in writing to the payment or settlement of obligations in a foreign currency. The provision of PBI 17/3/2015 further provides that the exemption based on such a written agreement between the parties is only applicable to an agreement made with respect to one of the exempted transactions described above or transactions related to a strategic infrastructure project.

PBI 17/3/2015 took effect from March 31, 2015 and the requirement to use Rupiah for non-cash transactions has been effective since July 1, 2015. Written agreements signed prior to July 1, 2015 that contain provisions for the payment or settlement of obligations in a currency other than Rupiah for non-cash transactions will remain effective until the expiration of such agreements. However, any extension or amendment of such agreements must comply with PBI 17/3/1015.

According to SEBI 17/11/2015, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency, anywhere including on electronic media. The restriction applies to, among other things, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fee or consultancy services fee, (iii) leasing fees, such as apartment leases, housing leases, office leases, building leases, land leases, warehouse leases or vehicle leases, (iv) tariffs, such as loading/unloading tariff for cargo at the seaport or airplane ticket tariff, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed on a receipt.

SEBI 17/11/2015 also stipulates that conditional exemptions may apply to certain infrastructure projects, among other things (i) transportation infrastructure, including airport services, seaport procurement and/or services, railway infrastructure and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channel, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, drinking water treatment installation, (v) sanitation infrastructure, including waste water treatment installation, collector channel and main channel, and waste facility which includes transporter and disposal sites, (vi) telecommunication and information infrastructure, including telecommunication network and e-government infrastructure, (vii) electricity infrastructure, including power plant, which includes power development sourcing from geothermal, transmission or distribution of electricity, and (viii) oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the projects have been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia.

Failure to comply with the obligation to use Rupiah in cash transactions may lead to the imposition of criminal sanctions to the offender in the form of imprisonment for a maximum period of one year and a fine of up to Rp. 200 million, and any non-compliance for non-cash transactions will be subject to administrative sanctions in the form of (i) written warning, (ii) monetary sanction up to Rp. 1 billion and/or (iii) a restriction on undertaking further payment activities. Non-compliance with the Currency Law is punishable by up to one year of imprisonment and a fine of up to Rp. 200 million. Bank Indonesia may also recommend the relevant authorities and institutions to conduct certain action such as revoking the business license or stopping the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

### **Purchasing Foreign Currencies Against Rupiah Through Banks**

On September 5, 2016, the Governor of Bank Indonesia issued Bank Indonesia Regulation No. 18/18/PBI/2016 on the Foreign Exchange Transactions Against Rupiah between Banks and Domestic Parties (“**PBI 18/18/2016**”) as implemented by the Circular Letter of Bank Indonesia No. 18/34/DPPK dated December 13, 2016. Under PBI 18/18/2016, the conversion of Rupiah to one or more foreign currencies of spot and derivative (plain vanilla) transactions in an amount exceeding certain thresholds by an Indonesian company must be based on an underlying transaction, which is defined as an underlying activity on which the purchase or sales of currencies other than Rupiah are made. The underlying transaction requirement also applies to any transaction of foreign currency structured products in form of call spread option in any amount. The amount of currencies other than Rupiah that will be purchased may not exceed the nominal value of the underlying transaction. For the following purchase of foreign currency, there must be an underlying transaction:

1. the purchase of foreign currency against the Rupiah in the form of a spot transaction in the amount equivalent to US\$25,000 per month;
2. the purchase of foreign currency against the Rupiah in the form of a standard (plain vanilla) derivative transaction in the amount equivalent to US\$100,000 per month;
3. the sale and purchase of foreign currencies against Rupiah through option transactions in the amount equivalent to US\$1 million per transaction per domestic customer; or
4. the sale and purchase of foreign currencies against Rupiah through forward transactions in the amount equivalent to US\$5 million per transaction per domestic customer.

The following transactions are deemed as underlying transactions under PBI 18/18/2016: (i) domestic and international trade of goods and services, (ii) investments such as direct investments, portfolio investments, loans, capital and other investments inside and outside Indonesia and/or (iii) the granting of a facility or financing from a bank in foreign currencies and/or Rupiah for trade and investment

activities. Underlying transactions do not include (i) the placement of funds in banks in the form of, among others, saving accounts, demand deposit accounts, time deposits and negotiable certificate deposits, (ii) money transfer activities by remittance companies, (iii) undrawn credit facilities, including standby loans and undisbursed loans or (iv) the use of Bank Indonesia securities in foreign currency.

Indonesian parties (i) utilizing foreign currency structured products against the Rupiah in the form of a call spread option and (ii) purchasing foreign currencies from banks by way of (a) spot transactions; and (b) standard derivative (plain vanilla) transactions in excess of US\$25,000, US\$100,000, US\$5,000,000 and US\$1,000,000 respectively, will be required to submit certain supporting documents to the selling bank including, among other things, the relevant underlying transaction document and a duly stamped statement confirming that the underlying transaction document agreement is valid and that the foreign currency being purchased is or will not exceed the amount stated in the underlying transaction document agreement. For purchases of foreign currency not exceeding the abovementioned thresholds, such company must declare in a duly stamped letter that its aggregate foreign currency purchases do not exceed the stipulated thresholds in the Indonesian banking system.

On September 5, 2016, the Governor of Bank Indonesia issued Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transactions Against Rupiah between Banks and Foreign Parties, which came into effect on September 7, 2016 (“**PBI 18/19/2016**”) as implemented by Circular Letter of Bank Indonesia No. 18/35/DPPK dated December 13, 2016. While PBI 18/18/2016 and PBI 18/19/2016 collectively govern foreign exchange transactions against Rupiah in Indonesia, in particular PBI 18/18/2016 governs Indonesian bank customers and PBI 18/19/2016 governs foreign exchange transactions by banks and foreign parties.

Similar to PBI 18/18/2016, PBI 18/19/2016 also requires an underlying transaction for a foreign exchange transaction against Rupiah if it exceeds specified thresholds. These thresholds are: (i) a purchase of foreign exchange against Rupiah equivalent to US\$25,000 per month per customer for spot transactions; (ii) the sale and purchase of foreign exchange against Rupiah equivalent to US\$1 million per transaction per foreign party for standard derivative transactions; and (iii) the sale of foreign exchange against Rupiah of equivalent to US\$5 million per transaction per foreign party for forward transactions.

The following transactions are deemed as underlying transactions under PBI 18/19/2016: (i) domestic and international trade of goods and services; or (ii) investment in the forms of foreign direct investment, portfolio investments, loans, capital and other investments inside and outside Indonesia. The following transactions are not considered as underlying transactions: (i) Bank Indonesia certificates for derivative transactions, (ii) a placement of funds in banks (vostro account) in the form of a saving account, demand deposit account, time deposit, or negotiable certificate of deposit, (iii) the granting of a facility which has not been withdrawn, such as a standby loan and an undisbursed loan and (iv) the use of Bank Indonesia securities in foreign currencies.

All underlying transaction documents must be submitted to the relevant bank within the prescribed timeline in accordance with the type of transaction: (i) at least on value date, for spot transaction; (ii) at least 5 business days after transaction date, for plain vanilla derivative transaction; and (iii) at the latest on maturity date, if the derivative transaction will due less than 5 business days after transaction date.

On May 14, 2014, the Governor of Bank Indonesia issued Bank Indonesia Regulation No. 16/10/PBI/2014 on Receiving and Withdrawing Foreign Currencies from Export Activities and Foreign Loans as amended by Bank Indonesia Regulation No. 17/23/PBI/2015 dated December 23, 2015 (“**PBI 16/10/2014**”) and implemented by Circular Letter of Bank Indonesia No. 18/5/DStA dated April 6, 2016 on Receiving of Foreign Currencies from Offshore Borrowing, which revoked and replaced Bank Indonesia Regulation No. 13/22/PBI/2011 and Bank Indonesia Regulation No. 14/25/PBI/2012. Based on PBI 16/10/2014, any borrowings of offshore loans (in a currency other than

Rupiah) that originate from (i) non-revolving loan agreements, (ii) a difference between the new loan and the refinanced loan, or (iii) debt securities (e.g. bonds, medium-term notes, floating rate notes, promissory notes and commercial papers) must be withdrawn through foreign exchange banks (including offshore bank branches in Indonesia) and must be reported to Bank Indonesia. The aggregate amount of the offshore loan withdrawals should be equal to the local commitments provided under such loans. In the event that there is any difference in excess of Rp50 million (or its equivalent in foreign currencies) between the offshore loan withdrawals and the local commitments, the borrower must submit an explanation to Bank Indonesia, in writing or by email. Withdrawals of the above foreign loans must be reported to Bank Indonesia on the 15th day of the following month after the withdrawal date. These reports must include supporting documents detailing the respective portions of the foreign loans that were withdrawn from the foreign exchange bank. Administrative sanctions are imposed on companies that fail to comply with such reporting obligations.

## CAPITALIZATION

The table below sets forth our cash and cash equivalents and capitalization as of February 28, 2018 (i) on an actual basis and (ii) as adjusted to give effect to the Offering, after deduction of underwriting fees and commissions and other estimated expenses, and the application of our net proceeds from the offering in the manner described in “*Use of Proceeds*” for debt repayment.

Prospective purchasers of the Offer Shares should read this table in conjunction with our Consolidated Financial Statements contained elsewhere in this Offering Circular and the sections in this Offering Circular entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Use of Proceeds*.”

	As of February 28, 2018	
	Actual	As adjusted for the Offering <sup>(1)</sup>
(Rp. in billions)		
Cash on hand and in Banks . . . . .	109.3	408.3
Bank Loans — Net of Current Portion . . . . .	454.4	—
Current Portion of Bank Loans . . . . .	20.8	—
Total Interest Bearing Debt . . . . .	475.2	—
Equity:		
Capital Stock . . . . .	200.0	270.0
Additional Paid in Capital . . . . .	—	704.2
Other Components of Equity . . . . .	484.3	484.3
Retained Earnings . . . . .	113.1	113.1
<b>Total Equity . . . . .</b>	<b>797.4</b>	<b>1,571.6</b>
<b>Total Capitalization (excluding Cash on Hand and in Banks) . . . . .</b>	<b><u>1,272.6</u></b>	<b><u>1,571.6</u></b>

<sup>(1)</sup> As adjusted to reflect the issuance and sale of 700,000,000 newly issued ordinary shares by us at a price of Rp. 1,160 per share, after deduction of fees and commissions and certain expenses incurred in connection with the issuance and sale, estimated to be approximately Rp. 37.8 billion.

Except as disclosed in this Offering Circular, there have been no material adverse changes in our capitalization since February 28, 2018.

## DILUTION

If you purchase our shares in the Offering, your interest will be diluted to the extent of the difference between the Offer Price per share and the *pro forma* net assets book value per share of our shares after the Offering. Net assets book value per share is calculated by dividing our net assets book value (total assets less total liabilities) by our number of outstanding common shares.

Our net asset book value as of December 31, 2017 was Rp. 773.1 billion, or Rp. 3,865,458 per share, based on 200,000 common shares outstanding on that date. On February 21, 2018, we amended the nominal par value of our shares from Rp. 1,000 per Share to Rp. 100 per Share. On the same date, we increased our authorized share capital from Rp. 500.0 billion to Rp. 800.0 billion. As of February 28, 2018, we had 2,000,000,000 issued and fully paid shares, with a par value of Rp. 100 per Share and net asset book value of Rp. 797.4 billion, or Rp. 399 per share. After giving effect to an increase in our issued share capital to 2,700,000,000 common shares and the sale of 700,000,000 Offer Shares by us at an Offer Price of Rp. 1,160 per share, less the estimated underwriting fees and commissions and other offering-related expenses, resulting in estimated net proceeds to us from the Offering of Rp. 774.2 billion (US\$57.1 million), our *pro forma* net asset book value as of February 28, 2018 would increase to Rp. 582 per share. This represents an immediate increase in the net asset book value of Rp. 183 per share to existing shareholders and an immediate dilution of Rp. 578 per share to investors in the Offering.

The table below illustrates the per share dilution as based on the per share information as of February 28, 2018:

Offer Price per share . . . . .	Rp. 1,160
Net asset book value per share as of February 28, 2018 <sup>(1)</sup> . . . . .	Rp. 399
<i>Pro forma</i> net asset book value per share after the Offering. . . . .	Rp. 582
Increase in net asset book value per share after the Offering . . . . .	Rp. 183
Dilution per share to new investors . . . . .	Rp. 578
Dilution per share to new investors (as a percentage of the Offer Price) . . . . .	49.8%

---

<sup>(1)</sup> On February 21, 2018, we amended the nominal par value of our shares from Rp. 1,000 per Share to Rp. 100 per Share and increased our authorized share capital from Rp. 500.0 billion to Rp. 800.0 billion.

## SELECTED FINANCIAL INFORMATION AND OPERATING DATA

*Prospective purchasers of our shares should read the selected financial information presented below in conjunction with our Consolidated Financial Statements and the notes to the Consolidated Financial Statements included in this Offering Circular, as well as with the section of this Offering Circular entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."*

*We have prepared and presented our consolidated financial statements in accordance with Indonesian FAS, which differs in certain respects from IFRS. See "Summary of Certain Differences Between Indonesian FAS and IFRS."*

### The Consolidated Financial Statements

The tables below present our summary financial information and operating data as of the dates or for each of the periods indicated. The summary statements of comprehensive income and cash flows and other financial data for the years ended December 31, 2015, 2016 and 2017, and the financial position data as of December 31, 2015, 2016 and 2017, in the tables below have been derived from our historical Consolidated Financial Statements included elsewhere in this Offering Circular and are qualified in their entirety by reference to those Consolidated Financial Statements and the related notes thereto. The Consolidated Financial Statements as of and for the years ended December 31, 2015, 2016 and 2017 have been audited by Crowe Horwath, independent public accountants.

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Net Sales . . . . .	2,171.4	2,071.8	2,141.8	160.1
Cost of Sales . . . . .	(1,715.7)	(1,580.8)	(1,630.9)	(121.9)
<b>Gross Profit . . . . .</b>	<b>455.7</b>	<b>491.0</b>	<b>510.9</b>	<b>38.2</b>
<b>Operating Expenses</b>				
Selling . . . . .	(61.7)	(71.0)	(84.7)	(6.3)
General and administrative . . . . .	(122.2)	(132.6)	(139.2)	(10.4)
<b>Total Operating Expenses . . . . .</b>	<b>(183.9)</b>	<b>(203.6)</b>	<b>(223.8)</b>	<b>(16.7)</b>
<b>Operating Income . . . . .</b>	<b>271.8</b>	<b>287.4</b>	<b>287.1</b>	<b>21.5</b>
<b>Other Income (Charges) . . . . .</b>				
Increase in fair value of investment properties . . . . .	—	—	8.8	0.7
Income from penalty related to delay on construction . . . . .	—	—	8.0	0.6
Interest Income . . . . .	7.0	8.7	3.9	0.3
Gain on sale of investment property . . . . .	—	—	1.6	0.1
Gain on sale of fixed assets . . . . .	0.6	1.2	1.1	0.1
Gain on sale of investment in shares . . . . .	0.5	—	—	—
Bank charges . . . . .	(1.1)	(1.0)	(1.1)	(0.1)
Loss on foreign exchange - net . . . . .	(0.7)	(1.5)	(4.9)	(0.4)

For the Year Ended December 31,				
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Interest expense . . . . .	(1.6)	(2.6)	(9.1)	(0.7)
Others - net . . . . .	0.2	0.7	1.9	0.1
<b>Other Income - Net . . . . .</b>	<b>4.9</b>	<b>5.5</b>	<b>10.2</b>	<b>0.8</b>
<b>Income Before Income Tax . . . . .</b>	<b>276.7</b>	<b>293.0</b>	<b>297.3</b>	<b>22.2</b>
<b>Income Tax Benefit (Expense)</b>				
Current . . . . .	(72.5)	(67.9)	(79.6)	(6.0)
Deferred . . . . .	1.2	(7.0)	3.9	0.3
<b>Income Tax Expense - Net . . . . .</b>	<b>(71.3)</b>	<b>(74.9)</b>	<b>(75.7)</b>	<b>(5.7)</b>
<b>Net Income . . . . .</b>	<b>205.4</b>	<b>218.1</b>	<b>221.6</b>	<b>16.6</b>
<b>Net income attributable to:</b>				
Owners of the parent . . . . .	208.5	222.1	225.4	16.9
Non-controlling interest . . . . .	(3.1)	(4.1)	(3.8)	(0.3)
<b>Net Income . . . . .</b>	<b>205.4</b>	<b>218.1</b>	<b>221.6</b>	<b>16.6</b>

#### Consolidated Statement of Financial Position

As of December 31,				
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Current Assets</b>				
Cash and cash equivalents . . . . .	194.3	139.1	160.4	11.8
Trade Receivables - Third Parties . . . . .	310.1	374.3	429.3	31.7
Other receivables . . . . .	—	—	—	—
Related Parties . . . . .	58.1	—	—	—
Third Parties . . . . .	0.8	1.9	10.0	0.7
Net Inventories . . . . .	250.8	261.4	328.0	24.2
Advances . . . . .	2.8	5.1	4.1	0.3
Prepaid Expenses - Current . . . . .	3.2	3.3	3.9	5.6
Prepaid taxes . . . . .	20.8	41.9	75.3	0.3
<b>Total Current Assets . . . . .</b>	<b>840.8</b>	<b>827.0</b>	<b>1,011.0</b>	<b>74.6</b>
<b>Non-Current Assets</b>				
Prepaid Expenses - non-current . . . . .	—	6.4	10.5	0.8
Advances for purchase of fixed assets and investment properties . . . . .	4.2	38.3	25.3	1.9
Deferred tax asset . . . . .	14.8	9.6	14.3	1.1
Fixed Assets - net of accumulated depreciation of Rp. 32,771,728,506 in 2017, Rp. 31,258,225,550 in 2016, of Rp. 28,726,893,359 in 2015 . . . . .	182.0	276.1	768.6	56.7
Investment properties . . . . .	64.5	198.2	185.8	13.7

	As of December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Intangible Assets - net of accumulated amortization of Rp. 18,039,062 in 2017, Rp. 7,106,250 in 2016. ....	—	0.03	0.06	0.0
Other Non-Current Assets .....	3.3	0.8	4.3	0.3
<b>Total Non-Current Assets. ....</b>	<b>268.7</b>	<b>529.5</b>	<b>1,009.0</b>	<b>74.5</b>
<b>Total Assets. ....</b>	<b>1,109.5</b>	<b>1,356.5</b>	<b>2,020.0</b>	<b>149.1</b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Short-Term Bank Loans .....	15.0	125.4	329.0	24.3
Trade Payables:				
Related Parties .....	473.4	417.1	434.1	32.1
Third Parties. ....	2.8	1.4	1.5	0.1
Other Payables:				
Related Parties .....	0.5	2.2	3.2	0.2
Third Parties. ....	38.6	15.0	31.3	2.3
Accrued Expenses. ....	8.0	11.4	11.4	0.8
Taxes Payable. ....	15.1	9.3	15.2	1.1
Advances and Deposits from Customers ....	155.0	163.6	186.3	13.8
Short-term employee benefits liability ....	31.6	9.8	4.2	0.3
Current Maturities of Long-Term Debts:				
Consumer Financing Payable .....	1.5	1.9	1.3	0.1
Bank loans .....	1.7	1.7	20.9	1.5
<b>Total Current Liabilities .....</b>	<b>743.1</b>	<b>758.7</b>	<b>1,038.4</b>	<b>76.6</b>
<b>Non-Current Liabilities</b>				
Long-Term Debts net of Current Maturities:				
Consumer Financing Payables. ....	0.9	0.7	0.3	0.0
Bank Loans .....	3.3	1.7	96.0	7.1
Due to Related Party .....	85.4	149.7	73.9	5.5
Long-term Employee Benefits Liability ....	27.6	28.6	38.3	2.8
<b>Total Non-Current Liabilities .....</b>	<b>117.2</b>	<b>180.7</b>	<b>208.5</b>	<b>15.4</b>
<b>Total Liabilities .....</b>	<b>860.3</b>	<b>939.4</b>	<b>1,246.8</b>	<b>92.0</b>
<b>Equity</b>				
<b>Share Capital:</b>				
Authorised/Issued and fully paid — FY2017, FY2016 and FY2015. ....	20.0	20.0	200.0	14.8
General reserve .....	—	—	5.0	0.4
Retained earnings. ....	207.3	258.4	86.4	6.4
Total Equity Attributable to:				
Owners of the Parent .....	227.3	278.4	291.4	21.5
Non-Controlling Interest. ....	21.9	138.8	481.7	35.6
<b>Total Equity .....</b>	<b>249.2</b>	<b>417.1</b>	<b>773.1</b>	<b>57.1</b>
<b>Total Liabilities and Equity .....</b>	<b>1,109.5</b>	<b>1,356.5</b>	<b>2,020.0</b>	<b>149.1</b>

## Consolidated Statement of Cashflows

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Cash Flows from Operating Activities</b>				
Cash Receipts from Customers . . . . .	2,207.4	2,016.2	2,109.6	157.7
Cash Paid to Suppliers, Employers and for Other Operating Expenses . . . . .	(1,889.0)	(1,820.7)	(1,922.1)	(143.5)
Cash Generated from Operations . . . . .	318.4	195.5	187.5	14.0
Interest Received . . . . .	7.0	8.7	3.9	0.3
Interest Paid . . . . .	(1.6)	(2.6)	(9.1)	(0.7)
Corporate Income Tax Paid . . . . .	(67.5)	(78.7)	(74.2)	(5.6)
<b>Net Cash Provided by Operating Activities . .</b>	<b>256.3</b>	<b>122.8</b>	<b>108.1</b>	<b>8.1</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from Sale of Investment Properties . .	—	—	5.2	0.4
Proceeds from Sale of Fixed Assets . . . . .	0.6	1.3	2.8	0.2
Payment of Value Added Tax . . . . .	(15.6)	(8.8)	(19.6)	(1.5)
Acquisition of Fixed Assets . . . . .	(129.0)	(92.0)	(335.1)	(25.0)
Acquisition of Intangible Assets . . . . .	—	(0.04)	(0.04)	(0.0)
Acquisition of Investment Properties . . . . .	(42.6)	(129.0)	(68.9)	(5.2)
Payment of Advance Purchase of Fixed Assets and Investment Properties . . . . .	(3.2)	(37.7)	(19.3)	(1.5)
Long-term prepaid rent . . . . .	—	(6.5)	(4.2)	(0.3)
Borrowings cost capitalized to fixed asset . . . .	—	—	(15.0)	(1.1)
Borrowings cost capitalized to investment properties . . . . .	—	—	(5.5)	(0.4)
Payment of liabilities related to acquisition of fixed asset . . . . .	—	(29.0)	—	—
Proceeds from sale of investment in shares . . .	2.3	—	—	—
<b>Net Cash Used in Investing Activities . . . . .</b>	<b>(187.6)</b>	<b>(301.9)</b>	<b>(459.7)</b>	<b>(34.4)</b>
<b>Cash Flows from Financing Activities</b>				
Dividends Paid . . . . .	(146.5)	(165.7)	(210.0)	(15.7)
Proceeds from Short-Term Bank Loans . . . . .	15.0	110.4	200.6	15.0
Proceeds from Long-Term Bank Loans . . . . .	—	—	115.1	8.6
Payment of Long-Term Loans . . . . .	(1.7)	(1.7)	(1.7)	(0.1)
Payment of Consumer Financing Payable . . . . .	(1.1)	(4.5)	(2.4)	(0.2)
Receipt from Deposit for Future Share Subscription from Non-Controlling Interest . .	68.7	34.3	—	—
Receipt from Issuance of Share Capital to Non-Controlling Interest . . . . .	—	35.5	101.2	7.6
Proceeds from Loan from Related Party . . . . .	—	115.4	169.8	12.7
<b>Net Cash Provided by (Used in) Financing Activities . . . . .</b>	<b>(65.4)</b>	<b>123.8</b>	<b>372.6</b>	<b>27.9</b>
Effect of foreign exchange on cash and cash equivalents . . . . .	0.1	0.2	0.3	0.0

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Net Increase (Decrease) on Cash and Cash Equivalents</b> . . . . .	<b>3.4</b>	<b>(55.2)</b>	<b>21.4</b>	<b>1.6</b>
<b>Cash and Cash Equivalents at the Beginning of the Year</b> . . . . .	<b>190.9</b>	<b>194.3</b>	<b>139.1</b>	<b>10.2</b>
<b>Cash and Cash Equivalents at the End of the Year</b> . . . . .	<b>194.3</b>	<b>139.1</b>	<b>160.4</b>	<b>11.8</b>

#### Non Cash Activities

Reclassification from investment properties to fixed assets. . . . .	—	—	90.7	6.8
Share dividend. . . . .	—	—	180.0	13.5
Conversion of loan to shareholder into share of non-controlling interest . . . . .	—	—	211.3	15.8
Acquisition of Fixed Assets through Receivables Realization . . . . .	4.5	—	—	—
Acquisition of Fixed Assets which have not been paid . . . . .	38.6	1.9	19.4	1.4
Borrowing cost capitalized to Fixed Assets which have not been paid. . . . .	—	0.7	3.0	0.2
Acquisition of Fixed Assets Through Consumer Financing . . . . .	1.5	4.8	1.3	0.1
Borrowing Costs Capitalized to Investment Properties which have not been paid. . . . .	—	1.3	—	—
Increase in fair value of investment properties . . . . .	—	—	8.8	0.7
Acquisition of fixed assets through advances . . . . .	—	—	32.4	2.4
Acquisition of investment properties through advances. . . . .	—	3.6	—	—

#### Consolidated Non-GAAP Financial Information

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions, except as otherwise stated)			
EBITDA <sup>(1)</sup> . . . . .	276.3	293.1	289.0	21.6
EBITDA Margin <sup>(2)</sup> . . . . .	12.7%	14.1%	13.5%	13.5%
Net Income Margin <sup>(3)</sup> . . . . .	9.5%	10.5%	10.3%	10.3%

- (1) EBITDA refers to operating income before depreciation and amortization expense. EBITDA and the related ratios presented in this Offering Circular are supplemental measures of our performance that are not required by, or presented in accordance with, Indonesian FAS, U.S. GAAP or IFRS. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS, U.S. GAAP or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS, U.S. GAAP or IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term; hence, a direct comparison between companies using such a term may not be possible. Set forth below is a reconciliation of our profit for the period under Indonesian FAS to our definition of EBITDA for the periods indicated.

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Operating income . . . . .	271.8	287.4	287.1	21.5
Add/(Deduct)				
Depreciation and amortization . . . . .	4.5	5.7	1.9	0.1
<b>EBITDA . . . . .</b>	<b>276.3</b>	<b>293.1</b>	<b>289.0</b>	<b>21.6</b>

- (2) EBITDA margin is calculated by dividing EBITDA by net sales.

- (3) Net income margin is calculated by dividing net income by net sales.

## Key Performance Indicators

	For the Year Ended December 31,		
	2015	2016	2017
<b>Operating Data</b>			
Units sold			
Sanitary wares . . . . .	2,012,874	1,946,900	1,804,319
Fittings . . . . .	3,763,873	3,363,149	3,459,787
Other bathroom-related products . . . . .	18,976	17,650	20,648
Kitchen-related products . . . . .	4,095	5,610	7,730
Average unit price . . . . .			
Sanitary wares (Rp.) . . . . .	532,706	549,580	587,232
Fittings (Rp.) . . . . .	271,521	279,808	291,179
Other bathroom-related products (Rp.) . . . . .	3,592,860	2,658,681	2,645,793
Kitchen-related products (Rp.) . . . . .	2,200,177	2,467,174	2,627,362
Average unit cost . . . . .			
Sanitary wares (Rp.) . . . . .	418,373	425,477	450,737
Fittings (Rp.) . . . . .	218,182	213,728	223,168
Other bathroom-related products (Rp.) . . . . .	2,361,793	1,512,487	1,502,226
Kitchen-related products (Rp.) . . . . .	1,850,306	1,237,010	1,811,865
Average receivable days outstanding . . . . .	52	66	73
Average inventory days outstanding . . . . .	48	59	66
Average payable days outstanding . . . . .	108	97	98

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis in conjunction with “Selected Financial Information and Operating Data” and our Consolidated Financial Statements and related notes as of and for the years ended December 31, 2015, 2016 and 2017 included elsewhere in this Offering Circular. The following discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are subject to certain risks, uncertainties and assumptions, such as those set forth under “Forward-Looking Statements,” “Risk Factors” and described elsewhere in this Offering Circular, that could cause our actual results to differ materially from those anticipated in these forward-looking statements. These financial statements have been prepared in accordance with Indonesian FAS. See “Risk Factors—Risks Relating to Indonesia—Indonesian accounting standards differ from those in other jurisdictions.”*

### Overview

We are the leading distributor of sanitary wares, bathroom fittings and other bathroom-related products in Indonesia, by volume and value of sales. We are the exclusive agent in Indonesia for sanitary ware products and bathroom fittings under the “TOTO” brand. The “TOTO” brands belongs to TOTO Ltd., a leading Japanese and global manufacturer of sanitary wares, bathroom fittings and related products. More than 90% of the products we sell are TOTO-brand products, and we also sell products from other manufacturers, mostly established European brands, such as Villeroy & Boch, Kaldewei, Geberit, Stiebel Eltron and Franke. We also sell some kitchen-related products.

We had a market share of 55.1% in sanitary wares and 49.8% in bathroom fittings in 2016, according to Euromonitor International Limited. We have an extensive distribution network throughout the country, with 11 exclusive sole distributors in the major Indonesian cities outside of Greater Jakarta and Surabaya and more than 100 dealers in the Greater Jakarta and Surabaya areas. Our size and the broad reach of our geographic network provide us with strong brand recognition throughout Indonesia and strong customer relationships, and they constitute a high barrier to entry for any existing or new competitors. Given our already substantial market share, we expect to grow our business on the basis of an expansion of the market as a whole, rather than on the basis of additional market share. Euromonitor International Limited expects the Indonesian market for sanitary wares and fittings to grow at a CAGR of 9% through and including 2019, and the wide recognition of our brand name positions us well to benefit from this continued economic growth of the Indonesian market as a whole.

Our founders and senior management have more than 40 years of experience in the Indonesian market for sanitary wares and fittings, and over the course of these years, they have built a strong relationship with the TOTO Group to develop our strong market position in Indonesia. Our founders also founded Surya Toto Indonesia, together with TOTO Japan, as the sole manufacturer of TOTO-branded products in Indonesia. Since our inception until recently, we have purchased all of our TOTO products from Surya Toto Indonesia. Surya Toto Indonesia is a public company in Indonesia, listed on the Indonesia Stock Exchange, and certain of our founders and ultimate beneficial owners also hold positions at Surya Toto Indonesia and manage its operations, with significant input from TOTO, both in terms of technical assistance and in terms of operating and financial decisions. See “*Corporate History and Structure—Our Relationship with Surya Toto Indonesia.*”

In 2016, in order to benefit from lower costs and in conjunction with TOTO and Surya Toto Indonesia, we constructed a production facility in Surabaya, Indonesia, to manufacture certain lines of TOTO-brand sanitary ware products. We built this facility using our 51%-owned subsidiary Surya Pertiwi Nusantara, which we had established jointly with Surya Toto Indonesia. We expect to source a portion of our products from Surya Pertiwi Nusantara in the future, as we seek to drive the growth of our sales in Indonesia.

In 2015, 2016 and 2017, our net sales were Rp. 2,171.4 billion, Rp. 2,071.8 billion, and Rp. 2,141.9 billion (US\$ 160.1 million). For the same period, our gross profit was Rp. 455.7 billion, Rp. 491.0 billion, and Rp. 510.9 billion (US\$ 38.2 million) and our EBITDA was Rp. 276.3 billion, Rp. 293.1 billion, and Rp. 289.0 billion (US\$ 21.5 million).

### **Major Factors Affecting Our Results of Operations and Financial Condition**

Our business, results of operations and financial condition are affected by a number of factors, the most significant of which are described below.

#### ***General Economic Conditions in Indonesia and Market Demand for Sanitary Wares***

The primary factor driving growth in our sales over the medium and long term is general market demand for sanitary wares in Indonesia. This market demand, in turn, depends on the growth of the Indonesian economy as a whole and on rising levels of individual disposable income in Indonesia. Sanitary wares and fixtures are basic consumer products that most households need but only buy a limited number of times, and consumer preferences for these products tend to evolve as consumers become more affluent. For example, as disposable income has grown, customer preferences have tended to shift to more modern sanitary wares, such as a preference for seated toilets over traditional toilets using squatting pans. As a result, our sales and financial performance are closely linked to developments in macroeconomic and general market conditions in Indonesia.

Specifically, our sales in the medium and long term depend on continued growth of the Indonesian middle class and of consumers' purchasing power to drive a shift in consumer preferences for modern sanitary wares and fittings. For any individual fiscal period, customer demand and therefore our sales may fluctuate in ways that do not track developments in the Indonesian economy as a whole. For example, in 2016, while Indonesia's GDP grew by approximately 7.6%, our sales decreased by almost 5%, as a result of uncertainties related to the Indonesian tax amnesty and due to delays in a number of real estate development projects of our customers. However, over the longer term, our sales tend to grow in line with the wider Indonesian economy. From 2008 to 2017, our net sales grew by a CAGR of 12.2%, from Rp. 763.0 billion in 2008 to Rp. 2,141.8 billion in 2017. This growth rate is similar to the growth of Indonesia's GDP during the period, which was 10.9% CAGR between 2008 and 2016, according to Euromonitor.

Economic indicators that reflect or drive growth in the market, and therefore in demand for our products, include fluctuations or contractions in GDP and per capita GDP in Indonesia; changes in consumer confidence; increases or decreases in new construction and real estate development activities; price developments in the housing market; increase or slow-downs in lending to consumers and businesses; fluctuations in interest rates; and increases or decreases in labor costs and taxes. Most of these factors are outside of our control. To the extent these market developments remain positive over the long term, we would expect the Indonesian middle class to continue to grow and demand for our products and our revenues to increase; conversely, negative trends in these market indicators could cause demand for our products to slow, as consumers reduce their spending on non-essential items. Such negative trends could have a material adverse effect on our revenues and financial performance. See *"Risk Factors—Our business and financial performance depend on macroeconomic, financial and monetary conditions in Indonesia."*

We purchase substantially all of our products from Surya Toto Indonesia, and the pricing arrangement we have established with Surya Toto Indonesia provides for a fixed discount to the list price of these products. In turn, we then on-sell the products to our dealers and sole distributors at a smaller discount. See *"Business—Supply Arrangements"* and *"Business—Distribution Network."* These pricing arrangements give us limited elasticity on pricing and constrain our ability to compete in the market or increase our market share based on price. Due to our significant market share in the sanitary wares industry in Indonesia, we may not be able to increase our market share further. As a result, we expect growth in our business to be linked largely to the market developments discussed above.

We also depend specifically on the property development, construction and real estate industries, as new construction drives demand for sanitary wares and we often supply large real estate development projects with sanitary wares and fittings for their bathrooms. See “*Business—Distribution Network—Project Customers*.” The performance of these industries is also linked to Indonesia’s macro-economic environment and to conditions in the global economy, including levels of public and private investment, monetary and other governmental policies, population growth, and rising or falling levels of income. As with the rest of our business, we expect positive developments in these areas to support the growth of our revenues derived from property development, while a slow-down in these factors could have a material adverse effect on this part of our business, as it did during 2016, when a number of real estate development projects of our customers were delayed and our overall sales decreased by almost 5% compared to the prior year.

### ***Cost of Sales and Inventory Management***

We purchase products from Surya Toto Indonesia at a fixed discount to Surya Toto Indonesia’s retail list price and on-sell them to our sole distributors and dealers at a smaller discount to the list price. We have no ability to vary the discount at which we purchase products from Surya Toto Indonesia and limited ability to vary the discount at which we on-sell those products either of these discounts (and then generally only to provide a larger discount to our distributors and dealers as an incentive for higher sales volumes). As a result, our margins on individual products are largely fixed, and our overall gross margin depends on our levels of inventories available for sale during a particular fiscal period. We seek to manage inventory tightly, with our average inventory days outstanding in 2015, 2016 and 2017 being 48 days, 59 days and 66 days. The increase in average inventory days is attributable to weaker than expected growth in the economy and in turn, weaker than expected market demand for sanitary wares and bathroom fitting products. As we order most of the products from Surya Toto Indonesia approximately two to three months in advance and store these products in our warehouses, weaker than expected demand for our products will lead and has led to increased inventory levels.

### ***Operating Expenses and Other Income***

Our results of operations have been affected and will continue to be affected by the levels of our operating expenses and our non-operating income (or charges). Our operating expenses have historically been relatively low, amounting to around 10% of our sales, but as described above, our individual product margins are fixed, and our cost of sales, which consists of inventories available for sale, moves generally in line with our net sales. As a result, our operating expenses, together with our other income/charges, are the primary variable in our statement of profit and loss, and any fluctuations in our operating expenses will have a direct effect on our results of operations.

Our primary operating expenses include salaries and allowances, freight costs, rent, promotion expenses and other general and administrative expense. We incur expenses such as promotion expenses, salaries for promotion staff and travel expenses in the course of maintaining our distribution network throughout Indonesia, which takes not only financial resources but also management time and involvement. As we seek to maintain and enhance the brand recognition of the TOTO brand and the popularity of our products and to expand the reach of our existing distribution network, the levels of our operating expenditures will fluctuate. For example, our expenses for salaries and allowances increased by approximately 11% in each of 2016 and 2017, largely because we increased the number of our sales and promotions staff. Conversely, we expect that our rental expenses will decrease after we move to our new offices, which are owned by our subsidiary Surya Graha Pertiwi, in the third quarter of 2018. Similarly, with our new manufacturing facility in Surabaya, we expect transportation expense for product deliveries in East Java to decrease, and while our overall headcount and labor costs will increase as a result of our opening of the Surabaya facility, we expect our labor costs on a *per capita* basis to decrease, due to lower wages in Surabaya. Any increase or decrease in our operating expenses, in particular our expenses for wages and salaries, will have a direct effect on our profitability and our results of operations.

We also generate significant non-operating income and incur significant non-operating charges. Our other income (charges) include gains or losses on the fair value of our investment properties, income from penalties on construction projects, gains or losses on the sale of investment properties or other assets, interest income and expenses, and gains or losses on foreign exchange (see below). These items can fluctuate significantly from one financial reporting period to another. For example, in 2017 we recognized a gain on the fair value of investment properties (namely certain apartments that the Group owns) in an amount of Rp. 8.8 billion, as well as income from penalties related to delays in the construction of our Surabaya facility in an amount of Rp. 8.0 billion, while we did not recognize any income (or loss) from these items in either 2016 or 2015. As a result, our results of operations can be significantly affected by our other income and charges.

### ***Production Capacity and Utilization***

In 2017 we commenced our own production of TOTO-brand sanitary wares (on a trial basis) through our subsidiary Surya Pertiwi Nusantara at our newly built production facility near Surabaya, Indonesia. We established this facility in order to take advantage of the cheaper price of land and labor in Surabaya and to better serve our customers around Surabaya and Eastern Indonesia, at lower logistics and transportation costs.

Our Surabaya factory currently has a production capacity of approximately 500,000 pieces per annum and commenced commercial operations following receipt of its Industrial Business License in April 2018. We intend to build additional production lines in future years, subject to market conditions. At the initial stage, our Surabaya factory will manufacture lower-end products, for which there is high demand in Indonesia. Whether we are able to utilize this new facility, and any future facilities, at a sufficiently high rate to recover our fixed costs will drive both the revenue of our production facility and the profitability of this new line of our business. Our fixed costs at the new facility consist largely of salaries, utilities, maintenance and depreciation, and we expect these fixed costs to make up roughly half of our cost of sales at Surya Pertiwi Nusantara. Greater volumes of production will allow us to spread our fixed costs more widely and reduce our production costs on a per-unit basis, which would have a positive impact on our margins. To the extent we build new facilities, we will incur additional capital expenditures and fixed operating costs, and we will need to generate additional sales in order to receive our expected returns on these investments.

### ***Foreign Exchange Fluctuations***

Our functional and reporting currency is the Indonesian Rupiah. In our operations, we are exposed to foreign exchange fluctuations with regard to both transactions denominated in foreign currencies and translations, at the end of a financial reporting period, of assets and liabilities denominated in foreign currencies. Substantially all of our purchases are from Surya Toto Indonesia and are denominated in Rupiah, but we also purchase a portion of our products from other manufacturers outside of Indonesia. These transactions are denominated in U.S. dollars, Singapore dollars, Euro and Japanese Yen. More importantly, at our new manufacturing facility in Surabaya, approximately 80% of our purchases of raw materials are denominated in foreign currencies, primarily U.S. dollars, as well as Euro and other local currencies. While the Rupiah has remained relatively steady against the U.S. dollar in the last three years, it depreciated significantly in 2015, from an average of Rp. 11,881 per U.S. dollar in 2014 to Rp. 13,398 per U.S. dollar in 2015 and can fluctuate dramatically in fairly short periods of time. See “*Exchange Rates and Exchange Controls*.” In 2017 we recorded a loss on foreign exchange of Rp. 4.9 billion, which was the result of higher levels of U.S.-dollar loans and a slight weakening of the Indonesian Rupiah. Our foreign currency-denominated bank borrowings increased from Rp. 107.4 billion in 2016 to Rp. 409.15 billion (US\$30.2 million) in 2017.

Our margins and results of operations in Rupiah terms will be positively impacted by an appreciation of the Rupiah against the U.S. dollar and the other currencies in which we transact and adversely impacted by a Rupiah depreciation for the transactions at issue. We are also exposed to foreign exchange fluctuations on the value of our U.S. dollar-denominated assets, which consist primarily of

our U.S. dollar bank accounts and to a lesser extent, our time deposits, as well as on the cost of our U.S. dollar-denominated interest expenses. We recognize and record foreign exchange gains and losses resulting from the impact of exchange rate fluctuations on our monetary assets and liabilities under other income (expenses) in our consolidated statement of profit or loss. Accordingly, even if fluctuations in exchange rates do not have a significant impact on our cash flows, they can have an impact on our results of operations.

### ***Competition***

Our results of operations are also affected by the competitive environment in the sanitary wares and bathroom fittings industries in Indonesia, and we expect that the impact of competition will increase in the future. The sanitary ware and bathroom fittings market in Indonesia is relatively consolidated, with a few large brands accounting for a majority of the market and the rest of the market fragmented among a number of smaller players. See *“Industry Overview.”* We are the largest player in the market, with a 52.5% market share in sanitary wares and bathroom fittings combined. We face competition primarily from other well-known international brands, such as American Standard and Ina, and in the future, we expect to face increasing competition from Chinese manufacturers who compete with low pricing primarily for lower-end products. As competition increases, Surya Toto Indonesia may need to reduce the list prices for some of its products, which would adversely affect our sales (although we would expect our gross margins to remain steady). This would cause our operating and other expenses to increase as a percentage of sales, which would have an adverse effect on our net profits. Similarly, increased competition may lead to an erosion of our market share. On the other hand, as competition increases from other premium-brand manufacturers, pricing in the market overall may increase, and if we are able to maintain market share in such an environment, we would expect our levels of sales and profits to increase. See *“Risk Factors—We face competition in Indonesia with regard to TOTO-brand products, and if we are unable to maintain our market share, it could have a material adverse effect on our business and operating results.”*

### **Critical Accounting Policies**

The preparation of financial statements requires us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies may have a significant impact on our financial position and operating results. Our management continually re-evaluates these estimates, assumptions and judgments based on past experience and on various other assumptions that we believe to be reasonable under the circumstances.

Set forth below are discussions of the accounting policies that we believe involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements, including discussions of the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. We base our assumptions and estimates on parameters available when our consolidated financial statements are being prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond our control. Such changes are reflected in the assumptions as they occur. See also Note 3 to the Consolidated Financial Statements included elsewhere in this Offering Circular.

### ***Classification of financial instruments***

We determine the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with our accounting policies disclosed in Note 2 of the Consolidated Financial Statements.

### ***Leases***

We have several leases where we act as lessee in respect of land and warehouse. We evaluate whether significant risks and rewards of ownership of the leased assets are transferred based on PSAK No. 30 (Revised 2011) "Lease", which requires us to make judgments and estimates of the transfer of risks and rewards related to the ownership of asset.

Based on our review of the relevant lease agreements, the land and warehouse under lease is classified as an operating lease.

### ***Depreciation of Fixed Assets***

The costs of fixed assets is depreciated on a straight-line basis over their estimated useful lives.

Our management estimates the useful lives of these fixed assets to be within 4 to 20 years. These are common life expectancies applied in the industry where we conduct our business. Changes in the expected level of usage and technological development may impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. As of December 31, 2015, 2016 and 2017, the net carrying amounts of our fixed assets amounted to Rp 182,006,148,401, Rp 276,077,242,947 and Rp 768,595,173,650, respectively. For further information, see Note 11 to our Consolidated Financial Statements.

### ***Employee Benefits Liability***

The determination of our obligations and cost of employee benefits liability is dependent on the selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include, among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from our assumptions are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period which they occur. While we believe that our assumptions are reasonable and appropriate, significant differences in our actual results or significant changes in our assumptions may materially affect its estimated liability for employee benefits and net employee benefits expense. Further details are disclosed in Note 21 to our Consolidated Financial Statements.

### ***Income Tax***

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. We recognize liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

### ***Deferred Tax Assets***

Deferred tax assets are recognized for unused fiscal losses and all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the future taxable profits together with future tax planning strategies. As of December 31, 2017, Surya Pertiwi Nusantara has fiscal loss carrying forward amounting to Rp. 13,846,944,442.

## *Allowance for Inventories Obsolescence*

Allowance for inventories obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated. As of December 31, 2017, allowance for inventories obsolescence amounted to Rp 474,237,540.

## **Results of Operations**

The following table sets forth the breakdown of our results of operations for the years ended December 31, 2015, 2016 and 2017 which have been derived from our Consolidated Financial Statements included elsewhere in this Offering Circular.

	For the Year Ended December 31,			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Net Sales . . . . .	2,171.4	2,071.8	2,141.8	160.1
Cost of Sales . . . . .	(1,715.7)	(1,580.8)	(1,630.9)	(121.9)
<b>Gross Profit . . . . .</b>	<b>455.7</b>	<b>491.0</b>	<b>510.9</b>	<b>38.2</b>
<b>Operating Expenses</b>				
Selling . . . . .	(61.7)	(71.0)	(84.7)	(6.3)
General and administrative . . . . .	(122.2)	(132.6)	(139.2)	(10.4)
<b>Total Operating Expenses . . . . .</b>	<b>(183.9)</b>	<b>(203.6)</b>	<b>(223.8)</b>	<b>(16.7)</b>
<b>Operating Income . . . . .</b>	<b>271.8</b>	<b>287.4</b>	<b>287.1</b>	<b>21.5</b>
<b>Other Income (Charges)</b>				
Increase in fair value of investment properties . . . . .	—	—	8.8	0.7
Income from penalty related to delay on construction . . . . .	—	—	8.0	0.6
Interest income . . . . .	7.0	8.7	3.9	0.3
Gain on sale of investment property . . . . .	—	—	1.6	0.1
Gain on sale of fixed assets . . . . .	0.6	1.2	1.1	0.1
Gain on sale of investment in shares . . . . .	0.5	—	—	—
Bank charges . . . . .	(1.1)	(1.0)	(1.1)	(0.1)
Loss on foreign exchange - net . . . . .	(0.7)	(1.5)	(4.9)	(0.4)
Interest expense . . . . .	(1.6)	(2.6)	(9.1)	(0.7)
Others - net . . . . .	0.2	0.7	1.9	0.1
<b>Other Income - Net . . . . .</b>	<b>4.9</b>	<b>5.5</b>	<b>10.2</b>	<b>0.8</b>
<b>Income Before Income Tax . . . . .</b>	<b>276.7</b>	<b>293.0</b>	<b>297.3</b>	<b>22.2</b>
<b>Income Tax Benefit (Expense)</b>				
Current . . . . .	(72.5)	(67.9)	(79.6)	(6.0)
Deferred . . . . .	1.2	(7.0)	3.9	0.3
<b>Income Tax Expense - Net . . . . .</b>	<b>(71.3)</b>	<b>(74.9)</b>	<b>(75.7)</b>	<b>(5.7)</b>
<b>Net Income . . . . .</b>	<b>205.4</b>	<b>218.1</b>	<b>221.6</b>	<b>16.6</b>

## Description of the Key Line Items of Our Income Statement

### *Net sales*

Our net sales consist of sales of inventories to dealers, distributors and other customers, primarily of local goods but also of imported goods, net of discounts and product returns.

We also segment our sales by type of product. Our product segments consist of sanitary wares; fittings, others and kitchen products, with others consisting of imported bathtubs and water heaters.

The following table sets forth our net sales by location of origin and by segment for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Sales of local goods</b> . . . . .				
Sanitary wares . . . . .	1,040.6	1,034.4	1,020.6	76.3
Fittings . . . . .	911.3	844.6	888.6	66.4
Others <sup>(1)</sup> . . . . .	3.4	4.7	8.8	0.7
Elimination . . . . .	—	—	(111.0)	(0.0)
<b>Total sales of local goods</b> . . . . .	<b>1,995.3</b>	<b>1,883.7</b>	<b>1,807.1</b>	<b>143.3</b>
<b>Sales of imported goods</b> . . . . .				
Sanitary wares . . . . .	31.7	35.6	39.0	2.9
Fittings . . . . .	110.7	96.4	118.8	8.9
Others <sup>(1)</sup> . . . . .	73.9	56.1	66.1	5.0
Elimination . . . . .	—	—	—	—
<b>Total sales of imported goods</b> . . . . .	<b>216.3</b>	<b>188.1</b>	<b>223.8</b>	<b>16.7</b>
<b>Net Sales</b> . . . . .	<b><u>2,171.4</u></b>	<b><u>2,071.8</u></b>	<b><u>2,141.8</u></b>	<b><u>160.1</u></b>

<sup>(1)</sup> "Others" includes kitchen-related products.

In 2015, 2016 and 2017, sanitary wares contributed 49.4%, 51.6% and 49.5%, respectively, of our total net sales. For the same periods, fittings contributed 47.1%, 45.4% and 47.0%, respectively, of our total net sales and others contributed 3.1%, 2.3% and 2.5%, respectively, of our total net sales. Kitchen products contributed less than 1.0% of our total net sales in each of 2015, 2016 and 2017.

See Note 31 to our Consolidated Financial Statements included elsewhere in this Offering Circular for a detailed breakdown of our sales by product segment and location of origin.

## Cost of sales

Our cost of sales consists of purchases of inventories and the beginning and ending balances of our inventories.

The following table sets forth key components of our cost of sales for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Beginning balance of inventories . . . . .	204.2	250.8	261.4	19.5
Net purchases . . . . .	<u>1,762.4</u>	<u>1,591.4</u>	<u>1,698.0</u>	<u>126.9</u>
Inventories available for sale . . . . .	1,966.5	1,842.2	1,959.4	146.4
Ending balance of inventories . . . . .	<u>(250.8)</u>	<u>(261.4)</u>	<u>(328.5)</u>	<u>(24.6)</u>
<b>Total . . . . .</b>	<b><u>1,715.7</u></b>	<b><u>1,580.8</u></b>	<b><u>1,630.9</u></b>	<b><u>121.9</u></b>

The following table sets forth our cost of sales by location of origin and by segment for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Cost of sales of local goods</b>				
Sanitary wares . . . . .	819.6	806.9	790.6	59.1
Fittings . . . . .	741.5	659.0	704.8	52.7
Others . . . . .	—	—	—	—
Kitchen-related products . . . . .	3.1	2.2	6.2	0.5
Elimination . . . . .	—	—	—	—
<b>Total cost of sales of local goods . . . . .</b>	<b>1,564.1</b>	<b>1,468.1</b>	<b>1,501.6</b>	<b>112.2</b>
<b>Cost of sales of imported goods</b>				
Sanitary wares . . . . .	22.6	21.4	22.7	1.7
Fittings . . . . .	79.7	59.8	67.5	5.0
Others . . . . .	44.8	56.7	31.3	2.3
Kitchen-related products . . . . .	4.5	4.8	7.8	0.6
Elimination . . . . .	—	—	—	—
<b>Total cost of sales of imported goods . . . . .</b>	<b><u>151.6</u></b>	<b><u>112.7</u></b>	<b><u>129.3</u></b>	<b><u>9.7</u></b>
<b>Cost of Sales . . . . .</b>	<b><u>1,715.7</u></b>	<b><u>1,580.8</u></b>	<b><u>1,630.9</u></b>	<b><u>121.9</u></b>

In 2015, 2016 and 2017, sanitary wares contributed 49.1%, 52.4% and 49.9%, respectively, of our total cost of sales. For the same period, fittings contributed 47.9%, 45.4% and 47.4%, respectively, of our cost of sales and others contributed 2.6%, 3.6% and 1.9%, respectively, of our cost of sales. Kitchen products contributed less than 1.0% of our total cost of sales in each of 2015, 2016 and 2017.

See Note 31 to our Consolidated Financial Statements included elsewhere in this Offering Circular for a detailed breakdown of our cost of sales by product segment and location of origin.

### ***Operating expenses***

Our operating expenses consist of general and administrative expenses and selling expenses.

#### ***General and administrative expenses***

General and administrative expenses consist primarily of salaries and allowances, rent, employee benefits, business traveling expenses, depreciation on our office equipment, buildings and other equipment, and professional fees.

The following table sets forth the key components of our general and administrative expenses for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>General and administrative</b>				
Salaries and allowances . . . . .	52.3	65.0	72.5	5.4
Rent . . . . .	29.5	30.3	29.2	2.2
Employee benefits . . . . .	6.3	5.9	7.1	0.5
Business travelling . . . . .	3.7	3.8	5.3	0.4
Insurance and jamsotek . . . . .	4.8	3.5	4.6	0.3
Professional fees . . . . .	5.6	3.7	3.9	0.3
Stationeries, printing and photocopy . . . . .	2.7	2.4	3.3	0.3
Telephone, electricity and water . . . . .	2.6	2.8	3.2	0.3
Repairs and maintenance . . . . .	1.4	2.5	2.4	0.2
Depreciation and amortization . . . . .	4.5	5.6	1.9	0.1
Entertainment and donation . . . . .	1.0	1.6	1.2	0.1
Fuel . . . . .	0.1	0.2	0.9	0.1
Retribution and permits . . . . .	2.3	1.9	0.8	0.1
Taxes . . . . .	4.6	2.7	0.3	0.0
Others (each below Rp. 300 million) . . . . .	0.9	0.9	2.5	0.2
<b>Total . . . . .</b>	<b>122.2</b>	<b>132.6</b>	<b>139.2</b>	<b>10.4</b>

### *Selling expenses*

Selling expenses consist of expenses relating to freight, promotion, tours, commission, billing and packaging.

The following table sets forth the key components of our selling expenses for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
<b>Selling expenses</b>				
Freight . . . . .	47.2	52.0	58.0	4.3
Promotion . . . . .	8.4	10.6	18.0	1.3
Tour Expense . . . . .	5.4	8.0	8.4	0.6
Commission . . . . .	0.4	0.2	0.2	0.0
Billing . . . . .	0.1	0.1	0.1	0.0
Packaging . . . . .	0.1	0.2	0.03	0.0
<b>Total . . . . .</b>	<b>61.7</b>	<b>71.0</b>	<b>84.7</b>	<b>6.3</b>

### *Other income (charges)*

Our other income consists of interest income, gain on sale of fixed assets, gain on sale of investment in shares and other income, which consists primarily of income from re-measurement of employee benefits liability. We derive interest income primarily from interest on our bank accounts. Our other charges consist of bank charges, loss on foreign exchange (net) and interest expense. Interest expense relates to interest on our bank loans and loans from Surya Toto Indonesia to Surya Pertiwi Nusantara and Surya Graha Pertiwi.

### *Income tax benefit (expense)*

Our income tax benefit (expense) consists of current and deferred tax.

## **Results of Operations by Period**

### *Year Ended December 31, 2017 Compared to Year Ended December 31, 2016*

#### *Net sales*

Our net sales increased by 3.4% or Rp. 70.0 billion to Rp. 2,141.8 billion (US\$160.8 million) for the year ended December 31, 2017 from Rp. 2,071.8 billion for the year ended December 31, 2016 primarily due to the general growth in the market for sanitary wares and bathroom fittings in Indonesia, as the Indonesian economy continued to grow. While net sales were low in the first half of 2017 due to the tax amnesty program which affected consumer demand and the slowing down of the property sector, net sales recovered in the second half of 2017 as consumer demand and the property sector recovered. We expect this trend to continue in 2018.

- *Local sanitary wares.* Our sales of local sanitary wares decreased by 1.3% or Rp. 13.8 billion to Rp. 1,020.6 billion (US\$76.3 million) for the year ended December 31, 2017 from Rp. 1,034.4 billion for the year ended December 31, 2016 primarily due to weaker market demand and as a result, a decrease in the quantity of products sold.

- *Imported sanitary wares.* Our sales of imported sanitary wares increased by 9.6% or Rp. 3.4 billion to Rp. 39.0 billion (US\$2.9 million) for the year ended December 31, 2017 from Rp. 35.6 billion for the year ended December 31, 2016 primarily due to an increase in the quantity of products sold.
- *Local fittings.* Our sales of local fittings increased by 5.2% or Rp. 44.0 billion to Rp. 888.6 billion (US\$66.4 million) for the year ended December 31, 2017 from Rp. 844.6 billion for the year ended December 31, 2016 primarily due to an increase in the average selling price, which we increased to track inflation.
- *Imported fittings.* Our sales of imported fittings increased by 23.2% or Rp. 22.4 billion to Rp. 118.8 billion (US\$8.9 million) for the year ended December 31, 2017 from Rp. 96.4 billion for the year ended December 31, 2016 primarily due to an increase in the quantity of products sold and the mix of products sold, with our customers purchasing more expensive products.

#### *Cost of sales*

Our total cost of sales increased by 3.2% or Rp. 50.1 billion to Rp. 1,630.9 billion (US\$121.88 million) for the year ended December 31, 2017 from Rp. 1,580.8 billion for the year ended December 31, 2016 primarily due to, and generally in line with, the increase in our net sales.

- *Local sanitary wares.* Our cost of sales of local sanitary wares decreased by 2.0% or Rp. 16.3 billion to Rp. 790.6 billion (US\$59.1 million) for the year ended December 31, 2017 from Rp. 806.9 billion for the year ended December 31, 2016.
- *Imported sanitary wares.* Our cost of sales of imported sanitary wares increased by 6.1% or Rp. 1.3 billion to Rp. 22.7 billion (US\$1.7 million) for the year ended December 31, 2017 from Rp. 21.4 billion for the year ended December 31, 2016.
- *Local fittings.* Our cost of sales of local fittings increased by 7.0% or Rp. 45.8 billion to Rp. 704.8 billion (US\$52.7 million) for the year ended December 31, 2017 from Rp. 659.0 billion for the year ended December 31, 2016.
- *Imported fittings.* Our cost of sales of imported fittings increased by 12.9% or Rp. 7.7 billion to Rp. 67.5 billion (US\$5.0 million) for the year ended December 31, 2017 from Rp. 59.8 billion for the year ended December 31, 2016. The increase in our cost of sales of imported fittings was less than the growth in sales of imported fittings, as the average sales price of imported fittings increased by more than the increase in our cost of sales.

#### *Gross profit*

As a result of the foregoing, our gross profit increased by 4.1% or Rp. 19.9 billion to Rp. 510.9 billion (US\$38.2 million) for the year ended December 31, 2017 from Rp. 491.0 billion for the year ended December 31, 2016.

#### *Operating expenses*

Our operating expenses increased by 9.9% or Rp. 20.2 billion to Rp. 223.8 billion (US\$16.7 million) for the year ended December 31, 2017 from Rp. 203.6 billion for the year ended December 31, 2016 primarily due to an 18.7% increase in selling expenses to Rp. 84.7 billion for the year ended December 31, 2017 from Rp. 71.0 billion for the year ended December 31, 2016, which was the result of an increase in freight and promotional expenses, and a 5.0% increase in general and administrative expenses to Rp. 139.2 billion for the year ended December 31, 2017 from Rp. 132.6 billion for the year ended December 31, 2016, resulting largely from higher salaries and allowances due to an increase in the minimum wage and to a lesser extent, increased headcount.

#### *Other income - net*

Our other income-net increased by 85.9% or Rp. 4.7 billion to Rp. 10.2 billion (US\$0.8 million) for the year ended December 31, 2017 from Rp. 5.5 billion for the year ended December 31, 2016 primarily due to a gain in the amount of Rp. 8.8 billion on the fair value of investment property relating to apartments that we had bought previously and the construction of which was completed in 2017 and income in the amount of Rp. 8.0 billion from a penalty related to a delay in the construction of our new facility in Surabaya. Neither of these line items contributed to our results in 2016. These gains were offset by (i) lower interest income in 2017 than 2016, due to a decrease in our time deposits because we invested more funds into our subsidiaries, (ii) higher interest expense as we took on more loans in 2017, and (iii) a higher loss on foreign exchange, as we had more foreign currency loans in 2017 than 2016.

#### *Income before tax*

As a result of the foregoing, our income before tax increased by 1.5% or Rp. 4.3 billion to Rp. 297.3 billion (US\$22.2 million) for the year ended December 31, 2017 from Rp. 293.0 billion for the year ended December 31, 2016.

#### *Income tax expense*

Our total income tax expense increased by 1.1% or Rp. 0.8 billion to Rp. 75.7 billion (US\$5.7 million) for the year ended December 31, 2017 from Rp. 74.9 billion for the year ended December 31, 2016 primarily due to slightly higher levels of taxable income.

#### *Net Income*

Our net income increased by 1.6% or Rp. 3.5 billion, to Rp. 221.6 billion (US\$16.6 million) for the year ended December 31, 2017 from Rp. 218.1 billion for the year ended December 31, 2016.

#### *Other Comprehensive Income (Loss) - net of Tax*

Other comprehensive income net of tax amounted to a loss of Rp. 2.5 billion (US\$0.2 million) for the year ended December 31, 2017 compared to a loss of Rp. 5.4 billion for the year ended December 31, 2016. The loss in 2017 resulted from a loss on the remeasurement of our employee benefits liability in an amount of Rp. 3.3 billion, partially offset by related income tax derived from deferred taxes from our pension funds of Rp. 0.8 billion, while the loss in 2016 resulted from a loss on the remeasurement of our employee benefits liability in an amount of Rp. 7.2 billion, partially offset by related income tax derived from deferred taxes from our pension funds of Rp. 1.8 billion.

#### *Total comprehensive income*

As a result of the foregoing, our total comprehensive income amounted to Rp. 219.2 billion (US\$16.4 million) for the year ended December 31, 2017, representing an increase of 3.1% from Rp. 212.7 billion for the year ended December 31, 2016.

#### ***Year Ended December 31, 2016 Compared to Year Ended December 31, 2015***

#### *Net sales*

Our net sales decreased by 4.6% or Rp. 99.6 billion to Rp. 2,071.8 billion for the year ended December 31, 2016 from Rp. 2,171.4 billion for the year ended December 31, 2015 as a result of decreases in sales of both local goods and imported goods. The primary reasons for these decreases were uncertainties relating to Indonesia's tax amnesty program which affected consumers' spending

patterns for most products, including sanitary wares and fittings, as the Indonesian tax authorities took aggressive enforcement action. This also caused delays in a number of our customers' real estate development projects, as developers were concerned about low demand, which caused our sales from projects to decrease by almost one quarter compared to 2015.

- *Local sanitary wares.* Our sales of local sanitary wares decreased by 0.6% or Rp. 6.2 billion to Rp. 1,034.4 billion the year ended December 31, 2016 from Rp. 1,040.6 billion for the year ended December 31, 2015 primarily due to lower demand and in turn, lower quantities of products sold.
- *Imported sanitary wares.* Our sales of imported sanitary wares increased by 12.3% or Rp. 3.9 billion to Rp. 35.6 billion for the year ended December 31, 2016 from Rp. 31.7 billion for the year ended December 31, 2015 primarily due to the mix of products sold, with customers purchasing more expensive products, partially offset by a slight decrease in quantities of products sold.
- *Local fittings.* Our sales of local fittings decreased by 7.3% or Rp. 66.7 billion to Rp. 844.6 billion for the year ended December 31, 2016 from Rp. 911.3 billion for the year ended December 31, 2015 primarily due to lower demand and in turn, lower quantities of products sold.
- *Imported fittings.* Our sales of imported fittings decreased by 12.9% or Rp. 14.3 billion to Rp. 96.4 billion for the year ended December 31, 2016 from Rp. 110.7 billion for the year ended December 31, 2015. Despite the higher quantities of products sold, there was lower demand of higher end products and in turn, lower average selling price.

#### *Cost of sales*

Our total cost of sales decreased by 7.9% or Rp. 134.9 billion to Rp. 1,580.8 billion for the year ended December 31, 2016 from Rp. 1,715.7 billion for the year ended December 31, 2015 primarily due to a decrease in net purchases of inventories for sale, which was the result of the decrease in our net sales.

- *Local sanitary wares.* Our cost of sales of local sanitary wares decreased by 1.6% or Rp. 12.7 billion to Rp. 806.9 billion for the year ended December 31, 2016 from Rp. 819.6 billion for the year ended December 31, 2015.
- *Imported sanitary wares.* Our cost of sales of imported sanitary wares decreased by 5.3% or Rp. 1.2 billion to Rp. 21.4 billion for the year ended December 31, 2016 from Rp. 22.6 billion for the year ended December 31, 2015 primarily due to the decrease in quantities of products sold.
- *Local fittings.* Our cost of sales of local fittings decreased by 11.1% or Rp. 82.5 billion to Rp. 659.0 billion for the year ended December 31, 2016 from Rp. 741.5 billion for the year ended December 31, 2015.
- *Imported fittings.* Our cost of sales of imported fittings decreased by 25.0% or Rp. 19.9 billion to Rp. 59.8 billion for the year ended December 31, 2016 from Rp. 79.7 billion for the year ended December 31, 2015. Despite higher quantities of products sold, there was lower demand for high-end products.

### *Gross profit*

As a result of the foregoing, our gross profit increased by 7.7% or Rp. 35.3 billion to Rp. 491.0 billion for the year ended December 31, 2016 from Rp. 455.7 billion for the year ended December 31, 2015.

### *Operating expenses*

Our operating expenses increased by 10.7% or Rp. 19.7 billion to Rp. 203.6 billion for the year ended December 31, 2016 from Rp. 183.9 billion for the year ended December 31, 2015 primarily as a result of higher salaries and allowances, which increased due to the annual increase in the minimum wage and additional headcount in our sales and promotions staff in order to increase sales across the network, as well as higher freight costs due to higher rates from our logistics providers, higher promotion expenses and higher tour expenses.

### *Other income - net*

Our other income - net increased by 12.2% or Rp. 0.6 billion to Rp. 5.5 billion for the year ended December 31, 2016 from Rp. 4.9 billion for the year ended December 31, 2015 primarily because of an increase in interest income, which was the result of higher levels of time deposits. In addition, gains on sales of fixed assets increased, as we sold more motor vehicles in 2016 than in 2015. These increases were offset by higher interest expense in 2016 than 2015, which was the result of our beginning to incur bank loans in U.S. dollars in the third quarter of 2016, coupled with a slight depreciation of the Rupiah, higher levels of short-term bank loans and a loan by Surya Pertiwi Nusantara from Surya Toto Indonesia, and by a higher loss on foreign exchange. In addition, we disposed of our shares in a joint venture company in 2015, which resulted in a gain on sale of investment in shares, which was nil in 2016.

### *Income before tax*

As a result of the foregoing, our income before tax increased by 5.9% or Rp. 16.3 billion to Rp. 293.0 billion for the year ended December 31, 2016 from Rp. 276.7 billion for the year ended December 31, 2015.

### *Income tax benefit (expense) - net*

Our total income tax expense increased by 5.1% or Rp. 3.6 billion to Rp. 74.9 billion for the year ended December 31, 2016 from Rp. 71.3 billion for the year ended December 31, 2015 primarily due to the increase in our taxable income.

### *Net income*

As a result of the foregoing, our net income increased by 6.2% or Rp. 12.7 billion to Rp. 218.1 billion for the year ended December 31, 2016 from Rp. 205.4 billion for the year ended December 31, 2015.

### *Other Comprehensive Income (Loss) - net of Tax*

Other comprehensive income net of tax was a loss of Rp. 5.4 billion for the year ended December 31, 2016 compared to income of Rp. 0.6 billion for the year ended December 31, 2015. The loss in 2016 resulted from a loss on the remeasurement of our employee benefits liability in an amount of Rp. 7.2 billion, partially offset by related income tax of Rp. 1.8 billion, while the income in 2015 resulted from a gain on the remeasurement of our employee benefits liability in an amount of Rp. 0.6 billion, as well as a net gain on available-for-sale financial assets, partially offset by related income tax expense of Rp. 0.2 billion.

### *Total comprehensive income*

As the result of the foregoing, our total comprehensive income was Rp. 212.7 billion for the year ended December 31, 2016, representing an increase of 3.3% from Rp. 206.0 billion for the year ended December 31, 2015.

### **Liquidity and Capital Resources**

We have historically financed our capital requirements primarily through funds generated from our operations and financing from banks. Our primary capital requirements have been for our working capital as well as maintenance capital expenditures. We believe that we will have sufficient capital resources from our operations, the net proceeds of the Offering and financing from banks and other financial institutions to meet our capital requirements for at least the next 12 months.

As of December 31, 2017, we had cash and cash equivalents of Rp. 160.4 billion (US\$11.8 million) and had available undrawn working capital credit lines of Rp. 133.9 billion (US\$9.9 million).

The following table sets forth information regarding our cash flows for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp	Rp	Rp	US\$
	(Rp. in billions and US\$ in millions)			
Net Cash Provided by Operating Activities . . .	256.3	122.8	108.1	8.1
Net Cash Provided by (Used in) Investing Activities . . . . .	(187.6)	(301.9)	(459.7)	(34.4)
Net Cash Provided by (Used in) Financing Activities . . . . .	(65.4)	123.8	372.6	27.9
<b>Net Increase (Decrease) on Cash and Cash Equivalents . . . . .</b>	<u>3.4</u>	<u>(55.2)</u>	<u>21.4</u>	<u>1.6</u>
<b>Cash and Cash Equivalents at the Beginning of the Year . . . . .</b>	<u><b>190.9</b></u>	<u><b>194.3</b></u>	<u><b>139.1</b></u>	<u><b>10.2</b></u>
<b>Cash and Cash Equivalents at the end of the Year . . . . .</b>	<u><b>194.3</b></u>	<u><b>139.1</b></u>	<u><b>160.4</b></u>	<u><b>12.0</b></u>

### *Cash flows provided by operating activities*

Our net cash flow provided by operating activities decreased by 14.7%, or Rp. 14.7 billion to Rp. 108.1 billion (US\$8.1 million) for the year ended December 31, 2017 from Rp. 122.8 billion for the year ended December 31, 2016, primarily due to (i) a decrease in interest received to Rp. 3.9 billion (US\$0.3 million) for 2017 from Rp. 8.7 billion in 2016 as a result of lower time deposits because of the expenses we incurred in relation to our Surabaya factory in 2017 and higher time deposits in 2016 compared to previous years, (ii) an increase in interest paid to Rp. 9.1 billion (US\$0.7 million) for 2017 from Rp. 2.6 billion in 2016 due to higher levels of borrowings in 2017 and (iii) a decrease in corporate income tax paid to Rp. 74.2 billion (US\$5.6 million) for 2017 from Rp. 78.7 billion in 2016.

Our net cash flow provided by operating activities decreased by 52.1%, or Rp. 133.5 billion to Rp. 122.8 billion for the year ended December 31, 2016 from Rp. 256.3 billion for the year ended December 31, 2015, primarily due to (i) a decrease in cash receipts from customers to Rp. 2,016.2 billion for 2016 from Rp. 2,207.4 billion in 2015 as a result of lower sales and (ii) an increase in corporate income tax paid to Rp. 78.7 billion for 2016 from Rp. 67.5 billion in 2015 as a result of higher taxable income for the prior year.

### ***Cash flows provided by (used in) investing activities***

Our net cash flow used in investing activities increased by 52.3%, or Rp. 157.8 billion to Rp. 459.7 billion (US\$34.4 million) for the year ended December 31, 2017 from Rp. 301.9 billion for the year ended December 31, 2016, primarily due to (i) an increase in the acquisition of fixed assets for our Surabaya factory to Rp. 335.1 billion in 2017 from Rp. 92.3 billion in 2016, (ii) an increase in payment of value add tax to Rp 19.6 billion (US\$1.5 million) in 2017 from Rp 8.8 billion in 2016, primarily on the machinery for our Surabaya factory and (iii) borrowing cost capitalized to fixed assets and investment properties relating to the construction of our Surabaya factory and our office building and showroom in Jakarta in 2017, partially offset by (i) proceeds from the sale of investment properties in the amount of Rp. 5.2 billion (US\$0.4 million) which we only received in 2017, (ii) a decrease in the acquisition of investment properties to Rp. 68.9 billion (US\$5.2 million) in 2017 from Rp. 128.9 billion in 2016 and (iii) a decrease in the payment for advance purchase of fixed assets and investment properties to Rp. 19.3 billion (US\$1.5 million) in 2017 from Rp. 37.7 billion in 2016 due to most of our advances being paid in 2016 and the constructions of our fixed assets and investment properties being done in 2017.

Our net cash flow used in investing activities increased by 114.3%, or Rp. 60.9 billion to Rp. 301.9 billion for the year ended December 31, 2016 from Rp. 187.6 billion for the year ended December 31, 2015, primarily due to (i) an increase in acquisition of investment properties to Rp. 128.9 billion in 2016 from Rp. 42.6 billion in 2015 as a result of progress in the completion of our office building and showroom, (ii) an increase in payment of advance purchase of fixed assets for our Surabaya factory to Rp. 37.7 million in 2016 from Rp. 3.2 billion in 2015 and (iii) payment of liabilities related to acquisition of fixed asset relating to machineries and other equipments for our Surabaya factory in the amount of Rp. 30.0 billion, partially offset by (i) lower payments of value added tax to Rp. 8.8 billion in 2016 from Rp. 15.6 billion in 2015 due to lower sales in 2016 and (ii) a decrease in acquisition of fixed assets to Rp. 92.3 billion in 2016 from Rp. 129.0 billion in 2015 as a result of higher levels of cash used in acquisition of fixed assets in 2015 from our purchase of land for the Surabaya factory.

### ***Cash flows provided by (used in) financing activities***

Our net cash flow provided by financing activities increased by 201.0%, or by Rp. 248.9 billion to Rp. 372.6 billion (US\$27.9 million) for the year ended December 31, 2017 from Rp. 123.8 billion for the year ended December 31, 2016, primarily due to (i) an increase in proceeds from short-term bank loans to Rp. 200.6 billion (US\$15.0 million) in 2017 from Rp. 110.4 billion in 2016 due to our decision to take on more borrowings to finance the construction of our Surabaya factor and our office building and showroom in Jakarta, (ii) an increase in proceeds from long-term bank loans to Rp. 115.1 billion (US\$8.6 million) in 2017 from nil in 2016 due to our decision to take on more borrowings to finance the construction of our Surabaya factory and our office building and showroom in Jakarta (iii) an increase in receipt from issuance of share capital to non-controlling interest to Rp. 101.2 billion (US\$7.6 million) in 2017 from Rp. 35.5 billion in 2016 as a result of Surya Toto Indonesia increasing its capital in our subsidiaries, and (iv) an increase in proceeds from loan from a related party to Rp. 169.8 billion (US\$12.7 million) in 2017 from Rp. 115.4 billion in 2016 as a result of loans from Surya Total Indonesia to our subsidiaries for the Surabaya factory and the office building and showroom in Jakarta. This was partially offset by an increase in dividends paid to Rp. 210.0 billion in 2017 from Rp. 165.7 billion in 2016.

Our net cash flow provided by financing activities increased to Rp. 123.8 billion for the year ended December 31, 2016 from net cash flow used in financing activities of Rp. 65.4 billion for the year ended December 31, 2015, primarily due to (i) an increase in proceeds from short-term bank loans to Rp. 110.4 billion in 2016 from Rp. 15.0 billion in 2015 due to our decision to take on more borrowings to finance the construction of our Surabaya factory and our office building and showroom in Jakarta (ii) receipt from issuance of share capital to non-controlling interest amounting to Rp. 35.5 billion in 2016 but not in 2015 due to Surya Toto Indonesia increasing its capital in our subsidiaries and (iii)

an increase in proceeds from loan from a related party amounting to Rp. 115.4 billion in 2016 from nil in 2015 due to loans from Surya Toto Indonesia to our subsidiaries for the Surabaya factory and the office building and showroom in Jakarta. This was partially offset by an increase in dividends paid to Rp. 165.7 billion in 2016 from Rp. 146.4 billion in 2015.

## Indebtedness

As of December 31, 2017, we had total indebtedness outstanding of Rp. 445.8 billion (US\$32.9 million). Our indebtedness has historically consisted of working capital facilities and other bank loans, which we have more recently used to finance our subsidiary companies for the purchase of land for our Surabaya factory and the construction of buildings in both Surabaya and Jakarta.

For a description of our current existing loans and facilities, please see “*Description of Material Agreements—Credit Agreements.*”

## Capital Expenditure

### *Historical Capital Expenditure*

Our capital expenditure generally relates to the costs for the purchase of vehicles for our transportation fleet and various smaller purchases of equipment and furniture, as well as general maintenance expenses. In 2015, 2016 and 2017, we also incurred significant capital expenditures for (i) the purchase of land for our new Surabaya factory and for (ii) construction in process also related to our Surabaya factory and our new office in Jakarta.

The following table sets forth our capital expenditure for the time periods indicated:

	Year Ended December 31			
	2015	2016	2017	
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Land . . . . .	167.1	0.3	2.5	0.2
Vehicles . . . . .	3.3	3.4	1.5	0.1
Construction in progress . . . . .	45.2	226.1	477.0	35.2
Equipment and furniture . . . . .	0.1	0.6	0.7	0.1
Depreciation expense . . . . .	4.0	2.5	1.5	0.1
<b>Total . . . . .</b>	<b><u>219.7</u></b>	<b><u>232.9</u></b>	<b><u>483.2</u></b>	<b><u>35.7</u></b>

### *Planned Capital Expenditure*

During 2018, 2019 and 2020, we expect to incur capital expenditures of approximately Rp. 227.0 billion, Rp. 293.0 billion, and Rp. 286.0 billion, primarily for machinery for the addition of new production lines in Surabaya and equipment and furniture for our new office in Jakarta. We are planning to purchase another kiln for our Surabaya factory in 2020 and intend for it to commence operations that same year. These amounts are subject to change depending on a number of factors, including the completion of projects in a timely manner.

## Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments based on undiscounted contractual payments as of December 31, 2017:

	Payment Due by Period				
	Total	Less Than 1 Year	1-2 Years	3-5 Years	More than 5 Years
(Rp. in billions)					
Short-term bank Loans . . . . .	329.0	329.0	—	—	—
Trade payables . . . . .	435.9	435.9	—	—	—
Other payables . . . . .	34.3	34.3	—	—	—
Accrued expenses . . . . .	11.4	11.4	—	—	—
Deposits from customers . . . . .	43.8	43.8	—	—	—
Consumer financing payables . . . . .	1.6	1.3	0.3	0.0	—
Long-term bank Loans . . . . .	116.8	20.8	25.6	70.4	—
<b>Total . . . . .</b>	<b>972.7</b>	<b>876.5</b>	<b>25.9</b>	<b>70.4</b>	<b>117.4</b>

## Accounts Receivable

We typically provide our distributors and dealers with credit terms of up to 60 days, while our project customers generally receive longer credit terms of 60 to 90 days, which can be longer, depending on the development project. Our trade receivable turnover days have increased from 52 days as of December 31, 2015 to 74 days as of December 31, 2017 as a result of a general slowdown in the real estate, property development and construction industry in Indonesia, resulting in delayed payments by our projects customers.

Set out below are certain details of our accounts receivable and trade receivable turnover days as of the periods indicated:

	As of December 31		
	2015	2016	2017
(Rp. in billions, except for days)			
<b>Trade Receivables:</b>			
Accounts Receivable - Third Parties . . . . .	310.1	374.3	429.3
Trade Receivable Turnover Days <sup>(1)</sup> . . . . .	52	66	74

<sup>(1)</sup> Trade receivable turnover days are calculated by dividing the ending balances of account receivables by the revenue per day for the relevant period. Revenue per day for the relevant period is calculated by dividing revenues for the relevant period by 365 days for the years ended December 31, 2015, 2016 and 2017 is calculated by dividing ending account receivables by the annualized revenue per day for the relevant period.

The following table sets out an aging analysis of our trade receivables that are past due but not impaired:

	As of December 31		
	2015	2016	2017
	(Rp. in billions)		
<b>Trade receivables that are past due but not impaired:</b>			
1 to 30 days . . . . .	198.8	210.5	206.2
31 to 60 days . . . . .	74.8	105.0	133.3
More than 60 . . . . .	36.6	58.8	89.8
<b>Total . . . . .</b>	<b>310.1</b>	<b>374.3</b>	<b>429.3</b>

To minimize credit risk, we have a dedicated team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. We review the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

### *Accounts Payable*

Set out below are certain details of our trade and other payables, accrued expenses and trade payable turnover days as of the periods indicated:

	As of December 31		
	2015	2016	2017
	(Rp. in billions, except for days)		
<b>Trade and Other Payables:</b>			
Accounts Payables . . . . .	476.7	418.7	435.9
Other Payables <sup>(1)</sup> . . . . .	38.6	17.0	34.3
Accrued Expenses <sup>(2)</sup> . . . . .	8.0	11.4	7.6
Trade Payable Turnover Days <sup>(3)</sup> . . . . .	108	97	98

<sup>(1)</sup> Other payables comprise other current financial liabilities of related and third parties.

<sup>(2)</sup> Accrued expenses comprise expenses related to salaries, marketing and promotion, tour and travel, pensions, outsourcing, other purchases, vehicle maintenance, freight services, professional fees, and other expenses.

<sup>(3)</sup> Trade payable turnover days are calculated by dividing ending accounts payables for the period by the cost of sales per day for the relevant period. Cost of sales per day for the relevant period is calculated by dividing cost of sales for the relevant period by 365 days for the years ended December 31, 2015, 2016 and 2017 is calculated by dividing ending account payables by the annualized cost of sales per day for the relevant period.

Trade payables mainly comprise amounts outstanding for purchases from Surya Toto Indonesia. As of December 31 2015, 2016 and 2017, our trade payables to Surya Toto Indonesia were 99.4%, 99.5% and 99.6% of our total trade payables.

### **Contingent Liabilities Not Provided For**

As of the date of this Offering Circular, we did not have any contingent liabilities not provided for.

### **Off Balance Sheet Arrangements**

As of the date of this Offering Circular, we did not have any off-balance sheet arrangements with unconsolidated entities.

## **Quantitative and Qualitative Analysis of Market Risks**

We are exposed to a variety of market risks, including credit risk, market risk, foreign exchange risk and liquidity risk. The following discussion summarizes our exposure to such risks and our policies to address these risks. For additional details, see Note 32 to the Consolidated Financial Statements included elsewhere in this Offering Circular.

### ***Credit risk***

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. There is no significant concentration of credit risk. We manage and control credit risk by setting limit of acceptable risk for individual customers and monitor the exposure associated with these restrictions.

We conduct business relationships only with recognized and credible third parties. We have a policy to go through customer credit verification procedures. In addition, the amount of receivables are monitored continuously to reduce the risk of doubtful accounts.

We manage the credit quality of our financial instruments using internal credit ratings. Financial instruments classified under “neither past due nor impaired” includes high grade credit quality instruments because there was few or no history of default on the agreed terms based on the letter of authorization, letter of guarantee or promissory note. “Past due but not impaired” are items with history of frequent default nevertheless the amount due are still collectible. “Past due and impaired” are those that are long outstanding and has been provided with allowance for impairment loss on receivables.

### ***Foreign exchange risk***

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchanges rates. In our operations, we are exposed to foreign exchange fluctuations with regard to both transactions denominated in foreign currencies and translations, at the end of a financial reporting period, of assets and liabilities denominated in foreign currencies.

We monitor foreign exchange rate fluctuations and market expectations on foreign exchange movements so that we can take necessary actions.

### ***Liquidity risk***

In managing liquidity risk, we monitor and maintain level of cash and cash equivalents deemed adequate to finance our operations to overcome the impact of fluctuations in cash flow. We also regularly evaluate cash flow projections and actual cash flows and continue to examine the condition of financial markets to take a fundraising initiative, which may include bank loans.

The primary objective of our capital management is to ensure that we maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximize shareholder value.

We manage its capital structure and adjust it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the periods presented.

Our policy is to maintain a healthy capital structure in order to secure access to finance at a reasonable cost.

## **Recent Accounting Pronouncements**

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2017 that may have certain impact on our consolidated financial statements are as follows:

Effective on or after January 1, 2018:

- Amendments to PSAK 2 (2016) — “Statements of Cash Flows: Disclosure Initiatives”;
- Amendments to PSAK 13 — “Investment Property”;
- Amendments to PSAK 46 (2016) — “Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses”; and
- PSAK 67 (2017 Improvement) — “Disclosure of Interest in Other Entities.”

Effective on or after January 1, 2019:

- ISAK 19 — “Foreign Currency Transactions and Advance Consideration.”

Effective on or after January 1, 2020:

- PSAK 71 — “Financial Instruments”;
- PSAK 72 — “Revenue from Contracts with Customers”;
- PSAK 73 — “Leases”; and
- Amendments to PSAK 71 “Financial Instruments Prepayment Features with Negative Compensation.”

We are still assessing the impact of these accounting standards and interpretations on our consolidated financial statements.

## **INDUSTRY OVERVIEW**

See the industry report prepared by Euromonitor International Limited attached as Annex A to this Offering Circular.

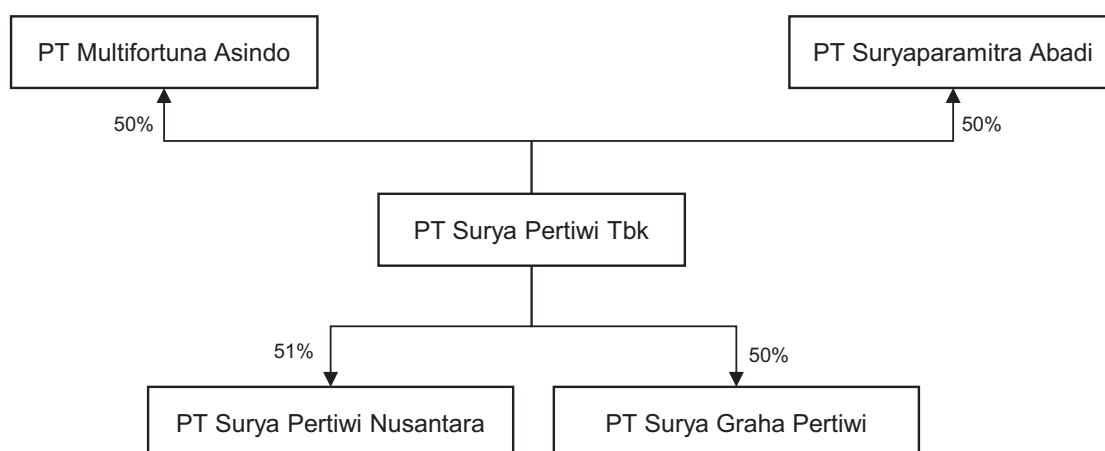
## CORPORATE HISTORY AND STRUCTURE

### Corporate History

In 1968, certain members of our Founders' Group (who collectively are the direct and indirect ultimate beneficial owners of our direct shareholders, Multifortuna Asindo and Suryaparamitra Abadi) founded CV Surya, a distributor of building materials, including sanitary wares, in Indonesia. That same year, CV Surya became the sole agent in Indonesia of TOTO Japan, a leading Japanese manufacturer of sanitary wares and bathroom fittings. In July 1977, our direct shareholders, Multifortuna Asindo and Suryaparamitra Abadi, together with TOTO Japan established a joint venture company, Surya Toto Indonesia, to manufacture and sell TOTO-brand products in Indonesia. In July 1978, CV Surya changed its corporate form to a limited liability company and its name to PT Surya Pertiwi and became the sole distributor of TOTO products in Indonesia, including the sole distributor of Toto-brand products manufactured by Surya Toto Indonesia. At the outset, all of the products distributed by PT Surya Pertiwi were manufactured by Surya Toto Indonesia. Beginning in 1985, PT Surya Pertiwi also became the sole Indonesian distributor of various other sanitary ware and fittings brands, including Geberit, Stiebel Eltron, Franke, Villeroy & Boch and Kaldewei. We operate substantially all of our sanitary wares and fittings distribution business through PT Surya Pertiwi, while our subsidiary Surya Pertiwi Nusantara engages in our new manufacturing operations and our subsidiary Surya Graha Pertiwi engages in the construction and management of property.

### Corporate Structure

The chart below shows our corporate structure and our direct shareholders as of the date of this Offering Circular:



The following table contains information regarding our consolidated subsidiaries.

<b>Company Name</b>	<b>Year of Incorporation</b>	<b>Country of Incorporation/ Principal Place of Business</b>	<b>Principal Activities</b>	<b>Effective Interest/ Voting Power (Direct)</b>	<b>Operational Status</b>
PT Surya Pertiwi Nusantara . . . . .	2011	Indonesia	Manufacturing, Industry and Trading	51%	Has commenced commercial operation
PT Surya Graha Pertiwi . .	2011	Indonesia	Construction and Building Management	50%	Has not commenced commercial operation

### ***PT Surya Pertiwi Nusantara***

We established Surya Pertiwi Nusantara in 2011 as a 51-49% joint venture company with Surya Toto Indonesia. Surya Pertiwi Nusantara is the entity through which we conduct our manufacturing activities. Surya Pertiwi Nusantara was inactive until April 2016, when we began construction of our Surabaya factory. The factory is set on approximately 35 hectares of land and can accommodate up to ten production lines. As of the date of this Offering Circular, we have one production line in our Surabaya factory, which commenced trial production in September 2017. Our current production line has a total capacity of approximately 500,000 pieces per annum, and we expect any additional production lines to have approximately the same capacity. Our Surabaya factory commenced commercial operations following the receipt of its Industrial Business License in April 2018. We intend to build up to nine additional production lines in Surabaya in future years, subject to market conditions.

We established the new factory in Surabaya in order to take advantage of lower land and labor costs in the Surabaya region than in Jakarta and to cater to demand in Eastern Indonesia. We initially intend to manufacture lower-end products in Surabaya, while Surya Toto Indonesia will continue to produce the full range of products. Due to its location, our Surabaya factory also enables us to better serve our customers in Surabaya and its surrounding areas and in Eastern Indonesia, while allowing us to benefit from lower logistics and transportation costs.

### ***PT Surya Graha Pertiwi***

We established Surya Graha Pertiwi in 2011 as a 50-50 joint venture company with Surya Toto Indonesia to develop and manage an office building located in West Jakarta. The office will be occupied exclusively by us and Surya Toto Indonesia, and Surya Graha Pertiwi will receive rental income from both parties. The building will also include a 6,000 sq.m showroom, which will provide our customers with first hand product experience and enhanced visuals of our products. The building is currently under construction, with an estimated date of completion in the third quarter of 2018.

### **Our Relationship with Surya Toto Indonesia**

We have a long-standing relationship with Surya Toto Indonesia, our principal supplier of products. Certain members of our Founders' Group and our ultimate beneficial owners, namely Mardjoeki Atmadiredja, Hanafi Atmadiredja, Benny Suryanto, Anton Budiman and Umarsono Andy, are also founders and significant shareholders of Surya Toto Indonesia. In addition, certain of our commissioners and directors hold key management positions at Surya Toto Indonesia. Mardjoeki Atmadiredja, our President Commissioner, is also President Commissioner of Surya Toto Indonesia.

Anton Budiman, one of our directors, is also a director at Surya Toto Indonesia, and Umarsono Andy, one of our directors, is also a commissioner at Surya Toto Indonesia. See also “*Principal Shareholders*.” These members of our Founders’ Group control most of the management and operations of Surya Toto Indonesia.

The other shareholder of Surya Toto Indonesia is TOTO Japan. The members of our Founders’ Group who are shareholders and officers of Surya Toto Indonesia work closely with TOTO Japan to determine the strategic direction of Surya Toto Indonesia and of TOTO Japan’s other activities in Indonesia. For example, TOTO Japan and our founders agreed to form Surya Pertiwi Nusantara, as they expect it to be beneficial to both parties, and they have an informal commercial understanding of how to manage the operations of Surya Pertiwi Nusantara. This cooperation is not subject to formal agreements, and there is no noncompetition arrangement in place between the Founders’ Group and Surya Toto Indonesia or TOTO Japan that would prohibit any of the parties from pursuing other corporate opportunities in Indonesia. As a result, it is possible that members of our Founders’ Group could take actions that would favor the interests of Surya Toto Indonesia over ours. See “*Risk Factors—Risks Relating to the Founders’ Group—The members of our Founders’ Group control Surya Toto Indonesia, our principal supplier, and there may be conflicts of interest between the management of our Group and that of Surya Toto Indonesia.*”

## BUSINESS

### Overview

We are the leading distributor of sanitary wares, bathroom fittings and other bathroom-related products in Indonesia, by volume and value of sales. We are the exclusive agent in Indonesia for sanitary ware products and bathroom fittings under the “TOTO” brand. The “TOTO” brands belongs to TOTO Ltd., a leading Japanese and global manufacturer of sanitary wares, bathroom fittings and related products. More than 90% of the products we sell are TOTO-brand products, and we also sell products from other manufacturers, mostly established European brands, such as Villeroy & Boch, Kaldewei, Geberit, Stiebel Eltron and Franke. We also sell some kitchen-related products.

We had a market share of 55.1% in sanitary wares and 49.8% in bathroom fittings in 2016, according to Euromonitor International Limited. We have an extensive distribution network throughout the country, with 11 exclusive sole distributors in the major Indonesian cities outside of Greater Jakarta and Surabaya and more than 100 dealers in the Greater Jakarta and Surabaya areas. Our size and the broad reach of our geographic network provide us with strong brand recognition throughout Indonesia and strong customer relationships, and they constitute a high barrier to entry for any existing or new competitors. Given our already substantial market share, we expect to grow our business on the basis of an expansion of the market as a whole, rather than on the basis of additional market share. Euromonitor International Limited expects the Indonesian market for sanitary wares and fittings to grow at a CAGR of 9% through and including 2019, and the wide recognition of our brand name positions us well to benefit from this continued economic growth of the Indonesian market as a whole.

Our founders and senior management have more than 40 years of experience in the Indonesian market for sanitary wares and fittings, and over the course of these years, they have built a strong relationship with the TOTO Group to develop our strong market position in Indonesia. Our founders also founded Surya Toto Indonesia, together with TOTO Japan, as the sole manufacturer of TOTO-branded products in Indonesia. Since our inception until recently, we have purchased all of our TOTO products from Surya Toto Indonesia. Surya Toto Indonesia is a public company in Indonesia, listed on the Indonesia Stock Exchange, and certain of our founders and ultimate beneficial owners also hold positions at Surya Toto Indonesia and manage its operations, with significant input from TOTO, both in terms of technical assistance and in terms of operating and financial decisions. See “*Corporate History and Structure—Our Relationship with Surya Toto Indonesia.*”

In 2016, in order to benefit from lower costs and in conjunction with TOTO and Surya Toto Indonesia, we constructed a production facility in Surabaya, Indonesia, to manufacture certain lines of TOTO-brand sanitary ware products. We built this facility using our 51%-owned subsidiary Surya Pertiwi Nusantara, which we had established jointly with Surya Toto Indonesia. We expect to source a portion of our products from Surya Pertiwi Nusantara in the future, as we seek to drive the growth of our sales in Indonesia.

In 2015, 2016 and 2017, our net sales were Rp. 2,171.4 billion, Rp. 2,071.8 billion, and Rp. 2,141.9 billion (US\$160.1 million). For the same period, our gross profit was Rp. 455.7 billion, Rp. 491.0 billion, and Rp. 510.9 billion (US\$38.2 million) and our EBITDA was Rp. 276.3 billion, Rp. 293.1 billion, and Rp. 289.0 billion (US\$21.5 million).

### Our Competitive Strengths

We believe that the following strengths provide us with a competitive advantage in our market:

#### ***We are the largest distributor of branded sanitary wares and fittings in Indonesia***

We are the largest distributor of sanitary wares and fittings in Indonesia, with a market share of 55.1% in sanitary wares and 49.8% in bathroom fittings, according to Euromonitor International Limited. We also sell a portion of our products directly to end-user customers, such as property developers such as the Agung Podomoro Group and Ciputra Group, where we believe we are the largest distributor of sanitary wares and fittings in Jakarta and Greater Jakarta.

Our leading market share and dominant size provides us with significant barriers to entry vis-à-vis our competitors. For example, our scale provides us with significant financial strength in terms of our ability to provide credit terms to our sole distributors and dealers. Our financial strength also contributes to our dominant market share in the Greater Jakarta development market, as we are able to pre-fund significant orders, which our competitors may not be able to do.

The size and strength of our distribution network also affords us strong network effect benefits of scale and efficiency. See “— *We have an established nationwide distribution network which provides a significant barrier to entry and granular competitive intelligence.*”

***We are well-positioned to benefit from Indonesia’s continuous macroeconomic growth and shifts in consumer demographics and preferences***

Indonesia has enjoyed continuous GDP growth and rising disposable income per capita during 2012 to 2016 and, according to Euromonitor International Limited, these favorable macroeconomic trends are expected to continue from 2016 to 2019, supporting continued construction of residential, hospitality, office and retail properties.

Consumers become more likely to embark on home improvement projects and demand for premium products as they become wealthier and one of the most popular projects they embark on includes upgrading from squatting toilets to sitting toilets, according to Euromonitor International Limited. We believe that Indonesia lies below the average disposable income per capita threshold where comparable countries experienced an increase in the sales of sitting toilets and is nearing this inflection point.

Favorable Indonesian government policies are expected to support the construction boom in Indonesia, according to Euromonitor International Limited. For example, under the Government’s 13th economic policy package, released on August 24, 2016, the Government simplified the process to establish residential property projects for low-income families making it easier to obtain building permits or building worthiness certificates. In addition, under Indonesia’s One Million Houses Program, 765,120 houses had been built in 2017 as of December 4, 2017. In 2018, the ministry hopes to outdo previous years as the World Bank promised to disburse US\$425 million in soft loans for the program.

As a result, according to Euromonitor International Limited, sanitary wares and bathroom fittings are expected to maintain sustained growth during the forecast period between 2016 and 2019. Sales of sanitary wares are expected to grow at 9.4% CAGR from US\$198.2 million in 2016 to US\$259.3 million in 2019. In particular, retail sales of sitting toilets are expected to grow at 11.0% CAGR from US\$95.5 million in 2016 to US\$130.7 million in 2019. Sales of bathroom fittings are expected to grow at 11.5% from US\$184.5 million in 2016 to US\$255.8 million in 2019.

***We have an established nationwide distribution network, which provides a significant barrier to entry and granular competitive intelligence***

We distribute our products through a wide network of sole distributors and dealers, which, in turn, distribute to traditional shops and modern retail outlets across Indonesia. Our extensive distribution network comprises 11 exclusive sole distributors in the major cities of operation outside of Greater Jakarta and Surabaya and more than 100 dealers in the Greater Jakarta and Surabaya areas. Under our exclusive arrangements with our sole distributors, our sole distributors can only sell TOTO-branded sanitary wares and fittings in their designated market areas but may sell other non-TOTO branded products when it comes to complementary products. Our dominant market share in the product suite of the dealers drives mutual dependence between us and our dealers. We have long-term relationships with most of our sole distributors.

Furthermore, our on-the-ground network of sole distributors, dealers and sub-dealers provides us with critical market intelligence regarding changes in competitor and consumer behavior. We harness this market intelligence to drive our distribution strategy and address consumers' needs for sanitary ware and bathroom fittings. The scale and breadth of our network across Indonesia also allows us to tap new potential markets across the country more quickly than our competitors that have more limited distribution networks.

The strength of our distribution network, in addition to our leading market shares, gives us the unique ability to position ourselves as a “distributor-of-choice” for complementary products and a provider of “all-in-one” solutions for customers.

### ***Strength of TOTO brand and TOTO relationship with Founders' Group since 1968***

Our dominant position as the leading distributor of sanitary wares and fittings in Indonesia is driven by our exclusive distribution arrangements with the manufacturers of TOTO products for Indonesia, namely, Surya Toto Indonesia and TOTO Overseas Group. We believe that TOTO's superior brand strength makes it easily identifiable for consumers and potential customers in Indonesia, and makes us an essential supplier to distributors throughout Indonesia who rely on their TOTO offerings to drive foot traffic to their stores and stalls.

Our exclusive distribution rights for TOTO-branded products in Indonesia are driven by the long-term relationship of our Founders' Group with TOTO Japan's management. Key members of our Founders' Group, including Mardjoeki Atmadiredja, have had a personal and working relationship with TOTO Japan's management teams for at least 50 years. Our Founders' Group and TOTO Japan's management team share a strong working relationship, which includes strategic dialogue on the price and volume of products that Surya Toto Indonesia sells to us and our ongoing collaboration with TOTO Japan to develop and grow the Surabaya factory at our subsidiary Surya Pertiwi Nusantara.

### ***We generate stable earnings and profit margins***

Our core retail distribution business provides the majority of our earnings and stability in operating performance through our extensive distribution network, whereas the direct sales through project development contracts and increasing importance of high-end imported sanitary ware and fitting products provides operating leverage.

We are able to stabilize our key operating cost margins, given our long-term fixed-margin arrangement with Surya Toto Indonesia, the main manufacturer of TOTO products in Indonesia, from whom we purchased 91.0%, 92.6% and 91.1% of our total purchases in 2015, 2016 and 2017, respectively.

As a result of the above, we have a strong free cash flow generation profile resulting in an ability to pay dividends, while retaining enough cash to fund future expansion opportunities. See “—*We intend to continually expand our newly-constructed manufacturing facility in Surabaya to increase our production capacity, expand our geographical reach, widen our product range, and optimize our costs.*”

### ***Our management team has a significant wealth of experience running the Company and growing our partnership with Surya Toto Indonesia and TOTO Overseas Group***

Our management team is led by Tjahjono Alim, who has been with the Company since 1979 and has been the Company's President Director since 1982. Under Mr. Alim's leadership, we grew to become the largest distributor of branded sanitary wares and fittings in Indonesia.

Our management team has over 50 years of experience as the exclusive distributor of TOTO branded products in Indonesia, cementing their relationship with Surya Toto Indonesia and TOTO Overseas Group, and their in-depth knowledge of the Indonesian sanitary ware and bathroom fittings market.

## **Our Operating Strategies**

Our primary objective is to broaden our footprint as the exclusive agent for TOTO Japan, covering the whole Indonesian archipelago, by focusing on the principal strategies set forth below:

***We intend to continually expand our newly-constructed manufacturing facility in Surabaya to increase our production capacity, expand our geographical reach, widen our product range, and optimize our costs***

Our newly-constructed manufacturing facility in Surabaya has one production line, with production capacity of approximately 500,000 pieces per annum and has sufficient land area to house 10 production lines. We believe it is one of the largest sanitary ware manufacturing facilities in Indonesia and will enable us to meet growth requirements for the next decade. It also gives us an opportunity to capture additional margins as we expand into manufacturing. We expect to benefit from the relatively low land and labor costs in Surabaya, as well as low logistics and transportation costs to service our customers in Eastern Indonesia. We intend to use some of the primary proceeds from the Offering to install a second production line in our Surabaya facility beginning in the second half of 2018.

In the initial stages, our Surabaya factory will manufacture lower-end products, which have a higher volume of demand, to take advantage of the operating efficiencies in Surabaya. We intend for our Surabaya factory to capture greater market share outside the Greater Jakarta area and to cater to demand in Eastern Indonesia.

***We continuously train and motivate our sales teams and strengthen our distribution channels to promote sales growth***

We believe that having a strong sales team and sales strategy is critical to our business. We provide incentives to our distributors and dealers to promote sales growth. We coordinate our sales and marketing efforts with our sole distributors, dealers and project customers. For our distributors, our sales initiatives include sales target rebates, co-op promotions, payment incentives and annual travel incentives for the best-performing distributors. Sales initiatives for our project customers include providing technical specification, delivery and on-site supervisions for our customers' easier installation. We ensure that members of our sales team regularly undergo sales training. All new sales employees are required to complete a sales training program upon joining us, and we conduct product knowledge trainings for existing sales employees at either Surya Toto Indonesia's factory or our Surabaya factory, whichever is more convenient, twice a year.

We also intend to increasingly penetrate modern retail channels as these distribution channels become more prominent. Our net sales through modern outlets grew from Rp. 126.1 billion in 2015 to Rp. 155.1 billion in 2017. Online sales are not yet common in the industry, but we expect that in the long-run, this will also be a prominent distribution channel that can provide us additional opportunities.

We intend to further promote sales growth through the development of our new office building in West Jakarta, which is held and developed in Surya Graha Pertiwi, our 50-50 joint venture entity with Surya Toto Indonesia. The building will include office space for both Surya Pertiwi and Surya Toto Indonesia, as well as a 6,000 sq.m showroom, which will provide customers with first hand product experience and enhanced visuals of Surya Pertiwi's products.

***We intend to maintain strong sales with sole distributors and dealers, as well as our project customers***

In 2015, 2016 and 2017, approximately 70.5%, 75.7% and 74.5% of our net sales were to sole distributors and dealers. Sales to retail customers through our sole distributors and dealers, who on-sell to retail customers, provide stable demand, robust growth and better margins. Hence, we intend to maximize our sales to sole distributors and dealers in order to set a solid base of profits.

The balance of our net sales is generated by projects customers, which we opportunistically bid for to provide big-ticket revenue events, while ensuring that we maintain our profit margins. We intend to maintain good relationships with major real estate developers, hotel chain operators, architects and designers in order to identify and be able to bid for sizeable projects.

***We intend to offer complementary products to provide “all-in-one” solutions and upside exposure to non-traditional product markets***

In addition to TOTO-branded sanitary ware and bathroom fittings, we sell kitchen and other complementary imported products, such as Geberit, Stiebel Eltron and Villeroy & Boch, among others. Offering these additional products allow us to provide customers with “all-in-one” solutions for their respective bathroom and kitchen needs. It also gives us access to and insight into the market’s acceptance of other products that are complementary to ours, which we believe allows us to stay ahead of competitors in terms of market intelligence.

### **Our Products and Brands**

We distribute all types of bathroom-related products throughout Indonesia, primarily under the TOTO brand. Our bathroom-related products consist of (i) sanitary wares and (ii) fittings and other complementary bathroom products.

Sanitary wares are plumbing fixtures made out of ceramic and primarily include water closets (both seated toilets and squatting pans), lavatories, urinals, and bathtubs. In 2015, 2016 and 2017, we sold 2,012,874, 1,946,900 and 1,804,319 units of sanitary wares, with an average selling price of Rp. 532,706, Rp. 549,580 and Rp. 587,232.

Fittings are fixtures for sanitary wares and other related accessories and include products such as faucets, mixers, shower heads and handles, toilet seats and covers, flushing mechanisms, eco-washers and other bathroom accessories such as toilet paper holders and towel bars. In 2015, 2016 and 2017, we sold 3,763,873, 3,363,149 and 3,459,787 units of fittings, with an average selling price of Rp. 271,521, Rp. 279,808 and Rp. 291,179.

We also distribute some kitchen-related products, including kitchen appliances, modular kitchens, sinks, kitchen cabinets and wardrobes and vanities. These products make up only a small part of our sales.

The following table shows images of certain of the products that we sell:

Product Category	Examples
Sanitary wares	
Fittings	

The following table shows our sales by volume and price per unit, broken down by our different categories of products:

Product Segment	Year Ended December 31												
	2015		2016		2017								
	(Units sold)	(Average price per unit)	(Rp. in billions)	(% of net sales)	(Units sold)	(Average price per unit)	(Rp. in billions)	(% of net sales)	(US\$ in millions)	(% of net sales)			
Bathroom-related products													
Sanitary wares													
Local goods													
Water closets . . . . .	1,534,468	534,251	833.6	38.4	1,533,531	549,651	842.9	40.7	1,401,528	582,283	816.1	60.2	38.1
Lavatories . . . . .	414,569	372,511	154.4	7.1	353,087	394,298	139.2	6.7	341,001	438,324	149.5	11.0	7.0
Urinals . . . . .	48,633	949,051	46.2	2.1	44,068	1,016,495	44.8	2.2	42,404	1,123,569	47.6	3.5	2.2
Others. . . . .	11,766	541,701	6.4	0.3	12,819	582,230	7.5	0.4	12,269	602,594	7.4	0.6	0.3
Total local goods . . . . .	2,009,436	517,838	1,040.6	47.9	1,943,505	532,228	1,034.4	49.9	1,797,202	567,878	1,020.6	75.3	47.6
Imported goods . . . . .	3,438	9,222,857	31.7	1.5	3,395	10,483,379	35.6	1.7	7,117	5,474,444	39.0	2.9	1.8
Total sanitary wares . . . . .	2,012,874	532,706	1,072.3	49.4	1,946,900	549,580	1,070.0	51.6	1,804,319	587,232	1,059.6	78.2	49.5
Fittings													
Local goods													
Faucets . . . . .	319,074	477,647	152.4	7.0	264,646	503,129	133.2	6.4	248,090	532,817	132.2	9.8	6.2
Shower, bath & shower mixers . . . . .	353,616	642,426	227.2	10.5	294,230	679,852	200.0	9.7	299,986	711,517	213.4	15.8	10.0
Washlets, eco-washers, shower sprays . . . . .	916,308	225,891	207.0	9.5	904,827	243,879	220.7	10.7	873,686	263,512	230.2	17.0	10.7
Bathroom accessories . . . . .	568,044	224,549	127.5	5.9	463,738	238,154	110.4	5.3	475,043	238,231	113.2	8.4	5.3
Supplementary fittings . . . . .	1,270,623	132,824	168.8	7.8	1,078,675	143,103	154.4	7.5	1,134,184	146,104	165.7	12.2	7.7
Other fittings . . . . .	159,596	168,123	28.4	1.3	128,531	183,744	23.6	1.1	161,175	210,375	33.9	2.5	1.6
Total local goods . . . . .	3,587,261	254,038	911.3	42.0	3,142,192	268,797	844.6	40.8	3,192,164	278,383	888.6	65.7	41.5
Imported goods . . . . .	176,612	626,640	110.7	5.1	220,957	436,393	96.5	4.7	267,623	443,817	118.8	8.8	5.5
Total fittings . . . . .	3,763,873	271,521	1,022.0	47.1	3,363,149	279,808	941.1	45.4	3,459,787	291,179	1,007.4	74.5	47.0
Others <sup>(1)</sup>													
Bathtubs . . . . .	13,620	4,297,160	58.5	2.7	10,570	3,343,081	35.3	1.7	11,095	3,550,093	39.4	2.9	1.8
Water heaters . . . . .	5,356	1,801,865	9.7	0.4	7,080	1,636,914	11.6	0.6	9,553	1,595,524	15.2	1.1	0.7
Total others . . . . .	18,976	3,592,860	68.2	3.1	17,650	2,658,681	46.9	2.3	20,648	2,645,793	54.6	4.0	2.5
Kitchen-related products . . . . .	4,095	2,200,177	9.0	0.4	5,610	2,467,174	13.8	0.7	7,730	2,627,362	20.3	1.5	0.9
Total . . . . .	5,799,818	374,396	2,171.4	100.0	5,333,309	388,461	2,071.8	100.0	5,292,484	404,708	2,141.9	158.1	100.0

(1) All of our bathtubs and water heaters are classified under "Others" and are imported.

We distribute both products that are produced locally and products that are imported. All of our locally produced bathroom products are TOTO-brand products, and, historically, they have all been manufactured by Surya Toto Indonesia. In the future, a portion of these products will be manufactured by our subsidiary Surya Pertiwi Nusantara (see “—*Our Manufacturing Operations*”). For our imported bathroom products, the majority of these products are TOTO-brand products, while some are products from other manufacturers. Our kitchen-related products are both locally made and imported.

We sell both TOTO-brand products and non-TOTO-brand products. During 2015, 2016 and 2017, more than 90% of the products we sold were TOTO products. We obtain substantially all of our TOTO products domestically, historically from Surya Toto Indonesia and in the future also from Surya Pertiwi Nusantara. We also import a small percentage of our TOTO products, namely certain specialty or higher-technology sanitary wares and fittings, such as fully automated toilets. We purchase these imports from Japan, Singapore, Thailand and Vietnam through TOTO Overseas Group. For more information, see “—*Supply Arrangements*.”

We also sell products of other manufacturers and brands, in addition to TOTO products. We import all of our non-TOTO products from several suppliers abroad, including Europe and Singapore. We do not consider these other brands as competing with TOTO products, as they are typically (i) higher-end products and do not make up a significant portion of our sales or (ii) other bathroom-related products that are not sanitary wares or fittings. For example, when we sell bathroom products to a developer of a real estate project, the developer may request a specific brand, which may not be TOTO. As a result, we consider these other products as complementary to our TOTO range, in order to serve the needs of our various customers. By including these products in our range, we believe that we provide our customers with a one-stop solution for bathroom-related products in Indonesia.

The table below shows certain information about some of the primary brands we distribute:

Brand	Origin	Product
<b>Bathroom-related products</b>		
TOTO .....	Indonesia	Sanitary wares and fittings
	Japan	
Villeroy & Boch .....	Germany	Sanitary wares and fittings
Kaldewei .....	Germany	Bathtubs
Geberit .....	Switzerland	Flushing system
<b>Water Heaters</b>		
Stiebel Eltron .....	Germany	Water heaters
<b>Kitchen-related products</b>		
TOTO .....	Indonesia	Kitchen cabinets and kitchen appliances
	Japan	
Franke .....	Switzerland	Kitchen appliances and sinks

During 2015, 2016 and 2017, approximately 90.0%, 90.9% and 89.5% of our net sales were attributable to Surya Toto Indonesia, respectively and approximately 6.5% of our net sales for each of those years were attributable to the TOTO Overseas Group, respectively, with the remainder of our net sales attributable to other import suppliers.

### Supply Arrangements

We purchase the products that we sell from Surya Toto Indonesia, TOTO Overseas Group and other import suppliers. In 2015, 2016 and 2017, approximately 91.0%, 92.6% and 91.1% of our total purchases were from Surya Toto Indonesia, respectively. For the same period, approximately 5.5%, 2.6% and 4.0% of our total purchases were from TOTO Overseas Group, respectively. We obtained the remainder from our other import suppliers. All of our supply arrangements, both with TOTO Overseas Group and with other manufacturers, are exclusive for Indonesia.

## ***Surya Toto Indonesia and TOTO Overseas Group***

We purchase products from Surya Toto Indonesia at a fixed discount to the retail list price set by Surya Toto Indonesia. Under the terms of our sole agent agreement with Surya Toto Indonesia, Surya Toto Indonesia has the sole right to determine the retail list price and the discount provided to us and also the right to change the list price by giving us two months' prior notice. Surya Toto Indonesia provides us with payment terms of 90 days. We do not receive any form of supplier financing from Surya Toto Indonesia, and we assume all accounts receivables risks once we purchase the products from Surya Toto Indonesia. We do not pay any other fees to Surya Toto Indonesia, although Surya Pertiwi Nusantara will pay a royalty fee to TOTO Japan upon commercial operations of the Surabaya factory for use of the TOTO trademark for the products that it manufactures; see “—*Our Manufacturing Operations.*”

Surya Toto Indonesia generally increases retail prices annually, broadly in line with inflation. Surya Toto Indonesia will consult with us prior to implementing a price increase, particularly with regard to the amount of the price increase and the potential market acceptance for our products after the price increase. We are typically able to pass price increases from Surya Toto Indonesia on to our customers, usually within one or two months. Given our close relationship with Surya Toto Indonesia, we have annual meetings with Surya Toto Indonesia to forecast demand for the coming year, bi-annual meetings to review these forecasts, as well as monthly meetings to discuss product quality and market and customer trends and to adjust our specific purchase volumes.

Similarly, TOTO Overseas Group has the sole right to determine the retail list price of its products and we agree to target purchase amounts every year.

## ***Other Import Suppliers***

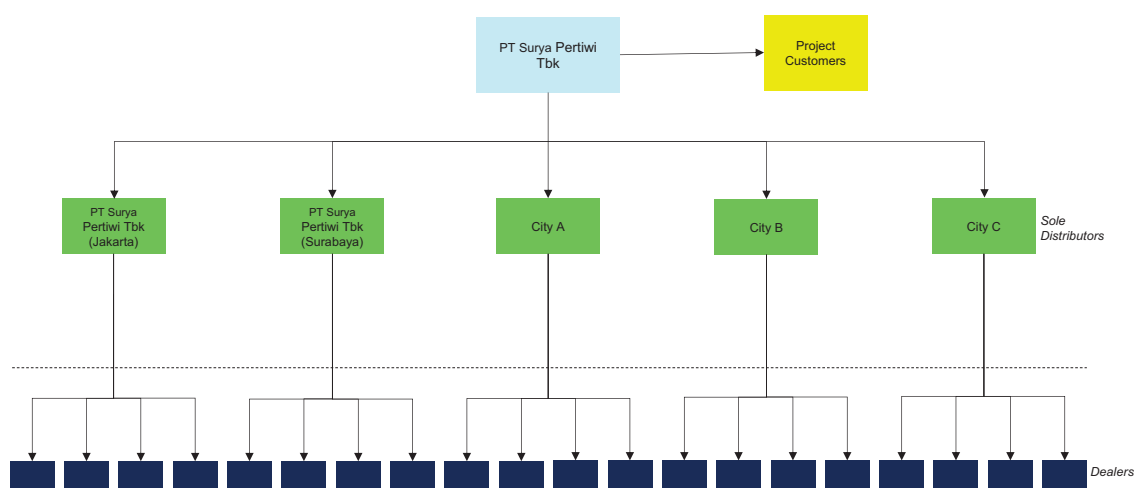
We typically purchase non-TOTO products from other import suppliers pursuant to agreements that range from one to four years. We purchase products from other import suppliers at a price that is mutually agreed on by both parties, although the retail price list is solely determined by our other import suppliers. Most of the agreements with our other import suppliers set annual minimum sales targets determined by the import suppliers upon discussion with us. Failure to meet such targets may give certain of our other import suppliers the right to terminate the agreement or withdraw our exclusivity rights or may subject to us to penalties. We have regular bi-monthly meetings with our import suppliers to discuss our sales performance and may adjust the sales targets under the relevant supplier agreements as necessary. Our credit terms from our import suppliers are typically 30 to 60 days.

For more information on these agreements, see “—*Description of our Material Agreements.*”

## ***Distribution Network***

We sell our products through a network of sole distributors and dealers in Indonesia, who in turn on-sell and distribute our products to other dealers and end-users. As at December 31, 2017, we had 11 sole distributors covering 14 major cities and their surrounding areas outside of Jakarta and Surabaya and more than 100 dealers in Jakarta and Surabaya. Our dealers include both traditional shops and modern retail outlets. We also sell a portion of our products directly to project customers (who consist of property developers involved in a development project for which they source bathroom products). In 2015, 2016 and 2017, approximately 70.5%, 75.7% and 74.5% of our net sales were to sole distributors and dealers, with the remainder to our projects customers and direct retail sales. Our network of sole distributors, dealers and sub-dealers provides us with market intelligence regarding changes in competitor and consumer behavior. We harness this market intelligence to drive our distribution strategy and address consumers' needs for sanitary wares and bathroom fittings. Our sole distributors and dealers will typically install the products that they sell. In the case of our projects customers, product installation is typically done by contractors.

The following diagram illustrates the structure of our distribution network:



The table below sets forth certain information about our sales through various channels for the time periods indicated:

	Year Ended December 31						
	2015		2016		2017		
	(Rp. in billions)	(% of net sales)	(Rp. in billions)	(% of net sales)	(Rp. in billions)	(US\$ in millions)	(% of net sales)
Sole distributors . . . . .	568.5	26.2	613.0	29.6	596.6	44.0	27.8
Dealers . . . . .	962.0	44.3	956.3	46.2	1,000.5	73.8	46.7
Traditional shops . . . . .	836.0	38.5	822.3	39.7	845.4	62.4	39.5
Modern outlets . . . . .	126.1	5.8	134.0	6.5	155.1	11.4	7.2
Projects customers <sup>(1)</sup> . . . . .	616.1	28.4	472.1	22.8	525.9	38.8	24.6
Direct retail <sup>(2)</sup> . . . . .	24.8	1.1	30.3	1.5	18.9	1.4	0.9
<b>Total . . . . .</b>	<b><u>2,171.4</u></b>	<b><u>100.0</u></b>	<b><u>2,071.7</u></b>	<b><u>100.0</u></b>	<b><u>2,141.9</u></b>	<b><u>158.1</u></b>	<b><u>100.0</u></b>

<sup>(1)</sup> Consists of customers in the projects, real estate and property development industries.

<sup>(2)</sup> Consists of customers who purchase directly from us but are neither sole distributors nor dealers.

We sell our products to our sole distributors and dealers at a discount to the retail list price set by Surya Toto Indonesia. While this discount is generally fixed, it can vary among distributors and dealers depending on sales volumes of a particular distributor or dealer, and it can increase based on certain incentives, such as the ability of each sole distributor or dealer to meet sales target volumes, sales target rebates or on-time payment incentives. The difference between the discount we provide to our sole distributors and dealers and the discount we receive from Surya Toto Indonesia constitutes our margin.

We give our dealers a suggested retail list price which we receive from Surya Toto Indonesia. Our dealers are free to determine their discounts and may give additional discounts over and above the discounts that we recommend to them.

Our top ten sole distributors and dealers as of December 31, 2017 contributed to 17.7%, 22.9% and 30.7% of our net sales in each of for 2015, 2016 and 2017, respectively with each sole distributor or dealer contributing to no more than 5.0% of our net sales.

We typically provide our distributors and dealers with credit terms of up to 60 days, while our project customers generally receive longer credit terms of 60 to 90 days or even longer, depending on the nature of the development project.

### ***Sole Distributors***

Our sole distributors are like agents and sell our products to dealers and end-users. We make all of our sales outside of Jakarta and Surabaya through sole distributors (whereas all of our sales in Jakarta and Surabaya are made through dealers and all of our dealers are located in Jakarta and Surabaya).

We have 11 sole distributors covering 14 major cities and their surrounding areas throughout Indonesia, outside Jakarta and Surabaya. We generally have long-standing relationships with our sole distributors, and we believe that they are most familiar with their designated market areas and therefore best placed to sell our products. As part of our distribution strategy, we choose to rely on sole distributors for market areas where we do not have branches and meet with our sole distributors every one to two months to discuss product offerings, sales targets and market demand. We evaluate the performance of our sole distributors based on their sales, timely payments to us and the quality of service that they provide to their customers.

We sell our products to our sole distributors based on agreements that are renewed on a biennial basis. Under the terms of the agreements, we typically set target purchase volumes every six months. We have exclusive arrangements for the sale of sanitary wares and fittings with our sole distributors, whereby our sole distributors can only sell TOTO-branded sanitary wares and fittings in their designated market areas. Our sole distributors may sell other non-TOTO branded products when it comes to complementary products, such as shower doors and water heaters. Pursuant to the terms of the respective agreements, our distributors are required to maintain a minimum of 45 days of inventory of the sales average from the previous semester. While our sole distributors have the right to come up with their own sales strategy, we are obligated to send sales employees to assist our sole distributors as necessary. Our sole distributors are obligated to provide us with a sales report every quarter and to have a minimum number of sales employees at their location to ensure optimal sales activities.

### ***Dealers***

Dealers are similar to retailers and sell our products to other dealers or directly to end-users. We make all of our sales in Jakarta and Surabaya through dealers, as these cities are more mature markets and are closer to our base of operations and we are therefore more familiar with these markets. All of our dealers are located in Jakarta and Surabaya and consist of traditional shops and modern outlets, such as supermarkets and hardware stores.

We do not sell our products to dealers pursuant to long-term agreements. Rather, sales are made based on purchase orders. We do not have exclusive arrangements with our dealers, as we do with our sole distributors.

As at December 31, 2017, we have more than 100 dealers in Indonesia with whom we have a direct relationship.

### ***Project Customers***

A portion of our net sales are to customers in the real estate, property development and construction industries, who use our products in various real estate development projects, such as hotels, offices, planned communities, apartments, shopping centers and hospitals. In the last three years, our project customers have included the property development business of the Sinar Mas Group, the Agung Sedayu Group, PT Agung Podomoro Tbk, the Ciputra Group and the Lippo Group. In the last three years, property development projects for these key customers have included: Marigold Nava Park, Puri Mansion Apartment, Gold Coast Apartment and Office Tower in Pantai Indah Kapuk, Taman Anggrek Residence, Citra Towers Kemayoran and Orange Country Cikarang.

For 2015, 2016 and 2017, approximately 28.4%, 22.8% and 24.6% of our net sales were attributable to our projects customers.

Sales to our customers tend to fluctuate from year to year and follow the state of the real estate, property development and construction industries in Indonesia. For example, the 1998 financial crisis in Indonesia severely and adversely impacted construction and property development in Indonesia and therefore significantly reduced our sales to project customers.

## **Sales and Marketing**

Marketing strategies are dictated and supported by our suppliers. Surya Toto Indonesia generally drives the branding and advertising initiatives related to TOTO-brand products, including, for example, which market segment to target with a particular line of products and decisions about advertising channels and color schemes. For our non-TOTO products, we generally follow the marketing strategies of the respective suppliers.

Sales, which include trade marketing activities such as setting up displays at retail outlets or conducting sales events, are typically managed directly by us. We coordinate closely with Surya Toto Indonesia on our sales initiatives for our TOTO-brand products, and the costs of these activities are allocated to the party undertaking each activity. As with Surya Toto Indonesia, we discuss our sales activities with our other import suppliers, including the cost split and the general budget for these activities. For example, we work together with Franke to come up with an annual brand building and marketing plan, consisting of brand building strategies, sales promotion initiatives and general guidelines for cost splits. For after-sales services relating to TOTO-brand products, we coordinate the logistics of retrieving and returning the items, while Surya Toto Indonesia provides any product-related support services. We do provide after-sales services for non-TOTO imported goods as well.

We also coordinate our sales promotion initiatives for our sole distributors, dealers and project customers. For our sole distributors, our sales initiatives include annual sales target rebates, co-op promotions, payment incentives and annual travel incentives for the best-performing sole distributors. Sales initiatives for our project customers include providing technical specification, delivery and on-site supervisions for our customers' easier installation. In 2015, 2016, 2017, our total selling expenses for promotions amounted to Rp. 8.4 billion, Rp. 10.6 billion, and Rp. 18.0 billion (US\$1.3 million).

We believe that having a strong sales team and sales strategy is critical to our business, and we ensure that members of our sales team regularly undergo sales training. All new sales employees are required to complete a sales training program upon joining us, and we conduct product knowledge trainings for existing sales employees at either Surya Toto Indonesia's factory or our Surabaya factory, whichever is more convenient, twice a year. As of December 31, 2017, our sales team consisted of 304 employees.

## **Transportation**

We transport our finished products to our customers using either our in-house delivery capabilities or third-party delivery companies.

We use our in-house fleet of vehicles in Jakarta and in Surabaya for deliveries to our customers in the greater Jakarta and Surabaya areas. We typically deliver on Mondays to Fridays, and if necessary, on Saturdays and Sundays.

We outsource larger deliveries or deliveries outside of the Greater Jakarta and Surabaya areas. We have approximately ten logistics providers whom we use regularly, and we choose their services based on their geographical reach and their ability to provide competitive pricing. These third-party delivery companies pick up our products from the Surya Toto Indonesia factory or our warehouse.

Transportation costs are usually for our own account. Occasionally, we have experienced late delivery, damage and theft in the delivery of our finished products to our customers. We believe that none of these incidents have materially affected our business operations. Depending on the circumstances, we may receive compensation from third-party delivery companies for late delivery or damaged products, and we maintain insurance coverage for such incidents.

Our logistics and transportation costs for the years ended December 31, 2015, 2016 and 2017 were approximately 84.1%, 82.7% and 86.4% of our total selling expenses.

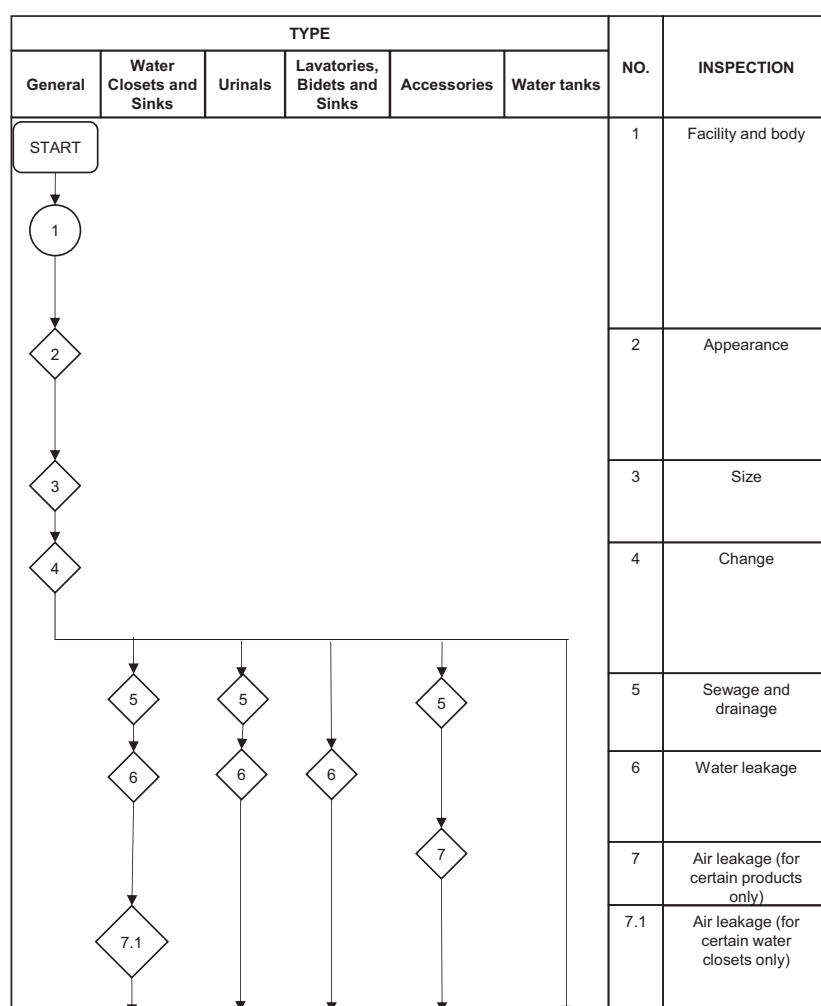
### **Our Manufacturing Operations**

In 2016, through Surya Pertiwi Nusantara, which we formed in conjunction with Surya Toto Indonesia, we built a factory in Gresik, near Surabaya, Indonesia, to manufacture TOTO-brand sanitary wares. The decision to establish a factory in Surabaya was a strategic move to remain competitive in the Indonesian market by taking advantage of the cheaper price of land and labor cost in Surabaya. Our Surabaya factory will also allow us to better serve our customers around Surabaya and in Eastern Indonesia while allowing us to benefit from lower logistics and transportation costs. At the initial stage, our Surabaya factory will manufacture lower-end products, which have a higher volume of demand, to take advantage of the operating efficiencies in Surabaya and to drive our growth. Our Surabaya factory will initially manufacture 14 sanitary wares products.

Our Surabaya factory, with a production capacity of approximately 500,000 pieces per annum as at the date of this Offering Circular, is set on approximately 35 hectares of land and can accommodate up to 10 production lines. As of the date of this Offering Circular, we have one production line, which commenced trial production in September 2017. Our Surabaya factory commenced commercial operations following receipt of its Industrial Business License in April 2018. We intend to build additional production lines in future years, subject to market conditions. In addition, we expect for our first production line to operate at fully capacity by the fourth quarter of 2018 and we intend for a second product line to be up and running by 2020.

While we have not paid any fees to TOTO Japan in the past, pursuant to a trademark license agreement, Surya Pertiwi Nusantara has agreed to pay TOTO Japan a royalty fee in order to manufacture and sell TOTO-brand products and to use the TOTO trademark, upon commercial operations of the Surabaya factory. The TOTO products manufactured by our Surabaya factory must comply with the quality specifications set forth by TOTO Japan. TOTO Japan also has the right to inspect our Surabaya factory more than once a year. Our Surabaya factory is ISO 9001:2015 (Quality Management) certified and has obtained Indonesian National Standards (“SNI”) 03-0797-2006 certification for seated toilet products and must abide by workplace health and safety requirements as set forth by TOTO Japan. See “—*Workplace Health and Safety*.”

The diagram below shows the quality control process at our Surabaya factory:



Our Surabaya factory sources its raw materials, which include industrial clays, feldspar, pottery stone, kaolin and silica sand, domestically and internationally, from countries such as the United Kingdom, France, Thailand, Korea and Malaysia. Since the start of trial production, Surya Pertiwi Nusantara has obtained approximately 80% of its raw materials from international sources, due to the consistency in quality.

## Quality Management

Under the terms of our sole agent agreement with Surya Toto Indonesia, Surya Toto Indonesia provides a warranty period of five years. For more information on the terms of the sole agent agreement, see “*Related Party Transactions—Surya Toto Indonesia*.” Our other products typically have a manufacturer’s warranty period of one to two years. While our customers may come to us with complaints regarding the products that we sell, we pass any product claims on to our suppliers. For example, if receive a customer complaint regarding a TOTO product we have sold, we would pass that complaint on to Surya Toto Indonesia and its after-sales-services team.

Product recalls have historically not had a material impact on our business or results of operations, and we have not experienced any material product recalls.

Pursuant to our trademark license agreement with TOTO Japan, TOTO products that are manufactured in our Surabaya factory must comply with TOTO standards. Each product line must undergo a design review process and must be approved by TOTO Japan before any products are sold. Under Indonesian

regulations, all water closets that we manufacture must comply with SNI. We obtained SNI 03-0797-2006 certification for seated toilet products for our Surabaya factory in February 2018. For more information on the quality control process at our Surabaya factory, see “— *Our Manufacturing Operations*”.

## Properties

The table below sets forth certain information about principal properties that we use in our business:

Location	Approximate Size (sq.m)	Owned/Leased	Use
Jl. Tomang Raya No. 16-18, Jakarta	3,511	Leased	Office space
Jl. Let. Jen. S. Parman, Kav. 81, Jakarta <sup>(1)</sup>	approx. 3,000	Owned	Office space (under construction)
Jl. Daan Mogot, Km18 Jakarta	13,660	Leased	Warehouse
Jl. Gatot Subroto KM 8, Jatake, Tangerang	4,536	Leased	Warehouse
Jl. Pintu Besar Selatan (Pinangsia) No. 74, Jakarta	2,341	Leased	Showroom
Jl. Pemuda/Gubernur Suryo 1G-1H, Surabaya	1,051	Leased	Branch, office space
Jl. Margomulyo Industri Raya Blok E12, Surabaya	2,849	Leased	Warehouse
Jl. Raya Krikilan KM-26 No. 2, Krikilan Village, Driyorejo District, Gresik, East Java <sup>(2)</sup>	Land: 35 hectares Building: 45,000	Owned	Surya Pertiwi Nusantara’s head office, factory and warehouse

<sup>(1)</sup> In 2011, we established Surya Graha Pertiwi, a joint venture company with Surya Toto Indonesia, to develop and manage an office building in West Jakarta. The building is currently under construction with an estimated date of completion of August 2018. The office will be used exclusively by us and Surya Toto Indonesia and Surya Graha Pertiwi will receive rental income from both parties.

<sup>(2)</sup> In 2016, we, through Surya Pertiwi Nusantara, our joint venture company with Surya Toto Indonesia, commenced the construction of a factory in Gresik, located near Surabaya, Indonesia, to manufacture TOTO sanitary wares and fittings. As of the date of this Offering Circular, we have one production line, which commenced trial production in September 2017. Our Surabaya factory commenced commercial operations following the receipt of its Industrial Business License in April 2018. We intend to build a new production line every year, subject to market conditions.

## Competition

Competition is based on many factors, including brand recognition and customer loyalty, product quality and reliability, breadth of product range, product design and innovation, production capabilities, size of distribution network, scope and quality of services, and price. We believe that the price of our products, in particular, is important to our financial performance and to maintaining our market share in Indonesia.

We face competition from manufacturers and distributors of well-known global brands in Indonesia, such as American Standard and Ina for sanitary wares and Hansgrohe for bathroom fittings. In particular, we face competition from international brands with ASEAN-based manufacturing facilities, since they are not subject to import duties in Indonesia. These industry players typically seek to serve the same end-user market in Indonesia that we serve. In the future, we may also face increasing competition from new entrants into the market, such as Kohler, and from Chinese manufacturers seeking to compete in the market with lower prices. We also face competition from other, smaller and domestic distributors in Indonesia. We believe that developing and maintaining a competitive

advantage will require continued investment in sales and marketing, customer relationships and maintenance of our distribution network. See “*Risk Factors—We face competition in Indonesia with regard to TOTO-brand products, and if we are unable to maintain our market share, it could have a material adverse effect on our business and operating results.*”

## Employees

As of December 31, 2017, we had 779 employees, consisting of 438 permanent employees and 341 temporary employees. Our temporary employees primarily comprise store sales promotion staff, drivers, warehouse laborers and administrative support staff. These temporary workers are hired on an as-needed basis.

The following table sets forth the number of our employees based on their employment status as at the time periods indicated.

Work status	As at December 31		
	2015	2016	2017
Permanent . . . . .	353	366	438
Temporary . . . . .	236	304	341
<b>Total . . . . .</b>	<b>589</b>	<b>670</b>	<b>779</b>

The following table sets forth the number of our permanent and temporary employees by location as at the time periods indicated.

Location	As at December 31		
	2015	2016	2017
Jakarta . . . . .	476	530	609
Surabaya . . . . .	113	140	170
<b>Total . . . . .</b>	<b>589</b>	<b>670</b>	<b>779</b>

The following table sets forth the number of our permanent and non-permanent employees by function as of the time periods indicated:

Functions	As at December 31		
	2015	2016	2017
Management . . . . .	17	18	19
Project Manager . . . . .	1	2	2
Marketing and Sales . . . . .	208	258	308
Purchasing . . . . .	8	10	12
Information Technology . . . . .	7	7	14
Human Resources and General Affairs . . . . .	69	78	125
Finance & Accounting . . . . .	42	48	50
Tax and Internal Control . . . . .	4	4	4
Warehouse . . . . .	233	245	245
<b>Total . . . . .</b>	<b>589</b>	<b>670</b>	<b>779</b>

We have enrolled our employees with the Health and Manpower Social Insurance Administration Organization (“**BPJS for Health and Manpower**”) and are in compliance with the contributory payments required under such BPJS for Health and Manpower. In addition, we also maintain a pension plan program internally for our employees.

## **Insurance**

We maintain various types of insurance coverage, including policies for property all-risk, to cover, among other items, our building and inventory and motor vehicles, to the extent we believe necessary to operate our business. We cannot assure you, however, that will not incur losses beyond the limits or outside the relevant coverage of its insurance policies. See “*Risk Factors—Risks Relating to Our Manufacturing Operations—Our insurance coverage may be inadequate to fully protect us from all losses.*”

## **Workplace Health and Safety**

We are committed to the health, security and safety of our employees and provide employee training on safety protocols. Our goal is to provide an injury- and accident-free work environment by applying our safety management systems. Our policies, procedures, work-place health and safety manual and training programs have all been developed in line with recognized industry standards and input from our management and employees. Our Surabaya factory is subject to regular audits by TOTO Japan. See “—*Our Manufacturing Operations.*” We continue to improve our workplace health and safety by focusing aggressively on worker health and safety education. As of the date of this Offering Circular, there were no major accidents on our properties or involving our employees.

## **Environment**

We recognize the importance of environmental protection and are committed in our compliance with the relevant Government regulations regarding environmental preservation. Our Surabaya factory and our office building in West Jakarta is materially compliant with the applicable environmental regulations issued by the central and local governments, such as its obligations to obtain an environmental permit and to submit periodical reports to the relevant environmental agency. Our Surabaya factory has also obtained a hazardous and toxic materials management licence for temporary storage activities of hazardous and toxic materials derived from the production activities in our Surabaya factory. To date, we have not been subject to any material fines, sanctions or penalties relating to breaches of applicable environmental laws, regulations or policies. See “*Risk Factors—Risks Relating to Our Business—We are subject to various environmental and health and safety laws and regulations, and failure to comply with such laws or regulations or failure to maintain the relevant regulatory permissions or approvals could materially and adversely affect our business.*”

Our Surabaya factory obtained ISO 9001:2015 certification in January 2018, and we intend to apply for ISO 14001 certification (Environment Management).

## **Litigation and Regulatory Proceedings**

We are not engaged in any material legal or arbitration proceedings (either as plaintiff or defendant), including those which are pending or known to be contemplated, which may have or during the last three years have had a material effect on our business, financial condition, results of operation or prospects.

## **Research and Development**

As of the date of this Offering Circular, we do not have a research and development division as the development and innovation of new products is done by Surya Toto Indonesia. As a result, we do not allocate any costs for research and development activities.

## REGULATORY OVERVIEW

The below overview is limited to regulations which apply to our core business, namely, the manufacture and distribution of sanitary products and/or equipment such as water closets, showers and other bathroom accessories. There may be other laws and regulations in the industry and sector which apply to our core business in addition to the specific regulations pertaining to our core business as set forth below.

### General Overview

Generally, trading and distribution activities in Indonesia are subject to regulations issued by the Ministry of Trade (“**MOT**”) and the Ministry of Finance (“**MOF**”), whereas manufacturing activities in Indonesia are subject to regulations issued by the Ministry of Industry (“**MOI**”).

### Operational Licenses for Trading and Trading Licenses for Distribution Activities

Pursuant to MOT Regulation No. 36/M-DAG/PER/9/2007 on Trading Business License, most recently amended by MOT Regulation No. 07/M-DAG/PER/2/2017 (“**MOT Reg 36/2007**”), a company engaged in trading business activities in Indonesia must obtain a Trading Business License (*Surat Izin Usaha Perdagangan* or “**SIUP**”) issued by the MOT or regent/mayor pursuant to their respective authorities. Under MOT Reg 36/2007, the net asset value of a company determines the type of SIUP that is required.

The table below shows the type of SIUP required as based on a company’s net asset value:

Net Asset Value (excluding land and building used as business site)	Type of SIUP
Rp. 50 million up to Rp. 500 million . . . . .	Small SIUP
Rp. 500 million up to Rp. 10 billion . . . . .	Medium SIUP
More than Rp. 10 billion . . . . .	Large SIUP

Under MOT Reg 36/2007, an SIUP is valid as long as a company conducts its business activities. Re-registration is no longer required. Companies that make any changes to its registered data (including a change in the name, status, address, shareholder and capital structure or main business activity) must amend its SIUP. A company may be required to submit periodic reports on its business activities to the SIUP’s issuing authority, if required. Failure to comply with the provisions set out under MOT Reg 36/2007 will subject a company to sanctions, ranging from written warnings to revocation of its SIUP.

### Import Licenses

Under Law No. 7 of 2014 of Trade (the “**Trade Law**”), only companies holding an importer identification issued by the Head of Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or “**BKPM**”) is permitted to import goods. Companies trading goods related to the security, safety, health and environment are required to register such goods to the MOT and obtain a Goods Registration Letter (*Surat Pendaftaran Barang* or “**SPB**”). Import provisions are regulated under MOT Regulation No. 48/M-DAG/PER/7/2015 on the General Provisions of Imports (“**MOT Reg 48/2015**”) and provisions on importer identification is regulated under MOT Regulation No. 70/M-DAG/PER/9/2015 on the Importer Identification Number (“**MOT Reg 70/2015**”). Pursuant to MOT Reg 48/2015 and MOT Reg 70/2015, an importer must obtain an Importer Identification Number (*Angka Pengenal Importir* or “**API**”) to be able to engage in the import trade. There are two types of APIs: (i) General Importer Identification Number (*Angka Pengenal Importir Umum* or “**API-U**”); and (ii) Producer Importer Identification Number (*Angka Pengenal Importir Produsen* or “**API-P**”). An API-U is granted to companies importing certain goods for trading purposes. Such companies may only import the specified goods in the API-U. An API-P is granted to companies importing goods for their own purposes such as raw materials, and goods which support the production process.

For imported goods subject to import restrictions, the importer is also required to obtain additional licenses, consisting of, among others, the acknowledgement of registration or stipulation as a registered importer, and an approval for the import itself.

An API-P holder is not permitted to trade or transfer the imported goods to another party. Such imported goods may only be transferred in the event that such goods have been granted customs exemptions and have been used by the API-P holder for at least two years since the import custom notification. An importer is only permitted to have one type of API. API-U's and API-P's are valid for as long as the importer conducts its business activities and must be re-registered once every five years. An API holder must submit quarterly reports on the profits realised from its import activities to the API issuing authority.

In addition to the API-P and API-U, by virtue of MOF Regulation No. 179/PMK.04/2016 on Customs Registration ("**MOF Reg 179/2016**"), an importer is also required to obtain approval for its Customs Registration issued by the Director General of Customs and Excise. Upon obtaining approval for Customs Registration, a Taxpayer Registration Number (*Nomor Pokok Wajib Pajak* or "**NPWP**") is issued and will be used to (i) check compliance with the importer's customs obligations and (ii) identification purposes. Prior to the enactment of MOF Reg 179/2016, an importer was required to obtain the Custom Identification Number (*Nomor Identitas Kepabeanan* or "**NIK**") to access the customs and excise systems and to check compliance with customs obligations. Transitional provisions of MOF Reg 179/2016 states that NIK issued in accordance with the previous regulations will be deemed equivalent to the NPWP for identification and customs registration purposes.

Pursuant to the Trade Law, a failure to obtain an API may expose the management of the importing company with criminal sanctions in the form of imprisonment for a maximum period of four years or a fine of up to Rp. 10 billion. However, in practice, companies will not be able to conduct import activities without the abovementioned licenses, as copies of these licenses are required to be shown to the customs officials for each import.

### **Export Licenses**

Pursuant to the Trade Law, goods may only be exported by companies registered and stipulated as an exporter unless determined otherwise by the MOT. Provisions on the export of goods are provided under MOT Regulation No. 13/M-DAG/PER/3/2012 on the General Provisions of Export ("**MOT Reg 13/2012**").

Export goods are classified into: (i) free export goods, (ii) restricted export goods and (iii) prohibited export goods. MOT Reg 13/2012 requires companies exporting free export goods to obtain, among others an SIUP, a Company Registration Certificate (*Tanda Daftar Perusahaan* or "**TDP**") and an NPWP. To export restricted export goods, the importer would also need to obtain other licenses in addition to the above licenses, among others, the acknowledgement of registration as an exporter and the approval for the export itself.

Pursuant to the Trade Law, a failure to obtain export licenses as mentioned above will expose the management of an exporting company to criminal sanctions in the form of imprisonment for a maximum period of four years or a monetary fine of up to Rp. 10 billion. However, in practice, companies will not be able to conduct export activities without the abovementioned licenses, as copies of these licenses are required to be shown to the customs officials for each export.

### **Registration of Distribution Business**

Provisions on the distribution of goods in Indonesia are provided under MOT Regulation No. 22/M-DAG/PER/3/2016 on the General Provisions of Goods Distribution ("**MOT Reg 22/2016**"). In general, goods to be sold domestically can be distributed directly or indirectly to consumers. Direct distribution is implemented by way of direct sales systems through single-level or multi-level marketing. Meanwhile, indirect distribution is implemented through the following distribution chains:

- (i) distributors and their networks (consisting of distributors, sub-distributors, wholesalers, grocers, and retailers); or
- (ii) agents and their network (consisting of agents, sub-agents, wholesalers, grocers and retailers).

Further arrangements for distributorships and agencies are regulated under MOT Regulation No. 11/M-DAG/PER/3/2006 on the Guidelines and Procedures for the Issuance of Registration Certificates for Agents/Distributors of Goods/Services (“**MOT Reg 11/2006**”). MOT Reg 11/2006 requires each distributor, agent, sub-distributor or sub-agent to register all distribution agreements into which they enter with to the Director of Business Development and Company Registration. In addition to the principal, MOT Reg 11/2006 states that an agent or distributor can also be appointed as a distributor or wholesaler of a foreign investment company for its line of business. Upon registration, the Director of Business Development and Company Registration will issue a Registration Letter (*Surat Tanda Pendaftaran* or “**STP**”) to the registering distributor, agent, sub-distributor or sub-agent.

Failure to obtain an STP may subject a company to administrative sanctions ranging from a written warning to revocation of the SIUP of the company. An STP is valid for a period of two years, unless the distribution agreement is valid for a period of less than two years. In the event that the distribution agreement between the principal and the distributor or agent is terminated prior to its expiry period and the principal intends to appoint a new distributor or agent, a “clean break” letter from the previous distributor or agent must be obtained. If such “clean break” letter is not issued by the previous distributor or agent within a period of three months following the termination of the distribution agreement, then the STP will be declared invalid and the principal may appoint a new distributor or agent. A distributor must obtain an API-U prior to registering its distribution agreements.

In addition, each distributor, agent, sub-distributor or sub-agent holding an STP is required to submit periodic reports to the Director of Business Development and Company Registration. Failure to comply with the reporting obligation may subject a company to administrative sanctions ranging from a written warning to suspension or revocation of the STP.

### **Warehouse Registration Certificate**

As stipulated under the Trade Law and the MOT Regulation No. 90/M-DAG/PER/12/2014 on Warehouse Arrangement and Development, as amended by MOT Regulation No. 16/M-DAG/PER/3/2016 (“**MOT Reg 90/2014**”), an owner of a warehouse which is used to store goods to be traded is required to register its warehouse with the MOT and to obtain a Warehouse Registration Certificate (*Tanda Daftar Gudang* or “**TDG**”) in accordance with its classification, area, and capacity of the warehouse. A TDG is valid as long as such warehouse is used and the warehouse must be re-registered every five years. A warehouse owner is exempt from obtaining a TDG if the warehouse is located in a bonded zone, attached to a retail facility, or used as temporary storage for retail goods. Pursuant to the Trade Law, failure to register a warehouse may subject the company to fines of up to a maximum amount of Rp. 2 billion and/or closing of the warehouse for a designated period.

In addition, subject to the MOT Reg 90/2014, persons who own, manage or rent a warehouse are also required to have a warehouse administrative record which must, at a minimum, contain information regarding the amount of stored goods, and the amount of goods that come in and out of the warehouse. Failure to maintain such records may subject the company to the revocation of the trade licenses of the company (i.e. SIUP, API-U and/or API-P).

### **Key Licenses for a Manufacturing Company**

#### ***Industrial Business License***

Industrial activities in Indonesia, which include manufacturing activities, are regulated by Law No. 3 of 2014 on the Industry (the “**Industry Law**”). Pursuant to the Industry Law, prior to the commencement of industrial activities, an industrial company must obtain an Industrial Business

License (*Izin Usaha Industri* or “IUI”) as further regulated under Government Regulation No. 107 of 2015 on Industrial Business Licenses (“**GR 107/2015**”). Pursuant to GR 107/2015, the authorities mandated to issue the IUI are MOI, governor, regent/major, depending on their respective authorization. Further, the MOI, by virtue of MOI Regulation No. 122/M-IND/PER/12/2014 on the Delegation of Authority for the Granting of Industrial Licenses in the Framework of One Stop Integrated Services to the Head of BKPM, delegated its authority in issuing the IUI to the Head of BKPM for the following industries:

- (i) alcoholic beverages industry;
- (ii) commercial paper industry;
- (iii) weapon and ammunition industries;
- (iv) industries involving the processing and producing of hazardous and toxic materials (*bahan berbahaya dan beracun* — “**B3**”) and the strategic high-technology industry;
- (v) inter-provincial industry;
- (vi) high-priority industries of national scale; and
- (vii) industries involving foreign capital investment.

The IUI is the primary license that an industrial company must hold in order to conduct its industrial business operations. The Industry Law and GR 107/2015 also stipulate that an industrial company which runs an industrial activity must be located in industrial estates, except for industrial companies located in regencies or municipalities that do not have an industrial estate, or have an industrial estate but do not have adequate space. Exceptions are also available for small and medium companies which are unlikely to cause significant environmental pollution or specific industries that use special raw materials or production process which require specific locations.

Under the Industry Law and GR 107/2015, there are three types of IUI, categorised according to the scale of the business, the number of employees and investment value, namely (i) Small IUI, (ii) Medium IUI and (iii) Large IUI. Further provision on the description for each type of IUI is regulated under MOI Regulation No. 64/M-IND/PER/7/2016 on the Numbers of Employee and Investment Value for the Classification of Industrial Scale (“**MOI Reg 64/2016**”). Pursuant to MOI Reg 64/2016, the classification of IUI is as follows:

IUI Classification	Number of Employees	Investment Value
Small IUI . . . . .	maximum of 19 employees	less than Rp. 1 billion
Medium IUI . . . . .	maximum of 19 employees at least 20 employees	at least of Rp. 1 billion maximum of Rp. 15 billion
Large IUI . . . . .	at least 20 employees	in excess of Rp. 15 billion

The obligations of an IUI holder under the Industry Law and GR 107/2015 are, among others (i) to conduct its industrial activities in accordance with its own license and (ii) to ensure the security and safety of equipment, process, production results, storage and transportation. Non-compliance with the Industry Law may result in the imposition of various administrative sanctions on the relevant industrial company in the form of, among other things, a warning letter, an administrative fine, temporary business closure, and/or suspension or revocation of the industrial company’s IUI.

## Industrial Standardization

The Industry Law requires industrial standardization pursuant to the Indonesian National Standard (*Standar Nasional Indonesia* or “SNI”). SNI is a standard stipulated by the National Standardization Body and applies nationwide. SNI is regulated under Government Regulation No. 102 of 2000 on National Standardization (“GR 102/2000”). Pursuant to the Industry Law and GR 102/2000, implementation of SNI by industrial companies is voluntary. Goods and/or services which are in compliance with SNI may be granted a certificate and/or affixed with the SNI sign.

In certain cases, SNI is compulsory, such as for matters relating to (i) the security, health and safety of humans, animals and plants, (ii) environmental conservation, (iii) fair competition, (iv) enhancement of competition and/or (v) improvement of industrial efficiency and performance. Goods and/or services which are in compliance with compulsory SNI must be equipped with a certificate and/or affixed with the SNI sign. An industrial company producing, importing and/or marketing goods and/or services which are not in compliance with compulsory SNI is required to withdraw the relevant goods and/or services and/or to cease activities in the industrial service in question. Pursuant to the Industry Law, administrative and/or criminal sanctions may be imposed on an industrial company which fails to do so, as well as on industrial companies affixing SNI signs to industrial goods and/or services which are not in compliance with the SNI requirements. Administrative sanctions can take the form of written warnings, administrative fines, temporary closure of business activities, and/or suspension and revocation of the industrial company’s IUI, while criminal sanctions can take the form of imprisonment and monetary sanction.

A compulsory SNI is also required for activities relating to water closet products by a company and its subsidiaries (SNI 03-0797-2006), as regulated under MOI Regulation No. 83/M-IND/PER/8/2012 on the Implementation of Compulsory SNI for Water Closet (“MOI Reg 83/2012”) and MOI Regulation No. 81/M-IND/PER/9/2015 on the Implementation of Compulsory SNI for Ceramics, as amended by MOI Regulation No. 01/M-IND/PER/1/2016 (“MOI Reg 81/2015”). MOI Reg 83/2012 and MOI Reg 81/2015 require that companies producing or importing water closets must implement SNI by (i) obtaining a Certificate of Product for the Usage of SNI Signs in Water Closets and (ii) affixing SNI signs on the packaging of water closet products. The obligation to satisfy the SNI requirement was imposed as of January 1, 2013. Further, companies producing or importing water closets are required to submit (i) periodic reports on production output for domestic water closet producers or (ii) periodic reports on import levels for importers of the foreign water closet producers to the Directorate General of Chemical Textile and Miscellaneous Industry of MOI. Failure to comply with reporting obligations may result in the imposition of administrative sanctions on the relevant industrial company pursuant to the provisions of Industry Law.

## Health and Safety Permits

Companies engaged in manufacturing activities are required to ensure the safety of their employees in the workplace. Steam boiler and steam vessel permits, cargo lift permits, forklift permits, lighting arrester installations, electrical installations, diesel motor permits and fire extinguisher licenses are examples of technical licenses required for each plant of manufacturing companies to ensure the safety of its employees. As regulated under Law No. 1 of 1970 on Work Safety, failure to obtain such licenses and failure to comply with regular examination and reporting obligations may subject the board of directors of the relevant company up to a maximum term of three months of imprisonment or fines of up to Rp. 100,000. In practice, the maximum sanction is not commonly implemented. However, officials of the Regional Manpower Office may at any time examine the relevant business unit to check for compliance and may temporarily suspend utilisation of the machinery which has not satisfied the periodic report or examination requirements. Further, the Labor Law stipulates that an employer must provide its employees protection of health and safety at work. It also stipulates that every company must implement a management system for health and safety at work as further regulated under

Government Regulation No. 50 of 2012 on The Implementation of Management Systems for Health and Safety at Work. Failure to implement such a system by a company may result in administrative sanctions as set out under the Labor Law in any form, from a warning to the revocation of its business license.

### **Environmental Related Licenses**

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including, among others:

- (i) Law No. 32 of 2009 on Environment Protection and Management (the “**Environmental Law**”);
- (ii) State Minister of Environmental Affairs Regulation No. 5 of 2012 on Type of Planned Business and/or Activities Subject to Mandatory Environmental Impact Assessment (“**Reg 5/2012**”);
- (iii) Government Regulation No. 27 of 2012 on Environmental Licenses (“**GR 27/2012**”);
- (iv) State Minister of Environmental Affairs Regulation No. 16 of 2012 on Guidance to Draft Environmental Documents (“**Reg 16/2012**”); and
- (v) State Minister of Environmental Affairs Regulation No. 8 of 2013 on Procedures for Assessing and Examining Environmental Documents as well as the Issuance of Environmental Licenses (“**Reg 8/2013**”).

According to the Environmental Law, any party conducting any business and/or activity that may have a major and substantial impact on the environment is required to obtain an Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan* or “**AMDAL**”). The criteria of “major and substantial environmental impact” include: (i) where a change in morphology and topography occurs; (ii) where the exploitation of natural resources is involved (whether renewable or non-renewable); (iii) where there is a potential for pollution or environmental damage, as well the degradation of natural resources; (iv) where there is a potential impact on the natural environment, man-made environment or socio-cultural environment; (v) where resources and/or nature conservation areas are affected; (vi) where the introduction of a new species of flora, fauna or microorganism is involved; (vii) where the production and use of biological and non-biological materials occurs; (viii) where the application of technology has a potentially significant effect on the environment; and (ix) where the activities entail a high level risk and/or affect state security. The types of businesses and activities that are required to obtain an AMDAL are stipulated under Reg 5/2012.

An AMDAL consists of: (i) Terms of Reference (*Kerangka Acuan*); (ii) Environmental Impact Study (*Analisis Dampak Lingkungan/Andal*); and (iii) Environmental Management Plan (*Rencana Pengelolaan Lingkungan/RKL*) — Environmental Monitoring Plan (*Rencana Pemantauan Lingkungan/RPL*). The AMDAL approval is granted in form of an Environmental Feasibility Decree issued by the Minister of Environment and Forestry (the “**MOEF**”), governor, or regent/major pursuant to their respective authorities.

In the event that a company’s business is not subject to AMDAL, it must instead prepare an Environmental Management Plan and Environmental Monitoring Plan (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or “**UKL-UPL**”). The UKL-UPL approval is granted in the form of a UKL-UPL Recommendation, issued by the MOEF, governor, or regent/major pursuant to their respective authorities. If the business and/or activity do not require a UKL-UPL, the company is required to provide a Statement Letter on the Undertaking of Environmental Management and Monitoring (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* or “**SPPL**”).

Based on the Environmental Law, remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal sanctions and fines and the cancellation of approvals) may also be imposed to remedy or prevent pollution caused by operations. Criminal sanctions range from one to 15 years of imprisonment, applicable to the management of the relevant company, and/or fines ranging from Rp. 500 million to Rp. 15 billion. A fine may be imposed in lieu of performance of an obligation to rehabilitate damaged areas. The Environmental Law also requires licensing of all waste disposals. Waste disposals may only be deposited in specified locations determined by the MOEF.

The Environmental Law further stipulates that all companies with business licenses but without either an AMDAL or UKL-UPL within the last two years from the enactment of the Environmental Law (at the latest on October 3, 2011) are required to either (i) complete the environmental audit if they need an AMDAL, or (ii) prepare an environment management document if they need a UKL-UPL. Furthermore, under the Environmental Law, companies are required to integrate their current environmental permits (AMDAL or UKL-UPL) into an Environmental License within one year of the enactment of the Environmental Law. Under GR 27/2012, any company and/or activity that is required to obtain an AMDAL or UKL-UPL is also required to obtain an Environmental License issued by the MOEF, governor, or mayor/regent, as applicable. Pursuant to the closing provisions of GR 27/2012, the environmental document approval (e.g. Environmental Feasibility Decree or UKL-UPL recommendation) obtained by the companies prior to the issuance of this regulation (i.e., 23 February 2012) will remain valid and be deemed equivalent to an Environmental License. The holder of an Environmental License is required to submit periodic reports regarding its compliance to the authority who issued the license.

In addition, an Environmental License is a prerequisite to obtaining an operational business license and expires concurrently with such operational business license. As such, if an Environmental License is revoked, the business license will also be revoked. Companies that fail to comply with their obligations under the Environmental License are subject to administrative sanctions, which may be in the form of: (i) a written warning; (ii) government orders; (iii) suspension of the Environmental License; or (iv) revocation of the Environmental License.

### **Waste Water Disposal**

Waste water disposal is further regulated by Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control (“**GR 82/2001**”). In general, GR 82/2001 requires responsible parties, including manufacturing companies, to provide true and accurate information on a party’s water quality management and water pollution control. GR 82/2001 also requires a responsible party to submit reports regarding its disposal of waste water and compliance with the relevant regulations.

Under GR 82/2001, there are several permits related to waste water disposal that are required if a company disposes the waste water into the water surface or springs., which consist of: (i) License to Utilise Waste Water on the Ground (*Izin Pemanfaatan Air Limbah pada Tanah*); and (ii) License to Dispose Waste Water into the Water or Water Source (*Izin Pembuangan Air Limbah ke Air atau Sumber Air*), GR 82/2001 stipulates that a holder of a License to Utilise Waste Water on the Ground and/or License to Dispose Waste Water into the Water or Water Sources must submit quarterly reports to the respective regent(s)/mayor(s) regarding its compliance with the requirements as stipulated by the licenses and to monitor as well as report the results to the respective regent(s)/mayor(s). The responsible party for waste water disposal must prevent water pollution. The issuance of any approval of waste water disposal will be based on the evaluation of AMDAL/UKL-UPL documents. Further, State Minister of Environmental Affairs Regulation No. 1 of 2010 on Procedures for Water Pollution Control stipulates that the License to Dispose Waste Water into the Waters or Water Sources is valid for five years. GR 82/2001 provides that failure to comply with the obligations as mentioned above

may subject a company to an administrative sanction is in the form of: (i) a warning letter; (ii) temporary suspension of business activity; or (iii) the revocation of its business license. Offenses resulting in water pollution may expose the management of a company to criminal sanctions in accordance with the provisions of the Environmental Law.

### **B3 Classified Waste Management Licenses**

The Environmental Law requires the producer of B3 classified waste to be responsible for the management of such B3 classified waste. The management of B3 classified waste constitutes a series of activities consisting of the reduction, storage, collection, transportation, utilisation and/or treatment, including waste stockpiling, of B3 classified waste. In the event that a producer of B3 classified waste is unable to manage the B3 classified waste, then the producer may assign the management to a third party.

The management of B3 classified waste is regulated under Government Regulation No. 101 of 2014 on the Management of B3 Classified Waste (“**GR 101/2014**”). Pursuant to GR 101/2014, the licenses related to the management of B3 classified waste are, among others:

- (i) B3 Classified Waste Storage License;
- (ii) B3 Classified Waste Collection License;
- (iii) B3 Classified Waste Transportation License;
- (iv) B3 Classified Waste Utilisation License;
- (v) B3 Classified Waste Treatment License;
- (vi) B3 Classified Waste Stockpiling License; and
- (vii) B3 Classified Waste Disposal License.

According to the Environmental Law, failure to perform B3 Classified Waste management activities by a company which produces such waste during the course of its business activities may result in the imposition of criminal sanctions on the management of the company in the form of imprisonment for a maximum of three years and a fine of up to Rp. 3 billion.

### **Underground Water Permit**

Pursuant to Government Regulation No. 43 of 2008 on Underground Water, companies that extract underground water for manufacturing purposes require an Underground Water Extraction Permit (*Surat Izin Pengambilan Air Bawah Tanah* or “**SIPA**”), which is valid for three years. As a means of supervision by the regional government, a SIPA holder is required to submit monthly reports on the use of underground water to the regent/mayor at the relevant location. Extraction and/or utilisation of underground water without this permit may result in the suspension of the business activity and revocation of a company’s business license. Failure to comply with the requirement to obtain SIPA and/or failure to report the use of underground water may lead to administrative sanctions in the form of, among others: written warnings, temporary suspension of business activities, and revocation of the SIPA.

## MANAGEMENT

In accordance with Indonesian law, we have a Board of Directors and a Board of Commissioners. The two boards are separate and no individual may be a member of both boards.

The Company's Board of Directors is composed of ten members, while the Company's Board of Commissioners is composed of three members. Our directors and commissioners are elected for a term of three years, or until the closing of the general meeting of shareholders at the end of such term of office, without prejudice to the rights of the general meeting of shareholders to dismiss a commissioner or director during his or her term of office or to reappoint a commissioner or director whose term of office has expired. Our officers serve at the discretion of the Board of Directors.

The rights and obligations of each member of the Board of Directors and Board of Commissioners are regulated by the Company's Articles of Association and by the decisions of general meetings of our shareholders. Under the Company's Articles of Association, the Boards of Directors must consist of at least three members, consisting of one President Director, one Vice President Director, and at least one Director. The President Director is entitled to act for and on behalf of the Board of Directors and represents us. In the event that the President Director is absent or unavailable due to any causes, the Vice President Director is entitled to act for and on behalf of the Board of Directors and represents us. Further, in the event that the Company's President Director and Vice President Director are absent or unavailable due to any causes, members of the Company's Board of Directors appointed in writing by the President Director or the Vice President Director are entitled to act for and on behalf of the President Director or the Vice President Director.

### Directors

The Board of Directors manages our day-to-day operations and is appointed by our shareholders at a general meeting of our shareholders. The Board of Directors is responsible for the management of our business and appoints our principal senior management.

The table below sets forth, as of the date of this Offering Circular, the names, positions and ages of our directors, as well as the date of their appointment to their current role. The term of office for directors is for the period of three years or until the closing of the Annual General Meeting of Shareholders at the end of the relevant term of office, subject to the ability of shareholders at a general meeting to dismiss a director during his or her term of office or to reappoint a director whose term of office has expired. All of our directors were appointed at an extraordinary general meeting of shareholders. The business address of all our directors is our registered address in Jakarta.

Name	Position	Age	Year of Board Appointment
Tjahjono Alim . . . . .	President Director	68	1982
Efendy Gojali . . . . .	Vice President Director	74	1981
Willianto Alim . . . . .	Vice President Director	35	2016
Anton Budiman . . . . .	Director	59	2016
Irene Hamidjaja . . . . .	Director	53	2017
Iwan Tjahjadi . . . . .	Director	46	2016
Johan Gojali . . . . .	Director	37	2013
Reinhart Muljadi . . . . .	Director	47	2016
Umarsono Andy . . . . .	Director	51	2016
Prof. Dr. Gunadi. Msc. Ak .	Independent Director	69	2018

A brief biography of each of the directors is provided below.

### ***Tjahjono Alim***

Tjahjono Alim has been the President Director of the Company since 1982. Mr. Alim began his career at the Company in 1979 as a member of the marketing team and was appointed as President Director in 1981. He also served as a Director from 1990 to 2013 of PT Multifortuna Asindo and has served as a Commissioner of PT Multifortuna Asindo since 2014.

### ***Efendy Gojali***

Efendy Gojali has been the Vice President Director of the Company since 1997. Mr. Gojali began his career at CV Surya in 1976 as a member of the finance team and at the Company in 1979, and in 1981 he was promoted to Director.

### ***Willianto Alim***

Willianto Alim has been the Vice President Director of the Company since 2016. Mr. Alim began his career at the Company in 2004 as marketing officer (supervisor). He also served as the Director from 2013 to 2016. Mr. Alim received his Bachelor of Science degree in Finance in 2003 from Ohio State University, USA.

### ***Anton Budiman***

Anton Budiman has been a Director of the Company since 2016. Mr. Budiman is also currently serving as a Director for Surya Toto Indonesia, President Director of PT Dian Surya Global, a Director of PT Multifortuna Asindo and Vice President Director of PT Surya Siam Keramik. Previously, he served as a Commissioner for Surya Toto Indonesia from 2012 to 2013 and Vice President Director of PT Doulton Indonesia from 1995 to 1998.

### ***Irene Hamidjaja***

Irene Hamidjaja has been a Director of the Company since 2017. Ms. Hamidjaja has served as the Compliance Director in several foreign and multinational banks, including Citibank, N.A. from 2002 to 2004, PT. Bank Commonwealth from 2004 to 2008 and PT. Bank Andara from 2009 to 2012, as Finance Director in a multi-industry company from 2012 to 2014 and an independent business consultant from 2015 to 2016. Ms. Hamidjaja received her Bachelor of Science degree in Accounting in 1987 from the University of New Orleans, USA.

### ***Iwan Tjahjadi***

Iwan Tjahjadi has been a Director of the Company since 2016. Mr. Tjahjadi began his career at the Company in 1998 as an export-import assistant manager. Mr. Tjahjadi received his Bachelor of Business degree in 1996 from RMIT University Melbourne, Australia.

### ***Johan Gojali***

Johan Gojali has been a Director of the Company since 2013. Mr. Gojali began his career at the Company in 2008 as retail sales officer (supervisor). Mr. Gojali received his Bachelor of Science in Mathematics in 2004 from University of Sydney, Australia.

### ***Reinhart Muljadi***

Reinhart Muljadi has been a Director of the Company since 2016. Mr. Muljadi began his career at the Company in 1990 as a sales staff. He also served as sales manager from 2010 to 2016. From 1989 to 1992, Mr. Muljadi attended Universitas Bina Nusantara, Indonesia.

### ***Umarsono Andy***

Umarsono Andy has been a Director of the Company since 2016. Mr. Andy began his career at Surya Toto Indonesia in 1988 as an export-import manager. He also served as Vice President Commissioner of Surya Toto Indonesia from 2008 to 2013 and as a Commissioner since 2013. Mr. Andy received his Bachelor's degree in Finance from California State University, USA.

### ***Prof. Dr. Gunadi, MSc., Ak***

Prof. Dr. Gunadi, MSc., Ak has been the Independent Director of the Company since February 2018. Dr. Gunadi previously served as Director of Tax Investigations from 2001 to 2006, Directorate General of Taxes; Commissioner of PT Timah from 2003 to 2006; Director of Tax Regulations in 2006, Directorate General of Taxes; Deputy Head of Indonesian Financial Transaction Reports and Analysis Center from 2006 to 2011; and as a member of the Board of Commissioners in PT Fastindo and Senior Advisor to J&L Consultant from 2015 to 2016. He is also currently serving as the Deputy Head of Tax Supervisory Committee of the Ministry of Finance and Senior Advisor to several consultant offices.

## **Commissioners**

The principal function of the Board of Commissioners is to give recommendations to, and supervise the policies of, the Board of Directors. Members of the Board of Commissioners are appointed by our shareholders at a general meeting of shareholders. The term of office for commissioners is for the period of three years or until the closing of the Annual General Meeting of Shareholders at the end of the relevant term of office, without prejudice to the ability of shareholders at a general meeting to dismiss a commissioner during his or her term of office or to reappoint a commissioner whose term of office has expired.

The table below sets forth, as of the date of this Offering Circular, the names, positions and ages of our commissioners.

<b>Name</b>	<b>Position</b>	<b>Age</b>	<b>Year of Commission Appointment</b>
Mardjoeki Atmadiredja . . .	President Commissioner	70	1982
Usman Andy . . . . .	Vice President Commissioner	56	2016
Goh Poh Heng (Matthew) .	Independent Commissioner	55	2018

A brief biography of each of the commissioners is provided below.

### ***Mardjoeki Atmadiredja***

Mardjoeki Atmadiredja has been President Commissioner of the Company since 2013. He previously served as the President Director of Surya Toto Indonesia from 1977 to 2012 and served as the President Commissioner of Surya Toto Indonesia since 2013.

### ***Usman Andy***

Usman Andy has been a commissioner of the Company since 2016. He was previously a Director of the Company from 1997 to 2016. He also served as the President Director of Suryaparamitra Abadi Group of Companies since 1989. Mr. Andy received his Bachelor's degree in Marketing in 1986 from California State University, USA.

### ***Goh Poh Heng (Matthew)***

Goh Poh Heng has been a commissioner of the Company since February 2018. He previously served as Senior Advisor to PT Makinta Securities from 1997 to 2014. He is also currently serving as the Investment Director of Crest Capital Asia Pte Ltd, Singapore, since 2015. Mr. Goh has a Master of Business Administration (emphasis in International Finance) from Eastern Michigan University, USA, which he received in 1988.

## Commissioners and Directors Compensation

During the year ended 2017, our Directors and Commissioners received aggregate remuneration of Rp. 25,736,266,122 (US\$1,899,635.8). Our Directors are given a salary and/or an allowance the amount of which is determined by our shareholders at a general meeting, however this authority has been be delegated to our Commissioners.

## Internal Audit

In accordance with the OJK Regulation No. 56/POJK.04/2015 on Formation and Guidelines of Internal Audit Charter concerning Formation and Preparation Guideline of Internal Audit Unit Charter (“**OJK Regulation No. 56/2015**”) and IDX Listing Regulation No. I-A, we have set up an internal audit division and appointed Mr. Hody Mardito as the head of the internal audit division.

The main duties of the internal audit division include:

- preparing and implementing an annual internal audit plan;
- examining and evaluating the effectiveness of the internal control and risk management system in accordance with company policy;
- conducting audits on compliance of company budgeting and external audit processes with certain rules and regulations;
- reviewing and evaluating efficiency and effectiveness in the areas of finance, accounting, operations, human resources, marketing, information technology, and other activities;
- providing objective advice and information on audited operations at all management levels;
- reporting audit findings and furnishing such reports to the president director and the Board of Commissioners;
- overseeing, analyzing and reporting on the implementation of the suggestions;
- working closely with the audit committee;
- developing programs to evaluate the quality of the internal audit actions performed by the internal audit division; and
- conducting special audits, where necessary.

The internal audit unit has authority to:

- access all relevant documents and records of the Company, and to request information concerning the Company in relation to the internal audit unit’s duties and functions;
- directly communicate to the Board of Directors, Board of Commissioners, and/or the Audit Committee;
- conduct periodical and incidental meetings with the Board of Directors, Board of Commissioners, and/or the Audit Committee; and
- coordinate its activities with external auditors.

We have prepared an Internal Audit Charter in accordance with OJK Regulation No. 56/2015 which has been adopted by our Board of Directors and approved by our Board of Commissioners on March 5, 2018 by signing such Internal Audit Charter.

## Audit Committee

We have established an Audit Committee, approved by our Board of Commissioners pursuant to our Board of Commissioners Decree No. SPTBK-002/03/2018 dated March 5, 2018. The establishment of our Audit Committee conforms with OJK Regulation No. 55/POJK.04/2015 on the Formation and Working Guidelines of Audit Committees ("**OJK Regulation No. 55/2015**").

The members of the Company's Audit Committee are:

Chairman: Goh Poh Heng (Matthew)

Member: Gunawan Sumana

Member: Paulus Soelistyo

The main duties of the Audit Committee are providing independent opinions to the Board of Commissioners and identifying matters that require the Board of Commissioners' attention, as well as exercising its duties related to the duties of the Board of Commissioners, include:

- reviewing financial information to be published by the Company, such as financial statements, projections and other financial information;
- conducting reviews together with the Board of Directors on the disclosure of information provided by the Company to the capital market authority, investor and public in accordance with the applicable laws and regulations;
- requesting the internal audit division to review the implementation of risk management and internal control system and its effectiveness;
- reporting to the Board of Commissioners on the risks faced by the Company and the implementation of risk management by the Board of Directors;
- providing recommendations to the Board of Commissioners on the public accountant appointment and its professional fee;
- reviewing the performance, independency and objectivity of the public accountant;
- reviewing the assessment conducted by the public accountant to ensure that all material risks have been considered;
- communicating with the public accountant by referring to the standard auditing (SA 380);
- reviewing the assessment implementation by the audit internal division;
- reviewing the performance and independency of the audit internal division;
- communicating with the audit internal division;
- discussing with the Board of Directors on the audit process;
- appointing the audit internal division as the supervisor and investigator to supervise the implementation of recommendations provided by either the external auditor and internal auditor;
- reviewing and revising the internal audit charter annually or as deemed necessary;
- reviewing compliance rate of the Company towards the applicable laws and regulations and code of conduct of the Company;

- assessing any allegation of false/mistake in the Board of Directors' decree or violation in the implementation of the Board of Directors' decree; and
- reviewing and reporting to the Board of Commissioners on any warning related to the Company.

The Audit Committee has the right to obtain records and information about employees, funds, assets as well as other Company resources that pertain to the execution of the responsibilities of the Audit Committee.

In carrying out the aforementioned responsibilities, the Audit Committee will be assisted by the internal audit unit of the Company.

The Audit Committee is required to conduct at least one meeting every three months. The matters discussed at such meetings are documented in meeting minutes which are signed by all committee members who are present. The Audit Committee is required to compile an annual report of its activities for the Board of Commissioners which would be included in the Company's annual report.

### **Nomination and Remuneration Committee**

Under OJK Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of the Issuer or Public Company, dated December 8, 2014, for the purposes of implementing good corporate governance, an issuer or a public company is required to have the function of nomination and remuneration conducted by the board of commissioners.

The board of commissioners may form a nomination and remuneration committee consisting of at least three members, with an independent commissioner acting as the head of the committee, while the other members may be: (i) members of the board of commissioners; (ii) outside the relevant issuer or public company; or (iii) serving managerial positions under the board of directors in charge of human resources. However, the function of nomination and remuneration of the Company will be directly conducted by our Board of Commissioners.

### **Corporate Secretary**

In accordance with IDX Listing Regulation No. I-A and OJK Regulation No. 35/POJK 04/2014 on Corporate Secretary of Issuer or Public Company dated December 8, 2014, we have appointed Irene Hamidjaja as our Corporate Secretary to liaise (on our behalf) with OJK, IDX and other related public institutions, based on our Board of Director Decree No. SPTBK-004/03/2018 dated March 5, 2018 on the Corporate Secretary Appointment.

## PRINCIPAL SHAREHOLDERS

As of March 31, 2018, our authorized share capital is Rp. 800,000,000,000, consisting of 8,000,000,000 common shares of par value Rp. 100 each, and our issued share capital consists of 2,000,000,000 common shares, all of which are fully subscribed and paid for and none of which have been listed on any securities exchange. After the completion of the Offering, we will have 2,700,000,000 shares outstanding.

The table below sets forth certain information with respect to the share ownership of our Company immediately prior to the Offering and immediately after the Offering.

Shareholders	Actual		After the Offering	
	Number of shares	Percentage of shares	Number of shares	Percentage of shares
PT Multifortuna Asindo . . . . .	1,000,000,000	50.0	810,000,000	30.0
PT Suryaparamitra Abadi . . . . .	1,000,000,000	50.0	810,000,000	30.0
Public shareholders . . . . .	—	—	1,080,000,000	40.0
<b>Total . . . . .</b>	<b><u>2,000,000,000</u></b>	<b><u>100.0 %</u></b>	<b><u>2,700,000,000</u></b>	<b><u>100.0 %</u></b>

### Description of Principal Shareholders

PT Multifortuna Asindo is a limited liability company incorporated in Indonesia, 50.0% of whose shares are indirectly beneficially owned by our President Commissioner, Mardjoeki Atmadiredja, and his family, and 40.0% of whose shares are indirectly beneficially owned by Anton Budiman, one of our directors, and his family and by Benny Suryanto and his family. The remaining 10.0% of PT Multifortuna Asindo are owned by Tjahjono Alim, our President Director. Mardjoeki Atmadiredja holds a controlling share in PT Multifortuna Asindo.

PT Suryaparamitra Abadi is a limited liability company incorporated in Indonesia, which is beneficially owned by Usman Andy, one of our commissioners and his family. Usman Andy owns 29.2% of PT Suryaparamitra Abadi. Umarsono Andy, one of our directors and a brother of Usman Andy, owns 28.8% of PT Suryaparamitra Abadi. Efendy Gojali, one of our Vice President Directors and son-in-law to Usman Andy, owns 10.0% of PT Suryaparamitra Abadi.

Mardjoeki Atmadiredja, Benny Suryanto and Anton Budiman are brothers and Usman Andy is their nephew.

## RELATED PARTY TRANSACTIONS

Under BAPEPAM-LK Regulation No. IX.E.1, there are two types of related party transactions, namely, affiliated party transactions and conflict of interests transactions. BAPEPAM-LK Regulation No. IX.E.1 defines a “transaction” as activities related to:

- providing and/or receiving loans;
- acquiring, disposing of or utilizing assets, including in the context of guarantees;
- acquiring, disposing of or utilizing services or securities of a company or controlled company; or
- entering into contracts in relation to the abovementioned points,

whether implemented as a single transaction or a series of transactions for a certain objective or activity.

### Affiliated Party Transactions

An “affiliated party transaction” is defined under BAPEPAM-LK Regulation No. IX.E.1 as a transaction conducted between a company listed on the IDX or a controlled company of the listed company, and an affiliate of the listed company or an affiliate of a member of the listed company’s Board of Directors/Board of Commissioners, or a substantial shareholder (being a shareholder who, directly or indirectly, owns at least 20% of the issued shares, with voting rights in the listed company or such other lower threshold as determined by OJK). A “controlled company” means a company controlled either directly or indirectly by a listed company.

Affiliated party transactions (which do not involve a conflict of interest) do not require the approval of independent shareholders. Generally, detailed information and a summary of the appraisal report of the transaction must be publicly announced. Such announcement is required to be reported to the OJK within two business days of the transaction, together with evidence and supporting documents (including the fairness opinion from an independent appraiser). The information required to be included in such report is regulated under the BAPEPAM-LK Regulation No. IX.E.1.

There are several exemptions provided under BAPEPAM Regulation No. IX.E.1 for certain affiliated transactions. If an exemption is available, the transaction will either be exempted from both the requirement for public announcement and reporting to OJK, or exempted from the requirement for public announcement but still subject to the requirement to report the transaction to OJK.

- (i) Transactions that are required to be reported to OJK, but not publicly announced, include, among others: (i) any transaction concluded to satisfy any obligation under any applicable laws and regulations or court order; (ii) any transaction with a value of less than 0.5% of the total paid-up capital of the listed company not exceeding Rp5 billion; or (iii) any transaction between the listed company and its controlled entity/company where the listed company owns at least 99.0% shares in such entity/company.

- (ii) Transactions that are not required to be disclosed to the public or reported to OJK include, among others: (i) any transaction that constitutes the core business of the listed company or its controlled company; (ii) any transaction that constitutes supporting activities of the core business of the listed company or its controlled company; or (iii) ongoing transactions that have occurred before the initial public offering of the listed company or before the submission of the registration statement that has been disclosed in the initial public offering prospectus, **provided that** the terms and conditions of the transactions have not changed in a manner that may cause any loss to the listed company.

### **Conflict of Interest Transactions**

The occurrence of a “conflict of interest” is determined by an independent appraiser and defined in BAPEPAM-LK Regulation No. IX.E.1 as a conflict between the economic interests of a company, on the one hand, and the personal economic interests of any member of its board of commissioners, board of directors or substantial shareholders (defined as a holder of 20.0% or more of the issued shares) which results in losses to the company. OJK has the power to enforce this rule, and our shareholders may also bring enforcement action based on this rule.

Any transaction by a company listed on the IDX which entails a conflict of interest must be approved by a majority of the shareholders not party to the proposed transaction involving such conflict of interest.

We are a party to a number of transactions with our affiliates, including Surya Toto Indonesia, TOTO Japan, Surya Pertiwi Nusantara, Surya Graha Pertiwi, PT Multi Surya Properti, and PT Setia Perkasa Cemerlang.

We believe that each of these arrangements has been entered into on arm’s length terms or on terms that we believe are at least as favorable to us as similar transactions with non-related parties would be. For a further discussion of related party transactions, see Note 29 to our consolidated financial statements each as of and for the years ended December 31, 2015, 2016 and 2017 included elsewhere in this Offering Circular. A brief description of our significant related party transactions (as described under BAPEPAM-LK Regulation No. IX.E.1) is provided below.

### **Surya Toto Indonesia**

On December 30, 2015, we entered into a sole agent agreement with Surya Toto Indonesia, most recently amended on December 5, 2017, whereby Surya Toto Indonesia appointed us as its exclusive and sole agent for the distribution, promotion and marketing of TOTO products manufactured by Surya Toto Indonesia in Indonesia. Under this agreement, Surya Toto Indonesia gives us certain discounts from the applicable retail price (excluding value added tax). Depending on market conditions, Surya Toto Indonesia has the sole right to determine and publish the suggested price list and reserves the right to change the price list at any time with two months’ notice to us. Surya Toto Indonesia is responsible for the advertising campaign for its products, catalogues, calendars and other printed media and will provide us with market research and technical support. Under the terms of this agreement, Surya Toto Indonesia provides a warranty period of five years for the products that it manufactures, in which Surya Toto Indonesia undertakes to deliver replacements and spare parts to Surya Pertiwi. The agreement may be terminated by either party prior to its expiration, and may be terminated if a party is unable to pay its debts, if bankruptcy proceedings concerning the other party are initiated, if the other party is in material or repeated breach of its contractual obligations or if there is a significant change in the ownership or management conditions of the other party. This agreement is valid until December 31, 2026.

On February 2, 2017, Surya Graha Pertiwi entered into a long term loan agreement with Surya Toto Indonesia, pursuant to which Surya Toto Indonesia has agreed to provide a loan to Surya Graha Pertiwi in the maximum amount of Rp. 190,000,000,000 for the purpose of constructing an office building in West Jakarta. The term of the loan agreement is 10 years and the last repayment date is scheduled for October 1, 2025.

On December 5, 2017, Surya Graha Pertiwi entered into a Memorandum of Understanding with Surya Toto Indonesia, pursuant to which Surya Graha Pertiwi has agreed to lease 50% of the total space in the Surya Graha Pertiwi's office building in West Jakarta, currently under construction, to Surya Toto Indonesia.

On February 2, 2017, Surya Pertiwi Nusantara entered into a long term loan agreement with Surya Toto Indonesia, pursuant to which Surya Toto Indonesia has agreed to provide a loan to Surya Pertiwi Nusantara in the maximum amount of Rp. 269,500,000,000 for the purpose of constructing our Surabaya factory. The term of the loan agreement is 10 years and the last repayment date is scheduled for October 1, 2026.

### **TOTO Japan**

On November 28, 2016, Surya Pertiwi Nusantara and TOTO Japan entered into a trademark license agreement pursuant to which TOTO Japan granted Surya Pertiwi Nusantara a non-exclusive and non-transferrable license to use the "TOTO" trademark in Indonesia for the purpose of manufacturing sanitary products in Surya Pertiwi Nusantara's factory in Surabaya. Under the terms of the agreement, Surya Pertiwi Nusantara agrees to pay a trademark license fee as based on a percentage of the net sales amount from the sale of sanitary products by SPN. This trademark license agreement is valid until October 31, 2021, with the option to renew upon discussion by TOTO Japan and Surya Pertiwi Nusantara, at least six months prior to the expiry date. This agreement may be terminated in the event that, among other things, (i) TOTO Japan is no longer a shareholder in Surya Toto Indonesia and (ii) Surya Toto Indonesia is no longer a shareholder in Surya Pertiwi Nusantara.

### **Surya Pertiwi Nusantara**

On February 2, 2017, Surya Pertiwi Nusantara entered into a long term loan agreement with Surya Pertiwi, pursuant to which Surya Pertiwi has agreed to provide a loan to Surya Pertiwi Nusantara in the maximum amount of Rp. 280,500,000,000 for the purpose of construction of Surabaya factory. The term of the loan agreement is 10 years and the last repayment date is scheduled for October 1, 2026.

### **Surya Graha Pertiwi**

On February 2, 2017, Surya Graha Pertiwi entered into a long term loan agreement with Surya Pertiwi, pursuant to which Surya Pertiwi has agreed to provide a loan to Surya Graha Pertiwi in the maximum amount of Rp. 190,000,000,000 for the purpose of construction of office building in West Jakarta. The term of the loan agreement is 10 years and the last repayment date is scheduled for October 1, 2025.

### **Lease Agreements with PT Multi Surya Properti**

On January 2, 2018, we entered into four lease agreements with MSP, an affiliate company, for the lease of office spaces and warehouses in Jakarta and Surabaya as set out below:

<b>Warehouse Address</b>	<b>Type of Premise</b>	<b>Area (sq.m)</b>	<b>Lease Fee (Rupiah, exclusive of VAT)</b>
Jalan Raya Daan Mogot KM 18, West Jakarta . . . . .	Warehouse	13,660	7,400,000,000
Jalan Tomang Raya No. 16-18, Jatipulo, Palmerah, West Jakarta . . . . .	Office Space	3,511	12,500,000,000
Jalan Pemuda/Gubernur Suryo No. 1G-1H, Surabaya. . . . .	Office Space	1,051	1,400,000,000
Jalan Margomulyo Industri Raya, Surabaya . . . . .	Warehouse	2,849	2,000,000,000

The lease agreements expire on December 31, 2018.

### **Lease Agreements with PT Setia Perkasa Cemerlang (“SPC”)**

On January 2, 2018, we entered into a lease agreement with SPC, an affiliate company, for the lease of a 2,341 sq.m showroom area at Jalan Pintu Besar Selatan No. 74, West Jakarta. The lease under this agreement is Rp. 2,400,000,000, exclusive of value added tax. This agreement is valid up to December 31, 2018.

## DESCRIPTION OF OUR MATERIAL AGREEMENTS

The following chapter summarizes certain of our material agreements. This description is a summary and should not be considered to be a full statement of the terms and conditions of such agreements.

### **Credit Agreements**

#### ***PT Bank OCBC NISP Tbk (“OCBC NISP”) Loan Agreement***

On July 18, 2017, we entered into a loan agreement with OCBC NISP pursuant to which OCBC NISP agreed to provide us with (i) an overdraft credit facility of up to Rp10,000,000,000; (ii) a demand loan facility of up to Rp. 40,000,000,000; (iii) a combined trade facility (consisting of letter of credit and bank guarantee) of up to Rp. 40,000,000,000. These facilities expire on July 18, 2018 or by early termination as agreed by the parties. We obtained written consent from OCBC NISP on February 5, 2018 to change our management and shareholder compositions, as well as a written waiver of our obligation to provide prior notice to OCBC NISP in the event that we intend to pay a dividend.

#### ***PT Bank Mizuho Indonesia (“Mizuho”) Credit Facility Agreement***

On December 5, 2016, we entered into a credit facility agreement with Mizuho as amended on May 22, 2017 and December 5, 2017 pursuant Mizuho agreed to provide us with (i) a bank guarantee facility up to US\$10,000,000 or its equivalent in other currencies acceptable to Mizuho; (ii) a revolving loan facility up to US\$10,000,000 or its equivalent in other currencies acceptable to Mizuho; and (iii) a term loan facility up to US\$10,000,000 or its equivalent in Rupiah. These facilities expire on December 5, 2018, December 5, 2018 and June 4, 2022, respectively, or by early termination by Mizuho pursuant to circumstances set forth under the credit facility agreement. We have obtained written consent from Mizuho on February 28, 2018 to change our status to become a listed company.

#### ***PT Bank HSBC Indonesia (“HSBC”) Corporate Facility Agreement***

On March 22, 2012, we entered into a corporate facility agreement with PT Bank Ekonomi Raharja Tbk (which later merged with HSBC), as restated and amended on May 24, 2017 and most recently amended on March 20, 2018. Under the terms of the agreement, HSBC has agreed to provide us with the following facilities with a combined limit of Rp. 102,800,000,000: (i) a revolving loan facility of up to Rp. 10,000,000,000; (ii) a bank guarantee facility of up to Rp. 102,800,000,000; and (iii) a financing against receivables of up to Rp. 67,000,000,000. Under the agreement, HSBC also provides us with an overdraft facility of up to Rp. 5,000,000,000 and a term loan facility of up to Rp. 1,932,000,000. The revolving loan facility and overdraft facility will terminate together with the facility agreement (or upon termination by HSBC) whereas the bank guarantee facility has a maturity period of 36 months. The financing against receivables has a financing tenor of 90 days. The loan investment credit facility expires on December 31, 2018. These facilities are guaranteed by a fiduciary security over receivables owned by the Company amounting to Rp. 120,000,000,000.

#### ***PT Bank Resona Perdania (“Resona”) Facility Agreement***

On October 11, 2016, we entered into a facility agreement with Resona, most recently amended on November 27, 2017 and effective December 15, 2017. Under the terms of the facility agreement, Resona agrees to provide us with (i) revolving loan facilities of up to US\$10,000,000, US\$3,000,000 and Rp. 15,000,000,000; (ii) overdraft facility of up to Rp. 200,000,000; (iii) bank guarantee facility up to US\$3,000,000 or its equivalent in Rupiah terms; (iv) letter of credit facility of up to US\$3,000,000 or its equivalent in Rupiah, Euro, Japanese Yen or Chinese Yuan; and (v) trust receipt facility up to US\$3,000,000 or its equivalent in Rupiah, Euro, Japanese Yen or Chinese Yuan. The facilities expire on December 15, 2018. We have obtained written consent from Resona on February 28, 2018 to change our legal status to become a listed company and to disclose this agreement in the Offering Circular.

On June 21, 2016, Surya Pertiwi Nusantara entered into a facility agreement with Resona, most recently amended on August 18, 2017, pursuant to which Resona agreed to provide Surya Pertiwi Nusantara with revolving loan facility amounting to US\$4,000,000 or its equivalent in Rupiah. The facility will be used by Surya Pertiwi Nusantara for working capital purposes. The repayment term for revolving loan facility is until August 9, 2018. These facilities are guaranteed by corporate guarantee granted by the Company with a maximum coverage of US\$8,000,000. We have obtained written consent from Resona on March 14, 2018 to disclose this agreement in the Offering Circular.

***PT Bank CIMB Niaga Tbk (“CIMB Niaga”) Credit Agreement***

On December 21, 2017, we amended our credit agreement with CIMB Niaga originally dated October 23, 2013, pursuant to which CIMB Niaga agree to provide us with (i) an overdraft facility amounting to Rp. 50,000,000,000; and (ii) a bank guarantee facility amounting to Rp. 20,000,000,000. These facilities are valid up to July 4, 2018. We have obtained written waiver from CIMB No. 009/EM/COMBA/JKTIV/III/2018 of our obligation to obtain written consent to change our management and shareholders compositions, our capital structure, as well as to pay a dividend.

**Supplier Agreements**

For more information on our supplier arrangements with Surya Toto Indonesia, see also “*Related Party Transactions*.”

***Distributorship Agreement with TOTO Asia Oceania Pte Ltd (“TOTO Asia”)***

On December 22, 2017, we entered into an agreement with TOTO Asia, part of the TOTO Overseas Group, in which TOTO Asia grants us an exclusive and non-transferable right to promote and sell washlet products within Indonesia. This agreement is valid until December 31, 2018. Under the agreement, we sell our products at an applicable retail price as determined by TOTO Asia.

***Exclusive Distributor Appointment Letter from Geberit South East Asia Pte Ltd (“Geberit”)***

On January 24, 2017, Geberit appointed us as the exclusive distributor for certain of its sanitary products in Indonesia. Under this letter, we purchase Geberit’s sanitary products in U.S. dollars pursuant to an agreed price list. This appointment is automatically renewed at the start of each calendar year.

***Sales Contract with Stiebel Eltron Asia Ltd (“Stiebel”)***

We entered into a sales contract with Stiebel pursuant to which Stiebel granted us the exclusive right to sell “Stiebel” products as well as their corresponding spare parts in Indonesia. Under the terms of this agreement, Stiebel will inform us of any price changes eight weeks before the changes are to take effect. In the event that the parties do not come to an agreement regarding the new price, a price increase of 5% for the respective next 12 months shall be deemed to be agreed. The price for spare parts are charged in accordance with a spare parts price list issued annually. Amounts due to Stiebel are payable by irrevocable letters of credit, 60 days at sight or T/T transfer 100% before shipment, payable and usable through a bank in the country where the invoice is generated. Amendments to this arrangement are permitted on a case to case basis and must receive written confirmation by Stiebel. A warranty allowance is deducted from the price at which we purchase Stiebel’s products, enabling us to cover claims from our customers. This contract is effective from January 1, 2012, and is valid for an indefinite period.

***Distributorship Agreement with Franke Singapore Pte Ltd (“Franke”)***

On December 4, 2017, we entered in to a distributorship agreement with Franke pursuant to which Franke appointed us as its exclusive distributor for its sinks, taps, appliances and all associated accessories in Indonesia. Under the terms of this agreement, we have agreed to purchase a minimum

ex-works value of products from Franke per year. In the event that we do not meet the annual minimum target within a calendar year, Franke reserves the right to either (i) terminate the distribution agreement with six months prior written notice or (ii) withdraw the exclusivity rights with immediate effect. We have the right to fix our own resale list prices and can discount these prices at our own expense as we see fit. This distributorship agreement is valid until either party gives the other party six months prior written notice.

#### ***Supply and Distribution Agreement with Villeroy & Boch AG (“Villeroy & Boch”)***

On June 9, 2015, we entered into a supply and distribution agreement with Villeroy & Boch pursuant to which Villeroy & Boch appointed us as its exclusive distributor for its bath and wellness products. The agreement also grants us the right to directly distribute, market, promote and sell Villeroy & Boch bath and wellness products in Indonesia. Under the terms of this agreement, we are required to meet a minimum net amount of sales products every year from 2015 to 2019. For any further period and in the event that the parties cannot come to mutual agreement, a fixed annual increase in sales turnover shall be the new minimum. This agreement is valid until terminated by either party through six months’ written notice. We purchase Villeroy & Boch’s bath and wellness products according to a price list provided by Villeroy & Boch annually.

#### ***Sole Importer Contract with Franz Kaldewei GmbH & Co. KG (“Kaldewei”)***

We entered into a sole importer contract dated September 10, 2015 with Kaldewei, most recently amended on November 1, 2017. Under the terms of this contract, we are the exclusive sole importer for all products manufactured and distributed by Kaldewei and carrying Kaldewei’s trademark in Indonesia. This agreement is valid until December 31, 2019 and is automatically extended for an indefinite period unless terminated by either party by written notice within three months from the end of the contractual period.

#### **Sole Distributor Agreements**

On July 1, 2016, we entered into several agreements with the following sole distributors to appoint them as our agents to distribute and sell TOTO sanitary wares and fittings. Our sole distributors are not permitted to distribute TOTO sanitary wares and fittings outside of their respective distribution areas. We typically provide our sole distributors with credit terms of 30 days and they are entitled to determine their own sales strategies in accordance with their respective market conditions, provided that such strategies are within the scope stipulated by both parties. Further, our sole distributors are obliged to provide us with a quarterly sales report. Under these agreements, our sole distributors are prohibited to sell products similar to TOTO sanitary and fittings, without our prior consent. These agreements expire on June 30, 2018.

<b>Name of Distributor</b>	<b>Distribution Area</b>
PT Adika Jaya Dewata . . . . .	Bali
PT Trisila Sentosa Abadi. . . . .	Balikpapan
PT Trisakti Sukses Abadi . . . . .	Bandung
PT Sumber Makmur Makassar. . . . .	Makassar
Toko Jati Baru . . . . .	Manado
PT Asia Maju Mandiri . . . . .	Medan
CV Sinar Luas . . . . .	Padang
PT Sinar Glassindo Jaya . . . . .	Pekanbaru
Toko Fajar Raya . . . . .	Pontianak
PT Graha Pelangi Jaya . . . . .	Central Java
CV Ario Sakti. . . . .	Palembang

## **Project Customer Agreements**

### ***Supply Agreement with PT Agung Podomoro Land Tbk (“APL”)***

On April 3, 2017, we entered into a supply agreement with APL to supply TOTO sanitary wares and fittings for the Grand Madison Apartment project located at Jalan S. Parman Kav. 28, West Jakarta. The agreement expires on May 31, 2018 and we are in the process of extending the agreement.

### ***Supply Agreement with PT Citra Abadi Mandiri (“CAM”)***

On June 1, 2016, we entered into a sales and purchase agreement with CAM for the sales and purchase of TOTO sanitary wares and fittings for Puri Mansion Apartment project in Jakarta. Such sales and purchase is expected to be completed by August 31, 2018 as guaranteed by Bank Guarantee No. G013787 dated February 23, 2018 issued by OCBC NISP.

### ***Purchase Agreements with PT Multi Artha Pratama (“MAP”)***

On January 23, 2017, we entered into a purchase agreement with MAP for the sales and purchase of TOTO sanitary wares and fittings for apartment area of Gold Coast Mixed Use Development Project in Pantai Indah Kapuk, Jakarta. Such sales and purchase has to be completed on June 30, 2018.

On January 23, 2017, we entered into a purchase agreement with MAP for the sales and purchase of additional TOTO sanitary wares and fittings for apartment area of Gold Coast Mixed Use Development Project in Pantai Indah Kapuk, Jakarta. Such sales and purchase has to be completed on June 30, 2018.

### ***Supply Agreement with PT Citra Mitra Respati (“CMR”)***

On February 1, 2017 we entered into a supply agreement with CMR, most recently amended on August 4, 2017, to supply our sanitary wares and fittings products for Citra Towers Kemayoran Project. This agreement expires on May 30, 2018.

## **Lease Agreements**

### ***Lease Agreement with PT Sewu Mas (“SM”)***

On April 27, 2017, we entered into a deed of lease agreement pursuant to which we lease a warehouse at Jalan Gatot Subroto, KM 8, Jatake with a total area of 4,536 sq.m. This agreement will expire on May 1, 2019. The total lease price under this agreement is Rp. 2,884,896,000 (exclusive of VAT).

### ***Lease Agreement with Perhimpunan Indonesia untuk Pembinaan Pengetahuan Ekonomi dan Sosial (“Bineksos”)***

On January 13, 2003, Surya Graha Pertiwi entered into a deed of agreement with Bineksos, most recently amended on March 29, 2017, pursuant to which Surya Graha Pertiwi leases a portion of land from Bineksos with title of right to build certificate in an area of 3,750 sq.m located in Jln. Letnan Jenderal Siswondo Parman Kav. 81 Lembaga Bineksos, Kotabambu Selatan Sub-District, Palmerah, District, West Jakarta (“**Leased Land**”). Under the Lease Agreement with Bineksos, the Leased Land will be used by Surya Graha Pertiwi to construct and build an office building. The total lease

fee for the Leased Land is Rp. 89,023,125,000 for the first year to the twentieth year, and Rp61,950,000,000 for the twenty first year to thirtieth year. The term for the lease of Leased Land is 30 years, commencing from the handover of the Leased Land from Bineksos to Surya Graha Pertiwi.

#### ***Agreements with PT Catur Mulia Mandiri (“CMM”)***

On October 2, 2017, Surya Pertiwi Nusantara entered into a contracting agreement with CMM pursuant to which CMM provides Surya Pertiwi Nusantara with operational assistance in its Surabaya factory. Such services include case plaster forming, quality control and packing. Under this agreement, CMM will receive a management fee (inclusive of salary), in the amount as agreed by Surya Pertiwi Nusantara. This agreement is valid for the period of one year, commencing from October 1, 2017 until September 30, 2018.

On October 2, 2017, Surya Pertiwi Nusantara entered into a cooperation agreement with CMM pursuant to which CMM renders services to Surya Pertiwi Nusantara in form of supply of manpower to be employed in Surya Pertiwi Nusantara’s workplace and under position as determined by Surya Pertiwi Nusantara. Under this agreement, CMM will receive management fee in the amount as agreed by Surya Pertiwi Nusantara (which fee includes the salary for the manpower). This agreement is valid for the period of 1 year, commencing from October 1, 2017 until September 30, 2018.

#### ***Agreements with PT Karya Bintang Mandiri (“KBM”)***

On November 10, 2017, Surya Pertiwi Nusantara entered into an agreement on the supply of manpower services with KBM pursuant to which CMM renders services to Surya Pertiwi Nusantara in form of supply of manpower to perform cleaning service, gardener, and security services. Under the agreement, Surya Pertiwi Nusantara is required to pay the salary of the manpower and management fee to KBM as agreed by KBM and Surya Pertiwi Nusantara. This agreement is valid for the period of 1 year, commencing from November 1, 2017 to October 31, 2018.

On November 10, 2017, Surya Pertiwi Nusantara entered into a contracting agreement with KBM pursuant to which Surya Pertiwi Nusantara assigns the following works to KBM: slip preparation, glaze preparation, plaster forming, forming, dry body, glazing, firing, quality control, suttile kiln, assembling, packing and warehouse finish goods. Under the Contracting Agreement, Surya Pertiwi Nusantara is required to pay the salary of the manpower and management fee to KBM as agreed by KBM and Surya Pertiwi Nusantara. The Contracting Agreement is valid for the period of 1 year, commencing from November 10, 2017 until October 9, 2018.

### **Construction Agreements**

#### ***Agreement with PT Shimizu Bangun Cipta Kontraktor (“Shimizu”)***

On February 11, 2016, Surya Graha Pertiwi entered into a construction agreement with Shimizu for the second phase of construction of an office building in West Jakarta. Under the construction agreement, the agreed lump sum amount for the construction works is Rp165,926,410,100 and the completion of the construction works is scheduled in March 2018 with defects liability period of 12 months as of the construction completion date. Construction is at 85% completion and the estimated construction completion date is on August 31, 2018.

#### ***Agreement with PT Takasago Thermal Engineering (“Takasago”)***

On August 26, 2016, Surya Graha Pertiwi entered into a lump sum contract with Takasago, pursuant to which Takasago provides mechanical, engineering and plumbing (“**MEP**”) services for an office building in West Jakarta. Under the contract, the agreed lump sum amount for the MEP works is Rp. 74,181,800,000 and the completion of MEP works are scheduled on March 17, 2018 with defects liability period of 12 months as of the MEP works completion date. MEP works is at 85% completion and the estimated construction completion date is on August 31, 2018.

#### ***Agreement with PT Murinda Iron Steel (“Murinda”)***

On April 11, 2016, Surya Pertiwi Nusantara entered into an agreement on infrastructure, architecture and structure works with Murinda, pursuant to which Murinda provides foundation infrastructure, architecture and structure works for the construction of factory in Surabaya. Under the agreement, the construction value is Rp. 159,800,000,000 and the completion of construction work is expected on February 12, 2017 and the defects liability period of 12 months as of the construction completion date. As the construction work for the Surabaya factory is complete, Murinda will prepare a defect list of repair works.

#### **Operational Agreement**

#### ***Agreement with PT Triata Mulia Indonesia (“TMI”) and PT Artama Sentosa Indonesia (“ASI”)***

On January 29, 2018, Surya Pertiwi Nusantara entered into a cooperation agreement with TMI and ASI for the management of B3 waste produced from Surabaya factory. Under the cooperation agreement, the fees for the management of B3 waste will be agreed based on the mutual agreement between Surya Pertiwi Nusantara, TMI and ASI. The term of the cooperation agreement is six months, commencing from January 29, 2018 to July 29, 2018 and can be extended by the parties by providing written notice to the other party at the latest of 14 calendar days prior to expiry date of the cooperation agreement.

#### ***Agreement with PT PLN (Persero) (“PLN”)***

On July 12, 2017, Surya Pertiwi Nusantara entered into an agreement for the sales and purchase of electricity with PLN, pursuant to which PLN agrees to supply electricity with capacity of 2,180 KVA to Surabaya factory. The electricity price will refer to the Minister of Energy and Mineral Resources (“MEMR”) Regulation No. 28 of 2016 on the Electricity Power Tariff Supplied by PLN, as lastly amended by MEMR Regulation No. 41 of 2017. This agreement is valid from July 12, 2017 for indefinite time, unless if it is terminated earlier by either parties.

## DESCRIPTION OF OUR COMMON SHARES

The Company's authorized share capital is Rp. 800,000,000,000 comprising 8 billion common shares of par value Rp. 100 and the Company's issued share capital is comprised of 2 billion shares, all of which are fully subscribed and paid for as of the date hereof, and none of which have been listed on any securities exchange.

The following is a summary of the material rights and restrictions related to our shares under the provisions of the Company's Articles of Association. This description does not purport to be complete.

### Common Shares

All transfers of our shares must be evidenced by an instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee or based on other documents which give satisfactory evidence of such transfer in the opinion of the Company's Board of Directors. In addition, any transfer of our shares must comply with the laws and regulations relating to the Indonesian capital market, including but not limited to Law No. 8 of 1995 on Capital Market (the "**Indonesian Capital Market Law**") and of the IDX. Transfers of shares take effect only after the transfer is registered in the Shareholder Registry (the "**Register**"). The transferor of any shares will be treated as the owner of such shares until the name of the transferee has been recorded in the Register by the Company's Board of Directors, through the Share Registrar. Under the scripless system, KSEI will be registered as the holder of the shares in the Register, in its capacity as the central securities depository institution which holds the shares on behalf of KSEI participants which in turn hold the shares on behalf of shareholders ("**Beneficial Shareholders**").

The holders of shares whose names are recorded in the Register (such holders, the "**Registered Shareholders**") are entitled to pre-emptive rights in the event the Company issues new shares, convertible bonds, warrants or other securities convertible into equity securities except as provided below. See "*Risk Factors—Risks Relating to Ownership of Our Shares—Your right to participate in any rights offerings by us could be limited, which would cause dilution to a purchaser's shareholding.*" For shares deposited with KSEI, all ownership rights are automatically distributed by KSEI, through KSEI participants, to purchasers ultimately holding the shares as Beneficial Shareholders (or their assignees). Such pre-emptive rights may be sold and transferred to third parties without the consent of any party to the extent permitted by the Indonesian Capital Market Law and the rules and regulations of the IDX. If the Registered Shareholders or the Beneficial Shareholders (or their respective assignees) do not exercise their pre-emptive rights within a period of time determined by the Company's Board of Directors (in accordance with the prevailing regulations) after the issuance of pre-emptive rights, the Company's Board of Directors may issue such shares, convertible bonds, warrants or other securities to third parties on the same terms and conditions.

In accordance with OJK Regulation No. 38/POJK.04/2014 on Increase of Capital without Pre-Emptive Rights and as provided for in the Company's Articles of Association, the Company may increase its capital without providing a pre-emptive right to Registered Shareholders or Beneficial Shareholders to subscribe for securities, provided that:

- if the purpose of the increase of capital is not to improve the Company's financial position, then such increase in the Company's issued share capital without pre-emptive rights shall be no more than 10.0% of the paid-in capital (i) within two years of the approval by the general meeting of shareholders for an increase of capital without a share ownership program; and (ii) within five years of the approval by the general meeting of shareholders for an increase of capital with a share ownership program; or

- the main objective of the increase in the Company's authorized share capital is to improve the Company's financial position if the Company meets one of the following conditions:
- the Company has negative net working capital and have liabilities of more than 80.0% of the Company's assets at the time of the general meeting of shareholders approving the capital increase; or
- the Company has defaulted or are not capable of avoiding default in payment of the Company's liabilities with a non-affiliated provider of a loan, and the loan provider or non-affiliated investor agrees to receive our shares or convertible bonds to settle the loan.

Other than as described above, the Company's authorized share capital may only be increased or decreased by a resolution of a general meeting of shareholders and amendment of the Company's Articles of Association. Any such amendment will be effective only after approval from the Minister of Law and Human Rights is obtained. In the case of a decrease in the authorized share capital, approval from the Minister of Law and Human Rights may only be given if (i) the decrease has been approved by a general meeting of shareholders; (ii) there are no written objections from the creditors within 60 days after the announcement; (iii) a settlement has been reached on any objection raised; and (iv) a final and binding judgment has been rendered by the court relating to any creditors' lawsuit as the result of objections by creditors.

### **Shareholders' Meetings and Voting Rights**

Each share entitles the owner thereof to cast one vote in a general meeting of shareholders. In the case of shares held by KSEI, prior to the Company taking any corporate action, KSEI must provide the Company details concerning the share entitlements of all the Beneficial Shareholders on whose behalf shares are held. A KSEI participant holding shares on behalf of a Beneficial Shareholder is obliged to notify such Beneficial Shareholder of the issuance of any pre-emptive rights and deliver offering memorandums and other notices, including notices of general meetings of shareholders, issued by the Company. Beneficial Shareholders or their legal representatives have the right to be present and vote at general meetings of shareholders. See "*Indonesian Capital Markets*."

An annual general meeting of shareholders must be held by no later than June 30 of each year. Pursuant to the Company Law, the Company's Board of Directors must submit an annual report at such annual general meeting of shareholders, which should include, at least (i) annual financial reports; (ii) a report on the Company's activities; (iii) a report in relation to the Company's corporate and social responsibility implementation; (iv) details regarding any problems arising during the financial year which affects the Company's activities; (v) a report in relation to the supervisory duties which have been carried out by the Company's Board of Commissioners during the preceding financial year; (vi) the names of the Company's Board of Directors and the Company's Board of Commissioners; and (vii) details on the salary and other remunerations of each member of the Company's Board of Directors and the Company's Board of Commissioners for the preceding year. Such annual report must be made available in our office for inspection by any shareholder from the day such shareholder is notified of the annual general meeting of shareholders through the date of the annual general meeting of shareholders.

The Board of Directors itself may not convene an extraordinary general meeting of shareholders. An extraordinary general meeting of shareholders must be convened upon receipt of written notice requesting a meeting from one or more shareholders who together hold 10% of our issued shares. In the event the Company's Board of Directors does not convene this meeting within 15 days upon receipt of written notice, then the shareholder may request the same to the Company's Board of Commissioners. The Company's Board of Commissioners is required to announce or shareholders as the case may be, an extraordinary general meeting of shareholders within 15 days after receipt of written notice. In the event the Company's Board of Commissioner does not convene the general meeting of shareholders within such timeframe, the relevant shareholders may call a meeting at the

Company's expense after obtaining approval from the District Court. The relevant shareholders who held 10% of the Company's issued shares, pursuant to OJK Regulation No. 32/POJK.04/2014 regarding Plan and Conduct of General Meeting of Shareholders for Public Company ("**OJK Regulation No. 32/2014**"), is or are, as the case may be, not allowed to shareholder(s) transfer its or their ownership Shares for at least six months after the convention of the extraordinary general meeting of shareholders.

Further, pursuant to OJK Regulation 32/2014, the Company is required to notify the OJK at least five business days before an announcement of the extraordinary general meeting of shareholders (excluding the date of notice). Thereafter, at least 14 days (excluding the date of notice) prior to the issuance of notice of both an extraordinary general meeting and an annual general meetings of shareholders, an announcement must be made by placing an advertisement that a shareholders' meeting is to be called in one daily newspaper published in Indonesia, which must have a wide circulation in Indonesia, in the stock exchange website and in the Company's website that is in Bahasa Indonesia and English. Notice to the shareholders of the meeting must also be made in the same manner as described previously, published at least 21 days before the date of the meeting (excluding the date of the notice and the date of the meeting).

The quorum for an annual general meeting of shareholders is shareholders or authorized proxies representing more than 50.0% of our issued shares with voting rights to be represented either in person or by a power of attorney at such meeting. The quorum requirement may be greater, depending on the nature of the resolutions to be considered at such meeting.

If a quorum for such general meeting is not obtained, then no earlier than 10 days and no later than 21 days after such original general meeting, a second meeting may be held to render a legal and binding resolution on matters which were not resolved at the first meeting. The second meeting must be attended by shareholders representing at least 50.0% of the total issued shares. Resolutions adopted at such a meeting must be approved by a majority of the total votes present and cast at the meeting.

Shareholders may be represented at a general meeting of shareholders by any person holding a power of attorney, provided that if the proxy is one of the Company's commissioners, directors or employees then the vote of any such proxy shall not be counted. In order to be adopted, resolutions must receive the affirmative votes of shareholders holding more than 50.0% of the shares which are either present or represented in the meeting (except for resolutions concerning certain transactions such as (i) the transfer or disposal of rights or encumbrances or the act of encumbering all or more than 50.0% of the Company's total net assets, (ii) amendments to the Company's Articles of Association, (iii) a merger, consolidation or acquisition, (iv) a liquidation, or (v) conflict of interest transactions, which have various voting thresholds above that level). In addition, for certain transactions involving a conflict of interest, approval from independent shareholders must be obtained in accordance with BAPEPAM & LK Regulation IX.E.1.

## **Dividends**

A portion of the Company's profits, as determined by an annual general meeting of shareholders, after deduction of corporate tax, must be used as a reserve fund up to an amount of at least 20.0% of the subscribed capital. This can be used only to cover losses suffered by the Company. Amounts in the reserve fund that exceed 20.0% of the subscribed capital may be used for working capital or other purposes in the Company's interest, subject to the approval of the Company's shareholders. Any interest or other profits earned from such reserve fund must be entered in the Company's profit and loss account.

Dividends, if any, are paid in accordance with a resolution adopted by an annual general meeting of shareholders, which resolution must establish the amount, the time and manner of payment of the dividends. All shares which are fully paid and outstanding at the time a dividend or other distribution is declared are entitled to share equally in such dividend or other distribution. Dividends are payable to the persons whose names are recorded in the Register. The Company's Articles of Association

provide that dividends unclaimed after a period of five years will be placed in a special reserve fund and any party entitled to the unclaimed dividends will have the right to claim such dividends from the fund within five years from the date the dividends are placed in such fund. After the lapse of the 10-year period, such unclaimed dividends shall belong to the Company.

### **Amendments to the Company's Articles of Association**

Amendments to the Company's Articles of Association can only be effected pursuant to a resolution at a general meeting of shareholders attended by shareholders or their lawful proxies representing at least three-quarters of the total issued shares. Resolutions adopted at such a meeting must be approved by more than three-quarters of the total valid votes cast at the meeting. Any amendment that would change the Company's name, the Company's objectives and purpose, the Company's business activities or the Company's term of establishment, or that would increase or reduce the Company's authorized capital, reduce the issued and paid-up capital or change the Company's status from a private company to become a public company or vice versa will only be effective upon approval by the Minister of Law and Human Rights. Any amendment to the Company's Articles of Association must be made in the form of a notarial deed no later than 30 days from the date of the general meeting of the shareholders and be notified to the Minister of Law and Human Rights within 30 days from the date of the notarial deed. Any other amendments will only be effective as of the date of the letter from the Minister of Law and Human Rights confirming acceptance of notification of such amendments. A resolution reducing the capital must be delivered to the Company's creditors and published in the State Gazette of the Republic of Indonesia and announced in at least two newspapers published in Indonesia with wide circulation within seven days after such resolution.

### **Liquidation**

The Company can be dissolved or liquidated pursuant to (i) a resolution passed at an extraordinary general meeting of shareholders in accordance with the Company's Articles of Association, (ii) the expiration of the Company's incorporation period, (iii) a court decision, (iv) a bankruptcy, when the Company's assets are not sufficient to settle its obligations or if the Company is declared to be insolvent, or (v) a revocation of the Company's business license, which requires the Company to be liquidated.

A resolution for the Company's dissolution must be approved at a general meeting of shareholders attended by the holders of at least three-quarters of the total number of shares outstanding and approved by the holders of more than three-quarters of the total votes cast at the meeting. If the Company is wound up, dissolved or declared bankrupt, subject to insolvency or for any other reason provided under the Company Law, the general meeting of shareholders must appoint a liquidator to perform certain liquidation procedures. If the general meeting of shareholders fails to appoint a liquidator, the Company's Board of Directors shall act as the liquidator.

The Company Law also provides that the Board of Directors, Board of Commissioners or shareholders of a company having at least 10.0% of all the shares with voting rights may apply to a court for a company's dissolution if (a) the company does not engage in business activities for three years or more, which is substantiated by a letter of notification submitted to the tax agency, (b) the addresses of its majority shareholders are unknown after a notice has been published in a daily newspaper having wide circulation in Indonesia and accordingly a general meeting of shareholders cannot be held, (c) the ownership of the company's shares is divided, causing the general meeting of shareholders to fail to adopt a valid resolution (for example, two groups of shareholders each own 50% of the shares), or (d) the assets of a company have decreased in value such that it is not possible for the company to continue its business activities with its current assets.

The liquidators must register the resolution for the Company's dissolution in the Register, publish it in the State Gazette and announce it in two daily newspapers published in Indonesia, notify the Company's creditors and notify the Minister of Law and Human Rights (by no later than 30 calendar days from the Company's dissolution), the IDX and OJK in accordance with prevailing regulations.

## Rights of Shareholders

In general, Indonesian law has traditionally afforded shareholders fewer rights than those available in common law jurisdictions such as the United States. See “*Risk Factors—Risks Relating to Ownership of Our Shares—You may be subject to limitations on minority shareholders rights.*” The Company Law affords certain rights to shareholders, and certain additional rights to one or more shareholders collectively representing at least 10.0% of all voting shares of a company (“**Minority Shareholders**”).

A shareholder generally has the right to commence legal action against the Company if it has been harmed by any unfair and unreasonable action taken by the Company. In addition, each shareholder has the right to request the Company to repurchase its shares at the then prevailing market price if such shareholder disagrees with certain of the Company’s actions which harm the interests of such shareholder or the Company. These actions include: (i) the amendment of the Company’s Articles of Association; (ii) transfer or disposal of rights or encumbrance of the Company’s assets amounting to more than 50.0% of the Company’s net assets; or (iii) a merger, consolidation, acquisition, or spin-off of the Company. Under the Company Law, the Company may repurchase its shares; provided that such repurchase (a) must not cause the Company’s net assets (as stated in its most recent financial position, as approved by the shareholders within the last six months) to fall below its paid-in capital and reserves; (b) may not cause the aggregate of the number of our shares repurchased by the Company and the number of our shares that are pledged or otherwise encumbered for the benefit of the Company or any other company which shares are directly or indirectly owned by the Company, to become more than 10.0% of the Company’s outstanding shares; and (c) must be conducted in compliance with the procedures and the requirements stipulated in OJK Regulation 30/POJK.04/2017 on Buybacks of Shares Issued by Public Companies (“**OJK Regulation 30/2017**”). To the extent that a request to repurchase shares exceeds these limitations, the Company is required to seek a third-party purchaser for such shares. Under Article 40 of the Company Law, shares repurchased by the Company may not be used to cast a vote in a general meeting of shareholders, and will not be counted in determining the quorum that has to be achieved in accordance with the Company Law and the Company’s Articles of Association.

The Company’s Minority Shareholders have certain other rights. These include the rights to call a general meeting of shareholders in the event that the directors or commissioners fail to convene such meeting within the stipulated time. Minority Shareholders also have the right to lodge a derivative action on the Company’s behalf against Board of Directors or Board of Commissioners who, through error or negligence, have caused losses to the Company. Under the Company Law, Board of Directors and Board of Commissioners are obliged to act in good faith, with full responsibility and in the Company’s best interests when carrying out their corporate duties. The Minority Shareholders may request that the Company be examined by a court-appointed third party if there is any suspicion that the Company has committed an act contrary to law which damages the Company’s shareholders or a third party or if there is any suspicion that any of the Company’s Board of Directors or Board of Commissioners has committed an act contrary to law which damages the Company, the shareholders, or a third party. Minority Shareholders may also apply to a court for our dissolution. However, the Company Law does not specify the circumstances under which such an application may be made.

## INDONESIAN CAPITAL MARKETS

*The following information has been derived from publicly available information and has not been independently verified by us, the Joint Bookrunners or any of our or their respective advisers and should not be unduly relied on.*

### Background and Development

In 1976, the Government established the Capital Market Executive Agency (*Badan Pelaksana Pasar Modal*), the Capital Market Development Agency (*Badan Pembina Pasar Modal*) and a national investment fund company, PT Danareksa (Persero), to reactivate and promote the development of a securities market in Indonesia. In 1990, the Capital Market Executive Agency and the Capital Market Development Agency became the Capital Market Supervisory Board (*Badan Pengawas Pasar Modal, or “BAPEPAM”*). The first share issue listed on the Jakarta Stock Exchange (the “**JSX**”) took place in August 1977. Up until the end of 1988, the shares of only 24 companies were listed on the JSX and the volume of shares traded was relatively low.

Since 1988, a number of reforms affecting the Indonesian capital markets have been introduced. These have led to the privatization of the JSX and its establishment in December 1991 as a limited liability company, PT Bursa Efek Jakarta, incorporating 221 securities trading companies as its shareholders. On July 13, 1992, the operation of the JSX was transferred from BAPEPAM to PT Bursa Efek Jakarta, with the principal goal of ensuring the orderly and fair operation of the securities exchanges.

In 1995, the Government issued Indonesian Capital Market Law, which regulates BAPEPAM’s responsibilities for the guidance, regulation and day to-day supervision necessary to implement orderly, fair and efficient capital markets, and to protect the interests of investors and the public.

The various reforms over the past few years have sought to strengthen the operational and supervisory framework of the Indonesian securities market and to improve the Indonesian securities market’s trading environment. The measures also established an over-the-counter market (the “**Bursa Paralel**”) and private stock exchanges outside Jakarta, the first of which was the Surabaya Stock Exchange (the “**SSX**”), which was established in Surabaya. The Bursa Paralel was later merged with the SSX in 1995.

The JSX and the SSX were effectively merged on November 30, 2007, with the JSX as the surviving entity. As a result of the merger, the JSX is now operating under a new name, PT Bursa Efek Indonesia or IDX.

In December 2005, BAPEPAM merged with the Financial Institution Supervisory Agency (*Badan Pengawas Lembaga Keuangan*) under the Department of Finance, and changed its name to the Capital Markets and Financial Institution Supervisory Board (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*), referred to herein as BAPEPAM-LK.

On November 22, 2011, the Government enacted Law No. 21 of 2011 concerning OJK to take over certain functions, tasks and authorities relating to the supervision and regulation of financial service activities in the banking sector from Bank Indonesia effective December 31, 2013, as well as the supervision and regulation of financial service activities in capital markets, insurance, pension funds, finance companies and other financial service institutions sectors from BAPEPAM-LK, effective December 31, 2012. Law No. 21 of 2011 further stipulates that all existing licenses, approvals and decisions issued before the transfer of duties and authorities of BAPEPAM-LK to OJK will continue to be valid, while applications for licenses, approvals, and other decisions made, or outstanding, after December 31, 2012 will be processed by OJK.

OJK is an independent body, which is free from intervention by any other party, and has functions, tasks, and authorities to oversee the supervision, examination and investigation of financial service activities in banking, capital markets, insurance, pension funds, financial institutions, and other

financial service institutions, led by a Board of Commissioners (*Dewan Komisiner*) consisting of nine members inaugurated by a Presidential Decree. Among the members, there is one ex-officio member from each of Bank Indonesia and the Ministry of Finance. OJK took over the regulatory and supervisory duties relating to bank activities from Bank Indonesia from December 31, 2013.

Other reforms were also introduced to provide increased protection for minority shareholders, to improve disclosure requirements and to clarify listing procedures. As of March 31, 2017, 536 companies were listed on the IDX with a total market capitalization of approximately Rp6,055 trillion compared to 24 listed companies with a market capitalization of approximately Rp100.0 billion in December 1987, just prior to the introduction of the capital market reform measures.

## Overview of the Indonesia Stock Exchange

As of December 31, 2017, the IDX comprised 107 members. Of these 107 members, the top 20 most active stocks in total trading volume handled transactions totaling 3,196,423 million shares, approximately 56.18% of total shares traded on the IDX during that period. In trading value, the top 20 most active members accounted for Rp. 2,299 trillion in trading, or approximately 63.52% of the overall value of buying and selling transactions on the IDX as of December 31, 2017.

Trading rules on the IDX are at present generated in the form of decisions issued by the IDX. There are currently five daily trading sessions for the regular market, two daily trading sessions for the negotiated market and only one daily trading session for the cash market. The table below sets out the respective trading session:

Trading Session	Market	New Trading Hours
Pre-opening . . . . .	Regular	Monday - Friday, 08:45:00 - 08:59:59
1st session . . . . .	Regular, Cash and Negotiated	Monday - Thursday, 09:00:00 - 12:00:00 Friday, 09:00 - 11:30
2nd session . . . . .	Regular	Monday - Thursday, 13:30:00 - 15:49:59 Friday, 14:00:00 - 15:49:59
Pre-closing session. . .	Regular	Monday - Friday, 15:50:00 - 16:04:59
Post-closing session. . .	Regular	Monday - Friday, 16:05:00 - 16:15:00
2nd session . . . . .	Negotiation	Monday - Thursday, 13:30:00 - 16:15:00 Friday, 14:00:00 - 16:15:00

Trading of securities is divided into three market segments: regular market, negotiated market and cash market (except for Rights Issues, which may only be traded in the cash market and in the first session of the negotiated market). The regular market is the mechanism for trading stock in standard lots on a continuous auction market during exchange hours. Regular market and cash market trading is generally carried out in unit lots of 100 shares. Price movement units of traded securities are as follows:

- for shares with a previous price of less than Rp. 200, the fraction is fixed at Rp. 1 and each step value should be no more than Rp. 10;
- for shares with previous price between the range of Rp. 200 up to less than Rp. 500, the fraction is fixed at Rp. 2 and each step value should be no more than Rp. 20;
- for shares with a previous price between the range of Rp. 500 up to less than Rp. 2,000, the fraction is fixed at Rp. 5 and each step value should be no more than Rp. 50;
- for shares with a previous price between the range of Rp. 2,000 up to less than Rp. 5,000, the fraction is fixed at Rp. 10 and each step value should be no more than Rp. 100; and

- for shares with a previous price of Rp5,000 or more, Rp25 and each step value should be no more than Rp250.

Auctioning takes place according to price priority and time priority. Price priority refers to the giving of priority to buying orders at a higher price or selling orders at a lower price. If buying or selling orders are placed at the same price, priority is given to the buying or selling order placed first (i.e. time priority).

The negotiated market trading is carried out by (i) direct negotiation between members of IDX, (ii) between clients through one member of the IDX, (iii) between one client and one member of the IDX, or (iv) between members of the IDX with Indonesian Stock Clearing and Guarantee (*PT Kliring dan Penjaminan Efek Indonesia* / “KPEI”). The subsequent bid-offer agreement is then processed automatically through the applicable securities trading system in the IDX using the Jakarta Automated Trading System (“JATS”). Negotiated market trading does not use round lots.

Transactions on the IDX regular market are required to be settled no later than the third trading day after the transactions (T+3), except for cross trading. The settlement for transactions on the IDX negotiated market is determined based on agreements between the selling IDX member and the buying IDX member, and are settled in single transactions. In the event the selling and buying IDX members have not determined the period for settlement, then the settlement is required to be completed no later than the third trading day after the transaction. Transactions on the IDX cash market are required to be settled on the trading day of the transactions (T+0). In case of a default by an exchange member on settlement, cash market trading takes place, pursuant to which trading of securities by means of direct negotiation on cash and carry terms will be conducted. All cash market transactions must be reported to the IDX. An exchange member defaulting in settlement may be sanctioned by the IDX by, among others, (i) a fine up to Rp500,000,000; (ii) a written warning; (iii) a written admonition; (iv) a temporary suspension of trading; and (v) a revocation of license as an IDX member. All transactions involving shares listed on the IDX only and which use the services of exchange members, must be conducted through the IDX. In order for a trade (except a block trade) to be made on the IDX, both the cash and securities settlement must be conducted through the facilities of the IDX.

Short selling and margin trading transactions may be conducted as long as they are in compliance with BAPEPAM-LK Regulation No. V.D.6 on Financing of Securities Transaction by Securities Company for Customer and Short Selling Transaction by Securities Company, an attachment to the decision of the Chairman of BAPEPAM-LK No. KEP-258/BL/2008 dated June 30, 2008 as amended by decision of the Chairman of BAPEPAM-LK No. KEP-556/BL/2008 dated December 31, 2008. Only a member of the IDX who has obtained approval from the IDX can enter into a short selling transaction or margin transaction. A customer who is permitted to receive financing of short selling and margin trading completion must fulfill certain requirements such as: (i) the maintenance of a regular securities account that shows the transaction records of the trader, (ii) the maintenance of a margin trading or short selling financing securities account, and (iii) making an initial deposit of at least Rp200,000,000 into each of the margin trading or short selling financing securities account. Furthermore, the IDX may cancel a transaction if proof exists of fraud, market manipulation or the use of insider information. The IDX may also suspend trading if there are indications of fraudulent transactions or artificial inflation of share prices, misleading information, use of insider information, counterfeit securities or securities blocked from trading or any other material event. IDX may suspend trading of certain securities or suspend certain members of the stock exchange.

Members of the IDX charge a brokerage fee for their services, based on an agreement with their clients of up to a maximum of 1.0% of the transaction value. When conducting share transactions on the IDX, exchange members are required to pay a transaction levy equal to 0.03% of the cumulative transaction value for each month for transaction of shares and other registered securities and a transaction cost based on the exchange policy (for transactions in the negotiated markets).

Exchange members generally pass on the cost of this levy to their clients. The transaction cost is a minimum of Rp20.0 million per month as a contribution for the provision of IDX's facilities (which continues to apply for exchange members in suspension or with frozen membership). Clients are also responsible for paying a 10.0% value-added tax on the amount of the brokerage fee and transaction levy. Indonesian sellers are also required to pay a withholding tax of 0.1% (plus an additional 0.5% for founder shares applicable for all parties holding shares of our Company prior to the initial listing) of the total transaction value. A stamp duty of Rp3,000 is also payable on any transaction with a value between Rp250,000 and Rp1,000,000 and a stamp duty of Rp6,000 is payable on every transaction with a value of more than Rp1,000,000. See the section titled "*Taxation — Indonesian Taxation.*"

Shareholders or their appointees may request, at any time during working hours, us or a securities administration bureau appointed by us to register their shares in our registry of shareholders.

Reporting of share ownership to OJK is mandatory for members of an issuer's board of directors or board of commissioners, and shareholders, whose ownership has reached 5.0% or more of an issuer's issued and fully paid-up capital or upon a change of the level of their ownership in an issuer in the amount of at least 0.5%, and such reporting must occur at the latest within 10 days of such changes to ownership.

Insider trading, fraud, engaging in short selling and market manipulation of securities are prohibited under Indonesian capital markets laws. In such circumstances, a transaction may be cancelled, or suspended by the IDX or OJK may suspend or revoke the license of the capital market supporting institution and supporting professionals involved. A party engaging in (i) misleading conduct, fraud or falsification in connection with the sale of securities; (ii) other actions to mislead the public regarding trading activities, market conditions or price or (iii) insider trading, is liable for the loss incurred and faces a fine of up to Rp15.0 billion and imprisonment of up to 10 years.

The table below sets forth key figures for the IDX for the years indicated:

	As of and for the year ended December 31		
	2015	2016	2017
Market capitalization (Rp. billion) . . . . .	4,872,702	5,753,613	7,073,800
Trading volume (million shares). . . . .	1,446,314	1,925,420	1,829,536
Average daily trading volume (million shares) . . . . .	5,928	7,827	7,687
Total trading value (Rp. billion). . . . .	1,406,362	1,844,588	1,252,829
Average daily trading value (Rp. billion) . . . . .	5,764	7,498	5,263
Number of listed companies. . . . .	521	537	570

Source: Bloomberg

## Offerings, Listing and Reporting Regulations

OJK regulates and monitors securities issues that are publicly offered or listed in Indonesia. Initial securities offerings are generally conducted as underwritten public offers for sale by subscription. OJK regulates offering and allocation procedures.

Unless waived, companies are required to meet certain requirements in order to become listed on the IDX. These requirements are set out in the Decision of the Board of Directors of IDX No. Kep-00001/BEI/01-2014, dated January 20, 2014 on the Listing of Shares and Equity Type Securities other than Shares Issued by Listed Companies ("**IDX Listing Regulation No. I-A**").

Listed companies are required to submit to OJK and IDX, among other things, the following documents:

- an annual report to be submitted not later than four months after the end of the financial year of the company;
- consolidated financial statements consisting of:
  - (i) an annual financial report audited by an accountant registered with OJK, to be submitted not later than three months after the date of such report;
  - (ii) any of the following mid-year reports: (a) a mid-year report (unaudited), to be submitted not later than one month after the date of such report; (b) a mid-year report with limited review by an accountant registered with OJK, to be submitted not later than two months after the date of such report; or (c) a mid-year report audited by an accountant registered with OJK containing a full opinion on the fairness of such report, to be submitted not later than three months after the date of such report; and
  - (iii) quarterly reports, the preparation of which is required by the rules of the IDX, to be submitted to the IDX: (a) a quarterly report (unaudited and unreviewed) to be submitted not later than one month after the end of each quarter; (b) a quarterly report with limited review by an accountant registered with OJK, to be submitted not later than two months after the end of each quarter; or (c) a quarterly report audited by an accountant registered with OJK containing a full opinion on the fairness of such report, to be submitted not later than three months after the end of each quarter;
- material information that is important and relevant according to OJK regulations and which may affect the value of the security or an investment decision, such as a merger, acquisition, consolidation, stock split, distribution of a stock dividend, change in management, replacement of public accountant, replacement of trustee, material legal claims and other important information possibly affecting share prices on the exchange; such information must be submitted to OJK and announced publicly no later than two working days after such material information is revealed;
- the purpose of the utilization of net proceeds from the initial public offering;
- a copy of any amendment to its articles of association;
- report on shareholding and any change in shareholding which applies only to a shareholder that owns 5% or more of the paid-up capital of the public company;
- report on shareholding and any change in shareholding of the director or commissioner of a public company in such public company;
- notice of any change in the composition of its board of directors or board of commissioners;
- notice on appointment and replacement of corporate secretary; and
- notice of any material deviation from projections published by such companies.

Pursuant to OJK Regulation No. 7/POJK.04/2017 dated March 14, 2017, a company that wishes to submit a registration statement to OJK in relation to a public offering, including any rights issue, must submit, amongst others:

- a schedule for the public offering;
- examples of securities letters;

- financial statements audited by a public accountant;
- a comfort letter from a public accountant;
- management letters;
- a legal due diligence report and legal opinion;
- the corporate structure of the company that describes the position of the publicly listed company vertically and horizontally;
- a copy of the company's latest articles of association which has been approved by the Minister of Law and Human Rights or a notification of an amendment to the articles of association which has been received by the Minister of Law and Human Rights;
- curriculum vitae from members of the company's Board of Commissioners and Board of Directors;
- an underwriting agreement (if any);
- a statement from a capital markets supporting professional, in a form and with substance as determined by OJK; and
- a statement from a securities underwriter (if any), in a form and with substance as determined by OJK.

In addition, the annual financial statements submitted to OJK for any subsidiary of a listed company must be audited by a public accountant, if the subsidiary meets one of the following requirements:

- it is a public company;
- its line of business is related to public fund generating;
- it issues an acknowledgement of indebtedness;
- it has assets of at least Rp. 50,000,000,000;
- the terms of its existing debt require it to audit its annual financial statements;
- it is a state enterprise; or
- it is otherwise required by law to do.

### **IDX Listing, Delisting, Relisting and Corporate Governance Rules**

The IDX listing rules for equity securities are aimed at enhancing good corporate governance and clarifying listing, relisting and delisting criteria, sanctions for violation of stock exchange rules and e-reporting and monitoring.

The listing rules also introduced the two board system, comprising the Main Board and the Development Board. Depending on the number of our investors after the completion of the Offering, the IDX will determine whether our Company will be listed on the Main Board or the Development Board.

### ***General Listing Requirement***

The Main Board serves as the flag-carrier of the IDX and is intended for companies fulfilling regional listing standards relating to size, track record and net tangible assets. The Development Board allows both large and small companies with prospects but not yet qualified to list on the Main Board, as well as companies in the recovery phase, to be listed on the IDX.

Under the IDX Listing Regulation No. I-A, all companies listed on the IDX must satisfy the following general listing requirements (“**General Listing Requirements**”):

- must be a legal entity established as limited liability company (*Perseroan Terbatas* or PT);
- must have registration statement which has been declared effective by OJK;
- if the company is a subsidiary or a holding company of another listed company:
  - 1) having obtained an appraisal/evaluation by an independent party, stating that upon termination of an affiliation between the company and the listed company, each company can continue to sufficiently perform its operational activities; and
  - 2) show that either (i) the *pro forma* financial statement of the company, independent of and without consolidation with the financial statement of the listed company, or (ii) the *pro forma* financial statement of the listed company, independent of and without consolidation with the financial statement of the company, can satisfy the listing requirement.
- must have at least one independent commissioner (i) that fulfils the requirement under OJK Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies (“**OJK Regulation No. 33/2014**”); (ii) comprising at least 30% of the total number of members of the board of commissioners;
- must have at least one independent director;
- must have an audit committee that fulfils the requirement under OJK Regulation No. 55/POJK.04/2015 on the Formation and Implementation Guidance for Audit Committees issued in December 23, 2015 (“**OJK Regulation No. 55/2015**”);
- must have an internal audit unit that fulfils the requirement under OJK Regulation No. 56/POJK.04/2015 on the Formation and Implementation Guidance for Internal Audit Unit issued in December 23, 2015 (“**OJK Regulation No. 56/2015**”);
- must have a corporate secretary that fulfils the requirement under OJK Regulation No. 35/POJK.04/2014 on Corporate Secretary of Issuers or Public Companies issued in December 8, 2014 (“**OJK Regulation No. 35/2014**”);
- must have a board of directors and a board of commissioners that fulfill the requirement under OJK Regulation No. 33/2014;
- must have a nominal value of shares of at least Rp100; and
- must have full underwriting commitment from underwriters for the initial public offering.

Under the IDX Listing Regulation No. I-A, there is also a continuing obligation where listed companies are obliged to maintain a minimum of 50 million shares listed on the IDX and a minimum of 7.5% of the total issued share capital must be held by public shareholders. In addition, listed companies are also subject to a continuing obligation to maintain a minimum of 300 shareholders holding security accounts with the IDX Members. The IDX provided a grace period of 24 months for compliance with these requirements beginning January 30, 2014.

### ***Listing on Main Board and Development Board***

Under the IDX Listing Regulation No. I-A, a company is deemed qualified to undertake an initial listing on the Main Board of the IDX if it fulfils certain requirements, including having:

- satisfied the General Listing Requirements;
- operated in the same core business for at least 36 consecutive months;
- made profit for at least the last financial year;
- net tangible assets of at least Rp100 billion (based on the latest audited financial statements);
- audited financial reports covering at least the last three years and unqualified audit opinions from the auditor covering the financial reports for the last two years and the last audited interim report;
- at least 1,000 shareholders, each holding a securities account with the stock exchange members; and
- after its public offering, its minority shareholders hold no less than 300 million shares and those minority shareholdings must consist of:
  - at least 20% of the total issued and paid up capital for prospective listed company whose total equity before the public offering is less than Rp500 billion;
  - at least 15% of the total issued and paid up capital for prospective listed company whose total equity before the public offering is at least Rp500 billion but not more than Rp2 trillion; or
  - at least 10% of the total issued and paid up capital for prospective listed company whose total equity before the public offering exceeds Rp2 trillion.

Under the IDX Listing Regulation No. I-A, a company is deemed qualified to undertake an initial listing on the Development Board if it fulfils certain requirements including having:

- satisfied the General Listing Requirements;
- operated in the same core business for at least 12 consecutive months;
- net tangible assets of at least Rp5.0 billion;
- unqualified audit opinions from the auditor covering the financial report for the last 12 months and the last audited interim report (if any);
- for a company which has experienced loss or has not booked any profit or has been operated for less than two years, (1) based on its financial forecast to be announced in the stock exchange at the latest at the end of the second financial year as of the listing date it has obtained operational and net profits; or (2) based on its financial forecast by no later than at the end of the company's sixth financial year as of the listing date, it has obtained operational and net profits, especially if the proposed listed company is a company that by nature of its business will likely require a longer period of time to reach a breakeven point (such as infrastructure, plantation, forestry concession right (HPH), or industrial forest concession right (HTI) or other business related to public service);
- at least 500 shareholders, each holding a securities account with the stock exchange members; and

- after its public offering, its minority shareholders hold no less than 150 million shares and those minority shareholdings must consist of:
  - at least 20% of the total issued and paid up capital for prospective listed company whose total equity before the public offering is less than Rp500 billion;
  - at least 15% of the total issued and paid up capital for prospective listed company whose total equity before the public offering is at least Rp500 billion but not more than Rp2 trillion; or
  - at least 10% of the total issued and paid up capital for prospective listed company whose total equity before the public offering exceeds Rp2 trillion.

The IDX Listing Regulation No. I-A allows a company listed in the Development Board to be promoted to the Main Board if it fulfills the requirement for listing on the Main Board.

### ***Delisting***

Pursuant to the Decision of the Board of Directors of JSX No. Kep-308/BEJ/07-2004 dated July 19, 2004 regarding Delisting and Relisting of Shares in the Stock Exchange, a company can be delisted voluntarily or involuntarily by the stock exchange. A company can be delisted by the IDX if it, among other things, fulfils one of the following conditions: (i) suffers certain conditions which adversely affect the going concern of the company, financially or legally, or adversely affect the continuing status of the company as a publicly listed company and the company has not shown any sufficient remedial actions; or (ii) the shares are suspended from regular market and cash market trading and have only been traded in the negotiation market for the last 24 months.

### ***Buyback***

Pursuant to OJK Regulation No. 30/POJK.04/2017 on Buybacks of Shares Issued by Public Companies, an issuer or a public company may repurchase its shares in accordance with Articles 37 and 39 of the Company Law, without breaching Articles 91, 92, 95 and 96 Indonesian Capital Market Law, or to satisfy Article 62 of the Company Law. The repurchase of shares shall be completed no later than 18 months after the date of approval of the general meeting of shareholders. The issuer or the public company may hold the repurchased shares for three years since the completion of the shares repurchase, and shall transfer such shares within a period of two years, which can be extended by one year.

Furthermore, an issuer or a public company may buy its shares back under significantly fluctuating market conditions. Pursuant to OJK Regulation No. 2/POJK.04/2013 concerning Buy Back of Shares Issued by Issuers or Public Companies in Significantly Fluctuating Market Condition, dated August 23, 2013, a significantly fluctuating market condition is specified by (i) 15% or more reduction of the composite stock price index for three trading days in a row, or (ii) other conditions stipulated by OJK, which will be formally stipulated by OJK through issuance of circular letter. Under those conditions, during the period stipulated by OJK in its circular letter, the issuer or public company may repurchase its shares up to 20% of the paid-up capital without approval of the general meeting of shareholders.

Under IDX Listing Regulation No. I-A, OJK Regulation No. 33/2014, OJK Regulation No. 35/2014, OJK Regulation No. 55/2015, OJK Regulation No. 56/2015, and OJK Regulation No. 34/2014, a listed company must have:

- at least one independent commissioner if the members of the board of commissioners comprises of 2 (two) commissioners or independent commissioner comprising at least 30% of the total number of members of the board of commissioners if the members of the board of commissioners comprises of more than 2 (two) commissioners. Any independent commissioner who has served for two consecutive terms may be reappointed for the next period to the extent that he/she can

present the statement of independence to the general meeting of shareholders and that such statement can also be disclosed in the annual report. In the event the independent commissioner also serves on the audit committee, the relevant independent commissioners may only be reappointed in the audit committee for the subsequent period;

- an audit committee;
- a corporate secretary;
- an internal audit unit;
- a nomination and remuneration function/committee;
- at least one independent director and any independent director may only serve for two consecutive terms; and
- a nominal value of shares of at least Rp100.

### ***Independent Commissioners***

Based on OJK Regulation No. 33/2014 and IDX Listing Regulation No. I-A, an independent commissioner in a listed company:

- may not be a person who worked or had the authority and responsibility to plan, manage, control or supervise the activities of the listed company within the past 6 months prior to his/her appointment as an independent commissioner, except for reappointment as an independent commissioner of the listed company on the subsequent term;
- may not own any shares of the listed company, directly or indirectly;
- may not have an affiliated relationship with the listed company, or with any commissioner, director or controlling shareholder or principal shareholders of the listed company concerned; and
- must have no business relationship which is directly or indirectly related to the listed company's business activity.

### ***Independent Directors***

Pursuant to IDX Listing Regulation No. I-A, an independent director in a listed company:

- must not have an affiliated relationship with the listed company's controlling shareholders for at least six months before his/her appointment as an independent director in the listed company;
- must not have an affiliated relationship with any commissioner or other director of the listed company;
- must not act as a director of another company; and
- must not be an insider at a capital market supporting institution or professional whose service was used by the listed company for six months before his/her appointment as a director of the listed company.

### ***General Requirement for Directors and Commissioners of Listed Companies***

Pursuant to the OJK Regulation No. 33/2014, directors and commissioners of listed companies shall fulfill the following requirements:

- have good character, morals and integrity;
- be legally competent;
- within five previous years before being appointed and during his/her tenure:
  - have never been declared bankrupt;
  - have never been a director or commissioner responsible for causing a company to go bankrupt;
  - have never been found guilty of a criminal act causing losses to state finances or relating to the financial sector; and
  - have never been the director or commissioner of a company (i) which during his/her tenure did not organize the annual general meeting of shareholders, (ii) where his/her accountability as a member of the board of directors or commissioners was not accepted by the general meeting of shareholders or where as a member of the board of directors or commissioners he/she did not submit his/her accountability report to the general meeting of shareholders and (iii) which obtained a license from OJK but did not fulfill the obligation to submit annual reports or financial reports to OJK;
- be committed to compliance with laws and regulations; and
- have knowledge or expertise in the fields required for a listed company.

### ***Audit Committee***

OJK Regulation No. 55/2015, IDX Listing Regulation No. I-A and OJK Regulation No. 33/2014 stipulate the audit committee must be comprised at least three members, one of whom must be an independent commissioner who will serve as chairman of the audit committee. The other members must also be independent persons, at least one of whom must be an expert in the field of accounting and/or finance.

OJK Regulation No. 55/2015 requires a listed company to have an audit committee charter comprising, at a minimum (i) duties, responsibilities and authorities; (ii) membership composition, structure and requirements; (iii) work rules and procedure; (iv) meeting rules; (v) activity reporting system; (vi) provision on the handling of complaints and a reporting system of suspicious financial reports; and (vii) term of service of the audit committee. As of December 7, 2013, listed companies are required to comply with the audit committee charter requirement and include the charter on its corporate website.

Further, pursuant to OJK Regulation No. 55/2015, the following persons are prohibited from becoming members of the audit committees of a listed company:

- any insider of the public accountant, legal consultant or other party who audits, provide non-audit and/or other consultation services to the company that personally audits the financial statements of the listed company in the past six months before his/her appointment as a member of the audit committee;

- any person who worked or has the authority and responsibility to plan, direct or control the activity of the listed company in the last six months before his/her appointment as a member of the audit committee, except an independent commissioner;
- any person who owns shares, directly or indirectly, in the listed company, and in the event that a member of the audit committee acquires shares as the result of a legal action, then he/she must dispose of such shares within six months from such acquisition;
- any person who has a family relationship, whether by marriage or blood, up to the second degree vertically or horizontally with commissioners, directors or a principal shareholder of the listed company; and
- any person who has a business relationship which is directly or indirectly related to the listed company's business activity.

In addition to the above, pursuant to the OJK Regulation No. 55/2015, criteria for the audit committee is as follows:

- characterized by a high level of integrity and competence, sufficient knowledge and experience in line with educational background, and good communications skills;
- must have understanding of financial statements, the company's business (particularly in relation to the service or business operations of the company), audit processes, risk management, and capital markets, and the prevailing rules and regulations;
- must comply with the code of ethics of the audit committee, as adopted by the company;
- must commit to enhance his/her professional knowledge through education and training;
- one of the members shall have an educational background in the accounting or finance field;
- must be familiar with financial statements and reports;
- is not an insider in an accountancy firm, law firm, public appraiser, or other institution that has provided assurance services, non-assurance services, appraisal services or other consultancy services to the company within a period of six months prior to his/her appointment;
- must not have authority or responsibility for planning, directing, or controlling the operations of the company within a period of six months prior to appointment, except for Independent Commissioner;
- must not have direct or indirect shareholdings in the company. In the event that a member of the audit committee acquires shares as the result of a legal action, then within a period of not more than six months subsequent to such acquisition, the said shares must be disposed of;
- must not be affiliated with members of the Board of Commissioners, Board of Directors, or substantial shareholders of the company; and
- must not have direct or indirect business relationship with the core business of the company.

### ***Internal Audit Unit***

Pursuant to OJK Regulation No. 56/2015, the Internal Audit Unit shall consist of at least one internal auditor. In the case that the Internal Audit Unit consists of only one internal auditor, he or she should also lead the Internal Audit Unit. Each internal auditor, as a member of the Internal Audit Unit, shall:

- possess professional integrity and conduct, independence, fairness and objectivity in performing his/her duty;
- possess knowledge and experience in audit techniques and other relevant skills in accordance to his/her duty;
- possess knowledge in capital market regulations and other relevant regulations;
- possess the capability to effectively interact and communicate both verbally and in writing;
- comply with the professional standards issued by the Internal Auditor Association;
- comply with the ethical code of an Internal Auditor;
- maintain the confidentiality of the relevant company's information or data related to performing the Internal Audit Unit's duties and responsibilities except as required by regulations or the decrees or decisions of a court;
- understand good corporate governance and risk management principles; and
- be willing to enhance his/her professional knowledge, expertise and skill in ongoing basis.

The appointment, replacement or dismissal of the head of an internal audit unit must be reported to the OJK immediately after the date of his/her appointment, replacement or dismissal.

### ***Nomination and Remuneration Committee***

Under OJK Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of the Issuer or Public Company dated December 8, 2014, an issuer or a public company is required to have the function of nomination and remuneration conducted by the board of commissioners. The board of commissioners may form a nomination and remuneration committee consisting of, at least, three members, with an independent commissioner acting as the head of the committee, while the other members may be coming from (i) the board of commissioners, (ii) outside the relevant issuer or public company or (iii) the managerial positions under the board of directors in charge of human resources. In addition, a member of the board of directors is not allowed to be appointed as a member of the nomination and remuneration committee. The committee is appointed and dismissed by the board of commissioners' decision. Further, the nomination and remuneration committee is responsible for:

- providing recommendations to the board of commissioners on (i) the composition of the board of directors or board of commissioners, (ii) policies and criteria required in the nomination process, (iii) policies on the performance evaluation for the board of directors or the board of commissioners, (iv) remuneration structure, (v) remuneration policies, and (vi) the amount of the remuneration;
- assisting the board of commissioners in conducting evaluations to the performance of the board of directors or the board of commissioners pursuant to evaluation standards;
- providing recommendations to the board of commissioners regarding skill development program for the board of directors or board of commissioners;

- proposing the qualified candidates for members of the board of directors or board of commissioners to be submitted to the general meeting of shareholders; and
- assisting the board of commissioners in conducting evaluations to the performance of the board of directors or the board of commissioners pursuant to the remuneration received by the board of directors or the board of commissioners.

### ***Corporate Secretary***

As stipulated in OJK Regulation No. 35/2014 and IDX Listing Regulation No. I-A, a listed company is required to have a corporate secretary.

The function of the corporate secretary is performed by one of the directors of the listed company, by an official of the listed company designated to carry out such function or by a committee led by a person-in-charge to perform the role of a corporate secretary. The corporate secretary acts as a liaison or contact person between the listed company, Government authorities, including OJK, and the public. Pursuant to OJK Regulation No. 35/2014, the corporate secretary shall fulfill the following requirements:

- he/she is capable in performing legal acts;
- has sufficient knowledge and understanding in the field of law, finance, and corporate governance;
- understands the business activity of the issuer or the public company;
- possesses good communication skills; and
- is domiciled in Indonesia.

The corporate secretary must have access to material and relevant information relating to the listed company and must be familiar with all statutory regulations relating to capital markets, particularly on disclosure matters.

### **Scripless Trading**

In 1997, a private limited company, KSEI, was established to serve as an Indonesian central securities clearing house. On November 11, 1998, KSEI obtained a license from BAPEPAM to act as an approved central securities depositary and settlement institution. The shareholders of KSEI currently composed of 26 securities firms, eight custodian banks, two Share Registrars (*Biro Administrasi Efek*), the IDX and the KPEI. In 2000, KSEI introduced the Central Depositary and Book Entry Settlement System (“**C-Best**”), a computerized system for the registration and settlement of securities.

In 2000, BAPEPAM implemented regulations to provide for the scripless trading system. Under the scripless system, a member broker, sub-broker or local custodian (“**KSEI Participant**”) may deposit with KSEI certificates in respect of securities evidencing ownership of securities upon making KSEI the registered holder of those securities. Any institution becoming a KSEI Participant is required to open at least one securities account and sub-account with KSEI for deposit, withdrawal or transfer of securities. After KSEI has accepted a deposit of any securities, it will hold such securities on behalf of its participants’ clients and, as such, investors obtain a beneficial (rather than direct) interest in the shares, which is convertible into a physical share certificate at the direction of the investor. Thus, to establish ownership rights, each holder of an account for deposit, withdrawal and/or transfer of securities (“**KSEI Account Holder**”) is obliged to maintain a list of the owners of securities deposited with it. Sales and purchases of securities are settled on the relevant securities deposit account via a computer system. At the end of each trading day, KSEI delivers a statement showing the balance of securities held for each participant.

A company that intends to register their securities with KSEI enters into a standard registration agreement with KSEI. Subsequently, KSEI Account Holders or KSEI Participants must issue confirmations for the benefit of KSEI for the entire value of the securities deposited with KSEI.

Securities registered with KSEI are recorded and administered electronically in securities accounts opened with KSEI (“**KSEI Securities Accounts**”) and KSEI Account Holders administer deposits, withdrawals and transfers of securities through their KSEI Securities Accounts. Parties that are eligible to become KSEI Account Holders are (i) securities companies, (ii) custodian banks and (iii) other parties determined by the prevailing capital market laws and regulations. In addition, any institution becoming a KSEI Participant is required to open at least one securities account with KSEI. Each KSEI Account Holder who maintains subscribers’ securities and funds must also open sub-accounts for the deposit of securities and funds on behalf of their customers.

In accordance with KSEI rules on Central Depository Services, C-Best is the central computerized system for depository services and the settlement of securities transactions by book entry settlement. C-Best is provided by KSEI to KSEI Account Holders. Sales, purchases and conveyances of securities are settled through the C-Best system by setting off the relevant securities in the appropriate KSEI Securities Accounts. At the end of each trading day, KSEI delivers, through the C-Best system, a statement to each KSEI Account Holder showing the balance of securities held by that KSEI Account Holder.

A company that intends to register its securities with KSEI must enter into an agreement with KSEI and KSEI Account Holders must issue confirmations in the name of KSEI for the entire value of the securities deposited into KSEI. In order to establish ownership rights, each KSEI Account Holder is obliged to maintain a list of the owners of the securities deposited into KSEI.

Pursuant to a circular letter issued by BAPEPAM No. SE-01/PM/2001 on Conduct of Collective Safekeeping dated November 23, 2001, issuers of shares were required to register their shares with the central depository into electronic form prior to June 30, 2002. Further, on January 15, 2003, BAPEPAM-LK issued a new regulation, effective as of May 1, 2003, which requires each KSEI Participant holding securities on behalf of client to:

- establish a securities sub-account on behalf of each client and record each client’s securities account in such sub-account;
- ensure that the balance in the client’s security account in KSEI Participant’s records is always equivalent to the balance in the client’s sub-account with KSEI;
- take measures to ensure that the identity of each client is properly recorded by KSEI Participant; and
- take measures to ensure that the securities sub-account balance of each client is and remains correct.

## **KSEI**

KSEI is a self-regulating organization and is licensed and regulated by OJK. Under KSEI’s rules, securities companies or custodian banks, and other parties determined by the prevailing capital market laws and regulations fulfilling certain criteria and authorized by OJK may become KSEI Participants. As discussed above, the principal shareholders of KSEI are large custodian banks, securities companies, share registrars, IDX and KPEI. In the scripless system, the role of KSEI is to settle the transaction and act as central securities depository, while fund settlement is conducted by KPEI.

KSEI is managed by a board of directors as supervised by a board of commissioners who are subject to the provisions of the Company Law. KSEI is also a member of several international associations that are related to securities depositories, including the Association of National Numbering Agency (“ANNA”), the International Society of Securities Administrators (“ISSA”), the Society for Worldwide Interbank Financial Telecommunication (“SWIFT”) and Asia Pacific Central Securities Depositories Group (“ACG”).

OJK sets strict standards for the internal controls of KSEI. These standards call for daily reconciliation of account balances between KSEI and the issuers whose securities are held in the name of KSEI. This daily reconciliation is required to be verified continuously by the head of the audit unit of KSEI who must report this verification to the Internal Control Committee of KSEI, board of directors of KSEI and OJK. Each KSEI Participant has the right to send auditors to KSEI to verify the reconciliation of its accounts with those of KSEI including the right of KSEI Participant to send auditors to verify the registry of the securities on the books of the issuer.

The internal control systems of KSEI are required to be audited annually by an independent auditor with international experience and an international reputation, including a review of the protections against fraud, embezzlement, natural disruptions and electronic damage. This report is to be sent to all KSEI shareholders along with KSEI’s Annual Report.

The regulations call for a number of fundamental security measures to ensure the integrity of KSEI:

- access to the data processing functions, record-keeping functions and customer account services areas of KSEI is required to be restricted;
- KSEI must have a primary computer and backup computer at a different location that allows continued processing within two hours of a breakdown of the primary computer;
- duplicate electronic records are required to be maintained in repositories that are at least 30 kilometers apart from each other;
- software development and maintenance are required to be segregated from data processing operations; and
- a special security division of KSEI’s own funds is required to be segregated from data processing operations, all debits and credits to securities accounts must be based on instructions of account holders and controlled by a division that is separate from the data processing division.

In addition to the oversight of internal controls and specific regulations regarding recovery and security, the legal basis for securities accounts permits recovery of an investor’s assets even in the event of destruction of all records of KSEI. This is done based on investor’s confirmations and statements and records of the issuer, all of which are maintained independently from records of KSEI. With daily reconciliation of key records, strong internal control supervision by major banks, special security measures, and legal safeguards, recovery is possible even if there is a catastrophic occurrence.

### ***Transfers of Shares***

Transfers of listed shares on the IDX are governed by the Company Law and IDX Rules. Under the Company Law, as a general matter, ownership of shares is based on the registration of ownership in the relevant company’s share register. To be valid against the issuing company, a request for an entry of the transfer into a share registry must be received by the company. To be valid against a third-party, the entry of the transfer must actually be made into the share register.

Transfers of scripless shares are made by way of appropriate instructions to the relevant brokers or custodians with whom the transferor and the transferee involved maintain securities accounts in accordance with the individual arrangements with such brokers or custodians. Upon receipt of such instructions, the relevant brokers or custodians will, in accordance with such arrangements, effect the relevant changes in the register they are required to maintain for rights and entitlements purposes.

As of June 30, 2002, only shares held through KSEI (and which have not been pledged, foreclosed upon based on a court order or seized for the purpose of criminal proceedings) may be traded on the IDX. Securities transaction settlement services are part of the central depository services. Such services are provided for the fulfillment of the rights and obligations resulting from stock exchange transactions or over-the counter transactions by means of the transfer of securities and/or funds between securities accounts. The settlement of stock exchange transactions is performed by KSEI based on transfer instructions received from a selling Clearing Member (defined as a member of the stock exchange registered as KSEI Clearing Member) and a buying Clearing Member. Alternatively, KSEI may settle over-the-counter transactions based on a transfer instruction from a selling KSEI Account Holder. Over-the-counter transfer instructions must also state whether the transaction requires payment or not. Upon the complete transfer of securities and/or funds, KSEI submits a report to KPEI or to the Clearing Member on the settlement of stock exchange transaction and confirmation is given to the relevant KSEI Account Holder on the settlement of over-the-counter transactions.

Under Rule No. IX.H.1, an acquisition of more than 50% of the shares of a public company or acquisition of direct or indirect control of the management or policy of a public company will be deemed as an acquisition of a public company and thus trigger a tender offer by the new controlling shareholder. The new controlling shareholder will have to conduct a tender offer for all the other shares in the public company, except for: (i) shares owned by shareholders which conducted the acquisition in conjunction with the new controlling shareholders, (ii) shares owned by other parties which received an offer on the same terms and conditions with the new controlling shareholder, (iii) shares owned by other parties which are conducting a tender offer at the same time on the same public company's shares, (iv) shares owned by the majority shareholders, and (v) shares owned by the other controlling shareholders in the public company. If the tender offer results in the new controlling shareholder holding more than 80% of the total paid-up capital in the public company, the new controlling shareholder must transfer a certain amount of the shares to the public so that 20% of the total paid-up shares in the public company is owned by the public, and the shares must be owned by more than 300 parties within two years after the completion of the tender offer. If the acquisition results in the new controlling shareholder obtaining more than 80% of the total paid-up capital in the public company, the new controlling shareholder will have to transfer the shares to the public equal to the percentage of shares obtained in the tender offer, at a minimum, and the shares must be owned by at least 300 parties within two years after the completion of the acquisition.

### ***Reporting Requirements***

According to the OJK Regulation No. 11/POJK.04/2017 on Report of Ownership or Any Changes to Shares Ownership of Public Companies dated March 14, 2017 ("**OJK Regulation No. 11/2017**"), the director or commissioner of a public company must report to OJK with regard to their ownership and the changes of ownership of the shares in such company within 10 days of the transaction. Such reporting obligation also applies to a shareholder that owns, directly or indirectly 5% or more of the paid-up capital in such company.

Any such report shall contain the following information:

- the name, address and nationality of the relevant person;
- the name of the shares of the Public Company;
- the amount and percentage of shares, before and after the transaction;

- the amount of shares purchased or sold;
- the purchase or selling price per share;
- the date of the transaction;
- the purpose of the transaction;
- status of ownership (directly or indirectly); and
- in the event that the shares are indirectly owned, information on the shareholder listed in the shareholders register of the Public Company for the interest of the ultimate beneficial owner.

A copy of such report must be made available to the public and can be obtained at OJK's office.

### ***Amended OJK Regulation on Annual Reporting Requirements***

On July 29, 2016, OJK issued OJK Regulation No. 29/POJK.04/2016 on Annual Reports of Issuers or Public Companies ("**OJK Regulation No. 29/2016**") which revokes the Decision of Chairman of BAPEPAM-LK No. Kep-431/BL/2012 on Regulation No. X.K.6 concerning Annual Reporting Requirements for Issuer or Public Company effectively on January 1, 2017. While for the most part OJK Regulation No. 29/2016 deals with general matters on annual reporting requirements, the procedural/technical matters related to corporate and accounting information is regulated under OJK Circular Letter No. 30/SEOJK.04/2016 on Form and Content of Annual Report ("**OJK Circular Letter No. 30/2016**"). The provision makes it mandatory for a public company to reveal its ultimate principal or controlling shareholder, clearly spelled out in diagrammatic or chart form remains. In addition, OJK Regulation No. 29/2016 and OJK Circular Letter No. 30/2016 provide a much broader reporting requirement for corporate social responsibility activities, and the mandatory reporting of any whistle blowing arrangements that may be in place.

### ***Corporate Social Responsibility***

OJK Circular Letter No. 30/2016 includes a corporate social responsibility reporting requirement, including the need to supply information on environmental responsibility (use of environmentally friendly/recyclable materials, renewable energy, waste treatment, environmental classification, etc.), labor, and occupational health and safety issues (gender equality, employee turnover, training, occupational accidents, etc.), social and community development (employment of local manpower, community empowerment, provision of social infrastructure, donations, etc.), and product responsibility (product information, response to consumer complaints, etc.). In addition, corporate social responsibility activities must be reported in a dedicated section of the Annual Report.

This ties in with Article 74(4) of the Company Law, as elaborated by Government Regulation No. 47 of 2012 concerning Companies Corporate Social Responsibility, which makes Indonesia one of the few countries in the world to practice mandatory corporate social responsibility. However, there is no oversight other than that provided by shareholders and the public at large. There are also no generally applicable sanctions that have been implemented for companies that fail to comply with this directive.

### ***Additional Disclosures***

OJK Circular Letter No. 30/2016 also requires the disclosure of information on employee/management stock options, if any, including information on the amounts and timeframes involved, participation requirements, and the prices at which such options are exercised. In addition, a description must be given of the company's code of ethics, including the key provisions of the code, how it is familiarized to employees and a statement that the code of ethics is applicable to members of the board of directors, board of commissioners and employees of the public company. In addition, the annual report shall also contain information on corporate culture or values of the company (if any).

Further, OJK Regulation No. 8/POJK.04/2015 concerning Issuer or Public Company Websites requires issuer or public companies to serve information in Bahasa Indonesia and one other language, at least English Language. The minimum information disclosed in the website is general information of the company, information for investors, information concerning good corporate governance, and information concerning corporate social responsibility.

### ***Corporate Governance of Public Companies***

On November 17, 2015, OJK issued OJK Regulation No. 21/POJK.04/2015 on the Implementation of Corporate Governance Guidelines for Public Companies (“**OJK Regulation No. 21/2015**”), which set out several requirements on good corporate governance for public companies. Pursuant to POJK No. 21/2015, public companies are obliged to implement corporate governance guidelines made by the OJK (“**GCG Guidelines**”) and required to disclose information on the implementation of the recommendation mentioned in the GCG Guidelines their annual report. The GCG Guidelines are contained in the OJK Circular Letter No. 32/SEOJK.04/2015 on the Corporate Governance Guidelines for Public Companies (“**OJK Circular Letter No. 32/2015**”).

GCG Guidelines provide several recommendations to assist public companies to implement good corporate governance principles, *inter alia*, to set self-assessment procedures for the board of directors and board of commissioners, to issue an internal policy on whistle blowing system, to provide and retain summaries of the resolutions of the general meetings of the shareholders on the company’s website for at least a year.

In the event a public company does not implement the GCG Guidelines, such public company is required to provide an explanation as to the underlying reason as to why such public company does not implement the GCG Guidelines.

Failure to implement the GCG Guidelines may be subject to administrative sanctions imposed by the OJK in the form of written warning and fine, among other things.

## TAXATION

*The following summary is based on tax laws of Indonesia as in effect on the date of this Offering Circular, and is subject to changes in Indonesian law, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any countries other than Indonesia. Prospective purchasers in all jurisdictions are advised to consult their own tax advisors as to Indonesian or other tax consequence of the purchase, ownership and disposition of the Offer Shares.*

### Indonesian Taxation

The following is a summary of the principal Indonesian tax consequences of the ownership and disposition of shares for a non-resident individual or non-resident entity (a “**Non-Indonesian Holder**”) that holds shares in an Indonesian company. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase shares. A “non-resident individual” is a foreign national who does not reside in Indonesia or is not physically present in Indonesia for more than 183 days during any 12-month period, during which period, such non-resident individual receives income in respect of the ownership or disposition of the shares (unless an individual is deemed as a tax resident if he intends to reside in Indonesia, indicated by obtaining a working visa or limited stay permit card (KITAS) or having a contract of employment, business, or activities that are performed in Indonesia for more than 183 days), and a “non-resident entity” is a corporation or non-corporate body that is established under the laws of a jurisdiction other than Indonesia, is not domiciled in Indonesia and does not have a fixed place of business or permanent establishment in Indonesia during an Indonesian tax year in which such non-Indonesian entity receives income in respect of the ownership or disposition of shares.

### *Taxation of dividends*

Dividends declared by the Company out of retained earnings and distributed to a Non-Indonesian Holder in respect of the Company’s shares are subject to Indonesian withholding tax, currently at the rate of 20%, on the amount of the distribution or on the shareholders’ proportional share of the value of the distribution. A lower rate provided under certain double taxation treaties may be applicable **provided that**, among other things, the recipient is the beneficial owner of the dividend and is a resident of a treaty country. In order to benefit from the reduced rate under the relevant double taxation treaty, the Non-Indonesian Holder must confirm that it is the beneficial owner of the dividend (certain criteria must be met as regulated by the Indonesian Tax Authorities) by providing a Directorate General of Taxation (“**DGT**”) 1 Form or DGT 2 Form (for banking and certain institutions only) as regulated in DGT Regulation No. PER-10/PS/2017. The competent tax authorities of the jurisdiction where the recipient Non-Indonesian Holder is domiciled must endorse page one of either form. Page one is effective for 12 months from the authorization date. If the DGT 1 Form is used, pages two and three must be completed and signed by the Non-Indonesian Holder. If the DGT 2 Form is used, page two must be completed and signed by the Non-Indonesian Holder. Original Certification of Residency can be used in the case the competent tax authorities of the jurisdiction where the recipient Non-Indonesian Holder is domiciled refuses to endorse the DGT 1 form or DGT 2.

The Original Certificate of Residency is issued in the format of the tax treaty partner country with the following requirements:

- written in English language;
- issued in the year where dividend is distributed but prior to the date when the dividend is distributed;

- constituting the original document or a photocopy legalized by the Tax Office where one of the Tax Withholders/Collectors is registered as a taxpayer;
- stating at a minimum the name of the non-resident taxpayer, issuance date and the applicable tax year of the Original Certificate of Residency; and
- containing the name and signature of the relevant authority, his authorized proxy, or the authorized official of the tax office in the tax treaty partner country or a mark deemed equivalent to a signature in accordance with common practice in the tax treaty partner country and the name of such officer.

The completed DGT-1 Form/DGT-2 Form and the Certificate of Tax Residence must be made available before the reporting deadline of tax due.

### ***Tax treaties and entitlement to benefits***

Indonesia has concluded double taxation treaties with a number of countries including Australia, Belgium, Canada, France, Germany, Japan, Luxembourg, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America. The relevant tax treaty may also affect the definition of non-resident party. Where a tax treaty exists, provided the eligibility requirements of that treaty are satisfied, there is no misuse of the tax treaty and the administrative requirements under the domestic tax regulations are met, a reduced rate of withholding tax may be applicable.

The Non-Indonesian Holder must not misuse the tax treaty, with “misuse” being defined by the prevailing regulation as “in cases where the main purpose or one of the main purposes of the transaction is to get a benefit of the tax treaty and against the purpose and intention of the issuance of the tax treaty.”

There is no misuse of the tax treaty if all the following conditions below are fulfilled:

- there is economic substance in the establishment of the entity and execution of the transaction;
- the legal form is the same as the economic substance in the establishment of the entity or the execution of the transaction;
- the business activities are managed by the entity’s own management and the management has sufficient authority to carry out the transactions;
- there are fixed assets and non-fixed assets which are adequate and sufficient to conduct business activities in that treaty country;
- the entity has sufficient employees with the expertise and certain skills in accordance with its line of business; and
- the entity has activities or an active business other than receiving income in the form of dividend, interest, royalty from Indonesia.

In addition to the above, to obtain the benefit of an applicable tax treaty, the recipient of dividend income must also be the beneficial owner of the income and comply with the eligibility requirements of the treaty and the specific requirements in Indonesia. In respect of withholding tax on dividends, the tax treaty rate may be applied if the income recipient is not a tax resident of Indonesia, the administrative requirements for applying the tax treaty provisions are fulfilled and there has been no tax treaty abuse by the offshore taxpayer. DGT Regulation No. PER-10/PJ/2017 stipulates that a tax treaty rate is not applicable in the case of “misuse” of a tax treaty, even if the recipient of the income is a tax resident of the tax treaty partner country.

If any of the above requirements are not satisfied, then according to the prevailing regulations issued by the Indonesian Directorate General of Taxation a taxpayer's entitlement to withholding tax benefits under an applicable tax treaty will be voided and the Indonesian tax resident withholder is obliged to deduct 20% statutory withholding tax rate.

### ***Taxation on the disposition of shares***

Pursuant to Government Regulation No. 41 of 1994 regarding Income Tax on Income from Share Trading Transactions on the Stock Exchange dated December 23, 1994, as amended by Government Regulation No. 14 of 1997 dated May 29, 1997, the sale of shares that are listed on an Indonesian stock exchange is subject to final withholding tax of 0.1% of the gross amount of the transaction value, which should be withheld by the broker handling the transaction.

An additional 0.5% final tax (for a total tax of 0.6%) is imposed on the share value at the time of the initial public offering for founder shares (except for the founder shares of a mutual fund). The tax regulations provide an option for the taxpayer to elect to substitute the 0.5% additional final tax with the taxation or actual capital gains (if any) resulting from the sale of the founder shares subject to the normal tax rates (25.0% for corporate taxpayers or a progressive tax rate with a maximum of 30.0% for individual taxpayers).

Currently, the tax regulations for listed shares do not contain any provision in respect of treaty protections. In practice, the 0.1% final withholding tax is applied irrespective of the fact that there may be treaty exemptions. Indonesian tax authorities have a general rule regarding refunds, which may be used where there is an applicable treaty exemption.

### ***Stamp duty***

According to Government Regulation No. 24 of 2000, an agreement or document that effects a sale of Indonesian shares is subject to stamp duty of Rp. 6,000 (six thousand Indonesian Rupiah). The nominal amount of the Indonesian stamp duty for any kind of securities transaction having a value greater than Rp. 1 million is Rp. 6,000 but this is reduced to Rp.3,000 for transactions having a value between Rp. 250,000 and Rp. 1 million. Generally, the stamp duty is due at the time the document is executed.

## PLAN OF DISTRIBUTION

### The Offering

The Company and the Selling Shareholders are offering 1,080,000,000 Offer Shares, comprising 700,000,000 Primary Shares to be offered by the Company in the Primary Offering and 380,000,000 Secondary Shares to be offered by the Selling Shareholders in the Secondary Offering, in each case at the Offer Price. The Offering consists of the Primary Offering and the Secondary Offering.

The Primary Offering consists of (i) a public offer of Primary Shares in the Republic of Indonesia (the “**Indonesian Offering**”) and (ii) a private placement of Primary Shares to eligible investors resident outside of the Republic of Indonesia (the “**Primary International Offering**”). The Secondary Offering consists of a private placement of Secondary Shares to eligible investors resident outside the Republic of Indonesia. The Primary International Offering and the Secondary Offering are herein referred to as the “**International Offering**.” As discussed below under “— *Allotment of Primary Shares*,” the Primary Shares may be reallocated between the Primary International Offering and the Indonesian Offering in the event of an under-subscription in one and an over-subscription in the other. The completion of the International Offering is conditional upon the completion of the Indonesian Offering.

CLSA Limited and Credit Suisse (Singapore) Limited are the International Selling Agents in the International Offering. The underwriter in the Indonesian Offering is PT Ciptadana Sekuritas Asia, as the Domestic Underwriter, and any additional underwriters (the “**Additional Underwriters**” and together with the Domestic Underwriter, the “**Underwriters**”).

The Underwriters and the International Selling Agents, severally and not jointly, are procuring subscribers for or, in the event of under-subscription, purchasing the Offer Shares, subject to prior sale, when, as and if issued to and accepted by them, subject to the validity of the Offer Shares and other conditions contained in the Underwriting Agreement, the Selling Agency and Managers’ Agreement and the International Coordination Agreement (each as defined below).

In connection with the Secondary Offering, the Selling Shareholders have appointed the International Selling Agents, and the International Selling Agents have, severally and not jointly and subject to certain conditions, agreed to purchase and/or procure international purchasers to purchase the Secondary Shares in the Primary International Offering at the Offer Price.

The International Selling Agents and the Underwriters and/or any of their affiliates may subscribe for Offer Shares in the Offering for their own account.

### The International Offering

In connection with the International Offering, the Domestic Underwriter and the International Selling Agents have entered into an agreement dated April 26, 2018, as may be amended or supplemented (the “**Selling Agency and Managers’ Agreement**”), which provides for the coordination of their activities.

In connection with the International Offering, we and the Selling Shareholders have entered into an agreement with the International Selling Agents dated April 26, 2018, as may be amended or supplemented (the “**International Coordination Agreement**”), which sets out the terms and conditions upon which the International Selling Agents will solicit eligible investors residing outside Indonesia to subscribe for Offer Shares in the International Offering. The Offer Shares in the International Offering are being offered by the International Selling Agents only outside Indonesia and outside the United States in “offshore transactions” in accordance with Regulation S under the Securities Act.

Purchasers of Offer Shares in the International Offering may be required to pay stamp taxes and other similar charges in accordance with the laws and practices of their country of purchase, in addition to the Offer Price. Pursuant to the International Coordination Agreement, we and the Selling Shareholders have agreed to indemnify the International Selling Agents against certain liabilities in connection with the offer and sale of the Offer Shares, and to contribute to payments which the International Selling Agents may make in respect thereof.

### **The Indonesian Offering**

In connection with the Indonesian Offering, we have entered into an agreement with the Domestic Underwriter dated March 5, 2018, as amended or supplemented on April 2, 2018 (the “**Underwriting Agreement**”), which sets out the terms and conditions upon which the Underwriters will offer the Primary Shares on our behalf at the Offer Price. If any of the Primary Shares are not subscribed for, purchased or paid for by subscribers pursuant to the Indonesian Offering, the Underwriters have agreed to subscribe for or purchase and pay for such Primary Shares at the Offer Price.

Pursuant to the Underwriting Agreement, we have agreed to indemnify the Underwriters against certain liabilities in connection with the offer and the sale of the Primary Shares.

No offer of Offer Shares is being made to citizens of Indonesia (wherever located) or to residents of Indonesia pursuant to this Offering Circular. The issue of Primary Shares to Indonesian citizens (wherever located) and/or residents of Indonesia will be made pursuant to a prospectus filed with the OJK.

### **Employee Stock Allocation Programme (“ESA Programme”)**

Simultaneously with the Offering, we have granted an allocation of up to 10% of the Primary Shares, or up to 70,000,000 Offer Shares to eligible employees through the ESA Programme, which was approved by our Board of Directors, pursuant to the Decree of the Board of Directors of the Company SPTBK-013/03/2018 dated March 22, 2018.

The exercise price of the Offer Shares allocated in the ESA Programme will be the same as the Offering Price. Offer Shares allocated to the eligible employees will be subject to a lock-up arrangement for the period ending three months after the listing of our shares on the IDX.

### **Underwriting Commitments**

The table below sets out the respective underwriting commitments of the International Selling Agents and the Underwriters pursuant to the Offering.

	<b>Underwriting Commitment</b>	
	<b>Number of Offer Shares</b>	<b>Approx. (%)</b>
<b>International Selling Agents</b>		
CLSA Limited . . . . .	237,750,000	22.0
Credit Suisse (Singapore) Limited . . . . .	237,750,000	22.0
<b>Domestic Underwriters</b>		
PT Ciptadana Sekuritas Asia . . . . .	216,000,000	20.0
PT CLSA Sekuritas Indonesia . . . . .	194,250,000	18.0
PT Credit Suisse Sekuritas Indonesia . . . . .	194,250,000	18.0
<b>Total Purchase Commitments. . . . .</b>	<b><u>1,080,000,000</u></b>	<b><u>100.0</u></b>

## Fees and Expenses

As compensation for services performed in connection with the International Offering, we and the Selling Shareholders have agreed to pay to the International Selling Agents underwriting fees and commissions in an aggregate amount equal to 2.25% of the Offer Price per Offer Share sold in the International Offering, plus a discretionary incentive fee of up to 0.5% of the Offer Price per Offer Share sold in the International Offering.

Investors in the Offering may be required to pay a brokerage fee of 1.0% per Offer Share and may be required to pay stamp taxes and other similar charges in accordance with applicable regulations.

As compensation to the Domestic Underwriter for their commitment to procure investors to purchase (or, in the event of under-subscription, to purchase) Primary Shares in the Indonesian Offering, we have agreed to pay to the Underwriters underwriting fees and commissions in an aggregate amount of 2.25% of the Offer Price per Offer Share sold in the Indonesian Offering, plus a discretionary incentive fee of up to 0.5% of the Offer Price per Primary Share sold in the Indonesian Offering.

We have agreed to reimburse the International Selling Agents and the Underwriters for certain costs, fees, expenses and taxes incurred in connection with or incidental to the Offering.

## Important Dates

The following events have taken place, or are expected to take place, on or about the following dates in connection with the Offering (subject to change, in particular depending on the timing of the declaration by the OJK on the effectiveness of the registration statement):

Event	Date
Effective date of the OJK registration statement . . . . .	May 3, 2018
Announcement of Final Abridged Prospectus . . . . .	May 3, 2018
Commencement of offer period in Indonesian Offering . . . . .	May 4, 2018
End of offer period in Indonesian Offering . . . . .	May 8, 2018
Allotment of Offer Shares to successful applicants. . . . .	May 9, 2018
Payment due by investors in the Primary International Offering. . . . .	May 11, 2018
Settlement Date for Primary Offering. . . . .	May 11, 2018
Listing of Offer Shares on the IDX . . . . .	May 14, 2018
Payment due by purchasers in the Secondary Offering. . . . .	May 14, 2018
Settlement Date for the Secondary Offering. . . . .	May 14, 2018

## Registration with the OJK

We submitted a registration statement to the OJK on March 6, 2018 in accordance with Bapepam-LK Regulation No. IX.A.1 as attached to the Decision of the Chairwoman of Bapepam-LK No. KEP-690/BL/2011 dated December 30, 2011 and Bapepam-LK Regulation No. IX.A.2 as attached to the Decision of the Chairman of Bapepam-LK No. KEP-122/BL/2009 dated May 29, 2009. We expect to receive a letter from the chairwoman of the OJK on or about May 3, 2018 declaring the registration statement effective, pursuant to which we will be permitted to proceed with the Indonesian Offering and, subject to the issuance of listing approval by the IDX, the listing of the Offer Shares.

## Offering Period for the Indonesian Offering

The offering period for the Indonesian Offering will begin on May 4, 2018 and end on or about May 8, 2018 (the “**Offering Period**”).

The Underwriter and the International Selling Agents may offer their customers preferential allocations through a fixed allotment of Primary Shares (as described under “*Allotment of Primary Shares*” below). We expect the International Selling Agents and the Underwriters, through the Domestic Underwriter, to make payment of the net proceeds of the Primary Offering to us on or about May 11, 2018 and the listing of the Offer Shares on the IDX to occur on or about May 14, 2018.

## Application for Primary Shares under the International Offering

Each non-Indonesian citizen and non-Indonesian resident must properly complete and submit a share subscription application form in order to be eligible to purchase Primary Shares in the International Offering. The International Selling Agents will be responsible for ensuring the preparation of share subscription forms on behalf of foreign investors purchasing Primary Shares through them in the International Offering. Share subscription applications and allocations in connection with the Indonesian Offering are regulated by OJK regulations.

Share applications must be for a minimum amount of 100 shares and multiples thereof. Each investor may only submit one share application form. The Domestic Underwriter are entitled to accept or refuse a share application in full or in part. Multiple share applications submitted using more than one share application form may either be treated as a single application for allotment purposes or treated, in full or in part, as invalid applications at the sole discretion of the Domestic Underwriter. If there is an over-subscription in the Offering, and if there are multiple share applications submitted by one subscriber using more than one share application form, the Underwriters and the International Selling Agents are only entitled to accept the first order which has been submitted by the subscriber.

Full payment by non-Indonesian citizens and non-Indonesian residents for the number of Offer Shares allocated to them is expected to be made on May 11, 2018. Information as to wire transfer instructions will be made available by the International Selling Agents or the Underwriters to eligible investors upon request. All bank and transfer charges with respect to these payments will be borne by the investors.

## Allotment of Primary Shares

### *Fixed Allotment and Pooling*

At the conclusion of the Offering Period, the allotment of the Primary Shares will be made by the Domestic Underwriter, acting as the allotment manager (in such capacity, the “**Allotment Manager**”), using a combined system of “fixed allotment” and “pooling” in accordance with Bapepam-LK Regulation No. IX.A.7 as attached to the Decision of the Chairwoman of Bapepam-LK No. KEP-691/BL/2011 dated December 30, 2011. Under this rule, the Allotment Manager is required to first apportion the allotment of the Primary Shares using the “fixed allotment” system before using the “pooling” system. The last date by which the Allotment Manager will determine the number of Primary Shares allotted for each applicant is expected to be on or about.

The Allotment Manager has determined that the Primary Shares will be offered pursuant to a mix of fixed allotment system and a system of pooling. The details of the allotment procedure are set-forth below:

### *Fixed allotment*

The Allotment Manager has determined that the equivalent of 99% of the Primary Shares being offered will be subject to a fixed allotment system, subject to OJK approval by considering the interests of the individual subscriber or investor. Affiliated Applicants (as defined in “**Allocation to Affiliated Parties**” below) are prohibited from being allotted Primary Shares under the fixed allotment system.

### *Pooling allotment*

In the event the Indonesian Offering is over-subscribed, the Allotment Manager must implement the pooling allotment procedure after allotments are made under the fixed allotment system, as follows:

1. If, after excluding subscriptions by Affiliated Applicants, the Offering is over-subscribed, non-Affiliated Applicants will have priority for allocations of Primary Shares. To the extent any Offer Shares remain unsubscribed following the allocation of Primary Shares to non-Affiliated Parties, such remaining Primary Shares will be allocated to Affiliated Applicants, *pro rata* based on the number of Primary Shares subscribed for by each such Affiliated Applicant.
2. If, after excluding subscriptions by Affiliated Applicants, the Offering is under-subscribed, Primary Shares will be allotted to Affiliated Applicants in accordance with the following procedures:
  - (a) Each non-Affiliated Applicants will receive one round lot subject to the availability of Primary Shares; otherwise, the Primary Shares will be allocated by lottery; and
  - (b) Any remaining Primary Shares will be allocated to Affiliated Applicants, in round lots, *pro rata* to the number of Primary Shares subscribed for by each such Affiliated Applicant.

### *Allotment to Affiliated Parties*

“**Affiliated Applicants**” include our Commissioners, Directors (excluding our independent commissioners), our principal shareholder (*pemegang saham utama*), or employees seeking to purchase Primary Shares, or other parties holding at least 20% of the share capital in the Underwriters or any other party affiliated with persons involved in the Offering. Affiliated Applicants will only be allotted Primary Shares if there are excess Primary Shares. Once the applications of non-Affiliated Applicants are satisfied, Affiliated Applicants may be allocated the remaining Primary Shares on a *pro rata* basis.

### *Allotment to Foreign Institutions and Individuals*

There is generally no limit on the purchase of Primary Shares by foreign institutions or individuals. Allocation to foreign institutions and individuals will be on the same basis as to domestic institutions and individuals.

### **Delivery of Primary Shares**

We expect that delivery of the Primary Shares will be made on or about May 11, 2018, following the expected final allotment of the Primary Shares in the Offering on or about May 9, 2018. The Offer Shares may not be traded by the purchasers thereof prior to the listing of the Offer Shares on the IDX.

The completion of the Secondary Offering is conditional upon the completion of the Primary Offering and the listing of the Company’s shares on the IDX. Assuming these conditions are satisfied, payment to the Selling Shareholders for the Secondary Shares is expected to take place on or about May 14, 2018 in immediately available funds, and delivery of the Secondary Shares will be made against payment therefor in electronic (scripless) form for their administration in KSEI effected through a crossing of such shares on the IDX on or about May 14, 2018.

### **Cancellation of the Offering**

Prior to the close of the Offering Period, the Domestic Underwriter retains the right to cancel the Indonesian Offering under certain circumstances pursuant to the Underwriting Agreement. In addition, the International Selling Agents retain the right to cancel the Offering under certain circumstances pursuant to the International Coordination Agreement. The completion of the Secondary Offering is conditional upon the completion of the Primary Offering.

In addition, Pursuant to Indonesian law requirements, from the date OJK declares the registration statement effective until the end of the public offer period, the Offering may only be terminated by an application made by the Company to OJK for its approval and only in the following circumstances:

- the Composite Index (Indeks Harga Saham Gabungan) on the IDX is down more than 10% on three consecutive days of trading on the IDX;
- a natural disaster, war, riot, fire or labor strike occurs which has a significant effect on our business; or
- an event occurs that, in the determination of the OJK, in accordance with its regulations, has a significant effect on our business.

Each investor subscribing for Offer Shares in the International Offering will be deemed to have acknowledged that it understands that (i) the circumstances under which the Offering may be terminated are more limited compared to initial public offerings in other jurisdictions (such as the United States, the United Kingdom, Hong Kong or Singapore), and (ii) the International Selling Agents may have the right but may not exercise their right to terminate the International Offering even upon the occurrence of events permitting the International Selling Agents to terminate the International Offering pursuant to the terms of the International Coordination Agreement and the Selling Agency and Managers' Agreement. As a result, an investor in the International Offering may be required to complete the acquisition of Offer Shares for which it has agreed to subscribe notwithstanding the occurrence of certain significant events that may result in termination of the initial public offerings in other jurisdictions.

### **Lock-up Arrangements**

The Company has agreed that, without the prior written consent of the Joint Bookrunners, it will not, for a period of 12 months from the Effective Date, (A) offer, pledge, sell, accept subscription for issue, contract to sell, mortgage, charge, assign, sell any option, warrant or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to subscribe for or purchase, lend, or otherwise transfer or dispose of or create an encumbrance over, directly or indirectly, conditionally or unconditionally, or otherwise, any of our shares or interests therein or any other securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our shares or any interests therein or file any registration statement with respect to any of the foregoing, (B) enter into any swap, hedge, derivative or other transactions or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of our shares or any interest in our shares, (C) deposit any of our shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our shares or any interests therein in any depository receipt facilities or (D) publicly announce any intention to do any of the above, whether any such transaction described in clause (A), (B) or (C) above is to be settled by delivery of our shares or such other securities, in cash or otherwise. The foregoing restriction does not apply to the issuance and sale of the Offer Shares or any shares allocated or transferred to any employees under any employee stock option plan.

Each of the Selling Shareholders has agreed that, without the prior written consent of the Joint Bookrunners, it will not, and that it will procure that its shareholders, affiliates and nominees of trustees holding our shares in trust for or on its behalf will not, for a period of six months from the Effective Date. (A) offer, pledge, sell, accept subscription for issue, contract to sell, mortgage, charge, assign, sell any option, warrant or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to subscribe for or purchase, lend, or otherwise transfer or dispose of or create an encumbrance over, directly or indirectly, conditionally or unconditionally, or otherwise, any of our shares or interests therein or any other securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our shares or any interests therein or file any registration statement with respect to any of the foregoing, (B) enter into any swap, hedge, derivative or other transactions or other arrangement that transfers to another, in whole or in

part, directly or indirectly, any of the economic consequences of ownership of our shares or any interest in our shares, (C) deposit any of our shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our shares or any interests therein in any depository receipt facilities or (D) publicly announce any intention to do any of the above, whether any such transaction described in clause (A), (B) or (C) above is to be settled by delivery of our shares or such other securities, in cash or otherwise. The foregoing restrictions do not apply to any Secondary Shares to be offered and sold in the Secondary Offering.

### **Registration of the Shares in KSEI**

Our shares have been registered into the depository facilities of KSEI in accordance with the Agreement for the Registration of Shares into Central Deposit entered into between KSEI and us on March 12, 2018.

By registering the shares in KSEI, we will not issue individual share certificates to successful applicants, but any shares allotted to an investor will be distributed electronically. In order to submit an application for Offer Shares, each investor must hold a securities account with a securities company or custodian bank that is a KSEI Participant, to manage and administer any shares allotted to it on the investor's behalf.

At the end of the Offering Period, the Allotment Manager will undertake the allotment in the manner set out above and report the allotment result to us. We will issue to KSEI a confirmation of registration in our Register, in the name of KSEI, of the number of Offer Shares allotted as part of the Offering. We will then instruct KSEI to credit the International Selling Agents' and the Domestic Underwriter's securities accounts with KSEI to receive and hold the Offer Shares allotted to the successful applicants. The International Selling Agents and the Domestic Underwriter will then instruct KSEI to distribute the number of Offer Shares allotted to each successful applicant from their securities accounts to the securities account of the relevant KSEI Participant.

As evidence of the allotment of the Offer Shares, the International Selling Agents and the Domestic Underwriter will deliver allotment confirmation forms to the KSEI Participants, which must then be passed on to the relevant investor, in exchange for a subscription receipt. Distribution of the allotment confirmation forms is expected to occur at the latest two working days after the last day of the Offering Period. The International Selling Agents will receive the allotment confirmation forms on behalf of investors purchasing Offer Shares through them in the International Offering. Proof of ownership of the Offer Shares will be in the form of a written confirmation letter from KSEI or the KSEI Participant charged with managing the relevant investor's Offer Shares.

The transfer of shares held with KSEI will be by way of electronic book-entry between securities accounts. The shareholders holding our shares through KSEI will be entitled to withdraw their shares from the central securities depository and receive a share certificate registered in their names. Only those shares that are registered in KSEI will be tradable on the IDX.

Article 60 of the Law No. 8 of 1995 on Capital Market provides that all rights attaching to shares held with KSEI, including dividends, interest, bonus shares, and other ownership entitlements on securities, will be automatically distributed by KSEI to a beneficial shareholder holding shares through the depository system via its respective KSEI Participant, which holds the shares on such beneficial shareholder's behalf. The KSEI Participant is obliged to open a sub-account in the name of its relevant customers and immediately pass such rights and entitlements onto those customers.

Prior to certain corporate actions being undertaken by us, KSEI must provide details to us concerning the share entitlements of all the beneficial shareholders on whose behalf shares are held. A KSEI Participant is obliged to notify each of the beneficial shareholders of their right to exercise their

pre-emptive rights, if any, and to have delivery of annual reports and other notices from us including notices of General Meetings of Shareholders. The beneficial shareholders, the KSEI Participant they hold their shares through, or their legal representatives, have the right to be present and vote at our General Meetings of Shareholders.

KSEI is obliged to give us details of the KSEI Participants holding shares on behalf of the Beneficial Shareholders either:

- within one working day after the record date set for the purposes of assessing the identity of the Shareholders entitled to a dividend or other such rights attached to shares that have been declared by us;
- prior to the holding of our General Meeting of Shareholders; or
- at our request, based on an instruction from an authorized person or agency to us in accordance with the prevailing laws and regulations.

A beneficial shareholder who wishes to obtain a share certificate may withdraw its shares from KSEI once all such shares have been distributed to the securities account of its KSEI Participant. An application for the withdrawal of shares must be forwarded to KSEI by the KSEI Participant, on behalf of the Beneficial Shareholder, in a specified form. Collective share certificates in the name of the shareholder will be issued to the Beneficial Shareholder for any shares that are withdrawn from KSEI no later than five business days from the receipt of the withdrawal request by KSEI from the KSEI Participant, unless KSEI rejects the withdrawal of shares based on written orders from the OJK or certain other authorized persons if required for the purposes of civil or criminal court proceedings. Only shares remaining in KSEI, and which have not been pledged, foreclosed upon based on a court order or seized for the purposes of a criminal court investigation, can be traded on the IDX. Investors wishing to trade withdrawn shares on the IDX must convert the withdrawn shares back into scripless shares and deposit the shares with the KSEI. The process of depositing previously withdrawn shares can take up to five business days.

### **No Public Trading Market for Our Shares**

Before this Offering, there has been no public market for our shares. The Offer Price was determined through negotiations among us, the Selling Shareholders, the Domestic Underwriter and the International Selling Agents. In addition to prevailing market conditions, the factors considered in determining the Offer Price were:

- the valuation multiples of publicly traded companies that the Domestic Underwriter and the International Selling Agents believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, us and the industry in which we operate;
- an assessment of our management, past and present operations, and the prospects for, and the timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for our shares may not develop. It is also possible that after the Offering, the shares will not trade in the public market at or above the Offer Price.

## **Other Relationships**

The International Selling Agents and the Domestic Underwriter and certain of their respective affiliates have engaged in, and may in the future engage in, investment banking or financial consulting activities and other commercial dealings in the ordinary course of business with us. The International Selling Agents and the Underwriters and/or any of their affiliates may subscribe for Offer Shares in the Offering for their own account.

## **Selling Restrictions**

### ***General***

No action has been taken or will be taken that would permit a public offering of the Offer Shares to occur in any jurisdiction other than Indonesia, or the possession, circulation or distribution of this Offering Circular or any other material relating to us or the Offer Shares in any jurisdiction where action for such purpose is required. Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular or any offering materials or advertisements in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Indonesian Offering will be made in compliance with the applicable rules of OJK.

### ***Dubai International Financial Centre***

This Offering Circular relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This Offering Circular is intended for distribution only to Persons of a type specified in those rules. It must not be delivered to, or relied on by, any other Person.

The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this Offering Circular nor taken steps to verify the information set out in it, and has no responsibility for it.

The Offer Shares to which this Offering Circular relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares offered should conduct their own due diligence on the Offer Shares.

If you do not understand the contents of this Offering Circular you should consult an authorized financial adviser.

### ***European Economic Area***

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), no Offer Shares have been offered or will be offered to the public in that Relevant Member State, except that offers of Offer Shares to the public may be made at any time with effect from and including the Relevant Implementation Date in a Relevant Member State in accordance with the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State, as permitted under the Prospectus Directive, subject to obtaining the prior consent of the International Selling Agents for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offer Shares shall result in a requirement for the publication by the Company or any International Selling Agent of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of the Offer Shares to the public” in relation to any of the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. Furthermore, for the purposes of this provision, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Each subscriber for or purchaser of Offer Shares described in this Offering Circular located within a Relevant Member State will be deemed to have represented, acknowledged and agreed that it is a qualified investor within the meaning of Article 2(1)(e) of the Prospectus Directive. In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that any Offer Shares subscribed for or acquired by it have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined in the Prospectus Directive or in circumstances in which the prior consent of the International Selling Agents has been obtained to each such proposed offer or resale.

### ***Hong Kong***

This Offering Circular has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed or authorized by any regulatory authority in Hong Kong. Accordingly: (i) the Offer Shares may not be offered or sold in Hong Kong by means of any document other than to persons that are considered “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder or in other circumstances which do not result in such document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) and as permitted under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong); and (ii) no person may issue, or have in its possession for the purpose of issue, any invitation, advertisement or other document relating to the Offer Shares whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

WARNING: The content of this Offering Circular has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any content of this Offering Circular, you should obtain independent professional advice.

### ***Indonesia***

This Offering Circular does not constitute a prospectus for a public offering of securities under Indonesian capital market law and regulations. This Offering Circular may not be distributed or passed on to more than 100 persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia. The Offer Shares may not be sold to more than 50 persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia.

### ***Japan***

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Offer Shares. No Offer Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the “**Qualified Institutional Investor**”), the Offer Shares will be offered in Japan by a private placement to small number of investors (shoninzu muke kanyu), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree falls under the Qualified Institutional Investor, the Offer Shares will be offered in Japan by a private placement to the Qualified Institutional Investors (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. To subscribe the Offer Shares (the “**QII Offer Shares**”), such offeree will be required to agree that it will be prohibited from selling, assigning, pledging or otherwise transferring the QII Offer Shares other than to another Qualified Institutional Investor.

### ***Korea***

The Company is not making any representation with respect to the eligibility of any recipients of this document to acquire the Offer Shares therein under the laws of Korea, including, but without limitation, the Foreign Exchange Transaction Law and Regulations thereunder.

The Offer Shares have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “**FSCMA**”). Accordingly, the Offer Shares may not be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Law of Korea and its Enforcement Decree), for a period of one year from the date of issuance of the Offer Shares, except (i) where relevant requirements are satisfied, the Offer

Shares may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified professional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure promulgated thereunder, or (ii) as otherwise permitted under applicable Korean laws and regulations.

Furthermore, the Offer Shares may not be re-sold to Korea residents unless the purchaser of the Offer Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with purchase of the Offer Shares.

### *Malaysia*

This Offering Circular has not been and will not be registered as a prospectus with the Securities Commission Malaysia (“SC”) under the Malaysian Capital Markets and Services Act 2007 (as amended) (“CMSA”). No prospectus or other offering material or document in relation to the offer and sale of the Offer Shares which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval or authorization of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase the Offer Shares in Malaysia.

Accordingly, this Offering Circular and any other document or material in connection with the Offering will not be circulated or distributed, nor will the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the SC; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the Offer Shares, as principal, if the offer is on terms that the Offer Shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the SC; provided that, in the each of the preceding categories (i) to (xi), the distribution of the Offer Shares is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities.

This Offering Circular does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring (a) the approval or authorization of SC and (b) the registration of a prospectus with the SC under the CMSA.

### *People’s Republic of China*

This Offering Circular does not constitute a public offer of the Offer Shares, whether by sale or subscription, in the People’s Republic of China (the “PRC”). The Offer Shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of legal or natural persons of the PRC. Neither this Offering Circular nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Offer Shares or any beneficial interest therein without obtaining all prior PRC governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this offering circular are required by the Company and its representatives to observe these restrictions.

### *Singapore*

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Offer Shares may not be circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### *Switzerland*

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 ff. of the SIX Listing Manual or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this document nor any other offering or marketing material relating to the Offer Shares or the Offering or us have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Offering will not be supervised by the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”), and the Offering has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Offer Shares.

The Offer Shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase the Offer Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the Offer Shares, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the Offer Shares in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the Offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

#### ***Taiwan***

The Offer Shares have not and will not be registered with the Financial Supervisory Commission of Taiwan or any other governmental authorities of Taiwan, and are not being offered or sold and may not be offered or sold, directly or indirectly, in Taiwan or otherwise, to, or for the benefit of, any resident or entity of Taiwan, except (i) pursuant to the requirements of the securities related laws and regulations in Taiwan; and (ii) in compliance with any other applicable requirements of Taiwan laws.

#### ***Thailand***

Each of the Joint Bookrunners has represented and agreed that it has not offered or sold, and will not offer or sell, the shares to persons in Thailand, other than under circumstances which do not constitute an offer for sale of the shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand or require approval from the Office of the Securities and Exchange Commission of Thailand. The Offer Shares may not be offered or sold to persons in Thailand other than under circumstances which do not constitute an offer for sale of the shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand, or require approval from the Office of the Securities and Exchange Commission of Thailand. The offering of the Offer Shares in Thailand is being made pursuant to the Notification of the Securities and Exchange Commission No. GorJor. 2/2015 entitled “Exceptions of Submission of Registration Statement for Offering of Shares issued by a Foreign Company and Considered an Offering by way of Private Placement.” The Joint Bookrunners may offer or sell the Offer Shares in Thailand only to (i) a maximum of 50 investors during any twelve-month period; or (ii) institutional investors.

#### ***United Arab Emirates (other than the Dubai International Financial Centre)***

This document has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the “**UAE**”), or by the Dubai Financial Services Authority or any other authority in any of the free zones established and operating in the UAE (the “**Free Zones**”). It should not be assumed that any of us, the International Selling Agents or any placement agent (i) has received any authorization or license from the UAE Central Bank or any other authorities in the UAE or any

Free Zone to sell or market the Offer Shares therein; (ii) is a licensed broker, dealer or investment adviser under the laws applicable in the UAE or any Free Zone; or (iii) advises residents of the UAE or any Free Zone as to the appropriateness of investing in or purchasing or selling securities or other financial products.

This document does not constitute a public offer of securities in the UAE under the UAE Commercial Companies Law (Federal Law No. 8 of 1984) (as amended) or otherwise. This document is being distributed to a limited number of selected institutional and other sophisticated investors in the UAE (a) upon their request and confirmation that they understand that the Offer Shares have not been approved or licensed by or registered with the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the UAE and may not be offered or sold directly or indirectly to the public in the UAE; and (b) on the condition that this document will not be provided to any person other than the original recipient, is not for general circulation in the UAE and may not be reproduced or used for any other purpose. The information contained in this document is not intended to lead to the sale of any securities or the consummation of any agreement of any nature within the territory of the UAE.

### ***United Kingdom***

Each International Selling Agent has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

### ***United States***

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Offer Shares are being offered and sold only outside the United States in accordance with Rule 903 of Regulation S.

Each purchaser of the Offer Shares offered hereby in reliance in Regulation S will be deemed to have represented and agreed that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

- it is aware that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
- it is purchasing the Offer Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer, sell, pledge or transfer any Offer Shares, except in accordance with the U.S. Securities Act and any applicable laws of any state of the United States and any other jurisdiction.

## **LEGAL MATTERS**

Certain legal matters in connection with the Offering will be passed upon for us by Hiswara, Bunjamin & Tandjung as to certain matters of Indonesian law and by Clifford Chance Pte. Ltd. as to certain matters of English law and U.S. federal securities law. Certain legal matters in connection with the Offering will be passed upon for the Joint Bookrunners by Assegaf Hamzah & Partners as to certain matters of Indonesian law and by Latham & Watkins LLP as to certain matters of English law and U.S. federal securities law.

## **INDEPENDENT PUBLIC ACCOUNTANTS**

Our consolidated financial statements as of and for the years ended December 31, 2015, 2016 and 2017 have been audited by KAP Kosasih, Nurdjaman, Mulyadi, Tjahjo & Rekan (member of Crowe Horwath International), as stated in their report appearing herein.

## INDUSTRY CONSULTANT

Euromonitor International Limited, was responsible for preparing the industry report dated April 13, 2018 included in this Offering Circular. Euromonitor International Limited has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion herein of its name and all references thereto and to the inclusion of the “*Industry Overview*” section in this Offering Circular, in the form and context in which they appear in this Offering Circular and to act in such capacity in relation to this Offering Circular.

## SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDONESIAN FAS AND IFRS

*Our consolidated financial statements included in this Offering Circular have been prepared in conformity with Indonesian FAS, which differs in certain significant respects from IFRS. The summary below should not be taken as an exhaustive list of all the differences between Indonesian FAS and IFRS. No attempt has been made to identify all disclosures, presentations or classification differences that would affect the manner in which transactions or events are presented in our consolidated financial statements (or notes thereto). Those differences that may have a material effect on our consolidated financial statements are summarized below. Management has not quantified the effects of the differences discussed below. Accordingly, we cannot assure you that our consolidated financial statements would not be materially different if prepared in accordance with IFRS.*

*The regulatory bodies that promulgate the Indonesian FAS are in the process of implementing a staged convergence project to minimize the differences between Indonesian FAS and IFRS. Significant advancements under this project have been made. In making an investment decision, investors must rely upon their own examination of us, the terms of the Offering and the financial information in this Offering Circular. Potential investors should consult their own professional advisors for an understanding of the differences between Indonesian FAS and IFRS, and how those differences might affect the financial information disclosed in this Offering Circular.*

### **First-time Adoption of International Financial Reporting Standard**

IFRS 1 (“**First-time Adoption of International Financial Reporting Standard**”) will not be adopted by Indonesian Financial Accounting Standards. Indonesia has been using a gradual approach in adopting IFRS and it has been considered or included in the transitional provisions in the individual standards/interpretations.

### **Business Combination**

Under Indonesian FAS, acquisitions of subsidiaries and businesses are accounted for using the acquisition method similar to IFRS, except for acquisitions of entities under common control which are accounted for in the same manner as pooling of interest where net assets are transferred at book values. The difference between the acquisition cost and book value of the net assets, equity or other ownership instruments transferred is recorded under “*Difference in value of restructuring transaction among entities under common control*” under stockholders’ equity. Effective January 1, 2013, the difference between the acquisition cost and book value of the net assets, equity or other ownership instruments transferred is recorded under “*Additional Paid-in Capital*.”

Under IFRS, an entity should account for each business combination by applying the “**acquisition method**.” At acquisition date, all identifiable assets, liabilities and contingent liabilities acquired are measured at 100% of fair value (irrespective of the extent of non-controlling interest). All acquisition-related costs (e.g. finder’s fees, professional fees, cost of maintaining an internal acquisition department) are recognized in profit and loss, except for costs incurred to issue debt or equity securities. The acquirer should recognize goodwill as at the acquisition date measured as the excess of the aggregate of (a) the consideration transferred at the acquisition date, plus the amount of any non-controlling interests, plus in a business acquisition achieved in stages, the acquisition-date fair value of any previously-held equity interest in an entity acquired over (b) the net of acquisition-date amount of identifiable assets acquired and liabilities assumed (measured in accordance with IFRS 3). If the value of (b) exceeds (a), and after a review of the procedures used to measure the related accounts is performed to ensure that the measurements appropriately reflect consideration of all available information as of the acquisition date, and an excess remains, the resulting gain is recognized as bargain purchase in profit and loss. Goodwill acquired in a business combination is not amortized but is tested for impairment annually. Also, under the revised IFRS 3, once control has been achieved, further transactions are accounted for as equity transaction when the parent company acquires further equity interest from non-controlling interest or disposes of an equity

interest without losing control. Further, non-controlling interest is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets (no goodwill is recorded for the non-controlling interest). Combination of entities under common control is outside the scope of IFRS 3.

### **Consolidated and Separate Financial Statements**

Under Indonesian FAS, does not allow a parent entity to present its own separate financial statements as standalone general purpose financial statements. Indonesia FAS stipulates that the separate financial statements have to be presented as supplementary information to the consolidated financial statements.

Under IFRS, a parent entity is allowed to present its own separate financial statements as standalone general purpose financial statements.

### **Land Rights**

Indonesian FAS 16 is consistent with IAS 16 in all significant respects, except that Indonesian FAS 16 made reference to Interpretation to Indonesian Financial Accounting Standard (ISAK) 25 on which land that is held under Right to Build (HGB) or Right to Cultivate (HGU) or Right to Use (Hak Pakai) is not amortized unless there is an indication that the renewal or extension of the rights is not probable or cannot be obtained. Cost to obtain those rights for the first time are capitalized as fixed assets but subsequent costs to extend or renew the rights are recognized as intangible assets and then amortized based on paragraph 11 of ISAK 25.

Under IFRS, land normally has a definite economic life. If title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to ownership, in which case the lease of land is an operating lease. For depreciable land, the depreciable amount (cost less residual value) should be allocated on a systematic basis over the asset's useful life similar to property, plant and equipment. Deferred legal expenses on land rights are amortized depending on whether the land right represents an operating lease or a finance lease.

### **Events After the Reporting Period**

Indonesian Financial Accounting Standards (PSAK 8 — Events after the Reporting Period), is consistent with IAS 10 in all material respects, except that IAS 10 requires disclosure in cases where owners or other parties have the power to amend financial statements after issue. PSAK does not require such disclosure.

## INDEX TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

	<b>Pages</b>
Independent Auditor's Report for the Years Ended December 31, 2015, 2016 and 2017 . . . .	F-5
Consolidated Statement of Financial Position . . . . .	F-8
Consolidated Statement of Profit or Loss and Other Comprehensive Income . . . . .	F-11
Consolidated Statement of Changes in Equity . . . . .	F-13
Consolidated Statement of Cash Flows . . . . .	F-16
Note to the Consolidated Financial Statements . . . . .	F-18
Supplementary Information . . . . .	F-111

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK/*AND ITS SUBSIDIARIES***

**LAPORAN KEUANGAN KONSOLIDASIAN  
TANGGAL 31 DESEMBER 2017, 2016 DAN 2015 SERTA  
UNTUK TAHUN YANG BERAKHIR PADA TANGGAL-TANGGAL  
TERSEBUT  
DAN LAPORAN AUDITOR INDEPENDEN/**

***CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017, 2016 AND 2015 AND  
FOR THE YEARS THEN ENDED  
AND INDEPENDENT AUDITORS' REPORT***

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN KEUANGAN KONSOLIDASIAN  
TANGGAL 31 DESEMBER 2017, 2016 DAN 2015 SERTA  
UNTUK TAHUN YANG BERAKHIR PADA  
TANGGAL-TANGGAL TERSEBUT  
DAN LAPORAN AUDITOR INDEPENDEN**

**PT SURYA PERTIWI Tbk  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2017, 2016 AND 2015 AND  
FOR THE YEARS THEN ENDED  
AND INDEPENDENT AUDITORS' REPORT**

	Halaman/Pages	
<b>Daftar Isi</b>		<b>Table of Contents</b>
Surat Pernyataan Direksi		Directors Statement
Laporan Auditor Independen		Independent Auditors' Report
Laporan Posisi Keuangan Konsolidasian .....	1 - 3	Consolidated Statements of Financial Position
Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian .....	4 - 5	Consolidated Statements of Profit or Loss and Other Comprehensive Income
Laporan Perubahan Ekuitas Konsolidasian .....	6 - 8	Consolidated Statements of Changes in Equity
Laporan Arus Kas Konsolidasian .....	9 - 10	Consolidated Statements of Cash Flows
Catatan Atas Laporan Keuangan Konsolidasian .....	11 - 103	Notes to the Consolidated Financial Statements
Informasi Tambahan .....	104 - 112	Supplementary Information



SURYA PERTIWI

**SURAT PERNYATAAN DIREKSI  
TENTANG TANGGUNG JAWAB ATAS  
LAPORAN KEUANGAN KONSOLIDASIAN  
PT SURYA PERTIWI Tbk DAN ENTITAS ANAK  
TANGGAL 31 DESEMBER 2017, 2016 DAN 2015  
SERTA TAHUN YANG BERAKHIR PADA  
TANGGAL-TANGGAL TERSEBUT**

Kami yang bertanda-tangan di bawah ini:

1. Nama : Tjahjono Alim  
Alamat kantor : Jl. Tomang Raya No. 16-18,  
Kel. Jati Pulo, Kec. Palmerah  
Jakarta 11430  
Alamat Rumah : Jl. Permata Hijau Blok B/32  
RT/RW.001/012  
Kel. Grogol Utara,  
Kec. Kebayoran Lama Jakarta  
Telepon : (62 21) 29298585  
Jabatan : Presiden Direktur
2. Nama : Irene Hamidjaja  
Alamat kantor : Jl. Tomang Raya No. 16-18,  
Kel. Jati Pulo, Kec. Palmerah  
Jakarta 11430  
Alamat Rumah : Jl. Pulo Mas VI B/10  
RT/RW.008/011  
Kel. Kayu Putih,  
Kec. Pulo Gadung Jakarta  
Telepon : (62 21) 29298585  
Jabatan : Direktur

menyatakan bahwa:

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian Perusahaan dan Entitas Anak.
2. Laporan keuangan konsolidasian Perusahaan dan Entitas Anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian Perusahaan dan Entitas Anak telah dimuat secara lengkap dan benar;  
b. Laporan keuangan konsolidasian Perusahaan dan Entitas Anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Bertanggung jawab atas sistem pengendalian internal dalam Perusahaan dan Entitas Anak.

Demikian pernyataan ini dibuat dengan sebenarnya.

Atas nama dan mewakili Direksi/For and on behalf of the Board of Directors

**Tjahjono Alim**  
Presiden Direktur/President Director  
Jakarta, 28 Maret 2018 / March 28, 2018

**BOARD OF DIRECTORS' STATEMENT  
REGARDING THE RESPONSIBILITY FOR  
CONSOLIDATED FINANCIAL STATEMENTS OF  
PT SURYA PERTIWI Tbk AND ITS SUBSIDIARIES  
AS OF DECEMBER 31, 2017, 2016 AND 2015  
AND FOR THE YEARS THEN ENDED**

We, the undersigned:

1. Name : Tjahjono Alim  
Office address : Jl. Tomang Raya No. 16-18  
Kel. Jati Pulo, Kec. Palmerah  
Jakarta 11430  
Residential address : Jl. Permata Hijau Blok B/32  
RT/RW.001/012  
Kel. Grogol Utara,  
Kec. Kebayoran Lama Jakarta  
Telephone : (62 21) 29298585  
Title : President Director
2. Name : Irene Hamidjaja  
Office address : Jl. Tomang Raya No. 16-18  
Kel. Jati Pulo, Kec. Palmerah  
Jakarta 11430  
Residential address : Jl. Pulo Mas VI B/10  
RT/RW.008/011  
Kel. Kayu Putih,  
Kec. Pulo Gadung Jakarta  
Telephone : (62 21) 29298585  
Title : Director

declare that:

1. We are responsible for the preparation and presentation of the Company and its Subsidiaries' consolidated financial statements.
2. The Company and its Subsidiaries' consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the Company and its Subsidiaries' consolidated financial statements has been disclosed in a complete and truthful manner;  
b. The Company and its Subsidiaries' consolidated financial statements do not contain any incorrect information or material facts, nor do they omit information or material facts;
4. We are responsible for the Company and its Subsidiaries' internal control system.

This statement is made in all truth.

**Laporan Auditor Independen****Independent Auditors' Report****Laporan No. KNMT&R-28.03.2018/01****Report No. KNMT&R-28.03.2018/01**

Pemegang Saham, Dewan Komisaris dan Direksi  
PT SURYA PERTIWI Tbk

The Shareholders, Boards of Commissioners and Directors  
PT SURYA PERTIWI Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Surya Pertiwi Tbk dan Entitas Anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2017, 2016 dan 2015 serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

We have audited the accompanying consolidated financial statements of PT Surya Pertiwi Tbk and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017, 2016 and 2015 and the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

**Tanggung jawab manajemen atas laporan keuangan****Management's responsibility for the financial statements**

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Tanggung jawab auditor****Auditors' responsibility**

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Our responsibility is to express an opinion on such consolidated financial statements based on our audits. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*The original report included herein are in the Indonesian language*

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

#### **Opini**

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Surya Pertiwi Tbk dan Entitas Anaknya tanggal 31 Desember 2017, 2016 dan 2015, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal-tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

#### **Hal-hal lain**

Audit kami atas laporan keuangan konsolidasian PT Surya Pertiwi Tbk dan Entitas Anaknya tanggal 31 Desember 2017, 2016 dan 2015 dan untuk tahun yang berakhir pada tanggal-tanggal tersebut terlampir, dilaksanakan dengan tujuan untuk merumuskan suatu opini atas laporan keuangan konsolidasian tersebut secara keseluruhan. Informasi keuangan PT Surya Pertiwi Tbk (Entitas Induk) terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2017, 2016 dan 2015 serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal-tanggal tersebut (secara kolektif disebut sebagai "Informasi Keuangan Entitas Induk"), yang disajikan sebagai informasi tambahan terhadap laporan keuangan konsolidasian terlampir disajikan untuk tujuan analisis tambahan dan bukan merupakan bagian dari laporan keuangan konsolidasian terlampir yang diharuskan menurut Standar Akuntansi Keuangan di Indonesia. Informasi Keuangan Entitas Induk merupakan tanggung jawab manajemen serta dihasilkan dan berkaitan secara langsung dengan catatan akuntansi dan catatan lainnya yang mendasarinya yang digunakan untuk menyusun laporan keuangan konsolidasian terlampir. Informasi Keuangan Entitas Induk telah menjadi objek prosedur audit yang diterapkan dalam audit atas laporan keuangan konsolidasian terlampir berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Menurut opini kami, Informasi Keuangan Entitas Induk disajikan secara wajar, dalam semua hal yang material, berkaitan dengan laporan keuangan konsolidasian terlampir secara keseluruhan.

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.*

#### **Opinion**

*In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Surya Pertiwi Tbk and its Subsidiaries as of December 31, 2017, 2016 and 2015 and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.*

#### **Other matters**

*Our audits of the accompanying consolidated financial statements of PT Surya Pertiwi Tbk and its Subsidiaries as of December 31, 2017, 2016 and 2015 and for the years then ended, was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of PT Surya Pertiwi Tbk (Parent Entity), which comprises the statement of financial position as of December 31, 2017, 2016 and 2015 and the statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.*

*The original report included herein are in the Indonesian language*

Sebelum laporan ini, kami telah menerbitkan laporan No. KNMT&R-28.02.2018/01 tanggal 28 Februari 2018 atas laporan keuangan konsolidasian PT Surya Pertiwi Tbk dan Entitas Anak untuk tahun yang berakhir pada tanggal - tanggal 31 Desember 2017, 2016 dan 2015. Dalam rangka penawaran umum saham perdana, Perusahaan telah menerbitkan kembali laporan keuangan konsolidasian yang mencakup peraturan pasar modal yang berlaku. Tidak terdapat perbedaan material antara laporan keuangan konsolidasian yang telah diterbitkan sebelumnya dan laporan keuangan konsolidasian yang diterbitkan kembali, kecuali yang dijelaskan dalam Catatan 41 atas laporan keuangan konsolidasian.

Laporan ini diterbitkan dengan tujuan untuk pelaporan *statutory* dan untuk dicantumkan dalam prospektus sehubungan dengan rencana penawaran umum saham perdana PT Surya Pertiwi Tbk di Bursa Efek Indonesia, serta tidak ditujukan dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

*Prior to this report, we have issued the report No. KNMT&R-28.02.2018/01 dated February 28, 2018 on consolidated financial statements of PT Surya Pertiwi Tbk and its Subsidiaries as of December 31, 2017, 2016 and 2015 and for the years then ended. In connection with the initial public offering, the Company has reissued the consolidated financial statements that incorporates the applicable stock exchange regulations. There were no significant differences between the previously issued consolidated financial statements and these reissued consolidated financial statements, except from those explained in Note 41 to the consolidated financial statements.*

*This report has been prepared solely for statutory reporting and for inclusion in the prospectus in connection with the proposed initial public offering of the equity securities of PT Surya Pertiwi Tbk on Indonesia Stock Exchange, and is not intended to be and should not be, used for any other purposes.*

KOSASIH, NURDIYAMAN, MULYADI, TJAHJO & REKAN



Drs. Nunu Nurdyaman, CPA.  
Izin Akuntan Publik No.AP.0269/Public Accountant License No.AP.0269

28 Maret 2018 / March 28, 2018

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

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION  
As of December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	2015	
<b>ASET</b>					<b>ASSETS</b>
<b>ASET LANCAR</b>					<b>CURRENT ASSETS</b>
Kas dan setara kas	2c, 2d, 2o, 4	160.434.757.057	139.084.788.908	194.270.819.113	Cash and cash equivalents
Piutang usaha - pihak ketiga	2c, 5	429.256.442.690	374.311.388.884	310.081.018.639	Trade receivables - third parties
Piutang lain-lain	2c, 6				Other receivables
Pihak berelasi	2q, 29	-	-	58.070.000.000	Related parties
Pihak ketiga		10.044.451.008	1.871.574.769	749.616.300	Third parties
Persediaan - neto	2e, 7	327.993.231.917	261.390.799.111	250.785.862.186	Inventories - net
Uang muka	8	4.135.577.958	5.130.959.973	2.834.570.699	Advances
Biaya dibayar di muka - Jangka pendek	2f, 9	3.888.740.898	3.287.445.922	3.213.992.121	Prepaid expenses - current
Pajak dibayar di muka	2p, 16a	75.250.249.320	41.930.620.682	20.760.776.501	Prepaid taxes
<b>TOTAL ASET LANCAR</b>		<b>1.011.003.450.848</b>	<b>827.007.578.249</b>	<b>840.766.655.559</b>	<b>TOTAL CURRENT ASSETS</b>
<b>ASET TIDAK LANCAR</b>					<b>NON-CURRENT ASSETS</b>
Biaya dibayar di muka - Jangka panjang	2f, 9	10.498.000.000	6.395.000.000	-	Prepaid expenses - non-current
Uang muka pembelian aset tetap dan properti investasi	10	25.311.869.401	38.331.948.363	4.178.680.072	Advances for purchase of fixed assets and investment properties
Aset pajak tangguhan	2p, 16f	14.256.031.893	9.596.117.000	14.791.723.000	Deferred tax asset
Aset tetap - setelah dikurangi akumulasi penyusutan					Fixed assets - net of accumulated depreciation
Rp 32.771.728.506 pada tahun 2017,					of Rp 32,771,728,506 in 2017
Rp 31.258.225.550 pada tahun 2016					of Rp 31,258,225,550 in 2016,
dan Rp 28.726.893.359 pada tahun 2015	2g, 11	768.595.173.650	276.077.242.947	182.006.148.401	of Rp 28,726,893,359 in 2015
Properti investasi	2i, 12	185.844.702.518	198.219.645.483	64.465.916.250	Investment properties
Aset tidak berwujud - setelah dikurangi akumulasi amortisasi					Intangible assets - net of accumulated amortization of
Rp 18.039.062 pada tahun 2017					Rp 18,039,062 in 2017
Rp 7.106.250 pada tahun 2016	2j, 13	54.585.938	30.793.750	-	Rp 7,106,250 in 2016
Aset tidak lancar lainnya	2c	4.316.538.191	833.911.194	3.259.144.558	Other non-current assets
<b>TOTAL ASET TIDAK LANCAR</b>		<b>1.008.876.901.591</b>	<b>529.484.658.737</b>	<b>268.701.612.281</b>	<b>TOTAL NON-CURRENT ASSETS</b>
<b>TOTAL ASET</b>		<b>2.019.880.352.439</b>	<b>1.356.492.236.986</b>	<b>1.109.468.267.840</b>	<b>TOTAL ASSETS</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.

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

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN (lanjutan)  
Tanggal 31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION (continued)  
As of December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	2015	
<b>LIABILITAS DAN EKUITAS</b>					<b>LIABILITIES AND EQUITY</b>
<b>LIABILITAS</b>					<b>CURRENT</b>
<b>JANGKA PENDEK</b>					<b>LIABILITIES</b>
Utang bank jangka pendek	2c, 18	329.020.397.322	125.393.415.537	15.000.000.000	Short-term bank loans
Utang usaha	2c, 14				Trade payables
Pihak berelasi	2q, 29	434.099.464.363	417.118.145.338	473.414.007.967	Related parties
Pihak ketiga		1.537.940.531	1.368.138.824	2.802.587.780	Third parties
Utang lain-lain	2c, 15				Other payables
Pihak berelasi	2q, 29	3.215.376.911	2.230.414.536	493.048.892	Related party
Pihak ketiga		31.279.752.790	14.970.502.750	38.560.734.081	Third parties
Biaya yang masih harus dibayar	2c, 17	11.376.918.664	11.366.270.597	8.021.654.423	Accrued expenses
Utang pajak	2p, 16b	15.206.065.055	9.285.437.620	15.073.277.797	Taxes payable
Uang muka dan jaminan					Advances and deposits
dari pelanggan	19	186.344.929.608	163.613.722.917	154.978.009.108	from customers
Liabilitas imbalan kerja jangka pendek	2l, 21	4.174.643.000	9.799.523.000	31.602.489.000	Short-term employee benefits liability
Utang jangka panjang					Current maturities of
yang jatuh tempo dalam setahun:					long-term debts:
Utang pembiayaan konsumen	2c, 2n, 20	1.261.784.170	1.931.675.200	1.540.970.083	Consumer financing payable
Utang bank	2c, 18	20.849.140.346	1.656.140.352	1.656.140.352	Bank loans
<b>TOTAL LIABILITAS</b>					<b>TOTAL CURRENT</b>
<b>JANGKA PENDEK</b>		<b>1.038.366.412.760</b>	<b>758.733.386.671</b>	<b>743.142.919.483</b>	<b>LIABILITIES</b>
<b>LIABILITAS</b>					<b>NON-CURRENT</b>
<b>JANGKA PANJANG</b>					<b>LIABILITIES</b>
Utang jangka panjang					Long-term debts
setelah dikurangi bagian yang					net of current maturities:
jatuh tempo dalam setahun:					Consumer financing payables
Utang pembiayaan konsumen	2c, 2n, 20	291.228.201	721.766.911	850.584.583	Bank loans
Utang bank	2c, 18	95.965.000.000	1.656.140.346	3.312.280.698	Due to related party
Utang kepada pihak berelasi	2q, 29	73.857.700.000	115.354.110.827	-	Long-term employee benefits liability
Liabilitas imbalan kerja jangka panjang	2l, 21	38.338.407.412	28.584.945.000	27.564.403.000	Deposit for future shares subscription
Uang muka setoran modal	2q, 29	-	34.300.000.000	85.417.750.000	
<b>TOTAL LIABILITAS</b>					<b>TOTAL NON-CURRENT</b>
<b>JANGKA PANJANG</b>		<b>208.452.335.613</b>	<b>180.616.963.084</b>	<b>117.145.018.281</b>	<b>LIABILITIES</b>
<b>TOTAL LIABILITAS</b>		<b>1.246.818.748.373</b>	<b>939.350.349.755</b>	<b>860.287.937.764</b>	<b>TOTAL LIABILITIES</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.

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

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN POSISI KEUANGAN  
KONSOLIDASIAN (lanjutan)  
Tanggal 31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION (continued)  
As of December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	2015	
<b>EKUITAS</b>					<b>EQUITY</b>
Modal saham					Share capital
Modal dasar -					Authorized -
500.000 saham					500,000 shares
pada tanggal 31 Desember 2017					as of December 31, 2017
25.000 saham					25,000 shares
pada tanggal 31 Desember 2016					as of December 31, 2016
dan 2015					and 2015
dengan nilai nominal Rp 1.000.000					with par value of Rp 1,000,000
per saham					per share;
Modal ditempatkan					
dan disetor penuh -					Issued and fully paid -
200.000 saham					200,000 shares
pada tanggal 31 Desember 2017					as of December 31, 2017
20.000 saham					20,000 shares
pada tanggal 31 Desember 2016					as of December 31, 2016
dan 2015					and 2015
Cadangan umum	22	200.000.000.000	20.000.000.000	20.000.000.000	General reserve
Saldo laba	23	5.000.000.000	-	-	Retained earnings
		86.351.581.035	258.375.907.316	207.313.546.217	
Total ekuitas yang dapat					
diatribusikan kepada:					Total equity attributable to:
Pemilik entitas induk		291.351.581.035	278.375.907.316	227.313.546.217	Owners of the parent
Kepentingan non-pengendali	2b, 24	481.710.023.031	138.765.979.915	21.866.783.859	Non-controlling interest
<b>TOTAL EKUITAS</b>		<b>773.061.604.066</b>	<b>417.141.887.231</b>	<b>249.180.330.076</b>	<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITAS DAN EKUITAS</b>		<b>2.019.880.352.439</b>	<b>1.356.492.236.986</b>	<b>1.109.468.267.840</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.

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

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN LABA RUGI DAN  
PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	2015	
<b>PENJUALAN NETO</b>	2m, 25	2.141.801.468.374	2.071.781.366.184	2.171.430.262.591	<b>NET SALES</b>
<b>BEBAN POKOK PENJUALAN</b>	2m, 26	(1.630.886.032.155)	(1.580.795.634.766)	(1.715.735.008.564)	<b>COST OF SALES</b>
<b>LABA BRUTO</b>		<b>510.915.436.219</b>	<b>490.985.731.418</b>	<b>455.695.254.027</b>	<b>GROSS PROFIT</b>
<b>BEBAN USAHA</b>	2m				<b>OPERATING EXPENSES</b>
Penjualan	27	(84.656.515.235)	(70.988.582.430)	(61.740.388.737)	Selling
Umum dan administrasi	28	(139.186.171.434)	(132.556.868.492)	(122.145.744.011)	General and administrative
<b>TOTAL BEBAN USAHA</b>		<b>(223.842.686.669)</b>	<b>(203.545.450.922)</b>	<b>(183.886.132.748)</b>	<b>TOTAL OPERATING EXPENSES</b>
<b>LABA USAHA</b>		<b>287.072.749.550</b>	<b>287.440.280.496</b>	<b>271.809.121.279</b>	<b>OPERATING INCOME</b>
<b>PENGHASILAN (BEBAN) LAIN-LAIN</b>					<b>OTHER INCOME (CHARGES)</b>
Kenaikan dari perubahan nilai wajar properti investasi	2i, 12	8.794.734.059	-	-	Increase in fair value of investment properties
Pendapatan atas denda keterlambatan penyelesaian pekerjaan		7.990.000.000	-	-	Income from penalty related with delay on construction
Pendapatan bunga		3.896.401.458	8.681.005.870	6.992.100.683	Interest income
Laba penjualan properti investasi	12	1.617.274.351	-	-	Gain on sale of investment property
Laba penjualan aset tetap	11	1.074.520.425	1.225.809.375	611.000.000	Gain on sale of fixed assets
Laba penjualan investasi saham		-	-	481.458.290	Gain on sale of investment in shares
Beban bank		(1.094.259.188)	(964.178.960)	(1.114.064.771)	Bank charges
Rugi selisih kurs - neto		(4.914.674.185)	(1.494.908.916)	(723.805.747)	Loss on foreign exchange - net
Beban bunga	2c	(9.051.861.004)	(2.635.671.249)	(1.579.591.624)	Interest expense
Lain-lain - neto		1.925.983.791	695.370.789	203.572.163	Others - net
<b>Penghasilan lain-lain - Neto</b>		<b>10.238.119.707</b>	<b>5.507.426.909</b>	<b>4.870.668.994</b>	<b>Other income - Net</b>
<b>Laba Sebelum Pajak Penghasilan</b>		<b>297.310.869.257</b>	<b>292.947.707.405</b>	<b>276.679.790.273</b>	<b>Income Before Income Tax</b>
<b>BEBAN PAJAK PENGHASILAN NETO</b>	2p, 16	<b>75.732.793.186</b>	<b>74.881.747.500</b>	<b>71.323.337.700</b>	<b>INCOME TAX EXPENSE - NET</b>
<b>LABA NETO</b>		<b>221.578.076.071</b>	<b>218.065.959.905</b>	<b>205.356.452.573</b>	<b>NET INCOME</b>
<b>PENDAPATAN KOMPREHENSIF LAIN</b>					<b>OTHER COMPREHENSIVE INCOME</b>
<b>Penghasilan (kerugian) komprehensif lain yang tidak akan direklasifikasi ke laba rugi pada periode berikutnya:</b>					<b>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent period:</b>
Pengukuran kembali liabilitas imbalan kerja		(3.277.812.315)	(7.156.537.000)	638.904.000	Remeasurement of employee benefits liability
Pajak penghasilan terkait	16f	819.453.079	1.789.134.250	(159.726.000)	Related income tax
		<b>(2.458.359.236)</b>	<b>(5.367.402.750)</b>	<b>479.178.000</b>	

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.

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

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN LABA RUGI DAN  
PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

	Catatan/ Notes	2017	2016	2015	
Penghasilan komprehensif lain yang akan direklasifikasi ke laba rugi periode berikutnya:					Other comprehensive income to be reclassified to profit or loss in subsequent period:
Keuntungan bersih atas aset keuangan tersedia untuk dijual		-	-	148.035.000	Net gain on available-for-sale financial assets
Pendapatan Komprehensif Lain - Setelah Dikurangi Pajak		(2.458.359.236)	(5.367.402.750)	627.213.000	Other Comprehensive Income - Net of Tax
<b>TOTAL LABA KOMPREHENSIF</b>		<b>219.119.716.835</b>	<b>212.698.557.155</b>	<b>205.983.665.573</b>	<b>TOTAL COMPREHENSIVE INCOME</b>
Laba netto yang akan diatribusikan kepada:					Net income attributable to:
Pemilik Entitas Induk		225.430.397.162	222.116.763.849	208.498.587.835	Owners of the parent
Kepentingan Non-Pengendali		(3.852.321.091)	(4.050.803.944)	(3.142.135.262)	Non-controlling interest
		<b>221.578.076.071</b>	<b>218.065.959.905</b>	<b>205.356.452.573</b>	
Total laba komprehensif yang akan diatribusikan kepada:					Total comprehensive income attributable to:
Pemilik Entitas Induk		222.975.673.719	216.749.361.099	209.125.800.835	Owners of the parent
Kepentingan Non-Pengendali		(3.855.956.884)	(4.050.803.944)	(3.142.135.262)	Non-controlling interest
		<b>219.119.716.835</b>	<b>212.698.557.155</b>	<b>205.983.665.573</b>	
<b>LABA PER SAHAM DASAR YANG DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK</b>	2s, 35	<b>112,72</b>	<b>111,06</b>	<b>104,25</b>	<b>BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.

*The accompanying notes form an integral part of these consolidated financial statements.*

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

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
CHANGES IN EQUITY**  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN PERUBAHAN EKUITAS  
KONSOLIDASIAN**  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/  
Attributable to the owners of the parent

Catatan/ Notes	Modal saham/ Share capital	Cadangan umum/ General reserve	Saldo laba/ Retained Earnings	Total/ Total	Kepentingan Non-pengendali/ Non-controlling interest	Ekuitas - Net/ Equity - Net	
	20.000.000.000	-	207.313.546.217	227.313.546.217	21.866.783.859	249.180.330.076	Balance as of December 31, 2015
Saldo 31 Desember 2015							Net income
Laba neto	-	-	222.116.763.849	222.116.763.849	(4.050.803.944)	218.065.959.905	Dividends
Dividen	-	-	(165.687.000.000)	(165.687.000.000)	-	(165.687.000.000)	Deposit for future share
							Issuance of share capital to non-
Penerbitan modal saham untuk					120.950.000.000	120.950.000.000	controlling interest
kepentingan non-pengendali							Other comprehensive loss:
Rugi komprehensif lainnya:							Remeasurement of
Pengukuran kembali							employee benefits liability
liabilitas imbalan kerja							Related income tax
Pajak penghasilan terkait							
16f	-	-	(7.156.537.000)	(7.156.537.000)	-	(7.156.537.000)	
	-	-	1.789.134.250	1.789.134.250	-	1.789.134.250	
	20.000.000.000	-	258.375.907.316	278.375.907.316	138.765.979.915	417.141.887.231	Balance as of December 31, 2016
Saldo 31 Desember 2016							

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.



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

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN ARUS KAS  
KONSOLIDASIAN**  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
CASH FLOWS**  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	2017	2016	2015	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>					<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan dari pelanggan		2.109.587.621.259	2.016.186.709.750	2.207.383.969.146	Cash receipts from customers
Pembayaran kepada pemasok dan karyawan		(1.751.851.134.217)	(1.742.315.396.665)	(1.800.775.902.347)	Cash paid to suppliers and employees
Pembayaran untuk beban operasi		(170.282.849.821)	(78.407.554.824)	(88.186.217.987)	Cash paid for other operating expenses
Kas diperoleh dari operasi		187.453.637.221	195.463.758.261	318.421.848.812	Cash generated from operations
Penerimaan bunga		3.896.401.458	8.681.005.870	6.992.100.683	Interest received
Pembayaran bunga		(9.051.861.004)	(2.635.671.249)	(1.579.591.624)	Interest paid
Pembayaran pajak penghasilan badan		(74.203.116.817)	(78.715.973.580)	(67.540.982.049)	Corporate income tax paid
<b>Kas Neto Diperoleh dari Aktivitas Operasi</b>		<b>108.095.060.858</b>	<b>122.793.119.302</b>	<b>256.293.375.822</b>	<b>Net Cash Provided by Operating Activities</b>
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>					<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan dari penjualan properti investasi	12	5.200.000.000	-	-	Proceeds from sale of investment properties
Penerimaan dari penjualan aset tetap	11	2.795.360.625	1.269.650.000	611.000.000	Proceed from sale of fixed assets
Pembayaran Pajak Pertambahan Nilai		(19.612.777.545)	(8.797.853.426)	(15.580.445.000)	Payment of Value Added Tax
Perolehan aset tetap	11	(335.087.118.092)	(92.341.876.119)	(129.013.866.341)	Acquisition of fixed assets
Perolehan aset takberwujud	13	(34.725.000)	(37.900.000)	-	Acquisition of intangible assets
Perolehan properti investasi	12	(68.937.095.709)	(128.865.120.841)	(42.641.238.292)	Acquisition of investment properties
Pembayaran uang muka pembelian aset tetap dan properti investasi		(19.338.690.907)	(37.735.993.940)	(3.237.321.257)	Payment for advance purchase of fixed assets and investment properties
Biaya sewa dibayar di muka jangka panjang		(4.168.000.004)	(6.457.187.500)	-	Long-term prepaid rent
Biaya pinjaman yang dikapitalisasi ke dalam aset tetap	11	(15.018.577.128)	-	-	Borrowings cost capitalized to fixed asset
Biaya pinjaman yang dikapitalisasi ke dalam properti investasi	12	(5.447.662.604)	-	-	Borrowings cost capitalized to investment properties
Pembayaran kewajiban terkait dengan perolehan aset tetap		-	(28.963.144.276)	-	Payment of liabilities related with acquisition of fixed asset
Penerimaan dari penjualan investasi saham		-	-	2.280.708.290	Proceeds from sale of investment in share
<b>Kas Neto Digunakan untuk Aktivitas Investasi</b>		<b>(459.649.286.364)</b>	<b>(301.929.426.102)</b>	<b>(187.581.162.600)</b>	<b>Net Cash Used in Investing Activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>					<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Pembayaran dividen	23	(210.000.000.000)	(165.687.000.000)	(146.446.900.000)	Dividends paid
Penerimaan atas utang bank jangka pendek		200.560.981.785	110.393.415.537	15.000.000.000	Proceeds from short-term bank loan
Penerimaan atas utang bank jangka panjang		115.081.500.000	-	-	Proceeds from long-term bank loan
Pembayaran utang bank jangka panjang		(1.656.140.352)	(1.656.140.352)	(1.656.140.352)	Payment of long-term loans
Pembayaran atas utang pembiayaan konsumen		(2.397.599.740)	(4.490.050.656)	(1.053.377.500)	Payment of consumer financing payable
Penerimaan uang muka setoran modal untuk kepentingan non-pengendali		-	34.300.000.000	68.738.150.000	Receipt from deposit for future share subscription from non-controlling interest

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

The accompanying notes form an integral part of these consolidated financial statements.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
LAPORAN ARUS KAS  
KONSOLIDASIAN (lanjutan)**  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

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

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF  
CASH FLOWS (continued)**  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)

	Catatan/ Notes	2017	2016	2015	
<b>ARUS KAS DARI AKTIVITAS PENDANAAN (lanjutan)</b>					<b>CASH FLOWS FROM FINANCING ACTIVITIES (continued)</b>
Penerimaan dari penerbitan modal saham untuk kepentingan non-pengendali		101.200.000.000	35.532.250.000	-	Receipt from issuance of share capital to non-controlling interest
Penerimaan dari pinjaman pihak berelasi		169.803.589.173	115.354.110.827	-	Proceeds from loan from related party
<b>Kas Neto Diperoleh dari (Digunakan untuk) Aktivitas Pendanaan</b>		<b>372.592.330.866</b>	<b>123.746.585.356</b>	<b>(65.418.267.852)</b>	<b>Net Cash Provided by (Used in) Financing Activities</b>
Dampak perubahan selisih kurs terhadap kas dan setara kas		311.862.789	203.691.239	123.157.861	Effect of foreign exchange on cash and cash equivalents
<b>KENAIKAN (PENURUNAN) KAS DAN SETARA KAS NETO</b>		<b>21.349.968.149</b>	<b>(55.186.030.205)</b>	<b>3.417.103.231</b>	<b>NET INCREASE (DECREASE) ON CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS AWAL TAHUN</b>		<b>139.084.788.908</b>	<b>194.270.819.113</b>	<b>190.853.715.882</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>		<b>160.434.757.057</b>	<b>139.084.788.908</b>	<b>194.270.819.113</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian secara keseluruhan.

*The accompanying notes form an integral part of these consolidated financial statements.*

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**1. INFORMASI UMUM**

**Pendirian Perusahaan**

PT Surya Pertiwi Tbk ("Perusahaan") yang sebelumnya bernama PT Surya Nusantara didirikan di Republik Indonesia pada tanggal 5 Juli 1978 dan diumumkan dalam lembar Berita Negara No. 172 Tambahan No. 31 tanggal 17 April 1979. Berdasarkan akta notaris Hendra Karyadi, S.H., No. 1, dan telah disahkan oleh Menteri Kehakiman dengan Surat Keputusan No. Y.A.5/395/17 tanggal 21 Desember 1978. Anggaran dasar Perusahaan telah mengalami beberapa kali perubahan, terakhir berdasarkan akta No. 7 tanggal 3 Mei 2017 dari Dr. Irawan Soerodjo, SH, Msi, tentang peningkatan modal dasar dan modal disetor Perusahaan. Perubahan ini telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia dengan Surat Keputusan No. AHU-0011753.AH.01.02 Tahun 2017 tanggal 30 Mei 2017.

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan, ruang lingkup kegiatan Perusahaan terutama bidang perdagangan besar peralatan dan perlengkapan rumah tangga, impor, ekspor dan memasarkan hasil produksinya ke pasar dalam negeri. Perusahaan mulai beroperasi secara komersial pada 6 Desember 1978.

Entitas induk langsung Perusahaan adalah PT Multifortuna Asindo, yang didirikan di Indonesia.

Perusahaan berdomisil di Jalan Tomang Raya No. 16-18, Jatipulo Palmerah Jakarta Barat DKI Jakarta Raya.

**Dewan Komisaris, Direksi dan Karyawan**

Berdasarkan akta No. 5 tanggal 3 Mei 2017 dari Dr. Irawan Soerodjo, SH, Msi, Perusahaan merubah susunan anggota Direksi dan Dewan Komisaris.

Susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2017, 2016 dan 2015 adalah sebagai berikut:

	2017	2016	2015	
<b>Dewan Komisaris</b>				<b>Board of Commissioners</b>
Presiden Komisaris	Mardjoeki Atmadiredja	Mardjoeki Atmadiredja	Umarsono Andy	President Commissioner
Komisaris	Usman Andy	Usman Andy	Mardjoeki Atmadiredja	Commissioner
<b>Direksi</b>				<b>Board of Directors</b>
Presiden Direktur	Tjahjono Alim	Tjahjono Alim	Tjahjono Alim	President Director
Wakil Presiden Direktur	Efendy Gojali	Efendy Gojali	Efendy Gojali	Vice President Director
Wakil Presiden Direktur	Willianto Alim	Willianto Alim	-	Vice President Director
Direktur	Anton Budiman	Anton Budiman	Benny Suryanto	Director
Direktur	Umarsono Andy	Umarsono Andy	Usman Andy	Director
Direktur	Irene Hamidjaja	Jeffrey Irvandy Kurniawan	Jeffrey Irvandy Kurniawan	Director
Direktur	Reinhart Muljadi	Reinhart Muljadi	Willianto Alim	Director
Direktur	Johan Gojali	Johan Gojali	Johan Gojali	Director
Direktur	Iwan Tjahjadi	Iwan Tjahjadi	-	Director

Pada tanggal 31 Desember 2017, 2016 dan 2015, Grup memiliki karyawan tetap masing - masing sebanyak 438, 366 dan 353 orang.

**1. GENERAL INFORMATION**

**The Company's Establishment**

PT Surya Pertiwi Tbk (the "Company") formerly PT Surya Nusantara was established in the Republic of Indonesia on July 5, 1978 and was published in State Gazette No. 172, Supplement No. 31 dated April 17, 1979 based on Notarial Deed No. 1 of Hendra Karyadi, S.H. The deed of establishment has been approved by Ministry of Law and Human Rights of Indonesia based on Decree No. Y.A.5/395/17 dated December 21, 1978. The Articles of Association has been amended several times, the latest amendment of which is based on the Notarial Deed No. 7 dated May 3, 2017 of Dr. Irawan Soerodjo, SH, Msi, regarding the increase in the Company's authorized and paid-in capital. This amendment was approved by the Ministry of Law and Human Rights in its Decision Letter No. AHU-0011753.AH.01.02 Year 2017 dated May 30, 2017.

According to Article 3 of the Company's Articles of Association, the Company shall mainly engaged in trading of equipment and household appliances, import, export and marketing of their products to the domestic market. The Company started its commercial operations on December 6, 1978.

The Company's immediate parent company is PT Multifortuna Asindo, incorporated and domiciled in Indonesia.

The Company is located in Jalan Tomang Raya No. 16-18, Jatipulo Palmerah Jakarta Barat DKI Jakarta Raya.

**Boards of Commissioners and Directors and Employees**

Based on the Notarial deed No. 5 dated May 3, 2017 of Dr. Irawan Soerodjo, SH, Msi, the Company change its composition of the Boards of Directors and Commissioners.

As of December 31, 2017, 2016 and 2015, the composition of the Company's Boards of Commissioners and Directors are as follows:

As of December 31, 2017, 2016 and 2015, the Group has approximately 438, 366 and 353 permanent employees, respectively.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**1. INFORMASI UMUM (lanjutan)**

**Struktur Grup**

Entitas Anak yang dikendalikan oleh Perusahaan secara langsung pada tanggal 31 Desember 2017, 2016 dan 2015 adalah sebagai berikut:

Nama Entitas / Company's Name	Bidang Usaha/ Business Sector	Domisili/ Domicile	Tanggal Pendirian/ Date of establishment	Persentase Kepemilikan/ Percentage of Ownership			Total aset (sebelum eliminasi)/ Total assets (before elimination)		
				2017	2016	2015	2017	2016	2015
PT Surya Pertiwi Nusantara (SPN)	Industri dan Perdagangan/ Industry and Trading	Surabaya	21 Oktober 2011/ October 21, 2011	51%	51%	51%	708.009.222.680	385.738.653.759	190.704.849.194
PT Surya Graha Pertiwi (SGP)	Pembangunan/ Construction	Jakarta	21 Oktober 2011/ October 21, 2011	50%	50%	50%	488.265.589.720	220.533.052.407	65.822.404.831

PT Surya Pertiwi Nusantara dan PT Surya Graha Pertiwi masih dalam tahap pengembangan sejak didirikan. Sampai dengan tanggal 31 Desember 2017 Entitas Anak belum beroperasi secara komersial.

**Penyelesaian Laporan Keuangan Konsolidasian**

Laporan keuangan konsolidasian telah diselesaikan dan disetujui untuk diterbitkan oleh manajemen Perusahaan pada tanggal 6 April 2018.

**1. GENERAL INFORMATION (continued)**

**The Group structure**

The Subsidiaries controlled directly by the Company as of December 31, 2017, 2016 and 2015 are as follows:

PT Surya Pertiwi Nusantara and PT Surya Graha Pertiwi are still in the development stage since the establishment of the Subsidiaries. As of December 31, 2017, the Subsidiaries have not yet started their operations.

**Completion of the Consolidated Financial Statements**

The consolidated financial statements were completed and authorized for issuance by the Company's management on April 6, 2018.

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING**

**a. Dasar penyusunan laporan keuangan konsolidasian**

Laporan keuangan konsolidasian PT Surya Pertiwi Tbk dan entitas anak disusun berdasarkan Standar Akuntansi Keuangan di Indonesia ("SAK"), yang mencakup Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK) yang diterbitkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia (DSAK) serta peraturan regulator pasar modal untuk entitas yang berada dibawah pengawasannya.

Laporan keuangan konsolidasian disusun berdasarkan PSAK No. 1 (2015), "Penyajian Laporan Keuangan".

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian adalah selaras dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian Grup untuk tahun yang berakhir pada tanggal 31 Desember 2016, kecuali bagi penerapan beberapa PSAK yang telah direvisi. Seperti diungkapkan dalam catatan-catatan terkait, beberapa standar akuntansi yang telah direvisi dan diterbitkan, diterapkan efektif tanggal 1 Januari 2017.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of preparation of consolidated financial statements**

The consolidated financial statements PT Surya Pertiwi Tbk and subsidiaries have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statement of Financial Accounting Standards ("PSAK") and Interpretations of Statement of Financial Accounting Standard ("ISAK") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants ("DSAK") and regulations of capital market regulator for entities under its supervision.

The consolidated financial statements have been prepared in accordance with PSAK No. 1 (2015), "Presentation of Financial Statements".

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those made in the preparation of the Group's consolidated financial statements for the year ended December 31, 2016, except for the adoption of several amended SAKs. As disclosed further in the relevant succeeding Notes, several amended and published accounting standards were adopted effective January 1, 2017.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**a. Dasar penyusunan laporan keuangan konsolidasian (lanjutan)**

Laporan keuangan konsolidasian, kecuali untuk laporan arus kas konsolidasian, disusun berdasarkan dasar akrual dengan menggunakan konsep harga perolehan, kecuali beberapa akun tertentu disusun berdasarkan pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut.

Grup menerapkan PSAK No. 2 (Revisi 2009), "Laporan Arus Kas".

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung dengan mengelompokkan arus kas dalam aktivitas operasi, investasi dan pendanaan.

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan konsolidasian adalah Rupiah Indonesia, yang merupakan mata uang fungsional Grup.

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia mengharuskan penggunaan estimasi dan asumsi. Hal tersebut juga mengharuskan manajemen untuk membuat pertimbangan dalam proses penerapan kebijakan akuntansi Grup. Area yang kompleks atau memerlukan tingkat pertimbangan yang lebih tinggi atau area di mana asumsi dan estimasi dapat berdampak signifikan terhadap laporan keuangan konsolidasian diungkapkan di Catatan 3.

**b. Prinsip-prinsip konsolidasi**

Laporan keuangan konsolidasian meliputi laporan keuangan Perusahaan dan entitas-entitas yang dikendalikan secara langsung ataupun tidak langsung oleh Perusahaan.

Laporan keuangan Entitas Anak disusun dengan periode pelaporan yang sama dengan Entitas Induk. Kebijakan akuntansi yang digunakan dalam penyajian laporan keuangan konsolidasian telah diterapkan secara konsisten oleh Grup, kecuali dinyatakan lain.

Entitas-entitas anak dikonsolidasi secara penuh sejak tanggal akuisisi, yaitu tanggal Perusahaan memperoleh pengendalian, sampai dengan tanggal entitas induk kehilangan pengendalian. Pengendalian dianggap ada ketika Perusahaan memiliki secara langsung atau tidak langsung melalui Entitas-entitas anak, lebih dari setengah kekuasaan suara entitas.

Transaksi antar perusahaan, saldo dan keuntungan antar Grup yang belum direalisasi dieliminasi. Kerugian yang belum direalisasi juga dieliminasi. Kebijakan akuntansi entitas anak diubah jika diperlukan untuk memastikan konsistensi dengan kebijakan akuntansi yang diadopsi Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**a. Basis of preparation of consolidated financial statements (continued)**

The consolidated financial statements, except for the consolidated statement of cash flows, have been prepared on the accrual basis using the historical cost basis of accounting, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

The Group applied PSAK No. 2 (Revised 2009), "Statement of Cash Flows".

The consolidated statement of cash flows is prepared based on the direct method by classifying cash flows on the basis of operating, investing and financing activities.

The presentation currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah, which is the Group's functional currency.

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

**b. Principles of consolidation**

The financial statements incorporate the consolidated financial statements of the Company and entities in which the Company has the ability to directly or indirectly exercise control.

The financial statements of the Subsidiaries are prepared for the same reporting period as the Parent Company. The accounting policies adopted in preparing the consolidated financial statements have been consistently applied by the Group, unless otherwise stated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. Control is presumed to exist if the Company owns, directly or indirectly through subsidiary, more than half of the voting power of an entity.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

Secara spesifik, Perusahaan mengendalikan investee jika dan hanya jika Perusahaan memiliki seluruh hal berikut ini:

- Kekuasaan atas *investee* (misal, hak yang ada memberikan kemampuan kini untuk mengarahkan aktivitas relevan *investee*)
- Eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*.
- Kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil investor.

Ketika Perusahaan memiliki kurang dari hak suara mayoritas, Perusahaan dapat mempertimbangkan semua fakta dan keadaan yang relevan dalam menilai apakah memiliki kekuasaan atas investasi tersebut:

- Pengaturan kontraktual dengan pemilik hak suara yang lain.
- Hak yang timbul dari pengaturan kontraktual lain.
- Hak suara dan hak suara potensial Perusahaan.

Perusahaan menilai kembali apakah investor mengendalikan investee jika fakta dan keadaan mengindikasikan adanya perubahan terhadap satu atau lebih dari tiga elemen pengendalian. Konsolidasi atas entitas anak dimulai ketika Perusahaan memiliki pengendalian atas entitas anak dan berhenti ketika Perusahaan kehilangan pengendalian atas entitas anak. Aset, liabilitas, penghasilan dan beban atas entitas anak yang diakuisisi atau dilepas selama periode termasuk dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dari tanggal Perusahaan memperoleh pengendalian sampai dengan tanggal Perusahaan menghentikan pengendalian atas entitas anak.

Laba atau rugi dan setiap komponen atas penghasilan komprehensif lain diatribusikan pada pemegang saham entitas induk Grup dan pada kepentingan non pengendali ("KNP"), walaupun hasil di kepentingan non pengendali mempunyai saldo defisit. Bila diperlukan, penyesuaian dilakukan pada laporan keuangan entitas anak agar kebijakan akuntansinya sesuai dengan kebijakan akuntansi Grup. Semua aset dan liabilitas, ekuitas, penghasilan, beban dan arus kas berkaitan dengan transaksi antar anggota Grup akan dieliminasi secara penuh dalam proses konsolidasi.

Transaksi dengan kepentingan nonpengendali yang tidak mengakibatkan hilangnya pengendalian merupakan transaksi ekuitas. Selisih antara nilai wajar imbalan yang dibayar dan bagian yang diakuisisi atas nilai tercatat aset neto entitas anak dicatat pada ekuitas. Keuntungan atau kerugian pelepasan kepentingan nonpengendali juga dicatat pada ekuitas.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**b. Principles of consolidation (continued)**

Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar right of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

Transactions with NCI that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**b. Prinsip-prinsip konsolidasi (lanjutan)**

Perubahan kepemilikan di entitas anak, tanpa kehilangan pengendalian, dihitung sebagai transaksi ekuitas. Jika Perusahaan kehilangan pengendalian atas entitas anak, maka Perusahaan:

- menghentikan pengakuan aset (termasuk setiap goodwill) dan liabilitas Entitas anak;
- menghentikan pengakuan jumlah tercatat setiap KNP;
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian sebagai laba rugi; dan
- mereklasifikasi ke laba rugi proporsi keuntungan dan kerugian yang telah diakui sebelumnya dalam penghasilan komprehensif lain atau saldo laba, begitu pula menjadi persyaratan jika Perusahaan akan melepas secara langsung aset atau liabilitas yang terkait.

KNP mencerminkan bagian atas laba atau rugi dan aset neto dari Entitas Anak yang tidak dapat diatribusikan, secara langsung maupun tidak langsung, pada Perusahaan, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

**c. Instrumen keuangan**

Grup menerapkan PSAK No. 50 (Revisi 2014) "Instrumen Keuangan: Penyajian", PSAK No. 55 (Revisi 2014) "Instrumen Keuangan: Pengakuan dan Pengukuran" dan PSAK No. 60 (Revisi 2014) "Instrumen Keuangan: Pengungkapan".

**(i) Klasifikasi**

**Aset keuangan**

Aset keuangan dalam lingkup PSAK No. 55 (Revisi 2014) diklasifikasikan sebagai (i) aset keuangan yang diukur pada nilai wajar melalui laba rugi, (ii) pinjaman yang diberikan dan piutang, (iii) investasi dimiliki hingga jatuh tempo, (iv) atau aset keuangan tersedia untuk dijual, mana yang sesuai. Grup menentukan klasifikasi aset keuangan tersebut pada saat pengakuan awal dan, jika diperbolehkan dan sesuai, mengevaluasi kembali pengklasifikasian aset tersebut pada setiap akhir tahun keuangan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**b. Principles of consolidation (continued)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any NCI;
- derecognizes the cumulative translation differences, recorded in equity, if any;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Company had directly disposed of the related assets or liabilities.

NCI represents the portion of the profit or loss and net assets of the Subsidiaries not attributable directly or indirectly to the Company, which are presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the owners of the parent entity.

**c. Financial instruments**

The Group applied PSAK No. 50 (Revised 2014) "Financial Instruments: Presentation", PSAK No. 55 (Revised 2014) "Financial Instruments: Recognition and Measurement" and PSAK No. 60 (2014) "Financial Instruments: Disclosures".

**(i) Classification**

**Financial assets**

Financial assets within the scope of PSAK No. 55 (Revised 2014) are classified as (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity investments, or (iv) available for sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation of such assets at each financial year end.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**c. Instrumen keuangan (lanjutan)**

**(i) Klasifikasi (lanjutan)**

**Aset keuangan (lanjutan)**

Aset keuangan Grup terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain, aset tidak lancar - uang jaminan diklasifikasikan sebagai pinjaman dan yang diberikan dan piutang.

**Liabilitas keuangan**

Liabilitas keuangan dalam lingkup PSAK No. 55 (Revisi 2014) dapat dikategorikan sebagai (i) liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, (ii) liabilitas keuangan yang diukur pada biaya perolehan diamortisasi, atau (iii) derivative yang ditetapkan sebagai instrumen lindung nilai dalam lindung nilai yang efektif, mana yang sesuai. Grup menentukan klasifikasi liabilitas keuangan pada saat pengakuan awal.

Liabilitas keuangan Grup terdiri dari utang usaha, utang lain-lain, biaya yang masih harus dibayar, utang bank jangka pendek, utang pembiayaan konsumen dan utang bank jangka panjang yang diklasifikasikan sebagai liabilitas keuangan yang dicatat berdasarkan biaya perolehan diamortisasi.

**(ii) Pengakuan dan pengukuran**

**Aset keuangan**

Aset keuangan pada awalnya diakui sebesar nilai wajarnya ditambah, dalam hal aset keuangan yang tidak diukur pada nilai wajar melalui laba rugi, biaya transaksi yang dapat diatribusikan secara langsung. Pengukuran aset keuangan setelah pengakuan awal tergantung pada klasifikasinya.

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan, yang tidak mempunyai kuotasi di pasar aktif. Setelah pengakuan awal, aset keuangan tersebut dicatat pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif, kecuali jika dampak diskonto tidak material, maka dinyatakan pada biaya perolehan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. Financial instruments (continued)**

**(i) Classification (continued)**

**Financial assets (continued)**

The Group's financial assets consist of cash and cash equivalents, trade receivables, other receivables and non-current asset - refundable deposits classified as loans and receivables.

**Financial liabilities**

Financial liabilities within the scope of PSAK No. 55 (Revised 2014) are classified as (i) financial liabilities at fair value through profit or loss, (ii) financial liabilities measured at amortized cost, or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities consist of trade payables, other payables, accrued expenses, short-term bank loans, consumer financing payable and long-term bank loans classified as financial liabilities measured at amortized cost.

**(ii) Recognition and Measurement**

**Financial assets**

Financial assets are recognized initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, except for those assets in which the interest calculation is not material.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**c. Instrumen keuangan (lanjutan)**

**(ii) Pengakuan dan pengukuran (lanjutan)**

**Aset keuangan (lanjutan)**

Keuntungan dan kerugian diakui sebagai laba rugi pada saat pinjaman yang diberikan dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, serta melalui proses amortisasi.

**Liabilitas keuangan**

Liabilitas keuangan diakui pada awalnya sebesar nilai wajar dan, dalam hal liabilitas keuangan yang diukur pada biaya perolehan diamortisasi, termasuk biaya transaksi yang dapat diatribusikan secara langsung.

Liabilitas keuangan yang diukur pada biaya perolehan diamortisasi, pada awalnya diakui pada nilai wajar dikurangi dengan biaya transaksi yang bisa diatribusikan secara langsung dan selanjutnya diukur pada biaya perolehan diamortisasi, menggunakan suku bunga efektif kecuali jika dampak diskonto tidak material, maka dinyatakan pada biaya perolehan.

Beban bunga diakui dalam "Beban Bunga" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Keuntungan atau kerugian diakui pada laba rugi ketika liabilitas keuangan tersebut dihentikan pengakuannya dan melalui proses amortisasi.

**(iii) Saling hapus dari instrumen keuangan**

Aset keuangan dan liabilitas keuangan saling hapus dan nilai bersihnya dilaporkan dalam laporan posisi keuangan jika, dan hanya jika, saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui dan terdapat maksud untuk menyelesaikan secara neto, atau untuk merealisasikan aset dan menyelesaikan liabilitas secara bersamaan.

**(iv) Nilai wajar dari instrumen keuangan**

Nilai wajar instrumen keuangan yang diperdagangkan secara aktif di pasar keuangan yang terorganisasi, jika ada, ditentukan dengan mengacu pada kuotasi harga penawaran atau permintaan (bid or ask prices) pada penutupan perdagangan pada akhir periode pelaporan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. Financial instruments (continued)**

**(ii) Recognition and Measurement (continued)**

**Financial assets (continued)**

Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

**Financial liabilities**

Financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, inclusive of directly attributable transaction costs.

Financial liabilities measured at amortized cost are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

The related interest expense is recognized within "Interest Expense" in the consolidated statement of profit or loss and other comprehensive income. Gains and losses are recognized in the profit or loss when the financial liabilities are derecognized as well as through the amortization process.

**(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal rights to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**(iv) Fair value of financial instruments**

The fair values of financial instruments that are actively traded in organized financial markets, if any, are determined by reference to quoted market bid or ask prices at the close of business at the end of the reporting period.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**c. Instrumen keuangan (lanjutan)**

**(iv) Nilai wajar dari instrumen keuangan  
(lanjutan)**

Untuk instrumen keuangan yang tidak memiliki pasar aktif, nilai wajar ditentukan dengan menggunakan teknik penilaian. Teknik penilaian mencakup penggunaan transaksi pasar terkini yang dilakukan secara wajar oleh pihak-pihak yang berkeinginan dan memahami (recent arm's length market transactions); penggunaan nilai wajar terkini instrumen lain yang secara substansial sama; analisa arus kas yang didiskonto; atau model penilaian lain.

Bila nilai wajar instrumen keuangan yang tidak diperdagangkan di pasar aktif tidak dapat ditentukan secara handal, aset keuangan tersebut diakui dan diukur pada nilai tercatatnya.

**(v) Biaya perolehan diamortisasi dari instrumen keuangan**

Biaya perolehan diamortisasi dihitung dengan menggunakan metode suku bunga efektif dikurangi dengan penyisihan atas penurunan nilai dan pembayaran pokok atau nilai yang tidak dapat ditagih. Perhitungan tersebut mempertimbangkan premium atau diskonto pada saat perolehan dan termasuk biaya transaksi dan biaya yang merupakan bagian yang tak terpisahkan dari suku bunga efektif.

**(vi) Penurunan nilai aset keuangan**

Setiap akhir periode pelaporan, Grup mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Aset keuangan atau kelompok aset keuangan diturunkan nilainya dan kerugian penurunan nilai telah terjadi jika, dan hanya jika, terdapat bukti yang obyektif mengenai penurunan nilai tersebut sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut (peristiwa yang merugikan), dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara handal.

Untuk aset keuangan yang dicatat pada biaya perolehan diamortisasi, Grup pertama kali menentukan apakah terdapat bukti obyektif mengenai adanya penurunan nilai secara individual atas aset keuangan yang signifikan secara individual atau untuk aset keuangan yang tidak signifikan secara individual terdapat bukti penurunan nilai secara kolektif.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. Financial instruments (continued)**

**(iv) Fair value of financial instruments  
(continued)**

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

When the fair value of the financial instruments not traded in an active market cannot be reliably determined, such financial assets are recognized and measured at their carrying amounts.

**(v) Amortized cost of financial instruments**

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

**(vi) Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**c. Instrumen keuangan (lanjutan)**

**(vi) Penurunan nilai aset keuangan**

Jika Grup menentukan tidak terdapat bukti obyektif mengenai adanya penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka Grup memasukkan aset tersebut ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang sejenis dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual, dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

Jika terdapat bukti obyektif bahwa kerugian penurunan nilai telah terjadi, jumlah kerugian tersebut diukur sebagai selisih antara nilai tercatat aset dengan nilai kini estimasi arus kas masa datang (tidak termasuk ekspektasi kerugian kredit masa datang yang belum terjadi). Nilai kini estimasi arus kas masa datang didiskonto menggunakan suku bunga efektif awal dari aset keuangan tersebut. Jika pinjaman memiliki suku bunga variabel, tingkat diskonto untuk mengukur kerugian penurunan nilai adalah suku bunga efektif terkini. Nilai tercatat aset tersebut berkurang melalui penggunaan akun penyisihan dan jumlah kerugian diakui dalam laba rugi.

Ketika aset tidak tertagih, nilai tercatat atas aset keuangan yang telah diturunkan nilainya dikurangi secara langsung atau jika ada suatu jumlah telah dibebankan ke akun cadangan penurunan nilai jumlah tersebut dihapusbukkan terhadap nilai tercatat aset keuangan tersebut.

Jika, pada periode berikutnya, jumlah kerugian penurunan nilai berkurang dan penurunan nilai tersebut diakui, maka kerugian penurunan nilai yang sebelumnya diakui dipulihkan, sepanjang nilai tercatat aset tidak melebihi biaya perolehan diamortisasi pada tanggal pemulihan dengan menyesuaikan akun cadangan. Jumlah pemulihan aset keuangan diakui pada laba rugi.

Penerimaan kemudian atas piutang yang telah dihapusbukkan sebelumnya, jika pada periode berjalan dikreditkan dengan menyesuaikan pada akun cadangan penurunan nilai, sedangkan jika setelah akhir periode pelaporan dikreditkan sebagai pendapatan operasional lainnya.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. Financial instruments (continued)**

**(vi) Impairment of financial assets**

If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss.

When the asset becomes uncollectible, the carrying amount of the financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

If, in a subsequent period, the amount of the impairment loss decreases and the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

Subsequent recoveries of previously written off receivables, if in the current period, are credited to the allowance accounts, but if after the reporting period, are credited to other operating income.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**c. Instrumen keuangan (lanjutan)**

**(vii) Penghentian pengakuan**

**Aset keuangan**

Suatu aset keuangan, atau mana yang berlaku, bagian dari aset keuangan atau bagian dari kelompok aset keuangan sejenis, dihentikan pengakuannya pada saat:

- Hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau
- Grup mentransfer hak kontraktual untuk menerima arus kas yang berasal dari aset keuangan atau menanggung kewajiban untuk membayar arus kas yang diterima tanpa penundaan yang signifikan kepada pihak ketiga melalui suatu kesepakatan penyerahan dan (i) secara substansial mentransfer seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, atau (ii) secara substansial tidak mentransfer dan tidak memiliki seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, namun telah mentransfer pengendalian atas aset keuangan tersebut.

Ketika Grup telah mentransfer hak untuk menerima arus kas dari aset atau telah menandatangani kesepakatan pelepasan (pass through arrangement), dan secara substansial tidak mentransfer dan tidak memiliki seluruh risiko dan manfaat atas aset keuangan, maupun mentransfer pengendalian atas aset, aset tersebut diakui sejauh keterlibatan berkelanjutan Grup terhadap aset keuangan tersebut.

Keterlibatan berkelanjutan yang berbentuk pemberian jaminan atas aset yang ditransfer diukur sebesar jumlah terendah dari jumlah tercatat aset dan jumlah maksimal dari pembayaran yang diterima yang mungkin harus dibayar kembali.

Dalam hal ini, Grup juga mengakui liabilitas terkait. Aset yang ditransfer dan liabilitas terkait diukur dengan dasar yang mencerminkan hak dan liabilitas yang masih dimiliki Grup.

Pada saat penghentian pengakuan atas aset keuangan secara keseluruhan, maka selisih antara nilai tercatat dan jumlah dari (i) pembayaran yang diterima, termasuk setiap aset baru yang diperoleh dikurangi setiap liabilitas baru yang harus ditanggung; dan (ii) setiap keuntungan atau kerugian kumulatif yang telah diakui secara langsung dalam ekuitas harus diakui pada laporan laba rugi dan penghasilan komprehensif lain.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. Financial instruments (continued)**

**(vii) Derecognition**

**Financial asset**

A financial asset, or where applicable a part of a financial asset or part of a group of similar financial assets, is derecognized when:

- the contractual rights to receive cash flows from the financial asset have expired; or
- the Group has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and either (i) has transferred substantially all the risks and rewards of the financial asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity is recognized in the statement of profit or loss and other comprehensive income.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**c. Instrumen keuangan (lanjutan)**

**(vii) Penghentian pengakuan (lanjutan)**

**Liabilitas keuangan**

Liabilitas keuangan dihentikan pengakuannya ketika liabilitas yang ditetapkan dalam kontrak dihentikan atau dibatalkan atau kadaluwarsa.

Ketika liabilitas keuangan saat ini digantikan dengan yang lain dari pemberi pinjaman yang sama dengan persyaratan yang berbeda secara substansial, atau modifikasi secara substansial atas ketentuan liabilitas keuangan yang saat ini ada, maka pertukaran atau modifikasi tersebut dicatat sebagai penghapusan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru, dan selisih antara nilai tercatat liabilitas keuangan tersebut diakui sebagai laba rugi.

**d. Kas dan setara kas**

Kas dan setara kas terdiri dari kas, bank dan semua investasi yang jatuh tempo dalam waktu tiga bulan atau kurang dari tanggal perolehannya dan yang tidak dijaminkan serta tidak dibatasi penggunaannya.

**e. Persediaan**

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan atau nilai realisasi bersih. Biaya perolehan dinyatakan berdasarkan metode rata-rata tertimbang (*weighted-average method*).

Cadangan penurunan nilai karena keusangan persediaan untuk persediaan dilakukan berdasarkan analisa umur persediaan yang bersangkutan dan hasil penelaahan terhadap keadaan persediaan pada akhir tahun.

**f. Biaya dibayar dimuka**

Biaya dibayar di muka diamortisasi selama masa manfaat masing-masing biaya dengan menggunakan metode garis lurus.

**g. Aset tetap**

Aset tetap kecuali tanah dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan rugi penurunan nilai. Biaya perolehan termasuk biaya penggantian bagian aset tetap saat biaya tersebut terjadi, jika memenuhi kriteria pengakuan. Selanjutnya, pada saat inspeksi yang signifikan dilakukan, biaya inspeksi itu diakui ke dalam jumlah tercatat aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya perbaikan dan pemeliharaan yang tidak memenuhi kriteria pengakuan diakui dalam laporan laba rugi pada saat terjadinya.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**c. Financial instruments (continued)**

**(vii) Derecognition (continued)**

**Financial liability**

A financial liability is derecognized when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

**d. Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and in banks and all investments with maturities of three months or less from the date of purchase and are not used as collateral and are not restricted.

**e. Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method.

An allowance for obsolescence for inventories is provided based on an aging analysis of the respective inventories and a review of the condition of inventories at the end of the year.

**f. Prepaid expenses**

Prepaid expenses are amortized and charged to operations over the periods benefited using the straight-line method.

**g. Fixed assets**

Fixed assets, except land, are stated at cost less accumulated depreciation and any impairment loss. Such cost includes the cost of replacing part of the fixed assets when the cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the assets as a replacement if the recognition criteria are met. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**g. Aset tetap (lanjutan)**

Penyusutan dihitung dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomis aset tetap sebagai berikut:

	Tahun/Years
Bangunan	20
Kendaraan	4 - 5
Peralatan dan perabot	4
Perbaikan prasarana	10

Tanah dinyatakan berdasarkan harga perolehan dan tidak diamortisasi. Biaya pengurusan legal hak atas tanah ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan aset tanah. Biaya pengurusan perpanjangan atau pembaharuan legal hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi sepanjang umur hukum hak atau umur ekonomis tanah, mana yang lebih pendek.

Aset tetap dalam pembangunan dinyatakan sebesar biaya perolehan dan disajikan sebagai bagian dari aset tetap. Akumulasi biaya perolehan aset tetap dalam pembangunan akan dipindahkan ke masing-masing aset tetap yang bersangkutan pada saat aset tersebut selesai dikerjakan dan siap digunakan.

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaannya. Laba atau rugi yang timbul dari penghentian pengakuan aset diakui dalam laporan laba rugi pada tahun aset tersebut dihentikan pengakuannya.

Masa manfaat ekonomis, nilai residu dan metode penyusutan direview setiap akhir tahun dan pengaruh dari setiap perubahan estimasi tersebut berlaku prospektif.

**h. Biaya pinjaman**

Biaya pinjaman yang dapat diatribusikan langsung dengan perolehan, pembangunan, atau pembuatan aset yang membutuhkan waktu yang cukup lama untuk persiapan digunakan sesuai tujuannya atau dijual dikapitalisasi sebagai bagian dari biaya aset yang bersangkutan.

Semua biaya pinjaman lainnya diakui sebagai beban pada periode terjadi. Biaya pinjaman terdiri dari biaya bunga yang ditanggung oleh Grup sehubungan dengan peminjaman dana.

Kapitalisasi biaya pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya, dan pengeluaran untuk aset kualifikasian dan biaya pinjamannya telah terjadi. Kapitalisasi biaya pinjaman dihentikan pada saat selesainya secara substansi seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**g. Fixed assets (continued)**

*Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows :*

Building
Vehicles
Equipment and furniture
Leasehold improvement

*Land is stated at cost and not depreciated. Costs associated with the acquisition of legal right of land when the land was first acquired are recognized as part of the cost of land. Costs associated with the extension or renewal of legal right of land are recognized as an intangible asset and amortized over the legal life of the land rights or economic life of the land, whichever is shorter.*

*Construction in progress is stated at cost and is presented as part of fixed assets. The accumulated cost will be reclassified to the appropriate fixed assets account when the construction is substantially completed and the constructed asset is ready for its intended use.*

*The carrying value of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the assets is charged to profit or loss in the year the assets is derecognized.*

*The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.*

**h. Borrowing costs**

*Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets.*

*All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that the Group incurs in connection with the borrowing of funds.*

*Capitalization of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets are substantially completed for their intended use.*

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**i. Properti investasi**

Grup menilai ulang kebijakan akuntansinya untuk properti investasi sehubungan dengan pengukuran setelah pengenalan awal. Grup sebelumnya telah mengukur properti investasinya dengan menggunakan model biaya. Efektif tanggal 1 Januari 2017, Grup mengubah kebijakan akuntansi untuk properti investasi dari model biaya menjadi model nilai wajar karena Grup berpendapat bahwa model nilai wajar memberikan nilai investasi properti yang lebih relevan. Manajemen berkeyakinan bahwa dampak perubahan kebijakan akuntansi tersebut tidak berdampak signifikan terhadap laporan keuangan konsolidasian tahun sebelumnya, oleh karena itu perubahan kebijakan akuntansi tersebut belum diterapkan secara retrospektif.

Properti investasi Grup terdiri dari apartemen dan bangunan dalam pembangunan yang diselenggarakan oleh Grup untuk mendapatkan penyewaan atau untuk kenaikan nilai atau keduanya, dan bukan untuk digunakan dalam produksi atau penyediaan barang atau jasa atau untuk tujuan administratif atau dijual dalam kegiatan usaha sehari-hari.

Properti investasi dicatat sebesar nilai wajarnya, yang mencerminkan nilai pasar yang ditentukan setiap tahun. Nilai wajar didasarkan pada harga pasar aktif, yang apabila diperlukan dilakukan penyesuaian atas perbedaan sifat, lokasi atau kondisi dari investasi tersebut. Jika informasi tidak tersedia, Perusahaan menggunakan metode penilaian alternatif seperti harga pasar terkini atau proyeksi arus kas. Perubahan dalam nilai wajar dicatat dalam laba rugi.

Aset tetap dalam pembangunan dinyatakan sebesar biaya perolehan dan disajikan sebagai bagian dari properti investasi. Akumulasi biaya perolehan aset tetap dalam pembangunan akan dipindahkan ke masing-masing aset properti investasi yang bersangkutan pada saat aset tersebut selesai dikerjakan dan siap digunakan.

Properti investasi dihentikan pengakuannya pada saat pelepasan atau ketika properti investasi tersebut tidak digunakan lagi secara permanen dan tidak memiliki manfaat ekonomis di masa depan yang dapat diharapkan pada saat pelepasannya. Laba atau rugi yang timbul dari penghentian atau pelepasan properti investasi diakui dalam laporan laba rugi dalam tahun terjadinya penghentian atau pelepasan tersebut.

Transfer ke properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan berakhirnya pemakaian oleh pemilik, dimulainya sewa operasi ke pihak lain atau selesainya pembangunan atau pengembangan. Transfer dari properti investasi dilakukan jika, dan hanya jika, terdapat perubahan penggunaan yang ditunjukkan dengan dimulainya penggunaan oleh pemilik atau dimulainya pengembangan untuk dijual.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**i. Investment properties**

The Group re-assessed its accounting policy for investment properties with respect to measurement after initial recognition. The Group has previously measured its investment properties using the cost model. Effective January 1, 2017, the Group changed its accounting policy for investment properties from cost model to fair value model since the Group believes that fair value model provides more relevant value of the investment properties. The management believes that the effect of the change in accounting policy has no significant impact to the prior year consolidated financial statements, therefore such change in accounting policy has not been applied retrospectively.

Investment properties of the Group consists of apartment and building under construction held by the Group to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the profit or loss.

Construction in progress is stated at cost and is presented as part of investment properties. The accumulated cost will be reclassified to the appropriate investment properties account when the construction is substantially completed and the asset constructed is ready for its intended use.

An investment property should be derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of an investment property is credited or charged to operations in the year the asset is derecognized.

Transfers to investment properties should be made when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or end of construction or development. Transfers from investment properties should be made when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**i. Properti investasi (lanjutan)**

Untuk transfer dari properti investasi ke properti yang digunakan sendiri, Grup menggunakan metode biaya pada tanggal perubahan penggunaan. Jika properti yang digunakan sendiri oleh Grup menjadi properti investasi, Grup mencatat properti tersebut sesuai dengan kebijakan aset tetap sampai dengan saat tanggal terakhir perubahan penggunaannya.

**j. Aset takberwujud**

Aset takberwujud pada awalnya diakui sebesar biaya perolehan pada pengakuan awal. Setelah pengakuan awal, aset takberwujud dicatat pada biaya perolehan dikurangi akumulasi amortisasi dan akumulasi rugi penurunan nilai. Aset takberwujud dengan umur manfaat terbatas diamortisasi secara garis lurus selama umur manfaat ekonominya dan menguji penurunan nilai apabila terdapat indikasi adanya penurunan nilai. Periode dan metode amortisasi ditelaah setidaknya setiap akhir periode pelaporan.

Aset takberwujud dihentikan pengakuannya: (a) pada saat dijual atau (b) ketika tidak ada manfaat ekonomis dimasa depan yang dapat diharapkan dari penggunaan atau penjualan aset tersebut.

Aset takberwujud yang dimiliki oleh Entitas Anak terdiri dari lisensi atas peranti lunak yang memiliki taksiran masa umur ekonomis 4 tahun.

**k. Penurunan nilai aset non-keuangan**

Grup menerapkan PSAK No. 48 (Revisi 2014) "Penurunan Nilai Aset".

Pada setiap akhir periode pelaporan, Grup menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian secara tahunan penurunan nilai aset diperlukan, maka Grup membuat estimasi total terpulihkan aset tersebut.

Kerugian penurunan nilai dari operasi yang berkelanjutan, jika ada, diakui sebagai laba rugi sesuai dengan kategori biaya yang konsisten dengan fungsi dari aset yang diturunkan nilainya.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**i. Investment properties (continued)**

For a transfer from investment properties to owner-occupied property, the Group uses the cost method at the date of change in use. If an owner-occupied property becomes an investment property, the Group shall record the investment property in accordance with the fixed assets policies up to the date of change in use.

**j. Intangible assets**

Intangible asset is measured on initial recognition at cost. Following initial recognition, intangible asset is carried at cost less any accumulated amortization and accumulated impairment losses. It is amortized on a straight line basis over their economic useful life and assessed for impairment whenever there is an indication that may be impaired. The amortization period and method are reviewed at least at the end of each reporting period.

An intangible asset is derecognized: (a) upon disposal or (b) when no future economic benefits are expected from its use or disposal.

The Subsidiary's intangible asset consists of license for software which has estimated useful life of 4 years.

**k. Impairment of non-financial assets**

The Group applied PSAK No. 48 (Revised 2014) "Impairment of Assets".

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

Impairment losses of continuing operations, if any, are recognized as profit or loss under expense categories that are consistent with the functions of the impaired assets.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**k. Penurunan nilai aset non-keuangan (lanjutan)**

Rugi penurunan nilai tersebut harus dipulihkan jika telah terjadi perubahan dalam perkiraan yang digunakan untuk menentukan nilai terpulihkan dari aset non-keuangan. Kerugian penurunan nilai hanya akan dipulihkan sampai sebatas bahwa nilai tercatat aset non-keuangan yang tidak melebihi nilai terpulihkannya maupun nilai tercatat, neto setelah penyusutan seandainya tidak ada rugi penurunan nilai yang telah diakui untuk aset tersebut pada tahun sebelumnya. Pembalikan rugi penurunan nilai diakui dalam laba rugi.

**l. Imbalan kerja**

Grup mengakui kewajiban imbalan kerja yang tidak didanai sesuai dengan Undang-undang Ketenagakerjaan No. 13/2003, tanggal 25 Maret 2003. Beban pensiun berdasarkan program dana pensiun manfaat pasti Grup ditentukan melalui perhitungan aktuaria secara periodik dengan menggunakan metode *projected-unit credit* dan menerapkan asumsi atas tingkat diskonto, hasil yang diharapkan atas aset program dan tingkat kenaikan manfaat pasti pensiun tahunan.

Seluruh pengukuran kembali, terdiri atas keuntungan dan kerugian aktuarial dan hasil atas aset program (tidak termasuk bunga bersih) diakui langsung melalui penghasilan komprehensif lainnya dengan tujuan agar aset atau kewajiban pensiun neto diakui dalam laporan posisi keuangan konsolidasian untuk mencerminkan nilai penuh dari defisit dan surplus program. Pengukuran kembali tidak mengreklasifikasi laba atau rugi pada periode berikutnya.

Seluruh biaya jasa lalu diakui pada saat yang lebih dulu antara ketika amandemen/kurtailmen terjadi atau ketika biaya restrukturisasi atau pemutusan hubungan kerja diakui.

Bunga neto dihitung dengan menggunakan tingkat diskonto terhadap liabilitas atau aset imbalan pasti neto. Biaya jasa terdiri dari biaya jasa kini dan biaya jasa lalu, keuntungan dan kerugian kurtailmen dan penyelesaian tidak rutin, jika ada. Beban atau pendapatan bunga neto, dan biaya jasa diakui dalam laba atau rugi.

**m. Pengakuan pendapatan dan beban**

Pendapatan diakui bila besar kemungkinan manfaat ekonomi akan diperoleh Grup dan jumlahnya dapat diukur secara handal. Pendapatan diukur pada nilai wajar imbalan yang diterima, tidak termasuk diskon, rabat dan pajak pertambahan nilai ("PPN").

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**k. Impairment of non-financial assets (continued)**

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount of a non-financial asset. An impairment loss is only reversed to the extent that the non-financial asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the profit or loss.

**l. Employee benefits**

The Group recognized unfunded employee benefits liability in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Labor Law"). Pension costs under the Group defined benefit pension plans are determined by periodic actuarial calculation using the projected-unit-credit method and applying the assumptions on discount rate, expected return on plan assets and annual rate of increase in compensation.

All remeasurements, comprising of actuarial gains and losses, and the return of plan assets (excluding net interest) are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit and surplus. Remeasurements are not reclassified to profit or loss in subsequent periods.

All past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the related restructuring or termination costs are recognized.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Service cost comprise current service costs and past service cost, gains and losses on curtailments and non-routine settlements, if any. Net interest expense or income, and service costs are recognized in profit or loss.

**m. Revenue and expense recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value added tax ("VAT").

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**m. Pengakuan pendapatan dan beban (lanjutan)**

Penjualan barang

Pendapatan dari penjualan diakui pada saat penyerahan barang kepada pelanggan, sesuai dengan persyaratan penjualan dan diakui pada saat risiko dan manfaat kepemilikan barang secara signifikan telah berpindah kepada pembeli.

Beban

Beban diakui pada saat terjadinya (basis akrual)

**n. Sewa operasi**

Sewa dimana seluruh risiko dan manfaat yang terkait dengan kepemilikan aset secara signifikan berada pada lessor diklasifikasikan sebagai sewa operasi. Pembayaran sewa dalam sewa operasi dibebankan pada laba rugi secara garis lurus selama masa sewa.

**o. Transaksi dalam mata uang asing**

Pos-pos yang disertakan dalam laporan keuangan konsolidasian setiap entitas anggota Grup diukur menggunakan mata uang yang sesuai dengan lingkungan ekonomi utama di mana Grup beroperasi ("mata uang fungsional"). Laporan keuangan konsolidasian disajikan dalam Rupiah yang merupakan mata uang fungsional dan penyajian Grup. Transaksi dalam mata uang asing dijabarkan ke dalam Rupiah dengan kurs yang berlaku pada tanggal transaksi. Pada akhir periode pelaporan, aset dan kewajiban moneter dalam mata uang asing dijabarkan ke dalam Rupiah dengan menggunakan kurs tengah yang ditetapkan oleh Bank Indonesia pada tanggal tersebut.

Keuntungan dan kerugian yang timbul dari transaksi dalam mata uang asing dan penjabaran aset dan liabilitas moneter dalam mata uang asing ke mata uang Rupiah diakui pada laba rugi.

Nilai tukar yang digunakan pada tanggal 31 Desember 2017, 2016 dan 2015 adalah sebagai berikut:

	2017	2016	2015	
1 Dolar Amerika Serikat (USD)	13.548,00	13.436,00	13.795,00	United States Dollar 1 (USD)
1 Euro (EUR)	16.173,62	14.161,55	15.069,68	Euro 1 (EUR)
1 Yen Jepang (JPY)	120,22	115,40	114,52	Japanese Yen 1 (JPY)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**m. Revenue and expense recognition (continued)**

Sales of goods

Revenue is recognized upon delivery of goods to the customers, in accordance with the terms of sale and when the significant risks and rewards of ownership of the goods have passed to the buyer.

Expenses

Expenses are recognized as incurred (accrual basis).

**n. Operating leases - As Lessee**

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**o. Foreign currency transactions and balances**

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in Rupiah, which is the functional and presentation currency of the Group. Transactions denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the middle rates of exchange quoted by Bank Indonesia at such date.

Exchange gains and losses arising on foreign currency transactions and on the translation of foreign currency monetary assets and liabilities into Rupiah are recognized in the current year's profit or loss.

The exchange rates used as of December 31, 2017, 2016 and 2015 were as follows:

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**p. Pajak penghasilan**

Beban pajak terdiri dari pajak kini dan tangguhan. Beban pajak diakui dalam laporan laba rugi kecuali untuk transaksi yang berhubungan dengan transaksi diakui langsung ke ekuitas, dalam hal ini diakui sebagai pendapatan komprehensif lainnya.

Pajak Kini

Beban pajak kini dihitung dengan menggunakan tarif pajak yang berlaku pada tanggal pelaporan keuangan, dan ditetapkan berdasarkan taksiran laba kena pajak tahun berjalan. Manajemen secara periodik mengevaluasi posisi yang dilaporkan di Surat Pemberitahuan Tahunan (SPT) sehubungan dengan situasi di mana aturan pajak yang berlaku membutuhkan interpretasi. Jika perlu, manajemen menentukan provisi berdasarkan jumlah yang diharapkan akan dibayar kepada otoritas pajak.

Bunga dan denda untuk kekurangan atau kelebihan pembayaran pajak penghasilan, jika ada, dicatat sebagai bagian dari "Manfaat (Beban) Pajak" dalam laporan laba rugi dan penghasilan komprehensif lain.

Jumlah tambahan pokok dan denda pajak yang ditetapkan dalam Surat Ketetapan Pajak ("SKP") diakui sebagai pendapatan atau beban dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian tahun berjalan, kecuali jika diajukan upaya penyelesaian selanjutnya. Jumlah tambahan pokok pajak dan denda yang ditetapkan dalam SKP ditangguhkan pembebanannya sepanjang memenuhi kriteria pengakuan aset.

Pajak Tangguhan

Pajak tangguhan diukur dengan metode liabilitas atas beda waktu pada tanggal pelaporan antara dasar pengenaan pajak untuk aset dan liabilitas dengan nilai tercatatnya untuk tujuan pelaporan keuangan. Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer kena pajak dengan beberapa pengecualian. Aset pajak tangguhan diakui untuk perbedaan temporer yang boleh dikurangkan dan rugi fiskal apabila terdapat kemungkinan besar bahwa jumlah laba kena pajak pada masa mendatang akan memadai untuk mengkompensasi perbedaan temporer dan rugi fiskal.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**p. Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax

Current tax expense is calculated using tax rates that have been enacted or substantively enacted at end of the reporting period, and is provided based on the estimated taxable income for the year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Interest and penalties for the underpayment or overpayment of income tax, if any, are to be presented as part of "Income Tax Benefit (Expense)" in the statement of profit or loss and other comprehensive income.

The amounts of additional tax principal and penalty imposed through a tax assessment letter ("SKP") are recognized as income or expense in the current year in the consolidated statement of profit or loss and other comprehensive income, unless further settlement is submitted. The amounts of tax principal and penalty imposed through an SKP are deferred as long as they meet the asset recognition criteria.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences with certain exceptions. Deferred tax assets are recognized for deductible temporary differences and tax losses carry-forward to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and tax losses carry-forward can be utilized.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**p. Pajak penghasilan**

Pajak Tangguhan (lanjutan)

Aset dan liabilitas pajak tangguhan dihitung berdasarkan tarif yang akan dikenakan pada periode saat aset direalisasikan atau liabilitas tersebut diselesaikan, berdasarkan undang-undang pajak yang berlaku atau berlaku secara substantif pada akhir periode laporan keuangan. Pengaruh pajak terkait dengan penyesuaian dan/atau pemulihan semua perbedaan temporer selama tahun berjalan, termasuk pengaruh perubahan tarif pajak, dikreditkan atau dibebankan pada periode operasi berjalan, untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Aset dan liabilitas pajak tangguhan disajikan secara saling hapus saat hak yang dapat dipaksakan secara hukum ada untuk saling hapus aset pajak kini dan liabilitas pajak kini, atau aset pajak tangguhan dan liabilitas pajak tangguhan berkaitan dengan entitas kena pajak yang sama, atau Perusahaan bermaksud untuk menyelesaikan aset dan liabilitas pajak kini dengan dasar neto.

Penyesuaian terhadap liabilitas pajak dicatat pada saat menerima surat ketetapan pajak atau, jika dilakukan naik banding, pada saat hasil banding diputuskan.

**q. Transaksi dengan pihak berelasi**

Pihak-pihak berelasi adalah orang atau entitas yang terkait dengan Grup:

- a. Orang atau anggota keluarga dekatnya yang mempunyai relasi dengan Grup jika orang tersebut:
  - (i) memiliki pengendalian atau pengendalian bersama atas Grup;
  - (ii) memiliki pengaruh signifikan atas Grup; atau
  - (iii) personil manajemen kunci Grup atau entitas induk Grup.
- b. Suatu entitas berelasi dengan Grup jika memenuhi salah satu hal berikut:
  - (i) entitas dan Grup adalah anggota dari kelompok usaha yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya saling berelasi dengan entitas lainnya).
  - (ii) satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu kelompok usaha, yang mana entitas lain tersebut adalah anggotanya).
  - (iii) kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**p. Income tax**

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted at the end of reporting period. The related tax effects of the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are credited or charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset when a legally enforceable right exists to offset current tax assets against current tax liabilities, or the deferred tax assets and the deferred tax liabilities relate to the same taxable entity, or the Company intends to settle its current assets and liabilities on a net basis.

Adjustments to tax liabilities are recorded at the time of receiving tax assessment or, if appeal, when the appeal was decided.

**q. Transactions with related parties**

A related party is a person or entity that is related to the Group:

- a. A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or,
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group
- b. An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**q. Transaksi dengan pihak berelasi (lanjutan)**

- b. Suatu entitas berelasi dengan Grup jika memenuhi salah satu hal berikut (lanjutan):
- (iv) satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga.
  - (v) entitas tersebut adalah suatu program imbalan pasca kerja untuk imbalan kerja dari salah satu Grup atau entitas yang terkait dengan Grup.
  - (vi) entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf a).
  - (vii) orang yang diidentifikasi dalam huruf a) i) memiliki pengaruh signifikan atas entitas atau merupakan personil manajemen kunci entitas (atau entitas induk dari entitas).
  - (viii) Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada Grup atau kepada Induk Perusahaan dari Grup.

Transaksi ini dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak. Beberapa persyaratan tersebut mungkin tidak sama dengan persyaratan yang dilakukan dengan pihak-pihak yang tidak berelasi

Seluruh transaksi dan saldo yang material dengan pihak-pihak berelasi telah diungkapkan dalam Catatan 29.

**r. Informasi Segmen**

Informasi segmen disajikan berdasarkan pengelompokan jenis produk.

Pendapatan, beban, hasil, aset dan liabilitas segmen termasuk hal-hal yang dapat diatribusikan secara langsung kepada suatu segmen serta hal-hal yang dapat dialokasikan dengan dasar yang memadai untuk segmen tersebut. Segmen ditentukan sebelum saldo dan transaksi antar perusahaan dieliminasi sebagai bagian dari proses konsolidasi.

**s. Laba Neto per Saham Dasar**

Grup menerapkan PSAK No. 56 (Revisi 2011) "Laba Per Saham".

Jumlah laba neto per saham dasar dihitung dengan membagi laba periode berjalan yang dapat diatribusikan kepada pemilik entitas induk dengan rata-rata tertimbang jumlah saham biasa yang beredar pada periode yang bersangkutan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**q. Transactions with related parties (continued)**

- b. An entity is related to the Group if any of the following conditions applies (continued):
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment defined benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in a).
  - (vii) a person identified in a) i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

The transactions are made based on terms agreed by the parties. Such terms may not be the same as those of the transactions between unrelated parties

All material transactions and balances with related parties are disclosed in Note 29.

**r. Segment Information**

Segment information is presented based on the classification of type of products.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated.

**s. Basic Earnings per Share**

The Group applied PSAK No. 56 (Revised 2011) "Earning Per Share".

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG PENTING  
(lanjutan)**

**t. Penyesuaian Tahunan 2016**

Grup menerapkan penyesuaian-penyesuaian tahun 2016, berlaku efektif 1 Januari 2017 sebagai berikut:

- ISAK No. 31 - "Interpretasi atas Ruang Lingkup PSAK 13: Properti Investasi"

ISAK No. 31 memberikan interpretasi atas karakteristik bangunan yang digunakan sebagai bagian dari definisi properti investasi dalam PSAK No. 13: Properti Investasi. Bangunan sebagaimana dimaksud dalam definisi properti investasi mengacu pada struktur yang memiliki karakteristik fisik yang umumnya diasosiasikan dengan suatu bangunan yang mengacu pada adanya dinding, lantai, dan atap yang melekat pada aset.

- PSAK 24 (Penyesuaian 2016) - "Imbalan Kerja"

Penyesuaian ini mengklarifikasi bahwa pasar obligasi korporasi berkualitas tinggi dinilai berdasarkan denominasi mata uang obligasi tersebut dan bukan berdasarkan negara di mana obligasi tersebut berada.

- PSAK 60 (Penyesuaian 2016) - "Instrumen Keuangan – Pengungkapan"

Penyesuaian ini mengklarifikasi bahwa entitas harus menilai sifat dari imbalan kontrak jasa sebagaimana dalam paragraf PP30 dan paragraf 42C untuk menentukan apakah entitas memiliki keterlibatan berkelanjutan dalam aset keuangan dan apakah persyaratan pengungkapan terkait keterlibatan berkelanjutan terpenuhi.

Penerapan dari penyesuaian-penyesuaian tahunan 2017 tidak memiliki dampak signifikan terhadap laporan keuangan konsolidasian.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**t. 2016 Annual Improvements**

The Group adopted the following 2016 annual improvements effective January 1, 2017:

- ISAK No. 31 - "Interpretation of the Scope of PSAK 13: Investment Property"

ISAK No. 31 provides the interpretation of the characteristic of a building which is used as a part of the definition of investment property in PSAK No. 13: Investment Property. Building as mentioned in the definition of property investment refers to the structure with physical characteristics commonly associated with a building, which usually refers to the existence of walls, floors, and roofs attached to the asset.

- PSAK 24 (2016 Improvement) - "Employee Benefits"

The improvement clarifies that the high-quality corporate bond market is valued based on the denomination of the bond's currency and not based on the country where the bond existed.

- PSAK 60 (2016 Improvement) - "Financial Instruments - Disclosure"

The improvement clarifies that an entity should evaluate the nature of the service contract reward as mentioned in paragraph PP30 and 42C to determine whether the entity has continuing involvement with the financial asset and whether the required disclosure related to continuing involvement has been fulfilled.

The adoption of the 2017 annual improvements has no significant impact on the consolidated financial statements.

**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI**

Penyusunan laporan keuangan konsolidasian Grup mewajibkan manajemen untuk membuat estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan pada laporan ini dan pengungkapan terkait, pada akhir periode pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas yang terpengaruh pada periode pelaporan berikutnya.

**3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts herein and the related disclosures, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI (lanjutan)**

**Pertimbangan**

Dalam proses penerapan kebijakan akuntansi Grup, manajemen membentuk beberapa pertimbangan dibawah ini, yang memiliki pengaruh yang signifikan pada jumlah - jumlah yang diakui pada laporan keuangan konsolidasian:

Klasifikasi instrumen keuangan

Grup menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangan bila definisi yang ditetapkan PSAK No. 55 (Revisi 2014) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Grup seperti diungkapkan pada Catatan 2.

Sewa

Grup mempunyai perjanjian-perjanjian sewa dimana Grup bertindak sebagai *lessee* untuk tanah dan bangunan. Grup mengevaluasi apakah terdapat risiko dan manfaat yang signifikan dari aset sewa yang dialihkan berdasarkan PSAK No. 30 (Revisi 2011), "Sewa", yang mensyaratkan Grup untuk membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan kepemilikan aset.

Berdasarkan hasil penelaahan yang dilakukan Grup atas perjanjian sewa, transaksi sewa tanah dan bangunan diklasifikasikan sebagai sewa operasi.

**Estimasi dan Asumsi**

Asumsi utama masa depan dan sumber utama estimasi ketidakpastian lain pada tanggal pelaporan yang memiliki risiko signifikan bagi penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk tahun berikutnya, diungkapkan di bawah ini. Grup mendasarkan asumsi dan estimasi pada parameter yang tersedia pada saat laporan keuangan konsolidasian disusun. Asumsi dan situasi mengenai perkembangan masa depan, mungkin berubah akibat perubahan pasar atau situasi di luar kendali Grup. Perubahan tersebut dicerminkan dalam asumsi terkait pada terjadinya.

Penyusutan Aset Tetap

Biaya perolehan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran manfaat masa ekonomisnya.

Manajemen mengestimasi masa manfaat ekonomis aset tetap antara 4 sampai dengan 20 tahun. Masa manfaat ekonomis tersebut merupakan masa manfaat ekonomis yang secara umum diharapkan dalam industri di mana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya beban penyusutan masa depan mungkin direvisi. Pada tanggal 31 Desember 2017, 2016 dan 2015, nilai tercatat neto atas aset tetap Grup masing-masing sebesar Rp 768.595.173.650, Rp 276.077.242.947 dan Rp 182.006.148.401 (Catatan 11)

**3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Judgments**

*In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:*

Classification of financial instruments

*The Group determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2.*

Leases

*The Group has several leases whereas the Group acts as lessee in respect of land and warehouse. The Group evaluates whether significant risks and rewards of ownership of the leased assets are transferred based on PSAK No. 30 (Revised 2011) "Lease", which requires the Group to make judgment and estimates of the transfer of risks and rewards related to the ownership of asset.*

*Based on the review performed by the Group for the related lease agreements, the land and warehouse under lease is classified as operating lease.*

**Estimates and Assumptions**

*The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of The Group. Such changes are reflected in the assumptions as occurred.*

Depreciation of Fixed Assets

*The costs of fixed assets is depreciated on a straight-line basis over their estimated useful lives.*

*Management estimates the useful lives of these fixed assets to be within 4 to 20 years. These are common life expectancies applied in the industry where the Group conducts its business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. As of December 31, 2017, 2016 and 2015, the net carrying amounts of the Group's fixed assets amounted to Rp 768,595,173,650, Rp 276,077,242,947 and Rp 182,006,148,401, respectively (Note 11).*

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**3. PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI (lanjutan)**

**Estimasi dan Asumsi (lanjutan)**

Liabilitas imbalan kerja

Penentuan utang dan liabilitas imbalan kerja Grup bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji tahunan, tingkat pengunduran diri karyawan tahunan, tingkat kecacatan, umur pensiun dan tingkat kematian. Hasil aktual yang berbeda dari asumsi yang ditetapkan Grup diakui segera pada laporan posisi keuangan konsolidasian dengan debit atau kredit ke saldo laba melalui penghasilan komprehensif lainnya dalam periode terjadinya. Sementara Grup berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Grup dapat mempengaruhi secara material liabilitas diestimasi atas imbalan kerja dan beban imbalan kerja neto. Penjelasan lebih rinci diungkapkan dalam Catatan 21.

Pajak Penghasilan

Pertimbangan signifikan dilakukan dalam menentukan provisi atas pajak penghasilan badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti sepanjang kegiatan usaha normal. Grup mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan pajak penghasilan badan.

Aset Pajak Tangguhan

Aset pajak tangguhan diakui atas seluruh rugi fiskal dan perbedaan temporer yang dapat dikurangkan, sepanjang besar kemungkinannya bahwa penghasilan kena pajak akan tersedia sehingga rugi fiskal dan perbedaan temporer tersebut dapat digunakan. Estimasi signifikan oleh manajemen disyaratkan dalam menentukan total aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak serta strategi perencanaan pajak masa depan. Pada tanggal 31 Desember 2017, Entitas Anak memiliki rugi fiskal kumulatif sebesar Rp 13.567.052.761.

Penyisihan atas persediaan usang

Penyisihan atas keusangan persediaan diestimasi berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas kepada, kondisi fisik persediaan yang dimiliki, harga jual pasar, estimasi biaya penyelesaian dan estimasi biaya yang timbul untuk penjualan. Provisi dievaluasi kembali dan disesuaikan jika terdapat tambahan informasi yang mempengaruhi jumlah yang diestimasi. Pada tanggal 31 Desember 2017, penyisihan atas persediaan usang sebesar Rp 474.237.540.

**3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

**Estimates and Assumptions (continued)**

Employee benefits liability

The determination of the Group's obligations and cost employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Group's assumptions are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period which they occur. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liability for employee benefits and net employee benefits expense. Further details are disclosed in Note 21.

Income Tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

Deferred Tax Assets

Deferred tax assets are recognized for unused fiscal losses and all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of the future taxable profits together with future tax planning strategies. As of December 31, 2017, the Subsidiary has fiscal loss carry forward amounting to Rp 13,567,052,761.

Allowance for inventories obsolescence

Allowance for inventories obsolescence of inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated. As of December 31, 2017, allowance for inventories obsolescence amounted to Rp 474,237,540.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**4. KAS DAN SETARA KAS**

Akun ini terdiri dari:

**4. CASH AND CASH EQUIVALENTS**

This account consists of:

	2017	2016	2015	
<b>Kas</b>	4.165.603.628	4.483.141.850	1.713.762.058	<b>Cash on hand</b>
<b>Bank</b>				<b>Cash in banks</b>
Pihak ketiga				Third parties
Rupiah				Rupiah
PT Bank Central Asia Tbk	34.339.399.951	14.082.681.648	19.177.063.358	PT Bank Central Asia Tbk
PT Bank Resona Perdania	31.004.074.268	12.215.403.727	1.209.866.503	PT Bank Resona Perdania
PT Bank UOB Buana Indonesia Tbk	3.860.682.910	448.594.935	4.877.623.108	PT Bank UOB Buana Indonesia Tbk
PT Bank Mizuho Indonesia	932.962.331	304.074.050	1.925.604	PT Bank Mizuho Indonesia
PT Bank Jasa Jakarta	719.780.697	484.075.213	1.047.374.347	PT Bank Jasa Jakarta
PT Bank Maybank Indonesia Tbk	537.839.116	3.870.744.976	4.010.219.057	PT Bank Maybank Indonesia Tbk
PT Bank MNC Internasional Tbk	75.837.110	7.061.119	-	PT Bank MNC Internasional Tbk
PT Bank Ekonomi Raharja Tbk	69.155.395	1.466.466.013	328.367.083	PT Bank Ekonomi Raharja Tbk
PT Bank Negara Indonesia (Persero) Tbk	42.283.077	25.038.717	1.200.000	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Nasionalnobi	42.089.751	-	-	PT Bank Nasionalnobi
PT Bank Mandiri (Persero) Tbk	39.354.413	1.077.756.216	238.221.391	PT Bank Mandiri (Persero) Tbk
PT Bank OCBC NISP Tbk	8.981.913	-	-	PT Bank OCBC NISP Tbk
PT Bank CIMB Niaga Tbk	-	670.644.783	316.405.405	PT Bank CIMB Niaga Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	-	16.924.655	15.376.854	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Mega Tbk	-	6.620.281	82.235.198	PT Bank Mega Tbk
PT Bank Pembangunan Daerah Kalimantan Timur	-	5.253.621	180.067.311	PT Bank Pembangunan Daerah Kalimantan Timur
PT Bank Permata Tbk	-	1.493.604	60.628.952	PT Bank Permata Tbk
	71.672.440.932	34.682.833.558	31.546.574.171	
<b>Dolar AS</b>				<b>US Dollar</b>
PT Bank Mizuho Indonesia USD 15,475,10 tahun 2017	209.656.655	940.573.341	-	PT Bank Mizuho Indonesia USD 15,475,10 in 2017
PT Bank Resona Perdania USD 10,091,26 tahun 2017				PT Bank Resona Perdania USD 10,091,26 in 2017
USD 62,415 tahun 2016	136.716.390	838.605.790	2.193.902.724	USD 62,415 in 2016
USD 159,036 tahun 2015				USD 159,036 in 2015
	346.373.045	1.779.179.131	2.193.902.724	
<b>Euro</b>				<b>Euro</b>
PT Bank Resona Perdania EUR 51,863 tahun 2017				PT Bank Resona Perdania EUR 51,863 in 2017
EUR 2,774,821 tahun 2016	838.806.954	39.295.768.219	1.027.869.117	EUR 2,774,821 in 2016
EUR 68,208 tahun 2015				EUR 68,208 in 2015
<b>Yen Jepang</b>				<b>Japanese Yen</b>
PT Bank Resona Perdania JPY 2,978,771 tahun 2017				PT Bank Resona Perdania JPY 2,978,771 in 2017
JPY 2,979,776 tahun 2016	358.107.850	343.866.150	341.356.292	JPY 2,979,776 in 2016
JPY 2,980,757 tahun 2015				JPY 2,980,757 in 2015
<b>Sub total - bank</b>	<b>73.215.728.781</b>	<b>76.101.647.058</b>	<b>35.109.702.304</b>	<b>Sub total - cash in banks</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**4. KAS DAN SETARA KAS (lanjutan)**

**4. CASH AND CASH EQUIVALENTS (continued)**

	2017	2016	2015	
<b>Setara kas</b>				<b>Cash equivalents</b>
Pihak ketiga				Third parties
<i>Money Market Account</i>				<i>Money Market Account</i>
Rupiah				Rupiah
PT Bank Negara				PT Bank Negara
Indonesia (Persero) Tbk	-	2.500.000.000	-	Indonesia (Persero) Tbk
Deposito				Time deposits
Rupiah				Rupiah
PT Bank Maybank				PT Bank Maybank
Indonesia Tbk	83.053.424.648	56.000.000.000	137.202.004.909	Indonesia Tbk
PT Bank CIMB Niaga Tbk	-	-	20.245.349.842	PT Bank CIMB Niaga Tbk
Sub total - setara kas	83.053.424.648	58.500.000.000	157.447.354.751	Sub total - cash equivalents
<b>Total</b>	<b>160.434.757.057</b>	<b>139.084.788.908</b>	<b>194.270.819.113</b>	<b>Total</b>

Suku bunga tahunan deposito berjangka sebagai berikut:

Annual interest rates on time deposits are as follows:

	2017	2016	2015	
Rupiah	4,78% - 7,25%	5,25% - 7,75%	9,00% - 9,75%	Rupiah

Pada tanggal 31 Desember 2017, 2016 dan 2015 tidak terdapat penempatan kas dan setara kas pada pihak berelasi.

As of December 31, 2017, 2016, and 2015, there are no cash and cash equivalent with related party.

**5. PIUTANG USAHA**

**5. TRADE RECEIVABLES**

Akun ini terdiri dari:

This account consists of:

	2017	2016	2015	
<b>Pihak ketiga</b>				<b>Third parties</b>
PT Adika Jaya Dewata	37.538.244.072	33.461.686.582	25.774.669.218	PT Adika Jaya Dewata
PT Graha Pelangi Jaya	26.538.592.838	28.211.940.287	2.628.028.908	PT Graha Pelangi Jaya
PT Trisakti Sukses Abadi	20.718.479.543	12.206.938.273	-	PT Trisakti Sukses Abadi
PT Catur Mitra Sejati Sentosa	14.035.925.676	11.613.062.180	7.900.137.101	PT Catur Mitra Sejati Sentosa
PT Indokeramikatama Perkasa	12.717.970.832	8.996.988.246	6.815.162.983	PT Indokeramikatama Perkasa
PT Asia Maju Mandiri	11.900.602.881	9.690.483.693	11.250.395.532	PT Asia Maju Mandiri
PT Incomindo Murni Jaya	11.746.780.508	4.485.909.520	5.619.883.115	PT Incomindo Murni Jaya
PT Sumber Makmur Makassar	11.257.432.452	7.888.300.023	4.013.025.219	PT Sumber Makmur Makassar
PT Pembangunan Perumahan	10.537.272.832	10.231.536.984	2.538.364.973	PT Pembangunan Perumahan
PT Rumah Mahardika Karsya	10.430.072.421	4.816.772.485	879.344.981	PT Rumah Mahardika Karsya
PT Permata Asri Sentra	9.029.095.684	2.808.426.761	1.542.269.400	PT Permata Asri Sentra
PT Samudra Mandiri Sukses	8.693.297.255	1.203.191.196	655.498.505	PT Samudra Mandiri Sukses
PT Caturkarda Depo Bangunan	8.283.646.450	7.965.958.355	10.117.019.901	PT Caturkarda Depo Bangunan
PT Cahaya Bumi Indah Perkasa	7.027.514.140	1.223.880.350	1.364.342.036	PT Cahaya Bumi Indah Perkasa
PT Megadepo Indonesia	6.919.455.236	3.078.559.050	3.268.465.719	PT Megadepo Indonesia
PT Trisila Sentosa Abadi	6.230.533.552	4.742.393.666	2.210.984.245	PT Trisila Sentosa Abadi
CV Ario Sakti	5.638.775.240	5.198.629.295	3.987.392.610	CV Ario Sakti
PT Cahaya Timur Mandiri	5.123.934.165	-	-	PT Cahaya Timur Mandiri
Bapak Andrew	4.903.459.499	-	-	Mr. Andrew
PT Simprug Mahkota Indah	4.895.027.648	-	-	PT Simprug Mahkota Indah
PT Sinar Glassindo Jaya	4.812.252.885	4.135.830.386	1.755.467.365	PT Sinar Glassindo Jaya
PT Bangunan Jaya Cemerlang	4.493.206.515	7.041.315.595	747.280.739	PT Bangunan Jaya Cemerlang
PT Indo Keramik Utama	3.866.537.100	-	-	PT Indo Keramik Utama
PT Multi Artha Pratama	3.762.808.662	2.295.294.836	1.111.917.764	PT Multi Artha Pratama
Ibu Saraswati	3.506.389.485	1.555.963.930	1.081.708.537	Mrs. Saraswati
PT Bangunreksa Perkasa	3.315.444.420	1.728.222.212	2.992.484.442	PT Bangunreksa Perkasa
Bapak Ronny Tumewu	3.301.619.809	1.815.869.670	-	Mr. Ronny Tumewu
PT Surya Bisnis Sukses	2.923.562.735	-	-	PT Surya Bisnis Sukses
PT Citra Abadi Mandiri	2.888.941.635	-	-	PT Citra Abadi Mandiri

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**5. PIUTANG USAHA (lanjutan)**

**5. TRADE RECEIVABLES (continued)**

	2017	2016	2015	
<b>Pihak ketiga (lanjutan)</b>				<b>Third parties (continued)</b>
PT Bangunan Jaya Prima	2.698.269.645	2.927.112.345	3.212.631.651	PT Bangunan Jaya Prima
PT Nindya Karya (Persero)	2.683.868.220	-	-	PT Nindya Karya (Persero)
PT Dimas Pratama Indah	2.599.155.384	2.405.592.322	2.202.565.702	PT Dimas Pratama Indah
PT Aryakencana Semesta	2.569.199.679	-	-	PT Aryakencana Semesta
PT Ganda Putra Sejahtera	2.544.032.165	1.902.832.311	2.272.053.868	PT Ganda Putra Sejahtera
PT Cahaya Timur Maju	2.540.010.695	-	-	PT Cahaya Timur Maju
CV Teguh Optima Perkasa	2.515.608.740	1.574.774.935	1.337.422.942	CV Teguh Optima Perkasa
PT Brahmayasa Bahtera	2.478.088.940	-	-	PT Brahmayasa Bahtera
PT Cahaya Warna Prima	2.370.951.231	-	-	PT Cahaya Warna Prima
CV Fajar Raya	1.864.188.240	-	-	CV Fajar Raya
PT Surya Mandiri Bangunsindo	1.849.216.705	1.311.791.275	1.499.961.521	PT Surya Mandiri Bangunsindo
PT Total Bangun Persada Tbk	1.848.188.550	-	962.277.470	PT Total Bangun Persada Tbk
PT Intiland Grande	1.837.547.548	-	-	PT Intiland Grande
PT Pondasi Bumi Pertiwi	1.768.017.415	-	779.034.984	PT Pondasi Bumi Pertiwi
PT Ciputra Puri Trisula	1.706.476.911	-	-	PT Ciputra Puri Trisula
PT Harapan Global Niaga	1.638.498.030	-	-	PT Harapan Global Niaga
PT Investasi Hasil Sejahtera	1.521.732.047	-	-	PT Investasi Hasil Sejahtera
PT Prima Pratama Citra	1.448.402.999	-	-	PT Prima Pratama Citra
Bapak Yoedhana Johannes	1.439.097.242	691.926.740	975.763.076	Mr. Yoedhana Johannes
PT Tirta Bangunan Baru	1.431.603.760	977.069.665	-	PT Tirta Bangunan Baru
JO Pembangunan	-	-	-	JO Pembangunan
Tangerang 55F Development	1.418.582.881	-	-	Tangerang 55F Development
PT Sinar Timur Keramik	1.250.833.255	-	-	PT Sinar Timur Keramik
PT Indo Citra Eka Abadi	1.242.382.350	-	-	PT Indo Citra Eka Abadi
Bapak Hanafi	1.198.513.321	-	-	Mr. Hanafi
Toko Sumber Makmur	1.191.551.388	-	-	Toko Sumber Makmur
CV Surya Karya Bangunan	1.156.368.070	-	-	CV Surya Karya Bangunan
PT Sinar Abadi Home Centre	1.146.319.825	853.950.770	721.294.336	PT Sinar Abadi Home Centre
PT Pondok Indah Hotel	1.141.910.440	-	-	PT Pondok Indah Hotel
CV Sinar Luas	1.139.812.609	1.049.692.013	645.587.094	CV Sinar Luas
PT Tirta Idea Sakti	1.098.781.085	-	-	PT Tirta Idea Sakti
PT Era Bangunan	1.071.935.782	1.118.827.705	-	PT Era Bangunan
PT Ikagriya Darmapersada	1.070.704.855	999.229.963	1.440.540.008	PT Ikagriya Darmapersada
PT Karya Unggulan Gemilang	1.054.110.528	-	-	PT Karya Unggulan Gemilang
PT Satria Pusaka	-	-	-	PT Satria Pusaka
Permata Perkasa	1.051.057.837	-	-	Permata Perkasa
PT Keramik Jaya Bangunan	1.015.619.735	-	-	PT Keramik Jaya Bangunan
PT Kencana Graha Optima	964.319.385	865.373.068	-	PT Kencana Graha Optima
Toko Niaga	960.731.092	725.136.950	-	Toko Niaga
PT Duta Anggada Reality Tbk	906.256.208	4.054.224.425	-	PT Duta Anggada Reality Tbk
PT Inti Menara Selaras	863.940.000	-	-	PT Inti Menara Selaras
Bapak Haryanto	838.991.275	-	-	Mr. Haryanto
CV Utama Karya	832.265.475	810.769.850	-	CV Utama Karya
PT Prambanan Dwipaka	826.285.812	523.566.384	-	PT Prambanan Dwipaka
Sabda Novia	792.887.379	-	-	Sabda Novia
PT Makmur Maju Mantap	791.547.925	-	-	PT Makmur Maju Mantap
PT Premier Anggada	769.854.580	-	-	PT Premier Anggada
PT Yehuda Sukses Makmur	759.585.357	-	-	PT Yehuda Sukses Makmur
PT Asri Griya Utama	759.322.917	-	-	PT Asri Griya Utama
Bapak Santoso Halim	752.620.840	2.046.275.010	707.033.900	Mr. Santoso Halim
PT Sinar Waringin Adikarya	728.421.804	-	-	PT Sinar Waringin Adikarya
CV Norton	686.223.220	896.307.835	-	CV Norton
PT Pakuwon Permai	659.648.468	1.545.439.579	-	PT Pakuwon Permai
PT Citra Agung Indonesia	658.891.285	-	-	PT Citra Agung Indonesia
PT Gala Bumiperkasa	658.550.606	1.248.354.965	-	PT Gala Bumiperkasa
PT Duta Megah Laksana	653.538.848	-	-	PT Duta Megah Laksana
JO - Hyundai Engineering	639.228.558	1.253.875.937	-	JO - Hyundai Engineering
PT Metropolitan Kentjana Tbk	632.370.118	-	-	PT Metropolitan Kentjana Tbk

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**5. PIUTANG USAHA (lanjutan)**

**5. TRADE RECEIVABLES (continued)**

	2017	2016	2015	
<b>Pihak ketiga (lanjutan)</b>				<b>Third parties (continued)</b>
JO-KSO Summarecon Lakeview	623.240.750	-	-	JO-KSO Summarecon Lakeview
PT Mitra Hasil Sentosa	616.790.300	-	-	PT Mitra Hasil Sentosa
PT Wijaya Kusuma Contractors	610.651.530	703.974.343	-	PT Wijaya Kusuma Contractors
Bapak Sucipto	-	6.985.575.671	4.986.625.759	Mr. Sucipto
PT Jaya Tunggal	-	6.041.892.851	3.988.033.855	PT Jaya Tunggal
PT Gandaria Prima	-	5.091.299.510	566.025.020	PT Gandaria Prima
Bapak Mingkylias	-	4.485.150.828	11.650.132.493	Mr. Mingkylias
PT Elite Prima Utama	-	3.204.097.273	-	PT Elite Prima Utama
PT Perkasalestari Permai	-	2.747.251.483	1.429.645.184	PT Perkasalestari Permai
Ibu Rosalina	-	2.016.237.335	772.254.790	Mrs. Rosalina
PT Arga Bangun Ideal	-	1.719.064.670	-	PT Arga Bangun Ideal
PT Bangun Karya Semesta	-	1.634.487.224	-	PT Bangun Karya Semesta
PT Pakuwon Jati	-	1.601.045.432	923.850.346	PT Pakuwon Jati
Bapak IR.Yamin	-	1.564.343.845	2.538.270.232	Mr. IR.Yamin
PT Cahaya Bandung Jaya	-	1.460.734.770	-	PT Cahaya Bandung Jaya
PT Pohon Artha Makmur	-	1.388.059.695	-	PT Pohon Artha Makmur
Bapak Tatang Suyono	-	1.174.918.053	-	Mr. Tatang Suyono
PT Ramasari Surya Persada	-	1.082.903.250	988.936.300	PT Ramasari Surya Persada
Toko Karya Baru	-	1.070.644.220	1.054.583.347	Toko Karya Baru
PT Suryalaya Anindita International	-	995.587.327	-	PT Suryalaya Anindita International
PT Menara Pelangi	-	982.617.225	-	PT Menara Pelangi
PT Danau Winata Indah	-	937.561.782	-	PT Danau Winata Indah
Bapak Tonny Tanzi	-	936.084.950	894.536.020	Mr. Tonny Tanzi
Toko Surya Kencana	-	918.492.040	573.504.362	Toko Surya Kencana
UD Top	-	848.127.905	-	UD Top
Bapak Iwan	-	823.466.535	-	Mr. Iwan
Toko Sultan Agung	-	788.743.952	-	Toko Sultan Agung
PT Cinemaxx Global Pasifik	-	763.263.512	1.030.618.754	PT Cinemaxx Global Pasifik
Bapak Calvin	-	752.246.640	-	Mr. Calvin
PT Gunung Ansa	-	720.129.194	3.207.304.984	PT Gunung Ansa
PT Swadharma Kerry Satya	-	709.027.101	-	PT Swadharma Kerry Satya
PT Petromas Persada	-	695.852.245	-	PT Petromas Persada
PT Sunrise International Persada	-	694.418.112	-	PT Sunrise International Persada
PT Harini Hotel	-	683.460.000	777.518.066	PT Harini Hotel
CV Sinar Berkatindo Lestari	-	656.816.595	-	CV Sinar Berkatindo Lestari
CV Surya Jaya Mandiri Putra	-	649.793.055	544.752.330	CV Surya Jaya Mandiri Putra
PT Catur Marga Utama	-	649.323.114	-	PT Catur Marga Utama
PT Saripuri Permai Hotel	-	636.071.810	-	PT Saripuri Permai Hotel
PT Graha Wahana Nusantara	-	634.130.806	668.309.277	PT Graha Wahana Nusantara
Bapak Brino	-	624.378.115	-	Mr. Brino
Winoton SP Z.O.O	-	623.897.274	-	Winoton SP Z.O.O
PT Grand Pan Properti	-	617.644.501	-	PT Grand Pan Properti
PT Nusa Raya Cipta	-	615.121.398	1.693.902.559	PT Nusa Raya Cipta
Bapak Pardede Umar	-	610.875.750	-	Mr. Pardede Umar
Bapak Berlian Umar	-	601.671.070	-	Mr. Berlian Umar
PT Naga Bangunan	-	600.688.534	-	PT Naga Bangunan
Bapak Piih Salim	-	598.677.695	-	Mr. Piih Salim
Bapak Weby	-	597.134.875	-	Mr. Weby
Bapak Pieter Lioe	-	589.204.555	-	Mr. Pieter Lioe
Toko Naga Sakti	-	579.733.480	589.268.100	Toko Naga Sakti
PT Rocky Mitra Bangunan	-	579.691.450	-	PT Rocky Mitra Bangunan
PT Ciputra Orient Mitra	-	578.803.280	-	PT Ciputra Orient Mitra
Bapak Wilwim	-	573.632.900	-	Mr. Wilwim
Widin Co Ltd	-	571.425.020	-	Widin Co Ltd
PT Citicon Propertindo	-	569.632.487	-	PT Citicon Propertindo
Toko Mitra Jaya	-	566.911.200	-	Toko Mitra Jaya
CV Teguh Optima Perkasa	-	564.164.025	-	CV Teguh Optima Perkasa
PT Best Sinar Nusantara	-	563.571.856	-	PT Best Sinar Nusantara

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**5. PIUTANG USAHA (lanjutan)**

**5. TRADE RECEIVABLES (continued)**

	2017	2016	2015	
<b>Pihak ketiga (lanjutan)</b>				<b>Third parties (continued)</b>
Ibu Pieteke Elizabeth	-	555.611.380	-	Ms. Pieteke Elizabeth
Bapak Wisudi	-	554.966.395	-	Mr. Wisudi
Bapak Ijong	-	547.702.485	-	Mr. Ijong
PT Supermal Karawaci	-	544.440.974	-	PT Supermal Karawaci
Bapak Pasaribu Damster	-	543.158.625	-	Mr. Pasaribu Damster
Bapak Beijing	-	541.416.830	-	Mr. Beijing
Ibu Cristina	-	539.537.770	-	Ms. Cristina
Bapak Wanan	-	534.986.135	-	Mr. Wanan
Bapak Welen	-	520.417.970	-	Mr. Welen
Bapak Wudin	-	517.060.855	-	Mr. Wudin
Purwanto Rahardjo	-	515.079.455	-	Purwanto Rahardjo
PT Waringin Megah	-	509.434.992	-	PT Waringin Megah
PT Candi Karya Perkasa	-	508.752.970	-	PT Candi Karya Perkasa
PT Pahala Agung	-	506.400.488	-	PT Pahala Agung
Bapak Panjaitan Yusuf	-	506.218.825	-	Mr. Panjaitan Yusuf
Bapak Rudi	-	-	3.312.026.462	Mr. Rudi
PT Alfa Goldland Realty	-	-	2.409.721.290	PT Alfa Goldland Realty
PT Karya Cipta Bangun Mandiri	-	-	2.199.862.734	PT Karya Cipta Bangun Mandiri
Toko Jati Baru	-	-	1.873.554.132	Toko Jati Baru
PT Sarananeka Indahpancar	-	-	1.729.684.935	PT Sarananeka Indahpancar
PT Cengkareng Business Centre	-	-	1.585.980.292	PT Cengkareng Business Centre
Ibu Pythia	-	-	1.352.839.170	Mrs. Pythia
Toko Fajar Raya	-	-	1.265.646.774	Toko Fajar Raya
PT Karya Cipta Sukses Anugerah	-	-	1.242.520.511	PT Karya Cipta Sukses Anugerah
PT Graha Masindo Pratama	-	-	1.234.313.442	PT Graha Masindo Pratama
PT Adhi Persada Properti	-	-	1.190.217.936	PT Adhi Persada Properti
PT Bali Propertindo	-	-	1.160.558.189	PT Bali Propertindo
PT Cakra Usaha Mandiri	-	-	898.254.390	PT Cakra Usaha Mandiri
PT Sembilan Sempurna Sejahtera	-	-	877.138.350	PT Sembilan Sempurna Sejahtera
PT Bangun Menara Abadi	-	-	855.510.645	PT Bangun Menara Abadi
PT Bangunan Jaya	-	-	808.407.225	PT Bangunan Jaya
Toko Pelita Nusantara	-	-	771.462.150	Toko Pelita Nusantara
Bapak Patracco	-	-	770.212.000	Mr. Patracco
PT Grage Trimitra Usaha	-	-	758.535.956	PT Grage Trimitra Usaha
PT Sumber Kencana Graha	-	-	750.914.984	PT Sumber Kencana Graha
PT Puri Matahari	-	-	748.145.980	PT Puri Matahari
Bapak Yoni	-	-	707.372.700	Mr. Yoni
PT Imesco Sejahtera Utama	-	-	706.753.404	PT Imesco Sejahtera Utama
Bapak Wilfred	-	-	684.253.195	Mr. Wilfred
PT Argabeton Indah	-	-	679.090.583	PT Argabeton Indah
PT Petro Ramajasa	-	-	676.167.175	PT Petro Ramajasa
PT Wijaya Karya Bangunan Gedung	-	-	668.644.185	PT Wijaya Karya Bangunan Gedung
Bapak Tjhia Ferry Cahayadi	-	-	666.414.590	Mr. Tjhia Ferry Cahayadi
PT Mulia Bangun Semesta	-	-	662.295.924	PT Mulia Bangun Semesta
PT Metropolitan Development	-	-	655.275.348	PT Metropolitan Development
PT Adhi Karya (Persero) Tbk	-	-	654.122.965	PT Adhi Karya (Persero) Tbk
PT Astina Persada	-	-	653.621.100	PT Astina Persada
PT Gemilang Baru Lestari	-	-	603.863.625	PT Gemilang Baru Lestari
PT Cakra Kencana Indah	-	-	590.291.200	PT Cakra Kencana Indah
PT Kampoeng Makmur Sejahtera	-	-	568.695.165	PT Kampoeng Makmur Sejahtera
Ibu Seni Meilasari	-	-	560.834.875	Mrs. Seni Meilasari
PT Karma Manggala Yudha	-	-	557.917.140	PT Karma Manggala Yudha
Ibu Pratini Astuti	-	-	551.826.575	Mrs. Pratini Astuti
PT Pratama Jaya	-	-	551.281.400	PT Pratama Jaya
PT Bandung Pakar	-	-	550.003.355	PT Bandung Pakar

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**5. PIUTANG USAHA (lanjutan)**

**5. TRADE RECEIVABLES (continued)**

	2017	2016	2015	
<b>Pihak ketiga (lanjutan)</b>				<b>Third parties (continued)</b>
PT Perkonsuma	-	-	544.917.790	PT Perkonsuma
Toko Pelangi	-	-	543.083.050	Toko Pelangi
PT Waskita Karya (Persero) Tbk	-	-	542.601.921	PT Waskita Karya (Persero) Tbk
PT Wiratara Prima	-	-	541.789.600	PT Wiratara Prima
Lain - lain (masing-masing dibawah Rp 500.000.000)	85.632.764.681	89.513.171.295	114.276.312.604	Others (each account below Rp 500,000,000)
<b>Total</b>	<b>429.256.442.690</b>	<b>374.311.388.884</b>	<b>310.081.018.639</b>	<b>Total</b>

Analisa umur piutang adalah sebagai berikut:

The aging analysis of trade receivables are as follows:

	2017	2016	2015	
Belum jatuh tempo	206.235.840.231	210.467.403.367	198.745.222.573	Current
Jatuh tempo				Past due
31 sampai 60 hari	133.246.866.223	105.013.693.369	74.761.997.358	31 to 60 days
61 sampai 90 hari	57.509.815.316	29.315.302.778	17.379.233.273	61 to 90 days
Lebih dari 90 hari	32.263.920.920	29.514.989.370	19.194.565.435	More than 90 days
<b>Total</b>	<b>429.256.442.690</b>	<b>374.311.388.884</b>	<b>310.081.018.639</b>	<b>Total</b>

Pada tanggal 31 Desember 2017, 2016 dan 2015, seluruh nilai tercatat piutang usaha Grup berdenominasi Rupiah.

As of December 31, 2017, 2016 and 2015, all the carrying amount of the Group's trade receivables were denominated in Rupiah.

Manajemen berpendapat bahwa seluruh piutang dapat ditagih, sehingga tidak dibentuk penyisihan penurunan nilai.

Management believes that all trade receivables are collectible, thus no allowance for impairment has been provided.

Beberapa piutang usaha digunakan sebagai jaminan atas fasilitas pinjaman utang bank (Catatan 18).

Certain trade receivables are pledged as collateral to the bank loans (Note 18).

**6. PIUTANG LAIN-LAIN**

**6. OTHER RECEIVABLES**

Rincian piutang lain-lain adalah sebagai berikut:

The details of other receivables are as follows:

	2017	2016	2015	
<b>Pihak berelasi (Catatan 29)</b>	<b>-</b>	<b>-</b>	<b>58.070.000.000</b>	<b>Related parties (Note 29)</b>
<b>Pihak ketiga</b>				<b>Third parties</b>
PT Murinda Iron Steel	7.990.000.000	-	-	PT Murinda Iron Steel
Pinjaman karyawan	698.036.861	956.743.282	749.316.300	Employee loans
Lain - lain	1.356.414.147	914.831.487	300.000	Others
Sub total	10.044.451.008	1.871.574.769	749.616.300	Sub total
<b>Total</b>	<b>10.044.451.008</b>	<b>1.871.574.769</b>	<b>58.819.616.300</b>	<b>Total</b>

Piutang lain-lain dapat ditagihkan dalam jangka waktu kurang dari satu tahun dari periode pelaporan.

Other receivables are collectible within one year from the end of the reporting period.

Manajemen berpendapat bahwa seluruh piutang lain-lain dapat ditagih, sehingga tidak dibentuk penyisihan penurunan nilai.

Management believes that all other receivables are collectible, thus no allowance for impairment has been provided.

Piutang kepada PT Murinda Iron Steel merupakan denda karena keterlambatan dalam pembangunan pabrik PT Surya Pertiwi Nusantara (Entitas Anak) sebesar 5% dari nilai kontrak.

Receivable from PT Murinda Iron Steel represents penalty due to time delay in the construction of factory of PT Surya Pertiwi Nusantara (a Subsidiary) which is 5% of the contract value.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**6. PIUTANG LAIN-LAIN (lanjutan)**

Analisa umur piutang adalah sebagai berikut:

	2017	2016	2015	
Belum jatuh tempo	8.589.143.745	941.331.487	58.082.000.000	Current
Jatuh tempo				Past due
31 sampai 60 hari	25.492.115	41.000.000	32.951.000	31 to 60 days
61 sampai 90 hari	51.423.615	27.000.000	129.340.000	61 to 90 days
Lebih dari 90 hari	1.378.391.533	862.243.282	575.325.300	More than 90 days
<b>Total</b>	<b>10.044.451.008</b>	<b>1.871.574.769</b>	<b>58.819.616.300</b>	<b>Total</b>

**6. OTHER RECEIVABLES (continued)**

The aging analysis of other receivables are as follows:

**7. PERSEDIAAN**

Rincian persediaan adalah sebagai berikut:

	2017	2016	2015	
Persediaan barang lokal				Local inventories
Fitting	108.629.661.118	99.320.542.690	97.113.994.199	Fitting goods
Saniter	105.193.695.862	73.440.163.483	65.846.113.549	Sanitary goods
Total persediaan barang lokal	213.823.356.980	172.760.706.173	162.960.107.748	Total local inventories
Persediaan barang impor	94.444.092.334	83.691.962.477	85.444.970.497	Imported inventories
Persediaan bahan baku	8.950.531.757	-	-	Raw material inventories
Persediaan barang lainnya	11.249.488.386	4.938.130.461	2.380.783.941	Other inventories
Total	328.467.469.457	261.390.799.111	250.785.862.186	Total
Penyisihan atas persediaan usang	(474.237.540)	-	-	Allowance for obsolescence
<b>Neto</b>	<b>327.993.231.917</b>	<b>261.390.799.111</b>	<b>250.785.862.186</b>	<b>Net</b>

Berikut ini adalah perubahan atas penyisihan persediaan usang:

The following is the movement of the allowance for inventories obsolescence:

	2017	2016	2015	
Saldo awal	-	-	-	Beginning balance
Penyisihan tahun berjalan (Catatan 26)				Provision during the year (Note 26)
Persediaan barang impor	450.283.228	-	-	Imported inventories
Persediaan barang lainnya	23.954.312	-	-	Other inventories
<b>Saldo akhir</b>	<b>474.237.540</b>	<b>-</b>	<b>-</b>	<b>Ending balance</b>

Berdasarkan penelaahan terhadap kondisi fisik dan perputaran persediaan pada 31 Desember 2017, 2016 dan 2015, manajemen berpendapat bahwa penyisihan persediaan usang memadai untuk menutup kerugian akibat persediaan usang.

Based on the review of the physical condition and turnover of the inventories as of December 31, 2017, 2016 and 2015, the management is of the opinion that allowance for inventories obsolescence is sufficient to cover possible losses arising from obsolescence.

Persediaan diasuransikan terhadap risiko kebakaran, banjir dan risiko lainnya (*all-risks*) dengan nilai pertanggungan masing - masing sebesar Rp 348.479.050.293 dan Rp 269.000.000.000 dan Rp 155.000.000.000 pada tahun 2017, 2016 dan 2015. Manajemen Grup berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas risiko tersebut.

Inventories are insured against fire, flood and other risks (*all-risks*) with coverage amounting to Rp 348,479,050,293, Rp 269,000,000,000 and Rp 155,000,000,000 in 2017, 2016 and 2015, respectively. Management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**8. UANG MUKA**

Akun ini merupakan uang muka pembelian impor atas persediaan. Pada tanggal 31 Desember 2017, 2016 dan 2015 saldo uang muka impor masing-masing sebesar Rp 4.135.577.958, Rp 5.130.959.973 dan Rp 2.834.570.699.

**8. ADVANCES**

This account represents advance payment for purchase of imported inventories. Balance as of December 31, 2017, 2016 and 2015 amounted to Rp 4,135,577,958, Rp 5,130,959,973 and Rp 2,834,570,699, respectively.

**9. BIAYA DIBAYAR DI MUKA**

Akun ini terdiri dari:

**9. PREPAID EXPENSES**

This account consists of:

	2017	2016	2015	
<b>Aset Lancar</b>				<b>Current Assets</b>
Sewa gudang	1.608.265.769	1.150.000.000	1.400.000.000	Warehouse rent
Bagian jangka pendek - sewa jangka panjang	1.367.500.000	1.302.500.000	1.240.312.500	Current portion of long-term lease
Asuransi	658.555.923	752.464.672	573.679.621	Insurance
Lain-lain	254.419.206	82.481.250	-	Others
	<b>3.888.740.898</b>	<b>3.287.445.922</b>	<b>3.213.992.121</b>	
<b>Aset Tidak Lancar</b>				<b>Non-Current Assets</b>
Sewa jangka panjang setelah dikurangi bagian jangka pendek	<b>10.498.000.000</b>	<b>6.395.000.000</b>	-	Long-term lease - net of current portion

Berdasarkan akta Notaris Dr Irawan Soerodjo, SH, MSI, No. 79 tanggal 13 Juni 2013, PT Surya Graha Pertiwi (SGP) (Entitas Anak) mengadakan perjanjian sewa tanah seluas 3,750 m<sup>2</sup> dari Lembaga Perhimpunan Indonesia untuk pembinaan pengetahuan ekonomi dan sosial (Bineksos) yang berlokasi di Jalan Letnan Jenderal Siswondo Parman Kaveling 81 dengan jangka waktu sewa selama 30 tahun dimulai sejak tanggal 13 Juni 2013 sampai dengan 13 Juni 2043 (Catatan 30).

Kemudian, berdasarkan Akta Notaris tersebut, SGP berkewajiban untuk menyediakan ruangan kantor kepada Bineksos seluas 1,000 m<sup>2</sup> di "Wisma 81" yang masih dalam tahap pembangunan.

Berdasarkan Akta Notaris No. 114 tanggal 21 Januari 2016 dengan notaris yang sama, terdapat addendum perjanjian terkait dengan perjanjian diatas mengenai pengalihan hak penggunaan ruangan kantor seluas 1,000 m<sup>2</sup> kepada SGP. Para pihak setuju bahwa SGP akan membayar biaya kompensasi atas pengalihan hak penggunaan ruangan kantor 1,000 m<sup>2</sup> dengan nilai harga yang akan ditentukan berdasarkan hasil penilaian Penilai Terdaftar. Biaya ini akan dibayarkan oleh SGP pada saat Entitas Anak telah menempati ruangan kantor 1,000 m<sup>2</sup> tersebut.

Based on Notarial Deed No. 79 dated June 13, 2013 of Dr Irawan Soerodjo, SH, MSI, PT Surya Graha Pertiwi (SGP) (a Subsidiary) entered into a land lease agreement with Indonesian Institution which specialised in developing of economic and social knowledge (Bineksos) located in Jalan Letnan Jenderal Siswondo Parman Kaveling 81. The land has an area of 3,750 m<sup>2</sup> and the land lease period is 30 years commencing from June 13, 2013 until June 13, 2043 (Note 30).

In addition, based on the agreement, SGP is obliged to provide Bineksos an office space, free of rental, with an area of 1,000 m<sup>2</sup> in "Wisma 81", SGP's building currently under construction on the rented land.

Based on Notarial Deed No. 114 by the same notary dated January 21, 2016, an amendment has been made to the above agreement with respect to the use of the office space of 1,000 m<sup>2</sup> wherein the right of use has been transferred to SGP and/or other parties assigned by SGP. In return, SGP and/or other parties assigned by SGP shall pay a corresponding fee with the amount to be determined based on the assessment result by a registered valuer. This fee shall be paid every quarter and will start once SGP and/or other parties assigned by SGP began occupying the 1,000 m<sup>2</sup> office space.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**10. UANG MUKA PEMBELIAN ASET TETAP DAN  
PROPERTI INVESTASI**

Akun ini terdiri dari:

	2017	2016	2015	
Tanah	19.145.454.543	-	-	Land
Mesin	4.745.602.811	37.104.372.680	-	Machinery
Apartemen	1.420.812.047	1.227.575.683	4.178.680.072	Apartment
<b>Total</b>	<b>25.311.869.401</b>	<b>38.331.948.363</b>	<b>4.178.680.072</b>	<b>Total</b>

Berdasarkan perjanjian nomor 100201/PPJB/KML/XII/2017 tanggal 5 Desember 2017 Perusahaan mengadakan perjanjian jual beli tanah seluas 9.106 m<sup>2</sup> dengan PT Kukuh Mandiri Lestari yang berlokasi di Kelurahan Salembaran Jati & Salembaran Jaya, kecamatan Kosambi, Kabupaten Tangerang sebesar Rp 113.825.000.000 yang diangsur selama 4 tahun.

**10. ADVANCE FOR PURCHASE OF FIXED ASSETS AND  
INVESTMENT PROPERTIES**

This account consists of :

Based on agreement no. 100201/PPJB/KML/XII/2017 dated December 5, 2017 of the Company entered into purchase agreement of land with an area of 9,106 m<sup>2</sup> with PT Mandiri Kukuh Lestari located in Kelurahan Salembaran Jati & Salembaran Jaya, Kecamatan Kosambi, Kabupaten Tangerang with installment of Rp 113,825,000,000 for 4 years.

**11. ASET TETAP**

Akun ini terdiri dari:

2017	Saldo awal/ Beginning Balance	Penambahan/ Additions	Pengurang/ Disposal	Reklasifikasi/ Reclassification	Saldo akhir/ Ending Balance	2017
<b>Biaya Perolehan</b>						<b>Cost</b>
Tanah	173.137.074.597	4.162.273.157	1.720.840.200	-	175.578.507.554	Land
Kendaraan	30.502.519.697	1.938.016.135	368.295.273	-	32.072.240.559	Vehicles
Peralatan dan perabotan	8.659.594.921	674.141.056	-	-	9.333.735.977	Equipment and furniture
Perbaikan prasarana	247.435.000	-	-	-	247.435.000	Leasehold improvements
<b>Sub total</b>	<b>212.546.624.215</b>	<b>6.774.430.348</b>	<b>2.089.135.473</b>	<b>-</b>	<b>217.231.919.090</b>	<b>Sub total</b>
Aset tetap dalam pembangunan						Construction in progress
Pabrik dan mesin	94.788.844.282	325.601.436.266	-	-	420.390.280.548	Factory building and machinery
Gedung kantor	-	73.078.875.571	-	90.665.826.947	163.744.702.518	Office building
<b>Total biaya perolehan</b>	<b>307.335.468.497</b>	<b>405.454.742.185</b>	<b>2.089.135.473</b>	<b>90.665.826.947</b>	<b>801.366.902.156</b>	<b>Total cost</b>
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Kendaraan	23.282.996.832	1.366.243.628	368.295.273	-	24.280.945.187	Vehicles
Peralatan dan perabotan	7.854.204.718	490.811.101	-	-	8.345.015.819	Equipment and furniture
Perbaikan prasarana	121.024.000	24.743.500	-	-	145.767.500	Leasehold improvements
<b>Total akumulasi penyusutan</b>	<b>31.258.225.550</b>	<b>1.881.798.229</b>	<b>368.295.273</b>	<b>-</b>	<b>32.771.728.506</b>	<b>Total accumulated depreciation</b>
<b>Nilai buku</b>	<b>276.077.242.947</b>				<b>768.595.173.650</b>	<b>Net book value</b>

2016	Saldo awal/ Beginning Balance	Penambahan/ Additions	Pengurang/ Disposal	Reklasifikasi/ Reclassification	Saldo akhir/ Ending Balance	2016
<b>Biaya Perolehan</b>						<b>Cost</b>
Tanah	172.799.675.950	337.398.647	-	-	173.137.074.597	Land
Kendaraan	27.189.941.776	6.455.260.547	3.142.682.626	-	30.502.519.697	Vehicles
Peralatan dan perabotan	8.051.604.834	607.990.087	-	-	8.659.594.921	Equipment and furniture
Perbaikan prasarana	247.435.000	-	-	-	247.435.000	Leasehold improvements
<b>Sub total</b>	<b>208.288.657.560</b>	<b>7.400.649.281</b>	<b>3.142.682.626</b>	<b>-</b>	<b>212.546.624.215</b>	<b>Sub total</b>
Aset tetap dalam pembangunan						Construction in progress
Pembangunan pabrik dan mesin	2.444.384.200	92.344.460.082	-	-	94.788.844.282	Factory building and machinery
<b>Total biaya perolehan</b>	<b>210.733.041.760</b>	<b>99.745.109.363</b>	<b>3.142.682.626</b>	<b>-</b>	<b>307.335.468.497</b>	<b>Total cost</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**11. ASET TETAP (lanjutan)**

**11. FIXED ASSETS (continued)**

2016 (lanjutan)	Saldo awal/ Beginning Balance	Penambahan/ Additions	Pengurang/ Disposal	Reklasifikasi/ Reclassification	Saldo akhir/ Ending Balance	2016 (continued)
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Kendaraan	21.028.370.727	5.353.468.106	3.098.842.001	-	23.282.996.832	Vehicles
Peralatan dan perabotan	7.602.242.132	251.962.586	-	-	7.854.204.718	Equipment and furniture
Perbaikan prasarana	96.280.500	24.743.500	-	-	121.024.000	Leasehold improvements
<b>Total akumulasi penyusutan</b>	<b>28.726.893.359</b>	<b>5.630.174.192</b>	<b>3.098.842.001</b>	<b>-</b>	<b>31.258.225.550</b>	<b>Total accumulated depreciation</b>
<b>Nilai buku</b>	<b>182.006.148.401</b>				<b>276.077.242.947</b>	<b>Net book value</b>
<b>2015</b>	<b>Saldo awal/ Beginning Balance</b>	<b>Penambahan/ Additions</b>	<b>Pengurang/ Disposal</b>	<b>Reklasifikasi/ Reclassification</b>	<b>Saldo akhir/ Ending Balance</b>	<b>2015</b>
<b>Biaya Perolehan</b>						<b>Cost</b>
Tanah	5.681.848.950	167.117.827.000	-	-	172.799.675.950	Land
Kendaraan	23.869.345.298	3.829.484.289	508.887.811	-	27.189.941.776	Vehicles
Peralatan dan perabotan	7.913.286.816	138.318.018	-	-	8.051.604.834	Equipment and furniture
Perbaikan prasarana	247.435.000	-	-	-	247.435.000	Leasehold improvements
<b>Sub total</b>	<b>37.711.916.064</b>	<b>171.085.629.307</b>	<b>508.887.811</b>	<b>-</b>	<b>208.288.657.560</b>	<b>Sub total</b>
Aset tetap dalam pembangunan						Construction in progress
Pembangunan pabrik dan mesin	-	2.444.384.200	-	-	2.444.384.200	Factory building and machinery
<b>Total biaya perolehan</b>	<b>37.711.916.064</b>	<b>173.530.013.507</b>	<b>508.887.811</b>	<b>-</b>	<b>210.733.041.760</b>	<b>Total cost</b>
<b>Akumulasi penyusutan</b>						<b>Accumulated depreciation</b>
Kendaraan	17.847.535.071	3.689.723.467	508.887.811	-	21.028.370.727	Vehicles
Peralatan dan perabotan	6.788.283.439	813.958.693	-	-	7.602.242.132	Equipment and furniture
Perbaikan prasarana	71.537.000	24.743.500	-	-	96.280.500	Leasehold improvements
<b>Total akumulasi penyusutan</b>	<b>24.707.355.510</b>	<b>4.528.425.660</b>	<b>508.887.811</b>	<b>-</b>	<b>28.726.893.359</b>	<b>Total accumulated depreciation</b>
<b>Nilai buku</b>	<b>13.004.560.554</b>				<b>182.006.148.401</b>	<b>Net book value</b>

Beban penyusutan dialokasikan pada beban operasi masing-masing sebesar Rp 1.881.798.229, Rp 5.630.174.192 dan Rp 4.528.425.660 masing-masing pada tahun 2017, 2016 dan 2015 (Catatan 28).

Depreciation charged to operations amounted to Rp 1,881,798,229, Rp 5,630,174,192 and Rp 4,528,425,660 in 2017, 2016 and 2015, respectively (Note 28).

Pada tahun 2017, 2016 dan 2015 Grup melakukan penjualan aset tetap dengan rincian sebagai berikut:

In 2017, 2016 and 2015, the Group sold certain fixed assets with details as follows:

	2017	2016	2015	
Biaya perolehan	2.089.135.473	3.142.682.626	508.887.811	Cost
Akumulasi penyusutan	368.295.273	3.098.842.001	508.887.811	Accumulated depreciation
Nilai buku	1.720.840.200	43.840.625	-	Net book value
Harga jual	2.795.360.625	1.269.650.000	611.000.000	Selling price
<b>Laba penjualan aset tetap</b>	<b>1.074.520.425</b>	<b>1.225.809.375</b>	<b>611.000.000</b>	<b>Gain on sale of fixed assets</b>

Aset tetap, kecuali tanah, diasuransikan terhadap risiko kebakaran, banjir dan risiko lainnya (all-risks) dengan nilai pertanggungan masing-masing sebesar Rp 664.723.932.116, Rp 63.514.500.000 dan Rp 37.357.400.000 pada tahun 2017, 2016 dan 2015. Manajemen Perusahaan berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas risiko tersebut.

Fixed assets, except land, are insured against fire, flood and other risks (all-risks) with coverage amounting to Rp 664,723,932,116, Rp 63,514,500,000 and Rp 37,357,400,000 in 2017, 2016 and 2015, respectively. Management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**11. ASET TETAP (lanjutan)**

Perusahaan memiliki tanah dengan hak kepemilikan Hak Guna Bangunan No. 00289 di Cikupa, Tangerang, dengan luas 1.253 m<sup>2</sup>. Hak atas tanah tersebut akan berakhir pada tanggal 30 Mei 2046. Perusahaan memiliki keyakinan bahwa hak kepemilikan tanah dapat diperbaharui dan diperpanjang pada saat jatuh tempo. Tanah ini dijual pada tanggal 16 Oktober 2017 kepada PT Setia Perkasa Cemerlang dengan harga jual bersih sebesar Rp 2.795.360.625.

PT Surya Pertiwi Nusantara (SPN) (Entitas Anak) memiliki tanah dengan hak kepemilikan Hak Guna Bangunan No. 506, No. 507 dan No. 508 di Desa Tanjung Kabupaten Gresik, Jawa Timur, dengan luas masing-masing 3.795 m<sup>2</sup>, 2.653 m<sup>2</sup>, dan 1.421 m<sup>2</sup>. Hak atas tanah tersebut akan berakhir pada tanggal 14 Maret 2043. Entitas Anak memiliki keyakinan bahwa hak kepemilikan tanah dapat diperbaharui dan diperpanjang pada saat jatuh tempo.

Berdasarkan Akta Notaris Helen Siscerany Ajinata, S.H, M.Kn. Nomor 01, 02, 03, 04 dan 05 tanggal 2 November 2015, SPN membeli sebidang tanah bekas Hak Milik Adat (Yasan) dengan luas tanah masing-masing 81.747 m<sup>2</sup>, 79.961 m<sup>2</sup>, 72.066 m<sup>2</sup>, 64.776 m<sup>2</sup> dan 42.227 m<sup>2</sup> yang berlokasi di Desa Tanjung Kabupaten Gresik, Jawa Timur. Sertifikat Hak Guna Bangunan (HGB) masih dalam proses atas nama SPN.

Pada tahun 2017 dan 2016, biaya pinjaman yang dikapitalisasi pada aset tetap kualifikasian masing-masing sebesar Rp 17.279.370.251 dan Rp 862.909.991 yang merupakan bunga atas pinjaman kepada PT Surya Toto Indonesia Tbk, pihak berelasi (Catatan 29).

Pada tahun 2017, terdapat reklasifikasi sebesar Rp 90.665.826.947 yang merupakan aktiva dalam pembangunan SGP yang direklasifikasi dari properti investasi karena manajemen menentukan bahwa sebagian bangunan akan digunakan oleh Perusahaan di masa mendatang (Catatan 12).

Pada tanggal 31 Desember 2017, persentase aset tetap dalam pembangunan untuk pabrik dan mesin SPN masing-masing sebesar 86,08% dan 92%, dan gedung kantor SGP sebesar 88,82%. Berdasarkan penilaian Entitas Anak, manajemen berkeyakinan bahwa tidak akan ada hambatan dalam penyelesaian aset dan akan selesai pada tahun 2018.

Pada tanggal 31 Desember 2017, 2016 dan 2015, manajemen Grup berkeyakinan bahwa tidak ada kejadian atau perubahan keadaan yang mengindikasikan adanya penurunan nilai aset tetap.

Nilai wajar tanah berdasarkan nilai jual objek pajak per 31 Desember 2017 adalah sebesar Rp 16.735.008.000.

**11. FIXED ASSETS (continued)**

The Company has land under ownership right to use the land Hak Guna Bangunan (HGB) No. 00289, located at Cikupa, Tangerang with a total area of 1,253 m<sup>2</sup>. This landright will expire on May 30, 2046. The Company believes that the land rights can be renewed or extended upon expiration. This land was sold on October 16, 2017 to PT Setia Perkasa Cemerlang with total net selling price amounted to Rp 2,795,360,625.

PT Surya Pertiwi Nusantara (SPN) (a Subsidiary) has land under ownership rights to use the land Hak Guna Bangunan (HGB) No. 506, No 507 and No. 508 located at Desa Tanjung Kabupaten Gresik, Jawa Timur with a total area of 3,795 m<sup>2</sup>, 2,653 m<sup>2</sup>, and 1,421 m<sup>2</sup>, respectively. These landrights will expire on March 14, 2043. The Subsidiary believes that the land rights can be renewed or extended upon expiration.

According to Notarial Deed Nos. 01, 02, 03, 04 and 05 dated November 2, 2015 of Helen Siscenany Ajinata, S.H M.Kn, SPN acquired land with an area of 81,747 m<sup>2</sup>, 79,961 m<sup>2</sup>, 72,066 m<sup>2</sup>, 64,776 m<sup>2</sup> and 42,227 m<sup>2</sup> which are located at Desa Tanjung, the residence of Gresik, Jawa Timur. The related land rights (HGB) are still in process of transfer under the name of SPN.

In 2017 and 2016, the borrowing costs capitalized on fixed assets amounted to Rp 17,279,370,251 and Rp 862,909,991, respectively which represents the interest on loan from PT Surya Toto Indonesia Tbk, a related party (Note 29).

In 2017, the reclassification amounted to Rp 90,665,826,947 represents building under construction of SGP reclassified from investment property as the management determined that part of the building will be used by the Company in the future (Note 12).

As of December 31, 2017, the construction in progress percentage of the completion of SPN's factory and machinery are 86.08% and 92%, respectively and SGP's office building is 88.82%. Based on the Subsidiaries' assessment, the management believes that there will be no obstacles in completing the assets and will be completed in 2018.

As of December 31, 2017, 2016 and 2015, the management is of the opinion that there were no events or changes in circumstances which might indicate impairment in the value of fixed assets.

Fair value of land based on taxable sales value as of December 31, 2017 amounted to Rp 16,735,008,000.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**11. ASET TETAP (lanjutan)**

Pada tanggal 31 Desember 2017, tidak terdapat aset tetap sementara yang tidak dipakai dan dihentikan dari penggunaannya.

Pada tanggal 31 Desember 2017, 2016 dan 2015, Perusahaan memiliki aset-aset yang telah sepenuhnya disusutkan namun masih digunakan untuk menunjang aktivitas operasi Perusahaan. Nilai tercatat bruto dari aset-aset tersebut masing-masing sebesar Rp 19.887.525.008, Rp 19.295.566.371 dan Rp 15.743.579.652.

**11. FIXED ASSETS (continued)**

As of December 31, 2017, there are no assets that are temporarily out of use and retired from use.

As at December 31, 2017, 2016 and 2015, the Company had assets which were fully depreciated but still used to support the Company's operation activities. Gross carrying amount of such assets amounted to Rp 19,887,525,008, Rp 19,295,566,371 and Rp 15,743,579,652, respectively.

**12. PROPERTI INVESTASI**

Rincian akun ini adalah sebagai berikut :

**12. INVESTMENT PROPERTIES**

The details of this account are as follows:

2017	Saldo awal/ Beginning Balance	Penambahan/ Additions	Pengurang/ Deductions	Reklasifikasi/ Reclassifications	Kenaikan nilai wajar/ Increase in fair value	Saldo akhir/ Ending Balance	2017
<b>Biaya perolehan</b>							<b>Carrying amount</b>
Apartemen	16.887.991.590	--	(3.582.725.649)	-	8.794.734.059	22.100.000.000	Apartments
Bangunan dalam penyelesaian							Construction in progress
Bangunan gedung kantor	181.331.653.893	73.078.875.572	-	(90.665.826.947)	-	163.744.702.518	Office building
<b>Total</b>	<b>198.219.645.483</b>	<b>73.078.875.572</b>	<b>(3.582.725.649)</b>	<b>(90.665.826.947)</b>	<b>8.794.734.059</b>	<b>185.844.702.518</b>	<b>Total</b>
<b>2016</b>	<b>Saldo awal/ Beginning Balance</b>	<b>Penambahan/ Additions</b>	<b>Pengurang/ Deductions</b>	<b>Reklasifikasi/ Reclassifications</b>	<b>Kenaikan nilai wajar/ Increase in fair value</b>	<b>Saldo akhir/ Ending Balance</b>	<b>2016</b>
<b>Biaya perolehan</b>							<b>Carrying amount</b>
Apartemen	13.305.265.941	-	-	3.582.725.649	-	16.887.991.590	Apartments
Bangunan dalam penyelesaian							Construction in progress
Bangunan gedung kantor	51.160.650.309	130.171.003.584	-	-	-	181.331.653.893	Office building
<b>Total</b>	<b>64.465.916.250</b>	<b>130.171.003.584</b>	<b>-</b>	<b>3.582.725.649</b>	<b>-</b>	<b>198.219.645.483</b>	<b>Total</b>
<b>2015</b>	<b>Saldo awal/ Beginning Balance</b>	<b>Penambahan/ Additions</b>	<b>Pengurang/ Deductions</b>	<b>Reklasifikasi/ Reclassifications</b>	<b>Kenaikan nilai wajar/ Increase in fair value</b>	<b>Saldo akhir/ Ending Balance</b>	<b>2015</b>
<b>Biaya perolehan</b>							<b>Carrying amount</b>
Apartemen	13.305.265.941	-	-	-	-	13.305.265.941	Apartments
Bangunan dalam penyelesaian							Construction in progress
Bangunan gedung kantor	8.519.412.017	42.641.238.292	-	-	-	51.160.650.309	Office building
<b>Total</b>	<b>21.824.677.958</b>	<b>42.641.238.292</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.465.916.250</b>	<b>Total</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**12. PROPERTI INVESTASI (lanjutan)**

Pada tahun 2017, Perusahaan melakukan penjualan properti investasi dengan rincian sebagai berikut:

	2017
Biaya perolehan	3.582.725.649
Harga jual	5.200.000.000
<b>Laba penjualan properti investasi</b>	<b>1.617.274.351</b>

Bangunan dalam penyelesaian bangunan kantor merupakan biaya-biaya yang dikeluarkan untuk membangun gedung seperti biaya arsitek untuk membuat desain gedung, pekerjaan konstruksi dan biaya lain-lain. Pembangunan diharapkan selesai pada tahun 2018. Persentase penyelesaian sebesar 88,82% pada tanggal 31 Desember 2017. Pembangunan gedung tersebut berada pada tanah yang disewa oleh Entitas Anak (Catatan 9). Berdasarkan penilaian Entitas Anak, manajemen berkeyakinan bahwa tidak akan ada hambatan dalam penyelesaian aset dan akan selesai pada tahun 2018.

Pada tahun 2017 dan 2016, biaya pinjaman yang dikapitalisasi pada properti investasi masing-masing sebesar Rp 4.141.779.861 dan Rp 1.536.332.639 yang merupakan bunga atas pinjaman kepada PT Surya Toto Indonesia Tbk, pihak berelasi (Catatan 29).

Pada tahun 2017, bangunan dalam pembangunan SGP sebesar Rp 90.665.826.947 telah direklasifikasi ke aset tetap karena manajemen menentukan bagian bangunan tersebut akan digunakan oleh Perusahaan di masa mendatang (Catatan 11).

Pada tanggal 31 Desember 2017, manajemen menentukan bahwa nilai wajar bangunan yang sedang dibangun mendekati nilai tercatatnya karena bagian signifikan dari pembangunan dalam penyelesaian telah selesai dibangun sepanjang tahun.

Manajemen berkeyakinan bahwa dampak perubahan kebijakan akuntansi dari model biaya terhadap model nilai wajar pada tahun 2017 tidak berpengaruh signifikan terhadap laporan keuangan konsolidasian tahun sebelumnya, oleh karena itu tidak ada penyajian kembali.

Penilaian atas nilai wajar apartemen dilakukan oleh penilai independen yang telah teregistrasi di OJK, KJPP Jimmy Prasetyo & Rekan tanggal 15 Februari 2018 untuk tahun 2017.

**12. INVESTMENT PROPERTIES (continued)**

In 2017, the Company sold certain investment property with details as follows:

	2017	
Carrying amount	3.582.725.649	
Selling price	5.200.000.000	
<b>Gain on sale of investment property</b>	<b>1.617.274.351</b>	

Construction in progress - office building consist of expenses incurred relating to construction of the building of PT Surya Graha Pertiwi (SGP) (a Subsidiary) such as architect's building design, construction works and others. The construction is expected to be completed by 2018. The percentage of completion is 88.82% as of December 31, 2017. Building under construction is located at the rented land by Subsidiary (Note 9). Based on the Subsidiaries' assessment, the management believes that there will be no obstacles in completing the assets and will be completed in 2018.

In 2017 and 2016, the borrowing costs capitalized to investment properties amounted to Rp 4,141,779,861 and Rp 1,536,332,639, respectively which represents the interest on loan from PT Surya Toto Indonesia Tbk, a related party (Note 29).

In 2017, building under construction of SGP amounted to Rp 90,665,826,947 have been reclassified to fixed assets as the management determined that part of the building will be used by the Company in the future (Note 11).

As of December 31, 2017, the management determines that the fair value of the building under construction approximates its carrying amount due to significant portion of the construction in progress have been constructed during the year.

The management believes that the effect of the change in accounting policy from cost model to fair value model in 2017 has no significant impact to the prior year consolidated financial statements, therefore no restatement have been made.

The revaluation of apartments was performed by independent appraisers registered with OJK, KJPP Jimmy Prasetyo & Partners in their report dated February 15, 2018 for 2017.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**12. PROPERTI INVESTASI (lanjutan)**

Berdasarkan laporan penilaian tersebut dilakukan sesuai dengan Standar Penilaian Indonesia (SPI) yang ditentukan berdasarkan transaksi terkini dalam ketentuan yang wajar dan Peraturan Bapepam-LK No. VIII.C.4 tentang pedoman penilaian dan penyajian laporan penilaian aset di pasar modal. Metode penilaian yang digunakan adalah pendekatan pasar.

Selisih nilai wajar aset dengan nilai tercatat, dibukukan sebagai kenaikan dari perubahan nilai wajar properti investasi. Pada 31 Desember 2017, nilai wajar apartemen Grup dikategorikan sebagai level 2.

Pada tahun 2017, 2016 dan 2015, tidak terdapat kewajiban kontraktual untuk membeli, membangun atau mengembangkan atau untuk perbaikan, pemeliharaan atau peningkatan properti investasi.

Pada 2017, 2016 dan 2015, tidak ada pendapatan/beban yang diperoleh dari property investasi.

**12. INVESTMENT PROPERTIES (continued)**

Based on the appraisal reports the valuation was determined in accordance with the Indonesian Appraisal Standards (SPI), referring to recent arm's length market transaction and Bapepam-LK's rule No. VIII.C.4. regarding valuation and presentation of asset valuation report in capital market. Appraisal method used is the market approach.

The difference between the fair value and carrying amount of the asset is recorded as increase in fair value of investment properties. As of December 31, 2017, the Group's apartments fair value is categorised as Level 2.

In 2017, 2016 and 2015, there is no contractual obligation to purchase, build or develop or for the repairs, maintenance or improvement of the investment properties.

In 2017, 2016 and 2015, no income/expense obtained/incurred on investment properties.

**13. ASET TAKBERWUJUD**

Rincian akun ini adalah sebagai berikut :

**13. INTANGIBLE ASSETS**

The details of this account are as follows:

2017				
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Disposals	Saldo akhir/ Ending Balance
Biaya perolehan Perangkat lunak	37.900.000	34.725.000	-	72.625.000
Akumulasi amortisasi Perangkat lunak	7.106.250	10.932.813	-	18.039.062
Nilai Buku Neto	30.793.750			54.585.938
2016				
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pengurangan/ Disposals	Saldo akhir/ Ending Balance
Biaya perolehan Perangkat lunak	-	37.900.000	-	37.900.000
Akumulasi amortisasi Perangkat lunak	-	7.106.250	-	7.106.250
Nilai Buku Neto	-			30.793.750

Beban amortisasi untuk tahun 2017 dan 2016 masing-masing sebesar Rp 10.932.813 dan Rp 7.106.250 dialokasikan pada beban umum dan administrasi (Catatan 28).

Amortization amounted to Rp 10,932,813 and Rp 7,106,250 charged to general and administration expenses in 2017 and 2016, respectively (Note 28).

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**14. UTANG USAHA**

Akun ini terdiri dari:

**14. TRADE PAYABLES**

This account consist of:

	2017	2016	2015	
<b>Pihak berelasi (Catatan 29)</b>	434.099.464.363	417.118.145.338	473.414.007.967	<b>Related parties (Note 29)</b>
<b>Pihak ketiga</b>				<b>Third parties</b>
Rupiah				Rupiah
PT Arthafajar Mitrasejati	168.773.000	-	-	PT Arthafajar Mitrasejati
PT Bosung Indonesia	153.131.550	-	-	PT Bosung Indonesia
PT Kastor Roda Indonesia	127.020.000	-	-	PT Kastor Roda Indonesia
PT Wings Logistics	-	329.372.505	302.677.560	PT Wings Logistics
PT Sinar Jaya	-	64.402.932	153.811.545	PT Sinar Jaya
Lain - lain				Others
(masing-masing dibawah Rp 100.000.000)	371.858.889	125.251.533	382.982.227	(each account below Rp 100,000,000)
Dolar AS				US Dollar
Geberit South East Asia Pte. Ltd				Geberit South East Asia Pte. Ltd
USD 25.082,64 tahun 2017				USD 25,082.64 in 2017
USD 49.146,67 tahun 2015	339.819.607	-	677.978.246	USD 49,146.67 in 2015
Toto Asia Oceania Pte. Ltd				Toto Asia Oceania Pte. Ltd
USD 13.104 tahun 2017				USD 13,104 in 2017
USD 56.281,15 tahun 2016				USD 56,281.15 in 2016
USD 24.204,94 tahun 2015	177.532.992	756.193.582	333.907.200	USD 24,204.94 in 2015
Lain-lain				Others
(masing-masing Rp 100 juta)				(each below Rp 100 milion)
USD 12.239,35 tahun 2017	165.818.714	-	-	USD 12,239.35 in 2017
Euro				Euro
Villeroy & Boch AG				Villeroy & Boch AG
EUR 1.957,31 tahun 2017				EUR 1,957.31 in 2017
EUR 6.561,31 tahun 2016	31.656.723	92.918.272	-	EUR 6,561.31 in 2016
Stiebel Eltron				Stiebel Eltron
International GmbH				International GmbH
EUR 144 tahun 2017	2.329.056	-	-	EUR 144 in 2017
BLB Industrias Metalurgicas, S.A				BLB Industrias Metalurgicas, S.A
EUR 63.122,18 tahun 2015	-	-	951.231.002	EUR 63,122.18 in 2017
Sub total	1.537.940.531	1.368.138.824	2.802.587.780	Sub total
<b>Total</b>	<b>435.637.404.894</b>	<b>418.486.284.162</b>	<b>476.216.595.747</b>	<b>Total</b>

Analisis umur utang usaha adalah sebagai berikut:

The aging analysis of trade payables is presented below:

	2017	2016	2015	
1 sampai 30 hari	146.804.806.362	143.272.911.126	162.305.681.206	1 to 30 days
31 sampai 60 hari	288.730.992.953	140.200.359.857	152.976.253.005	31 to 60 days
61 sampai 90 hari	67.619.800	135.013.013.179	160.819.962.998	61 to 90 days
Lebih dari 90 hari	33.985.779	-	114.698.538	More than 90 days
<b>Total</b>	<b>435.637.404.894</b>	<b>418.486.284.162</b>	<b>476.216.595.747</b>	<b>Total</b>

Pada tanggal 31 Desember 2017, 2016 dan 2015, tidak terdapat jaminan yang diberikan oleh Grup atas utang usaha tersebut.

As of December 31, 2017, 2016 and 2015, there were no guarantees given for the trade payables.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**15. UTANG LAIN-LAIN**

Akun ini terdiri dari:

**15. OTHER PAYABLES**

This account consist of:

	2017	2016	2015	
<b>Pihak berelasi (Catatan 29)</b>	<b>3.215.376.911</b>	<b>2.230.414.536</b>	<b>493.048.892</b>	<b>Related party (Note 29)</b>
<b>Pihak ketiga</b>				<b>Third parties</b>
Rupiah				Rupiah
PT Surabaya Agung Industri Pulp & Kertas	12.878.361.665	9.596.611.724	38.559.756.000	PT Surabaya Agung Industri Pulp & Kertas
PT Mutiara Teknik Sejahtera	2.082.808.168	298.100.000	-	PT Mutiara Teknik Sejahtera
PT Solusindo	-	-	-	PT Solusindo
Intergrata Praetoria	1.190.641.000	-	-	Intergrata Praetoria
PT Era Langgeng Mandiri	1.183.622.000	-	-	PT Era Langgeng Mandiri
PT Secom Indonesia	730.270.110	-	-	PT Secom Indonesia
PT Panelindo Graha Nusantara	710.404.396	-	-	PT Panelindo Graha Nusantara
PT Saka Baja Mulia	420.579.552	-	-	PT Saka Baja Mulia
PT Karya Guna Sejahtera	250.126.800	-	-	PT Karya Guna Sejahtera
PT Fantasi Rekasembada	216.205.000	-	-	PT Fantasi Rekasembada
Jasa konsultan	-	3.361.389.435	-	Consutant fee
PT Golden Muliono Pratama	-	129.624.000	-	PT Golden Muliono Pratama
Badan Penyelenggara Jaminan Sosial (BPJS)	1.017.805	712.000	598.081	Badan Penyelenggara Jaminan Sosial (BPJS)
Karyawan	-	400.000	380.000	Employees
Lain-lain	325.338.670	217.652.288	-	Others
<b>Euro</b>				<b>Euro</b>
Sacmi imola S.C				Sacmi imola S.C
EUR 583.702,50 tahun 2017				EUR 583,702.50 In 2017
EUR 96.459,31 tahun 2016	9.440.582.428	1.366.013.303	-	EUR In 2016
Sacmi Singapore Pte. Ltd				Sacmi Singapore Pte. Ltd
EUR 73.881,55 tahun 2017	1.194.932.115	-	-	EUR 73,881.55 In 2017
Reidhammer GMBH				Reidhammer GMBH
EUR 35.981,88 tahun 2017	581.957.254	-	-	EUR 35,981.88 In 2017
Lain-lain				Others
EUR 4.507,70 tahun 2017	72.905.827	-	-	EUR 4,507.70 In 2017
<b>Sub total</b>	<b>31.279.752.790</b>	<b>14.970.502.750</b>	<b>38.560.734.081</b>	<b>Sub total</b>
<b>Total</b>	<b>34.495.129.701</b>	<b>17.200.917.286</b>	<b>39.053.782.973</b>	<b>Total</b>

Utang kepada pihak berelasi merupakan bunga pinjaman dan penggantian pembayaran kepada PT Surya Toto Indonesia Tbk (Catatan 29c).

Other payables to related party represents interest on loan and reimbursement to PT Surya Toto Indonesia Tbk (Notes 29c).

Utang kepada PT Surabaya Agung Industri Pulp & Kertas merupakan utang SPN atas pembelian dan surat-surat kepemilikan tanah di Gresik dengan total luas 348.646 m<sup>2</sup>.

The payable to PT Surabaya Agung Industri Pulp & Kertas represents payable of SPN related to the purchase and letter of ownership for land in Gresik with total area 348,646 m<sup>2</sup>.

Utang kepada Sacmi imola S.C merupakan utang SPN atas pembelian mesin.

The payable to Sacmi imola S.C represents payable of SPN related to the purchase of machinery.

Utang kepada Sacmi Singapore Pte. Ltd merupakan utang SPN atas pembelian mesin.

The payable to Sacmi Singapore Pte. Ltd represents payable of SPN related to the purchase of machinery.

Utang kepada Reidhammer GMBH merupakan utang SPN atas pembelian mesin.

The payable to Reidhammer GMBH represents payable of SPN related to the purchase of machinery.

Utang lain-lain di atas tidak dikenakan bunga dan jatuh tempo kurang dari satu tahun sejak periode pelaporan.

The above other payables do not bear any interest and are due within the year from the end of the reporting period.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN**

a. Pajak dibayar di muka

	2017	2016	2015	
Pajak Pertambahan Nilai Masukan				Input Value Added Tax
Entitas Anak				Subsidiaries
PT Surya Pertiwi				PT Surya Pertiwi
Nusantara	44.003.317.544	24.390.539.999	15.592.686.573	Nusantara
PT Surya Graha Pertiwi	31.246.931.776	17.540.080.683	5.168.089.928	PT Surya Graha Pertiwi
<b>Total</b>	<b>75.250.249.320</b>	<b>41.930.620.682</b>	<b>20.760.776.501</b>	<b>Total</b>

b. Utang pajak

	2017	2016	2015	
Pajak penghasilan				Income taxes
Pasal 4 (2)	950.252.180	222.689.585	277.464.322	Article 4 (2)
Pasal 21	2.874.689.586	3.324.497.332	1.734.283.882	Article 21
Pasal 23	348.364.183	780.215.890	39.688.085	Article 23
Pasal 29	5.398.482.652	28.344.469	10.847.310.799	Article 29
Pajak Pertambahan Nilai				
Keluaran	4.696.157.545	4.430.822.424	1.425.430.130	Value Added Tax Ouput
Surat Setoran Pajak yang belum diterima	938.118.909	498.867.920	749.100.579	Tax payment slip uncollected
<b>Total</b>	<b>15.206.065.055</b>	<b>9.285.437.620</b>	<b>15.073.277.797</b>	<b>Total</b>

c. Rekonsiliasi antara laba sebelum pajak penghasilan Perusahaan dengan penghasilan kena pajak Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2017, 2016 dan 2015 adalah sebagai berikut:

	2017	2016	2015	
Laba sebelum pajak penghasilan sesuai dengan laporan laba rugi dan penghasilan komprehensif lain konsolidasian	297.310.869.257	292.947.707.405	276.679.790.273	Income before income tax per consolidated statement of profit or loss and other comprehensive income
Penyesuaian setelah jurnal eliminasi	22.168.983.114	2.427.638.655	-	Adjustment after elimination journal
Bagian rugi Entitas Anak sebelum pajak penghasilan	11.770.903.295	8.194.501.063	6.365.739.529	Loss before income tax of Subsidiaries
<b>Laba Perusahaan sebelum pajak penghasilan</b>	<b>331.250.755.666</b>	<b>303.569.847.123</b>	<b>283.045.529.802</b>	<b>Income before income tax attributable to the Company</b>
<b>Beda waktu:</b>				<b>Temporary differences:</b>
Beban Imbalan kerja	5.226.733.000	5.872.251.000	6.268.642.000	Employee benefits expense
Penyisihan persediaan usang	474.237.540	-	-	Provision for inventories obsolescence
Pembayaran manfaat	(6.270.717.000)	(33.811.212.000)	(1.672.986.000)	Benefits paid

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN (lanjutan)**

**16. TAXATION (continued)**

c. Rekonsiliasi antara laba sebelum pajak penghasilan Perusahaan dengan penghasilan kena pajak Perusahaan untuk tahun yang berakhir pada tanggal 31 Desember 2017, 2016 dan 2015 adalah sebagai berikut (lanjutan):

c. Reconciliation between income before income tax and the Company's estimated taxable income for the years ended December 31, 2017, 2016 and 2015 are as follows (continued):

	2017	2016	2015	
<b>Beda tetap:</b>				<b>Permanent differences:</b>
Pendapatan yang telah dikenakan pajak yang bersifat final	(5.167.272.296)	(8.104.383.015)	(6.724.296.589)	Income already subjected to final tax:
Keuntungan dari perubahan nilai wajar properti investasi	(8.794.734.059)	-	-	Increase in fair value of investment properties
Penyusutan kendaraan direksi	1.380.189.860	1.454.371.417	-	Depreciation of management vehicle
Biaya yang tidak dapat dikurangkan	85.000.000	50.000.000	10.000.000	Non deductible expenses
Denda pajak	-	2.557.154.864	-	Tax expenses
Laba penjualan investasi saham	-	-	(481.458.290)	Gain on sale of investment in shares
Lain-lain	108.823.913	-	4.580.612.732	Others
<b>Taksiran penghasilan kena pajak</b>	<b>318.293.016.624</b>	<b>271.588.029.389</b>	<b>285.026.043.655</b>	<b>Estimated taxable income</b>
<b>Taksiran penghasilan kena pajak (dibulatkan)</b>	<b>318.293.020.000</b>	<b>271.588.029.000</b>	<b>285.026.043.000</b>	<b>Estimated taxable income (rounded)</b>
<b>Beban pajak kini</b>	<b>79.573.255.000</b>	<b>67.897.007.250</b>	<b>71.256.510.750</b>	<b>Current tax expense</b>
Dikurangi pajak penghasilan dibayar di muka				Less prepaid income taxes
Pasal 22	(6.718.350.854)	(4.201.680.806)	(5.503.008.314)	Article 22
Pasal 23	(3.318.594.030)	(365.336.457)	-	Article 23
Pasal 25	(64.137.827.464)	(63.301.645.518)	(54.906.191.637)	Article 25
	74.174.772.348	67.868.662.781	60.409.199.951	
<b>Taksiran utang pajak penghasilan</b>	<b>5.398.482.652</b>	<b>28.344.469</b>	<b>10.847.310.799</b>	<b>Estimated income tax payable</b>
Beban pajak – neto kini terdiri dari:				Income tax expenses - net comprises of:
	2017	2016	2015	
Pajak tahun berjalan	79.573.255.000	67.897.007.250	71.256.510.750	Current tax
Pajak tangguhan	(3.840.461.814)	6.984.740.250	(1.148.914.000)	Deferred tax
Penyesuaian atas pajak tahun lalu	-	-	1.215.740.950	Adjustment of prior year income tax
<b>Total</b>	<b>75.732.793.186</b>	<b>74.881.747.500</b>	<b>71.323.337.700</b>	<b>Total</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN (lanjutan)**

- d. Rekonsiliasi antara beban pajak penghasilan yang dihitung dengan menggunakan tarif pajak yang berlaku dari laba sebelum beban pajak penghasilan seperti yang dilaporkan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut:

	2017	2016	2015
Laba sebelum pajak penghasilan sesuai dengan laporan laba rugi dan penghasilan komprehensif lain konsolidasian	297.310.869.257	292.947.707.405	276.679.790.273
Penyesuaian terkait dengan konsolidasi: Disesuaikan dengan jurnal eliminasi konsolidasi	22.168.983.114	2.427.638.655	-
	319.479.852.371	295.375.346.060	276.679.790.273
Pajak dihitung pada tarif pajak yang berlaku	79.869.963.093	73.843.836.515	69.169.947.568
Pengaruh pajak atas beda tetap	(2.663.752.815)	(1.011.242.820)	(675.739.187)
Penyesuaian atas pajak tangguhan yang belum diakui pada periode lalu	(2.378.384.750)	-	-
Rugi Entitas Anak yang dikenakan pajak yang bersifat final	904.967.658	887.460.578	573.072.306
Pajak tangguhan yang tidak diakui	-	1.161.693.227	1.040.316.063
Penyesuaian atas pajak tahun lalu	-	-	1.215.740.950
<b>Total</b>	<b>75.732.793.186</b>	<b>74.881.747.500</b>	<b>71.323.337.700</b>

Jumlah penghasilan kena pajak dan beban pajak penghasilan ini Perusahaan untuk tahun 2017 seperti yang disebutkan di atas dan utang Pajak Penghasilan ("PPH") terkait akan dilaporkan ke Kantor Pajak oleh Perusahaan dalam Surat Pemberitahuan ("SPT") PPh Badan tahun 2017.

Jumlah penghasilan kena pajak dan beban pajak penghasilan ini Perusahaan untuk tahun 2016 dan 2015 seperti yang disebutkan di atas dan utang "PPH" terkait telah dilaporkan ke Kantor Pajak oleh Perusahaan dalam "SPT" PPh Badan.

**16. TAXATION (continued)**

- d. The reconciliation between the income tax expense calculated by applying the applicable tax rate on the income before income tax expense as shown in the consolidated statements of profit or loss and other comprehensive income are as follows:

Income before income tax per consolidated statement of profit or loss and other comprehensive income  
Adjustment related to consolidation:  
Adjusted for consolidation elimination  
  
Tax calculated based on applicable tax rate  
Tax effect of permanent differences  
Adjustment of unrecognized prior year deferred tax  
  
Loss of Subsidiary subjected to final tax  
  
Unrecognised deferred tax  
Adjustment of prior year income tax

The amounts of the Company's taxable income and current income tax expense for 2017, as stated in foregoing, and the related income tax payable will be reported by the Company in its 2017 corporate income tax-annual tax return ("SPT") to be submitted to the Tax Office.

The amounts of the Company's taxable income and current income tax expense for 2016 and 2015, as stated in foregoing, and the related income tax payable have been reported by the Company in its corporate income tax "SPT" as submitted to the Tax Office.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN (lanjutan)**

e. Surat ketetapan pajak

Pada Tahun 2016 dan 2015, Perusahaan menerima beberapa Surat Ketetapan Pajak dengan rincian sebagai berikut:

**2016**

No. Surat Ketetapan Pajak/ Tax Assessment Letter No.	Tanggal/ Date	Jenis pajak/ Type of Tax	Tahun/ Year Coverage	Total kurang bayar/ Total Underpayment
SKPKB No. 00003/206/13/038/16	21 April 2016/ April 21, 2016	PPh pasal 21/ Income tax article 21	2013	857.536.678
SKPKB No. 00002/201/13/038/16	21 April 2016/ April 21, 2016	PPh pasal 21/ Income tax article 21	2013	11.158.924
SKPKB No. 00003/203/13/038/16	21 April 2016/ April 21, 2016	PPh pasal 23/ Income tax article 23	2013	82.179.080
SKPKB No. 00003/240/13/038/16	21 April 2016/ April 21, 2016	PPh pasal 4 (2)/ Income tax article 4 (2)	2013	11.533.566
SKPKB No. 00015/207/13/038/16	26 April 2016/ April 26, 2016	Pajak Pertambahan Nilai / Value Added Tax	2013	552.810.191
SKPKB No. 00006/206/12/038/16	21 April 2016/ April 21, 2016	PPh pasal 21/ Income tax article 21	2012	756.870.348
SKPKB No. 00003/201/12/038/16	21 April 2016/ April 21, 2016	PPh pasal 21/ Income tax article 21	2012	18.559.061
SKPKB No. 00005/203/12/038/16	21 April 2016/ April 21, 2016	PPh pasal 23/ Income tax article 23	2012	42.519.311
SKPKB No. 00003/240/12/038/16	21 April 2016/ April 21, 2016	PPh pasal 4 (2)/ Income tax article 4 (2)	2012	31.391.193
SKPKB No. 00007/207/12/038/16	21 April 2016/ April 21, 2016	Pajak Pertambahan Nilai / Value Added Tax	2012	103.950.792
<b>Total kurang bayar / Total underpayment</b>				<b>2.468.509.144</b>

Pada 2016, Perusahaan juga menerima beberapa Surat Tagihan Pajak dengan total tagihan sebesar Rp 78.895.700.

**16. TAXATION (continued)**

e. Tax assessment letters

In 2016 and 2015, the Company received Tax Assessment Letters with details as follows:

In 2016, the Company also received several Tax Collection Letters amounted to Rp 78,895,700.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN (lanjutan)**

Pada Tahun 2016 dan 2015, Perusahaan menerima beberapa Surat Ketetapan Pajak dengan rincian sebagai berikut (lanjutan):

**16. TAXATION (continued)**

In 2016 and 2015, the Company received Tax Assessment Letters with details as follows (continued):

**2015**

No. Surat Ketetapan Pajak/ Tax Assessment Letter No.	Tanggal/ Date	Jenis pajak/ Type of Tax	Tahun/ Year Coverage	Total kurang bayar/ Total Underpayment
SKPKB No. 00011/201/11/611/15	4 Desember 2015/ December 4, 2015	PPH pasal 21/ Income tax article 21	2011	21.618.185
SKPKB No. 00031/206/11/038/15	23 Nopember 2015/ November 23, 2015	PPH pasal 25/29/ Income tax article 25/29	2011	1.215.740.950
SKPKB No. 00042/207/11/038/15	23 Nopember 2015/ November 23, 2015	PPN/ VAT	2011	370.409.881
SKPKB No. 00030/203/038/15	23 Nopember 2015/ November 23, 2015	PPH pasal 23/ Income tax article 23	2011	207.818.663
SKPKB No. 00020/240/11/038/15	23 Nopember 2015/ November 23, 2015	PPH pasal 4 (2)/ Income tax article 4 (2)	2011	13.841.272
<b>Total kurang bayar / Total underpayment</b>				<b>1.829.428.951</b>

Perusahaan telah membayar seluruh kewajiban tagihan pajak kurang bayar tersebut diatas masing-masing pada tanggal 18 Mei 2016 dan 15 Desember 2015, dan dicatat pada "Beban Pajak" (Catatan 28).

The above underpayments in 2016 and 2015 have been fully paid by the Company on May 18, 2016 and December 15, 2015, respectively and was recognized as "Tax expenses" (Note 28)

- f. Rincian aset pajak tangguhan dan manfaat pajak tangguhan pada tahun 2017, 2016 dan 2015 adalah sebagai berikut:

- f. The details of deferred tax asset and deferred tax benefit in 2017, 2016 and 2015 are as follows:

	31 Desember/ December 31, 2016	Dikreditkan (Dibebankan) pada laba rugi/ Credited (Charged) to profit or loss	Dikreditkan pada pendapatan komprehensif lainnya/ Credited to other comprehensive income	31 Desember/ December 31, 2017	
<b>Aset pajak tangguhan</b>					<b>Deferred tax assets</b>
<u>Perusahaan</u>					<u>Company</u>
Imbalan kerja	9.596.117.000	(260.996.000)	816.979.750	10.152.100.750	Employee benefits
Penyisihan persediaan usang	-	118.559.385	-	118.559.385	Allowance for inventories obsolescence
Sub total	9.596.117.000	(142.436.615)	816.979.750	10.270.660.135	Sub total

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN (lanjutan)**

- f. Rincian aset pajak tangguhan dan manfaat pajak tangguhan pada tahun 2017, 2016 dan 2015 adalah sebagai berikut (lanjutan):

**16. TAXATION (continued)**

- f. The details of deferred tax asset and deferred tax benefit in 2017, 2016 and 2015 are as follows (continued):

	31 Desember/ December 31, 2016	Dikreditkan (Dibebankan) pada laba rugi/ Credited (Charged) to profit or loss	Dikreditkan pada pendapatan komprehensif lainnya/ Credited to other comprehensive income	31 Desember/ December 31, 2017	
<b>Aset pajak tangguhan</b>					<b>Deferred tax assets</b>
<u>Entitas Anak</u>					<u>Subsidiary</u>
Imbalan kerja	-	473.688.524	2.473.329	476.161.853	Employee benefits
Penyusutan dan Amortisasi	-	47.473.794	-	47.473.794	Depreciation and amortization
Rugi fiskal	-	3.461.736.111	-	3.461.736.111	Fiscal loss
Sub total	-	3.982.898.429	2.473.329	3.985.371.758	Sub total
<b>Total</b>	<b>9.596.117.000</b>	<b>3.840.461.814</b>	<b>819.453.079</b>	<b>14.256.031.893</b>	<b>Total</b>
	31 Desember/ December 31, 2015	Dibebankan pada laba rugi/ Charged to profit or loss	Dikreditkan pada pendapatan komprehensif lainnya/ Credited to Other Comprehensive Income	31 Desember/ December 31, 2016	
<b>Aset pajak tangguhan</b>					<b>Deferred tax asset</b>
<u>Perusahaan</u>					<u>Company</u>
Imbalan kerja	14.791.723.000	(6.984.740.250)	1.789.134.250	9.596.117.000	Employee benefits
	31 Desember/ December 31, 2014	Dikreditkan pada laba rugi/ Credited to profit or loss	Dibebankan pada pendapatan komprehensif lainnya/ Charged to Other Comprehensive Income	31 Desember/ December 31, 2015	
<b>Aset pajak tangguhan</b>					<b>Deferred tax asset</b>
<u>Perusahaan</u>					<u>Company</u>
Imbalan kerja	13.802.535.000	1.148.914.000	(159.726.000)	14.791.723.000	Employee benefits

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**16. PERPAJAKAN (lanjutan)**

- f. Rincian aset pajak tangguhan dan manfaat pajak tangguhan pada tahun 2017, 2016 dan 2015 adalah sebagai berikut (lanjutan):

Aset pajak tangguhan sebesar Rp 3.491.763.190 merupakan aset pajak tangguhan atas rugi fiskal dari SPN (Entitas Anak) dengan rincian sebagai berikut:

	2017	2016	2015
<b>Akumulasi rugi fiskal:</b>			
2012	-	121.617.217	121.617.217
2013	392.259.250	392.259.250	392.259.250
2014	433.350.906	433.350.906	433.350.906
2015	4.161.264.251	4.161.264.251	4.161.264.251
2016	4.447.592.421	4.447.592.421	-
2017	4.412.477.614	-	-
<b>Total akumulasi rugi fiskal</b>	<b>13.846.944.442</b>	<b>9.556.084.045</b>	<b>5.108.491.624</b>

Pada tahun 2017, Grup telah mengakui aset pajak tangguhan yang tidak diakui pada tahun-tahun sebelumnya terdiri atas rugi fiskal dan beda waktu sebesar Rp 2.378.384.750 dari PT Surya Pertiwi Nusantara (Entitas Anak) karena manajemen berkeyakinan bahwa penghasilan kena pajak di masa depan akan tersedia untuk dapat dipulihkan kembali dari aset pajak tangguhan ini.

**16. TAXATION (continued)**

- f. The details of deferred tax asset and deferred tax benefit in 2017, 2016 and 2015 are as follows (continued):

Deferred tax asset amounted to Rp 3,491,763,190 represents deferred tax asset on fiscal loss of SPN (a Subsidiary) with details as follows:

<b>Accumulated fiscal losses:</b>	
2012	121.617.217
2013	392.259.250
2014	433.350.906
2015	4.161.264.251
2016	-
2017	-

**Total accumulated fiscal losses**

In 2017, the Group has recognized unrecognized deferred tax assets in the previous years consist of fiscal loss and deductible temporary differences amounting to Rp 2,378,384,750 of PT Surya Pertiwi Nusantara (a Subsidiary) as the management believes that future taxable profit will be available for the recoverability of these deferred tax assets.

**17. BIAYA YANG MASIH HARUS DIBAYAR**

Akun ini terdiri dari:

	2017	2016	2015
Gaji	5.100.343.414	4.240.762.952	3.184.280.050
Outsourcing	2.119.819.438	1.408.289.065	684.659.105
Tour and travel	1.640.360.000	2.217.116.484	-
Listrik, air dan gas	1.272.253.299	-	-
Bunga	517.431.913	-	-
Pemasaran dan promosi	337.056.940	904.042.128	2.384.010.827
Pemeliharaan kendaraan	193.715.098	41.260.520	-
Jasa profesional	54.000.000	64.000.000	150.000.000
Pensiun	-	2.250.896.058	-
Pembelian lain-lain	-	157.696.000	718.457.206
Ongkos angkut	-	36.394.650	641.592.465
Lain-lain (masing-masing dibawah Rp 40.000.000)	141.938.562	45.812.740	258.654.770
<b>Total</b>	<b>11.376.918.664</b>	<b>11.366.270.597</b>	<b>8.021.654.423</b>

**17. ACCRUED EXPENSES**

This account consists of:

Salaries	
Outsourcing	
Tours and travel	
Electricity, water and gas	
Interest	
Marketing and promotion	
Vehicle maintenance	
Professional fee	
Pension	
Other purchases	
Freight services	
Others (each account below Rp 40,000,000)	

**Total**

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK**

**a. Utang bank jangka pendek**

Akun ini terdiri dari:

	2017	2016	2015
<b>Perusahaan</b>			
<u>Rupiah</u>			
PT Bank CIMB Niaga Tbk Rekening Koran	20.028.797.322	-	-
PT Bank Resona Perdania Perjanjian Kredit Letter of Credit	15.000.000.000	15.000.000.000	15.000.000.000
	-	2.905.415.537	-
<u>Dolar AS</u>			
PT Bank Resona Perdania Pinjaman Bergulir USD 11.200.000 tahun 2017 dan USD 5.500.000 tahun 2016	151.737.600.000	73.898.000.000	-
PT Bank Mizuho Indonesia Pinjaman Bergulir USD 8.500.000 pada 2017 dan USD 2.500.000 pada 2016	115.158.000.000	33.590.000.000	-
<b>Sub total</b>	<b>301.924.397.322</b>	<b>125.393.415.537</b>	<b>15.000.000.000</b>
<b>Entitas Anak</b>			
<u>Dolar AS</u>			
PT Bank Resona Perdania Pinjaman Bergulir USD 2.000.000 pada 2017	27.096.000.000	-	-
<b>Total</b>	<b>329.020.397.322</b>	<b>125.393.415.537</b>	<b>15.000.000.000</b>

**PT Bank Resona Perdania**

Perusahaan

Perusahaan memperoleh Perjanjian Kredit No. 140067RLH pada tanggal 15 Desember 2014 yang telah beberapa kali diubah dan diperpanjang dengan perjanjian No. FH0162 tanggal 3 Oktober 2017 dan 27 Nopember 2017 yang efektif tanggal 15 Desember 2017 dengan fasilitas pinjaman maksimum sebesar Rp 15.000.000.000. Pinjaman ini mempunyai tingkat bunga COLF+2,5% dan akan jatuh tempo pada tanggal 15 Desember 2018. Pada tanggal 31 Desember 2017, 2016 dan 2015 saldo pinjaman masing-masing sebesar Rp 15.000.000.000.

**18. BANK LOANS**

**a. Short-term bank loans**

This account consists of:

	2017	2016	2015
<b>Company</b>			
<u>Rupiah</u>			
PT Bank CIMB Niaga Tbk Overdraft			
PT Bank Resona Perdania Credit Agreement Letter of Credit			
<u>US Dollar</u>			
PT Bank Resona Perdania Revolving Loan USD 11,200,000 in 2017 and USD 5,500,000 in 2016			
PT Bank Mizuho Indonesia Revolving Loan USD 8,500,000 in 2017 and USD 2,500,000 in 2016			
<b>Sub total</b>	<b>301.924.397.322</b>	<b>125.393.415.537</b>	<b>15.000.000.000</b>
<b>Subsidiary</b>			
<u>US Dollar</u>			
PT Bank Resona Perdania Revolving Loan USD 2,000,000 in 2017			
<b>Total</b>	<b>329.020.397.322</b>	<b>125.393.415.537</b>	<b>15.000.000.000</b>

**PT Bank Resona Perdania**

Company

The Company entered into Credit Agreement which was recently amended by Credit Agreement No. 140067RLH dated December 15, 2014 which was recently amended and/or extended through agreement No. FH0162 dated October 3, 2017 and November 27, 2017 which is effective on December 15, 2017 with a maximum limit of Rp 15,000,000,000. This loan bears interest at COLF+2.5% and will mature on December 15, 2018. As of December 31, 2017, 2016 and 2015, the outstanding balance of this facility amounted to Rp 15,000,000,000.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank Resona Perdania (lanjutan)**

Perusahaan (continued)

Perusahaan telah menandatangani perjanjian fasilitas pinjaman bergulir No. FH0162 tertanggal 11 Oktober 2016 yang telah beberapa kali diubah dan diperpanjang dengan perjanjian No. FH0162 tanggal 3 Oktober 2017 dan 27 Nopember 2017 yang efektif tanggal 15 Desember 2017 dengan fasilitas maksimum sebesar USD 10.000.000 dan USD 3.000.000. Perjanjian ini memiliki tingkat bunga LIBOR+2% dan jatuh tempo pada 15 Desember 2018. Pada tanggal 31 Desember 2017 dan 2016, saldo pinjaman atas fasilitas ini masing-masing sebesar USD 11.200.000 atau nilai ekuivalen Rp 151.737.600.000 dan USD 5.500.000 atau nilai ekuivalen Rp 73.898.000.000.

Perusahaan memperoleh Perjanjian Cerukan Kredit No. 880149ODH pada tanggal 19 Agustus 1988 yang telah beberapa kali diubah dan diperpanjang dengan perjanjian No. FH0162 tanggal 3 Oktober 2017 dan 27 Nopember 2017 yang efektif tanggal 15 Desember 2017, pinjaman ini memiliki fasilitas pinjaman maksimum sebesar Rp 200.000.000. Pinjaman ini dikenakan bunga sebesar COLF+5.02% dan akan jatuh tempo pada tanggal 15 Desember 2018. Pada tanggal 31 Desember 2017, Perusahaan belum menggunakan fasilitas ini.

Perusahaan memperoleh fasilitas *Letter of Credit* No. 0086PLF tertanggal 27 Nopember 2007 senilai Rp 9.000.000.000, yang telah diubah dan/atau diperpanjang, sebagaimana terakhir kali dibuat dan diperpanjang melalui Perjanjian *Letter of Credit* No. 0086PLF tertanggal 3 Oktober 2016 dengan pokok maksimum sebesar Rp 12.000.000.000. Berdasarkan perjanjian No. FH0162 tanggal 3 Oktober 2017 yang telah mengalami perubahan pada 27 Nopember 2017 dan berlaku efektif tanggal 15 Desember 2017, pokok maksimum telah diubah menjadi USD 3.000.000 yang akan jatuh tempo pada 15 Desember 2018. Fasilitas ini digunakan untuk jaminan pembelian barang import. Pada tanggal 31 Desember 2017 dan 2016 saldo pinjaman masing-masing sebesar NIL dan Rp 2.905.415.537.

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank Resona Perdania (continued)**

Company (continued)

The Company has entered into revolving loan facility agreement No. FH0162 dated October 11, 2016 which was recently amended and/or extended through agreement No. FH0162 October 3, 2017 and November 27, 2017 which is effective on December 15, 2017 with maximum limit of USD 10,000,000 and USD 3,000,000.00. This loan bears interest at LIBOR+2% and will mature on December 15, 2018. As of December 31, 2017 and 2016, total outstanding balance of this facility amounted to USD 11,200,000 or equivalent to Rp 151,737,600,000 and USD 5,500,000 or equivalent to Rp 73,898,000,000, respectively.

The Company entered into Overdraft Credit Agreement No. 880149ODH dated August 19, 1988 which was recently amended and/or extended through agreement No. FH0162 dated October 3, 2017 and November 27, 2017 which is effective on December 15, 2017, with maximum limit of Rp 200,000,000. This loan bears interest at COLF+5.02% and will mature on December 15, 2018. As of December 31, 2017, the Company has not utilized yet this facility.

The Company obtained Letter of Credit No. 0086PLF dated November 27, 2007 amounted Rp 9,000,000,000, which was amended and/or extended through Letter of Credit agreement No. 0086PLF dated October 3, 2016 with maximum limit of Rp 12,000,000,000. Based on Agreement No. FH0162 dated October 3, 2017 which has been recently amended on November 27, 2017 effective on December 15, 2017, the maximum limit of the facility has been changed to USD 3,000,000 which will mature on December 15, 2018. This facility will be used for purchasing of import goods. As of December 31 2017 and, 2016, the outstanding of balance of this loan amounted to NIL and Rp 2,905,415,537, respectively.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank Resona Perdania (lanjutan)**

Perusahaan (lanjutan)

Perusahaan memperoleh fasilitas *Trust Receipt* berdasarkan perjanjian No. FH0162 tanggal 3 Oktober 2017 yang telah mengalami perubahan pada 27 Nopember 2017 dan berlaku efektif tanggal 15 Desember 2017 dengan batas maksimal sebesar USD 3.000.000. Pinjaman ini dikenakan bunga sebesar COLF+1% dan akan jatuh tempo pada 15 Desember 2018. Pada tanggal 31 Desember 2017, Perusahaan belum menggunakan fasilitas ini.

Perusahaan memperoleh fasilitas Bank Garansi No. 206039BGH pada tanggal 27 Nopember 2006 yang telah beberapa kali diubah dan diperpanjang dengan perjanjian No. FH0162 tanggal 3 Oktober 2017 dan 27 Nopember 2017 yang efektif tanggal 15 Desember 2017 dengan jumlah fasilitas maksimum sebesar USD 3.000.000 yang akan jatuh tempo pada tanggal 15 Desember 2018 (Catatan 30).

Tidak ada aset Perusahaan yang digunakan sebagai jaminan sehubungan dengan fasilitas di atas.

Perjanjian kredit termasuk pembatasan dan larangan dimana Perusahaan tidak boleh tanpa persetujuan tertulis dari PT Bank Resona Perdania, melakukan hal-hal berikut:

- Memperoleh pinjaman uang/kredit baru dari pihak lain kecuali dari bank lain dan/atau pemegang saham dari Perusahaan.
- Meminjamkan uang, mengikatkan diri sebagai penanggung/penjamin dalam bentuk dengan nama apapun dan/atau menggunakan harta kekayaan Perusahaan kepada pihak lain, termasuk namun tidak terbatas kepada perusahaan afiliasinya baik yang terikat secara langsung maupun tidak langsung dengan Perusahaan, maupun pihak ketiga yang tidak terikat dengan Perusahaan, kecuali dalam rangka menjalankan usaha sehari-hari.
- Melaksanakan suatu transaksi atau serangkaian transaksi (baik terkait ataupun tidak) dan baik sukarela ataupun tidak untuk menjual, menyewakan, mengalihkan atau dengan cara lain melepaskan suatu asset selain untuk melaksanakan kegiatan usahanya sehari-hari.
- Melakukan peleburan, penggabungan, pengambilalihan, penyertaan modal, pembubaran/likuidasi atau meminta perusahaannya dinyatakan pailit oleh Pengadilan Niaga dan mengubah status badan hukum..
- Melakukan transaksi dengan pihak lain, termasuk tetapi tidak terbatas kepada perusahaan afiliasi dan/atau kepada pemegang saham Perusahaan, dengan cara-cara selain dari praktek kebiasaan usaha yang wajar.

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank Resona Perdania (continued)**

Company (continued)

The Company obtained *Trust Receipt* facility based on Agreement No. FH0162 dated October 3, 2017 which has been recently amended on November 27, 2017 effective on December 15, 2017 with maximum limit of USD 3,000,000. This loan bears interest at COLF+1% and will mature on December 15, 2018. As of December 31, 2017, the Company has not utilized yet this facility.

The Company entered into Bank Guarantee facility Agreement No. dated 206039BGH November 27, 2006 which was recently amended and/or extended through agreement No. FH0162 dated October 3, 2017 and November 27, 2017 which is effective on December 15, 2017 with maximum limit of USD 3,000,000 that will expire on December 15, 2018 (Note 30).

None of the Company's assets are pledged as collateral in respect of the above credit facility.

The credit agreements include restrictions and covenants whereby the Company shall not, without prior written approval of PT Bank Resona Perdania, carry out any of the following:

- Obtain a new loan or credit facility from any other party, except from the other banks and/or the shareholders of the Company.
- Lend a money, bind as a guarantor in a form and under any names and/or encumber any of the assets of the Company to other parties, including but not limited to the Company's affiliated companies, either directly or indirectly related to the Company, or to any unrelated third party of the Company, except for carrying its general course of business.
- Enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless for daily business activities.
- Carry out merger, consolidation, amalgamation, takeover, capital participation, dissolution/liquidation or declaration of bankruptcy before the Commercial Court and change its legal entity status.
- Conduct transactions with other parties including its affiliated companies and/or shareholders of the Company, except on arm's length terms.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank Resona Perdania (lanjutan)**

Perusahaan (lanjutan)

- f. Membuat atau mengadakan pemberitahuan apapun, jumpa pers atau publisitas lainnya sehubungan dengan Perjanjian ini atau dalam hal apapun terkait dengan Fasilitas atau membuat rujukan terhadap Bank.

Perjanjian pinjaman ini juga mengharuskan Perusahaan untuk menjaga, (i) rasio lancar minimal 100% (seratus persen), dan (ii) rasio hutang terhadap ekuitas maksimal 6,1x (enam koma satu kali).

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Perusahaan telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

Entitas Anak

PT Surya Pertiwi Nusantara (SPN) (Entitas Anak) memperoleh fasilitas-fasilitas pinjaman sesuai dengan perjanjian No. FH0118 pada tanggal 21 Juli 2016 yang telah diubah dan/atau diperpanjang, sebagaimana terakhir dibuat dan diperpanjang pada tanggal 20 Juni 2017 dan 18 Agustus 2017, sebagai berikut:

- Fasilitas *letter of credit* dengan *non plafond* (L/C Sight) sebesar USD 35.000, fasilitas ini akan berakhir pada tanggal 1 Maret 2018.
- Fasilitas pinjaman bergulir sebesar USD 4.000.000, dengan tingkat bunga COLF+2% dan jatuh tempo pada tanggal 9 Agustus 2018. Pada tanggal 31 Desember 2017, jumlah terutang pada fasilitas ini sebesar USD 2.000.000 ekuivalen Rp 27.096.000.000.

Tidak ada aset Grup yang digunakan sebagai jaminan sehubungan dengan fasilitas di atas. Fasilitas di atas dari Bank Resona dijaminankan oleh perusahaan yang diberikan oleh Perusahaan dengan nilai jaminan tidak melebihi USD 8.000.000 sebagaimana tercantum dalam Akta Pemberian Jaminan Perusahaan (*Corporate Guarantee*) No. 08 tanggal 21 Juli 2016, yang dibuat di hadapan Deni Thanur., S.E., S.H., M.Kn, Notaris di Jakarta.

Berdasarkan perjanjian fasilitas pinjaman, SPN tidak diperbolehkan untuk melakukan hal-hal berikut ini tanpa memperoleh persetujuan tertulis dari Bank sebagai berikut:

- Memperoleh pinjaman uang atau fasilitas kredit baru dari pihak lain kecuali dari bank lain dan/atau pemegang saham SPN.

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank Resona Perdania (continued)**

Company (continued)

- f. Make or arrange any announcement, press release or other publicity in connection with this Agreement or in any way relating to the Facility or making reference to the Bank.

The loan agreements also requires the Company to maintain (i) minimum current ratio of 100% (one hundred percent), and (ii) maximum debt to equity ratio of 6.1x (six point one times).

As of December 31, 2017, the management believes that the Company has complied with all the required relevant covenants stated in the loan agreement.

Subsidiary

PT Surya Pertiwi Nusantara (SPN) (A Subsidiary) obtained loan facilities with agreement No. FH0118 dated July 21, 2016 as repeatedly amended and/or extended, as lastly made and extended through amendment dated June 20, 2017 and August 18 2017, as follows:

- Letter of credit with non plafond (L/C Sight) amounting to USD 35,000, this facility will mature on March 1, 2018.
- Revolving loan facility amounted to USD 4,000,000, which bears interest at COLF+2% and will mature on August 9, 2018. As of December 31, 2017, the outstanding balance of this facility amounted to USD 2,000,000 or equivalent to Rp 27,096,000,000.

None of the Group's assets are pledged as collateral in respect of the above credit facility. The above facilities of Bank Resona is secured by corporate guarantee given by the Company with a security amount not exceeding USD 8,000,000 as stated in the Corporate Guarantee Deed No. 08 dated July 21, 2016, made in front of Deni Thanur, S.E., S.H., M.Kn, Notary in Jakarta.

Based on the loan facility agreement, SPN shall not perform the following without the prior written approval from the Bank:

- Obtain a new loan or credit facility from any other party, except from the other banks and/or SPN's shareholders.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank Resona Perdania (lanjutan)**

Entitas Anak (lanjutan)

- b. Meminjamkan uang, mengikatkan diri sebagai penanggung/penjamin dalam bentuk dengan nama apapun dan/atau mengagunkan harta kekayaan Perusahaan kepada pihak lain, termasuk namun tidak terbatas kepada perusahaan afiliasinya baik yang terkait secara langsung maupun tidak langsung dengan SPN, maupun kepada pihak ketiga yang tidak terkait dengan SPN, kecuali dalam rangka menjalankan kegiatan usaha sehari-hari.
- c. Melaksanakan dan akan memastikan bahwa Perusahaan tidak akan melangsungkan suatu transaksi atau serangkaian transaksi (baik terkait ataupun tidak) dan baik sukarela ataupun tidak untuk menjual, menyewakan, mengalihkan atau dengan cara lain melepaskan suatu aset selain untuk melaksanakan kegiatan usahanya sehari-hari.
- d. Melakukan peleburan, penggabungan, pengambilalihan, penyertaan modal, pembubaran /likuidasi atau meminta untuk dinyatakan pailit oleh Pengadilan Niaga dan mengubah status badan hukum.
- e. Melakukan transaksi dengan pihak lain, termasuk kepada perusahaan afiliasi atau termasuk kepada pemegang saham SPN, kecuali dilakukan dalam batas kewajaran (arm's length).
- f. Membuat atau mengadakan (dan harus memastikan bahwa Perusahaan tidak akan membuat atau mengadakan) pemberitahuan apapun, jumlah pers atau publisitas lainnya sehubungan dengan perjanjian ini atau dalam hal apapun terkait fasilitas atau membuat rujukan terhadap Bank.

Perjanjian pinjaman ini juga mengharuskan SPN untuk menjaga, (i) rasio lancar minimal 100% (seratus persen), dan (ii) rasio hutang terhadap ekuitas maksimal 5,5x (lima koma lima kali).

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Entitas Anak telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

**PT Bank CIMB Niaga Tbk**

Perusahaan memperoleh melalui perjanjian kredit No. 070/LGL-GAMA/SME/PK/SBR/IX/2013 pada tanggal 23 Oktober 2013 yang telah beberapa kali diubah dan diperpanjang dengan perjanjian tanggal 21 Desember 2017, dengan rincian sebagai berikut:

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank Resona Perdania (continued)**

Subsidiary (continued)

- b. Lend a money, bind as a guarantor in a form under any names and/or encumber any of the assets of the SPN to other parties, including but not limited to the SPN's affiliate company, either directly or indirectly related to the SPN, or to any unrelated third party of the SPN, except for carrying its general course of businesses.
- c. Enter and ensure that the Company will not enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset, unless for daily business activities.
- d. To carry out merger, consolidation, amalgamation, takeover, capital participation, dissolution/liquidation or declaration of bankruptcy before the Commercial Court and change its legal entity status.
- e. Conduct transaction with other parties, including its affiliate companies and or the shareholders of the SPN, except on arm's length terms.
- f. Make or arrange (and ensure that the Company will not make or arrange) any announcement, press release or other publicity in connection with this agreement or in any way relating to the facility or making reference to the Bank.

The loan agreements also requires SPN to maintain, (i) minimum current ratio of 100% (one hundred percent), and (ii) maximum debt to equity ratio of 5.5x (five point five times).

As of December 31, 2017, the management believes that the Subsidiary has complied with all the required relevant covenants stated in the loan agreement.

**PT Bank CIMB Niaga Tbk**

The Company obtained through credit agreement No. 070/LGL-GAMA/SME/PK/SBR/IX/2013 dated October 23, 2013 which was recently amended and/or extended on December 21, 2017, with details as follows:

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank CIMB Niaga Tbk (lanjutan)**

- Fasilitas pinjaman rekening koran dengan jumlah fasilitas maksimum sebesar Rp 50.000.000.000 dengan bunga 8,8% per tahun yang akan jatuh tempo pada tanggal 4 Juli 2018. Pada tanggal 31 Desember 2017, jumlah yang telah digunakan Perusahaan dari fasilitas ini sebesar Rp 20.028.797.322.
- Fasilitas Bank Garansi dari PT Bank CIMB Niaga Tbk dengan jumlah fasilitas maksimum sebesar Rp 20.000.000.000 yang akan jatuh tempo pada tanggal 4 Juli 2018 untuk menunjang aktivitas Perusahaan (Catatan 30).

Fasilitas pinjaman di atas akan digunakan untuk modal kerja dan operasional Perusahaan.

Tidak ada aset Grup yang digunakan sebagai jaminan sehubungan dengan fasilitas di atas.

Perjanjian pinjaman ini mengharuskan Perusahaan untuk menjaga, (i) Cash + A/R + Inventory minimal 125% (seratus dua puluh lima persen) dari A/P + STBD, dan (ii) mutasi kredit melalui CIMB Niaga minimal 30% (tiga puluh persen) dari total mutasi kredit di seluruh bank.

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Perusahaan telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

**PT Bank Mizuho Indonesia**

Perusahaan memperoleh *Revolving Loan Facility* melalui Perjanjian No. 827/LN/MZH/1216 yang telah diubah dengan perjanjian No. 828/MA/MZH/1216 pada tanggal 5 Desember 2016, dan diperbaharui melalui Perubahan No.1185/AMD/MZH/1217 pada tanggal 5 Desember 2017 dengan jumlah pokok maksimum pinjaman sebesar USD 10.000.000. Fasilitas ini memiliki tingkat bunga LIBOR +1,8%, *floating* dan jatuh tempo pada 5 Desember 2018.

Fasilitas pinjaman tersebut digunakan oleh Perusahaan untuk mendanai modal kerja dan tujuan umum Perusahaan. Pada tanggal 31 Desember 2017 dan 2016 saldo pinjaman masing-masing sebesar USD 8.500.000 atau nilai ekuivalen Rp 115.158.000.000 dan USD 2.500.000 atau nilai ekuivalen Rp 33.590.000.000.

Perusahaan memperoleh fasilitas bank garansi melalui Perjanjian No. 827/LN/MZH/1216 yang telah diubah dengan perjanjian No. 829/MA/MZH/1216 pada tanggal 5 Desember 2016, dan diperbaharui melalui Perubahan No.1186/AMD/MZH/1217 pada tanggal 5 Desember 2017 dengan jumlah maksimum USD 10.000.000. Fasilitas ini akan berakhir pada tanggal 5 Desember 2018 (Catatan 30).

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank CIMB Niaga Tbk (continued)**

- Overdraft facility with maximum principal amount of Rp 50,000,000,000 with interest at 8.8% per annum that will expire on July 4, 2018. As of December 31, 2017, the Company has used Rp 20,028,797,322 from this facility.
- Bank guarantee facility from PT Bank CIMB Niaga Tbk with maximum principal amount of Rp 20,000,000,000 that will expire on July 4, 2018 to support the Company's activity (Note 30).

The above facility will be used for working capital and to support the Company's activity.

None of the Group's assets are pledged as collateral in respect of the above credit facility.

The loan agreement requires the Company to maintain, (i) Cash + A/R + Inventory at least 125% of A/P + STBD, and (ii) credit mutation through CIMB Niaga at least 30% (thirty percent) of total credit mutation in all banks.

As of December 31, 2017, the management believes that the Company has complied with all the required relevant covenants stated in the loan agreement.

**PT Bank Mizuho Indonesia**

The Company obtained Revolving Loan Facility through Agreement No. 827/LN/MZH/1216 which has been amended based on Agreement No. 828/MA/MZH/1216 dated December 5, 2016 and recently amended and/or extended through Amendment No. 1185/AMD/MZH/1217 dated December 5, 2017 with maximum principal amount of USD 10,000,000. This facility bears interest at LIBOR +1.8%, *floating* and will mature on December 5, 2018.

This facility will be used to finance the working capital and for general purpose. As of December 31, 2017 and 2016, the outstanding balance of this facility amounted to USD 8,500,000 or equivalent to Rp 115,158,000,000 and USD 2,500,000 or equivalent to Rp 33,590,000,000, respectively.

The Company obtained bank guarantee facility through Agreement No. 827/LN/MZH/1216 which has been amended based on Agreement No. 829/MA/MZH/1216 dated December 5, 2016 and recently amended and/or extended through Amendment No. 1186/AMD/MZH/1217 dated December 5, 2017 with maximum amount of USD 10,000,000. This facility will expire on December 5, 2018 (Note 30).

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank Mizuho Indonesia (lanjutan)**

Tidak ada aset Grup yang digunakan sebagai jaminan sehubungan dengan fasilitas di atas.

Perjanjian kredit termasuk pembatasan dan larangan dimana Perusahaan tidak boleh tanpa persetujuan tertulis dari PT Bank Mizuho Indonesia, melakukan hal-hal berikut:

- a. Mengadakan transaksi apapun dengan pihak manapun kecuali dengan ketentuan-ketentuan komersial yang wajar dan tanpa mengurangi ketentuan diatas, tidak boleh melakukan transaksi dengan setiap Afiliasi dengan syarat-syarat yang kurang menguntungkan bagi Perusahaan daripada sebaliknya dapat diperoleh pada saat itu dengan transaksi lainnya yang sebanding yang dilakukan Perusahaan atas dasar ketentuan yang wajar dengan pihak lainnya manapun selain dari Afiliasi;
- b. Melakukan konsolidasi (peleburan) atau merger (penggabungan) dengan orang, perusahaan, organisasi atau badan hukum manapun atau badan hukum manapun melakukan merger dengan Perusahaan atau mengakuisisi seluruh atau sebagian besar aset atau modal saham dari perorangan, perusahaan, organisasi atau badan hukum manapun;
- c. Memberikan pinjaman, atau investasi pada atau dalam Afiliasinya atau pada perusahaan lain atau dalam usaha lain;
- d. Mengizinkan saham-saham yang ada pada Perusahaan digadaikan, dijual, dialihkan, dijaminkan atau dibebankan dengan cara lainnya yang menyebabkan Tuan Mardjoeki Atmadiredja tidak menjadi pemegang saham pengendali (langsung atau tidak langsung) pada Perusahaan;
- e. Mengubah struktur atau status hukum Perusahaan;
- f. Membubarkan struktur perusahaan yang berlaku bagi Perusahaan saat ini dalam menjalankan usahanya atau mengambil langkah apapun dengan tujuan menyebabkan kepailitan, dalam pengampunan, penundaan kewajiban pembayaran utang (moratorium), pembubaran, likuidasi atau pemberesan, atau langkah-langkah lain serupa berkenaan dengan Perusahaan;
- g. Mengubah struktur para pemegang sahamnya yang menyebabkan Tuan Mardjoeki Atmadiredja tidak menjadi pemegang saham pengendali pada Perusahaan;
- h. Membebankan dengan jaminan atau mengizinkan dibebankannya jaminan atau mengalihkan, memisahkan atau mengizinkan adanya perjanjian untuk menciptakan suatu hak jaminan yang lebih tinggi tingkatannya atas aset, pendapatan atau hak Perusahaan;
- i. Secara signifikan mengubah sifat usaha sebagaimana yang dijalankan per tanggal Perjanjian.

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank Mizuho Indonesia (continued)**

None of the Group's assets are pledged as collateral in respect of the above credit facility.

The credit agreements include restrictions and covenants whereby the Company shall not without prior written approval of PT Bank Mizuho Indonesia, carry out any of the following:

- (i) Enter into any transaction with any party other than on arm's length commercially reasonable terms, and without limiting the foregoing, will not engage in any transaction with any affiliate on terms less favorable to the Company than would otherwise be obtainable at the time in comparable transactions of the Company in arm's length dealings with any other party other than such affiliate.
- (ii) Consolidate with or merge into any other person, enterprise, organization or legal entity or permit any other person, enterprise, organization or legal entity to merge with the Company or acquire all or a substantial part of the assets or capital stock of any other person, enterprise, organization or legal entity;
- (iii) Make any advance, loan or investment to or in its affiliates or in other companies or in other businesses;
- (iv) Allow the shares in the Company to be pledged, sold, transferred, encumbered or otherwise disposed of that cause Mr. Mardjoeki Atmadiredja is not as controlling shareholder (directly or indirectly) of the Company;
- (v) Change the structure or legal status of the Company;
- (vi) Dissolve the Company structure under which it is operating or take any step with a view toward bankruptcy, receivership, moratorium, dissolution, liquidation, winding up or similar steps relating to the Company;
- (vii) Change the composition of its shareholders that will cause Mr. Mardjoeki Atmadiredja is not as controlling shareholder of the Company;
- (viii) Incur, create or permit to exist any pledge, lien, encumbrance or any security interest upon or assign, segregate or permit to exist an other preferential arrangement on any property, assets, revenues or rights of the Company;
- (ix) Materially alter the nature of its business as conducted on the date of the loan agreement.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**a. Utang bank jangka pendek (lanjutan)**

**PT Bank Mizuho Indonesia (lanjutan)**

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Perusahaan telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

**PT OCBC NISP Tbk**

Berdasarkan Akta Notaris Sulistyaningsih, SH., No. 47 tanggal 18 Juli 2017, Perusahaan memperoleh fasilitas pinjaman dari PT Bank OCBC NISP Tbk sebagai berikut:

- a. Fasilitas Kredit Rekening Koran (KRK) dengan jumlah maksimum sebesar Rp 10.000.000.000, dengan bunga 9,25% pertahun, *floating*. Pada tanggal 31 Desember 2017 fasilitas ini belum digunakan.
- b. Fasilitas *Demand Loan* (DL) dengan jumlah maksimum sebesar Rp 40.000.000.000 dengan bunga 9,25% pertahun, *floating*. Pada tanggal 31 Desember 2017 fasilitas ini belum digunakan.
- c. Fasilitas *Trade* Gabungan dengan jumlah maksimum sebesar Rp 40.000.000.000, dengan sub limit sebagai berikut:
  1. Fasilitas *Letter of Credit* (LC) sight/usance sebesar Rp 40.000.000.000. Pada tanggal 31 Desember 2017 fasilitas ini belum digunakan.
  2. Fasilitas Bank Garansi sebesar Rp 40.000.000.000 dengan komisi sebesar 0,5% per tahun (Catatan 30).  
Bunga pinjaman dari fasilitas ini 9,25% per tahun, *floating*.

Perjanjian pinjaman di atas akan berakhir pada tanggal 18 Juli 2018.

Perjanjian kredit termasuk pembatasan dan larangan dimana Perusahaan tidak boleh tanpa persetujuan tertulis dari PT Bank OCBC NISP Tbk, melakukan hal-hal berikut:

- a. Likuidasi atau membubarkan atau terikat dalam suatu penggabungan usaha, akuisisi, konsolidasi dan/atau usaha patungan dengan perusahaan lain.
- b. Pengurangan modal.
- c. Pengalihan harta.
- d. Perubahan kegiatan usaha.
- e. Mengikatkan diri dalam kewajiban lain dan memperoleh pinjaman:
  - (i) Pemberian pinjaman dan melakukan pembayaran.
  - (ii) Menerima pinjaman dan menjamin kewajiban.

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Perusahaan telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

**18. BANK LOANS (continued)**

**a. Short-term bank loans (continued)**

**PT Bank Mizuho Indonesia (continued)**

As of December 31, 2017, the management believes that the Company has complied with all the required relevant covenants stated in the loan agreement.

**PT OCBC NISP Tbk**

Based on Notarial Deed No. 47 of Sulistyaningsih, SH., dated July 18, 2017, the Company obtained loan facilities from PT Bank OCBC NISP Tbk with details as follows:

- a. Overdraft facility with maximum limit of Rp 10,000,000,000 which bears interest at 9.25% per annum, *floating*. As of December 31, 2017, this facility has not yet been utilized by the Company.
- b. Demand Loan facility with maximum limit amounted to Rp 40,000,000,000 which bears interest at 9.25% per annum, *floating*. As of December 31, 2017, this facility has not yet been utilized by the Company.
- c. Combined Trade facility with maximum limit of Rp 40,000,000,000, with sub limit as follows:
  1. Letter of Credit (LC) facility sight/usance with maximum limit of Rp 40,000,000,000. As of December 31, 2017, this facility has not yet been utilized by the Company.
  2. Bank Guarantee (BG) facility with maximum limit of principal 40,000,000,000 with commission fee of 0.5% per annum (Note 30).  
This loan bears interest at 9.25% per annum, *floating*.

The above loan agreement will expire on July 18, 2018.

The credit agreements include restrictions and covenants whereby the Company shall not, without prior written approval of PT Bank OCBC NISP Tbk, carry out any of the following:

- a. Carry out liquidation or dissolution or bound into merger, acquisition, consolidation, and/or joint venture with the other company.
- b. Reduce the capital.
- c. Transfer of assets
- d. Change the Company's activities.
- e. Engage in other obligations and obtain loans:
  - (i) Lend and making payments.
  - (ii) Receive loans and guarantee obligations.

As of December 31, 2017, the management believes that the Company has complied with all the required relevant covenants stated in the loan agreement.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**b. Utang bank jangka panjang**

	2017	2016	2015	
PT Bank Mizuho Indonesia	115.158.000.000	-	-	PT Bank Mizuho Indonesia
PT Bank HSBC Indonesia				PT Bank HSBC Indonesia
(d/h PT Bank Ekonomi				(formerly PT Bank Ekonomi
Raharja)	1.656.140.346	3.312.280.698	4.968.421.050	Raharja)
Total	116.814.140.346	3.312.280.698	4.968.421.050	Total
Dikurangi bagian yang jatuh				
tempo dalam satu tahun	(20.849.140.346)	(1.656.140.352)	(1.656.140.352)	Less current maturities
Bagian jangka panjang	95.965.000.000	1.656.140.346	3.312.280.698	Long-term portion

**PT Bank HSBC Indonesia (d/h PT Bank Ekonomi Raharja)**

Perusahaan memperoleh fasilitas kredit dari PT Bank HSBC Indonesia (d/h PT Bank Ekonomi Raharja Tbk), berdasarkan perubahan perjanjian fasilitas kredit tanggal 24 Mei 2017, sebagai berikut:

- Fasilitas kredit *Term Loan Investment* dengan jumlah fasilitas pinjaman maksimum sebesar Rp. 75.000.000.000 dengan tingkat bunga 1% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank) dan akan jatuh tempo pada tanggal 31 Desember 2018. Pinjaman ini akan digunakan untuk investasi. Saldo pinjaman pada tanggal 31 Desember 2017, 2016 dan 2015 masing masing sebesar Rp 1.656.140.346, Rp 3.312.280.698 dan Rp 4.968.421.050.
- Fasilitas kredit *Term Loan Principle Grace Period* dengan jumlah fasilitas pinjaman maksimum sebesar Rp 67.000.000.000 dengan tingkat bunga 2,75% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank) dan dengan jangka waktu pinjaman selama 6 tahun. Fasilitas ini untuk pembiayaan akuisisi tanah dan pada tanggal 31 Desember 2017 fasilitas pinjaman ini belum digunakan oleh Perusahaan.
- Fasilitas kredit *Combine Limit* dengan jumlah fasilitas kredit maksimum sebesar Rp 35.800.000.000 terdiri dari *Revolving loan* sebesar Rp 10.000.000.000 dengan tingkat suku bunga 2,75% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank), dan fasilitas *Bank Guarantee* sebesar Rp 35.800.000.000 dengan komisi sebesar 0,5% per tahun yang akan digunakan untuk modal kerja (Catatan 30). Pinjaman maksimal *Combine Limit* dan Bank Garansi ditingkatkan sementara menjadi Rp 45.800.000.000 dan diperpanjang sampai 31 Maret 2018. Pinjaman ini berjangka waktu 36 bulan. Pada tanggal 31 Desember 2017, fasilitas ini belum digunakan oleh Perusahaan.

**18. BANK LOANS (continued)**

**b. Long-term bank loans**

**PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Raharja)**

The Company obtained credit facilities from PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Raharja Tbk), which has been recently amended based on credit facilities on May 24, 2017, as follows:

- *Term Loan Investment facility* with a maximum credit limit of Rp 75,000,000,000 which bears interest at 1% per annum below the Bank Best Lending Rate (BL7) (which currently is at 12% per annum, but subject to fluctuation at the Bank's discretion) and will mature on December 31, 2018. This loan will be used for investment. As of December 31, 2017, 2016 and 2015, the outstanding balance of this loan amounted to Rp 1,656,140,346, Rp 3,312,280,698 and Rp 4,968,421,050, respectively.
- *Term Loan Principle Grace Period credit facility*, with maximum credit limit amounting to Rp 67,000,000,000 which bears interest at 2,75% per annum below the Bank Best Lending Rate (BL7) (which currently is at 12% per annum, but subject to fluctuation at the Bank's discretion) and with term period of 6 years. This facility is to be used for acquisition of land and as of December 31, 2017, this facility has not been utilized yet by the Company.
- *Combined Facility Limit* with a maximum limit of Rp 35,800,000,000 consisting of *Revolving loan* of Rp 10,000,000,000 which bears interest at 2.75% per annum below the Bank Best Lending Rate (BL7) (which currently is at 12% per annum, but subject to fluctuation at the Bank's discretion) and *Bank Guarantee facility* of Rp 35,800,000,00 with commission fee of 0.5% per annum which will be used for working capital (Note 30). The combined facility and bank guarantee maximum limit has been temporarily increased to 45,800,000,000 until March 31, 2018. This loan has a maturity period of 36 months. As of December 31, 2017, the revolving loan facility has not been utilized yet by the Company.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**18. UTANG BANK (lanjutan)**

**b. Utang bank jangka panjang (lanjutan)**

**PT Bank HSBC Indonesia (d/h PT Bank Ekonomi Raharja) (lanjutan)**

- Fasilitas kredit cerukan dengan jumlah fasilitas kredit maksimum sebesar Rp. 5.000.000.000 yang akan digunakan untuk modal kerja. Pinjaman ini mempunyai tingkat suka bunga 2,75% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank). Pada tanggal 31 Desember 2017, perusahaan belum menggunakan fasilitas ini.

Sebagai jaminan atas fasilitas tersebut, Bank akan selalu memiliki hak jaminan atas seluruh agunan sebagai berikut hingga seluruh kewajiban Perusahaan kepada Bank berdasarkan pada dan sehubungan dengan Perjanjian ini telah dinyatakan lunas oleh Bank secara tertulis:

- a. Hak tanggungan atas tanah dan bangunan dari PT Setia Perkasa Cemerlang, pihak berelasi, yang terletak di Jalan Aria Jaya Sentika Tigaraksa KM 21, Tangerang sebesar Rp 7.930.000.000.
- b. Hak tanggungan atas tanah dan bangunan dari PT Multi Surya Properti, pihak berelasi, yang terletak di Jalan Raya Daan Mogot KM 18, Tangerang sebesar Rp 81.640.000.000.
- c. Fidusia atas piutang dari Perusahaan, sebesar Rp 62.000.000.000.

**PT Bank Mizuho Indonesia**

Perusahaan mendapatkan fasilitas pinjaman berjangka (*term loan facility*) berdasarkan skedul No. 902/TL/MZH/0917 pada tanggal 4 September 2017 yang merupakan bagian tak terpisahkan dari perjanjian fasilitas kredit No. 827/MA/MZH/121 pada tanggal 5 Desember 2016 dengan jumlah pokok maksimum pinjaman sebesar USD 10.000.000,00 setara dalam Rupiah dengan tingkat bunga LIBOR/JIBOR +1,9% dan jatuh tempo pada 4 September 2022.

Fasilitas pinjaman tersebut digunakan oleh Perusahaan untuk mendanai modal investasi umum Perusahaan. Pada tanggal 31 Desember 2017 saldo pinjaman sebesar USD 8.500.000 ekuivalen Rp 115.158.000.000.

Tidak ada aset Grup yang digunakan sebagai jaminan sehubungan dengan fasilitas di atas.

Perjanjian kredit termasuk pembatasan dan larangan dimana Perusahaan tidak boleh tanpa persetujuan tertulis dari PT Bank Mizuho Indonesia sebagaimana yang diungkapkan dalam pinjaman bank jangka pendek.

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Perusahaan telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

**18. BANK LOANS (continued)**

**b. Long-term bank loans (continued)**

**PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Raharja) (continued)**

- Overdraft Facility with a maximum credit limit of Rp 5,000,000,000 which will be used for working capital. This loan bears interest at 2,75% per annum below the Bank Best Lending Rate (BL7) (which currently is at 12% per annum, but subject to fluctuation at the Bank's discretion). As of December 31, 2017, the Company has not utilized yet this facility.

As security for the foregoing facilities, the Bank shall continue to have security rights over the following securities until all obligations of the Company to the Bank pursuant and with respect to this agreement have been declared fully satisfied by the Bank in writing:

- a. Mortgage over land and building of PT Setia Perkasa Cemerlang, a related party, located at Aria Jaya Sentika Street, Tigaraksa KM 21, Tangerang for the amount Rp 7,930,000,000.
- b. Mortgage over land and building of PT Multi Surya Properti, a related party, located at Daan Mogot Street KM 18, Tangerang for the amount Rp 81,640,000,000.
- c. Fiduciary on accounts receivable of the Company amounting Rp 62,000,000,000.

**PT Bank Mizuho Indonesia**

The Company obtained bank facilities on a committed basis (*term loan facility*) based on Schedule No. 902/TL/MZH/0917 dated September 4, 2017 to be incorporated into and forms an inseparable part of Credit Facility No. 827/MA/MZH/121 dated December 5, 2016, with maximum principal amount of USD 10,000,000.00 or equivalent in Rupiah. This facility bears interest at LIBOR/JIBOR +1.9% and will mature on September 4, 2022.

This facility will be used to finance the Company's general investment fund. As of December 31, 2017, the outstanding balance of this facility amounted to USD 8,500,000 equivalent to Rp 115,158,000,000.

None of the Group's assets are pledged as collateral in respect of the above credit facility.

The credit agreements include restrictions and covenants whereby the Company shall not without prior written approval of PT Bank Mizuho Indonesia as those disclosed in the short-term bank loans.

As of December 31, 2017, the management believes that the Company has complied with all the required relevant covenants stated in the loan agreement.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**19. UANG MUKA DAN JAMINAN DARI PELANGGAN**

Akun ini terdiri dari:

**19. ADVANCES AND DEPOSITS FROM CUSTOMERS**

This account are as follows:

	2017	2016	2015	
<b>Uang muka</b>				<b>Advances</b>
PT Tokyu Land Indonesia	9.640.696.750	-	-	PT Tokyu Land Indonesia
PT Elite Prima Utama	8.427.147.151	17.484.555.545	3.276.249.030	PT Elite Prima Utama
PT Pakuwon Permai	8.418.372.603	3.442.073.494	2.026.378.320	PT Pakuwon Permai
Pembangunan Tangerang 55 F	7.918.595.501	-	-	Pembangunan Tangerang 55 F
PT Multi Artha Pratama	7.292.101.706	-	639.566.922	PT Multi Artha Pratama
PT Sintesis Kreasi Bersama	5.755.831.326	-	-	PT Sintesis Kreasi Bersama
PT Raharja Mitra Familia	5.199.778.000	-	-	PT Raharja Mitra Familia
PT Pandega Citraniaga	4.958.898.709	1.482.979.659	1.482.979.659	PT Pandega Citraniaga
PT Duta Anggada Realty Tbk	4.486.466.464	6.638.843.868	6.834.546.168	PT Duta Anggada Realty Tbk
PT Adicipta Graha Kencana	3.975.426.400	1.336.614.000	1.645.507.000	PT Adicipta Graha Kencana
PT Kapuknaga Indah	3.544.140.214	-	-	PT Kapuknaga Indah
PT Putra Adhi Prima	3.146.023.383	-	1.465.537.667	PT Putra Adhi Prima
PT Sinar Galaxy	2.764.850.500	2.880.018.100	2.880.018.100	PT Sinar Galaxy
PT Prospek Duta Sukses	2.627.888.700	2.627.888.700	2.627.888.700	PT Prospek Duta Sukses
PT Putragaya Wahana	2.231.000.000	723.319.740	-	PT Putragaya Wahana
KSO Duta Regency Karunia Metropolitan KU	2.136.307.774	2.572.660.500	-	KSO Duta Regency Karunia Metropolitan KU
PT Pondok Indah Hotel	1.739.661.400	-	-	PT Pondok Indah Hotel
PT Inti Menara Selaras	1.723.484.134	-	628.235.342	PT Inti Menara Selaras
PT Permata Birama Sakti	1.672.063.410	-	-	PT Permata Birama Sakti
PT Sumbercipta Griyautama	1.491.600.000	-	-	PT Sumbercipta Griyautama
PT Intan Anugrah Persada	1.445.907.500	-	-	PT Intan Anugrah Persada
PT Sultan Raja Baginda	1.444.562.152	3.949.294.947	2.914.124.097	PT Sultan Raja Baginda
PT Brahmayasa Bahtera	1.435.554.327	-	-	PT Brahmayasa Bahtera
PT Mega Kuningan Pinnacle	1.435.553.000	1.832.208.240	1.832.208.240	PT Mega Kuningan Pinnacle
PT Sinar Menara Deli	1.370.558.914	-	-	PT Sinar Menara Deli
PT Harmas Jalesveva	1.360.604.246	-	-	PT Harmas Jalesveva
PT Lippo Cikarang	1.354.844.200	-	-	PT Lippo Cikarang
PT Supermal Karawaci	1.350.234.356	1.281.684.231	-	PT Supermal Karawaci
PT Grage Trimitra Usaha	1.287.252.694	1.061.331.473	2.264.037.408	PT Grage Trimitra Usaha
PT Serpong Bangun Cipta	1.281.909.200	-	-	PT Serpong Bangun Cipta
KSO Summarecon Serpong	1.223.235.427	1.523.227.327	1.562.379.927	KSO Summarecon Serpong
PT Pahala Agung	1.146.822.500	626.704.710	-	PT Pahala Agung
PT Citra Abadi Mandiri	976.784.881	3.100.000.000	-	PT Citra Abadi Mandiri
PT Pakuwon Jati	967.590.875	2.048.320.525	1.717.253.091	PT Pakuwon Jati
Jo - Hyundai Engineering Construction Co	865.783.527	2.681.366.691	-	Jo - Hyundai Engineering Construction Co
PT Satwika Permai Indah	846.873.952	-	-	PT Satwika Permai Indah
PT Danau Winata Indah	836.520.980	1.688.849.873	1.688.849.873	PT Danau Winata Indah
PT Aldebaran	836.468.600	3.349.820.650	-	PT Aldebaran
PT Sintesis Kreasi Utama	836.455.100	661.270.800	661.270.800	PT Sintesis Kreasi Utama
PT Zaman Bangunperwita	826.512.337	889.707.636	889.707.636	PT Zaman Bangunperwita
PT Ciawi Megah Indah	808.148.750	-	-	PT Ciawi Megah Indah
PT Totalindo Eka Persada	773.536.500	651.679.460	799.041.383	PT Totalindo Eka Persada
PT Muliaguna Propertindo Development	767.235.800	-	-	PT Muliaguna Propertindo Development
PT Summarecon Agung Tbk	765.344.183	1.615.188.033	730.895.433	PT Summarecon Agung Tbk
PT Palmerindo Properti	699.841.800	-	-	PT Palmerindo Properti
PT Total Bangun Persada Tbk	676.361.808	-	-	PT Total Bangun Persada Tbk
PT Surya Bumimegah Sejahtera	659.490.000	1.942.365.000	5.265.035.000	PT Surya Bumimegah Sejahtera
PT Duta Usaha Makmur	650.596.355	-	-	PT Duta Usaha Makmur
PT Harapan Global Niaga	647.615.163	-	-	PT Harapan Global Niaga
PT Investasi Hasil Sejahtera	641.767.278	2.921.071.080	1.417.159.500	PT Investasi Hasil Sejahtera
PT Belindo Realty	615.647.321	1.182.996.946	680.868.709	PT Belindo Realty
PT Buana Bara Sejahtera	607.197.227	607.197.227	892.737.001	PT Buana Bara Sejahtera
PT Acset Indonusa Tbk	501.473.772	610.319.338	633.012.620	PT Acset Indonusa Tbk

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**19. UANG MUKA DAN JAMINAN DARI PELANGGAN  
(lanjutan)**

**19. ADVANCES AND DEPOSITS FROM CUSTOMERS  
(continued)**

	2017	2016	2015	
<b>Uang muka (lanjutan)</b>				<b>Advances (continued)</b>
PT Bumi Nusantara Megah	-	642.933.830	-	PT Bumi Nusantara Megah
PT Indokeramikatama Perkasa	-	911.652.299	-	PT Indokeramikatama Perkasa
PT Bali Perkasa Sukses	-	702.148.656	895.179.467	PT Bali Perkasa Sukses
PT Mitra Graha Andalan	-	882.943.190	735.897.251	PT Mitra Graha Andalan
PT Waskita Karya (Persero) Tbk	-	-	1.455.944.880	PT Waskita Karya (Persero) Tbk
PT Bumi Parama Wisesa	-	1.065.634.875	-	PT Bumi Parama Wisesa
PT Wynnco Bali	-	633.793.223	912.218.102	PT Wynnco Bali
PT Perkasa Lestari Permai	-	-	734.295.807	PT Perkasa Lestari Permai
PT Simprug Mahkota Indah	-	1.043.459.278	-	PT Simprug Mahkota Indah
PT Satria Pusaka Permata Perkasa	-	604.382.400	658.458.150	PT Satria Pusaka Permata Perkasa
PT Gandaria Prima	-	1.625.958.457	7.014.769.499	PT Gandaria Prima
PT Sioengs Group	-	-	2.211.209.868	PT Sioengs Group
PT Trikarya Idea Sakti	-	-	700.107.480	PT Trikarya Idea Sakti
PT Metropolitan Kentjana Tbk	-	2.162.977.674	3.589.411.974	PT Metropolitan Kentjana Tbk
PT Ciputra Puri Trisula	-	740.144.650	-	PT Ciputra Puri Trisula
Jo Shimizu	-	979.669.077	-	Jo Shimizu
PT Aryakencana Semesta	-	1.665.708.800	-	PT Aryakencana Semesta
PT Kencana Unggul Sukses	-	-	616.968.673	PT Kencana Unggul Sukses
PT Grahawita Santika	-	-	1.449.138.573	PT Grahawita Santika
Jo Takenaka	-	2.493.851.375	-	Jo Takenaka
KSO Fortuna Indonesia	-	-	3.506.075.244	KSO Fortuna Indonesia
PT Mutiara Puri Indah	-	992.829.190	-	PT Mutiara Puri Indah
PT Synthesis Karya Pratama	-	-	2.295.551.365	PT Synthesis Karya Pratama
PT Greenland Rajawali Utama	-	-	817.914.806	PT Greenland Rajawali Utama
PT Menara Thamrin	-	888.208.200	-	PT Menara Thamrin
PT Gala Bumiperkasa	-	-	792.270.720	PT Gala Bumiperkasa
PT Grand Pan Properti	-	899.273.101	949.334.751	PT Grand Pan Properti
PT Lima Dua Gemilang	-	741.891.937	746.595.675	PT Lima Dua Gemilang
PT Win Win Realty Centre	-	-	3.002.053.500	PT Win Win Realty Centre
PT Bhumyamka Sekawan	-	-	2.471.792.000	PT Bhumyamka Sekawan
PT Jimbaran Villas	-	-	2.217.600.000	PT Jimbaran Villas
PT Premier Eka Property	-	-	1.999.824.000	PT Premier Eka Property
PT Cipta Pesona Karya	-	-	1.782.685.937	PT Cipta Pesona Karya
PT Cahaya Bandung Jaya	-	-	1.180.620.100	PT Cahaya Bandung Jaya
PT Swadharma Kerry Satya	-	-	779.997.000	PT Swadharma Kerry Satya
PT Puncak Dharmahusada	-	-	777.504.000	PT Puncak Dharmahusada
PT Jaga Citra Inti	-	-	723.048.600	PT Jaga Citra Inti
PT Karma Manggala Yudha	-	-	1.287.920.980	PT Karma Manggala Yudha
Lain-lain (masing-masing dibawah Rp 500.000.000)	21.424.492.887	28.649.047.017	30.135.115.210	Others (each account below Rp 500,000,000)
<b>Sub total</b>	<b>142.519.001.737</b>	<b>121.740.065.022</b>	<b>123.894.991.238</b>	<b>Sub total</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**19. UANG MUKA DAN JAMINAN DARI PELANGGAN  
(lanjutan)**

**19. ADVANCES AND DEPOSITS FROM CUSTOMERS  
(continued)**

	2017	2016	2015	
<b>Jaminan</b>				<b>Deposits</b>
PT Samudra Mandiri Sukses	4.300.000.000	3.800.000.000	3.800.000.000	PT Samudra Mandiri Sukses
PT Surya Bisnis Sukses	4.000.000.000	4.000.000.000	3.000.000.000	PT Surya Bisnis Sukses
PT Dimas Pratama Indah	2.749.416.873	-	-	PT Dimas Pratama Indah
PT Rumah Mahardika Karsya	2.350.000.000	2.350.000.000	2.350.000.000	PT Rumah Mahardika Karsya
PT Inti Gria Perdana	2.089.395.400	-	-	PT Inti Gria Perdana
PT Indo Citra Eka Abadi	1.199.954.800	2.806.405.470	659.711.580	PT Indo Citra Eka Abadi
PT Pondasi Bumi Pertiwi	1.000.000.000	1.000.000.000	1.000.000.000	PT Pondasi Bumi Pertiwi
PT Bali Perkasa Sukses	1.000.000.000	-	-	PT Bali Perkasa Sukses
PT Putra Adhi Prima	750.000.000	-	-	PT Putra Adhi Prima
PT Delta Dunia Properti	728.174.240	-	-	PT Delta Dunia Properti
PT Hotel Batavia Harmoni	699.522.450	-	-	PT Hotel Batavia Harmoni
PT Surya Mandiri Bangunsindo	600.000.000	600.000.000	600.000.000	PT Surya Mandiri Bangunsindo
PT Graha Pelangi Jaya	547.349.925	-	-	PT Graha Pelangi Jaya
Lain-lain (masing-masing dibawah Rp 500.000.000)	21.812.114.183	27.317.252.425	19.673.306.290	Others (each account below Rp 500,000,000)
<b>Sub total</b>	<b>43.825.927.871</b>	<b>41.873.657.895</b>	<b>31.083.017.870</b>	<b>Sub total</b>
<b>Total</b>	<b>186.344.929.608</b>	<b>163.613.722.917</b>	<b>154.978.009.108</b>	<b>Total</b>

Jaminan merupakan uang muka jaminan yang diberikan pelanggan kepada Perusahaan.

Deposits represent guarantee deposits from customers to the Company.

**20. UTANG PEMBIAYAAN KONSUMEN**

**20. CONSUMER FINANCING PAYABLES**

Akun ini terdiri dari:

This account consists of:

	2017	2016	2015	
<b>Utang pembiayaan konsumen</b>				<b>Consumer financing payables</b>
PT Takari Kokoh Sejahtera	830.945.427	-	-	PT Takari Kokoh Sejahtera
PT Maybank Indonesia Finance	571.598.055	552.195.722	-	PT Maybank Indonesia Finance
PT Bank Central Asia Finance	150.468.889	868.919.722	564.221.800	PT Bank Central Asia Finance
PT BII Finance Center	-	1.232.326.667	1.472.566.666	PT BII Finance Center
PT Mandiri Tunas Finance	-	-	354.766.200	PT Mandiri Tunas Finance
	1.553.012.371	2.653.442.111	2.391.554.666	
Dikurangi bagian yang jatuh tempo dalam satu tahun	(1.261.784.170)	(1.931.675.200)	(1.540.970.083)	Less current maturities
<b>Bagian jangka panjang</b>	<b>291.228.201</b>	<b>721.766.911</b>	<b>850.584.583</b>	<b>Long-term portion</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**20. UTANG PEMBIAYAAN KONSUMEN (lanjutan)**

Perusahaan mengadakan perjanjian pinjaman beberapa bank untuk membeli kendaraan secara kredit dengan rincian sebagai berikut:

Bank / Bank	Tanggal / Date	Jangka Waktu / Time Period	Bunga / Interest	Nilai / Amount
PT Takari Kokoh Sejahtera	28 April / April 28, 2017	3 tahun / years	4,28% per tahun/ per annum	Rp 581.100.000
PT Takari Kokoh Sejahtera	28 April / April 28, 2017	3 tahun / years	4,28% per tahun/ per annum	Rp 581.100.000
PT Takari Kokoh Sejahtera	28 April / April 28, 2017	3 tahun / years	4,28% per tahun/ per annum	Rp 328.400.000
PT Takari Kokoh Sejahtera	28 April / April 28, 2017	3 tahun / years	4,28% per tahun/ per annum	Rp 362.500.000
PT Bank Central Asia Finance	6 Nopember / November 6, 2015	2 tahun / years	4,49% per tahun/ per annum	Rp 550.000.000
PT Bank Central Asia Finance	10 Nopember / November 10, 2015	2 tahun / years	4,49% per tahun/ per annum	Rp 421.100.001
PT Bank Central Asia Finance	21 Januari / January 21, 2016	2 tahun / years	4,49% per tahun/ per annum	Rp 940.000.000
PT BII Finance Center	28 September / September 28, 2015	2 tahun / years	4,49% per tahun/ per annum	Rp 1.271.500.000
PT BII Finance Center	23 Nopember / November 23, 2015	2 tahun / years	4,49% per tahun/ per annum	Rp 1.139.000.000
PT BII Finance Center	14 Oktober / October 14, 2016	2 tahun / years	4,49% per tahun/ per annum	Rp 985.200.000

PT Surya Pertiwi Nusantara (Entitas Anak) mengadakan perjanjian pinjaman beberapa bank untuk membeli kendaraan secara kredit dengan rincian sebagai berikut:

Bank / Bank	Tanggal / Date	Jangka Waktu / Time Period	Bunga / Interest	Nilai / Amount
PT Bank Central Asia Finance	9 Juni / June 9, 2016	3 tahun / Years	4,45% per tahun/ per annum	Rp 318.640.000
PT Maybank Indonesia Finance	26 April / April 26, 2016	3 tahun / Years	4,70% per tahun/ per annum	Rp 384.300.000
PT Maybank Indonesia Finance	26 April / April 26, 2016	3 tahun / Years	4,70% per tahun/ per annum	Rp 214.608.100
PT Maybank Indonesia Finance	29 Agustus / August 29, 2016	3 tahun / Years	4,45% per tahun/ per annum	Rp 119.630.000

Fasilitas diatas dijamin dengan kendaraan yang dibeli.

**20. CONSUMER FINANCING PAYABLE (continued)**

The Company entered into credit agreement with several banks for acquisition of vehicles with details as follows:

PT Surya Pertiwi Nusantara (a Subsidiary) entered into credit agreement with several banks for acquisition of vehicle with details as follows:

The above facilities are secured by the related purchased vehicles.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**21. LIABILITAS IMBALAN KERJA**

Grup memberikan imbalan untuk karyawannya yang telah mencapai usia pensiun yaitu 56 tahun sesuai dengan Undang-undang No. 13/2003 tanggal 25 Maret 2003. Liabilitas imbalan kerja tersebut tidak didanai.

Tabel berikut ini merangkum komponen-komponen atas beban imbalan kerja neto yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan jumlah yang disajikan dalam laporan posisi keuangan konsolidasian sebagai liabilitas imbalan kerja berdasarkan penilaian aktuarial yang dilakukan oleh aktuaris independen PT Milliman Indonesia berdasarkan laporannya tanggal 8 Januari 2018 untuk tahun 2017, 23 Januari 2017 untuk tahun 2016 dan 10 Maret 2016 untuk tahun 2015 untuk Perusahaan dan aktuaris independen PT Bumi Dharma Aktuarial Berdasarkan laporannya tanggal 9 Februari 2018 untuk tahun 2017 untuk PT Surya Pertiwi Nusantara (Entitas Anak).

- a. Saldo liabilitas imbalan kerja yang diakui di laporan posisi keuangan konsolidasian adalah sebagai berikut:

	2017	2016	2015	
Nilai kini kewajiban imbalan pasti	<b>42.513.050.412</b>	<b>38.384.468.000</b>	<b>59.166.892.000</b>	Present value of obligation

- b. Mutasi nilai kini kewajiban adalah sebagai berikut:

	2017	2016	2015	
Pada awal tahun	38.384.468.000	59.166.892.000	55.210.140.000	A the beginning of the year
Biaya jasa kini	4.841.243.619	2.514.553.000	2.139.153.000	Current service cost
Biaya bunga	2.903.466.478	3.803.516.000	4.333.566.000	Interest cost
Kurtailmen	(623.223.000)	(445.818.000)	(204.077.000)	Curtailment
	<b>45.505.955.097</b>	<b>65.039.143.000</b>	<b>61.478.782.000</b>	
Pengukuran kembali:				Remeasurement:
Dampak perubahan asumsi keuangan	4.020.406.086	970.991.000	(2.167.312.000)	Effects of changes in financial assumptions
Dampak penyesuaian pengalaman	(84.914.771)	6.185.546.000	1.528.408.000	Effects of experience adjustments
Dampak perubahan asumsi demografi	(657.679.000)	-	-	Effects of changes in demographic assumptions
	<b>(6.270.717.000)</b>	<b>(33.811.212.000)</b>	<b>(1.672.986.000)</b>	
Pembayaran manfaat	<b>(6.270.717.000)</b>	<b>(33.811.212.000)</b>	<b>(1.672.986.000)</b>	Benefits paid
<b>Pada akhir tahun</b>	<b>42.513.050.412</b>	<b>38.384.468.000</b>	<b>59.166.892.000</b>	<b>At the end of the year</b>

- c. Beban manfaat karyawan yang diakui dalam laporan laba rugi adalah sebagai berikut:

	2017	2016	2015	
Biaya jasa kini	4.841.243.619	2.514.553.000	2.139.153.000	Current service cost
Biaya bunga	2.903.466.478	3.803.516.000	4.333.566.000	Interest cost
Kurtailmen	(623.223.000)	(445.818.000)	(204.077.000)	Curtailment
<b>Beban imbalan kerja (Catatan 28)</b>	<b>7.121.487.097</b>	<b>5.872.251.000</b>	<b>6.268.642.000</b>	<b>Employee benefits expense (Note 28)</b>

**21. EMPLOYEE BENEFITS LIABILITY**

The Group provides benefits for its employees who reached the retirement age of 56 based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The employee benefits liability is unfunded.

The following tables summarize the components of net employee benefits expense recognized in the consolidated statement of profit or loss and other comprehensive income and the amount recognized in the consolidated statement of financial position as employee benefits liability using the "Projected Unit Credit Method" as determined by an independent actuary, PT Milliman Indonesia, in its report on January 8, 2018 for 2017, January 23, 2017 for 2016 and March 10, 2016 for 2015 for the Company and an independent actuary, PT Bumi Dharma Aktuarial In its report on February, 9, 2018 for 2017 for PT Surya Pertiwi Nusantara (a Subsidiary).

- a. The amounts of employee benefits recognized in the consolidated statement of financial position are determined as follows:

- b. The movement of present value of obligation is as follows:

- c. Employee benefits expense recognized in the profit or loss are as follows:

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**21. LIABILITAS IMBALAN KERJA (lanjutan)**

**21. EMPLOYEE BENEFITS LIABILITY (continued)**

d. Mutasi kewajiban imbalan kerja adalah sebagai berikut:

d. The movement in the employee benefits liability is as follows:

	2017	2016	2015	
Saldo awal	(38.384.468.000)	(59.166.892.000)	(55.210.140.000)	Beginning balance
Beban imbalan kerja selama tahun berjalan	(7.121.487.097)	(5.872.251.000)	(6.268.642.000)	Employee benefit expense during the year
Laba (rugi) komprehensif lainnya selama tahun berjalan	(3.277.812.315)	(7.156.537.000)	638.904.000	Other comprehensive income loss during the year
Pembayaran manfaat	6.270.717.000	33.811.212.000	1.672.986.000	Benefits paid
<b>Saldo akhir</b>	<b>(42.513.050.412)</b>	<b>(38.384.468.000)</b>	<b>(59.166.892.000)</b>	<b>Ending balance</b>
Bagian yang jatuh tempo dalam waktu satu tahun	4.174.643.000	9.799.523.000	31.602.489.000	Less current maturities
<b>Bagian jangka panjang</b>	<b>(38.338.407.412)</b>	<b>(28.584.945.000)</b>	<b>(27.564.403.000)</b>	<b>Long term portion</b>

e. Asumsi utama yang digunakan oleh aktuaris untuk tahun 2017, 2016 dan 2015 adalah sebagai berikut:

e. Key assumptions used by the actuary in 2017, 2016 and 2015 are as follows:

	2017	2016	2015	
Tingkat diskonto	6,75%	8,0%	9,0%	Discount rate
Tingkat kenaikan gaji (upah)	8,5%	8,5%	9,0%	Annual salary increase
Tingkat kematian	TMI-II 2011	TMI-II 2011	TMI-II 2011	Mortality
Tingkat cacat	10% dari tingkat kematian	10% dari tingkat kematian	10% dari tingkat kematian	Disability rate
Usia pensiun normal	56 Tahun / years	55 Tahun / years	55 Tahun / years	Retirement age

f. Analisis sensitivitas kuantitatif untuk asumsi yang signifikan pada tanggal 31 Desember 2017 sebagai berikut:

f. A quantitative sensitivity analysis for significant assumptions as of December 31, 2017 is as follows:

	1% Kenaikan/ Increase	1% Penurunan/ Decrease	
Dampak kewajiban manfaat pasti bersih	3.384.958.615	(3.914.512.083)	Impact on the net defined benefits obligation

Analisa sensitivitas didasarkan pada perubahan atas satu asumsi aktuarial dimana asumsi lainnya dianggap konstan. Dalam prakteknya, hal ini jarang terjadi dan perubahan beberapa asumsi mungkin saling berkorelasi. Dalam perhitungan sensitivitas kewajiban imbalan pasti atas asumsi aktuarial utama, metode yang sama (perhitungan nilai kini kewajiban imbalan pasti dengan menggunakan metode *projected unit credit* di akhir periode) telah diterapkan seperti dalam penghitungan liabilitas imbalan kerja yang diakui dalam laporan posisi keuangan konsolidasian.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee benefits liability recognised within the consolidated statement of financial position.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**21. LIABILITAS IMBALAN KERJA (lanjutan)**

g. Jatuh tempo kewajiban manfaat pasti pada tanggal 31 Desember 2017 adalah sebagai berikut.

Dalam waktu 12 bulan berikutnya (periode laporan periode berikutnya)	4.174.643.000
Antara 2 dan 5 tahun	15.431.721.970
Antara 5 dan 10 tahun	23.903.274.000
Di atas 10 tahun	251.405.892.232

Durasi rata-rata kewajiban manfaat pasti di akhir periode laporan adalah 9,3 tahun.

**21. EMPLOYEE BENEFITS LIABILITY (continued)**

g. The maturity of defined benefits obligations as of December 31, 2017 is as follows:

Within the next 12 months (the next annual reporting period)	
Between 2 and 5 years	
Between 5 and 10 years	
Beyond 10 years	

The average duration of the defined benefit plan obligations at the end of reporting period is 9.3 years.

**22. MODAL SAHAM**

Komposisi pemegang saham Perusahaan masing - masing pada tanggal 31 Desember 2017, 2016 dan 2015, adalah sebagai berikut:

**22. SHARE CAPITAL**

The Company's shareholders and its respective share ownership as of December 31, 2017, 2016 and 2015, are as follows:

**31 Desember 2017 / December 31, 2017**

Pemegang Saham	Ditempatkan dan Disetor Penuh/ Number of Issued and Fully Paid Shares	Total Persentase Pemilikan Saham (%) / Percentage of Ownership (%)	Total/ Amount	Shareholders
PT Suryaparamitra Abadi	100.000	50	100.000.000.000	PT Suryaparamitra Abadi
PT Multifortuna Asindo	100.000	50	100.000.000.000	PT Multifortuna Asindo
<b>Total</b>	<b>200.000</b>	<b>100</b>	<b>200.000.000.000</b>	<b>Total</b>

**31 Desember 2016 dan 2015 / December 31, 2016 and 2015**

Pemegang Saham	Ditempatkan dan Disetor Penuh/ Number of Issued and Fully Paid Shares	Total Persentase Pemilikan Saham (%) / Percentage of Ownership (%)	Total/ Amount	Shareholders
PT Suryaparamitra Abadi	10.000	50	10.000.000.000	PT Suryaparamitra Abadi
PT Multifortuna Asindo	10.000	50	10.000.000.000	PT Multifortuna Asindo
<b>Total</b>	<b>20.000</b>	<b>100</b>	<b>20.000.000.000</b>	<b>Total</b>

Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 19 Oktober 2015, pembagian dividen interim Perusahaan berdasarkan laporan keuangan interim (unaudited) yang berakhir pada 31 Desember 2014 yaitu sebesar Rp 67.946.900.000 atau sebesar Rp 3.397.345 per saham biasa. Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 21 Desember 2015, pembagian dividen interim Perusahaan berdasarkan laporan keuangan interim (unaudited) yang berakhir pada 31 Desember 2015 yaitu sebesar Rp 78.500.000.000 atau sebesar Rp 3.925.000 per saham biasa.

In accordance with the shareholders circular on October 19, 2015, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in December 31, 2014 amounting to Rp 67,946,900,000 or Rp 3,397,345 per share. In accordance with the shareholders circular on December 21, 2015, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in December 31, 2015 amounting to Rp 78,500,000,000 or Rp 3,925,000 per share.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**22. MODAL SAHAM (lanjutan)**

Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 12 Mei 2016, pembagian dividen interim Perusahaan berdasarkan laporan keuangan (unaudited) yang berakhir pada 31 Desember 2015 yaitu sebesar Rp 95.000.000.000 atau sebesar Rp 4.750.000 per saham biasa. Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 8 Desember 2016, pembagian dividen interim Perusahaan berdasarkan laporan keuangan (unaudited) yang berakhir pada 31 Desember 2015 yaitu sebesar Rp 70.687.000.000 atau sebesar Rp 3.534.350 per saham biasa.

Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 20 April 2017, pembagian dividen interim Perusahaan berdasarkan laporan keuangan (unaudited) yang berakhir pada 31 Desember 2016 yaitu sebesar Rp 70.000.000.000 atau sebesar Rp 3.500.000 per saham biasa. Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 2 Mei 2017, pembagian dividen interim dalam bentuk saham berdasarkan laporan keuangan (audited) yang berakhir pada 31 Desember 2016 sebesar Rp 180.000.000.000. Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 18 September 2017, pembagian dividen interim Perusahaan berdasarkan laporan keuangan (unaudited) yang berakhir pada 31 Juli 2017 yaitu sebesar Rp 20.000.000.000 atau sebesar Rp 1.000.000 per saham biasa. Sesuai dengan keputusan sirkuler para pemegang saham pada tanggal 11 Desember 2017, pembagian dividen interim Perusahaan berdasarkan laporan keuangan (unaudited) yang berakhir pada 31 Oktober 2017 yaitu sebesar Rp 120.000.000.000 atau sebesar Rp 6.000.000 per saham biasa.

**Manajemen modal**

Tujuan utama pengelolaan modal Perusahaan adalah untuk memastikan pemeliharaan rasio modal yang sehat untuk mendukung usaha dan memaksimalkan imbalan bagi pemegang saham.

Perusahaan dipersyaratkan oleh Undang-undang Perseroan Terbatas efektif tanggal 16 Agustus 2007 untuk berkontribusi sampai dengan 20% dari modal saham ditempatkan dan disetor penuh ke dalam dana cadangan yang tidak boleh didistribusikan. Tidak ada periode tertentu yang harus dicapai untuk memenuhi ketentuan cadangan umum minimum. Persyaratan permodalan eksternal tersebut telah dipertimbangkan oleh Perusahaan dalam pembentukan cadangan umum (Catatan 23).

**22. SHARE CAPITAL (continued)**

*In accordance with the shareholders circular on May 12, 2016, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in December 31, 2015 amounting to Rp 95,000,000,000 or Rp 4,750,000 per share. In accordance with the shareholders circular on December 8, 2016, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in December 31, 2015 amounting to Rp 70,687,000,000 or Rp 3,534,350 per share.*

*In accordance with the shareholders circular on April 20, 2017, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in December 31, 2016 amounting to Rp 70,000,000,000 or Rp 3,500,000 per share. In accordance with the shareholder's circular on May 2, 2017, the shareholders approved the distribution of interim dividends in the form of shares based on audited financial statements for the year ended in December 31, 2016 amounting to Rp 180,000,000,000. In accordance with the shareholder's circular on September 18, 2017, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in July 31, 2017 amounting to Rp 20,000,000,000 or Rp 1,000,000 per share. In accordance with the shareholder's circular on December 11, 2017, the shareholders approved the distribution of interim dividends based on unaudited financial statements for the year ended in October 31, 2017 amounting to Rp 120,000,000,000 or Rp 6,000,000 per share.*

**Capital management**

*The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.*

*The Company is also required by the Corporate Law effective August 16, 2007 to contribute to and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. There is no specified period for achieving the minimum general reserve requirement. This externally imposed capital requirement has been considered by the Company through the provision of general reserve (Note 23).*

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**23. CADANGAN UMUM**

Berdasarkan Undang-undang Perseroan Terbatas No. 40/2007, setiap tahun Perusahaan diwajibkan untuk menyisihkan sejumlah tertentu dari laba bersihnya sebagai dana cadangan hingga dana cadangan tersebut mencapai paling sedikit 20% dari jumlah modal yang ditempatkan dan disetor penuh. Pada tanggal 31 Desember 2017, Perusahaan telah menyisihkan saldo laba untuk cadangan umum sebesar Rp 5.000.000.000 (Catatan 22).

**23. GENERAL RESERVE**

Under Indonesian corporate law No. 40/2007, the Company is obligated to annually allocate a certain amount from its net income, to a general reserve fund reaches at least 20% of its issued and fully paid share capital. As of December 31, 2017, the Company has appropriated Rp 5,000,000,000 from retained earnings to general reserve (Note 22).

**24. KEPETINGAN NONPENGENDALI**

Kepentingan nonpengendali atas asset neto Entitas Anak adalah sebagai berikut:

**24. NON-CONTROLLING INTERESTS**

Non-controlling interest in Subsidiaries' net assets are as follows:

	2017	2016	2015	
PT Surya Pertiwi Nusantara	238.239.266.289	83.485.287.856	9.811.170.645	PT Surya Pertiwi Nusantara
PT Surya Graha Pertiwi	243.470.756.742	55.280.692.059	12.055.613.214	PT Surya Graha Pertiwi
Total	481.710.023.031	138.765.979.915	21.866.783.859	Total

Berikut adalah ringkasan informasi keuangan entitas anak dari Group yang memiliki kepentingan nonpengendali yang material terhadap Grup.

Set out below is the summarized financial information for the Group subsidiaries that has non-controlling that are material to the Group.

Ringkasan laporan posisi keuangan:

Summarised statements of financial position:

	2017		
	PT Surya Graha Pertiwi	PT Surya Pertiwi Nusantara	
<b>Aset</b>			<b>Assets</b>
Aset lancar	140.445.000.715	83.536.138.759	Current assets
Aset tidak lancar	347.820.589.005	624.443.056.841	Non-current assets
Total aset	488.265.589.720	707.979.195.600	Total assets
<b>Liabilitas</b>			<b>Liabilities</b>
Liabilitas jangka pendek	1.324.076.235	69.024.237.969	Current liabilities
Liabilitas jangka panjang	-	152.752.373.357	Non-current liabilities
Total liabilitas	1.324.076.235	221.776.611.326	Total liabilities
Aset neto	486.941.513.485	486.202.584.274	Net assets
Total ekuitas yang dapat diatribusikan kepada:			Attributable to:
Pemilik entitas induk	243.470.756.743	247.963.317.985	Equity holders of parent
Kepentingan non-pengendali	243.470.756.742	238.239.266.289	Non-controlling interest

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**24. KEPETINGAN NONPENGENDALI (lanjutan)**

Ringkasan laporan posisi keuangan (lanjutan):

**24. NON-CONTROLLING INTERESTS (continued)**

Summarised statements of financial position (continued):

		<b>2016</b>			
		<b>PT Surya Graha Pertiwi</b>	<b>PT Surya Pertiwi Nusantara</b>		
<b>Aset</b>				<b>Assets</b>	
Aset lancar		31.253.157.152	79.997.947.886	Current assets	
Aset tidak lancar		189.279.895.255	305.740.705.873	Non-current assets	
Total aset		220.533.052.407	385.738.653.759	Total assets	
<b>Liabilitas</b>				<b>Liabilities</b>	
Liabilitas jangka pendek		6.771.668.289	14.786.933.104	Current liabilities	
Liabilitas jangka panjang		103.200.000.000	200.573.582.171	Non-current liabilities	
Total liabilitas		109.971.668.289	215.360.515.275	Total liabilities	
Aset neto		110.561.384.118	170.378.138.484	Net assets	
Total ekuitas yang dapat diatribusikan kepada:				Attributable to:	
Pemilik entitas induk		55.280.692.059	86.892.850.628	Equity holders of parent	
Kepentingan non-pengendali		55.280.692.059	83.485.287.856	Non-controlling interest	
		<b>2015</b>			
		<b>PT Surya Graha Pertiwi</b>	<b>PT Surya Pertiwi Nusantara</b>		
<b>Aset</b>				<b>Assets</b>	
Aset lancar		14.620.341.454	17.158.676.161	Current assets	
Aset tidak lancar		51.202.063.377	173.546.173.033	Non-current assets	
Total aset		65.822.404.831	190.704.849.194	Total assets	
<b>Liabilitas</b>				<b>Liabilities</b>	
Liabilitas jangka pendek		211.178.403	38.707.051.958	Current liabilities	
Liabilitas jangka panjang		41.500.000.000	131.975.000.000	Non-current liabilities	
Total liabilitas		41.711.178.403	170.682.051.958	Total liabilities	
Aset neto		24.111.226.428	20.022.797.236	Net assets	
Total ekuitas yang dapat diatribusikan kepada:				Attributable to:	
Pemilik entitas induk		12.055.613.214	10.211.626.591	Equity holders of parent	
Kepentingan non-pengendali		12.055.613.214	9.811.170.645	Non-controlling interest	

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**24. KEPETINGAN NONPENGENDALI (lanjutan)**

Ringkasan laporan laba rugi dan penghasilan komprehensif lain:

**24. NON-CONTROLLING INTERESTS (continued)**

Summarised statements of profit or loss and other comprehensive income:

2017			
	PT Surya Graha Pertiwi	PT Surya Pertiwi Nusantara	
Rugi netto	(3.619.870.633)	(4.168.134.223)	Net loss
Pendapatan komprehensif lain	-	(7.419.986)	Other comprehensive income
Total rugi komprehensif	(3.619.870.633)	(4.175.554.209)	Total comprehensive loss
Diatribusikan kepada kepentingan nonpengendali	(1.809.935.317)	(2.046.021.567)	Attributable to non-controlling interests
Jumlah arus kas masuk (keluar)	94.626.095.505	(39.308.022.484)	Net cash inflow (outflow)
2016			
	PT Surya Graha Pertiwi	PT Surya Pertiwi Nusantara	
Rugi netto	(3.549.842.310)	(4.644.658.752)	Net loss
Pendapatan komprehensif lain	-	-	Other comprehensive income
Total rugi komprehensif	(3.549.842.310)	(4.644.658.752)	Total comprehensive loss
Diatribusikan kepada kepentingan nonpengendali	(1.774.921.155)	(2.275.882.789)	Attributable to non-controlling interests
Jumlah arus kas masuk	4.103.301.122	52.941.842.821	Net cash inflow
2015			
	PT Surya Graha Pertiwi	PT Surya Pertiwi Nusantara	
Rugi netto	(2.292.289.225)	(4.073.450.305)	Net loss
Pendapatan komprehensif lain	-	-	Other comprehensive income
Total rugi komprehensif	(2.292.289.225)	(4.073.450.305)	Total comprehensive loss
Diatribusikan kepada kepentingan nonpengendali	(1.146.144.613)	(1.995.990.649)	Attributable to non-controlling interests
Jumlah arus kas masuk (keluar)	(8.334.544.461)	1.527.256.220	Net cash inflow (outflow)

**25. PENJUALAN NETO**

Akun ini merupakan penjualan persediaan barang dagangan pada outlet Perusahaan, dengan rincian sebagai berikut:

**25. NET SALES**

This account represents sales of inventories on Company's outlets, with details as follows:

	2017	2016	2015	
Penjualan				Sales
Barang lokal	1.917.965.887.816	1.883.657.816.501	2.023.388.859.518	Local goods
Barang impor	223.835.580.558	188.123.549.683	148.041.403.073	Imported goods
<b>Penjualan netto</b>	<b>2.141.801.468.374</b>	<b>2.071.781.366.184</b>	<b>2.171.430.262.591</b>	<b>Net sales</b>

Selama tahun yang berakhir pada tanggal 31 Desember 2017, 2016 dan 2015, tidak terdapat penjualan terhadap individu pelanggan yang melebihi 10% dari penjualan netto.

During the years ended December 31, 2017, 2016 and 2015, there are no sales to individual customer with more than 10% of net sales.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**26. BEBAN POKOK PENJUALAN**

Rincian akun ini adalah sebagai berikut :

	2017	2016	2015	
Persediaan awal tahun	261.390.799.111	250.785.862.186	204.154.619.124	Beginning balance of inventories
Pembelian neto	1.697.488.464.961	1.591.400.571.691	1.762.366.251.626	Net purchases
Persediaan tersedia untuk dijual	1.958.879.264.072	1.842.186.433.877	1.966.520.870.750	Inventories available for sale
Persediaan akhir tahun	(328.467.469.457)	(261.390.799.111)	(250.785.862.186)	Ending balance of inventories
Penyisihan tahun berjalan (Catatan 7)	474.237.540	-	-	Provision during the year (Note 7)
<b>Total</b>	<b>1.630.886.032.155</b>	<b>1.580.795.634.766</b>	<b>1.715.735.008.564</b>	<b>Total</b>

Selama tahun yang berakhir pada tanggal 31 Desember 2017, 2016 dan 2015, pembelian dari satu pemasok tunggal dengan jumlah kumulatif melebihi 10% dari penjualan neto berasal dari PT Surya Toto Indonesia Tbk, pihak berelasi masin - masing mewakili 71,84%, 68,97% dan 74,32% dari penjualan bersih konsolidasian.

Transaksi pembelian antara kelompok usaha dengan pihak berelasi dijelaskan pada Catatan 29.

Untuk mengurangi ketergantungan hanya kepada satu pemasok, Perusahaan mendirikan Entitas Anak, PT Surya Pertiwi Nusantara dengan kegiatan utama memproduksi produk TOTO yang akan dipasok ke Perusahaan.

**26. COST OF SALES**

The details of this account are as follows:

During the years ended December 31, 2017, 2016 and 2015, purchases made from one single supplier with a cumulative amount exceeding 10% of the net sales is from PT Surya Toto Indonesia Tbk, a related party which represents 71.84%, 68.97% and 74.32% of the consolidated net sales, respectively.

The purchase transactions of the Group with related parties are disclosed in Note 29.

To reduce dependence on only one supplier, the Company established a subsidiary, PT Surya Pertiwi Nusantara which main activities is manufacturing of TOTO products to be supplied to the Company.

**27. BEBAN PENJUALAN**

Akun ini terdiri dari :

	2017	2016	2015	
Ongkos angkut	57.995.080.179	51.966.086.893	47.229.752.195	Freight
Promosi	17.955.841.996	10.610.617.341	8.440.871.770	Promotion
Biaya Tur	8.415.911.456	7.967.890.863	5.403.949.425	Tour expense
Komisi	152.933.359	156.375.280	419.126.107	Commission
Penagihan	106.521.745	115.786.553	112.414.240	Billing
Pengemasan	30.226.500	171.825.500	134.275.000	Packaging
<b>Total</b>	<b>84.656.515.235</b>	<b>70.988.582.430</b>	<b>61.740.388.737</b>	<b>Total</b>

**27. SELLING EXPENSES**

This account consists of :

**28. BEBAN UMUM DAN ADMINISTRASI**

Akun ini terdiri dari:

	2017	2016	2015	
Gaji dan tunjangan	72.463.235.840	65.022.353.404	52.305.728.826	Salaries and allowances
Sewa	29.217.177.034	30.258.716.254	29.462.106.861	Rent
Imbalan kerja (Catatan 21)	7.121.487.097	5.872.251.000	6.268.642.000	Employee benefits (Note 21)
Perjalanan dinas	5.315.454.939	3.804.431.647	3.726.240.381	Business travelling
Asuransi dan jamsostek	4.575.085.859	3.481.779.509	4.826.903.912	Insurance and jamsostek
Jasa profesional	3.922.590.606	3.649.194.216	5.572.804.207	Professional fees
Alat tulis, percetakan dan fotocopy	3.286.767.489	2.444.660.887	2.735.646.522	Stationeries, printing and photocopy
Telepon, listrik dan air	3.210.986.027	2.746.587.094	2.569.027.163	Telephone, electricity and water
Pemeliharaan dan perbaikan	2.397.918.579	2.539.615.893	1.383.971.180	Repairs and maintenance
Penyusutan dan amortisasi (Catatan 11 dan 13)	1.892.731.042	5.637.280.442	4.528.425.660	Depreciation and amortization (Notes 11 and 13)
Hiburan dan sumbangan	1.202.649.008	1.547.580.886	971.892.171	Entertainment and donation
Bahan bakar	923.855.376	172.484.000	102.308.000	Fuel

**28. GENERAL AND ADMINISTRATIVE EXPENSES**

This account consists of:

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**28. BEBAN UMUM DAN ADMINISTRASI (lanjutan)**

**28. GENERAL AND ADMINISTRATIVE EXPENSES  
(continued)**

	2017	2016	2015	
Retribusi dan perizinan	833.687.274	1.852.956.991	2.247.804.213	Retribution and permits
Pajak	281.390.736	2.646.024.102	4.580.612.732	Taxes
Lain-lain (masing-masing dibawah Rp 300.000.000)	2.541.154.528	880.952.167	863.630.183	Others (each account below Rp 300,000,000)
<b>Total</b>	<b>139.186.171.434</b>	<b>132.556.868.492</b>	<b>122.145.744.011</b>	<b>Total</b>

**29. SALDO DAN SIFAT TRANSAKSI DAN HUBUNGAN  
DENGAN PIHAK-PIHAK BERELASI**

**29. BALANCES AND NATURE OF TRANSACTIONS AND  
RELATIONSHIPS WITH RELATED PARTIES**

Dalam kegiatan usahanya, Grup melakukan transaksi dengan pihak-pihak berelasi. Semua transaksi dengan pihak-pihak berelasi dibuat berdasarkan syarat dan ketentuan yang disepakati oleh masing-masing pihak.

In the normal course of business, the Group engages in transactions with related parties. All transactions with related parties are made under terms and conditions agreed by each party.

Saldo dan transaksi dengan pihak-pihak berelasi adalah sebagai berikut:

Balances and transactions with related parties are as follows:

- a. Pada tanggal 31 Desember 2015, piutang lain-lain kepada pihak-pihak berelasi adalah sebagai berikut:

- a. As of December 31, 2015, other receivables from related parties are as follows:

	2015	
PT Suryaparamitra Abadi	29.035.000.000	PT Suryaparamitra Abadi
PT Multifortuna Asindo	29.035.000.000	PT Multifortuna Asindo
<b>Total</b>	<b>58.070.000.000</b>	<b>Total</b>
<b>Persentase terhadap total aset</b>	<b>5,23%</b>	<b>Percentage to total assets</b>

- b. Pada tanggal 31 Desember 2017, 2016 dan 2015, utang usaha kepada pihak berelasi adalah sebagai berikut:

- b. As of December 31, 2017, 2016 and 2015, trade payables to related parties are as follows:

	2017	2016	2015	
PT Surya Toto Indonesia Tbk	433.312.077.523	416.484.002.638	473.216.199.967	PT Surya Toto Indonesia Tbk
PT Dian Surya Global	787.386.840	634.142.700	197.808.000	PT Dian Surya Global
<b>Total</b>	<b>434.099.464.363</b>	<b>417.118.145.338</b>	<b>473.414.007.967</b>	<b>Total</b>
<b>Persentase terhadap total liabilitas</b>	<b>34,82%</b>	<b>44,40%</b>	<b>55,03%</b>	<b>Percentage to total liabilities</b>

- c. Pada tanggal 31 Desember 2017, 2016 dan 2015, utang lain-lain kepada pihak berelasi adalah sebagai berikut:

- c. As of December 31, 2017, 2016 and 2015, other payable to related party are as follows:

	2017	2016	2015	
PT Surya Toto Indonesia Tbk				PT Surya Toto Indonesia Tbk
Interest payable	2.994.266.616	2.039.356.236	-	Interest payable
Lain-lain	221.110.295	191.058.300	493.048.892	Others
<b>Total</b>	<b>3.215.376.911</b>	<b>2.230.414.536</b>	<b>493.048.892</b>	<b>Total</b>
<b>Persentase terhadap total liabilitas</b>	<b>0,26%</b>	<b>0,24%</b>	<b>0,06%</b>	<b>Percentage to total liabilities</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**29. SALDO DAN SIFAT TRANSAKSI DAN HUBUNGAN  
DENGAN PIHAK-PIHAK BERELASI (lanjutan)**

- d. Pada tanggal 31 Desember 2017, 2016 dan 2015, utang kepada pihak berelasi adalah sebagai berikut:

	2017	2016	2015	
PT Surya Toto Indonesia Tbk	73.857.700.000	115.354.110.827	-	PT Surya Toto Indonesia Tbk
<b>Persentase terhadap total liabilitas</b>	<b>5,92%</b>	<b>12,28%</b>	<b>-</b>	<b>Percentage to total liabilities</b>

Berdasarkan perjanjian No. 17 tanggal 2 Februari 2017, SGP memperoleh pinjaman dari PT Surya Toto Indonesia Tbk sebesar maksimum Rp 190.000.000.000 dengan bunga Cost of Fund Pihak Pertama ditambah Margin 0,5% dan dengan jangka waktu 10 tahun. Pinjaman digunakan untuk pembangunan properti investasi Perusahaan.

Jumlah beban bunga atas pinjaman di atas dikapitalisasi oleh SGP ke properti investasi dan aset tetap masing-masing sebesar Rp 4.141.779.861 dan Rp 1.536.332.639 untuk tahun 2017 dan 2016, dan untuk aset tetap adalah sebesar Rp 4.141.779.861 pada tahun 2017 (Catatan 11 dan 12).

Berdasarkan Akta Notaris No. 16 tanggal 2 Februari 2017 oleh Notaris Dr Irawan Soerodjo S.H, Msi, SPN memperoleh pinjaman dari PT Surya Toto Indonesia, Tbk sebesar maksimum Rp 269.500.000.000 dengan bunga Cost of Fund Pihak Pertama ditambah Margin 0,5% dan jangka waktu pinjaman selama 10 tahun. Pinjaman digunakan untuk pembangunan pabrik SPN. SPN menerima pinjaman diatas pada tahun 2016

Jumlah beban bunga atas pinjaman di atas masing-masing sebesar Rp 13.137.590.390 dan Rp 862.909.991 dikapitalisasi oleh SPN ke aktiva tetap pada tahun 2017 dan 2016 (Catatan 11).

SGP dan SPN tidak memberikan jaminan dalam bentuk harta tetap atau tidak tetap kepada PT Surya Toto Indonesia Tbk. Berdasarkan Perjanjian Pinjaman, SGP dan SPN tidak diperbolehkan untuk melakukan tindakan-tindakan di bawah ini tanpa persetujuan terlebih dahulu dari PT Surya Toto Indonesia Tbk:

- Menjaminkan harta tetap yang dimiliki SGP dan SPN kepada pihak lain di kemudian hari.
- Memperoleh pinjaman berikutnya.
- Menjaminkan semua hasil tagihan maupun inventori atau aktiva yang dimiliki SGP dan SPN kepada pihak lain di kemudian hari.
- Mengadakan ikatan untuk memberikan jaminan kepada pihak lain di kemudian hari.

Pada tanggal 31 Desember 2017, manajemen berpendapat bahwa Entitas Anak telah memenuhi semua persyaratan terkait sebagaimana diharuskan dalam semua perjanjian kredit.

**29. BALANCES AND NATURE OF TRANSACTIONS AND RELATIONSHIPS WITH RELATED PARTIES (continued)**

- d. As of December 31, 2017, 2016 and 2015, due to related party are as follows:

Based on agreement No. 17 dated February 2, 2017, SGP obtained loan from PT Surya Toto Indonesia with a maximum limit of Rp 190,000,000,000 with interest at Cost of Fund plus Margin 0.5% for a period of 10 years. This loan is used for construction of the SGP's investment property.

The total interest expense on the above loan was capitalized by SGP to fixed assets and investment properties amounted to Rp 4,141,779,861 and Rp 1,536,332,639 in 2017 and 2016, respectively and to fixed assets amounted to Rp 4,141,779,861 in 2017 (Notes 11 and 12).

Based on Notarial Deed No. 16 dated February 2, 2017 of Dr Irawan Soerodjo S.H, Msi, SPN obtained loan from PT Surya Toto Indonesia, Tbk with a maximum of Rp 269,500,000,000 with interest at Cost of Fund plus Margin 0.5% for a period of 10 years. This loan is used for construction of the SPN's factory. SPN received the proceeds from the above loans in 2016.

The total interest expense on the above loan amounted to Rp 13,137,590,390 and Rp 862,909,991 was capitalized by SPN to fixed assets in 2017 and 2016, respectively (Note 11).

SGP and SPN do not provide collateral in the form of movable or immovable assets to PT Surya Toto Indonesia Tbk. Under the Loan Agreements, SGP and SPN are not permitted to perform any of the following actions without prior approval from PT Surya Toto Indonesia Tbk:

- Pledge the SGP's and SPN's properties to other parties in the future.
- Obtain succeeding loan.
- Pledge all receivables and inventory or assets owned by SGP and SPN to other parties in the future.
- Enter into agreement to provide a guarantee to other parties in the future.

As of December 31, 2017, the management believes that the Subsidiaries has complied with all the required relevant covenants stated in the loan agreement.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**29. SALDO DAN SIFAT TRANSAKSI DAN HUBUNGAN  
DENGAN PIHAK-PIHAK BERELASI (lanjutan)**

- e. Pada tanggal 31 Desember 2017, 2016 dan 2015, uang muka setoran modal adalah sebagai berikut:

	2017	2016	2015
PT Surya Toto Indonesia Tbk	-	34.300.000.000	85.417.750.000
<b>Persentase terhadap total liabilitas</b>	<b>-</b>	<b>3,65%</b>	<b>9,93%</b>

SGP menerima tambahan investasi yang dicatat sebagai uang muka setoran modal dari PT Surya Toto Indonesia Tbk (Kepentingan non-pengendali) sebesar Rp 20.750.000.000 pada tahun 2015 berdasarkan surat pernyataan dari pemegang saham tanggal 13 Agustus 2012 dan 3 Februari 2016.

Uang muka setoran modal di atas telah direklasifikasi ke modal saham sehubungan dengan penerbitan saham tambahan SGP berdasarkan Akta Notaris Dr. Irawan Soerodjo SH, Msi, No. 15 tanggal 2 Maret 2016.

SPN menerima tambahan investasi yang dicatat sebagai uang muka setoran modal dari PT Surya Toto Indonesia Tbk (Kepentingan non-pengendali) masing-masing sebesar Rp 34.300.000.000, Rp 47.988.150.000 dan Rp 16.679.600.000 pada tahun 2016, 2015 dan 2014 berdasarkan surat pernyataan para pemegang saham tanggal 13 Agustus 2012 dan 3 Februari 2016.

Uang muka setoran modal di atas telah direklasifikasi ke modal saham sehubungan dengan penerbitan saham tambahan SPN berdasarkan Akta Notaris Dr. Irawan Soerodjo SH, Msi, No. 143 tanggal 29 November 2017 dan No. 14 tanggal 2 Maret 2016.

- f. Pembelian yang berasal pihak berelasi adalah sebagai berikut:

	2017	2016	2015
PT Surya Toto Indonesia Tbk	1.538.696.167.593	1.477.282.978.180	1.591.870.935.374
PT Dian Surya Global	3.512.272.050	1.989.218.250	1.033.346.250
<b>Total</b>	<b>1.542.208.439.643</b>	<b>1.479.272.196.430</b>	<b>1.592.904.281.624</b>
<b>Persentase terhadap total pembelian</b>	<b>90,83%</b>	<b>92,95%</b>	<b>90,38%</b>

**29. BALANCES AND NATURE OF TRANSACTIONS AND RELATIONSHIPS WITH RELATED PARTIES (continued)**

- e. As of December 31, 2017, 2016 and 2015, deposit for future shares subscription are as follows:

	2017	2016	2015
PT Surya Toto Indonesia Tbk	-	34.300.000.000	85.417.750.000
<b>Percentage to total liabilities</b>	<b>-</b>	<b>3,65%</b>	<b>9,93%</b>

SGP received additional investment recorded as deposit for future shares subscription from Surya Toto Indonesia (Non-controlling interest) amounted to Rp 20,750,000,000 in 2015 based on statement letter from SGP's shareholders dated August 13, 2012 and February 3, 2016.

The above deposit for future shares subscription have been reclassified to share capital in relation to the SGP issuance of additional shares based on Notarial Deed No. 15 dated March 2, 2016 of Dr Irawan Soerodjo S.H, Msi.

SPN received additional investment recorded as deposit for future shares subscription from Surya Toto Indonesia (Non-controlling interest) amounted to Rp 34,300,000,000, Rp 47,988,150,000 and Rp 16,679,600,000 in 2016, 2015 and 2014, respectively based on statement letter from SPN's shareholders dated August 13, 2012 and February 3, 2016.

The above deposit for future shares subscription have been reclassified to share capital in relation to the SPN issuance of additional shares based on Notarial Deed No. 143 dated November 29, 2017 and No. 14 dated March 2, 2016 of Dr Irawan Soerodjo S.H, Msi.

- f. Purchases from related parties are as follows:

	2017	2016	2015
PT Surya Toto Indonesia Tbk	1.538.696.167.593	1.477.282.978.180	1.591.870.935.374
PT Dian Surya Global	3.512.272.050	1.989.218.250	1.033.346.250
<b>Total</b>	<b>1.542.208.439.643</b>	<b>1.479.272.196.430</b>	<b>1.592.904.281.624</b>
<b>Percentage to total purchases</b>	<b>90,83%</b>	<b>92,95%</b>	<b>90,38%</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

g. Kompensasi yang dibayar atau terutang pada manajemen kunci atas jasa kepegawaian pada tahun 2017, 2016 dan 2015 masing-masing sejumlah Rp 25.736.266.122, Rp 22.037.270.661 dan Rp 18.515.275.390.

g. In 2017, 2016 and 2015, total remuneration paid to key management personnel amounted Rp 25,736,266,122, Rp 22,037,270,661 and Rp 18,515,275,390, respectively.

Sifat hubungan dengan pihak berelasi tersebut adalah pemilikan mayoritas.

Nature of relationship and type of transaction with related parties.

Pihak-pihak berelasi/ Related party	Hubungan/ Relationship	Sifat transaksi/ Nature of transaction
PT Suryaparamitra Abadi	Pemegang Saham/ Shareholder	Uang muka/ Advances
PT Multifortuna Asindo	Pemegang Saham/ Shareholder	Uang muka/ Advances
PT Surya Toto Indonesia Tbk	Entitas di bawah pengaruh yang signifikan/ Entity under common ownership	Pembelian/ Purchases Utang bunga pinjaman / interest on loan Penggantian pembayaran / Reimbursement Pinjaman / Loan Uang muka setoran modal / deposit for future shares subscription
PT Dian Surya Global	Entitas di bawah pengaruh yang signifikan/ Entity under common ownership	Pembelian/ Purchases

**30. KOMITMEN**

**30. COMMITMENTS**

**a. Komitmen sewa operasi - Grup sebagai pihak yang menyewa**

Grup menyewa berbagai toko ritel, kantor, gudang dan tanah dengan perjanjian sewa operasi yang tidak dapat dibatalkan. Masa sewa antara satu sampai tiga puluh tahun dengan mayoritas perjanjian jasa dapat diperbarui pada akhir periode sewa sebesar harga pasar.

**a. Operating lease commitments - The Group as lessee**

The Group leases various retail outlets, offices and warehouses under noncancellable operating lease agreements. The lease terms are between one and thirty years and the majority of lease agreements are renewable at the end of the lease period at the market rate.

Pihak dalam perjanjian/ Counterparties	Item yang disewa/ Leased items	Periode perjanjian/ Period of agreement
PT Sewu Mas	Gudang di Tangerang/ Warehouse at Tangerang	2 Mei / May 2017 - 2 Mei / May 2019
Hendra Pradipta	Gudang di Margomulyo/ Warehouse at Margomulyo	1 Februari / February 2017 - 25 Februari / February 2019
Gunawan Rahardjo	Gudang di Surabaya/ Warehouse at Surabaya	1 Februari / February 2017 - 1 April / April 2020
CV Norton	Display/ Display	1 April / April 2017 - 30 Maret / March 2018
Arniawati	Mess di Tangerang/ Lodge at Tangerang	1 September / September 2017- 1 Agustus / August 2020
Dedi Hartanto	Gudang di Tangerang/ Warehouse at Tangerang	1 Juli / July 2016 - 30 Juni / June 2022
Lembaga Perhimpunan Indonesia Untuk Pembinaan Pengetahuan Ekonomi dan Sosial (Bineksos)	Tanah/ Land	13 Juni/ June 13, 2013 - 13 Juni/June 13, 2043

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**30. KOMITMEN (lanjutan)**

**a. Komitmen sewa operasi - Grup sebagai pihak yang menyewa (lanjutan)**

Jumlah pembayaran sewa minimum di masa depan dalam perjanjian sewa operasi yang tidak dapat dibatalkan adalah sebagai berikut:

	2017	2016	2015	
Tidak lebih dari 1 tahun	6.782.853.570	3.220.000.000	4.240.312.500	No later than 1 year
Lebih dari 1 tahun namun kurang dari 5 tahun	21.149.110.199	20.951.250.000	18.987.500.000	Later than 1 year and no later than 5 years
Lebih dari 5 tahun	117.390.000.000	121.188.000.000	126.952.500.000	Later than 5 years
<b>Total</b>	<b>145.321.963.769</b>	<b>145.359.250.000</b>	<b>150.180.312.500</b>	<b>Total</b>

**b. Fasilitas bank garansi**

Perusahaan memperoleh fasilitas Bank Garansi dari PT Bank Resona Perdania dengan jumlah fasilitas maksimum sebesar USD 3.000.000 yang akan jatuh tempo pada tanggal 15 Desember 2018, digunakan untuk jaminan proyek pengadaan barang saniter. Pada tanggal 31 Desember 2017, jumlah yang telah digunakan Perusahaan dari fasilitas ini sebesar Rp 1.445.756.456.

Perusahaan memperoleh fasilitas Bank Garansi dari PT Bank HSBC Indonesia (d/h PT Bank Ekonomi Raharja) dengan jumlah fasilitas maksimum sebesar Rp 45.800.000.000 yang akan jatuh tempo pada tanggal 31 Maret 2018. Pada tanggal 31 Desember 2017, jumlah yang telah digunakan Perusahaan dari fasilitas ini sebesar Rp 34.213.794.833, USD 95.072 ekuivalen Rp 1.288.029.766 dan sehingga total fasilitas yang digunakan sebesar Rp 35.501.824.599.

Perusahaan memperoleh fasilitas Bank Garansi dari PT Bank CIMB Niaga Tbk dengan jumlah fasilitas maksimum sebesar Rp 20.000.000.000 yang akan jatuh tempo pada tanggal 4 Juli 2018 untuk menunjang aktivitas Perusahaan. Pada tanggal 31 Desember 2017, jumlah yang telah digunakan Perusahaan dari fasilitas ini sebesar Rp 14.586.695.094.

Perusahaan memperoleh fasilitas bank garansi yang dapat diperbaharui kembali dari PT Bank Mizuho Indonesia, dengan jumlah maksimum USD 10.000.000. Fasilitas ini akan berakhir pada tanggal 5 Desember 2018. Pada tanggal 31 Desember 2017, jumlah yang telah digunakan Perusahaan dari fasilitas ini sebesar Rp 340.032.000, USD 113.170 ekuivalen Rp 1.533.225.128 dan sehingga total fasilitas yang digunakan sebesar Rp 1.873.257.128.

Perusahaan memperoleh fasilitas Bank Garansi dari PT Bank OCBC NISP Tbk dengan jumlah fasilitas maksimum sebesar Rp 40.000.000.000 yang akan jatuh tempo pada tanggal 18 Juli 2018. Pada tanggal 31 Desember 2017, jumlah yang telah digunakan Perusahaan dari fasilitas ini sebesar Rp 22.671.534.772.

**30. COMMITMENTS (continued)**

**a. Operating lease commitments - The Group as lessee (continued)**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

**b. Bank guarantee facilities**

The Company has bank guarantee facility from PT Bank Resona Perdania with maximum limit of USD 3,000,000 that will expire on December 15, 2018 to be used for the Company's procurement of sanitary project. As of December 31, 2017, the Company has used Rp 1,445,756,456 from this facility.

The Company has bank guarantee facility from PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Raharja Tbk with maximum principal amount of Rp 45,800,000,000 that will expire on March 31, 2018. As of December 31, 2017, the Company has used Rp 34,213,794,833, USD 95,072 equivalent to Rp 1,288,029,766 therefore the amount of the facility has been used is Rp 35,501,824,599 from this facility.

The Company has bank guarantee facility from PT Bank CIMB Niaga Tbk with maximum principal amount Rp 20,000,000,000 that will expire on July 4, 2018 to support the Company's activity. As of December 31, 2017, the Company has used Rp 14,586,695,094 from this facility.

The Company has bank guarantee facility that can be renewed with maximum amount of USD 10,000,000 from PT Bank Mizuho Indonesia. This facility expired on December 5, 2018. As of December 31, 2017, the Company has used Rp 340,032,000, USD 113,170 equivalent to Rp 1,533,225,128 therefore the amount of the facility has been used is Rp 1,873,257,128 from this facility.

The Company has bank guarantee facility from PT Bank OCBC NISP Tbk with maximum principal amount Rp 40,000,000,000 that will expire on July 18, 2018. As of December 31, 2017, the Company has used Rp 22,671,534,772 from this facility.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**30. KOMITMEN (lanjutan)**

**c. Perjanjian dengan PT Surya Toto Indonesia Tbk**

Berdasarkan *Sole Agent Agreement*, PT Surya Toto Indonesia Tbk (STI) menunjuk Perusahaan sebagai agen tunggal produk TOTO di Indonesia. STI berjanji untuk tidak memberikan hak distribusi produk TOTO di Indonesia kepada pihak ketiga selama berlakunya perjanjian ini.

Jangka waktu perjanjian ini berlaku mulai dari 1 Januari 2016 sampai dengan 31 Desember 2026 dan dapat diperpanjang melalui konsultasi antara kedua belah pihak.

**30. COMMITMENTS (continued)**

**c. Agreement with PT Surya Toto Indonesia Tbk**

Based on *Sole Agent Agreement*, PT Surya Toto Indonesia Tbk (STI) appoints the Company as sole agent of TOTO products in Indonesia. STI undertakes to abstain from granting any distribution rights regarding TOTO products in Indonesia to third parties at the time during the term of this agreement.

This agreement is valid from January 1, 2016 and remain in full force until December 31, 2026 and may be extended pursuant to consultation between both parties.

**31. INFORMASI SEGMENT**

2017	Saniter/ Sanitary	Fitting/ Fitting	Lain-lain/ Others	Peralatan Dapur/ Kitchen	Eliminasi/ Elimination	Total/ Total	2017
Penjualan							Sales
Barang lokal	1.020.592.015.450	888.643.304.196	-	8.841.547.261	(110.979.092)	1.917.965.887.815	Local goods
Barang impor	38.961.617.257	118.775.677.194	54.630.325.861	11.467.960.247	-	223.835.580.559	Imported goods
Sub total	1.059.553.632.707	1.007.418.981.390	54.630.325.861	20.309.507.508	(110.979.092)	2.141.801.468.374	Sub total
Beban pokok							Cost of sales
Penjualan							Local goods
Barang lokal	790.603.208.012	704.764.745.522	-	6.190.467.787	-	1.501.558.421.321	Local goods
Barang impor	22.712.673.162	67.473.617.311	31.302.748.374	7.838.571.987	-	129.327.610.834	Imported goods
Sub total	813.315.881.174	772.238.362.833	31.302.748.374	14.029.039.774	-	1.630.886.032.155	Sub total
<b>Laba bruto</b>	<b>246.237.751.533</b>	<b>235.180.618.557</b>	<b>23.327.577.487</b>	<b>6.280.467.734</b>	<b>(110.979.092)</b>	<b>510.915.436.219</b>	<b>Gross profit</b>
Beban							Selling
Penjualan						(84.656.515.235)	expenses
Umum dan						(139.186.171.434)	General and
Administrasi							administrative
Penghasilan						10.238.119.707	Other income - net
lain-lain - neto							
<b>Laba sebelum Manfaat (beban) Pajak penghasilan</b>						<b>297.310.869.257</b>	<b>Income before Income tax benefit (expense)</b>
<b>2016</b>	<b>Saniter/ Sanitary</b>	<b>Fitting/ Fitting</b>	<b>Lain-lain/ Others</b>	<b>Peralatan Dapur/ Kitchen</b>	<b>Eliminasi/ Elimination</b>	<b>Total/ Total</b>	<b>2016</b>
Penjualan							Sales
Barang lokal	1.034.386.956.542	844.612.678.292	-	4.658.181.667	-	1.883.657.816.501	Local goods
Barang impor	35.591.070.758	96.424.097.745	46.925.717.291	9.182.663.889	-	188.123.549.683	Imported goods
Sub total	1.069.978.027.300	941.036.776.037	46.925.717.291	13.840.845.556	-	2.071.781.366.184	Sub total
Beban pokok							Cost of sales
Penjualan							Local goods
Barang lokal	806.938.718.017	658.990.454.408	-	2.177.929.061	-	1.468.107.101.486	Local goods
Barang impor	21.421.526.571	59.809.914.064	26.695.394.800	4.761.697.845	-	112.688.533.280	Imported goods
Sub total	828.360.244.588	718.800.368.472	26.695.394.800	6.939.626.906	-	1.580.795.634.766	Sub total
<b>Laba bruto</b>	<b>241.617.782.712</b>	<b>222.236.407.565</b>	<b>20.230.322.491</b>	<b>6.901.218.650</b>	<b>-</b>	<b>490.985.731.418</b>	<b>Gross profit</b>
Beban							Selling
Penjualan						(70.988.582.430)	expenses
Umum dan						(132.556.868.492)	General and
Administrasi							administrative
Penghasilan						5.507.426.909	Other income - net
lain-lain - neto							
<b>Laba sebelum Manfaat (beban) Pajak penghasilan</b>						<b>292.947.707.405</b>	<b>Income before Income tax benefit (expense)</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**31. INFORMASI SEGMENT (lanjutan)**

2015	Saniter/ Sanitary	Fitting/ Fitting	Lain-lain/ Others	Peralatan Dapur/ Kitchen	Eliminasi/ Elimination	Total/ Total	2015
Penjualan							Sales
Barang lokal	1.040.561.968.454	911.300.140.969	-	3.358.825.028	-	1.955.220.934.451	Local goods
Barang impor	31.708.181.962	110.672.133.260	68.178.114.265	5.650.898.653	-	216.209.328.140	Imported goods
Sub total	1.072.270.150.416	1.021.972.274.229	68.178.114.265	9.009.723.681	-	2.171.430.262.591	Sub total
Beban pokok							Cost of sales
Penjualan							Local goods
Barang lokal	819.562.887.536	741.488.485.024	-	3.056.532.583	-	1.564.107.905.143	Local goods
Barang impor	22.570.035.933	79.719.217.615	44.817.377.666	4.520.472.207	-	151.627.103.421	Imported goods
Sub total	842.132.923.469	821.207.702.639	44.817.377.666	7.577.004.790	-	1.715.735.008.564	Sub total
<b>Laba bruto</b>	<b>230.137.226.947</b>	<b>200.764.571.590</b>	<b>23.360.736.599</b>	<b>1.432.718.891</b>	<b>-</b>	<b>455.695.254.027</b>	<b>Gross profit</b>
Beban							Selling
Penjualan						(61.740.388.737)	expenses
Umum dan						(122.145.744.011)	General and
Administrasi							administrative
Penghasilan							
lain-lain - neto						4.870.668.994	Other income - net
<b>Laba sebelum</b>							<b>Income before</b>
<b>Manfaat (beban)</b>							<b>Income tax</b>
<b>Pajak penghasilan</b>						<b>276.679.790.273</b>	<b>benefit (expense)</b>

**32. MANAJEMEN RISIKO KEUANGAN**

Dalam aktivitas usaha harian, Grup dihadapkan oleh beberapa risiko. Risiko utama yang dihadapi oleh Grup muncul dari instrumen keuangan Grup yang berhubungan dengan risiko pasar, risiko kredit serta risiko likuiditas. Kebijakan akan pentingnya mengelola tingkat risiko ini telah meningkat secara signifikan dengan mempertimbangkan beberapa parameter perubahan dan volatilitas pasar keuangan baik di Indonesia maupun internasional. Direksi Grup menelaah dan menyetujui kebijakan risiko yang mencakup toleransi risiko dalam strategi mengelola risiko-risiko yang dirangkum dibawah ini.

**a. Risiko Kredit**

Risiko kredit adalah risiko bahwa pihak ketiga tidak akan memenuhi liabilitasnya berdasarkan instrumen keuangan atau kontrak pelanggan, yang menyebabkan kerugian keuangan. Tidak ada risiko kredit yang terpusat secara signifikan. Perusahaan mengelola dan mengendalikan risiko kredit dengan menetapkan batasan risiko yang dapat diterima untuk pelanggan individu dan memantau eksposur terkait dengan batasan-batasan tersebut.

Perusahaan melakukan hubungan usaha hanya dengan pihak ketiga yang diakui dan kredibel. Perusahaan memiliki kebijakan untuk semua pelanggan yang akan melakukan perdagangan secara kredit harus melalui prosedur verifikasi kredit. Sebagai tambahan total piutang dipantau secara terus-menerus untuk mengurangi risiko penurunan nilai piutang.

**32. FINANCIAL RISK MANAGEMENT**

In its daily business activities, the Group is exposed to risks. The main risks facing by Group arising from its financial instruments of the Group are market risk, credit risk and liquidity risk. The importance of the policies in managing this risk level has increased significantly by considering some parameters change and volatility of financial markets both in Indonesia and internationally. The Group's Director reviews and approves risk policies covering the risk tolerance in the strategy to manages the risk which are summarized below.

**a. Credit risk**

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. There is no significant concentration of credit risk. The Group manage and control credit risk by setting limit of acceptable risk for individual customers and monitor the exposure associated with these restrictions.

The Group conducts business relationships only with recognized and credible third parties. The Group has a policy to go through customer credit verification procedures. In addition, the amount of receivables are monitored continuously to reduce the risk of doubtful accounts.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**32. MANAJEMEN RISIKO KEUANGAN (lanjutan)**

**a. Risiko Kredit (lanjutan)**

Maksimum risiko kredit yang dihadapi Grup kurang lebih sebesar nilai tercatat dari saldo akun piutang usaha pada tanggal 31 Desember 2017, 2016 dan 2015.

Tabel berikut ini memberikan informasi mengenai maksimum kredit yang dihadapi oleh Grup pada 31 Desember 2017, 2016 dan 2015:

	2017	2016	2015
Bank	73.215.728.781	76.101.647.058	35.109.702.304
Setara kas	83.053.424.648	58.500.000.000	157.447.354.751
Piutang usaha	429.256.442.690	374.311.388.884	310.081.018.639
Piutang lain-lain	10.044.451.008	1.871.574.769	58.819.616.300
Aset tidak lancar lainnya - uang jaminan	421.950.654	596.367.390	2.703.820.350
<b>Total</b>	<b>595.991.997.781</b>	<b>511.380.978.101</b>	<b>564.161.512.344</b>

Berikut merupakan tabel yang memberikan informasi mengenai kualitas kredit dan analisis umur dari aset keuangan Perusahaan berdasarkan pada penilaian kredit debitur Perusahaan pada 31 Desember 2017, 2016 dan 2015:

**32. FINANCIAL RISK MANAGEMENT (continued)**

**a. Credit risk (continued)**

The maximum exposure of the credit risk approximates the net carrying amounts of the outstanding financial assets at December 31, 2017, 2016 and 2015.

The following table provides information regarding the maximum credit risk exposure faced by the Company and Subsidiaries as of December 31, 2017, 2016 and 2015:

Cash in banks  
Cash equivalents  
Trade receivables  
Other receivables  
Other non-current assets -  
refundable deposits

**Total**

The following table provides the credit quality and age analysis of the Company's financial assets according to the Company's credit ratings of debtors as of December 31, 2017, 2016 and 2015:

31 Desember 2017/ December 31, 2017

	Belum jatuh tempo dan tidak ada penurunan nilai/ Neither past due nor impaired	Telah jatuh tempo tetapi belum diturunkan nilainya/ Past due but not impaired				Telah jatuh tempo dan diturunkan nilainya/ Past due and impaired	Total/ Total	
		1-30 hari/ 1-30 days	31-60 hari/ 31-60 days	61-90 hari/ 61-90 days	lebih dari 90 hari/ Over 90 days			
Bank	73.215.728.781	-	-	-	-	-	73.215.728.781	Cash in banks
Setara kas	83.053.424.648	-	-	-	-	-	83.053.424.648	Cash equivalents
Piutang usaha	-	206.235.840.231	133.246.866.223	57.509.815.316	32.263.920.920	-	429.256.442.690	Trade receivables
Piutang lain-lain	-	8.589.143.745	25.492.115	51.423.615	1.378.391.533	-	10.044.451.008	Other receivables
Aset tidak lancar Lainnya - uang jaminan	-	-	-	-	421.950.654	-	421.950.654	Other non-current assets - refundable deposits
<b>Total</b>	<b>156.269.153.429</b>	<b>214.824.983.976</b>	<b>133.272.358.338</b>	<b>57.561.238.931</b>	<b>34.064.263.107</b>	<b>-</b>	<b>595.991.997.781</b>	<b>Total</b>

31 Desember 2016/ December 31, 2016

	Belum jatuh tempo dan tidak ada penurunan nilai/ Neither past due nor impaired	Telah jatuh tempo tetapi belum diturunkan nilainya/ Past due but not impaired				Telah jatuh tempo dan diturunkan nilainya/ Past due and impaired	Total/ Total	
		1-30 hari/ 1-30 days	31-60 hari/ 31-60 days	61-90 hari/ 61-90 days	lebih dari 90 hari/ Over 90 days			
Bank	76.101.647.058	-	-	-	-	-	76.101.647.058	Cash in banks
Setara kas	58.500.000.000	-	-	-	-	-	58.500.000.000	Cash equivalents
Piutang usaha	-	210.467.403.367	105.013.693.369	29.315.302.778	29.514.989.370	-	374.311.388.884	Trade receivables
Piutang lain-lain	-	941.331.487	41.000.000	27.000.000	862.243.282	-	1.871.574.769	Other receivables
Aset tidak lancar Lainnya - uang jaminan	-	-	-	-	596.367.390	-	596.367.390	Other non-current assets - refundable deposits
<b>Total</b>	<b>134.601.647.058</b>	<b>211.408.734.854</b>	<b>105.054.693.369</b>	<b>29.342.302.778</b>	<b>30.973.600.042</b>	<b>-</b>	<b>511.380.978.101</b>	<b>Total</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**32. MANAJEMEN RISIKO KEUANGAN (lanjutan)**

**a. Risiko Kredit (lanjutan)**

31 Desember 2015/ December 31, 2015

	Belum jatuh tempo dan tidak ada penurunan nilai/ <i>Neither past due nor impaired</i>	Telah jatuh tempo tetapi belum diturunkan nilainya/ <i>Past due but not impaired</i>				Telah jatuh tempo dan diturunkan nilainya/ <i>Past due and impaired</i>	Total/ Total	
		1-30 hari/ <i>1-30 days</i>	31-60 hari/ <i>31-60 days</i>	61-90 hari/ <i>61-90 days</i>	lebih dari 90 hari/ <i>Over 90 days</i>			
Bank	35.109.702.304	-	-	-	-	-	35.109.702.304	Cash in banks
Setara kas	157.447.354.751	-	-	-	-	-	157.447.354.751	Cash equivalents
Piutang usaha	-	198.745.222.573	74.761.997.358	17.379.233.273	19.194.565.435	-	310.081.018.639	Trade receivables
Piutang lain-lain	-	58.082.000.000	32.951.000	129.340.000	575.325.300	-	58.819.616.300	Other receivables
Aset tidak lancar Lainnya - uang jaminan	-	-	-	-	2.703.820.350	-	2.703.820.350	Other non-current assets - refundable deposits
<b>Total</b>	<b>192.557.057.055</b>	<b>256.827.222.573</b>	<b>74.794.948.358</b>	<b>17.508.573.273</b>	<b>22.473.711.085</b>	<b>-</b>	<b>564.161.512.344</b>	<b>Total</b>

Kualitas kredit instrument keuangan dikelola oleh Grup menggunakan peringkat kredit internal. Instrumen keuangan diklasifikasikan sebagai "Belum jatuh tempo dan tidak ada penurunan nilai" meliputi instrument dengan kualitas kredit tinggi karena ada sedikit atau tidak ada pengalaman kegagalan (*default*) pada kesepakatan berdasarkan surat kuasa, surat jaminan atau promissory note. "Telah jatuh tempo tetapi belum diturunkan nilainya" adalah akun-akun dengan pengalaman kegagalan (*default*) yang sering namun demikian total terutang masih tertagih terakhir, "Telah jatuh tempo dan diturunkan nilainya" adalah akun yang telah lama belum dilunasi dan telah dibentuk penyisihan kerugian penurunan nilai atas piutang.

The credit quality of financial instruments is managed by the Group using internal credit ratings. Financial instruments classified under "neither past due nor impaired" includes high grade credit quality instruments because there was few or no history of default on the agreed terms based on the letter of authorization, letter of guarantee or promissory note. "Past due but not impaired" are items with history of frequent default nevertheless the amount due are still collectible. Lastly, "past due and impaired" are those that are long outstanding and has been provided with allowance for impairment loss on receivables.

**b. Risiko pasar**

Risiko pasar adalah risiko dimana nilai wajar dari arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi karena perubahan harga pasar. Grup dipengaruhi oleh risiko tingkat suku bunga dan risiko pasar, terutama risiko nilai tukar mata uang asing.

**b. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to market risks, in particular, interest rate risk and foreign currency exchange risk.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**32. MANAJEMEN RISIKO KEUANGAN (lanjutan)**

**b. Risiko pasar (lanjutan)**

**Risiko tingkat suku bunga**

Risiko tingkat suku bunga adalah risiko dimana nilai wajar atau arus kas masa depan dari suatu instrumen keuangan berfluktuasi karena perubahan suku bunga pasar. Pengaruh dari risiko perubahan suku bunga pasar berhubungan dengan pinjaman jangka pendek dan panjang dari Grup yang dikenakan suku bunga mengambang.

Grup memonitor secara ketat fluktuasi suku bunga pasar dan ekspektasi pasar sehingga dapat mengambil langkah-langkah yang paling menguntungkan Grup secara tepat waktu. Manajemen tidak menganggap perlunya melakukan swap suku bunga pada saat ini.

Tabel berikut menunjukkan sensitivitas atas perubahan yang wajar dari tingkat suku bunga atas saldo pinjaman yang dikenakan suku bunga mengambang, dimana semua variabel lainnya dianggap konstan, terhadap laba sebelum beban pajak konsolidasian untuk tahun yang berakhir tanggal 31 Desember 2017:

Tahun/ Years	Kenaikan (Penurunan) dalam basis poin/ Increase (Decrease) in basis points	Efek Terhadap Laba Sebelum Pajak/ Effect on Income Before Tax
31 Desember 2017/ December 31, 2017	100 -100	2.416.589.680 (2.416.589.680)

**Risiko nilai tukar mata uang asing**

Risiko mata uang asing adalah risiko dimana nilai wajar atau arus kas masa mendatang dari suatu instrumen keuangan karena perubahan dari nilai tukar mata uang asing. Grup terekspos risiko nilai tukar mata uang asing yang terutama timbul dari aset/liabilitas moneter neto yang berbeda dengan mata uang fungsional Grup.

Grup memonitor secara ketat fluktuasi dari nilai tukar mata uang asing sehingga dapat mengambil langkah-langkah yang paling menguntungkan Grup pada waktu yang tepat.

**32. FINANCIAL RISK MANAGEMENT (continued)**

**b. Market risk (continued)**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long term debt obligations with floating interest rates.

The Group closely monitors the market interest rate fluctuation and market expectation so it can take necessary actions benefited most to the Group in due time. The management currently does not consider the necessity to enter into any interest rate swaps.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the floating interest loans, with all other variables held constant, to the income before tax for the year ended December 31, 2017:

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from net monetary assets/ liabilities that are not denominated in the Group's functional currency.

The Group closely monitors the foreign exchange rate fluctuation and market expectation so it can take necessary actions benefited most to the Group in due time.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**32. MANAJEMEN RISIKO KEUANGAN (lanjutan)**

**b. Risiko pasar (lanjutan)**

**Risiko nilai tukar mata uang asing (lanjutan)**

Tabel berikut menunjukkan sensitivitas terhadap perubahan yang mungkin terjadi pada nilai tukar Rupiah terhadap mata uang asing, dengan semua variabel lainnya tetap konstan, dengan pendapatan sebelum pajak yang berakhir 31 Desember 2017, 2016 dan 2015:

Tahun/ Years	Kenaikan (Penurunan) Dalam Kurs Rp/ Increase (Decrease) in Rp rate	Efek Terhadap Laba Sebelum Pajak/ Effect on Income Before Tax
2017	USD	1% (4.100.591.383)
		(1%) 4.100.591.383
	JPY	1% 3.581.031
		(1%) (3.581.031)
2016	EUR	5% (524.277.386)
		(5%) 524.277.386
	USD	2% (2.305.706.815)
		(2%) 2.305.706.815
2015	JPY	4% (13.755.230)
		(4%) 13.755.230
	EUR	2% (726.369.974)
		(2%) 726.369.974
2015	USD	4% (42.593.597)
		(4%) 42.593.597
	JPY	3% (10.240.689)
		(3%) 10.240.689
	EUR	4% (373.229.197)
		(4%) 373.229.197

Grup memiliki aset dan liabilitas moneter dalam mata uang asing, yang disajikan dalam Catatan 33.

**32. FINANCIAL RISK MANAGEMENT (continued)**

**b. Market risk (continued)**

**Foreign exchange risk (continued)**

The following table demonstrates the sensitivity to a reasonably possible change in the Rupiah exchange rate against foreign currency, with all other variables held constant, to the Group's income before tax for the years ended December 31, 2017, 2016 and 2015:

The Group has monetary assets and liabilities denominated in foreign currencies, which were presented in Note 33.

**c. Risiko Likuiditas**

Dalam mengelola risiko likuiditas, Grup memantau dan menjaga tingkat kas dan setara kas yang dianggap memadai untuk membiayai operasional Grup untuk mengatasi dampak dari arus kas. Grup juga secara rutin mengevaluasi proyeksi arus kas dan arus kas aktual dan terus menelaah kondisi pasar keuangan untuk mengambil inisiatif penggalangan dana, antara lain pinjaman bank.

**c. Liquidity Risk**

In managing liquidity risk, the Group monitors and maintains level of cash and cash equivalents deemed adequate to finance the operations of the Group to overcome the impact of fluctuations in cash flow. The Group also regularly evaluate cash flow projections and actual cash flows and continue to examine the condition of financial markets to take a fundraising initiative, which may include bank loans.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**32. MANAJEMEN RISIKO KEUANGAN (lanjutan)**

**c. Risiko Likuiditas (lanjutan)**

Tabel dibawah merupakan profil liabilitas keuangan Grup berdasarkan kontrak pembayaran tanpa diskonto pada tanggal 31 Desember 2017, 2016 dan 2015:

**32. FINANCIAL RISK MANAGEMENT (continued)**

**c. Liquidity Risk (continued)**

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at December 31, 2017, 2016 and 2015:

31 Desember 2017/ December 31, 2017							
	Kurang dari 3 bulan/ Less than 3 months	3 bulan dan 1 tahun/ Between 3 months and 1 year	1 dan 2 tahun/ Between 1 and 2 years	2 dan 5 tahun/ Between 2 and 5 years	Lebih dari 5 tahun/ Over 5 years	Total/ Total	
Utang bank jangka pendek	-	329.020.397.322	-	-	-	329.020.397.322	Short-term bank loans
Utang usaha	435.756.909.610	101.605.579	-	-	-	435.858.515.189	Trade payables
Utang lain-lain	34.274.019.406	-	-	-	-	34.274.019.406	Other payables
Biaya yang masih harus dibayar	11.376.918.664	-	-	-	-	11.376.918.664	Accrued expenses
Jaminan dari pelanggan	-	43.825.927.871	-	-	-	43.825.927.871	Deposits from customers
Utang pembiayaan konsumen	331.669.888	930.114.282	277.784.910	13.443.291	-	1.553.012.371	Consumer financing payables
Utang bank jangka panjang	-	20.849.140.346	25.590.666.667	70.374.333.333	-	116.814.140.346	Long-term bank loans
<b>Total</b>	<b>481.739.517.568</b>	<b>394.727.185.400</b>	<b>25.868.451.577</b>	<b>70.387.776.624</b>	<b>-</b>	<b>972.722.931.169</b>	<b>Total</b>
31 Desember 2016/ December 31, 2016							
	Kurang dari 3 bulan/ Less than 3 months	3 bulan dan 1 tahun/ Between 3 months and 1 year	1 dan 2 tahun/ Between 1 and 2 years	2 dan 5 tahun/ Between 2 and 5 years	Lebih dari 5 tahun/ Over 5 years	Total/ Total	
Utang bank jangka pendek	-	125.393.415.537	-	-	-	125.393.415.537	Short-term bank loans
Utang usaha	283.664.329.284	135.013.013.178	-	-	-	418.677.342.462	Trade payables
Utang lain-lain	17.009.858.986	-	-	-	-	17.009.858.986	Other payables
Biaya yang masih harus dibayar	11.366.270.597	-	-	-	-	11.366.270.597	Accrued expenses
Jaminan dari pelanggan	-	41.873.657.895	-	-	-	41.873.657.895	Deposits from customers
Utang pembiayaan konsumen	-	1.931.675.200	721.766.911	-	-	2.653.442.111	Consumer financing payable
Utang bank jangka panjang	-	1.656.140.352	1.656.140.346	-	-	3.312.280.698	Long-term bank loan
<b>Total</b>	<b>312.040.458.867</b>	<b>305.867.902.162</b>	<b>2.377.907.257</b>	<b>-</b>	<b>-</b>	<b>620.286.268.286</b>	<b>Total</b>
31 Desember 2015/ December 31, 2015							
	Kurang dari 3 bulan/ Less than 3 months	3 bulan dan 1 tahun/ Between 3 months and 1 year	1 dan 2 tahun/ Between 1 and 2 years	2 dan 5 tahun/ Between 2 and 5 years	Lebih dari 5 tahun/ Over 5 years	Total/ Total	
Utang bank jangka pendek	-	15.000.000.000	-	-	-	15.000.000.000	Short-term bank loans
Utang usaha	315.774.983.103	160.934.661.536	-	-	-	476.709.644.639	Trade payables
Utang lain-lain	38.560.734.081	-	-	-	-	38.560.734.081	Other payables
Biaya yang masih harus dibayar	8.021.654.423	-	-	-	-	8.021.654.423	Accrued expenses
Jaminan dari pelanggan	-	31.083.017.870	-	-	-	31.083.017.870	Deposits from customers
Utang pembiayaan konsumen	-	1.540.970.083	850.584.583	-	-	2.391.554.666	Consumer financing payable
Utang bank jangka panjang	-	1.656.140.352	3.312.280.698	-	-	4.968.421.050	Long-term bank loan
<b>Total</b>	<b>362.357.371.607</b>	<b>210.214.789.841</b>	<b>4.162.865.281</b>	<b>-</b>	<b>-</b>	<b>576.735.026.729</b>	<b>Total</b>

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**33. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING**

Saldo aset dan liabilitas moneter dalam mata uang asing serta konversinya ke dalam mata uang Rupiah dengan menggunakan kurs yang ditetapkan oleh Bank Indonesia masing-masing pada tanggal akhir periode pelaporan adalah sebagai berikut:

	2017			2016			2015		
	Mata Uang Asing/ Foreign Currency		Mata Uang Rupiah/ Rupiah Equivalent	Mata Uang Asing/ Foreign Currency		Mata Uang Rupiah/ Rupiah Equivalent	Mata Uang Asing/ Foreign Currency		Mata Uang Rupiah/ Rupiah Equivalent
<b>Aset</b>									<b>Assets</b>
Bank	EUR	51.863	838.806.954	EUR	2.774.821	39.295.768.219	EUR	68.208	1.027.869.117
	USD	25.566,36	346.373.045	USD	132.419	1.779.179.131	USD	159.036	2.193.902.724
	JPY	2.978.771	358.107.850	JPY	2.979.776	343.880.751	JPY	2.980.757	341.356.292
<b>Total aset</b>			<b>1.543.287.849</b>			<b>41.418.828.101</b>			<b>3.563.128.133</b>
<b>Liabilitas</b>									<b>Liabilities</b>
Utang usaha	USD	50.425,99	683.171.313	USD	56.281,15	756.193.582	USD	73.351,61	1.011.885.446
	EUR	2.101,31	33.985.779	EUR	6.561,31	92.918.272	EUR	63.122,18	951.231.002
			<b>717.157.092</b>			<b>849.111.854</b>			<b>1.963.116.448</b>
Biaya yang masih harus dibayar	USD	42.274,88	572.740.074						
Utang bank jangka pendek	USD	21.700.000	293.991.600.000	USD	8.000.000	107.488.000.000			-
Utang lain-lain	EUR	698.073,63	11.290.377.624	EUR	96.459,31	1.366.013.303			-
Utang bank jangka panjang	USD	8.500.000	115.158.000.000			-			-
<b>Total liabilitas</b>			<b>421.729.874.790</b>			<b>109.703.125.157</b>			<b>1.963.116.448</b>
<b>Aset (Liabilitas) neto</b>			<b>(420.186.586.941)</b>			<b>(68.284.297.056)</b>			<b>1.600.011.685</b>

Kurs rata-rata mata uang asing pada tanggal 28 Maret 2018 adalah sebesar Rp 13.745,00 untuk 1 Dolar Amerika Serikat, Rp 17.069,24 untuk 1 Euro dan Rp 130,20 untuk 1 Yen Jepang. Kurs tersebut dihitung berdasarkan rata-rata kurs beli dan jual uang kertas asing dan/ atau kurs transaksi yang ditetapkan oleh Bank Indonesia pada tanggal tersebut. Jika aset dalam mata uang asing pada tanggal 31 Desember 2017 dijabarkan dengan menggunakan kurs rata-rata pada tanggal 28 Maret 2018, maka liabilitas akan meningkat sebesar Rp 6.513.538.673.

The exchange rate as of March 28, 2018 is Rp 13,745.00 to USD 1, Rp 17,069.24 to Euro 1 and Rp 130.20 to Japanese Yen 1. These were calculated based on the average buying and selling rates of Bank notes and/ or transaction exchange rates last quoted by Bank Indonesia on that date. If the monetary assets and liabilities in foreign currencies as of December 31, 2017 was translated using the middle rate as of March 28, 2018, the net liabilities would increase by Rp 6,513,538,673.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**34. NILAI WAJAR ASET DAN LIABILITAS KEUANGAN**

Tabel di bawah ini menyajikan perbandingan atas nilai tercatat dengan nilai wajar dari instrumen keuangan Grup yang tercatat dalam laporan keuangan.

**34. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The table below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	2017		2016		2015		
	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
<b>Aset keuangan</b>							<b>Financial assets</b>
<b>Pinjaman yang diberikan dan piutang:</b>							<b>Loans and receivables:</b>
Kas dan setara kas	160.434.757.057	160.434.757.057	139.084.788.908	139.084.788.908	194.270.819.113	194.270.819.113	Cash and cash equivalents
Piutang usaha	429.256.442.690	429.256.442.690	374.311.388.884	374.311.388.884	310.081.018.639	310.081.018.639	Trade receivables
Piutang lain-lain	10.044.451.008	10.044.451.008	1.871.574.769	1.871.574.769	58.819.616.300	58.819.616.300	Other receivables
Aset tidak lancar lainnya - uang jaminan	421.950.654	421.950.654	596.367.390	596.367.390	2.703.820.350	2.703.820.350	Other non-current assets - refundable deposits
<b>Total</b>	<b>600.157.601.409</b>	<b>600.157.601.409</b>	<b>515.864.119.951</b>	<b>515.864.119.951</b>	<b>565.875.274.402</b>	<b>565.875.274.402</b>	<b>Total</b>
<b>Liabilitas keuangan</b>							<b>Financial liabilities</b>
<b>Liabilitas keuangan yang dicatat berdasarkan biaya perolehan diamortisasi:</b>							<b>Financial liabilities measured at amortized cost:</b>
Utang bank jangka pendek	329.020.397.322	329.020.397.322	125.393.415.537	125.393.415.537	15.000.000.000	15.000.000.000	Short-term bank loan
Utang usaha	435.858.515.189	435.858.515.189	418.677.342.462	418.677.342.462	476.709.644.639	476.709.644.639	Trade payables
Utang lain-lain	34.274.019.406	34.274.019.406	17.009.858.986	17.009.858.986	38.560.734.081	38.560.734.081	Other payables
Biaya masih harus dibayar	11.376.918.664	11.376.918.664	11.366.270.597	11.366.270.597	8.021.654.423	8.021.654.423	Accrued expenses
Utang pembiayaan konsumen	1.553.012.371	1.648.914.484	2.653.442.111	2.745.173.787	2.391.554.666	2.110.546.745	Consumer financing payable
Utang bank jangka panjang	116.814.140.346	116.814.140.346	3.312.280.698	3.312.280.698	4.968.421.050	4.968.421.050	Long-term bank loans
Jaminan dari pelanggan	43.825.927.871	43.825.927.871	41.873.657.895	41.873.657.895	31.083.017.870	31.083.017.870	Deposit from customers
<b>Total</b>	<b>972.722.931.169</b>	<b>972.818.833.282</b>	<b>620.286.268.286</b>	<b>620.377.999.962</b>	<b>576.735.026.729</b>	<b>576.454.018.808</b>	<b>Total</b>

Berikut metode dan asumsi yang digunakan untuk estimasi nilai wajar:

Nilai wajar kas dan setara kas, piutang usaha, piutang lain-lain, utang lain-lain, utang usaha, utang lain-lain, biaya yang masih harus dibayar dan utang bank jangka pendek dari pelanggan mendekati nilai tercatat karena jangka waktu jatuh tempo yang singkat atas instrumen keuangan tersebut.

Nilai wajar dari utang pembiayaan konsumen ditentukan menggunakan diskonto arus kas berdasarkan tingkat suku bunga pasar.

Nilai wajar dari utang bank jangka panjang mendekati nilai tercatat karena tingkat suku bunganya dinilai ulang secara berkala.

Nilai wajar dari jaminan dari pelanggan jangka panjang dicatat sebesar biaya historis karena nilai wajarnya tidak dapat diukur secara handal.

The following methods and assumptions are used to estimate the fair value:

The fair value cash and cash equivalents, trade receivables, other receivables, trade payables, other payables, accrued expenses and short-term bank loans approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair values of consumer financing payables is determined by discounting cash flows using market rate.

Fair value of long-term loans approximately their carrying values largely due to their interest rates are frequently repriced.

Fair values of non-current deposits from customers is carried at historical cost because its fair value cannot be measured reliably.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**35. LABA NETO PER SAHAM DASAR**

Perhitungan laba per saham adalah sebagai berikut:

Tahun yang berakhir pada Tanggal 31 Desember/December 31			
	2017	2016	2015
Laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk	225.430.397.162	222.116.763.849	208.498.587.835
Total rata-rata tertimbang saham yang beredar	2.000.000.000	2.000.000.000	2.000.000.000
Laba per saham	112,72	111,06	104,25

Perusahaan tidak memiliki potensi dilusi saham.

**35. BASIC EARNINGS PER SHARE**

The computation of basic earnings per share is as follows:

**36. REKLASIFIKASI AKUN**

Akun-akun tertentu pada laporan keuangan tahun 2016 dan 2015 telah direklasifikasi kembali agar sesuai dengan penyajian laporan keuangan tahun 2017, yaitu :

**36. RECLASSIFICATION OF ACCOUNTS**

Certain accounts in 2016 and 2015 have been reclassified to conform to the presentation of 2017 financial statements presentation. Details are as follows:

31 Desember / December 31, 2016			
	Sebelum Reklasifikasi/ Before Reclassification	Reklasifikasi/ Reclassification	Setelah Reklasifikasi/ After Reclassification
<b>Aset tidak lancar</b>			<b>Non-current assets</b>
Uang muka pembelian aset tetap dan properti investasi	37.104.372.680	1.227.575.683	38.331.948.363
Properti investasi	199.447.221.166	(1.227.575.683)	198.219.645.483
			Advance for purchase of fixed assets and investment properties
			Investment properties
31 Desember / December 31, 2016			
	Sebelum Reklasifikasi/ Before Reclassification	Reklasifikasi/ Reclassification	Setelah Reklasifikasi/ After Reclassification
<b>Liabilitas jangka pendek</b>			<b>Current liabilities</b>
Utang usaha - pihak berelasi	416.675.060.938	443.084.400	417.118.145.338
Utang usaha - pihak ketiga	2.002.281.524	(634.142.700)	1.368.138.824
Utang lain-lain - pihak berelasi	2.039.356.236	191.058.300	2.230.414.536
			Trade payables - related parties
			Trade payables - third parties
			Other payables - related parties
Uang muka dan jaminan dari pelanggan jangka pendek	151.413.722.917	12.200.000.000	163.613.722.917
			Advances and deposits from customers
Liabilitas imbalan kerja jangka pendek	-	9.799.523.000	9.799.523.000
			Short-term employee benefits liability
<b>Liabilitas jangka panjang</b>			<b>Non-current liabilities</b>
Jaminan dari pelanggan - jangka panjang	12.200.000.000	(12.200.000.000)	-
			Deposits from customers non-current
Liabilitas imbalan kerja jangka panjang	38.384.468.000	(9.799.523.000)	28.584.945.000
			Long-term employee benefits liability

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**36. REKLASIFIKASI AKUN (lanjutan)**

Akun-akun tertentu pada laporan keuangan tahun 2016 dan 2015 telah direklasifikasi kembali agar sesuai dengan penyajian laporan keuangan tahun 2017, yaitu (lanjutan):

**36. RECLASSIFICATION OF ACCOUNTS (continued)**

Certain accounts in 2016 and 2015 have been reclassified to conform to the presentation of 2017 financial statements presentation. Details are as follows (continued):

<b>31 Desember / December 31, 2016</b>				
	<b>Sebelum Reklasifikasi/ Before Reclassification</b>	<b>Reklasifikasi/ Reclassification</b>	<b>Setelah Reklasifikasi/ After Reclassification</b>	
<b>Beban usaha</b>				<b>Operating expenses</b>
Penjualan	63.020.691.567	7.967.890.863	70.988.582.430	Selling
Umum dan administrasi	140.524.759.355	(7.967.890.863)	132.556.868.492	General and administrative
<b>31 Desember / December 31, 2015</b>				
	<b>Sebelum Reklasifikasi/ Before Reclassification</b>	<b>Reklasifikasi/ Reclassification</b>	<b>Setelah Reklasifikasi/ After Reclassification</b>	
<b>Aset tidak lancar</b>				<b>Non-current assets</b>
Uang muka pembelian aset tetap dan properti investasi	-	4.178.680.072	4.178.680.072	Advance for purchase of fixed assets and investment properties
Properti investasi	68.644.596.322	(4.178.680.072)	64.465.916.250	Investment properties
<b>Liabilitas jangka pendek</b>				<b>Current liabilities</b>
Utang usaha - pihak berelasi	473.709.248.859	(295.240.892)	473.414.007.967	Trade payables - related parties
Utang usaha - pihak ketiga	3.000.395.780	(197.808.000)	2.802.587.780	Trade payables - third parties
Utang lain-lain - pihak berelasi	-	493.048.892	493.048.892	Other payables - related parties
Uang muka dan jaminan dari pelanggan jangka pendek	143.928.009.108	11.050.000.000	154.978.009.108	Advances and deposits from customers
Liabilitas imbalan kerja jangka pendek	-	31.602.489.000	31.602.489.000	Short-term employee benefits liability
<b>Liabilitas jangka panjang</b>				<b>Non-current liabilities</b>
Jaminan dari pelanggan - jangka panjang	11.050.000.000	(11.050.000.000)	-	Deposits from customers non-current
Liabilitas imbalan kerja jangka panjang	59.166.892.000	(31.602.489.000)	27.564.403.000	Long-term employee benefits liability
<b>Beban usaha</b>				<b>Operating expenses</b>
Penjualan	56.336.439.312	5.403.949.425	61.740.388.737	Selling
Umum dan administrasi	127.549.693.436	(5.403.949.425)	122.145.744.011	General and administrative

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**37. KEJADIAN SETELAH TANGGAL NERACA**

**Rapat Umum Pemegang Saham Luar Biasa**

Berdasarkan Akta Notaris Christina Dwi Utami, S.H., M.Hum., M.Kn. No. 60 tanggal 21 Pebruari 2018 Perusahaan mengalami perubahan anggaran dasar, sebagai berikut:

- a. Rencana Perusahaan untuk melakukan Penawaran Umum dan mencatat saham-saham Perusahaan tersebut pada Bursa Efek Indonesia serta merubah status Perusahaan dari Perseroan Tertutup menjadi Perseroan Terbuka
- b. Perubahan nama Perusahaan menjadi Perseroan Terbatas, PT Surya Pertiwi Tbk
- c. Peningkatan modal dasar Perusahaan dari sebesar Rp 500.000.000.000 (lima ratus milyar Rupiah) menjadi sebesar Rp 800.000.000.000 (delapan ratus milyar Rupiah)
- d. Perubahan nilai nominal saham dari Rp 1.000.000 (satu juta Rupiah) menjadi Rp 100 (seratus Rupiah) dan merubah jumlah saham dari 200.000 menjadi 2.000.000.000 sekaligus merubah ketentuan Pasal 4 Anggaran Dasar Perusahaan terkait perubahan nilai nominal masing-masing saham dalam Perusahaan tersebut.
- e. Mengeluarkan saham dalam simpanan/portepel Perusahaan dan menawarkan/menjual saham baru yang akan dikeluarkan dari portepel tersebut melalui Penawaran Umum kepada masyarakat dalam jumlah sebanyak-banyaknya 700.000.000 (tujuh ratus juta) saham baru dengan nilai nominal masing-masing saham sebesar Rp 100 (seratus Rupiah), dengan memperhatikan peraturan perundang-undangan yang berlaku termasuk peraturan Pasar Modal dan Peraturan Bursa Efek di Indonesia yang berlaku ditempat dimana saham-saham Perusahaan dicatatkan.
- f. Memberikan program alokasi saham kepada karyawan Perusahaan (Employee Stock Allocation) dengan jumlah alokasi sebanyak-banyaknya 10% (sepuluh persen) dari jumlah saham yang akan ditawarkan/dijual kepada masyarakat melalui Penawaran Umum, dengan memperhatikan peraturan perundang-undangan yang berlaku termasuk peraturan Pasar Modal dan Peraturan Bursa Efek di Indonesia.
- g. Mencatat seluruh saham Perusahaan setelah dilaksanakannya Penawaran Umum atas saham-saham yang ditawarkan dan dijual kepada masyarakat melalui Pasar Modal, serta saham-saham yang dimiliki oleh pemegang saham (selain pemegang saham masyarakat) Perusahaan pada Bursa Efek Indonesia (Company Listing), serta menyetujui untuk mendaftarkan saham-saham Perusahaan dalam penitipan kolektif sesuai dengan Peraturan Kustodian Sentral Efek Indonesia.

**37. SUBSEQUENT EVENT**

**Extraordinary General Shareholders Circular Meeting**

Based on Notarial Deed of Christina Dwi Utami, S.H., M.Hum., M.Kn. No. 60 dated February 21, 2018 The Company amended its articles of association, as follows:

- a. The Company's plan to Public Offering and listed the Company's shares in the Indonesia Stock Exchange and amended the Company's status from a Private Company to a Public Company
- b. Change in the name of the Company into Limited Company, PT Surya Pertiwi Tbk
- c. Increase of authorized capital of the Company from Rp 500,000,000,000 (five hundred billion Rupiah) to Rp 800,000,000,000 (eight hundred billion Rupiah).
- d. Change of the par value of share from Rp 1,000,000 (one million Rupiah) to Rp 100 (one hundred Rupiah) and change of the shares from 200,000 to 2,000,000,000 as well as amend the provisions of Article 4 of the Company's Articles of Association related to changes in the nominal value of each share in the Company.
- e. Issue shares in the Company's deposit/portepel and offering/selling new shares to be issued from the portfolio through Public Offering to the public up to 700,000,000 (seven hundred million) new shares at par value of Rp 100 (hundred Rupiah), taking into account the prevailing laws and regulations including Capital Market regulations and Stock Exchange Regulations in Indonesia applicable to places where the Company's shares are listed.
- f. Provide a share allocation program to employees of the Company (Employee Stock Allocation) with an allocation amount of up to 10% (ten percent) of the total shares to be offered / sold to the public through a Public Offering, subject to prevailing laws and regulations including Capital Market regulations and Stock Exchange Regulations in Indonesia.
- g. Record all of the Company's shares after the Public Offering of shares offered and sold to the public through the Capital Market, as well as shares owned by shareholders (other than public shareholders) of the Company at the Company listing, and agree to register the Company's shares in collective custody in accordance with the Indonesian Central Securities Depository Rules.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**37. KEJADIAN SETELAH TANGGAL NERACA (lanjutan)**

**Rapat Umum Pemegang Saham Luar Biasa (lanjutan)**

- h. Perubahan susunan anggota Direksi dan Dewan Komisaris Perusahaan, yaitu dengan memberhentikan dengan hormat seluruh anggota Direksi dan Dewan Komisaris Perusahaan yang lama, dengan memberikan pembebasan dan pelunasan (*acquit et decharge*) selama masa jabatannya, dan mengangkat anggota Direksi dan Dewan Komisaris Perusahaan yang baru, efektif sejak 21 Februari 2018, sehingga susunan anggota Direksi dan Dewan Komisaris Perusahaan menjadi sebagai berikut:

**Direksi**

Presiden Direktur  
Wakil Presiden Direktur  
Wakil Presiden Direktur  
Direktur  
Direktur  
Direktur  
Direktur  
Direktur  
Direktur

Tjahjono Alim  
Efendy Gojali  
Willianto Alim  
Anton Budiman  
Umarsono Andy  
Irene Hamidjaja  
Reinhart Muljadi  
Johan Gojali  
Iwan Tjahjadi  
Professor Doktor Gunadi,  
Master of Science, Akuntan

Direktur (Independen)

**Dewan Komisaris**

Presiden Komisaris  
Wakil Presiden Komisaris  
Komisaris (Independen)

Mardjoeki Atmadiredja  
Usman Andy  
Goh Poh Heng

- i. Memberikan kuasa kepada Direksi, dengan hak substitusi untuk melakukan semua dan setiap tindakan yang diperlukan sehubungan dengan Penawaran Umum saham kepada masyarakat melalui Pasar Modal, termasuk tetapi tidak terbatas:
- Menandatangani pernyataan pendaftaran untuk diajukan kepada Otoritas Jasa Keuangan, menegosiasikan dan menandatangani perjanjian-perjanjian terkait dengan Penawaran Umum dengan syarat-syarat dan ketentuan-ketentuan yang dianggap baik untuk Perusahaan oleh direksi Perusahaan, termasuk menandatangani, mencetak dan /atau menerbitkan prospektus, prospektus ringkas, info memo dan setiap penambahan dan perubahannya dan/atau seluruh dokumen-dokumen yang diperlukan bagi Penawaran Umum,
  - Menentukan kepastian jumlah saham baru yang akan ditawarkan dan dijual kepada masyarakat melalui Pasar Modal dan harga penawaran dalam Penawaran Umum,
  - Mencatat saham-saham Perusahaan yang merupakan saham yang telah dikeluarkan dan disetor penuh, pada Bursa Efek Indonesia dengan memperhatikan peraturan dan ketentuan yang berlaku di bidang Pasar Modal,
  - Mendaftarkan saham-saham dalam Penitipan Kolektif sesuai dengan Peraturan Kustodian Sentral Efek Indonesia sesuai dengan ketentuan dan peraturan yang berlaku sehubungan dengan hal tersebut,

Perubahan ini telah disetujui oleh Menteri Kehakiman dengan Surat Keputusan No. AHU-0004658.AH.01.02 tanggal 28 Februari 2018.

**37. SUBSEQUENT EVENT (continued)**

**Extraordinary General Shareholders Circular Meeting (continued)**

- h. *Change in the composition of the Company's Boards of Directors and Commissioners by terminating honorably all members of the Boards of Directors and Commissioners of the old Company, by granting the acquittal and disbursement (*acquit et decharge*) during the term of office, and appointing new members of the Boards of Directors and Commissioners of the Company, effective February 21, 2018. The composition of the Company's Board of Directors and Board of Commissioners shall be as follows:*

**Board of Directors**

President Director  
Vice President Director  
Vice President Director  
Director  
Director  
Director  
Director  
Director  
Director

Director (Independent)

**Board of Commissioners**

President Commissioner  
Vice President Commissioner  
Commissioner (Independent)

- i. *Provide authority to the Board of Directors, with the right of substitution to perform all and any necessary action in connection with the Public Offering of shares to the public through the Capital Market, including but not limited to:*
- *Signing a registration statement to be submitted to the Otoritas Jasa Keuangan, negotiating and signing agreements related to a Public Offering under terms and conditions deemed good by the Company's directors, including signing, printing and / or issuing prospectus, memo info and any additions and amendments and / or all documents required for a Public Offering,*
  - *Determine the certainty of the number of new shares to be offered and sold to the public through the Capital Market and the offering price in a Public Offering,*
  - *List the shares of the Company which are issued and fully paid shares at the Indonesia Stock Exchange by observing the rules and regulations applicable in the Capital Market,*
  - *Register shares in Collective Custody in accordance with the Indonesian Central Securities Depository Rules in accordance with the prevailing laws and regulations in connection therewith,*

*The above amendments were approved by the Ministry of Law and Human Rights in its Decision Letter No. AHU-0004658.AH.01.02 dated February 28, 2018.*

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**37. KEJADIAN SETELAH TANGGAL NERACA (lanjutan)**

**Perjanjian Pinjaman**

**PT Bank HSBC Indonesia (d/h PT Bank Ekonomi Raharja)**

Perusahaan memperoleh fasilitas kredit No. JAK/170026/U/170324 tanggal 24 Mei 2017 yang telah beberapa kali diubah dan diperpanjang dengan perjanjian No. JAK/180111/U/171113 tanggal 22 Februari 2018 dengan fasilitas-fasilitas kredit, sebagai berikut:

- a. Fasilitas kredit *Combine Limit* dengan jumlah fasilitas kredit maksimum meningkat dari Rp 45.800.000.000 menjadi Rp 102.800.000.000 terdiri dari Revolving loan sebesar Rp 10.000.000.000 dengan tingkat suku bunga meningkat dari 2,75% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank) menjadi 5,29% per tahun di bawah *Fixed Term Loans (TL1)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 13,2875% per tahun, dan akan berfluktuasi sesuai kebijakan Bank), fasilitas Bank Guarantee meningkat dari Rp 45.800.000.000 menjadi Rp 102.800.000.000. Pembiayaan terhadap piutang sebesar Rp 67.000.000.000 dengan bunga diskonto yang diperhitungkan secara harian sebesar 5,29% per tahun di bawah *Fixed Term Loans (TL1)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 13% per tahun, dan akan berfluktuasi sesuai kebijakan Bank) dengan jangka waktu maksimal 90 hari dari tanggal penagihan.
- b. Fasilitas kredit cerukan suku bunga berganti dari 2,75% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank) menjadi 3,8% per tahun di bawah *Best Lending Rate (BLR)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 11,8% per tahun, dan akan berfluktuasi sesuai kebijakan Bank).
- c. Fasilitas kredit *Term Loan Investment* dengan jumlah fasilitas pinjaman menurun dari Rp 75.000.000.000 menjadi Rp 1.932.000.000 dengan tingkat bunga dari 1% per tahun di bawah *Best Lending Rate (BL7)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 12% per tahun, dan akan berfluktuasi sesuai kebijakan Bank) menjadi 4,29% per tahun di bawah *Fixed Term Loans (TL1)* (bunga pinjaman terbaik) dari Bank (yang saat ini adalah 13% per tahun, dan akan berfluktuasi sesuai kebijakan Bank).
- d. Jaminan atas fasilitas tersebut, telah diubah menjadi Fidusia atas piutang dagang dari Perusahaan, sebesar Rp 120.000.000.000.

**37. SUBSEQUENT EVENT (continued)**

**Loan Agreement**

**PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Raharja) (continued)**

The Company's obtained credit facilities No. JAK/170026/U/170324 dated May 24, 2017 was recently amended by Credit Agreement No. JAK/180111/U/171113 dated February 22, 2018. The details of the amendments are as follows:

- a. Combined Facility Limit with a maximum limit from Rp 45,800,000,000 has increased to Rp 102,800,000,000 consisting of Revolving loan of Rp 10,000,000,000 which the interest increased from 2,75% per annum below the Bank Best Lending Rate (BL7) (which currently is at 12% per annum, but subject to fluctuation at the Bank's discretion) to 5.29% per annum below the Fixed Term Loans (TL1) (which currently is at 13.2875% per annum, but subject to fluctuation at the Bank's discretion) and Bank Guarantee facility which the maximum credit limit increased from Rp 45,800,000,000 to Rp 102,800,000,000. Financing against receivables which is a new facility amounting to Rp 67,000,000,000 with discounted interest rate calculated on a daily basis of 5.29% per annum below the Fixed Term Loans (TL1) (which currently is at 13% per annum, but subject to fluctuation at the Bank's discretion) for a maximum period of 90 days from the date of collection.
- b. The interest of Overdraft Facility has changed from 2,75% per annum below the Bank Best Lending Rate (BL7) (which currently is currently at 12% per annum, but subject to fluctuation at the Bank's discretion) to 3.8% per annum below the Best Lending Rate (BLR) (which currently is at 11.8% per annum, but subject to fluctuation at the Bank's discretion).
- c. Term Loan Investment facility maximum credit limit has decreased from Rp 75,000,000,000 to Rp 1,932,000,000 and also the interest has change from 1% per annum below the Bank Best Lending Rate (BL7) (which currently is at 12% per annum, but subject to fluctuation at the Bank's discretion) to 4.29% per annum below the Bank Best Lending Rate (BL7) (which currently is at 13% per annum, but subject to fluctuation at the Bank's discretion).
- d. The security for the foregoing facilities, has changed into Fiduciary on trade receivables of the Company amounting to Rp 120,000,000,000.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**37. KEJADIAN SETELAH TANGGAL NERACA (lanjutan)**

**Perjanjian Pinjaman (lanjutan)**

**PT Bank HSBC Indonesia (d/h PT Bank Ekonomi Raharja) (lanjutan)**

- e. Perjanjian kredit termasuk pembatasan dan larangan dimana Perusahaan tidak boleh tanpa persetujuan tertulis dari Bank, melakukan hal-hal berikut:
- i. Menyatakan atau melakukan pembayaran dividen atau membagikan modal atau kekayaan kepada pemegang saham dan/atau direksi dari Perusahaan dan apabila Total nilai Dividen + Pinjaman untuk PT Surya Pertiwi Nusantara + Pinjaman untuk pemegang saham > Laba Neto Setelah Pajak;
  - ii. Membuat, menanggung atau mengizinkan adanya sesuatu penjaminan atas aktiva tidak bergerak, gadai, hak tanggungan atau hak jaminan apapun juga atas properti, aktiva atau pendapatan dari Perusahaan, baik yang saat ini atau yang akan diperoleh di kemudian hari;
  - iii. Membuat, mengadakan atau mengizinkan / menyetujui suatu hutang ataupun kewajiban apapun (termasuk kewajiban sewa atau jaminan) kecuali untuk (a) hutang yang timbul berdasarkan pada perjanjian ini dan (b) hutang dagang yang timbul dalam praktek bisnis sehari hari; atau
  - iv. Memberikan suatu pinjaman atau kredit kepada perusahaan atau orang lain siapa pun juga kecuali untuk kredit yang diberikan secara independen dan wajar dalam praktek bisnis sehari hari
  - v. Melakukan perubahan Pemegang Saham dan Susunan Pengurus
  - vi. Melakukan perubahan kepemilikan saham Perusahaan didalam PT Surya Pertiwi Nusantara.
  - vii. Perusahaan wajib mendapat persetujuan dari Bank untuk mendapatkan pinjaman dari Bank / Financial Institution apabila Financial Covenant tidak terpenuhi sebelum dan setelah tambahan pinjaman (kecuali untuk pinjaman operasional Car Leasing Facility senilai maksimum Rp 5.000.000.000 per tahun).

**Rapat Umum Pemegang Saham**

Berdasarkan Akta Notaris Dr. Irawan Soerodjo, S.H., M.Si., No. 35 tanggal 12 Maret 2018, Perusahaan membagikan dividen berdasarkan laporan keuangan (audited) sebesar Rp 124.000.000.000 atau sebesar Rp 62 per saham biasa dari laba bersih Perusahaan untuk tahun buku fiskal 2017.

**38. TRANSAKSI NON KAS**

	Catatan/ Notes	2017	2016	2015
Pengungkapan tambahan untuk transaksi-transaksi yang tidak mempengaruhi arus kas:				
Reklasifikasi dari properti investasi ke aset tetap	11, 12	90.665.826.947	-	-
Pembagian dividen saham	22	180.000.000.000	-	-

**37. SUBSEQUENT EVENT (continued)**

**Loan Agreement (continued)**

**PT Bank HSBC Indonesia (formerly PT Bank Ekonomi Raharja) (continued)**

- e. Include restrictions and covenants whereby the Company shall not without prior written approval of Bank, carry out any of the following:
- i. Declare or make any dividend payments or distribute capital or assets to the Company's shareholders and / or directors and if Total amount of Dividends + Debt to PT Surya Pertiwi Nusantara + Debtor to Shareholders > Net Profit After Tax;
  - ii. Create, assume or permit to exist any mortgage pledge, encumbrance, lien, charge of land or such other security interest upon any of the Company's property, assets or income whether now owned or hereafter acquired;
  - iii. Create, incur or suffer to exist any indebtedness (including leases or guarantees) except for (a) debt pursuant to this Agreement and (b) trade debt incurred in the ordinary course of business; or
  - iv. Make any loans or extend credit to any other company or person whatsoever except for credit given on arms length terms in the ordinary course of business.
  - v. Make changes of Shareholders and Board composition.
  - vi. Make changes the ownership of the Company shares in PT Surya Pertiwi Nusantara.
  - vii. The Company is required to obtain approval from the Bank to obtain a loan from another Bank / Financial Institution if the Financial Covenant is not met prior to after additional loan (except for an operational Car Leasing Facility loan worth a maximum of Rp 5,000,000,000 per annum).

**General Shareholders Circular Meeting**

Based on Notarial Deed of Dr. Irawan Soerodjo, S.H., M.Si., No. 35 dated March 12, 2018, the shareholders approved the distribution of dividends amounting to Rp 124,000,000,000 or Rp 62 per share from the Company's net profit for the fiscal year 2017.

**38. NON-CASH ACTIVITIES**

**Supplemental disclosure of non-cash transactions:**  
Reclassification from investment properties to fixed assets  
Share dividend

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**38. TRANSAKSI NON KAS (lanjutan)**

	Catatan/ Notes	2017	2016	2015	
Konversi utang menjadi saham untuk kepentingan non-pengendali		211.300.000.000	-	-	Conversion of loan to shareholder into share of non-controlling interest
Perolehan aset tetap melalui realisasi piutang		-	-	4.483.824.500	Acquisition of fixed assets through receivables realization
Perolehan aset tetap yang belum dibayar	11	19.432.313.975	1.917.821.650	38.559.756.000	Acquisition of fixed assets which have not been paid
Bunga pinjaman yang dikapitalisasi pada aset tetap yang belum dibayarkan	11	2.994.266.616	733.473.493	-	Borrowing cost capitalized to fixed assets which have not been paid
Perolehan aset tetap melalui Pembiayaan konsumen	11	1.297.170.000	4.751.938.101	1.472.566.666	Acquisition of fixed assets through consumer financing
Bunga pinjaman yang dikapitalisasi pada properti investasi yang belum dibayarkan		-	1.305.882.743	-	Borrowing cost capitalized to investment properties which have not been paid
Kenaikan dari perubahan nilai wajar properti investasi	12	8.794.734.059	-	-	Increase in fair value of investment properties
Perolehan aset tetap melalui uang muka	11	32.358.769.869	-	-	Acquisition of fixed assets through advances
Perolehan properti investasi melalui uang muka	12	-	3.582.725.649	-	Acquisition of investment properties through advances
Reklasifikasi uang muka setoran modal ke modal saham		34.300.000.000	85.417.750.000	-	Reclassification from deposit for future shares subscription to share capital

**38. NON-CASH ACTIVITIES (continued)**

**39. STANDAR AKUNTANSI BARU**

Standar baru, amandemen dan interpretasi yang telah diterbitkan, namun belum berlaku efektif untuk tahun buku yang dimulai pada 1 Januari 2017 yang mungkin berdampak pada laporan keuangan konsolidasian adalah sebagai berikut:

Efektif berlaku pada atau setelah 1 Januari 2018:

- Amandemen PSAK 2 (2016): "Laporan Arus Kas tentang Prakarsa Pengungkapan."
- Amandemen PSAK 13: "Properti Investasi."
- Amandemen PSAK 46 (2016): "Pajak Penghasilan tentang Pengakuan Aset Pajak Tangguhan untuk Rugi yang Belum Direalisasi."
- PSAK 67 (Penyesuaian 2017) - "PSAK 67: Pengungkapan Kepentingan dalam Entitas Lain".

Efektif berlaku pada atau setelah 1 Januari 2019:

- ISAK 33 - "Transaksi Valuta Asing dan Imbalan di Muka".

Efektif berlaku pada atau setelah 1 Januari 2020:

- PSAK 71 - "Instrumen Keuangan";
- PSAK 72 - "Pendapatan dari Kontrak dengan Pelanggan";
- PSAK 73 - "Sewa".
- Amandemen PSAK 71 - "Instrumen Keuangan tentang Fitur Percepatan Pelunasan dengan Kompensasi Negatif".

Grup sedang menganalisa dampak penerapan standar akuntansi dan interpretasi tersebut di atas terhadap laporan keuangan konsolidasian Grup.

**39. NEW ACCOUNTING STANDARDS**

New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2017 that may have certain impact on the consolidated financial statements are as follows:

Effective on or after January 1, 2018:

- Amendments to PSAK 2 (2016) - "Statements of Cash Flows: Disclosure Initiatives".
- Amendments to PSAK 13 - "Investment Property".
- Amendments to PSAK 46 (2016) - "Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses".
- PSAK 67 (2017 Improvement) - "Disclosure of Interest in Other Entities".

Effective on or after January 1, 2019:

- ISAK 33 - "Foreign Currency Transactions and Advance Consideration".

Effective on or after January 1, 2020:

- PSAK 71 - "Financial Instruments";
- PSAK 72 - "Revenue from Contracts with Customers";
- PSAK 73 - "Leases".
- Amendments to PSAK 71 "Financial Instruments Prepayment Features with Negative Compensation".

The Group is still assessing the impact of these accounting standards and interpretations on the Group's consolidated financial statements.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**40. INFORMASI TAMBAHAN**

Informasi tambahan pada halaman 105 sampai dengan halaman 113 adalah informasi keuangan PT Surya Pertiwi Tbk (induk perusahaan saja) pada dan untuk tahun yang berakhir pada tanggal 31 Desember 2017, 2016 dan 2015 yang menyajikan investasi PT Surya Pertiwi Tbk pada Entitas Anak berdasarkan metode biaya dan bukan dengan metode konsolidasi

**41. PENERBITAN KEMBALI LAPORAN KEUANGAN KONSOLIDASIAN**

Sehubungan dengan penawaran umum saham perdana Perusahaan di Bursa Efek Indonesia, Perusahaan telah menerbitkan laporan keuangan konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2017, 2016 dan 2015 yang mencakup peraturan pasar modal yang berlaku. Perubahan maupun tambahan pengungkapan pada catatan atas laporan keuangan konsolidasian sebagai berikut:

1. Catatan 4, sehubungan dengan penambahan pengungkapan mengenai kas dan setara kas pada pihak ketiga dan pihak berelasi.
2. Catatan 5, sehubungan dengan perubahan pengungkapan mengenai rincian piutang atas nama Bapak Yoedhana Johannes.
3. Catatan 6, sehubungan dengan penambahan pengungkapan mengenai piutang lain-lain dicatat sebagai aset lancar.
4. Catatan 7, sehubungan dengan penambahan pengungkapan mengenai penyisihan persediaan sesuai dengan jenisnya.
5. Catatan 11, sehubungan dengan perubahan pengungkapan dari "aset dalam penyelesaian" menjadi "aset tetap dalam pembangunan" dan penambahan pengungkapan mengenai hambatan kelanjutan penyelesaian, tarif kapitalisasi yang digunakan, jumlah aset tetap yang tidak dipakai sementara, jumlah tercatat bruto atas aset tetap yang telah disusutkan penuh tetapi masih digunakan, aset tetap yang dihindarkan dari penggunaan aktif, dan nilai wajar aset tetap.
6. Catatan 12, sehubungan dengan penambahan pengungkapan properti investasi mengenai metode dan asumsi, penentuan nilai wajar, nama penilai, tanggal penilai, tanggal laporan penilaian, jumlah beban operasi atas properti investasi, dan kewajiban kontraktual.
7. Catatan 14, sehubungan dengan perubahan pengungkapan atas utang usaha - pihak berelasi yang direklasifikasi ke utang lain lain - pihak berelasi dan penambahan pengungkapan jaminan atas utang tersebut.
8. Catatan 15, sehubungan dengan perubahan pengungkapan atas utang usaha - pihak berelasi yang direklasifikasi ke utang lain lain - pihak berelasi dan penambahan pengungkapan mengenai bunga dan jatuh tempo atas utang tersebut.
9. Catatan 16, sehubungan dengan perubahan saldo aset pajak tangguhan, penambahan pengungkapan mengenai rincian dari beban pajak penghasilan - neto, pernyataan bahwa laba kena pajak hasil rekonsiliasi menjadi dasar dalam pengisian SPT Tahunan dan pengungkapan mengenai rincian rugi fiskal entitas anak (SPN).

**40. SUPPLEMENTARY INFORMATION**

The supplementary information on pages 105 to 113 represents financial information of PT Surya Pertiwi Tbk (parent company only) as of and for the years ended December 31, 2017, 2016 and 2015, which presents the PT Surya Pertiwi Tbk's investments in subsidiaries under the cost method, as opposed to the consolidation method.

**41. REISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS**

In connection with the initial public offering of the Company at the Indonesia Stock Exchange, the Company has reissued the consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 that incorporates the applicable stock exchange regulations with changes in the consolidated financial statements and additional disclosures as follows:

1. Note 4, regarding additional disclosure of cash and cash equivalent to third parties and related parties.
2. Note 5, regarding change on disclosure of trade receivables from Mr. Yoedhana Johannes
3. Note 6, regarding additional disclosure on the collectibility of other receivables.
4. Note 7, regarding additional disclosure on allowance for obsolescence per type of inventories.
5. Note 11, regarding change in the term of "aset dalam penyelesaian" to "aset tetap dalam pembangunan" and additional disclosures about no obstacles in completing the assets, no fixed assets that are temporarily out of use and retired from use, carrying amount of fixed assets which were fully depreciated but still used and fair value of fixed assets.
6. Note 12, regarding additional disclosure on investment properties' fair value such as method and assumption used, name of appraiser, date of appraisal and also about no operating expense and contractual obligation related with investment properties.
7. Note 14, regarding change on disclosure of trade payables related parties related with amount reclassified to other payables and that no guarantees given.
8. Note 15, regarding change on disclosure of other payables related parties related with amount reclassified from trade payables and additional disclosures on interest and maturity date of other payables.
9. Note 16, regarding change on disclosures related with the change of the balance of deferred tax assets, additional disclosures on details of income tax expense - net and also taxable income and current tax as disclosed will be the amounts reported in the Company's corporate income tax-annual tax return (SPT), details of subsidiary's (SPN) fiscal loss.

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN**  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)

**41. PENERBITAN KEMBALI LAPORAN KEUANGAN  
KONSOLIDASIAN (lanjutan)**

10. Catatan 19, sehubungan dengan perubahan pengungkapan mengenai rincian uang muka dan jaminan dari pelanggan atas nama PT Karma Manggala Yudha.
11. Catatan 21, sehubungan dengan perubahan pengungkapan terkait penyajian mutasi liabilitas imbalan kerja.
12. Catatan 24, sehubungan dengan perubahan pengungkapan atas kepentingan non-pengendali.
13. Catatan 26, sehubungan dengan penambahan pengungkapan mengenai penyisihan atas persediaan dan upaya perusahaan untuk mengurangi ketergantungan kepada satu pemasok.
14. Catatan 29, sehubungan dengan penambahan pengungkapan terkait dengan transaksi pihak berelasi dilakukan dengan ketentuan yang berlaku dan uang muka setoran modal atas kepentingan non-pengendali.
15. Catatan 30, sehubungan dengan penambahan pengungkapan mengenai perjanjian antara Perusahaan dengan PT Surya Toto Indonesia Tbk.
16. Catatan 34, sehubungan dengan perubahan pengungkapan mengenai nilai wajar atas pembiayaan konsumen dan utang bank.
17. Catatan 35, sehubungan dengan perubahan pengungkapan laba per lembar saham sehubungan dengan laba yang diatribusikan ke pemilik entitas induk dan rata-rata tertimbang jumlah saham.
18. Catatan 36, sehubungan dengan perubahan pengungkapan reklasifikasi pada utang usaha - pihak berelasi menjadi utang lain-lain - pihak berelasi.
19. Catatan 37, sehubungan dengan penambahan pengungkapan kejadian setelah tanggal neraca atas rapat umum pemegang saham.
20. Catatan 38, sehubungan dengan penambahan pengungkapan terkait dengan transaksi non kas atas arus kas.

Ikhtisar perubahan pada laporan posisi keuangan konsolidasian, laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan laporan arus kas konsolidasian sebelum dan sesudah diterbitkan kembali, adalah sebagai berikut:

**41. REISSUANCE OF CONSOLIDATED FINANCIAL  
STATEMENTS (continued)**

10. Note 19, regarding change on disclosure of advances and deposits from customers of PT Karma Manggala Yudha.
11. Note 21, regarding change on disclosure related to presentation of the movement of employee benefits liability.
12. Note 24, regarding change in the disclosure of non-controlling interest.
13. Note 26, regarding additional disclosure on provision of inventories obsolescence and effort of the Company to reduce dependence on only one supplier.
14. Note 29, regarding additional disclosure on the terms and conditions of transactions with related parties and additional disclosure on deposit for future shares subscription of NCI.
15. Note 30, regarding additional disclosure on agreement between the Company with PT Surya Toto Indonesia, Tbk.
16. Note 34, regarding change on disclosure of fair value for consumer financing payable and bank loan.
17. Note 35, regarding change on disclosure of earnings per share related with change in the income attributable to owners of the parent entity and weighted average number of shares.
18. Note 36, regarding change on disclosure related with reclassification of trade payables to other payables related parties.
19. Note 37, regarding additional disclosure on subsequent event for extraordinary general shareholders circular meeting.
20. Note 38, regarding additional disclosure on non-cash activities.

The summary of changes to the consolidated statement of financial position, consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows, before and after reissued, is as follow:

	Diterbitkan Sebelumnya/ As previously Issued	Reklasifikasi/ Reclassification	Diterbitkan kembali/ As Re-Issued	
<b>LAPORAN POSISI KEUANGAN KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
<b>31 Desember 2017</b>				<b>December 31, 2017</b>
<b>Aset tidak lancar</b>				<b>Non-current assets</b>
Aset pajak tangguhan	14.286.058.972	(30.027.079)	14.256.031.893	Deferred tax asset
<b>Liabilitas jangka pendek</b>				<b>Current liabilities</b>
Utang usaha - pihak berelasi	434.320.574.658	(221.110.295)	434.099.464.363	Trade payables - related parties
Utang lain-lain - pihak berelasi	2.994.266.616	221.110.295	3.215.376.911	Other payables - related parties
<b>Total ekuitas yang dapat diatribusikan kepada:</b>				<b>Total equity attributable to:</b>
Pemilik entitas induk	291.366.894.845	(15.313.810)	291.351.581.035	Owners of the parent
Kepentingan non-pengendali	481.724.736.300	(14.713.269)	481.710.023.031	Non-controlling interest

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN**  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)

**41. PENERBITAN KEMBALI LAPORAN KEUANGAN  
KONSOLIDASIAN (lanjutan)**

Ikhtisar perubahan pada laporan posisi keuangan konsolidasian, laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan laporan arus kas konsolidasian sebelum dan sesudah diterbitkan kembali, adalah sebagai berikut (lanjutan):

**41. REISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The summary of changes to the consolidated statement of financial position, consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows, before and after reissued, is as follow (continued):

	Diterbitkan Sebelumnya/ As previously Issued	Reklasifikasi/ Reclassification	Diterbitkan kembali/ As Re-Issued	
<b>LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>
Untuk tahun yang berakhir pada tanggal 31 Desember 2017				<b>For the year ended December 31, 2017</b>
Beban pajak penghasilan	75.702.766.107	30.027.079	75.732.793.186	<b>Income before income tax</b>
Laba netto yang akan diatribusikan kepada:				<b>Net income attributable to:</b>
Pemilik Entitas Induk	225.445.710.972	(15.313.810)	225.430.397.162	Owners of the parent
Kepentingan Non-Pengendali	(3.837.607.822)	(14.713.269)	(3.852.321.091)	Non-controlling interest
<b>Total laba komprehensif yang akan diatribusikan kepada:</b>				<b>Total comprehensive income attributable to:</b>
Pemilik Entitas Induk	222.990.987.529	(15.313.810)	222.975.673.719	Owners of the parent
Kepentingan Non-Pengendali	3.841.243.615	(14.713.269)	(3.855.956.884)	Non-controlling interest
<b>Laba per saham dasar yang diatribusikan kepada pemilik entitas induk</b>	<b>1.610.327</b>	<b>(1.610.214,28)</b>	<b>112,72</b>	<b>Basic earnings per share attributable to equity holders of parent company</b>
<b>LAPORAN ARUS KAS KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENTS OF CASH FLOWS:</b>
<b>Arus kas dari aktivitas operasi</b>				<b>Cash flow from operating activities</b>
Pembayaran kepada pemasok, karyawan dan untuk beban operasi lain	1.922.133.984.038	(1.922.133.984.038)	-	Cash paid to suppliers, employees and for other operating expenses
Pembayaran kepada pemasok dan karyawan	-	1.751.851.134.217	1.751.851.134.217	Cash paid to suppliers and employees
Pembayaran untuk beban operasi	-	170.282.849.821	170.282.849.821	Cash paid for other operating expenses

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN**  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS**  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)

**41. PENERBITAN KEMBALI LAPORAN KEUANGAN  
KONSOLIDASIAN (lanjutan)**

Ikhtisar perubahan pada laporan posisi keuangan konsolidasian, laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan laporan arus kas konsolidasian sebelum dan sesudah diterbitkan kembali, adalah sebagai berikut (lanjutan):

**41. REISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The summary of changes to the consolidated statement of financial position, consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows, before and after reissued, is as follow (continued):

	Diterbitkan Sebelumnya/ As previously Issued	Reklasifikasi/ Reclassification	Diterbitkan kembali/ As Re-Issued	
<b>LAPORAN POSISI KEUANGAN KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
<b>31 December 2016</b>				<b>December 31, 2016</b>
<b>Liabilitas jangka pendek</b>				<b>Current liabilities</b>
Utang usaha - pihak berelasi	417.309.203.638	(191.058.300)	417.118.145.338	Trade payables - related parties
Utang lain-lain - pihak berelasi	2.039.356.236	191.058.300	2.230.414.536	Other payables - related parties
<b>Liabilitas jangka panjang</b>				<b>Non-current liabilities</b>
Utang kepada pihak berelasi	115.354.110.827	34.300.000.000	149.654.110.827	Due to related party
<b>Ekuitas</b>				<b>Equity</b>
Total ekuitas yang dapat diatribusikan kepada:				Total equity attributable to:
Kepentingan non-pengendali	173.065.979.915	(34.300.000.000)	138.765.979.915	Non-controlling interest
<b>LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>
<b>Untuk tahun yang berakhir pada tanggal 31 Desember 2016</b>				<b>For the year ended December 31, 2016</b>
<b>Laba per saham dasar yang diatribusikan kepada pemilik entitas induk</b>	<b>11.105.838</b>	<b>(11.105.726,94)</b>	<b>111,06</b>	<b>Basic earnings per share attributable to equity holders of parent company</b>
<b>LAPORAN ARUS KAS KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENTS OF CASH FLOWS:</b>
<b>Arus kas dari aktivitas operasi</b>				<b>Cash flow from operating activities</b>
Pembayaran kepada pemasok, karyawan dan untuk beban operasi lain	1.820.722.951.489	(1.820.722.951.489)	-	Cash paid to suppliers, employees and for other operating expenses
Pembayaran kepada pemasok dan karyawan	-	1.742.315.396.665	1.742.315.396.665	Cash paid to suppliers and employees
Pembayaran untuk beban operasi	-	78.407.554.824	78.407.554.824	Cash paid for other operating expenses

**PT SURYA PERTIWI Tbk  
DAN ENTITAS ANAK  
CATATAN ATAS LAPORAN KEUANGAN  
KONSOLIDASIAN  
Tanggal 31 Desember 2017, 2016 dan 2015 serta  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
Tersebut  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS  
As of December 31, 2017, 2016 and 2015 and  
For the Years Then Ended  
(Expressed in Rupiah, unless otherwise stated)**

**41. PENERBITAN KEMBALI LAPORAN KEUANGAN  
KONSOLIDASIAN (lanjutan)**

Ikhtisar perubahan pada laporan posisi keuangan konsolidasian, laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan laporan arus kas konsolidasian sebelum dan sesudah diterbitkan kembali, adalah sebagai berikut (lanjutan):

**41. REISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The summary of changes to the consolidated statement of financial position, consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows, before and after reissued, is as follow (continued):

	Diterbitkan Sebelumnya/ As previously Issued	Reklasifikasi/ Reclassification	Diterbitkan kembali/ As Re-Issued	
<b>LAPORAN POSISI KEUANGAN KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>
<b>31 December 2015</b>				<b>December 31, 2015</b>
<b>Liabilitas jangka pendek</b>				<b>Current liabilities</b>
Utang usaha - pihak berelasi	473.907.056.859	(493.048.892)	473.414.007.967	Trade payables - related parties
Utang lain-lain - pihak berelasi	-	493.048.892	493.048.892	Other payables - related parties
<b>Liabilitas jangka panjang</b>				<b>Non-current liabilities</b>
Utang kepada pihak berelasi	-	85.417.750.000	85.417.750.000	Due to related party
<b>Ekuitas</b>				<b>Equity</b>
Total ekuitas yang dapat diatribusikan kepada:				Total equity attributable to:
Kepentingan non-pengendali	107.284.533.859	(85.417.750.000)	21.866.783.859	Non-controlling interest
<b>LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>
<b>Untuk tahun yang berakhir pada tanggal 31 Desember 2015</b>				<b>For the year ended December 31, 2015</b>
<b>Laba per saham dasar yang diatribusikan kepada pemilik entitas induk</b>	<b>11.105.838</b>	<b>(11.105.726,94)</b>	<b>111,06</b>	<b>Basic earnings per share attributable to equity holders of parent company</b>
<b>LAPORAN ARUS KAS KONSOLIDASIAN</b>				<b>CONSOLIDATED STATEMENTS OF CASH FLOWS:</b>
<b>Arus kas dari aktivitas operasi</b>				<b>Cash flow from operating activities</b>
Pembayaran kepada pemasok, karyawan dan untuk beban operasi lain	1.888.962.120.334	(1.888.962.120.334)	-	Cash paid to suppliers, employees and for other operating expenses
Pembayaran kepada pemasok dan karyawan	-	1.800.775.902.347	1.800.775.902.347	Cash paid to suppliers and employees
Pembayaran untuk beban operasi	-	88.186.217.987	88.186.217.987	Cash paid for other operating expenses

The supplemental financial information is originally issued  
in the Indonesian language.

**PT SURYA PERTIWI Tbk  
(INDUK PERUSAHAAN)  
DAFTAR INFORMASI KEUANGAN TAMBAHAN  
Tanggal 31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
(PARENT COMPANY)  
SUPPLEMENTARY FINANCIAL INFORMATION  
As of December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

**Lampiran/Attachment**

	Halaman/Pages	
Laporan Posisi Keuangan - Induk Perusahaan .....	105 - 106	.....Statement of Financial Position - Parent Company
Laporan Laba Rugi dan Penghasilan Komprehensif Lain - Induk Perusahaan ...	107 - 108	.....Statement of Profit or Loss and .....Other Comprehensive Income - Parent Company
Laporan Perubahan Ekuitas - Induk Perusahaan .....	109	.....Statement of Changes in Equity - Parent Company
Laporan Arus Kas - Induk Perusahaan.....	110 - 111	.....Statement of Cash Flows - Parent Company
Informasi Tambahan - Induk Perusahaan .....	112	.....Supplementary Information - Parent Company

Lampiran 1

Attachment 1

**PT SURYA PERTIWI Tbk**  
**(INDUK PERUSAHAAN)**  
**LAPORAN POSISI KEUANGAN**  
**Tanggal 31 Desember 2017, 2016 dan 2015**  
**(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk**  
**(PARENT COMPANY)**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2017, 2016 and 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	2017	2016	2015	
<b>ASET</b>				<b>ASSETS</b>
<b>ASET LANCAR</b>				<b>CURRENT ASSETS</b>
Kas dan setara kas	38.296.213.280	72.264.318.151	184.495.492.299	Cash and cash equivalents
Piutang usaha - pihak ketiga	429.268.118.690	374.311.388.884	310.081.018.639	Trade receivables - third parties
Piutang lain-lain				Other receivables
Pihak berelasi	79.998.546.003	120.019.812.290	58.070.000.000	Related parties
Pihak ketiga	654.667.730	956.743.282	749.316.300	Third parties
Persediaan - neto	312.263.450.129	261.262.729.213	250.785.862.186	Inventories - net
Uang muka	4.124.377.958	5.119.759.973	2.834.570.699	Advances
Biaya dibayar dimuka	2.427.159.586	1.841.533.709	1.971.377.821	Prepaid expenses
<b>TOTAL ASET LANCAR</b>	<b>867.032.533.376</b>	<b>835.776.285.502</b>	<b>808.987.637.944</b>	<b>TOTAL CURRENT ASSETS</b>
<b>ASET TIDAK LANCAR</b>				<b>NON-CURRENT ASSETS</b>
Uang muka pembelian aset tetap dan properti investasi	20.566.266.590	1.227.575.683	4.178.680.072	Advance for purchase of fixed assets and investment properties
Aset tetap - setelah dikurangi akumulasi penyusutan				Fixed assets - net of accumulated depreciation
Rp 31.864.481.306 pada tahun 2017				Rp 31,864,481,306 in 2017
Rp 30.677.587.702 pada tahun 2016,				of Rp 30,677,587,702 in 2016,
Rp 28.549.581.278 pada tahun 2015,	7.370.237.855	8.346.100.797	8.418.562.300	of Rp 28,549,581,278 in 2015,
Investasi pada entitas anak	505.000.000.000	187.500.000.000	115.807.250.000	Investment in subsidiaries
Properti investasi	22.100.000.000	16.887.991.590	13.305.265.941	Investment properties
Aset pajak tangguhan	10.270.660.135	9.596.117.000	14.791.723.000	Deferred tax assets
Aset tidak lancar lainnya	902.712.944	833.911.194	3.259.144.558	Other non-current assets
<b>TOTAL ASET TIDAK LANCAR</b>	<b>566.209.877.524</b>	<b>224.391.696.264</b>	<b>159.760.625.871</b>	<b>TOTAL NON-CURRENT ASSETS</b>
<b>TOTAL ASET</b>	<b>1.433.242.410.900</b>	<b>1.060.167.981.766</b>	<b>968.748.263.815</b>	<b>TOTAL ASSETS</b>

Lampiran 2

Attachment 2

**PT SURYA PERTIWI Tbk**  
**(INDUK PERUSAHAAN)**  
**LAPORAN POSISI KEUANGAN (lanjutan)**  
**Tanggal 31 Desember 2017, 2016 dan 2015**  
**(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk**  
**(PARENT COMPANY)**  
**STATEMENTS OF FINANCIAL POSITION (continued)**  
**As of December 31, 2017, 2016 and 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	2017	2016	2015	
<b>LIABILITAS DAN EKUITAS</b>				<b>LIABILITIES AND EQUITY</b>
<b>LIABILITAS</b>				<b>CURRENT</b>
<b>JANGKA PENDEK</b>				<b>LIABILITIES</b>
Utang usaha				Trade payables
Pihak berelasi	434.099.464.363	417.118.145.338	473.414.011.272	Related parties
Pihak ketiga	605.310.916	1.368.138.825	2.802.587.781	Third parties
Utang lain-lain - pihak berelasi	221.110.295	191.058.300	493.045.587	Other payable - related party
Biaya yang masih harus dibayar	8.153.388.891	11.076.526.545	7.962.308.273	Accrued expenses
Utang pajak	13.867.577.646	7.435.658.155	14.775.127.667	Taxes payable
Pinjaman bank jangka pendek	301.924.397.322	125.393.415.537	15.000.000.000	Short-term bank loan
Uang muka dan jaminan dari pelanggan	186.344.929.609	163.613.722.917	154.978.009.108	Advances and deposits from customers
Utang jangka panjang yang jatuh tempo				Current maturities of long term debts:
Utang pembiayaan konsumen	916.058.170	1.585.949.167	1.540.970.083	Consumer financing payables
Utang bank	20.849.140.346	1.656.140.352	1.656.140.352	Bank loans
<b>TOTAL LIABILITAS JANGKA PENDEK</b>	<b>966.981.377.558</b>	<b>729.438.755.136</b>	<b>672.622.200.123</b>	<b>TOTAL CURRENT LIABILITIES</b>
<b>LIABILITAS JANGKA PANJANG</b>				<b>NON-CURRENT LIABILITIES</b>
Utang jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun:				Long-term debts net of current maturities:
Utang pembiayaan konsumen	173.502.257	258.615.000	850.584.583	Consumer financing payables
Utang bank	95.965.000.000	1.656.140.346	3.312.280.698	Bank loans
Liabilitas imbalan kerja jangka panjang	40.608.403.000	38.384.468.000	59.166.892.000	Employee benefits liability
<b>TOTAL LIABILITAS JANGKA PANJANG</b>	<b>136.746.905.257</b>	<b>40.299.223.346</b>	<b>63.329.757.281</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>
<b>TOTAL LIABILITAS</b>	<b>1.103.728.282.815</b>	<b>769.737.978.482</b>	<b>735.951.957.404</b>	<b>TOTAL LIABILITIES</b>
<b>EKUITAS</b>				<b>EQUITY</b>
Modal saham				Share capital
Modal dasar - 500.000 saham pada tanggal 31 Desember 2017				Authorized - 500,000 shares as of December 31, 2017
25.000 saham pada tanggal 31 Desember 2016 dan 2015 dengan nilai nominal Rp 1.000.000 per saham				25,000 shares as of December 31, 2016 and 2015 with par value of Rp 1,000,000 per share;
Modal ditempatkan dan disetor penuh - 200.000 saham pada tanggal 31 Desember 2017				Issued and fully paid - 200,000 shares as of December 31, 2017
20.000 saham pada tanggal 31 Desember 2016 dan 2015	200.000.000.000	20.000.000.000	20.000.000.000	20,000 shares as of December 31, 2016 and 2015
Cadangan umum	5.000.000.000	-	-	General reserve
Saldo laba	124.514.128.085	270.430.003.284	212.796.306.411	Retained earnings
<b>TOTAL EKUITAS</b>	<b>329.514.128.085</b>	<b>290.430.003.284</b>	<b>232.796.306.411</b>	<b>TOTAL EQUITY</b>
<b>TOTAL LIABILITAS DAN EKUITAS</b>	<b>1.433.242.410.900</b>	<b>1.060.167.981.766</b>	<b>968.748.263.815</b>	<b>TOTAL LIABILITIES AND EQUITY</b>

Lampiran 3

Attachment 3

**PT SURYA PERTIWI Tbk**  
**(INDUK PERUSAHAAN)**  
**LAPORAN LABA RUGI DAN PENGHASILAN**  
**KOMPREHENSIF LAIN**  
**Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal**  
**31 Desember 2017, 2016 dan 2015**  
**(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk**  
**(PARENT COMPANY)**  
**STATEMENTS OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**For the Years Ended**  
**December 31, 2017, 2016 and 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	2017	2016	2015	
<b>PENJUALAN NETO</b>	2.141.912.447.466	2.071.781.366.184	2.171.430.262.591	<b>NET SALES</b>
<b>BEBAN POKOK PENJUALAN</b>	1.630.886.032.155	1.580.795.634.766	1.715.735.008.564	<b>COST OF SALES</b>
<b>LABA BRUTO</b>	<b>511.026.415.311</b>	<b>490.985.731.418</b>	<b>455.695.254.027</b>	<b>GROSS PROFIT</b>
<b>BEBAN USAHA</b>				<b>OPERATING EXPENSES</b>
Penjualan	84.656.515.235	63.020.691.567	56.306.184.210	Selling
Umum dan administrasi	120.403.575.154	131.681.124.337	120.768.715.987	General and administrative
<b>TOAL BEBAN OPERASI</b>	<b>205.060.090.389</b>	<b>194.701.815.904</b>	<b>177.074.900.197</b>	<b>TOTAL OPERATING EXPENSES</b>
<b>LABA USAHA</b>	<b>305.966.324.922</b>	<b>296.283.915.514</b>	<b>278.620.353.830</b>	<b>OPERATING INCOME</b>
<b>PENGHASILAN (BEBAN)</b>				<b>OTHER INCOME</b>
<b>LAIN-LAIN</b>				<b>(CHARGES)</b>
Kenaikan dari perubahan nilai wajar property investasi	8.794.734.059	-	-	Increase in fair value of investment properties
Pendapatan bunga	25.150.694.467	10.532.021.670	6.724.296.589	Interest income
Laba penjualan aset tetap	2.691.794.776	1.231.691.636	611.000.000	Gain on sale of fixed assets
Beban bank	(1.087.185.282)	(955.909.828)	(1.093.432.682)	Bank charges
Rugi selisih kurs	(3.330.180.605)	(1.579.326.424)	(777.776.767)	Loss on foreign exchange - net
Beban bunga	(8.755.819.953)	(2.635.671.249)	(1.579.591.624)	Interest expense
Laba penjualan investasi saham		-	481.458.290	Gain on sale of investment in shares
Lain-lain - neto	1.820.393.282	693.125.804	59.222.166	Others - net
<b>Penghasilan lain-lain - Neto</b>	<b>25.284.430.744</b>	<b>7.285.931.609</b>	<b>4.425.175.972</b>	<b>Other Income - Net</b>
<b>Laba Sebelum Manfaat (Beban) Pajak Penghasilan</b>	<b>331.250.755.666</b>	<b>303.569.847.123</b>	<b>283.045.529.802</b>	<b>Income Before Income Tax Benefit (Expense)</b>
<b>MANFAAT (BEBAN) PAJAK PENGHASILAN</b>				<b>INCOME TAX BENEFIT (EXPENSE)</b>
Kini	(79.573.255.000)	(67.897.007.250)	(72.472.251.700)	Current
Tangguhan	(142.436.615)	(6.984.740.250)	1.148.914.000	Deferred
<b>Beban Pajak Penghasilan - Neto</b>	<b>(79.715.691.615)</b>	<b>(74.881.747.500)</b>	<b>(71.323.337.700)</b>	<b>Income Tax Expense - Net</b>
<b>LABA NETO</b>	<b>251.535.064.051</b>	<b>228.688.099.623</b>	<b>211.722.192.102</b>	<b>NET INCOME</b>

**PT SURYA PERTIWI Tbk**  
**(INDUK PERUSAHAAN)**  
**LAPORAN LABA RUGI DAN PENGHASILAN**  
**KOMPREHENSIF LAIN (lanjutan)**  
**Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal**  
**31 Desember 2017, 2016 dan 2015**  
**(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk**  
**(PARENT COMPANY)**  
**STATEMENTS OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME (continued)**  
**For the Years Ended**  
**December 31, 2017, 2016 and 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	2017	2016	2015	
<b>PENGHASILAN KOMPREHENSIF LAIN</b>				<b>OTHER COMPREHENSIVE INCOME</b>
<b>Penghasilan (kerugian) komprehensif lain tidak akan direklasifikasi ke laba rugi pada periode berikutnya:</b>				<b>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent period:</b>
Pengukuran kembali liabilitas imbalan kerja	(3.267.919.000)	(7.156.537.000)	638.904.000	Remeasurement of employee benefits liability
Pajak tangguhan terkait	816.979.750	1.789.134.250	(159.726.000)	Related income tax
	(2.450.939.250)	(5.367.402.750)	479.178.000	
<b>Penghasilan komprehensif lain yang akan direklasifikasi ke laba rugi pada periode berikutnya:</b>				<b>Other comprehensive income to be reclassified to profit or loss in subsequent period:</b>
Keuntungan bersih direalisasi atas aset keuangan tersedia untuk dijual	-	-	148.035.000	Net gain on available-for-sale financial assets
<b>Penghasilan (kerugian) komprehensif lain - Neto setelah pajak</b>	<b>(2.450.939.250)</b>	<b>(5.367.402.750)</b>	<b>627.213.000</b>	<b>Other Comprehensive Income (Loss) - Net of Tax</b>
<b>TOTAL LABA KOMPREHENSIF</b>	<b>249.084.124.801</b>	<b>223.320.696.873</b>	<b>212.349.405.102</b>	<b>TOTAL COMPREHENSIVE INCOME</b>

Lampiran 4

PT SURYA PERTIWI Tbk  
(INDUK PERUSAHAAN)  
LAPORAN PERUBAHAN EKUITAS  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

Attachment 4

PT SURYA PERTIWI Tbk  
(PARENT COMPANY)  
STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)

	Modal Saham/ Share capital	Keuntungan (kerugian) belum direalisasi atas perubahan nilai wajar aset keuangan tersedia untuk dijual/ Unrealized loss on change in fair value of available for sale financial assets	Cadangan umum/ General reserve	Saldo laba/ Retained earnings	Total/ Total	
<b>Saldo tanggal 1 Januari 2015</b>	<b>20.000.000.000</b>	<b>(148.035.000)</b>	-	<b>147.041.836.309</b>	<b>166.893.801.309</b>	<b>Balance as of January 1, 2015</b>
Laba neto	-	-	-	211.722.192.102	211.722.192.102	Net income
Dividen	-	-	-	(146.446.900.000)	(146.446.900.000)	Dividends
Pendapatan komprehensif lainnya: Keuntungan neto atas aset keuangan yang tersedia untuk dijual	-	148.035.000	-	-	148.035.000	Other comprehensive income: Net gain of available for sale financial assets
Pengukuran kembali liabilitas imbalan kerja	-	-	-	638.904.000	638.904.000	Remeasurement of employee benefits liability
Pajak penghasilan terkait	-	-	-	(159.726.000)	(159.726.000)	Related income tax
<b>Saldo tanggal 31 Desember 2015</b>	<b>20.000.000.000</b>	-	-	<b>212.796.306.411</b>	<b>232.796.306.411</b>	<b>Balance as of December 31, 2015</b>
Laba neto	-	-	-	228.688.099.623	228.688.099.623	Net income
Dividen	-	-	-	(165.687.000.000)	(165.687.000.000)	Dividends
Beban komprehensif lainnya: Pengukuran kembali liabilitas imbalan kerja	-	-	-	(7.156.537.000)	(7.156.537.000)	Other comprehensive loss: Remeasurement of employee benefits liability
Pajak penghasilan terkait	-	-	-	1.789.134.250	1.789.134.250	Related income tax
<b>Saldo tanggal 31 Desember 2016</b>	<b>20.000.000.000</b>	-	-	<b>270.430.003.284</b>	<b>290.430.003.284</b>	<b>Balance as of December 31, 2016</b>
Laba neto	-	-	-	251.535.064.051	251.535.064.051	Net income
Penerbitan modal saham	180.000.000.000	-	-	-	180.000.000.000	Issuance of share capital
Dividen	-	-	-	(390.000.000.000)	(390.000.000.000)	Dividends
Penambahan atas saldo cadangan umum	-	-	5.000.000.000	(5.000.000.000)	-	Additional for general reserve balance
Beban komprehensif lainnya: Pengukuran kembali liabilitas imbalan kerja	-	-	-	(3.267.919.000)	(3.267.919.000)	Other comprehensive loss: Remeasurement of employee benefits liability
Pajak penghasilan terkait	-	-	-	816.979.750	816.979.750	Related income tax
<b>Saldo tanggal 31 Desember 2017</b>	<b>200.000.000.000</b>	-	<b>5.000.000.000</b>	<b>124.514.128.085</b>	<b>329.514.128.085</b>	<b>Balance as of December 31, 2017</b>

Lampiran 5

Attachment 5

**PT SURYA PERTIWI Tbk**  
**(INDUK PERUSAHAAN)**  
**LAPORAN ARUS KAS**  
**Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal**  
**31 Desember 2017, 2016 dan 2015**  
**(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk**  
**(PARENT COMPANY)**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended**  
**December 31, 2017, 2016 and 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	2017	2016	2015	
<b>ARUS KAS DARI AKTIVITAS OPERASI</b>				<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>
Penerimaan dari pelanggan	2.109.686.924.351	2.016.186.709.750	2.207.383.969.146	Cash receipts from customers
Pembayaran kepada pemasok, karyawan dan untuk beban operasi lain	(2.048.061.694.400)	(1.921.796.827.496)	(1.909.843.490.990)	Cash paid to suppliers, employee and for other operating expenses
Kas yang diperoleh dari operasi	61.625.229.951	94.389.882.254	297.540.478.156	Cash generated from operations
Penerimaan bunga	24.087.941.320	8.468.528.813	6.724.296.589	Interest received
Pembayaran bunga	(8.755.819.953)	(2.635.671.249)	(1.579.591.624)	Interest paid
Pembayaran pajak penghasilan badan	(74.203.116.817)	(78.715.973.580)	(67.540.982.049)	Corporate income tax paid
<b>Arus Kas Bersih Diperoleh dari Aktivitas Operasi</b>	<b>2.754.234.501</b>	<b>21.506.766.238</b>	<b>235.144.201.072</b>	<b>Net Cash Provided by Operating Activities</b>
<b>ARUS KAS DARI AKTIVITAS INVESTASI</b>				<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>
Penerimaan dari penjualan properti investasi	5.200.000.000	-	-	Proceeds from sale of investment properties
Penerimaan dari penjualan aset tetap	2.795.360.625	1.269.650.000	611.000.000	Proceeds from sale of fixed assets
Perolehan aset tetap	(895.446.135)	(1.591.017.546)	(2.483.686.641)	Acquisition of fixed assets
Perolehan investasi pada entitas anak	(102.600.000.000)	(71.692.750.000)	(88.057.250.000)	Acquisition of share in subsidiaries
Penerimaan dari penjualan investasi saham	-	-	2.280.708.290	Proceeds from sale on investment in shares
Perolehan properti investasi	-	-	(3.237.321.257)	Acquisition of investment properties
Pembayaran uang muka pembelian aset tetap dan properti investasi	(19.338.690.907)	(631.621.260)	-	Payment for advance purchase of fixed assets and investment properties
<b>Kas Bersih Digunakan untuk Aktivitas Investasi</b>	<b>(114.838.776.417)</b>	<b>(72.645.738.806)</b>	<b>(90.886.549.608)</b>	<b>Net Cash Used in Investing Activities</b>
<b>ARUS KAS DARI AKTIVITAS PENDANAAN</b>				<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>
Pembayaran dividen	(210.000.000.000)	(165.687.000.000)	(146.446.900.000)	Dividends paid
Penerimaan atas utang bank jangka pendek	179.436.397.322	110.393.415.537	15.000.000.000	Proceeds from short-term bank loans
Penerimaan atas utang bank jangka panjang	115.158.000.000	-	-	Proceeds from long-term bank loans
Pembayaran utang bank jangka panjang	(4.561.555.889)	(1.656.140.352)	(1.656.140.352)	Payment of long-term loan
Pembayaran atas utang pembiayaan konsumen	(2.052.173.740)	(4.261.750.500)	(1.053.377.500)	Payment of consumer financing payables
<b>Kas Bersih Diperoleh dari (Digunakan untuk) Aktivitas Pendanaan</b>	<b>77.980.667.693</b>	<b>(61.211.475.315)</b>	<b>(134.156.417.852)</b>	<b>Net Cash Provided by (Used in) Financing Activities</b>

Lampiran 5

Attachment 5

**PT SURYA PERTIWI Tbk  
(INDUK PERUSAHAAN)  
LAPORAN ARUS KAS (lanjutan)  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)**

**PT SURYA PERTIWI Tbk  
(PARENT COMPANY)  
STATEMENTS OF CASH FLOWS (continued)  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)**

	2017	2016	2015	
Dampak perubahan selisih kurs terhadap kas dan setara kas	135.769.352	119.273.735	123.157.859	Effect of foreign exchange on cash and cash equivalents
<b>NETO KENAIKAN (PENURUNAN) PADA KAS DAN SETARA KAS</b>	<b>(33.968.104.871)</b>	<b>(112.231.174.148)</b>	<b>10.224.391.471</b>	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>
<b>KAS DAN SETARA KAS AWAL TAHUN</b>	<b>72.264.318.151</b>	<b>184.495.492.299</b>	<b>174.271.100.828</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>
<b>KAS DAN SETARA KAS AKHIR TAHUN</b>	<b>38.296.213.280</b>	<b>72.264.318.151</b>	<b>184.495.492.299</b>	<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>
<b>AKTIVITAS NON KAS</b>				<b>NON-CASH ACTIVITIES</b>
Pembagian dividen saham	180.000.000.000	-	-	Share dividend
Konversi piutang pihak berelasi menjadi investasi pada entitas anak	214.900.000.000	-	-	Conversion of receivable from related parties to investment in subsidiaries
Perolehan aset tetap melalui utang pembiayaan	1.297.170.000	3.714.760.001	1.472.566.666	Acquisition of fixed assets through consumer financing
Keuntungan dari perubahan nilai wajar properti investasi	8.794.734.059	-	-	Increase in fair value of investment properties
Perolehan properti investasi melalui uang muka	-	3.582.725.649	-	Acquisition of investment properties through advances

Lampiran 6

Attachment 6

**PT SURYA PERTIWI Tbk**  
**(INDUK PERUSAHAAN)**  
Informasi Tambahan -  
Hasil Usaha  
Untuk Tahun Yang Berakhir Pada Tanggal-Tanggal  
31 Desember 2017, 2016 dan 2015  
(Disajikan dalam Rupiah, kecuali dinyatakan lain)

**PT SURYA PERTIWI Tbk**  
**(PARENT COMPANY)**  
Supplementary Information -  
Results of Operations  
For the Years Ended  
December 31, 2017, 2016 and 2015  
(Expressed in Rupiah, unless otherwise stated)

**HASIL USAHA**

**RESULTS OF OPERATIONS**

**1. PENJUALAN NETO**

**1. NET SALES**

Akun ini merupakan penjualan persediaan barang dagangan pada outlet Perusahaan, dengan rincian sebagai berikut:

This account represents sales of inventories on Company's outlets, with details as follows:

	2017	2016	2015	
Penjualan				Sales
Barang lokal	1.917.965.887.816	1.883.657.816.501	2.023.388.859.518	Local goods
Barang impor	223.835.580.558	188.123.549.683	148.041.403.073	Imported goods
<b>Penjualan neto</b>	<b>2.141.801.468.374</b>	<b>2.071.781.366.184</b>	<b>2.171.430.262.591</b>	<b>Net sales</b>

**2. BEBAN PENJUALAN**

**2. SELLING EXPENSES**

Akun ini terdiri dari :

This account consists of :

	2017	2016	2015	
Ongkos angkut	57.995.080.179	51.966.086.893	47.229.752.195	Freight
Promosi	17.955.841.996	10.610.617.341	8.440.871.770	Promotion
Biaya Tur	8.415.911.456	7.967.890.863	5.403.949.425	Tour
Komisi	152.933.359	156.375.280	388.871.005	Commission
Penagihan	106.521.745	115.786.553	112.414.240	Billing
Pengemasan	30.226.500	171.825.500	134.275.000	Packaging
<b>Total</b>	<b>84.656.515.235</b>	<b>70.988.582.430</b>	<b>61.710.133.635</b>	<b>Total</b>

**3. BEBAN UMUM DAN ADMINISTRASI**

**3. GENERAL AND ADMINISTRATIVE**

Akun ini terdiri dari:

This account consists of:

	2017	2016	2015	
Gaji dan tunjangan	66.393.972.849	61.656.866.482	51.820.007.725	Salaries and allowances
Sewa	25.787.198.857	27.675.210.004	27.040.544.361	Rent
Imbalan kerja	5.226.733.000	5.872.251.000	6.268.642.000	Employee benefits
Perjalanan dinas	4.424.023.784	3.437.913.672	3.717.050.681	Travelling
Asuransi dan jamsostek	3.868.390.886	3.414.905.925	2.492.086.521	Insurance and jamsostek
Jasa profesional	2.626.093.954	2.742.041.741	1.870.043.791	Professional fees
Alat tulis, percetakan dan fotocopy	2.610.661.663	2.384.724.286	2.734.687.122	Stationeries, printing and photocopy
Telepon, listrik dan air	2.608.895.102	2.668.301.007	2.568.823.163	Telephone, electricity and water
Pemeliharaan dan perbaikan	2.377.528.079	2.523.804.593	3.658.539.121	Repairs and maintenance
Penyusutan	1.447.638.877	5.338.383.936	4.473.730.553	Depreciation
Entertainmen dan sumbangan	960.777.894	1.263.184.853	967.114.566	Entertainment and donation
Retribusi dan perizinan	833.687.274	1.616.746.386	2.242.904.213	Retribution and permits
Pajak	108.823.913	2.557.154.864	4.580.612.732	Taxes
Lain-lain (masing-masing dibawah Rp 300.000.000)	1.129.149.022	561.744.725	929.980.013	Others (each other below Rp 300,000,000)
<b>Total</b>	<b>120.403.575.154</b>	<b>123.713.233.474</b>	<b>115.364.766.562</b>	<b>Total</b>

## **ANNEX A**

### **INDUSTRY REPORT BY EUROMONITOR INTERNATIONAL LIMITED**

The information that appears in this Industry Report has been prepared by Euromonitor International Limited and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or the advisability of investing in the Company. The directors of Euromonitor believe that the sources of information contained in this Industry Report are appropriate sources for such information and have taken reasonable care in reproducing such information. The directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor International Limited and set out in this Industry Report has not been independently verified by the Company, the Selling Shareholders or any other party involved in the Offering and neither they nor Euromonitor International Limited give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

# SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA

A report prepared by Euromonitor International



13 April 18

[www.euromonitor.com](http://www.euromonitor.com)

©2018 Euromonitor International Ltd. All rights reserved. The use of Euromonitor's name and the disclosure or sharing of any data and analysis in this Industry Overview report requires Euromonitor's written consent through the issue of Euromonitor's Letter of Authorization as per the terms and conditions of the Agreement between PT Surya Pertiwi and Euromonitor International.

## DISCLAIMER

The information that appears in this Industry Overview has been prepared by Euromonitor International Limited and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or the advisability of investing in PT Surya Pertiwi (the “Company”). The Directors of Euromonitor believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor International Limited and set out in this Industry Overview has not been independently verified by the Company, the Selling Shareholders or any other party involved in the Global Offering and neither they nor Euromonitor International Limited give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

# LIST OF CONTENTS

<b>DISCLAIMER.....</b>	<b>2</b>
<b>LIST OF CONTENTS.....</b>	<b>3</b>
<b>1. RESEARCH BACKGROUND.....</b>	<b>5</b>
1.1 RESEARCH OBJECTIVE .....	5
1.2 SOURCES OF INDUSTRY INFORMATION .....	5
1.3 RESEARCH METHODOLOGIES.....	5
1.4 FORECASTING BASES AND ASSUMPTIONS.....	5
1.5 DEFINITIONS AND COVERAGE.....	6
1.6 ABOUT EUROMONITOR .....	6
<b>2. MACROECONOMIC ENVIRONMENT IN INDONESIA.....</b>	<b>7</b>
2.1 MACRO ECONOMIC DATA AND IMPACT ON SANITARYWARE AND FITTINGS MARKET IN INDONESIA .....	7
Table 1 Macro-Economic Indicators In Indonesia, Historical (2008 – 2016).....	8
2.2 COMPARATIVE MACRO ECONOMIC DATA.....	8
Table 2 Disposable Income Per Capita, Historical (2008 – 2016) .....	9
<b>3. SANITARYWARE AND BATHROOM FITTINGS INDUSTRY IN INDONESIA .....</b>	<b>10</b>
3.1 MARKET SIZE OF SANITARYWARE AND BATHROOM FITTINGS INDUSTRY IN INDONESIA .....	10
3.1.1 <i>Market Size Of Sanitaryware and Bathroom Fittings Industry In Indonesia</i> .....	10
Table 3 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, Indonesia .....	11
Table 4 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – Greater Jakarta Area .....	11
Table 5 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – West Java .....	12
Table 6 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – Central Java .....	13
Table 7 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – East Java .....	14
Table 8 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – Bali .....	14
3.2 DRIVERS OF SANITARYWARE AND BATHROOM FITTINGS INDUSTRY IN INDONESIA.....	15
3.3 DISTRIBUTION OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA.....	16
Table 9 Distribution Channel Shares For Sanitaryware and Bathroom Fittings In Indonesia In 2016 .....	16
3.4 IMPORT, EXPORT AND MANUFACTURER SALES OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA .....	17
Table 10 Import Of Sanitaryware and Bathroom Fittings In Indonesia, Historical.....	17
Table 11 Manufacturer Volume Sales Of Sanitaryware and Bathroom Fittings In Indonesia, Forecast .....	18
Table 12 Manufacturer Value Sales Of Sanitaryware and Bathroom Fittings In Indonesia, Forecast .....	18
3.5 BUSINESS MODEL AND OPERATIONAL COSTS OF SANITARYWARE AND BATHROOM FITTINGS INDUSTRY .....	19
3.5.1 <i>Typical Business Model and Operational Costs</i> .....	19
3.5.2 <i>Significant Increase In Labour Costs and Running Costs</i> .....	20
Table 13 Historical Fluctuations in Costs of Manufacturing In Indonesia.....	20
3.5.3 <i>Manufacturers Increase Prices In Response To Rising Costs</i> .....	20
3.6 OUTLOOK OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA .....	20
3.6.1 <i>Constraints Of Sanitaryware and Bathroom Fittings Industry In Indonesia</i> .....	20
3.6.2 <i>Opportunities and Threats Of Sanitaryware and Bathroom Fittings Industry In Indonesia</i> .....	21
3.6.3 <i>Legislative and Regulatory Policies Of The Sanitaryware and Bathroom Fittings In Indonesia</i> .....	23

3.7	COMPETITIVE LANDSCAPE OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA .....	24
3.7.1	<i>Competitive Environment Of The Sanitaryware and Bathroom Fittings Industry In Indonesia .....</i>	<i>24</i>
3.7.2	<i>Key Barriers Of Entry To The Industry .....</i>	<i>24</i>
3.7.3	<i>Impact / Potential Threat Of Chinese Manufactured Products .....</i>	<i>25</i>
3.7.4	<i>Top Brands Of Sanitaryware In Indonesia Based On Manufacturer Value Sales .....</i>	<i>25</i>
3.7.5	<i>Top Brands Of Bathroom Fittings In Indonesia Based On Manufacturer Value Sales .....</i>	<i>27</i>
3.8	AN OVERVIEW OF PT SURYA PERTIWI OPERATIONS.....	28

# 1. RESEARCH BACKGROUND

## 1.1 RESEARCH OBJECTIVE

PT Surya Pertiwi (referred to as the “Client” hereafter) is planning for an IPO listing on the Stock Exchange of Indonesia (the “Stock Exchange”), and requires an independent market assessment of sanitaryware and bathroom fittings in Indonesia in the form of an Industry Overview report.

## 1.2 SOURCES OF INDUSTRY INFORMATION

This “Industry Overview” section contains information prepared by Euromonitor International for the purposes of the offering documents. The report was last updated on 19 March 2018. The market research was completed in January 2018 and all statistics in the Euromonitor report are based on information available at the time of reporting.

## 1.3 RESEARCH METHODOLOGIES

In compiling and preparing the Euromonitor Report, Euromonitor International used the following methodologies to collect multiple sources, validate the data and information collected, and cross-check each respondent’s information and views against those of others:

- Public secondary sources of market and company data, including official statistics (e.g. the Badan Pusat Statistik Indonesia and the Central Bureau of Statistics of Indonesia, the World Bank, etc.), recognised trade associations/economic research centres, company reports and financial statements.
- Primary research involved interviews with a sample of leading industry participants and experts for the latest data and insights into future trends, supplemented by verification and cross-checking of data and research estimates for consistency.
- Projected data was obtained from a historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers.
- Review and cross-checks of all sources and independent analysis to build final estimates including the size, shape, drivers and future trends of the lifestyle furniture and home furnishing market in Indonesia and prepare the final report.

## 1.4 FORECASTING BASES AND ASSUMPTIONS

Euromonitor International based the Euromonitor Report on the following assumptions:

- The Indonesia economy is expected to maintain steady growth over the forecast period;
- The Indonesia social, economic, and political environments are expected to remain stable during the forecast period;
- Key market drivers such as population growth and economic growth are expected to boost the development of Indonesia’s sanitary and bathroom fittings market;
- Key drivers including population growth and economic growth are likely to drive the future growth of Indonesia’s fitting out and renovation works market.

The research results may be influenced by the accuracy of these assumptions and the choice of these parameters. Euromonitor’s forecast data is derived from an analysis of the historical development of the market, the economic environment, and underlying market drivers, and it is cross-checked against established industry data and trade interviews with industry experts.

## 1.5 DEFINITIONS AND COVERAGE

### Geographic Coverage

Indonesia, to be broken down into the following regions:

- Greater Jakarta Area
- West Java (including Bandung)
- Central Java (including Semarang)
- East Java
- Bali

### Product / Category Coverage

- Sanitaryware  
*This includes all plumbed-in bathroom fixtures; excluding fittings and accessories.*
  - Sitting Toilets
  - Squatting Toilets
  - Toilet Sinks and Basins
  - Bathtubs
  - Urinals
  - Other Sanitaryware
- Bathroom Fittings and Accessories  
*This includes all standalone bathroom fittings and sanitaryware accessories.*
  - Faucets
  - Shower and Shower Heads
  - Other Bathroom Fittings

### Period Coverage

Market review for this report has been carried out for the period covering 2012-2019, unless otherwise stated. Specifically, the 2012-2016 period will be termed the historical or review period and 2017-2019 will be deemed the forecast period for this entire report.

## 1.6 ABOUT EUROMONITOR

Established in 1972, Euromonitor International is the world leader in strategy research for both consumer and industrial markets. Comprehensive international coverage and leading-edge innovation make our products essential resources for companies large and small, national and global. With offices around the world and analysts in 80 countries, the company is a leading provider of global market intelligence. Our products and services are held in high regard by the international business community and we have 5,000 active clients, including 90% of the Fortune 500 companies.

## 2. MACROECONOMIC ENVIRONMENT IN INDONESIA

### 2.1 MACRO ECONOMIC DATA AND IMPACT ON SANITARYWARE AND FITTINGS MARKET IN INDONESIA

#### Indonesia Economy Driven By Household Consumption And Favourable Policy Reforms

As the largest economy in Southeast Asia, Indonesia has registered consistent economic growth after the Asian financial crisis in the 1990s. Based on statistics published by Badan Pusat Statistik (BPS-Statistics Indonesia), the Indonesian economy grew at a CAGR of 10.9% between 2008 and 2016, reaching IDR12,407 trillion in 2016. According to IMF, domestic demand and solid economic policies are the key factors contributing to growth during the historic period. The economy was further strengthened in 2016 by the Indonesian government's pro-market reforms under President Joko Widodo. These included a shift towards deregulation, tax cuts on large investments and support for infrastructure projects. In 2016, Indonesia achieved real GDP growth of 5%, one of the highest among emerging markets with similar GDP such as Russia and Turkey. The Indonesian government's focus on infrastructure developments, demand for housing and rapid development of the urban areas have led to growth of the construction industry. Between 2008 and 2015, construction industry's contribution to GDP rose steadily from 3.9% to 5.5%.

The outlook for the economy remains positive. In 2017, private consumption continued to strengthen from 2016 to 2017 due to an increase in people's purchasing power set against low inflation and a stronger Rupiah. Exports grew in 2017 from 2016, in line with an increase in global trade. To maintain the growth momentum, the Indonesian government will need to continue with structural reforms and attract more investment. There are other potential challenges, such as Indonesia's lag in infrastructure development behind regional economies like Vietnam, China and Malaysia, a wide divergence in growth across Indonesia's 17,000 islands from negative growth to more than 7% growth, and a large wealth gap among its population, with 28 million Indonesians still living below the poverty line, according to the World Bank Group.

#### Steady Population Growth Contributes To Domestic Demand

According to statistics provided by Badan Pusat Statistik (BPS-Statistics Indonesia), Indonesia's population stood at 259 million in 2016, making it the world's fourth largest population. Between 2008 and 2016, the population increased by 27 million people, equivalent to a CAGR of 1.4%. The country has enjoyed steady population growth and it also has one of the world's fastest growing middle classes. This provides Indonesia with a large workforce and a large pool of consumers with increasing spending power. Disposable income has grown in line with economic growth, as indicated by the 9.7% CAGR in disposable income per capita from 2008 to 2016.

Indonesia is also undergoing rapid urbanisation. The number of households grew at a CAGR of 1.3% between 2012 and 2016, whereas the number of urban households grew at an annual rate of 2.8% during the same period. We expect the rise of the middle class and urbanisation to boost private consumption and influence the consumers' spending behaviours, e.g. more spending on lifestyle and discretionary products.

#### Sanitaryware Spending Directly Related To Economic Performance

According to trade interviews, sanitaryware spending has a positive correlation with the performance of the economy and consumers' disposable income. With a growing economy and rising income, demand for housing has increased from 2012 to 2016. Large cities like the Jakarta Metropolitan Area have seen a steady flow of construction projects, both for residential and commercial properties, which need to be fitted with sanitaryware and bathroom fittings. In addition, according to trade interviews, as consumers become wealthier, they are more likely to embark on home improvement projects, and demand for premium products has also increased. One of the most popular home improvement projects is to upgrade squatting toilets to sitting toilets, because it is relatively simple and inexpensive, and yet offers significant improvement in comfort.

## Household Spending On Home Improvement Increased In Line With a Rise In Disposable Income

Between 2008 and 2016, per capita consumer expenditure on home improvement grew at a CAGR of 11.7% to reach IDR138,056 trillion in 2016. The growth rate is consistent with the increase in disposable income per capita, which suggests that the overall increase in disposable income is one of the key drivers for the increase in home improvement spending.

**Table 1 Macro-Economic Indicators In Indonesia, Historical (2008 – 2016)**

	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	CAGR 2008- 16
GDP	IDR trillion	5,414.8	6,011.4	6,864.1	7,831.7	8,615.7	9,546.1	10,569.7	11,531.7	12,406.8	10.9%
GDP Growth	%	25.3	11.0	14.2	14.1	10.0	10.8	10.7	9.1	7.6	
GDP per capita	IDR million per capita	23.4	25.6	28.8	32.4	35.1	38.4	41.9	45.1	48.0	
Population	million	231.6	235.0	238.5	242.0	245.4	248.8	252.2	255.5	258.7	1.4%
Construction as a % of GDP	%	3.9	4.3	4.7	4.8	5.1	5.3	5.4	5.5	n/a	
Manufacturing as a % of GDP	%	27.8	26.4	22.0	21.8	21.5	21.0	21.1	21.0	20.5	
Consumer expenditure on home improvement	IDR per capita	56,878.9	64,017.8	71,597.9	79,383.8	90,237.6	102,426.7	111,587.2	126,106.0	138,055.9	11.7%
Disposable Income Per Capita	USD per capita	1,024.6	1,122.9	1,245.7	1,383.2	1,528.7	1,686.3	1,855.8	2,000.8	2,141.3	9.7%
Median Disposable Income	IDR million per household	44.5	48.8	53.3	56.3	62.2	68.2	75.8	81.5	88.6	9.0%
Urban Disposable Income	IDR trillion	2,056.6	2,298.3	2,594.0	2,958.8	3,375.1	3,834.0	4,219.0	4,572.5	4,943.0	11.6%
Rural Disposable Income	IDR trillion	1,181.1	1,298.0	1,448.5	1,588.7	1,715.7	1,852.7	2,116.2	2,339.1	2,538.5	10.0%

Source: Badan Pusat Statistik (BPS-Statistics Indonesia), the World Bank and Euromonitor International Ltd: 'Economies and Consumers' 2018 Edition

## 2.2 COMPARATIVE MACRO ECONOMIC DATA

### Indonesia's Income Per Capita Lags Behind Most Benchmarking Economies

The World Bank considers Indonesia an emerging middle-income country, as the country has made enormous progress in poverty reduction, cutting the poverty rate more than half since 1999 to 10.9% in 2016. However, there is still a significant gap between Indonesia and most of the benchmark economies (in Table 2 below) in terms of disposable income per capita. This can be partly attributed to the large population living below the poverty line in Indonesia. The US and Singapore have the highest disposable incomes among the benchmark economies. In the next tier are China and Malaysia, whose disposable incomes per capita are more than twice that of Indonesia. Indonesia also lags behind Thailand, but it is on par with the Philippines. Among the benchmark economies, Vietnam, classified as a lower middle-income country by the World Bank, is the only country with lower disposable income per capita than Indonesia.

However, Indonesia ranks among the top in terms of the growth rate of disposable income per capita. Between 2008 and 2016, Indonesia's disposal income per capita grew at a CAGR of 9.7%, a rate that is comparable to that in China, Malaysia and Vietnam. In contrast, disposable income has grown at a slower pace in Singapore and the US, whose economies are more mature.

USD per capita	2008	2009	2010	2011	2012	2013	2014	2015	2016	CAGR 2008-16
USA	35,930.6	35,560.3	36,204.0	37,815.1	39,348.6	39,151.6	40,850.5	42,339.8	43,162.8	2.3%
Singapore	21,969.5	21,726.4	22,879.2	24,361.9	25,525.8	26,368.4	26,991.1	27,986.2	27,620.7	2.9%
Malaysia	3,285.8	3,255.9	3,475.0	3,779.6	4,101.7	4,382.0	4,753.6	5,065.6	5,387.4	6.4%
China	2,081.9	2,309.5	2,695.4	3,153.1	3,529.3	3,902.1	4,252.6	4,624.7	5,023.7	11.6%
Thailand	2,449.8	2,432.6	2,643.7	2,789.3	3,007.8	3,059.9	3,151.8	3,168.3	3,269.2	3.7%
Indonesia	1,024.6	1,122.9	1,245.7	1,383.2	1,528.7	1,686.3	1,855.8	2,000.8	2,141.3	9.7%
Philippines	1,289.1	1,323.4	1,398.8	1,522.2	1,644.1	1,745.2	1,857.8	1,959.2	2,089.5	6.2%
Vietnam	612.2	654.5	750.6	953.9	1,070.7	1,186.6	1,296.0	1,409.7	1,542.6	12.2%

Source: Badan Pusat Statistik (BPS-Statistics Indonesia) and Passport Data 'Economies and Consumers' 2018 Edition

## **3. SANITARYWARE AND BATHROOM FITTINGS INDUSTRY IN INDONESIA**

### **3.1 MARKET SIZE OF SANITARYWARE AND BATHROOM FITTINGS INDUSTRY IN INDONESIA**

#### **3.1.1 Market Size Of Sanitaryware and Bathroom Fittings Industry In Indonesia**

##### **Sitting Toilets And Squatting Toilets Lead Sanitaryware Growth**

Sales of sanitaryware and bathroom fittings grew from 2012 to 2016, driven by stable economic growth and rising disposable income, as well as favourable demographic factors such as steady population growth and consumers' growing appetite for home improvement. Retail value sales of sanitaryware in current prices registered a CAGR of 11.7% to reach US\$198.2 million in 2016, while retail value sales of bathroom fittings registered a CAGR of 11.4% to reach US\$184.5 million in 2016.

From 2012 to 2016, the Indonesian economy grew steadily, contributing to rising disposable income and a growing middle class. As a result, more consumers were able to purchase properties or embark on home improvement projects. Furthermore, the Indonesian government is committed to developing housing for low and middle-income segments. Under the Indonesian "One Million Houses Program", the Indonesian government aims to construct ten million new houses between the years 2015-2019 for the country's low-income households. The program has contributed to sanitaryware and bathroom fittings sales through the construction of new houses and apartments. According to statistics provided by the Public Works and Housing Ministry, 699,770 houses were built in 2015 and 805,196 houses were built in 2016 under the program.

Sitting toilets, squatting toilets and toilet sinks and basins are the top three largest categories by sales under sanitaryware and they accounted for two thirds of the retail value sales of sanitaryware in 2016. They are also the fastest growing categories. This is because many traditional Indonesian toilets are either holes in the ground in the rural areas or squatting toilets in more developed areas. With urbanisation, there is potential demand to replace these traditional Indonesian toilets with modern toilet facilities, such as upgrading to squatting toilets or sitting toilets. Under bathroom fittings, the two largest product categories are faucets and showers and shower heads, which accounted for 75% of bathroom fittings in 2016. Bathroom fittings and basins have grown at a similar pace as sanitaryware because consumers often buy these products as a bundle with toilets.

##### **Sanitaryware And Bathroom Fittings Expected To Maintain Growth**

We expect sanitaryware and bathroom fittings are to maintain growth during the forecast period between 2017 and 2019. We expect that much of this will be driven by population growth and the subsequent need to build more homes. We expect favourable Indonesian government policies to support the construction boom in Indonesia. Under the Indonesian government's 13th economic policy package released on 24 August 2016, the Indonesian government simplified the process to establish residential property projects for low-income families. For example, it is now easier to obtain the building permit or the building worthiness certificate for low-income housing programs. We expect this to boost the development of housing in the forecast period. In addition, under the Indonesia's One Million Houses Program, 765,120 houses had been built in 2017 as of 4 December. According to the Singapore Chamber of Commerce Indonesia, the Ministry of Public Works and Public Housing hopes to outdo previous years in 2018 as World Bank has promised to disburse US\$425m in soft loans for the program.

We expect sanitaryware category and bathroom fittings category to grow at 9.4% and 11.5% respectively during the forecast period. Sitting toilets, squatting toilets and faucets will register high growth because these are of most interest to consumers. Local consumers will mostly prefer standard and economy brands when buying sanitaryware and bathroom fittings. However, with rising incomes

and a growing middle class, consumers will increasingly look for products with better quality and design, boosting retail value sales. We expect bathroom fittings to achieve faster growth in the forecast period, because consumers who have already upgraded essential features like toilets will turn their attention to other features of the bathroom, such as faucets and shower heads.

**Table 3 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, Indonesia**

	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	127.5	198.2	259.3	11.7%	9.4%
• Sitting Toilets	57.5	95.5	130.7	13.5%	11.0%
• Squatting Toilets	21.6	35.1	47.6	12.9%	10.6%
• Toilet Sinks and Basins	19.0	28.2	35.9	10.4%	8.4%
• Bathtubs	15.5	21.3	25.0	8.3%	5.4%
• Urinals	9.3	12.1	13.5	6.8%	3.7%
• Other sanitaryware	4.6	6.0	6.6	6.7%	3.3%
Bathroom Fittings	119.9	184.5	255.8	11.4%	11.5%
• Faucets	41.5	65.2	92.8	11.9%	12.5%
• Shower and Shower Heads	47.2	72.4	99.4	11.3%	11.2%
• Other Bathroom Fittings	31.1	47.0	63.6	10.8%	10.6%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

#### Greater Jakarta Area: Booming Construction Activities Is A Key Growth Driver

The Greater Jakarta Area provides an important market for sanitaryware and bathroom fittings. Also known as Jabodetabek (for the initials of Jakarta, Bogor, Depok, Tangerang and Bekasi), the Greater Jakarta Area has a population that exceeds 30 million and has gone through rapid urbanisation. New houses and apartments are constantly being built, which in turn boost demand for sanitaryware and bathroom fittings. As it accounted for a quarter of total sanitaryware and bathroom fittings retail sales in 2016, growth rates during the review period were on par with that for Indonesia overall. However, the market is more saturated compared to the other regions given that many of the urban households have already installed modern toilets and bathrooms.

#### Greater Jakarta Area: Steady Population Growth Will Continue To Create Demand

During the forecast period, we expect sanitaryware and bathroom fittings to maintain growth in the Greater Jakarta Area. This will continue to be driven by population expansion and urbanisation. Based on Euromonitor estimates, we expect the population of the Greater Jakarta Area to rise to 35.6 million by 2030, and the metropolitan area will continue to expand to cover greater areas. As the centre of political and economic activity in Indonesia, we expect the Greater Jakarta Area to attract people from the rest of Indonesia. New property development projects will increasingly be undertaken in satellite cities around Jakarta (for example Tangerang or Bekasi) rather than in Jakarta, which we expect will sustain demand for sanitaryware and bathroom fittings.

**Table 4 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – Greater Jakarta Area**

	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	50.8	81.6	107.3	12.6%	9.5%
• Sitting Toilets	16.4	28.1	38.7	14.4%	11.2%
• Squatting Toilets	15.2	25.7	35.1	14.1%	11.0%
• Toilet Sinks and Basins	7.6	11.6	14.9	11.3%	8.6%
• Bathtubs	6.2	8.8	10.3	9.2%	5.5%
• Urinals	3.7	5.0	5.6	7.7%	3.9%
• Other sanitaryware	1.8	2.5	2.7	7.5%	3.5%
Bathroom Fittings	30.7	49.0	65.1	12.4%	10.0%

• Faucets	10.6	17.3	23.6	12.9%	11.0%
• Shower and Shower Heads	12.1	19.2	25.3	12.3%	9.6%
• Other Bathroom Fittings	8.0	12.5	16.2	11.8%	9.1%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

### West Java: Steady Economic Growth And Urbanisation Drive Growth

West Java has seen steady growth in sanitaryware and bathroom fittings during the review period. Growth of the industry is driven by rising disposable income and a growing middle class who aspires to have modern homes. According to statistics published by BPS-Statistics Indonesia, the region contributes around 13% of Indonesia's economic activities, behind only Jakarta and East Java. Correspondingly, it accounted for 15.2% of Indonesia's sanitaryware and bathroom fittings sales in 2016. West Java is also among the five provinces with the highest progress in terms of economic growth in 2016, with growth driven by Indonesian government's support for infrastructure development and subsidies for the agriculture sector. This would have contributed to rising income and greater demand for housing and home improvement projects.

### West Java: Positive Outlook With Most Growth Taking Place In The Cities

During the forecast period, trade interviewees expect sanitaryware and bathroom fittings to maintain growth in West Java. According to statistics published by BPS-Statistics Indonesia, the region's economic growth stood at 8.4% in 2016, higher than the national economic growth of 8.7%. Bandung, the capital city of West Java, will be a key market for sanitaryware and bathroom fittings. With a population of approximately 2.5 million, Bandung economy is growing, and we expect it to attract property development activities in the forecast period. The economy of West Java will be boosted by infrastructure developments, such as the construction of Light Rail Transit (LRT), which started in 2016 and the construction of a 142 km-long railway line that will link Jakarta and Bandung in the southeast. Potential challenges to the growth of sanitaryware and bathroom fittings in West Java include inequality between the north and south. Areas located in the southern part of the region, such as Sukabumi, Ciamis, Garut and Tasik, suffer from lower-than-average growth because of a lack of infrastructure.

**Table 5 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – West Java**

	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	14.6	23.1	30.4	12.1%	9.6%
• Sitting Toilets	4.0	6.8	9.4	14.0%	11.3%
• Squatting Toilets	5.0	8.4	11.5	13.7%	11.1%
• Toilet Sinks and Basins	2.2	3.3	4.2	10.8%	8.6%
• Bathtubs	1.8	2.5	2.9	8.7%	5.5%
• Urinals	1.1	1.4	1.6	7.3%	3.9%
• Other sanitaryware	0.5	0.7	0.8	7.1%	3.4%
Bathroom Fittings	22.6	35.1	49.0	11.7%	11.7%
• Faucets	7.8	12.4	17.8	12.2%	12.7%
• Shower and Shower Heads	8.9	13.8	19.0	11.5%	11.4%
• Other Bathroom Fittings	5.9	8.9	12.2	11.1%	10.9%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

### Central Java: Historic Growth Is Consistent With The Other Provinces

Sanitaryware and bathroom fittings grew in Central Java during the review period, and the growth rate was in line with the overall growth of the industry in Indonesia. The province has a population of 33.8 million at the 2015 Census, making it the third most populated province in Indonesia after West Java and East Java. Its relatively large population provides large potential demand for housing, and consequently for sanitaryware and bathroom fittings. The economy of Central Java has grown steadily during the review period. Although its key economic sector, the manufacturing sector, was hit by

sluggish global demand and weak rupiah in 2015, the agricultural sector, which is the second-largest in the province, still put in a good performance. Its stable economic growth has resulted in rising income among consumers and growing appetite for upgrading their homes. Along with the population expansion and economic growth in Central Java, there is increasing demand for housing, and new residential property projects have been launched in major cities like Semarang. New housing projects have directly increased the sales of sanitaryware and bathroom fittings.

### Central Java: Positive Outlook With Sitting Toilets And Squatting Toilets Leading Growth

During the forecast period, according to trade interviews, we expect sanitaryware and bathroom fittings to continue to grow in Central Java, driven by positive economic outlook, steady population growth and the continuous urbanisation of the cities and towns. The province will also benefit from improved connections with other Indonesian cities through major infrastructure development projects, such as development of the Semarang–Solo Toll Road that connects Semarang and Surakarta via Salatiga. The forecast growth of sanitaryware and bathroom fittings will be broadly in line with that for Indonesia as a whole. In particular, sitting toilets and squatting toilets will be the fastest growing categories due to the growing trend of consumers switching from basic, traditional toilets to more modern toilets.

**Table 6 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – Central Java**

	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	14.3	21.9	28.3	11.2%	9.0%
• Sitting Toilets	4.0	6.5	8.8	13.1%	10.7%
• Squatting Toilets	4.9	8.0	10.7	12.8%	10.5%
• Toilet Sinks and Basins	2.1	3.1	3.9	9.9%	8.0%
• Bathtubs	1.7	2.4	2.7	7.9%	5.0%
• Urinals	1.0	1.3	1.5	6.4%	3.4%
• Other sanitaryware	0.5	0.7	0.7	6.3%	2.9%
Bathroom Fittings	19.0	28.2	38.1	10.3%	10.6%
• Faucets	6.6	10.0	13.8	10.9%	11.6%
• Shower and Shower Heads	7.5	11.1	14.8	10.2%	10.2%
• Other Bathroom Fittings	4.9	7.2	9.5	9.8%	9.7%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

### East Java: Surabaya An Important Market For Sanitaryware And Bathroom Fittings

Sanitaryware and bathroom fittings registered growth in East Java during the review period. In recent years, East Java has grown in economic importance. According to statistics published by BPS-Statistics Indonesia, GDP in the province has grown by 9.8% from 2015 to 2016. Since the 2008 global financial crisis its growth rate has noticeably outpaced Jakarta's, as it has benefitted from manufacturing overspill from West Java, where companies were forced to look at alternative locations due to higher wage costs, land shortages and infrastructure bottlenecks. With the combination of economic growth and a relatively large population of around 40 million people, East Java has a large base of consumers who are interested in new housing or bathroom renovation projects. Based on trade interviews, much of the demand would come from Surabaya, Indonesia's second largest city and the capital city of East Java. The city has also seen steady apartment construction activities during the review period, contributing to an increase in housing stock and the sales of sanitaryware and bathroom fittings.

### East Java: Significant Potential For Growth Driven By Positive Economic Outlook

During the forecast period, trade interviewees expect sanitaryware and bathroom fittings to maintain growth in East Java. The growth rate will be similar to that during the review period and in line with the rest of Indonesia, because there are no major foreseeable threats to the continued economic growth of the province and the rise of the middle class. Recent infrastructure developments include the inauguration of a new 40.5-kilometer toll road in East Java that connects the city of Jombang to Mojokerto, as part of the Indonesian government plan to build a 1,000-km Trans-Java toll road by 2019. We expect the developments to boost East Java's attractiveness as an investment location. In a recent

report released by Asia Competitiveness Institute, a research centre at the National University of Singapore, East Java Province tops the Ease of Doing Business Index 2017, while Jakarta stands in 4th position, below West Java and Central Java. The report also found that many labour-intensive industries have moved to East Java. This trend will not only boost the growth of East Java, but also contribute to population expansion, higher income levels and greater demand for housing.

**Table 7 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – East Java**

	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	16.5	24.5	31.8	10.3%	9.1%
• Sitting Toilets	4.6	7.2	9.8	12.2%	10.7%
• Squatting Toilets	5.7	8.9	12.0	11.9%	10.5%
• Toilet Sinks and Basins	2.5	3.5	4.4	9.1%	8.0%
• Bathtubs	2.0	2.6	3.1	7.0%	5.0%
• Urinals	1.2	1.5	1.6	5.6%	3.4%
• Other sanitaryware	0.6	0.7	0.8	5.4%	2.9%
Bathroom Fittings	20.1	29.9	40.4	10.4%	10.6%
• Faucets	7.0	10.5	14.7	10.9%	11.6%
• Shower and Shower Heads	7.9	11.7	15.7	10.2%	10.2%
• Other Bathroom Fittings	5.2	7.6	10.0	9.8%	9.7%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

### Bali: Small Market Achieves Growth Driven By Tourism Industry

Sanitaryware and bathroom fittings registered growth in Bali during the review period. The sanitaryware and bathroom fittings market in Bali is relatively small compared to that in other region, but the performance of the tourism industry is one of the key growth drivers for sanitaryware and bathroom fittings during the review period, as Bali is a popular tourist destination with an estimated population of 4.2 million. To remain competitive, there is impetus among the travel industry players, such as hotels and guest houses, to upgrade toilet and bathroom facilities to provide better experience for visitors. Sitting toilets and squatting toilets are the fastest growing categories, which suggests that toilet upgrade is a priority for most bathroom renovation projects.

### Bali: Travel Accommodation Upgrading Works Will Continue To Drive Growth

We expect sanitaryware and bathroom fittings to maintain growth in Bali during the forecast period. The forecasted growth for sanitaryware will slow down slightly due to market saturation, however, we expect bathroom fittings to grow at a faster pace than the review period. This is because the toilet and bathroom renovation cycle is likely to move from upgrading of toilets to other features of the bathroom, such as shower heads and faucets. The tourism industry in Bali continues to register growth in 2017. Bali Central Statistics Agency reported that 3.4 million tourists entered the resort island between January and July 2017, an increase of 23.5% year on year compared to the same period in 2016. For 2017, Bali's foreign arrivals target is 6 million, a significant increase compared to 4.9 million in 2016. The tourism industry will continue to drive the sales of sanitaryware and bathroom fittings in the near term, as hotels and other travel accommodation operators will be keen to maintain high standards of quality and design for their bathrooms and toilets, in order to attract international visitors.

**Table 8 Market Size Of Sanitaryware and Bathroom Fittings, USD Millions, – Bali**

	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	4.2	6.5	8.4	11.5%	9.2%
• Sitting Toilets	1.2	1.9	2.6	13.4%	10.9%
• Squatting Toilets	1.4	2.3	3.2	13.0%	10.7%
• Toilet Sinks and Basins	0.6	0.9	1.2	10.2%	8.2%
• Bathtubs	0.5	0.7	0.8	8.1%	5.2%

• Urinals	0.3	0.4	0.4	6.7%	3.6%
• Other sanitaryware	0.2	0.2	0.2	6.5%	3.1%
<b>Bathroom Fittings</b>	<b>5.9</b>	<b>9.5</b>	<b>13.5</b>	<b>12.5%</b>	<b>12.4%</b>
• Faucets	2.1	3.3	4.9	13.0%	13.4%
• Shower and Shower Heads	2.3	3.7	5.2	12.3%	12.0%
• Other Bathroom Fittings	1.5	2.4	3.3	11.9%	11.5%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

## 3.2 DRIVERS OF SANITARYWARE AND BATHROOM FITTINGS INDUSTRY IN INDONESIA

### Stable Macroeconomic Growth Leads To Rising Income And Higher Consumer Spending On Sanitaryware And Bathroom Fittings

The growth of the sanitaryware and bathroom fittings industry in Indonesia is positively correlated with and driven by the performance of the economy. During the review period, Indonesia has seen a period of macroeconomic stability and a steady increase in disposable income. According to the World Bank, it also made significant progress in poverty reduction, cutting the poverty rate to more than half since 1999 to 10.9% in 2016. This means consumers have more disposable income, and therefore they are able to afford bathroom upgrade projects. They are also more likely to consider factors beyond price, such as quality and design, when it comes to choosing sanitaryware products.

### Steady Population Growth Drives Demand For Housing

Indonesia's demographic composition is favourable for the sanitaryware and bathroom fittings industry. According to statistics published by BPS-Statistics Indonesia, the Indonesian population has grown steadily during the review period, registering an increase of 13 million people between 2012 and 2016. As the world's fourth most populous country, Indonesia's 259 million population provides an enormous market for sanitaryware and bathroom fittings. In addition, the population is relatively young, with half of the people below the age of 30 years. This means that there will be many Indonesians seeking to buy their first property in the near to middle term.

The combination of population growth and an expanding middle class has contributed to a booming property market. In April 2015, the Indonesian government launched the One Million Houses Program. This program aims to supply ten million new houses between the years 2015-2019 for the country's low-income population.

New property development projects are increasingly undertaken in satellite cities around Jakarta such as Tangerang or Bekasi, as well as in the bigger cities in the rest of the country such as Surabaya in East Java, Balikpapan, Makassar in South Sulawesi or Bandung in West Java. Although the property market has become more subdued since 2015, construction activities for residential properties has continued growing, driven by the Indonesian government's commitment to provide more housing. This has helped to sustain sanitaryware and bathroom fittings growth.

### Consumers Pursue Higher Standard Of Living

One of the growth drivers for sanitaryware is the rising standard of living and demand for better and more modern sanitation facilities. Traditionally, Indonesian toilets and bathrooms are very basic, sometimes made up of holes in the ground and buckets for showering in the rural areas. With rapid urbanisation, consumers are exposed to more modern concepts of toilet and showers, such as sitting toilets and bathtubs, which are becoming more common in urban households. Newly built apartments and condominiums in Indonesia's urban regions are likely to be fitted with modern toilets and bathroom facilities as the quality of housing improves. As a result, there is growing appetite among consumers for modern bathroom facilities, which in turn drives more spending on sanitaryware and bathroom fittings.

### Growing Aspiration Of Middle Class Consumers To Demonstrate Success And Showcase Their Homes

Growth in sanitaryware and bathroom fittings is also spurred by the growing middle class in Indonesia. According to Euromonitor research, Indonesia recorded the world's fourth largest middle class in 2016 with 19.6 million households, which we expect to rise to 23.9 million in 2030, making this group a prominent consumer force in the country. Middle and high-income consumers want to reflect their personal tastes in their homes and showcase their homes to their families and friends. Some of them simply want to enjoy a higher standard of living, while others want to demonstrate that they have achieved success in life by showcasing their luxurious homes. As a result, more people have embarked on renovation projects to upgrade their toilets and bathrooms with their chosen designs and brands.

## 3.3 DISTRIBUTION OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA

### Hardware Store Sales Lead Sanitaryware And Bathroom Fittings Distribution Channels

The top three distribution channels for sanitaryware and bathroom fittings in Indonesia are project sales, hardware stores and specialty retailers. Hardware stores are the most important channel, accounting for 36.4% of sanitaryware and bathroom fittings sales in Indonesia. These are chained or independent generalist retail outlets selling both sanitaryware as well as other home improvement products (e.g. floor coverings, furnishings, paints, coatings, wall coverings, lighting, etc).

Project sales, which represents sales to property developers and contractors accounted for 32.0% of the total sales of sanitaryware and bathroom fittings in Indonesia in 2016. Project sales as a channel share of total market grew in the review period due to new housing developments being a key driver for sanitaryware and bathroom fittings. In urban areas, it is also common for consumers to engage renovation contractors for home improvement projects, who will be responsible for ordering products on behalf of their customers.

Specialist retailers are the third most important retail channel with 30.4% value share for Indonesia overall. These are chained or independent retail outlets with a primary focus on selling sanitaryware and/or fittings. Examples include Permata, Simu Versailles, PT Surya Pertiwi and AER Sanitary. Some of them have contemporary showrooms to showcase how the products fit with a modern bathroom, and to raise brand awareness. Depending on their product portfolios, some of the specialist retailers also offer other home improvement products to increase cross selling opportunities. For example, PT Surya Pertiwi Indonesia's showroom in Pacific Place Jakarta also sells kitchenware and home furniture. Specialist retailers are more commonly found in large cities, because they focus on middle and high-income consumers who are more brand and quality conscious. Specialist retailers have gained importance during the review period, as a result of the growing middle class in Indonesia.

**Table 9 Distribution Channel Shares For Sanitaryware and Bathroom Fittings In Indonesia In 2016**

%	Greater Jakarta Area	West Java	Central Java	East Java	Bali	Indonesia
Specialty Retailers	32.2%	29.7%	28.8%	29.0%	27.6%	30.4%
Hardware Stores	22.4%	46.1%	47.0%	46.4%	48.2%	36.4%
Project Sales	44.5%	23.0%	22.5%	23.1%	22.4%	32.0%
Others (collective)	0.9%	1.2%	1.7%	1.4%	1.8%	1.2%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

### Project Sales Dominant Distribution Channel In Greater Jakarta Area

In the Greater Jakarta Area, project sales accounted for 44.5% of sanitaryware and bathroom fittings, which is greater than its share in the overall Indonesian market. This indicates the importance of housing

development as a driver for sanitaryware and bathroom fittings in Greater Jakarta Area, where there are significantly more housing construction activities than other parts of Indonesia. In addition, due to urban consumers' busy lifestyles and higher income, they are more likely to engage contractors for bathroom renovations, instead of sourcing the products themselves. Specialty retailers is the second most important channel in Greater Jakarta Area with 32.2% market share in 2016. This can be attributed to the large number of specialty stores and showrooms in the Greater Jakarta Area.

#### Hardware Stores And Specialty Retailers Are More Important In Other Provinces

In West Java, sales through hardware stores accounted for 23.0% of sanitaryware and bathroom fittings in 2016, making it the most important channel, followed by specialty retailers. This indicates that a significant proportion of products are sold through retail channels. The share of project sales is significantly lower than that in the Greater Jakarta Area because there are fewer construction activities going on in West Java and these activities are more concentrated in big cities such as Bandung.

In Central Java, sales through hardware stores accounted for 47.0% of sanitaryware and bathroom fittings in 2016, making it the most important channel. It is followed by specialty retailers and project sales. The share of the top three distribution channels are similar to that in West Java, East Java and Bali. This can be attributed to the concentration of housing construction activities in the major cities like Semarang. While property developers are still an important target market, they account for a smaller proportion of total sales than that in the Greater Jakarta Area. On the other hand, hardware stores and specialty retailers are important distribution channels in Central Java, as they cater to the needs of end consumers or smaller contractors for home improvement projects.

In East Java and Bali, the shares of the top three most important distribution channels (project sales, hardware stores and specialty stores) are similar to that in West Java and Central Java. This reflects equal importance of direct sales to property developers and sales made through retail channels.

### 3.4 IMPORT, EXPORT AND MANUFACTURER SALES OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA

#### Import of Sanitaryware And Bathroom Fittings Declined Due To Increase In Local Production

The import of sanitaryware and bathroom fittings has declined during the review period at a CAGR of 4.6%, despite the growth in total sanitaryware and bathroom fittings value sales during this period. Two factors have contributed to this trend. Manufacturers have increased their production in Indonesia instead of relying on imports. For example, PT Surya Toto Indonesia Tbk increased production in Indonesia in order to reduce importing to Indonesia. Over the years, domestic manufacturers have increased their production capacity to meet growing demand locally and from the regional countries. Second, premium brands such as TOTO and American Standard have performed well relative to the economical brands, as consumers become more affluent and discerning. A majority of import products come from China and many of these brands compete based on low prices. With consumers switching to more premium brands, the import of low-price Chinese products has declined over the review period, while imports from Germany, in contrast, has risen.

USD Million	2012	2013	2014	2015	2016	CAGR 2012-2016
Import	37.1	34.2	33.8	28.0	30.8	-4.6%

Source: United Nations Comtrade Database - International Trade Statistics - Import/Export Data

#### Sitting Toilets And Squatting Toilets Lead Manufacturer Volume And Value Sales

Manufacturer volume sales for sitting toilets and squatting toilets grew at a CAGR of 7.4% and 6.8% respectively during the review period. This is because consumers often prioritise these products for their bathroom renovation projects. Manufacturer volume sales of bathtubs grew at a relatively slower pace of 5.9% CAGR, because bathtubs are not yet widely adopted by Indonesia households. Manufacturer volume sales of bathroom fittings (faucets, shower and shower heads) have grown at a

slightly lower rate than the sanitaryware at 5.2% to 5.9%, because consumers sometimes replace their toilets without changing the fittings. However, the growth of bathroom fittings is boosted by bundle promotions, which incentivise consumers to buy sinks and faucets as part of a package.

Manufacturer value sales also performed well during the review period, with sitting toilets leading the categories at a CAGR of around 13.7%. This is consistent with the volume sales of sitting toilets and squatting toilets. However, bathtubs value sales have grown at a faster rate than the corresponding volume sales. This is likely because consumers who are buying bathtubs tend to come from the middle or high-income segment, and they are more willing to spend on premium products.

### Demand For Sitting Toilets And Squatting Toilets Continue To Grow As Market Becomes More Mature

We expect manufacturer volume sales to continue during the forecast period with an increased growth rate. The fastest growing categories are expected to be sitting toilets, squatting toilets and faucets, forecast to register a CAGR over 10%. This can be attributed to a more mature market.

We expect manufacturer value sales to grow at a faster rate than corresponding volume sales during the forecast period. With rising disposable income, more consumers will be opting for higher quality products, which are more expensive. We expect manufacturer value sales of sanitaryware and bathroom fittings to be growing at a CAGR of 9.0% and 11.2% respectively between 2017 to 2019. According to trade interviews, manufacturer value sales of bathroom fittings are forecast to pick up in the forecast period, driven by the large base of consumers who have not upgraded their fittings previously.

**Table 11 Manufacturer Volume Sales Of Sanitaryware and Bathroom Fittings In Indonesia, Forecast**

'000 units	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware					
• Sitting Toilets	544	724	991	7.4%	11.0%
• Squatting Toilets	2,314	3,010	4,076	6.8%	10.6%
• Toilet Sinks and Basins	232	276	351	4.4%	8.3%
• Bathtubs	33	42	49	5.9%	5.3%
• Urinals	80	95	106	4.4%	3.7%
Bathroom Fittings					
• Faucets	776	975	1,389	5.9%	12.5%
• Shower and Shower Heads	858	1,052	1,445	5.2%	11.2%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

**Table 12 Manufacturer Value Sales Of Sanitaryware and Bathroom Fittings In Indonesia, Forecast**

USD Million	2012	2016	2019	CAGR 2012-16	CAGR 2016-19
Sanitaryware	96.9	150.7	195.3	11.7%	9.0%
• Sitting Toilets	46.5	77.9	106.0	13.7%	10.8%
• Squatting Toilets	10.8	17.5	23.6	12.8%	10.5%

• Toilet Sinks and Basins	15.0	22.6	28.6	10.7%	8.2%
• Bathtubs	13.4	18.2	21.2	8.1%	5.1%
• Urinals	7.6	9.8	10.9	6.8%	3.5%
• Other sanitaryware	3.6	4.6	5.0	6.3%	2.9%
<b>Bathroom Fittings</b>	<b>93.3</b>	<b>142.1</b>	<b>195.5</b>	<b>11.1%</b>	<b>11.2%</b>
• Faucets	32.2	50.1	71.0	11.7%	12.3%
• Shower and Shower Heads	36.8	55.9	76.2	11.0%	10.9%
• Other Bathroom Fittings	24.3	36.1	48.3	10.4%	10.2%

Source: Euromonitor estimates via desk research and trade interviews with leading manufacturers, distributors and retailers as well as the relevant trade associations in Indonesia

## 3.5 BUSINESS MODEL AND OPERATIONAL COSTS OF SANITARYWARE AND BATHROOM FITTINGS INDUSTRY

### 3.5.1 Typical Business Model and Operational Costs

According to trade interviews, a typical value chain for sanitaryware and bathroom fittings consists of the following activities.

Under primary activities, manufacturers order raw materials or parts from suppliers to manufacturing plants that are based in Indonesia or overseas. Many manufacturers have set up production plants in Indonesia to take advantage of low cost labour and reduce the costs of transportation. For example, TOTO's Indonesia factory, established under PT. Surya Toto Indonesia, has seven state-of-the-art kilns and a fully automated line. Using the raw materials and parts, manufacturing plants produce sanitaryware and bathroom fittings products. These products are subsequently either sold through retail stores directly to consumers or distributed by dealers and retailers through a variety of channels including project sales, hardware stores and specialty stores.

Some manufacturers appoint sole distributors and all their products are sold through just one distributor in a region. In return, the sole distributors will generally agree to treat the manufacturers as their sole suppliers of the goods they distribute. Some manufacturers may also sell directly to consumers while others appoint multiple distributors, which means the distributors will typically distribute a variety of brands. Distributors act like an intermediary between manufacturers and retailers, building relationships with both. Based on industry sources, it is common for external distributors in Indonesia to provide additional services, such as warehouse management, logistics, marketing and sales and after sales services. Besides selling to retailers, some distributors also sell their products to property developers and contractors. Online sales and direct sales are not yet common in the industry; hence most manufacturers rely on distributors to sell their products. Retailers typically sell to consumers through their physical stores, although some retailers such as Citra Mandiri also sell through their websites. Enhanced services (such as one-day delivery) and price promotions are often offered by retailers as an incentive to consumers.

Key operational costs for sanitaryware and bathroom fittings manufacturers are labour costs and raw material costs. The common raw materials used in the production of sanitaryware and bathroom fittings are clay, quartz, feldspar, glaze materials and metals, such as brass, nickel and chrome. Manufacturers also incur factory overhead costs, which include electricity, heat, utilities, maintenance and repairs of the production facilities. For distributors, the key costs are inventory costs, warehousing and logistics costs.

### 3.5.2 Significant Increase In Labour Costs and Running Costs

Operational costs for sanitaryware and bathroom fittings manufacturers have increased significantly during the review period, largely due to increases in labour costs, and utility costs of operating manufacturing plants. Between 2012 and 2014, wage cost for production workers increased at a CAGR of more than 15.0%, driven by a steady increase in the minimum wage in Indonesia every year. Since late 2012, annual wage negotiations have triggered massive labour protests and resulted in historic wage increases. In 2013, minimum wages increased by an average of 19%. Again, in 2014, wages increased by an average of 19%, while 2015 saw another 13% wage hike. Adding to manufacturers' costs pressure is the increase in factory running costs. Total fuel, electricity and gas cost for large and medium manufacturing companies increased at a CAGR of 12.7% between 2012 and 2014.

<b>Table 13</b> <b>Historical Fluctuations in Costs of Manufacturing In Indonesia</b>	2012	2013	2014	CAGR 2012-2014
Average Monthly Nominal Wage of Production Workers Below Supervisory Level for Large Manufactures ('000 IDR)	1,673.60	1,943.90	2,257.50	16.1%
Average Monthly Nominal Wage of Production Workers Below Supervisory Level for Medium Manufactures ('000 IDR)	1,324.80	1,600.00	1,786.30	16.1%
Fuel, electricity and gas cost for Large and Medium Manufacturing (Billion IDR)	152,400.69	289,121.06	193,415.33	12.7%

Source: *Badan Pusat Statistik (BPS-Statistics Indonesia)*

### 3.5.3 Manufacturers Increase Prices In Response To Rising Costs

The increase in labour costs and factory running costs impact manufacturers with production activities in Indonesia because they have to adhere to local minimum wage standards. Rising costs have put pressure on manufacturers' profit margin. Some manufacturers have passed on these labour and utility costs to consumers by raising prices. For example, PT Surya Toto Indonesia Tbk, which is a major manufacturer in the industry, raised the prices of its products consecutively for two years by 7.4% in April 2016 and 5% in April 2017 to improve its bottom line. To cope with rising wages, some manufacturers may have moved production facilities out of the major cities to locations where minimum wages are lower.

## 3.6 OUTLOOK OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA

### 3.6.1 Constraints Of Sanitaryware and Bathroom Fittings Industry In Indonesia

#### Sanitaryware And Bathroom Fittings Industry Vulnerable To Economic Slowdown

The generally stable performance of the Indonesian economy provided broad support for the sanitaryware and bathroom fittings industry. However, patches of slowdown during the review period put a constraint on the industry, which would have put in a stronger performance if economic growth had been stronger.

#### Income Disparity Across Indonesia Limits Growth To More Urban Areas

Indonesia's relatively high level of poverty was a constraint for the sanitaryware and bathroom fittings industry during the historic period because it reduced the size of the target market for the industry. According to the World Bank, more than 28 million Indonesians still live below the poverty line as of 2017. Approximately 40% of the population remains vulnerable to falling into poverty, as their income hover marginally above the national poverty line. This means that a large proportion of the population is unlikely to spend on home improvement projects unnecessarily, as most of their income will be spent on non-discretionary items. There is also significant income inequality between urban and rural areas,

with rural poverty rate being around twice of the urban poverty rate in 2016. As a result, the target customers for sanitaryware and bathroom fittings tend to be from the cities and more affluent towns, while a large number of people in the rural areas are being priced out of these products.

### **Weak Rupiah Hurts Manufacturers and Importers Due To Rising Foreign-Currency Denominated Costs**

The performance of sanitaryware and bathroom fittings is susceptible to currency fluctuations, given that many products and raw materials in the market are imported. The depreciation of the Indonesian rupiah in relation to other currencies around the world, especially the US dollar, had a negative impact on sanitaryware and bathroom fittings sales in 2016. For companies that import raw materials and distributors that import products from overseas, the cost of raw materials and goods with prices dominated in, or benchmarked to foreign currencies becomes higher for importers as the Rupiah weakens. This results in lower profit margins for manufacturers who already come under cost pressure from rising wages and factory overhead.

### **Complex Import Procedure And Certification Requirements Deter New Entrants**

The complex regulatory environment for the certification of some sanitaryware products and cumbersome customs requirements for import and export of sanitaryware and bathroom fittings are a major constraint for the industry. It can take as long as 20 weeks to obtain an import licence and importers have to ensure they have all the documentations required for the customs requirements. Ceramic toilets must also meet the appropriate Indonesian National Standard (SNI) certification requirements, before they can be sold in the Indonesian market. All these regulatory requirements make it more expensive and time consuming for industry players to introduce or import new products to the market, and may deter new entrants from entering the market.

## **3.6.2 Opportunities and Threats Of Sanitaryware and Bathroom Fittings Industry In Indonesia**

### **Multinationals Lead Continuous Innovations In Sanitaryware**

Due to the intense competition in the sanitaryware industry, manufacturers have been turning to technological innovations to offer more advanced products. This has several benefits for the manufacturers. By offering more innovative products, they can differentiate their products against many of the economical market brands. They may also be able to charge higher prices, which can improve their profit margin. Innovations will continue to provide opportunities for brand owners to gain market share in the forecast period.

Most of the innovations are taking place in sanitaryware, while bathroom fittings products are still considered to be commodity products. Examples of innovative features and technologies which have been incorporated into sanitaryware include automated technologies for opening and closing of toilet lids, toilet seat heating, cleaning and flushing; the use of bacteria-neutralizing ultraviolet light and titanium dioxide-fired toilet bowls to clean toilets to an extraordinary level; and washlet technologies that incorporate a unique wand for personal cleaning. For example, TOTO's newest washlet model incorporates the following features: the temperature and flow of the water are easily adjusted by remote control; the wand self-cleans before and after every use; and the energy-saving mode can also be activated to increase efficiency.

### **Strong Housing Demand And Construction Activities Expected To Drive More Project Sales**

During the forecast period, trade interviewees anticipate that there will be more opportunities for manufacturers to increase sales to businesses, such as commercial, residential and hotel property developers and contractors. In 2016, project sales, i.e. sales to property developers and contractors, accounted for 32.0% of the total value sales of sanitaryware and bathroom fittings in the Indonesian market. This distribution channel offers a lot of potential for further growth. We expect metropolitan areas like the Greater Jakarta Area and the Surabaya Metropolitan Area, as well as popular tourist resorts like Bandung and Bali to see more housing development activities, in line with the growing population and visitor arrivals. Therefore, it is important for distributors to develop strong relationships with developers and contractors so as to take advantage of the housing boom in Indonesia.

### **Urbanisation Of Areas Outside The Greater Jakarta Area Presents Opportunity**

Indonesia has been undergoing rapid urbanisation and we expect this to continue in the forecast period. The economic outlook for areas outside the Greater Jakarta Area is positive as well, with improved infrastructure and transport network, and opportunities for foreign investment. This means that other parts of Indonesia will enjoy economic growth and witness a growing number of property development projects. In addition to the construction of new houses and apartments, many existing buildings in Jakarta and other cities will require major renovation, and this will also bring opportunities for more sanitaryware and bathroom fittings sales.

Among sanitaryware categories, sitting toilets in particular will benefit from the trend of urbanisation. A significant portion of Indonesian population are still use squatting toilets. With increasing awareness of the importance of good sanitation and the hygienic way of living, it is anticipated that more families will upgrade from squatting toilets to sitting toilets; and families which already have sitting toilets may upgrade to more advanced models.

### **Demand In Some Regional Markets Presents Opportunities For Export**

Several manufacturers in Indonesia have already expanded their market by exporting to overseas countries. Companies like PT Surya Toto Indonesia have increased production capacity to take advantage of the low cost labour in Indonesia, serving the large domestic market as well as potential demand from the neighbouring countries. Most of them export to countries in the region, such as Malaysia, Singapore, Brunei and Japan, but some have exported as far as the US and Europe. As a result, exports of sanitaryware and bathroom fittings from Indonesia have grown moderately and steadily during the review period. In the forecast period, the export market could be a potential area of growth for manufacturers, especially in view of demand from some of the economies in the region, such as Malaysia, China and Thailand. In Malaysia, bathroom and sanitaryware have been one of the strongest growing categories in 2016. The trend will continue to be driven by a growing number of consumers who are emphasising the design of their bathrooms as they consider it a place for their personal relaxation, and are therefore willing to invest in high quality bathroom and sanitaryware. In China, growth will be driven by rising demand for redecoration and continuing urbanisation. In Thailand, growth will be driven mainly by middle to high-income households in the Bangkok area, and the trend towards making homes more elderly-friendly and safe using new technologies. As the Indonesian government continues to push for infrastructure investments in the forecast period, we expect Indonesia's transport connections within the country and with the regional economies to improve significantly, and this will greatly facilitate the distribution of sanitaryware and bathroom fittings to overseas markets.

### **Increasing Market Saturation And Competition From Cheap Imports Are Main Challenges**

While there are many opportunities and growth areas for the further expansion of the industry, there are also various challenges, such as competition with cheap imports, rising costs and the economic outlook of Indonesia. The level of competition in the industry is high in the economical segment which is dominated by imported products from China. These imported products are priced very competitively and appeal to a large number of Indonesian consumers who are still budget conscious. On top of that, local players must face rising labour costs due to annual increase in minimum wage and thus, they may be in a difficult dilemma between either keeping their prices low and having lower profit margins, or raising prices and losing customers to cheap imports. TOTO does not compete in this segment.

In the premium market, local players also face competition, from high quality products from Japan, the US and Europe. This is because Indonesia has not fully established itself as a reputable source of premium products in the region. Some consumers still prefer products that are made in Japan rather than those made in Indonesia. Therefore, local manufacturers in this segment will have to demonstrate that their products are as good as imported high-end products.

Potential threats to the industry will come from any uncertainties surrounding the Indonesian economy. In the forecast period, the outlook for the economy remains positive on the back of a supportive global economy and domestic demand. However, it remains to be seen if the Indonesian government can sustain the growth of the economy and deliver infrastructure investments during the forecast period. According to the World Bank, years of underinvestment have led to a large infrastructure deficit,

constraining Indonesia's growth and limiting the pace of poverty reduction. The rate of growth in Indonesian government infrastructure spending per capita in Indonesia has fallen behind Vietnam, China, India and Malaysia.

### **3.6.3 Legislative and Regulatory Policies Of The Sanitaryware and Bathroom Fittings In Indonesia**

#### **Overview Of Regulatory Regime Governing The Industry**

There is no specific regulatory regime governing the sanitaryware and bathroom fittings industry in Indonesia. However, broader regulations such as those concerning the setup of limited companies and minimum wages may be applicable to companies in the sanitaryware and bathroom fittings industry. Some product categories are required to comply with the Indonesia National Standard Indonesian Law No. 20 of 2014 on Standardisation and Compliance Assessment. In addition, there are complex requirements for the import and export processes, such as the requirements for import or export licences and for import documentation, which would apply to the sanitaryware and bathroom fittings industry.

#### **Regulations Concerning Minimum Wages**

Minimum wages in Indonesia differ across the country's provinces and cities. A new minimum wage formula was implemented in 2015, under Indonesian government Regulation (PP) No. 78/2015 concerning wages. The regulation stipulates a measured annual wage increase that takes into account the current fiscal year's inflation and GDP growth rates. The PP rules that governors across Indonesia are to determine the following year's minimum wage every November 1<sup>st</sup> of the current year. Previously, governors along with employers and labour unions determined the minimum wage every year in tripartite meetings. Jakarta has set its minimum wage for 2017 at IDR 3,355,750.00 per month. In smaller cities the minimum wages is typically lower. The Jakarta minimum wage will increase by 8.25% in 2017 from 2016.

#### **Indonesian National Standard (Sni) Certification Requirements**

In December 2011, the Ministry of Industry formally announced the obligatory application of Indonesian National Standard (SNI) for ceramics tableware, flush toilet and ceramics tile. The Indonesian National Standard is a standard which is assigned by the National Standardization Institution (BSN) and applied nationally across Indonesia. The Certification of Products using the SNI Mark is a certificate issued by the Institution of Product Certification to manufacturers who are capable of producing goods and services in accordance with the terms of the Indonesian National Standard. The certification program is intended to protect consumers from low and pore quality of product and safety. Companies which manufacture flush toilets are required to apply SNI by having a valid SNI Mark, and putting legible SNI signs on each product.

The SNI certification requirements apply to both domestic products and imported products. Flush toilets which are domestic products and have not met the SNI conditions must not be circulated and have to be destroyed. Imported flush toilets which have not met SNI conditions when they enter Indonesian Customs must be destroyed or re-exported by the relevant importer. Articles 62 up to 73 of the Law provide for criminal penalties in respect of SNIs. Importing any product, or trading and marketing products without an SNI or unlawful use of the SNI attracts criminal penalties.

#### **Import Duties And Import And Export Procedures**

Import duty and taxes are due when importing goods into Indonesia whether by a private individual or a commercial entity. The valuation method is CIF (Cost, Insurance and Freight), which means that the import duty and taxes payable are calculated on the complete shipping value, which includes the cost of the imported goods, the cost of freight, and the cost of insurance. In addition to duty, imports are also subject to sales tax. Import duty and sales tax are applicable to ceramic toilets, where current import duty rate stands at 20% and sales tax stands at 10%.

Importers of sanitaryware and bathroom fittings must obtain a valid import licence. They will also need to provide a number of documentations, including a commercial invoice signed by the manufacturer, certificate of origin, bill of lading, packing list and insurance certificate. The process of providing the

documentation includes a requirement that the importer notifies the customs office prior to the arrival of goods and submits import documents electronically through the electronic data interchange (EDI) in a standardized format placed on flash drives. In addition to providing the import documentation, the Custom Office will conduct physical inspection of imported goods.

Companies who are looking to export must also satisfy a number of requirements: (a) Valid incorporation; (b) Have a Taxpayer Identification Number, also known as NPWP; and (c) have permits issued by the Indonesian government. Exported goods must be reported in advanced to the customs office by filling out the export declaration (PEB) documents. After due examination on the eligibility of both the exporter and the products, as well as on document completeness and validity, and in the event that the PEB has been found valid, the exporter will be granted a notice of export approval (NPE). The issuance of an NPE effectively classifies the goods as goods cleared for export, which can then be loaded to the mode of transportation.

## **3.7 COMPETITIVE LANDSCAPE OF SANITARYWARE AND BATHROOM FITTINGS IN INDONESIA**

### **3.7.1 Competitive Environment Of The Sanitaryware and Bathroom Fittings Industry In Indonesia**

#### **Sanitaryware Dominated By A Few Large Players While Bathroom Fittings Is More Fragmented**

The sanitaryware market is comparatively consolidated and is dominated by a few well-known brands, such as TOTO, American Standard and Ina. The top few players in sanitaryware accounted for a majority of sanitaryware sales in Indonesia, while the remaining market is very fragmented and split among many brands. The three leading players in sanitaryware are international brands, and their dominance can be attributed to greater focus on design and more investments in innovations as well as in marketing.

In contrast, the competitive landscape for bathroom fittings is much more fragmented, because consumers are less brand-conscious when choosing bathroom fittings compared to when choosing sanitaryware. Even the leading players have a relatively small value share of the bathroom fittings market, at less than 10% each. The remaining smaller players accounted for more than 80% of total bathroom fittings sales in 2016.

The market for sanitarywares appears to be moving towards consolidation because the leading brands have performed well among middle class consumers who are increasingly more discerning about the design and quality of products. TOTO, the leading player for sanitarywares, has increased production in Indonesia by launching an additional production line in January 2018 through its Indonesian manufacturing arm, PT Surya TOTO Indonesia Tbk. On the other hand, the bathroom fittings market remains fragmented with a large number of products imported from China. Based on trade interviews, most players expect the proportion of imported products for sanitaryware to decrease during the forecast period, and the proportion of imported products for bathroom fittings to remain the same.

### **3.7.2 Key Barriers Of Entry To The Industry**

#### **Competition And Lack Of Relationship With Developers Are Main Barriers Of Entry**

The key barrier of entry to the industry is competition. In the sanitaryware industry, the market is dominated by a few well-known international brands such as TOTO and American Standards. These players are not only well-recognised by consumers; they have also built up strong relationships with distributors, property developers and contractors, which enable them to sell in large quantities. New entrants may find it hard to break into this market, and may find it initially difficult to clinch deals with property developers if they are not well-known brands. The sanitaryware industry is also a fast-changing industry, as existing players continuously invest in new technologies and product innovations. Therefore, new entrants in the premium segment will need to keep up with the pace of innovation which will require both financial resources and R&D expertise.

In the bathroom fittings industry, competition is also fierce with many small players. It would be difficult for new players to differentiate their products. Since bathroom fittings are often sold as part of a bundle (e.g. faucets are sold together with sinks or with bathtubs), new entrants will need to ensure their products are priced competitively. They will also need access to distributors, because an extensive distribution network is a key success factor for bathroom fittings players, if there is a lack of brand differentiation.

For imported products, Indonesian government regulations also pose as a barrier of entry. The regulatory requirements in Indonesia for import of products are complex and prone to change. New players may not be familiar with the import regulations and will have higher risks of non-compliance and delays.

### **3.7.3 Impact / Potential Threat Of Chinese Manufactured Products**

Chinese manufactured products are mostly positioned in the economical segment or the economy segment. They do not pose significant threat to the more established international brands, because the latter compete on product quality and innovations and target middle and high-income consumers. However, Chinese manufactured products pose competition to other economical brands. With rising costs, products manufactured locally may find it even harder to compete with Chinese imports. Local manufacturers will either have to raise prices to improve profit margins, which will make their products more expensive than Chinese imports; or keep prices low to compete with Chinese imports, which may not be sustainable if costs continue to rise. To stay competitive, local manufacturers will need to implement cost saving measures, such as moving productions to low cost locations or reducing distribution costs, or move away from the low price segment by introducing higher quality products and innovations.

### **3.7.4 Top Brands Of Sanitaryware In Indonesia Based On Manufacturer Value Sales**

#### **#1. Toto**

TOTO is a leading sanitaryware brand and the largest sanitaryware player in Indonesia by market share in value terms. The parent company, TOTO Japan Ltd. ("TOTO") was founded in 1917 by Kazuchika Okura and headquartered in Japan. Driven by Japan's spirit of perfection, the company has a strong commitment to quality and innovation. TOTO's first overseas factory was established in Indonesia in 1977 under PT Surya Toto Indonesia Tbk. It is now one of the largest sanitary manufacturing facilities in the world with seven state-of-the-art kilns and a fully automated line. Although TOTO products were initially imported products from TOTO Japan, since 1979 PT Surya Toto Indonesia Tbk has been able to conduct their own production in Indonesia by remaining consistent with the same quality as that of the products of TOTO Japan.

The TOTO brand is positioned in the premium segment. Its key product categories are sanitaryware, bathroom fittings (e.g. faucet, shower), accessories (e.g. tissue holder, soap holder, towel hanger) and kitchen systems. Under sanitaryware, it offers a wide range of products, including toilets, lavatories, urinals, bathtubs and sinks. TOTO products are well-known for their use of advanced technologies and high-quality materials.

The marketing and distribution of TOTO products in Indonesia is carried out by its sole distributor PT Surya Pertiwi. PT Surya Pertiwi distributes TOTO products with its warehouse and transport fleet, and 11 sales distributors supported by over 300 local dealers in all the big cities of each province. In addition to serving the domestic market, TOTO also exports its products from Indonesia through PT Surya TOTO Indonesia Tbk. Exports accounted for 26% of PT Surya Toto Indonesia's sales in 2016. The countries of export destination so far include Malaysia, the United States, Barbados, Japan, Korea, Hong Kong, China, Taiwan, Brunei, Singapore, Kuwait, United Arab Emirates, England and France.

#### **#2. American Standard**

American Standard is a leading brand for bathroom products. The brand originated in the US in 1875, and its manufacturer merged with several other small plumbing manufacturers in 1899 to form the

Standard Sanitary Manufacturing Company. The name “American Standard” was adopted in 1967. In 2013, American Standard was purchased by the LIXIL Corporation, a global building products firm headquartered in Tokyo. In 2015, the company became part of the business unit LIXIL Water Technology, which is one of the largest players in sanitaryware. The LIXIL Water Technology division operates in 150 countries, managing 50 production facilities and two R&D centres globally.

American Standard's bathroom products combine design with innovative technologies to provide maximum comfort for consumers. Its products feature anti-microbial glazes, low-lead faucets, unique flat jets in bathtubs, as well as anti-leak faucets and powerful flushing technologies that help conserve water. The company also works with international award-winning designers including Tomas Fiegl, Achim Pohl and Ronen Joseph to create luxurious bathroom collections.

PT American Standard Indonesia, established in 1983, manufactures and distributes American Standard products in Indonesia. The company has a showroom in Jakarta and production facilities in the Cileungsi district in the Bogor Regency, West Java.

### **#3. Ina**

Ina ranks among the top five sanitaryware brands in Indonesia. The brand originates from Japan and it was renamed to INAX, when the parent company changed name to Inax Corporation in 1985. However, it is still marketed under the Ina brand name in Indonesia.

Inax Corporation was founded in Japan in 1924 as a ceramic tile and sanitaryware manufacturer. Over the years, the company has grown into a global leader in the manufacture of tile and sanitaryware products. The company made important contributions to the development of sanitaryware over the years, such as the launch of Japan's first shower toilet with warm water shower spray and dryer function in 1967, launch of world's first self-powered automatic faucet in 1990, and launch of world's most compact tankless shower toilet in 2001.

Today, the Ina brand is owned by LIXIL, a Japanese manufacturer of building materials and housing equipment. LIXIL grew out of the merger of Tostem (a building materials company) and Inax in 2001. LIXIL adopts a multi-brand strategy, and it has expanded aggressively in recent years through a number of international acquisitions, which include American Standard and Grohe. This also indicates some level of consolidation in the global sanitaryware industry, which as large players adopt a merger and acquisition strategy to quickly capture new markets or expand geographically.

The INAX and Ina brands are positioned in the premium segment, offering consumers a blend of traditional Japanese style and modern technologies. Their product portfolio includes various sanitaryware products for households, such as toilets, bathtubs, washbasins, faucets and tiles. In Indonesia, LIXIL has one production line for the manufacturing of Ina products. The products are distributed through an extensive network of distributors, dealers and retailers.

### **#4. Kohler**

Kohler Co. is an American manufacturing company based in Kohler, Wisconsin. Founded in 1873, it was best known for its bathroom products, but the company also manufactures furniture, cabinetry, tile, engines, and generators. The company has more than 50 manufacturing locations in 6 continents, and employs more than 30,000 Kohler associates to present the concept of gracious living in every corner of the world. Under its bathroom product portfolio, it manufactures a wide range of products, including baths, toilets, lavatories, facets and accessories.

Kohler bathroom products are positioned in the luxury segment. Its products not only fulfil functional need, but also have a focus on design and performance. For example, Kohler toilets offer a variety of performance-driven flushing systems that are engineered to meet consumers' particular demands, which may range from extraordinary flushing power to quiet performance with added comfort. Customers can also select models that integrate with Kohler suites and ensembles to create a unified look throughout their bathrooms. Kohler also offers Artist Editions of its products, with designs and prints that are inspired by international arts.

Kohler has worldwide presence and its products are distributed throughout Asia. In Asia, Kohler has experience centres in Bangkok, Delhi, Singapore and Taipei. In addition to featuring of products from Kohler brands, Kohler project consultants offer bath and kitchen design development and project assistance at the experience centres.

In Indonesia, Kohler products are distributed by PT. Kohler Indonesia. It has showrooms in major cities like Jakarta, Bandung, Semarang, Bali and Medan, and these showrooms are typically located in shopping centres, since the target customers for the brand are those looking for premium products and superior lifestyle experience. It is also expanding its business in Indonesia by developing a new factory on a two-hectare plot of land in the Greenland International Industrial Center in Bekasi, West Java. Construction of the new factory in Bekasi started in November 2017, and it is scheduled to operate by the end of 2019.

#### **#5. Wasser**

Wasser was established in the late 1990s, and entered the Indonesian market in the early 2000s. It has built a reputation for offering quality products with affordable prices and supportive after sales service. The following Wasser products are available in Indonesia: sanitaryware (toilets and basins), bathroom fittings (faucets, taps, shower fittings), kitchen sinks, water pumps, and water heaters.

Wasser products are distributed in Indonesia by PT Aditya Sarana Graha, a distribution company for building materials and electrical home appliances. Supported by the distribution channels and after sales services from PT Aditya Sarana Graha, Wasser has distribution centres and service centres in 20 major cities in Indonesia. Wasser products are sold through an extensive network of retailers, including sanitaryware specialist retailers, traditional hardware stores and modern outlets. Wasser also achieved success with project sales, as a large number of residential and commercial properties (mostly in Jakarta) are fitted with Wasser projects.

### **3.7.5 Top Brands Of Bathroom Fittings In Indonesia Based On Manufacturer Value Sales**

#### **#1. Toto**

For the Indonesian market, TOTO's bathroom fittings product portfolio include a wide range of faucets, automatic taps, shower heads and fittings. It offers three different collections with different styles, namely Modern, Contemporary and Classic. Its bathroom fittings products are equipped with advanced technologies to offer consumers a high level of comfort and convenience. For example, for its faucets, the EcoCap technology uses an ingenious water outlet cap that mixes air with water to reduce water consumption without any loss in stream volume. EcoCap enables full flow rates with just 3.6 liters of water, only 1/3 of the water from other normal faucets. For its showerheads, the aerial shower technology aerates the water to create bigger water droplets for a more luxurious feel. Air is drawn in through the showerhead and added to the water, causing them to increase in volume. For the faucets, the Heat Shield technology prevents scalding by shielding the hot water channels with cold water, hence making the surface cool to the touch. TOTO bathroom fittings also incorporate sensor-based technologies, which allow people to use toilets, faucets and hand dryers without touching them.

More information about the brand can be found under the sanitaryware company profile in section 3.7.4.

#### **#2. Hansgrohe**

Hansgrohe is one of the world's largest showerhead, hand shower and faucet suppliers, alongside competitors like Grohe and Kohler. The company was founded in 1901 in Schiltach in the Black Forest region of Germany. The company produces the following products: bathroom fittings, showers and shower heads, kitchen and bathroom faucets and bathroom accessories. It has two well known brands: Axor and hansgrohe, which are known for their premium-quality, modern designs, and innovative technologies. In addition, Hansgrohe markets itself as a green company that produces beautifully designed products that use environmentally-friendly, resource-saving sanitation technologies. Hansgrohe products have been awarded several design awards, including the prestigious iF Design

Award 2016, the red dot design award: product design 2016 and the Design Award of the Federal Republic of Germany 2012.

The parent company currently has 34 subsidiaries and 21 sales offices around the world. As of 2016, it employs around 4,800 people and supplies mixers and showers to more than 140 countries. Production takes place in Germany, France, China and the US.

The hansgrohe brand has established itself as the leading brand in bathroom fittings with 6.0% value share of Indonesia's bathroom fittings market in 2016. Its value share is nearly twice of the second-placed player, TOTO. Hansgrohe's market share is significantly larger than its competitors, putting it in a clear leading position. This is can be attributed to its top design quality and resource saving technologies. Although Hansgrohe does not have a local company or sales office based in Indonesia, it has developed an extensive distribution network across Indonesia. Its products are sold by a large number of dealers and they can also be found in the major hardware stores, such as ACE Hardware chained stores, and building materials suppliers such as Wisma Sehati.

### **#3. Grohe**

Grohe ranks among the top five brands for bathroom fittings in Indonesia. A range of products are available in Indonesia, including numerous models and designs for faucets, shower heads and fittings. Its products compete in the premium segment, and are differentiated from competitors through innovative technologies. For example, some of Grohe's single mixer tap models automatically save water by up to 50% compared to standard taps. Grohe's thermostat ensures the desired temperature is reached within a fraction of a second and reliably maintained for the duration of one's shower.

More information about the brand can be found under the sanitaryware company profile in section 3.7.4.

### **#4. Duravit**

Duravit AG is a manufacturer of sanitaryware and bathroom fittings, with its headquarter in Germany. Its product portfolio for bathroom fittings include faucets, shower heads and fittings. It offers three product series for its faucets

More information about the brand can be found under the sanitaryware company profile in section 3.7.4.

### **#5. San-Ei**

San-Ei is a global manufacturer of high quality faucets and bathroom fittings. Founded in 1954, the company is based on Osaka, Japan. Its product portfolio includes various types of bathroom fittings, such as water faucet metal fittings, single water faucets, hot/cold water mixer faucets, shower sets, shuts-off valves, connectors, plumbing parts, sanitary parts, ball cocks, drain fixtures, bathroom accessories, sprinklers, metal gas fittings. At the time of research, globally, the brand owner SANEI Faucet Mfg. Co., Ltd has 560 plants and facilities, and carries out monthly business transactions of 150 tonnes or more with 3,000 customers and 500 suppliers. In Indonesia, the company operates under PT Sugih Makmur Eka Industri, with showrooms in Jakarta and Surabaya. Its products are distributed to the various areas of Indonesia like Sumatera, Kalimantan, Archipelagos of Bali, Lombok island and Sulawesi.

San-Ei products are positioned in the premium segment. New products launched in the Indonesian market in 2017 include new batchmixer with shower set, new shower set with minimalist design and new kitchen mixer tap.

## **3.8 AN OVERVIEW OF PT SURYA PERTIWI OPERATIONS**

Based on data provided by the company and Euromonitor's market estimates, the company had 55.1% market share in sanitaryware and 49.8% market share in bathroom fittings industry in Indonesia in 2016.

## COMPANY

**PT Surya Pertiwi Tbk**  
Gedung TOTO  
Jl. Tomang Raya No. 16-18  
Palmerah, West Jakarta  
Indonesia

## LEGAL ADVISORS

*To the Company as to*

*English and US federal securities law:*

*Indonesian law:*

**Clifford Chance Pte. Ltd.**  
Marina Bay Financial Centre  
25th Floor, Tower 3  
12 Marina Boulevard  
Singapore 018982

**Hiswara, Bunjamin & Tandjung**  
Gedung BRI II, 23rd Floor  
Jenderal Sudirman Kav. 44-46  
Jakarta 10210  
Indonesia

*To the Joint Bookrunners as to*

*English and US federal securities law:*

*Indonesian law:*

**Latham & Watkins LLP**  
9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048619

**Assegaf Hamzah & Partners**  
Capital Place, Level 36 & 37  
Jalan Jenderal Gatot Subroto Kav. 18  
Jakarta 12710  
Indonesia

## INDEPENDENT PUBLIC ACCOUNTANTS

**KAP Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan**  
(Member of Crowe Horwath International)  
Cyber 2 Tower 21st Floor Unit F  
Jl. H.R. Rasuna Said Blok X-5  
Jakarta 12950  
Indonesia