

CONFIDENTIAL OFFERING MEMORANDUM
Ordinary Shares



PT SEMEN BATURAJA (PERSERO) Tbk

PT Semen Baturaja (Persero) Tbk., a company incorporated under the laws of the Republic of Indonesia (the “**Company**”), is offering to the Public up to 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) Series B Ordinary Shares of the Company pursuant to the Initial Public Offering or representing 23.76% (twenty three point seventy six percent) of the issued and fully paid capital of the Company after Initial Public Offering, with a nominal value of Rp100 (one hundred Rupiah) per share. The Shares are being offered and distributed through PT Bahana Securities (Affiliated), PT Danareksa Sekuritas (Affiliated) and PT Mandiri Sekuritas (Affiliated) (each an “**Underwriter**” and together the “**Underwriters**”).

The Shares are being offered and sold outside the United States in reliance on Regulation S (“**Regulation S**”) under the US Securities Act of 1933, as amended (the “**US Securities Act**”). The Shares have not been and will not be registered under the US 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 US Securities Act. The institutional offering consists of the offer and sale of Shares to institutional investors outside of Indonesia and in “offshore transactions” (as such term is defined in Regulation S), including to institutional investors in Singapore or professional investors in Hong Kong, in compliance with Regulation S (the “**Institutional Offer**”). The public offer (including an offering to Indonesian institutions and other investors) is being conducted solely in Indonesia (the “**Indonesian Offer**”). The Institutional Offer and the Indonesian Offer are collectively referred to as the “**Offer**”.

The offering memorandum for the Institutional Offer consists of (1) this confidential international offering memorandum together with the English translation of the Indonesian Prospectus (the “**English Prospectus**”) and (2) the Indonesian prospectus dated 29 May 2013 that has been prepared for the Indonesian Offer (the “**Indonesian Prospectus**”), all of which should be read together prior to making an investment decision to buy the Shares and referred to collectively as the “**Offering Memorandum**”. In the event of inconsistency between the Indonesian Prospectus and the English Prospectus, the Indonesian Prospectus will prevail. The Underwriters are not responsible for the accuracy of the translation of the Indonesian Prospectus to the English Prospectus.

Prior to the Offer, there has been no public market for the Shares. Application will be made to the Indonesia Stock Exchange (“**IDX**”) for admission to the official list of IDX and for official quotation on IDX. Listing on the IDX is not automatic or guaranteed. It is expected that trading on IDX and quotation on IDX will commence on a conditional and deferred settlement basis on or about 28 June 2013.

For a discussion of certain risks you should consider in connection with an investment in the Shares, see ‘Business Risk’ in Chapter VI of the English Prospectus.

On June 18th, 2013, the exchange rate between the Indonesian Rupiah and U.S. dollar as reported by Bank Indonesia on its website at www.bi.go.id was US\$1.00 = Rp9,918.

Final Price: IDR560 per Share

The final price for the Shares was determined following a book-building process by agreement between the Underwriters and the Company. Each purchaser of Shares will be deemed to have made certain acknowledgements, representations and agreements with respect to its purchase. For a description of these acknowledgements, representations and agreements and for certain restrictions on transfers, see “Distribution of the Prospectus and the Shares Subscription Forms” in Section XXI of the Prospectus.

This document does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of Hong Kong, Singapore or any other jurisdiction, except for the registration of the Indonesian Prospectus in Indonesia in order to permit a public offering of the Shares and the public distribution of the Indonesian Prospectus in Indonesia. The distribution of this document and the offering of the Shares in jurisdictions may be prohibited or restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this document are required by the Company and the Joint Lead Underwriters to inform themselves about, and observe and comply with, any such prohibitions or restrictions at their own expense and without liability to the Company and the Joint Lead Underwriters. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

The information contained in this document does not constitute any legal, business, financial or tax advice, and no representation is made to any person regarding the legality of an investment in the Shares under any laws or regulations. Each potential acquirer of the Shares should determine for itself the relevance of the information contained in this document and its acquisition of Shares should be based upon such independent investigations and consultations with its own tax, legal, business and other advisers as it deems necessary. Prospective investors should read the whole of this document. The Shares are only being offered, and this document is only being distributed, to those eligible investors in Indonesia, Hong Kong and Singapore who are permitted to subscribe for, or purchase, Shares under applicable law.

The contents of this document have not been reviewed or approved by any regulatory authority, including in Hong Kong or Singapore. You are advised to exercise caution in relation to the Initial Public Offering. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document and its contents are confidential and should not be distributed, published, reproduced or otherwise made available in whole or in part or disclosed by recipients to any other person for any purpose whatsoever nor permit or cause the same to occur. It is a condition of the issue of this document that it is to be kept confidential and will not be reproduced, copied or circulated (electronically or otherwise) in whole or in part to any third party without the express written consent of the Joint Lead Underwriters.

Joint Lead Underwriters



PT Bahana Securities (affiliated)



PT Danareksa Sekuritas (affiliated)



PT Mandiri Sekuritas (affiliated)

This Confidential Offering Memorandum is issued in Jakarta on 20 June 2013





PROSPECTUS

TIMETABLE

Effective Date	:	19 June 2013	Distribution Date	:	27 June 2013
Offering Period	:	20, 21 and 24 June 2013	Refund Date	:	27 June 2013
Allotment Date	:	26 June 2013	Listing Date	:	28 June 2013

THE FINANCIAL SERVICES AUTHORITY OF INDONESIA ("OJK") DOES NOT GIVE ITS APPROVAL OR DISAPPROVAL OF THE SHARES DESCRIBED HEREIN, NOR DOES IT CONFIRM THE CORRECTNESS OR COMPLETENESS OF THIS PROSPECTUS. ANY STATEMENT WHICH IS CONTRADICTORY TO THE SAME SHALL CONSTITUTE AN UNLAWFUL ACT.

PT SEMEN BATURAJA (PERSERO) TBK. (THE "COMPANY") AND THE JOINT LEAD UNDERWRITERS ARE FULLY RESPONSIBLE FOR THE CORRECTNESS OF ALL MATERIAL INFORMATION OR FACTS AND THE ACCURACY OF THE OPINIONS CONTAINED IN THIS PROSPECTUS.

ALL OF THE OFFERED SHARES WILL BE LISTED AT THE INDONESIA STOCK EXCHANGE (THE "IDX").



PT SEMEN BATURAJA (Persero) Tbk

Main Line of Business:
Operates in the Cement Industry

Domiciled in Palembang, Indonesia

Head Office & Palembang Plant:

Jl. Abikusno Cokrosuyoso
Kertapati, Palembang 30258
South Sumatra – Indonesia
Telephone : (62-711) 511 261 ext. 1502
Facsimile : (62-711) 515 680

Baturaja Plant:

Jl. Raya Tiga Gajah
Baturaja, Ogan Komering Ulu 32117
South Sumatra – Indonesia
Telephone : (62-735) 320 344 / 366 / 368
Facsimile : (62-735) 320 367

Email : sekper@semenbaturaja.co.id

Representative Office:

Graha Irama Fl. XI
Jl. H.R. Rasuna Said Blok X Kav. 1-2, Jakarta 12950
DKI Jakarta – Indonesia
Telephone : (62-21) 526 1113 / 14
Facsimile : (62-21) 526 1411

Panjang Plant:

Jl. Yos Sudarso Km. 7
Panjang, Bandar Lampung 35243
Lampung – Indonesia
Telephone : (62-721) 31718 / 31818 / 31538
Facsimile : (62-721) 31343

Website : www.semenbaturaja.co.id

INITIAL PUBLIC OFFERING

The Company herewith conducts an Initial Public Offering of 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) Series B Ordinary Shares or representing 23.76% (twenty three point seven six percent) of the issued and fully paid capital of the Company after Initial Public Offering, with a nominal value of Rp100 (one hundred Rupiah) per share, which will be offered to Public at the offering Price of Rp560 (five hundred and sixty Rupiah) per share, that must be fully paid at the time of submission of the Share Subscription Form ("SSF"). Total maximum value in this Public Offering is amounted to Rp1,309,099,960,000 (one trillion three hundred nine billion ninety nine million nine hundred sixty thousand Rupiah).

All of registered ordinary Offered Shares will consist of the new shares which are originated from the Company's portfolio, and will give the same and equal rights to its shareholder in all respects with other registered ordinary shares within the Company after being issued and fully paid, including among others are the rights for distribution of dividend, rights to vote at the General Meeting of Shareholders, rights for distribution of Bonus Share and preemptive rights.

Pursuant to the resolution of the General Meeting of Shareholders which was held on 14 March, 2013 as adopted in the Minutes of General Meeting of Shareholders Deed No. 20 dated 14 March, 2013 which was drawn up before Fathiah Helmi, SH, Notary in Jakarta, the Company will implement an Employee Stock Allocation (ESA) program by allocating shares of 0.82% (zero point eight two percent) of the total issuance or 19,168,500 (nineteen million one hundred sixty eight thousand five hundred) shares and will also implement a Management & Employee Stock Option Plan (MESOP) program of 1.65% (one point six five percent) of the Company's total issued and fully paid capital after the Initial Public Offering or 162,321,500 (one hundred sixty two million three hundred twenty one thousand five hundred) shares. Complete information regarding ESA and MESOP program may be read in Chapter I of this Prospectus.

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of Hong Kong, Singapore or any other jurisdiction, except for the registration of this Prospectus in Indonesia in order to permit a public offering of the Shares and the public distribution of this Prospectus in Indonesia. The distribution of this Prospectus and the offering of the Shares in jurisdictions other than Indonesia may be prohibited or restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by the Company and the Joint Lead Underwriters to inform themselves about, and observe and comply with, any such prohibitions or restrictions at their own expense and without liability to the Company and the Joint Lead Underwriters. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

The information contained in this Prospectus does not constitute any legal, business, financial or tax advice, and no representation is made to any person regarding the legality of an investment in the Shares under any laws or regulations. Each potential acquirer of the Shares should determine for itself the relevance of the information contained in this Prospectus and its acquisition of Shares should be based upon such independent investigations and consultations with its own tax, legal, business and other advisers as it deems necessary.

Prospective investors should read the whole of this Prospectus. The Shares are only being offered, and this Prospectus is only being distributed, to those eligible investors in Indonesia, Hong Kong and Singapore who are permitted to subscribe for, or purchase, Shares under applicable law.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur. Please refer to "Distribution of the Prospectus and the Shares Subscription Forms" in Section XXI of this Prospectus for certain restrictions on transfers.

The contents of this Prospectus have not been reviewed or approved by any regulatory authority outside Indonesia, including in Hong Kong or Singapore. You are advised to exercise caution in relation to the Initial Public Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

JOINT LEAD UNDERWRITERS



UNDERWRITERS

PT Amantara Securities, PT Buana Capital, PT Bumiputera Capital Indonesia, PT Danasakti Securities, PT Equity Securities Indonesia, PT Erdikha Elit Sekuritas, PT Evergreen Capital, PT HD Capital, PT Jasa Utama Capital, PT Kresna Graha Sekurindo Tbk., PT Lautandhana Sekurindo, PT Madani Securities, PT Magenta Kapital Indonesia, PT Mega Capital Indonesia, PT Minna Padi Investama Tbk., PT MNC Securities, PT NISP Securities, PT Nusantara Capital Securities, PT Onix Sekuritas, PT Panca Global Securities, PT Panin Sekuritas Tbk, PT Phillip Securities Indonesia, PT Recapital Securities, PT Reliance Securities Tbk., PT Trimegah Securities Tbk., PT Victoria Securities Indonesia, PT Wanteg Sekurindo, PT Waterfront Securities Indonesia, PT Woori Korindo Securities Indonesia, PT Yulie Sekurindo Tbk.

THE MAIN RISK FACED BY THE COMPANY IS THE RISKS RELATING TO THE PROCUREMENT OF FUEL AND RAW MATERIALS USED IN ITS PRODUCTION ACTIVITIES. THE RISKS FACED BY THE COMPANY ARE DETAILED IN CHAPTER VI OF THIS PROSPECTUS.

THE COMPANY WILL NOT ISSUE COLLECTIVE SHARE CERTIFICATES IN THIS INITIAL PUBLIC OFFERING. THE SHARES WILL BE DISTRIBUTED ELECTRONICALLY TO BE ADMINISTERED IN A COLLECTIVE DEPOSITORY WITH PT KUSTODIAN SENTRAL EFEK INDONESIA ("KSEI").

PT Semen Baturaja (Persero) Tbk. (hereinafter referred to as the "Company"), has submitted a Share Issuance Registration Statement with respect to the Initial Public Offering to the Financial Services Authority of Indonesia (hereinafter referred to as "OJK") pursuant to a letter No. 088/IPO.PTSB/2013 dated 10 April 2013 in accordance with the terms as stipulated under Law No. 8 of 1995 dated 10 November 1995 regarding Capital Market, State Gazette No. 64 of 1995, Supplemental State Gazette No. 3608 and its implementing regulations and amendments thereto (hereinafter referred to as the "Capital Market Law").

The offered shares are to be registered with the Indonesia Stock Exchange (the "IDX") in accordance with the Preliminary Securities Registration Agreement dated 9 April 2013 entered into between the Company and IDX subject to the satisfaction of the registration requirements as determined by the IDX, among others concerning the number of individual and institutional Shareholders at IDX and each Shareholder holding at least 1 (one) share unit. If the share registration requirements are not met, the Initial Public Offering will be terminated and the subscription money received will be returned to the subscribers in accordance with the relevant provisions of the Capital Market Law. Pursuant to the Letter from Board of Commissioners of OJK No. S-176/D.04/2013 dated 19 Juni 2013, the Registration Statement submitted by the Company was declared effective.

For the purpose of this Initial Public Offering, the Company, the Joint Lead Underwriters, Underwriters and the Capital Market Supporting Professions are fully responsible for the accuracy of data, accuracy of opinions, statements and reports presented in the Prospectus pursuant to their respective areas of duty in accordance with the prevailing regulations applicable in the territory of the Republic of Indonesia as well as their respective code of ethics, norms and standards of profession.

In connection with the Initial Public Offering, every affiliated party shall not give any statement or remarks or explanation whatsoever with regard to matters that have not been disclosed in this Prospectus without the prior written approval from the Company and the Joint Lead Underwriters.

PT Bahana Securities, PT Danareksa Sekuritas, and PT Mandiri Sekuritas as the Joint Lead Underwriters are affiliated with the Company. The other Underwriters, as well as the Capital Market Supporting Professions expressly state that they are not affiliated with the Company, directly or indirectly, as such term is defined in the Capital Market Law.

THIS INITIAL PUBLIC OFFERING IS NOT REGISTERED UNDER ANY LAW OR REGULATION OTHER THAN THOSE APPLICABLE IN THE REPUBLIC OF INDONESIA. WITH RESPECT TO ANY PERSON OUTSIDE OF THE REPUBLIC OF INDONESIA RECEIVING THIS PROSPECTUS, THIS DOCUMENT IS NOT MEANT AS AN OFFER DOCUMENT TO PURCHASE THE SHARES, EXCEPT WHERE SUCH OFFER AND PURCHASE OF SHARES DO NOT CONTRADICT, OR DO NOT CONSTITUTE A VIOLATION UNDER, THE LAWS AND REGULATIONS PREVAILING IN SUCH COUNTRY.

THE COMPANY HAS DISCLOSED ALL MATERIAL INFORMATION REQUIRED TO BE DISCLOSED TO THE PUBLIC AS REQUIRED UNDER THE LAWS AND REGULATIONS OF THE REPUBLIC OF INDONESIA, AND NO MATERIAL INFORMATION HAS BEEN OMITTED WHICH MAY CAUSE THE INFORMATION CONTAINED IN THIS PROSPECTUS TO BE INCORRECT, FALSE OR MISLEADING.

TRANSLATION DISCLAIMER

THIS ENGLISH TRANSLATION OF PROSPECTUS OF PT SEMEN BATURAJA (PERSERO) TBK. (THE "ENGLISH TRANSLATION") HAS BEEN PREPARED BY PT SEMEN BATURAJA (PERSERO) TBK. FOR THE PURPOSE OF AND IS INTENDED SOLELY AS A CONVENIENCE TO THE NON-BAHASA INDONESIAN READERS.

THIS ENGLISH TRANSLATION IS NOT AN OFFICIAL DOCUMENT. IT HAS ABSOLUTELY NO LEGAL STATUS AND IT IS NOT LEGALLY BINDING IN ANY MANNER WHATSOEVER. READERS RELYING ON ACCURATE AND PRECISE INFORMATION SHOULD REFER AND CHECK THE INDONESIAN PROSPECTUS OF PT SEMEN BATURAJA (PERSERO) TBK.

SHOULD THERE BE ANY DIFFERENCE IN THE INTERPRETATION OF THE MEANING OF THE WORD(S) AND PHRASE(S) BETWEEN THE INDONESIAN PROSPECTUS OF PT SEMEN BATURAJA (PERSERO) TBK. AND THE ENGLISH TRANSLATION, THE INDONESIAN PROSPECTUS OF PT SEMEN BATURAJA (PERSERO) TBK. SHALL PREVAIL.

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DEFINITIONS, TERMS AND ABBREVIATIONS

The terms and expression used in this Prospectus shall have the following meanings:

Abridged Prospectus	: Means written statement or information which constitute summary of the Preliminary Prospectus, announced in at minimum 1 (one) daily newspaper in Indonesian language having national circulation within the latest of 2 (two) Business Days after receiving statement of OJK according to Form No.IX.A.2-9 attachment 9.
Account Holder	: Means the party whose name is listed as an owner of the Securities Account and/or sub-Securities Account at KSEI that may be a Security Company and/or other parties approved by KSEI by considering the prevailing laws on Capital Market and regulation of KSEI.
Affiliation	: Means the parties as defined under article 1 point 1 of the Capital Market Law, they are: • family relationship because of marriage and descendants up to the second level, either lineally or collaterally; • relationship between the parties with employee, director or commissioner of the relevant party; • relationship between 2 (two) companies where there is 1 (one) or more same members of Board of Directors or Board of Commissioners; • relationship between the company and parties which directly or indirectly, is controlling or controlled by, the relevant company; • relationship between 2 (two) companies which are controlled directly or indirectly, by the same party; or • Relationship between company and majority shareholders.
Allotment Date	: Means within the latest of 2 (two) Business Day calculated as closing of the Offering Period, that will be defined under Addendum to the Underwriting Agreement or Prospectus.
Allotment Manager	: Means PT Bahana Securities, responsible for arranging allotment for the Offered Shares pursuant to terms determined under Regulation of the Capital Market Supervisory Agency (Bapepam) No. IX.A.7.
AMDAL	: Means Environmental Assessment Analysis, consists of Living Environmental Assessment Analysis (ANDAL), Environmental Management Planning (RKL) and Environmental Monitoring Planning (RPL).
Banking Day	: • Means banking business day where Bank of Indonesia operating inter-bank clearing activities.
Bapepam	: • Means the Capital Market Supervisory Agency as referred under Article 3 of the Capital Market Law.



Bapepam and LK	: • Means the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) as referred under Article 3 section 1 of the Capital Market Law and the Decree of the Minister of Finance No. 184/PMK.01/2010 dated 11 October, 2010 (previously was the Capital Market Supervisory Agency or Bapepam) regarding Organization and Working Procedure of the ministry of Finance.
BEI or IDX	: Means PT Bursa Efek Indonesia, a limited liability company which is established pursuant to the laws of the Republic of Indonesia and having its legal domicile in Jakarta (or successor and assignee of it), constitute a Stock Exchange as defined under Article 1 point 4 of the Capital Market Law, where Company's shares will be listed.
Business Day	: Means Monday to Friday, except for the national holidays determined by the Government and ordinary Business Days which due to certain conditions being determined by the Government as not ordinary Business Day.
Calendar Day	: Means all days in 1 (one) year according to Gregorian calendar without exclusion, including Saturday, Sunday and national holidays determined at any time by the Government and ordinary Business Days which due to certain conditions being determined by the Government as not Business Day.
Capital Market Law	: Means the Law No. 8 of Year 1995 regarding Capital Market (State gazette of the Republic of Indonesia of Year 1995 No. 64, Supplement to the State gazette of the Republic of Indonesia No. 3608).
Clinker	: Means the semi-finished product for cement production originated from combustion of raw material compound which consist of limestone, clay, ferruginous sand and silica sand.
Collective Custody	: Means Stock Custodian Service as referred under Article 1 Point 16 of the Capital Market Law.
Company	: Means PT Semen Baturaja (Persero) Tbk, a limited liability company which was established pursuant to the prevailing laws of the Republic of Indonesia, having its domicile and head office in Palembang, South Sumatera.
Custodian Bank	: Means a commercial bank possessing approval from the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) (currently being referred to as OJK) to provide custodian services or conduct custodian services as referred to under the Capital Market Law.
Distribution Date	: Means the same date with the Payment Date, that is within the latest of 2 (two) Business Days after the Allotment Date, a date where the Offered Shares are electronically distributed by KSEI to the Account Holder.
DPPS or SSL	: Means Share Subscription Order List, a list containing names of subscribers of the Offered Shares and number of Offered Shares, organized based on Share Subscription Order Form (SSF) and made by each Underwriter.
DPS	: Means Shareholders Registry containing statement regarding share ownership within company.

Effective Statement	: Means a statement issued by the OJK stating on Effectiveness of the Statement of Registration: (i) on the 45 th (forty five) days as of the date of receiving the Statement of Registration by OJK in complete or (ii) on the 45 th (forty five) days as of date of the latest amendment to Statement of Registration submitted by the Company to OJK, or (iii) at the other date pursuant to the statement of effective from the Head of OJK stating that there are no more amendment and/or additional of further information is required, as referred to under Regulation of the Capital Market Supervisory Agency No. IX.A.2, thus the Company through the Underwriters reserves the rights to offer and sell the Offered Shares according to the prevailing legislations.
Environmental Permit	: Means Environmental Permit determined pursuant to the Law No. 32 of year 2009 regarding Environment Protection and Management (" Environmental Law No. 32 ") and Governmental Regulation No. 27 of year 2012 regarding Environmental Permit (" Governmental Regulation 27/2012 ") including other implemental regulations.
ESA	: Abbreviation from <i>Employee Stock Allocation</i> .
FKP or ACF	: Means Allotment Confirmation Form, a form issued by an Allotment Manager which constitute confirmation on allotment in the name of subscribers as an evidence of ownership over the Offered Shares sold by the Company at the initial market.
FPPS or SSF	: Means original of the Offered Shares Subscription Form which is provided by the Company jointly with Joint Lead Underwriter that must be filled in, signed and filed in 5 (five) copies by the prospective buyer to Underwriter.
Government	: Means Government of the Republic of Indonesia.
Gypsum	: Means material used as supporting material in cement production process has its function as <i>retarder</i> or cement hardener controlling material with its chemical composition $\text{CaSO}_4 \cdot 2\text{H}_2\text{O}$.
IAPI	: Means the Indonesian Institute of Certified Public Accountants.
Income Tax (PPh)	: Means Income Tax.
Initial Offering	: Means a direct or indirect invitation through Preliminary Prospectus, promptly upon announcement of summary prospectus in newspaper intended to find out Public interests over the Offered Shares, in form of indication of number of shares which are willing to be bought and/or estimation of the Offering Price, but will not bind and not constitute an order pursuant to the Regulation Number IX.A.8, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-41/PM/2000 dated 27 October, 2000 regarding Preliminary Prospectus and Info Memo and with due observance of Regulation of the Capital Market Supervisory Agency No. IX.A.2.
ISO	: Means <i>International Organization for Standardization</i> that is quality management standardization system.



Joint Lead Underwriter	: Means the party carrying out arrangement and implementation of the Public Offering which in this matter are PT Bahana Securities, PT Danareksa Sekuritas, and PT Mandiri Sekuritas that are also as the Underwriter.
KAP	: Means Registered Public Accountant Office.
KSEI	: Means PT Kustodian Sentral Efek Indonesia, having its domicile in South Jakarta, having its tasks to administer the Stock custody pursuant to Collective Custody Share Registration Agreement.
Limited Liability Company Law	: Means the Law No. 40 of Year 2007 regarding Limited Liability Company (State gazette of the Republic of Indonesia No. 106 of Year 2007, Supplement to the State gazette of the Republic of Indonesia No. 4756).
Listing Date	: Means date of listing of the Offered Shares to be traded at the Stock Exchange within the latest of 1 (one) Business Day after the Distribution Date determined in Addendum of Underwriting Agreement.
Member of Stock Exchange	: Means Member of the Stock Exchange as referred under Article 1 section 2 of the Capital Market Law.
Menkumham	: Means the Minister of Law and Human Rights of the Republic of Indonesia (formerly was known as the Minister of Justice of the Republic of Indonesia, the Minister of Justice and Human Rights of the Republic of Indonesia, or the Minister of Justice and Laws of the Republic of Indonesia).
MESOP	: Means abbreviation of <i>Management and Employee Stock Option Plan</i> pursuant to Extraordinary General Meeting of Shareholders of the Limited Liability Company PT Semen Baturaja (Persero) on 14 March, 2013.
Ministry of ESDM	: Means the Ministry of Energy and Mineral Resources of the Republic of Indonesia.
New Shares	: Means ordinary registered-share with nominal a value of Rp100 (one hundred Rupiah) per share, to be issued from Portfolio of the Company under the framework of Public Offering, of 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) B Series shares.
Offering Price	: Means price of each Offered Share in a Public Offering, which amount thereof will be determined based on agreement between the Company and Joint Lead Underwriter and will be further included in Addendum of the Underwriter Agreement.
Offered Share	: Means the Offered New Shares and sold to Public by the Underwriters through Public Offering that will further be listed at the Stock Exchange on the Listing Date.
Offering Period	: Means period for the Public for submitting shares subscription order.

OJK	: Means Financial Services Authority that is an independent institution and free from interference of other party's influence, having its functions, tasks and authorities for regulation, monitoring, audit and investigation for financial service activities in Capital Market, Insurance, Pension Fund, Financing Institution and other Financial Services Institutions as referred to under the Law No. 21 of year 2011 dated 22 November, 2012 regarding Financial Services Authority which constitutes a transition of authority from the Minister of finance and the Capital Market and Financial Institution Supervisory Agency since 31 December, 2012.
<i>Ordinary Portland Cement</i> (OPC)	: Means hydrolysis cement which is widely used for common constructions, such as building constructions which require no specific requirements, among others are housing, multi-level building, bridge, and road construction.
Payment Date	: Means date of payment of sale proceeds of the Offered Shares that should be deposited by Underwriter to the Company through Joint Lead Underwriter that is on the Distribution Date of the Offered Shares, as specified in Prospectus.
Preliminary Prospectus	: Means a written document prepared by the Company together with Joint Lead Underwriter under the framework of Public Offering and contains all information in the Prospectus submitted to OJK as part of the Statement of Registration, except for information regarding number and Offering Price of the Offered Shares, underwriting or other matters related to requirement of the Public Offering not yet able to be defined.
Prospectus	: Means a written document prepared by the Company together with Joint Lead Underwriter, containing all significant and relevant information as well as facts with due regard to the Company and the Offered Shares subject to form and substance pursuant to Regulation of the Capital Market Supervisory Agency No. IX.C.2.
Public	: Means an individual and/or a legal entity, whether an Indonesian as well as foreign citizen and/or an Indonesian legal entity as well as a foreign legal entity, whether residing or having its legal domicile in Indonesia or residing or having its domicile outside Indonesia.
Public Offering	: Means the initial share public offering activities carried out by the Company for selling the Public Offered Shares according to the methods regulated under the Capital Market Law and implemental regulations and other related provisions as well as in compliance with the provisions stipulated under the Underwriting Agreement.
Public Offering Account	: Means an account opened in the name of Underwriting Agreement to receive the fund received from the investor.
Refund Date	: Means date of refunding of subscription funds of the Offered Share by Joint Lead Underwriter through the Underwriters in which, a part or all subscription thereof are unable to be complied because of allotment or in case of cancellation or postponement of the Public Offering.
Regulation No. I-E	: Means Regulation of the Indonesian Stock Exchange No. I-E, Attachment of Decree of Board of Directors of PT Bursa Efek Jakarta No. 306/BEJ/07-2004, dated 19 July 2004 regarding Obligation for Submission of Information.

- Regulation No. VIII.G.12 : Means Regulation of the Capital Market Supervisory Agency No. VIII.G.12, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-17/PM/2004, dated 13 April 2004 regarding Audit Manual for Auditors on Share Subscription and Allotment Or Distribution of Bonus Share.
- Regulation No. IX.A.2 : Means Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.A.2, Attachment of Decree of the Head of Capital Market and Financial Institution Supervisory Agency No. Kep-122/BL/2009, dated 29 May 2009 regarding Method of Registration in the Framework of Public Offering.
- Regulation No. IX.A.6 : Means Regulation of the Capital Market Supervisory Agency No. IX.A.6, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-06/PM/2001, dated 8 March 2001 regarding Limitation on the Shares Issued Before Public Offering.
- Regulation No. IX.A.7 : Means Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.A.7, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-691/BL/2011 dated 30 December 2011 regarding Subscription and Allotment of Securities in Public Offering.
- Regulation No. IX.C.1 : Means Regulation of the Capital Market Supervisory Agency No. IX.C.1, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-42/PM/2000, dated 27 October 2000 regarding Outlines of Form and Contents of Statement of Registration under the Framework of Public Offering.
- Regulation No. IX.C.2 : Means Regulation of the Capital Market Supervisory Agency No. IX.C.2, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-51/PM/1996, dated 17 January 1996 regarding Outlines of Form and Contents of Prospectus and Summary Prospectus under the Framework of Public Offering.
- Regulation No. IX.E.1 : Means Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.E.1. Attachment of Decree of the Head of Capital Market and Financial Institution Supervisory Agency No. Kep-412/BL/2009, dated 25 November 2009, regarding Affiliated Transaction and Conflict of Interest of Certain Transaction.
- Regulation No. IX.E.2 : Means Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.E.2, Attachment of Decree of the Head of Capital Market and Financial Institution Supervisory Agency No. Kep-614/BL/2011, dated 28 November 2011 regarding Material Transaction and Changes to main Business Activities.
- Regulation No. IX.J.1 : Means Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.J.1, Attachment of Decree of the Head of Capital Market and Financial Institution Supervisory Agency No. Kep-179/BL/2008, dated 14 May 2008 regarding Outlines of Articles of Association of the Company Performing Public Offering for Equity Securities and Public Company.



Regulation No. X.K.4	: Means Regulation of the Capital Market Supervisory Agency No. X.K.4, Attachment of Decree of the Head of Capital Market Supervisory Agency No. Kep-27/PM/2003, dated 17 July 2003 regarding Report on Realization of Utilization of Public Offering Proceeds Fund.
Rupiah or Rp	: Means legal currency of the Republic of Indonesia.
RUPS	: Means General Meeting of Shareholders which is held pursuant to the provisions of Articles of Association of the Company.
Securities	: Means securities which consist of acknowledgement of indebtedness, commercial papers, stock, bond, note, Collective Investment Contract Trust Unit, Securities Future Contract, and every derivative of securities.
Securities Account	: Means an account contains notes of position of share and/or fund of the Shareholders administered by KSEI, Custodian Bank, or Security Company pursuant to Security Account opening agreement signed by the Shareholder.
Securities Company	: Means the party performing business activities as Underwriter, Broker, and/or Investment Manager pursuant to the provisions under Article 1 point 21 of the Capital Market Law.
Selling Agent	: Means the party helps to sale shares in Public Offering both carried out domestically or abroad.
Share Registrar or BAE	: Means PT Datindo Entrycom, having its domicile in Jakarta, as the party appointed by the Company to perform share administration under the framework of Public Offering.
Shareholder	: Means the Public having benefits over stock which are kept and administered under: • Shareholders Registry of the Company; • Securities Account at KSEI; or Securities Account at KSEI through Security Company.
Statement of Registration	: Means the documents that must be proposed by the Company to OJK, jointly with Joint Lead Underwriter before the Company performs the offering and sales of the offered Shares as referred to under Article 1 point 19 of the Capital Market Law in conjunction with Regulation of the Capital Market Supervisory Agency No. IX.C.1, and by considering the provisions under Regulation of the Capital Market Supervisory Agency No. IX.A.2.
Subsidiary	: Means a company where the Company possesses share participation directly or indirectly of more than 50% (fifty percent) of all the total authorized capital placed within the said company.
Sumbagsel or Southern Sumatra	: Means the South Sumatra Area consists of South Sumatra, Lampung, Bengkulu, Jambi and Bangka Belitung Provinces.
UKL	: Means Environmental Management Effort.
Underwriter	: Means the Limited Liability Company entering into an agreement with the Company for Public Offering in the name of the Company which in this matter are PT Bahana Securities, PT Danareksa Sekuritas, and PT Mandiri Sekuritas jointly with the other Underwriters as included under Addendum to the Underwriting Agreement, which guarantee for the sale of the Offered Shares based under <i>full commitment</i> basis.



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- Underwriting Agreement or PPEE : Means agreement between the Company with the Underwriters pursuant to Deed of Public Offering Underwriting Agreement of PT Semen Baturaja (Persero) Tbk No. 26 dated 9 April 2013, pursuant to the First Amendment of Deed No. 20 dated 6 May 2013 and the Second Amendment of Deed No. 52 dated 11 June 2013, all drawn up before Fathiah Helmi, SH, Notary in Jakarta.
- UPL : Means Environmental Monitoring Effort.
- USD or US\$: Means United States American Dollar, legal currency of the United States.

SUMMARY

The following summary has been prepared based upon facts and considerations that are most material to the Company, which constitute an integral part of, and must be read in conjunction with the more detailed information and financial statements and notes provided in this Prospectus. All financial information of the Company is stated in the Rupiah currency and is presented in accordance with the accounting principles generally applied in Indonesia.

All financial information stated in this Prospectus, including the balances, totals and percentages are rounded to the nearest million Rupiah, except otherwise stated, which may result in differences between the figures computation and the information stated in this Prospectus.

1. BRIEF HISTORY OF THE COMPANY

The Company was established under the name PT Semen Baturaja based on Limited Liability Company PT Semen Baturaja Deed No. 34 dated 14 November 1974 as amended by Deed of Amendment No. 49 dated 21 November 1974, both drawn up before Jony Frederik Berthold Tumbelaka Sinjal, Notary in Jakarta, which has acquired validation from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. Y.A.5/422/18 dated 22 November 1974, which has been registered with the register at the office of the Registrar of the Palembang District Court No. 376/1974 and No. 377/1974 both dated 22 November 1974 and announced in the State Gazette of the Republic of Indonesia No. 2 dated 7 January 1975, Supplement No. 15 ("**Deed of Establishment**").

On the date of issuance of the Prospectus, the latest Articles of Association of the Company shall be as referred to in the Deed of Statement of Resolutions of the Extraordinary General Meeting of Shareholders of PT Semen Baturaja (Persero) Tbk No. 21 dated 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta, which has acquired the approval from the Minister of Laws and Human Rights of the Republic of Indonesia No. AHU-13747.AH.01.02 of 2013 dated 18 March 2013, and registered in the Company Register under No. AHU-0023614.AH.01.09 of 2013 dated 18 March 2013, ("**Deed No.21/2013**"), which changes all provisions of the articles of association of the Company in the framework of the Public Offering and for adjustment with Bapepam & LK Regulation No. IX.J.1 concerning Principles of Articles of Association of Companies conducting Public Offerings of Shares that are Equity In Nature and Public Companies – Attachment to Decision of Head of Bapepam & LK No. Kep-179/BL/2008 dated 14 May 2008 including change in name of the Company to become PT Semen Baturaja (Persero) Tbk.

The Company has obtained several approvals to conduct the Public Offering, the first given by the House of Representatives as stated in the Letter from the Speaker of the House of Representatives No. PW/01916/DPR RI/I/2013 dated 19 February 2013, and the second given by the Extraordinary General Meeting of Shareholders, as stated in the Deed of Minutes of Meeting of the Extraordinary General Meeting of Shareholders PT Semen Baturaja (Persero) Tbk No. 20 dated 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta. The Privatization of the Company has been stated and promulgated by the Government of the Republic of Indonesia on 21 May 2013, as stated in the Government Regulation No.39 Year 2013 regarding Amendment of Capital Ownership of the State through the Issuance and Sale of New Shares of Perusahaan Perseroan (Persero) PT Semen Baturaja (State Gazette No. 95 Year 2013).



2. CAPITAL STRUCTURE AND SHAREHOLDING OF THE COMPANY

Pursuant to Deed No. 21/2013, the structure of capital and composition of shareholders within the Company at the time of publication of this Prospectus are as follows:

Shareholder Name	Number of Shares		Nominal Value of Shares (Rp) @ Rp100		Percentage (%)
	Dwiwarna A Series	B Series	Dwiwarna A Series	B Series	
Authorized Capital – Rp3,000,000,000,000	1	29,999,999,999	100	2,999,999,999,900	
Issued and Fully paid capital					
Republic of Indonesia	1	7,499,999,999	100	749,999,999,900	100%
Total Issued and Fully paid capital	1	7,499,999,999	100	749,999,999,900	100%
Shares in Portfolio	-	22,500,000,000	-	2,250,000,000,000	

3. public offering

Number of Offered Shares	: 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) Series B Ordinary Shares
Nominal value	: Rp100 (one hundred Rupiah) each share
Offer Price	: Rp560 (five hundred and sixty Rupiah) per share paid-upon submission of SSF
Total Amount of Public Offering	: Rp1,309,099,960,000 (one trillion three hundred nine billion ninety nine million nine hundred sixty thousand Rupiah)
Offering Period	: 20, 21 and 24 June 2013
Listing Date	: 28 June 2013

All of the Offered Shares in this Initial Public Offering are New Shares issued from the Company's portfolio, which will give equal rights for the holders as with the existing Shareholders holding the Company's issued and paid-up shares, including rights to dividend distribution and voting rights. According to Article 52 paragraph 1 of the Limited Liability Company Law, the rights of the Shareholders include the following:

- to attend and to vote on GMS;
- to receive dividend payment and net proceed upon liquidation; and
- other rights according to the Limited Liability Company Law.

Upon the sale of all the Company's Offered Shares in this Initial Public Offering, the capital structure and composition of shareholders of the Company following the Initial Public Offering on a pro forma basis will be as follows:

Share Capital Consisting of Dwiwarna A Series Shares and Registered Ordinary B Series Shares With Nominal Value at Rp100, - (One Hundred Rupiah) Per Share

Information	Prior to the Initial Public Offering			Post Initial Public Offering		
	Number of Shares	Nominal Value (Rp)	Ownership (%)	Number of Shares	Nominal Value (Rp)	Ownership (%)
Authorized Capital						
Dwiwarna A Series Shares	1	100		1	100	
B Series Shares	29,999,999,999	2,999,999,999,900		29,999,999,999	2,999,999,999,900	
Total Authorized Capital	30,000,000,000	3,000,000,000,000		30,000,000,000	3,000,000,000,000	
Issued and Fully paid capital						
Dwiwarna A Series Shares						
Republic of Indonesia	1	100	0.00000001	1	100	0.00000001
B Series Shares						
Republic of Indonesia	7,499,999,999	749,999,999,900	99.99999999	7,499,999,999	749,999,999,900	76.23749850
Public	-	-	-	2,337,678,500	233,767,850,000	23.76250149
Total Issued and Fully paid capital	7,500,000,000	750,000,000,000	100.00000000	9,837,678,500	983,767,850,000	100.00000000
Shares in Portfolio						
B Series Shares	22,500,000,000	2,250,000,000,000		20,162,321,500	2,016,232,150,000	
Total Shares in Portfolio	22,500,000,000	2,250,000,000,000		20,162,321,500	2,016,232,150,000	

Employee Stock Allocation

The ESA program is a fixed allotment program of the Company's Shares, which is a part of the Initial Public Offering, for the employees of the Company who meet certain qualifications ("**ESA Participants**").

Pursuant to Deed No. 20 dated 14 March, 2013, the shares that have been allocated for the ESA program will be 0.82% (point eight two percent) from the total issuance of shares being offered in the Public Offering or up to 19,168,500 (nineteen million one hundred sixty eight thousand five hundred) shares with the cost allocated for the ESA program of Rp4,650,000,000 (four billion six hundred fifty million Rupiah).

The main objective of the ESA program is to give the employees of the Company and its Subsidiaries a sense of belonging, which in return may increase productivity and the Company's performance, as well as creating a benefit for all of the Company's stakeholders.

Management And Employee Stock Option Plan Program

Pursuant to Deed of Minutes of Extraordinary General Meeting of Shareholders No. 20 dated 14 March, 2013, which was drawn up before Fathiah Helmi, S.H., Notary in Jakarta, it has been approved that the Company will perform the Management Stock Option Plan (MESOP) Program.

The MESOP Program is the grant of Option Rights for share subscription to MESOP to subscribe new shares to be issued from the portfolio, is 1.65% (one point six five percent) of the issued and fully paid capital after the IPO. Determination of MESOP Program is authorized to the Board of Directors upon approval from the Board of Commissioners. Supervision and implementation of the MESOP Program will be conducted by the Board of Commissioners and implementation of this program will be subject to the prevailing provisions and will have to be reported in the GMS. The Board of Commissioners shall firstly consult with the Shareholders of the A Series before rendering approval to Board of Directors in determining the MESOP Program. The shares to be issued in the MESOP Program will be issued from the Company's portfolio.

4. USE OF PROCEEDS

The funds raised from the Public Offering net of share issuance costs, will be used entirely by the Company for the construction of a new cement plant in Sumbagsel. The cement plant will produce cement with an estimated capacity of 1,850,000 tons of cement per year. The construction of the cement plant is estimated to be complete by the end of 2016. The Company estimates that after the operation of the cement plant, the Company's cement production will increase to 3,850,000 tons of cement per year.

5. business activities

The Company is a company engaged in the cement industry and focused on the provisions of services for South Sumatra markets. Pursuant to Article 3 of Articles of Association of the Company, the main business activities of the Company are businesses in the field of cement industry and other based-chemical industries which includes the following activities:

- a. Production
Mining or exploration and / or processing of certain raw materials into basic materials which are needed for cement manufacturing or other production.
- b. Services
Provide services for cement industries and other basic chemical industries, among others, research studies, development, engineering and/or construction engineering design, management, factory plant operations, warehousing and repairs improvement transportation.



c. Trading

Engaging in marketing and distribution activities of various kinds of cements as well as other production goods.

d. Waste Treatment

Engaging in hazardous and toxic waste (B3) treatment activities of the supporting raw materials and/or fuel in the cement production process.

For the years ended on December 31, 2012, 2011 and 2010, the Company's total cement production is respectively 1,234,163 tons, 1,250,015 tons and 1,131,299 tons. Cement sales volume for the years ended on December 31, 2012, 2011 and 2010, respectively is 1,233,933 tons, 1,253,833 tons and 1,140,441 tons.

The following are the Company's production and sales for the years ended on December 31, 2012, 2011 and 2010:

	For the Years Ended 31 December		
	2012	2011	2010
Production (million tons)	1,234,163	1,250,015	1,131,299
Sales (million tons)	1,233,933	1,253,833	1,140,441

6. COMPETITIVE ADVANTAGES

The company believes that it has several competitive advantages and has the capability to provide optimum services. Future businesses prospects are directly related to combination of competitive advantages, which, among others, are:

- 1) Controlling the cement market in South Sumatra and Lampung provinces.
- 2) Stronger Branding.
- 3) Continuous Improvement of the Company's performance.
- 4) Sustainability of cement supply and strong distribution networks, supported with strategic operating location of the Company in the major markets.
- 5) Experienced management and strong support from the Government of Indonesia as the Shareholders.

7. BUSINESS STRATEGIES

In accordance with vision and mission of the Company and pursuant to Company's Long Term Corporate Plan (RJPP) for the years 2012-2016 as well as Working Plan and Company Budget (RKAP) for the year 2013, the Company's business strategies are as follows:

Focus on the Core Business

Since its establishment, the Company has been focusing on its business core, proven by the developments that have been carried out by the company. Since the Company's first plant started to commercially operate in 1981, the Company has been conducted two plant optimizations, which were the First Optimization Project to increase the clinker installed capacity into 550,000 tons per year that was accomplished in 1994 and the Second Optimization Project to increase the clinker installed capacity into 1,250,000 tons per year that was accomplished in 2000.

Investment

In the framework of increasing the market share, at this moment the Company has planned to re-increase the capacity that will be conducted in stages. The first stage will be the construction of cement mill and packer at Baturaja Plant with its capacity of 750,000 tons of cement per year which the Company estimates will be accomplished in the second quarter of 2013. The next step will be the construction of new factory plant with capacity of 1,850,000 tons of cement per year which the Company estimates will be accomplished by the end of 2016.

System Implementation

Achievement of the Company's performance also is inseparable from the proper application of the system in each field by implementing the reliable and high quality Management Information Systems relying on the Enterprise Resource Planning (ERP).

Future Company's Strategies

In continuing the good performance which was achieved in 2012 and supported with strong leverage conditions, the Company has strengthened its measures in line with the existing business opportunities by developing capacities of which are more than the scheduled investment plan, including the downstream business development plan.

8. RISK FACTORS

Several risks that the Company believes to affect its business are as follows:

A. Risks Relating to the Business Activities of The Company

1. The Company faces with risks associated with the supply of fuel and auxiliary material used for production activities
2. Unstable power supply could bring losses to the Company
3. The Company faces risks relating to transportation and distribution activities
4. The quality of the Company's products are affected by various factors which are not entirely controllable by the Company
5. The Company faces risks relating to production equipment and machinery used for production activities
6. The Company faces risks relating to the procurement of its service contractors
7. The Company faces competition that may adversely affect the Company
8. The Company is adversely affected by the risks relating to operations and infrastructure, adverse weather conditions, and other natural disasters
9. The Company's underlying licenses of operating activities could be terminated, restricted or otherwise not extended by the Government based on certain conditions
10. The Company's faces risks relating to the construction of its plants
11. New laws and regulations can adversely affect the Company's business performance
12. The business activities of the Company may potentially generate environmental pollution and health problems

B. Risks Relating to an Investment in The Company's Shares

1. Conditions in the Indonesian securities market may affect the price or liquidity of the Shares and the absence of a prior market in the Shares may contribute to a lack of liquidity
2. The price of the Shares may fluctuate widely
3. The interests of the Company's controlling shareholder may conflict with the interests of purchasers of the Offer Shares
4. Purchasers may be subject to limitations on minority shareholders rights
5. Purchasers' rights to participate in any future rights offerings by the Company could be limited, which would cause dilution to a purchaser's shareholding
6. Future sales of the Shares could adversely affect their market price
7. The Company may not be able to pay dividends
8. Indonesian law contains provisions that could discourage a takeover of the Company

9. dividend policy

The Company plans to distribute dividends in the form of cash at least once every year. The amount of dividend is related to the Company's current profit for the year, also taking into consideration certain financial indicators and resolution of GMS in accordance with the Articles of Association of the Company and prevailing regulations.



After the Initial Public Offering, the Company intends to distribute cash dividend of a minimum amount of 20% (twenty percent) of its net profit, starting in 2013 after deducting the Company's mandatory reserves as stated in the Limited Liability Company Law. The timing, amount and payment type of the dividend distribution will follow recommendation from the Board of Directors. However, there is no certainty that the Company is able to distribute dividend in the current or following years. The decision to distribute dividend will depend on several issues; subject to Management's approval, as follows:

- a. Company's net income and cash flows availability;
- b. Financial projection and working capital requirement;
- c. Business prospects of the Company;
- d. Capital expenditures and other investment plans;
- e. Investment plan and other growth catalysts; and
- f. Economic condition and general industry climate and other relevant factors to the Board of Directors as well as existing negative covenants which prohibit dividend distribution.

The Company does not have any negative covenants in any of its agreements that may prohibit dividend distribution and adversely affect the rights of the Company's public shareholders.

10. LEGAL CASES FACED BY THE COMPANY, BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

As of 29 May 2013, neither the Company, the Board of Directors of the Company nor the Board of Commissioners of the Company is charged or a defendant in criminal or civil cases in District Court of Palembang, District Court of South Jakarta, District Court of Baturaja, and District Court of Tanjung Karang where the Company has business activities, industrial relation cases in Industrial Relation Court of Jakarta, Industrial Relation Court of Palembang, Industrial Relation Court of Bandar Lampung where the Company has business activities, state administration dispute in State Administration Court of Jakarta, State Administration Court of Palembang, and State Administration Court of Tanjung Karang where the Company has business activities, cases involving taxation matters in Tax Court, arbitration cases before the Indonesian National Arbitration Board, and insolvency cases, delaying debt payment obligation, and/or dissolution in Commercial Court of Jakarta. The Company has not accepted any subpoena or claims from any party whatsoever.

11. KEY FINANCIAL HIGHLIGHTS

The tables below present a summary of the balance sheet of the Company as of 31 December 2012, 2011, 2010, 2009 and 2008 and the statement of comprehensive income of the Company for the years ended 31 December 2012, 2011, 2010, 2009 and 2008.

The financial statements of the Company for the years ended 31 December 2012 and 2011 and entirely contained in this Prospectus which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor (signing partner: Doli Diapary Siregar), in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012 with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2011 and with an explanatory paragraph regarding the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended 31 December 2010 and 2009 which have published previously relating to PSAK No. 24 (Revised 2004), PSAK No. 46 (Revised 2004) and the adjustment of the balance of transport payable for the year 2011.

The financial statements of the Company for the years ended 31 December 2010 and 2009, and for the years ended on the dates respectively have been audited by Public Accountant Firm Pieter, Uways & Rekan (Member of KS International) (signing partner: Pieter Solang) and Public Accountant Firm Drs. Victor TH Pandjaitan, Msi. & Rekan (signing partner: Victor TH Pandjaitan) in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2010 and with an explanatory paragraph regarding the restatement of the financial statements of the Company with respect to the effects of significant changes to the Company's financial statements for the year ended 31 December 2009 on the adjustment of the balance of RDI loan to shareholders (Indonesian Government) for the year 2010 with unqualified opinion for the year 2009, which report is not presented in this Prospectus.

The financial statements of the Company for the years ended 31 December 2008 and 2007, and for the year ended on the dates respectively have been audited by Public Accountant Firm Abdi Ichjar BAP & Rekan (signing partner: Abdi Ichjar) and Public Accountant Firm Hertanto, Sidik, Hadisoeryo & Rekan (signing partner: Hertanto), independent auditors, in accordance with auditing standards established the Indonesian Institute of Certified Public Accountants with unqualified opinion with an explanatory paragraph regarding the restatement of the financial statements of the Company with respect to the effects of significant changes to the financial statements of the Company for the years ended on 31 December 2007 and 2006 which have been published previously as to the adjustment of the beginning balance of equity for the year 2008 with unqualified opinion with an explanatory paragraph concerning the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended on 31 December 2006 and 2005 which have been published previously relating to PSAK No. 24 (Revised 2004) for the year 2007, which report is not presented in this Prospectus.

Key Financial Highlights of The Company's Balance Sheet

(in Rp millions)

Description	As of 31 December				
	2012	2011	2010	2009	2008
Total Current Assets	660,707	607,565	417,295	319,831	371,019
Total Non Current Assets	537,879	375,491	359,447	376,653	375,908
Total Assets	1,198,586	983,056	776,742	696,484	746,927
Total Current Liabilities	171,391	146,110	144,979	183,012	323,755
Total Long Term Liabilities	73,057	120,926	120,028	128,687	127,580
Total Liabilities	244,448	267,036	265,007	311,699	451,335
Total Equity	954,138	716,020	511,734	384,785	295,592
Total Liabilities and Equity	1,198,586	983,056	776,742	696,484	746,927

Key Financial Highlights Of The Company's Statement Of Comprehensive Income

(in Rp millions)

Description	For the years ended 31 December				
	2012	2011	2010	2009	2008
Net Sales	1,097,680	1,050,277	885,740	816,791	794,352
Cost of Goods Sold	(607,845)	(621,761)	(493,265)	(463,970)	(497,465)
Gross Profit	489,835	428,516	392,475	352,821	296,887
Operating Income	367,133	307,171	287,728	247,438	215,553
Profit before Income Tax	395,421	333,048	298,145	247,543	197,050
Profit for The Year from Continuing Operations	298,512	251,638	221,734	177,204	136,008
Comprehensive Income					
Total Comprehensive Income for The Year	298,512	251,638	221,734	177,204	136,008

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I. PUBLIC OFFERING

The Company herewith conducts an Initial Public Offering of 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) Series B Ordinary Shares or representing 23.76% (twenty three point seventy six percent) of the issued and fully paid capital of the Company after Initial Public Offering, with a nominal value of Rp100 (one hundred Rupiah) per share, which will be offered to Public at the offering Price of Rp560 (five hundred and sixty Rupiah) per share, that must be fully paid at the time of submission of the Share Subscription Form ("SSF"). Total maximum value in this Public Offering is amounted to Rp1,309,099,960,000 (one trillion three hundred nine billion ninety nine million nine hundred sixty thousand Rupiah).

All of registered ordinary Offered Shares will consist of the new shares which are originated from the Company's portfolio, and will give the same and equal rights to its shareholder in all respects with other registered ordinary shares within the Company after being issued and fully paid, including among others are the rights for distribution of dividend, rights to vote at the General Meeting of Shareholders, rights for distribution of Bonus Share and preemptive rights.

Pursuant to the resolution of the General Meeting of Shareholders which was held on 14 March, 2013 as adopted in the Minutes of General Meeting of Shareholders Deed No. 20 dated 14 March, 2013 which was drawn up before Fathiah Helmi, SH, Notary in Jakarta, the Company will implement an Employee Stock Allocation (ESA) program by allocating shares of 0.82% (zero point eight two percent) of the total issuance or 19,168,500 (nineteen million one hundred sixty eight thousand five hundred) shares and will also implement a Management & Employee Stock Option Plan (MESOP) program of 1.65% (one point six five percent) of the Company's total issued and fully paid capital after the Initial Public Offering or 162,321,500 (one hundred sixty two million three hundred twenty one thousand five hundred) shares. Complete information regarding ESA and MESOP program may be read in Chapter I of this Prospectus.



PT SEMEN BATURAJA (Persero) Tbk

Main Line of Business:

Operates in the Cement Industry

Domiciled in Palembang, Indonesia

Head Office & Palembang Plant:

Jl. Abikusno Cokrosuyoso
Kertapati, Palembang 30258
South Sumatra – Indonesia
Telephone : (62-711) 511 261 ext. 1502
Facsimile : (62-711) 515 680

Baturaja Plant:

Jl. Raya Tiga Gajah
Baturaja, Ogan Komering Ulu 32117
South Sumatra – Indonesia
Telephone : (62-735) 320 344 / 366 / 368
Facsimile : (62-735) 320 367

Email : sekper@semenbaturaja.co.id

Representative Office:

Graha Irama Fl. XI
Jl. H.R. Rasuna Said Blok X Kav. 1-2, Jakarta 12950
DKI Jakarta – Indonesia
Telephone : (62-21) 526 1113 / 14
Facsimile : (62-21) 526 1411

Panjang Plant:

Jl. Yos Sudarso Km. 7
Panjang, Bandar Lampung 35243
Lampung – Indonesia
Telephone : (62-721) 31718 / 31818 / 31538
Facsimile : (62-721) 31343

Website : www.semenbaturaja.co.id

THE MAIN RISK FACED BY THE COMPANY IS THE RISKS RELATING TO THE PROCUREMENT OF FUEL AND RAW MATERIALS USED IN ITS PRODUCTION ACTIVITIES. THE RISKS FACED BY THE COMPANY ARE DETAILED IN CHAPTER VI OF THIS PROSPECTUS.



The Company was established under the name PT Semen Baturaja based on Limited Liability Company PT Semen Baturaja Deed No. 34 dated 14 November 1974 as amended by Deed of Amendment No. 49 dated 21 November 1974, both drawn up before Jony Frederik Berthold Tumbelaka Sinjal, Notary in Jakarta, which has acquired validation from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. Y.A.5/422/18 dated 22 November 1974, which has been registered with the register at the office of the Registrar of the Palembang District Court No. 376/1974 and No. 377/1974 both dated 22 November 1974 and announced in the State Gazette of the Republic of Indonesia No. 2 dated 7 January 1975, Supplement No. 15 ("**Deed of Establishment**").

On the date of issuance of the Prospectus, the latest Articles of Association of the Company shall be as referred to in the Deed of Statement of Resolutions of the Extraordinary General Meeting of Shareholders of PT Semen Baturaja (Persero) Tbk No. 21 dated 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta, which has acquired the approval from the Minister of Laws and Human Rights of the Republic of Indonesia No. AHU-13747.AH.01.02 of 2013 dated 18 March 2013, and registered in the Company Register under No. AHU-0023614.AH.01.09 of 2013 dated 18 March 2013, ("**Deed No.21/2013**"), which changes all provisions of the articles of association of the Company in the framework of the Public Offering and for adjustment with Bapepam & LK Regulation No. IX.J.1 concerning Principles of Articles of Association of Companies conducting Public Offerings of Shares that are Equity In Nature and Public Companies – Attachment to Decision of Head of Bapepam & LK No. Kep-179/BL/2008 dated 14 May 2008 including change in name of the Company to become PT Semen Baturaja (Persero) Tbk.

The Company has obtained several approvals to conduct the Public Offering, the first given by the House of Representatives as stated in the Letter from the Speaker of the House of Representatives No. PW/01916/DPR RI/1/2013 dated 19 February 2013, and the second given by the Extraordinary General Meeting of Shareholders, as stated in the Deed of Minutes of Meeting of the Extraordinary General Meeting of Shareholders PT Semen Baturaja (Persero) Tbk No. 20 dated 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta. The Privatization of the Company has been stated and promulgated by the Government of the Republic of Indonesia on 21 May 2013, as stated in the Government Regulation No.39 Year 2013 regarding Amendment of Capital Ownership of the State through the Issuance and Sale of New Shares of Perusahaan Perseroan (Persero) PT Semen Baturaja (State Gazette No. 95 Year 2013).

Pursuant to Deed No. 21/2013, the structure of capital and composition of shareholders within the Company at the time of publication of this Prospectus are as follows:

Shareholder Name	Number of Shares		Nominal Value of Shares (Rp) @ Rp100		Percentage (%)
	Dwiwarna A Series	B Series	Dwiwarna A Series	B Series	
Authorized Capital – Rp3,000,000,000,000	1	29,999,999,999	100	2,999,999,999,900	
Issued and Fully paid capital					
Republic of Indonesia	1	7,499,999,999	100	749,999,999,900	100%
Total Issued and Fully paid capital	1	7,499,999,999	100	749,999,999,900	100%
Shares in Portfolio	-	22,500,000,000	-	2,250,000,000,000	

Upon the sale of all the Company's Offered Shares in this Initial Public Offering, the capital structure and composition of shareholders of the Company following the Initial Public Offering on a pro forma basis will be as follows:

Share Capital
Consisting of Dwiwarna A Series Shares and Registered Ordinary B Series Shares
With Nominal Value at Rp100, - (One Hundred Rupiah) Per Share

Information	Prior to the Initial Public Offering			Post Initial Public Offering		
	Number of Shares	Nominal Value (Rp)	Ownership (%)	Number of Shares	Nominal Value (Rp)	Ownership (%)
Authorized Capital						
Dwiwarna A Series Shares	1	100		1	100	
B Series Shares	29,999,999,999	2,999,999,999,900		29,999,999,999	2,999,999,999,900	
Total Authorized Capital	30,000,000,000	3,000,000,000,000		30,000,000,000	3,000,000,000,000	
Issued and Fully paid capital						
Dwiwarna A Series Shares						
Republic of Indonesia	1	100	0.00000001	1	100	0.00000001
B Series Shares						
Republic of Indonesia	7,499,999,999	749,999,999,900	99.99999999	7,499,999,999	749,999,999,900	76.23749850
Public	-	-	-	2,337,678,500	233,767,850,000	23.76250149
Total Issued and Fully paid capital	7,500,000,000	750,000,000,000	100.00000000	9,837,678,500	983,767,850,000	100.00000000
Shares in Portfolio						
B Series Shares	22,500,000,000	2,250,000,000,000		20,162,321,500	2,016,232,150,000	
Total Shares in Portfolio	22,500,000,000	2,250,000,000,000		20,162,321,500	2,016,232,150,000	

The Offered Shares of up to 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) of the registered B Series with nominal value per share Rp100 (one hundred Rupiah) or 23.76% (twenty three point seventy six percent) of the issued and fully paid capital within company after Initial Public Offering, together with all the outstanding shares within the Company that have been issued before the Public Offering, will be listed at the Indonesian Stock Exchange. Thus, the total shares that will be listed by the Company at the Indonesian Stock Exchange is 9,837,678,500 (nine billion eight hundred thirty seven million six hundred seventy eight thousand five hundred) shares or amounting to 100% (one hundred percent) of the Total Issued and Fully paid capital after this Public Offering.

The Offered Shares, alongside shares within the Company that have been issued before the Public Offering, provide equal and similar rights in all aspects for all of the Shareholders including the rights to receive dividends.

Pursuant to Article 5 number (3) in the Company's Articles of Association, the Holder of A Series Dwiwarna Share, shall have the following privileges:

1. to propose and approve the appointment and termination of members of Board of Commissioners and Board of Directors;
2. to approve the amendments to Articles of Association, including changes in capital;
3. to approve the Merger, Consolidation, Takeover and spin-off of the Company, filing of request for the Company to be declared as insolvent, and winding-off; and
4. to ask for reports and explanation on particular matters to the Board of Directors and Board of Commissioners of the Company with due observance of statutory regulations as well as regulations applicable in Capital Market sector in Indonesia;

Except for the privileges set forth in paragraph 3 letter a of this Article, the holders of B Series Shares shall have the same rights, with due observance of the stipulations in Article 25.

Pursuant to Deed of Minutes of Extraordinary General Meeting of Shareholders No. 20 dated 14 March, 2013, which were drawn up before Fathiah Helmi, S.H., Notary in Jakarta, the shareholders have agreed to conduct the ESA (Employee Stock Allocation) Program and MESOP (Management and Employee Stock Option Plan) Program.



EMPLOYEE STOCK ALLOCATION (ESA) PROGRAM

Pursuant to Deed No. 20 dated 14 March, 2013, the shares that have been allocated for the ESA program will be 0.82% (point eight two percent) from the total issuance of shares being offered in the Public Offering or 19,168,500 (nineteen million one hundred sixty eight thousand five hundred) shares with the cost allocated for the ESA program of up to Rp4,650,000,000 (four billion six hundred fifty million Rupiah) for the Reward Shares, taken from the Company's internal cash. If there will be remaining shares unsubscribed by employees of the Company, such remaining unsubscribed shares will be offered to Public. The implementation of ESA program will be in compliance with the provision included under Bapepam & LK Regulation No. IX.A.7, Attachment of Decree of the Head of Bapepam & LK No. Kep-691/BL/2011 dated 30 December, 2011 regarding Subscription and Allotment of Securities in Public Offering.

The ESA program is a fixed allotment program of the Company's Shares, which is a part of the Initial Public Offering, for the employees of the Company who meet certain qualifications ("**ESA Participants**").

The main objective of the ESA program is to give the employees of the Company a sense of belonging, which in return may increase productivity and the Company's performance, as well as creating a benefit for all of the Company's stakeholders.

Mechanism of Implementation of ESA Program

The ESA Participants are the employees of the Company with a total number around 420 (four hundred and twenty) persons and is not allocated for the Board of Directors and Board of Commissioners of the Company.

The eligible ESA Participants must comply with the following requirements:

- The employee is under permanent status and is actively working as of 31 March 2013;
- The employee must have worked a minimum of 1 (one) year as of 31 March 2013;
- If the employee is on probation or under a memorandum at the time of implementation of ESA Program, the employee's ESA shares will be reduced in a proportional manner, as follows:
 - Memorandum I will be given 75% from the allocated ESA shares;
 - Memorandum II will be given 50% from the allocated ESA shares;
 - Memorandum III will be given 25% from the allocated ESA shares.

Under the ESA Program, the Company will allocate Reward Shares and Fixed Allotment Shares for eligible ESA Participants according to position level, performance appraisal and service period of the relevant employee. The Fixed Allotment Shares will be given to the ESA Participant is not mandatory by nature, thus, the remaining unsubscribed ESA shares will be offered to THE Public.

1. Reward Shares

Reward Shares are shares allocated to the ESA Participants, free of charge by the Company, with total maximum shares allocated of 8,303,500 (eight million three hundred three thousand five hundred) shares. Reward Shares will be locked-up for 12 (twelve) months, calculated as of the listing date of the Company's shares at the Indonesian Stock Exchange, under the condition if the ESA Participant resigns or is subjected to administrative sanctions during the lock-up period, the rights over the Reward Shares will be given to other employees that has complied with the criteria, pursuant to decision of Board of Directors. The Reward Shares at given to the Participants at the same price as the offer price to the public.

2. Fixed Allotment Shares

Fixed Allotment Shares are shares allocated to the ESA Participants, for share subscription to the Participants, of 10,865,000 (ten million eight hundred sixty five thousand) shares. The ESA Participants may subscribe Fixed Allotment Shares at the offer price according to total allocation received by the Participant, with full payment based on the offer price. The Fixed Allotment Shares will be locked-up for 3 (three) months, calculated as of the listing date of the Company's shares at the Indonesian Stock Exchange. The ESA participants subscribe to the Fixed Allotment Shares at the same price as the offer price to the public.

Costs related to ESA Program will be borne by the Company in form of the total price of the Reward Shares. The aforementioned ESA Program costs' source of fund comes from cash of the Company.

ESA Program procedures:

- The Company will issue allocation confirmation for Reward Shares and Fixed Allotment Shares to the ESA Participants.
- The ESA Participants will have to submit a Statement and Self Commitment in the Framework of Share Ownership Program in the Framework of Initial Public Offering of Shares of PT Semen Baturaja (Persero) Tbk stating that the Participant has received Reward Shares and/ or subscribes the Fixed Allotment Shares in compliance with the requirements determined by the Company under the ESA Program.
- The ESA Participants will then be obliged to make payments to the Company during the public offering period, for the subscribed Fixed Allotment Shares
- The Company will submit a list of ESA Participants as well as total shares in the ESA Program to the Joint Lead Underwriters as well carrying out payment over shares in the ESA Program at the same price as the offer price. The funds of payment will then be transferred into a bank account designated by the Joint Lead Underwriters to receive payments for share subscription in the framework of this public offering, in its full amount.

In event that all of the Offered Shares have been fully subscribed in this Initial Public Offering and the ESA program as referred to above has been implemented, the proforma capital structure of the Company and the Shareholders' ownerships prior to and after the Initial Public Offering will be as follows:

Share Capital
Consisting of Dwiwarna A Series Shares and Registered Ordinary B Series Shares
With Nominal Value at Rp100, - (One Hundred Rupiah) Per Share

Information	Prior to the Initial Public Offering			Post Initial Public Offering and ESA		
	Number of Shares	Nominal Value (Rp)	Ownership (%)	Number of Shares	Nominal Value (Rp)	Ownership (%)
Authorized Capital						
Dwiwarna A Series Shares	1	100		1	100	
B Series Shares	29,999,999,999	2,999,999,999,900		29,999,999,999	2,999,999,999,900	
Total Authorized Capital	30,000,000,000	3,000,000,000,000		30,000,000,000	3,000,000,000,000	
Issued and Fully paid capital						
Dwiwarna A Series Shares						
Republic of Indonesia	1	100	0.00000001	1	100	0.00000001
B Series Shares						
Republic of Indonesia	7,499,999,999	749,999,999,900	99.99999999	7,499,999,999	749,999,999,900	76.23749850
ESA Participants*	-	-	-	19,168,500	1,916,850,000	0.19484780
Public	-	-	-	2,318,510,000	231,851,000,000	23.56765369
Total Issued and Fully paid capital	7,500,000,000	750,000,000,000	100.00000000	9,837,678,500	983,767,850,000	100.00000000
Shares in Portfolio						
B Series Shares	22,500,000,000	2,250,000,000,000		20,162,321,500	2,016,232,150,000	
Total Shares in Portfolio	22,500,000,000	2,250,000,000,000		20,162,321,500	2,016,232,150,000	

**) Assuming the ESA Program is fully subscribed*

MANAGEMENT AND EMPLOYEE STOCK OPTION PLAN (MESOP) PROGRAM

Pursuant to Deed of Minutes of Extraordinary General Meeting of Shareholders No. 20 dated 14 March 2013, which was drawn up before Fathiah Helmi, S.H., Notary in Jakarta, it has been approved that the Company will perform the Management Stock Option Plan (MESOP) Program.

The MESOP Program is the grant of Option Rights for share subscription to MESOP Participants; comprising of members of Board of Commissioners (except those who are Independent Commissioners), members of Board of Directors and employees of the Company, recorded in the Company as of 31 March 2013 and must have worked a minimum of 1 (one) year as of 31 March 2013.

The management and employees may lose the right to participate in the program if the said management or employee resigns or dishonourably discharged.



The main objective of the MESOP Program is:

1. To give an appreciation to the management and employees in the form of a reward for their contributions to the Company.
2. The Company expects the MESOP program to nurture a sense of belonging from the management and employees to the Company, thus increasing motivation and performance.

The Option Rights which will be distributed to Participant of MESOP Program can be used to subscribe new shares to be issued from the portfolio, is 1.65% (one point six five percent) of the issued and fully paid capital after the IPO or 162,321,500 (one hundred sixty two million three hundred twenty one thousand five hundred) shares, within a period of 2 (two) years, calculated as of the listing date of the Company's shares at the Indonesian Stock Exchange.

Distribution of Option Rights will be carried out in 2 (two) stages:

- The first stage, the Company will issue up to 40% (forty percent) of the total Option Rights on the listing date of the Company's shares at the Indonesian Stock Exchange
- The second stage, the Company will issue up to 60% (sixty percent) of the total Option Rights on the first anniversary of the listing date of the Company's shares at the Indonesian Stock Exchange.

Implementation of Option Right to subscribe the Company's shares will be performed subject to Listing Rules No. I-A Attachment I of Decree of Board of Directors of PT Bursa Efek Jakarta No. Kep 305/BJ/07-2004 dated 19 July, 2004. Determination of MESOP Program is authorized to the Board of Directors upon approval from the Board of Commissioners. Supervision and implementation of the MESOP Program will be conducted by the Board of Commissioners and implementation of this program will be subject to the prevailing provisions and will have to be reported in the GMS, and conducted by the Head of Human Resources and General Department. The Board of Commissioners shall firstly consult with the Shareholders of the A Series before rendering approval to Board of Directors in determining the MESOP Program.

The MESOP Program will be carried out with the following terms:

- The issued Option Rights can be used for the subscription of the Company's shares for 5 (five) years as of the date of issuance of such Option Rights (Option Life).
- The distributed Option Rights will be subject to a vesting period for 1 (one) year as of date of distribution of the Option Rights. During the vesting period, the holders of the Option Rights are not allowed to exercise their Option Rights to subscribe the Company's shares until the lapse of the vesting period.
- Upon the lapse of the vesting period, the holder of Option Rights reserves the right to exercise the Option Rights to subscribe new shares in the Window Exercise period that will be opened by the Company at maximum 2 (two) times of Window Exercises within 1 (one) year, under a condition that each Window Exercise will be opened for the exercise period in which the Participant of MESOP Program may exercise their Option Rights to subscribe shares for maximum 30 (thirty) stock exchange days.
- The Exercise Price will be determined subject to the provisions stipulated under point V.2.2 Rule I-A Attachment I Decree of Board of Directors of PT Bursa Efek Jakarta No. Kep 305/BJ/07-2004 dated 19 July, 2004 where at least 90% of the average price of closing of the relevant Listed Company's shares for a period of 25 (twenty five) consecutive stock exchange days at Regular Market prior to the report on the performance of the vesting period.
- During the exercise of the Option Rights, the holders of the Option Rights must pay in full according to the Exercise Price.
- Should the holders of the Option Rights resign, all the remaining unexercised Option Rights will be invalid. The Company will allocate the remaining unexercised Option Rights to other participants that comply to the MESOP requirements.
- Each year, the Exercise Period will take place in 2 (two) stages, representing 2 (two) periods of payment, which are during May and October, after the listing date.
- The management and employees are not obligated to exercise the Option Rights, but the Option Rights are not transferrable and will be invalid by law when the Option Life ends.

The allocation for Option Rights in the MESOP Program is as follows:

- For the management, will be allocated approximately 40% (forty percent) of the total Option Rights. The allocation of each member of the management will be determined by the Board of Commissioners and Directors;
- For employees of all levels will be allocated approximately 60% (sixty percent) of the total Option Rights.

Procedures and methods of ESA Program and MESOP Program will be specified by Board of Directors of the Company subject to the prevailing provisions and laws.

In event that all of the Offered Shares have been fully subscribed in this Initial Public Offering and the MESOP program as referred to above has been implemented, the proforma capital structure of the Company and the Shareholders' ownerships prior to and after the Initial Public Offering will be as follows:

Share Capital Consisting of Dwiwarna A Series Shares and Registered Ordinary B Series Shares With Nominal Value at Rp100, - (One Hundred Rupiah) Per Share						
Information	Post the Initial Public Offering and ESA			Post Initial Public Offering, ESA and MESOP		
	Number of Shares	Nominal Value (Rp)	Ownership (%)	Number of Shares	Nominal Value (Rp)	Ownership (%)
Authorized Capital						
Dwiwarna A Series Shares	1	100		1	100	
B Series Shares	29,999,999,999	2,999,999,999,900		29,999,999,999	2,999,999,999,900	
Total Authorized Capital	30,000,000,000	3,000,000,000,000		30,000,000,000	3,000,000,000,000	
Issued and Fully paid capital						
Dwiwarna A Series Shares						
Republic of Indonesia	1	100	0.00000001	1	100	0.00000001
B Series Shares						
Republic of Indonesia	7,499,999,999	749,999,999,900	76.23749850	7,499,999,999	749,999,999,900	74.99999999
ESA Participants*	19,168,500	1,916,850,000	0.19484780	19,168,500	1,916,850,000	0.19168500
MESOP Program*	-	-	-	162,321,500	16,232,150,000	1.62321500
Public	2,318,510,000	231,851,000,000	23.56765369	2,318,510,000	231,851,000,000	23.18510000
Total Issued and Fully paid capital	9,837,678,500	983,767,850,000	100.00000000	10,000,000,000	1,000,000,000,000	100.00000000
Shares in Portfolio						
B Series Shares	20,162,321,500	2,016,232,150,000		20,000,000,000	2,000,000,000,000	
Total Shares in Portfolio	20,162,321,500	2,016,232,150,000		20,000,000,000	2,000,000,000,000	

*) Assuming the ESA and MESOP Programs are fully subscribed

Taxation Aspects for ESA Program and MESOP Program

Costs for ESA Program is the remuneration to be received by the ESA Participant, thus, it shall be subject to Income Tax of Article 21 that will be calculated to the ESA Participant. Furthermore, after the end of the lock-up period, where the participant may perform transactions to sell the ESA shares through the Stock Exchange or over the counter, upon the sale, the following taxation provisions will apply:

1. For implementation of the sale through Stock Exchange will be subject to final tax amounted to 0.1% of the transaction value.
2. For implementation of sale through the over the counter market will be subject to tax that will be calculated based on capital gain which are received by Participant and will be subject to progressive taxes according to the effective tariff.

Other than the MESOP Program, the Company has no intent to issue or list new shares and/or other equity convertible securities within a period of 12 (twelve) months as of the listing date.

Risks in Participating in the ESA Program and MESOP Program

Participants of the ESA Program and MESOP Program bear the same risk as other public shareholders, such as the fluctuation of the share price in the stock exchange, risks related to the payment of dividends and other risks as contained in Chapter VI of this Prospectus.



EFFECTIVE STATEMENT AND LISTING ON THE IDX

The Company will list 9,837,678,500 (nine billion eight hundred thirty seven million six hundred seventy eight thousand five hundred) at the Indonesian Stock Exchange. Thus, the total shares that will be listed at the Indonesian Stock Exchange are 100% (one hundred percent) of the Company's issued and fully paid capital after the Public Offering.

The Offered Shares in this Public Offering is planned to be listed at the Indonesian Stock Exchange pursuant to Stock Listing Initial Agreement that has been entered into between the Company with the Indonesian Stock Exchange on 9 April, 2013 if it has complied with the requirements for listing determined by the Indonesian Stock Exchange among others regarding the number Shareholders either individual or corporate at the Indonesian Stock Exchange and each shareholders will hold at least 1 (one) share trading unit. If the referred requirements for share listing are not complied with, the Public Offering will be null and void by virtue of law and the subscription money that has been received will be refunded to the subscribers pursuant to the provisions under the Capital Market Law.

BY THE TIME OF ISSUANCE OF THIS PROSPECTUS THE COMPANY HAS NO PLAN TO SUBSCRIBE, ISSUE, AND/OR LIST OTHER SHARES AND/OR OTHER EQUITY CONVERTIBLE SECURITIES WITHIN A PERIOD OF 12 (TWELVE) MONTHS AFTER STATEMENT OF REGISTRATION IS DECLARED AS EFFECTIVE BY THE INDONESIA FINANCIAL SERVICES AUTHORITY (OJK).

II. USE OF PROCEEDS

The funds raised from the Public Offering net of share issuance costs, will be used entirely by the Company for the construction of a new cement plant in Baturaja, South Sumatra. The plant will be located adjacent to the Company's existing cement plant. The land that will be used in the construction of the plant is owned by the Company.

The use of proceeds for the construction of the plant will be allocated as follows:

- Approximately 25% (twenty five percent) for land acquisition and development;
- Approximately 70% (seventy percent) for the purchase of machinery and primary equipment;
- Approximately 5% (five percent) for Electrical & Automation and Engineering & Design.

The cement plant will produce cement with an estimated capacity of 1,850,000 tons of cement per year. The construction of the cement plant is estimated to be complete by the end of 2016. The Company estimates that after the operation of the cement plant, the Company's cement production will increase to 3,850,000 tons of cement per year.

The new cement plant will be built on a concrete foundation with steel building structures, encompassing several plant areas as follows:

Plant Area	Capacity	Machinery and Primary Equipment
Limestone Crusher	1 x 1,200 t/h (Wet Basis)	• Tyssenkrupp • FLSmidth • Sinoma
Clay Crusher	1 x 1.500 t/h	• Tyssenkrupp • FLSmidth • Sinoma • Bedeschi
Raw Mill	1 x 400 tph (on dry basis)	• Loesche • FLSmidth • Polysius
Coal Mill	50 tph	• Loesche • FLSmidth • Polysius
Kiln	1 x 5,000 tpd (clinker)	• FLSmidth • Polysius • KHD • Sinoma
Cement Mill	2 x 175 tph	• FLSmidth • Polysius • Loesche • Kawasaki
Cement Packing and Loading	4 X 120 t/h	• Haver Boecker • CPAG • Moeller • FLSmidth

Other than proceeds received from the Public Offering, the Company plans to use the Company's internal cash and bank loans to fund the construction of the plant.

At time of writing, the Company is in the process of tendering. The signing of contracts and the start of construction will commence on the third quarter of 2013. The procurement of equipment will start on the end of the first quarter of 2014, construction will start on mid-2014, erection will start on 2015, and the plant is expected to finish and start to operate commercially in 2016.

The Company's management represents that all of the use of proceeds from the Initial Public Offering shall conform to applicable laws and regulations. The Company shall submit an accountability report on the realization of a Public Offering on a regular basis to its Shareholders in a GMS and will also submit a report to OJK every three months in accordance with Rule X.K.4. The Company is also required to report the realization of the use of proceeds from this Public Offering on a regular basis to the IDX in accordance with Rule No. I-E.



The proceeds from the Initial Public Offering will be used in accordance with the prevailing Capital Market Law.

In the event that the use of proceeds by the Company is an Affiliated Transaction, Conflict of Interest Transaction and/or Material Transaction, the Company shall comply with Rule No. IX.E.1 regarding Affiliated Transaction and Conflict of Interest Transaction and/or Rule No. IX.E.2 regarding Material Transaction and Changes in Core Business Activity.

If, at any time hereafter the Company intends to change its planned utilization of the use of proceeds, then the Company shall first report to OJK, stating the reason and its consideration for such change and must also obtain prior approval from the GMS.

Pursuant to a Circular issued by Bapepam and LK No. SE-05/BL/2006 dated 29 September 2006 on Disclosure of Information on Costs Incurred in an Initial Public Offering, the total cost (including tax) to be incurred by the Company will be approximately 3.25% (three point two five percent) of the total amount of the Public Offering, with the following percentage breakdowns:

- Underwriting fee	:	0.23 %
- Management fee	:	1.32 %
- Selling fee	:	0.23 %
- Capital market supporting entities and professionals, consisting of :		
• Public Accountant fee	:	0.06 %
• Legal Counsel fee	:	0.06 %
• Notary fee	:	0.01 %
• Share Registrar fee	:	0.01 %
• Appraiser fee	:	0.05 %
- Financial Advisory fee	:	0.16 %
- Other costs (consisting of listing in the IDX, registration of KSEI, cost of conducting public expose and due diligence meeting, roadshow, consultant, printing Prospectus, certificates and forms, advertisement, allotment auditor, cost verification auditor and any other costs)	:	1.12 %

The latest corporate action performed by the Company was the Public Offering of Bond I of Semen Baturaja of Year 2004. The Company states that the funds raised from the aforementioned Bond Public Offering have been used entirely and have been reported to Bapepam-LK pursuant to the letter No. LP.05.09/343/2005 dated 1 April, 2005 regarding Report on the Realization for Utilization of Funds Raised from Public Offering.

III. STATEMENT OF INDEBTEDNESS

The following statement of indebtedness have been prepared based on the financial statements of the Company for the year ended 31 December 2012 which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012. Any difference in addition is due to rounding. For further disclosure regarding the statement of indebtedness, please refer to the Company's Audited Financial Statements in Chapter XVII of this Prospectus.

As of 31 December 2012, the Company has liabilities amounting to Rp244,448 million, consisting of current liabilities of Rp171,391 million and long term liabilities of Rp73,057 million, as detailed below:

		(in Rp millions)
Description		Value
Current Liabilities		
Trade payable		
Third parties		51,243
Related parties		12,735
Short term bank loan – Related parties		2,766
Taxes payable		21,221
Accrued expenses		28,958
Due to related parties – current maturity		14,090
Employee benefits liabilities		36,747
Other current liabilities		3,631
Total Current Liabilities		171,391
Long Term Liabilities		
Deferred tax liabilities		14,656
Employee benefit liabilities		24,420
Due to related parties – net of current maturity		27,000
Mine reclamations fees and services		6,981
Total Long Term Liabilities		73,057
TOTAL LIABILITIES		244,448

Each of the liabilities is detailed below :

1. TRADE PAYABLES

As of 31 December 2012, the Company's trade payables amounted to Rp63,978 million; consisting of Rp51,243 million to third parties, and Rp12,735 million to related parties. All of the Company's trade payables are denominated in Rupiah.

A breakdown of the trade payables is as follows:

		(in Rp millions)
Description		Value
Third parties		51,243
Related parties		12,735
Total Trade Payables		63,978



A breakdown of trade payables from their invoice date is as follows:

		(in Rp millions)
Description		Value
Third parties		
Up to 1 month		41,924
> 1 month up to 3 months		4,495
> 3 months up to 12 months		4,824
> 1 year		-
		51,243
Related parties		
Up to 1 month		6,914
> 1 month up to 3 months		5,821
> 3 months up to 12 months		-
> 1 year		-
		12,735
Total Trade Payables		63,978

2. SHORT TERM BANK LOAN – RELATED PARTIES

This account represents payable related to the opening of Letter of Credit from PT Bank Mandiri (Persero) Tbk, with total facility amount are amounting USD 286,000, based on Pledge Agreement No. M177106060752001 dated December 3, 2012, with cash collateral in the form of Company's one Rp4,500 million in PT Bank Mandiri (Persero) Tbk amounting , which are used for imported purchase of Company's fixed assets related to plan utilities. As of December 31, 2012, the outstanding balance amounting Rp2,766 million (equivalent with USD 286,000), which represents the imported purchasing of grinding media.

3. TAXES PAYABLE

As of 31 December 2012, the Company's taxes payable amounted to Rp21,221 million. During the years 2012, 2011 and 2010, there were no tax assessment letters issued by the Directorate General of Taxation during the period.

The Company's taxes payable are as follows:

		(in Rp millions)
Description		Value
Value Added Tax		5,765
Income Tax:		
Article 21		4,121
Article 22		252
Article 23/26		168
Article 25 (Corporate)		8,020
Article 29 (Corporate)		1,002
Article 4 (Paragraph 2)		850
Tax non-metal minerals and rocks		1,043
Total Taxes Payable		21,221

4. ACCRUED EXPENSES

As of 31 December 2012, the Company's accrued expenses amounted to Rp28,958 million, as detailed below:

<i>(in Rp millions)</i>	
Description	Value
Fabrication expenses	16,176
Electricity	9,904
Professional fees	2,561
Others	317
Total Accrued Expenses	28,958

5. DEFERRED TAX LIABILITIES

As of 31 December 2012, the Company's deferred tax liabilities amounted to Rp14,656 million, as detailed below:

<i>(in Rp millions)</i>	
Description	Value
Depreciation	23,560
Employee benefits obligation	(6,105)
Allowance	(1,110)
Allowance for reclamation	(105)
Allowance and post-mining	(1,584)
Total Deferred Tax Liabilities	14,656

There were no changes in tax rate in 2012. In 2012, neither deductible temporary differences nor unrecognized tax losses were recognized to be deferred tax assets. A review was carried out on the deferred tax assets which concluded that all impairments have been recognized.

6. EMPLOYEE BENEFIT LIABILITIES

As of 31 December 2012, the Company's employee benefit liabilities amounted to Rp61,167 million, consisting of short term benefits of Rp36,747 million and long term benefits of Rp24,420 million; as detailed below:

<i>(in Rp millions)</i>	
Description	Value
Short term benefit employee	
Incentive	36,179
Medical treatment	568
	<u>36,747</u>
Long term benefit employee	
Retirement benefits obligations	15,945
Leave & services rewards benefits obligations	7,768
Deficit defined contribution benefits obligations (DPLK)	707
	<u>24,420</u>
Total Employee Benefit Liabilities	61,167



7. OTHER CURRENT LIABILITIES

As of 31 December 2012, the Company's other current liabilities amounted to Rp3,631 million, as detailed below:

<i>(in Rp millions)</i>	
Description	Value
Supplier guarantee	1,753
Employees Social Security (Jamsostek)	536
Bumiputera Life Insurance 1912	448
Employees Pension Fund	155
Others	739
Total Other Current Liabilities	3,631

Supplier Guarantee

Represents the guarantee regarding the construction work in the cement mill and packer in Baturaja Plant, given by the supplier.

Bumiputera Life Insurance 1912

Represent Retirement Retribution (THT) of Asuransi Jiwa Bersama Bumi Putera 1912, in accordance with Addendum of Agreement No. HK.00.05/090/2006 dated September 18, 2006.

Employees Pension Fund

Represents the amount to be paid by the Company as the founder of Yayasan Dana Pensiun Karyawan Semen Baturaja.

Others

Among others, an operational service debt, installment of employees loans, employee contributions to Serikat Karyawan Semen Baturaja (SKSB), Ikatan Istri Karyawan Semen Baturaja (IIKSB), Donation of Society Care/Sumbangan Kepedulian Masyarakat (SKM), through employee payroll deduction mechanism.

8. DUE TO RELATED PARTIES

As of 31 December 2012, this account represents payables to the Company's shareholder, of non-interest bearing of working capital loan (Investment Fund Account/RDI) given by the Government of the Republic of Indonesia, as the Company's sole shareholder, to finance the Floating Terminal Panjang, Lampung as detailed below:

<i>(in Rp millions)</i>	
Description	Value
Loan principal of RDI	27,559
Penalty	41,090
	68,649
Current year payment	(27,559)
	41,090
Less: current maturity	14,090
Total due to related parties net of current maturity	27,000

On June 19, 2012, through a Letter of the Minister of Finance Republic of Indonesia No. S-435/MK.05/2012 regarding the Approval of Loan Restructure of PT Semen Baturaja (Persero), the Minister of finance of Republic of Indonesia agree to the Company's proposal to perform loans restructuring, which comes from Investment Fund Account Loan Agreement, with terms and conditions are the principal obligation is paid entirely in the years of 2012, while other obligations are paid for 3 years (from year 2013 up to year 2015).

On August 1, 2012, through the Letter No.AMA-162/RDI-294/DSMI/2012 concerning Amendment to the Loan Agreement Manuscript (NPP) No. RDI-294/DP3/1996 between the Government of the Republic of Indonesia and PT Semen Baturaja (Persero) has agreed to amend as follows:

- Repayment of the principal obligation will be paid amounting Rp27,559 million settled entirely in 2012 with the repayment schedule on July 30, 2012 at Rp9,559 million, 30 September 2012 amounted to Rp9,000 million and November 30, 2012 at Rp9,000 million. For obligations which due on 30 July 2012, 30 September 2012 and 30 November 2012, the Company has paid to the state treasury.
- Payment of other obligations amounting Rp41,090 million conducting for the 3 (three) years, from 2013 till 2015 with a payment schedule for Rp14,090 million in 2013, the year 2014 amounted to Rp13,500 million and in 2015 amounted to Rp13,500 million.

9. MINE RECLAMATIONS FEES AND SERVICES

This account represents the provision for reclamation and post mining of lime and clay mines. The rules underlying the emergence of this legal obligation are the Law No. 4 Year 2009 regarding Mineral and Coal, the Government Regulation No. 78 Year 2010 and Energy and Human Resources Minister Regulation No. 18 Year 2008. As of December 31, 2012, this account amounted to Rp6,981 million.

10. SIGNIFICANT COMMITMENTS

a. Purchase of Coal Commitments

- i) PT Bukit Asam (Persero) Tbk
The Company has a coal purchase agreement with PT Bukit Asam (Persero) Tbk ("**PTBA**") as stated in the agreement HK.01.02/30/2013 commencing since 1 January 2013 to 31 December 2014. Based on the agreement, the Company will purchase PTBA's coal of 180,000 MT $\pm$ 10% (BA-63) in the base calorific value 6,300 kcal/kg (adb). Then, for PTBA coal delivered in 2014 (from 1 January 2014 to 31 December 2014), the coal purchase agreement will be amended accordingly.
- ii) PT Bunga Pangi
The Company has a coal purchase agreement with PT Bunga Pangi as stated in the agreement No. 01.02/303/2012, starting from 2 August 2012 to 1 August 2013. Based on the agreement, the Company will purchase 70,000,000 kg of coal $\pm$ 10% with total price of Rp40.950 million.

b. Service Commitments

- i) PT Kereta Api Indonesia (Persero) ("**KAI**")
On May 29, 2011, the Company and PT Kereta Api Indonesia (Persero) signed a contract for transportation of clinker and coal that includes an agreement of transport costs for clinker and coal of Rp480 per ton / km starting from February 1, 2012 until January 31, 2017, with a joint evaluation conducted every 6 (six) months. Starting from May, 2012 clinker and coal transport costs are changed to Rp442 per ton/km.
- ii) PT Karya Nusa Perkasa
Based on agreement No. HK.01.15/302/2012, the Company dan PT Karya Nusa Perkasa signed a contract for transportation of clinker and other materials with the value of contract of Rp113,300 per ton. The contract has a 2 year period, starting from 1 January 2012 to 1 January 2014.



iii) **PT Sembaja Lampung**

Based on agreement No. HK.01.15/024/A/2011, the Company and PT Sembaja Lampung signed a contract for transportation of empty bags and other materials with the value of contract of Rp133,000 per trip (for 17 ton/trip capacity of vehicle) and Rp60,800 per trip (for 8 ton/trip capacity of vehicle). The contract has a 1 year period, starting from 12 February 2013 to 11 February 2014.

c. Electricity Purchase Commitments

The Company has an agreement to purchase electricity for 18,500 KVA with PT PLN (Persero) Region IV which has been applied since April 21, 1997 for an unlimited period of time. The security deposit buyer given to PT PLN (Persero) amounted to Rp 759 million.

d. Limestone Mining Concession

In accordance with Decree of the Regent of Ogan Komering Ulu No. 01/K/SIPD/XIX/2006 February 7, 2006, the Company's limestone mining concessions permit was extended for 5 (five) years up to February 7, 2011. In 2010, the Company applied for an adjustment petition of its SIPD Exploitation into an IUP for operation and production which was later validated by the Regent of Ogan Komering Ulu by Decree No. 01/K/IUP-II.A3/XXVII/2010. This decree is declared valid from the date of 23 March 2010 for a period of 20 (twenty) years and is able to be extended up to 2 (two) times every 10 (ten) years.

e. Clay Mining Concession

The Company has a clay mining concession in an area of 96.84 hectares located in Desa Puser, Kecamatan Baturaja Barat, Ogan Komering Ulu. This concession permit is reviewed every 10 (ten) years. By the Decree of the Governor of South Sumatra Province No. 047/SK/VII/1995 on "Regional Mining Exploitation Permit to PT Semen Baturaja (Persero)" dated 2 February 1995, the Company's mining permit was extended for 10 (ten) years up to 2 February 2005. Through Decree of the Regent OKU No. 01/K/SIPD/IX/2005 dated 7 April 2005, the permit was extended for a period of five (5) years up to 2 February 2010. In 2010, the Company applied for an adjustment of the Exploitation SIPD into an IUP for operation and production later validated by the Regent Ogan Komering Ulu through Decree No. 01/K/IUPII.A3/XXVII/2010. This decree is valid from the date of March 23, 2010 for a period of 20 (twenty) years and is able to be extended up to 2 (two) times every 10 (ten) years.

f. Commitment of Purchase of Cement Bags

i) **PT Kertajasa Raya**

The Company has an agreement to purchase cement bags with PT Kertajasa Raya, as stated in the agreement No. HK.01.03/132/2012 dated 7 March 2012, as amended on 28 February 2013, with a contract period of one year starting from 7 March 2012 to 30 April 2013. Based on the agreement, The Company will purchase 12,000,000 pieces of 1 Ply Type Bottom Block cement bags @ 50kg, amounting to Rp 26,940 million.

ii) **PT Yanaprima Hastapersada**

The Company has an agreement to purchase cement bags with PT Yanaprima Hastapersada, as stated in the agreement No.HK.01.03/131/2012 dated March 7, 2012, as amended on 28 February 2013, with a contract period of one year starting from 7 March 2012 to 30 June 2013. Based on the agreement, The Company will purchased 1 Ply Type Bottom Block @ 50kg cement bags of 12,000,000 pieces amounting to Rp 26,940 million.

g. Steel Frame Installation Services for Cement Mill dan Packer Project

The Company has an agreement with PT Barata Indonesia (Persero) for steel frame installation services for Cement Mill dan Packer Project in Baturaja, as stated in the agreement No. HK.01.18/210/2012, as amended on 8 March 2013, with total contract value of Rp15,190 million, with a contract period starting from 25 June 2012 to 30 April 2013.

h. Commitment of Procurement for Tools Rental Services

i) PT United Tractors Semen Gresik

The Company has an agreement with PT United Tractors Semen Gresik for the rental of drill tools and limestone blasting expert services in Baturaja plant as stated in the agreement No. HK.008/073/2011, with total rental costs of drill tools amounting to Rp725,000/hour; Rp21,987/Meter and Rp912/ton; and limestone blasting expert services amounting to Rp4,213/ton with a contract period of 36 months starting from 1 April 2011 to 31 March 2014.

ii) PT Ratri Sempana

The Company has an agreement with PT Ratri Sempana for the rental of Excavator Backhoe services as stated in the agreement No. HK.02.06/147/2010 with total cost of Rp413,000/HM, with a contract period of 3 years, starting from 1 August 2010 to 31 July 2013.

The Company has an agreement with PT Ratri Sempana for the rental of Wheel Loader tools as stated in the agreement No. HK.02.06/242/2011, with total cost of Rp272,000/HM, with a contract period of 3 years, starting from 10 December 2010 to 20 December 2014.

iii) CV Bangun Sukses Makmur

The Company has an agreement with CV Bangun Sukses Makmur for the rental of Wheel Loader tools in Baturaja plant as stated in the agreement No. HK.02.06/146/2011, with total cost of Rp345,000/hour, with a contract period of 26 months, starting from 6 May 2011 to 6 July 2013.

iv) PT Rizky Patra Nusa

The Company has an agreement with PT Rizky Patra Nusa for the rental of Buldozer dan Excavator services, as stated in the agreement No. HK.02.06/152/2011, with a total cost of Rp451,700/hour/HM and Rp44,300/hour/HM respectively, with a contract period of 26 months starting from 15 June 2011 to 14 August 2013.

i. Commitment of Procurement for Land Rental Services

i) PT Kereta Api Indonesia (Persero)

The Company has an agreement with PT Kereta Api Indonesia (Persero) for the rental of land in Jalan Abikusno, Kertapati, Palembang, used for the Palembang plant and offices alongside the available facilities, as stated in the agreement No. HK.00.08/395/2012 with a total cost of Rp6,613 million, with a contract period of 30 years starting from 1 April 2012 to 31 March 2042.

ii) PT Pelabuhan Indonesia II (Persero)

The Company has an agreement with PT Pelabuhan Indonesia II (Persero) for the cooperative use of portions of land, and the rights to manage an area in Jalan Yos Sudarso Road Km. 7, Panjang, Bandar Lampung, used for the Panjang plant and offices alongside the available facilities, as stated in the agreement No. HK.00.08/007/2013, with total value of contract of Rp39,272/m/year, with a contract period of 30 years starting from 1 January 2013 to 31 January 2043.

j. Commitment of Procurement for Security Services

The Company has an agreement with PT Bravo Satria Perkasa for security services as stated in the agreement No. HK.01.21.176.2011, with total contract value of Rp 4,884 million, with a contract period of 24 months, starting from 1 July 2011 to 30 June 2013.



k. Loan Agreements with PT Bank Mandiri (Persero) Tbk ("Mandiri")

As of 31 December 2012, the Company executed loan agreements with Mandiri, consisting of:

1) Revolving Working Capital Credit Facility

This loan is a revolving working capital credit facility obtained by the Company with a maximum ceiling of Rp30,000 million based on Working Capital Loan Agreement No. KP-COCD/003/PK-MK/2001, Deed No. 1 dated 2 March 2001, made before H. Azhar Alia, S.H., Notary in Jakarta, used for working capital in the Cement Industry.

According to Seventh Addendum of Agreement dated 26 February 2009, the interest rate for the loan is set at 12.50% per annum, while the interest rate for 2010, 2011, 2012 and 2013, based on the Eighth Addendum Agreement dated 25 February 2010, Ninth Addendum dated 22 February 2011, Tenth Addendum dated 27 February 2012, and Eleventh Addendum dated 28 February 2013, are 12%, 10.5%, 10%, and 9.5% respectively.

The Working Capital Credit Facility is secured by:

- a) Non fixed assets, consisting of: inventories, trade receivables and auto parts.
- b) Fixed assets, consisting of:
 - A land area of 7,040 m² located on Jl. Taman Kenten No. 13-16, Kel. 8 Ilir, Kec. Ilir Timur II, Palembang.
 - A land area of 12,284 m² located on Jalan AKBP Cek Agus, Kel. 8 Ilir, Kec. Ilir Timur II, Palembang.
 - Plant buildings and non-factory buildings alongside facilities and infrastructure, located on Jalan Abikusno Cokrosuyoso, Kertapati, Palembang.
 - Plant machinery and equipment located on Abikusno Cokrosuyoso, Kertapati, Palembang.
 - Vehicles bound by fiduciary.

2) Non Cash Loan Facility

This loan represents Non Cash Loan Facility obtained by the Company with a maximum plafond of Rp 10,000 million based on Working Capital Loan Agreement No. KP-COCD/01/PK-LC/2001, Deed No. 2 dated 2 March 2001, made before H. Azhar Alia, S.H., Notary in Jakarta, with the intended use for opening Import L/C, SKBDN and Bank Guarantee for the procurement of raw materials, fuel, supplies and spare parts used in the cement industry.

According to Seventh Addendum of Agreement dated 26 February 2009, the interest rate for the loan is set at 12.50% per annum, while the interest rate for 2010, 2011, 2012 and 2013, based on the Eighth Addendum Agreement dated 25 February 2010, Ninth Addendum dated 22 February 2011, Tenth Addendum dated 27 February 2012, and Eleventh Addendum dated 28 February 2013, are 12%, 10.5%, 10%, and 9.5% respectively.

3) Agreement of Fiduciary Deposit

On August 2005, the Company entered into an agreement with Mandiri by Agreement of Time Fiduciary Deposits No. 2.Sp.Priv/004/2005 related to the Third Addendum No. KP. COCD/01/PL-LC/2001 with a nominal value of Rp 4,500 million to guarantee the payment of debt and costs arising from the engagement. The Company submitted to Mandiri the Deposit Bilyet numbers CD. No. 131296, CD. No. 131307 and CD. No. 131308 with the respective nominal value amounting Rp 1,000 million, Rp 1,500 million and Rp 2,000 million on the respective dates of 18 August 2005, 25 August 2005 and 26 August 2005 on behalf of PT Semen Baturaja (Persero).

I. Loan Agreements with PT Bank Negara Indonesia (Persero) Tbk (“BNI”)

1) Agreement of Fiduciary Deposit

On 1 June 2012, the Company entered into an agreement with BNI by Agreement of Time Fiduciary Deposits No. 2012/011 dated 1 June 2012 with respect to the opening of the Letter Of Credit No. IM1IPBG0000411 dated 9 June 2011 with a nominal value EUR 6,320,000 to guarantee the payment of debts and expenses incurred by such engagement. The Company submitted to BNI a Deposit Bilyet Serial Number PAA. 0346947. AC 0256024305 with a nominal value of Rp40,000 million on 21 May 2012 up to 21 August 2012 within a 3-month roll over period on behalf of PT Semen Baturaja (Persero).

EXCEPT AS STATED IN THE MATERIAL EVENTS FOLLOWING THE DATE OF THE INDEPENDENT AUDITOR REPORT, AS OF 31 DECEMBER 2012, AND UP TO THE DATE OF SUCH INDEPENDENT AUDITOR REPORT OF 7 MAY 2013 AND SUBSEQUENT TO THE DATE OF SUCH INDEPENDENT AUDITOR REPORT AND UP TO THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT, THE COMPANY HAS NO MATERIAL LIABILITIES AND OBLIGATIONS OTHER THAN THOSE REPRESENTED ABOVE AND AS DISCLOSED IN THE INDEPENDENT AUDITOR REPORT AND THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS.

THE COMPANY HAS NO OTHER OBLIGATIONS OTHER THAN THOSE ARISING FROM ITS NORMAL COURSE OF BUSINESS AND THE OBLIGATIONS WHICH HAVE BEEN STATED IN THIS PROSPECTUS AND DISCLOSED IN THE FINANCIAL STATEMENTS AS PRESENTED IN CHAPTER IV OF THE PROSPECTUS.

THROUGH THE SYSTEMATIC MANAGEMENT OF ITS ASSETS AND LIABILITIES AND THE EXPECTED INCREASE OF ITS OPERATIONAL YIELDS IN THE FUTURE, THE COMPANY BELIEVES THAT IT IS ABLE TO DULY MEET ALL ITS OBLIGATIONS IN ACCORDANCE WITH THE AGREED TERMS.

UP TO THE DATE OF THE ISSUANCE OF THIS PROSPECTUS, THERE IS NO NEGATIVE COVENANT IMPOSED WHICH WOULD ADVERSELY AFFECT THE RIGHTS OF THE COMPANY’S PUBLIC SHAREHOLDERS.



IV. KEY FINANCIAL HIGHLIGHTS

The tables below present the balance sheet of the Company as of 31 December 2012, 2011, 2010, 2009 and 2008 and the statement of comprehensive income of the Company for the years ended 31 December 2012, 2011, 2010, 2009 and 2008.

The financial statements of the Company for the years ended 31 December 2012 and 2011 and entirely contained in this Prospectus which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor (signing partner: Doli Diapary Siregar), in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012 with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2011 and with an explanatory paragraph regarding the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended 31 December 2010 and 2009 which have published previously relating to PSAK No. 24 (Revised 2004), PSAK No. 46 (Revised 2004) and the adjustment of the balance of transport payable for the year 2011.

The financial statements of the Company for the years ended 31 December 2010 and 2009, and for the years ended on the dates respectively have been audited by Public Accountant Firm Pieter, Uways & Rekan (Member of KS International) (signing partner: Pieter Solang) and Public Accountant Firm Drs. Victor TH Pandjaitan, Msi. & Rekan (signing partner: Victor TH Pandjaitan) in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2010 and with an explanatory paragraph regarding the restatement of the financial statements of the Company with respect to the effects of significant changes to the Company's financial statements for the year ended 31 December 2009 on the adjustment of the balance of RDI loan to shareholders (Indonesian Government) for the year 2010 with unqualified opinion for the year 2009, which report is not presented in this Prospectus.

The financial statements of the Company for the years ended 31 December 2008 and 2007, and for the year ended on the dates respectively have been audited by Public Accountant Firm Abdi Ichjar BAP & Rekan (signing partner: Abdi Ichjar) and Public Accountant Firm Hertanto, Sidik, Hadisoeryo & Rekan (signing partner: Hertanto), independent auditors, in accordance with auditing standards established the Indonesian Institute of Certified Public Accountants with unqualified opinion with an explanatory paragraph regarding the restatement of the financial statements of the Company with respect to the effects of significant changes to the financial statements of the Company for the years ended on 31 December 2007 and 2006 which have been published previously as to the adjustment of the beginning balance of equity for the year 2008 with unqualified opinion with an explanatory paragraph concerning the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended on 31 December 2006 and 2005 which have been published previously relating to PSAK No. 24 (Revised 2004) for the year 2007, which report is not presented in this Prospectus.

Prospective investors should read the overview of the important financial data presented below which relates to the Company's consolidated financial statements and the accompanying notes to the consolidated financial statements, which is presented in this Prospectus. Prospective investors should also read Chapter V of this Prospectus on Management's Discussion and Analysis.

STATEMENT OF FINANCIAL POSITION

(in Rp millions)

Description	As of 31 December				
	2012	2011	2010	2009	2008
ASSETS					
Current Assets					
Cash and cash equivalents	498,447	400,484	269,745	194,357	249,027
Restricted cash and cash equivalents	40,000	113,000	-	4,500	4,500
Trade receivables					
Third parties – net of allowance of impairment	310	478	15,855	18,818	18,881
Related parties	9	-	73	-	322
Inventories – net of provision for obsolete	116,660	89,708	127,035	99,040	95,171
Other current assets	5,281	3,895	4,587	3,116	3,118
Total Current Assets	660,707	607,565	417,295	319,831	371,019
Non Current Assets					
Fixed assets – net of accumulated depreciation	518,007	353,543	353,043	370,194	362,206
Intangible assets	803	852	901	-	-
Other non current assets	19,069	21,096	5,503	6,459	13,702
Total Non Current Assets	537,879	375,491	359,447	376,653	375,908
TOTAL ASSETS	1,198,586	983,056	776,742	696,484	746,927
LIABILITIES & SHAREHOLDERS EQUITY					
Current Liabilities					
Trade payable					
Third parties	51,243	53,971	46,475	40,489	49,439
Related parties	12,735	11,711	17,106	12,851	30,437
Short term bank loan – Related parties	2,766	-	-	-	,625
Taxes payable	21,221	21,117	23,582	22,103	57,625
Accrued expenses	28,958	20,679	14,830	12,224	13,962
Current maturity of dividend payable	-	-	6,143	6,000	-
Due to related parties – current maturity	14,090	-	-	-	-
Long term bank loan – current maturity – Related Parties	-	-	-	-	48,000
Current maturity of bonds payable	-	-	-	49,685	60,000
Employee benefits liabilities	36,747	34,354	32,392	32,818	47,101
Other current liabilities	3,631	4,278	4,451	6,842	16,566
Total Current Liabilities	171,391	146,110	144,979	183,012	323,755
Long Term Liabilities					
Deferred tax liabilities	14,656	18,159	22,598	24,106	24,724
Employee benefit liabilities	24,420	30,128	28,780	29,789	14,226
Due to related parties – net of current maturity	27,000	68,650	68,650	68,650	27,559
Bonds payable – net of current maturity	-	-	-	-	48,928
Dividend payable – net of current maturity	-	-	-	6,142	12,143
Mine reclamations fees and services	6,981	3,989	-	-	-
Total Long Term Liabilities	73,057	120,926	120,028	128,687	127,580
TOTAL LIABILITIES	244,448	267,036	265,007	311,699	451,335



(in Rp millions)

Description	As of 31 December				
	2012	2011	2010	2009	2008
Shareholders' Equity					
Share capital ⁽¹⁾	640,000	60,414	60,414	60,414	60,414
Additional paid-in capital	-	1	1	1	1
Retained earnings					
Appropriated	15,626	403,967	229,585	172,722	99,277
Unappropriated	298,512	251,638	221,734	151,648	135,900
Total Shareholders' Equity	954,138	716,020	511,734	384,785	295,592
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,198,586	983,056	776,742	696,484	746,927

(1) Authorized as of December 31, 2012, 2,560,000 common shares; issued and fully paid capital 640,000 common shares with per value Rp1,000 per share. Authorized as of 31 December 2011, 2010, 2009 and 2008, 100,000 common shares; issued and fully paid capital 60,414 common shares with per value Rp1,000 per share.

STATEMENT OF COMPREHENSIVE INCOME

(in Rp millions, unless stated otherwise)

Description	For the years ended 31 December				
	2012	2011	2010	2009	2008
Net Sales	1,097,680	1,050,277	885,740	816,791	794,352
Cost of Goods Sold	(607,845)	(621,761)	(493,265)	(463,970)	(497,465)
Gross Profit	489,835	428,516	392,475	352,821	296,887
Operating Expenses					
Selling expenses	(11,994)	(10,901)	(11,912)	(13,712)	(20,148)
General and administration expenses	(111,862)	(110,605)	(94,174)	(88,740)	(62,184)
Other operating income (expenses)	1,154	161	1,338	(2,931)	1,000
Total Operating Expenses	(122,702)	(121,345)	(104,747)	(105,383)	(81,332)
Operating Income	367,133	307,171	287,728	247,438	215,553
Other Financial Income (Expense)					
Financial income	28,349	25,939	13,989	14,835	9,009
Financial expense	(61)	(62)	(3,571)	(14,730)	(27,512)
Total Financial Income (Expenses)	28,288	25,877	10,418	105	(18,503)
Profit Before Income Tax	395,421	333,048	298,145	247,543	197,050
Income Tax Expense	(96,909)	(81,410)	(76,411)	(70,339)	(61,042)
Profit for The Year from Continuing Operations	298,512	251,638	221,734	177,204	136,008
Comprehensive Income					
Total Comprehensive Income for The Year	298,512	251,638	221,734	177,204	136,008
Total Earning per Share (in full amount)					
Operating income	1,787,184	5,084,433	4,762,601	4,095,706	3,567,939
Net income	1,453,956	4,165,227	3,670,249	2,933,161	2,251,271

KEY FINANCIAL RATIOS (UNAUDITED)

Description	As of and for the years ended on 31 December				
	2012	2011	2010	2009	2008
EBITDA (Rp million) ⁽¹⁾	417,396	353,998	331,715	282,891	248,053
Net Working Capital (Rp million)	489,316	461,455	272,316	136,819	47,264
Growth Ratios (%)					
Net sales	4.51	18.58	8.44	2.82	35.04
Gross profit	14.31	9.18	11.24	18.84	91.62
Operating income	19.52	6.76	16.28	14.79	144.49
EBITDA	17.91	6.67	17.31	14.04	108.42
Profit for The Year from Continuing Operations	18.63	13.49	25.13	30.29	301.80
Total Assets	21.92	26.56	11.52	(6.75)	21.11
Total Liabilities	(8.46)	0.77	(14.98)	(30.94)	1.45
Total Shareholders' Equity	33.26	39.92	32.99	30.17	71.96
Liquidity Ratios (x)					
Current Assets / Current Liabilities	3.85	4.16	2.88	1.75	1.15
Net Sales / Net Working Capital	2.24	2.28	3.25	5.97	16.81
Solvability Ratios (x)					
Total Liabilities / Total Assets	0.20	0.27	0.34	0.45	0.60
Total Liabilities / Total Shareholders' Equity	0.26	0.37	0.52	0.81	1.53
Activity Ratios					
Receivables Turnover (x)	9.41	11.71	6.97	8.25	8.35
Inventory Turnover (x)	3,441.00	2,198.64	55.61	43.40	41.37
Net Sales to Total Assets (%)	91.58	106.84	114.03	117.27	106.35
Average Inventory Period (days)	39	31	52	44	44
Average Collection Period (days)	0	0	7	8	9
Average Payment Period (days)	38	39	47	42	59
Profitability Ratios (%)					
Cash from Operating Activities / Net sales	108.91	129.57	115.67	98.23	213.17
Gross profit / Net sales	44.62	40.80	44.31	43.20	37.37
Operating income / Net sales	33.45	29.25	32.47	30.29	27.14
EBITDA margin	38.03	33.71	37.45	34.63	31.23
Profit for The Year from Continuing Operations/ Net sales	27.19	23.96	25.03	21.70	17.12
Profit for The Year from Continuing Operations/ Total Shareholders' Equity	31.29	35.14	43.33	46.05	46.01
Profit for The Year from Continuing Operations/ Total Assets	24.91	25.60	28.55	25.44	18.21

EBITDA is Profit for The Year from Continuing Operations with Interest, Taxes, Depreciation and Amortization

The Company's loan facilities do not require the Company to maintain certain financial ratios.



V. MANAGEMENT DISCUSSION & ANALYSIS

The following analysis and discussion especially sections which discuss to the financial performance the Company have been prepared based on the financial statements of the Company for the years ended 31 December 2012, 2011 and 2010.

The financial statements of the Company for the years ended 31 December 2012 and 2011 and entirely contained in this Prospectus which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor (signing partner: Doli Diapary Siregar), in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012 with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2011 and with an explanatory paragraph regarding the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended 31 December 2010 and 2009 which have published previously relating to PSAK No. 24 (Revised 2004), PSAK No. 46 (Revised 2004) and the adjustment of the balance of transport payable for the year 2011.

The financial statements of the Company for the year ended 31 December 2010, have been audited by Public Accountant Firm Pieter, Uways & Rekan (Member of KS International) (signing partner: Pieter Solang) in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2010.

A. Overview

The Company is a State Owned Enterprise which is involved in cement industrial sector, including production, distribution, and other cement industry-related services. The Company was established under the name of PT Semen Baturaja based on the Deed of Establishment in 1974.

In accordance with article 3 of the Company's Articles of Association, the Company is involved in the cement industrial sector, including production, distribution and other services in relation with the cement industry.

The Company's head office is located on Jalan Abikusno Cokrosuyono, Kertapati, Palembang. The plants owned by the Company are located in three locations i.e. in Baturaja, Palembang and Panjang (Lampung). The facilities in Baturaja Plant include facilities for producing intermediate goods (clinker) with the production capacity of 1,200,000 tons per year and facilities for producing cement (cement mill) with production capacity of 550,000 ton per year.

The capacity was reached after the completion of project of Plant Optimization II in Baturaja (OPT II) which completed in the year 2000. Besides, the plants in Palembang and Panjang include plant for producing cement with production capacity of 350,000 ton per year. The Company's entire productions of cement are marketed in its local market covering Southern Sumatra and Banten.

In addition to the operating office in Baturaja, Palembang and Panjang's offices, the Company also has representative office located at Graha Irama Building 11th floor Room F Jl. H.R. Rasuna Said Kav. 10 South Jakarta. The Company commenced its commercial operations on June 1, 1981.

B. Factors that affect the Business Activities and the Results of Operation of the Company

The Company's business activities and the results of operation have been affected by a number of important factors, some of which are believed by the Company will affect the Company's financial condition and the results of its operations.

1. Macro Economic Condition

Historically, the sales of the Company fluctuate along with common economic cycle, however, the economic cycle has no significant effects on the sales of the Company. After the economic crisis in 2008, the Company experienced a decrease in sales volume in 2009 so the Company had to review its average selling price for the year 2010.

In a condition where the economy is growing, the sales of the Company tend to increase in line with the growth of the economy in general, and in contrast where the condition of economy is down, the sales of the Company tend to decrease. In addition, changes in the availability of credit facility can affect customer's ability and willingness to conduct construction projects that use cement as its materials.

2. Demand for Cement in Indonesia particularly in South of Sumatera

The revenue of the Company is mainly driven by the demand for cement used for building and construction purposes. Demand for cement is driven by various factors. For example, demand for cement in construction is mainly driven by infrastructure spending such as for road construction, highway, dam, building etc. Whenever the positive trend in this industry changes, the Company's business may be adversely affected and so is the opposite.

Historically, infrastructure development projects in South of Sumatera are growing progressively, i.e., the construction of flyover in Palembang, the Way Raren Dam, the Irrigation Project in Belitang Regency, the 2011 South East Asian Games projects and the Ulu Belu Power Plant in Lampung, and almost all of these project use cements supplied by the Company.

3. Government Policy in Financial Sector

Government policy in financial sector, such as monetary and fiscal policies will significantly affect Indonesian economy in general. Monetary policy will affect the rate of interest, inflation and banking condition in Indonesia. Loose monetary policy can lower loan interest rate and as a result promote investment climate thus increase customer demand for the Company's products. On the contrary, strict monetary policy will boost interest rate which could adversely affect customer demand for the Company's products. Fiscal policy refers to the policy issued by government to direct a country's economy through government spending and revenue (i.e. taxes). Fiscal policy can take form of tax holiday, tax rate and import duties reduction etc. These policies can have direct impact to the Company.

4. Changes in Competitors

If the competitors of the Company are able to offer competitive price or otherwise conduct more effective marketing and distribution activities, it can have an adverse impact on the competitive advantage and financial condition of the Company.

5. Coal Price Fluctuation and Availability As Primary Fuel

As primary fuel used for the Company's production process, coal purchase constitutes a major component that contributes to the Company's cost of goods sold. During this time, the Company acquired coals from a number of coal suppliers, such as PT Bukit Asam (Persero) Tbk and other third parties. Historically, the average purchase price of coal acquired by the Company based on the existing purchase contracts have increased steadily, which impacts on the increase of the Company's cost of goods sold.

6. Changes in Liquidity or Cash Flow Condition and Estimated Future Cash Flow

The present cash flow of the Company is adequate, as the Company continues to maintain its business performance which is supported by ever growing cement industry. The Company also runs an effective business strategy that supports an efficient cost management to achieve the level of profitability as targeted by the Company.



7. Changes in Price

The Company makes adjustment of market selling price partly due to the increase in fuel price, demand for products and the availability of product in the market. Price adjustment is also followed by the improvement of product and services quality.

Other than the aforementioned factors, the Company believes there is no abnormal or irregular occurrence or transaction, or any significant changes in the economy, that affects the revenue of the Company.

C. Results of Operations

The following tables depict the results of operation of the Company with each item representing the percentage of the sales of the Company for the corresponding periods:

(In Rp millions, excluding percentages)

Information	For The Years Ended 31 December					
	2012		2011		2010	
	Rp	%	Rp	%	Rp	%
Net Sales	1,097,680	100.00	1,050,277	100.00	885,740	100.00
Cost of Goods Sold	(607,845)	(55.38)	(621,761)	(59.20)	(493,265)	(55.69)
Gross Profit	489,835	44.62	428,516	40.80	392,475	44.31
Operating Expenses						
Selling Expenses	(11,994)	(1.09)	(10,901)	(1.04)	(11,912)	(1.34)
General And Administration Expenses	(111,862)	(10.19)	(110,605)	(10.53)	(94,174)	(10.63)
Other Operating Income (Expenses)	1,154	0.11	161	0.02	1,338	0.15
Total Operating Expenses	(122,702)	(11.18)	(121,345)	(11.55)	(104,747)	(11.83)
Operating Income	367,133	33.45	307,171	29.25	287,728	32.48
Other Financial Income (Expense)						
Financial Income	28,349	2.58	25,939	2.47	13,989	1.58
Financial Expense	(61)	(0.01)	(62)	(0.01)	(3,571)	(0.40)
Total Financial Income (Expenses)	28,288	2.58	25,877	2.46	10,418	1.18
Profit Before Income Tax	395,421	36.02	333,048	31.71	298,145	33.66
Income Tax Expense	(96,909)	(8.83)	(81,410)	(7.75)	(76,411)	(8.63)
Profit For The Year	298,512	27.19	251,638	23.96	221,734	25.03
Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income For The Year	298,512	27.19	251,638	23.96	221,734	25.03

Explanation of Each Account

Sales

The Company gains its revenue from the sale of cements. Cements sold by the Company consist of bagged cement and bulk cement. Almost all cements of the Company are sold to third parties. The following tables present information of the Company's sales volume for the corresponding years.

(In Rp millions, excluding percentages)

Information	For The Years Ended 31 December					
	2012		2011		2010	
	Rp	%	Rp	%	Rp	%
Sales to third parties						
Sales of bagged cement	835,320	76.10	812,946	77.40	718,023	81.06
Sales of bulk cement	216,002	19.68	188,504	17.95	122,869	13.87
Total sales to third parties:	1,051,322	95.78	1,001,450	95.35	840,892	94.94
Sales to related parties:						
Sales of bagged cement						
PT Perusahaan Perdagangan Indonesia (Persero)	40,622	3.70	48,827	4.65	44,848	5.06
PT Nindya Karya (Persero)	7	-	-	-	-	-
Sales of bulk cement:						
PT Perusahaan Perdagangan Indonesia (Persero)	2,200	0.20	-	-	-	-
PT Nindya Karya (Persero)	3,529	0.32	-	-	-	-
Sales to related parties:	46,358	4.22	48,827	4.65	44,848	5.06
Total	1,097,680	100.00	1,050,277	100.00	885,740	100.00

Most of the Company's sales are in the Southern Sumatra area, where the Company is a major player in the area, with 26% of the market share in the Southern Sumatra area. According to the Indonesian Cement Association, cement demand in Sumatra reached 12.0 million tons in 2012, 4.8 million tons coming from Southern Sumatra. The following table shows sales of each cement supplier in the provinces of South Sumatra and Lampung for the year ended 31 December 2012:

(In tons of cement, excluding percentages)

Explanation	South Sumatra		Lampung	
	Ton	%	Ton	%
Perseroan	723,901	48.20	450,902	27.56
PT Semen Padang	230,026	15.32	230,102	14.07
PT Indocement Tungal Perkasa Tbk	227,612	15.15	428,941	26.22
PT Holcim Indonesia Tbk	285,115	18.98	506,891	30.99
PT Semen Bosowa Maros	35,295	2.35	19,066	1.17
Total	1,501,949	100.00	1,635,902	100.00

The Company takes several steps in the aim to increase its market share, such as increasing the capacity of its cement production, gradually. The first stage is the construction of cement mill and packer plants in the Baturaja plant with the capacity of 750,000 tons of cement per year, which is expected to finish by the second quarter of 2013. The following stage is the construction of a new plant with the capacity of 1,850,000 tons of cement per year, which is expected to finish by the end of 2016.



Cost of Goods Sold

The Company's cost of goods sold, which is related to expenses of cement production, consists of:

- **Raw materials and supplies**
The cost of raw materials and supplies constitute the largest cost component of the cost of goods sold. The primary raw materials used by the Company are limestone and clay. While supplies used by the Company consists of gypsum, iron sand, silica sand, and other third materials.
- **Electricity and water**
As other manufacturing companies, the Company requires electricity and water to run its production activities. To meet its needs for electricity, the Company has entered into electricity purchase agreement with PT Pelayanan Listrik Negara (Persero).
- **Transportation**
Transportation expense incurred by the Company to transport raw materials from suppliers and distribute finished products to customers of the Company. The modes of transportation used, among others, are trucks and trains for land transportation and vessels for sea transportation.
- **Labor expense**
Labor expense represents cost incurred by the Company to pay wages and salaries of labors directly related to production process of the Company.
- **Maintenance**
Maintenance expense incurred by the Company to carry out regular maintenance and inspections of the Company's production facilities, including machinery and equipment production.

The following table presents information of the Company's cost of goods sold and each account which represents the percentage of total cost of goods sold for the corresponding years:

Information	(In Rp millions, excluding percentages)					
	For The Years Ended 31 December					
	2012		2011		2010	
	Rp	%	Rp	%	Rp	%
Raw material and supplies	266,324	45.47	242,802	39.05	223,972	45.41
Electricity and water	99,515	14.71	93,019	14.96	79,531	16.12
Transportation	75,752	12.46	86,069	13.84	60,159	12.20
Labor costs	62,041	10.21	57,144	9.19	60,708	12.31
Maintenance	45,286	7.45	43,955	7.07	38,731	7.85
Depreciation	46,891	7.71	43,219	6.95	41,659	8.45
Other manufacture expenses	24,470	4.03	21,321	3.43	19,412	3.94
	620,279	102.05	587,529	94.49	524,172	106.27
Work in process:						
Beginning balance	28,956	4.76	61,323	9.86	27,788	5.63
Ending balance	(41,212)	(6.78)	(28,956)	(4.66)	(61,323)	(12.43)
	(12,256)	(2.02)	32,367	5.21	(33,535)	(6.80)
Cost of goods manufactured	608,023	100.03	619,896	99.70	490,637	99.47
Finish goods:						
Beginning balance	2,065	0.34	3,930	0.63	6,558	1.33
Ending balance	(2,243)	(0.37)	(2,065)	(0.33)	(3,930)	(0.80)
	(178)	(0.03)	1,865	0.30	2,628	0.53
Cost of sales	607,845	100.00	621,761	100.00	493,265	100.00

Details of suppliers who supplied more than 10% of purchasing for the years ended 31 December 2012, 2011 and 2010, are as follows :

(In Rp millions, excluding percentages)

Information	For The Years Ended 31 December					
	2012		2011		2010	
	Rp	% ⁽¹⁾	Rp	% ⁽¹⁾	Rp	% ⁽¹⁾
PT Bukit Asam (Persero) Tbk	56,001	8.47	81,138	28.45	59,624	18.25
PT Perusahaan Listrik Negara (Persero)	102,137	15.45	95,828	33.60	76,696	23.48
Total	158,138	23.93	176,966	62.05	136,320	41.73

(1) As a percentage of overall cost of goods sold

Selling Expenses

The selling expenses of the Company mainly consist of salaries, wages and allowances; and promotional expenses. The two components represent more than 80% of the selling expenses.

The following table presents details of selling expenses of the Company with each item represents the percentage of total selling expenses for the corresponding years.

(Dalam jutaan Rupiah, kecuali persentase)

Information	For The Years Ended 31 December					
	2012		2011		2010	
	Rp	%	Rp	%	Rp	%
Salaries, wages and allowances	6,999	58.35	6,530	59.90	8,415	70.65
Promotion	3,959	33.01	3,372	30.93	2,314	19.42
Business trip	569	4.74	640	5.87	537	4.51
Depreciation	22	0.18	70	0.64	60	0.51
Telecommunication	67	0.56	23	0.20	36	0.30
Maintenance	76	0.63	21	0.19	19	0.16
Others	302	2.52	245	2.25	531	4.46
Selling expenses	11,994	100.00	10,901	100.00	11,912	100.00

General and Administrative Expenses

General and administrative expenses of the Company consist mainly of salaries, wages and allowances which represent 53.93% of the total general and administrative expenses. Other components of general and administrative expenses include travel expenses, maintenance expenses, rent etc.

Other Income (Expense)

Other Income (expense) almost entirely consists of interest income. Other components of this items are penalty of trade receivables, interest expense and foreign exchange gains (losses) - net.

Income Tax Expense

The rate of corporate tax pursuant to applicable laws in Indonesia has declined from a fixed rate of 30% for the year ended 31 December 2008 to a fixed rate of 28% for the year ended 31 December 2009 and a fixed rate of 25% for the year ended 31 December 2010 and thereafter.

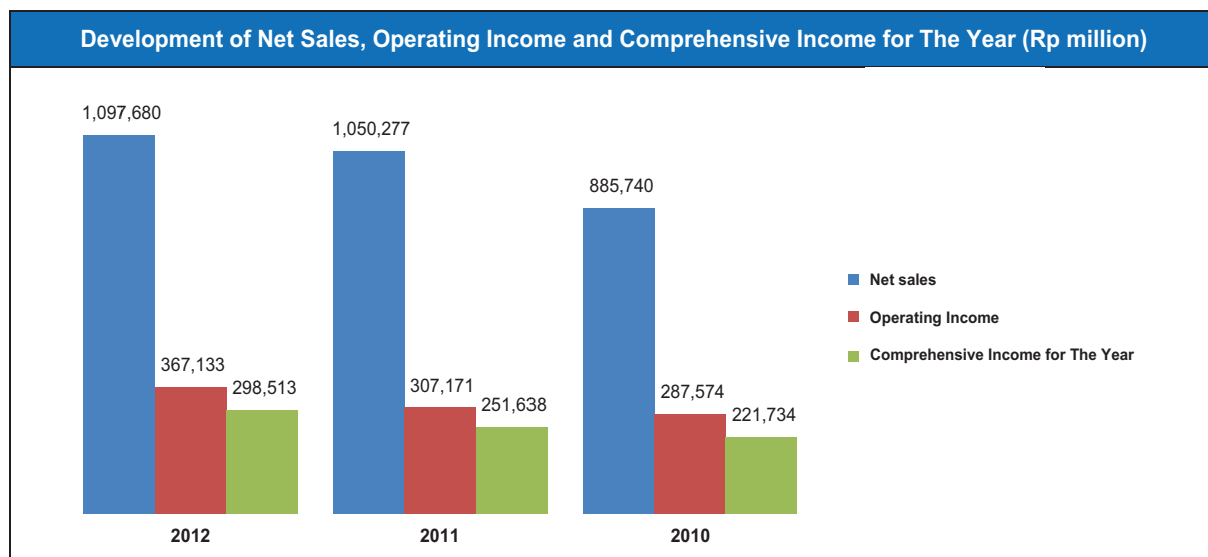
Other Comprehensive Income

Pursuant to PSAK No. 10 effective 1 January 2012, the Company is required to treat all changes due to exchange rates difference as other comprehensive income.

D. Performance Comparison

Comprehensive Income Statement

The following graph presents the growth of net sales, operating income, and comprehensive income for the year, for the years ended 31 December 2012, 2011 and 2010:



For the Year Ended December 31, 2012 as compared to For the Year Ended December 31, 2011

Sales. The sales for the year ended December 31, 2012 amounted to Rp1,097,680 million, representing an increase of Rp47,403 million or 4.51%, as compared to the year ended December 31, 2011 which amounted to Rp1,050,277 million which was due to the increase in the average selling prices of cement to Rp889,578 per ton of cement, or an increase of 106.20% from 2011. The significant increase in the average selling prices of cement was due to a management decision in order to increase the Company's revenue by taking into account the high demand of cement in 2012.

The Company implements a marketing strategy that focuses on sales on the primary market segment of South Sumatra and Lampung, where in total revenue coming from the primary market in 2012 increased from Rp990,269 million in 2011 to Rp1,047,086 million. Revenue from cement demand in South Sumatra increased from Rp615,412 million in 2011 to Rp646,227 million in 2012, while revenue from cement demand in Lampung increased from Rp374,857 million in 2011 to Rp400,859 million in 2012.

Cost of goods sold. The cost of goods sold for the year ended December 31, 2012 amounted to Rp607,845 million, representing a decrease of Rp13,916 million or 2.24%, as compared to the year ended December 31, 2011 which amounted to Rp621,761 million, which was due to the decrease in the work-in-progress, which amounted to Rp44,623 million or 137.87% which was accompanied with the increase in raw materials and indirect materials cost, which amounted to Rp23,522 million or 9.69% and the increase in other manufacturing expenses, which amounted to Rp3.149 million or 14.77%.

Gross profit. For the year ended December 31, 2012, the gross profit of the Company amounted to Rp489,835 million, representing an increase of Rp61,319 million or 14.31%, as compared to the gross profit for the year ended December 31, 2011 which amounted to Rp428,516 million, which was due to the increase in net sales, which amounted to Rp47.403 million or 4.51%.

Selling expenses. The selling expenses of the Company increased by Rp1,093 million or 10.03% from Rp10.901 million for the year ended December 31, 2011 to Rp11.994 million for the year ended December 31, 2012, which was mainly attributable to the increase in promotional cost which amounted to Rp587 million or 17.41% and the increase of salaries, wages and allowances expenses which amounted to Rp468 million or 7.17%.

General and administrative expenses. The general and administrative expenses increased by Rp1,257 million or 1.14% from Rp110,605 million for the period ended December 31, 2011 to Rp111,862 million for the period ended December 31, 2012 mainly due to the increase in donation expense amounted to Rp836 million or 36.77%, education and training expense of Rp1,495 million or 92.69%, security expense amounted to Rp1,028 million or 55.83%, which was accompanied with the decrease in salaries, wages and allowances expenses amounted to Rp1,989 million or 3.02%.

Other Financial Income (Expense). The other financial income (expense) for the year ended December 31, 2012 increased by Rp2,411 million or 9.32% from Rp25,877 million for the year ended December 31, 2011 to Rp28,288 million for the year ended December 31, 2012, which was due to the increase in other financial income which amounted to Rp2,411 million or 9.30%.

Income Tax Expense. The income tax expense increased by Rp15,498 million or 19.04% from Rp81,410 million for the year ended December 31, 2011 to Rp96,908 million for the year ended December 31, 2012, which was due to the increase in income before tax.

Comprehensive Income for the Current Year. The total comprehensive income for the current year increased by Rp46,875 million or 18.63% from Rp251,638 million for the year ended December 31, 2011 amounted to Rp298,513 million for the year ended December 31, 2012, which was mainly attributable due to the increase in the sales of the Company.

For the Year Ended December 31, 2011 as compared to For the Year Ended December 31, 2010

Sales. The sales for the year ended December 31, 2011 amounted to Rp1,050,277 million, representing an increase of Rp164,537 million or 18.58%, as compared to the year ended December 31, 2010 which amounted to Rp885,740 million, caused by an increase of cement demand in 2011 from South Sumatra and Lampung, amounting to 17.64% and 34.01%, compared to demand in 2010, respectively. At the same time, the Company implemented a marketing strategy that focused on the primary market segments of South Sumatra and Lampung, where the average selling prices are higher compared to the rest of the market, amounting to Rp843,265/ton and Rp839,454/ton respectively.

In total, revenue coming from the primary market increased from Rp802,850 million in 2010 to Rp990,269 million in 2011. Cement demand from South Sumatra increased from Rp523,117 million in 2010 to Rp615,412 million in 2011, while cement demand from Lampung increased from Rp279,734 million in 2010 to Rp374,857 million in 2011.

Cost of Goods Sold. The cost of goods sold for the year ended December 31, 2011 amounted to Rp621,761 million, representing an increase of Rp128,496 million or 26.05%, as compared to the year ended December 31, 2010 which amounted to Rp493,265 million, which was due to an increase in cement sales volume amounted to 1,253,833 tons, or 110% from the year 2010. In addition, the increase in the cost of sales was also attributable to the increase of electricity expenses, cost of acquisition of coal per ton and transport expense of clinker. The increase in electricity expenses in 2011 amounted to 125%, as compared to 2010. The high electricity rate per Kwh was due to the raise of PLN's base electricity price (TDL) following the enforcement of capping release (upper limit) policy. As for the purchase price of coal per ton in 2011 increased by 118%, as compared to 2010. This increase was due to the increase in the purchase price of coal from PT Bukit Asam (Persero) Tbk. from Rp610,000 per ton to Rp490,000 per ton, or representing an increase of 25%. While the cost of clinker transportation from Baturaja plant to Panjang plant using trucks in 2011 increased by 170%, as compared to 2010. This increase of transport expense of clinker was attributable to the damaged bridge located in Banjarmasin village, Baradatu District, Way Kanan Regency, Lampung Province on 9 April 2011 causing motor vehicles to be unable to cross the bridge. As the consequence, the Company diverted the transportation of clinker from previous route of Lintas Tengah Sumatera to Lintas Timur Sumatera route which caused the transport distance to increase nearly three times from 210 km to 603 km.



Gross profit. The gross profit of the Company for the year ended December 31, 2011 amounted to Rp428,516 million, representing an increase of Rp36,041 million or 9.18%, as compared to the year ended December 31, 2010 which amounted to Rp392,475 million, which was due to the increase in cement sales in 2011 amounted to Rp1,050 million or 119%, as compared to the previous year. The increase in revenue from cement sales was due to the increase of cement sales volumes. In addition, profit increase was achieved through cement production efficiency by producing PCC (Portland Composite Cement) which has lower production cost and the purchase of raw and indirect materials from source at more competitive price.

Selling expenses. The selling expenses for the year ended December 31, 2011 amounted to Rp10,901 million, representing a decrease of Rp1,011 million or 8.49%, as compared to the year ended December 31, 2010 which amounted to Rp11,912 million, which was due to the increase in demand for cement in cement base area of Baturaja in South Sumatra and Lampung so that the Company considered not necessary to spend more on promotional costs.

General and administrative expenses. The general and administrative expenses for the year ended December 31, 2011 amounted to Rp110,605 million, representing an increase of Rp16,431 million or 17.45%, as compared to the year ended December 31, 2010 which amounted to Rp94,174 million, which was due to the adjustment of labor expenses in 2011 and the increase in general cost in 2011.

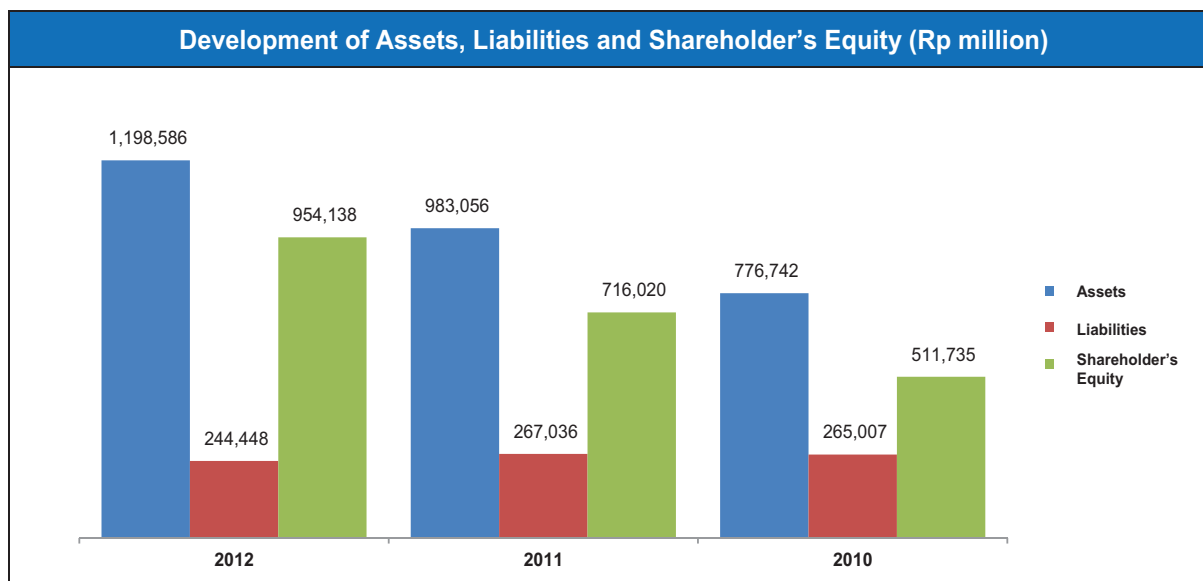
Other Financial Income (Expense). The other financial income (expense) for the year ended December 31, 2011 amounted to Rp25,877 million, representing an increase of Rp15,305 million or 144.77%, as compared to the year ended December 31, 2010 amounted to Rp10,572 million, which was due to high interest and income on current accounts which was attributable to the increase in the sale of cements from distributors.

Income tax expense. The income tax expense for the year ended December 31, 2011 amounted to Rp81,410 million, representing an increase of Rp4,999 million or 6.54%, as compared to the year ended December 31, 2010 which amounted to Rp76,411 million, which was due to the increase in profit before tax from the increase in sales.

Comprehensive income for the current period. The comprehensive income for the current period for the year ended December 31, 2011 amounted to Rp251,638 million, representing an increase of Rp29,904 million or 13.49%, as compared to the year ended December 31, 2010 which amounted to Rp221,734 million, which was due to the increase in cement sales in 2011 which amounted to Rp1,050 million or 119% as compared to the previous year. This increase in cement sales was attributable to the increase in sales volumes of cement. In addition, the increase in profit was achieved through cement production efficiency by producing PCC (Portland Composite Cement) which has lower production cost and the purchase of raw and indirect materials from source at more competitive purchase price.

Statements of Financial Position

The following graph presents the growth of assets, liabilities and shareholder's equity on 31 December 2012, 2011 and 2010:



Assets

The following table sets forth the Company's assets as of 31 December 2012, 2011 and 2010.

(in Rp millions)

Information	As of 31 December		
	2012	2011	2010
Current Assets			
Cash and cash equivalents	498,447	400,484	269,746
Restricted cash and cash equivalents	40,000	113,000	-
Trade receivables			
Third parties – net of allowance of impairment	310	478	15,855
Related parties	9	-	73
Inventories – net of provision for obsolete	116,660	89,708	127,034
Other current assets	5,281	3,895	4,587
Total Current Assets	660,707	607,565	421,795
Non Current Assets			
Fixed assets – net of accumulated depreciation	518,008	353,543	353,043
Intangible assets	803	852	901
Other non current assets	19,069	21,096	5,503
Total Non Current Assets	537,879	375,491	359,447
TOTAL ASSETS	1,198,586	983,056	776,742



As of 31 December 2012 as compared to As of 31 December 2011

Current Assets

As of 31 December 2012 the current assets of the Company amounted to Rp660,707 million, representing an increase of Rp53,142 million or 8.75%, as compared to December 31, 2011 which amounted to Rp607,565 million. This increase was mainly due to the increase in cash and cash equivalents which amounted to Rp97,963 million or 24.46% which was accompanied with by the increase in inventories which amounted to Rp26,952 million or 30.04%, and offsetted with the decline in restricted cash and cash equivalents amounted to Rp73,000 million or 64.60%.

As of December 31, 2012, the cash and cash equivalents amounted to Rp498,447 million, representing an increase of Rp97,963 million or 24.46%, as compared to December 31, 2011 amounted to Rp400,484 million. This increase was mainly due to the increase in income from the sales of cement during 2012. As of December 31, 2012, cash and restricted cash equivalent amounted to Rp40,000 million, representing a decrease of Rp73,000 million or decreasing by 64.60%. Restricted cash and cash equivalents in the form of time deposits maintained with PT Bank Negara Indonesia (Persero) Tbk and PT Bank Mandiri (Persero) Tbk were used as collateral for the opening of Letter of Credit (L / C) related to Cement Mill and Packer projects. As of December 31, 2012, third party trade receivables amounted to Rp310 million, representing a decrease of Rp168 million or 35.17%, which was due to the enforcement of cash sales. As of December 31, 2012 the inventories amounted to Rp116,660 million, representing an increase of Rp26,952 million or 30.04% from the previous year. This increase in inventories was due to the increase in indirect materials from Rp27,882 million to Rp30,539 million, the increase in work-in-progress from Rp28,956 million to Rp41,212 million and the increase in parts from Rp33,212 million to Rp47,681 millions in 2011. As of December 31, 2012 the other current assets amounted to Rp5,281 million, representing an increase of Rp1,386 million or 35.59% from the previous year. This was due to the prepaid land lease amounted to Rp2,004 million.

Non-current Assets

As of December 31, 2012 the non-current assets increased by Rp162,388 million or 43.25%, as compared to December 31, 2011 due to the increase in fixed assets net of accumulated depreciation amounted to Rp164,464 million or 46.52% which was supplemented with the decrease in other non-current assets amounted to Rp2,027 million or 9.61%.

As of December 31, 2012 the fixed assets of the Company amounted to Rp518,008 million, representing an increase of Rp164,464 million or representing an increase of 46.52% from the previous year which amounted to Rp353,543 million. This increase was due to additional investment amounted to Rp32,067 million and the work-in-progress of Cement Mill project which amounted to Rp191,165 million. As of 31 December 2012 the other non-current assets of the Company amounted to Rp19,069 million, representing a decrease of Rp2,027 million or 9.61% from 2011. This was due to the decrease in the advances of Cement Mill Project from Rp15,744 million to Rp2,985 million.

As of 31 December 2011 as compared to As of 31 December 2010

Current Assets

As of December 31, 2011 the current assets of the Company, as compared to December 31, 2010 increased by Rp190,270 million or 45.60%. This increase was mainly due to the increase in cash and cash equivalents which amounted to Rp130,738 million or 48.47%, and the increase in restricted cash and cash equivalents which amounted to Rp113,000 million. The increase in these accounts offsetted the decline in third party receivables and inventories which dropped by 96.99% and 29.38% respectively in the period concerned.

As of December 31, 2011 the cash and cash equivalents amounted to Rp400,484 million, representing an increase of Rp130,738 million or 48.47%, as compared to December 31, 2010. This increase was mainly due to in the increase in revenues from the sale of cement during the year 2011. As of December 31, 2011, restricted cash and cash equivalents amounted to Rp113,000 million, representing an increase of Rp113,000 million. Restricted cash and cash equivalents in time deposits with PT Bank Negara Indonesia (Persero) Tbk and PT Bank Mandiri (Persero) Tbk were used as collateral to open Letter of Credit (L/C) for Cement Mill and Packer projects. As of December 31, 2011 the third party trade receivables amounted to Rp478 million, representing a decrease of Rp15,377 million which was attributable to the enforcement of cash sales. The inventory as at December 31, 2011 amounted to Rp89,708 million, representing a decrease of Rp37,326 million or 29.38% as compared to the previous year. The decrease in inventory was attributable to the decrease in the work-in-progress from Rp61,323 million to Rp28,956 million. Other current assets as at December 31, 2011 amounted to Rp3,895 million, representing a decrease of Rp692 million or 15.08% from the previous year.

Non-current Assets

As of December 31, 2011 the non-current assets as compared to December 31, 2010 increased by Rp16,044 million or 4.46%. This increase was due to the increase in other non-current assets by Rp15,593 million or 283.35% from Rp5,503 million as at December 31, 2010 to Rp21.096 million as of December 31, 2011. This was due to the advances payment of Cement Mill project which amounted to Rp15,744 million.

Liabilities

The following table sets forth the liabilities of the Company as of 31 December 2012, 2011 and 2010.

Information	(in Rp millions)		
	As of 31 December		
	2012	2011	2010
Current Liabilities			
Trade payable			
Third parties	51,243	53,971	46,475
Related parties	12,735	11,711	17,106
Short term bank loan – Related parties	2,766	-	-
Taxes payable	21,221	21,117	23,582
Accrued expenses	28,958	20,679	14,830
Current maturity of dividend payable	-	-	6,143
Due to related parties – current maturity	14,090	-	-
Employee benefits liabilities	36,747	34,354	32,392
Other current liabilities	3,631	4,278	4,451
Total Current Liabilities	171,391	146,110	144,979
Long Term Liabilities			
Deferred tax liabilities	14,656	18,159	22,598
Employee benefit liabilities	24,420	30,128	28,780
Due to related parties – net of current maturity	27,000	68,650	68,650
Mine reclamations fees and services	6,981	3,989	-
Total Long Term Liabilities	73,057	120,926	120,028
Total Liabilities	244,448	267,036	265,007

In repaying its current liabilities, the Company uses its own cash, which originates from its operational activities.



As of 31 December 2012 as compared to As of 31 December 2011

Current Liabilities

As of December 31, 2012, the current liabilities of the Company amounted to Rp171,391 million, representing an increase of Rp25,281 million or 17.30%, as compared to December 31, 2011 which amounted to Rp146,110 million, mainly due to the increase in accrued expenses of Rp 8,279 million or 40.04%, the increase in due to related parties – current maturity which amounted to Rp14,090 million from nil in the previous year, and the increase in short-term bank loans - related parties which amounted to Rp2,766 million from nil in the previous year.

The accrued expenses as at December 31, 2012 amounted to Rp28,958 million, representing an increase of Rp8,279 million or 40.04% as at December 31, 2011. This was attributable to the increase in manufacturing costs from Rp10,694 million to Rp16,176 million and professional fees from Rp560 million to Rp2,562 million. The other current liabilities as at December 31, 2012 amounted to Rp3,631 million, representing a decrease of Rp647 million or 15.12% from the previous year. This was due to the absence of land lease liability in 2012 amounted to Rp2.900 million as at December 31, 2011.

Long-Term Liabilities

The long-term liabilities of the Company as at December 31, 2012 amounted to Rp73,057 million, representing a decrease of Rp47,869 million or 39.59%, as compared to December 31, 2011 which amounted to Rp120,926 million. This decrease was mainly attributable to the decrease in due to related parties amounted to Rp41,650 million or 60.67%.

Mine reclamation fees and services as at December 31, 2012 amounted to Rp6,981 million, representing an increase of Rp2,992 million or 75.01% from 2011. This increase in mine reclamation fees and services was based on the Law No. 4 of 2009 on Mineral and Coal, the Government Regulation No. 78 in 2010 and the Regulation of the Minister of Energy and Mineral Resources No. 18 of 2008. Due to related parties as at December 31, 2012 amounted to Rp27,000 million, as compared to Rp68,650 million as of December 31, 2011. Due to Related Parties refers to the RDI loan. This decrease in RDI loan was due to the repayment of outstanding principal of RDI Loan for amount of Rp27,559 million in 2012 and other liabilities for amount of Rp14,090 due in 2013 and being treated as current liability.

As of 31 December 2011 as compared to As of 31 December 2010

Current Liabilities

The current liability as of 31 December 2011 amounted to Rp146,110 million, representing an increase of Rp1,131 million or 0.78% from Rp144.979 million as at December 31, 2010. This increase was due to an increase in third party trade payables which amounted to Rp7,496 million or 16.13% and the increase in accrued expenses which amounted to Rp5,849 million or 39.44%. The increase in these accounts counteracted the decrease in the related parties' accounts payables and tax debt which declined by 31,54% and 10,45% respectively in the period concerned.

The accrued expense as at December 31, 2011 amounted to Rp20,679 million, representing an increase of Rp5,849 million or 39.44% from 2010. This was due to an increase in electricity from Rp2,116 million to Rp9,425 million. Due to the related parties as at 31 December 2011 amounted to Rp11,711 million, representing a decline of Rp5,395 million or 31.54% from Rp17,106 million as of December 31, 2010, this was because the due to related parties – current maturity declined from Rp17.106 million to Rp5.442 million and the increase in accounts payable with maturity of more than one month.

Long-Term Liabilities

The long-term liability as at 31 December 2011 amounted to Rp120,926 million, representing an increase of Rp898 million or 0.75%, as compared to December 31, 2010 which amounted to Rp120,028 million. This increase was attributable to the mine reclamation fees and services which amounted to Rp3,989 million which were not paid in 2010 and the increase in employee benefits liabilities which increased by Rp1,348 million or 4.68%. The increase in these accounts offsetted the decrease in deferred tax liability which declined by 19.64% during the period concerned.

The balance of deferred tax liability as at December 31, 2011 amounted to Rp18,159 million, representing a decrease of Rp4,439 million or 19.64% from the previous year. This was attributable to the fiscal correction to temporary differences comprising depreciation, employee benefits liabilities, and mine reclamation fees and services.

Shareholder's Equity

The following table sets forth the Shareholder's Equity of the Company as of 31 December 2012, 2011 and 2010.

Information	As of 31 December		
	2012	2011	2010
Shareholders' Equity			
Share capital ⁽¹⁾	640,000	60,414	60,414
Additional paid-in capital	-	1	1
Retained earnings			
Appropriated	15,626	403,967	229,585
Unappropriated	298,512	251,638	221,734
Total Shareholders' Equity	954,138	716,020	511,734

(1) Authorized as of December 31, 2012, 2,560,000 common shares; issued and fully paid capital 640,000 common shares with per value Rp1,000 per share. Authorized as of 31 December 2011 and 2010, 100,000 common shares; issued and fully paid capital 60,414 common shares with per value Rp1,000 per share.

Shareholder's equity as of December 31, 2012 increased by Rp238,118 million or 33.26%, as compared to December 31, 2011 which was due to increase in share capital amounted to Rp579,586 million or 959.36% which was accompanied with by the decrease in appropriated retained earnings which amounted to Rp388,341 million or 96.13% and unappropriated retained earnings amounted to Rp46,874 million or 18.63%.

As of 31 December 2012, the share capital of the Company amounted to Rp640.000 million and appropriated retained earnings decreased to Rp15.626 million. This increase in share capital was made based on the approval of the Minister of Justice and Human Rights No. AHU-51011.AH.01.02 year 2012 dated 1 October 2012 where registered share capital consists of capital contribution in accordance with Deed No.4 dated June 13, 2008 No. AHU-50057.AH.01.02 year 2008 amounted to Rp60.414 million, for amounting Rp979 million sources from the reserve capitalization of government capital equity and for amounting Rp589,585 million sources from the capitalization of retained earnings as of 31 December 2011. So the retained earnings as at December 31, 2012 amounted to Rp15,626 million.

Shareholder's equity of the Company as at December 31, 2011 amounted to Rp716,020 million, representing an increase of Rp204,286 million or 39.92%, as compared to December 31, 2010 amounted to Rp511,734 million. This increase was attributable to an increase in the appropriated retained earnings amounted to Rp174,382 million or 75.96% and an increase in the unappropriated retained earnings amounted to Rp 29,904 million or 13.49%.

The appropriated retained earnings per December 31, 2011 amounted to Rp403,967 million, representing an increase of Rp174,382 million or 75.96% from the previous year. This was due to retained earnings accumulation of the previous year net of dividend payment and Partnership Program & Environment Development (PKBL) based on the resolutions of GMS.



E. Cash Flow

The following table sets forth the historical cashflow of the Company as of 31 December 2012, 2011 and 2010.

Information	(in Rp millions)		
	For the Years Ended 31 December		
	2012	2011	2010
Net Cash Flows provided by Operating Activities	325,118	326,045	256,476
Net Cash Flows used for Investment Activities	(214,968)	(28,811)	(26,991)
Net Cash Flows used for funding Activities	(85,187)	(53,496)	(154,253)
Net increase (decrease) cash and cash equivalent	24,963	243,738	75,232
Effect of foreign exchange	-	-	157
Cash and cash equivalent at the beginning of the period	517,984	274,246	198,857
Cash and cash equivalent at the end of the period	542,947	517,984	274,246

Operating Activities. The net cash provided by operating activities amounted to Rp325,118 million, Rp326,045 million, and Rp256,476 million respectively for the years ended December 31, 2012, 2011 and 2010.

Cash flows provided by operating activities for the year ended December 31, 2012 decreased by Rp927 million or 0.28%, as compared to the year ended December 31, 2011, mainly due to the increase in receipt from customers and payments to suppliers amounting to Rp33,539 million and Rp16,037 million respectively, alongside an increase in payments to employees and withholding tax amounting to Rp1,274 million and Rp12,903 million respectively.

Cash flows provided by operating activities for the year ended December 31, 2011 increased by Rp69,569 million or 27.12%, as compared with the year ended December 31, 2010, which was mainly due to the increase in receipt from customer amounted to Rp175,852 million or 19.79%.

Investment Activities. The net cash used for investing activities amounted to Rp214,968 million, Rp28,811 million, and Rp26,991 million respectively for the years ended December 31, 2012, 2011 and 2010.

Cash flows used for investing activities for the year ended December 31, 2012, as compared to the year ended December 31, 2011, increased by Rp186,157 million or 646.13%, this was mainly due to the non completion of Cement Mill project.

Cash flows used for investing activities for the year ended December 31, 2011 as compared to the year ended December 31, 2010 increased by Rp1,820 million or 6.74%, which was due to the increase in acquisition of fixed assets amounted to Rp1,820 million or 6.74%.

Financing Activities. Net cash used for financing activities amounted to Rp85,187 million, Rp53,496 million, and Rp154,253 million respectively for the years ended December 31, 2012, 2011 and 2010.

Net cash flows used in financing activities for the year ended December 31, 2012, as compared to the year ended December 31, 2011 increased by Rp31,691 million or 59.24% mainly due to the repayment of RDI loan.

Net cash flows used in financing activities for the year ended December 31, 2011, as compared to the year ended December 31, 2010 decreased by Rp100,757 million or 65.32% mainly due to a decrease in the dividend payment amounted to Rp45,227 million or 47.40% and the maturity of the Company's bonds in 2010, therefore the Company is no longer obliged to pay the bonds' principal installment and interest.

F. Capital Expenditure

Historically, the capital expenditures of the Company are divided into two major groups namely regular investment which is related to capital expenditures for machinery and plant maintenance, and project investment which is related to capital expenditures for the construction of new project or plant. In the years ended December 31, 2012, 2011 and 2010, the Company had issued Rp214,968 million, Rp28,811 million, Rp26,991 million respectively for capital expenditures.

For the year ended December 31, 2012, the Company made capital expenditure amounting to Rp214,968 million which was mainly used for the cement mill plant construction in Baturaja plant, which amounted to Rp182,692 million.

For the year ended December 31, 2011, the Company made capital expenditure amounting to Rp28,811 million which was mainly used for the purchase of machinery which amounted to Rp33,246 million and the construction of cement mill plant at Baturaja plant, which amounted to Rp7,105 million.

For the year ended December 31, 2010 the Company made capital expenditure amounting to Rp26,991 million which was mainly used for the purchase of machinery which amounted to Rp8,847 million and the purchase of heavy equipment which amounted to Rp6,653 million.

The Cement Mill and Packer project is the construction of cement milling and packing facilities located at the Baturaja plant aimed to increase the Company's production capacity to 750,000 tons. The total project costs are estimated to amount to Rp350,000 million and will be completed by the end of the first semester of 2013. As at December 31, 2012 the progress of physical completion of the project has reached 89.95%.

The Company's capital expenditure uses Rupiah as the main currency; therefore the Company does not enter into hedging agreements for any capital expenditure transactions. The Company uses internal cash for its capital expenditure; therefore the Company believes that any capital expenditure does not cause cost of funds that may affect its net income.

Should there be any hindrance in its capital expenditure, the Company may face a delay in achieving its target and scheduled completion of capital expenditure, an increase in the cost of capital expenditure or being unable to achieve the targeted production that may adversely affect the Company's performance.

To anticipate any commitments related to unrealized capital expenditure, the Company has conducted several steps:

1. The Company has set forth the terms of payment:
 - a) For imports, the payment will be done by issuing an L/C that is only disburseable upon the issuance of a corresponding bill of lading.
 - b) For domestic sales, the payment is only conducted after the product is received and conforms to the specified requirements, both quality and quantity-wise.
 - c) For services, the payment is conducted after the service is found to be complete, proven by an acceptance letter of the service.
2. The Company implements financial penalties for the tardiness of any services or products past the agreed upon deadline.
3. The Company requires a Bank Guarantee for products and services of a certain value.



G. Liquidity and Source of Funds

The liquidity of the Company reflects the Company's performance to fulfill its current liabilities, measured by a comparison of its current assets and current liabilities for a certain date.

The table below sets forth the liquidity level of the Company for the years ended 31 December 2012, 2011 and 2010:

Information	For the years ended 31 December		
	2012	2011	2010
Current Assets (in Rp millions)	660,707	607,565	417,295
Current Liabilities (in Rp millions)	171,391	146,110	144,979
Liquidity (x)	3.85	4.16	2.88

The Company's liquidity is related to its need to fund its working capital, capital expenditure, debt repayment, and adequacy of cash reserves. Net cash flows from operating activities are the Company's primary source of liquidity. For the years ended 31 December 2012, 2011 and 2010, the Company has no dependence on third party loans for any significant procurement of funds.

In making transactions with cement distributors, the Company implements cash payment systems, therefore the Company's main asset composition are cash and cash equivalents.

Taking into account the source of funds available to the Company, including cash flows from operating activities and proceeds received from the Public Offering, the Company believes that its liquidity is adequate to fulfill its working capital, paying operating costs and fulfill its obligation to pay the principal and interest on its loans for at least the next 12 (twelve) months.

H. Financial Risk Management

The fair values of loans from the Government of the Republic of Indonesia and accrued interest and penalty are determined by discounting future cash flows using prevailing interest rate of observable market transactions for an instrument with the same requirements, credit risk and maturity.

The Company is influenced by market risk, credit risk and liquidity risk. The Management applies risk management for such risks by evaluating the financial risks and the appropriate financial risk management framework for the Company. Such risk management provides assurance to management that prudent financial activities are managed according to appropriate policies and procedures and financial risks are identified, measured and managed in accordance with policies and risk appetite.

The Management applies policies of managing these risks which is summarized below.

Market risk

Market risk is the risk at fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, foreign currency risk, and price risk. Financial instruments affected by market risk included cash and cash equivalent, trade receivables, other receivables, trade payable, other payables, long-term payable and accrued expenses.

Foreign currency risk

Foreign currency risk is a risk at fair value of future cash flows of a financial instrument fluctuates as a result of changes in foreign currency exchange rates used by the Company. Exposure of the Company against exchange rate fluctuations are mainly derived from debt arising from the procurement of goods and services denominated in US\$ and EUR, as well as receivables from US\$ denominated export sales.

The Company's sales are fully in Rupiah; therefore the Company's business results are relatively immune to exchange rate fluctuations. In the procurement of products, the transactions that use foreign currency are immaterial; therefore exchange rate fluctuations have little impact.

Price risk

Price risk is the risk of a financial instrument value fluctuating as a result of changes in market prices, whether those changes are caused by specific factors from the individual instrument or its factors affecting all instruments traded in the market.

The Company is affected by price risk that is mainly due to the purchase of coal which is the main component of production costs. The price of coal is influenced by several factors, including demand, supply, exchange rates, and weather. The impact of price risk caused the increasing of production costs. The Company may not directly shift this increasing price to its customers.

The Company's policy to minimize risks arising from fluctuations in the price of coal is, among other things, entering into purchase contracts for a period of 12 months or less and a joint purchase between the Company and to suppliers in order to obtain favorable prices.

Interest rate risk on cash flow

Interest rate risk on cash flow represents a risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rate.

Currently, the Company does not have a formal policy to protect for interest rate exposures. Measures taken by management in anticipation of interest rate risk is to periodically evaluate the rates by comparing fixed rates to floating interest rates in line with relevant changes in interest rates in the market. The management also conducted a survey on banks to obtain an estimate of the relevant interest rate.

Credit risk

Credit risk is the loss risk that occurs in the Company as the result of defaulted from third parties. The third parties are referred to the distributors and counter parties that fail to fulfill their contractual obligations.

The Management policies adopted to anticipate any credit risk arising from distributors are as follows:

1. The Company will only conduct business relationships with third parties who are recognized, credible and bankable.
2. Have a policy for credit sales and all third parties who will make credit trade have to go through credit verification procedures.
3. Request to third parties who will do the credit trade with the Company to provide collateral in the form of fixed assets, time deposit or bank guarantee.
4. Provide limits or plafond to a third party who will take credit trade with the Company at amount of their guarantees.
5. Monitor the amount of receivables on an ongoing basis and maximize cash sales to reduce the risk of doubtful accounts.

The Company minimizes credit risks financial assets such as cash and cash equivalent by maintaining minimum cash balance and select qualified bank for the funds placement. No credit risks are significantly centered.



Liquidity risk

Liquidity risk is a risk that occurs when short-term revenue cannot cover short-term expenditure.

Considering that funding requirements of the Company and its subsidiaries are currently significant as a result of increased activity of development or expansion of business, and then in managing liquidity risk, the Company continues to monitor and maintain levels of adequacy of cash and cash equivalents to finance the operational needs of the Company.

In addition, the Company also regularly evaluates cash flow projections and actual cash to cope with the impact of fluctuations in cash flow, including the maturity schedule of long-term liabilities and continue to examine the condition of financial markets to placement and fund-raising initiatives, including bank loans, issuance of equity and debt securities.

The table below summarizes the maturity profile of the Company financial liabilities based on contractual payments.

	<i>(in Rp millions)</i>				
	< 1 year	1 – 2 years	2 – 3 years	> 3 years	Total
Trade Payables	63,978	-	-	-	63,978
Short term bank loan	2,766	-	-	-	2,766
Accrued expenses	28,958	-	-	-	28,958
Other payables	3,631	-	-	-	3,631
Employee benefit short term liabilities	24,420	-	-	-	24,420
Long-term liabilities	14,090	13,500	13,500	-	41,090
Total	137,843	13,500	13,500	-	164,843

Capital management

The primary objective of the Company capital management is to ensure it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company is required under their respective loan agreements to maintain the level of existing share capital. This externally imposed capital requirement has been complied with by the relevant entities as of December 31, 2012 and 2011. In addition, the Company are also required by the Law No. 40 Year 2007 regarding Limited Liability Entities, effective August 16, 2007, to allocate and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirements are considered by the Company and decided at the Annual General Meeting of Shareholders ("AGMS").

The Company manages their capital structure and makes adjustments, if necessary, in line with the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raises financing through debt. No changes were made in the objectives, policies or processes during the period ended December 31, 2012.

The Company monitors its capital using gearing ratios, by dividing interest bearing debt to total equity attributable to equity holders of the parent entity. The Company's policy is to maintain its gearing ratio within the range of gearing ratios of the leading companies in Indonesia in order to secure access to finance at a reasonable cost. Including in interest bearing loan are short-term bank loans and long-term bank loans, loan to Government of The Republic of Indonesia, and finance lease liabilities.

The Company's gearing ratios as of 31 December 2012 are set forth below:

	<i>(In Rp millions, unless stated otherwise)</i>
Information	As of 31 December 2012
Short term bank loans	2.766
Interest bearing debt	2.766
Total equity	954.138
Gearing ratio (x)	0,0029

VI. RISK FACTORS

Investing in the Shares of the Company involves risks. The investors should carefully consider the risk factors below, and all other information in this Prospectus before making an investment in the Shares of the Company. The risks described below are not the only risks that may affect the Company's shares. Other risks that are currently not known by the Company or those risks which are considered insignificant can have adverse impact on the business, cash flows, and results of operation, financial condition or business prospects of the Company. In general, investments in shares of companies in developing countries such as Indonesia involve risks which are generally not related to investments in shares in companies in other countries with more developed economic conditions. Should any of these risks be realized, the Company's share price may decline and the investor may face a potential loss on its investment. The risks to be disclosed hereunder are material risks to the Company and have been appraised and weighted by the impact of each risk on the financial performance of the Company.

A. RISKS RELATING TO THE BUSINESS ACTIVITIES OF THE COMPANY

1. The Company faces with risks associated with the supply of fuel and auxiliary material used for production activities

Coal is the primary fuel used by the Company to make cement. Historically, the Company acquires coal from coal mining companies in South Sumatra, such as by PT Bukit Asam (Persero) Tbk, and other private mining companies. The Company enters into a short-term coal purchase contracts with these mining companies for a period of 1 to 2 years. However, there can be no assurance that these mining companies are able to meet the Company's requirements for coal at all times, or that the coal supplied complies with the determined specifications, or that the coal will be delivered on timely manner, or even at all. The inability of these mining companies to fulfill the contract could force the Company to seek other coal mining companies, however these can be no assurance that the Company would be able to acquire coal from other mines, that comply with the adequate specifications, that will be delivered on timely manner, at a favorable price, or at all. The risks mentioned above could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

In order to keep running its operations properly and to keep producing high quality products, the Company needs high quality coal. As such high quality coal reserves have been declining continuously; the Company may be required to find other coal mining companies that are capable of supplying coals of a certain quality that satisfies the requirements needed by the Company. The inability of the Company to obtain coals that meet the required quality could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

Coal prices fluctuate from time to time. Even though the Company has entered into short-term contracts with several coal companies, there can be no assurance that these contracts can be renewed or extended at a price equal to or lower than the price of coal purchased by the Company at this time. If the Company purchases coal at higher price, the Company's production costs may increase too. This could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

In addition to coal as the primary fuel of the Company, the Company also uses a number of indirect or auxiliary materials in the manufacturing of cement, which are gypsum, iron sand, silica sand, lubricants, and cement bags, among others. During this time, the Company has entered into short-term purchase contracts with the duration of these contracts ranging between 1 to 2 years. However, there can be no assurance that these suppliers will consistently be able to meet the Company's demands for these indirect materials, or that the materials comply with the determined specifications, or that the materials will be delivered on timely manner, or even at all. The inability of these suppliers to fulfill the contracts may require the Company to seek other suppliers. However these can be no assurance that the Company would be able to acquire the materials from other suppliers, that comply with the adequate specifications, that will be delivered on timely manner, at a favorable price, or at all. The risks mentioned above could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.



2. Unstable power supply could bring losses to the Company

The operating and production activities of the Company are highly dependent on the availability of power to operate machineries and other equipment at its plants. During this time, the Company is dependent on only one power supplier, with frequent disruptions that affect the smoothness of the Company's operating and production activities. This can adversely affect the age of machineries and other equipment used in the production line of the Company.

If the Company continues to experience unstable power supply to run its operating and production activities, it could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

3. The Company faces risks relating to transportation and distribution activities

In performing its operating activities such as transportation of raw materials, fuel, and distribution of finished products, the Company's primary mode of transportation are trains operated by PT Kereta Api Indonesia (Persero) ("KAI"). The Company has entered into a 5-year term contract with KAI to transport coals, clinker, and other materials. At the present time, KAI operate 40 coaches per day for use by the Company with a transportation capacity of 1,200 tons per day.

Because the KAI trains transport large quantities of raw materials and fuels, any disruption to KAI train service system or other deterrents can significantly increase transportation costs and cause delay and disruption to the production process of the Company. If the Company's production is disrupted, it could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

Other than trains, the Company also uses trucks as a mode of transportation. A disturbance to the transportation of raw materials, fuel, and distribution of finished products of the Company will not only increase transportation costs, but also may render the Company unable to meet their customers' needs of raw materials because the distribution of finished products may not comply to the specified schedule. If any of these risks occurs, the Company's reputation in the eyes of customers may be adversely affected, which could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

4. The quality of the Company's products are affected by various factors which are not entirely controllable by the Company

The quality of the Company's products is affected by various factors, such as the quality of raw materials, the condition of machinery and equipment used for production activities, methods and techniques applied in quality control and other factors. At this time, the Company obtains raw materials from suppliers that the Company believes have the capability to consistently deliver raw materials with appropriate quality as required for the Company's production process. Meanwhile, the condition of machineries and equipment currently used by the Company is believed to be adequate with applicable requirements to produce quality products in accordance with the requirements of the Company's customers. At this time, the Company has applied quality control methods and techniques in accordance with Quality Management System ISO 9001: 2008 which is believed as the best quality control system for manufacturing industries like the cement industry.

Although the Company has used raw materials, machinery and equipment, and applied reliable quality control methods and techniques which are believed by the Company to be capable of producing products that meet customers' specifications and quality requirements, there can be no assurance that the Company will be continuously capable of producing quality products by using the existing resources, or in the case of raw materials, producing quality products by using raw materials which are inferior from the materials used currently.

The inability of the Company to consistently produce high quality products could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

5. The Company faces risks relating to production equipment and machinery used for production activities

The machinery and equipment in the Company's plants are in good condition through regular preventive maintenance and continuous replacement of main components of the plants.

Given the important role of machinery and equipment for the production activities of the Company, the unavailability of any machine or equipment could interrupt production activities of the Company. This risk could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

6. The Company faces risks relating to the procurement of its service contractors

In conducting its business activities, the Company uses third-party services for operating activities such as transporting cement bags, dismantling and cleansing. With the support of third party contractors, the Company's operating activities becomes more efficient and focused on cement production and other core activities.

So far, third party contractors contracted by the Company have demonstrated satisfactory performance and maintained sound working relationship with the Company, and the Company is planning to continue such relationships. However, there can be no assurance that these contractors will continuously demonstrate satisfactory performances, or maintain a sound working relationship with the Company. If the Company believes that a contractor's performance is inadequate, the Company may terminate or otherwise refuse to renew such contractual relationship. In addition, there can be no assurance that these contractors will not terminate or renew their contractual relationship with the Company.

If one or more contractors terminate their contractual relationship with the Company, this occurrence may disrupt the Company's production process. Any delay in the Company's production process could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

7. The Company faces competition that may adversely affect the Company

The Company is one of 4 (four) cement producers in the Sumatra region, and there are 5 (five) other national and international scale cement producers that have an eye on the Company's target market. In general, cement producers compete in terms of quality, service reliability, and price. The Company believes that the quality of its cement has a distinctive added value compared to other competitors, also supported by the geographical location of the Company and the Company's reputation in the eyes of customers in South Sumatra.

As the Company's competitors has been growing in number, thus tightening competition among the existing cement companies, the Company's challenge to maintain and increase the Company's market share gets tougher. There can be no assurance that the Company will be continuously capable of maintaining and increasing its market share amid growing competitions. Such competition could have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.



8. The Company is adversely affected by the risks relating to operations and infrastructure, adverse weather conditions, and other natural disasters

The Company faces various operational and infrastructure risks which potentially adversely affects the Company, including the risks of fire, natural disaster, accidents, labor disputes, issues with community, unpredictable geological condition, environmental hazards, adverse weather (including heavy rain), flood and other natural phenomena. The occurrence of any of these operating risks can cause substantial losses to the Company. Such loss may involve or arise from serious injury or loss of life, negative publicity, severe damage or destruction to property and equipment, pollution, destruction of natural resources or other environmental damage, the responsibility of the Company to conduct cleansing, investigations by regulatory bodies and sanction and / or suspension of business activities.

The Company also faces with the risk of flood during the rainy season. Prolonged rainy season and flood that occur continuously may have an adverse effect on the Company's cement production, and may have an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

In general, the occurrence of a significant accident may result in the suspension of production activities of the Company and obligation to pay large amounts of compensation. Not only will such accidents have adverse impact on the Company's reputation, but also an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

9. The Company's underlying licenses of operating activities could be terminated, restricted or otherwise not extended by the Government based on certain conditions

The Company holds a number of licenses to conduct exploration, operating, and production activities. Among other things, IUP Production Operation, IUP Permit of Limestone and Clay Exploration issued by the Regent of OKU c.q. Department of Mining & Energy of OKU Regency and Business Location License (SITU) issued by relevant authorities at each site and permits from various agencies relating to the activities of the Company. Each of these licenses set forth certain terms, conditions and is also valid for only a certain period. There can be no assurance that such licenses could be extended as per the applicable terms and conditions, within the specified time, or at all.

If any license of the Company is revoked or otherwise cannot be extended or renewed, or if the rights vested in the Company's licenses are restricted for any reason, the exploration, production, and operation activities of the Company may not be performed or subject to restriction in the course of practice, therefore having an adverse and material impact on business, financial condition, results of operations and prospects of the Company.

10. The Company's faces risks relating to the construction of its plants

The Company is planning to develop its business by constructing a new cement plant that will have a capacity of 1,850,000 tons of cement per year. The construction of the plant will start in September 2013 and is planned to be complete by the end of 2016. During the course of the plant construction, the Company may encounter some obstacles such as land acquisition, material supplies from major suppliers, and relationships among contractors which occurrence may delay the completion of the project.

If the plant cannot be completed within the planned timeframe, it may have an adverse and material impact on business, financial condition, and results of operations and prospects of the Company.

11. New laws and regulations can adversely affect the Company's business performance

In performing its activities, the Company is bound to a number of laws and regulations. Until the date of this Prospectus, the Company has complied with all laws and regulations that it is subjected to, and is committed to comply with all new regulations that may be enforced to the Company at all times.

However, there can be no assurance that in the future the Government will not make amendments to the law and regulations that can affect the Indonesian cement industry, or otherwise annul any law and regulation, which may have an adverse and material impact on business, financial condition, and results of operations and prospects of the Company.

12. The business activities of the Company may potentially generate environmental pollution and health problems

As in the operating activities in all cement industries, the business activities of the Company generate dust emissions which may potentially cause air pollution and health problems. So far, dust emission generated by the Company is still above the quality threshold and is not harmful to the surrounding community, due to regular monitoring performed by the Company and the Company's efforts to prevent the generated dust emission from being harmful for the community and employees around the Company's production sites. However, with the increasing production activities of the Company, generated dust emissions may also increase and may fall below the specified quality threshold. If this occurs, the Company may be subjected to certain sanctions in accordance with applicable law, and the Company will encounter a number of issues both social and legal raised by the community around its production site who are affected by dust emission generated by the Company, which could have an adverse and material impact on business, financial condition, and results of operations and prospects of the Company.

B. RISKS RELATING TO AN INVESTMENT IN THE COMPANY'S SHARES

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

The Company has applied to list the Offer Shares on the IDX. There is currently no market for the Shares. There can be no assurance that a market will develop for the Shares. 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.

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 the Shares will be able to dispose of the Shares at prices or at times at which such holder would be able to do so in more liquid markets or at all.

Even if the Company's listing application is approved, the Shares will not be listed on the IDX for a maximum of three days after the end of the allotment period for the Offering. During that period, purchasers will be exposed to movements in the value of the Shares without the ability to dispose of the purchased Shares through the IDX.

2. The price of the Shares may fluctuate widely

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

- differences between the Company's actual financial and operating results and those expected by purchasers and analysts;
- changes in analysts' recommendations or perceptions of the Company or Indonesia;
- changes in general economic, political or market conditions in Indonesia;
- changes in prices of equity securities of foreign (particularly Asian) and emerging markets companies;
- stock market price fluctuations;
- the outcome of pending or threatened litigation;
- the sale of Shares by the Company's majority shareholders; and
- the perceived prospects of the cement industry and the Company's business and operations.



3. The interests of the Company's controlling shareholder may conflict with the interests of purchasers of the Offer Shares

Following the Initial Public Offering and MESOP Program, the Government, as the direct controlling shareholder of the Company will hold at least 75% of the Shares of the Company. Consequently, the Government has, and will continue to have, the power to control the Company, including the power to:

- approve any merger, consolidation, or dissolution of the Company;
- exercise significant influence over its business policies and affairs;
- elect a majority of the Company's Directors and Commissioners; and
- determine the outcome of any action requiring shareholder approval (other than the approval of conflict of interest transactions from which a controlling shareholder who has a conflict of interest or is affiliated with a Director, Commissioner or principal shareholder (defined as a direct/indirect holder of 20.0% or more of the voting rights of the Company) who has a conflict of interest is required to abstain under BAPEPAM-LK rules), including the timing and payment of any future dividends.

From time to time, the Company enters into, and expects to continue to enter into, transactions with entities controlled by the controlling shareholder and other related parties in the ordinary course of business.

Although any conflict of interest transaction that the Company undertakes with related parties after the Initial Public Offering must be approved in accordance with the rules of BAPEPAM-LK, there can be no assurance that any amounts the Company may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party in comparable transactions.

4. Purchasers 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 the Company's management, Commissioners, Directors and controlling shareholders, and the rights of its minority shareholders are governed by the Limited Liability Company Law and its Articles of Association. Such principles of law differ from those that would apply if the Company 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 proceeding 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.

5. Purchasers' rights to participate in any future rights offerings by the Company could be limited, which would cause dilution to a purchaser's shareholding

Under BAPEPAM-LK Rule No. IX.D.1, which is attached to the Decree of the Chairman of BAPEPAM-LK No. Kep-26/PM/2003 dated July 17, 2003 regarding Pre-emptive Rights, a publicly listed company must offer its holders of equity shares 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 the Company offers its shareholders rights to purchase or subscribe for Shares or otherwise distributes Shares to its shareholders, a shareholder may be unable to exercise such rights for the Shares unless securities laws in the jurisdiction of that shareholder are complied with. For instance, U.S. holders may be unable to exercise such rights for the Shares unless a registration statement under the U.S. Securities Act is effective with respect to the new Shares or an exemption from registration under the Securities Act is available.

Whenever the Company makes a rights or similar offering of the Shares, it will evaluate the costs and potential liabilities associated with, and its ability to comply with, non-Indonesian regulations, as well as any other factors it considers appropriate. However, the Company may choose not to comply with the securities laws in some jurisdictions and if it does so, and no exemption from registration or filing requirements are available, then holders of the Shares in such jurisdictions would be unable to participate in rights or similar offerings and would suffer dilution of their shareholdings. Consequently, the Company cannot assure purchasers that they will be able to maintain their proportional equity interests in the Company. 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 the Shares material economic harm.

6. Future sales of the Shares could adversely affect their market price

Sales in the future of substantial amounts of the Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Shares or its ability to raise capital through a public offering of additional equity or equity-linked securities. Future sales of large blocks of Shares, or the perception that such sales could occur, could cause the price of the Shares to decrease and make it more difficult for the Company to raise capital.

7. The Company may not be able to pay dividends

The Company's ability to declare dividends in relation to the Shares will depend on, pursuant to the terms of the Loan Facility, no default having occurred and its future financial performance which, in turn, depends on successfully implementing its growth strategy, on competitive, regulatory, technical, environmental and other factors, general economic conditions, demand and selling prices for its products, and other factors specific to the cement industry or specific projects it has undertaken, many of which are beyond its control.

8. Indonesian law contains provisions that could discourage a takeover of the Company

Under the regulations of BAPEPAM-LK, if there is any change of control of an Indonesian equity issuer or public company, the new controlling party must carry out a mandatory tender offer of the remaining shares (public shares, not including shares of the majority shareholder and other controlling shareholders, if any).

Under BAPEPAM-LK Rule No. IX.H.1, which is attached to the Decree of the Chairman of BAPEPAM-LK No. Kep-264/BL/2011 dated May 31, 2011 regarding Public Company Take-over, a takeover of an equity issuer or public company is defined as an action which directly or indirectly changes the controlling party of that equity issuer or public company. A controlling party of an equity issuer or public company is defined as a person who:

- a. owns more than 50% of the equity issuer or public company's total paid-up capital; or
- b. can determine by any means possible, directly or indirectly, the management and/or policy of the equity issuer or public company.



Further, in order to ensure that the public continues to hold at least 20% of the equity of the equity issuer or public company, the rule requires the new controlling party to divest its shareholding in the equity issuer or public company to at least 300 persons within two years after completion of the mandatory tender offer if, as the result of the mandatory tender offer, the new controlling party holds more than 80% of the equity of the equity issuer or public company's total paid-up capital.

If, as a result of the take-over, the new controlling party already holds more than 80% of the equity issuer or public company's total paid-up capital, it must still carry out a mandatory tender offer, even though it will later have to divest a portion of the shares it acquires in the mandatory tender offer to at least 300 persons within two years after completion of the mandatory tender offer.

Although such take-over provisions are intended to protect the interests of shareholders by requiring any acquisitions of the Shares that may involve or threaten a change in control of the Company to also be extended to all shareholders on the same terms, these provisions may discourage or prevent such transactions from taking place at all. Some of the Company's shareholders, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of Shares at a price above the prevailing market price.

THE COMPANY'S MANAGEMENT HEREBY REPRESENT THAT THE COMPANY HAS DISCLOSED ALL MATERIAL BUSINESS RISKS BASED UPON THE LEVEL OF SUCH RISKS AGAINST THE COMPANY'S KEY BUSINESS OPERATIONS AND FINANCIAL CONDITION.

VII. SUBSEQUENT EVENTS

There have been no material events that have material impact on the Company's financial and results of operations, which have occurred since the date of the Independent Auditor's Report on 7 May 2013 on the Company's financial statements for the years ended 31 December 2012 and entirely contained in this Prospectus which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012, that requires disclosure in this Prospectus.



VIII. DESCRIPTION OF THE COMPANY

A. BRIEF HISTORY OF THE COMPANY

The Company was established under the name PT Semen Baturaja based on Limited Liability Company PT Semen Baturaja Deed No. 34 dated 14 November 1974 as amended by Deed of Amendment No. 49 dated 21 November 1974, both drawn up before Jony Frederik Berthold Tumbelaka Sinjal, Notary in Jakarta, which has acquired validation from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. Y.A.5/422/18 dated 22 November 1974, which has been registered with the register at the office of the Registrar of the Palembang District Court No. 376/1974 and No. 377/1974 both dated 22 November 1974 and announced in the State Gazette of the Republic of Indonesia No. 2 dated 7 January 1975, Supplement No. 15 ("**Deed of Establishment**").

As follow up on Government Regulation No. 10 of 1978 concerning State of the Republic of Indonesia Capital Equity Into Limited Liability Company PT Semen Baturaja that moves in the Cement Industry Sector ("**PP No. 10/1978**") and Letter of Decision of the Minister of Finance No. 205/KMK.011/1979 dated 8 May 1979 concerning Determination of Company Capital of Persero (Persero = State Enterprise with the State as majority shareholder Company) PT Semen Baturaja ("**Letter of Decision of the Minister of Finance No. 205/KMK.011/1979**"), the Company has changed in form from legal entity to become a limited liability persero company as referred to in Law No. 9 of 1969 concerning Determination of Government Regulations In Lieu of Law No. 1 of 1969)State Gazette of the Republic of Indonesia of 1969 No. 16; Supplement to the State Gazette of the Republic of Indonesia No. 2890) Concerning Forms of State Businesses To Become Laws (State Gazette of the Republic of Indonesia of 1969 No. 40, Supplement to the State Gazette of the Republic of Indonesia No. 2904 ("**Law No. 9/1969**") and Government Regulation No. 12 of 1969 concerning Perseroan Companies *State Gazette of the Republic of Indonesia of 1969 No. 21, Supplement to the State Gazette of the Republic of Indonesia No. 2894(as amended by Government Regulation No. 34 of 1972 concerning Amendment To Provisions of Article 7 of Government Regulation of the Republic of Indonesia No. 12 of 1969 concerning Perseroan Companies (State Gazette of the Republic of Indonesia of 1972 No. 32, Supplement to the State Gazette of the Republic of Indonesia No. 2987 (**Government Regulation PP No. 24/1972**). In the framework of amendment towards becoming a persero company, the articles of association of the of the Company are amended pursuant to Deed of Amendment of PT Semen Baturaja No. 20 dated 9 November 1979 as corrected by Deed of Correction No. 33 dated 20 February 1980, both drawn up before Hadi Moentoro, SH, Notary in Jakarta, which have acquired the approval from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. Y.A.5/383/23 dated 4 August 1980, which have been registered at the office of the Registrar of the Palembang District Court No. 52/1980 and No.53/1980 both dated 4 September 1980 and announced in the State Gazette of the Republic of Indonesia No. 67 dated 21 August 1981, Supplement No. 661

In the framework of adjusting to the Limited Liabilities Companies Law (UUPT), the Company once again conducted amendments to the articles of association as referred to in Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders (GMS) of PT Semen Baturaja (Persero) No. 4 dated 13 June 2008 drawn up before Rumonda Kesuma Lubis, SH, Notary in Bekasi, which has acquired the approval from the Minister of Laws and Human Rights of the Republic of Indonesia No. AHU-50057.AH.01.02 of 2008 dated 12 August 2008, registered in the Company Register by No. AHU-0069684.AH.01.09 of 2008, and announced in the State Gazette of the Republic of Indonesia No. 34 dated 27 April 2010, Supplement No. 3984 ("**Deed No. 4/2008**") as amended by Deed of Statement of Resolution of Shareholders of PT Semen Baturaja Other Than a General Meeting of Shareholders No. 2 dated 11 March 2011, drawn up before Rumonda Kesuma Lubis, SH, SH, Notary in Bekasi, which has acquired the approval from the Minister of Laws and Human Rights of the Republic of Indonesia in accordance with Decision No. AHU-23569.AH.01.02 of 2011 dated 10 May 2011, registered in the Company Register under No. AHU-0037524.AH.01.09 of 2011 dated 10 May 2011 ("**Deed No. 2/2011**").

The General Meeting of Shareholders of the Company has approved the increase in the authorized capital of the Company that was initially a total of Rp.100,000,000,000.- (one hundred billion Rupiah) divided into 100,000 (one hundred thousand shares) to become Rp.2,560,000,000,000.- (two trillion five hundred sixty billion Rupiah) divided into 2,560,000 (two million five hundred sixty thousand) shares and Issued and Fully Paid capital from Rp.60,414,000,000.- (sixty billion four hundred fourteen million Rupiah) to become Rp.640,000,000,000.- (six hundred forty billion Rupiah), hence changing Article 4 paragraphs (1), (2) and (3) of the Articles of Association of the Company as stated in Deed of Statement of Resolutions of the General Meeting of Shareholders of the Company (Persero) PT Semen Baturaja No. 48 dated 28 September 2012 drawn up before Fathiah Helmi, SH, Notary in Jakarta, which has acquired the approval of the Minister of Laws and Human Rights of the Republic of Indonesia in accordance with Decision No. AHU-51011.AH.01.02 of 2012 dated 1 October 2012, registered in the Company Register under No. AHU-0086452.AH.01.09 of 2012 dated 1 October 2012) ("**Deed No. 48/2012**").

On the date of issuance of the Prospectus, the latest Articles of Association of the Company shall be as referred to in the Deed of Statement of Resolutions of the Extraordinary General Meeting of Shareholders of PT Semen Baturaja (Persero) Tbk No. 21 dated 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta, which has acquired the approval from the Minister of Laws and Human Rights of the Republic of Indonesia No. AHU-13747.AH.01.02 of 2013 dated 18 March 2013, and registered in the Company Register under No. AHU-0023614.AH.01.09 of 2013 dated 18 March 2013, ("**Deed No.21/2013**"), which changes all provisions of the articles of association of the Company in the framework of the Public Offering and for adjustment with Bapepam & LK Regulation No. IX.J.1 concerning Principles of Articles of Association of Companies conducting Public Offerings of Shares that are Equity In Nature and Public Companies – Attachment to Decision of Head of Bapepam & LK No. Kep-179/BL/2008 dated 14 May 2008 including change in name of the Company to become PT Semen Baturaja (Persero) Tbk.

B. DEVELOPMENT OF CAPITAL STRUCTURE AND SHAREHOLDING OF THE COMPANY

Displayed hereunder is the development of shareholding of the Company since its establishment:

Year 1974

Based on the Deed of Establishment, the composition of shareholding and capital structure of the Company are the following

Names of Shareholders	Total Shares		Shares Value (Rp) @Rp500,000		Percentage (%)
	A Series	B Series	A Series	B Series	
Authorized Capital – Rp500,000,000	400	600	200,000,000	300,000,000	
Subscribed Capital					
1. PT Semen Padang (Persero)	220	330	110,000,000	165,000,000	55%
2. PT Semen Gresik (Persero)	180	270	90,000,000	135,000,000	45%
Total Subscribed Capital	400	600	200,000,000	300,000,000	100%
Shares in Portfolio	-	-	-	-	

On the above-mentioned shares, the shareholders paid up in cash into the Company portfolio on the day of validation of the articles of association, a total of 10% (ten percent) of each share or an amount of Rp.50,000,000.- (fifty million Rupiah).



Years 1979-1980

Pursuant to the Deed of Amendment of PT Semen Baturaja No. 20 dated 9 November 1979 as corrected by Deed of Correction No. 33 dated 20 February 1980, both drawn up before Hadi Moentoro SH, Notary in Jakarta, which have acquired the approval from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. Y.A.5/383/23 dated 4 August 1980, which have been registered in the register book at the office of the Registrar of the Palembang District Court under No. 52/1980 and No. 53/1980 both dated 4 September 1980 and announced in the State Gazette of the Republic of Indonesia No. 67 dated 21 August 1981, Supplement No. 661 (**"Deed No. 20/1979 juncto Deed No. 33/1979"**), in the framework of implementation of Law No.9/1969, Government Regulation PP No. 12/1969 juncto PP No. 24/1972, Law No. 6/1968, Government Regulation PP No. 10/1978 and Letter of Decision of the Minister of Finance No. 205/KMK.011/1979, the General Meeting of Shareholders of the Company has approved to amend Article 4 paragraph (2) and paragraph (3) of the Articles of Association of the Company. The mentioned Decision is then reconfirmed in Deed of Amendment of the Articles of Association No. 12 dated 19 August 1980 as corrected by Deed of Correction No. 29 dated 31 October 1980 and Deed of Correction No. 6 dated 6 December 1980, all three drawn up before Hadi Moentoro, SH, Notary in Jakarta, which have acquired the approval from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. Y.A.5/583/21 dated 27 December 1980, which have been registered at the office of the Registrar of the Palembang District Court under No. 5/1981, No. 6/1981 and No.7/1981, all three dated 13 February 1981 and announced in the State Gazette of the Republic of Indonesia No. 67 dated 21 August 1981, Supplement No. 661 (**"Deed No. 12/1980 juncto Deed No. 29/1980 juncto Deed No. 6/1980"**).

Pursuant to Deed No. 20/1979 juncto Deed No. 33/1979 juncto Deed No. 12/1980 juncto Deed No. 29/1980 juncto Deed No. 6/1980, the capital structure of the Company is the following:

Names of Shareholders	Total Shares		Shares Value (Rp) @Rp1,000,000		Percentage (%)
	Preferred	Common	Preferred	Common	
Authorized Capital – Rp100,000,000,000	20,000	80,000	20,000,000,000	80,000,000,000	
Subscribed Capital					
1. Republic of Indonesia	7,870	31,480	7.870,000,000	31.480,000,000	87,44%
2. PT Semen Gresik (Persero)	646	2,584	646,000,000	2.584,000,000	7,18%
3. PT Semen Padang (Persero)	484	1,936	484,000,000	1.936,000,000	5,38%
Total Subscribed Capital	9,000	36,000	9,000,000,000	36,000,000,000	100%
Shares in Portfolio	11,000	44,000	11,000,000,000	44,000,000,000	

Based on the decision as referred to in Deed No. 20/1979 juncto Deed No. 33/1979 juncto Deed No. 12/1980 juncto Deed No. 29/1980 juncto Deed No. 6/1980, from the subscribed and authorized capital, on the date of signing of the deed of amendment to the articles of association, an amount of Rp.45,000,000,000.- (forty five billion Rupiah) was paid up by:

- The State of the Republic of Indonesia in the amount of Rp2,272,520,000 (two billion two hundred seventy two million five hundred twenty thousand Rupiah) or 5.77% (five point seventy seven percent) on each share subscribed to by it;
- PT Semen Gresik (Persero) in the amount of Rp1,855,546,000 (one billion eight hundred fifty five million five hundred forty six thousand Rupiah) or 57.44% (fifty seven point forty four percent)) on each share subscribed to/placed by it;
- PT Semen Padang (Persero) in the amount of Rp1,871,934,000 (one billion eight hundred seventy one million nine hundred thirty four thousand Rupiah) or 77.35% (seventy seven point thirty five percent)) on each share subscribed to/placed by it;

hence therefore the total paid up capital amounts to Rp.6,000,000,000 (six billion Rupiah), while the remaining balance to be paid amounting to Rp.39,000,000,000 (thirty nine billion Rupiah) shall be settled in full by the concerned parties the latest within 1 (one) year after the date of signing of the deed of amendment of the articles of association of the Company.

Year 1984

Pursuant to the Deed of Statement of Resolution of Meeting of PT Semen Baturaja (Persero) No. 28 dated 19 April 1984 as corrected by Deed of Correction No. 27 dated 15 August 1984, both drawn up before Hadi Moentoro SH, Notary in Jakarta, which have acquired approval from the Minister of Justice of the Republic of Indonesia in accordance with Decision No. C2-5657-HT01.01-TH84 dated 9 October 1984, which have been registered at the office of the Registrar of the Palembang District Court No. 97/1984 dated 21 November 1984 and announced in the State Gazette of the Republic of Indonesia No. 40 dated 17 May 1985, Supplement No. 766 ("**Deed No. 28/1984 juncto Deed No. 27/1984**"), the capital structure of the Company and the composition of shareholders of the Company are as follows:

Names of Shareholders	Total Shares		Shares Value (Rp) @Rp1,000,000		Percentage (%)
	Preferred	Common	Preferred	Common	
Authorized Capital – Rp100,000,000,000	20,000	80,000	20,000,000,000	80,000,000,000	
Subscribed Capital					
1. Republic of Indonesia	7.870	31.306	7.870,000,000	31.306,000,000	87,06%
2. PT Semen Gresik (Persero)	646	2.682	646,000,000	2.682,000,000	7,40%
3. PT Semen Padang (Persero)	484	2.012	484,000,000	2.012,000,000	5,55%
Total Subscribed Capital	9,000	36,000	9,000,000,000	36,000,000,000	100%
Shares in Portfolio	11,000	44,000	11,000,000,000	44,000,000,000	

Pursuant to the Decision as referred to in Deed No. 28/1984 juncto Deed No. 27/1984, from the authorized capital subscribed and placed, an amount of Rp45,000,000,000 (forty five billion Rupiah) on the date of signing of the deed of amendment of the articles of association of the Company was paid up by:

- The State of the Republic of Indonesia in the amount of Rp33,153,000,000 (thirty three billion one hundred fifty three million Rupiah) or 84.62% (eighty four point sixty two percent) on each share subscribed to/placed by it;
- PT Semen Gresik (Persero) in the amount of Rp3,328,000,000 (three billion three hundred twenty eight million Rupiah) or 100% (one hundred percent) on each share subscribed to/placed by it;
- PT Semen Padang (Persero) in the amount of Rp2,496,000,000 (two billion four hundred ninety six million Rupiah) or 100% (one hundred percent) on each share subscribed to/placed by it;

hence therefore the total paid up capital amounts to Rp.38,977,000,000 (thirty eight billion nine hundred seventy seven million Rupiah), while the remaining balance to be paid amounting to Rp.6,023,000,000 (six billion twenty three million Rupiah) shall be settled in full by the concerned parties the latest within 5 (five) year after the date of signing of the deed of amendment of the articles of association of the Company.

Year 1987

Based on Deed of Statement of Issuance of Shares No. 4 dated 1 April 1987 drawn up before Imas Fatimah SH, Notary in Jakarta, the General Meeting of Shareholders approved the issuance of shares of the Company still in portfolio amounting to 11,000 (eleven thousand) priority shares and 4,413 (four thousand four hundred thirteen) regular shares subscribed to and fully paid up by the State of the Republic of Indonesia.

With the issuance of Company shares mentioned and payment by the State of the Republic of Indonesia, the capital structure of the Company becomes as follows:

Names of Shareholders	Total Shares		Shares Value (Rp) @Rp1,000,000		Percentage (%)
	Preferred	Common	Preferred	Common	
Authorized Capital – Rp100,000,000,000	20,000	80,000	20,000,000,000	80,000,000,000	
Subscribed Capital					
1. Republic of Indonesia	18.870	35.720	18.870,000,000	35.720,000,000	90,36%
2. PT Semen Gresik (Persero)	646	2.682	646,000,000	2.682,000,000	5,51%
3. PT Semen Padang (Persero)	484	2.012	484,000,000	2.012,000,000	4,13%
Total Subscribed Capital	20,000	40.414	20,000,000,000	40.414,000,000	100%
Shares in Portfolio	-	39.586	-	39.586,000,000	



Pursuant to the financial statements of the Company for years ending 31 December 1985 and 1986, which have been audited by the Financial and Development Supervisory Agency for South Sumatra Province Representative, are in accordance with accountant report Number: Lap.02195/PW.06/87 dated 19 May 1987 and financial statements of the Company for years ending 31 December 1986 and 1987, which have been audited by the Financial and Development Supervisory Agency for South Sumatra Province Representative, are in accordance with accountant report Number: Lap.01396/PW.06/88 dated 31 March 1988, the shareholders of the Company have paid up capital with the following details:

- a. The State of the Republic of Indonesia, total paid up amount of Rp.54,590,979,432.08 (fifty four billion five hundred ninety million nine hundred seventy nine thousand four hundred thirty two Rupiah and eight cents) as referred to in Letter from the Director General of Domestic Monetary Affairs Number: S-1967/MD/1981 dated 1981 and No. S-3023/MD/1983 dated 8 June 1983 and Letters from the Minister of Finance No. S-763/MK.011/1985 dated 4 July 1985 and No. 484/MK.011/1986 dated 7 May 1986 with the following details:
 - (i) in cash amounting to Rp5,813,625,000 (five billion eight hundred thirteen million six hundred twenty five thousand Rupiah);
 - (ii) Ex Credit Bank Exim Japan amounting to Rp22,010,524,372.67 (twenty two billion ten million five hundred twenty four thousand three hundred seventy two Rupiah and sixty seven cents);
 - (iii) ADB interest for Construction period amounting to Rp4,591,473,621.24 (four billion five hundred ninety one million four hundred seventy three thousand six hundred twenty one Rupiah and twenty four cents)
 - (iv) ADB conversion June 1981 through 31 October 1986 amounting to Rp22,175,356,438.17 (twenty two billion one hundred seventy five million three hundred fifty six thousand four hundred thirty eight Rupiah and seventeen cents) recorded as paid up capital is the amount of Rp54,590,000,000 (fifty four billion five hundred ninety million Rupiah) while the remaining amount of Rp979,432.08 (nine hundred seventy nine thousand four hundred thirty two Rupiah and eight cents) is recorded as capital equity reserves of the Government.

The objective of capital injections Ex Credit Bank Exim Japan, ADB interest, dan ADB conversion is to add up the capital injection of the State of Republic of Indonesia, in total amounting to Rp48,777,354,432.08.

- b. PT Semen Padang (Persero) amounting to Rp2,496,960,000 (two billion four hundred ninety six billion nine hundred sixty thousand Rupiah).
- c. PT Semen Gresik (Persero) amounting to Rp3,328,000,000 (three billion three hundred twenty eight million Rupiah).

Year 1991

Based on Government Regulation No. 3 of 1991 concerning Additional Capital Equity of the State of the Republic of Indonesia Into Shares Capital of Company (Persero) PT Semen Baturaja (State Gazette of the Republic of Indonesia Year 1991 No. 3) and Deed of Statement of Resolutions of Meeting No. 70 dated 15 October 1991 drawn up before Imas Fatimah, SH, Notary in Jakarta, the General Meeting of Shareholders approve the additional capital equity of the State of the Republic of Indonesia Into shares capital of the Company amounting to Rp5,824,000,000 (five billion eight hundred twenty four million Rupiah) originating from transfer of shares of PT Semen Gresik (Persero) amounting to Rp3,328,000,000 (three billion three hundred twenty eight million Rupiah) and from PT Semen Padang (Persero) an amount of Rp2,496,000,000 (two billion four hundred ninety six million Rupiah) hence the total amount paid up by the State of the Republic of Indonesia initially amounting to Rp54,590,000,000 (fifty four billion five hundred ninety Rupiah) shall become Rp60,414,000,000 (sixty billion four hundred fourteen million Rupiah).

With the implementation of transfer of right on shares mentioned, the composition of shareholders of the Company shall be as follows:

Names of Shareholders	Total Shares		Shares Value (Rp) @Rp1,000,000		Percentage (%)
	Preferred	Common	Preferred	Common	
Authorized Capital – Rp100,000,000,000	20,000	80,000	20,000,000,000	80,000,000,000	
Issued and Fully Paid Capital					
Republic of Indonesia	20,000	35.720	20,000,000,000	35.720,000,000	100%
Total Issued and Fully Paid Capital	20,000	40.414	20,000,000,000	40.414,000,000	100%
Shares in Portfolio	-	39.586	-	39.586,000,000	

Year 2008

Based on Deed No. 4/2008, the capital structure of the Company is the following:

Names of Shareholders	Total Shares	Shares Value (Rp) @ Rp1,000,000	Percentage (%)
Authorized Capital – Rp100,000,000,000	100,000	100,000,000,000	
Issued and Fully Paid Capital			
State of Republic of Indonesia	60.414	60.414,000,000	100%
Total Issued and Fully Paid Capital	60.414	60.414,000,000	100%
Shares in Portfolio	39.586	39.586,000,000	100%

Year 2012

Based on Deed No. 48/2012, the General Meeting of Shareholders approve the increase in authorized capital from Rp100,000,000,000 (one hundred billion Rupiah) divided into 100,000 (one hundred thousand) shares to become Rp2,560,000,000,000 (two trillion five hundred sixty billion Rupiah) divided into 2,560,000 (two million five hundred sixty thousand) shares and increase in Issued and Fully Paid capital from Rp60,414,000,000 (sixty billion four hundred fourteen million Rupiah) to become Rp640,000,000,000 (six hundred forty billion Rupiah).

The increase in Issued and Fully Paid capital amounting to Rp579,586,000,000 (five hundred seventy nine billion five hundred eighty six million Rupiah) by the State of the Republic of Indonesia, originates from:

- capitalization of balance of retained profit up to and including 31 December 2011 amounting to Rp579,585,020,567.92 (five hundred seventy nine billion five hundred eighty five million twenty thousand five hundred sixty seven Rupiah and ninety two cents) based on Financial Statement for Fiscal Year Ending 31 December 2011 Number: R.1.1/014/03/12 dated 15 March 2012, which has been audited by Public Accountant Office of Doli, Bambang, Sulistiyanto, Dadang & Ali.
- Capitalization of Government Capital Equity Reserves amounting to Rp979,432.08 (nine hundred seventy nine thousand four hundred thirty two Rupiah and eight cents) based on Financial Statement for Fiscal Year Ending 31 December 2011 Number: R.1.1/014/03/12 dated 15 March 2012, which has been audited by Public Accountant Office of Doli, Bambang, Sulistiyanto, Dadang & Ali, is recorded as Additional Paid Up Capital.

With the increase in the authorized capital, Issued and Fully Paid capital mentioned, the capital structure of the Company is the following:

Names of Shareholders	Total Shares	Shares Value (Rp) @Rp1,000,000	Percentage (%)
Authorized Capital – Rp2.560,000,000,000	2.560,000	2.560,000,000,000	
Issued and Fully Paid Capital			
State of Republic of Indonesia	640,000	60.414,000,000	100%
Total Issued and Fully Paid Capital	640,000	60.414,000,000	100%
Shares in Portfolio	1.920,000	1.920,000,000,000	



Year 2013

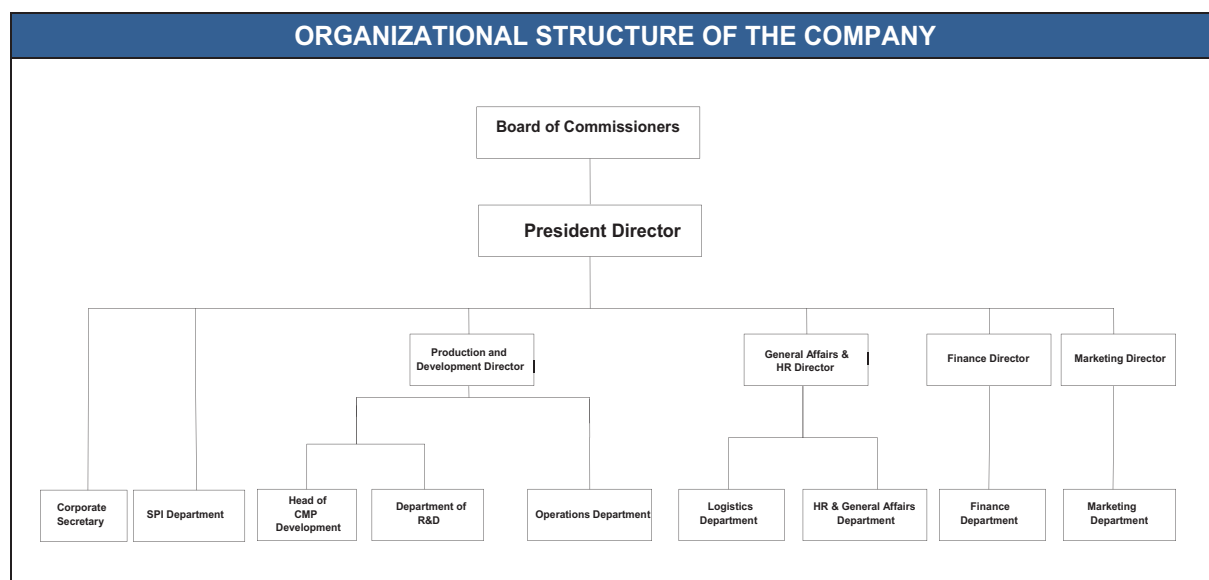
Pursuant to Deed No. 21/2013, The General Meeting of Shareholders approved the following (i) increase of authorized capital of the Company from initially amounting to Rp2,560,000,000,000.00 (two trillion five hundred sixty billion Rupiah) to become an amount of Rp3,000,000,000,000.00 (three trillion Rupiah); (ii) issuance of new shares subscribed to by the State of the Republic of Indonesia and an increase in subscribed and fully paid up capital from initially amounting to Rp640,000,000,000.00 (six hundred forty billion Rupiah) to become an amount of Rp750,000,000,000.00 (seven hundred fifty billion Rupiah) originating from capitalization of general reserves totaling Rp110,000,000,000.00 (one hundred ten billion Rupiah), (iii) change in type of share from non-series shares to become Dwiwarna A series shares amounting to 1 (one) share and B series share; and (iv) change in the nominal value of a share from initially Rp.1,000,000.00 (one million Rupiah) per share to become Rp.100.00 (one hundred Rupiah) per share.

With the increase in the authorized capital, Issued and Fully Paid capital mentioned, the capital structure of the Company is the following:

Names of Shareholders	Total Shares		Shares Value (Rp) @Rp100		Percentage (%)
	A Series Dwiwarna	B Series	A Series Dwiwarna	B Series	
Authorized Capital – Rp3,000,000,000,000	1	29.999.999.999	100	2.999.999.999.900	
Issued and Fully Paid Capital					
1. Republic of Indonesia	1	7.499.999.999	100	749.999.999.900	100%
Total Issued and Fully Paid Capital	1	7.499.999.999	100	749.999.999.900	100%
Shares in Portfolio	-	22.500,000,000	-	2.250,000,000,000	

C. ORGANIZATIONAL STRUCTURE OF THE COMPANY

Hereunder is the organizational structure chart of the Company at the time this Prospectus was issued:



Source : The Company

D. MANAGEMENT

On the issuance date of this Prospectus, the members of the Boards of Commissioners and Board of Directors of the Company currently in office, were appointed pursuant to the following:

(i) The Decision of State Minister for State Owned Enterprises No. KEP-363/MBU/2012 dated 2 October 2012 concerning Dismissal and Appointment of Members of the Board of Directors of Perseroan Companies (Persero) PT Semen Baturaja as stated in the Deed of Statement of Resolution of Perusahaan Perseroan (Persero) PT Semen Baturaja No. 17 dated 3 October 2012 drawn up before Fathiah Helmi, SH, Notary in Jakarta, which has acquired Acceptance of Notification of Changes in Company Data from the Minister of Laws and Human Rights of the Republic of Indonesia in accordance with Letter No. AHU-AH.01.10-36538 dated 8 October 2012 and registered in the Company Register under No. AHU-0088982.Tahun 2012 dated 8 October 2012 and registered in the Company Register to comply with Law No. 3 of 1982 regarding Compulsory Company Registration to the Office of Company Registration – Office of Industry and Trade, Ogan Komering Ulu Regency, with the No. Agenda of Registration 00131 dated 9 April 2013.

(ii) The Decision of State Minister for State Owned Enterprises No KEP-33/MBU/2013 dated 28 January 2013 concerning Dismissal and Appointment of Members of the Board of Commissioners of Perusahaan Perseroan (Persero) PT Semen Baturaja as stated in Deed of Statement of Resolution of the State Minister of State Owned Enterprises as General Meeting of Shareholders of Perusahaan Perseroan (Persero) PT Semen Baturaja No. 8 dated 8 February 2013 drawn up before Fathiah Helmi, SH, Notary in Jakarta, which has acquired Acceptance of Notification of Changes in Company Data from the Minister of Laws and Human Rights of the Republic of Indonesia in accordance with Letter No. AHU.AH-01.10-04551 dated 13 February 2013 and registered in the Company Register under No. AHU-0010535-AH.01.09.Tahun 2013 dated 13 February 2013 and registered in the Company Register to comply with Law No. 3 of 1982 regarding Compulsory Company Registration to the Office of Company Registration – Office of Industry and Trade, Ogan Komering Ulu Regency, with the No. Agenda of Registration 00131 dated 9 April 2013..

The composition of members of the Boards of Commissioners and Directors of the Company currently in office is as follows:

Board of Commissioners

President Commissioner	: Benny Wachjudi
Independent Commissioner	: Anas Rosjidi
Independent Commissioner	: Darusman Mawardi
Independent Commissioner	: Syahrial BP Peliung
Commissioner	: Chariah

Board of Directors

President Director	: Pamudji Rahardjo
Finance Director	: Ageng Purboyo Angrenggono
Production and Development Director	: Agus Wahyudin
General Affairs and Human Resources Director	: Romlan Kurniawan
Marketing Director	: Rusniwati Alie

The appointment of members of the Boards of Directors and Commissioners is in compliance with Bapepam and LK Regulation No.IX.I.6 attachment to Decision of Head of Bapepam and LK No. Kep-45/PM/2004 dated 29 November 2004 concerning Boards of Directors and Commissioners of Issuers and Public Companies.

Hereunder are brief explanations regarding each member of the Boards of Commissioners and Directors:

Boards of Commissioners



Benny Wachjudi, President Commissioner

Indonesian Citizen, 59 years. Holding office as President Commissioner since 2008.

Acquired degrees in Industrial Engineering from the faculty of Industrial Technology, Bandung Institute of Technology in 1980 and Master of Business Administration from the University of Bridgeport, Connecticut, the United States of America in 1989. Currently also holding the position of Director General of Agro-Industry with the Department of Industry of the Republic of Indonesia (2010-current).

Previously held the positions of Director General of Agro and Chemical Industries with the of Industry of the Republic of Indonesia (2004–2010), Director of Upstream Chemical Industries, Directorate General of Upstream Chemical, Agro and Forest Proceeds with the Department of Industry of the Republic of Indonesia (2002–2004) and Secretary to the Industrial Research and Development Agency of the Republic of Indonesia (2001–2002).



Anas Rosjidi, Independent Commissioner

Indonesian Citizen, 61 years. Holding office as an Independent Commissioner of the Company since 2013.

Acquired a Bachelor Degree in Engineering from the faculty of Electrical Engineering, Institute of Technology 10 November Surabaya in 1981.

Previously held positions at the Company as Director of General Affairs and Human Resources (2007–2012), and several positions at PT Semen Gresik (Persero) as Corporate Secretary (2006–2007), Head of General Affairs Department (2003–2006), Staff of Finance Director (equal to Department Head) (2002–2003) and Acting Department Head of Corporate Development/Management Representative (2000–2002).



Darusman Mawardi, Independent Commissioner

Indonesian Citizen, 64 years. Holding office as an Independent Commissioner of the Company since 2013.

Acquired a Bachelor Degree in Engineering from the faculty of Mechanical Engineering, Bandung Institute of Technology in 1974.

Currently also holding the position of Head of the Indonesian Cement and Concrete Institute (2003-current). Previously held positions as Director of Research and Development PT Semen Tonasa (2002–2005), Director of Commerce PT Semen Tonasa (2002), Commissioner of the Company (Persero) (2002), Technical Director of the Company (1986–2002), Department Head Litbang PT Semen Tonasa (1984–1986) and Project Manager Indarung II B PT Semen Tonasa (1983–1986).



Syahrial B.P. Peliung, Independent Commissioner

Indonesian Citizen, 62 years. Holding office as an Independent Commissioner of the Company since 2013.

Educated at Military Alumni Land AKABRI 1973, last ranked as Major General of the Indonesian Armed Forces, TNI (retired).

Currently also holding position as General Chairman of South Sumatra PEPABRI. Previously held military positions as Commander in Chief Kodam II Sriwijaya (2003-2006) and Commander Korem 041/Garuda Emas (1997-1999).



Chariah, Commissioner

Indonesian Citizen, 47 years. Holding office as a Commissioner of the Company since 2013.

Acquired degree from Agriculture Technology from the faculty of Agriculture Industrial Technology, Indonesian Institute of Technology in 1992, and Master of Business Administration degree from Monash University, Melbourne, Australia in 1999.

Currently also holding the position as Assistant Deputy for Efficiency in Utilization of Assets and Synergy of State Owned Enterprises (2012-now). Previously held the positions of Head of Business Restructuring and Development I Sector (2010-2012), Head of Restructuring and Privatization Sector for the Business of Plantation, Forestry, Fishery, Printing and Publication (2006-2010) and Head of Sub-Sector for Planning of Restructuring and Privatization of Industrial Agro Business (2002-2006).

Board of Directors



Pamudji Rahardjo, President Director

Indonesian Citizen, 56 years. Holding office as the President Director of the Company since 2007.

Acquired a degree in Engineering from the Faculty of Electrical Engineering, Institute of Technology Sepuluh November, Surabaya in 1980.

Previous career record in PT Semen Padang (Persero) as Expert Staff for the Board of Directors (2004-2007), Director of Production (1995-2003), Head of Department of Operations II (1995), Head of Operations and Projects III C (1993-1995), Acting Head Operations II & Indarung Project III C (1993-1995), Deputy Head Indarung Proyek III C (1990-1993), Bureau Head for Electricity Power Maintenance I (1998-1990), Technical Staff Electricity Power & Instruments (1984-1988), Section Head Electricity Power Installation II & Electric Power Construction Staff (1983-1984), Electrical Supervisor Project III A (1982-1983), Section Head Electricity Power Installation (1981-1982), Staff Sub-Department Maintenance (1981-1982).



Ageng Purboyo Angrenggono, Finance Director

Indonesian Citizen, 55 years. Holding office as Finance Director of the Company since 2012.

Acquired a degree in Economics from the Faculty of Economics, University Pancasila, School of Management in 1987 and Adjunct Accountant, State High School of Accounting, Ministry of Finance in 1981.

Previously held positions as Assistant Deputy in the Strategic Industries and Manufacturing III Business Sector Department of State Owned Enterprises 2010-2012, Assistant Deputy for the Business Sector of Plantation, Forestry, Fishery, Printing and Publication Department of State Owned Enterprises 2006-2010 and Head of Restructuring and Privatization Sector for the Other Service Businesses Department of State Owned Enterprises 2002-2006.



Agus Wahyudin, Production and Development Director

Indonesian Citizen, 44 years. Holding office as Production and Development Director of the Company since 2007.

Acquired degrees in Engineering from the faculty of Chemical Technology, University Gajah Mada in 1993 and Management Magister from University Sriwijaya, Palembang in 2008.

Previously held positions in the Company as Acting Head of the Marketing Department (2006-2007), Bureau Head of Panjang Plant (2005-2006), Bureau Head of Production Baturaja Plant as well as Head of Process OPT II (2001-2005), Deputy Bureau Head of Production as well as Head of Process OPT II (1998-2001), Department Head of LBBPP as well as Head of Process OPT II (1997-1998), Head of Process OPT II as well as Department Head of Lit. Process LBBPP Bureau – Litbang (1996-1997), Department Head of Coal Production Burning (1995-1997), Deputy Head of Production Burning (1993-1995).



Romlan Kurniawan, Director of General Affairs & Human Resources

Indonesian Citizen, 52 years. Holding office as Director of General Affairs & Human Resources of the Company since 2012.

Acquired a degree in Economics from the University of Bandar Lampung, Faculty of Accounting in 2000.

Previously held the positions as Head of the Finance Department 2008-2012, Bureau Head of Administration and Finance Audits 2007-2008, and Bureau Head of Accounting 2005-2007.



Rusniwati Alie, Marketing Director

Indonesian Citizen, 54 years. Holding office as Marketing Director of the Company since 2012.

Acquired a degree in Economics from University Sriwijaya from the Faculty of Management in 2001.

Previously held the positions of Head of the Marketing Department 2011-2012, and Head of the Marketing Bureau 2010-2011.

All Directors of the Company shall constitute Unaffiliated Directors. Appointment of Unaffiliated Directors of the Company has fulfilled the provisions as set forth in Regulations of Indonesian Stock Exchange No.I-A point III.1.6, pertaining to Listing of Shares and Equities Other Than Shares Issued by Listed Companies and has fulfilled requirements as Unaffiliated Directors. In accordance with the provisions set forth in the Articles of Association, the term of office of Directors and Commissioners is 5 (five) years and may be extended in accordance with GMS resolutions, at a maximum of 2 (two) consecutive terms of office.

Remuneration paid to the Board of Commissioners and Board of Directors of the Company for the year ended on 31 December 2012, 2011 and 2010, respectively, amounted to Rp13,329 million, Rp7,756 million, and Rp6,100 million. Remuneration paid to the Board of Commissioners is determined by GMS, while remuneration for members of the Board of Directors is determined by GMS and such authority may be transferred by the GMS to the Board of Commissioners.

CORPORATE SECRETARY

In relation to the fulfillment of Regulations of Bapepam No. IX.I.4 attachment to Decision of Chairman of Bapepam No. Kep-63/PM/1996 on 17 January 1996 pertaining to Establishment of Corporate Secretary juncto Decision of Board of Directors of PT Bursa Efek Jakarta No. Kep-305/BEJ/07-2004 dated 19 July 2004, based on Letter of Decision of Board of Directors No. PH.01.04/071/2008 dated 16 June 2008 pertaining to Promotion and Mutation of Employees, the Company has appointed Zulfikri Subli as the Corporate Secretary. This appointment came into effect on 16 June 2008.

Main Responsibilities

The Corporate Secretary carries out 4 (four) main functions, namely: the Company's communications, investors relation, compliance and secretarial function. In general, the duty of Corporate Secretary is to facilitate exchange of information between the Company and community through various activities and instruments, such as Public Expose, press news release, meetings with analysts, press conference, periodic reports and convening of General Meeting of Shareholders. The Corporate Secretary shall also be responsible for cultivating good and open relationship with the community, the authorities as well as the community and environment surrounding the Company.

In accordance with Regulations of Bapepam No. IX.I.4 pertaining to Establishment of Corporate Secretary, the main duties and responsibilities of Corporate Secretary are as follows:

1. To follow the development in capital market, particularly with regards to regulations applicable to capital market sector;
2. To provide services to the community on each information needed by the investors in relation to the condition of the Company;
3. To provide inputs to the Board of Directors of the Company to comply with the provisions of UUPM and its implementing regulation; and
4. As the contact person between the Company and OJK and the Community.

Address : Jl. Abikusno Cokro Suyoso, Kertapati, Palembang 30258, Sumatera Selatan, Indonesia
Telephone : (62-711) 511 261 ext. 1300
Faks : (62-711) 512 126
E-mail : sekper@semenbaturaja.co.id



AUDIT COMMITTEE

In the event of application of Corporate Governance, the Company has established an Audit Committee in accordance with Bapepam Regulations No. IX.I.5 attachment to Decision of Chairman of Bapepam No.Kep-29/PM/2004 dated 24 September 2004 pertaining to Establishment and Guidelines of Work Implementation of Audit Committee, and BEI Regulation No.I.A.

Duties of the Audit Committee of the Company are as follows:

1. To provide the Board of Commissioners with analysis, assessment, recommendations, and information in accordance with its duties and authorities.
2. To maintain the confidentiality of the Company and to not use the Company's data and information for personal interest.

In carrying out their duties, the Members of Committee Audit refer to the Committee Audit Charter which has been mutually agreed by the Board of Commissioners and Board of Directors. The amount of honorarium of Members of the Audit Committee is determined based on the Decision of Board of Commissioners. The Audit Committee is required to submit a report to the Board of Commissioners in the form of analysis, assessment, recommendations and information at least once in 3 (three) months. The Audit Committee is also obligated to evaluate the performance of the Company and to discuss matters related to compliance with prevailing regulations.

Activities carried out by the Audit Committee are as follows:

1. Evaluate Financial Statements and Quarterly Management Report.
2. Discuss the Draft of Work and Budget Plan of the Company.
3. Visit work place.
4. Discuss Audited Financial Statements with Independent Auditor and relevant Work Reference.

At the time of Publication, the members of the Audit Committee of the Company are as follows:

1. Darusman Mawardi, Independent Commissioner and Head of the Audit Committee

Appointed based on the Decision of Board of Commissioners of the Company No. SK-02/DK-SB/II/2013 dated 18 February 2013.

2. Prima Dedi Adrian

Indonesian Citizen, 40 years old. Occupying the position of member of the Audit Committee of the Company since 2012. Acquired a Bachelor's Degree in Economics majoring in Accounting from the University of Trisakti, Jakarta in 1996 and Magister Management from the University of Trisakti, Jakarta, in 2008. Currently he is also occupying the position of Manager at MBS Consulting (2009-sekarang), he was Audit Manager at Aryanto Amir Jusuf & Mawar Public Accountants Office (RSM International AAJ Associates) (2000-2009), Senior Auditor at Hans Tuanakotta & Mustofa Public Accountants Office (Deloitte Touche Indonesia). Appointed as a member of the Company's Audit Committee based on the Decision of board of Commissioners of the Company No. SK-03/DK-SB/VIII/2012 dated 10 July 2012 pertaining to Termination and Appointment of the Audit Committee of the Perusahaan Perseroan (Persero) PT Semen Baturaja.

3. Rusli

Indonesian Citizen, 69 tahun. Occupying the position of member of the Audit Committee of the Company since 2012. Acquired an Engineer Degree in Industrial Engineering from the University of Gajah Mada, Yogyakarta in 1975. He was the Head of Maintenance Division and simultaneously the Deputy Head of Factory of PT Semen Cibinong Tbk (1999-2001), Head of Production Division of PT Semen Cibinong Tbk (1995-1999), Head of Research and Development Division of PT Semen Cibinong Tbk (1994-1995) and Head of Production Department of PT Semen Tonasa (Persero) (1983-1992). Appointed based on the Decision of the Company's Audit Committee No. SK-04/DK-SB/IX/2012 dated 3 October 2012 pertaining to the Appointment of the Audit Committee of the Perusahaan Perseroan (Persero) PT Semen Baturaja.

INTERNAL AUDIT

In accordance with Government Regulation Number 3 of 1983 pertaining to Procedures of Development and Supervision of *Perusahaan Jawatan (Perjan)*, *Perusahaan Umum (Perum)* and *Perusahaan Perseroan (Persero)*, on the Fourth Chapter Article 45 pertaining to establishment of Internal Supervision Unit / *Satuan Pengawasan Intern (SPI)*, the Company established SPI Work Unit in 1983.

SPI is an independent appraiser which constitutes a part of a company's internal control structure, function of which is to test and evaluate the reliability and effectiveness of the other control system with the purpose of improving the effectiveness of control and implementation of the company's Good Corporate Governance in comprehensive manners.

The duty of SPI is to assist the management and other work units in achievement of the implementation of their duties and obligations by providing assistance in the form of analysis, assessment, recommendations, consultation and information concerning activities it reviews to the relevant work unit.

In order to comply with the obligations stated in the Decision of the Head of Bapepam No. Kep-496/BL/2008 regarding the Establishment and Guidelines of the Internal Audit Unit Charter ("**Regulation IX.I.7**"), the Company's Board of Directors have established an Internal Audit Unit under the control of SPI, as stated in the Directors' Letter No. PH.01.04/178/2012 dated 24 October 2012 and appointed Ir. Agoes Pramoesinto, M.Si as the Head of Internal Audit, effective on 23 October 2012 as stated in the Directors' Letter No. PH.01.04/177/2012 dated 23 October 2012 regarding Employee Mutation. The Company has composed and implemented an SPI Charter on 2 January 2012.

E. HUMAN RESOURCES

Per 31 December 2012, the Company has 511 employees, wherein 501 out of the 511 employees are permanent employees. The Company's core employees have mature experiences and skills in cement industry.

Composition of Employees

The following is the composition of employees of the Company for the years ended on 31 December 2012, 2011 and 2010 according to their level of education, rank of position, age group and work status:

Composition of Employees According to Rank of Position

Rank of Position	31 December			
	2012	2011	2010	2009
Senior Manager	8	10	10	10
Manager	33	31	29	26
Supervisor	77	73	65	69
Employee	393	480	473	519
Total	511	594	577	624

Composition of Employees According to Age

Age	31 December			
	2012	2011	2010	2009
>50	234	307	330	245
41 – 50	35	42	73	200
31 – 40	118	112	99	91
21 – 30	124	133	75	88
Total	511	594	577	624



Composition of Employees According to Level of Education

Level of Education	31 December			
	2012	2011	2010	2009
S2 (Master's Degree)	13	9	5	5
S1 (Bachelor Degree)	137	143	107	113
D3 (Diploma)	61	66	38	45
High School or equal	259	323	360	383
< High School	41	53	67	78
Total	511	594	577	624

Composition of Employees According to Employee Status

Employee Status	31 December			
	2012	2011	2010	2009
Permanent	501	585	568	568
Non Permanent	10	9	9	9
Total	511	594	577	624

The Company does not have any employees of a certain skill set, that if such employee is no longer working for the Company, the Company's operational business will be disrupted. At time of writing, the Company does not employ foreign workers.

FACILITIES FOR AND WELFARE OF THE EMPLOYEES

Incentive or special facilities provided for employees are efficiency inducing allowances and performance allowances. All employees are granted annual leave and long-term leave, put under Jamsostek program and granted service reward. The Company also provides facilities for medical needs such as maternity and in-patient treatments, up to maximum of one wife and two children.

Employees who become permanent employees before 2007 are put under the fixed benefit pension program, severance pay benefit, as well as Old Age Welfare Allowance in cooperation with Bumiputera Life Insurance by the Company.

Employees who become permanent employees after 2007 are also put under fixed fee pension program channeled through Bank Negara Indonesia Pension Fund by the Company.

EMPLOYEES RECRUITMENT AND TRAINING

The Company's policy in conducting management of human resources is to continuously improve the quality of HR by way of improving education and development for employees in the event of creating professional and competent employees, with hopes that the Company may grow, develop and become able to compete in the globalization era. Other than that, the Company also continuously improving the remuneration system in HR sector and improving the company's culture.

The Company maintains qualified employees by educating, guiding and developing them, which include the following:

- a. Holding seminars, workshops, and courses outside the company
Seminars, workshops, and courses outside the company are held to fulfill the competence of position of personnel with the purpose that it can be implemented in daily work. Courses given are in accordance with their sectors, among others: Finance, HR, Engineering, Trading, Safety at Work & Environment, Management Development, Monitoring, PKBL and others. In sending the personnel, the Company chooses institutions outside the Company that are professional in holding courses or seminars or workshops.

- b. Holding courses within the company
Courses within the company are given as one of personnel position competence, where courses within the company are given by internal trainers or sometimes also by external trainers. Courses within the company are held in the company's education and training room and all facilities are prepared by the company. Courses within the company are, among others: *Supervisor Management Course (SMC)*, *General Management Course (GMC)*, Internal Audit. By way of in-house trainings and external trainings, such as: comparative study, seminar, workshop, etc.
- c. Comparative study to similar companies
Comparative study is done on similar companies, whether within the country or abroad, as one of the means of to share the current work experience and to add knowledge and insight of personnel to be implemented in daily work. Comparative study is held to several similar companies, such as PT Semen Indonesia (Persero) Tbk, PT Semen Padang, PT Semen Tonasa, PT Semen Bosowa, Siam Cement Group in Thailand and Holcim Cement Group in Vietnam.

HEALTH AND SAFETY AT WORK STANDARDS

The Company has been continuously maintaining a healthy, safe and environmentally friendly working environment in accordance with standards on safety and health at work, and regulations or laws on environment that refer to Semen Baturaja Management System Manual which constitutes an integration of Quality System ISO 9001:2008, Environment Management System (SML) ISO 14001:2004 and Safety and Health at Work Management System (SMK3). In relation to such, the Company has acquired quality certificate & SML from Tuv Nord certification institution and SMK3 certificate at Golden Flag level from the Minister of Manpower and Transmigration as well as performance of compliance with environment management at Blue Level whether at provincial or national level from the Environment Agency of Sumatra Selatan Province and Minister of Environmental Affairs. The Company has also acquired OHSAS ISO 18001: 2007 Certificate valid up to 10 April 2016.

Within the period of 1 January 2009 to 31 December 2012, the Company did not experience incidents resulting in accidents at the work place.

F. OWNERSHIP RELATION, COMPANY MANAGEMENT AND SUPERVISION

The Company's current structure of ownership is as follows:



Source : The Company



G. TRANSACTIONS WITH AFFILIATED PARTIES

The Company has had transactions with a number of affiliated parties, namely the Government of Republic of Indonesia as the Company's shareholder, and a number of State Owned Enterprises belonging to the Government of Republic of Indonesia.

No.	Name of Agreement	Parties	Scope	Term
1	Credit Agreement in the event of Operation of Floating Cement Terminal in Lampung No. RDI-294/DP3/1996 dated 23 January 1996 as amended with Amendment No. AMA-162/RDI-294/DSMI/2012 dated 1 August 2012	Government of Republic of Indonesia ("Government") and the Company	The Government provides funds on loan to the Company amounting to maximum Rp27,559,000,000 The purpose of the loan is to meet the Company's additional working capital funds in the event of operation of Floating Cement Terminal in Lampung. Principal Loan RDI per 31 December 2010 is amounting to Rp27,559,000,000 and other liabilities in the form of delay penalties amounting to Rp41,090,469,000	Loan principal is fully settled in 2012 and interest and penalty are prorated for 3 (three) years starting from 2013 to 2015
2	Working Capital Credit Agreement No. KP-COCD/003/PK-MK/2001 as contained in Deed No.1 dated 2 March 2001 drawn up before Azhar Alia, S.H., Notary in Jakarta, as lastly amended with Letter No. TOP.CRO/CLA.066/ADD/2013 on 28 February 2013 pertaining to Addendum XI on Working Capital Credit Agreement No. KP-COCD/003/PK-MK/2001 as contained in Deed No. 1 dated 2 March 2001 drawn up before Azhar Alia, S.H, pertaining to Extension of Term of Working Capital Credit Facility	PT Bank Mandiri (Persero), Tbk ("Bank Mandiri") and the Company	Bank Mandiri provides revolving Working Capital Credit Facility with limit amounting to Rp30,000,000,000, used for working capital in cement industry	2 March 2013 - 1 March 2014
3	Letter of Credit for Imports Facilities Agreement No. KP-COCD/01/PK-LC/2001 as contained in Deed No. 2 on 2 March 2001 drawn up before Azhar Alia, S.H., Notary in Jakarta, as lastly amended with Letter No. TOP.CRO/CLA.067/ADD/2013 on 28 February 2013 pertaining to Addendum XI on Working Capital Credit Agreement No. KP-COCD/01/PK-LC/2001 as contained in Deed No. 2 on 2 March 2001 drawn up before Azhar Alia, S.H, pertaining to Extension of Term of Non Cash Loan Facility	PT Bank Mandiri (Persero), Tbk ("Bank Mandiri") and the Company	Bank Mandiri provides Non Cash Loan Facility and Trust Receipt Facility with limit amounting to Rp10,000,000,000, used to open an L/C for Imports, SKBDN and Bank Guarantee for procurement of raw materials, fuel, supporting materials and spare parts for cement industry.	2 March 2013 - 1 March 2014
4	Coal Sale and Purchase Agreement BA-63 05/K/PM/PTBA-PTSB/2013 and No. HK.01.02/30/2013 on 25 January 2013	PT Bukit Asam (Persero), Tbk ("PTBA") and the Company	PT BA sells and delivers Coal BA-63 to the Company	1 January 2013 - 31 December 2014

5	Agreement on Cooperation in Use of Parcels of Land with Management Rights in Panjang Port No. HK.566/II/6/PI.II-13 and No. HK.00.08/007/2013 on 7 January 2013	PT Pelabuhan Indonesia II (Persero) (" Pelindo II ") and the Company	Use of parcels of land by the Company constituting Management Right of Pelindo II area of which is 64,768 m ² (sixty four thousand seven hundred sixty eight square meter)	1 January 2013 - 31 December 2043
6	Land Rent Agreement at Jalan Abikusno Cokrosuyoso, Kertapati, Palembang for Cement Factory and Office Building and Other Facilities No. HK.221/XII/6/KA-2012 and No. HK.00.08/395/2012 on 10 December 2012	PT Kereta Api Indonesia (Persero) (" PT KAI ") and the Company	The Company rents land belonging to PT KAI, area of which is 46,388 m ² (forty six thousand three hundred eighty eight square meter) located at Jalan Abikusno Cokrosuyoso, Kertapati, Palembang	1 April 2012 - 31 March 2042
7	Lease Agreement No. 066/HK.08/G/1988 on 15 August 1988	Perusahaan Jawatan Kereta Api (now PT KAI) and the Company	The Company lends PT KAI a parcel of land of 50 m (fifty meters) by 20 m (twenty meters) in the event of construction of a building as a facility to support the Company's clinker transportation in the event of replacement of train crews at Tiga Gajah Station.	Lease agreement on land is continuously valid as long as the building on the land is used to support clinker transportation or other transportation facility related to the interest of the Company
8	Agreement on Transportation of Coal and Clinker/Slag/Other Materials No. HK.221/V/14/KA-2012 and No. HK.01.15/228/2012 on 29 May 2012	PT KAI and the Company	Establishment of transportation of coal, using ZZOW lorry and transportation of clinker/slag/other materials using KKBW lorry belonging to PT KAI.	1 February 2012 - 31 January 2017
9	Electricity Power Sale and Purchase Agreement No. 038.PJ/471/W. IV/1997 and No. 024/HK.04/6/1997 on 21 April 1997 as lastly amended with Addendum V of Electricity Power Sale and Purchase Agreement on 1 July 2011	PT PLN (Persero) (" PLN ") and the Company	PLN distributes electricity power to the Company	Valid until the parties terminate the Agreement
10	Jakarta Representative Office Rental Agreement No. HK.02.02/006/2011 on 6 January 2011	Semen Baturaja Employees Pension Fund (" Dana Pensiun Semen Baturaja ") and the Company	Dana Pensiun Semen Baturaja lends to the Company room F located on the 11th floor of Graha Irama Building, area of which is 172 m ² (one hundred seventy two square meter)	1 January 2011 - 31 December 2013

H. MATERIAL AGREEMENTS WITH THIRD PARTIES

In carrying out its business activities, the Company has had several material agreements with third parties, among others:

No.	Name of Agreement	Parties	Scope	Term
1	Supporting Raw Materials Unloading Agreement No. HK.01.17/059/2012 on 13 January 2012 as amended by Work Order No. 122685 on 17 January 2013	CV Pandu Persada and the Company	Supporting raw material bulk material unloading service at the Company's factory in Baturaja-Ogan Komering Ulu provided by CV Pandu Persada and the Company	23 February 2013 - 23 February 2014



No.	Name of Agreement	Parties	Scope	Term
2	Letter of Victor No. PD.06.01/171.DLG/2013 dated 3 May 2013	PT Sinar Langgeng Logistic and the Company	Unloading, loading and transportation services of the bulk materials belonging to the Company from Panjang Port to material stacking warehouse of the Company in Panjang, Bandar Lampung by PT Sinar Langgeng Logistic	12 months, starting from the date stated in the Work Order At time of writing, the Work Order has yet to be issued by the Company
3	Agreement on Arrangement for Customs for Imported Goods and Materials at Tanjung Priok Port and Soekarno Hatta Airport No. HK.00.08/406 A/2012 on 26 December 2012	PT Dwi Nur Kargotama and the Company	Arrangement for Customs for Imported Goods and Materials at Tanjung Priok Port and Soekarno Hatta Airport by PT Dwi Nur Kargotama	1 January 2013 - 31 December 2013.
4	Forklift with 5 Tons Capacity Rental Agreement No. HK.02.06/147/2012 on 19 March 2012 as amended by Addendum I Forklift with 5 Tons Capacity Rental Agreement No. HK.02.06/147/2012 on 28 January 2013 and the appeal to extend the contract has been submitted in Work Note No. LP.01.03/207A.CMP/2013 dated 5 March 2013	PT Cakra Prima Nusantara and the Company	The Company rents from PT Cakra Prima Nusantara 1 (one) unit of forklift with capacity of 5 (five) tons to be used in the factory in Baturaja.	31 March 2012 - 31 July 2013.
5	Drilling Equipment and Limestone Detonation Experts in Baturaja Factory Rental Agreement No. HK.00.08/073/2011 on 17 February 2011	PT United Tractors Semen Gresik and the Company	Drilling Equipment and Limestone Detonation Experts in Baturaja Factory Rental Service from PT United Tractors to Semen Gresik	1 April 2011 - 31 March 2014.
6	Bulldozer and Excavator for Mine Development Work in Baturaja Factory Rental Agreement No. HK.02.06/152/2011 on 13 June 2011	PT Rizky Patra Nusa and the Company	Heavy equipment rental services namely Bulldozer and Excavator	15 June 2011 - 15 August 2013
7	Excavator Backhoe for Mine Development Work in Baturaja Factory Rental Agreement No. HK.02.06/147/2010 on 30 July 2010	PT Ratri Sempana and the Company	Heavy equipment rental services namely Excavator Backhoe	1 August 2010 - 31 July 2013
8	Wheel Loader in Baturaja Factory Rental Agreement No. HK.02.06/146/2010 on 6 May 2010	CV Bangun Sukses Makmur and the Company	Heavy equipment rental services namely Wheel Loader	1 June 2011 - 1 August 2013
9	Cement Packing Service in Baturaja Factory Agreement No. HK.01.23/301/2011 on 30 December 2011	CV Pandu Persada and the Company	Filling bulk cement to sacks, filling <i>bulk cement</i> to big sacks and tank vehicles services in the Company's factory in Baturaja by CV Pandu Persada	1 January 2012 - 31 December 2013
10	Cement Packing Service Agreement No. HK.01.21/352/2012 on 10 October 2012	PT Esbe Yasa Pratama and the Company	Filling bulk cement to sacks, filling <i>bulk cement</i> to big sacks and tank vehicles services in the Company's factory in Panjang by PT Esbe Yasa Pratama	1 January 2013 - 31 December 2013
11	Cement Packing Service in Palembang Factory Agreement No. HK.01.21/408/2012 on 27 December 2012	PT Esbe Yasa Pratama and the Company	Filling bulk cement to sacks, filling <i>bulk cement</i> to big sacks and tank vehicles services in the Company's factory in Palembang by PT Esbe Yasa Pratama	1 January 2013 - 31 December 2013

No.	Name of Agreement	Parties	Scope	Term
12	Transportation of Empty Sacks and Other Materials in Baturaja Factory Agreement No. HK.01.15/047/2013 on 7 February 2013	PT Sembaja Lampung and the Company	Transportation of Empty Sacks and Other Materials in Baturaja Factory using vehicles namely trucks by PT Sembaja Lampung	12 February 2013 - 11 February 2014
13	Empty Sacks Unloading Service in Baturaja Factory Agreement No. HK.01.21/406/2012 on 26 December 2012	PT Esbe Yasa Pratama and the Company	Empty Sacks Unloading in Baturaja PT Esbe Yasa Pratama.	1 January 2013 - 31 December 2013
14	Contractor Agreement for Installment of Pin and Lorry Cover No. HK.01.17/415/2012 on 28 December 2012	CV Hafiz Sejahtera and the Company	Execution of installment of pin and lorry cover work by CV Hafiz Sejahtera	1 January 2013 - 31 December 2013
15	Cement Stacking Service Agreement No. HK.01.15/471/2011 on 28 December 2012	PD Tirta Kencana and the Company	The Company employs PD Tirta Kencana for service of loading and stacking the Company's products	1 January 2013 - 31 December 2013
16	Cement Stacking Service Agreement No. HK.01.15/466/2012 on 28 December 2012	PT Esbe Yasa Pratama and the Company	The Company employs PT Esbe Yasa Pratama for service of loading and stacking the Company's products	1 January 2013 - 31 December 2013
17	Virtual Private Network (VPN)/Internet Protocol (IP) Interconnection Access Service Agreement No. HK.01.23/005/2012 on 3 January 2013	PT Indosat Tbk ("Indosat") and the Company	Indosat provides Virtual Private Network (VPN)/Internet Protocol (IP) Interconnection Access Service to the Perseroan	4 January 2013 - 3 January 2014
18	Clinker and Other Materials Transportation Agreement No. HK.01.15/302/2001 on 30 December 2011	PT Karya Nusa Perkasa and the Company.	The Company employs PT Karya Nusa Perkasa for materials transportation service	02 January 2012 - 01 January 2014
19	Clinker and Other Materials Transportation Agreement No. HK.01.15/392 A/2001 on 4 December 2012	PT Bangun Lautan Berlian and the Company	The Company employs PT Bangun Lautan Berlian for materials transportation service	4 December 2012 - 3 December 2014
20	Contractor Agreement on Unloading and Cleaning Clinker in Lorries No. HK.01.17/245/2011 on 19 September 2011	PT Karya Yuyu Abadi and the Company	The Company employs PT Karya Yuyu Abadi for unloading and cleaning lorries containing clinker	1 October 2011 - 30 September 2013
21	Security Service Agreement No. HK.01.21/176/2011 dan No. 80/PKS/BSP/VI/2011 on 24 June 2011	PT Bravo Satria Perkasa and the Company	Security Service in 3 (three) sites of the Company, namely Baturaja Factory, Head Office/ Palembang Factory and Panjang Factory	1 July 2011 - 30 June 2013
22	Coal Sale Purchase Agreement No. HK.01/02/303/2012 on 2 August 2012	PT Bunga Pangi and the Company	Coal sale and purchase	2 August 2012 - 1 August 2013
23	Order Confirmation No. 13000045 01 10202 on 17 January 2013	The Company and CV Bintang Lampung Mineral	Iron ore sale and purchase	17 January 2013 - 17 January 2014
24	Order Confirmation No. 13000129 01 10202 on 5 February 2013	The Company and CV Dharma Utama	High Tensile Steel Welding Wire sale and purchase	5 February 2013 - 27 March 2014
25	Order Confirmation No. 13000130 01 10202 on 5 February 2013	The Company and PT Bhineka Bajasas	High Tensile Steel Welding Wire sale and purchase	5 February 2013 - 27 March 2014



No.	Name of Agreement	Parties	Scope	Term
26	Order Confirmation No. 13000147 O1 10202 dated 11 April 2013	The Company and PT Sami Surya Indah Plastik	Cement sacks sale and purchase	1 year after the notification to commence supply At time of writing, the Company has yet to issue a supply order to PT Sami Surya Indah Plastik.
27	Sale and Purchase Agreement for Cement Sacks 1 PLY TYPE Bottom Block No. 01.03/131/2012 on 7 March 2012 as amended by Addendum 1 Sale and Purchase Agreement for Cement Sacks 1 PLY TYPE Bottom Block No. 01.03/131/2012 on 28 February 2013	PT Yanaprima Hastapersada and the Company	Cement sacks sale and purchase	7 March 2012 – 30 Juni 2013
28	No. of Distribution Contract: HK.01.12/428/2012 on 28 December 2012 No. of Implementation Contract: 010/I/PPG/2012 on 28 December 2012	The Company and PT Perusahaan Perdagangan Indonesia Palembang	Cement distribution	1 January 2013 - 31 December 2013
29	No. of Distribution Contract: HK.01.12/416/2012 on 28 December 2012 No. of Implementation Contract: 001/I/PPG/2012 on 28 December 2012	The Company and CV Multi Jaya	Cement distribution	1 January 2013 - 31 December 2013
30	No. of Distribution Contract: HK.01.12/417/2012 on 28 December 2012 No. of Implementation Contract: 002/I/PPG/2012 on 28 December 2012	The Company and CV Dargo Utama	Cement distribution	1 January 2013 - 31 December 2013
31	No. of Distribution Contract: HK.01.12/418/2012 on 28 December 2012 No. of Implementation Contract: 003/I/PPG/2012 on 28 December 2012	The Company and CV Setia Raya	Cement distribution	1 January 2013 - 31 December 2013
32	No. of Distribution Contract: HK.01.12/419/2012 on 28 December 2012 No. of Implementation Contract: 004/I/PPG/2012 on 28 December 2012	The Company and PT Vinayaka Abadi	Cement distribution	1 January 2013 - 31 December 2013
33	No. of Distribution Contract: HK.01.12/420/2012 on 28 December 2012 No. of Implementation Contract: 005/I/PPG/2012 on 28 December 2012	The Company and PT Samajaya Sukses Abadi	Cement distribution	1 January 2013 - 31 December 2013
34	No. of Distribution Contract: HK.01.12/426/2012 on 28 December 2012 No. of Implementation Contract: 011/I/PPG/2012 on 28 December 2012	The Company and PT Esbe Niaga Palembang	Cement distribution	1 January 2013 - 31 December 2013
35	No. of Distribution Contract: HK.01.12/421/2012 on 28 December 2012 No. of Implementation Contract: 006/I/PPG/2012 on 28 December 2012	The Company and PT Matra Agung Persada	Cement distribution	1 January 2013 - 31 December 2013

No.	Name of Agreement	Parties	Scope	Term
36	No. of Distribution Contract: HK.01.12/429/2012 on 28 December 2012 No. of Implementation Contract: 014/I/PPG/2012 on 28 December 2012	The Company and CV Amelia Putra Mandiri	Cement distribution	1 January 2013 - 31 December 2013
37	No. of Distribution Contract: HK.01.12/448/2012 on 28 December 2012 No. of Implementation Contract: 033/I/PPG/2012 on 28 December 2012	The Company and CV. Budi Jaya Mandiri	Cement distribution	1 January 2013 - 31 December 2013
38	No. of Distribution Contract: HK.01.12/426/2012 on 28 December 2012 No. of Implementation Contract: 020/I/PBR/2012 on 28 December 2012	The Company and PT Esbe Niaga Baturaja	Cement distribution	1 January 2013 - 31 December 2013
39	No. of Distribution Contract: HK.01.12/430/2012 on 12 January 2012 No. of Implementation Contract: 015/I/PBR/2012 on 28 December 2012	The Company and CV Surya Perkasa	Cement distribution	1 January 2013 - 31 December 2013
40	No. of Distribution Contract: HK.01.12/432/2012 on 28 December 2012 No. of Implementation Contract: 017/I/PBR/2012 on 28 December 2012	The Company and CV Serasan Sekundang Mandiri	Cement distribution	1 January 2013 - 31 December 2013
41	No. of Distribution Contract: HK.01.12/431/2012 on 28 December 2012 No. of Implementation Contract: 016/I/PBR/2012 on 28 December 2012	The Company and CV Raja Raya	Cement distribution	1 January 2013 - 31 December 2013
42	No. of Distribution Contract: HK.01.12/436/2012 on 28 December 2012 No. of Implementation Contract: 021/I/PBR/2012 on 28 December 2012	The Company and CV Elora Jaya	Cement distribution	1 January 2013 - 31 December 2013
43	No. of Distribution Contract: HK.01.12/437/2012 on 28 January 2012 No. of Implementation Contract: 022/I/PBR/2012 on 28 December 2012	The Company and CV Arjuna	Cement distribution	1 January 2013 - 31 December 2013
44	No. of Distribution Contract: HK.01.12/438/2012 on 28 December 2012 No. of Implementation Contract: 023/I/PBR/2012 on 28 December 2012	The Company and CV Artha Niaga	Cement distribution	1 January 2013 - 31 December 2013
45	No. of Distribution Contract: HK.01.12/439/2012 on 28 December 2012 No. of Implementation Contract: 024/I/PBR/2012 on 28 December 2012	The Company and PT Komerang Sakti	Cement distribution	1 January 2013 - 31 December 2013
46	No. of Distribution Contract: HK.01.12/424/2012 on 28 December 2012 No. of Implementation Contract: 009/I/PBR/2012 on 28 December 2012	The Company and CV Adiwira Karya	Cement distribution	1 January 2013 - 31 December 2013



No.	Name of Agreement	Parties	Scope	Term
47	No. of Distribution Contract: HK.01.02/433/2012 on 28 December 2012 No. of Implementation Contract: 018/I/PPG-PBR/2012 on 28 December 2012	The Company and CV Sumber Semen	Cement distribution	1 January 2013 - 31 December 2013
48	No. of Distribution Contract: HK.01.12/434/2012 on 28 December 2012 No. of Implementation Contract: 019/I/PPG-PBR/2012 on 28 December 2012	The Company and CV Delima	Cement distribution	1 January 2013 - 31 December 2013
49	No. of Distribution Contract: HK.01.12/427/2012 on 28 December 2012 No. of Implementation Contract: 012/I/PPG-PBR/2012 on 28 December 2012	The Company and CV Nur Ilham	Cement distribution	1 January 2013 - 31 December 2013
50	No. of Distribution Contract: HK.01.12/422/2012 on 28 December 2012 No. of Implementation Contract: 007/I/PPG/2012 on 28 December 2012	The Company and CV Gunung Sari	Cement distribution	1 January 2013 - 31 December 2013
51	No. of Distribution Contract: HK.01.12/428/2012 on 28 December 2012 No. of Implementation Contract: 013/I/PPG/2012 on 28 December 2012	The Company and PT Perusahaan Perdagangan Indonesia Jambi	Cement distribution	1 January 2013 - 31 December 2013
52	No. of Distribution Contract: HK.01.12/423/2012 on 28 December 2012 No. of Implementation Contract: 008/I/PPG/2012 on 28 December 2012	The Company and CV Bungo Baturaja	Cement distribution	1 January 2013 - 31 December 2013
53	No. of Distribution Contract: HK.01.12/426/2012 on 28 December 2012 No. of Implementation Contract: 031/I/PPJ/2012 on 28 December 2012	The Company and PT Esbe Niaga Lampung	Cement distribution	1 January 2013 - 31 December 2013
54	No. of Distribution Contract: HK.01.12/442/2012 on 28 December 2012 No. of Implementation Contract: 027/I/PPJ-PBR/2012 on 28 December 2012	The Company and PT Lima Saudara Prima	Cement distribution	1 January 2013 - 31 December 2013
55	No. of Distribution Contract: HK.01.12/443/2012 on 28 December 2012 No. of Implementation Contract: 028/I/PPJ/2012 on 28 December 2012	The Company and CV Sumber Niaga	Cement distribution	1 January 2013 - 31 December 2013
56	No. of Distribution Contract: HK.01.12/440/2012 on 28 December 2012 No. of Implementation Contract: 025/I/PPJ/2012 on 28 December 2012	The Company and CV Bhakti Bangun Persada	Cement distribution	1 January 2013 - 31 December 2013

No.	Name of Agreement	Parties	Scope	Term
57	No. of Distribution Contract: HK.01.12/441/2012 on 28 December 2012 No. of Implementation Contract: 026/I/PPJ/2012 on 28 December 2012	The Company and PT Tunas Surya Bumindo	Cement distribution	1 January 2013 - 31 December 2013
58	No. of Distribution Contract: HK.01.12/444/2012 on 28 December 2012 No. of Implementation Contract: 029/I/PPJ/2012 on 28 December 2012	The Company and PD Wahana Raharja	Cement distribution	1 January 2013 - 31 December 2013
59	No. of Distribution Contract: HK.01.12/445/2012 on 28 December 2012 No. of Implementation Contract: 030/I/PPJ/2012 on 28 December 2012	The Company and PT Berkat Jaya Anugerah	Cement distribution	1 January 2013 - 31 December 2013
60	No. of Distribution Contract: HK.01.12/428/2012 on 28 December 2012 No. of Implementation Contract: 032/I/PPJ/2012 on 28 December 2012	The Company and PT Perusahaan Perdagangan Indonesia Lampung	Cement distribution	1 January 2013 - 31 December 2013
61	Cement Sale and Purchase Agreement No. HK.01.13/451/2012 on 28 December 2012	The Company and CV Mitra Serasi	Cement Sale and Purchase	1 January 2013 - 30 Juni 2013
62	Cement Sale and Purchase Agreement No. HK.01.13/411/2012 on 28 December 2012	The Company and CV Vitto Bersaudara	Cement Sale and Purchase	1 January 2013 - 30 Juni 2013
63	Cement Sale and Purchase Agreement No. HK.01.13/414/2012 on 28 December 2012	The Company and CV Aliran Teratai Putih	Cement Sale and Purchase	1 Januari 2013 - 30 Juni 2013
64	Cement Sale and Purchase Agreement No. HK.01.13/461/2012 on 28 December 2012	The Company and PT Rotari Persada	Cement Sale and Purchase	1 January 2013 - 30 June 2013
65	Cement Sale and Purchase Agreement No. HK.01.13/410/2012 on 28 December 2012	The Company and CV Enzo Putra Lampung	Cement Sale and Purchase	1 January 2013 - 30 June 2013
66	Cement Sale and Purchase Agreement No. HK.01.13/413/201 on 28 December 2012	The Company and CV Kitab Sembilan Matahari	Cement Sale and Purchase	1 January 2013 -30 Juni 2013
67	Cement Sale and Purchase Agreement No. HK.01.13/464/2012 on 28 December 2012	The Company and CV Putra Langit Sakti	Cement Sale and Purchase	1 January 2013 - 30 June 2013
68	Cement Sale and Purchase Agreement No. HK.01.13/455/2012 on 28 December 2012	The Company and CV Rajata Ganendara	Cement Sale and Purchase	1 January 2013 -30 Juni 2013
69	Perjanjian Jual Beli Semen No. HK.01.13/458/2012 on 28 December 2012	The Company and CV Imam Makmur Abadi Jaya	Cement Sale and Purchase	1 January 2013 - 30 June 2013
70	Cement Sale and Purchase Agreement No. HK.01.13/462/2012 on 28 December 2012	The Company and CV Yudha Sakti	Cement Sale and Purchase	1 January 2013 - 30 June 2013
71	Cement Sale and Purchase Agreement No. HK.01.13/460/2012 on 28 December 2012	The Company and CV Farez Makmur Sejati	Cement Sale and Purchase	1 January 2013 - 30 June 2013
72	Cement Sale and Purchase Agreement No. HK.01.13/446/2012 on 28 December 2012	The Company and CV Bumi Sriwijaya Mandiri	Cement Sale and Purchase	1 January 2013 - 30 June 2013



No.	Name of Agreement	Parties	Scope	Term
73	Cement Sale and Purchase Agreement No. HK.01.13/262/2012 on 28 December 2012	The Company and CV Putra Kelingi	Cement Sale and Purchase	1 January 2013 - 30 June 2013
74	Cement Sale and Purchase Agreement No. HK.01.13/456/2012 on 28 December 2012	The Company and CV Rajawali	Cement Sale and Purchase	1 January 2013 - 30 June 2013
75	Cement Sale and Purchase Agreement No. HK.01.13/412/2012 on 28 December 2012	The Company and PT Kahardhita	Cement Sale and Purchase	1 January 2013 - 30 June 2013
76	Cement Sale and Purchase Agreement No. HK.01.13/265/2012 on 29 Juni 2012	The Company and CV Citra Anugrah Nusantara	Cement Sale and Purchase	1 January 2013 - 30 June 2013
77	Cement Sale and Purchase Agreement No. HK.01.13/463/2012 on 28 December 2012	The Company and CV Jaya Sukses Abadi	Cement Sale and Purchase	1 January 2013 - 30 June 2013
78	Cooperation Agreement on Utilization of Fly Ash ex PLTU Tanjung Enim on 3 January 2011	Koperasi Usaha Karya PT PLN (Persero) KITSBS Sektor Pembangkitan Bukit Asam and the Company	The Company is to utilize hazardous waste in the form of fly ash ex PLTU Tanjung Enim	Until all hazardous waste in the form of fly ash ex PLTU Tanjung Enim are used by the Company.

I. FIXED ASSETS

The following table contains the list of fixed assets owned by the Company per 31 December 2012:

No.	Location	Area (m ²)	Term	Letter of Measurement/ Situation Sketch	Proof of Ownership /Control
1	Jalan Taman Asri III No.14 Blok DA-54, Kelurahan Penggulingan, Kecamatan Cakung, Jakarta Timur	160	2 June 2003 - 2 June 2033	Measurement Letter No. 00083/2003 dated 12 May 2003	Agreement on Engagement of Sale and Purchase of Land and Building in Jatinegara Baru No. 082/CSP-KSO/JB/MRK/PPJB/VII/1997 on 29 July 1997 between the Company and PT Cakra Sarana Persada jo. Minutes of Handover of Land and Building in Perumahan Jatinegara Baru No.058/MKT/JB/XII/1998 on 8 December 1998 by and between PT Cakra Sarana Persada and the Company Pursuant to a Cover Letter from PT Cakra Sarana Persada dated 7 May 2013, it is stated that Emphytheusis Certificate No. 0248/Penggilingan by name of PT Cakra Sarana Persada is owned by the Company and is in the process of arranging the Sale and Purchase Agreement, as drawn up before Irawan Santosa, S.H, Land Deed Official in East Jakarta.

No.	Location	Area (m ²)	Term	Letter of Measurement/ Situation Sketch	Proof of Ownership /Control
2	Taman Asri III No. 16 Blok DA- 55, Kelurahan Penggilingan, Kecamatan Cakung, Jakarta Timur	160	2 Juni 2003 - 2 Juni 2033	Measurement Letter No. 00084/2003 tanggal 12 Mei 2003	Agreement on Engagement of Sale and Purchase of Land and Building in Jatinegara Baru No. 081/CSP-KSO/JB/MRK/ PPJB/VII/1997 on 29 July 1997 between the Company and PT Cakra Sarana Persada jo. Minutes of Handover of Land and Building in Perumahan Jatinegara Baru No.058/MKT/ JB/XII/1998 on 8 December 1998 by and between PT Cakra Sarana Persada and the Company Pursuant to a Cover Letter from PT Cakra Sarana Persada dated 7 May 2013, it is stated that Emphytheusis Certificate No. 0249/Penggilingan by name of PT Cakra Sarana Persada is owned by the Company and is in the process of arranging the Sale and Purchase Agreement, as drawn up before Irawan Santosa, S.H, Land Deed Official in East Jakarta.
3	Desa Garuntang, Kecamatan Telukbetung Selatan, Kotamadya Bandar Lampung, Propinsi Lampung	6,929	22 February 2013 - 22 February 2033	Measurement Letter No. 3039/1991 on 24 June 1991	Emphytheusis Certificate ("SHGB") No. 02/Grt in the name of the Company. Based on Decision of Head of National Land Agency Area Office of Lampung Province No. 06/HGB/BPN.18/2013 on 7 February 2013 pertaining to Approval for Extension of Emphyteusis in the name of PT Semen Baturaja (Persero) on Land in Kelurahan Garuntang, Kecamatan Telukbetung Selatan, Kota Bandar Lampung, term of SHGB No. 02/Grt is extended for 20 years starting on 22 February 2013 to 22 February 2033
4	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.799	5 October 2000 - 4 September 2020	Measurement Letter No. 2825/8 Ilir/000 on 21 September 2000	SHGB No. 235 registered under the name of the Company . SHGB No. 235 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.
5	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.343	5 October 2000 - 4 September 2020	Measurement Letter No.2823/8 Ilir/00 on 21 September 2000	SHGB No. 236 registered under the name of the Company. SHGB No. 236 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.
6	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.991	5 October 2000 - 4 September 2020	Measurement Letter No.2824/8 Ilir/00 on 21 September 2000	SHGB No. 237 registered under the name of the Company. SHGB No. 237 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.



No.	Location	Area (m ²)	Term	Letter of Measurement/ Situation Sketch	Proof of Ownership /Control
7	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.853	5 October 2000 - 4 September 2020	Measurement Letter No.2828/8 Ilir/00 on 21 September 2000	SHGB No. 238 registered under the name of the Company. SHGB No. 238 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.
8	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.648	5 October 2000 - 4 September 2020	Measurement Letter No.2827/8 Ilir/00 on 21 September 2000	SHGB No. 239, registered under the name of the Company. SHGB No. 239 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.
9	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.942	5 October 2000 - 4 September 2020	Measurement Letter No.2826/8 Ilir/00 on 21 September 2000	SHGB No. 240, registered under the name of the Company. SHGB No. 240 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.
10	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	1.708	5 October 2000 - 6 September 2021	Measurement Letter No.2822/8 Ilir/2000 on 21 September 2000	SHGB No. 241, registered under the name of the Company. SHGB No. 241 is being imposed with level I mortgage in accordance with Mortgage Certificate No. 391/ 2001.
11	Desa 8 Ilir, Kecamatan Ilir Timur II, Kotamadya Palembang, Propinsi Sumatera Selatan	7.040	24 December 1996 - 23 December 2026	Measurement Letter No.17/1994 on 31 January 1994	SHGB No. 1542/8 Ilir registered under the name of the Company. SHGB No.1542/8 Ilir is being imposed with level I mortgage in accordance with Mortgage Certificate No. 390/ 2001.
12	Desa Air Gading, Kecamatan Baturaja Barat, Kabupaten Ogan Komerling Ulu, Propinsi Sumatera Selatan	42.740	21 November 2001 - 27 November 2031	Measurement Letter No. 06/ARG/2000 on 16 November 2000	SHGB No. 06, registered under the name of the Company
13	Desa Sukajadi, Air Gading, Talang Jawa Puser, Tanjung Agung, Batu Kuning, Kecamatan Baturaja Timur dan Baturaja Barat, Kabupaten Ogan Komerling Ulu, Propinsi Sumatera Selatan	3.807.100	31 October 2000 - 30 October 2030	Measurement Letter No. 77/SKJ/2000 on 27 October 2000	SHGB No. 08, registered under the name of the Company
14	Desa Sukajadi, Kecamatan Baturaja Timur, Kabupaten Ogan Komerling Ulu, Propinsi Sumatera Selatan	1.296,000	24 Juli 2007 - 23 Juli 2037	Measurement Letter No. 30/SKJ/2007 on 20 Juli 2007	SHGB No. 09, registered under the name of the Company

The Company also has several fixed assets in the form of buildings, located on these locations:

1. Jl. Abikusno Cokrosuyono, Kertapati, Palembang, South Sumatra
2. Jl. AKBP Cek Agus No. 16. Kel. 8 Ilir, Kec. Ilir, Kec. Ilir Timur II, Palembang, South Sumatra
3. Jl. Bukit Kenten No. 14, 15 dan 16, Ilir Timur II, Palembang, South Sumatra
4. Jl. Raya Tiga Gajah, Desa Air Gading, Desa Sukajadi, Desa Talang Jawa, Desa Puser, Desa Tanjung Agung dan Desa Batu Kuning, Kec. Baturaja Timur dan Baturaja Barat, Kab. Ogan Komering Ulu, South Sumatra
5. Jl. Yos Sudarso Km. 7, Panjang, Bandar Lampung, Lampung
6. Jl. Gatot Subroto No. 70, Kel. Gruntang, Kec. Teluk Betung Selatan, Kota Bandar Lampung, Lampung
7. Komplek Perumahan Jatinegara Baru, Jl. Taman Asri III No. 14 & 16, Kel Penggilingan, Kec. Cakung, East Jakarta

For further information regarding the buildings, please refer to the Independent Appraisal Report in Chapter XVIII of this Prospectus.

J. LEGAL CASES FACED BY THE COMPANY, BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS

As of 29 May 2013, neither the Company, the Board of Directors of the Company nor the Board of Commisisoners of the Company is charged or a defendant in criminal or civil cases in District Court of Palembang, District Court of South Jakarta, District Court of Baturaja, and District Court of Tanjung Karang where the Company has business activities, industrial relation cases in Industrial Relation Court of Jakarta, Industrial Relation Court of Palembang, Industrial Relation Court of Bandar Lampung where the Company has business activities, state administration dispute in State Administration Court of Jakarta, State Administration Court of Palembang, and State Administration Court of Tanjung Karang where the Company has business activities, cases involving taxation matters in Tax Court, arbitration cases before the Indonesian National Arbitration Board, and insolvency cases, delaying debt payment obligation, and/or dissolution in Commercial Court of Jakarta. The Company has not accepted any subpoena or claims from any party whatsoever.



IX. BUSINESS ACTIVITIES AND PROSPECTS

A. GENERAL

The Company is a company engaged in the cement industry and focused on the provisions of services for South Sumatra markets. The Company was established on November 14, 1974 by PT Cement Gresik (Persero) and PT Cement Padang (Persero) with their respective shares of 45% and 55%. On June 9 November 1979 the Company changed its status from Domestic Investment (PMDN) into Persero (State-Owned Limited Liability) with share composition by Government of the Republic of Indonesia at 88%, PT Cement Gresik (Persero) at 7% and PT Cement Padang (Persero) at 5%. Since 1991, under Governmental Regulation No. 3 of Year 1991, 100% ownership of the Company was taken over by the Government.

Pursuant to Article 3 of Articles of Association of the Company, the main business activities of the Company are businesses in the field of cement industry and other based-chemical industries which includes the following activities:

- a. Production
Mining or exploration and / or processing of certain raw materials into basic materials which are needed for cement manufacturing or other production.
- b. Services
Provide services for cement industries and other basic chemical industries, among others, research studies, development, engineering and/or construction engineering design, management, factory plant operations, warehousing and repairs improvement transportation.
- c. Trading
Engaging in marketing and distribution activities of various kinds of cements as well as other production goods.
- d. Waste Treatment
Engaging in hazardous and toxic waste (B3) treatment activities of the supporting raw materials and/or fuel in the cement production process.

Main business activities of production, services and trading have been performing by the Company since the Deed No. 2 dated March 11, 2011, was drawn up before Rumonda Kesuma Lubis, S.H. Notary in Bekasi.

For the years ended on December 31, 2012, 2011 and 2010, the Company's total cement production is respectively 1,234,163 tons, 1,250,015 tons and 1,131,299 tons. Cement sales volume for the years ended on December 31, 2012, 2011 and 2010, respectively is 1,233,933 tons, 1,253,833 tons and 1,140,441 tons.

The following are the Company's operational data for the years ended on December 31, 2012, 2011, 2010, 2009 and 2008:

Operational Data	For the Years Ended 31 December				
	2012	2011	2010	2009	2008
Capacity of Production Facilities:					
- Clinker	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
- Cement	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000
Production Volume (million tons)	1,234,163	1,250,015	1,131,299	1,047,300	1,070,910
Sales Volume (million tons)	1,233,933	1,253,833	1,140,441	1,041,808	1,062,516
Average Selling Price (Rp per ton)	889,578	837,653	776,665	784,013	747,615
Cost of Goods Sold (Rp per ton)	492,608	495,888	432,521	445,351	468,195

B. COMPETITIVE ADVANTAGES

The Company believes that it has several competitive advantages and has the capability to provide optimum services. Future businesses prospects are directly related to combination of competitive advantages, which, among others, are:

1) Controlling the cement market in South Sumatra and Lampung provinces.

Based on data from the Indonesia Cement Association, for the years ended on December 31, 2012, the Company controlled approximately 48.20% of the total cement sales in the South Sumatra province and 27.56% of the total cement sales in Lampung province. These data indicate the Company's strong position in those two provinces. By the growth of development and infrastructure projects in both provinces, the Company may take benefits from these conditions to increase sales of its products.

2) Stronger Branding.

The Company has a widely-known brand in the Southern Sumatera region, especially South Sumatra and Lampung provinces. Accordingly, the Company believes that its products will become the customer's first choice in the South Sumatra and Lampung provinces.

3) Continuous Improvement of the Company's performance.

During 2008-2012, the Company's financial performance continues to improve, shown by sales increasing with CAGR at 8.42% and net income increasing with CAGR of 21.72%. By grasping the available opportunities and improving efficiency in production and operations, the Company believes that it will continuously improve its performance.

4) Sustainability of cement supply and strong distribution networks, supported with strategic operating location of the Company in the major markets.

The Company's factory plants are located in the main markets of South Sumatra and Lampung Area Provinces. Considering that the South Sumatra Province is the second biggest province in Sumatera, such matter gives good prospects to the Company to develop its business activities. In addition, the locations of the Company's factory plants have made it easier for the Company in performing product distribution to its customers.

5) Experienced management and strong support from the Government of Indonesia as the Shareholders.

The Management of the Company consists of skilled and experienced personnel who have held important positions in the cement industry. Experience and management expertise is believed to be able to support the future growth of the Company's business. Moreover, as a State-Owned Enterprise (SOE), the Company is wholly-owned by the Indonesian Government. In the development plans for the state's infrastructure and other projects, the Government of Indonesia synergizes among the SOEs, a move believed to bring about positive impacts for the future growth of the Company.

C. BUSINESS STRATEGIES

In accordance with vision and mission of the Company and referring to Company's Long Term Corporate Plan (RJPP) for the years 2012-2016 as well as Working Plan and Company Budget (RKAP) for the year 2013, the Company's business strategies are as follows:

Focus on the Core Business

Since its establishment, the Company has been focusing on its business core, proven by the developments that have been carried out by the company. Since the Company's first plant started to commercially operate in 1981, the Company has been conducted two plant optimizations, which were the First Optimization Project to increase the clinker installed capacity into 550,000 tons per year that was accomplished in 1994 and the Second Optimization Project to increase the clinker installed capacity into 1,200,000 tons per year that was accomplished in 2000.



Investment

In the framework of increasing the market share, at this moment the Company has planned to re-increase the capacity that will be conducted in stages. The first stage will be the construction of cement mill and packer at Baturaja Plant with its capacity of 750,000 tons of cement per year which the Company estimates will be accomplished in the second quarter of 2013. The next step will be the construction of new factory plant with capacity of 1,850,000 tons of cement per year which the Company estimates will be accomplished by the end of 2016.

System Implementation

Achievement of the Company's performance also is inseparable from the proper application of the system in each field by implementing the reliable and high quality Management Information Systems relying on the Enterprise Resource Planning (ERP).

Future Company's Strategies

In continuing the good performance which was achieved in 2012 and supported with strong leverage conditions, the Company has strengthened its measures in line with the existing business opportunities by developing capacities of which are more than the scheduled investment plan, including the downstream business development plan.

D. BUSINESS PROSPECTS

As one of the State-Owned Enterprises (SOEs), the Company also seeks to contribute to the Indonesian Economy Acceleration and Expansion Development Master Plan (MP3EI) as expected by the Government. This matter is also in accordance with the directives given by the Ministry of SOEs where all SOEs are encouraged to support the Government's plans. For that purposes, several work programs related to the development plans of the Company will be synergized with the MP3EI and SOE Development Master Plan. The Company's position is in the corridor 1 (one) which includes the area in the entire Sumatra islands including islands of Riau and Bangka Belitung, of the 6 (six) Indonesian economic development corridors. The primary sectors that become the focuses of development in corridor one are the plantation sectors, such as rubber and palm oil, and mining sectors, particularly the coal mining sector. The Government will develop the processing industries based on both types of agricultural products and make Sumatra as the National Energy Reservoir.

In order to achieve this goal, the Government seeks to develop infrastructures such as roads, ports, power plants and airports in order to strengthen the national connectivity. Infrastructure development of course requires a large number of cement supply and demand for cement is expected to be supplied by the cement industries in Sumatra area as the main supplier.

Demand for cement in Sumatra in the last five years has increased by 7.71% (CAGR), while the cement demands in the Southern Sumatera area reached 10.18% (CAGR). Cement demand growth in the Southern Sumatera area is higher than the national cement demand of 9.62% (CAGR).

Starting in 2010, the Company has been doing preparatory work for increasing the cement production capacity through the construction of Cement Mill at Baturaja Plant and product diversification for Portland Composite Cement (PCC). Currently, the Cement Mill development project has reached the final stage of construction and the preparation for commissioning is expected will be performed in the second quarter of 2013. The Cement Mill has been able to operate commercially therefore increasing the installed capacity from initially 1,250,000 tons to 2,000,000 tons of cement per year. Moreover, at the same time, the Company has made preparations for construction of new plants with production capacity of 1,850,000 tons of cement per year and is expected to commercially operate by the end of 2016, therefore increasing the installed capacity to 3,850,000 tons.

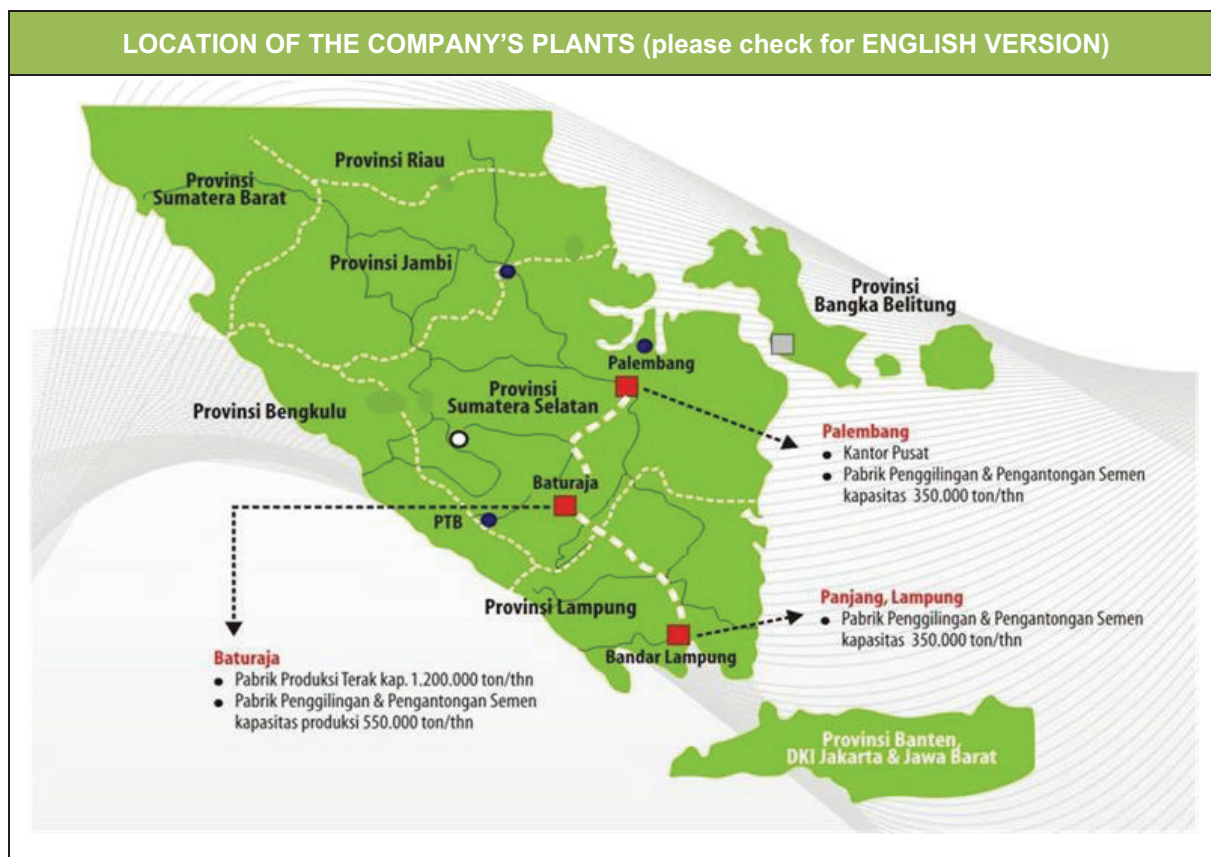
In addition, the Company's development is also performed in order to support the direction of the national development as launched by the Indonesian Government to implement pro-growth principles in the hope of solving the basic issues faced by Indonesia such as unemployment, poverty, and environmental issues so that the development being carried out is be pro-employment, pro-poverty and pro-environment.

E. CEMENT PRODUCTION ACTIVITIES

The Company's Plants

The Company built its first factory plants in Baturaja, Palembang and Panjang. Physical constructions of these plants were accomplished by the end of 1980. On 29 April 1981, the company's factory plants were officially operated and afterwards the plants declared as commercially operated as of 1 June, 1981. In 1992 until March 1994 the First Optimization Project (OPT I) that was the rehabilitation project for achieving of the installed capacity of 500,000 tons clinkers per year and its output exceeded the initial plan, achieving an installed capacity of 550,000 tons clinkers per year.

As of the issuance of this Prospectus, the Company owns 3 factory plants with the installed production capacity at 1,250,000 tons of cement per year, with the following locations:



Source : The Company

1. Palembang Plant

Location of Palembang cement plant is next to head office of the Company and was established on a parcel of land covering 4.6 hectares. The Palembang plant is a cement grinding and packing plant with an installed production capacity of 350,000 tons of cement per year. The plant uses ball mill finish grinding in closed circuit with air separator system in its cement production. It has the following structures and infrastructures:

- Train loading and discharging facilities;
- Jetty that accommodates barges for loading and discharging of cement and raw material;
- Cement grinding;
- Rotary packer;
- Cement and clinker silo.



2. Baturaja Plant

Baturaja Plant is a clinker production plant with a capacity of 1,200,000 tons per year and a cement grinding and cement packing unit with a capacity of 550,000 tons of cement per year. The plant uses dry process kiln systems with pre-calciner system in producing clinker and ball mill finish grinding in closed circuit with air separator system in producing its cement. It has the following structures and infrastructures:

- Train loading and discharging facilities;
- Diesel Power Plant (PLTD) with a capacity of 1,400 KVA;
- Laboratory which is completed with X-Ray Analyzer and computer (QCX – System) for quality control;
- Kiln;
- Clay crusher and storage;
- Limestone crusher and storage;
- Coal grinding and storage;
- Raw mill and storage;
- Raw mill / preheater;
- Grate cooler;
- Cement grinding;
- Rotary packer;
- Cement and clinker silo.

All production systems in this plant are computerized and controlled from a Central Control Room.

3. Panjang Plant

Panjang Plant is located in the Lampung province. This plant is a cement grinding and packing plant with the installed production capacity of 350,000 tons of cement per year, as well as packing plant with a capacity of 25,000,000 bags per year. This plant uses ball mill finish grinding in closed circuit with air separator system in producing its cement. This factory plant has the following structures and infrastructures:

- Train loading and discharging facilities;
- Diesel Power Plant (PLTD) with capacity 4 x 1,600 KVA;
- Cement grinding;
- Rotary packer;
- Cement and clinker silo.

Cement Production Process

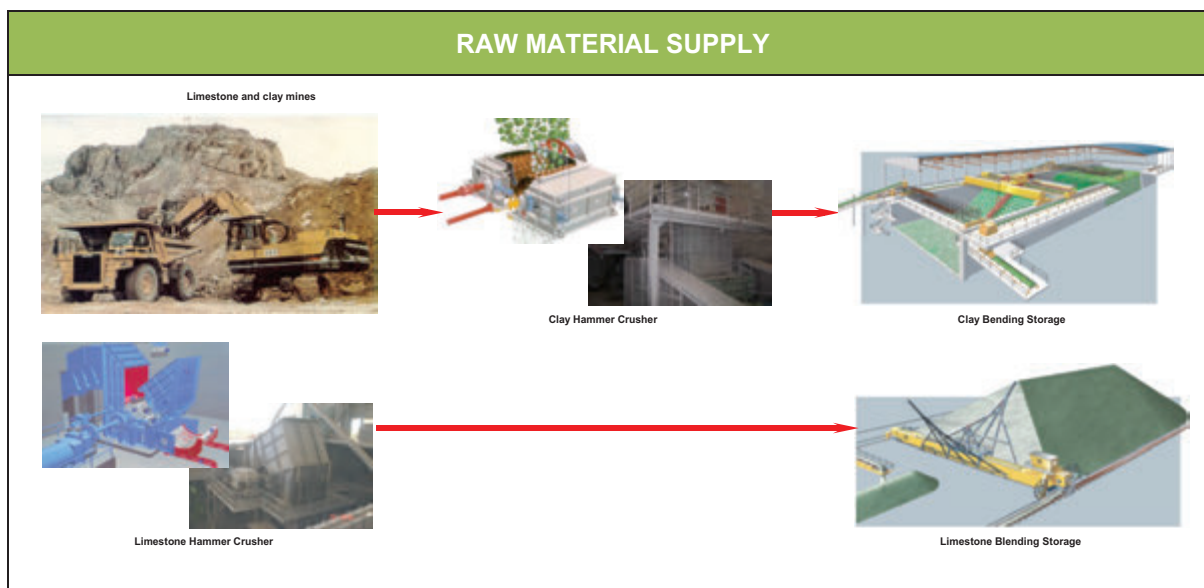
The Company uses dry process in producing its cement. The stages of cement production used by the Company are as follows:

1. Raw Material Supply
2. Raw Meal Preparation
3. Coal Mill Preparation
4. Clinker Burning
5. Cement Grinding
6. Cement Packing

1. Raw Material Supply

In this stage, the Company mines the limestone and clay as the main raw materials of cement. The limestone and clay mining system are carried out at the open-pit mining system by making a benching system. The mechanism of mining is started with land clearing and stripping of overburden. Furthermore, an explosion process is conducted at the cleared limestone mining area and the digging process will be carried out on the clay mine.

The mined limestone and clay will be crushed by using crushing process with maximum of 80 mm size by using the hammer crusher. Small size limestone and clay will be stored in separate storage piles which are called as the limestone blending storage and clay blending storage.



Source : The Company

As of today, The Company possesses limestone and clay mines located in Baturaja. Details of limestone and clay production volumes are as follows:

Information	For Years Ended on 31 December				
	2012	2011	2010	2009	2008
Limestone (tons)	1,827,445	1,720,801	1,725,417	1,518,707	1,382,346
Clay (tons)	396,730	255,648	356,554	293,318	292,177

2. Raw Meal Preparation

The process is started from the preparation of raw mill feeding where the raw materials such as limestone, iron sand and silica sand are prepared in a bin, together with clay that is directly routed from its storage to the raw mill. Furthermore, the raw materials that have been mixed with a certain composition will be routed to the raw mill to be dried and grinded. The output of this process called as a raw meal, which will then be stored in the raw mill silo.

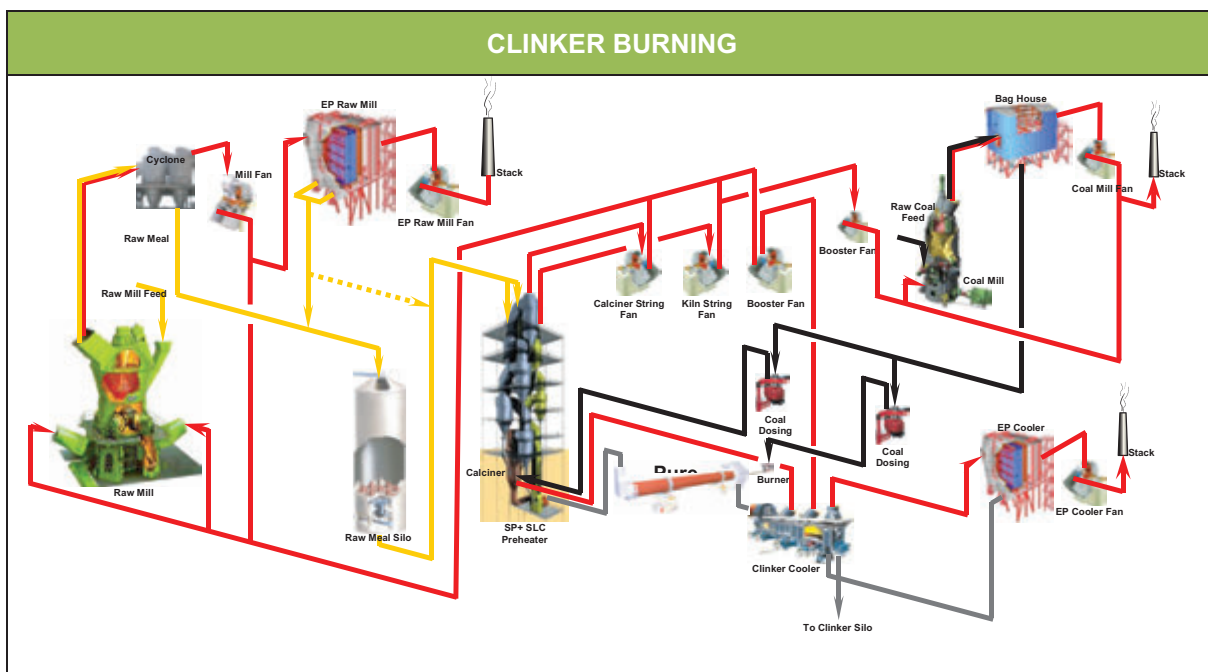
3. Coal Mill Preparation

Raw coal placed in the storage pile will be extracted and placed into the raw coal bin, which will afterward be transferred to the coal mill to be dried and grinded. The output of this process is called as fine coal which will then be further stored in fine coal silo and is ready to be used as fuel for the kiln as well as for the calciner. Hot gas used in the drying process at the raw mill and the coal mill is the hot gas resulting from residual burning (kiln waste gas).

4. Clinker Burning

This process consists of 3 parts:

- Pre-heating process
Initial heating process is the water evaporation process and the calcination process in the raw mill, with temperatures at the pre-heater being at 600° – 800° Celsius.
- Clinkering process
Clinkering process is a raw meal burning process has been heated to compose the main component of cement. The limestone component that has been through the calcination process into CaO reacts with the other components such as SiO₂, Fe₂O₃, Al₂O₃ in a temperature range 1.000° – 1.450° Celsius with mineral compound C₃A, C₂S, C₃S, C₄AF that at the end will produce clinkers.
- Cooling process
Hot clinkers will then enter the grate cooler, so that the clinkers will immediate cool to then be transported into the clinker silo. Most of clinkers are taken out from clinker silo to the plants in Palembang and Panjang by using trains and trucks.



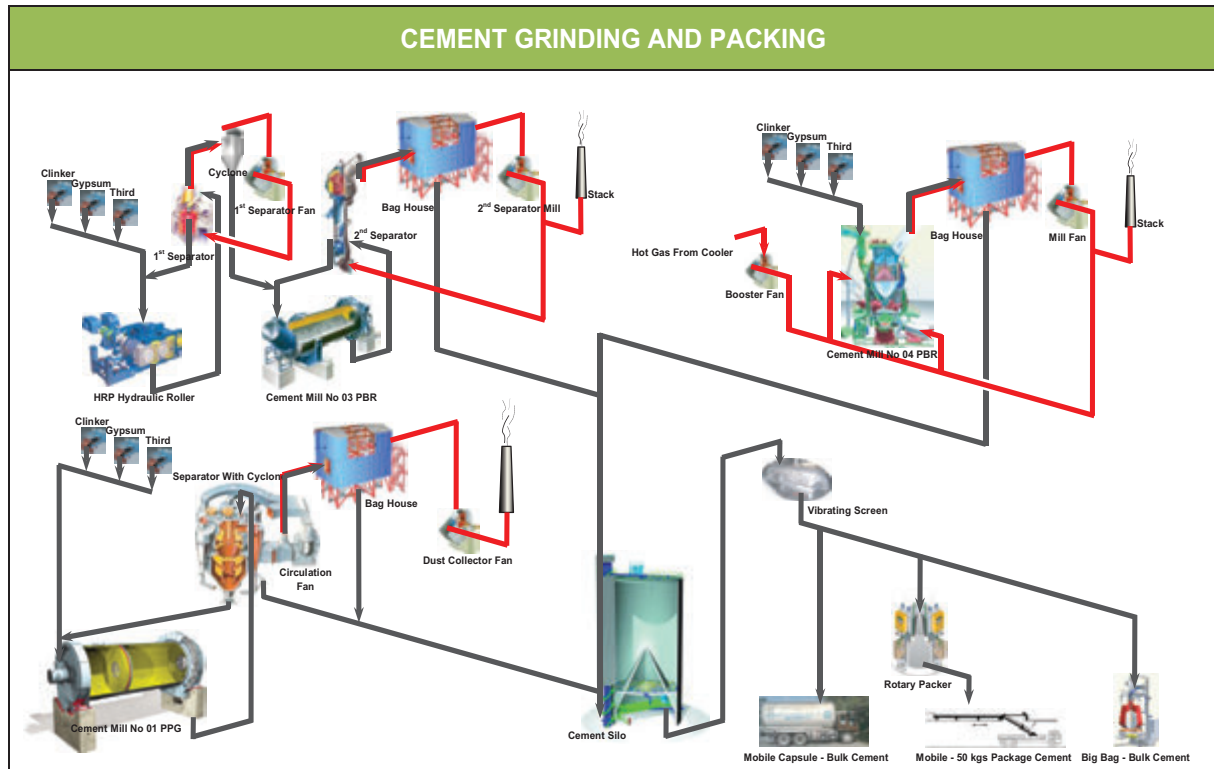
Source : The Company

5. Cement Grinding

This process is commenced from the preparation of cement mill feeding, such as clinkers, gypsum which is being used to obtain SO₃ to control the speed of concrete hardening, and other materials, each of which is contained in a bin. These materials will be mixed in with a certain ratio in accordance with Indonesian National Standard (ISN) standards regarding cement quality, to then be channeled to the cement mill to be dried and crushed. The output of this process is cement, which would then be stored in cement silos.

6. Cement Packing

Cement will then be extracted from the cement silo, then taken to Cement Packing Plant, and packed in 50 kg bags and or 1 tons (big bag). The cement can also be sold directly in bulks through the Mobile Capsule which is commonly used by the Project Management Unit.



Source : The Company

F. RAW MATERIALS

Coal fuel is used for combustion in the kiln and THE re-calciner with a composition of 40% and 60% respectively. The primary raw material in the production of clinkers are limestone and clay, while other raw materials such as iron sand, silica sand are required in relatively small amounts. Raw materials and auxiliary raw materials required for the production of the Company's cement are as follows:

MATERIAL	SOURCE
Limestone	The Company's mine of 103.4 hectares at the regency of Ogan Komering Ulu
Clay	The Company's mine of 115.7 hektar at the regency of Ogan Komering Ulu
Silika	Community Mine located in proximity to Baturaja
Iron Sand	Private mine in Lampung
Fly ash	Employee's Cooperative of PLN Tarahan
Gypsum	PT Petrokimia Gresik



G. MARKETING AND SALES

The Company markets its products bearing “Baturaja Portland Cement” brand. The Company produces two types of products which are “Type I Portland Cement” and “Portland Composite Cement” under the following specifications:

No.	Product Type	Picture
1.	Type I Portland Cement (OPC-I) This product has been produced by the Company since 1981 and has complied with the Indonesian National Standard (SNI) number: SNI 15-2049-2004.	
2.	Portland Composite Cement (PCC) This product has been produced by the Company since 2010 and has complied with the Indonesian National Standard (SNI) number: SNI 15-7064-2004.	

The following scheme is the raw materials composition scheme of the Company’s products

PRODUCT COMPOSITION SCHEME		
Cement Composition is: Clinker Gypsum Third additional material Hydraulic components Pozzolan components Inert (Filler) components		
	Mixtures	Type I Portland Cement (OPC-I), Portland Composite Cement (PCC),
and Production by Cement Grinding or Mixed in OPC-I Product		

Source : The Company

The implementation of the distribution pattern carried out by the Company is by engaging distributors to reach the target market by using small and medium tonnage land transportation according to the market’s geographical condition. In addition, the Company has also entered into cement distribution agreements with some large scale projects. To have a competitive price offering in large scale projects, the Company usually applies reduction to profit margin taken by distributor.

In 2011, there was a disruption in the distribution of the Company, caused by a bridge collapsing in Way Kanan Regency, Lampung, resulting in a pause in distribution from Baturaja plant to Panjang plant. The Company had to use an alternate route that was three times longer than the original route.

In performing sales of its products, the Company has made an effort of optimizing the sales in cash. For the cement distributors that perform the procurement of cement by way of credit, the Company’s Management requires a Bank Guarantee from the distributors. The Company’s distribution network consists of 41 distributors which are spread over several provinces, such as South Sumatera, Lampung, Jambi, Bengkulu, Bangka Belitung, Riau, Riau Islands, Banten and their surrounding areas using several modes of transportations such as trains, trucks and vessels.

The promotional activities conducted by the Company include the placement of commercials in several radio stations, including RRI (*Radio Republik Indonesia*) South Sumatra and Lampung, commercials in TVRI (*Televisi Republik Indonesia*) South Sumatra and commercial TV stations in Bandar Lampung, as well as through billboards and sponsorships.

The Company's cement average selling price increases every year, being influenced by several factors, among others are raw material cost, direct labor cost, and other direct costs as well as overhead costs.

Following are the Company's average selling price per ton for cement:

Information	For the Years Ended on 31 December				
	2012	2011	2010	2009	2008
Average selling price per ton (Rp)	889,578	837,653	776,665	784,013	747,615

The following table presents the Company's sales value per province:

Province	For the Years Ended on 31 December				
	2012	2011	2010	2009	2008
South Sumatra	640,878	611,971	520,237	534,527	512,996
Lampung	400,860	374,857	279,359	228,416	253,932
Bengkulu	43,066	44,043	45,594	19,943	15,538
Jambi	12,876	18,088	34,296	20,817	9,487
Banten	-	1,318	6,254	13,087	2,144
Others	-	-	-	-	255
Total	1,097,680	1,050,277	885,740	816,791	794,352

The following table presents the Company's average selling price per province:

Province	For the Years Ended on 31 December				
	2012	2011	2010	2009	2008
South Sumatra	894,731	843,499	794,040	795,099	756,944
Lampung	889,017	839,454	762,848	775,471	734,839
Bengkulu	852,151	777,440	720,501	716,750	723,520
Jambi	794,195	775,657	728,825	724,061	684,899
Banten	-	732,691	717,103	711,115	619,273
Others	-	-	-	-	573,155
Rata-rata	889,578	837,653	776,665	784,013	747,615

As of the date of the Prospectus, the Company produces 2 types of mass-produced cement, OPC & PCC. The main customers for PCC product consists of the retail customers while customers for OPC product consists of industries using cement as raw material as well as project-based customers.

The following table presents sales based on products:

Information	For the Years Ended on 31 December				
	2012	2011	2010	2009	2008
I. OPC-I					
Sales (Rp million)	216,559	399,939	639,936	816,785	794,352
Sales Volume (million tons)	250,460	1,253,833	1,140,441	1,041,808	1,062,516
II. PCC					
Sales (Rp million)	881,121	650,338	245,804	6	-
Sales Volume (million tons)	983,473	775,582	314,081	-	-

The Company is not dependent on a certain customer, and also has no dependency on the contracts from the Government.

H. BUSINESS COMPETITION

In general, the cement industry is a fast-growing industry due to growth in infrastructure constructions throughout Indonesia. From all cement supplies in Indonesia, the national utilization is at 86%, 78%, 77% in 2011, 2010, and 2009. In addition to domestic industries, cement supply in Indonesia is also imported from abroad, even though Indonesia also exports cement overseas.



The following table sets forth supply volume of cement in Indonesia:

(in million tons)

Cement Data	For the Years Ended on 31 December		
	2012	2011	2010
Domestic	54,97	47,90	40,80
Export	0,12	0,23	2,90
Import	0,65	1,01	1,50

Source : Indonesian Cement Association (2013)

Based on data from the Indonesia Cement Association on March 2013, the cement industry in Indonesia, for the years 2012, 2011 and 2010, had their respective production capacity amounted to 61.8 million tons, 55.8 million tons and 52.5 million tons.

The following are data for the installed capacity for the Company's nearest competitors as of 31 December, 2012 :

Company	Cement Capacity (million tons)
The Company	6,300
PT Semen Padang (SP)	11,300
PT Semen Indonesia (Persero), Tbk. (SI)	6,550
PT Semen Tonasa (ST)	8,700
PT Holcim Indonesia Tbk (HI)	18,600
PT Indocement Tungal Prakarsa Tbk. (ITP)	1,250
PT Lafarge Cement Indonesia (LCI)	1,600
PT Semen Kupang (Persero) (SK)	570
PT Semen Bosowa Maros (SBM)	3,000
TOTAL	57,870

The Company possesses competitive advantages against its competitors as it is currently concentrating in marketing its products in the Southern Sumatra area and is the main player in that area where the Company has controlled approximately 26% of market shares in the Southern Sumatra area. According to the Indonesian Cement Association, the requirement for cement in Sumatera for 2012 reached up to 12.0 million tons, where 4.8 million tons of such quantities were demands from the Southern Sumatra area.

The market share of the Company in the last five years up to 31 December, 2012 are as follows:

(in percentage)

Province	For the Years Ended on 31 December				
	2012	2011	2010	2009	2008
South Sumatera	48	51	54	58	61
Lampung	28	30	32	29	32
Bengkulu	7	10	12	6	5
Jambi	2	4	9	8	4

At this moment, the main competitor of the Company is PT Semen Padang, which is caused by, among others, the same scope of marketing area as the Company's; and limitations in the Company's production capacity to meet the demands for Southern Sumatra area. But, strong distribution network in the Southern Sumatra area has become competitive advantages for the Company because of difficulties in geographical conditions of the Southern Sumatra area which are passable by mass transportation modes has made the level of availability of competitors' products unpredictable. In 2012-2016, the demands on the cement in the Southern Sumatra is estimated to increase 8%, higher than growth of the national cement for 6%. With funds raised from the Public Offering, the Company expects that production capacity could be enhanced, so that Company will be able to maintain its market share.

I. PRODUCTION FACILITIES

The Company uses various production facilities in its factory plants. The description and specification of main equipment used in production facilities are as follows:

Machine	Brand	Capacity	Number of Machines Owned	Remarks
Crusher				
Limestone Crusher PBR	O&K	650 tph Limestone	1 Unit	Initial Development by IHI
Clay Crusher PBR	Bedeschi	400 tph Clay	1 Unit	Project OPT I
Raw mill				
Raw Mill PBR	Loesche	360 tph Raw Meal	1 Unit	Project OPT II
Kiln				
Kiln PBR	FL Smidth	4300 tpd Clinker	1 Unit	Project OPT II
Cement mill				
Cement Mill No 01 PPG	Kawasaki	50 tph Cement	1 Unit	Initial Development by Kawasaki
Cement Mill No 02 PPJ	Kawasaki	50 tph Cement	1 Unit	Initial Development by Kawasaki
Cement Mill No 03 PBR	FL Smidth	75 tph Cement	1 Unit	Project OPT II (Modified Raw Mill 1981)
Cement Mill No 04 PBR	Loesche	125 tph Cement	1 Unit	Project Cement Mill & Packer
Cement packing				
Rotary Packer 01, 02 PPG	Kawasaki	80 tph Cement	2 Unit	Initial Development by Kawasaki
Rotary Packer 01, 02 PPJ	Kawasaki	80 tph Cement	2 Unit	Initial Development by Kawasaki
Rotary Packer 01 PBR	Haver & Boecker	120 tph Cement	1 Unit	Project OPT II
Rotary Packer 02 PBR	Haver & Boecker	120 tph Cement	1 Unit	Project OPT II
Rotary Packer 03 PBR	Claudius Peters	120 tph Cement	1 Unit	Project Cement Mill & Packer
Coal mill				
Coal Mill PBR	FL Smidth	30 tph Fine Coal	1 Unit	Project OPT II

J. QUALITY CONTROL

The Company has made efforts to always maintain the quality of its products. In order to constantly maintain the quality standards, the Company's cement products are researched and monitored consistently and continuously in the Company's laboratory by using X-Ray Analyzer and Computer (QCX-System) as well as at the laboratories of Main Bureau for Research and Development of the Materials Engineering and Goods Industry in Bandung. The Company also has obtained various certifications from various certification institutions for its factory plants, cement, and also testing laboratory of the Company as follows:

Certification	Validity Period
Quality Certificate ISO 9001:2008 Reg.08 104 0085	25 April 2013
SNI Certificate 15-7064-2004 No. 28/BIPA/LSPPro/Sert/06/2010	17 June 2013
SNI Certificate 15-2049-2004 No. 74/BIPA/LSPPro/Sert/06/2011	30 June 2014
ISO Testing Laboratory ISO/IEC 17025:2005	3 June 2014

The Company's quality control certification will expire in 2013 and is currently in the renewal process.



The Company also has an Audit Committee and Internal Audit Department conducting examination and evaluation to the reliability and effectiveness of the Company's internal control system and also the quality of the Company's performance.

In accordance with the Company's quality control procedures, the Company tests sample products every hour. Should there be a discrepancy of quality with the in-process or the outgoing products, correctional or improvement steps are taken.

The Company has implemented several procedures to manage consumer complaints. Every time a consumer files a complaint, the Company conducts verification and field inspection to find out the cause of discrepancies. However, since the Company maintains strict quality control procedures, there have not been any returns of products caused by discrepancy in product quality.

K. RESEARCH AND DEVELOPMENT

The Company has established a Research and Development Department which main activities include research and development for new products, experiment on new technical processes to increase efficiency in production, research for materials substitution, energy conservation and preparation of feasibility studies for new projects.

The following are contributions that have been given by Research and Development Department to date:

- Improving quality of products in form of addition of mixed ingredients in cement and cement bags for cement requires multiple headings.
- Increasing the production efficiency in form of reduction of energy used in the production process.
- The Company has been able to diversify its raw materials to reduce its dependency on certain raw materials without reducing quality of the products.
- Research for material sources
- Research for alternative fuels

L. ENVIRONMENTAL IMPACT ASSESSMENT (AMDAL)

Pursuant to environmental laws, particularly, the Law No. 32 of Year 2009 regarding Environmental Protection and Management (hereinafter referred to as "Law No. 32/2009") and Governmental Regulation No. 27 Year 2012 regarding Environmental Permit, business and/or activities that must possess Environmental Impact Assessment (hereinafter referred to as "AMDAL" or "AMDAL") or UKL-UPL must possess the Environmental Permit.

In connection with the business activities performed by the Company, pursuant to regulations in environmental sector aforementioned as well as Regulation of the Minister of Environment No. 11 Year 2006 dated 2 October, 2006 regarding Type of Business And/or Activity Plan That Must be Completed with Environmental Impact Assessment ("**Regulation of the Minister of Environment No. 11/2006**"), the Company must furnish its business license with AMDAL. AMDAL documents consists of among others are Document on Environmental Impact Assessment (AMDAL), Document on Environmental Management Plan (RKL) Document on Environmental Monitoring Plan (RPL), Document on Environmental Management Effort (UPL) and Document on Environmental Monitoring Effort (UKL) concerning the impacts from its business activities, and must be jointly submitted for obtaining assessment by the AMDAL Assessment Commission. The Company has possessed the ISO Environmental Certificate 14001:2004 Reg.16 100 0831 valid until 25 April 2013.

The Company has possessed the following Environmental Permits:

No.	AMDAL Document, Dated/Year	Allocation	Made by	Validated/ Approved By	Number and Date of validation/Approval
1.	UPL and UKL Documents August 2012	Development activities for Cement Grinding and packaging Plants located at Jalan Abikusno, Village of Kemang Agung, sub-district of Kertapati, Palembang, South Sumatera Province.	The Company	Head of Regional Environmental Impact Controlling Board of Palembang, AMDAL Commission of Palembang	No. 056 Year 2012 dated 20 November 2012
2.	UPL and UKL Documents November 2011	Cement industrial activities located at Jalan Yos Sudarso, Village of Way Lunik, Sub-district of Teluk Betung Selatan, Bandar Lampung, Lampung Province	The Company	Head of Environmental Impact Controlling Board of the Municipal Government of Bandar Lampung	20 December 2011 Letter No. 660/596/III.20/2011 dated 20 December Regarding Recommendation for UKL-UPL Documents for cement industrial activities having its location at Jalan Yos sudarso, issued by the Head of Environmental Impact Controlling Board of Bandar Lampung.
3.	AMDAL Document December 2010	Activities of Increasing Cement Production Capacity of the Company having its location at Sub-district of Baturaja Barat, Sub-district of Baturaja Timur Regency of Ogan Komering Ulu South Sumatera Province.	The Company	Decree of the Regent of Ogan Komering Ulu regarding Decree on Environmental Feasibility for Activities of Increasing Cement Production Capacity for the Regency of Ogan Lomereng Ulu South Sumatera Province	No. 660/06/KPTS/XXXIII/2011 Dated 12 January 2011
4.	RPL Document December 2010	Activities of Increasing Cement Production Capacity of the Company having its location at Sub-district of Baturaja Barat, Sub-district of Baturaja Timur Regency of Ogan Komering Ulu South Sumatera Province.	The Company	Decree of the Regent of Ogan Komering Ulu regarding Decree on Environmental Feasibility for Activities of Increasing Cement Production Capacity for the Regency of Ogan Lomereng Ulu South Sumatera Province	No. 660/06/KPTS/XXXIII/2011 Dated 12 January 2011

No.	AMDAL Document, Dated/Year	Allocation	Made by	Validated/ Approved By	Number and Date of validation/Approval
5.	RKL Document December 2010	Activities of Increasing Cement Production Capacity of the Company having its location at Sub-district of Baturaja Barat, Sub-district of Baturaja Timur Regency of Ogan Komering Ulu South Sumatera Province.	The Company	Decree of the Regent of Ogan Komering Ulu regarding Decree on Environmental Feasibility for Activities of Increasing Cement Production Capacity for the Regency of Ogan Komering Ulu South Sumatera Province	No. 660/06/KPTS/XXXIII/2011 Dated 12 January 2011

RPL and RKL activities that have been conducted by the Company among others are:

1. Raw Mill, Kiln, and Grate Cooler Flue gas emission control and 24 hours continuous gas emission monitoring by using CEMS (Continuous Emission Monitoring System).
2. Manually monitoring dust catcher duct emission, ambient air quality and water quality every 6 (six) months, under cooperation with the Regional Environmental Bureau and Hiperkes (Baturaja, Palembang, Panjang, Bandar Lampung).
3. Conducting reforestation program by planting shade trees and plant maintenance at the plant site, the used mining and factory environments as a buffer zone (green barrier) adjacent to population centers in each plant site.

In addition to reducing the negative impacts resulting from limestone mining activities that use THE blasting system, the Company has employed eco-friendly Surface Miner (non-blasting) equipment for the area adjacent to the residential environments.

M. INSURANCE

The Company has concluded insurances on its assets which consist of buildings, motor vehicles, factories, warehouses, machinery and other inventories with PT Asuransi Jasa Indonesia (an affiliated party of the Company) and dan PT Lippo General Insurance Tbk, with the following details:

No.	Insurance Type No. and Policy Date	Insurance Period	Insured Object	Insured Value	Beneficiary	Premium
1.	Earthquake Insurance Policy from PT Asuransi Jasa Indonesia 306.223.200.13.00002 28 January 2013	31 January 2013 – 31 January 2014	Non-factory Building at Panjang Factory Plant	Rp8.337.690.000.00	The Company	Rp10,672,554.75
2.	Fire Insurance Policy from PT Asuransi Jasa Indonesia 306.201.200.13.00002 28 January 2013	31 January 2013 – 31 January 2014	Machinery at Palembang Plant, Baturaja Factory Plant and Panjang Factory Plant	Baturaja: Rp535,769,629,876.00 Palembang: Rp65,824,434,749.00 Panjang: Rp72,184,365,672.00	The Company	Rp249,340,019.21

No.	Insurance Type No. and Policy Date	Insurance Period	Insured Object	Insured Value	Beneficiary	Premium
3.	Vehicle Insurance Policy from PT Asuransi Jasa Indonesia 306.605.200.13.00014 28 January 2013	31 January 2013 – 31 January 2014	Two Wheel Vehicle	Baturaja: Rp261.991.745,00 Palembang: Rp79.300.000,00 Panjang: Rp7.200.000,00	The Company	Rp7.011.834,90
4.	Fire Insurance Policy from PT Asuransi Jasa Indonesia 306.201.200.13.00001 28 January 2013	31 January 2013 – 31 January 2014	factory Building at Palembang Plant, Baturaja Factory Plant and Panjang Factory Plant	Baturaja: Rp31.481.965.318,00 Palembang: Rp4.646.200.000,00 Panjang: Rp6.385.885.000,00	The Company	Rp15,772,198.62
5.	Vehicle Insurance Policy from PT Asuransi Jasa Indonesia 306.601.200.13.00031 28 January 2013	31 January 2013 – 31 January 2014	Four Wheel Vehicle	Baturaja: Rp1.174.700.000,00 Palembang: Rp494.400.000,00 Panjang: Rp77.000.000,00 Jakarta: Rp76.000.000,00	The Company	Rp36,484,000.00
6.	CPM Insurance Policy from PT Asuransi Jasa Indonesia 306.412.200.13.00002 28 January 2013	31 January 2013 – 31 January 2014	Heavy equip- ment and auxi- alary equipment at Palembang Plant, Baturaja and Panjang Factory Plant	Baturaja: Rp3.080.550.202,00 Palembang: Rp1,089,225.000.00 Panjang: Rp.194,197500.0	The Company	Rp27,863,701.50
7.	Fire Insurance Policy from PT Asuransi Jasa Indonesia 306.221.200.13.00024 28 January 2013	31 January 2013 – 31 January 2014	Non-Factory Building at Palembang, Ba- turaja, Panjang Factory Plants, and Jakarta Office	Baturaja: Rp21.771.982.399,00 Palembang: Rp14.290.945.031,00 Panjang: Rp8.870.252.500,00 Jakarta: Rp717.022.960,00	The Company	Rp9.943.789,56
8.	Indonesian Earthquake Insurance Policy from PT Asuransi Jasa Indonesia 306.203.200.13.00002 28 January 2013	31 January 2013 – 31 January 2014	Factory Machin- ery at Panjang Factory Plant	Rp72.184.365.672,00	The Company	Rp92.077.066,23
9.	Earthquake Insurance Policy from PT Asuransi Jasa Indonesia 306.203.200.13.00001 28 January 2013	31 January 2013 – 31 January 2014	Factory Building at Panjang Fac- tory Plant and Baturaja Factory Plant	Batu Raja Rp20.692.000.000,00 Panjang Rp686.500.000,00	The Company	Rp30.189.644,24



No.	Insurance Type No. and Policy Date	Insurance Period	Insured Object	Insured Value	Beneficiary	Premium
10.	Indonesian Fire Insurance Standard Policy from PT Lippo General Insurance Tbk 1701211300020 25 April 2013	30 April 2013 – 30 April 2014	Stock/ Inventories at Palembang Plant, Baturaja Factory Plant and Panjang Factory Plant	Rp109.193679.266	The Company	Rp43.677.471,71
11.	Contract Policy from PT Asuransi Jasa Indonesia 306.106.200.12.09001 2 January 2013	1 January 2013- 31 December 2013	Import Transportation Insurance	USD2.500.000	The Company	Premium Rate 0.19%
12.	Contract Policy from PT Asuransi Jasa Indonesia 306.105.200.12.09001 2 January 2013	1 January 2013- 31 December 2013	Inter-island / Land Transportation Insurance	Rp5,000,000,000	The Company	I.C.C"1.1.82 with premium rate 0.18% TLO "Port to Port" with premium rate 0.15%

All movable or immovable assets of the Company which are legally owned and/or controlled by the Company and are not in dispute or under any legal proceedings that may bring about negative impacts that will significantly disrupt the business activities of the Company. The assets which are owned and/or controlled by the Company have been covered with insurances against important risks and with adequate insurance values in several business locations of the Company.

The Company provides a standard health insurance to its employees, through several different insurance companies, and based on agreements with its contractors, each contractor will be responsible for welfare of their employees and required to conclude appropriate insurances for their employees.

The Management of the Company believes that the insurance coverage is adequate at this time to protect material assets of the Company.

The entire insurance policies are extendable in accordance with the applicable provisions. The Company is expected to perform extensions for the insurance policies that will expire.

N. GOOD CORPORATE GOVERNANCE

In achieving good corporate governance, the Company has issued Corporate Governance and Code of Conduct to all employees as stakeholders guiding the implementation of Good Corporate Governance. Other than that, the Good Corporate Governance Manager, under cooperation with Internal Audit Manager will monitor the implementation of corporate governance that is implemented at all levels of the Company.

Implementation of the Good Corporate Governance principles by the Company is intended to:

1. Maximize the value of the Company's goodwill by implementing principles of transparency, accountability, trustworthy, responsibility and fairness in enabling the Company to obtain a strong competitiveness, both nationally and internationally.
2. Encourage professionalism, transparency and efficiency in managing the Company, and to empower management functions and increase independence.
3. Encourage the Management to make decisions and perform actions based on high moral values and in compliance with laws and regulations, and to encourage awareness of the Company's social responsibilities towards stakeholders as well as preserving the surrounding environment of the Company.

O. CORPORATE SOCIAL RESPONSIBILITY

As a company in the cement industry in relation with natural resources, the Company shall implement the Corporate Social Responsibility program (CSR) as stipulated in Article 74 of the Company Law, the Corporate Social Responsibility program (CSR) activities which are conducted by the Company is carried out within the region of the primary market of the Company, which are also the operational areas of the Company, namely the provinces of South Sumatra and Lampung.

Under Corporate Social Responsibility program (CSR), the Company performs activities by adopting the existing activities at the Community Development Program pursuant to Regulation of the State Minister of Stated-Owned Enterprises No.PER-05/MBU/2007 such as Natural Disaster, Training and Education, Health Improvement, Facilities and Infrastructure, Facilities of Worship and Conservation of Nature.

In addition to implementation of the Corporate Social Responsibility program (CSR), in accordance with Regulation of the State Minister of Stated Owned Enterprises No. PER-05/MBU/2007 and as being reaffirmed under Circular Letter of the State Minister of Stated-Owned Enterprises No. SE-07/MBU/2008. The Company also conducts Partnership and Community Development Programs which the funding of it originates from an allocation of the Company's earnings. Partnership Programs are programs to increase the capability of small scale businesses to be strong and independent, while Community Development Programs are intended to empower the community. In the implementation of the Community Development Programs, the Company establishes cooperation with local government and other parties.

For the years ended on December 31, 2012, 2011 and 2010, the Company spent Rp3,237 million, Rp3,264 million and Rp2,119 million for Corporate Social Responsibility program (CSR) respectively. The Corporate Social Responsibility program (CSR) activities that have been conducted by the Company for those years are as follows:

1. Donation for Natural Disaster

The Company provided donation for the victims of natural disasters, among others, donations for flooding victims at Kertapati and fire victims at Panjang and donations for home renovations of landslide victims at Baturaja.

2. Training and Education

The Company also provided Training and Education programs, among others, in form of MTQ activities at Baturaja, the National Accounting Symposium at UNSRI Palembang, and Syafruddin University IGM Seminar in Palembang.

3. Health Improvement

In health improvement programs, the Company implemented programs such as, Groceries Fair market in Palembang, Ramadan Groceries Packages at Palembang Plant, Baturaja, and Muara Dua, as well as participating in the Educational Activities League of the President's Cup Championships besides other sports.

4. Facilities and Infrastructures

The company also assisted in building facilities and infrastructure within the operational areas of the Company, including establishment of Local Health Clinic at the Village of Air Gading at Baturaja, providing repair and renovation donations to YPI Madrasah Nurul Wathan in Palembang and provided for tents, chairs, water reservoirs at Baturaja.

5. Facilities of Worship

For the Facilities of Worship programs, the Company provides assistance in form of, among others, provision of Idul Adha sacrificial animals donations, construction and renovation of some mosques at Baturaja and Palembang, as well as donation for Hajj activities for the people residing around Baturaja.



6. Nature Conservation

In terms of nature conservation, the Company provides assistance for tree planting and reforestation in the area surrounding the Company's operations, as well as providing support for environmental impact assessment performed by YALHI.

P. AWARDS

The Company has received the following awards:

No	Issuer	Award	Year
1.	Infobank Magazine	"Excellent" Award for SOEs; non financial category	2011
2.	Infobank Magazine	"Excellent" Award for SOEs; non financial category	2010

Q. INTELLECTUAL PROPERTY RIGHTS

AT THE TIME of issuance, the Company possesses intellectual property rights as described in the following table:

1. BRANDS

No.	Brand Name	Class	Application Number	Registration Date	Period for Brand Protection	Brand Registration Number
1.	BATURAJA	20	IDM000052496	25 October 2003	25 October 2013	IDM000052496

X. INDONESIAN CEMENT INDUSTRY

A. OVERVIEW

Demand for cement in Indonesia has been growing rapidly, with a growth of 14.5% in 2012 (Indonesian Cement Association, March 2013). The increase in property and infrastructure projects have increased cement demand in Indonesia, supported by rapid and continuous growth in the two aforementioned sectors. For 2007-2012, the national cement demand has grown by around 10% (CAGR), faster than the growth of cement production capacities in the same period, which was only about 5%. Cement companies in Indonesia are currently operating at full capacity, thus potentially increasing imports, although imports costs of cement are more expensive than production costs. Therefore, a number of Indonesian cement companies are building or planning to build new cement production plants both in Indonesia and overseas, such as in Myanmar.

Cement consumption per capita in Indonesia is still considered low and is in the growth stage. Cement consumption per capita in Indonesia is only about 0.2 tons/ capita, much lower than China (1.6 tons / capita) and still under Malaysia (0.6 tons / capita). Although the current demand has been growing faster than production capacities, low consumption of cement per capita indicates that the growth of cement demand will remain high in the future. The catalysts in this growth, among others, are the increase in property and infrastructure projects, due to the relatively low interest rates, and the increase in Indonesia's GDP.

As its economy continues to grow, Indonesia currently plans a number of potential infrastructure projects, both from Government and private projects. In 2013, the Indonesian Government estimates that the expenditure for infrastructure will reach Rp196.9 trillion (approximately US\$20 billion), or about 2% of Indonesia's GDP. The World Bank is of opinion that the ratio of infrastructure expenditure to GDP of Indonesia should be 5%, which was the expenditure ratio before the Asian crisis in 1998. Assuming the ratio of expenditure is 5%, there is a potential infrastructure expenditure in the amount of US\$353 billion within the next 5 years. From the perspective of MP3EI, 41% of the total MP3EI program or approximately Rp1,653 trillion will be allocated to the infrastructure sectors. A numbers of upcoming projects, including construction and renovation of airports and toll roads, will continually increase the cement consumption. Particular projects for the Sumatra area infrastructure projects such as Trans-Sumatra Highway and Sunda Strait Bridge.

At this moment, cement markets in the Southern Sumatera are served primarily by the Company, PT Semen Padang ("**Semen Padang**"), PT Holcim Indonesia Tbk ("**SMCB**"), PT Indocement Tunggal Perkasa Tbk ("**INTP**"), and PT Semen Bosowa Maros.

Supply in the region is mainly derived from the Semen Padang plant, the Company's plants in Palembang, Baturaja, and Panjang, and the INTP Factory in Java. However, due to higher costs of transportation for supplying INTP cement and SMCB cement in Java, the main suppliers with similar low cost in the Southern Sumatera areas are the Company and Semen Padang. The Company's market share in the South Sumatra and Lampung provinces is 48.2% and 27.6% respectively; the Company is the major supplier within the area. In terms of demands, both in South Sumatra and Lampung have shown good growth for some years, and this growth is estimated to continually increase. In average, the Southern Sumatera area has indicated growth in cement sales at 10.18% of CAGR 2008-2012. Demand in this area comes from infrastructure projects, property projects from a number of developers and also from individuals in the area.

With the high demand growth, there is potential in increasing the cement selling prices to improve profitability. However, the increase in cement prices can also lead to increasing interest of new investors in the Indonesian cement industry, which could increase competition in the industry. Therefore, a certain level of awareness is needed to keep the market entry barrier in the cement industry high. The average selling price of cement in Indonesia is also influenced by the energy costs, including coal prices and electricity prices, since energy costs are the largest component of the cost of goods sold.

B. OUTLOOK

Cement volume in 2013. In 2013, it is estimated that growth in cement consumption will increase by 10%, supported by growth in the property sector and development in the infrastructure sector which is rapidly increasing. The growth in 2013 is estimated to be higher than the industry average growth over the last 10 years at 7.3% CAGR. Increasing GDP / capita and a stable mortgage rate is expected to support development of the property sector and Government regulations related to the release of land is expected to support development of the infrastructure sectors. However, growth in demand will still be affected by production capacity, infrastructure and distribution facilities. Lower-capacity manufacturers will experience lower margins. There will be an increase in cement imports in 2013, especially with demand continuing to increase. Imports mainly will be carried out by existing Indonesian cement producers, both for clinkers and cement.

Higher costs. By importing materials, cement companies in Indonesia can meet the increasing demand by increasing sales and production volume (in terms of clinker imports). However, the use of third party transactions attracts higher shipping charges and additional costs in terms of freight infrastructure, cement costs of production. Imports will require more prudent treatment, because failure in its implementation could make the company incur substantial financial losses.

Increase in Average Cement Selling Price. For 2013, the average selling price for cement is expected to increase approximately 4% - 5%, mainly due to an increase in electricity rates (around 10% -15% from cost of goods sold) of approximately 15% in 2013.

Construction of new plants by manufacturers will improve their competitive position in facing competition in a dynamic market. A number of cement manufacturers in Indonesia have revealed their plans to invest in the construction of cement factories. Therefore, it is expected that production capacities will significantly increase to meet future cement demands which will continually increase.

C. INDICATORS

The following data is summarized from the Indonesia Cement Statistics - 2012, published by the Indonesian Cement Association in April 2013.

In 2012, the cement consumption in Indonesia amounted to 54,969,478 tons, or about 218 kg per capita. The cement consumption was supported by cement production of 53,253,896 tons, as described in the following table.

Description		
Capacity	Clinker:	47,480,000 ton/year
	Cement:	57,870,000 ton/year
Production	Clinker:	42,006,152 ton
	Cement:	53,253,896 ton
Supply		
Domestic	Cement:	54,315,730 ton
Export	Clinker:	75,133 ton
	Cement:	115,261 ton
Import	Clinker:	718,723 ton
	Cement:	653,748 ton
Cement consumption		54,969,478 ton
Cement consumption per capita		218 kg

Source : "Indonesia Cement Statistics – 2012" (Indonesia Cement Association, April 2013)

The following table indicates growth in the Indonesia cement industry for the period of 2008 to 2012:

	2008	2009	2010	2011	2012
Clinker capacity (thousand ton)	40,730	40,941	43,257	43,257	47,480
Cement capacity (thousand ton)	44,890	43,257	53,010	56,820	57,870
Clinker production (thousand ton)	37,630	35,639	34,515	37,539	42,006
Clinker utilization (%)	92	87	80	87	88
Cement production (thousand ton)	38,533	36,884	37,844	45,238	53,254
Cement utilization (%)	86	82	71	80	92
Domestic sales (thousand ton)	36,539	37,667	39,180	46,990	54,316
Clinker exports (thousand ton)	3,301	2,797	2,141	959	75
Cement exports (thousand ton)	1,641	1,219	763	228	115
Total sales (thousand ton)	41,181	41,683	42,085	48,177	54,506
Cement imports (thousand ton)	1,532	1,383	1,597	1,009	654
Domestic consumption (thousand ton)	38,072	39,050	40,778	47,999	54,969
Consumption per capita (thousand ton)	152	169	172	200	218

Source : "Indonesia Cement Statistics – 2012" (Indonesia Cement Association, April 2013)

There are a number of companies operating in the production of cement in Indonesia. The following are the nine biggest cement companies in Indonesia, along with the location of its factories.



Source : "Indonesia Cement Statistics – 2012" (Indonesia Cement Association, April 2013)



In terms of cement production capacity, as of 31 December 2012, PT Indocement Tunggal Prakarsa Tbk., remains the largest cement manufacturer in Indonesia with an estimated capacity of 18,600 thousand tons of cement per year in 2012, followed by PT Semen Indonesia (Persero) Tbk. (formerly PT Semen Gresik (Persero) Tbk) and PT Holcim Indonesia Tbk, as set forth in the following table.

Company	Year of Operation	Clinker Capacity (Million Ton)	Cement Capacity (Million Ton)
SEMEN INDONESIA GROUP			
PT Semen Padang (SP)	1910	5,610	6,300
PT Semen Indonesia (Persero), Tbk. (SI)	1957	9,100	11,300
PT Semen Tonasa (ST)	1968	6,270	6,550
PT Holcim Indonesia Tbk (HI)	1975	6,400	8,700
PT Indocement Tunggal Prakarsa Tbk. (ITP)	1975	15,600	18,600
PT Semen Baturaja (Persero)	1981	1,200	1,250
PT Lafarge Cement Indonesia (LCI)	1982	1,200	1,600
PT Semen Kupang (Persero) (SK)	1984	300	570
PT Semen Bosowa Maros (SBM)	1999	1,800	3,000
TOTAL		47,480	57,870

Source : "Indonesia Cement Statistics – 2012" (Indonesian Cement Association, April 2013)

In terms of cement production, as of 31 December 2012, PT Indocement Tunggal Prakarsa Tbk. was also the largest cement manufacturer in Indonesia with an estimated production of 17,688 million tones cement per year in 2012, followed by PT Semen Indonesia (Persero) Tbk. (formerly PT Semen Gresik (Persero) Tbk) and PT Holcim Indonesia Tbk, as set forth in the table below.

Company	Cement			Clinker		
	Capacity (thousand ton)	Production (thousand ton)	Utilization (%)	Capacity (thousand ton)	Production (thousand ton)	Utilization (%)
PT Lafarge Cement Indonesia	1,600,000	1,331,925	83.25	1,200,000	928,994	77.42
PT Semen Padang	6,300,000	6,479,228	102.84	5,610,000	5,195,925	92.62
The Company	1,250,000	1,234,164	98.73	1,200,000	1,068,509	89.04
PT Indocement Tunggal Prakarsa Tbk.	18,600,000	17,688,024	95.10	15,600,000	13,924,057	89.26
PT Holcim Indonesia, Tbk.	8,700,000	8,038,685	92.40	6,400,000	6,060,249	94.69
PT Semen Gresik (Persero) Tbk.	11,300,000	11,576,926	102.45	9,100,000	9,540,039	104.84
PT Semen Tonasa, Tbk.	6,550,000	4,747,204	72.48	6,270,000	3,631,521	57.92
PT Semen Bosowa Maros	3,000,000	2,157,730	71.92	1,800,000	1,656,859	92.05
PT Semen Kupang (Persero)	570,000	-	-	300,000	-	-
Total	57,870,000	53,253,886	92.02	47,480,000	42,006,153	88.47

Source : "Indonesia Cement Statistics – 2012" (Indonesian Cement Association, April 2013)

In terms of domestic cement sales, as of 31 December 2012, PT Indocement Tunggal Prakarsa Tbk., is also the largest cement producer in Indonesia with domestic cement sales amounted to 17,612 million tonnes per year in the year 2012, followed by PT Semen Indonesia (Persero) Tbk. (formerly PT Semen Gresik (Persero) Tbk) and PT Holcim Indonesia Tbk, as set forth in the following table.

In terms of growth of sales, the growth in domestic sales in 2012 was 14.5%, with the highest growth achieved by PT Semen Kupang at 407.3% and PT Semen Tonasa Tbk of 19.0%, as set forth in the following table.

Company	Domestic Sales (thousand ton)				
	2011	Market Share (%)	2012	Market Share (%)	Growth (%)
PT Lafarge Cement Indonesia	1,736,708	3.6	1,795,120	3.3	3.4
PT Semen Padang	5,820,858	12.1	6,567,423	11.9	12.8
PT Semen Baturaja	1,253,839	2.6	1,233,938	2.2	(1.6)
PT Indocement Tunggal Prakarsa, Tbk.	15,121,873	31.5	17,611,951	32.0	16.5
PT Holcim Indonesia, Tbk.	7,463,309	15.5	8,552,792	15.6	14.6
PT Semen Gresik, Tbk.	9,974,480	20.8	11,398,751	20.7	14.3
PT Semen Tonasa, Tbk.	3,789,655	7.9	4,511,270	8.2	19.0
PT Semen Bosowa Maros	2,790,730	5.8	3,052,469	5.6	9.4
PT Semen Kupang	48,442	0.1	239,082	0.4	407.3
Total	47,999,894	100.0	54,969,478	100.0	14.5

Source : "Indonesia Cement Statistics – 2012" (Indonesian Cement Association, April 2013)

In Indonesia, the highest market share for cement sales is in Java, with an estimated market share of 55.3% in 2012, as well as having the most rapid increase in sales. As for the second highest market share is in Sumatra, with 21.8% of the national market share, as stated in in the following table.

Area	Domestic Sales (thousand ton)					
	2010	Market Share (%)	2011	Market Share (%)	2012	Market Share (%)
Sumatra	9,690,932	23.8	11,027,719	23.0	12,008,596	21.8
Java	21,929,531	53.8	26,515,022	55.2	30,378,343	55.3
Kalimantan	2,872,025	7	3,360,842	7.0	4,077,814	7.4
Sulawesi	3,046,476	7.5	3,526,632	7.3	4,111,424	7.5
Bali & Nusa Tenggara	2,334,984	5.7	2,778,789	5.8	3,169,352	5.8
Maluku & Papua	913,916	2.2	790,889	1.6	1,223,949	2.2
Total	40,787,864	100.0	47,999,893	100.0	54,969,478	100.0

Source : "Indonesia Cement Statistics – 2012" (Indonesian Cement Association, April 2013)

In terms of sales growth for 2012, Maluku and Papua has the highest growth of 54.8%, higher than the national average of 14.5%. Growth in Sumatra was at 8.9%, whereas growth in South Sumatra was 5.6%, as stated in in the following table.

Province	2010	Growth	2011	Growth	2012	Growth
	(thousand ton)	(%)	(thousand ton)	(%)	(thousand ton)	(%)
Aceh	877,677	(8.4)	853,681	(2.7)	907,617	6.3
North Sumatra	2,549,883	10.0	2,716,904	6.6	2,926,509	7.7
West Sumatra	926,582	31.5	1,025,488	10.7	1,076,637	5.0
Riau	993,171	13.4	1,315,806	32.5	1,503,021	14.2
Riau Islands	685,947	(2.1)	719,593	4.9	819,445	13.9
Jambi	461,844	20.6	485,432	5.1	567,628	16.9
South Sumatra	1,212,396	4.6	1,422,005	17.3	1,501,949	5.6
Bangka Belitung	317,544	20.8	390,170	22.9	391,785	0.4
Bengkulu	524,832	7.0	595,081	13.4	678,103	14.0
Lampung	1,141,056	11.9	1,503,559	31.8	1,635,902	8.8

Province	2010	Growth	2011	Growth	2012	Growth
	(thousand ton)	(%)	(thousand ton)	(%)	(thousand ton)	(%)
SUMATRA	9,690,932	9.0	11,027,719	13.8	12,008,596	8.9
DKI Jakarta	3,705,650	5.0	4,630,161	24.9	5,093,518	10.0
Banten	2,005,185	9.1	2,779,158	38.6	3,186,377	14.7
West Java	5,737,211	4.7	7,060,905	23.1	8,145,885	15.4
Central Java	4,433,009	(7.0)	5,302,862	19.6	6,158,689	16.1
Yogyakarta	612,889	2.0	762,668	24.4	829,343	8.7
East Java	5,425,587	2.2	5,979,268	10.2	6,964,532	16.5
JAVA	21,919,531	0.7	26,515,022	21.0	30,378,343	14.6
West Kalimantan	637,899	15.2	846,013	32.6	994,011	17.5
South Kalimantan	712,810	13.0	838,446	17.6	1,035,841	23.5
Central Kalimantan	453,003	38.7	505,558	11.6	578,228	14.4
East Kalimantan	1,068,314	15.5	1,170,824	9.6	1,469,734	25.5
KALIMANTAN	2,872,026	17.9	3,360,841	17.0	4,077,814	21.3
West Sulawesi	67,930	80.7	345,019	407.9	140,880	65.0
Southeast Sulawesi	342,657	15.3	1,877,155	447.8	486,584	41.0
South Sulawesi	1,573,989	(5.7)	85,379	(94.6)	2,008,555	7.0
Central Sulawesi	419,174	5.8	482,214	15.0	563,270	16.8
North Sulawesi	493,374	4.5	573,783	16.3	698,396	21.7
Gorontalo	149,353	14.3	163,081	9.2	213,738	31.1
SULAWESI	3,046,477	1.5	3,526,631	15.8	4,111,423	16.6
Bali	1,142,237	3.3	1,372,367	20.1	1,596,389	16.3
West Nusa Tenggara	626,250	(3.2)	681,998	8.9	883,305	29.5
East Nusa Tenggara	566,497	33.6	724,424	27.9	689,658	(4.8)
NUSA TENGGARA	2,334,984	7.3	2,778,789	19.0	3,169,352	14.1
Maluku	242,310	(26.5)	245,972	1.5	325,818	32.5
North Maluku	132,316	213.3	146,932	11.1	197,336	34.30
West Papua	27,892	142.1	37,214	33.4	66,202	77.90
Papua	511,398	22.1	360,772	(29.5)	634,594	75.9
MALUKU & PAPUA	913,916	13.9	790,890	(13.5)	1,223,949	54.8
TOTAL	40,777,866	4.4	41,602,334	17.7	54,969,477	14.5

Source : "Indonesia Cement Statistics – 2012" (Indonesian Cement Association, April 2013)

Cement export from Indonesia has been decreasing since 2008, with a quite significant decrease in Asian and African markets, as indicated in the following table:

REGION	COUNTRY	CEMENT AND CLINKER EXPORT (thousand ton)				
		2008	2009	2010	2011	2012
Asia		3,132.9	2,914.1	2,019.9	907.3	132.6
Africa		1,388.4	797.7	501.0	35.2	-
Others	Australia	332.1	222.5	322.0	218.3	29.1
	Austria	-	56.0	-	-	-
	Macedonia	20.0	-	-	-	-
	New Zealand	1.1	2.8	39.3	7.3	2.6
	Russia	0.1	-	-	-	-
	Samoa	21.0	-	-	-	-
	Tahiti	45.5	21.9	22.5	24.2	24.7
	Tonga	1.4	-	-	-	-
	Sub total	421.2	303.2	383.8	249.8	56.4
TOTAL		4,942.5	4,015.0	2,904.7	1,192.3	189.1

Source : "Indonesia Cement Statistics – 2012" (Indonesian Cement Association, April 2013)

XI. EQUITY

The tables below present the Shareholders' Equity of the Company as of 31 December 2012, 2011 and 2010 taken from the balance sheet of the Company as of 31 December 2012, 2011 and 2010.

The financial statements of the Company for the years ended 31 December 2012 and 2011 and entirely contained in this Prospectus which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012 with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2011 and with an explanatory paragraph regarding the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended 31 December 2010 and 2009 which have published previously relating to PSAK No. 24 (Revised 2004), PSAK No. 46 (Revised 2004) and the adjustment of the balance of transport payable for the year 2011.

The financial statements of the Company for the years ended 31 December 2010 and 2009, and for the years ended on the dates respectively have been audited by Public Accountant Firm Pieter, Uways & Rekan (Member of KS International) and Public Accountant Firm Drs. Victor TH Pandjaitan, Msi. & Rekan in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2010 and with an explanatory paragraph regarding the restatement of the financial statements of the Company with respect to the effects of significant changes to the Company's financial statements for the year ended 31 December 2009 on the adjustment of the balance of RDI loan to shareholders (Indonesian Government) for the year 2010 with unqualified opinion for the year 2009, which report is not presented in this Prospectus.

The Company's equity position as of 31 December 2012 is pursuant to Deed No. 21/2013, which states that the Company has increased its Authorized Capital and Issued and Fully Paid Capital, which has acquired the approval from the Minister of Laws and Human Rights of the Republic of Indonesia No. AHU-13747.AH.01.02 of 2013 dated 18 March 2013, and registered in the Company Register under No. AHU-0023614.AH.01.09 of 2013 dated 18 March 2013

Keterangan	As of 31 December		
	2012	2011	2010
Shareholders' Equity			
Share capital ^{*)}	640,000	60,414	60,414
Additional paid-in capital	-	1	1
Retained earnings			
Appropriated	15,626	403,967	229,585
Unappropriated	298,512	251,638	221,734
Total Shareholders' Equity	954,138	716,020	511,734

^{*)} Authorized as of December 31, 2012, 2,560,000 common shares; issued and fully paid capital 640,000 common shares with per value Rp1,000 per share. Authorized as of 31 December 2011, 2010, 2009 and 2008, 100,000 common shares; issued and fully paid capital 60,414 common shares with per value Rp1,000 per share.

If the Initial Public Offering of 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) Series B Ordinary Shares with a nominal value of Rp100 (one hundred Rupiah) per share and an Offering Price of Rp560 (five hundred and sixty Rupiah) per share had occurred on 31 December 2012, the proforma equity structure of the Company will be as follows:



PROFORMA EQUITY STRUCTURE ON 31 DECEMBER 2012

(in Rp millions)

Description	Share Capital	Additional paid-in Capital	Retained Earnings		Total Shareholders' Equity
			Appropriated	Unappropriated	
Equity balance from financial statements as of 31 December 2012	640,000	-	15,626	298,512	954,138
Changes in equity as of 31 December 2012 assuming on that date the following occurs :					
- Initial Public Offering of 2,337,678,500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) Series B Ordinary Shares with a nominal value of Rp100 per share and an Offer Price of Rp560 (five hundred and sixty Rupiah) per share, net of estimated offering costs borne by the Company	233,767	1,032,822	-	-	1,266,590
- Rp110,000,000,000.00 (one hundred and ten billion Rupiah) of capitalization with nominal value of Rp100.00 (one hundred Rupiah) of issued and fully-paid capital ¹⁾	-	110,000	-	(110,000)	-
Equity balance from financial statements as of 31 December 2012 following the Initial Public Offering	873,767	1,142,822	15,625	188,512	2,220,729

¹⁾ Pursuant to EGMS dated 14 March 2013 (Deed No. 21 of 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta)

There is no change in the capital structure of the Company that occurred after the balance sheet dated 31 December 2012.

XII. DIVIDEND POLICY

The Company plans to distribute dividends in the form of cash at least once every year. The amount of dividend is related to the Company's current profit for the year, also taking into consideration certain financial indicators and resolution of GMS in accordance with the Articles of Association of the Company and prevailing regulations.

The Company may announce a dividend in the current year if the Company recorded a positive retained earnings. Before the end of a financial year, interim dividend can be distributed as long it is allowed by the Articles of Association of the Company and the distribution does not cause the net asset of the Company to become less than the issued and fully paid capital and also taking into consideration the mandatory reserves of the Company as stated in the Limited Liability Company Law. Interim dividend is distributed by the Board of Directors after being authorised by the Board of Commissioners. In the event that the Company suffered from loss after the distribution of interim dividend at the end of the financial year, the interim dividend that has already been distributed must be refunded to the Company. The Boards of Commissioners and Directors shall be jointly and severally responsible for the refund process by the Shareholders.

In accordance to the Limited Liability Company Law, dividend distribution is done based on the approval of the Annual GMS or the Extraordinary GMS.

The table below shows the history of dividend distribution of the Company:

Fiscal Year	Net Profit (Rp Millions)	Dividend Distribution (Rp Millions)	Dividend Payout Ratio
2008	136.008	7.600	22
2009	178.838	61.204	45
2010	220.248	89.419	50
2011	251.638	44.050	20
2012	298.512	50.328	20

After the Initial Public Offering, the Company intends to distribute cash dividend of a minimum amount of 20% (twenty percent) of its net profit, starting in 2013 after deducting the Company's mandatory reserves as stated in the Limited Liability Company Law. The timing, amount and payment type of the dividend distribution will follow recommendation from the Board of Directors. However, there is no certainty that the Company is able to distribute dividend in the current or following years. The decision to distribute dividend will depend on several issues; subject to Management's approval, as follows:

- Company's net income and cash flows availability;
- Financial projection and working capital requirement;
- Business prospects of the Company;
- Capital expenditures and other investment plans;
- Investment plan and other growth catalysts; and
- Economic condition and general industry climate and other relevant factors to the Board of Directors as well as existing negative covenants which prohibit dividend distribution.

If a dividend distribution is authorised, dividend payment will be in Rupiah. Shareholders, who are registered as of the record date, is entitled to the full amount of paid dividend and subject to prevailing withholding tax applied in Indonesia. Dividend received by foreign shareholders would be subjected to withholding tax of 20% (based on the current applicable tax regulations).

Subsequent to the Initial Public Offering, new Shareholders have the same right in every way as the existing Shareholders, including a right for dividend. The Company does not have any negative covenants in any of its agreements that may prohibit dividend distribution and adversely affect the rights of the Company's public shareholders. The dividend policy of the Company is a statement of current intent; it is not legally binding and will depend on the discretion of the Board of Directors.



XIII. TAXATION

A. TAXATION FOR SHAREHOLDERS

Income tax on dividends is levied under the prevailing law and regulations. Under Article 4 paragraph 3 item f of the Law of the Republic of Indonesia No. 7 of 1983, as most currently amended by Law No. 36 of 2008 regarding Income Tax (entering into force on 1 January 2009), dividend or distribution of profit earned by limited liability companies as domestic taxpayers, co-operatives, State-Owned or Regional-Owned Enterprises, as result of their equity investment in any business entity established and domiciled in Indonesia, shall not be liable for income tax, if the following requirement are fulfilled:

- The dividend is derived from retained earnings; and
- In the case where the recipient of a dividend is a limited liability company or a State-Owned or Regional-Owned Enterprise, its ownership in the enterprise paying the dividend must not be less than 25% of the total fully paid capital.

Pursuant to the Regulation of the Ministry of Finance No. 234/PMK.03/2009 dated 29 December 2009 on Certain Investment Sectors Generating Income for Pension Funds Excluded as Taxable, the income received by a pension fund approved by the Ministry of Finance shall not be subject to Income Tax if such income was received or acquired from an investment in, among others, stocks being traded on the IDX, such as the distribution of dividends.

In accordance with the Government Regulation No. 14 of 1997 on Amendment of Government Regulation No. 41 of 1994 on Income Tax on Proceeds from Sale Transactions of Shares at the Stock Exchange, and Circular of the Directorate General of Tax No. SE-06/PJ.4/1997 dated 20 June 1997, regarding the Application of Income Tax on Proceeds from Share Sale Transactions at the Stock Exchange, the following provisions are stipulated:

1. On any income received or earned by any individual or entity from a sale transaction of shares listed in a Stock Exchange, a final income tax will be imposed at 0.1% of the gross value of the transactions. Payment of the related withholding tax is to be made as a deduction by the Stock Exchange through the stock brokers at the time of payment of the sale transaction of shares;
2. Founding shareholders shall be charged with an additional final income tax of 0.5% of the value of shares which it held in the Company at the time of the Initial Public Offering;
3. Founding shareholders are given an exemption of fulfillment of their tax obligations by their own calculations in accordance with the above provisions. In this case, the founding shareholders for tax purposes may make a final calculation using their own assumptions that proceeds have been generated. Payment of additional Income Tax is carried out by the Company in the name of the founding shareholders by no later than one month following the trade of the shares at the Stock Exchange. However, in the event that the shareholder declines to take advantage of such exemption, calculation of the Income Tax shall be based on the applicable income rate in accordance with Article 17 of Law No. 7 of 1983 as most currently amended by Law No. 36 of 2008 regarding Income Tax.

Pursuant to the Government Regulation No. 19 of 2009 on Income Tax Applicable to Dividend Received or Acquired by Domestic Individual Taxpayer, income in the form of dividend received or acquired by a domestic individual taxpayer is subject to a final Income Tax of 10% of the total gross value.

Dividend paid to a Domestic Taxpayer (including Permanent Corporate Entities) which do not meet the qualifications of stipulated under Article 4 paragraph 3 item f of Law No. 7 of 1983 as most currently amended by Law No. 36 of 2008 above, shall be subject to a deduction for Article 23 Income Tax at the rate of 15% of the gross value, as provided under Article 23 paragraph 1 and 1(a) of Law No. 7 of 1983, as most currently amended by Law No. 36 of 2008 regarding Income Tax. Furthermore, pursuant to Article 23 paragraph 1(a), if such taxpayer does not have a Taxpayer Registration Number, the rate will be 100% higher, or 30% of the gross income.

The magnitude of the rate imposed on the income in the form of dividends received or obtained by the private taxpayer in the country is based on the provisions of article 17 paragraph (2c) Law No. 36 of 2008 regarding Income Tax. A tariff imposed on income in the form of dividends to be distributed to taxpayers of a private person in the country is the highest rate, of as much as 10%, and shall be final. The stipulation concerning the amount of the tariff based on the provision of article 17 paragraph (2d) shall be regulated with the Government Regulation No. 19 of 2009 regarding Income Tax on Dividends Received or Obtained by Domestic Individual Taxpayers.

In accordance to the Regulations the Director General of Tax No. PER-64/PJ/2009 on the Procedures of for Approval of the Double Tax Avoidance, as amended by by-24/PJ/2010, dividends paid to foreign taxpayers will be subject to a 20% rate of cash being paid out (in terms of cash dividend) or 20% of the par value (in terms of share dividends) or a lower rate in terms of dividend payments made to those who are residents of a country that has signed a Double Taxation Avoidance Agreement (P3B) with Indonesia.

In order for such foreign taxpayer to benefit under the rate stipulated under the P3B, then pursuant to the provisions of the Regulation of the Directorate General of Tax No. PER-24/PJ/2010 dated 30 April 2010 on Amendment to the Regulation of the Directorate General of Tax No. PER-61/PJ/2009 on Procedure to Invoke Agreement on Avoidance of Double Taxation, such foreign taxpayer is required to file a Certificate of Domicile of Non Resident for Indonesia Tax Withholding, namely:

1. Form DGT-1 or;
2. Form DGT-2 for banks and foreign taxpayers receiving or acquiring income through a custodian with respect to income derived from a share or bond transfer traded or listed at an Indonesian stock exchange other than interest and dividend, and foreign taxpayers having the form of a pension fund foundation which was established by virtue of the laws of the state party and which is a taxpayer in such state party.
3. A Certificate of Residence (SKD) Form issued by the state party, in the event the competent authority of such state party declines to sign the Form DGT-1/DGT-2, with the following terms:
 - The SKD form is issued in English;
 - Published in or after January 1, 2010;
 - Original document or copy of the document that already been legalized by tax services office where one of the tax collector is listed as a taxpayer;
 - At least includes information about foreign name; and
 - Includes the signature of an authorized officer, his Deputy, or the official of the office of the tax authorities in the P3B partner countries, or its equivalent, under the prevailing custom in the state party.

In addition to the requirement of filing a Form-DGT1 or Form DGT-2 or SKD Form of the State Party, then in accordance with PER-25/PJ/2010 dated 30 April 2010 on Amendment to Regulation of the Directorate General of Tax No. PER-62/PJ/2009 on the Prevention of the Misuse of the Agreement on the Avoidance of Double Taxation, a foreign taxpayer must meet the beneficial owner requirement.

In accordance to the Regulation of the Directorate General of Tax No. PER-43/PJ/2011 on Determination of Domestic Taxpayer and Foreign Taxpayer, a foreign taxpayer is an individual who does not domicile in Indonesia, an individual who is domiciling in Indonesia for less than 183 (one hundred and eighty three) days within a period of 12 (twelve) months or and an entity that has not been previously established in Indonesia and is not domiciling in Indonesia and:

- a. that operates a business or an activity through a permanent entity in Indonesia; or
- b. that can receive or obtain revenue from Indonesia although not operating a business or activity through a permanent entity in Indonesia.



Meanwhile, a domestic taxpayer is:

- a. an individual who is
 - 1) domiciling in Indonesia; or
 - 2) domiciling in Indonesia for more than 183 (one hundred eighty three) days within a period of 12 (twelve) months; or
 - 3) within a Fiscal Year, is domiciling in Indonesia and has an intention to domicile in Indonesia.
- b. an entity that is established or domiciling in Indonesia; and
- c. entitlement to an inheritance which has not been divided.

An individual who is domiciling in Indonesia as mentioned above is an individual who:

- a. has a place of residence in Indonesia that is used by the individual as a place for:
 - 1) a permanent dwelling place, which is not temporary and not as a transit place,
 - 2) operating daily activities or ordinary course of life,
 - 3) a place of habitual abode, or
- b. has a place of domicile in Indonesia, that is, individual who was born in Indonesia that is still in Indonesia.

An individual who is domiciling in Indonesia as mentioned above, which later went to a foreign country is still defined as domiciling in Indonesia, if the individual's stay in the foreign country is temporary and such person remains domiciling in Indonesia for more than 183 (one hundred eighty three) days within a period of 12 (twelve) months.

An Indonesian Citizen who is in a foreign country is not defined as domiciling in Indonesia if such person permanently stays in such foreign country as proven by a valid legal identity card, such as:

- a. a Green Card,
- b. an Identity card,
- c. a Student card,
- d. an address in a foreign country on the individual's passport which is validated by the Representative of the Republic of Indonesia in that foreign country, or,
- e. a notification letter from the Embassy or Representative of the Republic of Indonesia in that foreign country, or
- f. written on the individual's passport by the Immigration Office in that foreign country.

An individual taxpayer is defined as person who has an intention to domicile in Indonesia if:

- a. The individual taxpayer shows his intention to domicile in Indonesia, as evidenced by documents such as:
 - 1) a Working Visa, or
 - 2) Limited Residence Permit Card (KITAS), more than 183 (one hundred eighty three) days or a contract/agreement for a duty, business, or activities which is conducted in Indonesia within a period of more than 183 (one hundred eighty three) days.
- b. The individual taxpayer conducts activities which show that he or she will be domiciling in Indonesia or prepare to domicile in Indonesia, such as renting a place, including residential rental in Indonesia, moving family members or obtaining places provided by other parties.

An individual who is a citizen of Indonesia who works abroad for more than 183 (one hundred eighty three) days within a period of 12 (twelve) months is considered as a foreign taxpayer. Such persons remains a domestic taxpayer if he or she does not have, or cannot show, a valid identification document showing his or her status as an official resident abroad.

An entity which is domiciling in Indonesia as mentioned above is a subject of taxation if such entity:

- a. Has a residence in Indonesia as mentioned in its articles of association,
- b. Has a head office in Indonesia,
- c. Has a head of administrative office and/or financial center in Indonesia,
- d. Has an office of controlling management in Indonesia,
- e. has its management conducting meeting in Indonesia for deciding strategic resolutions, or
- f. has its management domicile in Indonesia.

A foreign taxpayer may operate its activity or business through a permanent entity in Indonesia in event that it has a management office in Indonesia. A management office as mentioned above is a place for management, that is conducting the company's daily activities/operations and does not control the whole company or make strategic decision. In event that the management office as mentioned above controls the whole company or makes strategic decision, then such foreign taxpayer will be treated as a domestic taxpayer.

B. PEMENUHAN KEWAJIBAN PERPAJAKAN OLEH PERSEROAN

As Taxpayers, the Company has tax liability for income tax (PPh) and land and building tax (PBB). The Company has fulfilled its tax obligation in accordance with the law and taxation regulations.

The Company's tax liabilities for the fiscal year 2012 for the income tax Article 21, 23, 26, 4 (2), 29 and VAT have been fulfilled by the Company. The Company's tax liabilities for the fiscal year 2012, has been paid at the time of submission of SPT on 29 April 2013, thus the Company had no outstanding liabilities taxation for the fiscal year 2012.

The Company's transactions with related parties must abide by the requirements under article 18, paragraph 4 of Law No. 7 Year 1983 as amended by Law No. 36 Year 2008 regarding Income Tax and Regulations of the Directorate General of Taxes No. 43 Year 2010, as amended by the Regulations of the Directorate General of Taxes No. 32 Year 2011 regarding the Application of Ordinary Business in Transactions Between the Taxpayer and Their Affiliated Parties.

PROSPECTIVE BUYERS OF SHARES IN THE INITIAL PUBLIC OFFERING IS EXPECTED TO CONSULT WITH THEIR RESPECTIVE TAX CONSULTANTS ABOUT THE TAX CONSEQUENCES THAT MAY ARISE FROM THE PURCHASE, POSSESSION AND SALE OF SHARES PURCHASED THROUGH THIS INITIAL PUBLIC OFFERING.



XIV. UNDERWRITING

A. INFORMATION ON THE UNDERWRITERS

Under the terms and conditions of the Deed of Public Offering Underwriting Agreement of PT Semen Baturaja (Persero) Tbk No. 26 dated 9 April 2013, pursuant to the First Amendment of Deed No. 20 dated 6 May 2013 and the Second Amendment of Deed No. 52 dated 11 June 2013, all drawn up before Fathiah Helmi, SH, Notary in Jakarta ("**Underwriting Agreement**"), the Underwriters whose names are identified below shall jointly or severally agree to offer and sell the Company's Offered Shares to the public based upon their respective underwriting portion with full commitment and bind themselves to purchase the Offered Shares that remain unsold at the close of the Offering Period.

After the aforementioned agreement, there is no other agreement which was made by the Company and the Underwriters.

The Underwriters participating in the underwriting of the Company's shares have agreed to discharge their duties in conformity with Regulation IX.A.7 Decree of the Chairman of Bapepam and LK No. Kep-691/BL/2011 dated 30 December 2011 on Subscription and Allotment of Securities in Public Offering.

The composition, underwriting portion and percentage of the members of the syndicated Underwriters in the Company's Public Offering with full commitment are as follows:

Description	Underwriting Portion		
	Shares	Amount (Rp)	Percentage (%)
Joint Lead Underwriters:			
PT Bahana Securities	772,032,500	432,338,200,000	33.03
PT Danareksa Sekuritas	772,031,500	432,337,640,000	33.03
PT Mandiri Sekuritas	772,031,500	432,337,640,000	33.03
Underwriters:			
PT Amantara Securities	779,000	436,240,000	0.03
PT Buana Capital	779,000	436,240,000	0.03
PT Bumiputera Capital Indonesia	779,000	436,240,000	0.03
PT Danasakti Securities	779,000	436,240,000	0.03
PT Equity Securities Indonesia	779,000	436,240,000	0.03
PT Erdikha Elit Sekuritas	779,000	436,240,000	0.03
PT Evergreen Capital	779,000	436,240,000	0.03
PT HD Capital	779,000	436,240,000	0.03
PT Jasa Utama Capital	779,000	436,240,000	0.03
PT Kresna Securities	779,000	436,240,000	0.03
PT Lautandhana	779,000	436,240,000	0.03
PT Madani Securities	150,000	84,000,000	0.01
PT Magenta Kapital Indonesia	779,000	436,240,000	0.03
PT Mega Capital Indonesia	779,000	436,240,000	0.03
PT Minna Padi Investama	779,000	436,240,000	0.03
PT MNC Securities	779,000	436,240,000	0.03
PT NISP Securities	779,000	436,240,000	0.03
PT Nusantara Capital Securities	779,000	436,240,000	0.03
PT Onix Sekuritas	779,000	436,240,000	0.03
PT Panca Global Securities Tbk	779,000	436,240,000	0.03
PT Panin Sekuritas Tbk	779,000	436,240,000	0.03
PT Phillip Securities Indonesia	150,000	84,000,000	0.01
PT Recapital Securities	779,000	436,240,000	0.03
PT Reliance Securities Tbk	779,000	436,240,000	0.03
PT Trimegah Securities Tbk	779,000	436,240,000	0.03

Description	Underwriting Portion		
	Shares	Amount (Rp)	Percentage (%)
PT Victoria Securities Indonesia	779,000	436,240,000	0.03
PT Wanteg Securindo	779,000	436,240,000	0.03
PT Waterfront Securities Indonesia	779,000	436,240,000	0.03
PT Woori Korindo Securities Indonesia	250,000	140,000,000	0.01
PT Yulie Sekurindo Tbk	779,000	436,240,000	0.03
Total	2,337,678,500	1,309,099,960,000	100.00

The Joint Lead Underwriters and the Underwriters expressly represent that they do not have any affiliated relationship, whether directly or indirectly, with the Company as such term is defined in the Limited Liability Company Law, with the exception of PT Bahana Securities, PT Danareksa Sekuritas and PT Mandiri Sekuritas, which are affiliated with the Company through the ownership of the Government of Indonesia.

B. DETERMINATION OF THE OFFER PRICE IN THE PRIMARY MARKET

The Offer Price for the Offered Shares is determined based upon the mutual agreement and negotiations between the Company and its Shareholders and the Joint Lead Underwriters, with due consideration of the result of the initial offer (book building) which will be held from 29 May 2013 to 7 June 2013.

Based upon the result of the book building, the largest demand received by the Joint Lead Underwriters is between Rp500 (five hundred Rupiah) and Rp560 (five hundred and sixty Rupiah) per share. Taking into account the result of the bookbuilding as mentioned above, upon the mutual agreement of the Joint Lead Underwriters and the Company, an Offer Price of Rp560 (five hundred and sixty Rupiah) per share is determined. Such determination of price has also taken into account the following factors:

- The market condition at the time of the bookbuilding;
- Global investors demand (domestic and international);
- Qualified potential investors demand;
- Financial Performance of Company;
- Data and information on the Company, the Company's performance, brief history, business prospect and information on the cement, infrastructure and property industry in Indonesia;
- The Company's latest standing and development of Company;
- Factors as mentioned above in relation with market value determination and such valuation methods for companies which operate in the same industry with the Company;
- Valuation based on PER comparison ratio between such public companies that are listed in the regional stock exchanges which are considered to be comparables; and
- Shares Performance in the secondary market.

There is no guarantee or certainty that following the Initial Public Offering, the Company's share price will continually be above the Offer Price or that trading of the Company's stock will actively grow at the IDX where the shares are listed.



XV. CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS

The Capital Market Supporting Institutions and Professions participating in this Initial Public Offering are as follows:

1. Public Accountant : Kantor Akuntan Publik Doli, Bambang, Sulistiyanto, Dadang & Ali
Menara Kuningan Lt 11 BI X-7
Jalan HR Rasuna Said Kav 5, Karet Kuningan, Setiabudi, Jakarta 12940
Telephone: +6221-3001-5702
Facsimile: +6221-3001-5701

Partner : Doli Diapary Siregar

STTD No. : 132/STTD-AP/PM/93

STTD Date : 25 August 1993

Appointed by the Company under appointment letter No. HK.00.08/384 A/2012 dated 30 November 2012

The Public Accountant's principal duties and obligations in this Initial Public Offering are to conduct audit in accordance with the auditing standards determined by IAPI. The standards require the public accountant to plan and exercise the audit in order to obtain a reasonable belief that the financial statements are free from material omissions. In this case, the Public Accountant is fully responsible for the opinion issued for the audited financial statements.

The audit includes inspection based upon tests on evidences that support the figures and disclosures in financial statements. The audit should also cover assessment of accounting principles adopted and significant estimates by the management, as well as an evaluation of the overall financial statements.

Experience in the capital market transactions for the last 3 years include :

No.	Company	Year
1.	PT Bank Nagari (General Audit for Bonds)	2012
2.	PT Hotel Sahid Jaya International Tbk (General Audit)	2012
3.	PT Perusahaan Listrik Negara (Persero) (Allotment Audit for Bonds)	2012
4.	PT Pan Brothers Tbk (General Audit)	2012
5.	PT Pudjiadi Prestige Tbk (General Audit)	2012
6.	PT Agung Podomoro Tbk (Audit Penjatahan Obligasi)	2011
7.	PT Garda Tujuh Buana Tbk (General Audit)	2011
8.	PT Baramuli Sukses Sarana Tbk (Allotment Audit for Bonds)	2011
9.	PT Panca Global Securities Tbk (General Audit)	2011
10.	PT PP (Persero) Tbk (Allotment Audit for Bonds)	2011
11.	PT Bank DKI (General Audit for Bonds)	2010
12.	PT Perdana Gapura Prima Tbk (General Audit)	2010

2. Legal Consultant

: **Marsinih Martoatmodjo Iskandar Kusdihardjo**

Office 8, 15th Floor Suite H

SCBD Lot 28, Jalan Senopati Raya No. 8B, Jakarta 12190, Indonesia

Telephone: +6221-2933 2858; 2933 2859

Facsimile: +6221 2933 2857

Member of *Himpunan Konsultan Hukum Pasar Modal*, or Association of Capital Market Legal Consultant No. 200817 under the name of Helen Joni.

STTD No. 540/PM/STTD-KH/2004 dated 24 August 2004 under the name of Helen Joni.

Appointed by the Company under appointment letter No. 059/IPO. PTSB/2012 dated 11 June 2012.

The Legal Consultant's principal duties and obligations in this Initial Public Offering are to conduct research and examination of the facts about the company and other related information as presented by the Company in terms of law. The result of the audit and review have been set out in Legal Due Diligence Report which form the basis of the Legal Opinion rendered in an objective and independent manner, in line with the applicable Standard of Profession and Capital Market Regulations.

Experience in the capital market transactions for the last 3 years include :

No.	Company	Year
1.	PT Aneka Gas Industri – Bonds II Aneka Gas Industri Year 2012 and Sukuk Ijarah II Aneka Gas Industri Year 2012	2012
2.	Perusahaan Umum Pegadaian – Shelf Issuance Bonds I Perum Pegadaian Phase II Year 2012	2012
3.	PT Rukun Raharja, Tbk – Limited Public Offering of Shares II Year 2012	2012
4.	Perusahaan Umum Pegadaian – Bonds Berkelanjutan I Perum Pegadaian Phase I Year 2011	2011
5.	PT Bank Pembangunan Daerah Maluku – Bonds I Bank Maluku Year 2011	2011
6.	PT Bank Pembangunan Daerah Nusa Tenggara Timur – Bonds Bank NTT I Year 2011	2011
7.	PT Bank Pembangunan Daerah Riau Kepri – Bonds I Bank Riau Kepri Year 2011	2011
8.	PT Bank Pembangunan Daerah Sulawesi Utara – Bonds Bank Sulut IV Year 2010 and Subordinated Bonds Bank Sulut I Year 2010	2010
9.	PT Perusahaan Listrik Negara (Persero) – Bonds PLN XII Year 2010 and Sukuk Ijarah PLN V Year 2010	2010
10.	PT Perusahaan Listrik Negara (Persero) – Bonds PLN XI Year 2010 and Sukuk Ijarah PLN IV Year 2010	2010
11.	PT Sumalindo Lestari Jaya, Tbk – Limited Public Offering of Shares II Year 2010	2010



3. Notary

: **Fathiah Helmi, S.H.**

Graha Irama, Lantai 6 Suite C
Jalan H.R. Rasuna Said Blok X-1 Kav. 1-2, Jakarta 12950
Telephone: +6221 52907304/6
Facsimile: +6221 5261136

STTD: No. 277/PM/STTD-KH/2000.

Appointed by the Company under appointment letter No. 059/IPO. PTSB/2012 dated 11 June 2012

The Notary's principal duties and obligations in this Initial Public Offering are preparing and drafting notarial documents, such as amendment of Company's Articles of Association, Underwriting Agreement between the Company and the Joint Lead Underwriters and Underwriters, and Share Administrations Agreement between the Company and the Share Registrar.

Experience in the capital market transactions for the last 3 years include :

No.	Company	Year
1.	PT BPD Jabar Banten Tbk	2010
2.	PT Wintermar Offshore Marine Tbk	2010
3.	PT Borneo Lumbung Energi Tbk	2010
4.	PT Mitra Bahtera Segarasejati Tbk	2011
5.	PT Garuda Indonesia (Persero) Tbk	2011
6.	PT Tifa Finance Tbk	2011
7.	PT Erajaya Swasembada Tbk	2011
8.	PT Cardig Aero Service Tbk	2011
9.	PT Toba Bara Sejahtera Tbk	2012
10.	PT Global Teleshop Tbk	2012
11.	PT BPD Jatim Tbk	2012
12.	PT Trikonsel Oke Tbk	2012
13.	PT Erajaya Swasembada Tbk	2012
14.	PT Supra Boga Lestari Tbk	2012
15.	PT Kobexindo Tractors Tbk	2012
16.	PT Express Transindo Utama Tbk	2012
17.	PT Waskita Karya (Persero)	2012

4. Share Registrar

: **PT Datindo Entrycom**

Wisma Diners Club Amex
Jalan Jenderal Sudirman Kav.34-35, Jakarta 10220
Telephone: +6221 570 8870
Facsimile: +6221 570 9026

Member of Association: *Asosiasi Biro Administrasi Efek Indonesia (ABI)*

Izin usaha: Surat Keputusan Ketua Bapepam No.Kep-16/PM/1991 tentang Licensed to act as Share Registrar to PT Datindo Entrycom as of 19 April 1991

Appointed by the Company under appointment letter No. 059/IPO. PTSB/2012 dated 11 June 2012.

The Share Registrar's principal duties and obligations in this Initial Public Offering are being responsible in receiving Shares Subscription List and Shares Subscription Form supplemented by documents required in the share subscription and approved by Underwriters as a submitted subscription for share allotment, and administering the shares subscription based upon the applications available to them. Jointly with the Underwriters, they are entitled to reject subscriptions that do not conform with the subscription requirement subject to prevailing regulations. In the event of subscriptions exceeding the amount of Offered Shares, they shall exercise allotment based on the allotment formula set by the Allotment Manager, print allotment confirmations and prepare allotment reports. They shall also be responsible for issuing the Allotment Confirmation Forms in the name of the subscriber receiving the allotment and preparing the allotment report. They are also responsible to print a Collective Shares Script (if needed) and prepare a Public Offer Report in accordance with the prevailing regulations.

Experience in the capital market transactions for the last 3 years include :

No	Company	Year
1	PT Waskita Karya (Persero) Tbk	2012
2	PT Baramulti Suksessarana Tbk	2012
3	PT Pelayaran Nelly Dwi Putri Tbk	2012
4	PT Provident Agro Tbk	2012
5	PT Bank Pembangunan Daerah Jatim Tbk	2012
6	PT Tobabara Sejahtera Tbk	2012
7	PT Kobexindo Tractors Tbk	2012
8	PT Surya Esa Perkasa Tbk	2012
9	PT Cardig Aero Services Tbk	2011
10	PT ABM Investama Tbk	2011
11	PT Atlas Resources Tbk	2011
12	PT Jaya Agra Wattie Tbk	2011
13	PT Mitrabahtera Segara Sejati Tbk	2011
14	PT Garuda Indonesia (Persero) Tbk	2011
15	PT Wintermar Offshore Marine Tbk	2010
16	PT Agung Podomoro Land Tbk	2010
17	PT Tower Bersama Infrastructure Tbk	2010
18	PT Harum Energy Tbk	2010
19	PT Bank Jabar Banten Tbk	2010

5. Appraiser

: KJPP Antonius Setiady & Rekan

Jalan Yusuf Adiwinata No.41,
Menteng, Jakarta Pusat 10350
Telephone: +6221 3193-6600 / 3193-6611
Facsimile: +6221 315-5555 / 310-1959

Member of *Asosiasi Forum Kantor Jasa Penilai Publik (FKJPP)* : Forum KJPP No. 10060009, valid until 31 December 2013.

KJPP Business License : No. 2.09.0029, dated 13 April 2009.

No. STTD : 5-783/BL/2010 dated 28 January 2010

Appointed by the Company under appointment letter No. 059/IPO. PTSTB/2012 dated 11 June 2012.



The appraisal company principal duties and obligations in this Initial Public Offering include direct physical examination, research, analysis of data, to obtain market value of the fixed assets owned by the Company in accordance with the Indonesia Appraisal Standard (SPI) 2007 and the Appraisal Code of Ethics (KEPI).

Experience in the capital market transactions for the last 3 years include :

No.	Company	Year
1.	PT Sepatu Bata Tbk	2012
2.	PT Krakatau Steel (Persero) Tbk	2012
3.	PT Indokordsa Tbk	2012
4.	PT Bank Mutiara Tbk	2012
5.	PT Indofarma (Persero) Tbk	2012
6.	PT Taisho Pharmaceutical Indonesia Tbk	2011
7.	PT Bank Central Asia Tbk	2011
8.	PT Polychem Indonesia Tbk	2011
9.	PT Unilever Indonesia Tbk	2011
10.	PT Alam Sutera Realty Tbk	2011
11.	PT Indopoly Swakarsa Industry Tbk	2010
12.	PT Barito Pasific Tbk	2010

THE CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS IN THIS INITIAL PUBLIC OFFERING EXPRESSLY REPRESENT THAT THEY DO NOT HAVE ANY AFFILIATED RELATIONSHIPS, WHETHER DIRECTLY OR INDIRECTLY, WITH THE COMPANY AS DEFINED IN THE LIMITED LIABILITY COMPANY LAW.

XVI. LEGAL OPINION

The following is a reproduction of the legal opinion regarding all subject matters related to the Initial Public Offering through this Prospectus, as rendered by Law Firm Marsinih Martoatmodjo Iskandar Kusdihardjo.

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Ref. No.: 8216/MMIK/VI/2013

Jakarta, 11 June 2013

PT SEMEN BATURAJA (PERSERO), TBK
Jalan Abikusno Cokrosuyoso
Kertapati
Palembang 30258, Indonesia

As Underwriters in connection with Initial Public Offering of PT Semen Baturaja (Persero), Tbk:

PT BAHANA SECURITIES (Affiliated)
Graha Niaga, Lantai 19
Jalan Jend. Sudirman Kav. 58
Jakarta 12190, Indonesia

PT DANAREKSA SEKURITAS (Affiliated)
Gedung Danareksa
Jalan Medan Merdeka Selatan No.14
Jakarta 10110, Indonesia

PT MANDIRI SEKURITAS (Affiliated)
Plaza Mandiri, Lantai 28
Jalan Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia

Re: LEGAL OPINION OF PT SEMEN BATURAJA (PERSERO), TBK IN CONNECTION WITH
INITIAL PUBLIC OFFERING

Dear Msrs,

The undersigned Helen Joni Marsinih, S.H., Partner at Marsinih Martoatmodjo Iskandar Kusdihardjo Law Office, having its office at Office 8, 15th floor Suite H, Jalan Jend. Sudirman Kav. 52-53, and registered as (i) Legal Consultant, Capital Market Supporting Professional at the Financial Services Authority under registration No. 540/PM/STTD-KH/2004, (ii) Advocate Identity Card issued by Indonesian Lawyers Association under No.99.10636, and (iii) a member of Capital Market Legal Consultant Association under membership No. 200427, and has been appointed by PT Semen Baturaja (Persero), Tbk, a state-owned enterprise having its head office at di Jalan Abikusno Cokrosuyoso Kertapati, Palembang 30001 (hereinafter referred to as the "Company"), by virtue of the letter of the Company No. 059/IPO.PTSB/2012 dated 11 June 2012 regarding Announcement of Result of Selection of Institution/Supporting Professionals of Privatization of PT Semen Baturaja (Persero), to conduct legal due diligence (hereinafter referred to as "Legal Due Diligence") and to submit report of the Legal Due Diligence (hereinafter referred to as "Legal Due Diligence Report") and to render a legal opinion (hereinafter referred to as "Legal Opinion") as required by the prevailing laws and regulations in the the field of capital markets in connection with the Company's intention to do an initial public offering by issuing new shares from the Company's portfolio in the amount of 2.337.678.500 (two billion three hundred thirty seven million six hundred seventy eight thousand five hundred) B series shares having a nominal value of Rp100,00 (one hundred Rupiah) per shares or maximum 23,76% (twenty three point seventy six percent) of the subscribed and paid-up shares of the Company post-initial public offering with the Offering Price in the amount of Rp560,00 (five hundred sixty Rupiah) per share which shall be fully paid when submitting the Share Subscription Form. The Company will hold ESA (*Employee Stock Allocation*) program by allocating maximum 0,82% (zero point eighty two percent) of the total shares issued during the initial public offering or in the maximum amount of 19.168.500 (nineteen million one hundred sixty eight thousand five hundred) shares and issue shares option for MESOP (*Management and Employee Stock Option Plan*) program maximum 1,65% (one point sixty five percent) of the total subscribed and paid-up shares post-initial public offering or in the maximum 162.321.500 (one hundred sixty two million three hundred twenty one thousand thousand five hundred) shares. Approval to issue new shares from portfolio of the Company in connection with the initial public offering, the ESA program, and the MESOP program will be effective following the entry into force of the Government Regulation regarding Change of State Ownership of Shares through Issuance and Sale of New Shares of the Company and listing in Indonesia Stock Exchange, as concluded by General Meeting of Shareholders in Deed of General Meeting of Shareholders No.20 dated 14 March 2013, made before Fathiah Helmi, S.H., Notary in Jakarta (hereinafter referred to as "Initial Public Offering of Semen Baturaja").

In connection with the Initial Public Offering of Semen Baturaja, the Company has appointed PT Bahana Securities, PT Danareksa Sekuritas, and PT Mandiri Sekuritas, all of which are limited liabilities companies located in Jakarta, acting as Lead Underwriters (herein after referred to as "Lead Underwriters") and other underwriters namely PT Amantara Securities, PT Buana Capital, PT Bumiputera Capital Indonesia, PT Danasakti Securities, PT Equity Securities Indonesia, PT Erdikha Elit Sekuritas, PT Evergreen Capital, PT HD Capital, PT Jasa Utama Capital, PT Kresna Graha Sekurindo Tbk., PT Lautandhana Securindo, PT Madani Securities, PT Magenta Kapital Indonesia, PT Mega Capital Indonesia, PT Minna Padi Investama Tbk., PT MNC Securities, PT NISP Securities, PT Nusantara Capital Securities, PT Onix Sekuritas, PT Panca Global Securities, PT Panin Sekuritas Tbk, PT Phillip Securities Indonesia, PT Recapital Securities, PT Reliance Securities Tbk., PT Trimegah Securities Tbk., PT Victoria Securities Indonesia, PT Wanteg Securindo, PT Waterfront Securities Indonesia, PT Woori Korindo Securities Indonesia, and PT Yulie Sekurindo Tbk, all of which are limited liabilities companies located in Jakarta (herein after the Lead Underwriters and underwriters referred to as "Underwriters") and has signed Deed of Underwriting of Initial Public Offering of PT Semen Baturaja (Persero), Tbk No. 26 dated 9 April 2013 as amended by Amendment I of Deed of Underwriting of Initial Public Offering of PT Semen Baturaja (Persero) No. 20 dated 6 May 2013 and Amendment II of Deed of Underwriting of Initial Public Offering of PT Semen Baturaja (Persero) No. 52 dated 11 June 2013, made before Fathiah Helmi, S.H., Notary in Jakarta. Provided that there are remaining shares unsubscribed by public, in connection with the result of the Initial Offering, therefore the remaining unsubscribed shares will be guaranteed in full commitment to be purchased by the Underwriters.

Furthermore, the Company has also appointed PT Datindo Entrycom as Securities Administration Bureau and has signed Deed of Shares Administration Management of Initial Public Offering of PT Semen Baturaja (Persero), Tbk No. 27 dated 9 April 2013 made before Fathiah Helmi, S.H., Notary in Jakarta.

The funds raised from the Public Offering net of share issuance costs, will be used entirely by the Company for the construction of a new cement plant in Baturaja, South Sumatra. The use of proceeds for the construction of the plant will be allocated as follows:

- Approximately 25% (twenty five percent) for land acquisition and development;
- Approximately 70% (seventy percent) for the purchase of machinery and primary equipment;
- Approximately 5% (five percent) for Electrical & Automation and Engineering & Design.

Pursuant to the prevailing capital market regulations, in order to have Registration Statement for the Initial Public Offering of Semen Baturaja deemed effective, the Company shall have received notification from Financial Services Authority/*Otoritas Jasa Keuangan* (hereinafter referred to as "OJK") regarding the effectiveness of the registration statement for the Initial Public Offering of Semen Baturaja (hereinafter referred to as "Registration Statement") or the period of 45 (forty five) days has passed following: (i) the date of receipt of complete Registration Statement by OJK, which has included all requirements as stipulated in regulations related to Registration Statement for Public Offering and regulations related to the Public Offering, or (iii) date of the latest amendment submitted by the Company or amendment as requested by the OJK has been incorporated.

In rendering this Legal Opinion, we rely upon the Legal Due Diligence Report as incorporated in Legal Due Diligence Report of PT Semen Baturaja (Persero), Tbk in Connection With Initial Public Offering No. 8082/MMIK/IV/2013 dated 9 April 2013, Supplement to Legal Due Diligence Report of PT Semen Baturaja (Persero), Tbk in Connection With Initial Public Offering No. 8140/MMIK/V/2013 dated 8 May 2013, Supplement II to Legal Due Diligence Report of PT Semen Baturaja (Persero), Tbk in Connection With Initial Public Offering No. 8166/MMIK/V/2013 dated 24 May 2013, and Supplement III to Legal Due Diligence Report of PT Semen Baturaja (Persero), Tbk in Connection With Initial Public Offering No. 8215/MMIK/VI/2013 dated 11 June 2013 ("Legal Due Diligence Report").

This Legal Opinion replaces Legal Opinion of PT Semen Baturaja (Persero), Tbk in Connection With Initial Public Offering No. 8167/MMIK/V/2013 tanggal 24 May 2013.

QUALIFICATIONS, BASIS, SCOPE, AND LIMITATIONS

The Legal Opinion is rendered with the following qualifications, basis, scope and limitations, without limiting other qualifications, basis, scope and limitations, and assumptions that we rendered in other parts of the Legal Opinion:

1. Except stated otherwise in the Legal Opinion, therefore Legal Opinion include (a) legal aspects of the Company until the signing date of the Legal Opinion, and (b) legal aspects of initial public offering in accordance with: (i) prevailing capital market laws and regulations, and (ii) Legal Audit Standards dan Legal Opinion Standards issued by Capital Market Legal Consultant Association as incorporated in HKHPM Resolution No.01/HKHPM/2005 dated 18 February 2005 as amended by HKHPM Resolution No. Kep. 04/HKHPM/XI/2012 dated 6 December 2012.
2. This Legal Opinion is rendered within the framework of the laws of the Republic of Indonesia, therefore, this Legal Opinion is not intended to be applicable nor interpreted under any other laws or jurisdiction.
3. In preparing the Legal Opinion we have reviewed and examined:
 - 3.1 the provisions of the prevailing laws in Indonesia, in particular the laws relating to capital market, limited liabilities company, and state-owned enterprises.
 - 3.2 the original documents of the Company and the copies or duplicates thereof which according to statements of the Company are true and accurate copies of the original documents which has been given and/or shown to us.
4. This Legal Opinion is rendered by limiting examination of the documents of the Company that we received until 11 June 2013.
5. Our responsibilities and liabilities as an independent Legal Consultant with regard to the Initial Public Offering of Semen Baturaja in connction with the Legal Opinion that we rendered are limited to and in accordance with the provisions of Law No. 8 of 1995 regarding Capital Market and prevailing code of ethics of legal professionals.
6. We applied the materiality principle as regulated under Professional Standards of Capital Market Legal Consultant Association (Annex of HKHPM Resolution No. Kep.01/HKHPM/2005), under the provision that materiality shall be examined by its influence towards operation or business activity of the Company.
7. In rendering the Legal Opinion, we: (i) are not examining or providing any opinion or giving any valuation on the fairness of financial or commercial value of any transaction to which the Company is a party or has an interest or by which its material assets are bound, (ii) providing any opinion or giving any valuation on the fairness of financial or commercial value of the assets of the Company and, (iii) providing any valuation or opinion of commercial position of the Company in any transaction to which the Company is a party or has an interest or by which its material assets are bound, and (iv) providing valuation or opinion regarding compliance, accuracy, and correctness of the payments of tax obligations of the Company and the obligations of the Company towards its creditors.
8. In rendering the Legal Opinion, we have implemented two (2) levels of supervisions, namely supervision conducted by the Partner responsible for the Legal Opinion and by the associate supervisor who conducts the supervision on the audit conducted by the staffs in accordance with the best legal standards that we established in carrying out our legal profession.
9. The legal Opinion is not rendered only based on examination and interpretation of information in the documents, but is also based on contents of the said documents and interviews with the certain competent employees of the Company and in the event that the documents related to the legal transactions in which the Company is a party to and/or the assets of the Company are bound with are not available, therefore we rely on facts that, to the best of our knowledge, support legal relations in accordance with the legal concepts, practices, and customs which are, to the best of our knowledge, applicable in Indonesia for

transactions or the said legal relations, and, if necessary, we also rely on statements or written information provided by the Company or other related parties.

ASSUMPTIONS

The Legal Opinion is rendered based upon the following assumptions:

1. The signatories of all original documents which have been given or shown by the Company or any third parties to us with regard to the Initial Public Offering of Semen Baturaja are original, and the original documents which have been given or shown to us are authentic, and that documents which have been given to us in the form of copies or duplicates are true and accurate as well as identical with the originals.
2. We have assumed that the documents, data, information, remarks, facts and statements as well as confirmation which have been given or shown by the Company or any third parties to us for the purposes of the Legal Opinion are true, accurate and complete, and reflecting the truly factual thereof respectively, and have not been changed materially to the date of the Legal Opinion.

LEGAL OPINION

Based on documents, data, information, facts, remarks, and confirmation given or provided for us by the Company as the independent Legal Consultant of the Company for Initial Public Offering of Semen Baturaja, and based on qualifications, basis, scope, limitations, and assumptions, and with reference to Legal Due Diligence, our Legal Opinion is as follows:

1. The Company is a state owned limited liability company, located in Palembang, which was duly established and has been operating under the laws and regulations of the Republic of Indonesia, primarily Law No. 19 of 2003 regarding State-Owned Enterprises ("Law No. 19/2003") and Law No. 40 of 2007 regarding Limited Liability Company ("Law No. 40/2007").
2. The Company was established under the name of PT Semen Baturaja in accordance with Deed of Limited Liability Company PT Semen Baturaja No. 34 dated 14 November 1974 as amended by Deed of Amendment No. 49 dated 21 November 1974, both were made before Jony Frederik Berthold Tumbelaka Sinjal, Notary in Jakarta, which have been approved by Minister of Law of the Republic of Indonesia by virtue of letter No. Y.A.5/422/18 dated 22 November 1974, registered in registration book in Palembang District Court Registrar No. 376/1974 and No. 377/1974 dated 22 November 1974 and announced in State Gazette of Republic of Indonesia No. 2 dated 7 January 1975, Supplement No. 15 ("Deed of Establishment").

Following Government Regulation No. 10 of 1978 regarding Equity Participation of Republic of Indonesia in Limited Liability Company Semen Baturaja Having Its Business Activities in Cement Industry ("GR No. 10/1978") and Minister of Finance Decree No. 205/KMK.011/1979 dated 8 May 1979 regarding Capital of Perusahaan Perseroan (Persero) PT Semen Baturaja ("Decree of Minister of Finance No. 205/KMK.011/1979"), the Company has changed a state-owned enterprise as regulated under Law No. 9 of 1969 regarding Enforcement of Government Regulation In Lieu of Law No. 1 of 1969 (State Gazette of 1969 No. 16; Supplement of the State Gazette No. 2890) regarding Types of Business of the State Into Law (State Gazette of 1969 No. 40, Supplement of the State Gazette No. 2904) ("Law No. 9/1969") and Government Regulation No. 12 of 1969 regarding Company (State Gazette of Republic of Indonesia of 1969 No. 21, Supplement of the State Gazette of Republic of Indonesia No. 2894) as amended by Government Regulation No. 24 of 1972 regarding Amendment to Article 7 of Government Regulation of Republic of Indonesia No. 12 of 1969 regarding Company (State Gazette of 1972 No. 32, Supplement of the State Gazette No. 2987) ("GR No. 12/1969 jo. GR No. 24/1972").

In connection with the change of legal entity Deed of Change of Articles of Association No. 12 dated 19 August 1980 has been made, as amended by Deed of Revision No. 29 dated 31 October 1980 and Deed of Revision No. 6 dated 6 December 1980, all of them were made before Hadi Moentoro, S.H., Notary in

Jakarta, which have been approved by Minister of Law of Republic of Indonesia under letter No. Y.A.5/583/21 dated 27 December 1980, registered in registration book in Palembang District Court Registrar No. 5/1981, No. 6/1981 and No. 7/1981, all of them were dated 13 February 1981 and announced in State Gazette of Republic of Indonesia No. 67 dated 21 August 1981, Supplement No. 661.

3. The Deed of Establishment has been amended for several times. As of the establishment of the Company in 1974, the amendments made to the Deed of Establishment are as follows:

- 3.1 Deed of Amendment of PT Semen Baturaja No. 20 dated 9 November 1979 as amended by Deed of Revision No. 33 dated 20 February 1980, both were made before Hadi Moentoro, S.H., Notary in Jakarta, which has been approved by Minister of Law of Republic of Indonesia under letter No. Y.A.5/383/23 dated 4 August 1980, registered in registration book in Palembang District Court Registrar under No. 52/1980 and No. 53/1980, both were dated 4 September 1980 and announced in State Gazette of Republic of Indonesia No. 67 dated 21 August 1981, Supplement No. 661 ("Deed No. 20/1979 jo. Deed No. 33/1979").

General Meeting of Shareholders has approved to amend Article 4 of the Articles of Association of the Company in connection with the implementation of Law No. 9/1969, GR No. 12/1969 jo. GR No. 24/1972, Law No. 6 of 1968 regarding Domestic Investment (State Gazette of Republic of Indonesia of 1968 No. 33) ("Law No. 6/1968"), GR No. 10/1978 and Decree of Minister of Finance No. 205/KMK.011/1979.

- 3.2 Deed of Amendment of Articles of Association No. 12 dated 19 August 1980 as amended by Deed of Revision No. 29 dated 31 October 1980 and Deed of Revision No. 6 dated 6 December 1980, all of which were made before Hadi Moentoro, S.H., Notary in Jakarta, which have been approved by Minister of Law of Republic of Indonesia under letter No. Y.A.5/583/21 dated 27 December 1980, registered in registration book in Palembang District Office Registrar under No. 5/1981, No. 6/1981 and No. 7/1981, all of which were dated 13 February 1981 and announced in State Gazette of the Republic of Indonesia No. 67 dated 21 August 1981, Supplement No. 661 ("Deed No. 12/1980 jo. Deed No. 29/1980 jo. Deed No. 6/1980").

General Meeting of Shareholders has approved to amend Articles of Association of the Company to be adjusted to Article 2 paragraph (3) of Law No. 9/1969.

- 3.3 Deed of Resolution of General Meeting of Shareholders PT Semen Baturaja (Persero) No. 28 dated 19 April 1984 as amended by Deed of Revision No. 27 dated 15 August 1984, both were made before Hadi Moentoro, S.H., Notary in Jakarta, which have been approved by Minister of Law of Republic of Indonesia under letter No. C2-5657-HT01.01-TH84 dated 9 October 1984, registered in registration book in Palembang District Court Registrar under No. 97/1984 dated 21 November 1984 and announced in State Gazette of Republic of Indonesia No. 40 dated 17 May 1985, Supplement No. 766 ("Deed No. 28/1984 jo. Deed No. 27/1984").

General Meeting of Shareholders has approved to amend the Articles of Association of the Company.

- 3.4 Deed of Resolution of General Meeting of Shareholders PT Semen Baturaja (Persero) located in Palembang No. 62 dated 26 January 1998, made before Machrani Moertolo Soenanto, S.H., Notary in Jakarta, which has been approved by Minister of law of Republic of Indonesia under letter No. C2-1994.HT.01.04.TH.98 dated 20 March 1998, registered in Company Registration in compliance with Law No. 3 of 1982 regarding Company Registration with the Company Registration No. 06066300041 in Company Registration Office in Palembang under No. 070/BH.06.06/IV/1998 dated 15 April 1998, and announced in State Gazette of Republic of Indonesia No. 39 dated 15 May 1998, Supplement No. 2600 ("Deed No. 62/1998").

General Meeting of Shareholders has approved to amend Articles of Association of the Company to be adjusted to Law No. 1 of 1995 regarding Limited Liability Company.

- 3.5 Deed of Resolution of General Meeting of Shareholders PT Semen Baturaja (Persero) No. 1 dated 2 February 2007, made before Rumonda Kesuma Lubis, S.H., Notary in Bekasi, has received letter regarding Receipt of Report of Amendment of Articles of Association of the Company from Minister of Law of Republic of Indonesia No. W8-HT.01.04-1673 dated 1 August 2007, notification of amendment other than Article 15 paragraphs (2) and (3) of Law No. 40/2007 has been received by Company Registration Office in Palembang on 11 September 2007, and registered in Company Registration in compliance with Law No. 3 of 1982 regarding Company Registration with the Company Registration No. 06061260004 in Company Registration Office in Palembang under No. 10/RUB.06.06/XI/2007 dated 12 November 2007.

General Meeting of Shareholders has approved to amend Article 11 paragraph (9), Article 15, Article 19, and Article 24 paragraph (1) of the Articles of Association of the Company.

- 3.6 Deed of Resolution of Extraordinary General Meeting of Shareholders PT Semen Baturaja (Persero) No. 4 dated 13 June 2008, made before Rumonda Kesuma Lubis, S.H., Notary in Bekasi, which has been approved by Minister of Law and Human Rights of Republic of Indonesia under No. AHU-50057.AH.01.02.Tahun 2008 dated 12 August 2008, registered in Company Registration under No. AHU-0069684.AH.01.09.Tahun 2008 dated 12 August 2008, and announced in State Gazette of Republic of Indonesia No. 34 dated 27 April 2010, Supplement No.3984 ("Deed No. 4/2008").

General Meeting of Shareholders has approved to amend Articles of Association of the Company to be adjusted to Law No. 40 of 2007 regarding Limited Liability Company.

- 3.7 Deed of Circular Resolution of the Shareholders of PT Semen Baturaja (Persero) No. 2 dated 11 March 2011, made before Rumonda Kesuma Lubis, S.H., Notary in Bekasi, which has been approved by Minister of Law and Human Rights of Republic of Indonesia under No. AHU-23569.AH.01.02.Tahun 2011 dated 10 Mei 2011, registered in Company Registration No. AHU-0037524.AH.01.09.Tahun 2011 dated 10 May 2011 ("Deed No. 2/2011").

General Meeting of Shareholders has approved to amend Article 3 of the Articles of Association of the Company related to addition to the business activities in waste management.

- 3.8 Deed of Resolution of General Meeting of Shareholders PT Semen Baturaja (Persero) No. 48 dated 28 September 2012, made before Fathiah Helmi, S.H., Notary in Jakarta, which has been approved by Minister of Law and Human Rights of Republic of Indonesia under No. AHU-51011.AH.01.02.Tahun 2012 dated 1 October 2012, registered in Company Registration under No. AHU-0086452.AH.01.09.Tahun 2012 dated 1 October 2012 ("Deed No. 48/2012").

General Meeting of Shareholders has approved to increase the Authorized Capital of the Company from Rp100.000.000.000,00 (one hundred billion Rupiah) divided into 100.000 (one hundred thousand) shares to Rp2.560.000.000.000,00 (two trillion five hundred sixty billion Rupiah) divided into 2.560.000 (two million five hundred sixty thousand) shares and increase in subscribed capital and paid-up capital from Rp60.414.000.000,00 (sixty billion four hundred fourteen million Rupiah) to Rp640.000.000.000,00 (six hundred forty billion Rupiah), therefore Article 4 paragraph (1), (2), and (3) of the Articles of Association of the Company have been amended.

- 3.9 Deed of Resolution of General Meeting of Shareholders PT Semen Baturaja (Persero) No. 21 dated 14 March 2013, made before Fathiah Helmi, S.H., Notary in Jakarta, which has been approved by Minister of Law and Human Rights of Republic of Indonesia under No. AHU-13747.AH.01.02.Tahun 2013 dated 18 March 2013 and registered in Company Registration under No. AHU-0023614.AH.01.09.Tahun 2013 dated 18 March 2013 and the report of amendment of the articles association has been received by Minister of Law and Human Rights of Republic of Indonesia under No. AHU-AH.01.10-10520 dated 21 March 2013 and registered in Company

Registration under No. AHU-0025367.AH.01.09.Tahun 2013 dated 21 March 2013 ("Deed No. 21/2013").

General Meeting of Shareholders has approved: (i) increase of authorized capital from Rp.2.560.000.000.000,00 (two trillion five hundred sixty billion Rupiah) to Rp.3.000.000.000.000,00 (three triliun Rupiah), (ii) issuance of new shares which will be subscribed by the Republic of Indonesia and increase of subscribed capital and paid-up capital from Rp640.000.000.000,00 (six hundred forty billion Rupiah) to Rp.750.000.000.000,00 (seven hundred fifty billion Rupiah) which is from general reserved capitalization in the amount of Rp.110.000.000.000,00 (one hundred ten billion Rupiah), (iii) change in type of shares from non-series shares to Series A Dwiwarna in the amount of 1 (one) share and Series B, (iv) change in nominal amount of shares from Rp1.000.000,00 (one million Rupiah) per share to Rp100,00 (one hundred Rupiah) per share, (v) change of status of the Company from private company to public company or "Tbk", which will be effective following the entry into force of Government Regulation regarding Change of Shares Ownership Structure by Issuance and Sale of New Shares by the Company, dan (vi) change of entire Articles of Association of PT Semen Baturaja to be adjusted to Regulation No. IX.J.1.

The prevailing Articles of Association of the Company is Deed No. 21/2013 as mentioned in point 3.9 above.

Deed of Establishment which incorporates articles of association of the Company and the amendments hereinafter are referred to as "Articles of Association". Deed of Establishment and the amendments of the Articles of Association of the Company have been concluded in connection with provisions in Articles of Association of the Company and prevailing laws and regulations.

4. Purposes and objectives of the Company are as stated in Article 3 of the Articles of Association of the Company which are carrying out business activities in cement and basic chemicals industries and optimization of resources of the Company to produce high quality goods and/or services, and gaining profits to increase the value of the Company by implementing the principles of a limited liability company. In order to carry out such purposes and objectives, the Company may carry out the following activities:
 - a. Production:
 - mining or digging and/or process certain raw materials into main materials required for cement production or other goods;
 - process the main materials into various types of cement (portland cement, white cement, and others) or other products into functional goods.
 - b. Services:
 - provide services in cement industry and basic chemicals industry, such as: research, development, invention and/or engineering design, construction, management, factory operation, warehouse and repairing vehicles, equipment maintenance, tools manufacturing in other cement industry and basic chemicals industry.
 - c. Trade:
 - hold marketing activities and distribution of various types of cement and other products or other goods made of cement as their main material, and carry out other domestic or international trading activities.
 - d. Waste management:
 - carry out dangerous and poisonous material waste management for supporting raw materials and/or fuels in cement production.

As of the date of this Legal Opinion, the purposes and objectives of the Company as stated in Article 3 above are the main business activities of the Company, and are in compliance with provisions in Law No. 40/2007 and point 4.c of Regulation No.IX.J.1 Annex of the Decree of the Capital Market Supervisory

Agency and Financial Institution No. KEP-179/BL/2008 dated 14 May 2008 regarding Article of Association For Company Which Do Public Offering of Equity Stock And Public Company ("Regulation No.IX.J.1"). The Company does not carry out supporting business activities as stated in point 4.d Bapepam and LK Regulation No. IX.J.1, therefore, the Company does not carry out business activities other than those as stated in the Articles of Association of the Company.

5. Capital structure of the Company in accordance with Deed No. 21/2013 is as follows:

Authorized Capital : Rp3.000.000.000.000,00 (three trillion Rupiah) consisting of 30.000.000.000 (thirty billion) shares in the nominal amount of Rp100,00 (one hundred Rupiah) for each share, as follows:
a. 1 (one) Series A Dwiwarna share;
b. 29.999.999.999 (twenty nine billion nine hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine) Series B shares.

Subscribed Capital : Rp750.000.000.000,00 (seven hundred fifty billion Rupiah) consisting of:
a. 1 (one) Series A Dwiwarna share;
b. 7.499.999.999 (seven billion four hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine) Series B shares.

Paid-Up Capital : Rp750.000.000.000,00 (seven hundred fifty billion Rupiah).

The latest capital struture of the Company as mentioned above is true and valid and in compliance with Articles of Association of the Company and the prevailing laws and regulations.

6. As of the date of this Legal Opinion, shareholders of the Company as stated in Deed No. 21/2013 are as follows:

Shareholder	Amount of Shares		Shares Value (Rp) @Rp100		Percentage (%)
	Series A Dwiwarna	Series B	Series A Dwiwarna	Series B	
Authorized Capital – Rp3.000.000.000.000	1	29.999.999.999	100	2.999.999.999.900	
Subscribed Capital and Paid-Up Capital					
Republic of Indonesia	1	7.499.999.999	100	749.999.999.900	100%
Total of Subscribed Capital and Paid-Up Capital	1	7.499.999.999	100	749.999.999.900	100%
Shares in Portfolio	-	22.500.000.000	-	2.250.000.000.000	

Shareholder of the Company are legitimate shareholders owning 1 (one) Series A Dwiwarna share and 7.499.999.999 (seven billion four hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine) Series B shares. Payment of shares, transfer of rights of shares, increase of capital of the Company and shares ownership by the shareholders are valid in compliance with Articles of Association of the Company and have been carried out in accordance with provisions in Articles of Association of the Company and prevailing laws and regulations.

Shareholder of Series A Dwiwarna share has the following privileges:

- to suggest and approve appointment and termination of members of Board of Commissioners and Board of Directors;
- to approve amendment to Articles of Association, including change in the capital structure;
- To approve merger, acquisition, association, and separation, submission of application of insolvency, and dismissal of the Company; and
- to request report and explanation regarding certain matters to the Board of Directors and Board of Commissioners by taking into consideration the prevailing capital market rules and regulations in Indonesia;

With the exception to the privileges as stated above, shareholders of Series B shares have the same rights.

7. Current members of Board of Directors and Board of Commissioners of the Company were appointed under:
- (i) Decree of Minister of State-Owned Enterprises No. KEP-33/MBU/2013 dated 28 January 2013 regarding Termination and Appointment of Members of Board of Directors and Board of Commissioners as stated in Deed of Decree of Minister of State-Owned Enterprises As general Meeting of Shareholders of PT Semen Baturaja No. 8 dated 8 February 2013 made before Fathiah Helmi, S.H., Notary in Jakarta, which Receipt of Notification of Change of Information of the Company No. AHU.AH-01.10-04551 dated 13 Februari 2013 has been received from Minister of Law and Human Rights of Republic Indonesia by the Company, registered in Company Registration No. AHU-0010535.AH.01.09.Tahun 2013 dated 13 February 2013 and in Company List in compliance with Law No. 3 of 1982 tentang Company Registration in Company Registration Office – Office of Industrial and Trade in Ogan Komering Ilir under No. 00131 dated 9 April 2013.
 - (ii) Decree of Minister of State-Owned Enterprises No. KEP-363/MBU/2012 dated 2 October 2012 regarding Termination and Appointment of Members of Board of Board of Directors and Board of Commissioners of PT Semen Baturaja as stated in Deed of Decree of Minister of State-Owned Enterprises As general Meeting of Shareholders of PT Semen Baturaja No. 17 dated 3 October 2012, made before Fathiah Helmi, S.H., Notary in Jakarta, which Receipt of Notification of Change of Information of the Company No. AHU-AH.01.10-36538 dated 8 Oktober 2012 has been received from Minister of Law and Human Rights of Republic Indonesia by the Company, and registered in Company Registration No. AHU-0088982.AH.01.09.Tahun 2012 dated 8 October 2012 and Company Registration in compliance with with Law No. 3 of 1982 tentang Company Registration in Company Registration Office – Office of Industrial and Trade in Ogan Komering Ilir under No. 00131 dated 9 April 2013.

Current members of Board of Directors and Board of Commissioners are as follows:

Board of Commissioners

President Commissioner	: R. Benny Wahyudi
Independent Commissioner	: Anas Rosjidi
Independent Commissioner	: Darusman Mawardi
Independent Commissioner	: Syahrial BP Peliung
Commissioner	: Chariah

Board of Directors

President Director	: Pamudji Rahardjo
Finance Director	: Ageng Purboyo Angrenggono
General Affairs and Human Resources Director	: Romlan Kurniawan
Production and Development Director	: Agus Wahyudin
Marketing Director	: Rusniwati Alie

Period of duty of members of Board of Directors and Board of Commissioners is 5 (five) years and may be re-appointed for 1 (one) period of duty, without limiting the right of General Meeting of Shareholders to terminate the members at any time without providing any reason of termination.

8. In order to comply with Decree of Head of Capital Market Supervisory Agency and Financial Institution No. KEP-63/PM/1996 regarding Appointment of Corporate Secretary ("Regulation No. IX.I.4"), Company, in accordance with Decree of Board of Directors of the Company No. PH.01.04/071/2008 dated 13 June 2008 regarding Promotion and Transfer of Employees, Zulfikri Subli has been promoted as Corporate Secretary.
9. In order to comply with provisions in Minister of State-Owned Enterprises Regulation No. PER-05/MBU/2006 regarding Audit Committee for State-Owned Enterprises and Decree of Head of Capital Market Supervisory Agency No. Kep-29/PM/2004 regarding Formation and Work Guidance of Audit

Committee (“Regulation IX.I.5”), in accordance with Decree of Board of Commissioners of the Company No. SK-03/DK_SB/VIII/2012 dated 10 July 2012 regarding Termination and Appointment of Audit Committee of PT Semen Baturaja (Persero), Decree of Board of Commissioners of the Company No. SK-04/DK-SB/IX/2012 dated 3 October 2012 regarding Appointment of Members of Audit Committee of PT Semen Baturaja (Persero) and Decree of Board of Commissioners of the Company No. SK-02/DK-SB/II/2013 dated 18 February 2013, Board of Commissioners appointed Audit Committee with the following composition:

Head : Darusman Mawardi
Members : Prima Dedi Andrian
Rusli

Period of duty of the Audit Committee is 2 (two) years as of 10 July 2012 until 10 July 2014.

10. In order to comply with Decree of Head of Capital Market Supervisory Agency No. Kep-496/BL/2008 regarding Formation and Guidance to Formulate Charter of Internal Audit Unit (“Regulation IX.I.7”), Board of Directors of the Company has formed Internal Audit Unit under Internal Supervisory Unit as stated in Decree of Board of Directors No. PH.01.04/178/2012 dated 24 October 2012 and appointed Ir. Agoes Pramoesinto, M.Si as Head of Internal Audit effectively as of 23 October 2012 in accordance with Decree of Board of Directors No. PH.01.04/177/2012 dated 23 October 2012 regarding Transfer of Employee. The Company has appointed and implement Charter of Internal Supervisor on 2 January 2012.
11. In connection with the Initial Public Offering, the Company has obtained the following approvals:
 - 11.1 House of Representatives of Republic of Indonesia in accordance with Article 3 paragraph (1) of Government Regulation No. 33 of 2005 regarding Methods of Privatization of A State-Owned Enterprises (State Gazette of Republic of Indonesia of 2005 No. 79, Supplement of State Gazette of Republic of Indonesia No. 4528) as amended by Government Regulation No. 59 of 2009 regarding Amendment to Government Regulation No. 33 of 2005 regarding Methods of Methods of Privatization of A State-Owned Enterprises (State Gazette of Republic of Indonesia of 2009 No. 136, Supplement of State Gazette of Republic of Indonesia No. 5055), as stated in letter No. PW/01916/DPR RI/II/2013 dated 19 February 2013 regarding Approval of Privatization of PT Semen Baturaja (Persero).
 - 11.2 Minister of Finance of Republic of of Finance as stated in letter of Minister of Finance No. S-142/MK.06/2011 dated 23 March 2011 regarding Privatization of 2011 and letter of Minister of Finance No. S-63/MK.06/2012 dated 31 January 2012 regarding Recommendation of Annual Privatization Program of 2012.
 - 11.3 General Meeting of Shareholders in accordance with Article 19 paragraph (1) and Article 21 paragraph (1) of Law No. 40/2007 as stated in Deed No. 21/2013.
 - 11.4 Government Regulation No. 39 of 2013 regarding Change of State Ownership of Shares through Issuance and Sale of New Shares of Perusahaan Perseroan (Persero) PT Semen Baturaja (State Gazette of Republic of Indonesia of 2009 No. 95).
12. In carrying out the business activities in cement industry, the Company owns 3 (three) factories in located in Palembang, Baturaja, and Panjang - Bandar Lampung.

The place of business owned by the Company has obtained permits, approvals, validations, and statements from the government of Republic of Indonesia, and registrations and fulfillment of reporting obligations carried out by the Company and have been obtained from Ministry of Industry, Ministry of Energy and Mineral, Ministry of Labor, Ministry of Finance – Directorate General of Tax, Police of Republic of Indonesia, Regional Government, and other government institutions, related to the business activities of the Company.

Permits owned by the Company to carry out activities in cement industry are in compliance with the prevailing regulations applicable to the Company and are effective.

13. The Company validly owns the following immovable and movable assets:

- 13.1 8 (eight) plots of lands under Right of Land Certificate located in Palembang, South Sumatera, 3 (three) lands under Right of Use of Land Certificate located in Ogan Komering Ulu, South Sumatera, and 1 (one) plot of land under Right of Use of Land Certificate located in Bandar Lampung, Lampung.

The Company owns 2 (two) plots of lands in DKI Jakarta in accordance with of Conditional Sale and Purchase Agreement of Land and Building in Jati Negara Baru No. 081/CSP-KSO/JB/MRK/PPJB/VII/1997 dated 29 July 1997 *jo.* Conditional Sale and Purchase Agreement of Land and Building in Jati Negara Baru No. 082/CSP-KSO/JB/MRK/PPJB/VII/1997 dated 29 July 1997 *jo.* Takeover Certificate of Land and Housing in Jati Negara Baru No.058/MKT/JB/XII/1998 dated 8 December 1998 by and between PT Cakra Sarana Persada and the Company.

As of the date of the Legal Opinion, in accordance with letter from PT Cakra Sarana Persada dated 7 May 2013, the Company has not signed Deed of Sale and Purchase before the land Officer in East Jakarta. In accordance with provision in Article 32 of Government Regulation of Republic of Indonesia No. 24 of 1997 regarding Land Registration, certificate is considered a proof of rights applicable as reliable evidence of physical and legal data, so long as the data is in accordance with the measurement sheet and land book of the land.

On the date of this Legal Opinion, 8 (eight) plots of land owned by the Company located in Palembang have been secured to PT Bank Mandiri (Persero), Tbk for credit facility provided by PT Bank Mandiri (Persero), Tbk to the Company. Security provided by the Company are used as house for duty. The execution of the security by PT Bank Mandiri (Persero), Tbk, will not negatively impact the business activities of the Company.

Other lands owned by the Company are free of security, encumbrances, attachment, disputes in any form.

- 13.2 The Company has fund placement in PT Bank Mandiri (Persero), Tbk, PT Bank Rakyat Indonesia (Persero), Tbk, PT Bank Negara Indonesia (Persero), Tbk, PT Bank Muamalat, Tbk, PT Bank CIMB Niaga, Tbk, PT Bank Pembangunan Daerah Jawa Barat Banten, Tbk, PT Bank BRI Syariah, PT Bank Pembangunan Daerah Sumatera Selatan, PT Bank Tabungan Pensiunan Nasional, Tbk.

On the date of this Legal Opinion, deposits of the Company placed in PT Bank Mandiri (Persero), Tbk is secured to PT Bank Mandiri (Persero), Tbk for credit facility provided by PT Bank Mandiri (Persero), Tbk to the Company. The fund placements in other banks are free of security, encumbrances, attachment, disputes in any form.

- 13.3 The Company has assets of vehicles such as 58 (fifty eight) motorbikes and 41 (forty one) cars, all are free of security, encumbrances, attachment, disputes in any form.

- 13.4 The Company has intellectual property rights in the form of Brand Certificate No. IDM000052496 issued on 4 October 2005 for the colors of green, red, white, definition of language/letter/foreign number in the brand BATURAJA, name of the entity and for details of goods/services of cement, which rights are in effect for 10 (ten) years as of 23 Oktober 2013 and the period may be extended. Intellectual property of the brand is free of security, encumbrances, attachment, disputes in any form.

14. Assets owned and/or hold by the Company which we consider important and material have been protected by insurances against important risks in sufficient amount in several places of business of the Company and for the business activities carried out by the Company. The Company has made payment of the premiums of the insurances to PT Asuransi Jasa Indonesia and PT Lippo General Insurance, Tbk.
15. The Company has made and signed Collective Labor Agreement with labor Union of Semen Baturaja which is in effect as of October 2011 until October 2013. The Collective Labor Agreement has been registered to Palembang Labor Office in accordance the Letter of Registration of Collective labor Agreement No. 24/SYAKER/PKB/XII/2011 dated 12 December 2011 regarding registration of Collective Labor Agreement with the Labor Union of Semen Baturaja made on 3 October 2005, which has been legalized by Ministry of Labor and Transmigration of Republic of Indonesia No. Kep.110/PHI/PK/2005 dated 5 October 2005 and registered in Palembang Labor Office on 8 November 2011 under No. PKB/SYAKER/XII/2011.
16. The Company has fulfilled its obligation of payment of minimum wage to all of its employees in the head office and branch offices in accordance with regulation related to provincial minimum wage issued by regional government where places of business of the Company are located and where the Company own their business facilities.
17. The Company has included its employee in Social Security for Employees program in compliance with Law No.3 of 1992 regarding tentang Social Security for Employees held by PT Jamsostek (Persero).
18. The Company has fulfilled its obligation of employment report for all of its employees in compliance with Article 8 paragraph (2) of Law No. 7 of 1981 regarding Employment Report of a Company.
19. The Company has submitted Annual Financial Statement to (i) Minister of Law and Human Rights in connection with fulfilling the provision as stated in Article 66 paragraph (4) of Law No. 40 of 2007 and (ii) Directorate of Business and Company registration of Ministry of Industry in connection with fulfilling the provision as stated in Article Pasal 4A of Government Regulation No. 64 of 1999 regarding Amendment to Government Regulation No. 24 of 1998 regarding Annual Financial Information of a Company *jo.* Decree of Minister of Industry and Trade of Republic of Indonesia No. 121/MPP/Kep/2/2002 dated 25 February 2002 regarding Provisions of Submission of Annual Financial Statement of a Company.
20. In accordance with provisions in Law No. 11 of 1992 regarding Pension Fund (State Gazette of Republic of Indonesia of 1992 No. 37, Supplement of State Gazette of Republic of Indonesia No. 3477), the Company has established Pension Fund for Employee of Semen Baturaja under letter No. PR.04.04/1230/1999 dated 18 June 1999 regarding Application of Legalization of Establishment of Pension Fund and Letter No. UM.06.02/1500/1999 dated 24 August 1999 regarding Submission of Shareholders Approval Letter, Board of Directors of PT Semen Baturaja (Persero). Prevailing Pension Fund Regulation is as stated in Decree of Board of Directors of the Company No. PH.01.04/004/1999 dated 3 May 1999 regarding Pension Fund of the Employees of Semen Baturaja which has been approved by Minister of Finance of Republic of Indonesia under decree No. KEP-400/KM.17/1999 dated 15 November 1999, and announced in State Gazette of Republic of Indonesia No. 103 dated 24 December 1999, Supplement No. 58.
21. In accordance with the provisions in Law No. 21 of 2000 regarding Labor Union (State Gazette of Republic of Indonesia of 2000 No. 131, Supplement of the State Gazette of Republic of Indonesia No. 3989), employees of the Company have collectively established organization namely Labor Union of Semen Baturaja located in Jalan Abikusno, Cokrosuyoso, Kertapati, Palembang, on 20 March 1999 for unlimited time, has been listed in Labor Office of Government of Palembang with proof of listing No. 231/Disnaker/2011 dated 31 October 2011.
22. The Company has made and signed and performed the agreements related to its business activities. In accordance with the examination of documents provided for us for the Legal Due Diligence and statements, remarks, confirmation, data, facts, and information from the Company and/or other related

parties, formulation of each of the agreements did not violate (a) provisions of laws and regulations applicable to the Company, and (b) Articles of Association of the Company, therefore the agreements are valid and binding upon the parties to the agreements.

In accordance with provisions in the agreements in which the Company is a party, the Initial Public Offering of Semen Baturaja carried out by the Company is not in contrary to the provisions in the agreements, and no limitations in the agreements for the Company to carry out Initial Public Offering of Semen Baturaja and which may harm public shareholders, therefore the Company is not required to obtain permission from the other parties to the agreements to carry out the Initial Public Offering of Semen Baturaja.

In connection with the change of status of the Company to a public company and amendment to the articles of association of the Company, the Company has notified PT Bank Mandiri (Persero), Tbk as the creditor of the Company in accordance with letter of the Company No. UM.06.01/009/2013 dated 8 April 2013. Furthermore, the Company has request approval from PT Bank Mandiri (Persero), Tbk as the creditor of the Company to waive provision regarding covenant as stipulated in Article 18 paragraph (10) in connection with Company's obligation to render report in the event the Company disburse dividend as stated in the Company's letter No. SP.00.02/562/2013 dated 31 May 2013. PT Bank Mandiri (Persero), Tbk pursuant to letter No. CBG.CB2/D04.190/2013 dated 11 June 2013 confirm to adjust and make further action to Company's request in addendum of credit facility agreement.

23. In connection with the Initial Public Offering of Semen Baturaja, the Company has signed the following documents:

- 23.1 Deed of Agreement of Guarantee of Initial Shares Issuance of PT Semen Baturaja (Persero), Tbk No. 26 dated 9 April 2013 as amended by Amendment I of Deed of Underwriting of Initial Public Offering of PT Semen Baturaja (Persero) No. 20 dated 6 May 2013 and Amendment II of Deed of Underwriting of Initial Public Offering of PT Semen Baturaja (Persero) No. 52 dated 11 June 2013, were made before Fathiah Helmi, S.H., Notary in Jakarta, by and between the Company and Underwriters.
- 23.2 Deed of Agreement of Shares Administration Management of Public Offering of Perusahaan Perseroan (Persero) PT Semen Baturaja, Tbk No. 27 dated 9 April 2013, made before Fathiah Helmi, S.H., Notary in Jakarta, by and between the Company and PT Datindo Entrycom.
- 23.3 Agreement of Equity Registration in KSEI No. SP-0009/PE/KSEI/0313 dated 27 March 2013, privately made by and between the Company and PT Kustodian Sentral Efek Indonesia.
- 23.4 Agreement of Listing of Securities dated 9 April 2013, privately made by and between PT Bursa Efek Indonesia and the Company.

The agreements are valid and binding upon the Company and have made in compliance with the Articles of Association of the Company and OJK regulations. The Initial Public Offering of Semen Baturaja and registration and performances of the agreements (i) will not violate provisions in the prevailing laws in Republic of Indonesia and (ii) will not violate material contracts in which the Company is a party to.

- 24. The Company has not been involved in criminal, civil, industrial, administrative, tax, insolvency and postponement of obligation of payments of debts and arbitral disputes, as stated in a statement letter made and signed by Board of Directors of the Company. The Company did also not receive summon letter or any other claims which may affect negatively the financial condition and/or business activities of the Company.
- 25. The funds raised from the Public Offering net of share issuance costs, will be used entirely by the Company for the construction of a new cement plant in Baturaja, South Sumatra. The use of proceeds for the construction of the plant will be allocated as follows:
 - Approximately 25% (twenty five percent) for land acquisition and development;

- Approximately 70% (seventy percent) for the purchase of machinery and primary equipment;
- Approximately 5% (five percent) for Electrical & Automation and Engineering & Design.

In the event usage of proceeds by the Company shall comply with provisions regarding affiliated transaction and conflict of interests, then the use of proceeds shall comply with Regulation No. IX.E.1 Annex of the Decree of the Head of Capital Market Supervisory Agency and Financial Institution No. KEP-412/BL/2009 dated 25 November 2009 regarding Affiliated Transaction and Conflict of Interests in Certain Transactions. Use of proceeds by the Company shall also comply with the provisions regarding material transaction and change of main business activities, therefore the use of proceeds shall also comply with Regulation No. IX.E.2 Annex of the Decree of Head of Capital Market Supervisory Agency and Financial Institution No. KEP-614/BL/2011 dated 28 November 2011 regarding Material Transaction and Change of Main Business Activities.

In relation with use of proceeds of Initial Public Offering, the Company shall be responsible for realization of proceeds from Initial Public Offering periodically to the shareholders in General Meeting of Shareholders and report it to OJK quarterly pursuant to Regulation Bapepam No.X.K.4, Annex of the Decree of the Head of Capital Market Supervisory Agency No. Kep-27/PM/2003 dated 17 July 2003 regarding Proceeds Realization from Initial Public Offering Report. The Company also obliges to submit report realization of proceeds from Initial Public Offering to IDX pursuant to Regulation No. I-E, Annex of the Decree of the Board of Director of PT Bursa Efek Jakarta No. 306/BEJ/07-2004, dated 19 July 2004 regarding Information Submission Obligation.

26. In accordance with General Meeting of Shareholders on 14 March 2013 as incorporated in Deed of Minutes of General Meeting of Shareholders No.20 dated 14 March 2013, made before Fathiah Helmi, S.H., Notary in Jakarta, shareholders has approved Management & Employee Stock Option Plan/MESOP. Issuance of new shares from the portfolio of the Company will be offered in the maximum amount of 35% (thirty five percent) of the total of subscribed and paid-up shares post-initial public offering, inclusive of the Employee Stock Allocation (ESA) program in the maximum amount of 0,82% (zero point eighty two percent) of the total of subscribed and paid-up shares issued during initial public offering and the Management and Employee Stock Allocation (MESOP) program in the maximum amount of 1,65% (one point sixty five percent) of the total of subscribed and paid-up shares post initial public offering. Approval to issue new shares from portfolio of the Company in connection with the initial public offering, the ESA program, and the MESOP program will be effective following the entry into force of the Government Regulation regarding Change of State Ownership of Shares through Issuance and Sale of New Shares of the Company and listing in Indonesia Stock Exchange

Performance of the option right to purchase shares of the Company shall be conducted with reference to Listing Regulation No. I-A Annex I of Decree of Direktor of PT Bursa Efek Jakarta No. Kep 305/BJ/07-2004 dated 19 July 2004. Enforcement of the MESOP program is given to the Directors under the approval of the Board of Commissioners. Supervision and performance of the MESOP program MESOP is carried out by the Board of Commissioners and the performance shall refer to the prevailing regulations and shall be reported to the General Meeting of Shareholders and the administration will be carried out by Head of Department Human Resources and general Affairs. Board of Commissioners shall consult with the Series A shareholder before providing approval to the Board of Directors to enforce the MESOP program.

27. All legal aspects stated in the prospectus, including related to establishment and articles of association of the Company, capital structure and composition of the shareholders, Board of Directors and Board of Commissioners of the Company, agreements made by the Company, and assets of the Company which was based on the examination of documents provided by the Company as of the establishment of the Company until the signing date of the Legal Opinion, are true and in accordance with the Legal Due Diligence.

We hereby objectively render the Legal Opinion in our capacity as Legal Consultant, and independent supporting professional to the OJK, and we are responsible for the content of the Legal Opinion.

This Legal Opinion is rendered in Jakarta on the date first mentioned above.

Sincerely,

MARSINIH MARTOATMODJO ISKANDAR KUSDIHARDJO



Helen Joni Marsinih, S.H.

STTD No. 540/PM/ STTD-KH/2004

Advocate Identity No.99.10636

Member of HKHPM No. 200427

CC:

1. Commisioner Board of Financial Services Authority
2. Executive Head of Capital Market Supervisor - Financial Services Authority
3. Directors of PT Bursa Efek Indonesia

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XVII. INDEPENDENT AUDITOR REPORT AND FINANCIAL STATEMENTS OF THE COMPANY

The financial statements of the Company for the years ended 31 December 2012 and 2011 and entirely contained in this Prospectus which have been audited by Public Accountant Firm Doli, Bambang, Sulistiyanto, Dadang & Ali (Member of BKR International), independent auditor, in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion for the year 2012 with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2011 and with an explanatory paragraph regarding the restatement of the Company's financial statements with respect to the effects of significant changes to the financial statements of the Company for the years ended 31 December 2010 and 2009 which have published previously relating to PSAK No. 24 (Revised 2004), PSAK No. 46 (Revised 2004) and the adjustment of the balance of transport payable for the year 2011.

The financial statements of the Company for the year ended 31 December 2010, and for the year ended on the date have been audited by Public Accountant Firm Pieter, Uways & Rekan (Member of KS International) and Public Accountant Firm Drs. Victor TH Pandjaitan, Msi. & Rekan in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants with unqualified opinion with an additional paragraph regarding the application of the revised PSAK effecting 1 January 2010.

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**SURAT PERNYATAAN DIREKSI
TENTANG
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN
PT SEMEN BATURAJA (PERSERO)
UNTUK PERIODE YANG BERAKHIR
PADA TANGGAL 31 DESEMBER 2012**

Kami yang bertanda tangan dibawah ini :

1. Nama	: Pamudji Rahardjo
Alamat Kantor	: Jl. Abikusno Cokrosuyoso Kertapati Palembang
Alamat Domisili/sesuai KTP atau kartu identitas lain	: Jl. Taman Kenten No. 14 A RT. 15 RW. 06 Kel. 8 Ilir - Palembang, Sumatera Selatan
Nomor Telepon	: (0711) 511261 Ext. 200
Jabatan	: Direktur Utama
2. Nama	: Ageng Purboyo Angrenggono
Alamat Kantor	: Jl. Abikusno Cokrosuyoso Kertapati Palembang
Alamat Domisili/sesuai KTP atau kartu identitas lain	: Jl. Bahagia 5 No. 18 Bukit Kencana RT/RW 004/016 Kel Jati Makmur, Kec. Pondok Gede, Bekasi, Jawa Barat
Nomor Telepon	: (0711) 511261 Ext. 200
Jabatan	: Direktur Keuangan

Menyatakan bahwa:

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan perseroan.
2. Laporan keuangan perseroan telah disusun dan disajikan sesuai dengan prinsip akuntansi yang berlaku umum di Indonesia.
3. a. Semua informasi dalam laporan keuangan perseroan telah dimuat secara lengkap dan benar.
b. Laporan keuangan perseroan tidak mengandung informasi atau fakta material yang tidak benar dan tidak menghilangkan informasi atau fakta material.
4. Bertanggung jawab atas sistem pengendalian intern dalam perseroan.

Demikian pernyataan ini dibuat dengan sebenarnya.

Palembang, 7 Mei 2013

Direktur Utama

Direktur Keuangan

Pamudji Rahardjo Ageng Purboyo Angrenggono

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Nomor: R.1.1/091R/02/13

Number: R.1.1/091R/02/13

Laporan Auditor Independen**Independent Auditors' Report**Pemegang Saham, Dewan Komisaris
dan Direksi**PT Semen Baturaja (Persero)**The Shareholders, Board of Commissioners
and Directors**PT Semen Baturaja (Persero)**

Kami telah mengaudit laporan posisi keuangan PT Semen Baturaja (Persero) tanggal 31 Desember 2012 dan 2011, serta laporan laba rugi komprehensif, laporan perubahan ekuitas dan laporan arus kas untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012 dan 2011. Laporan keuangan adalah tanggung jawab manajemen Perseroan. Tanggung jawab kami terletak pada pernyataan pendapat atas laporan keuangan berdasarkan audit kami. Kami juga melakukan pengujian atas kepatuhan Perseroan terhadap peraturan perundang-undangan tertentu dan pengendalian intern. Laporan keuangan, kepatuhan terhadap peraturan perundang-undangan dan pengendalian intern adalah tanggung jawab manajemen Perseroan. Tanggung jawab kami terletak pada pernyataan pendapat atas laporan keuangan, kepatuhan terhadap peraturan perundang-undangan dan pengendalian intern berdasarkan audit kami. Laporan keuangan untuk tahun yang berakhir pada tanggal 31 Desember 2010 diaudit oleh Kantor Akuntan Publik Pieter Solang & Uways dalam laporannya tertanggal 5 Februari 2011 No. 012/LA-PUR/GP/KSI/II/11 yang menyatakan pendapat wajar tanpa pengecualian.

We have audited the financial position of PT Semen Baturaja (Persero) as of December 31, 2012 and 2011, and the related statements of comprehensive income, statement of changes in equity, and statement of cash flow for the years of ended December 31, 2012 and 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We also have performed tests on the Company's compliance to certain regulations and internal controls. The financial statements and compliance to certain regulations and internal control are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and compliance to certain regulations and internal controls based on our audits. The financial statements for the year ended December 31, 2010 have been audited by Pieter Solang & Uways, Registered Public Accountant whose report, dated February 5, 2011, No. 012/LA-PUR/GP/KSI/II/11 expressed unqualified opinion.

Kami melaksanakan audit berdasarkan standar auditing yang ditetapkan Institut Akuntan Publik Indonesia dan Standar Pemeriksaan Keuangan Negara yang diterbitkan Badan Pemeriksa Keuangan Republik Indonesia. Standar tersebut mengharuskan kami merencanakan dan melaksanakan audit agar memperoleh keyakinan memadai bahwa laporan keuangan bebas dari salah saji material. Suatu audit meliputi pemeriksaan, atas dasar pengujian, bukti-bukti yang mendukung jumlah-jumlah dan pengungkapan dalam laporan keuangan. Audit juga meliputi penilaian atas prinsip akuntansi yang digunakan dan estimasi signifikan yang dibuat oleh manajemen, serta penilaian terhadap penyajian laporan keuangan secara keseluruhan. Selain itu, audit mencakup pengujian atas kepatuhan Perseroan terhadap kontrak, persyaratan bantuan dan pasal-pasal tertentu peraturan perundang-undangan serta kepatuhan terhadap pengendalian internal. Kami yakin bahwa audit kami memberikan dasar memadai untuk menyatakan pendapat.

We conducted our audit in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants and the State Financial Auditing Standards issued by the Supreme Audit Board of the Republic of Indonesia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. In addition, such audit also tested the Company's compliance to certain contracts, grants and articles on certain regulations and its compliance to internal control. We believe that our audit provides a reasonable basis for our opinion.

Doli, Bambang, Sulistiyanto, Dadang & Ali

Menurut pendapat kami, laporan keuangan yang kami sebut di atas menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Semen Baturaja (Persero) tanggal 31 Desember 2012 dan 2011, serta hasil usaha, perubahan ekuitas dan arus kas untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012 dan 2011 sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal, kami laporkan kepada manajemen, dengan laporan kami No. R.1.1/091/UU/02/13 dan No. R.1.1/091/PI/02/13 tanggal 20 Februari 2013.

Kami telah menerbitkan laporan auditor independen Nomor: R.1.1/091/02/13 tanggal 20 Februari 2013 atas laporan keuangan PT Semen Baturaja (Persero) untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012 dan 2011, dengan pendapat wajar tanpa pengecualian. Penerbitan kembali laporan kami tersebut disebabkan karena perubahan dan atau tambahan informasi sehubungan dengan Penawaran Umum Saham Perdana PT Semen Baturaja (Persero). Perubahan dan atau tambahan informasi tersebut dijelaskan dalam Catatan 43 atas laporan keuangan untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012 dan 2011, dengan beberapa perubahan penyajian dan tambahan pengungkapan.

In our opinion, the financial statements referred to above present fairly, in all material respect, the financial position of PT Semen Baturaja (Persero) as of December 31, 2012 and 2011 and the results of their operations, changes in equity and their cash flows for the years of ended December 31, 2012 and 2011 in conformity with Indonesian Financial Accounting Standards.

The compliance to certain regulations and internal controls, are reported separately to the management, in our reports No. R.1.1/091/UU/02/13 and No. R.1.1/091/PI/02/13 dated February 20, 2013.

We have issued the independent auditors' report No: R.1.1/091/02/13 dated February 20, 2013 on the financial statements of PT Semen Baturaja (Persero) for the years ended December 31, 2012 and 2011, which expressed unqualified opinion. The reissued of our report was do to the changes and/or the additional information in connection with the prime Initial Public Offering of PT Semen Baturaja (Persero)'s shares. The changes and/or the additional information were described in Note 43 of the financial statements as of December 31, 2012 and 2011, with several changes in presentation and the additional of disclosures.

DOLI, BAMBANG, SULISTIYANTO, DADANG & ALI

Izin Usaha / Firm License No. KEP-42/KM.1/2013



Doli Diapary Siregar, CPA

Nomor Izin Akuntan Publik / Public Accountant License Number
AP.0396

Jakarta, 7 Mei / May 7, 2013

Notice to Readers

The accompanying financial statements are not intended to present the financial position, results of operations, changes in shareholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilized in Indonesia to audit such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly, the accompanying consolidated financial statements and their utilization are not intended for those who are not informed about Indonesian accounting principles, and auditing standards, and their application in practice.

R.1.1/091R/02/13

R.1.1/091R/02/13

PT SEMEN BATURAJA (PERSERO)
LAPORAN POSISI KEUANGAN
PER 31 DESEMBER 2012, 2011 DAN 2010
 (Disajikan dalam ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012, 2011 AND 2010
 (Expressed in thousands Indonesian Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember / December 31,			
		2012	2011	2010	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	2.c, 2.d, 2.k, 4, 18	498,446,901	400,483,403	269,745,734	Cash and cash equivalents
Kas dan setara kas yang dibatasi penggunaannya - jatuh tempo dalam waktu setahun	2.c, 2.d, 2.k, 5, 18	40,000,000	113,000,000	-	Restricted cash and cash equivalents - current maturity
Piutang usaha	2.c, 2.e, 6, 18				Trade receivables
Pihak ketiga - setelah dikurangi penyisihan penurunan nilai per 31 Desember 2012, 2011 dan 2010, masing-masing sebesar Rp 1.317.895, Rp 1.500.674, dan Rp 255.341		310,276	477,693	15,854,946	Third parties - net of allowance of impairment in December 31, 2012, 2011 and 2010 Rp 1,317,895, Rp 1,500,674, and Rp 255,341, respectively
Pihak berelasi		8,791	-	73,244	Related parties
Persediaan - setelah dikurangi penyisihan persediaan usang per 31 Desember 2012, 2011 dan 2010 masing-masing sebesar Rp 5.016.066, Rp 2.408.731 dan Rp 2.408.731	2.f, 7	116,659,717	89,708,316	127,034,793	Inventories - net of provision for obsolete in December 31, 2012, 2011 and 2010 Rp 5,016,066, Rp 2,408,731 and Rp 2,408,731, respectively
Aset lancar lainnya	8	5,281,083	3,894,822	4,586,901	Other current assets
Jumlah Aset Lancar		660,706,768	607,564,234	417,295,618	Total Current Assets
ASET TIDAK LANCAR					NON CURRENT ASSETS
Aset tetap - setelah dikurangi akumulasi penyusutan per 31 Desember 2012, 2011 dan 2010 masing-masing sebesar Rp 502.545.027, Rp 452.041.663 dan Rp 405.089.770	2.g, 9	518,007,604	353,543,138	353,043,257	Fixed assets - net of accumulated depreciation in December 31, 2012, 2011 and 2010 Rp 502,545,027, Rp 452,041,663, and Rp 405,089,770, respectively
Aset takberwujud	2.p, 10	803,064	851,869	900,674	Intangible assets
Aset tidak lancar lainnya	2.p, 11	19,068,971	21,096,388	5,502,832	Other non current assets
Jumlah Aset Tidak Lancar		537,879,639	375,491,395	359,446,763	Total Non Current Assets
JUMLAH ASET		1,198,586,407	983,055,629	776,742,381	TOTAL ASSETS

Lihat Catatan atas Laporan Keuangan yang merupakan bagian tidak terpisahkan dari Laporan Keuangan secara keseluruhan

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

R.1.1/091R/02/13

R.1.1/091R/02/13

PT SEMEN BATURAJA (PERSERO)
LAPORAN POSISI KEUANGAN
PER 31 DESEMBER 2012, 2011 DAN 2010
 (Disajikan dalam ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012, 2011 AND 2010
 (Expressed in thousands Indonesian Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember / December 31,			
		2012	2011	2010	
LIABILITAS DAN EKUITAS					LIABILITIES AND SHAREHOLDERS' EQUITY
LIABILITAS LANCAR					CURRENT LIABILITIES
Utang usaha	2.c, 12, 18				Trade payable
Pihak ketiga		51,242,679	53,970,844	46,474,695	Third parties
Pihak berelasi		12,734,810	11,710,713	17,106,029	Related parties
Utang bank jangka pendek - Pihak berelasi	13, 18	2,765,620	-	-	Short term bank loan-Related Parties
Utang pajak	2.m, 14.a	21,220,817	21,116,807	23,581,924	Taxes payables
Biaya yang masih harus dibayar	2.c, 15, 18	28,958,392	20,679,137	14,830,109	Accrued exepenses
Utang dividen - jatuh tempo dalam waktu setahun	16	-	-	6,142,513	Current maturity of dividend payable
Utang kepada pihak berelasi - jatuh tempo dalam waktu setahun	2.c, 18, 21, 34	14,090,469	-	-	Due to related parties - current maturity
Utang obligasi - jatuh tempo dalam waktu setahun	17	-	-	-	Current maturity of bonds payable
Liabilitas imbalan kerja jangka pendek	2.i, 19	36,747,056	34,354,095	32,392,477	Employee benefits liabilities
Liabilitas jangka pendek lainnya	20	3,630,928	4,278,292	4,451,375	Other current liabilities
Jumlah Liabilitas Lancar		171,390,771	146,109,888	144,979,122	Total Current Liabilities
LIABILITAS TIDAK LANCAR					LONG TERM LIABILITIES
Liabilitas pajak tangguhan	2.m, 14.c	14,655,758	18,159,308	22,598,573	Deferred tax liabilities
Liabilitas imbalan kerja jangka panjang	2.i, 19	24,420,065	30,128,315	28,780,443	Employee benefit liabilities
Utang kepada pihak berelasi - setelah dikurangi bagian jatuh tempo dalam waktu setahun	2.c, 18, 21, 34	27,000,000	68,649,469	68,649,469	Due to related parties - net of current maturity
Provisi reklamasi dan pasca tambang	22	6,981,404	3,989,243	-	Mine reclamations fees and services
Jumlah Liabilitas Tidak Lancar		73,057,227	120,926,335	120,028,485	Total Long Term Liabilities

Lihat Catatan atas Laporan Keuangan yang merupakan bagian tidak terpisahkan dari Laporan Keuangan secara keseluruhan

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

R.1.1/091R/02/13

R.1.1/091R/02/13

PT SEMEN BATURAJA (PERSERO)
LAPORAN POSISI KEUANGAN
PER 31 DESEMBER 2012, 2011 DAN 2010
 (Disajikan dalam ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2012, 2011 AND 2010
 (Expressed in thousands Indonesian Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember / December 31,			
		2012	2011	2010	
EKUITAS					SHAREHOLDERS' EQUITY
Modal saham					Share capital
Modal dasar per 31 Desember 2012, 2.560.000 lembar saham biasa, modal ditempatkan dan disetor penuh sejumlah 640.000 lembar saham biasa dengan nilai nominal Rp 1.000 per lembar saham					Authorized as of December 31, 2012, 2,560,000 common shares, issued and fully paid capital 640,000 common shares with par value Rp 1,000 per share
Modal dasar per 31 Desember 2011 dan 2010, masing-masing sejumlah 100.000 lembar saham biasa modal ditempatkan dan disetor penuh sejumlah 60.414 lembar saham biasa dengan nilai nominal Rp 1.000 per lembar saham	23	640,000,000	60,414,000	60,414,000	Authorized as of December 31, 2011 dan 2010 100,000 common shares, issued and fully paid capital 60,414 common shares with par value Rp 1,000 per share
Tambahan modal disetor	24	-	979	979	Additional paid-in capital
Saldo laba	25				Retained earnings
Telah dicadangkan		15,625,886	403,966,423	229,585,385	Appropriated
Belum dicadangkan		298,512,523	251,638,004	221,734,410	Unappropriated
Jumlah Ekuitas		954,138,409	716,019,406	511,734,774	Total Shareholders' Equity
JUMLAH LIABILITAS DAN EKUITAS		1,198,586,407	983,055,629	776,742,381	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

Lihat Catatan atas Laporan Keuangan yang merupakan bagian tidak terpisahkan dari Laporan Keuangan secara keseluruhan

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

The original financial statements included herein are in Indonesian language.

R.1.1/091R/02/13

R.1.1/091R/02/13

PT SEMEN BATURAJA (PERSERO)
LAPORAN LABA RUGI KOMPREHENSIF
UNTUK TAHUN-TAHUN YANG BERAKHIR
PADA TANGGAL 31 DESEMBER 2012, 2011 DAN 2010
 (Disajikan dalam ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED
DECEMBER 31, 2012, 2011 AND 2010
 (Expressed in thousands Indonesian Rupiah, unless otherwise stated)

	Catatan/ Notes	31 Desember / December 31, (1 Tahun/ 1 Year)			
		2012	2011	2010	
PENJUALAN - BERSIH	2.l, 26, 34	1,097,679,986	1,050,277,051	885,740,294	NET SALES
BEBAK POKOK PENJUALAN	2.l, 27	(607,844,710)	(621,760,693)	(493,265,294)	COST OF GOODS SOLD
LABA KOTOR		489,835,276	428,516,358	392,475,000	GROSS PROFIT
BEBAK USAHA					OPERATING EXPENSES
Beban penjualan	2.l, 28	(11,994,118)	(10,901,676)	(11,911,715)	Selling expenses
Beban umum dan administrasi	2.l, 29	(111,862,332)	(110,604,876)	(94,173,583)	General and administration expenses
Pendapatan (beban) operasi lainnya	2.l, 30	1,154,042	161,134	1,338,049	Other operating income (expenses)
Jumlah Beban Usaha		(122,702,408)	(121,345,418)	(104,747,249)	Total Operating Expenses
LABA USAHA		367,132,868	307,170,940	287,727,751	OPERATING INCOME
PENDAPATAN (BEBAK) KEUANGAN					OTHER FINANCIAL INCOME (EXPENSE)
Pendapatan keuangan	2.l, 31	28,349,711	25,938,510	13,988,506	Financial income
Beban keuangan	2.l, 32	(61,269)	(61,843)	(3,570,710)	Financial expense
Jumlah Pendapatan (Beban) Keuangan		28,288,442	25,876,667	10,417,796	Total Financial Income (Expenses)
LABA SEBELUM PAJAK PENGHASILAN		395,421,310	333,047,607	298,145,547	PROFIT BEFORE INCOME TAX
BEBAK PAJAK PENGHASILAN	2.m, 14.b	(96,908,787)	(81,409,603)	(76,411,137)	INCOME TAX EXPENSE
LABA TAHUN BERJALAN DARI OPERASI					PROFIT FOR THE YEAR FROM
YANG DILANJUTKAN		298,512,523	251,638,004	221,734,410	CONTINUING OPERATIONS
PENDAPATAN KOMPREHENSIF LAIN		-	-	-	COMPREHENSIVE INCOME
JUMLAH LABA KOMPREHENSIF TAHUN BERJALAN		298,512,523	251,638,004	221,734,410	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
LABA PER SAHAM (dalam rupiah penuh)					TOTAL EARNING PER SHARE (in full amount)
Laba Usaha	2.o, 33	1,788,184	5,084,433	4,762,601	Operating Income
Laba Bersih	2.o, 33	1,453,956	4,165,227	3,670,249	Net Income

Lihat Catatan atas Laporan Keuangan yang merupakan bagian tidak terpisahkan dari Laporan Keuangan secara keseluruhan

See accompanying Notes to Financial Statements
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R.1.1/091R/02/13

R.1.1/091R/02/13

PT SEMEN BATURAJA (PERSERO)
LAPORAN PERUBAHAN EKUITAS
UNTUK TAHUN-TAHUN YANG BERAKHIR
PADA TANGGAL 31 DESEMBER 2012, 2011 DAN 2010
(Disajikan dalam ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER
DECEMBER 31, 2012, 2011 AND 2010
(Expressed in thousands Indonesian Rupiah, unless otherwise stated)

	Catatan/ Notes	Modal saham/ Share capital	Tambahan modal disetor/ Additional Paid in capital	Saldo laba / Retained earnings		Jumlah ekuitas/ Total Shareholders equity	
				Yang telah dicadangkan/ Appropriated	Yang belum dicadangkan/ Unappropriated		
Saldo Per 31 Desember 2009		60,414,000	979	147,165,856	177,203,843	384,784,678	Balance as of December 31, 2009
Dividen	2.n, 25	-	-	-	(89,419,164)	(89,419,164)	Dividend
Pencadangan saldo laba	25	-	-	84,054,014	(84,054,014)	-	Appropriate on retained earnings
Program Kemitraan dan Bina Lingkungan (PKBL)	25	-	-	-	(5,365,150)	(5,365,150)	Partnership Program & Environment Development
Reklasifikasi		-	-	(1,634,485)	1,634,485	-	Reclassification
Laba bersih tahun berjalan		-	-	-	221,734,410	221,734,410	Net income for the year
Saldo Per 31 Desember 2010		60,414,000	979	229,585,385	221,734,410	511,734,774	Balance as of December 31, 2010
Dividen	2.n, 25	-	-	-	(44,049,648)	(44,049,648)	Dividend
Pencadangan saldo laba	25	-	-	172,894,870	(172,894,870)	-	Appropriate on retained earnings
Program Kemitraan dan Bina Lingkungan (PKBL)	25	-	-	-	(3,303,724)	(3,303,724)	Partnership Program & Environment Development
Reklasifikasi		-	-	1,486,168	(1,486,168)	-	Reclassification
Laba bersih tahun berjalan		-	-	-	251,638,004	251,638,004	Net income for the year
Saldo Per 31 Desember 2011		60,414,000	979	403,966,423	251,638,004	716,019,406	Balance as of December 31, 2011
Dividen	2.n, 25	-	-	-	(50,328,000)	(50,328,000)	Dividend
Pencadangan saldo laba	25	-	-	191,244,484	(191,244,484)	-	Appropriate on retained earnings
Program Kemitraan dan Bina Lingkungan (PKBL)	25	-	-	-	(10,065,520)	(10,065,520)	Partnership Program & Environment Development
Kapitalisasi saldo laba	25	579,586,000	(979)	(579,585,021)	-	-	Retained earning capitalization
Laba bersih tahun berjalan		-	-	-	298,512,523	298,512,523	Net income for the year
Saldo Per 31 Desember 2012		640,000,000	-	15,625,886	298,512,523	954,138,409	Balance as of December 31, 2012

Lihat Catatan atas Laporan Keuangan yang merupakan bagian tidak terpisahkan dari Laporan Keuangan secara keseluruhan

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

R.1.1/091R/02/13

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PT SEMEN BATURAJA (PERSERO)
LAPORAN ARUS KAS
UNTUK TAHUN-TAHUN YANG BERAKHIR
PADA TANGGAL 31 DESEMBER 2012, 2011 DAN 2010
(Disajikan dalam Rupiah penuh, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED
DECEMBER 31, 2012, 2011 AND 2010
(Expressed in full Amount Indonesian Rupiah, unless otherwise stated)

Catatan/ Notes	31 Desember / December 31, (1 Tahun / 1 Year)			
	2012	2011	2010	
ARUS KAS DIPEROLEH DARI				CASH FLOWS PROVIDED BY
AKTIVITAS OPERASI				OPERATING ACTIVITIES
Penerimaan kas dari pelanggan	1,098,021,390	1,064,482,215	888,630,107	Receipt from customers
Pembayaran kas kepada pemasok	(643,862,415)	(627,825,447)	(505,197,500)	Payments to suppliers and employees
Pembayaran kas kepada karyawan	(62,114,259)	(60,839,548)	(64,741,099)	
Penerimaan bunga	28,314,265	32,566,636	13,982,983	Interest income received
Pembayaran bunga atas liabilitas jangka pendek	(61,269)	(61,843)	(146,128)	Payment of interest on short-term loan
Pembayaran pajak penghasilan	(95,179,487)	(82,277,235)	(76,052,779)	Payment of income taxes
Arus Kas Bersih Diperoleh dari Aktivitas Operasi	325,118,225	326,044,778	256,475,584	Net Cash Flows Provided by Operating Activities
ARUS KAS DIGUNAKAN UNTUK				CASH FLOWS USED FOR
AKTIVITAS INVESTASI				INVESTING ACTIVITIES
Pembelian aset tetap	(214,967,827)	(28,811,224)	(26,990,944)	Acquisition of fixed assets
Arus Kas Bersih Digunakan untuk Aktivitas Investasi	(214,967,827)	(28,811,224)	(26,990,944)	Net Cash Flows Used for Operating Activities
ARUS KAS DIGUNAKAN UNTUK				CASH FLOWS USED FOR
AKTIVITAS PENDANAAN				FINANCING ACTIVITIES
Penerimaan pinjaman jangka pendek	2,765,620	-	-	
Pembayaran angsuran pokok dan bunga pinjaman	-	-	-	Payments of principal installment and interest loan
Pembayaran angsuran pokok dan bunga obligasi	-	-	(53,468,750)	Payments of principal installment and interest bond
Pembayaran dividen	(50,328,000)	(50,192,161)	(95,419,164)	Payments of dividend
Penyerahan dana Program Kemitraan	(5,032,760)	(1,101,241)	(3,576,767)	Transfer of fund of Partnership Program
Penyerahan dana Bina Lingkungan	(5,032,760)	(2,202,483)	(1,788,383)	Transfer of fund of Environmental Development
Pembayaran pokok utang pihak berelasi	(27,559,000)	-	-	Payments of related parties liabilities
Penyerahan tantiem dan bonus	-	-	-	Payments of tantiem and bonus
Arus Kas Bersih Digunakan untuk Aktivitas Pendanaan	(85,186,900)	(53,495,885)	(154,253,064)	Net Cash Flows Used for Financing Activities
KENAIKAN (PENURUNAN) BERSIH				NET INCREASE (DECREASE)
KAS DAN SETARA KAS	24,963,498	243,737,669	75,231,576	IN CASH AND CASH EQUIVALENTS
PENGARUH SELISIH KURS	-	-	156,926	EFFECT OF FOREIGN EXCHANGE
KAS DAN SETARA KAS				CASH AND CASH EQUIVALENTS
PADA AWAL PERIODE	517,983,403	274,245,734	198,857,232	AT THE BEGINNING OF THE PERIOD
KAS DAN SETARA KAS				CASH AND CASH EQUIVALENTS
PADA AKHIR PERIODE	2.c, 2.d, 2.k, 4, 18	542,946,901	517,983,403	AT THE END OF THE PERIOD

Lihat Catatan atas Laporan Keuangan yang merupakan bagian tidak terpisahkan dari Laporan Keuangan secara keseluruhan

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

PT SEMEN BATURAJA (PERSERO)

CATATAN ATAS LAPORAN KEUANGAN

Untuk Tahun-tahun yang Berakhir

pada Tanggal 31 Desember 2012, 2011 dan 2010

(Disajikan dalam Ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)

NOTES TO FINANCIAL STATEMENTS

For The Years Ended

December 31, 2012, 2011 and 2010

(Expressed in thousand Indonesian Rupiah,
unless otherwise stated)

1. GAMBARAN UMUM PERSEROAN

a. Legalitas pendirian perseroan

PT Semen Baturaja (Persero) ("Perseroan") didirikan berdasarkan akta notaris Jony Frederik Berthold Tumbelaka Sinjai, notaris di Jakarta tanggal 14 Nopember 1974 No. 34, diubah dengan akta notaris yang sama tanggal 21 Nopember 1974 No. 49; akta-akta ini telah disetujui oleh Menteri Kehakiman Republik Indonesia dengan No. Y.A5/422/18 tanggal 22 November 1974, didaftarkan di Pengadilan Negeri Palembang dengan No. 376/1974 tanggal 22 November 1974 dan diumumkan dalam tambahan No. 15 pada Berita Negara No. 2 tanggal 7 Januari 1975.

Anggaran Dasar Perseroan telah mengalami beberapa kali perubahan, dalam rangka penyesuaian dengan Undang-Undang No. 1 tahun 1995 tentang Perseroan Terbatas dilakukan dengan akta Ny. Macharani Moertolo Soenarto, notaris di Jakarta, tanggal 26 Januari 1998 No. 62; akta ini disetujui oleh Menteri Kehakiman Republik Indonesia dengan keputusan No. C2-1994.HT.01.04.TH.98 tanggal 20 Maret 1998, didaftarkan dengan No. TDP 06066300041, diumumkan dalam tambahan No. 2600 pada Berita Negara No. 39 tanggal 15 Mei 1998.

Selanjutnya dalam rangka penyesuaian dengan Undang-Undang No. 40 tahun 2007 tentang Perseroan Terbatas dilakukan dengan akta Rumonda Kesuma Lubis, Notaris di Jakarta, No. 4 tanggal 13 Juni 2008 dan telah disetujui oleh Menteri Kehakiman Republik Indonesia dengan Keputusan No. AHU-50057.AH.01.02.TH.2008 tanggal 12 Agustus 2008.

Perubahan terakhir dalam rangka peningkatan modal dasar Perseroan sesuai dengan Surat Keputusan Menteri BUMN No. SK-313/MBU/2012 tanggal 4 September 2012 dengan akta Fathiah Helmi, S.H., Notaris di Jakarta, No. 48 tanggal 28 September 2012 dan telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia No. AHU-51011. AH. 01. 02 tahun 2012 tanggal 1 Oktober 2012.

1. GENERAL

a. Company's establishment legality

PT Semen Baturaja (Persero) (the Company) was established by Deed of Notary Jony Frederik Berthold Tumbelaka Sinjai No. 34, in Jakarta, dated November 14, 1974, amended by the same notary on November 21, 1974, Deed No. 49; the deeds were approved by approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No.Y.A5/422/18 dated November 22, 1974 register in District Court of Palembang No. 376/1974 dated November 22, 1974 and published in Supplement No. 15 of State Gazette No. 2 dated January 7, 1975.

The Company's articles of association have been amended several times, amended to conform with the Law No. 1, 1995, about Limited Company based On Notarial Deed of Mrs. Machrani Moertolo Soenarto, in Jakarta dated January 26, 1998 No. 62; Deed was approved by Minister of Justice of The Republic of Indonesia in his Decision Letter No.C2-1994.HT.01.04. TH.98 dated March 20, 1998 registered with No. TD06066300041 published in Supplement No. 2600 of State Gazette No. 39 dated May 15, 1998.

Furthermore, to conform with the law No. 40, 2007 about Limited Company based on Notarial Deed of Rumonda Kesuma Lubis, in Jakarta, No. 4 dated June 13, 2008 was approved by Minister of Justice of the Republic of Indonesia in his Decision Letter No. AHU-50057.AH.01.02.TH.2008 dated August 12, 2008.

Last Amended in order to increase the Company's share capital according to Minister of BUMN Decision Letter No. SK-313/MBU/2012 dated September 4, 2012 based on Notarial Deed of Fathiah Helmi, S.H., in Jakarta, No. 48 dated September 28, 2012 and was approved by Minister of Justice of the Republic of Indonesia in his Decision Letter No. AHU-51011. AH. 01. 02, year of 2012, dated October 1, 2012.

PT SEMEN BATURAJA (PERSERO)
CATATAN ATAS LAPORAN KEUANGAN
Untuk Tahun-tahun yang Berakhir
pada Tanggal 31 Desember 2012, 2011 dan 2010
(Disajikan dalam Ribuan Rupiah, kecuali dinyatakan lain)

PT SEMEN BATURAJA (PERSERO)
NOTES TO FINANCIAL STATEMENTS
For The Years Ended
December 31, 2012, 2011 and 2010
(Expressed in thousand Indonesian Rupiah,
unless otherwise stated)

1. GAMBARAN UMUM PERSEROAN (Lanjutan)

a. Legalitas pendirian perseroan (lanjutan)

Sesuai dengan Peraturan Pemerintah No. 10 tahun 1978, Pemerintah Republik Indonesia menjadi pemegang saham mayoritas Perseroan dan status Perseroan menjadi Perusahaan Perseroan (Persero) dengan nama PT Semen Baturaja (Persero). Pemerintah Republik Indonesia menjadi pemegang saham tunggal sejak tahun 1991.

b. Lingkup dan jaringan usaha perseroan

Sesuai dengan pasal 3 Anggaran Dasarnya, Perseroan bergerak dibidang industri semen termasuk produksi, distribusi dan jasa-jasa lain yang terkait dengan industri semen.

Kantor pusat Perseroan terletak di Jalan Abikusno Cokrosuyono Kertapati, Palembang. Lokasi pabrik yang dimiliki Perseroan terdapat di tiga lokasi yaitu masing-masing di Baturaja, Palembang dan Panjang (Lampung). Fasilitas Pabrik di Baturaja meliputi pabrik penghasil terak (*intermediate goods*) dengan kapasitas produksi 1.200.000 ton per tahun dan pabrik penghasil semen (*cement mill*) dengan kapasitas produksi semen curah 550.000 ton per tahun.

Jumlah kapasitas ini diperoleh setelah selesainya proyek Optimalisasi Pabrik di Baturaja (OPT II) yang diselesaikan pada akhir tahun 2001. Selain itu, pabrik di Palembang dan Panjang meliputi pabrik penghasil semen dengan kapasitas produksi semen curah masing-masing 350.000 ton per tahun. Seluruh hasil produksi semen dipasarkan di pasar lokal yang meliputi wilayah Sumatera Bagian Selatan dan Banten.

Selain kantor beroperasi di Baturaja, Palembang dan Panjang, Perseroan juga memiliki kantor perwakilan yang beralamat di Gedung Graha Irama Lantai 11 Ruang F, Jl. H.R. Rasuna Said Kav. 10, Jakarta Selatan. Perseroan memulai kegiatan komersialnya pada tanggal 1 Juni 1981.

1. GENERAL (Continued)

a. Company's establishment legality (continued)

Based on Government Regulation No. 10 year 1978, The Government of The Republic of Indonesia is the majority share holder of the Company, and the Company was transformed into a State Enterprise (Persero) became PT Semen Baturaja (Persero). The Government of The Republic of Indonesia has become the sole shareholders since 1991.

b. Scope and network of the company's business

In accordance with article 3 of the Company's Articles of Association, the Company is involved in the cement industrial sector, including production, distribution and other services around cement industry.

The Company's head office located on Jalan Abikusno Cokrosuyono, Kertapati, Palembang. The plants location owned by the Company consist of in three location i.e. in Baturaja, Palembang and Panjang (Lampung). The facility of plant in Baturaja includes plant for producing intermediate goods (clinker) with the production capacity of 1,200,000 ton per year plant for producing bulk cement with production capacity of 550,000 ton per year.

The capacity was reached after the completion of project of Plant Optimization II in Baturaja (OPT II) which completed at end of the year 2001. Besides, plant in Palembang and Panjang includes plant for producing bulk cement with production capacity of 350,000 ton per year. The entire production of cement are marketed in local market covering South of Sumatera and Banten.

In addition to the operating office in Baturaja, Palembang and Panjang's offices, the Company also has offices located at Graha Irama 11th floor Room F, Jl. H.R. Rasuna Said Kav. 10, South Jakarta. The Company commenced commercial operations on June 1, 1981.

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1. GAMBARAN UMUM PERSEROAN (Lanjutan)

c. Dewan komisaris, direksi dan karyawan

Susunan Dewan Komisaris Perseroan pada tanggal 31 Desember 2012 dan 31 Desember 2011 dan 2010 adalah sebagai berikut:

**31 Desember 2012, 2011
dan 2010 /
December 31, 2012, 2011
and 2010**

Dewan Komisaris

Komisaris Utama
Anggota Dewan Komisaris
Anggota Dewan Komisaris
Anggota Dewan Komisaris
Anggota Dewan Komisaris

Ir. Benny Wachjudi, MBA
Ir. Eddy Yusbar Badaruddin
Yusman Effendy, S. IP
Bagya Mulyanto, SE, MM
Dr. Slamet Seno Adji

Berdasarkan dengan Keputusan Menteri BUMN No.SK-363/MBU/2012 tanggal 2 Oktober 2012, komposisi dewan Direksi mengalami perubahan. Susunan Dewan Direksi Perseroan pada tanggal 31 Desember 2012 dan 31 Desember 2011 dan 2010 adalah sebagai berikut:

**31 Desember 2012/ December
31, 2012**

Dewan Direksi

Direktur Utama
Direktur Keuangan
Direktur Komersial
Direktur Produksi dan
Pengembangan
Direktur Produksi
Direktur Teknik dan
Pengembangan
Direktur Umum dan SDM
Direktur Pemasaran

Ir. Pamudji Rahardjo
Drs. Ageng Purboyo Angrenggono
--
Ir. Agus Wahyudin
--
--
Romlan Kurniawan, SE
Rusniwati Alie, SE

**31 Desember 2011
dan 2010 /
December 31, 2011
and 2010**

Ir. Pamudji Rahardjo
--
Yusril Sabarudin, SE, Ak
--
Ir. Agus Wahyudin
--
Ir. Syaiful Abunawar
Ir. Anas Rosjidi
--

Komite Audit

Ketua
Anggota *
Anggota **

Ir. Eddy Yusbar Badaruddin
Ir. Rusli
Prima Dedi Andrian SE, Ak, MM

Ir. Eddy Yusbar Badaruddin
Ir. Agus M. Sagir
Arief A. Dhani SE, Ak, CPA

**Kepala Audit
Internal *****

Ir. Agoes Pramoesinto, SE, M.Si.

RM. Rum Hendarmin SE, Ak, MM, PIA

**Sekretaris
Perusahaan**

Zulfikri Subli SE, Ak, MM

Zulfikri Subli SE, Ak, MM

* Berdasarkan Keputusan Dewan Komisaris No. SK-04/DK-SB/IX/2012 tanggal 3 Oktober 2012, Anggota Komite Audit baru Ir. Rusli menggantikan Ir. Agus M. Sagir.

* Based on Board of Commissioners Decision No. SK-04/DK-SB/IX/2012 dated October 3, 2012, the new member of Audit Committee are Ir. Rusli replacing Ir. Agus M. Sagir.

1. GENERAL (Continued)

c. Commissioners, directors and employee

Board of Commissioners of the Company as of December 31, 2012 and December 31, 2011 and 2010 are as follows:

Board of Commissioners

President Commissioner
Member of Commissioner
Member of Commissioner
Member of Commissioner
Member of Commissioner

Based on the Decision of Minister of BUMN No.SK-363/MBU/2012 dated October 2, 2012, the board of Directors have been changed. Board of Directors of the Company as of December 31, 2012 and December 31, 2011 and 2010 are as follows:

Board of Directors

President Director
Director of Financial
Director of Commercial
Director of Production and
Development
Director of Production
Director of Technical
and Development
Director of General and Human
Resources
Director of Marketing

Audit Committee

Chairman
Member*
Member**

**Head of Internal
Audit *****

Corporate Secretary

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1. GAMBARAN UMUM PERSEROAN (Lanjutan)

c. Dewan komisaris, direksi dan karyawan (lanjutan)

**** Berdasarkan Keputusan Dewan Komisaris No. SK-03/DK-SB/VIII/2012 tanggal 10 Juli 2012, Anggota Komite Audit baru Prima Dedi Andrian menggantikan Ariel A. Dhani SE, Ak, CPA.**

***** Berdasarkan Surat Keputusan Direksi No. PH. 01. 04/177/2012 tanggal 23 Oktober 2012, Kepala Audit Internal adalah Ir. Agoes Pramoesinto, SE. M.Si.**

Pada tanggal 31 Desember 2012, 2011 dan 2010, Perseroan mempunyai karyawan masing-masing sejumlah 511, 594 dan 577 orang. Jumlah biaya karyawan Perseroan yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010, masing-masing sebesar Rp 106.357.499, Rp 102.008.188 dan Rp 109.153.419. Remunerasi yang dibayarkan kepada dewan komisaris dan direksi Perseroan untuk periode yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010 masing-masing sebesar Rp 13.329.913, Rp 7.756.800 dan Rp 6.100.696.

d. Penawaran umum obligasi

Perseroan mendapatkan persetujuan melalui keputusan Menteri Badan Usaha Milik Negara No.S-333/MBU/2003 tanggal 6 Oktober 2003 untuk menawarkan obligasi kepada masyarakat. Pada tanggal 14 Juni 2004, Badan Pengawas Pasar Modal dan Lembaga Keuangan ("BAPEPAM-LK") menyetujui pencatatan obligasi sebesar Rp 200.000.000 di Bursa Efek Indonesia (d/h Bursa Efek Surabaya) dengan PT Bank Mega, Tbk, bertindak sebagai Wali Amanat.

1. GENERAL (Continued)

c. Commissioners, directors and employee (continued)

**** Based on Board of Commissioners Decision No. SK-03/DK-SB/VIII/2012 dated July 10, 2012, the new member of Audit Committee are Prima Dedi Andrian replacing Ariel A. Dhani SE, Ak, CPA.**

***** Based on the Directors Decision Letter No. PH. 01. 04/177/2012 dated October 23, 2012, Head of Internal Audit was Ir. Agoes Pramoesinto, SE, M.Si.**

On December 31, 2012, 2011 and 2010, the Company had for each 511, 594 and 577 employees. Total employees costs for the period ended December 31, 2012, December 31, 2011 and 2010 amounted to Rp 106,357,499, Rp 102,008,188 and Rp 109,153,419. Remuneration paid to the boards of Commissioners and Directors for the period ended December 31, 2012, 2011 and 2010 amounted to Rp 13,329,913, Rp 7,756,800 and Rp 6,100,696.

d. Public offering of the company's bond

The Company obtained the approval of the Minister of BUMN (Decree No. S-333/MBU/2003 dated October 6, 2003) to offer its bonds to the public. On June 14, 2004, the Capital Market and Financial Institution Supervisory Agency (BAPEPAM-LK) agreed to listing bonds amounting to Rp 200,000,000 at the Indonesian Stock Exchange (formerly Surabaya Stock Exchange) with PT Bank Mega, Tbk, as the trustee.

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1. GAMBARAN UMUM PERSEROAN (Lanjutan)

d. Penawaran umum obligasi (lanjutan)

Berdasarkan pemeringkatan yang diterbitkan oleh PT Kasnic Credit Rating peringkat obligasi adalah A- (*Single A Minus*). Hasil pemeringkatan tahunan yang terakhir oleh PT Fitch Ratings Indonesia adalah A- (*Single A Minus*).

Pada tanggal 23 Juni 2004, Perseroan menerbitkan dan mencatat obligasi perdana senilai Rp 200.000.000 di Bursa Efek Indonesia (d/h Bursa Efek Surabaya).

Pada bulan Juni 2010, Perseroan telah melakukan pelunasan angsuran terakhir atas pokok pinjaman Obligasi sebesar Rp 50.000.000. Keseluruhan nilai nominal obligasi sebesar Rp 200.000.000 tersebut telah dilunasi seluruhnya sesuai dengan jadwal amortisasi.

1. GENERAL (Continued)

d. Public offering of the company's bond (continued)

Based on the rate published by PT Kasnic Credit Rating the bonds rate is A- (*Single A Minus*). The last annual rating published by PT Fitch Ratings Indonesia is A- (*Single A Minus*).

On June 23, 2004, the Company issued and listed Bonds amounting to Rp 200,000,000 at the Indonesian Stock Exchange (formerly Surabaya Stock Exchange).

In June 2010, the Company has settled the last installment of bonds outstanding amounted to Rp 50,000,000. The overall nominal value of Rp 200,000,000 had been paid entirely in accordance with the amortization schedule.

2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

Laporan keuangan ini telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia, yang mencakup pernyataan dan interpretasinya yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan - Ikatan Akuntan Indonesia dan peraturan-peraturan serta pedoman dan penyajian dan pengungkapan laporan keuangan yang diterbitkan oleh BAPEPAM-LK.

Kebijakan-kebijakan akuntansi yang penting, yang diterapkan secara konsisten dalam penyusunan laporan keuangan untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010, dapat diikhtisarkan sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards, with comprise the statements and interpretation issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants and the regulations and the guidelines on financial statements and disclosures issued by BAPEPAM-LK.

Significant accounting policies have been applied consistently in preparing the financial statement for the years ended December 31, 2012, 2011 and 2010 can be summarized as follows:

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (Lanjutan)

a. Dasar pengukuran dan penyusunan laporan keuangan

Laporan keuangan, kecuali untuk laporan arus kas, disusun menggunakan dasar akrual. Dasar pengukurannya menggunakan harga perolehan, kecuali beberapa akun tertentu yang menggunakan dasar pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut.

Laporan arus kas disusun dengan menggunakan metode langsung (*direct method*) dengan mengelompokkan arus kas atas dasar aktifitas operasi, investasi, dan pendanaan. Untuk tujuan laporan arus kas, kas dan setara kas mencakup kas, bank, serta deposito berjangka dan call deposit yang jatuh tempo dalam waktu tiga bulan atau kurang.

Kas dan setara kas yang ditempatkan sebagai *margin deposits* atas fasilitas *letter of credit*, dan jaminan utang bank disajikan sebagai "Kas dan setara kas yang dibatasi penggunaannya".

Seluruh angka dalam laporan keuangan dibulatkan menjadi dan disajikan dalam ribuan Rupiah, kecuali dinyatakan lain.

b. Perubahan kebijakan akuntansi

Ikatan Akuntan Indonesia telah menerbitkan beberapa standar akuntansi keuangan baru dan revisi yang akan berlaku efektif mulai tanggal 1 Januari 2012.

Berikut ini PSAK yang diperkirakan tidak mengakibatkan perubahan yang substansial atas kebijakan akuntansi Perseroan dan tidak memiliki pengaruh yang material terhadap jumlah yang dilaporkan dalam laporan keuangan tahun berjalan maupun tahun lalu:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basic of measurement and preparation of the financial statements

The financial statements, except for the statements of cash flows, are prepared under the accrual basis of accounting. The measurement basis used is historical cost, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

The statements of cash flow were prepared using (direct method) and present the changes of cash and cash equivalents of operating, investment and financing activities. For the purpose of the statements of cash flows, cash and cash equivalents include cash on-hand, cash in banks, and time deposits and call deposits with maturities of three months or less.

Cash and cash equivalents which are placed as margin deposits for letters of credit, and collateralized for bank loan facilities are classified as "Restricted cash and cash equivalents".

Amounts in the financial statements are rounded to and presented in thousands of Rupiah, unless otherwise stated.

b. Changes in accounting policies

The Indonesian Institute of Accountants has issued the following new and revised financial accounting standards which will be effective from January 1, 2012.

Below the new and revised prospective standards and interpretations which expected will not result in substantial changes to the Company's accounting policies and will not have material effect on the amounts reported in the financial statements for the current or previous years:

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (Lanjutan)

b. Perubahan kebijakan akuntansi (lanjutan)

- PSAK No. 10 (Revisi 2010), "Pengaruh Perubahan Kurs Valuta Asing"

PSAK revisi ini menjelaskan bagaimana memasukkan transaksi dalam mata uang asing dan kegiatan usaha luar negeri ke dalam laporan keuangan entitas dan bagaimana menjabarkan laporan keuangan ke dalam mata uang penyajian.

- PSAK No. 13 (2011), "Properti Investasi"

PSAK ini diterapkan dalam pengakuan, pengukuran dan pengungkapan properti investasi termasuk untuk pengukuran hak atas properti investasi dalam sewa yang dicatat sebagai sewa pembiayaan dalam laporan keuangan *lessee* dan untuk pengukuran properti investasi yang disediakan untuk *lessee* yang dicatat sebagai sewa operasi dalam laporan keuangan *lessor*.

- PSAK No. 16 (2011), "Aset Tetap"

PSAK ini mengatur perlakuan akuntansi aset tetap, sehingga pengguna laporan keuangan dapat memahami informasi mengenai investasi entitas dalam aset tetap dan perubahan dalam investasi tersebut. Masalah utama dalam akuntansi aset tetap adalah pengakuan aset, penentuan jumlah tercatat, pembebanan penyusutan, dan rugi penurunan nilainya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Changes in accounting policies (continued)

- PSAK No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates"

The revised PSAK prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into a presentation currency.

- PSAK No. 13 (2011), "Investment Property"

The PSAK shall be applied in the recognition, measurement and disclosure of investment property include the measurement in a *lessee's* financial statements of investment property interests held under a lease accounted for as a finance lease and to the measurement in a *lessor's* financial statements of investment property provided to a *lessee* under an operating lease.

- PSAK No. 16 (2011), "Property, Plant and Equipment"

The PSAK prescribes the accounting treatment for property, plant and equipment so that users of the financial statements can understand information about an entity's investment in its property, plant and equipment and its changes. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (Lanjutan)

b. Perubahan kebijakan akuntansi (lanjutan)

- PSAK No. 24 (Revisi 2010), "Imbalan Kerja"

PSAK revisi ini mengatur akuntansi dan pengungkapan imbalan kerja dan mensyaratkan pengakuan liabilitas dan beban jika pekerja telah memberikan jasanya dan entitas menikmati manfaat ekonomi yang dihasilkan dari jasa tersebut.

- PSAK No. 26 (Revisi 2011), "Biaya Pinjaman"

PSAK ini menentukan biaya pinjaman yang dapat diatribusikan secara langsung dengan perolehan, konstruksi atau produksi aset kualifikasian dikapitalisasi sebagai bagian biaya perolehan aset tersebut. Biaya pinjaman lainnya diakui sebagai beban.

- PSAK No. 30 (Revisi 2011), "Sewa"

PSAK ini mengatur kebijakan akuntansi dan pengungkapan yang sesuai, baik bagi *lessee* maupun *lessor* terkait dengan sewa, yang berlaku untuk perjanjian yang mengalihkan hak untuk menggunakan aset meskipun penyediaan jasa substansial oleh *lessor* tetap diperlukan dalam mengoperasikan atau memelihara aset tersebut.

- PSAK No. 33 (Revisi 2011), "Aktivitas Pengupasan Lapisan Tanah dan Pengelolaan Lingkungan Hidup pada Pertambangan Umum"

PSAK revisi ini diterapkan untuk akuntansi pertambangan umum yang terkait dengan aktivitas pengupasan lapisan tanah dan aktivitas pengelolaan lingkungan hidup.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Changes in accounting policies (continued)

- PSAK No. 24 (Revised 2010), "Employee Benefits"

The revised PSAK establish the accounting and disclosures for employee benefits and requires the recognition of liability and expense when an employee has provided service and the entity consumes economic benefit arising from the service.

- PSAK No. 26 (Revised 2011), "Borrowing Costs"

The PSAK determines borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that form the cost of that asset. Other borrowing costs are recognized as an expense.

- PSAK No. 30 (Revised 2011), "Leases"

The PSAK prescribes, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases which applies to agreements that transfer the right to use assets even though substantial services by the lessor may be called for in connection with the operation or maintenance of such assets.

- PSAK No. 33 (Revised 2011), "Stripping and Environmental Management Activities for the General Mining"

The revised PSAK is applied for accounting of general mining in relation with stripping activity and environmental management activity.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (Lanjutan)

b. Perubahan kebijakan akuntansi (lanjutan)

- PSAK No. 46 (Revisi 2010), "Akuntansi Pajak Penghasilan"

PSAK revisi ini mengatur perlakuan akuntansi untuk pajak penghasilan dalam menghitung konsekuensi pajak kini dan mendatang untuk pemulihan/(penyelesaian) jumlah tercatat aset/(liabilitas) masa depan yang diakui dalam laporan posisi keuangan; dan transaksi dan kejadian lain pada periode kini yang diakui dalam laporan keuangan entitas.

- PSAK No. 55 (Revisi 2011), "Instrumen Keuangan: Pengakuan dan Pengukuran"

PSAK ini mengatur prinsip-prinsip dasar pengakuan dan pengukuran aset keuangan, liabilitas keuangan, dan kontrak pembelian atau penjualan item non-keuangan. Persyaratan penyajian informasi instrumen keuangan diatur dalam PSAK 50 (Revisi 2010): "Instrumen Keuangan: Penyajian". Persyaratan pengungkapan informasi instrumen keuangan diatur dalam PSAK 60: "Instrumen Keuangan: Pengungkapan".

- PSAK No. 56 (Revisi 2011), "Laba per Saham"

PSAK revisi ini menetapkan prinsip penentuan dan penyajian laba per saham, sehingga meningkatkan daya banding kinerja antar entitas yang berbeda pada periode pelaporan yang sama, dan antar periode pelaporan berbeda untuk entitas yang sama.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Changes in accounting policies (continued)

- PSAK No. 46 (Revised 2010), "Accounting for Income Taxes"

The revised PSAK prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery/(settlement) of the carrying amount of assets/(liabilities) that are recognized in the statement of financial position; and transactions and other events of the current period that are recognized in the financial statements.

- PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement"

The PSAK establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Requirements for presenting information about financial instruments are in PSAK 50 (Revised 2010): "Financial Instruments: Presentation." Requirements for disclosing information about financial instruments are in PSAK 60: "Financial Instruments: Disclosures".

- PSAK No. 56 (Revised 2011), "Earnings per Share"

The revised PSAK prescribes principles for the determination and presentation of earnings per share, so as to improve comparison of performance between different entities in the same period and between different reporting periods for the same entity.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (Lanjutan)

b. Perubahan kebijakan akuntansi (lanjutan)

- PSAK No. 60 (2010) "Instrumen Keuangan: Pengungkapan" menggantikan PSAK 50 (Revisi 2006) "Instrumen Keuangan: Penyajian dan Pengungkapan".

Standar ini mensyaratkan beragam tambahan pengungkapan dalam laporan keuangan yang memungkinkan para pengguna untuk mengevaluasi signifikansi instrumen keuangan atas posisi dan kinerja keuangan; dan jenis dan besarnya risiko yang timbul dari instrumen keuangan yang mana Perseroan terekspos selama periode dan pada akhir periode pelaporan, dan bagaimana Perseroan mengelola risiko-risiko tersebut.

- PSAK No. 61 (2010) "Akuntansi Hibah Pemerintah dan Pengungkapan Bantuan Pemerintah". PSAK ini memberikan pedoman penerapan akuntansi dan pengungkapan, atas hibah pemerintah dan pengungkapan atas bentuk lain bantuan pemerintah.
- ISAK No. 15, "PSAK No. 24 - Batas Aset Imbalan Pasti, Persyaratan Pendanaan Minimum dan Interaksinya".
- ISAK No. 20, "Pajak penghasilan - Perubahan Dalam Status Pajak Entitas atau Para Pemegang Saham".
- ISAK No. 21, "Perjanjian Konstruksi Real Estat".
- ISAK No. 23, "Sewa Operasi-Insentif".
- ISAK No. 24, "Evaluasi Substansi beberapa Transaksi yang Melibatkan suatu Bentuk Legal Sewa".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Changes in accounting policies (continued)

- PSAK No. 60 (2010) "Financial Instruments: Disclosures" which supersedes PSAK No. 50 (Revised 2006) "Financial Instruments: Presentation and Disclosures".

This standard requires various additional disclosures in the financial statements that enable users to evaluate the significance of financial instruments for financial position and performance; and the nature and extent of risks arising from financial instruments to which the Company and its subsidiaries are exposed during the period and at the end of the reporting period, and how the Company and its subsidiaries manage those risks.

- PSAK No. 61 (2010) "Accounting for Government Grants and Disclosure of Government Assistance". The PSAK provides guidance on applying accounting for, and in the disclosure of government grants and in the disclosure of other forms of government assistance.
- ISAK No. 15, "PSAK No. 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".
- ISAK No. 20, "Income Taxes - Changes in the Tax Status of an Entity or its Shareholders".
- ISAK No. 21, "Agreements for the Construction of Real Estate".
- ISAK No. 23, "Operating Leases-Incentives".
- ISAK No. 24, "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

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b. Perubahan kebijakan akuntansi (lanjutan)

- ISAK No. 25, "Hak atas Tanah".
- ISAK No. 26, "Penilaian Ulang Derivatif Melekat".

c. Transaksi dengan pihak-pihak berelasi

Perseroan mempunyai transaksi dengan pihak-pihak berelasi. Definisi pihak-pihak berelasi yang dipakai adalah sesuai dengan yang diatur dalam PSAK No. 7 (revisi 2010), "Pengungkapan Pihak-Pihak Berelasi".

Seluruh transaksi dan saldo yang material dengan pihak-pihak berelasi diungkapkan dalam catatan atas laporan keuangan.

d. Kas dan setara kas

Kas dan setara kas mencakup kas, bank serta deposito berjangka dan *call deposit* yang jatuh tempo dalam waktu tiga bulan atau kurang.

Kas dan setara kas yang ditempatkan sebagai *margin deposits* atas fasilitas *letter of credit*, dan jaminan utang bank disajikan sebagai "Kas dan setara kas yang dibatasi penggunaannya".

Deposito berjangka yang jatuh tempo lebih dari tiga bulan disajikan sebagai "Investasi jangka pendek". Untuk kepentingan penyajian laporan arus kas, mutasi deposito berjangka tersebut disajikan dalam kelompok kegiatan investasi.

e. Piutang usaha dan piutang lain-lain

Piutang merupakan instrumen keuangan yang diklasifikasikan sebagai piutang dan pinjaman yang diberikan. Kebijakan akuntansi untuk instrumen keuangan dijelaskan dalam Catatan 2.j.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Changes in accounting policies (continued)

- ISAK No. 25, "Land Rights".
- ISAK No. 26, "Reassessment of Embedded Derivatives".

c. Transactions with related parties

The Company have transactions with related parties. The definition of related parties is in accordance with Statement of Financial Accounting Standards ("PSAK") No. 7 (revised 2010), "Related Party Disclosures".

All material transactions and balances with related parties are disclosed in the notes to the financial statements.

d. Cash and cash equivalents

Cash and cash equivalents include cash on-hand, cash in banks, and time deposits and call deposits with maturities of three months or less.

Cash and cash equivalents which are placed as margin deposits for letters of credit, and collateralized for bank loan facilities are classified as "Restricted cash and cash equivalents".

Time deposits with maturities of more than three months are classified as "Short-term investment". For statements of cash flows purposes, movements in such time deposits are classified as investment activities.

e. Trade receivables and other receivables

Accounts receivable represent financial instruments which classified as loan and receivables. Accounting policies for financial instruments are described in Notes 2.j.

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f. Persediaan

Persediaan diakui sebesar nilai yang lebih rendah antara harga perolehan dan nilai realisasi bersih. Harga perolehan ditentukan dengan menggunakan metode rata-rata tertimbang untuk barang jadi dan barang dalam proses serta metode rata-rata bergerak untuk bahan baku, penolong dan suku cadang. Harga perolehan barang jadi dan barang dalam proses terdiri dari biaya bahan baku, tenaga kerja langsung, biaya-biaya langsung lainnya dan biaya overhead yang dinyatakan sebesar nilai yang terkait dengan produksi. Nilai realisasi bersih adalah taksiran harga jual dalam kegiatan usaha normal dikurangi taksiran biaya penyelesaian dan taksiran biaya yang diperlukan untuk melakukan penjualan.

Penyisihan atas persediaan usang ditentukan berdasarkan penelaahan fisik setiap tahun.

g. Aset tetap dan penyusutan

Aset tetap dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan (kecuali tanah tidak disusutkan) dan rugi penurunan nilai. Biaya perolehan termasuk biaya penggantian bagian aset tetap saat biaya tersebut terjadi, jika memenuhi kriteria pengakuan. Biaya perolehan juga termasuk estimasi awal biaya pembongkaran, dan pemindahan aset tetap, dan restorasi lokasi aset.

Biaya perbaikan yang signifikan diakui ke dalam jumlah tercatat (*carrying amount*) aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laporan laba rugi pada saat terjadinya.

Suku cadang utama dan peralatan siap pakai diklasifikasikan sebagai aset tetap bila diperkirakan akan digunakan dalam operasi selama lebih dari satu tahun.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method for finished goods and work-in-progress and using the moving average method for raw and indirect materials and spare parts. The cost of finished goods and work-in-progress comprises of raw and indirect materials, direct labor, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling cost necessary to make the sale.

Provision for obsolete of stocks are determined by physical examination every year.

g. Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and depletion (except for land which is not depreciated) and impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Such cost also includes the initial the estimated of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of major inspections is recognized in the (carrying amount) of the fixed assets as a replacement if the recognition criteria are satisfied. All repairs and maintenance costs that do not meet the recognition criteria are recognized in the statement of income as incurred.

Major spare parts and stand-by equipment are classified as fixed assets when they are expected to be used in operations during more than one year.

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g. Aset tetap dan penyusutan (lanjutan)

Penyusutan (selain tanah pertambangan) dihitung dengan menggunakan metode garis lurus selama umur manfaat aset tetap yang diestimasi sebagai berikut:

Jenis Aset Tetap Masa Manfaat

Bangunan dan Infrastruktur	20 tahun/years
Mesin	2 - 20 tahun/years
Peralatan Pabrik	2 - 4 tahun/years
Peralatan Kantor	2 - 4 tahun/years
Kendaraan Bermotor	4 tahun/years

Jumlah tercatat aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang timbul dari penghentian pengakuan aset (dihitung sebagai perbedaan antara jumlah neto hasil pelepasan dan jumlah tercatat dari aset) diakui dalam laporan laba rugi pada tahun aset tersebut dihentikan pengakuannya.

Biaya konstruksi bangunan, jalan dan pabrik semen serta pemasangan mesin dikapitalisasi sebagai aset dalam pembangunan. Biaya bunga dan biaya pinjaman lain, seperti pinjaman yang digunakan untuk mendanai proses pembangunan aset tertentu, dikapitalisasi sampai dengan saat proses pembangunan tersebut selesai. Biaya-biaya ini direklasifikasi ke akun aset tetap pada saat proses konstruksi atau pemasangan selesai. Penyusutan aset dimulai pada saat aset tersebut siap untuk digunakan, yaitu pada saat aset tersebut berada pada lokasi dan kondisi yang diinginkan agar aset siap digunakan sesuai dengan keinginan dan maksud manajemen. Harga perolehan atas aset dalam pembangunan termasuk transfer keuntungan dan kerugian selisih kurs atas lindung nilai arus kas berkaitan dengan pengadaan aset tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Fixed assets and depreciation (continued)

Depreciation (except for mining properties) is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Fixed Assets Useful Inness

Building and Infrastructures
Machinery
Plant Equipment
Office Equipment
Vehicles

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year in which the asset is derecognized.

The costs of the construction of buildings, roads and cement plants and the installation of machinery are capitalized as construction in progress. Interest and other borrowing costs, such as fees on loans used in financing the construction of a qualifying asset, are capitalized up to the date when the construction is completed. These costs are reclassified into fixed asset accounts when the construction or installation is complete. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The costs of construction in progress include the transfer of foreign exchange gains and losses on qualifying cash flow hedges for the acquisition of assets.

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g. Aset tetap dan penyusutan (lanjutan)

Bila nilai tercatat suatu aset melebihi taksiran jumlah yang dapat diperoleh kembali (*estimated recoverable amount*), maka nilai tersebut diturunkan ke taksiran jumlah yang dapat diperoleh kembali tersebut, yang ditentukan sebagai nilai tertinggi antara harga jual bersih atau nilai pakai.

Pada setiap akhir tahun buku, nilai residu, umur manfaat dan metode penyusutan di-evaluasi dan jika diperlukan, disesuaikan secara prospektif. Manajemen telah mengkaji ulang estimasi umur ekonomis, metode penyusutan, dan nilai residu dan tidak ada penyesuaian yang diperlukan.

h. Sewa

Penentuan apakah suatu perjanjian merupakan perjanjian sewa atau perjanjian yang mengandung sewa didasarkan atas substansi perjanjian pada tanggal awal sewa dan apakah pemenuhan perjanjian tergantung pada penggunaan suatu aset dan perjanjian tersebut memberikan suatu hak untuk menggunakan aset tersebut. Sewa yang mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset diklasifikasikan sebagai sewa pembiayaan.

Suatu sewa diklasifikasikan sebagai sewa operasi, jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset kepada penyewa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Fixed assets and depreciation (continued)

When the carrying amount of an asset is greater than its (estimated recoverable amount), the asset is written down to its estimated recoverable amount, which is determined as the higher of net selling price or value in use.

The residual values, useful lives and methods of depreciation of assets are reviewed, and adjusted prospectively, if appropriate, at each financial year end. Management has reviewed the estimates of useful life, methods of depreciation and residual and there was no adjustment required.

h. Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date and whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. Leases that transfer to the lessee substantially all of the risks and rewards incidental to ownership of the leased item are classified as finance leases. Leases which do not transfer to the lessee substantially all of the risks and rewards incidental to ownership of the leased item are classified as operating leases.

Residual values, useful lives and methods of depreciation of assets are reviewed, and adjusted prospectively, if appropriate, at each financial year end. Management has reviewed the estimates of useful lives, methods of depreciation and residual and there was no adjustment required.

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h. Sewa (lanjutan)

Perseroan sebagai lessee:

- i) Untuk sewa pembiayaan, Perseroan mengakui aset dan liabilitas dalam laporan posisi keuangan pada awal masa sewa, sebesar nilai wajar aset sewaan atau sebesar nilai kini dari pembayaran sewa minimum, jika nilai kini lebih rendah dari nilai wajar. Pembayaran sewa dipisahkan antara bagian yang merupakan beban keuangan dan bagian yang merupakan pelunasan kewajiban sewa. Beban keuangan dialokasikan pada setiap periode selama masa sewa, sehingga menghasilkan tingkat suku bunga periodik yang konstan atas saldo liabilitas. Rental kontinjen dibebankan pada periode terjadinya. Beban keuangan dicatat dalam laporan laba rugi.

Aset tetap (aset sewaan) disusutkan selama jangka waktu yang lebih pendek antara umur manfaat aset sewaan dan periode masa sewa, jika tidak ada kepastian yang memadai bahwa Perseroan akan mendapatkan hak kepemilikan pada akhir masa sewa.

- ii) Untuk sewa operasi, Perseroan mengakui pembayaran sewa sebagai beban dengan dasar garis lurus (*straight-line basis*) selama masa sewa.

i. Liabilitas imbalan kerja

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek adalah imbalan kerja yang jatuh tempo dalam jangka waktu duabelas bulan setelah akhir periode pelaporan dan diakui pada saat pekerja telah memberikan jasa kerjanya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Leases (continued)

The Company as a lessee:

- i) For finance lease, the Company are required to recognize assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is required to be allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are required to be charged as expenses in the periods in which they are incurred. Finance charges are reflected in the statement of income.

Fixed assets (capitalized leased assets) are depreciated over the shorter of the estimated useful lives of the assets or the lease terms, in the event that there is no reasonable certainty that the Company will obtain ownership of the assets by the end of the lease term.

- ii) Under operating lease, the Company recognize lease payments as an expense on a (straight-line basis) over the lease term.

i. Employee benefits liabilities

Short-term employee benefits

Short term employee benefits are employee benefits which are due for payment within twelve months after the reporting period and recognized when the employees have rendered this related service.

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i. Liabilitas imbalan kerja (lanjutan)

Imbalan pensiun dan imbalan pasca-kerja lainnya

Imbalan kerja sehubungan dengan imbalan pasca kerja, cuti jangka panjang, penghargaan masa kerja dan imbalan-imbalan lainnya diakui selama masa kerja karyawan yang bersangkutan sesuai dengan imbalan yang lebih tinggi antara Undang-undang Ketenagakerjaan No. 13/2003 atau Peraturan Perseroan.

Perseroan memiliki program imbalan pasca kerja yang terdiri atas program pensiun imbalan pasti dan iuran pasti.

Program pensiun imbalan pasti adalah program pensiun yang menetapkan jumlah imbalan pensiun yang akan diterima oleh karyawan pada saat pensiun, yang biasanya tergantung pada faktor-faktor, seperti umur, masa kerja dan jumlah kompensasi.

Program pensiun iuran pasti adalah program pensiun dimana Perseroan akan membayar iuran tetap kepada sebuah entitas yang terpisah dan tidak memiliki kewajiban hukum atau kewajiban konstruktif untuk membayar iuran lebih lanjut bila dana tersebut tidak memiliki aset yang cukup untuk membayar imbalan kerja terkait dengan jasa yang diberikan oleh karyawan pada periode berjalan dan sebelumnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Employee benefits liabilities (continued)

Pension and other post-employment benefits

Employee benefits related to post retirement benefits, long service leave, loyalty rewards and other benefits are recognized during the working period of the employees in accordance with Labor Law No.13/2003 or the Company's regulations, whichever benefit is higher.

The Company has program of post employment benefit comprise of defined benefit and defined contribution pension plans.

A defined benefit pension plan is a pension plan that defines an amount of pension benefit that will be received by the employee upon retirement, which generally depends on certain factors such as age, years of service and compensation.

Defined contribution plans are pension plans under which the Company pay fixed contributions into a separate entity and have no legal and constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits related to the employees' services in the current and prior periods.

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i. Liabilitas imbalan kerja (lanjutan)

1. Liabilitas pasca-kerja

a. Program Imbalan Pasti

- i) Program Pensiun Imbalan Pasti
Perseroan menyelenggarakan program pensiun imbalan pasti yang dikelola oleh Dana Pensiun untuk seluruh karyawan tetapnya sebagaimana ditetapkan dalam Peraturan Perseroan. Jumlah kontribusi terdiri dari kontribusi karyawan yang dihitung sebesar 5% dari penghasilan dasar pensiun dan kontribusi Perseroan yang dihitung secara aktuarial.
- ii) Program imbalan pasti lainnya dalam bentuk manfaat pasca kerja sesuai dengan UU Ketenagakerjaan No.13/2003 dan lain-lain.

Estimasi liabilitas yang diakui di laporan posisi keuangan sehubungan dengan program pasca-kerja imbalan pasti adalah nilai kini dari liabilitas imbalan pasti pada tanggal neraca dikurangi nilai wajar aset program, jika ada, serta disesuaikan dengan keuntungan atau kerugian aktuarial serta biaya jasa lalu yang belum diakui. Liabilitas imbalan pasti lainnya dihitung oleh aktuarial independen menggunakan metode *projected unit credit*.

Nilai kini liabilitas imbalan pasti ditentukan dengan mendiskontokan estimasi arus kas keluar masa depan dengan menggunakan tingkat bunga obligasi pemerintah dalam mata uang Rupiah dengan waktu jatuh tempo yang kurang lebih sama dengan waktu jatuh tempo imbalan yang bersangkutan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Employee benefits liabilities (continued)

1. Post-employment obligation

a. Defined Benefits Plans

- i) *Defined Benefit Pension Plans*
The Company have defined benefit pension plans covering all of their permanent employees which is managed by a Pension Fund as stipulated in the Company's Regulations. Total contributions consist of employee contributions of 5% of employee's basic pensionable salaries and the Company's contributions computed on an actuarial basis.
- ii) *Other defined benefit plans in the form of benefits in accordance with Labor Law No. 13/2003 and others.*

The liability estimation recognized in the statements of financial position in respect of defined benefit post-employment plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, if any, it is adjusted with unrecognized actuarial gains or losses and past service cost. The other defined benefit obligations are calculated by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using interest rates of government bonds that are denominated in Rupiah and that have terms to maturity approximating the terms of the related benefits liabilities.

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i. Liabilitas imbalan kerja (lanjutan)

1. Liabilitas pasca-kerja (lanjutan)

a. Program Imbalan Pasti (lanjutan)

Keuntungan dan kerugian aktuarial yang timbul dari perubahan asumsi dan perbedaan antara asumsi aktuarial dengan kenyataan (*experience adjustments*) sejumlah yang lebih besar antara 10% dari aset program atau 10% dari liabilitas imbalan pasti, dibebankan atau dikreditkan pada laporan laba rugi selama rata-rata sisa masa kerja para karyawan yang bersangkutan.

Biaya jasa kini diakui sebagai beban tahun berjalan. Biaya jasa lalu dibebankan langsung pada laporan laba rugi, kecuali bila perubahan terhadap manfaat program tergantung pada status kepegawaian pekerja di masa yang akan datang (*periode vesting*). Dalam hal ini, biaya jasa lalu diamortisasikan secara garis lurus sepanjang *periode vesting*.

b. Program Iuran Pasti

Beban sehubungan dengan program iuran pasti dihitung berdasarkan persentase tertentu dari gaji dasar pensiun atau gaji dasar asuransi dari setiap peserta program yang menjadi tanggungan Perseroan. Perseroan mengakui utang iuran atau utang premi asuransi dalam periode dimana karyawan memberikan jasanya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Employee benefits liabilities (continued)

1. Post-employment obligation (continued)

a. Defined Benefits Plans (continued)

Actuarial gains and losses arising from changes in actuarial assumptions and (experience adjustments) in excess of the greater of 10% of the defined benefit liabilities or 10% of the plan assets are charged or credited to the statements of income over the average remaining service lives of the respective employees.

Current service cost is recognized as expenses in the current year. Past service costs are recognized immediately in the statements of income, unless the changes to the defined benefit plans are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortized on a straight-line basis over the vesting period.

b. Defined Contribution Plans

The expenses relating to defined contribution plans are determined based on certain percentages of the basic pensionable salaries or insurable salaries of respective participants which are borne by the Company. The Company recognize contributions payable or insurance premiums payable when an employee has rendered service during the period.

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i. Liabilitas imbalan kerja (lanjutan)

2. Liabilitas imbalan kerja jangka panjang lainnya

Perseroan memberikan imbalan kerja jangka panjang lainnya dalam bentuk cuti panjang dan penghargaan masa kerja. Prakiraan biaya imbalan ini diakui sepanjang masa kerja karyawan, dengan menggunakan metodologi akuntansi yang hampir sama dengan metodologi yang digunakan dalam program imbalan pasca kerja manfaat pasti. Liabilitas ini dinilai oleh aktuaria independen.

j. Instrumen keuangan

1. Aset keuangan

Pengakuan awal

Aset keuangan diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi, pinjaman yang diberikan dan piutang, investasi dimiliki hingga jatuh tempo, aset keuangan tersedia untuk dijual, atau sebagai derivatif yang ditetapkan sebagai instrumen lindung nilai dalam lindung nilai yang efektif. Perseroan menentukan klasifikasi aset keuangan tersebut pada pengakuan awal dan, jika diperbolehkan dan diperlukan, mengevaluasi kembali pengklasifikasian aset tersebut pada setiap akhir periode laporan keuangan.

Pada saat pengakuan awal, aset keuangan diukur pada nilai wajarnya. Dalam hal aset keuangan tidak diukur pada nilai wajar melalui laporan laba rugi, nilai wajar tersebut ditambah biaya transaksi yang dapat diatribusikan secara langsung dengan perolehan atau penerbitan aset keuangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Employee benefits liabilities (continued)

2. Other long-term employee benefits

The Company provide other long-term employee benefits in the form of long service leave and loyalty awards. The expected costs of these benefits are accrued over the period of employment, using accounting methodology similar to that for post-employment defined benefit plans. These obligations are assessed by an independent actuary.

j. Financial instruments

1. Financial assets

Initial recognition

Financial assets are classified as measured financial assets at fair value through Loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge. The Company determine the classification of their financial assets at initial recognition and, if allowed and appropriate, re-evaluate the designation of such assets at each financial year-end.

When financial assets are recognized initially, they are measured at fair value. In the case of financial assets are not measured at fair value through statement of income the fair value plus transaction costs that are directly attributable to the acquisition or issuance of these financial assets.

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j. Instrumen keuangan (lanjutan)

1. Aset keuangan (lanjutan)

Pembelian atau penjualan aset keuangan berdasarkan kontrak yang mensyaratkan penyerahan aset dalam jangka waktu yang ditetapkan dengan peraturan atau kebiasaan yang berlaku di pasar (perdagangan yang lazim) diakui pada tanggal perdagangan, yaitu tanggal Perseroan berkomitmen untuk membeli atau menjual aset tersebut.

Pengukuran setelah pengakuan awal

Pengukuran aset keuangan setelah pengakuan awal tergantung pada klasifikasinya sebagai berikut:

- Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi termasuk aset keuangan untuk diperdagangkan dan aset keuangan yang ditetapkan pada saat pengakuan awal untuk diukur pada nilai wajar melalui laporan laba rugi.

Aset keuangan diklasifikasikan sebagai kelompok diperdagangkan jika diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Aset derivatif juga diklasifikasikan sebagai kelompok diperdagangkan kecuali ditetapkan sebagai instrumen lindung nilai efektif. Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi disajikan dalam laporan neraca pada nilai wajar dengan keuntungan atau kerugian dari perubahan nilai wajar diakui dalam laporan laba rugi.

Pada tanggal 31 Desember 2012, Perseroan tidak memiliki aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

1. Financial assets (continued)

The purchase or sale of financial assets under contracts that require delivery of assets within a time frame determined by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commit to purchase or sell the assets.

Subsequent measurement

Subsequent measurement of financial assets depends on the classification as follows:

- *Financial assets measured at fair value through statement of income.*

Financial assets are measured at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition to be measured at fair value through statement of income.

Financial assets classified as held for trading if acquired for the purpose of sale or repurchase in the near term. Derivative assets are also classified as held for trading unless designated as effective hedging instruments. Financial assets are measured at fair value through statement of income are presented in the balance sheet at fair value with gains or losses arising from changes in fair value recognized in the statements of income.

As of December 31, 2012, the Company did not have the financial assets measured at fair value through statement of income.

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j. Instrumen keuangan (lanjutan)

1. Aset keuangan (lanjutan)

- Pinjaman yang diberikan dan piutang
Pinjaman yang diberikan dan piutang adalah aset keuangan non derivatif dengan pembayaran tetap atau telah ditentukan, yang tidak mempunyai kuotasi di pasar aktif. Aset keuangan tersebut diukur sebesar biaya perolehan diamortisasi (*amortized cost*) dengan menggunakan metode suku bunga efektif (*effective interest rate*).

Keuntungan dan kerugian diakui dalam laporan laba rugi pada saat pinjaman yang diberikan dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, demikian juga pada saat proses amortisasi.

Kas dan setara kas, piutang usaha dan piutang lainnya termasuk dalam klasifikasi ini.

- Investasi dimiliki hingga jatuh tempo (*Held To Maturity*) ("HTM")
Aset keuangan non derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya diklasifikasikan sebagai HTM ketika Perseroan memiliki intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo. Setelah pengukuran awal, investasi HTM diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif. Metode ini menggunakan suku bunga efektif yang secara tepat mendiskontokan estimasi penerimaan kas di masa datang selama perkiraan umur dari aset keuangan ke nilai tercatat bersih (*net carrying amount*) dari aset keuangan. Keuntungan dan kerugian diakui dalam laporan laba rugi pada saat investasi tersebut dihentikan pengakuannya atau mengalami penurunan nilai, serta melalui proses amortisasi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

1. Financial assets (continued)

- *Loans and receivables*
Loans and receivables are non derivatives financial assets with fixed or predetermined payment, that are not quoted in an active market. Financial assets are measured at (amortized cost) using the effective (interest rate method).

Gains and losses are recognized in the statements of income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents, accounts receivable and other receivables included in this classification.

- *Investments Held To Maturity ("HTM")*
Non-derivative financial assets with fixed or predetermined payment and maturity date are classified as HTM when the Company have a positive intention and ability to hold these financial assets to maturity. After initial measurement, HTM investments are measured at amortized cost using the effective interest rate method. This method uses the effective interest rates that exactly discounts estimated future cash receipts over the expected life of the financial assets to the (net carrying amount) of financial assets. Gains and losses are recognized in the statements of income when the investments are derecognized or impaired, as well as through the amortization process.

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j. Instrumen keuangan (lanjutan)

1. Aset keuangan (lanjutan)

- Aset keuangan tersedia untuk dijual
Available For Sale ("AFS")

Aset keuangan AFS adalah aset keuangan non derivatif yang ditetapkan sebagai tersedia untuk dijual atau yang tidak diklasifikasikan dalam tiga kategori sebelumnya. Setelah pengukuran awal, aset keuangan AFS diukur dengan nilai wajar dengan keuntungan atau kerugian yang belum terealisasi diakui dalam ekuitas sampai investasi tersebut dihentikan pengakuannya. Pada saat itu, keuntungan atau kerugian kumulatif yang sebelumnya diakui dalam ekuitas akan direklasifikasi ke laporan laba rugi.

Pada tanggal 31 Desember 2012, Perseroan tidak memiliki aset keuangan AFS.

2. Liabilitas keuangan

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi, pinjaman dan utang, atau derivatif yang ditetapkan sebagai instrumen lindung nilai dalam lindung nilai yang efektif, mana yang sesuai pada saat pengakuan awal. Perseroan menentukan klasifikasi liabilitas keuangan tersebut pada saat pengakuan awal.

Liabilitas keuangan diakui pada awalnya sebesar nilai wajar, dan dalam hal pinjaman dan utang, termasuk biaya transaksi yang dapat diatribusikan secara langsung.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

1. Financial assets (continued)

- *Financial Assets Available For Sale ("AFS")*

AFS financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the three previous categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in equity until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in equity shall be reclassified into the statement of income.

As of December 31, 2012, the Company did not have the AFS financial assets.

2. Financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value through statement of income, loans and borrowing, or derivatives that are designated as hedging instruments in an effective hedge, as appropriate. The Company determine the classification of their financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value, and in case of loans and borrowing including directly attributable transaction costs.

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j. Instrumen keuangan (lanjutan)

2. Liabilitas keuangan (lanjutan)

Pengakuan awal

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi, pinjaman dan utang, atau derivatif yang ditetapkan sebagai instrumen lindung nilai dalam lindung nilai yang efektif, mana yang sesuai pada saat pengakuan awal. Perseroan menentukan klasifikasi liabilitas keuangan tersebut pada saat pengakuan awal.

Liabilitas keuangan diakui pada awalnya sebesar nilai wajar dan dalam hal pinjaman dan utang, termasuk biaya transaksi yang dapat diatribusikan secara langsung.

Pengukuran liabilitas keuangan tergantung pada klasifikasinya sebagai berikut:

- Liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi

Liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi termasuk liabilitas keuangan untuk diperdagangkan dan liabilitas keuangan yang ditetapkan pada saat pengakuan awal untuk diukur pada nilai wajar melalui laporan laba rugi.

Liabilitas keuangan diklasifikasikan sebagai kelompok diperdagangkan jika mereka diperoleh untuk tujuan dijual atau dibeli kembali dalam waktu dekat. Liabilitas derivatif juga diklasifikasikan sebagai kelompok diperdagangkan kecuali mereka ditetapkan sebagai instrumen lindung nilai efektif.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

2. Financial liabilities (continued)

Initial recognition

Financial liabilities are classified as financial liabilities measured at fair value through statement of income loans and borrowing, or derivatives that are designated as hedging instruments in an effective hedge, as appropriate. The Company determine the classification of their financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in case of loans and borrowing including directly attributable transaction costs.

Subsequent measurement of financial liabilities depending on the classification as follows:

- Financial liabilities measured at fair value through statement of income

Financial liabilities measured at fair value through statements of income include financial liabilities as held for trading and financial liabilities designated upon initial recognition at fair value through statements of income.

Financial liabilities classified as held for trading if they are acquired for the purpose of sale or repurchase in the near term. Derivative liabilities are also classified as held for trading unless they are designated as effective hedging instruments.

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j. Instrumen keuangan (lanjutan)

2. Liabilitas keuangan (lanjutan)

Keuntungan atau kerugian atas liabilitas yang dimiliki untuk diperdagangkan diakui dalam laporan laba rugi.

Pada tanggal 31 Desember 2012, Perseroan tidak memiliki liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

- Pinjaman dan utang

Setelah pengakuan awal, pinjaman dan utang yang dikenakan bunga selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Keuntungan dan kerugian diakui dalam laporan laba rugi pada saat liabilitas tersebut dihentikan pengakuannya serta melalui proses amortisasi.

Seluruh liabilitas keuangan Perseroan diklasifikasikan sebagai pinjaman dan utang.

3. Saling hapus dari instrumen keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan nilai bersihnya disajikan dalam neraca jika, dan hanya jika, entitas saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui dan berniat untuk menyelesaikan secara neto, atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

2. Financial liabilities (continued)

Gains or losses on liabilities held for trading are recognized in the statements of income.

As of December 31, 2012, the Company did not have the financial liabilities measured at fair value through statements of income.

- Loans and borrowing

After initial recognition, interest bearing for loans and borrowing are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the income statements when the liabilities are derecognized as well as through the amortization process.

All of the Company financial liabilities are classified as loans and borrowing.

3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheets if, and only if, the entity currently has enforceable legal right to offset the recognized amount and there is an intention to settle on a net basis, or to realize the asset and settle the liabilities simultaneously.

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j. Instrumen keuangan (lanjutan)

4. Nilai wajar instrumen keuangan

Nilai wajar instrumen keuangan yang diperdagangkan secara aktif di pasar keuangan yang terorganisasi ditentukan dengan mengacu pada kuotasi harga penawaran atau permintaan (*bid or ask prices*) di pasar aktif pada penutupan perdagangan pada akhir periode pelaporan. 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.

5. Biaya perolehan diamortisasi dari instrumen keuangan

Biaya perolehan diamortisasi dihitung dengan menggunakan metode suku bunga efektif dikurangi dengan penyisihan penurunan nilai dan pembayaran pokok atau nilai yang tidak dapat ditagih. Perhitungan tersebut mempertimbangkan premi atau diskonto pada saat perolehan dan termasuk biaya transaksi dan biaya yang merupakan bagian yang tak terpisahkan dari suku bunga efektif.

6. Penurunan nilai dari aset keuangan

Pada setiap akhir periode pelaporan Perseroan mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

4. The fair value of financial Instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted (*bid prices or demand*) in active markets at the close of business at the end of the reporting period. For financial instruments that have no active market, fair value is determined using valuation techniques. Such valuation techniques may include the use of the latest market transactions conducted properly by the parties that desire and understand (*recent arm's length market transactions*); the use of the current fair value of another instrument which is substantially the same, discounted cash flow analysis, or other valuation models.

5. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and repayment of principal or reduction. The calculation taken into account any premium or discount on acquisition and includes transaction costs and fees that are integral part of the effective interest rate.

6. Impairment of financial assets

At the end of each reporting period the Company assess whether there is objective evidence that a financial asset or group of financial assets is impaired.

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j. Instrumen keuangan (lanjutan)

6. Penurunan nilai dari aset keuangan (lanjutan)

- Aset keuangan dicatat pada biaya perolehan diamortisasi

Untuk pinjaman yang diberikan dan piutang yang dicatat pada biaya perolehan diamortisasi, Perseroan pertama kali menentukan apakah terdapat bukti obyektif mengenai penurunan nilai secara individual atas aset keuangan yang signifikan secara individual, atau secara kolektif untuk aset keuangan yang jumlahnya tidak signifikan secara individual. Jika Perseroan menentukan tidak terdapat bukti obyektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka aset tersebut dimasukkan ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang sejenis dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset keuangan 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 yang diberikan atau piutang memiliki suku bunga variabel, tingkat diskonto untuk mengukur kerugian penurunan nilai adalah suku bunga efektif terkini.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

6. Impairment of financial assets (continued)

- Financial assets are carried at amortized cost

For loans and receivables carried at amortized cost, the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determine that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, they include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial 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 carrying value of assets 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 asset's original effective interest rate. If a loan or receivable has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

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j. Instrumen keuangan (lanjutan)

6. Penurunan nilai dari aset keuangan (lanjutan)

Nilai tercatat aset keuangan tersebut berkurang melalui penggunaan akun penyisihan dan jumlah kerugian diakui dalam laporan laba rugi konsolidasian. Pendapatan bunga tetap diakui berdasarkan nilai tercatat yang telah dikurangi, berdasarkan suku bunga efektif aset tersebut. Pinjaman yang diberikan dan piutang, bersama-sama dengan cadangan terkait, akan dihapuskan pada saat tidak terdapat kemungkinan pemulihan di masa depan yang realistis dan semua jaminan telah terealisasi atau telah dialihkan kepada Perseroan. Jika pada periode berikutnya, jumlah taksiran kerugian penurunan nilai bertambah atau berkurang karena suatu peristiwa yang terjadi setelah penurunan nilai tersebut diakui, maka kerugian penurunan nilai yang sebelumnya diakui ditambah atau dikurangi dengan menyesuaikan akun cadangan. Jika penghapusan kemudian dipulihkan, maka pemulihan tersebut diakui dalam laporan laba rugi.

- Aset keuangan AFS

Dalam hal investasi ekuitas yang diklasifikasikan sebagai aset keuangan AFS, bukti obyektif meliputi penurunan yang signifikan atau penurunan jangka panjang pada nilai wajar dari investasi di bawah biaya perolehannya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

6. Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statement of income.

- AFS financial assets

In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of investments below its cost.

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j. Instrumen keuangan (lanjutan)

6. Penurunan nilai dari aset keuangan (lanjutan)

Jika terdapat bukti bahwa kerugian penurunan nilai telah terjadi, jumlah kerugian kumulatif yang diukur sebagai selisih antara biaya perolehan dengan nilai wajar kini, dikurangi kerugian penurunan nilai pada investasi yang sebelumnya telah diakui dalam laporan laba rugi direklas dari ekuitas ke laporan laba rugi. Kerugian penurunan nilai atas investasi ekuitas tidak boleh dipulihkan melalui laporan laba rugi ; kenaikan nilai wajar setelah penurunan nilai diakui dalam ekuitas.

Dalam hal instrumen utang diklasifikasikan sebagai aset keuangan AFS, penurunan nilai dievaluasi berdasarkan kriteria yang sama dengan aset keuangan yang dicatat pada biaya perolehan diamortisasi. Pendapatan bunga di masa datang didasarkan pada nilai tercatat yang telah dikurangi dan diakui berdasarkan suku bunga yang digunakan untuk mendiskontokan arus kas masa datang untuk tujuan pengukuran kerugian penurunan nilai. Akrua tersebut dicatat sebagai bagian dari akun "Pendapatan bunga" dalam laporan laba rugi. Jika, pada periode berikutnya, nilai wajar instrumen utang meningkat dan peningkatan tersebut secara obyektif dihubungkan dengan peristiwa yang terjadi setelah pengakuan kerugian penurunan nilai pada laporan laba rugi, maka kerugian penurunan nilai tersebut harus dipulihkan melalui laporan laba rugi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

6. Impairment of financial assets (continued)

If there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognized in the statement of income - reclassified from equity to the statement of income. The impairment loss on equity investments is not reversed through the statement of income; increase in fair value after impairment is recognized in equity.

In the case of debt instruments classified as an AFS financial asset, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of the "Interest income" account in the statements of income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statements of income, the impairment loss is reversed through the statements of income.

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j. Instrumen keuangan (lanjutan)

7. Akuntansi lindung nilai

Pada saat dimulainya lindung nilai, Perseroan melakukan penetapan dan pendokumentasian formal atas hubungan lindung nilai dan tujuan manajemen risiko entitas serta strategi pelaksanaan lindung nilai. Pendokumentasian tersebut meliputi identifikasi instrumen lindung nilai, item atau transaksi yang dilindung nilai, sifat dari risiko yang dilindung nilai, dan cara yang akan digunakan entitas untuk menilai efektivitas instrumen lindung nilai tersebut dalam rangka saling hapus eksposur yang berasal dari perubahan dalam nilai wajar item yang dilindung nilai atau perubahan arus kas yang dapat diatribusikan pada risiko yang dilindung nilai. Lindung nilai diharapkan akan sangat efektif dalam rangka saling hapus atas perubahan nilai wajar atau perubahan arus kas dan dapat dinilai secara berkelanjutan untuk menentukan bahwa lindung nilai tersebut sangat efektif diseluruh periode pelaporan keuangan sesuai dengan tujuannya.

- Lindung nilai atas arus kas

Bagian dari keuntungan atau kerugian atas instrumen lindung nilai yang ditetapkan sebagai lindung nilai yang efektif diakui dalam ekuitas, sementara itu bagian yang tidak efektif atas keuntungan atau kerugian dari instrumen lindung nilai diakui dalam laporan laba rugi.

Jumlah yang sebelumnya telah diakui di ekuitas dipindahkan ke dalam laporan laba rugi ketika transaksi lindung nilai tersebut mempengaruhi laporan laba rugi. Jika suatu item lindung nilai menimbulkan pengakuan aset non keuangan atau liabilitas non keuangan, maka jumlah yang sebelumnya telah diakui di ekuitas dipindahkan ke dalam biaya perolehan awal atas nilai tercatat aset atau liabilitas non keuangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

7. Hedge accounting

At the inception of a hedge relationship, the Company formally designate and document the hedge relationship to which the Company and its subsidiary wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

- Cash flow hedges

The portion of gains or losses on an effective hedging instrument is recognized in equity, while any ineffective portion is recognized immediately in the statement of income.

Amounts taken to equity are transferred to the statement of income when the hedged transaction affects income or expense. Where the hedged item is the cost of a non-financial asset or a non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

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j. Instrumen keuangan (lanjutan)

7. Akuntansi lindung nilai (lanjutan)

Jika prakiraan transaksi atau komitmen tidak lagi diharapkan akan terjadi maka jumlah yang sebelumnya diakui dalam ekuitas harus dipindahkan ke dalam laporan laba rugi. Jika instrumen lindung nilai telah jatuh tempo atau dijual, dihentikan atau dilaksanakan tanpa penggantian atau perpanjangan atau jika tujuan lindung nilai dibatalkan maka jumlah yang diakui dalam ekuitas tetap diakui dalam ekuitas hingga prakiraan transaksi atau komitmen tersebut terjadi.

k. Transaksi dan saldo dalam mata uang asing

Pembukuan Perseroan diselenggarakan dalam mata uang Rupiah.

Transaksi dalam mata uang asing dijabarkan ke mata uang Rupiah dengan menggunakan kurs yang berlaku pada tanggal transaksi. Aset dan liabilitas moneter dijabarkan menggunakan kurs penutup yang ditetapkan oleh Bank Indonesia pada akhir periode pelaporan.

Keuntungan dan kerugian dari selisih kurs yang timbul dari transaksi dalam mata uang asing dan penjabaran aset dan liabilitas moneter dalam mata uang asing ke mata uang Rupiah, dibebankan pada laporan laba rugi tahun berjalan, kecuali keuntungan dan kerugian selisih kurs yang timbul dari aset keuangan dalam mata uang asing yang merupakan lindung nilai atas komitmen pengeluaran modal. Keuntungan dan kerugian selisih kurs tersebut akan diakui dalam ekuitas hingga pengakuan atas aset tersebut, pada saat itu keuntungan dan kerugian selisih kurs tersebut akan diakui sebagai bagian dari biaya perolehan aset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Financial instruments (continued)

7. Hedge accounting (continued)

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognized in equity are transferred to the statement of income. If the hedging instrument expired or sold, terminated or exercised without replacement or roll-over, or if its designation as a hedge is revoked, amounts previously recognized in equity remain in equity until the forecast transaction or firm commitment occurs.

k. Foreign currency transactions and balances

The accounting records of the Company are maintained in Rupiah.

Transactions denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities are translated using the closing exchange rate is determined by Bank Indonesia at end of reporting period.

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 statement of income, with the exception of exchange differences on foreign currency financial assets that provide a hedge against capital expenditure commitment. These are recognized directly to equity until the recognition of the assets, at which time they are recognized as part of the assets acquisition costs.

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k. Transaksi dan saldo dalam mata uang asing (lanjutan)

Pada tanggal neraca, aset dan liabilitas moneter dalam mata uang asing dijabarkan dalam Rupiah dengan berlaku pada tanggal 31 Desember 2012, 2011 dan 2010, masing-masing sebesar Rp 9.670, Rp 9.068 dan Rp 8.991 dalam Rupiah penuh untuk USD 1.

l. Pengakuan pendapatan dan beban

Pendapatan atas penjualan barang diakui pada saat risiko dan hak atas kepemilikan barang secara signifikan telah berpindah kepada pembeli.

Beban diakui pada saat terjadinya atau sesuai dengan masa manfaatnya.

m. Perpajakan

Beban pajak kini, ditentukan berdasarkan laba kena pajak dalam tahun yang bersangkutan yang dihitung berdasarkan tarif pajak yang berlaku.

Kecuali untuk usaha yang pendapatannya dikenakan pajak final, semua perbedaan temporer antara jumlah tercatat aset dan liabilitas dengan dasar pajaknya diakui sebagai pajak tangguhan dengan metode liabilitas (*liability method*).

Aset pajak tangguhan diakui apabila besar kemungkinan bahwa jumlah penghasilan kena pajak pada masa mendatang akan memadai untuk dikompensasi dengan perbedaan temporer yang dapat dikurangkan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Foreign currency transactions and balances (continued)

At balance sheet dates, monetary assets and liabilities in foreign currencies have been adjusted into Rupiah at the prevailing rates of exchange. The prevailing rates as at December 31, 2012, 2011 and 2010, respectively in full amount of are Rp 9,190, Rp 9,068 and Rp 8,991 for 1 US\$.

l. Revenue and expense recognition

Revenue from the sale of goods is recognized when all of the significant risks and rewards of ownership of the goods have been passed to the buyers.

Expenses are recognized when incurred or based on their beneficial period.

m. Taxation

Current tax expense, is determined based on the taxable income for the year, computed using current tax rate.

Except in relation to revenue which is subject to final tax, deferred income tax is provided using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial statement purposes.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the temporary differences can be deductible.

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m. Perpajakan (lanjutan)

Koreksi terhadap kewajiban perpajakan dicatat pada saat surat ketetapan pajak diterima atau jika Perseroan mengajukan banding, apabila: (1) pada saat hasil dari banding tersebut ditetapkan, kecuali bila terdapat ketidakpastian yang signifikan atas hasil banding tersebut, maka koreksi berdasarkan surat ketetapan pajak terhadap kewajiban perpajakan tersebut dicatat pada saat pengajuan banding dibuat, atau (2) pada saat dimana berdasarkan pengetahuan dari perkembangan atas kasus lain yang serupa dengan kasus yang sedang dalam proses banding, berdasarkan ketentuan dari Pengadilan Pajak atau Mahkamah Agung, dimana hasil yang diharapkan dari proses banding secara signifikan tidak pasti, maka pada saat tersebut perubahan kewajiban perpajakan berdasarkan ketetapan pajak diakui.

Pajak tangguhan dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal neraca. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada tahun berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

n. Dividen

Pembagian dividen kepada pemegang saham Perseroan diakui sebagai liabilitas dalam laporan keuangan pada saat dividen tersebut disetujui oleh para pemegang saham Perseroan.

o. Laba per saham

Laba bersih per saham dasar dihitung dengan membagi laba bersih dengan jumlah rata-rata tertimbang saham yang beredar pada tahun yang bersangkutan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Taxation (continued)

Amendments to taxation obligations are recorded when an assessment is received or, for amounts appealed against by the Company, when: (1) the result of the appeal is determined, unless there is significant uncertainty as to the outcome of such appeal, in which event the impact of the amendment of tax obligations based on an assessment is recognized at the time making such appeal, or (2) at the time based on knowledge of developments in similar cases involving matters appealed, based on rulings by the Tax Court or the Supreme Court, that a positive appeal outcome is adjudged to be significantly uncertain, in which event the impact of an amendment of tax obligations based on the assessment amounts appealed is recognized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the balance sheet date. Changes in the carrying amounts of deferred tax assets and liabilities attributable to a change in tax rates is recognized in the current year's statement of income, except to the extent that such change relates to items previously charged or credited to equity.

n. Dividend

Dividend distributions to the Company's shareholders are recognized as a liability in the financial statements in which the dividends are approved by the Company's shareholders.

o. Basic earnings per share

Basic earnings per share are computed by dividing net income by the weighted average number of shares outstanding during the year.

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p. Aset lain-lain

Aset lain-lain disajikan sebesar nilai tercatat, yaitu biaya perolehan dikurangi dengan akumulasi amortisasi dan penurunan nilai. Aset yang masa manfaatnya terbatas diamortisasi sesuai masa manfaat tetapi tidak lebih dari 20 tahun.

q. Penurunan nilai aset non keuangan

Pada setiap akhir periode pelaporan, Perseroan menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset (yaitu, aset tidak berwujud dengan umur manfaat tidak terbatas, aset tidak berwujud yang belum dapat digunakan, atau *goodwill* yang diperoleh dalam suatu kombinasi bisnis) diperlukan, maka Perseroan membuat estimasi formal atas jumlah terpulihkan aset tersebut.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau Unit Penghasil Kas (UPK) dikurangi biaya untuk menjual dengan nilai pakainya, kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset atau kelompok aset lain. Jika nilai tercatat aset lebih besar daripada nilai terpulihkannya, maka aset tersebut dipertimbangkan mengalami penurunan nilai dan nilai tercatat aset diturunkan nilainya menjadi sebesar nilai terpulihkannya. Rugi penurunan nilai dari operasi yang berkelanjutan diakui pada laporan laba rugi sebagai "rug i penurunan nilai". Dalam menghitung nilai pakai, estimasi arus kas masa depan neto didiskontokan ke nilai kini dengan menggunakan tingkat diskonto sebelum pajak yang menggambarkan penilaian pasar kini dari nilai waktu uang dan risiko spesifik atas aset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Other assets

Other assets are presented at carrying value is acquisition cost less accumulated amortization and impairment losses. Assets, which have a limited useful life, are amortized over the lesser of their useful lives or 20 years.

q. Impairment of non financial assets

The Company assess at each annual 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 an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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q. Penurunan nilai aset non keuangan (lanjutan)

Dalam menentukan nilai wajar dikurangi biaya untuk menjual, digunakan harga penawaran pasar terakhir, jika tersedia. Jika tidak terdapat transaksi tersebut, Perseroan menggunakan model penilaian yang sesuai untuk menentukan nilai wajar aset. Perhitungan-perhitungan ini dikuatkan oleh penilaian berganda atau indikator nilai wajar yang tersedia.

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.

Penilaian dilakukan pada akhir setiap periode pelaporan apakah terdapat indikasi bahwa rugi penurunan nilai yang telah diakui dalam periode sebelumnya untuk aset selain goodwill mungkin tidak ada lagi atau mungkin telah menurun. Jika indikasi dimaksud ditemukan, maka Perseroan mengestimasi jumlah terpulihkan aset tersebut. Kerugian penurunan nilai yang telah diakui dalam periode sebelumnya untuk aset selain goodwill dibalik hanya jika terdapat perubahan asumsi-asumsi yang digunakan untuk menentukan jumlah terpulihkan aset tersebut sejak rugi penurunan nilai terakhir diakui. Dalam hal ini, jumlah tercatat aset dinaikkan ke jumlah terpulihkannya. Pembalikan tersebut dibatasi sehingga jumlah tercatat aset tidak melebihi jumlah terpulihkannya maupun jumlah 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 laporan laba rugi. Setelah pembalikan tersebut, penyusutan aset tersebut disesuaikan di periode mendatang untuk mengalokasikan jumlah tercatat aset yang direvisi, dikurangi nilai sisanya, dengan dasar yang sistematis selama sisa umur manfaatnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Impairment of non financial assets (continued)

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

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.

An assessment is conducted at each end of reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets 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 statement of income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (Lanjutan)

q. Penurunan nilai aset non keuangan (lanjutan)

Goodwill diuji untuk penurunan nilai setiap tahun (pada tanggal 31 Desember) dan ketika terdapat suatu indikasi bahwa nilai tercatatnya mengalami penurunan nilai. Penurunan nilai bagi goodwill ditetapkan dengan menentukan jumlah tercatat tiap UPK (atau kelompok UPK) dimana *goodwill* terkait. Jika jumlah terpulihkan UPK kurang dari jumlah tercatatnya, rugi penurunan nilai diakui. Rugi penurunan nilai terkait *goodwill* tidak dapat dibalik pada periode berikutnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Impairment of non financial assets (continued)

Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

3. PERTIMBANGAN DAN ESTIMASI

Penyusunan laporan keuangan sesuai dengan Standar Akuntansi Keuangan di Indonesia mengharuskan manajemen membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset, liabilitas dan pengungkapan liabilitas kontinjensi pada akhir periode pelaporan. Namun, ketidakpastian tentang asumsi-asumsi dan estimasi dapat mengakibatkan penyesuaian nilai tercatat aset dan liabilitas dalam periode pelaporan berikutnya.

Estimasi dan pertimbangan terus dievaluasi berdasarkan pengalaman historis dan faktor-faktor lain, termasuk ekspektasi peristiwa masa depan yang diyakini wajar berdasarkan kondisi yang ada. Pertimbangan, estimasi dan asumsi yang memiliki dampak yang signifikan terhadap nilai tercatat aset dan liabilitas dijelaskan sebagai berikut:

3. JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with Indonesian Financial Accounting Standards requires management to make judgment estimates and assumptions that affect the reported amounts of revenues, expenses, asset, liabilities and the disclosure of contingent liabilities, at the end of reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that required a material adjustment to the clearing amount of the asset and liability, affected in future period.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable circumstances. Judgement, estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are described below:

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3. PERTIMBANGAN DAN ESTIMASI (Lanjutan)

a. Pertimbangan

Klasifikasi Aset dan Liabilitas Keuangan

Klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan ditetapkan dengan mempertimbangkan apakah definisi yang ditetapkan PSAK 50 (Revisi 2010) dipenuhi. Dengan demikian aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi.

Penyisihan kerugian nilai piutang

Perseroan mengevaluasi akun tertentu jika terdapat informasi bahwa pelanggan tertentu tidak dapat memenuhi liabilitas keuangannya. Dalam hal tersebut, Perseroan mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan, kualitas jaminan yang diterima dan status kredit dari pelanggan berdasarkan catatan kredit pihak ketiga yang tersedia dan faktor pasar yang telah diketahui, untuk mencatat provisi yang spesifik atas jumlah piutang pelanggan guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Perseroan. Provisi yang spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan penurunan nilai piutang.

Bila Perseroan memutuskan bahwa tidak terdapat bukti obyektif atas penurunan nilai pada evaluasi individual atas piutang usaha, baik yang nilainya signifikan maupun tidak, Perseroan menyertakannya dalam kelompok piutang usaha dengan risiko kredit yang serupa karakteristiknya dan melakukan evaluasi kolektif atas penurunan nilai. Karakteristik yang dipilih mempengaruhi estimasi arus kas masa depan atas kelompok piutang usaha tersebut karena merupakan indikasi bagi kemampuan pelanggan untuk melunasi jumlah terutang.

3. JUDGEMENTS AND ESTIMATES (Continued)

a. Judgements

Financial Assets and Liabilities Classifications

Classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 50 (Revised 2010). Accordingly the financial assets and financial liabilities are accounted for in accordance with accounting policies.

The allowance of impairment of receivables

The Company evaluate specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company use judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer, quality of collateral received and the customer's current credit status based on any available third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Company expect to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment losses on trade receivables.

If the Company determine that no objective evidence of impairment exists for an individually assessed trade receivables, 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. The characteristics chosen are relevant to the estimation of future cash flows for groups of such trade receivables by being indicative of the customers' ability to pay all amounts due.

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a. Pertimbangan (lanjutan)

Penyisihan kerugian nilai piutang (lanjutan)

Arus kas masa depan pada kelompok piutang usaha yang dievaluasi secara kolektif untuk penurunan nilai diestimasi berdasarkan pengalaman kerugian historis bagi piutang usaha dengan karakteristik risiko kredit yang serupa dengan piutang usaha pada kelompok tersebut.

b. Estimasi

Penyusutan

Manajemen menentukan estimasi masa manfaat dan beban penyusutan dari aset tetap. Depresiasi dihitung berdasarkan biaya komponen-komponen aset tetap. Estimasi utama mencakup estimasi masa manfaat pabrik semen yang bisa berbeda signifikan dengan masa manfaat sesungguhnya. Masa manfaat sesungguhnya akan bergantung pada berbagai faktor seperti pemeliharaan, perkembangan teknologi, pasar semen dan sebagainya.

Jika estimasi masa manfaat harus direvisi, tambahan beban depresiasi dapat terjadi di masa yang akan datang.

Imbalan pasca kerja

Nilai kini liabilitas pasca kerja tergantung pada beberapa faktor yang ditentukan dengan dasar aktuarial berdasarkan beberapa asumsi. Asumsi yang digunakan untuk menentukan biaya bersih imbalan pasca kerja mencakup tingkat diskonto, tingkat kenaikan gaji, dan tingkat pengembalian investasi. Perubahan asumsi-asumsi ini akan mempengaruhi jumlah tercatat liabilitas imbalan pasca kerja.

3. JUDGEMENTS AND ESTIMATES (Continued)

a. Judgements (continued)

The allowance of impairment of receivables (continued)

Future cash flows in a group of trade receivables that are collectively evaluated for impairment are estimated on the basis of historical loss experience for the trade receivables with credit risk characteristics similar to those in the group.

b. Estimation

Depreciation

Management determines the estimated useful lives and depreciation of fixed assets. Depreciation is calculated based on the various components of the cost of fixed assets. The main estimate includes the estimated useful life of the cement plant could significantly different from the actual useful life. Actual useful life will depend on various factors such as maintenance, technology development, cement market and etc.

If the estimated useful lives should be revised, additional depreciation expense may occur in the future.

Post-employment benefit

The present value of post-employment liability depends on several factors that are determined by actuarial basis based on several assumptions. Assumptions used to determine the net cost of post-employment benefits include a discount rate, salary increase rate, and expected return on plan assets. Changes in these assumptions will affect the carrying amounts of other post-employment liabilities.

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b. Estimasi (lanjutan)

Imbalan pasca kerja (lanjutan)

Tingkat diskonto ditentukan pada akhir periode pelaporan, yakni tingkat suku bunga untuk menentukan nilai kini arus kas keluar masa depan estimasian yang diharapkan untuk menyelesaikan liabilitas imbalan pasca-kerja. Dalam menentukan tingkat suku bunga yang sesuai, Perseroan mempertimbangkan tingkat suku bunga obligasi pemerintah yang didenominasikan dalam mata uang Rupiah, mata uang yang mana imbalan akan dibayar, dan yang memiliki jangka waktu yang serupa dengan jangka waktu liabilitas imbalan pasca-kerja yang terkait.

Asumsi utama yang digunakan untuk penentuan liabilitas imbalan pasca-kerja lainnya termasuk asumsi kondisi pasar saat ini.

Provisi pajak

Pertimbangan signifikan dilakukan dalam menentukan provisi atas pajak penghasilan badan maupun pajak lainnya atas transaksi tertentu. Ketidakpastian timbul terkait dengan interpretasi dari peraturan perpajakan yang kompleks dan jumlah dan waktu dari penghasilan kena pajak di masa depan. Dalam menentukan jumlah yang harus diakui terkait dengan liabilitas pajak yang tidak pasti, Perseroan menerapkan pertimbangan yang sama yang akan digunakan dalam menentukan jumlah cadangan yang harus diakui sesuai dengan PSAK No. 57, "Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi". Perseroan dan membuat analisa terhadap semua posisi pajak yang terkait dengan pajak penghasilan untuk menentukan jika liabilitas pajak untuk manfaat pajak yang belum diakui harus diakui.

3. JUDGEMENTS AND ESTIMATES (Continued)

b. Estimation (continued)

Post-employment benefit (continued)

The appropriate discount rate at the end of the reporting period is the interest rate used in determining the present value of estimated future cash outflows expected to settle other post-employment liabilities. In determining the appropriate level of interest rates, the Company consider the interest rates of government bonds denominated in Rupiah, the currency in which the benefits will be paid, and which has a similar time period with a period of related post-employment benefits liability.

The key assumption used for determining other post-employment liabilities included current market conditions.

Provision for tax

Significant judgment is involved in determining the provision for corporate income tax and other taxes on certain transactions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company apply similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset". The Company make an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

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b. Estimasi (lanjutan)

Penyisihan Persediaan Usang

Penyisihan persediaan usang 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. Penyisihan dievaluasi kembali dan disesuaikan jika terdapat tambahan informasi yang mempengaruhi jumlah yang diestimasi.

Provisi untuk biaya restorasi tanah tambang

Perseroan melakukan penelaahan atas provisi restorasi tanah tambang pada akhir periode laporan. Dalam penentuan jumlah provisi untuk restorasi tanah tambang diperlukan estimasi dan asumsi yang signifikan karena terdapat banyak faktor yang mempengaruhi jumlah terutang pada akhirnya. Faktor-faktor tersebut mencakup estimasi untuk waktu dan jumlah biaya untuk aktivitas restorasi, perubahan teknologi, perubahan peraturan, peningkatan biaya dibandingkan dengan tingkat inflasi dan perubahan tingkat bunga diskonto. Ketidakpastian tersebut dapat mengakibatkan jumlah pengeluaran aktual di masa mendatang dapat berbeda dengan jumlah yang dicadangkan saat ini. Jumlah provisi pada akhir periode pelaporan merupakan estimasi terbaik manajemen atas nilai kini dari biaya restorasi masa mendatang yang diperlukan.

3. JUDGEMENTS AND ESTIMATES (Continued)

b. Estimation (continued)

Provision for Obsolete

Provision for obsolete 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 allowance is reevaluated and adjusted as additional information received affects the amount estimated.

Provision for quarry restoration

The Company assess their quarry restoration provision at end of reporting period. Significant estimates and assumptions are made in determining the provision for quarry restoration as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of restoration activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at end of reporting period represents management's best estimate of the present value of the future restoration costs required.

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4. KAS DAN SETARA KAS

	2012	2011	2010	
Kas	69.426	7.567	41.921	Cash on hand
Bank	50.377.475	31.085.836	32.313.813	Cash on bank
Deposito berjangka dan <i>call deposits</i>	492.500.000	486.890.000	241.890.000	Time and call deposits
	<u>542.946.901</u>	<u>517.983.403</u>	<u>274.245.734</u>	
Dikurangi:				Less:
Kas dan setara kas yang dibatasi penggunaannya - jatuh tempo dalam waktu setahun (Catatan 5)	40.000.000	113.000.000	--	Restricted cash and cash equivalent- Current Maturity (Note 5)
Kas dan setara kas yang dibatasi penggunaannya - yang jatuh tempo lebih dari setahun (Catatan 11)	4.500.000	4.500.000	4.500.000	Restricted cash and cash equivalent- with due date period more than one year (Note 11)
Jumlah	498.446.901	400.483.403	269.745.734	Total

a. Kas

a. Cash on Hand

	2012	2011	2010	
Rupiah	69.426	7.567	41.921	Rupiahs
Jumlah	69.426	7.567	41.921	Total

b. Bank

b. Cash in Banks

	2012	2011	2010	
Pihak ketiga				Third parties
Simpanan giro				Clearing Account
PT Bank Central Asia Tbk	6.714.050	873.672	568.416	PT Bank Central Asia Tbk
PT Bank Mega Tbk	954.897	946.922	932.322	PT Bank Mega Tbk
PT BPD Sumsel Babel	1.761.685	3.325.320	1.017.037	PT BPD Sumsel Babel
	<u>9.430.632</u>	<u>5.145.914</u>	<u>2.517.775</u>	
Pihak berelasi				Related parties
Simpanan giro				Clearing account
PT Bank Mandiri (Persero) Tbk				PT Bank Mandiri (Persero) Tbk
Rupiah	25.394.235	9.570.552	12.041.773	Rupiahs
Dollar Amerika Serikat	231.228	216.470	216.120	United States Dollar
PT Bank Negara Indonesia (Persero) Tbk				PT Bank Negara Indonesia (Persero) Tbk
Rupiah	14.998.088	15.849.854	17.237.612	Rupiahs
Dollar Amerika Serikat	323.292	303.046	300.533	United States Dollar
	<u>40.946.843</u>	<u>25.939.922</u>	<u>29.796.038</u>	
Jumlah	50.377.475	31.085.836	32.313.813	Total

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4. KAS DAN SETARA KAS (Lanjutan)

4. CASH AND CASH EQUIVALENT (Continued)

c. Deposito berjangka dan call deposits

c. Time and call deposits

	2012	2011	2010	
Pada bank pihak ketiga				<i>In the third parties</i>
PT Bank Muamalat Indonesia Tbk	185.000.000	220.000.000	15.000.000	<i>PT Bank Muamalat Indonesia Tbk</i>
PT BPD Sumsel Babel	170.000.000	49.390.000	154.390.000	<i>PT BPD Sumsel Babel</i>
PT Bank Sumsel Syariah	10.000.000	--	--	<i>PT BPD Sumsel Syariah</i>
PT Bank CIMB Niaga	20.000.000	--	--	<i>PT Bank CIMB Niaga</i>
PT BPD Jabar dan Banten Tbk	40.000.000	--	--	<i>PT BPD Jabar dan Banten Tbk</i>
	<u>425.000.000</u>	<u>269.390.000</u>	<u>169.390.000</u>	
Pihak berelasi				<i>Related parties</i>
PT Bank Mandiri (Persero) Tbk	7.500.000	22.500.000	7.500.000	<i>PT Bank Mandiri (Persero) Tbk</i>
PT Bank Negara Indonesia (Persero) Tbk	40.000.000	95.000.000	--	
PT Bank Syariah Mandiri	--	70.000.000	55.000.000	<i>PT Bank Syariah Mandiri</i>
PT Bank BRI Syariah	20.000.000	20.000.000	10.000.000	<i>PT Bank BRI Syariah</i>
PT Bank Rakyat Indonesia (Persero) Tbk	--	10.000.000	--	<i>PT Bank Rakyat Indonesia (Persero) Tbk</i>
	<u>67.500.000</u>	<u>217.500.000</u>	<u>72.500.000</u>	
Jumlah	<u>492.500.000</u>	<u>486.890.000</u>	<u>241.890.000</u>	Total
Suku bunga tahunan atas deposito berjangka (dinyatakan dalam %)	<u>5,25 - 8,25</u>	<u>6,00 - 9,25</u>	<u>6,50 - 9,25</u>	<i>Annual interest rate of time deposits (stated in %)</i>

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5. KAS DAN SETARA KAS YANG DIBATASI PENGGUNAANNYA

5. RESTRICTED CASH & CASH EQUIVALENTS

Saldo kas dan setara kas yang dibatasi penggunaannya:

Balance of restricted cash and cash equivalents:

	2012	2011	2010	
Deposito berjangka dan <i>call</i> <i>deposits</i> pada bank yang berelasi PT Bank Negara Indonesia (Persero) Tbk	40.000.000	95.000.000	--	Time and call deposits related parties PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	--	18.000.000	--	PT Bank Mandiri (Persero) Tbk
Jumlah	40.000.000	113.000.000	--	Total

Pada tanggal 31 Desember 2012 dan 31 Desember 2011, kas dan setara kas yang dibatasi penggunaannya jatuh tempo dalam waktu setahun dalam bentuk deposito berjangka pada PT Bank Negara Indonesia (Persero) Tbk, masing-masing sebesar Rp 40.000.000 dan Rp 95.000.000, digunakan sebagai jaminan pembukaan *Letter of Credit* (L/C) terkait dengan proyek *Cement Mill* dan *Packer* (Catatan 35).

As of December 31, 2012 and December 31, 2011, restricted cash and cash equivalents - current maturity in form of time and call deposits on PT Bank Negara Indonesia (Persero) Tbk, amounting Rp 40,000,000 and Rp 95,000,000, are used as a collateral of the opening of *Letter of Credit* (L/C) related to the *Cement Mill* and *Packer* Project (Note 35).

Pada tanggal 31 Desember 2011, kas dan setara kas yang dibatasi penggunaannya jatuh tempo dalam waktu setahun dalam bentuk deposito berjangka pada PT Bank Mandiri (Persero) Tbk sebesar Rp 18.000.000, digunakan sebagai jaminan pembukaan *Letter Of Credit* (L/C) terkait dengan proyek *Cement Mill* dan *Packer* (Catatan 35).

In December 31, 2011, restricted cash and cash equivalents - current maturity in form of time and call deposits on PT Bank Mandiri (Persero) Tbk amounting Rp 18,000,000, are used as a collateral of the opening of *Letter Of Credit* (L/C) related to the *Cement Mill* and *Packer* Project (Note 35).

Untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010, kas dan setara kas yang dibatasi penggunaannya dalam bentuk deposito berjangka pada PT Bank Mandiri (Persero) Tbk, sebesar Rp 4.500.000 dijamin untuk ketertiban pelunasan fasilitas penerbitan *Letter of Credit* (L/C) impor/SKBDN yang diperoleh dari bank tersebut (Catatan 35).

For the years ended on December 31, 2012, 2011 and 2010, restricted cash and cash equivalents in form of time and call deposits on PT Bank Mandiri (Persero) Tbk amounting Rp 4,500,000 were used as collateral settlement order of L/C import facility obtained from the bank (Note 35).

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6. PIUTANG USAHA

Saldo piutang usaha merupakan tagihan atas penjualan semen kepada para distributor semen:

6. TRADE RECEIVABLES

Balance of trade receivable presents receivable for sales to distributors:

	2012	2011	2010	
Pihak ketiga				Third parties
Rupiah	1.628.171	1.978.367	16.110.287	Rupiahs
Cadangan penurunan nilai	(1.317.895)	(1.500.674)	(255.341)	Allowance for impairment
	<u>310.276</u>	<u>477.693</u>	<u>15.854.946</u>	
Pihak berelasi	8.791	--	73.244	Related parties
Cadangan penurunan nilai	--	--	--	Allowance for impairment
	<u>8.791</u>	<u>--</u>	<u>73.244</u>	
Jumlah	319.067	477.693	15.928.190	Total

Analisis umur piutang usaha adalah sebagai berikut:

The aging schedule of trade receivable was as follows:

	2012	2011	2010	
Pihak ketiga				Third parties
Sampai dengan 1 bulan	310.276	477.693	12.305.570	up to 1 month
> 1 bulan s.d 3 bulan	--	--	1.152.488	> 1 Month up to 3 month
> 3 bulan s.d 6 bulan	--	--	535.869	> 3 month up to 6 month
> 1 tahun	<u>1.317.895</u>	<u>1.500.674</u>	<u>2.116.360</u>	> 1 year
	<u>1.628.171</u>	<u>1.978.367</u>	<u>16.110.287</u>	
Cadangan penurunan nilai	(1.317.895)	(1.500.674)	(255.341)	Allowance for impairment
Jumlah pihak ketiga	<u>310.276</u>	<u>477.693</u>	<u>15.854.946</u>	Total third parties
Pihak berelasi				Related parties
Sampai dengan 1 bulan	8.791	--	73.244	Up to 1 month
Jumlah pihak berelasi	<u>8.791</u>	<u>--</u>	<u>73.244</u>	Total related parties
Jumlah	319.067	477.693	15.928.190	Total

Proses pengangkatan distributor harus melalui beberapa tahap sebelum diangkat menjadi distributor, calon distributor akan melalui tahap evaluasi. Distributor dapat melakukan penebusan secara kredit apabila statusnya telah menjadi distributor dan memiliki jaminan yang nilainya dapat mengcover nilai penebusan semen yang akan dibeli.

The process of appointment of distributors to go through several stages before being appointed as distributor, distributor candidates will go through the evaluation phase. Distributors were able to perform the redemption of the credit if their status has become a distributor and a guarantee that its value can cover the redemption value of cement to be purchased.

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6. PIUTANG USAHA (Lanjutan)

Terhadap para distributor semen yang melakukan pembelian semen secara kredit, manajemen Perseroan mensyaratkan agunan dari distributor berupa bank garansi, asuransi kredit, dan/atau pengikatan hak tanggungan atas tanah/bangunan.

Mutasi akun cadangan penurunan nilai adalah sebagai berikut:

	2012	2011	2010
Pada awal periode	(1.500.674)	(255.341)	(255.341)
Pengurangan (penambahan)			
Penyisihan	182.779	(1.245.333)	--
Pada akhir periode	(1.317.895)	(1.500.674)	(255.341)

Manajemen Perseroan berkeyakinan bahwa risiko tidak tertagihnya piutang usaha relatif tidak signifikan. Cadangan penurunan nilai ditetapkan dengan mengevaluasi saldo piutang yang berumur lebih dari 360 hari dengan jaminan yang dianggap kurang memadai. Oleh karena itu, Perseroan menetapkan cadangan penurunan nilai per 31 Desember 2012, 2011 dan 2010, masing-masing sebesar Rp 1.317.895, Rp 1.500.674 dan Rp 255.341.

Berdasarkan hasil penelaahan keadaan piutang masing-masing pelanggan pada akhir periode pelaporan, manajemen Perseroan berkeyakinan bahwa penyisihan penurunan nilai telah memadai untuk menutup kemungkinan kerugian atas tidak tertagihnya piutang usaha.

Pada tahun 2012 dan 2011, sehubungan dengan piutang yang mengalami penurunan nilai, Perseroan menguasai agunan berupa tanah dan bangunan dengan taksiran nilai wajar sebesar Rp 408.500.

Pada tahun 2012, 2011 dan 2010, piutang usaha dijamin dengan jaminan berupa bank garansi, deposito berjangka, asuransi kredit dan harta berwujud (tanah dan bangunan).

Piutang usaha Perseroan digunakan sebagai jaminan atas pinjaman dari PT Bank Mandiri (Persero) Tbk (Catatan 35).

6. TRADE RECEIVABLES (Continued)

For distributor that purchase cement in credit, the Company require security in form of bank guarantee, insurance bond and/or the binding of warrant rights on land/buildings.

The movements of the allowance for impairment are as follows:

The Company's management believes that the risk of uncollectible receivables is relatively insignificant. The allowance for impairment was determined by evaluating the receivables aging more than 360 days with insufficient guarantee. Therefore, the Company stated the allowance for impairment in Desember 31, 2012, 2011 and 2010 are amounting to Rp 1,317,895, Rp 1,500,674 and Rp 255,341, respectively.

Based on a review of the status of the individual receivable accounts at end of reporting period, the management of the Company believe that the allowance for impairment is adequate to cover possible losses from uncollectible receivables.

In the year of 2012 and 2011, related to the receivable that has been impaired, the Company has hold collateral, such as land and building, with estimated fair value amounting to Rp 408,500.

In the years of 2012, 2011 and 2010, a portion of trade receivables are secured by bank guarantees, time deposits and tangible assets (land and buildings).

The Company's trade receivables are pledge as collateral of loan facility obtained from PT Bank Mandiri (Persero) Tbk (Note 35).

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7. PERSEDIAAN

7. INVENTORIES

	2012	2011	2010	
Bahan baku dan bahan penolong				Raw material and supplies
Bahan baku	14.774.315	10.601.481	3.428.295	Raw material
Bahan bakar	5.876.369	5.082.207	8.115.200	Fuel
Bahan pelumas	2.637.312	1.759.111	1.597.890	Lubricants
Bahan pembungkus	6.629.993	9.943.730	10.962.782	Wrapping material
Bahan kimia	621.441	496.182	500.288	Chemicals
	<u>30.539.430</u>	<u>27.882.711</u>	<u>24.604.455</u>	
Barang dalam proses				Work in process
Batu kapur	468.995	536.125	711.304	Lime stones
Tanah liat	254.108	283.273	613.730	Clay
Raw meal	687.972	943.015	1.758.986	Raw meal
Terak	39.800.814	27.193.784	58.239.420	Clinker
	<u>41.211.889</u>	<u>28.956.197</u>	<u>61.323.440</u>	
Persediaan barang jadi				Finish Goods
Semen curah	2.243.503	2.065.397	3.929.862	Bulk cement
Semen bungkus	--	--	--	Bagged cement
	<u>2.243.503</u>	<u>2.065.397</u>	<u>3.929.862</u>	
Suku cadang	47.680.961	33.212.742	39.585.767	Spare part
Jumlah persediaan	<u>121.675.783</u>	<u>92.117.047</u>	<u>129.443.524</u>	Total inventory
Cadangan keusangan/kerugian nilai	(5.016.066)	(2.408.731)	(2.408.731)	Allowance for obsolescence/losses
Jumlah	<u>116.659.717</u>	<u>89.708.316</u>	<u>127.034.793</u>	Total

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7. PERSEDIAAN (Lanjutan)

Pada tahun 2012, 2011 dan 2010 seluruh persediaan diasuransikan terhadap risiko kebakaran dengan nilai pertanggungan per tahun masing-masing sebesar Rp 80.091.446, Rp 99.380.774 dan Rp 108.613.713. Manajemen berkeyakinan bahwa jumlah pertanggungan asuransi ini cukup memadai untuk menutup risiko kerugian yang mungkin terjadi.

Pada tahun 2012 terdapat persediaan bahan penolong dan sparepart yang tidak bermutasi lebih dari 3 (tiga) tahun. Dari kondisi tersebut, terdapat indikasi penurunan nilai persediaan dibawah biaya perolehan (nilai realisasi neto yang lebih rendah) sehingga perlu dilakukan tambahan atas cadangan penurunan nilai.

Mutasi cadangan keusangan/kerugian adalah sebagai berikut:

	2012	2011	2010	
Pada awal periode	(2.408.731)	(2.408.731)	(2.408.731)	In the beginning of period
Pengurangan				Reduction (addition)
(penambahan) penyisihan	(2.607.335)	--	--	allowance
Pada akhir periode	(5.016.066)	(2.408.731)	(2.408.731)	At end of period

Manajemen berpendapat bahwa cadangan/kerugian di atas adalah cukup untuk menurunkan nilai tercatat persediaan ke nilai realisasi bersihnya.

Persediaan Perseroan digunakan sebagai jaminan atas pinjaman dari PT Bank Mandiri (Persero) Tbk (Catatan 35).

Pada tahun 2011, Perseroan melakukan reklasifikasi terhadap persediaan suku cadang yang berhubungan langsung dengan aset tetap mesin dan peralatan sebesar Rp 18.640.553 dengan nilai tercatat bersih sebesar Rp 15.374.959 (setelah dikurangi kebijakan penurunan nilai aset sebesar Rp 701.179) (Catatan 9).

7. INVENTORIES (Continued)

In the years of 2012, 2011 and 2010 all inventories were insured against risk of fire with the coverage value per year amounting Rp 80,091,446, Rp 99,380,774 and Rp 108,613,713, respectively. The management believes that amount of insurance is sufficient to cover the possible losses.

In the years 2012 there are supplies and spareparts inventories with no movement more than 3 years. These conditions indicate for inventories impairment under the acquisition cost (net realizable value under aquisition) there for necessary for additional allowance.

The movements of allowance for obsolescence/loses are as follows:

The management believes that the above allowance for obsolescence/losses is sufficient to reduce the carrying amounts of inventories to their net realizable values.

The Company's inventory are pledge as collateral of loan facility obtained from PT Bank Mandiri (Persero) Tbk (Note 35).

In the year of 2011, the Company has made reclassification for spare part which can directly connecting with machinery and equipment amounting Rp 18,640,553. With net realizable value amounting Rp 15,374,959 (net after the Company's assets impairment policy amounting Rp 701,179) (Note 9).

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8. ASET LANCAR LAINNYA

8. OTHER CURRENT ASSETS

	2012	2011	2010	
Sewa tanah dibayar dimuka	2.003.888	--	--	Prepaid Land rent
Pendapatan bunga deposito yang masih harus diterima	1.174.651	1.495.475	628.176	Accrued interest income
Asuransi	864.516	952.267	982.770	Insurance
Uang muka intern	470.708	347.681	1.063.119	Advance intern
Uang muka pembelian	242.484	952.696	1.194.456	Purchase advance
Lain-lain	524.836	146.703	718.380	Others
Jumlah	5.281.083	3.894.822	4.586.901	Sub Total

Sewa tanah dibayar dimuka

Sewa tanah dibayar dimuka merupakan pembayaran dimuka atas sewa tanah pabrik Palembang kepada PT Kereta Api Indonesia (Persero) (Catatan 35).

Prepaid land rent

Represents prepaid payment for land rent prepaid for Palembang plant to PT Kereta Api Indonesia (Persero) (Note 35).

Pendapatan bunga deposito yang masih harus diterima

Pendapatan bunga deposito yang masih harus diterima merupakan akrual pendapatan bunga deposito berjangka dan *call deposit*.

Accrued interest income

Represents accrued on interest income from time and call deposits.

Asuransi dibayar di muka

Asuransi dibayar di muka merupakan premi asuransi kebakaran dan gempa bumi atas aset tetap serta premi asuransi Dwiguna Dewan Komisaris dan Direksi.

Prepaid insurance

Represents insurance premium for fire and earth quack on fixed assets, and Dwiguna insurance premium for Board Commissioners and Directors.

Uang muka intern

Merupakan uang muka yang diberikan kepada karyawan untuk aktivitas operasional rutin yang akan dipertanggungjawabkan setelah selesainya kegiatan.

Advance intern

Represents advances given to employees for routine operational activities which will be accounted after the completion of activities.

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9. ASET TETAP

Aset tetap terdiri dari aset tetap pemilikan langsung dan aset dalam pembangunan. Tidak ada aset tetap yang diperoleh dari pembiayaan sewa guna usaha. Komposisi dan ikhtisar mutasi aset tetap berikut akumulasi penyusutannya untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010, adalah sebagai berikut:

9. FIXED ASSETS

Fixed assets consist of self owned and construction in progress. No fixed assets obtained from leasing activities. The composition and balance movements of fixed assets as well as their accumulated depreciations for the years ended December 31, 2012, 2011 and 2010, are as follows:

31 Desember / December 31, 2012						
	Saldo Awal/ <i>Beginning Balance</i>	Penambahan/ <i>Addition</i>	Pelepasan/ <i>Disposal</i>	Reklasifikasi/ <i>Reclassification</i>	Saldo Akhir/ <i>Ending Balance</i>	
Harga perolehan						<i>Acquisition cost</i>
Tanah	292.581	--	--	--	292.581	<i>Land</i>
Bangunan dan infrastruktur	123.301.750	6.253.199	--	26.724.923	156.279.872	<i>Building and infrastructure</i>
Mesin	532.761.586	16.262.392	--	48.984.185	598.008.163	<i>Machinery</i>
Peralatan berat	19.075.835	2.317.604	--	25.669.731	47.063.170	<i>Heavy equipment</i>
Peralatan kantor	11.081.910	3.168.109	--	8.927.258	23.177.277	<i>Furniture and fixture</i>
Kendaraan bermotor	758.467	476.214	--	2.265.936	3.500.617	<i>Vehicle</i>
	687.272.129	28.477.518	--	112.572.033	828.321.680	
Aset tetap dalam pembangunan	9.329.989	186.490.309	--	(3.589.347)	192.230.951	<i>Construction in progress</i>
Jumlah harga perolehan	696.602.118	214.967.827	--	108.982.686	1.020.552.631	<i>Total acquisition cost</i>
Akumulasi penyusutan						<i>Accumulated depreciation</i>
Bangunan dan infrastruktur	63.008.728	7.330.911	--	25.492.600	95.832.239	<i>Building and infrastructure</i>
Mesin	266.272.024	35.693.488	--	46.934.757	348.900.269	<i>Machinery</i>
Peralatan berat	7.625.257	4.281.127	--	25.362.133	37.268.517	<i>Heavy equipment</i>
Peralatan kantor	5.957.719	2.979.497	--	8.927.257	17.864.473	<i>Furniture and fixture</i>
Kendaraan bermotor	195.252	218.341	--	2.265.936	2.679.529	<i>Vehicle</i>
Jumlah akumulasi penyusutan	343.058.980	50.503.364	--	108.982.683	502.545.027	<i>Total accumulated depreciation</i>
	353.543.138				518.007.604	
Nilai Buku						<i>Net Book Value</i>

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9. ASET TETAP (Lanjutan)

9. FIXED ASSETS (Continued)

31 Desember / December 31, 2011						
	Saldo Awal/ Beginning Balance	Penambahan/ Addition	Pelepasan/ Disposal	Reklasifikasi/ Reclassification	Saldo Akhir/ Ending Balance	
Harga perolehan						Acquisition cost
Tanah	292.581	--	--	--	292.581	Land
Bangunan dan infrastruktur	146.629.171	1.780.789	--	(25.108.210)	123.301.750	Building and infrastructure
Mesin	546.449.734	3.338.623	--	(17.026.771)	532.761.586	Machinery
Peralatan berat	38.564.671	5.003.597	--	(24.492.433)	19.075.835	Heavy equipment
Peralatan kantor	17.782.058	2.227.110	--	(8.927.258)	11.081.910	Furniture and fixture
Kendaraan bermotor	2.596.613	427.790	--	(2.265.936)	758.467	Vehicle
	752.314.828	12.777.909	--	(77.820.608)	687.272.129	
Aset tetap dalam pembangunan	5.818.199	16.033.315	--	(12.521.525)	9.329.989	Construction in progress
Jumlah harga perolehan	758.133.027	28.811.224	--	--	696.602.118	Total acquisition cost
Akumulasi penyusutan						Accumulated depreciation
Bangunan dan infrastruktur	82.093.522	6.407.806	--	(25.492.600)	63.008.728	Building and infrastructure
Mesin	280.227.962	29.713.225	--	(43.669.163)	266.272.024	Machinery
Peralatan berat	28.291.714	4.695.676	--	(25.362.133)	7.625.257	Heavy equipment
Peralatan kantor	12.147.975	2.737.001	--	(8.927.257)	5.957.719	Furniture and fixture
Kendaraan bermotor	2.328.597	132.591	--	(2.265.936)	195.252	Vehicle
Jumlah akumulasi penyusutan	405.089.770	43.686.299	--	(105.717.089)	343.058.980	Total accumulated depreciation
Nilai Buku	353.043.257				353.543.138	Net Book Value

31 Desember / December 31, 2010						
	Saldo Awal/ Beginning Balance	Penambahan/ Addition	Pelepasan/ Disposal	Reklasifikasi/ Reclassification	Saldo Akhir/ Ending Balance	
Harga perolehan						Acquisition cost
Tanah	292.581	--	--	--	292.581	Land
Bangunan dan infrastruktur	143.375.420	2.026.176	--	1.227.575	146.629.171	Building and infrastructure
Mesin	537.602.504	8.676.954	--	170.276	546.449.734	Machinery
Peralatan berat	31.911.734	6.344.550	--	308.387	38.564.671	Heavy equipment
Peralatan kantor	15.399.674	2.382.384	--	--	17.782.058	Furniture and fixture
Kendaraan bermotor	2.353.687	242.926	--	--	2.596.613	Vehicle
	730.935.600	19.672.990	--	1.706.238	752.314.828	
Aset tetap dalam pembangunan	206.482	7.317.955	--	(1.706.238)	5.818.199	Construction in progress
Jumlah harga perolehan	731.142.082	26.990.944	--	--	758.133.027	Total acquisition cost
Akumulasi penyusutan						Accumulated depreciation
Bangunan dan infrastruktur	75.745.186	6.348.336	--	--	82.093.522	Building and infrastructure
Mesin	248.674.260	31.553.702	--	--	280.227.962	Machinery
Peralatan berat	24.605.073	3.686.641	--	--	28.291.714	Heavy equipment
Peralatan kantor	9.678.753	2.469.222	--	--	12.147.975	Furniture and fixture
Kendaraan bermotor	2.245.018	83.579	--	--	2.328.597	Vehicle
Jumlah akumulasi penyusutan	360.948.290	44.141.480	--	--	405.089.770	Total accumulated depreciation
Nilai Buku	370.193.792				353.043.257	Net Book Value

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9. ASET TETAP (Lanjutan)

9. FIXED ASSETS (Continued)

Alokasi beban penyusutan adalah sebagai berikut:

Allocation of depreciation expenses as follows:

	2012	2011	2010	
Beban pokok penjualan	46.890.754	43.218.859	41.659.101	Cost of sales
Beban umum dan administrasi	3.296.792	3.587.123	2.463.718	General and administrative expense
Beban penjualan	75.992	21.380	18.661	Selling expense
Aset tetap dalam pembangunan	239.826	124.531	--	Construction in progress (CIP)
Jumlah	50.503.364	46.951.893	44.141.480	Total

Rincian aset tetap dalam pembangunan pada tanggal 31 Desember 2012, 2011 dan 2010, adalah sebagai berikut:

The details of construction in progress as December 31, 2012, 2011 and 2010, are follows:

	2012		
	Biaya kumulatif/ <i>Accumulated cost</i>	% selesai/ % <i>completed</i>	
Nama proyek:			Project name:
Pabrik <i>Cement Mill</i> dan Packer	191.165.138	90%	Cement Mill and Packer Plant
Bangunan pabrik, non pabrik, sarana dan prasarana	893.075	60 - 90%	Manufacturing building, non manufacturing and facilities
Mesin	172.738	75%	Machines
Jumlah	192.230.951		Total

	2011		
	Biaya kumulatif/ <i>Accumulated cost</i>	% selesai/ % <i>completed</i>	
Nama proyek:			Project name:
Pabrik <i>Cement Mill</i> dan Packer	8.473.371	22%	Cement Mill and Packer Plant
Bangunan pabrik, non pabrik, sarana dan prasarana	809.187	30% - 90%	Manufacturing building, non manufacturing and facilities
Mesin	43.381	40% - 70%	Machines
Alat bantu	4.050	90%	Supporting equipment
Jumlah	9.329.989		Total

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9. ASET TETAP (Lanjutan)

9. FIXED ASSETS (Continued)

	2010		
	Biaya kumulatif/ <i>Accumulated cost</i>	% selesai/ % <i>completed</i>	
Nama proyek:			Project name:
Pabrik <i>Cement Mill</i> dan <i>Packer</i>	1.368.194	10%	<i>Cement Mill and Packer Plant</i>
Bangunan pabrik, non pabrik, sarana dan prasarana	318.450	30% - 60%	<i>Manufacturing building, non manufacturing and facilities</i>
Mesin	4.131.555	60%	<i>Machines</i>
Alat bantu	--	--	<i>Supporting equipment</i>
Jumlah	5.818.199		Total

Proyek *Cement Mill* dan *Packer* merupakan pembangunan fasilitas penggilingan dan pengantongan semen yang berlokasi di Pabrik Baturaja, dengan tujuan untuk menambah kapasitas produksi Perseroan sebesar 750.000 ton. Total biaya proyek diperkirakan sebesar Rp 350 Miliar dan akan selesai pada bulan Juni 2013. Pada tanggal 31 Desember 2012, persentase penyelesaian fisik proyek tersebut sudah mencapai 90% dan beberapa uang muka yang terkait dengan proyek tersebut dicatat pada Aset tidak lancar lainnya - Uang Muka Proyek *Cement Mill* (Catatan 11).

The *Cement Mill* and The *Packer* Project represent the construction of cement grinding facilities and cement bags, which are located in Baturaja Factory, with the purpose to increase the Company's production capacity of 750,000 tonnages. The total estimated cost of project was amounting Rp 350 billions and would be completed at June 2013. As of December 31, 2012, that Project's percentage of completion are 90% and some of advance payment related to the project are presented on Other non current Assets - Cement Mill & Packer Project Advance (Note 11).

Selama tahun buku 2012, 2011 dan 2010, tidak ada aset tetap yang dihapus buku dan tidak terdapat penurunan buku aset tetap.

During fiscal year 2012, 2011 and 2010, no fixed assets are removed the book and no impairment of fixed assets book.

Pada tahun 2012, 2011 dan 2010, seluruh mesin dan peralatan pabrik semen dan terak serta tanah, bangunan dan kendaraan bermotor di Baturaja, Palembang dan Panjang telah diasuransikan terhadap risiko kebakaran, bencana alam, kecelakaan dan pencurian dengan jumlah pertanggungan keseluruhan, masing-masing sebesar Rp 913.352, Rp 837.576 dan Rp 847.758.

In 2012, 2011 dan 2010, all machinery and equipment manufacturing of cement and slag as well as land, buildings and motor vehicles in Baturaja, Palembang and Panjang have been insured against fire, natural disasters, accidents and theft to the total amount of coverage amounting to Rp 913,352, Rp 837,576 and Rp 847,758, respectively.

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9. ASET TETAP (Lanjutan)

Manajemen berkeyakinan bahwa jumlah pertanggungan asuransi ini cukup memadai untuk menutupi kemungkinan kerugian atas aset yang dipertanggungkan.

Aset tetap Perseroan digunakan sebagai jaminan atas fasilitas pinjaman dari PT Bank Mandiri (Persero), Tbk (Catatan 35).

Pada tahun 2011, Perseroan melakukan reklasifikasi terhadap persediaan suku cadang yang berhubungan langsung dengan aset tetap mesin dan peralatan sebesar Rp 18.640.553 dengan nilai tercatat bersih (setelah dikurangi kebijakan penurunan nilai aset Perseroan sebesar Rp 701.179) sebesar Rp 15.374.959 (Catatan 9).

Pada tanggal 31 Desember 2012, 2011 dan 2010, jumlah tercatat bruto dari setiap aset tetap yang telah disusutkan penuh dan masih digunakan adalah sebagai berikut:

	2012	2011	2010
Harga perolehan :			
Bangunan dan infrastruktur	26.333.676	25.492.601	23.921.898
Mesin dan alat bantu	83.476.407	72.296.892	59.603.589
Peralatan kantor	12.303.161	8.927.258	7.516.861
Kendaraan bermotor	2.353.686	2.265.936	2.209.511
Jumlah	124.466.930	108.982.687	93.251.859

9. FIXED ASSETS (Continued)

Management believes that the amount of insurance coverage is adequate to cover possible losses on the assets insured.

The Company's fixed assets are pledge as collateral of loan obtained from PT Bank Mandiri (Persero), Tbk (Note 35).

In the year 2011, the Company has made reclassification for spare part which can directly connecting with Machinery and Equipment amounting Rp 18,640,553, with net realizable value (net after the Company's assets impairment policy amounting Rp 701,179) amounting Rp 15,374,959 (Note 9).

As of December 31, 2012, 2011 and 2010, gross carrying value of each fixed assets have been fully depreciated and still in used are as follows:

Acquisition cost :
Building and infrastructure
Machinery and supporting
equipment
Furniture and fixture
Vehicle
Total

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9. ASET TETAP (Lanjutan)

Berdasarkan Laporan Penilaian Aset Tetap dari Kantor Jasa Penilaian Publik (KJPP) Antonius Setiady dan Rekan tanggal 14 Maret 2013, rincian nilai wajar atas aset tetap adalah sebagai berikut:

9. FIXED ASSETS (Continued)

Based on Fixed Asset Appraisal Report from KJPP Antonius Setiady and Partner dated March 14, 2013, the detail of fair value of fixed assets are as follow :

31 Desember / December 31, 2012					
	Harga perolehan/ Acquisition Value	Akumulasi penyusutan/ Accumulated Depreciation	Nilai tercatat/ Carrying value	Nilai wajar/ Fair value	
Harga perolehan:					Acquisition cost:
Tanah	292.581	--	292.581	576.556.400	Land
Bangunan dan infrastruktur	156.279.872	95.832.239	60.447.633	242.725.546	Building and infrastructure
Mesin dan alat bantu	645.071.333	386.168.786	258.902.547	1.049.342.440	Machinery and supporting equipment
Peralatan kantor	23.177.277	17.864.473	5.312.804	5.912.624	Furniture and fixture
Kendaraan bermotor	3.500.617	2.679.529	821.088	2.245.200	Vehicle
Aset tetap dalam pembangunan	192.230.951	--	192.230.951	--	Constructions in progress
Jumlah	1.020.552.631	502.545.027	518.007.604	1.876.782.210	Total

10. ASET TAKBERWUJUD

10. INTANGIBLE ASSETS

	2012	2011	2010	
Hak guna usaha (HGU)				Land use right (HGU)
Harga perolehan	1.323.874	1.323.874	1.323.874	Cost
Akumulasi amortisasi	(520.810)	(472.005)	(423.200)	Accumulated amortization
Jumlah	803.064	851.869	900.674	Total

Hak Guna Usaha (HGU)

Merupakan biaya perpanjangan hak atas tanah di Baturaja dan diamortisasi selama 30 tahun. Beban amortisasi tersebut dibukukan sebagai biaya produksi.

Land Use Right (HGU)

Represent cost to extend the land right in Baturaja and amortized for 30 years. Amortization is charged to cost of production.

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11. ASET TIDAK LANCAR LAINNYA

11. OTHER NON-CURRENT ASSETS

	2012	2011	2010	
Piutang denda	3.251.260	3.477.135	3.477.135	Penalty of trade receivable
Cadangan penurunan nilai	(3.251.260)	(3.477.135)	(3.477.135)	Allowance of impairment
	--	--	--	
Aset yang tidak dipergunakan				Assets that are not used
Nilai perolehan	--	108.982.696	--	Aquisition cost
Akum. penyusutan		(108.982.693)	--	Accumulation amortization
	--	3	--	
Kas dan setara kas yang dibatasi penggunaannya yang jatuh tempo lebih dari setahun	4.500.000	4.500.000	4.500.000	Restricted cash and cash equivalents - with due date period more then one year
Uang muka Proyek <i>Cement Mill</i> dan <i>Packer</i>	2.985.658	15.743.763	--	Cement mill and Packer Project advance
				Deferred on emission expense of
Biaya emisi - ditangguhkan	8.104.085	--	--	equity securities
Sewa tanah dibayar dimuka	2.504.859	--	--	Prepaid land rent
Uang jaminan	758.500	758.500	856.656	Cash deposits
Lain-lain	215.869	94.122	146.176	Others
Jumlah	19.068.971	21.096.388	5.502.832	Total

Piutang Denda

Piutang denda merupakan denda distributor PT Esbe Niaga dan PT Indo Beton, pelanggan perseroan sebagai akibat keterlambatan membayar pokok piutang pembelian semen.

Penalty of Trade Receivable

Penalty of trade receivable represents penalty charged to PT Esbe Niaga and PT Indo Beton, the Company's customer, as a result of the delay of the payment of receivables from purchasing cement transactions.

Aset Yang Tidak Digunakan

Pada posisi per 31 Desember 2011 terdapat aset tetap yang telah disusutkan penuh dan tidak dipergunakan lagi dengan nilai perolehan sebesar Rp 108.982.686 yang pada tahun 2012 direklas kembali ke aset tetap berdasarkan laporan penilaian dari penilai independen mengenai kondisi aset.

Asset that are not used

On December 31, 2011 there were assets that have been fully depreciated and are not use in operation amounting Rp 108,982,686 in the years 2012 that reclassified back to fixed assets based on independent appraiser's report on assets condition.

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11. ASET TIDAK LANCAR LAINNYA (Lanjutan)

Kas dan setara kas yang dibatasi penggunaannya yang jatuh tempo lebih dari setahun

Untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010, kas dan setara kas yang dibatasi penggunaannya yang jatuh tempo lebih dari satu tahun, dalam bentuk deposito berjangka pada PT Bank Mandiri (Persero) Tbk, sebesar Rp 4.500.000 dijamin untuk ketertiban pelunasan fasilitas penerbitan *Letter of Credit* (L/C) impor/SKBDN yang diperoleh dari bank tersebut (Catatan 35).

Uang muka Proyek Cement Mill & Packer

Uang muka Proyek Cement Mill & Packer merupakan uang muka atas pembelian impor beberapa komponen aset tetap terkait dengan aset tetap bangunan dalam Pembangunan Pabrik Cement Mill (Catatan 9).

Biaya emisi - ditangguhkan

Biaya emisi efek ekuitas ditangguhkan merupakan biaya ditangguhkan yang berkaitan dengan penerbitan efek ekuitas sehubungan dengan kegiatan *Initial Public Offering* (IPO) yang sedang dilakukan Perseroan (Catatan 39).

Uang jaminan

Merupakan uang jaminan kepada PT Perusahaan Listrik Negara (Persero).

11. OTHER NON-CURRENT ASSETS (Continued)

Restricted cash and cash equivalents - with due date period more than one year

For the years ended on December 31, 2012, 2011 and 2010, restricted cash and cash equivalents with due date period more than one year, in form of time and call deposits on PT Bank Mandiri (Persero) Tbk amounting Rp 4,500,000 were used as collateral settlement order of L/C import facility obtained from the bank (Note 35).

Advance for Cement Mill & Packer Project

Advance for Cement Mill & Packer Project represented advance payment for purchase import of some of components of fixed assets related to Construction in Progress - Cement Mill Plant (Note 9).

Deferred on emission expense of equity securities

Deferred on emission expense of equity securities represent deferred expense related with equity securities issued in connection with initial public offering activities which is being done by the Company (Note 39).

Cash deposits

Represent guarantee deposits to PT Perusahaan Listrik Negara (Persero).

12. UTANG USAHA

12. TRADE PAYABLES

	2012	2011	2010	
Pihak ketiga	51.242.679	53.970.844	46.474.695	Third parties
Pihak berelasi	12.734.810	11.710.713	17.106.029	Related parties
Jumlah	63.977.489	65.681.557	63.580.724	Total

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12. UTANG USAHA (Lanjutan)

12. TRADE PAYABLES (Continued)

Rincian umur utang usaha yang dihitung sejak tanggal faktur adalah sebagai berikut:

The detail aging of trade payable that counted commencing from the date of invoice are as follows:

	2012	2011	2010	
Pihak ketiga				Third parties
Sampai dengan 1 bulan	41.924.044	35.825.365	34.876.334	Up to 1 month
> 1 bulan s.d 3 bulan	4.494.532	15.239.211	11.598.361	>1 month up to 3 months
> 3 bulan s.d 12 bulan	4.824.103	2.906.268	--	>3 months up to 12 months
> 1 tahun	--	--	--	> 1 year
	<u>51.242.679</u>	<u>53.970.844</u>	<u>46.474.695</u>	
Pihak berelasi				Related parties
Sampai dengan 1 bulan	6.913.679	5.441.703	17.106.029	Up to 1 month
> 1 bulan s.d 3 bulan	5.821.131	4.501.537	--	>1 month up to 3 months
> 3 bulan s.d 12 bulan	--	1.767.473	--	>3 months up to 12 months
> 1 tahun	--	--	--	> 1 year
	<u>12.734.810</u>	<u>11.710.713</u>	<u>17.106.029</u>	
Jumlah	63.977.489	65.681.557	63.580.724	Total

13. UTANG BANK JANGKA PENDEK - PIHAK BERELASI

13. SHORT TERM BANK LOAN - RELATED PARTIES

Akun ini merupakan hutang atas pembukaan *Letter of Credit* dari PT Bank Mandiri (Persero) Tbk, dengan jumlah total sebesar USD 286.000, berdasarkan Perjanjian KMK No. M177106060752001 tanggal 3 Desember 2012, tingkat suku bunga 10% per tahun dengan jaminan berupa deposito sebesar Rp 4,5 miliar atas nama Perseroan, yang digunakan untuk pembelian import terkait kebutuhan pabrik. Saldo per 31 Desember 2012 adalah sebesar Rp 2.765.620 (setara dengan USD 286.000) merupakan pembelian import *grinding media*.

This account represents payable related to the opening of *Letter of Credit* from PT Bank Mandiri (Persero) Tbk, with total facility amount are amounting USD 286,000, based on Pledge Agreement No. M177106060752001 dated December 3, 2012, with interest rate Of 10% per annum and cash collateral in the form of Company's one Rp 4.5 billion in PT Bank Mandiri (Persero) Tbk amounting , which are used for imported purchase of Company's fixed assets related to plan utilities. As of December 31, 2012, the outstanding balance amounting Rp 2,765,620 (equivalent with USD 286,000), which represents the imported purchasing of *grinding media*.

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14. PERPAJAKAN

14. TAXATION

a. Utang Pajak

a. Taxes Payable

	2012	2011	2010	
Pajak Pertambahan Nilai	5.765.470	7.144.188	4.143.667	Value Added Tax
Pajak Penghasilan				Income Tax
- Pasal 21	4.120.474	3.779.268	3.093.559	Article 21 -
- Pasal 22	252.253	249.848	179.054	Article 22 -
- Pasal 23/26	167.567	92.673	93.000	Article 23/26 -
- Pasal 25 (Badan)	8.020.328	6.955.895	5.762.390	Article 25 (Corporate) -
- Pasal 29 (Badan)	1.001.489	2.024.398	8.396.658	Article 29 (Corporate) -
- Pasal 4 (ayat 2)	850.322	--	--	Article 4 (Paragraph 2) -
Dana Pembangunan Daerah	--	--	1.016.605	Province Development Fund
Utang Pajak Air dan Retribusi	--	8.088	--	Tax payable water and retribution
Pajak Mineral bukan logam dan batuan	1.042.914	862.449	896.991	Tax non-metal minerals and rocks
Jumlah	21.220.817	21.116.807	23.581.924	Total

Dana Pembangunan Daerah merupakan kontribusi terhadap Pendapatan Asli Daerah berdasarkan Keputusan Gubernur Sumatera Selatan No. 2 Tahun 2001. Berdasarkan Surat Menteri Dalam Negeri No. 188.34/17/SJ, tanggal 5 Januari 2010, perihal Penataan Peraturan Daerah tentang Pajak dan Retribusi Daerah, mencabut Peraturan Daerah tentang Penerimaan Sumbangan Pihak Ketiga. Mengacu pada peraturan tersebut, maka sejak tahun 2011, Perseroan telah menghentikan pencatatan transaksi - transaksi terkait dengan peraturan tersebut.

Regional Development Fund represents contribution for Original Income Area, based on Governor of South Sumatera Decisions No. 2 year of 2001. Based on Minister of Domestic Letter No. 188.34/17/SJ, dated January 5, 2010, regarding the Structuring of Local Regulations related to Regional Taxes and Retribution, has repealed Regional Regulation regarding the acceptance of third parties donations. Therefore, referring to that regulation, in the year of 2011, the Company has stopped in recording transactions related to that regulations.

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14. PERPAJAKAN (Lanjutan)

Selama tahun 2012, 2011 dan 2010, tidak ada Surat Ketetapan Pajak yang telah dikeluarkan oleh Direktur Jenderal Pajak selama periode berjalan.

b. Beban Pajak Penghasilan

	2012	2011	2010
Pajak kini	100.412.337	85.848.868	77.918.156
Pajak tangguhan	(3.503.550)	(4.439.265)	(1.507.019)
Jumlah	96.908.787	81.409.603	76.411.137

Rekonsiliasi antara laba sebelum pajak penghasilan yang ditujukan dalam laporan keuangan dengan taksiran laba(rugi) fiskal:

	2012	2011	2010
Laba sebelum pajak penghasilan	395.421.310	333.047.607	298.145.547
Perbedaan permanen:			
Pendapatan bunga yang telah dikenakan pajak final	(28.314.266)	(26.541.830)	(13.982.983)
Beban operasional yang tidak boleh dikurangkan	8.184.295	7.162.876	6.291.827
Sumbangan	3.125.993	2.012.504	2.358.903
Penyusutan aset tetap yang tidak boleh dikurangkan	501.089	370.057	352.451
Lain-lain	8.716.725	9.587.197	8.904.064
Jumlah perbedaan permanen	(7.786.164)	(7.409.196)	3.924.262
Perbedaan temporer:			
Penyusutan aset tetap	14.528.377	11.174.610	10.611.891
Beban imbalan kerja	(5.708.249)	1.347.871	(1.009.070)
Penyisihan piutang	(182.778)	1.245.333	--
Penyisihan persediaan	2.607.335	--	--
Penyisihan reklamasi	178.965	242.883	--
Penyisihan paska tambang	2.590.552	3.746.360	--
Jumlah perbedaan temporer	14.014.202	17.757.057	9.602.821
Jumlah	401.649.348	343.395.468	311.672.630

Laba (rugi) kena pajak hasil rekonsiliasi menjadi dasar dalam pengisian SPT Tahunan PPh Badan

14. TAXATION (Continued)

During the years 2012, 2011 and 2010, there were no tax assessment letters issued by the Directorate General of Taxation during the period.

b. Income Tax Expense

The reconciliation between before corporate income tax in the financial statement and estimate of taxable income, are as follows:

	2012	2011	2010
Net profit before corporate income tax	395.421.310	333.047.607	298.145.547
Permanent different:			
Interest income charged with final come tax	(28.314.266)	(26.541.830)	(13.982.983)
Non deductible operating expense	8.184.295	7.162.876	6.291.827
Donation	3.125.993	2.012.504	2.358.903
Non deductible depreciation of fixed assets	501.089	370.057	352.451
Others	8.716.725	9.587.197	8.904.064
Total permanent different	(7.786.164)	(7.409.196)	3.924.262
Temporary different:			
Depreciation of fixed assets	14.528.377	11.174.610	10.611.891
Employee benefit expense	(5.708.249)	1.347.871	(1.009.070)
Receivable allowance	(182.778)	1.245.333	--
Reclamation allowance	2.607.335	--	--
Mineral allowance	178.965	242.883	--
Total temporary different	14.014.202	17.757.057	9.602.821
Total	401.649.348	343.395.468	311.672.630

Taxable profit (loss) as a result of reconciliation are the basis in charging Annual Corporate Income Tax.

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14. PERPAJAKAN (Lanjutan)

14. TAXATION (Continued)

Perhitungan taksiran pajak penghasilan dan utang pajak
penghasilan dengan tarif yang berlaku:

The calculation of estimated taxable income and income at
payables using the prevailing rate :

	2012	2011	2010	
Taksiran pajak penghasilan dengan tarif yang berlaku	100.412.337	85.848.868	77.918.156	Provision for corporate income tax based on prevailing rate
Dikurangi:				Less:
Pajak penghasilan dibayar di muka:				Prepaid income tax
Pasal 22	3.166.929	353.730	372.823	Article 25
Pasal 25	96.243.919	83.470.740	69.148.675	Article 22
Jumlah	99.410.848	83.824.470	69.521.498	Total
Pajak penghasilan badan (lebih) / kurang bayar	1.001.489	2.024.398	8.396.658	Corporate income tax - (over) / under payment)

Rekonsiliasi antara laba sebelum pajak penghasilan yang
ditunjukkan dalam laporan keuangan dan beban
(manfaat) pajak penghasilan:

The reconciliation between net profit before tax as shown
in the financial statements and income tax expense
(benefit):

	2012	2011	2010	
Laba akuntansi sebelum beban pajak penghasilan	395.421.310	333.047.607	298.145.547	Net profit before corporate income tax as shown in the financial statements
Pajak dihitung dengan tarif pajak yang berlaku	98.855.327	83.261.902	74.536.387	Tax by prevailing tax rate
Beda permanen dengan tarif 25%	(1.946.540)	(1.852.299)	981.066	Permanent difference with tax rate 25%
Penyesuaian perubahan tarif pajak	--	--	893.684	Correction from the tax rate changes
Jumlah beban pajak penghasilan	96.908.787	81.409.603	76.411.137	Total income tax expenses

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14. PERPAJAKAN (Lanjutan)

14. TAXATION (Continued)

c. Pajak Tangguhan

c. Deferred Tax

31 Desember / Desember 31, 2012			
	Saldo 1 Januari 2012/ <i>Balance January 1, 2012</i>	Dikreditkan/ (dibebankan) ke laporan laba rugi tahun berjalan/ <i>Credited (Charged) to current profit and loss</i>	Saldo 31 Desember 2012/ <i>Balance December 31, 2012</i>
Liabilitas (aset) pajak tangguhan			
Penyusutan	27.192.107	(3.632.094)	23.560.013
Liabilitas imbalan kerja	(7.532.079)	1.427.062	(6.105.017)
Penyisihan	(503.410)	(606.139)	(1.109.549)
Provisi reklamasi	(60.720)	(44.741)	(105.461)
Penyisihan paska tambang	(936.590)	(647.638)	(1.584.228)
Liabilitas pajak tangguhan - bersih	18.159.308	(3.503.550)	14.655.758
			Deferred tax liabilities (assets) Depreciation Employee benefits obligation Allowance Allowance for reclamation Allowance and post - mining Deferred Tax Liabilities - Net

31 Desember / December 31, 2011			
	Saldo 1 Januari 2011/ <i>Balance January 1, 2011</i>	Dikreditkan/ (dibebankan) ke laporan laba rugi tahun berjalan/ <i>Credited (Charged) to current profit and loss</i>	Saldo 31 Desember 2011/ <i>Balance December 31, 2011</i>
Liabilitas (aset) pajak tangguhan			
Penyusutan	29.985.761	(2.793.654)	27.192.107
Liabilitas imbalan kerja	(7.195.111)	(336.968)	(7.532.079)
Penyisihan	(192.076)	(311.333)	(503.410)
Provisi reklamasi	--	(60.720)	(60.720)
Penyisihan paska tambang	--	(936.590)	(936.590)
Liabilitas pajak tangguhan - bersih	22.598.573	(4.439.265)	18.159.308
			Deferred tax liabilities (assets) Depreciation Employee benefits obligation Allowance Allowance for reclamation Allowance and post-mining Deferred tax liabilities - Net

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14. PERPAJAKAN (Lanjutan)

14. TAXATION (Continued)

c. Pajak Tangguhan (lanjutan)

c. Deferred Tax (continued)

	31 Desember / December 31, 2010			
	Saldo 1 Januari 2010/ Balance January 1, 2010	Dikreditkan/ (dibebankan) ke laporan laba rugi tahun berjalan/ Credited (Charged) to current profit and loss	Saldo 31 Desember 2010/ Balance December 31, 2010	
Liabilitas (aset) pajak tangguhan				Deferred tax liabilities (assets)
Penyusutan	32.638.733	(2.652.972)	29.985.761	Depreciation
Liabilitas imbalan kerja	(8.341.064)	1.145.953	(7.195.111)	Employee benefits obligation
Penyisihan	(192.076)	--	(192.076)	Allowance
Provisi reklamasi	--	--	--	Allowance for reclamation
Penyisihan paska tambang	--	--	--	Allowance and post-mining
Liabilitas Pajak tangguhan - bersih	24.105.593	(1.507.019)	22.598.573	Deferred tax liabilities - net

Tidak ada perubahan tarif pajak pada tahun 2012.

No changes of tax rate in 2012.

Tidak ada beda temporer dapat dikurangkan atau rugi pajak yang tidak diakui sebagai aset pajak tangguhan.

There is no deductible temporary differences or tax losses not recognized as deferred tax assets.

Terhadap aset pajak tangguhan diatas telah dilakukan kaji ulang dan kemudian disimpulkan bahwa tidak ada penurunan nilai yang belum diakui.

Against the deferred tax asset has been done on the review and then concluded that no impairment has not been recognized.

15. BIAYA YANG MASIH HARUS DIBAYAR

15. ACCRUED EXPENSES

	2012	2011	2010	
Biaya Pabrikasi	16.175.995	10.694.152	12.060.937	Fabrication expenses
Listrik	9.903.946	9.424.985	2.116.738	Electricity
Jasa profesional	2.561.611	560.000	652.434	Professional fees
Lain-lain	316.840	--	--	Others
Jumlah	28.958.392	20.679.137	14.830.109	Total

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16. UTANG DIVIDEN

Merupakan utang dividen sebesar Rp 10.000.000 yang seharusnya dibagikan untuk laba tahun 2000 berdasarkan hasil Rapat Umum Pemegang Saham tanggal 21 Juni 2001. Atas keterlambatan ini, Perseroan dikenakan denda sebesar Rp 6.142.513 yang telah dibebankan di tahun 2003 dan 2002.

Berdasarkan Surat Menteri Keuangan No.S-300/MK.02/2006 tanggal 14 Juli 2006, pembayaran atas utang dividen dan denda tersebut diatas dapat dilaksanakan secara bertahap, mulai tahun 2007 sebesar Rp 2.000.000, tahun 2008 sebesar Rp 2.000.000 tahun 2010 sebesar Rp 6.000.000. Perseroan telah melakukan pelunasan sisa denda tersebut pada bulan Nopember 2011.

Saldo utang dividen pada tanggal 31 Desember 2012 dan 31 Desember 2011, dan 2010 adalah sebagai berikut:

16. DIVIDEND PAYABLE

Represent dividend payable amounting to Rp 10,000,000 that should be distributed from net profit for the years of 2000 based on decision of shareholder's general meeting dated June 21, 2001. Due this delay the Company was charged a penalty of Rp 6,142,513 which was charged in 2003 and 2002.

Based on the Letter from the Minister of Finance No.S-300/MK.02/2006 dated July 14, 2006, payment of dividends payable and penalties mentioned above can be implemented in stages starting in 2007 amounted to Rp 2.000.000 in 2008 amounting to Rp 2.000.000 in 2010 amounting to Rp 6,000,000. The Company has made payment of the penalty remaining in November 2011.

The balance of dividend payable as of December 31, 2012 and December 31, 2011 and 2010, respectively were as follow:

	2012	2011	2010	
Pokok dividen	--	--	--	Principal dividend
Denda	--	--	6.142.513	Penalty
Jumlah utang dividen	--	--	6.142.513	Total dividend payable
Jumlah yang akan jatuh tempo dalam waktu satu tahun	--	--	6.142.513	Current Maturity
Utang dividen jangka panjang	--	--	--	Long term dividend payable

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17. UTANG OBLIGASI

Pada tahun 2004, Perseroan menerbitkan Obligasi I Semen Baturaja dengan tingkat bunga tetap yang dibayarkan setiap 3 bulan. Obligasi tersebut dipergunakan untuk melunasi pinjaman bank jangka panjang di PT Bank Central Asia Tbk dan PT Bank Bukopin Tbk serta pembayaran kewajiban kepada pemasok. Jangka waktu obligasi selama 6 tahun sejak diterbitkan, dengan suku bunga tetap sebesar 13,875% per tahun selama umur obligasi. Seluruh obligasi dijual pada nilai nominal dan tercatat di Bursa Efek Indonesia (d/h Bursa Efek Surabaya) dengan PT Bank Mega, Tbk bertindak sebagai Wali Amanat.

Nilai nominal obligasi keseluruhan sebesar Rp 200.000.000. Sesuai dengan Perjanjian Perwaliamanatan Obligasi I Semen Baturaja Tahun 2004, Perseroan wajib melakukan amortisasi (pembayaran pokok obligasi secara angsuran) kepada pemegang obligasi mulai Ulang Tahun kedua Tanggal Emisi Sampai dengan Ulang Tahun keenam tanggal Emisi dengan rincian sebagai berikut:

Ulang tahun	Tahun/ Years	Jumlah/ Total Rp	Anniversary
Kedua	2006	10.000.000	Second
Ketiga	2007	30.000.000	Third
Keempat	2008	50.000.000	Forth
Kelima	2009	60.000.000	Fifth
Keenam	2010	50.000.000	Sixth

17. BONDS PAYABLE

In the year of 2004, the Company issued Bonds of "Obligasi I Semen Baturaja" with the fixed interest rate that will be paid in every 3 months. The bond were used to settled long-term bank loan PT Bank Central Asia Tbk and PT Bank Bukopin Tbk paid to the suppliers. The bond period is 6 Years since issuance date, with interest of 13.875% per annum along the bond valid time. All bond were sold in nominal values and registered in Indonesian Stock Exchange (formerly Surabaya Stock Exchange) with PT Bank Mega, Tbk as trustee.

The nominal value of the bonds amounting to Rp 200,000,000 conform with the trusteeship agreement "Agreement of Representative of Obligation I Semen Baturaja," the company is obliged to amortize (Principle bonds payment on installment pay) to the bond holders starting from the second anniversary of the issuance date until the sixth Anniversary of the issuance date with the detail as follows:

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17. UTANG OBLIGASI (Lanjutan)

Jaminan yang diserahkan oleh Perseroan sebagai agunan atas utang obligasi berupa aset senilai 125% dari jumlah pokok obligasi meliputi tanah, bangunan, mesin-mesin dan peralatan produksi serta alat-alat berat yang digunakan untuk produksi di Baturaja dan Panjang.

Seluruh agunan merupakan jaminan bersama antara PT Bank Mandiri (Persero) Tbk dan PT Bank Mega Tbk selaku Wali Amanat.

Pada bulan Juni 2010, Perseroan telah melakukan pelunasan angsuran terakhir atas pokok pinjaman Obligasi sebesar Rp 50.000.000. Keseluruhan nilai nominal obligasi sebesar Rp 200.000.000 tersebut telah dilunasi seluruhnya sesuai dengan jadwal amortisasi.

Perseroan memiliki berbagai aset keuangan seperti kas dan setara kas, kas dan setara kas yang dibatasi penggunaannya piutang usaha yang timbul secara langsung dari kegiatan usaha, Perseroan juga memiliki liabilitas keuangan yang terdiri dari utang usaha, beban yang masih harus dibayar, utang bank jangka pendek, uang muka penjualan dan utang jangka panjang. Tujuan utama dari liabilitas keuangan tersebut adalah untuk membiayai kegiatan usaha Perseroan.

18. INSTRUMEN KEUANGAN

Perseroan memiliki berbagai aset keuangan seperti kas dan setara kas, kas dan setara kas yang dibatasi penggunaannya piutang usaha yang timbul secara langsung dari kegiatan usaha, Perseroan juga memiliki liabilitas keuangan yang terdiri dari utang usaha, beban yang masih harus dibayar, utang bank jangka pendek, uang muka penjualan dan utang jangka panjang. Tujuan utama dari liabilitas keuangan tersebut adalah untuk membiayai kegiatan usaha Perseroan.

17. BONDS PAYABLE (Continued)

The collaterals protruded by the Company to secure for the bonds payable are assets in the amount of 125% of the bonds principal, consisting of land, buildings, machinery and production in Baturaja and Panjang.

All collaterals are joints collaterals between PT Bank Mandiri (Persero) Tbk and PT Bank Mega Tbk as the trustee.

In June 2010, the Company has settled the last installment of bonds outstanding amounted to Rp 50,000,000. The overall nominal value of Rp 200,000,000 was fully repaid in accordance with the amortization schedule.

The Company has various financial assets such as cash and cash equivalents, restricted cash and cash equivalent trade receivables which arise directly from operations, The Company also has financial liabilities consisting of trade payables, accrued expenses, short term bank loan, sales advances and long term debt. The main purpose of the financial liabilities is to fund the Company's business activities.

18. FINANCIAL INSTRUMENT

The company has various financial assets such as cash and cash equivalents, restricted cash and cash equivalent trade receivables which arise directly from operations. The Company also has financial liabilities consisting of trade payables, accrued expenses, short term bank loan, sales advances and long term debt. The main purpose of the financial liabilities is to fund the Company's business activities.

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18. INSTRUMEN KEUANGAN (Lanjutan)

18. FINANCIAL INSTRUMENTS (Continued)

Tabel berikut menyajikan aset dan liabilitas keuangan Perseroan pada tanggal 31 Desember 2012 dan 31 Desember 2011 dan 2010:

The following table presents assets and financial liabilities of the Company as of December 31, 2012 and December 31, 2011 and 2010:

31 Desember / December 31, 2012					
	Nilai tercatat / Carrying value	Nilai wajar / Fair value			
Aset keuangan			Financial assets		
Kas dan setara kas	498.446.901	498.446.901	Cash and equivalent cash		
Kas dan setara kas yang dibatasi penggunaannya - jatuh tempo dalam waktu setahun	40.000.000	40.000.000	Restricted cash and cash equivalents - current maturity equivalents		
Piutang usaha - bersih	319.067	319.067	Trade receivables-net		
Kas dan setara kas yang dibatasi penggunaannya - jangka panjang	4.500.000	4.500.000	Restricted cash and cash equivalents - long term		
Jumlah aset keuangan	543.265.968	543.265.968	Total financial assets		
Liabilitas keuangan			Financial liabilities		
Utang usaha	63.977.489	63.977.489	Trade payables		
Utang Bank jangka pendek - pihak berelasi	2.765.620	2.765.620	Short term bank loan - related parties		
Beban yang masih harus dibayar	28.958.392	28.958.392	Accrued expense		
Liabilitas imbalan kerja jangka pendek	36.747.056	36.747.056	Short term employee benefit liabilities		
Utang kepada pihak berelasi - bagian jatuh tempo dalam waktu setahun	14.090.469	14.090.469	Due to related parties - current maturities		
Utang kepada pihak berelasi - bagian jatuh tempo lebih dari setahun	27.000.000	27.000.000	Due to related parties - net of current maturities		
Jumlah liabilitas keuangan	173.539.026	173.539.026	Total financial liabilities		
31 Desember / December 31, 2011					
	Nilai tercatat / Carrying value	Nilai wajar / Fair value			
Aset keuangan			Financial assets		
Kas dan setara kas	400.483.403	400.483.403	Cash and equivalent cash		
Kas dan setara kas yang dibatasi penggunaannya - jatuh tempo dalam waktu setahun	113.000.000	113.000.000	Restricted cash and cash equivalents - current maturity		
Piutang usaha - bersih	477.693	477.693	Trade receivables-net		
Kas dan setara kas yang dibatasi penggunaannya - jangka panjang	4.500.000	4.500.000	Restricted cash and cash equivalents - long term		
Jumlah aset keuangan	518.461.096	518.461.096	Total financial assets		
Liabilitas keuangan			Financial liabilities		
Utang usaha	65.681.557	65.681.557	Trade payables		
Beban yang masih harus dibayar	21.116.807	21.116.807	Accrued expense		
Liabilitas imbalan kerja jangka pendek	34.354.095	34.354.095	Short term employee benefit liabilities		
Utang jangka panjang- setelah dikurangi bagian jatuh tempo dalam waktu setahun	68.649.469	68.649.469	Long-terms loans - net of current maturities		
Jumlah liabilitas keuangan	189.801.928	189.801.928	Total financial liabilities		

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18. INSTRUMEN KEUANGAN (Lanjutan)

18. FINANCIAL INSTRUMENTS (Continued)

	31 Desember / December 31, 2010		
	Nilai tercatat / Carrying value	Nilai wajar/ Fair value	
Aset keuangan			Financial assets
Kas dan setara kas	269.745.734	269.745.734	Cash and equivalent cash
Kas dan setara kas yang dibatasi penggunaannya - jatuh tempo dalam waktu setahun	--	--	Restricted cash and cash equivalents - current maturity
Piutang usaha - bersih	15.854.946	15.854.946	Trade receivables-net
Kas dan setara kas yang dibatasi penggunaannya - jangka panjang	4.500.000	4.500.000	Restricted cash and cash equivalents - long term
Jumlah aset keuangan	290.100.680	290.100.680	Total financial assets
Liabilitas keuangan			Financial liabilities
Utang usaha	63.850.724	63.850.724	Trade payables
Beban yang masih harus dibayar	14.830.109	14.830.109	Accrued expense
Liabilitas imbalan kerja jangka pendek	32.392.477	32.392.477	Short term employee benefit liabilities
Utang jangka panjang- setelah dikurangi bagian jatuh tempo dalam waktu setahun	68.649.469	68.649.469	Long-terms loans - net of current maturities
Jumlah liabilitas keuangan	179.722.779	179.722.779	Total financial liabilities

Nilai wajar aset dan liabilitas keuangan disajikan dalam jumlah dimana instrument tersebut dapat dipertukarkan dalam transaksi ini antara pihak-pihak yang berkeinginan (*willing parties*), bukan dalam penjualan akibat kesulitan keuangan atau likuidasi yang di paksakan.

The fair value of financial assets and liabilities are presented in which the instrument could be exchange in a current transaction between willing parties, not in sales due to financial difficulties or a forced liquidation.

Nilai wajar instrumen keuangan jangka pendek dengan jatuh tempo satu tahun atau kurang mendekati nilai tercatat karena jatuh tempo dalam jangka pendek.

Fair value of short-term financial instruments with maturities of one year or less approaching the carrying value due to the short-term maturities.

Utang jangka panjang kepada pihak berelasi tidak diukur menggunakan nilai wajar karena tidak dimiliki untuk diperdagangkan dan pada saat pengakuan awal tidak ditetapkan untuk diukur pada nilai wajar melalui laba-rugi. Disamping itu utang kepada pihak berelasi juga tidak memiliki kuotasi harga di pasar aktif sehingga nilai wajarnya tidak dapat diukur secara handal. Oleh karena itu liabilitas ini diukur menggunakan harga perolehan.

Long-term debt from related parties are not measured at fair value because it is not held for trading upon initial recognition and are not set to be measured at fair value through profit or loss. In addition, the related party debt not quoted in an active market therefore fair value can not be measured reliably. Therefore these liabilities are measured using historical cost.

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19. LIABILITAS IMBALAN KERJA

19. EMPLOYEE BENEFIT LIABILITIES

	2012	2011	2010	
Imbalan kerja jangka pendek	36.747.056	34.354.095	32.392.477	Short term benefit employee
Imbalan kerja jangka panjang	24.420.065	30.128.315	28.780.443	Long term benefit employee
Jumlah	61.167.121	64.482.410	61.172.920	Total

Imbalan kerja jangka pendek

Short Term Benefit Employee

	2012	2011	2010	
Insentif	36.232.307	33.635.259	30.781.175	Incentive
Seragam Karyawan	--	275.000	529.265	Employees uniform
Pengobatan	514.749	443.836	1.082.037	Medical treatment
Jumlah	36.747.056	34.354.095	32.392.477	Total

Imbalan kerja jangka panjang

Long Term Benefit Employee

Perseroan memperoleh persetujuan dari Menteri Keuangan Republik Indonesia dengan Surat Keputusan No. Kep 400/KM.17/1999 tanggal 15 Nopember 1999 untuk mendirikan Dana Pensiun Karyawan Semen Baturaja yang merupakan dana pensiun manfaat pasti yang dikelola oleh pengurus yang terpisah, yang memberikan manfaat pasti bagi karyawan yang masuk kerja sebelum tahun 2007 dan telah memenuhi persyaratan tertentu apabila karyawan tersebut pensiun, cacat atau meninggal dunia.

The Company received an approval from the Minister of Finance of the Republic of Indonesia in Decision Letter No. Kep 400/KM.17/1999 dated November 15, 1999 to establish Employee Pension of PT Semen Baturaja which represents defined benefit pension fund managed by separate trustee administered, that give defined benefit for employees start working before year 2007, after serving a qualifying period, are entitled to defined benefits on retirement, disability or death.

Estimasi liabilitas aktuarial per tanggal 31 Desember 2012, 2011 dan 2010 adalah sebagai berikut:

The estimated actuarial liabilities as of December 31, 2012 2011 and 2010 are as follows:

	2012	2011	2010	
Liabilitas imbalan pensiun	--	131.272	--	Pension benefits obligations
Liabilitas imbalan pesangon	15.945.156	22.715.640	22.264.716	Retirement benefits obligations
Liabilitas imbalan cuti & penghargaan masa kerja	7.767.660	6.896.998	6.319.910	Leave & services rewards benefits obligations
Liabilitas imbalan defisit iuran pasti (DPLK)	707.249	384.405	195.817	Deficit defined contribution benefits obligations (DPLK)
Jumlah	24.420.065	30.128.315	28.780.443	Total

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19. LIABILITIES IMBALAN KERJA (Lanjutan)

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Beban bersih aktuarial untuk periode yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010 adalah sebagai berikut:

The net actuarial expenses as for the period ended December 31, 2012, 2011 and 2010 are as follows:

	2012	2011	2010	
Beban imbalan pensiun	847.695	1.224.697	3.536.096	Pension benefits obligations
Beban imbalan pesangon	10.113.671	12.647.018	11.063.171	Retirement benefits obligations
Beban imbalan cuti dan penghargaan masa kerja	2.123.547	1.908.878	1.932.887	Leave & services rewards benefits obligations
Beban imbalan defisit iuran pasti (DPLK)	322.845	188.588	195.815	Deficit defined contribution benefits obligations
Jumlah	13.407.758	15.969.181	16.727.969	Total

Dari jumlah imbalan di atas masing-masing dibebankan ke dalam:

The expenses was charged to the statement of income are as follows:

	2012	2011	2010	
Beban pokok penjualan	7.972.077	8.257.394	9.721.630	Pension benefits obligations
Beban penjualan	822.485	1.004.724	1.095.831	Retirement benefits obligations
Beban umum dan administrasi	4.502.697	6.029.963	5.910.508	Leave & services rewards benefits obligations
Pekerjaan dalam pelaksanaan	110.499	677.100	--	Deficit defined contribution benefits obligations
Jumlah	13.407.758	15.969.181	16.727.969	Total

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19. LIABILITIES IMBALAN KERJA (Lanjutan)

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Asumsi aktuarial utama yang digunakan untuk menentukan estimasi liabilitas imbalan kerja karyawan dalam program imbalan pasti, berdasarkan laporan aktuarial independen PT Sienco Aktuarindo. Untuk tahun-tahun yang berakhir pada tanggal 31 Desember 2012, 2011 dan 2010 masing-masing berdasarkan laporan aktuarial pada tanggal 10 Januari 2013 dan 17 Januari 2012, dengan rincian sebagai berikut:

The principal actuarial assumptions used to estimate liabilities for employee benefits under defined benefits plans are based on independent actuarial report of PT Sienco Aktuarindo. For the years ended as of December 31, 2012, 2011 and 2010, are based on actuarial report dated January 10, 2012 and January 17, 2012, with details are as follows:

Tingkat mortalita		Mortality rate
- Program pensiun	Tabel Mortalitas Anuitas 1949 (Disesuaikan)/ Annuity Mortality Table 1949 (Modified)	Pension plan -
- Imbalan kerja lainnya	Tabel Standar Mortalita 1980/ The 1980 Standard Ordinary Mortality Table	Other Employee benefits -
Usia pensiun normal	56 tahun/years	Normal retirement age
Tingkat cacat	1% dari tingkat mortalita/of mortality rate	Disability rate
Tingkat kenaikan gaji	5% (2011: 5%, 2010: 5%, 2009: 5%) per tahun/per annum	Rate of salary increase
Tingkat diskonto tahunan	2012: 5,7% (2011: 6,2%, 2010: 7,8%, 2009: 10%) per tahun/per annum	Annual discount rate
Tingkat pengembalian Investasi	2012: 8% (2011: 8% 2010: 8%, 2009: 8%) per tahun/per annum	Return on investment
Tingkat pengunduran diri	10% untuk umur di bawah 30 tahun dan menurun secara linear sampai 0% pada umur 56 tahun/ 10% at less than 30 years of age and reducing linearly to 0% at 56 years of age	Resignation Rate

Aset dana pensiun terutama terdiri dari deposito berjangka, surat-surat berharga dan investasi jangka panjang dalam bentuk saham, reksadana, obligasi, tanah dan bangunan.

Pension fund assets mainly consist of time deposits, marketable securities, and long-term investments in shares of stock, mutual funds, bonds and land and buildings.

	2012	2011	2010	
Biaya jasa kini	896.569	1.188.842	1.132.544	Current service cost
Biaya bunga	3.674.925	4.224.178	5.056.325	Interest cost
Hasil yang diharapkan dari aset dana pensiun	(4.269.406)	(4.188.323)	(3.874.650)	Expected return on plan assets
Amortisasi dari keuntungan aktuarial dan biaya jasa lalu yang belum diakui	545.607	--	1.221.877	Amortization of unrecognized actuarial gains and past service cost
Beban	847.695	1.224.697	3.536.096	Expense

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19. LIABILITAS IMBALAN KERJA (Lanjutan)

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Jumlah beban dibebankan pada laporan laba rugi adalah sebagai berikut:

The total expenses charged to the statements of income are as follows:

	2012	2011	2010	
Beban pokok penjualan	506.164	605.809	2.055.038	Cost of sale
Beban penjualan	46.224	80.817	231.646	Selling expenses
Beban umum dan administrasi	230.835	476.926	1.249.412	General and administrative expenses
Aset tetap dalam pembangunan	64.472	61.145	--	Construction in progress
Jumlah	847.695	1.224.697	3.536.096	Total

Liabilitas bersih imbalan pensiun yang diakui di neraca adalah sebagai berikut:

The net liability for pension benefits recognized in the balance sheets are as follows:

	2012	2011	2010	
Nilai kini dari liabilitas	66.217.570	61.627.378	56.583.047	Present value of the obligations
Nilai wajar aset	(56.611.269)	(55.721.961)	(53.958.720)	Fair value of plan assets
	9.606.301	5.905.417	2.624.327	
Kerugian aktuarial yang belum diakui	(9.606.301)	(5.774.145)	(2.624.327)	Unrecognized actuarial losses
Biaya jasa masa lalu yang belum diakui	--	--	--	Unrecognized past service cost
Liabilitas bersih	--	131.272	--	Net liability

Rekonsiliasi perubahan liabilitas bersih selama tahun berjalan yang diakui di neraca adalah sebagai berikut:

Reconciliation of the movement of the net liability recognized in the balance sheets is as follows:

	2012	2011	2010	
Liabilitas bersih pada awal periode	131.272	--	389.987	Net liability at the beginning of the period
Beban/(pembalikan), bersih	847.695	1.224.697	3.536.096	Expense/(reversal of expense), net
Pembayaran imbalan kerja	(978.967)	(1.093.425)	(3.926.083)	Employee benefits paid
Liabilitas bersih pada akhir periode	--	131.272	--	Net liability at the end of the period

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19. LIABILITAS IMBALAN KERJA (Lanjutan)

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Imbalan Pesangon

Severance benefits

Beban imbalan pesangon yang dibebankan pada laporan laba rugi merupakan jumlah bersih dari:

Severance benefits expense recognized in the statements of income consists of the net total of the following amounts:

	2012	2011	2010	
Biaya jasa kini	2.059.964	2.315.148	2.504.669	Current service cost
Biaya bunga	3.249.107	4.653.037	5.624.401	Interest cost
Amortisasi dari:				Amortization of:
- Keuntungan aktuarial yang belum diakui	4.804.600	5.678.833	2.934.101	Unrecognized - actuarial gain
- Biaya jasa lalu yang belum diakui	--	--	--	Unrecognized past - service cost
Beban bersih	10.113.671	12.647.018	11.063.171	Net expense

Jumlah beban dibebankan pada laporan laba rugi adalah sebagai berikut:

The expenses was charged to the statements of income as follows:

	2012	2011	2010	
Beban pokok penjualan	6.044.523	6.517.434	6.429.475	Cost of sale
Beban penjualan	621.148	785.497	724.736	Selling expenses
Beban umum dan administrasi	3.442.635	4.757.956	3.908.960	General and administrative expenses
Aset tetap dalam Pembangunan	5.365	586.131	--	Construction in progress
Jumlah	10.113.671	12.647.018	11.063.171	Total

Liabilitas bersih imbalan pesangon yang diakui di neraca adalah sebagai berikut:

The net liability for severance benefits obligations recognized in the balance sheets are as follows:

	2012	2011	2010	
Nilai kini dari Liabilitas	51.879.880	60.847.026	65.752.368	Present value of the obligations
	51.879.880	60.847.026	65.752.368	
Kerugian aktuarial yang belum diakui	(35.934.724)	(38.131.386)	(43.487.652)	Unrecognized actuarial losses
Biaya jasa masa lalu yang belum diakui	--	--	--	Unrecognized past service cost
Liabilitas bersih	15.945.156	22.715.640	22.264.716	Net liability

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19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Rekonsiliasi perubahan selama tahun berjalan atas liabilitas bersih yang diakui di neraca adalah sebagai berikut:

Reconciliation of the movement of the liability recognized in the balance sheets is as follows:

	2012	2011	2010	
Liabilitas bersih pada awal periode	22.715.640	22.264.716	21.718.560	Net liability at the beginning of the period
Beban/(pembalikan), bersih	10.113.671	12.647.018	11.063.171	Expense/(reversal of expense), net
Pembayaran imbalan kerja	(16.884.155)	(12.196.094)	(10.517.015)	Employee benefits paid
Liabilitas bersih pada akhir periode	15.945.156	22.715.640	22.264.716	Net liability at the end

Cuti Besar dan Penghargaan Masa Kerja

Leaves and Gratuity

Beban cuti besar dan penghargaan masa kerja yang dibebankan pada laporan laba rugi merupakan jumlah bersih dari:

Leaves and gratuity expense recognized in the statements of income consists of the net total of the following amounts:

	2012	2011	2010	
Biaya jasa kini	950.134	725.239	613.483	Current service cost
Biaya bunga	388.774	441.013	603.400	Interest cost
Amortisasi dari:				Amortization of:
- Keuntungan aktuarial yang belum diakui	784.639	742.626	716.004	Unrecognized - actuarial gain
- Biaya jasa lalu yang belum diakui	--	--	--	Unrecognized - past service cost
Beban bersih	2.123.547	1.908.878	1.932.887	Net expense

Jumlah beban dibebankan pada laporan laba rugi adalah sebagai berikut:

The expenses was charged to the statements of income as follows:

	2012	2011	2010	
Beban pokok penjualan	1.241.288	1.031.449	1.123.317	Cost of sale
Beban penjualan	134.173	125.966	126.621	Selling expenses
Beban umum dan administrasi	725.222	743.363	682.949	General and administrative expenses
Aset tetap dalam Pembangunan	22.864	8.100	--	Construction in progress
Jumlah	2.123.547	1.908.878	1.932.887	Total

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19. LIABILITAS IMBALAN KERJA (Lanjutan)

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Liabilitas bersih cuti besar dan penghargaan masa kerja yang diakui di neraca adalah sebagai berikut:

The net liability for Leaves and gratuity obligations recognized in the balance sheets is as follows:

	2012	2011	2010	
Nilai kini dari liabilitas	7.767.660	6.896.998	6.319.911	Present value of the obligations
	7.767.660	6.896.998	6.319.911	
Kerugian aktuarial yang belum diakui	--	--	--	Unrecognized actuarial losses
Biaya jasa masa lalu yang belum diakui	--	--	--	Unrecognized past service cost
Liabilitas bersih	7.767.660	6.896.998	6.319.911	Total

Rekonsiliasi perubahan selama tahun berjalan atas liabilitas bersih yang diakui di neraca adalah sebagai berikut:

Reconciliation of the movement of the liability recognized in the balance sheets is as follows:

	2012	2011	2010	
Liabilitas bersih pada awal periode	6.896.998	6.319.911	7.680.967	Net liability at the beginning of the period
Beban/(pembalikan), bersih	2.123.547	1.908.878	1.932.887	Expense/(Reversal of expense), net
Pembayaran imbalan kerja	(1.252.885)	(1.331.791)	(3.293.943)	Employee benefits paid
Liabilitas bersih pada akhir periode	7.767.660	6.896.998	6.319.911	Net liability at the end of the period

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19. LIABILITAS IMBALAN KERJA (Lanjutan)

Program Iuran Pasti

a. Dana Pensiun Lembaga Keuangan (DPLK)

Karyawan Perseroan mengikuti program pensiun iuran pasti yang meliputi karyawan tetap yang masuk mulai tahun 2007. Program ini dikelola oleh Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk (DPLK BNI) yang akta pendiriannya telah disahkan oleh Menteri Keuangan Republik Indonesia dengan Surat Keputusan No.KEP-106/KM.10/2009 tanggal 13 Mei 2009. Imbalan pensiun akan diberikan apabila karyawan tersebut pensiun, cacat atau meninggal dunia. Iuran untuk program pensiun tersebut adalah sebesar 6% dari gaji bulanan karyawan dan menjadi beban Perseroan.

Beban imbalan kerja yang dibebankan pada laporan laba rugi merupakan jumlah bersih dari:

	2012	2011	2010
Biaya jasa kini	288.375	173.314	907.808
Biaya bunga	31.623	15.274	--
Efek penyelesaian	2.847	--	(711.991)
Beban bersih	322.845	188.588	195.817

Jumlah beban dibebankan pada laporan laba rugi adalah sebagai berikut:

	2012	2011	2010
Beban pokok penjualan	180.102	102.702	113.801
Beban penjualan	20.940	12.445	12.828
Beban umum dan administrasi	104.004	51.718	69.188
Pekerjaan dalam pelaksanaan	17.799	21.723	--
Jumlah	322.845	188.588	195.817

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Defined Benefit Program

a. Pension Fund of Financial Institutions (DPLK)

The Company's employees joined a defined contribution plan covering all permanent employees whose join since 2007. The plan is managed by Dana Pensiun Lembaga Keuangan PT Bank Negara Indonesia (Persero) Tbk (DPLK BNI), for which the deed of establishments were approved by the Minister of Finance of the Republic of Indonesia in Decision Letters No.KEP-106/KM.10/2009, respectively, dated May, 13, 2009. Pension benefit will be distributed to the employees, after serving a qualifying period, are entitled to benefits on retirement, disability or death. Pension fund contributions are 6% of the employees' monthly salaries, which are borne by the Company.

Other employee benefits expense recognized in the statements of income consists of the net total of the following amounts:

Current service cost
Interest cost
Interest cost
Net expense

The expenses was charged to the statements of income as follows:

Cost of sale
Selling expenses
General and administrative expenses

Construction in progress
Total

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19. LIABILITAS IMBALAN KERJA (Lanjutan)

Liabilitas bersih imbalan kerja lainnya yang diakui di neraca adalah sebagai berikut:

	2012	2011	2010	
Nilai kini dari liabilitas	2.304.927	1.389.775	907.808	Present value of the obligations
Akumulasi dana	(1.433.331)	(879.733)	(711.991)	Accumulated fund
Nilai kini liabilitas	871.596	510.043	195.817	Present value of the obligations
Kerugian aktuarial yang belum diakui	(164.347)	(125.638)	--	Unrecognized actuarial losses
Biaya jasa masa lalu yang belum diakui	--	--	--	Unrecognized past service cost
Liabilitas bersih	707.249	384.405	195.817	Net liability

Rekonsiliasi perubahan selama tahun berjalan atas liabilitas bersih yang diakui di neraca adalah sebagai berikut:

The net liability for other employee benefits obligations recognized in the balance sheets is as follows:

Reconciliation of the movement of the liability recognized in the balance sheets is as follows:

	2012	2011	2010	
Liabilitas bersih pada awal periode	384.404	195.817	--	Net liability at the beginning of the period
Beban/(pembalikan), bersih	322.845	188.588	195.817	Expense/(Reversal of expense), net
Pembayaran imbalan kerja	--	--	--	Employee benefits paid
Liabilitas bersih pada akhir periode	707.249	384.405	195.817	Net liability at the end of the period

b. Program tunjangan kesejahteraan hari tua

Perseroan memberikan imbalan pasca-kerja dalam bentuk Program Tunjangan Kesejahteraan Hari Tua (TKHT) bekerja sama dengan Asuransi Jiwa Bersama Bumiputera 1912 (AJB BP). Berdasarkan perjanjian kerja sama tersebut, Perseroan membayar premi asuransi kepada AJB BP masing-masing sebesar 10% dari gaji dasar asuransi karyawan, dimana tingkat kenaikan tahunan gaji dibatasi maksimum sebesar 7,5% per tahun. AJB BP harus membayar manfaat program tersebut kepada karyawan yang berhak atau kepada tanggungan mereka pada saat karyawan mencapai usia 56 tahun, mengundurkan diri, atau meninggal atau cacat berdasarkan perkalian tertentu dari gaji dasar asuransi pada saat manfaat program tersebut terutang.

b. Old-age benefit program

The Company provide post-employment benefits under old-age benefit programs. The Company have entered into agreements with Asuransi Jiwa Bersama Bumiputera 1912 (AJB BP) under which the Company and its subsidiaries (SP and ST) pay insurance premiums to AJB BP at rates of 10%, respectively, of employees' insurable salaries, which salaries are subject to a maximum annual increase of 7.5% per annum. AJB BP is obligated to pay program benefits to eligible employees or their dependants upon employees attaining 56 years of age, upon resignation, or in event of death or disability of the employees, based on specified multiples of employees' insurable salaries at the time benefits are due to be paid.

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19. LIABILITAS IMBALAN KERJA (Lanjutan)

Program Iuran Pasti (lanjutan)

b. Program tunjangan kesejahteraan hari tua (lanjutan)

Utang premi asuransi pada tanggal 31 Desember 2012 sebesar Rp 292.386 (31 Desember 2011: Rp 71.191; 2010: Rp 73.459).

Jumlah beban sehubungan dengan program ini untuk untuk tahun-tahun yang berakhir pada tanggal-tanggal 31 Desember 2012, 2011 dan 2010, masing-masing sebesar Rp 493.279, Rp 551.052 dan Rp 585.840.

Dari jumlah yang dibebankan tahun 2012, 2011 dan 2010 masing-masing sebesar Rp 403.586, Rp 551.052 dan Rp 585.840, termasuk dalam beban pokok penjualan tahun 2012, 2011 dan 2010 masing-masing dan Rp 216.345, Rp 276.548 dan Rp 340.465, dan dalam beban usaha tahun 2012, 2011 dan 2010 masing-masing Rp 187.511, Rp 253.276 dan Rp 245.375. Sedangkan yang dalam CIP tahun 2012, 2011 dan 2010, masing-masing sebesar Rp 89.423, Rp 21.228 dan Nihil.

Perseroan tidak mengakui kewajiban atas selisih nilai kini liabilitas dengan nilai wajar kekayaan karena manajemen Perseroan dan anak perusahaan berkeyakinan AJB BP akan dapat memenuhi kewajiban tersebut pada saat jatuh tempo.

19. EMPLOYEE BENEFIT LIABILITIES (Continued)

Defined Benefit Program (continued)

b. Old-age benefit program (continued)

Insurance premiums payable as of December 31, 2012 amounted to Rp 292,386 (December 31, 2011: Rp 71,191; 2010: Rp 73,459).

The total expenses in relation to these programs for the years ended December 31, 2012, 2011 and 2010 amounted to Rp 493,279, Rp 551,052 dan Rp 585,840, respectively.

From the total expense, of years 2012, 2011 and 2010 amounting Rp 403,586, Rp 551,052 dan Rp 585,840, respectively, included in cost sale of years 2012, 2011 and 2010 amounting Rp 216,345, Rp 276,548 dan Rp 340,465, respectively, and in operating expenses as of December 2012, 2011 and 2010 amounting Rp 187,511, Rp 253,276 and Rp 245,375, respectively. While those include in CIP or years 2012, 2011 and 2010 amounting Rp 89,423, Rp 21,228 and Nil, respectively.

The Company do not recognize any liabilities corresponding to the amount of the program assets, since management of the Company and its subsidiaries believe that AJB BP will be able to fulfill its obligations under these programs on the due dates.

20. LIABILITAS JANGKA PENDEK LAINNYA

20. OTHERS CURRENT LIABILITIES

	2012	2011	2010	
Jaminan Suplier	1.753.571	--	54.479	Supplier guarantee
Jaminan sosial tenaga kerja (Jamsostek)	535.762	260.227	229.520	Employees social security (Jamsostek)
Asuransi jiwa bersama Bumiputera 1912	447.654	71.081	304.931	Bumiputera Life Insurance 1912
Yayasan dana pensiun karyawan	155.007	361.319	--	Employees pension fund
Sewa tanah	--	2.900.363	2.231.068	Land rent
Lainnya	738.934	685.302	1.631.377	Others
Jumlah	3.630.928	4.278.292	4.451.375	Total

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**20. LIABILITAS JANGKA PENDEK LAINNYA
(Lanjutan)**

Sewa Tanah

Merupakan sewa tanah pabrik Panjang kepada PT Pelabuhan Indonesia II (Persero) Cabang Panjang, Lampung dan sewa tanah pabrik Palembang kepada PT Kereta Api Indonesia (Persero).

Yayasan Dana Pensiun Karyawan

Merupakan jumlah yang harus dibayar oleh Perseroan selaku pendiri kepada Yayasan Dana Pensiun Karyawan Semen Baturaja.

Asuransi Jiwa Bersama Bumi Putera 1912

Merupakan iuran Tunjangan Hari Tua (THT) Asuransi Jiwa Bersama Bumiputera 1912 sesuai dengan Addendum Perjanjian No. HK.00.05/090/2006 tanggal 18 September 2006.

Lainnya

Antara lain merupakan utang dinas operasional, angsuran pinjaman karyawan, iuran karyawan untuk Serikat Karyawan Semen Baturaja (SKSB), Ikatan Istri Karyawan Semen Baturaja (IIKSB), Sumbangan Kepedulian Masyarakat (SKM), melalui mekanisme pemotongan gaji karyawan.

20. OTHERS CURRENT LIABILITIES (Continued)

Land Rent

Represents land rent for Panjang factory to PT Pelabuhan Indonesia II (Persero) Panjang Branch, Lampung and land rent for Palembang factory to PT Kereta Api Indonesia (Persero).

Employees Pension Fund

Represents the amount should be paid by the Company as the founder Yayasan Dana Pensiun Karyawan Semen Baturaja.

Asuransi Jiwa Bersama Bumi Putera 1912

Represent Retirement Retribution (THT) of Asuransi Jiwa Bersama Bumi Putera 1912, in accordance with Addendum of Agreement No. HK.00.05/090/2006 dated September 18, 2006.

Other

Among others, an operational service debt, installment of employees loans, employee contributions to Serikat Karyawan Semen Baturaja (SKSB), Ikatan Istri Karyawan Semen Baturaja (IIKSB), Donation of Society Care/ Sumbangan Kepedulian Masyarakat (SKM), through employee payroll deduction mechanism.

21. UTANG KEPADA PIHAK BERELASI

Utang kepada pemegang saham jangka panjang tersebut merupakan kredit modal kerja tanpa bunga ("Rekening Dana Investasi" - pinjaman RDI") yang diberikan oleh Pemerintah Republik Indonesia, pemegang saham tunggal, untuk membiayai proyek terminal terapung Panjang, Lampung dengan rincian sebagai berikut:

	2012	2011	2010
Pokok pinjaman - RDI	27.559.000	27.559.000	27.559.000
Denda	41.090.469	41.090.469	41.090.469
Jumlah	68.649.469	68.649.469	68.649.469
Pelunasan tahun berjalan	(27.559.000)	--	--
Saldo akhir	41.090.469	68.649.469	68.649.469
Dikurangi: bagian yang jatuh tempo dalam setahun	(14.090.469)	--	--
Jumlah bagian yang jatuh tempo lebih dari setahun	27.000.000	68.649.469	68.649.469

21. DUE TO RELATED PARTY

Payable to long term share holder represents non interest bearing of working capital loan (Investment Fund Account/RDI) given by the Government of the Republic of Indonesia, as the sole shareholder, to financing Floating Terminal Panjang, Lampung with details are as follow:

Loan principal of RDI
Penalty
Total

Current year payment
Ending balance
Less: current maturity

Total net of current maturity

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21. UTANG KEPADA PIHAK BERELASI (Lanjutan)

Pada bulan Maret tahun 1995, Perseroan telah ditugaskan oleh Pemerintah Republik Indonesia, sebagai pemegang saham penuh (100%), untuk memasok semen impor ke pasar lokal dalam rangka menstabilkan harga pasar semen yang terus berfluktuasi sepanjang tahun. Semen diimpor dari Cement Trade Inc., ("CTI"), Yordania, dan Perseroan akan melakukan pengemasan dan penyaluran saat kapal tiba di Panjang, Lampung, melalui pengoperasian sebuah Terminal Terapung. Dalam perjanjian yang ditandatangani pada tanggal 10 Maret 1995, Perseroan setuju untuk menjualkan 600.000 ton semen yang dipasok oleh CTI. Pengapalan pertama tiba pada tanggal 28 April 1995.

Karena tingginya beban operasi dan denda keterlambatan (*demurrage*), Perseroan mengalami kerugian sampai masa proyek selesai. Untuk memperkecil kerugian yang timbul karena kenaikan harga impor semen akibat depresiasi Rupiah yang signifikan terhadap Dollar Amerika Serikat pada bulan Oktober tahun 1997, Perseroan memutuskan kontrak dengan CTI pada tanggal 4 Desember 1997. Sebagai akibatnya, Perseroan harus menanggung denda sebesar USD 1.000.000.

Denda tersebut dibayar dengan dana Perseroan dan sisanya dibiayai dari fasilitas Kredit Modal Kerja yang diperoleh dari PT Bank Dagang Negara (Persero) yang sekarang menjadi PT Bank Mandiri (Persero) Tbk. Fasilitas ini telah dilunasi oleh Perseroan pada saat penyelesaian hutang dengan BPPN.

Perseroan telah meminta Kredit Modal Kerja tanpa bunga dari Pemerintah sebesar Rp 27.559.000, yang telah disediakan melalui Dana Investasi ("Rekening Dana Investasi – Pinjaman RDI") berdasarkan Surat Menteri Keuangan No. 680/MK-016/1995 tertanggal 20 Nopember 1995.

Pinjaman ini harus dilunasi pada tanggal 30 Januari 1999. Pada perkembangan selanjutnya, sesuai usulan Perseroan, Menteri Keuangan telah menyetujui penjadwalan kembali (*rescheduling*) pelunasan pinjaman tersebut melalui Surat No. S-409a/MK.016/1997 tanggal 16 Oktober 1997.

21. DUE TO RELATED PARTY (Continued)

In March 1995, the Company has been assigned by the Government of the Republic of Indonesia, as a full shareholder (100%), to supply import cements into the local market in order to stabilize the cement market prices continued to fluctuate throughout the year. The Cement is imported from the Cement Trade Inc., ("CTI"), Jordan, and the Company will do the packaging and distribution when the ship arrived at Panjang, Lampung, through the operation of a Floating Terminal. In an agreement signed on March 10, 1995, the Company agreed to sell 600,000 tons of cement supplied by CTI. The first shipment arrived on April 28, 1995.

Because of the high operating expenses and late fees (demurrage), the Company experienced a loss until the project is completed. To minimize losses due to rising import prices of cement due to the significant depreciation of the Rupiah against the USD in October 1997, the Company decided to terminate contract with CTI on December 4, 1997. As a result, the Company shall bear the penalty amounting of USD 1,000,000.

Fines are paid with funds of the Company and the rest is financed from working capital credit facilities obtained from PT Bank Dagang Negara (Persero) is now a PT Bank Mandiri (Persero) Tbk. This facility has been repaid by the Company on completion of the debt to IBRA.

The Company has asked for the Working Capital Loan without interest from the Government amounting to Rp 27,559,000, which has been provided through the Investment Fund ("Investment Fund Account - RDI Loan") pursuant to a letter from the Minister of Finance No. 680/MK-016/1995 of November 20, 1995.

These loans must be repaid on January 30, 1999. In further progress, according to the Company's proposal, the Minister of Finance has approved the rescheduling (rescheduling) repayment of the loan by mail the Letter No. S-409a/MK.016/1997 dated October 16, 1997.

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21. UTANG KEPADA PIHAK BERELASI (Lanjutan)

Pada tahun 1998, Perseroan mengajukan permohonan kepada Menteri Keuangan untuk menghapus pinjaman RDI atas dasar bahwa proyek Terminal Terapung merupakan proyek pemerintah dan oleh karena itu jika proyek ini mengalami kerugian maka kerugian harus ditanggung pemerintah. Hal ini dilakukan guna menindaklanjuti salah satu keputusan Rapat Umum Pemegang Saham yang diselenggarakan pada tanggal 21 Juli 1998 yang menyetujui penghapusan pinjaman RDI senilai Rp 27.559.000 dan memerintahkan Direksi Perseroan agar mengajukan usul penghapusan kepada Departemen Keuangan.

Permohonan tersebut kemudian diperkuat dengan rekomendasi dari Menteri Negara Pendayagunaan Badan Usaha Milik Negara ("PBUMN") kepada Menteri Keuangan, bersamaan dengan saran mengkonversi pinjaman dari PT Bank Dagang Negara (Persero) – saat ini menjadi PT Bank Mandiri (Persero) Tbk sebesar Rp 43.000.000 ke modal saham melalui Surat No. S-263/M-PBUMN/1998 tanggal 14 Agustus 1998 dan No.S-28/MSU4-PBUMN/1999 tanggal 28 Januari 1999. Atas dasar ini, Perseroan tidak melakukan pelunasan pinjaman RDI yang jatuh tempo tanggal 30 Januari 1999.

Melalui Surat No. S-87/P-BUMN/1999 tanggal 25 Februari 1999, Menteri Negara Badan Usaha Milik Negara ("BUMN") menyatakan bahwa kerugian pengoperasian Terminal Terapung tidak dibebankan ke dalam pembukuan Perseroan, namun keputusan dari Menteri Keuangan mengenai hal ini belum diterima.

Pada tahun 2003, melalui surat No. S-3862/LK/2003 tanggal 2 Juli 2003, Direktur Pengelolaan Penerusan Pinjaman Dirjen Lembaga Keuangan Departemen Keuangan menegaskan bahwa skema penyelesaian pinjaman RDI yang dapat dilakukan adalah melalui penjadwalan kembali pelunasan pinjaman. Untuk itu, Direksi Perseroan telah menyampaikan proposal penjadwalan kembali pinjaman RDI melalui surat No.KU.01.07/1010/2003 tanggal 4 Agustus 2003, yang menyatakan bahwa jadwal pelunasan pinjaman tersebut akan dimulai pada tahun 2008.

Perseroan mengajukan Surat No. KU.01.07/242/2006 tanggal 3 Maret 2006 kepada Menteri Negara BUMN untuk meneruskan permohonan Perseroan untuk mendapatkan pembebasan hutang RDI kepada Presiden Republik Indonesia.

21. DUE TO RELATED PARTY (Continued)

In 1998, the Company applied a proposal to the Minister of Finance to wipe out the RDI loan on the basis that Floating Terminal project is a government project and therefore if the project getting loss then the loss must be borne by the government. This was done to follow up on one of the General Meeting of Shareholders held on July 21, 1998 which approved the removal of RDI loans worth Rp 27,559,000 and ordered the Board of Directors of the Company to propose abolition of the Ministry of Finance.

The request is then strengthened with the recommendation of the Minister of State for Administrative State Owned Enterprises ("PBUMN") to the Minister of Finance, together with advice to convert the loan from PT Bank Dagang Negara (Persero) - currently a PT Bank Mandiri (Persero) Tbk amounting Rp 43,000,000 to the capital stock by Letter No.S-263/M-PBUMN/1998 dated August 14, 1998 and No.S-28/MSU4-PBUMN/1999 dated January 28, 1999. On this basis, the Company does not perform RDI repayment which due on January 30, 1999.

By the Letter No. S-87/P-BUMN/1999 dated February 25, 1999, Minister of State Owned Enterprises ("BUMN") states that the loss of a Floating Terminal operations are not charged to the accounts of the Company, but the decision of the Minister of Finance on this matter has not been received.

In 2003, through letter No. S-3862/LK/2003 dated July 2, 2003, Managing Director of the Directorate General of Financial Institutions Forwarding Loan Finance Ministry confirmed that the RDI loan settlement scheme that can be done through the rescheduling of repayment of loans. Therefore the Board of Directors of the Company has submitted a proposal of rescheduling RDI loans through letter No. KU.01.07/1010/2003 dated August 4, 2003, stating that the loan repayment schedule will begin in 2008.

The Company proposed a Letter dated March 3, 2006 No.KU.01.07/242/2006 to the Minister of State Enterprises to forward the Company's request to obtain RDI Loan relief to the President of the Republic of Indonesia.

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21. UTANG KEPADA PIHAK BERELASI (Lanjutan)

Sebagai langkah awal penyelesaian pinjaman RDI, Kementerian Keuangan Republik Indonesia telah melakukan *cut off date* per tanggal 31 Maret 2007, sehingga diperoleh saldo hutang pokok RDI sebesar Rp 27.559.000 dan denda sebesar Rp 41.090.469. Perseroan telah menyampaikan Rencana Perbaikan Kinerja Perusahaan (RPKP) dan hingga saat ini masih dalam pembahasan oleh Komite Teknis Kementerian Keuangan Republik Indonesia.

Pada tanggal 25 Pebruari 2010, Perseroan telah menyampaikan revisi Rencana Perbaikan Kinerja Perusahaan (RPKP) kepada Direktur Sistem Manajemen Investasi Direktorat Jenderal Perbendaharaan Kementerian Keuangan RI dengan Surat No.KU.02.01/012/2010 tanggal 25 Pebruari 2010 dan perkembangan terakhir pada tanggal 2 Maret 2010 telah dilakukan konsultasi dengan Dewan Direksi Perseroan guna pembahasan bersama tentang pinjaman pokok RDI sebesar Rp 27.559.000 dan liabilitas lainnya denda pokok sebesar Rp 41.090.469.

Berdasarkan Surat dari Direktur Sistem Manajemen Investasi Kementerian Keuangan RI, No. 853/PB-4/2010 tanggal 26 Maret 2010 bahwa surat permohonan restrukturisasi beserta dokumen pendukung dinyatakan lengkap dan akan diproses sesuai dengan ketentuan yang berlaku.

Pada tanggal 7 Mei 2010, bertempat di ruang rapat Ditjen Perbendaharaan, telah dilakukan rapat pembahasan permohonan restrukturisasi pinjaman PT Semen Baturaja (Persero) dengan Kasubdit Pinjaman BUMN, permasalahan penyelesaian piutang negara pada PT Semen Baturaja (Persero) akan disampaikan ke Komite Teknis untuk dilakukan pembahasan lebih lanjut.

Pada tanggal 19 Juli 2010, melalui Surat No.KU.02.01/1576/2010, PT Semen Baturaja (Persero) telah menyampaikan Laporan Perkembangan Pinjaman RDI kepada Menteri BUMN RI dengan alternatif penyelesaian pinjaman RDI sebagai berikut:

- Pokok pinjaman RDI sebesar Rp 27.559.000 dijadikan Penyerahan Modal Negara (PMN).
- Atau dilakukan *Rescheduling*.

Pada tanggal 23 Juli 2010 telah dilakukan rapat dengan Tim kerja penyelesaian pinjaman RDI/SLA BUMN/PT berikut staf Deputi Teknis yang terkait pada Kantor Kementerian BUMN.

21. DUE TO RELATED PARTY (Continued)

As a first step RDI loan settlement, the Ministry of Finance of the Republic of Indonesia has made the cut off date as of March 31, 2007, so it obtained the outstanding principal of RDI loan for amount of Rp 27,559,000 and a penalty of Rp 41,090,469. The Company has submitted a Performance Improvement of Company Plan (RPKP) and is still under discussion by the Technical Committee of the Ministry of Finance Republic Indonesia.

On February 25, 2010, the Company has submitted a revised Performance Improvement of Company Plan (RPKP) to the Director of Investment Management Systems Directorate General of Treasury Ministry of Finance by letter No. KU.02.01/012/2010 dated February 25, 2010 and the latest developments on March 2, 2010 has been done in consultation with the Board of Directors of the Company to discuss together about the RDI loan principal amounting to Rp 27,559,000 and other obligations of the principal penalty of Rp 41,090,469.

Based on the Letter from the Director of Investment Management Systems Ministry of Finance, No.853/PB-4/2010 dated March 26, 2010 has stated that the letter of restructuring application along with supporting documents has been declared are completed and will be processed in accordance with applicable regulations.

On May 7, 2010, located at the Directorate General of Treasury boardroom, has been conducted discussion meeting on request of loan restructuring of PT Semen Baturaja (Persero) with Kasubdit BUMN loans, settlement of the Government accounts receivable problems in PT Semen Baturaja (Persero) will be submitted to the Technical Committee to be further discussion .

On July 19, 2010, by letter No. KU.02.01/1576/2010, PT Semen Baturaja (Persero) has submitted a Progress Report of RDI Loan to the Minister of BUMN Loan RI with an alternative settlement following loans are as follow:

- RDI loan principal amounting to Rp 27,559,000 be used as State Capital (PMN).*
- Or do rescheduling.*

On July 23, 2010 meeting has been carried out with the loan settlement teamwork RDI/SLA BUMN/PT accompanied by the related Deputy Technical staff at the Office of the Ministry of Enterprise.

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21. UTANG KEPADA PIHAK BERELASI (Lanjutan)

Pada tanggal 17 September 2010 melalui Surat No.S-576/MBU/2010, Menteri BUMN telah mengirim surat kepada Menteri Keuangan perihal Restrukturisasi pinjaman RDI PT Semen Baturaja (Persero) dengan usulan sebagai berikut:

- a. Denda dihapuskan dan pinjaman pokok di-PMN-kan untuk memperkuat struktur permodalan dalam rangka mempersiapkan go public.
- b. Namun, jika opsi butir (a) diatas tidak dimungkinkan, maka penjadwalan pembayaran pinjaman pokok dan denda dapat dilakukan dalam jangka waktu 20 tahun secara prorata.

Pada tanggal 2 Desember 2010 diadakan pembahasan penyelesaian Piutang Negara (RDI) bersama Direktur Sistem Manajemen Investasi Direktorat Jenderal Perbendaharaan Kementerian Keuangan selaku Ketua Komite Teknis dan Ketua Tim Penyelesaian Pinjaman SLA/RDI.

Pada tanggal 1 Pebruari 2011, Direktur Sistem Manajemen Investasi Direktorat Jenderal Perbendaharaan Kementerian Keuangan mengirimkan Surat No. S-230/PB.4/2011 perihal Konfirmasi Piutang RDI posisi per 31 Desember 2010 kepada Perseroan untuk memberikan jawaban konfirmasi selambat-lambatnya 20 (dua puluh) hari kerja. Jika dalam jangka waktu yang telah ditentukan tersebut Perseroan tidak memberikan jawaban maka saldo pinjaman RDI atas tunggakan pokok dan tunggakan non-pokok adalah benar.

Pada tanggal 19 Juni 2012, melalui Surat No.S-435/MK.05/2012 perihal Persetujuan Restrukturisasi Pinjaman PT Semen Baturaja (Persero), Menteri Keuangan Republik Indonesia menyetujui permohonan Perseroan untuk melakukan restrukturisasi pinjaman yang bersumber dari Perjanjian Pinjaman Rekening Dana Investasi, dengan ketentuan dan persyaratan adalah kewajiban pokok dibayar seluruhnya pada tahun 2012, sedangkan liabilitas lainnya dibayar selama 3 tahun (dari tahun 2013 sampai dengan tahun 2015).

21. DUE TO RELATED PARTY (Continued)

On September 17, 2010, the through a Letter No.S-576/MBU/2010, Minister has sent a letter to the Minister of Finance concerning the restructuring of loans RDI PT Semen Baturaja (Persero) with the proposal are as follows:

- a. Fines waived and principal loan will be PMN formed to strengthen the capital structure in order to prepare to go public.
- b. However, if option (a) above is not possible, then principal payments and fines scheduling can be prorata done within a period of 20 years prorated.

On December 2, 2010 settlement discussions held State Receivables (RDI) with the Director of Investment Management Systems Directorate General of Treasury Ministry of Finance as Chairman of the Technical Committee and Chairman of the Settlement Loan SLA/RDI.

On February 1, 2011, Director of Investment Management Systems Directorate General of Treasury Ministry of Finance sent a letter No. S-230/PB.4/2011 regarding the Confirmation of RDI Accounts Receivable per December 31, 2010 to the Company to provide confirmation answer not later than 20 (twenties) working days. If the predetermined time period the Company does not provide answers there fore the outstanding balance of RDI on principal and non-principal are loan correct.

On June 19, 2012, through a Letter of the Minister of Finance Republic of Indonesia No. S-435/MK.05/2012 regarding the Approval of Loan Restructure of PT Semen Baturaja (Persero), the Minister of finance of Republic of Indonesia agree to the Company's proposal to perform loans restructuring, which comes from Investment Fund Account Loan Agreement, with terms and conditions are the principal obligation is paid entirely in the years of 2012, while other obligations are paid for 3 years (from year 2013 up to year 2015).

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21. UTANG KEPADA PIHAK BERELASI (Lanjutan)

Pada tanggal 1 Agustus 2012, melalui Surat No.AMA-162/RDI-294/DSMI/2012 perihal Perubahan (Amandemen) terhadap Naskah Perjanjian Pinjaman (NPP) No. RDI-294/DP3/1996 antara Pemerintah Republik Indonesia dengan PT Semen Baturaja (Persero) telah sepakat untuk melakukan amandemen sebagai berikut:

- Pembayaran kembali kewajiban pokok dibayar sebesar Rp 27.559.000.000 (dua puluh tujuh milyar lima ratus lima puluh sembilan juta Rupiah) dilakukan seluruhnya pada tahun 2012 dengan jadwal pembayaran tanggal 30 Juli 2012 sebesar Rp 9.559.000.000, 30 September 2012 sebesar Rp 9.000.000.000 dan 30 Nopember 2012 sebesar Rp 9.000.000.000. Untuk kewajiban yang jatuh tempo pada tanggal 30 Juli 2012, 30 September dan 30 Nopember 2012 Perseroan telah melakukan pembayaran ke kas negara.
- Pembayaran kewajiban lainnya sebesar Rp 41.090.469.000 (empat puluh satu milyar sembilan puluh juta sembilan ratus enam puluh sembilan ribu Rupiah) dilakukan selama 3 (tiga) tahun, mulai tahun 2013 s.d. 2015 dengan jadwal pembayaran tahun 2013 sebesar Rp 14.090.469.000 tahun 2014 sebesar Rp 13.500.000.000 dan tahun 2015 sebesar Rp 13.500.000.000.

21. DUE TO RELATED PARTY (Continued)

On August 1, 2012, through the Letter No.AMA-162/RDI-294/DSMI/2012 concerning Amendment (Amendment) to the Loan Agreement Manuscript (NPP) No. RDI-294/DP3/1996 between the Government of the Republic of Indonesia and PT Semen Baturaja (Persero) has agreed to amend as follows:

- Repayment of the principal obligation will be paid amounting Rp 27,559,000,000 (twenty-seven billion five hundred fifty nine million Rupiahs) settled entirely in 2012 with the repayment schedule on July 30, 2012 at Rp 9,559,000,000, September 30, 2012 amounted to Rp 9,000,000,000 and November 30, 2012 at Rp 9,000,000,000. For obligations which due on July 30, 2012, September 30, 2012 and November 30, 2012 the Company has paid to the state treasury.
- Payment of other obligations amounting Rp 41,090,469,000, (forty-one billion ninety million hundred and sixty nine thousand Rupiahs) conducting for the 3 (three) years, from 2013 till 2015 with a payment schedule for Rp 14,090,469,000 in 2013, the year 2014 amounted to Rp 13,500,000,000, and in 2015 amounted to Rp 13,500,000,000.

22. PROVISI REKLAMASI DAN PASCA TAMBANG

Merupakan provisi reklamasi dan pasca tambang kapur dan tanah liat. Adapun peraturan yang mendasari timbulnya liabilitas hukum ini adalah Undang-Undang No. 4 Tahun 2009 tentang Mineral dan Batubara, Peraturan Pemerintah No. 78 Tahun 2010 dan Peraturan Menteri ESDM No. 18 Tahun 2008. Saldo per 31 Desember 2012, 2011 dan 2010, masing-masing sebesar Rp 6.981.404, Rp 3.989.243 dan Nihil.

22. PROVISION FOR RECLAMATION AND POSTMINING

Represent the provision for reclamation and post mining of lime and clay mines. The rules that underlie the emergence of this legal obligation are the Law No. 4 Year 2009 regarding Mineral and Coal, the Government Regulation No. 78 Year 2010 and Energy and Human Resources Minister Regulation No. 18 Year 2008. Balance as of December 31, 2012, 2011 and 2010 amounted to Rp 6,981,404, Rp 3,989,243 and Nil, respectively.

	2012	2011	2010	
Saldo awal	3.989.243	--	--	Beginning balance
Mutasi tahun berjalan				Fees and services limestone
Penyisihan tahun berjalan	2.992.161	3.989.243	--	Current year provisions
Pembayaran tahun berjalan	--	--	--	Payment during the year
Saldo Akhir	6.981.404	3.989.243	--	Ending Balance

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23. MODAL SAHAM

	31 Desember / December 31, 2012	
	Nilai Nominal/ Par value Rp 1.000.000	
	Lembar saham	Jumlah
Modal dasar	2.560.000	2.560.000.000
Modal ditempatkan dan disetor penuh		
Negara Republik Indonesia	<u>640.000</u>	<u>640.000.000</u>

Modal dasar Perseroan per 31 Desember 2011 dan 2010, terdiri dari 100.000 lembar saham biasa dengan nilai nominal Rp 1.000.000 (dalam Rupiah penuh) per lembar saham, telah ditempatkan dan disetor penuh sejumlah 60.414 lembar saham oleh Pemerintah Republik Indonesia, pemegang saham tunggal, sesuai dengan Peraturan Pemerintah No. 3 tahun 1991.

Posisi modal saham Perseroan per 31 Desember 2012, berdasarkan Rapat Umum Pemegang Saham tanggal 4 September 2012 yang diaktakan dengan akta notaris Fathiah Helmi, S.H., No. 48 tanggal 28 September 2012, adalah sebagai berikut:

1. Modal dasar Perseroan semula sejumlah Rp 100.000.000.000 (seratus milyar Rupiah) terbagi atas 100.000 (seratus ribu) saham menjadi Rp 2.560.000.000.000 (dua triliun lima ratus enam puluh miliar Rupiah) terbagi atas 2.560.000 (dua juta lima ratus enam puluh ribu) saham, masing-masing saham dengan nilai nominal sebesar Rp 1.000.000 (satu juta Rupiah).
2. Modal dasar tersebut telah ditempatkan dan diambil bagian oleh Negara Republik Indonesia sebanyak 640.000 (enam ratus empat puluh ribu) saham atau seluruhnya sebesar Rp 640.000.000.000 (enam ratus empat puluh Miliar Rupiah).

23. SHARE CAPITAL

	31 Desember / December 31, 2011, 2010	
	Nilai Nominal/ Par value Rp 1.000.000	
	Lembar Saham	Jumlah
	100.000	100.000.000
	<u>60.414</u>	<u>60.414.000</u>

*Authorized capital
Issued and fully paid up
capital
Negara Republik Indonesia*

Authorized capital of the Company as of December 31, 2011 and 2010 consist of 100,000 shares with nominal value of Rp 1,000,000 (in full Rupiah amount) per share, has been issued and fully paid 60,414 shares by The Government of the Republic of Indonesia, as the sole shareholder in conformity with the Government Regulations No. 3 of the year 1991.

The position of the share capital of the Company as of December 31, 2012 are based on the General Meeting of Shareholders on September 4, 2012 that covered by notarial deed Fathiah Helmi, S.H., No. 48 dated 28 September 2012, are as follows:

1. *The authorized capital of the Company was originally amounting to Rp 100,000,000,000 (one hundred billion Rupiahs) divided into 100,000 (one hundred thousand) shares to Rp 2,560,000,000,000 (two trillion five hundred and sixty billion Rupiahs) divided into 2,560,000 (two million five hundred six hundred thousand) shares, each share with a nominal value of Rp 1,000,000 (one million Rupiahs).*
2. *Capital had been placed and taken part by the Republic of Indonesia as many as 640,000 (six hundred and forty thousand) shares or a total of Rp 640,000,000,000 (six hundred and forty billion Rupiahs).*

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23. MODAL SAHAM (Lanjutan)

3. Setiap modal saham yang ditempatkan tersebut diatas, atau seluruhnya berjumlah Rp 640.000.000.000 (enam ratus empat puluh miliar Rupiah) telah disetor penuh oleh Negara Republik Indonesia (pemegang saham) dengan cara sebagai berikut:

- Sebesar Rp 60.414.000.000 (enam puluh miliar empat ratus empat belas juta Rupiah) merupakan setoran modal lama sesuai dengan akta No. 4 tanggal 13 Juni 2008 yang dibuat dihadapan Notaris Rumonda Kesuma Lubis, S.H., yang telah memperoleh pengesahan Menteri Hukum dan Hak Asasi Manusia Republik Indonesia No. AHU-50057. AH. 01. 02 tahun 2008.
- Sebesar Rp 979.432 (sembilan ratus tujuh puluh sembilan ribu empat ratus tiga puluh dua Rupiah) berasal dari kapitalisasi cadangan penyertaan modal Pemerintah.
- Sebesar Rp 579.585.020.568 (lima ratus tujuh puluh sembilan miliar lima ratus delapan puluh lima juta dua puluh ribu lima ratus enam puluh delapan Rupiah) berasal dari kapitalisasi laba ditahan sampai dengan tanggal 31 Desember 2011.

Peningkatan modal dasar Perseroan telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia No.AHU-51011.AH.01.02 tahun 2012 tanggal 1 Oktober 2012.

24. TAMBAHAN MODAL DISETOR

Pada tahun 2011 dan 2010 tambahan modal disetor sebesar Rp 979 merupakan cadangan penyertaan modal Pemerintah Republik Indonesia.

Pada tahun 2012 cadangan penyertaan modal Pemerintah tersebut dikapitalisasi menjadi modal saham (Catatan 23).

23. SHARE CAPITAL (Continued)

3. Each of above allocated share capital, or the whole is totally amounting Rp 640,000,000,000 or (six hundrea and forty billion Rupiahs) have been fully paia by the Republic of Indonesia (shareholders) in the following way:

- Amounting to Rp 60,414,000,000 (sixty billion four hundred and fourteen million Rupiahs) a capital contribution in accordance with the Deed long. 4 dated June 13, 2008, made before Notary Rumonda Kesuma Lubis, SH, which has been approved by the Minister of Law and Human Rights of the Republic of Indonesia No.AHU-50 057. AH. 01. 02 in 2008.
- for amounting Rp 979,432 (nine hundred and seventy-nine thousand four hundred and thirty-two Rupiahs) sources from the reserve capitalization of government capital equity.
- Amounting of Rp 579,585,020,568 (five hundred and seventy-nine billion, five hundred and eighty-five million, twenty thousand five hundrea and sixty-eight Rupiahs) derived from capitalization of retained earnings as of December 31, 2011.

The increase in the authorized capital of the Company was approved by the Minister of Law and Human Rights No. AHU-51 011. AH. 01. 02 of 2012 dated October 1, 2012.

24. ADDITIONAL PAID IN CAPITAL

In the year of 2011 and 2010 paid in capital amounting Rp 979 represented the Government of Republic of Indonesia's equity reserves.

In the year of 2012 the Government of Republic of Indonesia's equity reserves have been capitalized as share capital (Note 23).

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25. PENGGUNAAN SALDO LABA

	2012	2011	2010
Belum dicadangkan			
Dividen	50.328.000	44.049.648	89.419.164
Program Kemitraan & Bina Lingkungan	10.065.520	3.303.724	5.365.150
Cadangan Tujuan	191.244.484	172.894.870	84.054.014
Jumlah	251.638.004	220.248.242	178.838.328
Telah dicadangkan			
Kapitalisasi saldo laba	579.585.021	--	--
Jumlah	579.585.021	--	--

Penggunaan saldo laba yang belum dicadangkan pada tanggal 31 Desember 2012, 2011 dan 2010 masing-masing berdasarkan Rapat Umum Pemegang Saham tanggal 25 Mei 2012, tanggal 17 Juni 2011 dan tanggal 29 Juni 2010.

Dividen tersebut di atas telah dibayarkan selama tahun 2012, 2011 dan 2010. Dana Program Kemitraan dan Bina Lingkungan (PKBL) telah diserahkan ke unit kerja PKBL untuk tahun 2012, 2011 dan 2010.

Penggunaan saldo laba yang telah dicadangkan per 31 Desember 2012 sebesar Rp 579.585.021 terkait dengan kapitalisasi laba ditahan untuk tujuan peningkatan modal disetor Perseroan, berdasarkan Rapat Umum Pemegang Saham tanggal 4 September 2012 yang diaktakan dengan akta notaris Fathiah Helmi, S.H., No.48 tanggal 28 September 2012 (Catatan 23).

25. DISTRIBUTION OF RETAINED EARNINGS

Unappropriated
Dividend
Partnership & Environment Development program
Appropriated Reserve
Total
Appropriated
Retained earnings capitalization
Total

The allocation of unappropriated retained earnings as of December 31, 2012, 2011 and 2010 are based on the Shareholders General Meeting dated May 25, 2012, June 17, 2011, June 29, 2010, respectively.

Those dividend have been paid in 2012, 2011 and 2010. The fund of Partnership and Environment Development Program PKBL have been transferred to the PKBL unit in the year 2012, 2011 and 2010.

The allocation of appropriated retained earnings as of December 31, 2012 amounting Rp 579,585,021, based on the Shareholders General Meeting dated September 4, 2012 notarized by Fathiah Helmi, S.H., No.48 dated September 28, 2012 (Note 23).

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26. PENJUALAN		26. SALES		
	2012	2011	2010	
Penjualan pada pihak ketiga				<i>Sales to third parties</i>
Penjualan semen bungkus	835.319.504	812.946.065	718.023.168	<i>Sales of bagging cement</i>
Penjualan semen curah	216.002.115	188.503.877	122.869.009	<i>Sales of bulk cement</i>
	1.051.321.619	1.001.449.942	840.892.177	
Penjualan pada pihak berelasi:				<i>Sales to related parties:</i>
Penjualan semen bungkus				<i>Sales of bagging cement</i>
PT Perusahaan Perdagangan Indonesia (Persero)	40.621.631	48.827.109	44.848.117	<i>PT Perusahaan Perdagangan Indonesia (Persero)</i>
PT Nindya Karya (Persero)	7.126	--	--	<i>PT Nindya Karya (Persero)</i>
Penjualan semen curah				<i>Sales of bulk cement</i>
PT Perusahaan Perdagangan Indonesia (Persero)	2.200.351	--	--	<i>PT Perusahaan Perdagangan Indonesia (Persero)</i>
PT Nindya Karya (Persero)	3.529.259	--	--	<i>PT Nindya Karya (Persero)</i>
	46.358.367	48.827.109	44.848.117	
Jumlah	1.097.679.986	1.050.277.051	885.740.294	Total
Rincian distributor yang melebihi 10% dari jumlah penjualan untuk tahun-tahun yang berakhir per 31 Desember 2012, 2011 dan 2010 adalah sebagai berikut:				<i>Details of distributors in excess of 10% total sales for the years ended December 31, 2012, 2011 and 2010, are as follows :</i>
	2012	2011	2010	
PT Lima Saudara Prima	110.868.170	118.333.193	--	<i>PT Lima Saudara Prima</i>
% dari total penjualan	10,10%	11,27%	--	<i>% of total purchase</i>
Jumlah	110.868.170	118.333.193	--	Total
Tidak ada retur penjualan untuk tahun-tahun yang berakhir per 31 Desember 2012, 2011 dan 2010.				<i>No sales return for the years ended December 31, 2012, 2011 and 2010.</i>

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27. BEBAN POKOK PENJUALAN

27. COST OF SALES

	2012	2011	2010	
Bahan baku dan penolong	266.323.721	242.801.701	223.972.603	Raw material and supplies
Listrik dan air	99.514.861	93.019.255	79.530.723	Electricity
Pengangkutan	75.752.320	86.069.263	60.159.311	Transportation
Biaya tenaga kerja	62.041.332	57.143.780	60.708.166	Labor costs
Penyusutan	46.890.754	43.218.859	41.659.101	Depreciation
Pemeliharaan	45.285.761	43.954.984	38.730.989	Maintenance
Biaya pabrikasi lainnya	24.469.756	21.321.146	19.411.656	Other manufacture expenses
	620.278.505	587.528.988	524.172.549	
Persediaan barang dalam proses:				Work in process:
Persediaan awal	28.956.198	61.323.438	27.788.097	Beginning balance
Persediaan akhir	(41.211.888)	(28.956.198)	(61.323.439)	Ending balance
Beban pokok produksi	608.022.815	619.896.228	490.637.207	Cost of goods manufacture
Persediaan barang jadi				Finish goods:
Persediaan awal	2.065.397	3.929.862	6.557.949	Beginning balance
Persediaan akhir	(2.243.502)	(2.065.397)	(3.929.862)	Ending balance
Beban pokok penjualan	607.844.710	621.760.693	493.265.294	Cost of sales

Rincian pemasok yang melebihi 10% dari jumlah pembelian untuk tahun-tahun yang berakhir per 31 Desember 2012, 2011 dan 2010 adalah sebagai berikut:

Details of suppliers who supplied more than 10% of purchasing for the years ended December 31, 2012, 2011 and 2010, are as follows :

	2012	2011	2010	
PT Bukit Asam (Persero) Tbk	56.000.703	81.138.368	59.624.062	PT Bukit Asam (Persero) Tbk
% dari total pembelian	8,47%	28,45%	18,25%	% of total purchase
PT Perusahaan Listrik Negara (Persero) Tbk	102.137.597	95.827.814	76.695.879	PT Perusahaan Listrik Negara (Persero) Tbk
% dari total pembelian	15,45%	33,60%	23,48%	% of total purchase
Jumlah	158.138.300	176.966.182	136.319.941	Total
% dari total pembelian	23,93%	62,05%	41,73%	% of total purchase

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28. BEBAN PENJUALAN

28. SELLING EXPENSES

	2012	2011	2010	
Gaji, upah dan tunjangan	6.999.106	6.530.515	8.415.268	Salaries, wages and allowances
Promosi	3.958.534	3.372.016	2.313.399	Promotion
Perjalanan dinas	568.819	639.602	537.411	Business trip
Penyusutan	75.992	21.380	18.661	Depreciation
Telekomunikasi	67.588	23.421	35.543	Telecommunication
Beban pemeliharaan	21.864	69.847	60.382	Maintenance
Lainnya	302.215	244.895	531.051	Others
Jumlah	11.994.118	10.901.676	11.911.715	Total

29. BEBAN UMUM DAN ADMINISTRASI

29. GENERAL AND ADMINISTRATIVE EXPENSE

	2012	2011	2010	
Gaji, upah dan tunjangan	63.900.836	65.889.422	56.050.810	Salaries, wages and allowance
Perjalanan dinas	7.193.406	7.860.294	6.221.379	Business trip
Beban pemeliharaan	5.280.645	5.855.788	4.861.441	Maintenance
Sewa	5.075.554	5.396.630	6.307.394	Rent
Penyusutan	3.296.792	3.587.123	2.463.718	Depreciation
Sumbangan	3.109.193	2.273.241	2.263.559	Donation
Pendidikan dan latihan	3.108.105	1.613.081	2.854.361	Education and training
Rapat dinas	3.051.528	2.781.813	1.891.558	Meeting
Telekomunikasi	2.929.521	2.937.573	2.491.240	Telecommunication
Kemanan	2.868.729	1.840.930	58.977	Security
Listrik dan air	2.360.493	2.808.559	2.485.671	Electricity and water
Jasa profesional	1.777.386	1.631.916	1.195.290	Professional Fee
Alat tulis kantor	1.700.318	1.388.860	1.247.459	Stationeries
Asuransi	1.689.762	1.174.188	755.262	Insurance
Pembinaan jasmani dan rohani	1.099.308	991.386	888.943	Mental and physical development
Pajak	745.135	338.486	776.364	Taxes
Penelitian dan pengembangan	631.623	1.113.670	48.599	Research and development
Pengangkutan	432.975	37.405	34.704	Transportation
Lainnya	1.611.023	1.084.511	1.276.854	Others
Jumlah	111.862.332	110.604.876	94.173.583	Total

Beban umum dan administrasi - Lainnya, antara lain merupakan beban sosialisasi Amdal, asuransi, pemanfaatan limbah, kebutuhan rumah tangga dan kebutuhan mess.

General and administrative - Other expenses, represent Amdal socialization cost, insurance, waste utilization, household needs and the needs of the mess.

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30. PENDAPATAN (BEBAN) OPERASI LAINNYA

	2012	2011	2010
Pendapatan klaim	485.701	827.596	569.001
Pendapatan denda	225.888	5.902	6.167
Rupa-rupa pendapatan lainnya	708.877	428.642	611.478
Biaya lain-lain	--	(1.245.332)	--
Laba (rugi) selisih kurs transaksi - bersih	(266.424)	144.326	151.403
Jumlah	1.154.042	161.134	1.338.049

Claim Income
Claim and invoice
Other income
Other expense
Gain (losses) from foreign
exchange rate transactions
Total

30. OTHERS OPERATING INCOME(EXPENSE)

31. PENDAPATAN KEUANGAN

	2012	2011	2010
Pendapatan bunga deposito	27.424.832	25.714.015	13.237.068
Pendapatan jasa giro	817.832	753.434	649.225
Pendapatan bunga tabungan	71.602	74.382	96.690
Laba (rugi) selisih kurs - bersih	35.445	(603.321)	5.523
Jumlah	28.349.711	25.938.510	13.988.506

Interest income from deposits
Income on current accounts
Savings income
Gain (losses) from foreign
exchange rate
Total

31. FINANCIAL INCOME

32. BEBAN KEUANGAN

	2012	2011	2010
Beban modal kredit modal kerja	(61.269)	(61.843)	(101.960)
Beban bunga pinjaman obligasi	--	--	(3.468.750)
Jumlah	(61.269)	(61.843)	(3.570.710)

Working capital loan charges
Interest expenses on bonds
Total

32. FINANCIAL EXPENSE

Beban bunga adalah beban bunga atas fasilitas kredit dari PT Bank Mandiri (Persero) Tbk dan pinjaman obligasi.

Interest expense represents interest on credit facilities obtained from PT Bank Mandiri (Persero) Tbk and bonds payable.

33. LABA PER SAHAM

	2012	2011	2010
Laba usaha	367.132.868	307.170.940	287.727.751
Laba bersih	298.512.523	251.638.004	221.734.410
Jumlah rata-rata tertimbang lembar saham ditempatkan dan disetor penuh	205.311	60.414	60.414
Laba usaha per saham	1.788.184	5.084.433	4.762.601
Laba bersih per saham	1.453.956	4.165.227	3.670.249

Operating profit
Net profit
Weight average of
number of shares issued
and fully paid
Operating profit per share
Net profit per share

33. EARNINGS PER SHARE

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34. TRANSAKSI DENGAN PIHAK BERELASI

Di bawah ini adalah ikhtisar saldo-saldo dan jumlah-jumlah transaksi dengan pihak berelasi:

34. TRANSACTION WITH RELATED PARTIES

Below are the summary of balance and transactions with related parties:

	2012	2011	2010	
Kas dan setara kas				Cash and cash equivalent
PT Bank Mandiri (Persero) Tbk	28.625.462	9.787.022	12.041.773	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	15.321.381	16.152.900	17.538.145	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	--	10.000.000	--	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Syariah Mandiri	--	70.000.000	55.000.000	PT Bank Syariah Mandiri
PT Bank BRI Syariah	20.000.000	20.000.000	10.000.000	PT Bank BRI Syariah
	<u>63.946.843</u>	<u>125.939.922</u>	<u>94.579.918</u>	
Persentase terhadap jumlah aset	<u>5,11%</u>	<u>12,81%</u>	<u>12,18%</u>	Percentage of total assets
Kas dan setara kas yang dibatasi penggunaannya				Restricted cash and cash equivalents
Deposito berjangka				Time and call deposits
PT Bank Mandiri (Persero) Tbk	4.500.000	22.500.000	4.500.000	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	40.000.000	95.000.000	--	PT Bank Negara Indonesia (Persero) Tbk
	<u>44.500.000</u>	<u>117.500.000</u>	<u>4.500.000</u>	
Persentase terhadap jumlah aset	<u>3,73%</u>	<u>11,95%</u>	<u>0,58%</u>	Percentage of total assets
Piutang usaha				Trade receivables
PT Perusahaan Perdagangan Indonesia (Persero)	4.818	--	73.244	PT Perusahaan Perdagangan Indonesia (Persero)
Persentase terhadap jumlah aset	<u>--</u>	<u>--</u>	<u>0,01%</u>	Percentage of total assets
Utang usaha				Trade Payable
PT Bukit Asam (Persero) Tbk	8.349.215	8.020.261	12.189.612	PT Bukit Asam (Persero) Tbk
PT Kereta Api Indonesia (Persero)	2.052.987	1.767.473	3.914.168	PT Kereta Api Indonesia (Persero)
PT Petrokimia Gresik (Persero)	--	296.432	201.084	PT Petrokimia Gresik (Persero)
PT Barata Indonesia (Persero)	1.459.039	--	--	PT Barata Indonesia (Persero)
PT Aneka Tambang (Persero)	12.398	--	--	PT Aneka Tambang (Persero)
PT Pertamina (Persero)	53.159	307.469	227.311	PT Pertamina (Persero)
PT Perusahaan Perdagangan Indonesia (Persero)	808.012	1.319.078	573.854	PT Perusahaan Perdagangan Indonesia (Persero)
	<u>12.734.810</u>	<u>11.710.713</u>	<u>17.106.029</u>	
Persentase terhadap jumlah liabilitas	<u>5,23%</u>	<u>4,39%</u>	<u>6,45%</u>	Percentage of total liabilities

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34. TRANSAKSI DENGAN PIHAK BERELASI (Lanjutan)

**34. TRANSACTION WITH RELATED PARTIES
(Continued)**

	2012	2011	2010	
Utang bank jangka pendek	2.765.620	--	--	Short term bank loan
Persentase terhadap jumlah liabilitas	1,15%	--	--	Percentage of total liabilities
Utang dividen	--	--	6.142.513	Dividend payable
Persentase terhadap jumlah liabilitas	--	--	0,79%	Percentage of total liabilities
Utang kepada pihak berelasi yang jatuh tempo dalam setahun Pemerintah Republik Indonesia	14.090.469	--	--	Due from related parties - current maturity - the Government Of the Republic Indonesia
Persentase terhadap jumlah liabilitas	5,79%	--	--	Percentage of total liabilities
Hutang jangka panjang hubungan istimewa Pemerintah Republik Indonesia	27.000.000	68.649.469	68.649.469	Long term payable to related party the Government Of the Republic Indonesia
Persentase terhadap jumlah liabilitas	11,09%	25,71%	25,90%	Percentage of total liabilities
Penjualan	--	--	--	Sales
PT Perusahaan Perdagangan Indonesia (Persero)	42.821.982	48.827.109	44.848.117	PT Perusahaan Perdagangan Indonesia (Persero)
PT Nindya Karya (Persero)	3.536.385	--	--	PT Nindya Karya (Persero)
	46.358.367	48.827.109	44.848.117	
Persentase terhadap jumlah penjualan	4,22%	5,00%	5,06%	Percentage of total sales
Pembelian bahan baku dan Penunjang				Purchase of raw material and supplies
PT Bukit Asam (Persero) Tbk	56.000.703	81.136.368	59.624.062	PT Bukit Asam (Persero) Tbk
PT Pertamina (Persero)	7.540.625	8.179.665	6.813.230	PT Pertamina (Persero)
Total	63.541.328	89.316.033	66.437.292	Total
Persentase terhadap jumlah pembelian	9,61%	31,31%	21,10%	Percentage of total Purchase
Biaya angkutan material				Transportation Expenses for Material
PT Kereta Api Indonesia (Persero)	35.539.163	31.423.657	32.997.576	PT Kereta Api Indonesia (Persero)
Persentase terhadap jumlah pembelian	5,38%	11,02%	10,10%	Percentage of total Purchase
Biaya listrik (PT PLN (Persero))	102.137.597	95.827.814	76.695.879	Electricity Expenses (PT PLN (Persero))
Persentase terhadap jumlah pembelian	15,45%	33,60%	23,48%	Percentage of total purchase

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34. TRANSAKSI DENGAN PIHAK BERELASI (Lanjutan)

34. TRANSACTION WITH RELATED PARTIES (Continued)

Rincian sifat hubungan dan jenis transaksi yang material dengan pihak berelasi adalah sebagai berikut :

The details of nature and type of transaction with the related parties are as follow :

Pihak yang berelasi / Related Parties	Sifat Berelasi / Nature of Relationship	Transaksi Berelasi / Related Parties Transaction
PT Bank Mandiri (Persero) Tbk	Pemegang saham yang sama/ The same shareholder	Penerimaan pinjaman/ Loan facility Penempatan dana/ Placement of fund Pembayaran bunga/ Loan interest payment
PT Bank Negara Indonesia (Persero) Tbk	Pemegang saham yang sama/ The same shareholder	Penempatan dana/ Placement of fund
PT Bank Syariah Mandiri	Pemegang saham yang sama/ The same shareholder	Penempatan dana/ Placement of fund
PT Bank BRI Syariah	Pemegang saham yang sama/ The same shareholder	Penempatan dana/ Placement of fund
PT Bukit Asam (Persero) Tbk	Pemegang saham yang sama/ The same shareholder	Pembelian bahan bakar/ Purchase of coal
PT Kereta Api Indonesia (Persero)	Pemegang saham yang sama/ The same shareholder	Pembelian jasa angkutan/ Railway service
PT Aneka Tambang (Persero) Tbk	Pemegang saham yang sama/ The same shareholder	Pembelian bahan baku/ Purchase of raw material
PT Pertamina (Persero)	Pemegang saham yang sama/ The same shareholder	Pembelian bahan bakar/ Purchase of coal
PT Perusahaan Listrik Negara (Persero)	Pemegang saham yang sama/ The same shareholder	Pembelian energi listrik/ Purchase of electricity
PT Perusahaan Perdagangan Indonesia (Persero)	Pemegang saham yang sama/ The same shareholder	Penjualan semen/ Sales of cement
PT Barata Indonesia (Persero)	Pemegang saham yang sama/ The same shareholder	Pembelian jasa konstruksi/ Purchase of construction
PT Nindya Karya (Persero)	Pemegang saham yang sama/ The same shareholder	Pembelian jasa konstruksi sipil/ Purchase of civil construction
Pemerintah Republik Indonesia/ The Government of the Republic of Indonesia	Pemegang saham yang sama/ The same shareholder	Utang kepada pihak berelasi jatuh tempo dalam setahun dan lebih dari setahun/ Payable from related parties - current maturity and net of current maturity

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35. PERIKATAN YANG SIGNIFIKAN

Komitmen Pembelian Batubara

a. PT Bukit Asam (Persero)

Perseroan mempunyai perjanjian pembelian batubara dengan PT Bukit Asam (Persero) Tbk sebagaimana tertuang dalam perjanjian No.026/K/PM/PTBA-PTSB/2008. Perseroan dan PT Bukit Asam (Persero) Tbk mengadakan pembaharuan kontrak perjanjian pembelian batubara No. BA 63-64/K/PM/PTBA-PTSB/2009 pertanggal 18 Juni 2009 dengan perubahan tarif menjadi Rp 490.000 (dalam Rupiah penuh) per Metrik Ton terhitung mulai tanggal 1 Januari 2009 sampai dengan 31 Desember 2009. Selanjutnya kedua belah pihak sepakat untuk mengadakan Addendum I untuk periode penyerahan 01 Januari - 31 Desember 2010. Sesuai perjanjian tersebut, Perseroan akan membeli batubara bukit asam 155.000 MT $\pm 10\%$ (BA-63) dengan harga satuan Rp 490.000 (dalam Rupiah penuh) per Metrik Ton dalam basis nilai kalori 6.300 kcal/kg (adb).

Pada tahun 2011 Perseroan memperbaharui kontrak perjanjian pembelian batubara dengan PT Bukit Asam (Persero), Tbk sebagaimana tertuang dalam perjanjian HK.01.02/103/2011 berlaku selama 1 Januari - 31 Desember 2011, dimana Perseroan akan membeli batubara bukit asam 180.000 MT $\pm 10\%$ (BA-63) dengan harga satuan Rp 610.000 (dalam Rupiah penuh) per Metrik Ton dalam basis nilai kalori 6.300 kcal/kg (adb). Selanjutnya kedua belah pihak sepakat untuk mengadakan Addendum I untuk periode penyerahan 1 Januari - 31 Desember 2012. Sesuai perjanjian tersebut, Perseroan akan membeli batubara bukit asam 150.000 MT $\pm 10\%$ (BA-63) dengan harga satuan Rp 635.000 (dalam Rupiah penuh) per Metrik Ton dalam basis nilai kalori 6.300 kcal/kg (adb).

35. SIGNIFICANT COMMITMENTS

Purchase of Coal Commitments

a. PT Bukit Asam (Persero)

The Company has a coal purchase agreement with PT Bukit Asam (Persero) Tbk as stated in the agreement No. 026/K/PM/PTBAPTSB/ 2008. The Company and PT Bukit Asam (Persero) Tbk entered into a contract renewal coal purchase agreement No. BA 63-64/K/PM/PTBA-PTSB/2009 As of June 18, 2009 with changes in the rate to Rp 490,000 (in full Rupiah amounts) per Metric Ton commencing since January 1, 2009 to December 31, 2009. Furthermore, both parties agreed to hold the Addendum I to the delivery period 1 January to 31 December 2010. Based on that agreement, the Company will purchase 155,000 MT of coal hills acid $\pm 10\%$ (BA-63) with a unit price of Rp 490,000 (in full Rupiah amount) per metric ton in the base of the calorific value 6,300 kcal/kg (adb).

On year 2011 The Company has renewal contract new contract a coal purchase agreement with PT Bukit Asam (Persero) Tbk as stated in the agreement HK.01.02/103/2011 to delivery January 01 to December 31, 2011. In which the Company will purchase coal from PT Bukit Asam (Persero) Tbk are 180,000 MT $\pm 10\%$ (BA-63) with a unit price of Rp 610,000 (in full Rupiah amount) per metric ton in the base of the calorific value 6,300 kcal/kg (adb). Furthermore, both parties agreed to hold the Addendum I to the delivery period 1 January to December 31, 2012. Based on the agreement, the Company will purchase 150,000 MT of coal Bukit Asam for $\pm 10\%$ (BA-63) with a unit price of Rp 635,000 (in full Rupiah amount) per metric ton in the base of the calorific value 6,300 kcal / kg (adb).

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Komitmen Pembelian Batubara (lanjutan)

b. PT Bunga Pangi

Perseroan mempunyai perjanjian pembelian batubara dengan PT Bunga Pangi sebagaimana tertuang dalam perjanjian No. 01.02/303/2012 berlaku selama 1 tahun, dimulai sejak tanggal 2 Agustus 2012 sampai dengan 1 Agustus 2013. Berdasarkan perjanjian, Perseroan akan membeli batubara milik PT Bunga Pangi 70.000.000 kg $\pm$ 10% dengan harga Rp 40.950.000.000 (dalam Rupiah penuh).

Komitmen Pengadaan Jasa Angkutan

a. PT Kereta Api Indonesia (Persero)

Pada tanggal 5 Mei 2009, Perseroan dan PT Kereta Api Indonesia (Persero) menandatangani kontrak perjanjian angkutan terak dan batubara yang memuat kesepakatan biaya angkutan klinker sebesar Rp 360 (dalam Rupiah penuh) per ton/km dan angkutan batubara sebesar Rp 355 (dalam Rupiah penuh) per ton/km terhitung mulai tanggal 1 Februari 2009 sampai dengan 31 Januari 2010. Perpanjangan perjanjian angkutan yang tertuang dalam perjanjian No. 41/HK/UM/2010 HK.01.15/101/2010 menyepakati biaya per ton/km angkutan terak dan batubara masing-masing sebesar Rp 387 (dalam Rupiah penuh) dan Rp 381.625 (dalam Rupiah penuh). Perjanjian ini berlaku selama 2 (dua) tahun terhitung mulai tanggal 1 Februari 2010 sampai dengan 31 Januari 2012 dengan ketentuan setiap 6 (enam) bulan sekali diadakan evaluasi bersama.

Pada tanggal 29 Mei 2011, Perseroan dan PT Kereta Api Indonesia (Persero) menandatangani kontrak perjanjian angkutan klinker dan batubara yang memuat kesepakatan biaya angkutan klinker dan batubara sebesar Rp 480 (dalam Rupiah penuh) per ton/km terhitung mulai tanggal 1 Februari 2012 sampai dengan 31 Januari 2017, dengan ketentuan setiap 6 (enam) bulan sekali akan dilakukan evaluasi bersama. Terhitung sejak bulan Mei 2012 tarif angkutan klinker dan batubara berubah menjadi Rp 442 (dalam Rupiah penuh) per ton/km.

35. SIGNIFICANT COMMITMENTS (Continued)

Purchase of Coal Commitments (continued)

b. PT Bunga Pangi

The Company has a coal purchase agreement with PT Bunga Pangi as stated in the agreement No. 01.02/303/2012, starting from August 2, 2012 to August 1, 2013. Based on that agreement, the Company will purchase 70,000,000 kg of coal $\pm$ 10% with total price of Rp 49,000,000,000 (in full Rupiah amount).

Service Commitments

a. PT Kereta Api Indonesia (Persero)

On May 5, 2009, the Company and PT Kereta Api Indonesia (Persero) signed a contract clinker and coal transportation agreement that includes an agreement clinker transport costs Rp 360 (in full Rupiah amount) per ton/km and the transportation of coal amounted to Rp 355 (In full Rupiah amount) per ton/km, starting from February 1, 2009 until January 31, 2010. Extension of transport agreements contained in the agreement No. 41/HK/UM/2010 HK.01.15/101/2010 agree on cost per ton/km of freight clinker and coal respectively Rp 387 (in full Rupiah amount) and Rp 381,625 (in full Rupiah amount). This agreement is valid for 2 (two) years from the date of February 1, 2010 to January 31, 2012 with provisions of every 6 (six) months conducted a joint evaluation.

On May 29, 2011, the Company and PT Kereta Api Indonesia (Persero) signed a contract clinker and coal transportation agreement that includes an agreement clinker and coal transport costs Rp 480 (in full Rupiah amount) per ton / km starting from February 1, 2012 until January 31, 2017. with provisions of every 6 (six) months conducted a joint evaluation. Starting from May, 2012 clinker and coal transport costs are changed Rp 442 (in full Rupiah amount) per ton/km.

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Komitmen Pengadaan Jasa Angkutan (lanjutan)

b. PT Karya Nusa Perkasa

Berdasarkan perjanjian No. HK.01.15/302/2012, Perseroan dan PT Karya Nusa Perkasa menandatangani kontrak perjanjian angkutan klinker dan material lainnya dengan kesepakatan biaya angkutan klinker sebesar Rp 113.300 (dalam Rupiah penuh) per ton, dengan jangka waktu selama 2 tahun dimulai sejak tanggal 1 Januari 2012 sampai dengan 1 Januari 2014.

c. PT Sembaja Lampung

Berdasarkan perjanjian No. HK.01.15/024/A/2011, Perseroan dan PT Sembaja Lampung menandatangani kontrak perjanjian angkutan kantong kosong dan material lainnya yang disepakati sebesar Rp 133,000 (dalam Rupiah penuh) per rit (kendaraan berkapasitas angkut 17 ton/rit) dan Rp 60.800 per rit (kendaraan berkapasitas 8 ton/rit) dengan jangka waktu selama 1 tahun, terhitung mulai tanggal 12 Februari 2012 sampai dengan 11 Februari 2013.

Komitmen Pembelian Energi Listrik

Perseroan memiliki perjanjian pembelian tenaga listrik sebesar 18.500 KVA dengan PT PLN (Persero) Wilayah IV yang berlaku sejak tanggal 21 April 1997 untuk jangka waktu tidak terbatas. Uang Jaminan Langgan (UJL) sebesar Rp 758.500.000 (dalam Rupiah penuh).

35. SIGNIFICANT COMMITMENTS (Continued)

Service Commitments (continued)

b. PT Karya Nusa Perkasa

Based on agreement No. HK.01.15/302/2012, the Company and PT Karya Nusa Perkasa signed a contract for clinker and other material transportation with the value of contract of Rp 113,300 (in full Rupiah amount) per tonne, with 2 years periods of contract, starting from January 1, 2012 to January 1, 2014.

c. PT Sembaja Lampung

Based on agreement No. HK.01.15/024/A/2011, the Company and PT Sembaja Lampung signed a contract for empty bags and other materials transportation with the value of contract of Rp 133,000 (in full Rupiah amount) per trips (for 17 tonne/trip capacity of vehicle) and Rp 60,800 (for 8 tonne/trip capacity of vehicle), with 2 years periods of contract, starting from February 12, 2011 to February 11, 2013.

Purchase Electricity Commitments

The Company has the purchase agreement of electricity power for 18,500 KVA with PT PLN (Persero) Region IV which applied since April 21, 1997 for unlimited period. The security deposit buyer (UJL) amounted to Rp 758,500,000 (in full Rupiah amount).

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35. PERIKATAN YANG SIGNIFIKAN (Lanjutan)

Konsesi Penambangan Batu Kapur

Sesuai dengan Surat Keputusan Bupati Ogan Komering Ulu No. 01/K/SIPD/XIX/2006 tanggal 7 Februari 2006, izin konsesi penambangan batu kapur kepada Perseroan diperpanjang selama 5 (lima) tahun sampai dengan tanggal 7 Februari 2011. Pada tahun 2010 PT Semen Baturaja (Persero) mengajukan permohonan penyesuaian SIPD Eksploitasi menjadi IUP Operasi Produksi, yang kemudian disahkan oleh Bupati Ogan Komering Ulu melalui surat keputusan No. 01/K/IUP-II.A3/XXVII/2010. Keputusan ini berlaku sejak tanggal penetapan 23 Maret 2010 untuk jangka waktu 20 tahun dan dapat diperpanjang 2 (dua) kali masing-masing 10 (sepuluh) tahun.

Konsesi Penambangan Tanah Liat

Perseroan memiliki konsesi penambangan tanah liat di area seluas 96,84 hektar yang terletak di Desa Puser Kecamatan Baturaja Barat Kabupaten Ogan Komering Ulu. Izin konsesi ini ditinjau kembali setiap 10 (sepuluh) tahun. Sesuai Surat Keputusan Gubernur Kepala Daerah Tingkat I Sumatera Selatan No.047/SK/VII/1995 tentang "Pemberian Izin Pertambangan Daerah Eksploitasi Kepada PT Semen Baturaja (Persero)" tanggal 2 Februari 1995, izin penambangan kepada Perseroan diperpanjang selama 10 (sepuluh) tahun sampai dengan tanggal 2 Februari 2005. Melalui Surat Keputusan Bupati OKU No. 01/K/SIPD/IX/2005 tanggal 7 April 2005, izin tersebut diperpanjang kembali untuk jangka waktu 5 (lima) tahun sampai dengan tanggal 2 Februari 2010. Pada tahun 2010 PT Semen Baturaja (Persero) mengajukan permohonan penyesuaian SIPD Eksploitasi menjadi IUP Operasi Produksi yang kemudian disahkan oleh Bupati Ogan Komering Ulu melalui Surat Keputusan No. 01/K/IUP-II.A3/XXVII/2010. Keputusan ini berlaku sejak tanggal penetapan 23 Maret 2010 untuk jangka waktu 20 tahun dan dapat diperpanjang 2 (dua) kali masing-masing 10 (sepuluh) tahun.

35. SIGNIFICANT COMMITMENTS (Continued)

Limestone Mining Concession

In accordance with Decree of the Regent of Ogan Komering Ulu No. 01/K/SIPD/XIX/2006 February 7, 2006, limestone mining concessions permit to the Company was extended for 5 (five) years up to February 7, 2011. In the years of 2010, PT Semen Baturaja (Persero) has applied for adjustment petition SIPD Exploitation into I up operating production which later validated by the Regent Ogan Komering Ulu by Decree No. 01/K/IUP-II.A3/XXVII/2010. This Decree valid from the date of determination on March 23, 2010 for a period of 20 years and can be extended 2 (two) times each 10 (ten) years.

Clay Mining Concession

The Company has a clay mining concession in an area of 96.84 hectares located in Desa Puser, Kecamatan Baturaja Barat, Ogan Komering Ulu. This concession permit is reviewed every 10 (ten) years. By the Decree of the Governor of South Sumatra Province No. 047/SK/VII/1995 on "Regional Mining Exploitation Permit to PT Semen Baturaja (Persero)" dated February 2, 1995, the Company's mining permit was extended for 10 (ten) years up to February 2, 2005. Through Decree of the Regent OKU No. 01/K/SIPD/IX/2005 dated April 7, 2005, the permit was extended for a period of five (5) years up to February 2, 2010. In the years of 2010 PT Semen Baturaja (Persero) applying for adjustment SIPD Operation Mining Exploitation into production later endorsed by the Regent Ogan Komering Ulu through Decree No. 01/K/IUPII.A3/XXVII/2010. This decree is valid from the date of March 23, 2010 for a period of 20 (twenty) years and can be extended twice each for 10 (ten) years.

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Komitmen Pembelian Kantong Semen

a. PT Kertajasa Raya

Perseroan mempunyai perjanjian pembelian kantong semen dengan PT Kertajasa Raya sebagaimana tertuang dalam perjanjian No.HK.01.03/132/2012 pertanggal 7 Maret 2012, dengan jangka waktu selama 1 tahun dimulai sejak tanggal 7 Maret 2012 sampai dengan 6 Maret 2013. Berdasarkan perjanjian tersebut, Perseroan akan membeli kantong semen 1 Ply Type Bottom Block @ 50kg sebanyak 12.000.000 lembar dengan harga Rp 26.940.000.000 (dalam Rupiah penuh).

b. PT Yanaprima Hastapersada

Perseroan mempunyai perjanjian pembelian kantong semen dengan PT Yanaprima Hastapersada sebagaimana tertuang dalam perjanjian No. HK.01.03/131/2012 pertanggal 07 Maret 2012, dengan jangka waktu selama 1 tahun dimulai sejak tanggal 7 Maret 2012 sampai dengan 6 Maret 2013. Berdasarkan perjanjian tersebut, Perseroan akan membeli kantong semen 1 Ply Type Bottom Block @ 50kg sebanyak 12.000.000 lembar dengan harga Rp 26.940.000.000 (dalam Rupiah penuh).

c. PT Sami Surya Indah Plastik

Perseroan mempunyai perjanjian pembelian kantong semen dengan PT Sami Surya Indah Plastik sebagaimana tertuang dalam perjanjian No.HK.01.03/171/2011 pertanggal 7 Maret 2012, dengan jangka waktu selama 1 tahun dimulai sejak tanggal 14 Juni 2012 sampai dengan 13 Juni 2013. Berdasarkan perjanjian tersebut, Perseroan akan membeli kantong semen 1 Ply Type Bottom Block @ 50kg sebanyak 9.000.000 lembar dengan harga Rp 22.455.000.000 (dalam Rupiah penuh).

35. SIGNIFICANT COMMITMENTS (Continued)

Commitment of Cement Bags Purchased

a. PT Kertajasa Raya

The Company has a cement bag purchase agreement with PT Kertajasa Raya, as stated in the agreement No. HK.01.03/132/2012 dated March 7, 2012, with one year period of contract starting from March 7, 2012 to March 6, 2013. Based on that agreement, The Company will purchased 1 Ply Type Bottom Block @ 50kg cement bags of 12,000,000 pieces amounting Rp 26,940,000,000 (in full Rupiah amount).

b. PT Yanaprima Hastapersada

The Company has a cement bag purchase agreement with PT Yanaprima Hastapersada, as stated in the agreement No.HK.01.03/131/2012 dated March 7, 2012, with one year period of contract starting from March 7, 2012 to March 6, 2013. Based on that agreement, The Company will purchased 1 Ply Type Bottom Block @ 50kg cement bags of 12,000,000 pieces amounting Rp 26,940,000,000 (in full Rupiah amount).

c. PT Sami Surya Indah Plastik

The Company has a cement bag purchase agreement with PT Sami Surya Indah Plastik, as stated in the agreement No.HK.01.03/171/2011 dated March 7, 2012, with one year period of contract starting from June 14, 2012 to June 13, 2013. Based on that agreement, The Company will purchased 1 Ply Type Bottom Block @ 50kg cement bags of 9,000,000 pieces amounting Rp 22,455,000,000 (in full Rupiah amount).

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35. PERIKATAN YANG SIGNIFIKAN (Lanjutan)

**Jasa Pemasangan Rangka Baja (SSE) Proyek
Cement Mill dan Packer**

Perseroan mempunyai perjanjian dengan PT Barata Indonesia (Persero) untuk jasa pemasangan rangka baja (SSE) proyek *cement mill & packer* pabrik Baturaja sebagaimana tertuang dalam perjanjian No. HK.01.18/210/2012 dengan nilai kontrak Rp 15.190.000.000 (dalam Rupiah penuh), dengan jangka waktu selama 5 bulan dimulai sejak tanggal 25 Juni 2012 sampai dengan 28 Pebruari 2013.

Komitmen Pengadaan Jasa Sewa Peralatan

a. PT United Tractors Semen Gresik

Perseroan mempunyai perjanjian dengan PT United tractors Semen Gresik untuk jasa sewa alat bor dan tenaga ahli peledakan batu kapur di Pabrik Baturaja sebagaimana tertuang dalam perjanjian No.HK.008/073/2011 dengan biaya Jasa sewa alat bor sebesar Rp 725.000/Jam; Rp 21.987/Meterl dan Rp 912 /ton serta jasa tenaga ahli peledakan sebesar Rp 4.213/ton dengan jangka waktu selama 36 bulan terhitung mulai tanggal 01 April 2011 sampai dengan 31 Maret 2014.

b. PT Ratri Sempana

Perseroan mempunyai perjanjian dengan PT Ratri Sempana untuk jasa sewa Excavator Backhoe sebagaimana tertuang dalam perjanjian No.HK.02.06/147/2010 dengan biaya sebesar Rp 413.000/HM dengan jangka waktu selama 3 tahun terhitung mulai tanggal 01 Agustus 2010 sampai dengan 31 Juli 2013.

Perseroan mempunyai perjanjian dengan PT Ratri Sempana untuk Jasa sewa alat Wheel Loader sebagaimana tertuang dalam perjanjian No. HK.02.06/242/2011 dengan biaya Rp 272.000/HM dengan jangka waktu selama 3 tahun terhitung mulai tanggal 10 Desember 2010 sampai dengan 20 Desember 2014.

35. SIGNIFICANT COMMITMENTS (Continued)

**Steel frame installation services for Cement Mill
dan Packer Project**

The Company has a agreement with PT Barata Indonesia (Persero) for Steel frame installation services for Cement Mill dan Packer Project, as stated in the agreement No. HK.01.18/210/2012 with total value of contract of Rp 15,190,000,000 (in full Rupiah amount), with 5 months period of contracts starting from June 25 ,2012 to February 28, 2013.

Commitment of Tools Rent Services Procurement

a. PT United Tractors Semen Gresik

The Company has a agreement with PT United tractors Semen Gresik for a rent tools drills and limestone blasting expert services in Baturaja Plant sas stated in the agreement No. HK.008/073/2011, with total rent tools drills amounting Rp 725,000/hour; Rp 21,987/Meter and Rp 912/ton; and limestone blasting expert services amounting Rp 4,213/ton with 36 months period of contract starting from April 1, 2011 to March 31, 2014.

b. PT Ratri Sempana

The Company has a agreement with PT Ratri Sempana for Excavator Backhoe service rent as stated in the agreement No. HK.02.06/147/2010 with total cost of Rp 413,000/HM, 3 years period of contract starting from Agustus 1, 2010 sampai dengan Juli 31 , 2013.

The Company has a agreement with PT Ratri Sempana for Wheel Loader tools rent as stated in the agreement No. HK.02.06/242/2011, with total cost of Rp 272,000/HM, with 3 years period of contract starting from December 10, 2010 to December 20, 2014.

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Komitmen Pengadaan Jasa Sewa Peralatan (lanjutan)

c. CV Bangun Sukses Makmur

Perseroan mempunyai perjanjian dengan CV Bangun Sukses Makmur untuk jasa sewa alat Wheel Loader di Pabrik Baturaja sebagaimana tertuang dalam perjanjian No. HK.02.06/146/2011 dengan biaya sebesar Rp 345.000/jam dengan jangka waktu selama 26 bulan terhitung mulai tanggal 06 Mei 2011 sampai dengan 6 Juli 2013.

d. PT Rizky Patra Nusa

Perseroan mempunyai perjanjian dengan PT Rizky Patra Nusa untuk jasa sewa alat Buldozer dan Excavator sebagaimana tertuang dalam perjanjian No. HK.02.06/152/2011 dengan biaya masing-masing sebesar Rp 451.700/jam/HM dan Rp 445.300/Jam/HM dengan jangka waktu selama 2 tahun terhitung mulai tanggal 15 Juni 2011 sampai dengan 14 Agustus 2013.

Komitmen Pengadaan Jasa Sewa Tanah

a. PT Kereta Api Indonesia (Persero)

Perseroan mempunyai perjanjian dengan PT Kereta Api Indonesia (Persero) untuk sewa tanah di Jalan Abikusno, Kertapati, Palembang untuk pabrik semen dan kantor serta fasilitas lainnya sebagaimana tertuang dalam perjanjian No. HK.00.08/395/2012, untuk periode 30 tahun dimulai sejak 1 April 2012 sampai dengan 31 Maret 2042. Pembayaran akan dilakukan setiap 3 tahun sekali dengan biaya sewa untuk 3 tahun pertama sebesar Rp 6.011.662.138 (dalam Rupiah penuh).

b. PT Pelabuhan Indonesia II (Persero)

Perseroan mempunyai perjanjian dengan PT Pelabuhan Indonesia II (Persero) untuk kerjasama penggunaan bagian-bagian tanah, hak pengelolaan di Jalan Yos Sudarso Km. 7 Panjang, Bandar Lampung untuk pabrik semen dan kantor serta fasilitas lainnya sebagaimana tertuang dalam perjanjian No. HK.00.08/007/2013 dengan biaya sewa sebesar Rp 39.272/M/tahun dengan jangka waktu selama 30 tahun terhitung mulai tanggal 01 Januari 2013 sampai dengan 1 Januari 2043.

35. SIGNIFICANT COMMITMENTS (Continued)

Commitment of Tools Rent Services Procurement (continued)

c. CV Bangun Sukses Makmur

The Company has a agreement with CV Bangun Sukses Makmur for Wheel Loader tools rent services in Baturaja plant as stated in a agreement No. HK.02.06/146/2011, with total cost of Rp 345,000/hour, with 26 months period of contracts starting from May 6, 2011 to Juli 6, 2013.

d. PT Rizky Patra Nusa

The Company has a agreement with PT Rizky Patra Nusa for Buldozer dan Excavator tool rent services, as stated in the agreement No. HK.02.06/152/2011, with total cost of Rp 451,700/hour/HM dan Rp 44,300/hour/HM, with 2 year period of contract starting from June 15, 2011 sampai dengan August 14, 2013.

Land Rent Procurement Commitment

a. PT Kereta Api Indonesia (Persero)

The Company has a agreement with PT Kereta Api Indonesia (Persero) for land rent for cement plant and office with all the facilities, as stated in the agreement No. HK.00.08/395/2012 with total cost of contract of Rp 6.011.662.138 (in full Rupiah amount), with 30 years period of contract starting from April 1, 2012 to March 31, 2042. The payment will be made for every three years period, with the payment of the first three years period of rent amounting Rp 6,011,662,138 (in full Rupiah amount).

b. PT Pelabuhan Indonesia II (Persero)

The Company has a agreement with PT Pelabuhan Indonesia II (Persero) for the cooperation the use of portions of land, the rights management for Cement plant and office in Jalan Yos Sudarso Road Km. 7, Panjang, Bandar Lampung, as stated in the agreement No. HK.00.08/007/2013, with total value of contract of Rp 39,272/M/year, with 30 years period of contract starting from January 1, 2013 to January 31, 2043.

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35. PERIKATAN YANG SIGNIFIKAN (Lanjutan)

Komitmen Pengadaan Jasa Pengamanan

Perseroan mempunyai perjanjian dengan PT Bravo Satria Perkasa ntuk jasa pengamanan sebagaimana tertuang dalam perjanjian No. HK.01.21.176.2011 dengan biaya sebesar Rp 4.884.000.000 (dalam Rupiah penuh), dengan jangka waktu selama 24 bulan terhitung mulai tanggal 01 Juli 2011 sampai dengan 30 Juni 2013.

PT Bank Mandiri (Persero) Tbk

Pada tanggal 31 Desember 2012 dan 31 Desember 2011 dan 2010, Perseroan melakukan perjanjian pinjaman dengan PT Bank Mandiri (Persero) Tbk, yang terdiri dari:

a. Fasilitas kredit modal kerja revolving

Pinjaman ini merupakan fasilitas Kredit Modal Kerja revolving yang diperoleh oleh Perseroan dengan pagu maksimum Rp 30.000.000.000 berdasarkan Perjanjian Kredit Modal Kerja No. KP-COCD/003/PK-MK/2001, Akta No. 1 tanggal 2 Maret 2001 dibuat dihadapan H. Azhar Alia, S.H., Notaris di Jakarta, dengan tujuan penggunaan untuk modal kerja Industri Semen.

Berdasarkan Addendum Perjanjian Ketujuh tanggal 26 Pebruari 2009, pinjaman dikenakan bunga sebesar 12,50% pertahun, sedangkan tingkat bunga untuk tahun 2010, 2011 dan 2012, masing-masing berdasarkan Addendum Perjanjian Kedelapan tanggal 25 Pebruari 2010, Addendum Kesembilan tanggal 22 Pebruari 2011 dan Addendum Kesepuluh tanggal 27 Pebruari 2012, dengan tingkat bunga masing-masing sebesar 12%, 10,5% dan 10%.

Pinjaman Kredit Modal Kerja tersebut dijamin dengan:

1. Non aset tetap terdiri dari: persediaan, piutang dagang dan suku cadang.
2. Aset tetap yang terdiri dari:
 - Tanah seluas 7.040 m2 terletak di Jalan Taman Kenten No. 13-16, Kelurahan 8 Ilir Kecamatan Ilir Timur II. Palembang.

35. SIGNIFICANT COMMITMENTS (Continued)

Commitment of Security services Procurement

The Company has a agreement with PT Bravo Satria Perkasa for security services as stated in the agreement No. HK.01.21.176.2011, with total value of contracts of Rp 4,884,000,000 (in full Rupiah amount)., with 24 months period of contract starting from July 1, 2011 sampai dengan June 30, 2013.

PT Bank Mandiri (Persero) Tbk

On December 31, 2012 and December 31, 2011 and 2010, the Company executed loan agreement with PT Bank Mandiri (Persero) Tbk, which consists of:

a. Working capital revolving credit facility

This loan is a revolving working capital credit facility obtained by the Company with a maximum ceiling of Rp 30,000,000,000 based on Working Capital Loan Agreement No. KP-COCD/003/PK-MK/2001, Deed No. 1 dated March 2, 2001, made before H. Azhar Alia, S.H., Notary in Jakarta, with the purpose for using of working capital of Cement Industry.

According to Seventh Addendum of Agreement dated February 26, 2009, the loan bears interest at 12.50% per annum, while the interest rate for 2010, 2011 and 2012, based on the eight Addendum Agreement dated February 25, 2010, Ninth Addendum dated February 22, 2011 and the tenth Addendum dated February 27, 2012, with interest rate of 12%, 10.5% and 10% respectively.

Working Capital Loans are secured by:

1. Non fixed assets consist of: Inventories, trade receivables and auto parts.
2. Fixed assets consist of:
 - The land area of 7,040 m2 located on Jl. Taman Kenten No. 13-16, Kelurahan 8 Ilir Kecamatan Ilir Timur II. Palembang.

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a. Fasilitas kredit modal kerja revolving (lanjutan)

2. Aset tetap yang terdiri dari:
 - Tanah seluas 7.040 m² terletak di Jalan Taman Kenten No. 13-16, Kelurahan 8 Ilir Kecamatan Ilir Timur II. Palembang.
 - Tanah seluas 12.284 m² terletak di Jalan AKBP Cek Agus Kel. 8 Ilir, Ilir Timur II Palembang.
 - Bangunan pabrik dan bangunan non pabrik berikut sarana dan prasarana terletak di Jalan Abikusno Cokrosuyoso, Kertapati, Palembang.
 - Mesin-mesin pabrik dan peralatannya terletak di Jalan Abikusno Cokrosuyoso, Kertapati, Palembang.
 - Kendaraan bermotor yang telah diikat dengan fidusia.

Berdasarkan perjanjian kredit diatas, Perseroan tidak boleh melakukan hal-hal sebagai berikut:

1. Memperoleh atau memberikan pinjaman kepada pihak lain, kecuali dalam rangka kegiatan usaha normal sehari-hari dan sepanjang total pinjaman modal masih tercover dalam financial covenant.
2. Mengikatkan diri sebagai penjamin atau menjaminkan aset Perseroan yang melebihi Rp 25.000.000.000 (dua puluh lima miliar rupiah) kepada pihak lain.

35. SIGNIFICANT COMMITMENTS (Continued)

a. Working capital revolving credit facility (continued)

2. Fixed assets consist of:
 - The land area of 7,040 m² located on Jl. Taman Kenten No. 13-16, Kelurahan 8 Ilir Kecamatan Ilir Timur II. Palembang.
 - A land area of 12,284 m² located on Jalan AKBP Cek Agus, Kel. 8 Ilir, Ilir Timur II Palembang.
 - Factory building and non building infrastructure following mill located on Jalan Abikusno Cokrosuyoso, Kertapati Palembang.
 - Factory machinery and equipment located on Abikusno Cokrosuyoso, Kertapati, Palembang.
 - Vehicle that has been bound by fiduciary.

Based on the loan agreement above, the Company should not do the following activities:

1. Obtaining or providing loans to other parties, except to the normal business activities and as long as the total capital loans are still covered in the financial covenants.
2. Binds itself as guarantor or pledge the assets of the Company in excess of Rp 25,000,000,000 (twenty five billion rupiah) to the other party.

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35. PERIKATAN YANG SIGNIFIKAN (Lanjutan)

a. Fasilitas kredit modal kerja revolving (lanjutan)

3. Menurunkan modal dasar dan modal disetor.
4. Melakukan penjualan saham Perseroan/divestasi yang mana mengakibatkan Pemerintah Republik Indonesia tidak lagi menjadi pemegang saham mayoritas (minimal 51% (lima puluh satu persen) kepemilikan saham Pemerintah Republik Indonesia.

b. Fasilitas Non Cash Loan

Pinjaman ini merupakan fasilitas *Non Cash Loan* yang diperoleh oleh Perseroan dengan pagu maksimum Rp 10.000.000.000 berdasarkan Perjanjian Kredit Modal Kerja No. KP-COCD/01/PK-LC/2001, Akta No. 2 tanggal 2 Maret 2001 dibuat dihadapan H. Azhar Alia, S.H., Notaris di Jakarta, dengan tujuan penggunaan untuk pembukaan L/C Impor, SKBDN dan Bank Garansi untuk pengadaan bahan baku, bahan bakar, bahan pembantu dan spare part industri semen. Berdasarkan Addendum Perjanjian Ketujuh tanggal 26 Pebruari 2009, pinjaman dikenakan bunga sebesar 12,50% pertahun, sedangkan tingkat bunga untuk tahun 2010, 2011 dan 2012, masing-masing berdasarkan Addendum Perjanjian Kedelapan tanggal 25 Pebruari 2010, Addendum Kesembilan tanggal 22 Pebruari 2011 dan Addendum Kesepuluh tanggal 27 Pebruari 2012, dengan tingkat bunga masing-masing sebesar 12%, 10,5% dan 10%.

35. SIGNIFICANT COMMITMENTS (Continued)

a. Working capital revolving credit facility (continued)

3. Decrease the authorized capital and paid up capital.
4. Conducting the sale of shares of the Company / divestment which resulted in the Government of the Republic of Indonesia no longer the majority shareholder (at least 51% (fifty one percent) shareholding Government of the Republic of Indonesia.

b. Non Cash Loan Facility

This loan represent Non Cash Loan facility obtained by the Company with a maximum plafond of Rp 10,000,000,000 based on Working Capital Loan Agreement No. KP-COCD/01/PK-LC/2001, Deed No. 2 dated March 2, 2001, made before H. Azhar Alia, S.H., Notary in Jakarta, with the intended use for opening L/C Import, SKBDN and Bank Guarantee for the procurement of raw materials, fuel, supplies and spare part cement industry. Under the Seventh Addendum Agreement dated February 26, 2009, the loan bears interest at 12.50% per annum, while the interest rate for 2010, 2011 and 2012, based on the Eighth Addendum Agreement dated February 25, 2010, the Ninth Tenth Addendum dated 22 February 2011 and Addendum February 27, 2012 respectively, with interest rate of 12%, 10.5% and 10% respectively.

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c. Perjanjian Gadai Deposito

1. Pada bulan Agustus 2005 Perseroan melakukan perjanjian dengan PT Bank Mandiri (Persero), Tbk berdasarkan Perjanjian Gadai Deposito Berjangka No. 2.Sp.Prv/004/2005 berkenaan dengan Addendum III perjanjian fasilitas Letter Of Credit No. KP. COCD/01/PL-LC/2001 dengan nominal Rp 4.500.000.000 guna menjamin pembayaran utang serta biaya-biaya yang timbul berdasarkan perikatan tersebut. Perseroan menyerahkan kepada Bank Mandiri (Persero) Tbk Bilyet Deposito nomor serie CD. No. 131296, CD. No. 131307 dan CD. No. 131308 masing-masing sebesar Rp 1.000.000.000 (satu miliar Rupiah), Rp 1.500.000.000 (satu miliar lima ratus juta Rupiah) dan Rp 2.000.000.000 (dua miliar Rupiah) dengan jangka waktu masing-masing tanggal 18 Agustus 2005, 25 Agustus 2005 dan 26 Agustus 2005 atas nama PT Semen Baturaja (Persero).
2. Pada bulan Agustus 2011, Perseroan melakukan perjanjian gadai deposito dengan PT Bank Mandiri (Persero) Tbk, guna menjamin pembukaan Letter of Credit dengan total nilai nominal sebesar Rp 18.000.000.000 (delapan belas miliar Rupiah). Perseroan menyerahkan jaminan sebesar Rp 18.000.000.000 (delapan belas miliar Rupiah), masing-masing berupa Surat Deposito Berjangka No. AC. 839750 berjangka waktu 1 (satu) tahun (dapat di-roll over) dengan nilai nominal Rp 15.000.000.000 (lima belas miliar Rupiah) dan Surat Deposito Berjangka No. Seri D-120413 berjangka waktu 1 (satu) bulan (dapat di-roll over) dengan nilai nominal Rp 3.000.000.000 (tiga miliar Rupiah). Sehubungan dengan telah selesainya pelunasan LC terkait dengan fasilitas tersebut, maka berdasarkan Berita Acara tanggal 7 Juni 2012, telah diserahkan kembali kepada PT Semen Baturaja (Persero) asli Bilyet Deposito tersebut oleh PT Bank Mandiri (Persero) Tbk.

35. SIGNIFICANT COMMITMENTS (Continued)

c. Deposit Pledge Agreement

1. On Dated August, 2005 Company entered into an agreement with PT Bank Mandiri (Persero), Tbk based on time Deposit Pledge Agreement No. 2.Sp.Prv/004/2005 related to the opening date of the Letter Of Credit / (LC) No. KP. COCD/01/PL-LC/2001 with a nominal Rp 4,500,000,000 billion to guarantee the payment of debt and costs arising from the engagement. Company submitted to PT Bank Mandiri (Persero) Tbk Bilyet hands the number serie CD. No. 131296, CD. No. 131307 and CD. No. 131308 nominal amounting Rp 1,000,000,000 (one billion Rupiahs), Rp 1,500,000,000 (one billion five hundred million Rupiahs) and Rp 2,000,000,000 (two billion Rupiahs) date August, 18, 2005, August 25, 2005 and August 26, 2005 on behalf name of PT Semen Baturaja (Persero).
2. On August 2011, PT Semen Baturaja (Persero) entered an agreement of fiduciary deposit with PT Bank Mandiri (Persero), Tbk, as the purpose to guarantee the opening of letter of credit with total value amounting Rp 18,000,000,000 (eighteen billion Rupiahs). The company submitted the collateral or amounting Rp 18,000,000,000 (eighty billion Rupiahs) for each in the form of letter of time Deposits with series No. AC. 839750 for period 1 (one) year (can be Rolled over) with value amounting Rp 15,000,000,000 (five billion Rupiahs) and letter of time deposits with series No. D-120413 for period 1 (one) month (can be rolled over) with value amounting Rp 3,000,000,000 (three billion Rupiahs). As the fully payment of LC has been made related to that facility, then based on minute of meeting on June 7, 2012, the original deposits slip has been resubmitted to PT Semen Baturaja (Persero) by PT Bank Mandiri (Persero) Tbk.

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35. PERIKATAN YANG SIGNIFIKAN (Lanjutan)

PT Bank Negara Indonesia (Persero), Tbk

a. Perjanjian Gadai Deposito

1. Pada tanggal 20 Juni 2011, Perseroan melakukan perjanjian dengan PT Bank Negara Indonesia (Persero) Tbk, berdasarkan perjanjian gadai deposito berjangka No. 2011/011 berkenaan dengan pembukaan Letter of Credit guna menjamin pembayaran utang serta biaya-biaya yang timbul berdasarkan perikatan tersebut, Perseroan menyerahkan bilyet deposito berjangka dengan No. PAA 0301066 dengan nominal Rp 95.000.000.000 (sembilan puluh lima miliar Rupiah) sebagai jaminan. Sehubungan dengan telah selesainya pelunasan LC terkait dengan fasilitas gadai tersebut, maka berdasarkan Berita Acara tanggal 1 Juni 2012, telah diserahkan kembali kepada PT Semen Baturaja (Persero) asli Bilyet deposito tersebut oleh PT Bank Negara Indonesia (Persero) Tbk.
2. Pada tanggal 1 Juni 2012 Perseroan melakukan perjanjian dengan PT Bank Negara Indonesia (Persero), Tbk (BNI) berdasarkan Perjanjian Gadai Deposito Berjangka No. 2012/011 tanggal 1 Juni 2012 berkenaan dengan pembukaan Letter Of Credit No. IM1IPBG0000411 tanggal 9 Juni 2011 dengan nominal EUR 6.320.000 guna menjamin pembayaran utang serta biaya-biaya yang timbul berdasarkan perikatan tersebut. Perseroan menyerahkan kepada Bank BNI Bilyet Deposito nomor serie PAA. 0346947 AC. 0256024305 nominal Rp 40.000.000.000 (empat puluh milyar Rupiah) tanggal 21 Mei 2012 s/d 21 Agustus 2012 jangka waktu 3 bulan roll over atas nama PT Semen Baturaja (Persero).

35. SIGNIFICANT COMMITMENTS (Continued)

PT Bank Negara Indonesia (Persero), Tbk

a. Agreement of Fiduciary Deposit

1. On June 20, 2011, the company entered an agreement of fiduciary deposit with PT Bank Negara Indonesia (Persero), Tbk, according to the agreement of time fiduciary Deposits No. 2011/011 due to the opening of letter of credit to guarantee loan payment and other expenses arise based on the agreement. The Company submitted time fiduciary deposits with series No. PAA 0301066 amounting Rp 95,000,000,000 (ninety five billion Rupiahs) as the guarantee. As the fully payment of LC has been made related to that facility, then, and based on minute of meeting on June 1, 2012, the original deposits slip has been resubmitted to PT Semen Baturaja (Persero) by PT Bank Negara Indonesia (Persero) Tbk.
2. On June 1, 2012 the Company entered into an agreement with PT Bank Negara Indonesia (Persero) Tbk (BNI) by Deposit Pledge Agreement No. 2012/011 dated June 1, 2012 with respect to the opening of the Letter Of Credit No. IM1IPBG0000411 dated June 9, 2011 with a nominal value EUR 6,320,000 to guarantee the payment of debts and expenses incurred by such engagement. The Company submitted to Bank BNI Deposit slip the with Deposits Serial Number PAA. 0346947. AC 0256024305 nominal Rp 40,000,000,000 (four teen billion Rupiahs) on May 21, 2012 up to August 21, 2012 within 3 months roll over on behalf of PT Semen Baturaja (Persero).

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36. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING

36. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

31 Desember / Desember 31, 2012				
	Mata Uang Asing (Nilai Rupiah Penuh) / Foreign Currency (in Full Rupiah Amount)		Dalam Ribuan Rupiah / Equivalent in thousand Rupiah	
	Mata Uang / Currency	Nilai / Amount		
Aset				Assets
Kas dan setara kas	USD	57.344	554.520	Cash and equivalent cash
Jumlah aset	USD	57.344	554.520	Total assets
Liabilitas				Liabilities
Utang bank jangka pendek	USD	286.000	2.765.620	Short term bank loan
Jumlah liabilitas	USD	286.000	2.765.620	Total liabilities
Aset (liabilitas) - bersih	USD	(228.656)	(2.211.100)	Assets (liabilities) - net

31 Desember / December 31, 2011				
	Mata Uang Asing (Nilai Rupiah Penuh) / Foreign Currency (in Full Rupiah Amount)		Dalam Ribuan Rupiah / Equivalent in thousand Rupiah	
	Mata Uang / Currency	Nilai / Amount		
Aset				Assets
Kas dan setara kas	USD	57.291	519.516	Cash and equivalent cash
Jumlah aset	USD	57.291	519.516	Total assets
Liabilitas				Liabilities
Utang usaha	USD	--	--	Trade payables
Jumlah liabilitas	USD	--	--	Total liabilities
Aset (liabilitas) - bersih	USD	57.291	519.516	Assets (liabilities) - net

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36. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING (Lanjutan)

36. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY (Continued)

31 Desember / December 31, 2010				
	Mata Uang Asing (Nilai Rupiah Penuh) / Foreign Currency (in Full Rupiah Amount)		Dalam Ribuan Rupiah / Equivalent in thousand Rupiah	
	Mata Uang / Currency	Nilai / Amount		
Aset				Assets
Kas dan setara kas	USD	57.463	516.653	Cash and equivalent cash
Jumlah aset	USD	57.463	516.653	Total assets
Liabilitas				Liabilities
Utang usaha	USD	--	--	Trade payables
Jumlah liabilitas	USD	--	--	Total liabilities
Aset (liabilitas) - bersih	USD	57.463	516.653	Assets (liabilities) - net

37. MANAJEMEN RISIKO KEUANGAN

37. FINANCIAL RISK MANAGEMENT

Nilai wajar dari pinjaman dari Pemerintah Republik Indonesia serta utang bunga dan denda ditentukan dengan mendiskontokan arus kas masa datang menggunakan suku bunga yang berlaku dari transaksi pasar yang dapat diamati untuk instrumen dengan persyaratan, risiko kredit dan jatuh tempo yang sama.

The fair values of loans from the Government of the Republic of Indonesia as well as accrued interest and penalties are determined by discounting the future cash flows using prevailing interest rate of observable market transactions for an instrument with the same requirements, credit risk and maturity.

Perseroan berpengaruh terhadap risiko pasar, risiko kredit, dan risiko likuiditas. Manajemen menerapkan manajemen risiko atas risiko-risiko tersebut dengan melakukan evaluasi atas risiko keuangan dan kerangka pengelolaan risiko keuangan yang tepat untuk Perseroan. Pengelolaan risiko tersebut memberikan keyakinan kepada manajemen bahwa aktivitas keuangan dikelola secara pruden sesuai kebijakan dan prosedur yang tepat dan risiko keuangan diidentifikasi, diukur dan dikelola sesuai dengan kebijakan dan *risk appetite*.

The Company got influenced to market risk, credit risk and liquidity risk. Management applies risk management for such risks by evaluating the financial risks and the appropriate financial risk governance framework for the Company. Such risk management provides assurance to management that prudent financial activities are managed according to appropriate policies and procedures and financial risks are identified, measured and managed in accordance with policies and risk appetite.

Manajemen menerapkan kebijakan pengelolaan risiko-risiko sebagaimana dirangkum di bawah ini.

The Management applies policies of managing these risks which is summarized below.

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37. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

Risiko pasar

Risiko pasar adalah risiko nilai wajar arus kas masa depan suatu instrumen keuangan akan berfluktuasi karena perubahan harga pasar. Harga pasar mengandung tiga tipe risiko: risiko tingkat suku bunga, risiko nilai tukar mata uang asing dan risiko harga. Instrumen keuangan yang terpengaruh oleh risiko pasar termasuk kas dan setara kas, piutang usaha, piutang lain-lain, utang usaha, utang lain-lain, utang jangka panjang, dan beban akrual.

Risiko nilai tukar mata uang asing

Risiko nilai tukar mata uang asing adalah risiko perubahan nilai wajar arus kas di masa datang dari suatu instrumen keuangan yang berfluktuasi sebagai akibat perubahan nilai tukar mata uang asing yang digunakan oleh Perseroan. Eksposur Perseroan terhadap fluktuasi nilai tukar terutama berasal dari utang pengadaan barang dan jasa dalam mata uang USD dan EURO, serta piutang dari penjualan ekspor dalam mata uang USD.

Eksposur risiko nilai tukar mata uang asing yang ada saat ini diungkapkan pada Catatan 36.

Risiko harga

Risiko harga adalah risiko fluktuasi nilai instrumen keuangan sebagai akibat perubahan harga pasar, terlepas dari apakah perubahan tersebut disebabkan oleh faktor-faktor spesifik dari instrumen individual atau penerbitnya atau faktor-faktor yang mempengaruhi seluruh instrumen yang diperdagangkan di pasar.

Perseroan terkena dampak risiko harga yang terutama diakibatkan oleh pembelian batu bara yang merupakan komponen utama biaya produksi. Harga batu bara tersebut dipengaruhi oleh beberapa faktor, antara lain permintaan, pasokan, nilai tukar, dan cuaca. Dampak risiko harga tersebut mengakibatkan kenaikan biaya produksi. Perseroan tidak serta merta dapat mengalihkan kenaikan harga tersebut kepada pelanggannya.

37. FINANCIAL RISK MANAGEMENT (Continued)

Market risk

Market risk is the risk at fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three type of risk: interest rate risk, foreign currency risk, and price risk. Financial instruments affected by market risk included cash and cash equivalent, trade receivables, other receivables, trade payable, other payables, long-term payable, and accrued expenses.

Foreign currency risk

Foreign currency risk is a risk at fair value of future cash flows of a financial instrument fluctuates as a result of changes in foreign currency exchange rates used by the Company. Exposure of the Company against exchange rate fluctuations mainly derived from debt arise from the procurement of goods and services denominated in USD and EURO, as well as receivables from USD denominated export sales.

The current exposure risk of the foreign currency is disclosed in Notes 36.

Price risk

Price risk is the fluctuate risk of a financial instrument value as a result of changes in market prices, whether those changes are caused by specific factors from the individual instrument or its factors affecting all instruments traded in the market.

The Company are effected by price risk that is mainly due to the purchase of coal which is the main component of production costs. The price of coal is influenced by several factors, including demand, supply, exchange rates, and weather. The impact of price risk caused the increasing of production costs. The Company may not directly shift these increasing price to its customers.

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37. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

Risiko harga (lanjutan)

Kebijakan Perseroan untuk meminimalkan risiko yang berasal dari fluktuasi harga batu bara adalah antara lain dengan mengadakan kontrak pembelian yang berjangka waktu 12 bulan atau kurang dan pembelian secara bersama antara Perseroan dan kepada pemasok agar mendapatkan harga yang menguntungkan.

Risiko suku bunga atas arus kas

Risiko suku bunga atas arus kas merupakan suatu risiko dimana arus kas masa datang suatu instrumen keuangan akan berfluktuasi akibat perubahan suku bunga pasar.

Saat ini, Perseroan tidak mempunyai kebijakan formal untuk lindung nilai atas risiko suku bunga. Kebijakan yang diambil oleh manajemen dalam mengantisipasi risiko suku bunga yaitu dengan mengevaluasi secara periodik perbandingan suku bunga tetap terhadap suku bunga mengambang sejalan dengan perubahan suku bunga yang relevan di pasar. Manajemen juga melakukan survey di perbankan untuk mendapatkan perkiraan mengenai suku bunga yang relevan.

Risiko kredit

Risiko kredit adalah risiko kerugian yang dihadapi Perseroan sebagai akibat wanprestasi dari pihak ketiga. Pihak ketiga yang dimaksud yaitu distributor dan pihak lawan yang gagal memenuhi kewajiban kontraktual mereka.

37. FINANCIAL RISK MANAGEMENT (Continued)

Price risk (continued)

The Company policy to minimize risks arising from fluctuations in the price of coal is among other things entered into purchase contracts for a period of 12 months or less and a joint purchase between the Company to suppliers in order to obtain favorable prices.

Interest rate risk on cash flow

Interest rate risk on Cash flow represent a risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rate

Currently, the Company do not have a formal policy to protect for interest rate exposures. Measures taken by management in anticipation of interest rate risk is to evaluate periodically comparing fixed rates to floating interest rates in line with relevant changes in interest rates in the market. Management also conducted a survey on banks to obtain an estimate of the relevant interest rate.

Credit risk

Credit risk is the loss risk that occurs in the Company as the result of defaulted from third parties. The third parties are referred to the distributors and counter parties that fail to fulfill their contractual obligations.

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37. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

Risiko kredit (lanjutan)

Kebijakan manajemen dalam mengantisipasi risiko kredit yang timbul dari distributor adalah sebagai berikut:

1. Perseroan hanya akan melakukan hubungan usaha dengan pihak ketiga yang diakui, kredibel dan bankable.
2. Mempunyai kebijakan untuk penjualan kredit melalui prosedur verifikasi kredit.
3. Meminta kepada pihak ketiga yang akan melakukan perdagangan kredit dengan Perseroan untuk memberikan jaminan berupa deposito berjangka atau bank garansi.
4. Memberikan batasan atau plafon kepada pihak ketiga yang akan melakukan perdagangan kredit dengan Perseroan sebesar 90% dari jaminannya.
5. Melakukan pemantauan atas saldo piutang dan memaksimalkan penjualan tunai secara terus menerus untuk mengurangi risiko piutang tidak tertagih.

Perseroan meminimalkan risiko kredit aset keuangan seperti kas setara kas dengan mempertahankan saldo kas minimum dan memilih bank yang berkualitas untuk penempatan dana.

37. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

Management policies in anticipation of this credit risk arose from the distributors are as follows:

1. The Company will only conduct business relationships with third parties who are recognized, credible and bankable.
2. Have a policy for credit sales through credit verification procedures.
3. Request to third parties who will do the credit trade with the Company to provide collateral in the form of fixed assets, time deposit or bank guarantee.
4. Provide limits or plafond to a third party who will take credit trade with the Company at amount of 90% of their guarantees.
5. Monitor the amount of receivables on an ongoing basis and maximize cash sales to reduce the risk of doubtful accounts.

The Company minimize credit risks financial assets such as cash and cash equivalent by maintaining minimum cash balance and select qualified bank for the funds placement.

	2012		2011		2010		
	Belum Jatuh Tempo/Tidak Mengalami Penurunan Nilai/Not yet due/without impairment of value	Lewat Jatuh Tempo Namun Tidak Mengalami Penurunan Nilai/Over the past due without impairment of value	Belum Jatuh Tempo/Tidak Mengalami Penurunan Nilai/Not yet due/without impairment of value	Lewat Jatuh Tempo Namun Tidak Mengalami Penurunan Nilai/Over the past due without impairment of value	Belum Jatuh Tempo/Tidak Mengalami Penurunan Nilai/Not yet due/without impairment of value	Lewat Jatuh Tempo/Tidak Mengalami Penurunan Nilai/Over the past due without impairment of value	
Aset Keuangan							Financial Assets
Kas dan setara kas	498.446.901	--	400.483.403	--	269.745.734	--	Cash and cash equivalent
Kas dan setara kas yang dibatasi penggunaannya	44.500.000	--	117.500.000	--	4.500.000	--	Restricted cash and cash equivalent
Piutang usaha-bersih	311.035	8.032	428.549	19.144	12.266.878	3.661.312	Accounts receivable net
Jumlah	543.257.936	8.032	518.411.952	19.144	286.512.612	3.661.312	Total

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37. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

Risiko kredit (lanjutan)

Eksposur maksimum risiko kredit adalah sebesar nilai tercatat sebagaimana di ungkapkan pada catatan 16. Tidak ada risiko kredit yang terpusat secara signifikan.

Risiko likuiditas

Risiko likuiditas adalah suatu risiko yang dapat terjadi dimana pendapatan jangka pendek tidak dapat menutupi pengeluaran jangka pendek.

Mengingat bahwa kebutuhan dana Perseroan ini cukup signifikan sebagai akibat dari meningkatnya aktivitas pengembangan atau perluasan bisnis, maka dalam mengelola risiko likuiditas, Perseroan terus menerus memantau dan menjaga tingkat kas dan setara kas dalam jumlah tertentu agar memadai untuk membiayai kebutuhan operasional Perseroan.

Selain itu, Perseroan juga secara rutin mengevaluasi proyeksi arus kas untuk mengatasi dampak dari fluktuasi arus kas, termasuk jadwal jatuh tempo liabilitas jangka panjang dan terus menelaah kondisi pasar keuangan untuk inisiatif penempatan dan penggalangan dana yang meliputi pinjaman bank, penerbitan ekuitas pasar modal dan ekuitas utang.

Tabel berikut ini menunjukkan profil jangka waktu pembayaran liabilitas Perseroan berdasarkan pembayaran dalam kontrak.

	< 1 tahun/ < 1 year	1 - 2 tahun/ 1 - 2 years	2 - 3 tahun/ 2 - 3 years	> 3 tahun/ 3 year	Jumlah/ Total	
Utang Usaha	63.977.489	--	--	--	63.977.489	Trade Payables
Utang bank jangka pendek	2.765.620	--	--	--	2.765.620	Short term bank loan
Beban akrual	28.958.392	--	--	--	28.958.392	Accrued expenses
Utang lain-lain	3.630.928	--	--	--	3.630.928	Other payables
Liabilitas imbalan kerja jangka pendek	24.420.065	--	--	--	24.420.065	Employee benefit short term liabilities
Utang jangka panjang	14.090.469	13.500.000	13.500.000	--	41.090.469	Long-term liabilities
Jumlah	137.842.963	13.500.000	13.500.000	--	164.842.963	Total

37. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (continued)

The maximum exposure to the credit risk is represented by the carrying amount as shown in notes 16. There is no significant concentration of credit risk.

Liquidity risk

Liquidity risk is a risk that occurs when short-term revenue cannot cover short-term expenditure.

Consideration that funding requirements of the Company and its subsidiaries are currently significant as a result of increased activity of development or expansion of business, then in managing liquidity risk, the Company continue to monitor and maintain levels of adequacy of cash and cash equivalents to finance the operational needs of the Company.

In addition, the Company also regularly evaluate cash flow projections and actual cash to cope with the impact of fluctuations in cash flow, including the maturity schedule of long-term liabilities and continue to examine the condition of financial markets to placement and fund-raising initiatives, including bank loans, issuance of equity and debt securities.

The table below summarizes the maturity profile of the Company financial liabilities based on contractual payments.

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37. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

Pengelolaan modal

Tujuan utama pengelolaan modal Perseroan adalah untuk memastikan pemeliharaan rasio modal yang sehat untuk mendukung usaha dan memaksimalkan imbalan bagi pemegang saham.

Perseroan disyaratkan untuk memelihara tingkat permodalan tertentu oleh perjanjian pinjaman. Persyaratan permodalan eksternal tersebut telah dipenuhi oleh entitas terkait pada tanggal 31 Desember 2012 dan 2011. Selain itu, Perseroan juga dipersyaratkan oleh Undang-undang No. 40 Tahun 2007 tentang Perseroan Terbatas, efektif sejak tanggal 16 Agustus 2007, untuk mengalokasikan sampai dengan 20% dari modal saham diterbitkan dan dibayar penuh ke dalam dana cadangan yang tidak boleh didistribusikan. Persyaratan permodalan eksternal tersebut telah dipertimbangkan oleh Perseroan serta telah diputuskan pada Rapat Umum Pemegang Saham ("RUPS").

Perseroan mengelola struktur permodalan dan melakukan penyesuaian, bila diperlukan, berdasarkan perubahan kondisi ekonomi. Untuk memelihara dan menyesuaikan struktur permodalan, Perseroan dapat menyesuaikan pembayaran dividen kepada pemegang saham, menerbitkan saham baru atau mengusahakan pendanaan melalui pinjaman. Tidak ada perubahan atas tujuan, kebijakan maupun proses selama periode yang berakhir pada tanggal-tanggal 31 Desember 2012 dan 2011.

Perseroan mengawasi modal dengan menggunakan rasio pengungkit (gearing ratio), dengan membagi total pinjaman berdampak bunga dengan total ekuitas yang dapat diatribusikan kepada pemilik entitas induk. Kebijakan Perseroan adalah menjaga rasio pengungkit dalam kisaran dari perusahaan terkemuka di Indonesia untuk mengamankan akses terhadap pendanaan pada biaya yang rasional. Termasuk dalam total pinjaman berdampak bunga adalah pinjaman bank jangka pendek, pinjaman bank jangka panjang, pinjaman kepada Pemerintah Republik Indonesia, dan liabilitas sewa pembiayaan.

37. FINANCIAL RISK MANAGEMENT (Continued)

Capital management

The primary objective of the Company capital management is to ensure it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company are required under their respective loan agreements to maintain the level of existing share capital. This externally imposed capital requirement has been complied with by the relevant entities as of December 31, 2012 and 2011. In addition, the Company are also required by the Law No. 40 Year 2007 regarding Limited Liability Entities, effective August 16, 2007, to allocate and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirements are considered by the Company and decided at the Annual General Meeting of Shareholders ("RUPS").

The Company manage their capital structure and makes adjustments, if necessary, in line with the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes during the period ended December 31, 2012 and 2011.

The Company monitors its capital using gearing ratios, by dividing interest bearing loan to total equity attributable to equity holders of the parent entity. The Company's policy is to maintain its gearing ratio within the range of gearing ratios of the leading companies in Indonesia in order to secure access to finance at a reasonable cost. Including in interest bearing loan are short-term bank loans and long-term bank loans, loan to Government of The Republic of Indonesia, and finance lease liabilities.

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37. MANAJEMEN RISIKO KEUANGAN (Lanjutan)

Pengelolaan modal (lanjutan)

Rasio pengungkit pada tanggal 31 Desember 2012 dan 31 Desember 2011 adalah sebagai berikut:

	31 Desember/ Desember 31, 2012 (Audited)	31 Desember/ Desember 31, 2011 (Audited)
Pinjaman bank	2.765.620	--
Pinjaman dari Pemerintah Republik Indonesia	--	--
Liabilitas sewa pembiayaan	--	--
Total pinjaman yang berdampak bunga	2.765.620	--
Total ekuitas	948.869.465	716.019.407
Rasio pengungkit (x)	0,0029	--

37. FINANCIAL RISK MANAGEMENT (Continued)

Capital management (continued)

The gearing ratios as of December 31, 2012 and December 31, 2011 are as follow:

Bank loans
Loans from the Government of the Republic of Indonesia
Finance lease liabilities
Total interest bearing loans
Total equity
Gearing ratio (x)

38. PERISTIWA SETELAH TANGGAL NERACA

Perubahan Dewan Komisaris

Berdasarkan dengan keputusan Menteri BUMN No. SK-33/MBU/2013 tanggal 28 Januari 2013 tentang perubahan anggota Dewan Komisaris dengan komposisi sebagai berikut:

Dewan Komisaris

Komisaris Utama
Komisaris Independen
Komisaris Independen
Komisaris Independen
Anggota Dewan Komisaris

Ir. Benny Wachjudi, MBA
Ir. Anas Rosjidi
Ir. Darusman Mawardi
Mayjen TNI (Purn) Syahril BP Peliung
Ir. Chairiah, MBA

Perubahan Susunan Komite Audit

Berdasarkan keputusan Dewan Komisaris No. SK-02/DK-SB/II/2013 tanggal 18 Pebruari 2013, ketua komite audit baru Ir. Darusman Mawardi menggantikan Ir. Eddy Yusbar Badaruddin.

Persetujuan Privatisasi

Pada tanggal 19 Pebruari 2013 PT Semen Baturaja (Persero) telah mendapat persetujuan privatisasi dari Dewan Perwakilan Rakyat Republik Indonesia (DPR RI) melalui Surat No. PW/01916/DPR RI/II/2013, untuk melepas kepemilikan saham melalui Initial Public Offering (IPO) maksimal 35% (saham baru) termasuk kepemilikan manajemen dan karyawan (MESOP).

38. SUBSEQUENT EVENTS

The Charges of Board of Commissioners

Based on the Decision of Minister of BUMN No. SK-33/MBU/2013 dated January 28, 2013 the composition of Board of Directors are as follows:

Board of Commissioners

President Commissioner
Independent Commissioner
Independent Commissioner
Independent Commissioner
Member of Commissioner

The Charges of Board of Audit Committee

Based on Board of Commissioners Decision No. SK-02/DK-SB/II/2013 dated Pebruary 18, 2013, the new chairman of audit committee are Ir. Darusman Mawardi replacing Ir. Eddy Yusbar Badaruddin.

The Approval of Privatization

On Pebruary 19, 2013, PT Semen Baturaja (Persero) has received the approval of privatization from House of Representatives of the Republic of Indonesia by the letter No. PW/01916/DPR RI/II/2013, to give the share ownerships through Initial Public Offering (IPO) for a maximum of 35% included the ownerships of the management and the employees (MESOP).

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**38. PERISTIWA SETELAH TANGGAL NERACA
(Lanjutan)**

Peningkatan Modal Perseroan

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa Perseroan yang diaktakan dengan akta No. 21 tanggal 14 Maret 2013, notaris Fathiah Helmi, S.H., memutuskan hal-hal sebagai berikut:

1. Peningkatan Modal Dasar Perseroan dari semula sejumlah sebesar Rp 2.560.000.000.000 (dua triliun lima ratus enam puluh miliar Rupiah) menjadi sebesar Rp 3.000.000.000.000 (tiga triliun Rupiah),
2. Pengeluaran saham baru yang diambil bagian oleh Pemerintah Republik Indonesia dan peningkatan modal ditempatkan dan disetor penuh dari semula sebesar Rp 640.000.000.000 (enam ratus empat puluh miliar Rupiah) menjadi sebesar Rp 750.000.000.000 (tujuh ratus lima puluh miliar Rupiah) yang bersumber dari kapitalisasi cadangan umum sebesar Rp 110.000.000.000 (seratus sepuluh miliar Rupiah),
3. Perubahan jenis saham dari saham tanpa seri menjadi saham seri A Dwiwarna sebanyak 1 (satu) saham dan saham seri B,
4. Perubahan nilai nominal saham dari semula sebesar Rp 1.000.000 satu juta Rupiah) per saham menjadi Rp 100 (seratus Rupiah) per saham,
5. Perubahan status Perseroan dari Perseroan Tertutup menjadi Perseroan Terbuka atau disingkat "Tbk", yang berlaku efektif setelah diumumkannya Peraturan Pemerintah tentang Perubahan Struktur Kepemilikan Saham melalui penerbitan dan Penjualan Saham Baru pada Perseroan.

Peningkatan modal dasar Perseroan telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia No. AHU-13747.AH.01.02 tanggal 18 Maret 2013 serta telah didaftarkan dalam daftar perseroan dengan No. AHU-0023614.AHA.01.09 tanggal 18 Maret 2013.

38. SUBSEQUENT EVENTS (Continued)

The Increasing of Company's Share Capital

Based on the the Extraordinary General Meeting of Shareholders that covered by notarial deed Fathiah Helmi, S.H, No. 21 dated March 14, 2013, has approved several items are as follows:

1. The increasing of authorized share capital of the Company was originally amounting Rp 2,560,000,000,000 (two trillion five hundred and sixty billion Rupiahs) to Rp 3,000,000,000,000 (three trillion Rupiahs),
2. The issuance of the new share which had been taken part with the Government of the Republic of Indonesia and the increasing of issued and fully paid share capital was originally amounting Rp 640,000,000,000 (six hundred and forty billion Rupiahs) to Rp 750,000,000,000 (seven hundred and fifty billion Rupiahs) which derived from the capitalization of retained earnings amounting Rp 110,000,000,000 (one hundred and ten billion Rupiahs),
3. The changes of type of share from no-series share to Dwiwarna Series A of 1 (one) and Series B of shares.
4. The changes of par value of share was originally amounting Rp 1,000,000 (one million Rupiahs) per shares to Rp 100 (one hundreds Rupiahs) per shares,
5. The changes of the Company status from Closed Company to Opened Company or abbreviated "Tbk", which effectively in force since the announcement of Government Regulation regarding the Changes of Share Ownerships Structure through the issuance and the sales of the new share to the Company.

The increasing in the Company's authorized share capital was approved by the Minister of Law and Human Rights No. AHU-13747.AH.01.02 dated March 18, 2013 and has been registered on the company registered No. AHU-0023614.AHA.01.09 dated March 18, 2013.

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39. INFORMASI PENTING LAINNYA

Rencana Perseroan Untuk Initial Public Offering

Pada tanggal 16 Pebruari 2011, melalui surat No. S-68/MBU/2011 dan No.S-69/MBU/2011 mengenai Tambahan Program Tahunan Privatisasi (PTO) 2012 dengan Rencana *Initial Public Offering* (IPO) PT Semen Baturaja (Persero), Menteri Negara BUMN menyampaikan usulan kepada Menteri Keuangan dan Menteri Koordinator Bidang Perekonomian mengenai rencana (IPO) PT Semen Baturaja (Persero) sebesar maksimal 35% melalui penerbitan saham baru. Rencana tersebut terutama adalah untuk memperkuat struktur permodalan dalam rangka ekspansi usaha, khususnya pembangunan pabrik baru dengan kapasitas 1,5 juta ton per tahun.

Pada tanggal 23 Maret 2011, melalui surat No. S-142/MK.06/2011 mengenai Privatisasi Tahun 2011, Menteri Keuangan menyampaikan bahwa secara prinsip menyetujui pelaksanaan privatisasi PT Semen Baturaja (Persero), namun terlebih dahulu harus diselesaikan permasalahan mengenai kewajiban utang Rekening Dana investasi (RDI) sebesar Rp 68,65 Miliar dan status tanah pabrik semen yang dimiliki oleh PT Kereta Api Indonesia (Persero) dan PT Pelindo (Persero).

Selanjutnya melalui surat No. S-78/M.EKON/05/2011 tanggal 13 Mei 2011 mengenai Privatisasi PT Semen Baturaja (Persero), Menteri Koordinator Bidang Perekonomian selaku Ketua Komite Privatisasi menyampaikan bahwa privatisasi PT Semen Baturaja (Persero) hanya dapat dilaksanakan setelah permasalahan kewajiban utang RDI sebesar Rp 68,65 juta dan kepemilikan lahan pabrik di Palembang dan Lampung diselesaikan terlebih dahulu.

Pada tanggal 31 Januari 2012, melalui surat No. S-69/MK.06/2012 mengenai Rekomendasi Program Tahunan Privatisasi Tahun 2012, Menteri Keuangan menegaskan kembali bahwa usulan privatisasi PT Semen Baturaja (Persero) telah disetujui melalui surat No. S-142/MK.06/2011 tanggal 23 Maret 2011.

39. OTHERS SIGNIFICANT INFORMATION

Companies plan for Initial Public Offering

On February 16, 2011, by letter No. S-68/MBU/2011 and No. S-69/MBU/2011 regarding the Addition of Annual Program of Privatization (PTO) in 2012 with the Proposed of Initial Public Offering (IPO) of PT Semen Baturaja (Persero), Minister for State Enterprises submit proposals to the Minister of Finance and Coordinating Minister for Economic Affairs for the plan (IPO) of PT Semen Baturaja (Persero) for a maximum of 35% through the issuance of new shares. The plan is primarily to strengthen the capital structure in the context of business expansion, particularly the construction of new plants with a capacity of 1.5 million tons per year.

On March 23, 2011, by letter No. S-142/MK.06/2011 about privatization in 2011, the Finance Minister said that in principle approved the privatization of PT Semen Baturaja (Persero), but firstly it should be settled on the issue of debt obligations of an investment fund account (RDI) of Rp 68.65 billion and the status of the soil cement plants owned by PT Kereta Api Indonesia (Persero) and PT Pelindo (Persero).

Subsequently by letter dated May 13, 2011 No. S-78/M.EKON/05/2011 about the privatization of PT Semen Baturaja (Persero), Coordinating Minister for Economic Affairs as Head of the Privatization Commission said that the privatization of PT Semen Baturaja (Persero) can only be implemented after RDI issue debt obligations amounting to Rp 68.65 million and ownership of land plants in Palembang and Lampung completed first.

On January 31, 2012, by letter No. S-69/MK.06/2012 the Annual Program of Privatization Recommendations In 2012, the Minister of Finance reiterated that the proposed privatization of PT Semen Baturaja (Persero) was approved by letter No. S-142/MK.06/2011 dated March 23, 2011.

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39. INFORMASI PENTING LAINNYA (Lanjutan)

Rencana Perseroan Untuk Initial Public Offering (lanjutan)

Sebagai jawaban atas surat dari Direksi PT Semen Baturaja (Persero) No. KU.01.02/0124/2012 tanggal 24 Februari 2012 tentang Pembentukan Tim Privatisasi PT Semen Baturaja (Persero), melalui surat dari Deputi Bidang Restrukturisasi dan Perencanaan Strategis BUMN No. S-54/D5.MBU/2012 tanggal 12 Maret 2012 tentang Tim Privatisasi PT Semen Baturaja (Persero), telah disampaikan nama-nama pegawai Kementerian BUMN dan Kementerian Keuangan untuk dimasukkan ke dalam susunan Tim Privatisasi PT Semen Baturaja (Persero).

Selanjutnya pada tanggal 20 Maret 2012, Tim Privatisasi PT Semen Baturaja (Persero) telah terbentuk melalui Surat Keputusan Direksi PT Semen Baturaja (Persero) No. PH.01.04/046/2012 tentang Tim Privatisasi PT Semen Baturaja (Persero) Dalam Rangka Persiapan dan Pelaksanaan Privatisasi PT Semen Baturaja (Persero) Dengan Metode Initial Public Offering (IPO).

Pada tanggal 26 Maret 2012, bertempat di Kantor Kementerian BUMN Lt. 21, telah dilaksanakan Kick Off Meeting Tim Privatisasi PT Semen Baturaja (Persero).

Berdasarkan arahan dari Menteri Negara BUMN dan hasil rapat Koordinasi Tim Privatisasi PT Semen Baturaja (Persero) bersama Lembaga/Profesi Penunjang yang telah ditunjuk, rencana pelaksanaan IPO PT Semen Baturaja (Persero) akan dilakukan pada semester kedua pada tahun 2012.

Saat ini Tim Privatisasi PT Semen Baturaja (Persero) masih dalam proses persiapan pelaksanaan IPO bekerjasama dengan Lembaga/Profesi Penunjang yang telah ditunjuk.

Rencana privatisasi PT Semen Baturaja (Persero) telah dimasukkan dalam Rencana Jangka Panjang Perusahaan (RJPP) melalui Risalah RUPS PT Semen Baturaja (Persero) No. Ris-19/D2.MBU/2012 tanggal 20 Januari 2012 tentang Pengesahan Rencana Jangka Panjang Perusahaan (RJPP) Tahun 2012 – 2016.

39. OTHERS SIGNIFICANT INFORMATION (Continued)

Companies plan for Initial Public Offering (continued)

In response to a letter from the Board of Directors of PT Semen Baturaja (Persero) No. KU.01.02/0124/2012 dated February 24, 2012 on the Formation of the privatization of PT Semen Baturaja (Persero), by letter from the Deputy Minister of Planning and Strategic Restructuring of BUMN No. S-54/D5.MBU/2012 dated March 12, 2012 on privatization team of PT Semen Baturaja (Persero), has submitted the names of employees Ministry of Enterprise and the Ministry of Finance for inclusion in the composition of PT Semen Baturaja (Persero) Privatization Team.

Furthermore, on March 20, 2012, PT Semen Baturaja (Persero) Privatization Team (Corporation) has been established through Decree of the Board of PT Semen Baturaja (Persero) No. PH.01.04/046/2012 about Privatization Team of PT Semen Baturaja (Persero) in the framework of preparation and execution of privatization of PT Semen Baturaja (Persero) The Method of Initial Public Offering (IPO).

On March 26, 2012, located in the Office of the Ministry of Enterprise 21st floor, Kick Off Meeting was held PT Semen Baturaja (Persero) Privatization Team.

Based on the instruction of the Minister for State Enterprises and the meeting result of Privatization Team meeting of PT Semen Baturaja (Persero) together with the Institute/Appointed Supporting Professionals, the implementation plans IPO of PT Semen Baturaja (Persero) will be conducted in the second semester in 2012.

Currently, Privatization Team of PT Semen Baturaja (Persero) is still in the process of preparation of conducting the IPO in collaboration with the Institute/Appointed Supporting Professionals.

The privatization plan of PT Semen Baturaja (Persero) has been included in the Company's Long Term Plan (RJPP) through PT Semen Baturaja (Persero) AGM Minutes No. Ris-19/D2.MBU/2012 dated January 20, 2012 on the Ratification of Long-Term Corporate Plan (RJPP) Year 2012 - 2016.

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39. INFORMASI PENTING LAINNYA (Lanjutan)

Rencana Perseroan Untuk Initial Public Offering (lanjutan)

Pada tanggal 19 Pebruari 2013 PT Semen Baturaja (Persero) telah mendapat persetujuan privatisasi dari Dewan Perwakilan Rakyat Republik Indonesia (DPR RI) melalui Surat No. PW/01916/DPR RI/II/2013.

Proyek Cement Mill

Progres proyek secara keseluruhan mencapai 90% dari rencana 100%. Progres kegiatan Proyek *Cement Mill* ini terdiri dari persiapan, manajemen, engineering, pengadaan, konstruksi dan komisioning. Untuk pekerjaan persiapan dan engineering telah mencapai 100% dari rencana, sedangkan untuk pekerjaan Manajemen, Pengadaan dan Konstruksi yang segera harus diselesaikan antara lain: pemasangan struktur baja dan mekanikal, *engineering* listrik, instrumen dan kontrol Paket A & B dari vendor. Diperkirakan proyek ini akan dapat diselesaikan tepat waktu pada Juni 2013 (Catatan 9).

Pabrik Baru

Sebagaimana yang telah diungkapkan dalam Rencana Jangka Panjang Perusahaan (RJPP) Tahun 2012 - 2016, Perseroan merencanakan untuk meningkatkan kapasitas produksi semen dengan membangun Pabrik Baru dengan kapasitas 1,5 (satu setengah) juta ton semen per tahun. Diharapkan Pabrik tersebut selesai dan dapat berproduksi secara komersil pada awal tahun 2016, sehingga total kapasitas produksi semen baturaja tahun 2016 menjadi 3,5 (tiga setengah) juta ton semen per tahun.

40. TRANSAKSI NON KAS

Pada tahun 2012, 2011 dan 2010, transaksi non kas Perseroan merupakan reklasifikasi uang muka proyek *cement mill* masing-masing sebesar Rp 17.767.442, Rp 3.397.008 dan Nihil.

39. OTHERS SIGNIFICANT INFORMATION (Continued)

Companies plan for Initial Public Offering (continued)

On February 19, 2013, PT Semen Baturaja (Persero) has received the approval privatization from House of Representatives of the Republic of Indonesia by letter No. PW/01916/DPR RI/II/2013.

Cement Mill Project

The entire project progress has reached 90% from 100% of planning. The progress activity consist of preparation, management, engineering, procurement, construction and commissioning. The preparation activity has already reached 100% from it's plan, while for the activity of Management, procurement and construction should be immediate accomplished, among others : the installation of steel structure and mechanical, electricity engineering, instrument and control of package A & B from vendor. It is estimated the project can be accomplished at June of 2013 (Notes 9).

New Plants

As figured in company long term program on 2012-2016, the company has planned to increase the cement production capacity with develop new plant with capacity approximately 1.5 (one point five) million ton cement per year. It is expected the new plant will ready and can be commercial production at the beginning of 2016, therefore the total of production capacity Semen Baturaja will become 3.5 (three point five) million ton cement per year on 2016.

40. NON-CASH TRANSACTIONS

In the year of 2012, 2011 and 2010, the Company's non-cash transactions represent reclasification for advance payment of cement mill project amounting Rp 17,767,442, Rp 3,397,008 and Nil respectively.

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41. INFORMASI SEGMENT

Tabel berikut menunjukkan distribusi dari aset konsolidasian, pengeluaran modal dan pendapatan Perseroan dan entitas anak berdasarkan segmen geografis:

41. SEGMENT INFORMATION

The following table shows the distribution of the Company's and its subsidiaries' consolidated assets, capital expenditures and revenue by geographical segment:

	2012	2011	2010	
Aset				Assets
Jakarta	431.690	349.211	451.173	Java
Sumatera Selatan	512.554.116	348.436.324	348.412.028	South Sumatera
Lampung	5.021.798	4.757.606	4.180.056	Lampung
	<u>518.007.604</u>	<u>353.543.141</u>	<u>353.043.257</u>	
Pendapatan				Revenue
Pasar Basis				Basis Market
Sumatera Selatan	646.226.659	615.411.641	523.116.617	South Sumatera
Lampung	400.859.617	374.857.484	279.733.657	Lampung
	<u>1.047.086.276</u>	<u>990.269.125</u>	<u>802.850.274</u>	
Pasar Non Basis				Non-Basis Market
Jambi	7.527.468	14.646.482	31.271.660	Jambi
Bengkulu	43.066.242	44.042.966	45.739.041	Bengkulu
Banten	--	1.318.477	5.879.319	Banten
	<u>50.593.710</u>	<u>60.007.925</u>	<u>82.890.020</u>	
Total Penjualan	<u>1.097.679.986</u>	<u>1.050.277.050</u>	<u>885.740.294</u>	Total Revenue

42. PENYELESAIAN LAPORAN KEUANGAN

Manajemen Perseroan bertanggung jawab atas penyusunan laporan keuangan ini yang diselesaikan pada tanggal 20 Pebruari 2013.

42. COMPLETION OF FINANCIAL STATEMENTS

The Management of the Company is responsible for the preparation of these financial statements which were completed on February 20, 2013.

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43. PENERBITAN KEMBALI LAPORAN KEUANGAN

Sehubungan dengan rencana Perseroan melakukan Penawaran Umum Saham Perdana Tahun 2013, Perseroan telah menerbitkan kembali laporan keuangannya per 31 Desember 2012, 2011 dan 2010.

Penerbitan kembali laporan terkait dengan hal-hal sebagai berikut:

1. Laporan Posisi Keuangan
2. Laporan Arus Kas
3. Laporan Laba Rugi Komprehensif
4. Catatan 5 Kas dan setara kas yang dibatasi penggunaannya yang jatuh dalam waktu setahun
5. Catatan 8 Aset Lancar Lainnya
6. Catatan 10 Aset takberwujud
7. Catatan 11 Aset tidak lancar lainnya
8. Catatan 13 Utang bank jangka pendek-pihak berelasi
9. Catatan 21 Utang kepada pihak berelasi
10. Catatan 24 Tambahan modal disetor
11. Catatan 26 Penjualan
12. Catatan 33 Laba per saham
13. Catatan 35 Perikatan yang signifikan
14. Catatan 37 Manajemen risiko keuangan
15. Catatan 38 Peristiwa setelah tanggal neraca
16. Catatan 40 Transaksi nonkas
17. Catatan 41 Informasi segmen

43. REISSUED OF FINANCIAL STATEMENTS

Related with the Company's plan to conduct Initial Public Offering (IPO) for the year of 2013, the Company has reissued its financial statements as of December 31, 2012, 2011 and 2010.

The financial statements reissued are related with several items which are as follows:

1. Statements of financial position
2. Statement of cash flow
3. Statement of Comprehensive Income
4. Note 5 Restricted cash & cash equivalents current maturity
5. Note 8 Other current assets
6. Note 10 Intangible assets
7. Note 11 Other non-current assets
8. Note 13 Short term bank loan - related parties
9. Note 21 Due to related party
10. Note 24 Additional paid in capital
11. Note 26 Sales
12. Note 33 Earning per share
13. Note 35 Significant commitments
14. Note 37 Financial risk management
15. Note 38 Subsequent events
16. Note 40 Non-cash transactions
17. Note 41 Segmen information

XVIII. INDEPENDENT APPRAISAL REPORT

The following is the Independent Appraisal Report on the fixed assets of the Company as of 31 December 2012 as rendered by KJPP Antonius Setiady dan Rekan.

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KJPP Antonius Setiady dan Rekan
Formerly known as PT. Ujatek Baru
No. Ijin Usaha : 2.09.0029
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Jl. Johar No. 18, Menteng, Jakarta 10340
Operating Office :
Wisma Ujatek Baru
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Indonesia, Italy, Mexico, The Netherlands, New Zealand,
Poland, Portugal, Singapore, Spain, St. Maarten, Sweden,
Thailand, United Kingdom, and USA.

May 8, 2013

No. KJPP ASR 244-Eng/MP.091/V/2013

THE BOARD OF DIRECTOR
PT SEMEN BATURAJA (PERSERO)
Jl. Abikusno Cokrosuyoso Kertapati
Palembang

Dear Sirs,

In compliance with your request, we as an Public Valuer with Business License for Appraisal Services No. 380/KM.1/2009 dated April 13, 2009 issued by the Minister of Finance, and as an Independent Valuer with Registration No. S-783/BL/2010 dated January 28, 2010 issued by the Executive Capital Market Agency (BAPEPAM), have made a physical inspection and conducted a valuation on certain properties exhibited to us as owned by / under the control of:

PT SEMEN BATURAJA (PERSERO)

This valuation is in accordance with the terms and conditions stipulated in our agreement, between PT Semen Baturaja (Persero) and KJPP Antonius Setiady & Partners file KJPP ASR-075/PR.043/II/2013, dated February 18, 2013, for the purpose of expressing an opinion of the **Market Value** of the properties as of **December 31, 2012**.

We understand that the purpose of this appraisal is to determine the “**Market Value**” of the properties used for **Initial Public Offering (IPO)**.

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

VALUATION METHODOLOGY

In the valuation of land, vehicles and furniture, fixtures and office equipment we use the "Market Data Approach" on the basis of :

The appraisal of the property has been made using the "Market Data Approach". In this approach the value of the property is based on sales and listings of comparable property. The technique of this approach requires the establishing of comparable properties by reducing reasonable comparative sales and listings to a common denominator, and by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. Our comparison was premised on the factors of characteristics, and usage.

In the valuation of the buildings, other land improvements and machinery and equipment the appraisal has been made using the "Cost Approach" on the basis of :

Cost of replacement new in accordance with current market prices for material, labor, supervision, contractor's overhead, and profit and fees, architect and engineering fees, inclusive of all relevant charges such as freight, insurance, handling, import duty, value added tax, and installation, if any, but without provision for overtime or bonuses for labor and premiums for materials;

Accrued depreciation as evidenced by the observed condition and present and prospective serviceability in comparison with new units of like kind.

Depreciation was considered for physical deterioration, functional obsolescence and economic obsolescence, which are described below;

- Physical Deterioration
Wear and tear, decay, dry-rot, cracks, encrustations or structural defects.
Consideration given to age and observed physical condition.
- Functional Obsolescence
Poor plan, functional inadequacy or over adequacy due to size, style, or otherwise.
- Economic Obsolescence
Caused by factors external to the property such as neighborhood infiltration of inharmonious people or property uses, changes in legislation or zoning, and the city planning.

Extent, character and utility of the property.

We conducted a physical inspection of the properties under appraisal, from **February 28, 2013 through March 1, 2013**. We also investigated local market conditions, and city planning regulations concerning the zoning of the land which has a significant influence on our valuation.

The results of the appraisal are presented by us in detail in our appraisal report **file No. KJPP ASR-2013-023 A1 r until A3 r, B r, C1 r, C2 r and D r**.

In this valuation we have adopted the Indonesian Valuation Standard (SPI 2007) and the Indonesian Valuer's Code of Ethics (KEPI).

CONCLUSION

Based on the results of our analysis and investigation, and other factors relevant to this valuation, we summarize hereunder our findings:

1. Jl. Abikusno Cokrosuyono, Kertapati, Palembang, South Sumatra

	Replacement Cost New	Market Value
- BUILDINGS	Rp 111.015.884.000	Rp 42.301.665.000
- OTHER LAND IMPROVEMENTS	Rp 16.750.864.000	Rp 6.030.311.000
- MACHINERY AND EQUIPMENT	Rp 411.349.580.000	Rp 180.175.680.000
- FURNITURE, FIXTURES AND OFFICE EQUIPMENT	Rp 3.818.396.000	Rp 1.968.215.000
- VEHICLES	Rp 402.000.000	Rp 395.000.000
TOTAL :	Rp 543.336.724.000,-	Rp 230.870.871.000,-

2. Jl. AKBP Cek Agus No. 16. Kel. 8 Ilir, Kec. Ilir Timur II, Palembang, South Sumatra

	Replacement Cost New	Market Value
- LAND	Rp 32.144.800.000	Rp 32.144.800.000
- BUILDINGS	Rp 7.261.705.000	Rp 4.828.626.000
- OTHER LAND IMPROVEMENTS	Rp 1.425.394.000	Rp 875.192.000
- FURNITURE, FIXTURES AND OFFICE EQUIPMENT	Rp 588.022.000	Rp 234.313.000
TOTAL :	Rp 41.419.921.000,-	Rp 38.082.931.000,-

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**3. Jl. Bukit Kenten No. 14, 15 dan 16,
Ilir Timur II, Palembang, South Sumatra**

	Replacement Cost New	Market Value
- LAND	Rp 24.640.000.000	Rp 24.640.000.000
- BUILDINGS	Rp 5.068.659.000	Rp 2.885.508.000
- OTHER LAND IMPROVEMENTS	Rp 558.234.000	Rp 342.756.000
TOTAL :	Rp 30.266.893.000,-	Rp 27.868.264.000,-

**4. Jl. Raya Tiga Gajah, Desa Air Gading,
Desa Sukajadi, Desa Talang Jawa, Desa Puser,
Desa Tanjung Agung, Dan Desa Batu Kuning,
Kec. Baturaja Timur Dan Baturaja Barat,
Kab. Ogan Komering Ulu, South Sumatra**

	Replacement Cost New	Market Value
- LAND	Rp 508.247.000.000	Rp 508.247.000.000
- BUILDINGS	Rp 290.511.903.000	Rp 138.452.894.000
- OTHER LAND IMPROVEMENTS	Rp 39.374.896.000	Rp 14.214.337.000
- MACHINERY AND EQUIPMENT	Rp 1.872.740.520.000	Rp 688.518.570.000
- FURNITURE, FIXTURES AND OFFICE EQUIPMENT	Rp 5.626.592.000	Rp 3.102.048.000
- VEHICLES	Rp 1.733.150.000	Rp 1.624.100.000
TOTAL :	Rp 2.718.234.061.000,-	Rp 1.354.158.949.000,-

**5. Jl. Yos Sudarso Km. 7, Panjang,
Bandar Lampung**

	Replacement Cost New	Market Value
- BUILDINGS	Rp 60.703.266.000,-	Rp 25.717.537.000,-
- OTHER LAND IMPROVEMENTS	Rp 10.075.756.000,-	Rp 3.793.522.000,-
- MACHINERY AND EQUIPMENT	Rp 423.882.040.000,-	Rp 180.648.190.000,-
- FURNITURE, FIXTURES AND OFFICE EQUIPMENT	Rp 1.041.746.000,-	Rp 450.505.000,-
- VEHICLES	Rp 226.100.000,-	Rp 226.100.000,-
TOTAL :	Rp 495.928.908.000,-	Rp 210.835.854.000,-

**6. Jl. Gatot Subroto No. 70, Kel. Gruntang,
Kec. Teluk Betung Selatan, Kota Bandar Lampung,
Province of Lampung**

	Replacement Cost New	Market Value
- LAND	Rp 9.700.600.000,-	Rp 9.700.600.000,-
- BUILDINGS	Rp 5.257.126.000,-	Rp 2.298.187.000,-
- OTHER LAND IMPROVEMENTS	Rp 362.765.000,-	Rp 135.057.000,-
- FURNITURE, FIXTURES AND OFFICE EQUIPMENT	Rp 171.104.000,-	Rp 66.882.000,-
TOTAL :	Rp 15.491.595.000,-	Rp 12.200.726.000,-

**7. Komplek Perumahan Jatinegara Baru,
Jl. Taman Asri III No. 14 & 16, Kel. Penggilingan,
Kec. Cakung, East Jakarta**

	Replacement Cost New	Market Value
- LAND	Rp 1.824.000.000,-	Rp 1.824.000.000,-
- BUILDINGS	Rp 1.498.201.000,-	Rp 838.993.000,-
- OTHER LAND IMPROVEMENTS	Rp 22.143.000,-	Rp 10.961.000,-
- FURNITURE, FIXTURES AND OFFICE EQUIPMENT	Rp 183.571.000,-	Rp 90.661.000,-
TOTAL :	Rp 3.527.915.000,-	Rp 2.764.615.000,-
GRAND TOTAL :	Rp 3.848.206.017.000,-	Rp 1.876.782.210.000,-



THEREFORE, it is our considered opinion that **RUPIAHS ONE TRILLION EIGHT HUNDRED AND SEVENTY SIX BILLION SEVEN HUNDRED AND EIGHTY TWO MILLION TWO HUNDRED AND TEN THOUSAND (Rp 1.876.782.210.000,-)** represents the market value of the property as of December 31, 2012 for continued use as part of a going concern, subject to the Assumptions and Limiting Conditions contained herein.

Note : For the valuation of imported machinery and equipment we used the exchange rate of Rp 9.670,- per US Dollar.

In the valuation of the property, we have assumed that the certificate of the property is good, marketable and free from liens and encumbrances.

We have made no investigation of and assume no responsibility for titles to or liabilities against the property appraised because we understand that these matters have been handled by the Legal Consultant and Independent Auditors appointed by PT Semen Baturaja (Persero).

WE HEREBY CERTIFY that we have neither present nor prospective interest in the property appraised or in the value reported and that the value who conducted the valuation is independent.

Hormat kami,
KJPP ANTONIUS SETIADY & REKAN

Ir. ANTONIUS SETIADY, SCV, MAPPI (Cert).

Managing Partner

Property and Business Valuer

Valuer's License of Minister of Fin. No. : PB-1.08.00008

MAPPI No. : 81-S-00002

Registered Valuer at BAPEPAM : 04/PM.STTD-P/AB/2006

AS/ARP

XIX. ARTICLES OF ASSOCIATION

The Articles of Association of the Company as contained here constitutes the final Articles of Association of the Company pursuant to the Extraordinary General Meeting of Shareholders of the Perusahaan Perseroan (Persero) PT Semen Baturaja No. 21 dated 14 March 2013, drawn up before Fathiah Helmi, SH, Notary in Jakarta.

The Articles of Association presented in the Prospectus constitutes the final Articles of Association, which has acquired the approval of Menkumham in accordance with the Letter of Decision No. AHU-13747.AH.01.02 Tahun 2013 dated 18 March 2013 and registered with the Company Registry No. AHU-0023614.AHA.01.09 Tahun 2013 dated 18 March 2013.

The Articles of Association of the Company has been in accordance with the Regulation of Bapepam and LK No. IX.J.1 pertaining to Principles of Articles of Association of the Company Conducting Equity Public Offering and Public Companies, Attachment to Decision of Chairman of Bapepam and LK Number Kep-179/BL/2008 dated 14 May 2008 as well as UUPT.

NAME AND PLACE OF DOMICILE

Article 1

1. This Limited Liability Company is called **PERUSAHAAN PERSEROAN (PERSERO) PT SEMEN BATURAJA Tbk** or abbreviated as **PT SEMEN BATURAJA (PERSERO) Tbk** which hereinafter in these Articles of Association shall sufficiently be referred to as the “**Company**”, having its place of domicile and office in Palembang.
2. The Company may open branch offices and/or representative offices, whether within or outside the territory of the Republic of Indonesia as determined by the Board of Directors with the approval of the Board of Commissioners.

DURATION OF THE COMPANY

Article 2

This Company was established on 14-11-1974 (fourteen November one thousand nine hundred seventy four) and it has acquired the status of legal entity on 22-11-1974 (twenty two November one thousand nine hundred seventy four), and it is established for an unlimited period.

PURPOSES AND OBJECTIVES AS WELL AS BUSINESS ACTIVITIES

Article 3

1. The purposes and objectives of the Company are to engage in business in cement and other basic chemical industry sector as well as in optimizing the utilization of the Company's resources to produce high quality and competitive goods and/or services, as well as to gain profit in order to increase the value of the Company by applying the principles of Limited Liability.
2. To achieve the abovementioned purposes and objectives, the Company may undertake the following primary business activities:
 - a. Production:
 - To mine or excavate and/or process certain raw materials to become main materials needed in production of cement or other production;
 - To process the main materials into various kinds of cement (Portland cement, white cement and others) or other products as well as to process various kinds of cement or other products into more useful finished goods;
 - b. Provision of Services:

To provide services for cement industry and basic chemical industry, such as, among others: Research study, engineering development, and/or construction engineering design, management, factory operation, warehousing and repair service transportation, factory equipment maintenance, technical tools and services in cement industry and other basic chemical industry sector.

- c. Trading;
To operate marketing and distribution activities of various kinds of cement as well as other production goods or other goods using cement as main materials in certain ways as well as to conduct trading activities within the country or offshore;
 - d. Waste Management:
To carry out hazardous waste (*limbah berbahaya dan beracun* (B3)) management activity for supporting raw materials and/or fuel in the process of production of cement.
3. Aside from the main business activities as stated in paragraph 2, the Company may conduct supporting business activities in the event of optimizing the utilization of its resources for:
- a. Management of B3 waste and other waste from other than the process of production of cement;
 - b. Management of company's assets for businesses such as: plantation, housing, rental service, hospitality, industrial area, facilities and infrastructures controlled and owned by the Company.

CAPITAL

Article 4

1. The authorized capital of the Company is determined at the amount of Rp3,000,000,000,000.00 (three trillion Rupiah) divided into 30,000,000,000 (thirty billion) shares, consisting of:
 - a. 1 (one) A Series Dwiwarna Share, with nominal value amounting to Rp100.00 (one hundred Rupiah) or a total nominal value amounting to Rp100.00 (one hundred Rupiah);
 - b. 29,999,999,999 (twenty nine billion nine hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine) B Series Shares, each having nominal value amounting to Rp100.00 (one hundred Rupiah) or a total nominal value amounting to Rp2,999,999,999,900.00 (two trillion nine hundred ninety nine billion nine hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine Rupiah).
2. From the said capital amounting to 7,500,000,000 (seven billion five hundred million) shares or a total nominal value amounting to Rp750,000,000,000.00 (seven hundred fifty billion Rupiah) have been subscribed to and paid up, which consist of:
 - a. 1 (one) A Series Dwiwarna Share, with nominal value amounting to Rp100.00 (one hundred Rupiah) or a total nominal value amounting to Rp100.00 (one hundred Rupiah);
 - b. 7,499,999,999 (seven billion four hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine) B Series Shares, each having nominal value amounting to Rp100.00 (one hundred Rupiah) or a total nominal value amounting to Rp749,999,999,900.00 (seven hundred forty nine billion nine hundred ninety nine million nine hundred ninety nine thousand nine hundred ninety nine Rupiah); which have been paid up by the Republic of Indonesia, all of which have been subscribed to and the details and total nominal value of shares are mentioned at the end of this deed.
3. 100% (one hundred percent) of the total nominal value of each share abovementioned that has been subscribed to, or a total amount of Rp750,000,000,000.00 (seven hundred fifty billion Rupiah) have been paid up by the Republic of Indonesia (Shareholder) by way of the following:
 - i. Amounting to Rp 640,000,000,000.00 (six hundred forty billion Rupiah) constitutes a previous deposit with the following details:
 - a. Amounting to Rp60,414,000,000.00 (sixty billion four hundred fourteen million Rupiah) constitutes a previous deposit, as stated in deed number:2 dated 11-03-2011 (eleven March two thousand eleven) drawn up before Notary Rumonda Kesuma Lubis, Sarjana Hukum, Notary in Bekasi, which has acquired the approval of the Minister of Laws and Human Rights of Republic of Indonesia dated 10-05-2011 (ten May two thousand eleven) Number: AHU23569.AH.01.02.Tahun 2011;
 - b. Amounting to Rp579,586,000,000.00 (five hundred seventy nine billion five hundred eighty six thousand Rupiah), originated from:
 1. Amounting to Rp579,585,020,567.92 (five hundred seventy nine billion five hundred eighty five million twenty thousand five hundred sixty seven Rupiah and ninety two cents) constitutes capitalization of retained earning balance up to 31-12-2011 (thirty one December two thousand eleven) based on Financial Statements of Financial Year of 31-12-2011 (thirty one December two thousand eleven) Number: R.1.1/014/03/12, dated 15-03-2012 (fifteen March two thousand twelve) which has been audited by Certified Public Accountants Office of Doli, Bambang, Sudarmadji & Dadang.

2. Amounting to Rp979.432,08 (nine hundred seventy nine thousand Rupiah and eight cents) constitute Capitalization of Government Capital Investment Reserve as stated in the Financial Statements of the Company ended on 31-12-1986 (thirty one December one thousand nine hundred eighty six) dan 1985 (one thousand nine hundred eighty five) which has been audited by the Financial and Development Supervisory Agency Representative of Sumatra Selatan Province, in accordance with accountant's report Number: Lap.02195/PW.06/87 dated 19-05-1987 (nineteen May one thousand nine hundred eighty seven) dan the financial statements of the Company ended on 31-12-1987 (thirty one December one thousand nine hundred eighty seven) and 1986 (one thousand nine hundred eighty six), which has been audited by the Financial and Development Supervisory Agency Representative of Sumatra Selatan Province, in accordance with accountant's report Number: Lap.01396/PW.06/88 dated 31-03-1988 (thirty one March one thousand nine hundred eighty eight), thereafter the abovementioned Government Capital Investment Reserve as stated in Financial Statements of Financial Year 31-12-2011 (thirty one December two thousand eleven) Number: R.1.1/014/03/12 dated 15-03-2012 (fifteen March two thousand twelve) which has been audited by Certified Public Accountants Office of Doli, Bambang, Sudarmadji and Dadang, recorded as Additional Paid Up Capital, as stated in deed Number: 48 dated 28-09-2012 (twenty eight September two thousand twelve), drawn up before me, Notary, which has acquired the approval of the Minister of Laws and Human Rights of Republic of Indonesia dated 01-10-2012 (one October two thousand twelve) Number: AHU51011.AH.01.02.Tahun 2012;
 - ii. New deposit amounting to Rp 110,000,000,000.00 (one hundred ten billion Rupiah) constitutes capitalization of General Reserve Funds up to 31-12-2012 (thirty one December two thousand twelve) based on Financial Statements of Financial Year of 31-12-2012 (thirty one December two thousand twelve) Number: R.1.1/091/02/13, dated 20-02-2013 (twenty February two thousand thirteen) which has been audited by Certified Public Accountants Office of Doli, Bambang, Sulistiyanto, Dadang & Ali.
4. Deposit on shares may be made in cash or otherwise. Deposit on shares made other than in cash, whether in the form of tangible or intangible assets, shall meet the following provisions:
 - a. Assets which shall be used as capital deposit shall be announced to the public at the time of convening of GMS concerning such deposit; (hereinafter General Meeting of Shareholders shall be referred to as **GMS**).
 - b. Assets which shall be used as capital deposit shall be appraised by an Appraisal Company registered with the Financial Services Authority / *Otoritas Jasa Keuangan* (hereinafter to be referred to as **OJK**) and may not be used as security in any manner whatsoever;
 - c. It shall acquire the approval of the GMS with quorum as set forth in Article 25 paragraph 1;
 - d. In the event that the assets used as capital deposit are in the form of shares of Company listed with the Stock Exchange, the price shall be determined based on fair market value; and
 - e. In the event such deposit originates from retained earning, shares agio, the Company's Net Income, and/or elements of the capital itself, it shall have been contained in the latest Annual Financial Statements which has been audited by a Certified Public Accountants Office listed with the OJK with unqualified opinion.
 5. Shares still in portfolio are to be issued by the Board of Directors according to the Company's capital requirement at the time and in the manner and at the price as well as conditions as set forth by the Meeting of Board of Directors with the approval of GMS with due observance of the stipulations contained the Articles of Association and statutory regulations as well as provisions applicable in Capital Market sector in Indonesia, with provision that the price for such issuance shall not be below the nominal value.
 6. Each increase in capital made by way of issuing Equity Securities (Equity Securities are Shares, Securities that can be converted into shares or Securities containing the right to acquire shares from the Company as the issuer), shall be executed in accordance with the following stipulations:
 - a. Each increase in capital through the issuance of Equity Securities conducted by subscription shall be executed by providing Preemptive Right (hereinafter to be referred to as **HMETD**) to the shareholders whose names are recorded in the registry of shareholders of the Company on the date stipulated by the GMS approving the issuance of Equity Shares in the amount equal to the number of shares recorded in the registry of shareholders of the Company on behalf of respective shareholder on such date.

- b. Issuance of equity securities without providing the shareholders with HMETD may be performed in the event of issuance of shares that are:
 - b. 1. designated for employees of the Company;
 - b. 2. designated for the holders of bonds or other securities that can be converted to shares, which were issued with the approval from the GMS;
 - b. 3. conducted in the event of reorganization and/or restructuring approved by the GMS; and/or;
 - b. 4. conducted in accordance with the regulations in the Capital Market that allows increase in capital without HMETD.
 - c. HMETD should be able to be assigned and traded within a period of time as set forth in the statutory regulations as well as regulations applicable in Capital Market sector in Indonesia.
 - d. Equity securities to be issued by the Company and not subscribed by the holders of HMETD must be allocated to all shareholders subscribing additional Equity securities, with stipulation that if the number of Equity Securities subscribed exceeds the number of Equity securities to be issued, therefore the said unsubscribed Equity securities must be allocated in proportion with the number of HMETD exercised by each shareholder subscribing additional Equity securities.
 - e. In the event there are Equity Securities which remain unsubscribed to by the shareholders as stated in article 6 letter d of this Article, therefore in the event that there is stand-by purchaser, the said Equity securities must be allocated to a certain Party acting as stand-by purchaser with the same price and conditions.
 - f. Implementation of issuance of shares in portfolio for Securities holders that can be converted to shares or Securities containing the right to acquire shares, may be conducted by the board of directors based on the prior GMS of the Company approving the issuance of such Securities.
 - g. Additional paid up capital is effective after deposit, and the shares issued shall have rights similar to those of shares of similar classification issued by the Company, without prejudice to the obligation of the Company to arrange the notification to the Minister (Minister is a minister whose duties and responsibilities are in legal and human rights sector or his/her substitute).
7. Increase in the authorized capital of the Company may only be implemented based on the decision of the GMS. Amendments to the articles of association in the event of changes in authorized capital must be approved by the Minister, with following provisions:
- a. Increase in authorized capital resulting in issued and fully paid capital being less than 25% (twenty five percent) of the authorized capital may be conducted as long as:
 - a.1. It has acquired the approval from the GMS to increase the authorized capital;
 - a.2. It has acquired approval from the Minister;
 - a.3. The increase in the issued and fully paid capital to become at least 25% (twenty five percent) shall be conducted within at the longest 6 (six) months after receiving approval from the Minister.
 - a.4. In the event the increase in the paid up capital as stated in Article 4 paragraph 7 point a.3 is not completely fulfilled, therefore the Company is required to amend its Articles of Association in order for its authorized capital and paid up capital to meet the stipulations in the Company Law / Undang Undang Perseroan Terbatas (UUPT), within a period of 2 (two) months after failing to meet the period of time set forth in Article 4 paragraph 7 point a.3;
 - a.5. The approval from GMS as stated in Article 4 paragraph 7 point a.1 shall also include the approval to amend the Articles of Association as stated in Article 4 paragraph 7 letter a.4.
 - b. Amendment of Articles of Association in the event of increasing the authorized capital is effective after the capital deposit that causes the paid up capital to become at least 25% (twenty five percent) of the authorized capital and which shall have rights that are the same as those of the other shares issued by the Company with due observance of the provisions in these Articles of Association, without prejudice to the obligation of the Company to arrange for approval for amendments to the Articles of Association from the Minister upon the implementation of the increase of such paid up capital.
8. Any increase in capital through issuance of Equity Securities may deviate from the abovementioned provisions, if they are otherwise stated in the statutory regulations, in particular the statutory regulations in Capital Market sector and regulations of Stock Exchange.
9. The GMS as stated in this Article shall be attended by the holder of A Series Dwiwarna Share and the resolutions of such GMS shall be approved by the holder of A Series Dwiwarna Share.

SHARES

Article 5

1. The shares of the Company shall be registered shares and issued under the name of their holders, who are registered in the Shareholders Registry, which consists of the following:
 - A Series Dwiwarna Share;
 - B Series Shares;
2. A Series Dwiwarna Share is a share that grants its holder privileges not acquired by other shareholders which are set forth in these Articles of Association and received only by the Republic of Indonesia. B Series Shares are common registered shares that can be subscribed to by the People.
3. a. Holder of A Series Dwiwarna Share, shall have the following privileges:
 - a.1. to propose and approve the appointment and termination of members of Board of Commissioners and Board of Directors;
 - a.2. to approve the amendments to Articles of Association, including changes in capital;
 - a.3. to approve the Merger, Consolidation, Takeover and spin-off of the Company, filing of request for the Company to be declared as insolvent, and winding-off; and
 - a.4. to ask for reports and explanation on particular matters to the Board of Directors and Board of Commissioners of the Company with due observance of statutory regulations as well as regulations applicable in Capital Market sector in Indonesia;
4. Except for the privileges set forth in paragraph 3 letter a of this Article, the holders of B Series Shares shall have the same rights, with due observance of the stipulations in Article 25. In the Articles of Association, "Shares" shall mean A Series Dwiwarna Share and B Series Shares, "Shareholders" shall mean holders of A Series Dwiwarna Share and B Series Shares, unless expressly stated otherwise.
5. As long as it is not otherwise stipulated in the Articles of Association, holder of A Series Dwiwarna Share and holders of B Series Shares shall have the same rights and any 1 (one) share shall have 1 (one) voting right.
6. If a share changes owner due to inheritance or other causes and it becomes owned by more than 1 (one) person, then those who jointly own the share shall be required to nominate one person from among themselves, and the person nominated shall be registered as their joint proxy in the Shareholders Registry, and the proxy shall be entitled to exercise the rights granted by law to the share.
7. In the event the collective owners fail to notify the Company in writing with regards to the nomination of joint proxy, the Company shall treat the shareholder whose name is registered in the Company's Shareholding Registry as the only valid owner of the share or shares.
8. Each Shareholder by law shall be subject to the Articles of Association of the Company and all resolutions validly adopted in the GMS as well as the statutory regulations and rules prevailing in Capital Market sector in Indonesia.
9. To all shares of the Company which are listed with the Stock Exchange, statutory regulations in Capital Market sector and Regulations of the Stock Exchange, wherein the Company's shares are listed, shall also apply.

SHARES CERTIFICATES

Article 6

1. Proofs of Ownership of Shares are as follows:
 - a. In the event the Company's Shares are not included in the Collective Depository at the Depository and Settlement Institution, therefore the Company is required to provide proof of ownership of shares in the form of shares certificates or collective shares certificates to their shareholders.
 - a. In the event the Company's Shares are included in the Collective Depository at the Depository and Settlement Institution, therefore the Company is required to issue shares certificates or written confirmation to the Depository and Settlement Institution as proof of registration in the registry of shareholders of the Company.
2. The Company shall issue shares certificates in the names of the owners as registered with the Shareholding Registry of the Company, in accordance with the statutory regulations in Capital Market sector and provisions prevailing at the Stock Exchange wherein the Company's shares are listed.

3. The Company may issue a collective shares certificate which provides a proof of ownership of 2 (two) or more shares owned by a shareholder.
4. Share certificate shall at least contain the following: a. Name and address of shareholder; b. Serial number of share certificate; c. Date of issuance of share certificate; d. Nominal value of share.
5. Collective shares certificate shall at least contain the following: a. Name and address of shareholders; b. Serial number of collective shares certificate; c. Date of issuance of collective shares certificate; d. Nominal and collective value of shares; e. Total shares and serial numbers of relevant shares.
6. Each share certificate and/or collective shares certificates and/or convertible bonds and/or warrants and/or other securities which can be converted into shares shall contain the signatures of the President Director and President Commissioner, or if the President Commissioner is unavailable, which needs not be proven to third parties, then of the President Director and any member of the Board of Commissioners, or if both the President Director and President Commissioner are unavailable, which needs not be proven to third parties, then of any member of the Board of Directors and any member of the Board of Commissioners, and the said signatures may be printed directly on the share certificate and/or collective shares certificates and/or conversion bonds and/or warrants and/or other securities which can be converted into shares, with due observance of statutory regulations in Capital Market sector and regulations of the Stock Exchange wherein the shares of the Company are listed.
7. All share certificates and/or collective shares certificates issued by the Company may be used as security by complying with the statutory provisions in Capital Market sector and Company Law.

REPLACEMENT SHARE CERTIFICATE

Article 7

1. In the event that the share certificate is damaged, the replacement of such share certificate may be carried out if: a. The party submitting a written request for replacing the share certificate is the owner of the said share certificate; and b. The Company has received the damaged share certificate.
2. The damaged original share certificate shall be returned and may be replaced with a new share certificate with the same serial number as that of the original share certificate.
3. The Company shall destroy the original share certificate after providing the replacement.
4. In the event that the share certificate is missing, the replacement of such share certificate may be carried out if:
 - a. The party submitting a written request for replacing the share certificate is the owner of the said share certificate;
 - a. The Company has acquired the reporting documentation from the Police of Republic of Indonesia concerning the lost share certificate;
 - b. The Party submitting the request to replace the share certificate provides guarantee considered sufficient by the Board of Directors of the Company; and
 - c. The plan to issue the replacement of the missing share certificate has been announced in the Stock Exchange, wherein the shares of the Company are registered within a period of at least 14 (fourteen) days prior to the issuance of the replacement share certificate.
5. All costs incurred for such replacement share certificate shall be borne by the concerned Shareholder.
6. The abovementioned provisions with regards to the issuance of replacement share certificate shall also apply to the issuance of replacement collective shares certificate or Equity Securities.

COLLECTIVE DEPOSITORY

Article 8

1. The provisions in this Article shall apply to the shares in the Collective Depository, namely:
 - a. Shares in the Collective Depository at the Depository and Settlement Institution shall be registered in the Registry of Shareholders of the Company on behalf of the Depository and Settlement Institution;
 - b. Shares in the Collective Depository at the Custodian Bank or Securities Company registered in the Securities account at the Depository and Settlement Institution are registered in the name of the said Custodian Bank or Securities Company for the interest of the account holder at such Custodian Bank or Securities Company;

- c. If the shares in the Collective Depository at the Custodian Bank constitute parts of the Mutual Fund Securities Portfolio in the forms of collective investment contract and are not included in the Collective Depository at the Depository and Settlement Institution, therefore the Company shall register such shares in the book of Registry of Shareholders of the Company on behalf of the Custodian Bank for the interest of the owner of Investment Unit of the Mutual Funds in the form of collective investment contract mentioned;
- d. The Company shall be required to issue certificates of confirmations to the Depository and Settlement Institution as stated in letter a of this article or to the Custodian Bank as stated in letter c of this article as proof of registration in the book of Registry of Shareholders of the Company;
- e. The Company shall be required to transfer the shares in the Collective Depository, which are registered in the name of the Depository and Settlement Institution or Custodian Bank for Mutual Fund in the form of collective investment contract in the book of Registry of Shareholders of the Company, to become in the name of a Party appointed by the said Depository and Settlement Institution or Custodian Bank;
Request for mutation shall be conveyed by the Depository and Settlement Institution or the Custodian Bank to the Company or Securities Administration Bureau appointed by the Company;
- f. The Depository and Settlement Institution, Custodian Bank, or Securities Company are required to issue a written confirmation to the account holder as proof of registration in securities account;
- g. In Collective Depository, shares of the same type and classification issued by the Company are equal and exchangeable between one another;
- h. The Company is required to refuse to register the shares in the Collective Depository if such shares certificates are missing or destroyed, unless the Party requesting mutation is able to provide adequate proof and/or guarantee that such Party is the actual shareholder and that such shares certificates are actually missing or destroyed;
- i. The Company is required to refuse to register the shares to the Collective Depository if such shares are pledged, seized based on court ruling or seized for the purpose of examination of a criminal case;
- j. Securities account holder with Securities registered in the Collective Depository is entitled to attend and/or cast votes in the GMS, in accordance with the number of shares owned in such securities account.
- k. The Custodian Bank and Securities Company are required to submit list of Settlement, to thereafter be submitted to the Company at the latest 1 (one) business day prior to the Convening of GMS;
- l. Investment Manager is entitled to attend and cast votes in the GMS on the Company's shares included in the Collective Depository at the Custodian Bank, which constitute parts of the Mutual Fund Shares portfolio in the form of collective investment contract and are not included in the Collective Depository at the Depository and Settlement Institution with stipulation that such Custodian Bank is required to submit the name of such Investment Manager at the latest 1 (one) business day prior to the convening of GMS;
- m. The Company is required to hand over dividend, bonus shares, or other rights in relation with ownership of shares to the Depository and Settlement Institution for shares in the Collective Depository at the Depository and Settlement Institution, and further, the Depository and Settlement Institution shall handover the dividend, bonus shares and other rights to the Custodian Bank and Securities Company for the interest of each account holder at the such Custodian Bank and Securities Company;
- n. The Company is required to hand over dividend, bonus shares, or other rights in relation with shares ownership to the Custodian Bank for the shares in the Collective Depository at the Custodian Bank, which constitute parts of the Mutual Fund Shares portfolio in the form of collective investment contract and are not included in the Collective Depository at the Depository and Settlement Institution;

- o. The time limit for determining holder of Securities account entitled to acquire dividend, bonus shares, or other rights in relation with ownership of shares in the Collective Depository determined by the General Meeting of Shareholders, with stipulation that the Custodian Bank and Shares Company are required to submit the list of holders of Securities account, along with the number of shares of the Company owned by each Securities account holder to the Depository and Settlement Institution, at the latest on the date that is the base of determination of shareholders entitled to acquire dividend, bonus shares, or other rights, to further be submitted to the Company at the latest 1 (one) business day after the date that is the base of determination of shareholders entitled to acquire dividend, bonus shares, or other rights.
2. Provisions concerning Collective Depository shall comply with the statutory regulations in Capital Market Sector and the provisions of Stock Exchange within the territory of Republic of Indonesia, wherein the shares of the Company are registered.

REGISTRY OF SHAREHOLDERS AND SPECIAL REGISTRY

Article 9

1. The Board of Directors is obligated to establish and maintain the Registry of Shareholders and Special Registry, as well as to make such available at the place of domicile of the Company.
2. The Registry of Shareholders shall at least record the following:
 - a. Names and addresses of the Shareholders;
 - b. Total, serial numbers, and date of acquisition of shares owned by the Shareholders;
 - c. Amount deposited on each share;
 - d. Names and addresses of individuals or legal entities with liens over shares or rights as recipients of shares fiduciary pledge and date of acquisition of such liens or date of registration of such fiduciary pledge;
 - e. Information on deposit for shares in forms other than cash; and
 - f. Other information considered necessary by the Board of Directors.
3. The Special Registry shall record information concerning shares ownership of and/or changes in shares ownership of members of Board of Directors and Board of Commissioners and their relatives in the Company and/or in other companies as well as the date of acquisition of such shares.
4. A shareholder shall notify any change in place of residence by mail along with proof of receipt to the Board of Directors. As long as such notification has not been given, all invitations and notifications to the Shareholder shall be deemed as valid when addressed to the last known address of the Shareholder in the Registry of Shareholders.
5. The Board of Directors is required to well keep and maintain the Registry of Shareholders and Special Registry.
6. Each Shareholder shall be entitled to view the Registry of Shareholders and Special Registry at the Offices of the Company or the Office of Securities Administration Bureau appointed by the Company during business hours.
7. Board of Directors of the Company may appoint and grant authority to the Securities Administration Bureau to carry out the registration of shares in the Registry of Shareholders and Special Registry. Each registration or recording in the Registry of Shareholders including the recording of a sale, transfer, mortgage, lien, or fiduciary guarantee concerning shares of the Company or rights or interests on shares must be carried out in accordance with these articles of association and statutory regulations in Capital Market sector in Indonesia.
8. The provisions in this Article shall remain applicable for as long as they are not otherwise stipulated in statutory regulations and regulations applicable in Capital Market sector in Indonesia.

TRANSFER OF RIGHTS OVER SHARES

Article 10

- 1.a. Unless stipulated otherwise in the statutory regulations, particularly in the regulations in Capital Market sector and articles of association of the Company, the transfer of rights over shares shall be proven with a document signed by or on behalf of the Party transferring the rights and by or on behalf of the Party receiving the transfer of the rights over the shares concerned. Documents for transfer of rights over shares must take the form stipulated or approved by the Board of Directors.

- 1.b. Transfer of rights over shares included in the Collective Depository is done by transferring the shares from one Securities account to another Securities account in the Depository and Settlement Institution, Custodian Bank, and Shares Company. Document for transfer of rights over shares must take the form stipulated and/or acceptable by the Board of Directors, with stipulations that the document for transfer of rights over shares registered at the Stock Exchange must meet the prevailing regulations in the Stock Exchange, wherein such shares are listed, notwithstanding the prevailing statutory regulations and stipulations, wherein the Company's shares are listed.
2. Transfer of rights over shares violating the provisions in these articles of association or not in accordance with the prevailing statutory regulations or without the approval of the authorized party, if required, does not apply to the Company.
3. The Board of Directors, in their own discretion and by providing reason for such, may refuse to register the transfer of rights over shares in the Registry of Shareholders if the provisions in these Articles of Association are not met.
4. If the Board of Directors refuses to register the transfer of rights over shares, therefore the Board of Directors is required to send a notification of refusal to the party transferring the rights, at the latest within 30 (thirty) calendar days after the date of request for such registration is received by the Board of Directors, with due observance to the prevailing statutory regulations in Capital Market and regulations of the Stock Exchange, wherein such shares of the Company are registered.
5. In the event a change in the ownership of a share arises, the original owner registered in the Registry of Shareholders shall remain be considered as the owner of the said share until the name of the new owner is registered in the Registry of Shareholders, with due observance to the prevailing statutory stipulations and provisions in Capital Market sector, and also stipulations of the Stock Exchange, wherein the shares of the Company are registered.
6. Individuals receiving the rights of shares due to the decease of a shareholder or due to any other reason causing the ownership of a share to change based on law, by submitting proof of right as required by the Board of Directors from time to time, may submit a written request to be registered as shareholders. Registration can only be done if the Board of Directors well receives the proof of rights without reducing the stipulations in these Articles of Association.
7. The forms and procedures of transfer of rights over shares traded in the Capital Market are required to meet the statutory regulations in Capital Market sector and provisions in the Stock Exchange, except for right over A Series Dwiwarna Share which is not transferable to any party whatsoever.

BOARD OF DIRECTORS

Article 11

1. This Company shall be managed and led by a Board of Directors consisting of at least 2 (two) members, one of which shall be appointed as the President Director.
2. The requirements for members of the Board of Directors shall meet the provisions of the following:
 - a. Company Law;
 - b. Statutory regulations in Capital Market sector; and
 - c. Statutory regulations applicable to the Company in relation to the Company's business activities.
3. Those eligible to be appointed as members of the Board of Directors are individuals competent in taking legal actions, unless 5 years prior to their appointment:
 - a. They were declared as insolvent;
 - b. They were members of Board of Directors or members of Board of Commissioners guilty of causing a Company be declared as insolvent; or
 - c. charged for conducting a felony which caused the state and/or State Owned Entity losses and/or in relation with financial sector.
4. Fulfillment of requirements as stated in paragraphs 2 and 3 of this Article shall be proven with letters of statement signed by candidates for members of the Board of Directors, and such letters shall be kept by the Company.
5. Legal impacts of failure to meet the requirements as stated in paragraphs 2 and 3 of this Article shall be in accordance with the statutory regulations as well as regulations applicable in Capital Market sector in Indonesia.

6. Members of the Board of Directors are appointed and terminated by the GMS attended and approved by the holder of A Series Dwiwarna Share, with due observance of provisions in this Articles of Association.
7. Members of the Board of Directors are appointed by the GMS, from candidates nominated by the holder of A Series Dwiwarna Share and/or a shareholder representing at least 10% (ten percent) of the total shares of the Company subscribed to with valid voting right, and such nomination shall be binding to the GMS.
8.
 - a. Members of the Board of Directors are appointed for a period of time effective from the date determined by the GMS appointing them until the closing of the 5th (fifth) Annual GMS after the date of their appointment, nevertheless notwithstanding the right of the GMS to at anytime terminate the members of the Board of Directors prior to the expiration of their term of office.
 - b. Such termination shall be effective since the closing of such GMS, unless stipulated otherwise by the GMS.
 - c. After their term of office expires, the members of the Board of Directors may be reappointed by the GMS for one term of office. In the event the GMS does not determine the effective date of appointment and termination of any member of the Board of Directors, then the appointment and termination of such member of the Board of Directors shall be effective on the closing of the GMS.
9. In the event the GMS does not determine the effective date of appointment and termination of any member of the Board of Directors, then the appointment and termination of such member of the Board of Directors shall be effective on the closing of the GMS.
10. The GMS may terminate members of the Board of Directors anytime without providing any reason.
11. The termination of members of the Board of Directors as stated in paragraph 10 of this Article shall be conducted if in actuality the concerned members of the Board of Directors:
 - a. are unable to carry out their duties adequately;
 - b. fail to perform the statutory provisions and/or stipulations of the Articles of Association;
 - c. are involved in actions causing the Company and/or State losses;
 - d. are declared as guilty by a Court ruling with permanent legal power;
12. Aside from the reasons for termination of members of Board of Directors as stated in paragraph 11 letters a to f in this Article, the Board of Directors may be terminated by the GMS based on other reasons deemed adequate by the GMS for the interest and purposes of the Company.
13. The decision to terminate as contained in paragraph 10 based on reasons stated in paragraph 11 of this Article shall be taken after the concerned is provided with an opportunity to defend themselves.
14. Termination for reasons as stated in paragraph 11 letters c and d of this Article shall constitute dishonorable termination.
15. There should not be any family relation by blood up to second degree, whether in straight line or to the sideline or any relation by marriage (parents or brothers or sisters in law) between members of the Board of Directors or between members of Board of Directors and members of Board of Commissioners.
16. Should the event contained in paragraph 15 of this Article occur, the GMS shall be authorized to terminate one of them.
17. Members of the Board of Directors may be given salaries along with other facilities and/or allowances, including after office allowance, amount of which shall be determined by the GMS and such authority may be assigned to the Board of Commissioners.
18. If for any reason whatsoever the position of a member of the Board of Directors becomes vacant, which causes the number of members of Board of Directors to become less than 2 (two) persons or should the position of the President Director becomes vacant as stipulated in Article 11 paragraph 1, at the latest within 60 (sixty) days after the vacancy occurs, a GMS shall be convened to fill the vacancy in position of member of the Board of Directors.
19. If at any time for any reason whatsoever all positions of members of the Board of Directors of the Company are vacant:
 - a. at the latest within 60 (sixty) days after the vacancy occurs, a GMS shall be convened to fill such vacancy.
 - b. Then for as long as the positions of all members of the Board of Directors are vacant and the GMS has yet to fill the vacant positions of members of the Board of Directors as stated in letter a of this paragraph, then the Company shall be temporarily be managed by the Board of Commissioners with the same power and authority.

20. a. A member of Board of Directors is entitled to resign from his/her position with a written notification concerning his/her intention to the Company.
- b. The Company is obligated to convene a GMS to make decisions on the request for resignation of the said member of Board of Directors within 60 (sixty) Calendar days at the longest after the letter of resignation is received.
- c. In the event the Company does not convene a GMS within the period stated in this paragraph, therefore with the expiration of such period of time, the resignation of the member of Board of Directors shall become valid without needing the approval from the GMS, however the Company shall be required to convey the said report/resignation at the following GMS.
- d. Before the resignation takes effect, the concerned member of Board of Directors shall remain be obligated to complete his/her duties and responsibilities in accordance with the statutory regulations as well as regulations prevailing in Capital Market sector in Indonesia.
- e. The resigning member of Board of Directors shall only be released from his/her responsibilities upon receiving release of responsibilities from the Annual GMS.
- f. In the event the resignation of the member of the Board of Directors causes the number of members of Board of Directors to become less than 2 (two) persons, therefore such resignation shall be valid if determined by the GMS and a new member of Board of Directors has been appointed, thus meeting the requirement of minimum number of members of Board of Directors.
21. The term of office of a member of the Board of Directors shall expire in itself, in the event of:
 - a. His/her demise;
 - b. Expiration of his/her term of office;
 - c. Him/her being declared insolvent or put under guardianship based on a court ruling;
 - d. His/her resignation becoming effective as stated in paragraph 20 of this Article; or
 - e. Him/her no longer meeting the requirements as a member of the Board of Directors based on statutory regulations.
22. Members of Board of Directors resigning prior to or after the expiration of their term of office, unless due to his/her demise, shall still be required to account for his/her actions, which she/he has not accounted for to the GMS.
23. A member of the Board of Directors may be temporarily dismissed by the Board of Commissioners should his/her action be in contradiction with these Articles of Association or in the event of an indication of him causing the Company losses or neglecting his/her obligations or in the event of a reason urgent to the Company, with due observance of the following provisions:
 - a. Decision of the Board of Commissioners pertaining to temporary dismissal of a member of the Board of Directors shall be done in accordance with the procedures of decision making of the Board of Commissioners.
 - b. Such temporary dismissal should be notified in writing to the concerned member of the Board of Directors along with the reason causing such action, copied to the Board of Directors.
 - c. The notification stated in letter b of this paragraph shall be conveyed at the longest within 2 (two) days after the temporary dismissal is determined.
 - d. The temporarily dismissed member of the Board of Directors shall not be authorized to carry out the management of the Company as well as to represent the Company whether in or out of court.
 - e. Within at the longest 45 (forty five) days after the said temporary dismissal, a GMS shall be convened by the Board of Commissioners, which shall decide whether to revoke or strengthen the decision to conduct temporary dismissal.
 - f. At the GMS as stated in letter e of this paragraph, the concerned member of Board of Directors shall be given an opportunity to defend himself.
 - g. In the event the GMS as stated in letter e above fails to make a decision or upon the expiration of the period of time stated the GMS fails to be convened, then the temporary dismissal of such member of the Board of Directors shall be declared as null and void.
 - h. Temporary dismissal may not be extended or reinstated for the same reason, if the temporary dismissal is declared as null and void as stated in letter h of this paragraph.
 - i. If the GMS cancels the temporary dismissal or should the event as stated in letter h of this paragraph occur, the concerned member of the Board of Directors shall be required to duly resume his/her duties.
 - j. The GMS as stated in letter e of this paragraph shall be chaired by one of the Shareholders elected by and among the Shareholders in attendance.

24. If a member of the Board of Directors resigns or is terminated prior to the expiration of his/her term of office, then the term of office of his/her replacement shall be as stated in Article 11 paragraph 8a, unless it is otherwise stipulated by the GMS.
25. In the event of additional member of the Board of Directors, then the term of office of such member of the Board of Directors shall be as stated in Article 11 paragraph 8a, unless it is otherwise stipulated by the GMS.
26. Members of the Board of Directors are prohibited from holding their positions simultaneously with any of positions stated below, namely:
 - a. Member of Board of Directors of a State Owned Entity, Regionally Owned Entity, Privately Owned Entity; and/or central and or regional government;
 - b. Member of Board of Commissioner of a State Owned Entity; and/or
 - c. Other structural or functional position in an agency/institution;
 - d. Management in a political party and/or legislative candidates/members; and/or candidates for region head/deputy region head.
 - e. Positions that may result in conflict of interest and/or other positions in accordance with the provisions in the statutory regulations,
27. Holding position as a member of the Board of Directors simultaneously with positions not included in the paragraph 26 in this Article shall require an approval from the Meeting of Board of Commissioners.

DUTIES, AUTHORITIES AND OBLIGATIONS OF THE BOARD OF DIRECTORS

Article 12

1. The duty of the Board of Directors is to perform all actions related to the management of the Company for the interest of the Company and in accordance with the purposes and objectives of the Company as well as to represent the Company whether before or outside of Court of law pertaining to all events with limitations as set forth in the statutory regulations, Articles of Association and/or Resolutions of GMS.
2. In performing its duties as stated in paragraph 1 of this Article, :
 - a. The Board of Directors is authorized:
 - a.1. To determine the policies on management of the Company;
 - a.2. To arrange for the granting of authority of the Board of Directors to represent the Company before or out of the court of law to one or more members of the Board of Directors particularly appointed for such purpose or to one or more employees of the Company, whether individually or collectively or to other party and to arrange for the granting of authority of the Board of Directors to represent the Company to the Head of Branch or Head of Representative Office within the country or abroad;
 - a.3. To stipulate regulations on employment in the Company, including determination of salaries, pension or retirement allowance and other income for the Company's employees based on statutory regulations, with provision that the determination of salaries, pension or retirement allowance and other income for the Company's employees that exceed the obligation set forth by the statutory regulations, shall acquire the approval of the Board of Commissioners;
 - a.4. To appoint and terminate employees of the Company based on the Company's employment regulations and statutory regulations;
 - a.5. To appoint and terminate Corporate Secretary;
 - a.6. To take all actions and other deeds pertaining to the management or ownership of assets of the Company, bind the Company to other party and/or other party to the Company, including, without limitation, optimization of utilization of assets of the Company, with limitations as set forth in the statutory regulations, Articles of Association and/or Resolutions of the GMS.
 - b. The Board of Directors is obligated:
 - b.1. To implement and procure the implementation of the Company's businesses and activities in accordance with its purposes and objectives and business activities;
 - b.2. To prepare the Company's Long Term Plan, the Company's Annual Working Plan and Budget and other working plans, along with their amendments, and to submit them at the latest 60 (sixty) days prior to the start of the new financial year to the Board of Commissioners for approval;

- b.3. To provide explanation to the Board of Commissioners pertaining to the Company's Long Term Plan and the Company's Working Plan and Budget;
 - b.4. To maintain Shareholders Registry, Special Registry, Minutes of GMS and Minutes of Meeting of Board of Directors;
 - b.5. To draw up Annual Report as a realization of accountability of management of the Company, as well as the Company's financial documents as stated in the Law pertaining to the Company's Documents;
 - b.6. To compile Financial Statements based on the Financial Accounting Standards and to submit them to the Public Accountants Office for audit;
 - b.7. To submit Annual Report after being reviewed by the Board of Commissioners within at the longest 5 (five) months after the expiration of the financial year of the Company to the GMS for approval and ratification;
 - b.8. To provide explanation to the GMS pertaining to Annual Report;
 - b.9. To submit the Balance Sheets and Income Statement that have been ratified by the GMS to the Minister of Laws and Human Rights in accordance with the provisions of the statutory regulations;
 - b.10. To maintain Shareholding Registry, Special Registry, Minutes of GMS, Minutes of Meeting of Board of Commissioner and Minutes of Meeting of Board of Directors, Annual Report and the financial documents of the Company as stated in letters b.4 and b.5 of this paragraph, and other documents of the Company;
 - b.11. Shareholding Registry, Special Registry, Minutes of GMS, Minutes of Meeting of Board of Commissioner and Minutes of Meeting of Board of Directors, Annual Report and the financial documents of the Company and other documents of the Company;
 - b.12. To establish an accounting system in accordance with the Financial Accounting Standards and based on internal control principles, particularly the segregation between the management, recording, storing and monitoring functions;
 - b.13. To provide periodic reports according to the manners and time in accordance with the applicable provisions, as well as other reports – upon the request of the Board of Commissioners and/or holder of A Series Dwiwarna Share, with due observance of statutory regulations as well as regulations applicable to the Capital Market sector in Indonesia;
 - b.14. To prepare the Company's organizational chart complete with particulars and duties;
 - b.15. To provide explanation on all matters asked or requested by the members of the Board of Commissioners and holder of A Series Dwiwarna Share, with due observance of statutory regulations as well as regulations applicable to the Capital Market sector in Indonesia; To draw up and establish the blueprint of the Company's organization;
 - b.16. To perform its other obligations in accordance with the provisions set forth in these Articles of Association and those set forth by the GMS based on statutory regulations.
- 3. In performing its duties, the Board of Directors shall be required to commit its energy, mind, attention and dedication fully to the tasks, obligations and achievement of purposes of the Company.
 - 4. In performing their duties, the members of the Board of Directors shall comply with the Articles of Association of the Company and statutory regulations as well as regulations applicable to the Capital Market sector in Indonesia as well as required to carry out principles of professionalism, efficiency, transparency, independence, accountability, accountability as well as fairness.
 - 5. Each member of the Board of Directors shall be required in good faith and with full responsibility to carry out his/her duties for the interest and business of the Company with due observance of the statutory.
 - 6. Each member of the Board of Directors shall be personally responsible in the event of error or negligence on the concerned party's part in carrying out his/her tasks for the interest and business of the Company, unless the concerned member of the Board of Directors is able to prove that:
 - a. The loss is not due to his/her error or negligence;
 - b. He has conducted management in good faith and in prudent manner for the interest of and in accordance with the purposes and objectives of the Company;
 - c. He has no conflict of interest, whether directly or indirectly, on management actions resulting in losses; and
 - d. He has taken actions to prevent the occurrence or continuance of such losses.

7. With due observance of statutory regulations and regulations applicable to Capital Market sector in Indonesia, the actions of the Board of Directors below shall need the approval of the Board of Commissioners:
 - a. To transfer and dispose of the Company's fixed assets at a value that exceeds the limit that from time to time is determined by the Board of Commissioners.
 - b. To engage in cooperation with other business entities or parties, in the forms of operation cooperation, management contract, Build, Operate and Transfer/BOT licensing cooperation, Build, Operate and Own/BOO licensing cooperation and other agreements of the same nature, term of which exceeds the term that from time to time is determined by the Board of Commissioners.
 - c. To receive or grant middle/long term loan, at a value that exceeds the limit that is determined by the Board of Commissioners from time to time, with or without security, unless such account payable or account receivable that occurs due to business transactions and loan granted to subsidiaries of the Company with stipulations that loans to subsidiaries of the Company shall be reported to the Board of Commissioners;
 - d. To release and remove movable assets at economic age normally applicable in the industry which in general is up to 5 (five) years and to remove from the books non performing loans and dead stock, at a value that exceeds the limit that is determined by the Board of Commissioners from time to time;
 - e. To establish an organizational structure up to 1 (one) level below the Board of Directors;
 - f. To establish a foundation, organization and or association whether in direct or indirect connection with the Company that may have financial impact on the Company;
 - g. To charge the Company's fixed and routine costs for activities of the foundation, organization and or association that is connected with the Company, whether directly or indirectly;
 - h. To nominate representatives of the Company to become candidates for members of the Board of Directors and Board of Commissioners of subsidiaries that contribute significantly to the Company and or of strategic value as determined by the Board of Commissioners;
 - i. To stop collecting non performing loan which has been written off, at a value that exceeds the limit that is determined by the Board of Commissioners from time to time;
 - j. To determine and change the logo of the Company;
 - k. To conduct capital investment in other companies at a value that exceeds the limit that is determined by the Board of Commissioners from time to time, as long as such capital investment does not need the approval of the GMS in accordance with the statutory regulations or regulation applicable to the Capital Market sector in Indonesia;
 - l. To establish subsidiaries, as long as such does not need the approval of the GMS in accordance with the statutory regulations or regulation applicable to the Capital Market sector in Indonesia;
 - m. To withdraw capital investment from subsidiaries, as long as such does not need the approval of the GMS in accordance with the statutory regulations or regulation applicable to the Capital Market sector in Indonesia, to conduct Merger, Consolidation, takeover, spin-off dan winding off of subsidiaries, as long as such does not need the approval of the GMS in accordance with the statutory regulations or regulation applicable to the Capital Market sector in Indonesia;
 - n. To determine salary, pension or retirement allowance and other income for the Company's employees that exceed the obligation set forth by the statutory regulations that bind the Company as a guarantor (*borg* or *avalist*) which have financial impact that exceeds a certain amount set forth by the Board of Commissioners;
8. Within 30 (thirty) days since the receipt of request or explanation and complete document from the Board of Directors, the Board of Commissioners shall make decisions as stated in paragraph 7 of this Article.
9. Actions below may only be taken by the Board of Directors upon receiving the approval from the GMS with due observance of the statutory stipulations in Capital Market sector:
 - a. To conduct material transactions as stipulated in statutory regulations as well as regulations applicable to the Capital Market sector in Indonesia;
 - b. To conduct transactions containing conflict of interest as stipulated in statutory regulations as well as regulations applicable to the Capital Market sector in Indonesia;
 - c. To conduct other transactions, in order to meet statutory regulations and regulations applicable to the Capital Market sector in Indonesia.

10. The Board of Directors shall be required to ask for the approval of the GMS:
 - a. To transfer assets of the Company within 1 (one) financial year; or
 - b. To secure debt using assets of the Company constituting more than 50% (fifty percent) of total equity of the Company, with due observance of the Regulations of Capital Market.
11. In the event of carrying out the policies on management of the Company;
 - a. President Director shall be entitled and authorized to take actions for and on behalf of the Board of Directors as well as to represent the Company.
 - b. In the event the President Director is absent or unavailable for any reason whatsoever, which matter needs not be proven to third parties, then one of the Directors determined based on the decision of the Meeting of the Board of Directors, shall be authorized to take actions for and on behalf of the Board of Directors as well as to represent the Company.
12. The Board of Directors, for certain actions, shall also be entitled to appoint one or more parties as its representatives or proxies, by granting him or them the power for particular actions set forth in a power of attorney.
13. Distribution of duties and authorities of each member of the Board of Directors shall be determined by the GMS. In the event the GMS does not determine the distribution of duties and authorities, then the distribution of duties and authorities among the Board of Directors shall be determined based on the decision of the Board of Directors.
14. The Board of Directors in managing the Company shall carry out the decisions made at the GMS as long as they are not in violation of the statutory regulations and regulations applicable to the Capital Market sector in Indonesia and/or this Articles of Association.
15. Members of the Board of Directors shall not be authorized to represent the Company in the event of the following:
 - a. A case before the Court of law between the Company and the concerned member of the Board of Directors; or
 - b. The concerned member of the Board of Directors having conflict of interest with the Company.
16. In the event of circumstances as stated in paragraph 15 letter b of this Article, the parties entitled to represent the Company are the following:
 - a. Other member of the Board of Directors without conflict of interest with the Company;
 - b. The Board of Commissioners in the event all members of the Board of Directors have conflict of interest with the Company; or
 - c. Other parties appointed by the GMS in the event that all members of the Board of Directors or Board of Commissioners have conflict of interest with the Company.

MEETING OF THE BOARD OF DIRECTORS

Article 13

1. Meeting of the Board of Directors may be convened at any time:
 - a. When deemed necessary by one or more members of the Board of Directors;
 - b. upon written request from one or more members of the Board of Commissioners; or
 - c. upon written request from 1 (one) or more shareholders jointly representing 1/10 (one-tenth) of total shares issued by the Company with valid voting rights.
2. The Meeting of Board of Directors shall be deemed as valid when convened at the place of domicile of the Company or at the place of its primary business activities within the territory of Republic of Indonesia.
3. Meeting of Board of Directors convened in places other than that mentioned in paragraph 2 of this Article shall be deemed valid and able to adopt resolutions when convened within the territory of the Republic of Indonesia and attended by all members of the Board of Directors or their legal representatives.
4. Notifications to a Meeting of the Board of Directors shall be done in writing or by any means whatsoever by a member of the Board of Directors entitled to represent the Company and shall be delivered within at the longest 3 (three) days prior to the meeting or sooner in urgent circumstances, excluding the date of summon and date of meeting.
5. Such notifications to a meeting as stated in paragraph 4 of this article shall specify the agenda, date, time and venue of the meeting.
6. Such prior notifications to the meeting shall not be required if all members of the Board of Directors are present at the meeting.

7. The meeting of the Board of Directors is valid and entitled to adopt binding resolutions if attended by more than 1/2 (one half) of the total members of the Board of Directors or their legal representatives with due observance of stipulations of not obtaining one alternative with votes exceeding 1/2 (one half) of the total votes cast, conducted as stated in paragraph 6 of this Article.
8. In other agendas, the meeting of the Board of Directors shall not be entitled to adopt resolutions unless all members of the Board of Directors or their legal representatives are present and approve the additional agenda at the meeting.
9. All Meetings of the Board of Directors are chaired by the President Director.
10. In the event that the President Director is absent or unavailable for any reason whatsoever, which needs not be proven to third parties, any of the members of the Board of Directors present shall preside.
11. To cast a vote in adopting a resolution, a member of the Board of Directors may be represented at the meeting only by other member of the Board of Directors based on a written power of attorney granted particularly for such purpose.
12. A member of the Board of Directors may only represent one other member of the Board of Directors.
13. All resolutions at the Meeting of the Board of Directors are adopted by way of deliberation towards consensus.
14. In the event that resolution is unable to be adopted by way of deliberation towards consensus, then the resolution shall be adopted based on majority vote.
15. Any member of the Board of Directors shall be entitled to cast 1 (one) vote and additional 1 (one) vote for the member of the Board of Directors he represents.
16. In the event of tie vote, then the resolution of the meeting shall be in accordance with the opinion of the chairman of the meeting, but with due observance of provisions on accountability.
17. In the event there are more than two alternatives proposed and the result of voting has not acquired one alternative with votes exceeding $\frac{1}{2}$ (one half) of the total votes cast, then a re-voting shall be done on both proposals acquiring the most votes thus one of the proposals shall acquire votes that exceeds $\frac{1}{2}$ (one half) of the total votes cast.
18. Blank votes (*abstain*) shall be deemed as affirming the proposals submitted to the Meeting and shall be responsible for the resolutions of the meeting.
19. Invalid votes shall be deemed as non-existent and shall not be included in determining the total votes cast at the meeting.
20. The Board of Directors may also adopt valid and binding resolutions without convening a Meeting of the Board of Directors, subject to the provision that all members of the Board of Directors have been informed regarding the submitted proposal in writing and signed such approval. Resolutions adopted in such manner shall have the same force as resolutions lawfully adopted at a Meeting of Board of Directors.
21. Minutes of Meeting shall be drawn up for each meeting of Board of Directors, which shall be signed by the Chairman of Meeting of Board of Directors and all members of the Board of Directors in attendance, and it shall contain matters discussed (including a dissenting opinion of a member of the Board of Directors, if any) and matters decided. The Board of Directors shall convey a copy of the Minutes of Meeting of Board of Directors to the Board of Commissioners upon request for acknowledgement.

BOARD OF COMMISSIONERS

Article 14

1. Board of Commissioners shall at least consist of 2 (two) members, one of which shall be appointed as the President Commissioner.
2. Board of Commissioners shall constitute a panel and each member of the Board of Commissioners may not take action individually, but based on the decision of the Board of Commissioners.
3. The requirements for members of the Board of Commissioners shall meet the provisions of the following:
 - a. Company Law;
 - b. Statutory regulations in Capital Market sector; and
 - c. Statutory regulations applicable to the Company in relation to the Company's business activities.

4. Those eligible to be appointed as members of the Board of Commissioners are individuals competent in taking legal actions, unless 5 years prior to their appointment:
 - a. They were declared as insolvent;
 - a. They were members of Board of Directors or members of Board of Commissioners or members of Supervisory Board guilty of causing a Company or Perum be declared as insolvent; or
 - b. charged for conducting a felony which caused the state and/or State Owned Entity losses and/or in relation with financial sector.
5. Fulfillment of requirements as stated in paragraphs 3 and 4 of this Article, shall be proven with letters of statement signed by candidates for members of the Board of Commissioners and such letters shall be kept by the Company.
6. Legal impacts of failure to meet the requirements as stated in paragraphs 3 and 4 of this In this Article shall be in accordance with the prevailing statutory regulations.
7. Members of the Board of Commissioners are appointed and terminated by the GMS attended and approved by the holder of A Series Dwiwarna Share, with due observance of provisions in this Articles of Association.
8. Members of the Board of Commissioners are appointed by the GMS, from candidates nominated by the holder of A Series Dwiwarna Share and/or a shareholder representing at least 10% (ten percent) of the total shares of the Company subscribed to with valid voting right, and such nomination shall be binding to the GMS.
9. Members of the Board of Commissioners are appointed for a period of time effective from the date determined by the GMS appointing them until the closing of the 5th (fifth) Annual GMS after the date of their appointment, nevertheless notwithstanding the right of the GMS to at anytime terminate the members of the Board of Commissioners prior to the expiration of their term of office. Such termination shall be effective since the closing of such GMS, unless stipulated otherwise by the GMS.
10. In the event the GMS does not determine the effective date of appointment and termination of any member of the Board of Commissioners, then the appointment and termination of such member of the Board of Commissioners shall be effective on the closing of the GMS.
11. The termination of members of the Board of Commissioners as stated in paragraph 9 of this Article shall be conducted if in actuality the concerned members of the Board of Commissioners:
 - a. are unable to carry out their duties adequately; and/or fail to perform the statutory provisions as well as regulations applicable in Capital Market sector in Indonesia and/or stipulations of the Articles of Association; and/or
 - b. are involved in actions causing the Company and/or State losses; and/or
 - c. are declared as guilty by a Court ruling with permanent legal power.
12. Aside from the reasons for termination of members of Board of Commissioners as stated in paragraph 11 letters a to d in this Article, members of the Board of Commissioners may be terminated by the GMS based on other reasons deemed adequate by the GMS for the interest and purposes of the Company.
13. The plan to terminate any member of the Board of Commissioners as stated in paragraph 9 of this Article shall be notified to the concerned member of the Board of Commissioners in verbal or written manner by the Shareholder.
14. The decision to terminate as contained in paragraph 9 based on reasons stated in paragraph 11 of this Article shall be taken after the concerned is provided with an opportunity to defend themselves.
15. Termination for reasons as stated in paragraph 11 letters c and d of this Article shall constitute dishonorable termination.
16. There should not be any family relation by blood up to second degree, whether in straight line or to the sideline or any relation by marriage (parents or brothers or sisters in law) between members of the Board of Directors or between members of Board of Directors and members of Board of Commissioners.
17. Should the events contained in paragraph 16 of this Article occur, the GMS shall be authorized to terminate one of them.
18. Members of the Board of Commissioners shall be given fee and allowances/facilities including *tantiem* and retirement allowance, kind and amount of which shall be determined by GMS with due observance of the prevailing statutory provisions.

19. Distribution of work between members of the Board of Commissioners shall be arranged by themselves, and for the smoothness of its work the Board of Commissioners may be assisted by Secretary of Board of Commissioners appointed by the Board of Commissioners.
20. If for any reason whatsoever the position of a member of the Board of Commissioners becomes vacant, which causes the number of members of Board of Commissioners to become less than 2 (two) persons or should the position of the President Commissioner becomes vacant as stipulated in Article 14 paragraph 1, at the latest within 60 (sixty) days after the vacancy occurs, a GMS shall be convened to fill the vacancy;
21. If for any reason whatsoever the Company has no member of the Board of Commissioners, within at the longest 60 (sixty) days after such vacancy occurs, a GMS shall be convened to fill the vacancy;
22.
 - a. A member of Board of Commissioners is entitled to resign from his/her position with a written notification concerning his/her intention to the Company.
 - b. The Company is obligated to convene a GMS to make decisions on the request for resignation of the said member of Board of Commissioners within 60 (sixty) Calendar days at the longest after the letter of resignation is received.
 - c. In the event the Company does not convene a GMS within the period stated in this paragraph, therefore with the expiration of such period of time, the resignation of the member of Board of Commissioners shall become valid without needing the approval from the GMS, however the Company shall be required to convey the said report/resignation at the following GMS.
 - d. Before the resignation takes effect, the concerned member of Board of Commissioners shall remain be obligated to complete his/her duties and responsibilities in accordance with the Articles of Association and statutory regulations.
 - e. In the event the resignation of the member of the Board of Commissioners causes the number of members of Board of Commissioners to become less than 2 (two) persons, therefore such resignation shall be valid if determined by the GMS and a new member of Board of Commissioners has been appointed, thus meeting the requirement of minimum number of members of Board of Commissioners.
23. The term of office of a member of the Board of Directors shall expire in itself, in the event of:
 - a. His/her demise;
 - b. Expiration of his/her term of office;
 - c. Him/her being declared insolvent or put under guardianship based on a court ruling;
 - d. His/her resignation becoming effective;
 - e. Him/her no longer meeting the requirements as a member of the Board of Commissioners based on statutory regulations.
24. Provisions as stated in paragraph 23 letter e of this Article shall include, without limitation, prohibited double position.
25. A member of Board of Commissioners resigning prior to or after the expiration of their term of office, unless due to his/her demise, shall still be required to account for his/her actions, which she/he has not accounted for to the GMS.
26. If a member of the Board of Commissioners resigns or is terminated prior to the expiration of his/her term of office, then the term of office of his/her replacement shall be as stated in Article 14 paragraph 9, unless it is otherwise stipulated by the GMS.
27. In the event of additional member of the Board of Commissioners, then the term of office of such member of the Board of Commissioners shall be as stated in Article 14 paragraph 9, unless it is otherwise stipulated by the GMS.
28. Members of the Board of Commissioners are prohibited from holding their positions simultaneously with any of positions stated below, namely:
 - a. Member of Board of Directors of a State Owned Entity, Regionally Owned Entity, Privately Owned Entity;
 - b. Management in a political party and/or legislative candidates/members; and/or candidates for region head/deputy region head;
 - c. Other positions in accordance with the statutory provisions; and/or
 - d. Other positions that may result in conflict of interest.

DUTIES, AUTHORITIES AND OBLIGATIONS OF THE BOARD OF COMMISSIONERS

Article 15

1. The duty of the Board of Commissioners is to conduct supervision on policies of the management, the course of management of the Company the Board of Directors including supervision on the implementation of the Long Term Plan of the Company, Annual Work Plan and Budget of the Company as well as provisions as acknowledged by the Board of Directors to attend the Meeting of Board of Articles of Association and Resolutions of GMS, as well as statutory and regulations applicable in Capital Market sector in Indonesia, for the interest of the Company and in accordance with the purposes and objectives of the Company, as well as to carry out duties specifically given to it according to the Articles of Association, statutory and/or resolutions of the GMS.
2. In performing its duties as stated in paragraph 1 of this Article:
 - a. The Board of Commissioners is authorized:
 - a.1. To examine books, letters, other documents, stock, examine and match cash position (for verification purposes) and other negotiable papers as well as to be informed of all actions taken by the Board of Directors;
 - a.2. To enter buildings and premises or other venues used or controlled by the Company;
 - a.3. To ask for information/explanation from the Board of Directors and/or other officials with regards to matters concerning the management of the Company and the Board of Directors shall be required to provide all information/explanation concerning the Company as requested by the Board of Commissioners;
 - a.4. To be informed of all policies and actions which have been or about to be implemented by the Board of Directors;
 - a.5. To ask for the Board of Directors and/or other officials under the Board of Commissioners;
 - a.6. To appoint and terminate a Secretary of the Board of Commissioners (if deemed necessary);
 - a.7. To temporary dismiss any member of the Board of Directors in accordance with the provisions of this Articles of Association;
 - a.8. To establish Audit Committee, Remuneration and Nomination Committee, Risk Supervisor Committee, and other committees if deemed necessary, with due observance of the capabilities of the Company;
 - a.9. To engage experts for particular matters and within certain period of time at the Company's cost, if deemed necessary and with due observance of the prevailing provisions.
 - a.10. To take actions of managing the Company in a specific circumstance for a certain period of time in accordance with the provisions of this Articles of Association.
 - a.11. To attend the Meeting of Board of Directors and to give perspectives concerning the matters discussed;
 - a.12. To carry out other supervisory authorities as long as they are not in contradiction with the statutory regulations as well as the regulations applicable in Capital Market sector in Indonesia, Articles of Association, and/or resolutions of GMS;
 - b. Board of Commissioners shall be obligated:
 - b.1. To give suggestions to the Board of Directors in carrying out the management of the Company;
 - b.2. To review, give opinion about and approve the Company's Long Term Plan and Annual Work Plan and Budget, as well as other plans, prepared in accordance with the statutory regulations and regulations applicable in Capital Market sector in Indonesia, and the provisions of this Articles of Association;
 - b.3. To follow, supervise the development of activities of the Company, to give opinion and suggestions to the GMS with regards to any issue deemed important for the management of the Company;
 - b.4. To promptly report to GMS should there be indications of a decline in the performance of the Company, along with suggestions on improvements that should be taken;
 - b.5. To propose to the GMS the nomination of Public Account that shall audit the books of the Company;
 - b.6. To observe and review as well as give feedback on periodic reports and Annual Reports prepared by the Board of Directors as well as to sign the Annual Reports;

- b.7. To provide explanation, opinion and suggestions to the GMS with regards to Annual Reports, upon request;
 - b.8. To draw up minutes of Meeting of Board of Commissioners and to keep the copies;
 - b.9. To report to the Company with regards to its shareholding and/or of its relatives in the Company and other companies;
 - b.10. To provide reports on supervisory duties conducted during the recent financial year to the GMS;
 - b.11. To perform other obligations in the event of supervisory and advisory duties, as long as they are not in contradiction with the provisions, Indonesian statutory regulations, Articles of Association and Resolutions of GMS.
3. In carrying out his/her duties, any member of the Board of Commissioners shall do the following:
- a. Comply with the Articles of Association and statutory regulations as well as regulations applicable in Capital Market sector in Indonesia as well as principles of professionalism, efficiency, transparency, independency, accountability, responsibility as well as fairness;
 - b. To have good faith, be prudent and responsible in carrying out supervisory and advisory duties to the Board of Directors for the interest of the Company and in accordance with the purposes and objectives of the Company.
4. Any member of the Board of Commissioners shall be personally take full responsibility if the concerned is found guilty or negligent in carrying out his/her duties for the interest and business of the Company, unless the concerned member of the Board of Commissioners is able to prove the following:
- a. He has conducted supervision in good faith and with prudence for the interest of and in accordance with the purposes and objectives of the Company;
 - a. He has no personal interest, whether directly or indirectly on actions of management by the Board of Directors which result in losses; and
 - b. He has advised the Board of Directors to prevent the occurrence or continuance of such losses.

MEETING BOARD OF COMMISSIONERS

Article 16

- 1. All decisions of the Board of Commissioners shall be made at the meeting of Board of Commissioners.
- 2. A minutes of meeting shall be drawn up for each meeting of Board of Commissioners, which contains matters discussed (including dissenting opinion of a member of Board of Commissioners, if any) and matters decided.
- 3. Minutes of meeting as stated in paragraph 2 of this Article shall be signed by the Chairman of the Meeting and all members of the Board of Commissioners present at the meeting.
- 4. The original minutes of meeting of Board of Commissioners shall be conveyed to the Board of Directors for safekeeping and maintenance, while the Board of Commissioners shall keep the copies.
- 5. The Meeting of Board of Commissioners shall be deemed as valid when convened at the place of domicile of the Company or at the place of its primary business activities within the territory of Republic of Indonesia.
- 6. Meeting of Board of Commissioners convened in places other than that mentioned in paragraph 5 of this Article shall be deemed valid and able to adopt resolutions when convened within the territory of the Republic of Indonesia and attended by all members of the Board of Commissioners.
- 7. Board of Commissioners shall hold a meeting at least once a month, and in such meeting the Board of Commissioners may invite the Board of Directors.
- 8. Board of Commissioners may convene a meeting at anytime upon the request of 1 (one) or more of members of Board of Commissioners, upon the request of the Board of Directors, or upon the written request of 1 (one) or more of Shareholders representing at least 1/10 (one-tenth) of the total shares with voting rights, by mentioning the matters to be discussed.
- 9. Notification of the Meeting of Board of Commissioners shall be done in writing or by any means whatsoever by the President Commissioner or by members of the Board of Commissioners appointed by the President Commissioner and shall be delivered within at the longest 3 (three) days prior to the meeting or sooner in urgent circumstances, excluding the date of summon and date of meeting.

10. Such notifications to a meeting as stated in paragraph 9 of this article shall specify the agenda, date, time and venue of the meeting.
11. Such prior notifications to the meeting shall not be required if all members of the Board of Commissioners are present at the meeting.
12. Meeting of Board of Commissioners is valid and entitled to adopt binding resolutions if attended by more than 1/2 (one half) of the total members of the Board of Commissioners.
13. In other agendas, the meeting of the Board of Commissioners shall not be entitled to adopt resolutions unless all members of the Board of Commissioners or their legal representatives are present and approve the additional agenda at the meeting.
14. Any member of Board of Commissioners may be represented at the meeting only by other member of Board of Commissioners based on a written power of attorney granted specifically for such purpose.
15. A member of Board of Commissioners may only represent one other member of the Board of Commissioners.
16. All Meetings of Board of Commissioners shall be chaired by the President Commissioner.
17. In the event that the President Commissioner is absent or unavailable for any reason, the meeting of Board of Commissioners shall be chaired by any member of the Board of Commissioners appointed by the President Commissioner.
18. In the event the President Commissioner does not make any appointment, a member of the Board of Commissioners with the longest term of office as a member of Board of Commissioners shall act as the chairman of the meeting of Board of Commissioners.
19. In the event there are more than one member of the Board of Commissioners with the longest term of office as member of the Board of Commissioners, then the member of the Board of Commissioners as stated in paragraph 18 of this article who is the oldest in terms of age shall act as the chairman of the meeting.
20. All resolutions at the Meeting of Board of Commissioners shall be adopted by way of deliberation towards consensus.
21. If no resolution is adopted through deliberation towards consensus, then the resolutions of the meeting of Board of Commissioners shall be adopted based on majority votes.
22. Any member of the Board of Commissioners shall be entitled to cast 1 (one) vote and 1 (one) vote for a member of the Board of Commissioners he represents.
23. In the event of tie vote, the chairman of the Meeting shall decide the resolution of the meeting, with due observance of provisions on accountability.
24. Blank votes (*abstain*) shall be deemed as affirming the proposals submitted to the Meeting.
25. In the event there are more than two alternatives proposed and the result of voting has not acquired one alternative with votes exceeding $\frac{1}{2}$ (one half) of the total votes cast, then a re-voting shall be done on both proposals acquiring the most votes thus one of the proposals shall acquire votes that exceeds $\frac{1}{2}$ (one half) of the total votes cast.
26. Invalid votes shall be deemed as non-existent and shall not be included in determining the total votes cast at the meeting.
27. Board of Commissioners may also adopt valid and binding resolutions without convening a Meeting of the Board of Commissioners, subject to the provision that all members of the Board of Commissioners have been informed regarding the submitted proposal in writing and all members of Board of Commissioners have granted approval on the proposals in writing and sign such approval. Resolutions adopted in such manner shall have the same force as resolutions lawfully adopted at a Meeting of Board of Commissioners.

WORK PLAN AND ANNUAL BUDGET

Article 17

1. The Board of Directors shall be required to draw up and implement the Work Plan and Annual Budget of the Company for each financial year, which shall at least contain the following:
 - a. Mission, business targets, business strategies, company policies, and work program/activity;
 - a. Company's Budget broken down to budgets for each work program/activity;
 - b. Financial projection of the Company and its subsidiaries; and
 - c. Other matters that need the approval of the Board of Commissioners.

1. Board of Commissioners shall be required to draw up the Board of Commissioners' working program, which shall constitute an integral part of the Work Plan and Annual Budget of the Company drawn up by the Board of Directors as stated in paragraph 1 of this Article.
2. Draft of Work Plan and Annual Budget of the Company which has been signed by the Board of Directors shall thereafter be submitted by the Board of Directors to the Board of Commissioners, at the latest 60 (sixty) days prior to the beginning of the new financial year, for the approval of the Board of Commissioners.
3. Draft of Work Plan and Annual Budget of the Company shall be approved by the Board of Commissioners at the latest 30 (thirty) days after the Company's budget year begins.
4. In the event the draft of Work Plan and Annual Budget of the Company has not been approved by the Board of Commissioners within the term as stated in paragraph 3 of this Article, the previous Work Plan and Annual Budget of the Company shall apply.

FINANCIAL YEAR AND ANNUAL REPORT

Article 18

1. The Company's financial year is the calendar year, and at the end of December of each year, the books of the Company are closed.
2. The Board of Directors shall be required to draw up Annual Report that shall at least contain the following:
 - a. Financial Statements consisting of at least the balance sheet of end of the past financial year in comparison with that of the previous financial year, income statement of the concerned financial year, cash flow statement, and statement of change in equity, as well as notes on the Financial Statements;
 - b. Report on activities of the Company;
 - c. Report on implementation of Social and Environment Responsibility;
 - d. Details on issues occurring during the financial year that have impacts on the Company's business activities;
 - e. Report on supervisory duties that have been carried out by the Board of Commissioners during the past financial year;
 - f. Names of members of the Board of Directors and members of the Board of Commissioners;
 - g. Salaries and allowance/facilities for members of the Board of Directors and fee and/or allowance/facilities for members of the Board of Commissioners of the company for the past year (the relevant financial year).
3. Draft of Annual Report including Financial Statements that have been audited by the Public Accountant which has been signed by all members of the Board of Directors and conveyed to the Board of Commissioners for review and execution before they are conveyed to the Shareholders.
4. In the event that there are members of the Board of Directors and Board of Commissioners who fail to sign the stated Annual Report, then the reason for such shall be stated in writing or such reason shall be stated by the Board of Directors in a separate letter attached to the Annual Report.
5. In the event that there are members of the Board of Directors and Board of Commissioners who fail to sign the stated Annual Report as stated in paragraph 4 in this Article and they fail to provide their reason in writing, then the concerned members shall be deemed as having approved the content of the Annual Report.
6. Approval of the Annual Report, including ratification of annual Financial Statements as well as supervisory duties of the Board of Commissioners, and decision on utilization of profit shall be determined by GMS.
7. Approval on Annual Report, including ratification of financial statements as stated in paragraph 2 in this Article, shall be given by GMS at the latest at the end of the fifth month after the end of the financial year.

8. Approval of the Annual Report including ratification of Financial Statements as well as report on supervisory duties of the Board of Commissioners by the GMS shall mean that it has granted full discharge and full release of liability to the members of the Board of Directors and Board of Commissioners as to the management and supervision of the Company performed during the past financial year, insofar as such acts are reflected in the Annual Report and Financial Statements, with due observance of the statutory regulations as well as regulations applicable in Capital Market sector in Indonesia. The Annual Report, including the Financial Statements mentioned in paragraph 2 in this Article shall be made available at the offices of the Company starting from the date of summon up until the date of implementation of GMS approving such report for the interest of the Shareholders.
9. The Company shall be required to announce the Balance Sheets and Income Statement on Indonesian newspapers with national circulation according to the procedures set forth in the statutory regulations and regulations applicable to the Capital Market sector in Indonesia.

REPORTING

Article 19

1. Board of Directors shall be required to prepare periodic reports containing the implementation of Annual Work Plan and Budget of the Company.
2. Periodic reports as referred to in paragraph 1 in this Article shall include quarterly and annual reports.
3. Aside from the periodic reports as mentioned in paragraph 2 in this Article, the Board of Directors may at anytime also convey special reports to the Board of Commissioners.
4. Periodic reports and other reports as stated in this Article shall be conveyed in forms, content, and procedures of compilation that are in accordance with the statutory regulations and regulations applicable in Capital Market sector in Indonesia.
5. Board of Directors shall be required to convey quarterly reports to the Board of Commissioners at the latest 30 (thirty) days after the end of the quarterly period.

GENERAL MEETING OF SHAREHOLDERS

Article 20

1. GMS in the Company shall mean:
 - a. Annual GMS, as referred to in Article 21;
 - b. Other GMS, which hereinafter shall be referred to in the Articles of Association as Extraordinary GMS, namely GMS convened anytime based on necessity as set forth in Article 22.
2. The term GMS in these Articles of Association shall mean annual GMS and extraordinary GMS, unless expressly stated otherwise.
3. GMS with other agenda shall not be entitled to adopt resolutions, unless all shareholders are present and/or represented at the General Meeting of Shareholders and approve the additional agenda of the meeting.
4. The agenda of the GMS may also include proposals submitted by the following:
 - a. Board of Commissioners and/or one or more Shareholders representing at least 1/10 (one tenth) of total shares issued by the Company with lawful voting rights;
 - b. The relevant proposals shall have been received by the Board of Directors 7 (seven) days prior to the date of summon of GMS.



ANNUAL GENERAL MEETING OF SHAREHOLDERS

Article 21

1. Annual GMS shall be convened annually.
2. Annual GMS to approve Annual Report shall be convened at the latest in May after the closing of the concerned financial year.
3. At such GMS the Board of Directors shall convey the following:
 - a. Annual Reports as referred to in Article 18 paragraph 2 ;
 - b. Proposal for utilization of Company's profit;
 - c. Proposal for the appointment of the Public Accountants Office to audit the Company's current books based on proposals from the Board of Commissioners or proposal to grant authority to the Board of Commissioners to appoint a Public Accountants Office;The Annual GMS may resolve other matters duly proposed at the meeting, notwithstanding the provisions in this Articles of Association.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Article 22

Extraordinary GMS may be conveyed anytime based on necessity for the interest of the Company.

VENUE, ANNOUNCEMENT, NOTIFICATION AND TIME OF CONVENING OF GENERAL MEETING OF SHAREHOLDERS

Article 23

1. GMS shall be convened within the territory of Republic of Indonesia, namely at the:
 - a. Place of domicile of the Company;
 - b. Place of business activities of the Company; or
 - c. Place of domiciles of the Stock Exchange wherein the Company's shares are listed.
2. Board of Directors shall convene Annual GMS and Extraordinary GMS with announcement of GMS prior to such Annual GMS and Extraordinary GMS.
3. Announcement of GMS is to be done at the latest 14 (fourteen) days prior to notification of GMS, excluding date of announcement and date of notification.
4.
 - a. Summon for GMS shall be made at the latest 14 (fourteen) days prior to the GMS, excluding the date of summon and date of GMS.
 - b. Summon for the second GMS shall be made at the latest 7 (seven) days prior to the second GMS, excluding the date of summon and date of GMS and along with information that the first GMS had been convened but had failed to meet the quorum.
 - c. The summon for GMS shall state the date, time, venue, agenda, and notification that the materials to be discussed at the GMS are available at the offices of the Company, unless it is otherwise regulated in the statutory regulations in Capital Market sector.
 - d. The second GMS shall be convened at the soonest within 10 (ten) days and at the longest within 21 (twenty) days after the first GMS.
 - e. Notwithstanding other provisions in this Articles of Association, the Summon shall be made by the Board of Directors or Board of Commissioners according to the procedures set forth in this Articles of Association.
 - f. Announcement and Notification shall be done by way of advertisements in at least 2 (two) newspapers in Bahasa Indonesia, one of which having vast circulation, and published at the place of domiciles of the Company as stipulated by the Board of Directors.
 - g. This provision shall apply notwithstanding the statutory regulations in Capital Market sector and other statutory regulations as well as regulations of the Stock Exchange in Indonesia wherein the Company's shares are listed.
 - h. Announcement and Notification of GMS, to make decisions concerning matters of conflict of interest, shall be done by complying with the regulations of Capital Market.

5. The GMS, as contained in paragraph 2 in this article, may be convened upon the request of the following:
 - a. 1 (one) or more shareholders representing 1/10 (one tenth) or more of the total shares of the Company subscribed to with voting rights, or
 - b. Board of Commissioners;
6. Requests as referred to in paragraph 5 in this Article, shall be submitted to the Board of Directors with registered mail stating the reasons.
7. Reasons as referred to in paragraph 5 in this Article shall be, among others, without limitation, the following:
 - a. Board of Directors fails to convene an Annual GMS in accordance with the prevailing stipulations;
 - a. The term of office of the members of the Board of Directors and/or Board of Commissioners shall expire; or as referred to in paragraphs 3 and 4 in this Article ;
 - b. Request to convene GMS by the Shareholders as referred to in paragraph 5 letter a in this Article, is resubmitted to the Board of Commissioners; or
 - c. Board of Commissioners by itself summon for a GMS as referred to in paragraph 9 letter b in this Article.
8. Registered mail as stated in paragraph 6 in this Article which is conveyed by the Shareholders and its copies shall be conveyed to the Board of Commissioners.
9. In the event the Board of Directors fails to announce and summon for the GMS as referred to in paragraphs 3 and 4 in this Article :
 - a. Then the request to convene a GMS by the Shareholders as stated in paragraph 5 letter a in this Article, shall be resubmitted to the Board of Commissioners; or
 - b. Then the Board of Commissioners shall by itself summon for the GMS as referred to in paragraph 9 letter b in this Article.
10. Board of Commissioners shall be required to notify for the GMS as stated in paragraph 9 letter b in this Article within at the longest 30 (thirty) days since the date of request to convene the GMS is accepted.

CHAIRMAN AND MINUTES OF GENERAL MEETING OF SHAREHOLDERS

Article 24

1. The GMS shall be chaired by a member of the Board of Commissioners appointed by the Board of Commissioners. In the event all members of Board of Commissioners are not present or unavailable, therefore the GMS shall be chaired by one of the members of the Board of Directors appointed by the Board of Directors. In the event all members of the Board of Directors are not present or unavailable, therefore the GMS shall be chaired by a shareholder present at the GMS, appointed by and amongst the participants of the GMS.
2. In the event the member of the Board of Commissioners appointed by the Board of Commissioners has conflict of interest on the issues to be decided at the GMS, therefore the GMS shall be chaired by a member of the Board of Commissioner with no conflict of interest, as appointed by the Board of Commissioners. If all members of the Board of Commissioners have conflict of interest, therefore the GMS shall be chaired by one of the Directors appointed by the Board of Directors. In the event of the Directors appointed by the Board of Directors has conflict of interest on the issues to be decided in the GMS, therefore the GMS shall be chaired by a member of the Board of Directors with no conflict of interest. If all members of the Board of Directors have conflict of interest, therefore the GMS shall be chaired by one of the independent shareholders appointed by other shareholders present at the GMS.
3. A Minutes of GMS shall be drawn up containing all matters discussed and resolved at the GMS.
4. The minutes drawn up in accordance with the provisions in paragraph 3 in this Article shall apply as lawful evidence for all shareholders and third parties with regards to the resolutions and events occurring at the Meeting.



QUORUM, VOTING RIGHTS, AND RESOLUTIONS IN GENERAL MEETING OF SHAREHOLDERS Article 25

1. As long as it is not otherwise regulated in these articles of association, the quorum of attendance and resolutions of GMS on issues to be decided in GMS shall be conducted by complying with the following provisions:
 - a. The GMS is attended by shareholders representing more than 1/2 (one half) of total shares with valid voting rights, and the resolutions of the GMS are valid if approved by more than 1/2 (one half) of all shares with valid voting rights present at the GMS;
 - b. in the event the quorum of attendance as stated in paragraph 1 letter a in this Article is not achieved, then the second GMS shall be valid and entitled to adopt binding resolutions if attended by shareholders representing at least 1/3 (one third) of total shares with valid voting rights, and the resolutions of the GMS may be implemented if approved by more than 1/2 (one half) of the total shares with valid voting rights present at the GMS;
 - c. In the event the quorum of the second Meeting is not achieved, then upon request from the Company, the quorum of attendance, the number of votes to make decisions, notifications, and the time the GMS shall be held shall be determined by the OJK.
2. GMS to assign assets of the Company or to put assets of the Company as debt security, which amount to more than 50 % (fifty percent) of total assets of the Company, whether in one or more transactions, whether or not inter-related, shall obtain the approval of the GMS, with the following stipulations:
 - a. The GMS is attended by shareholders representing at least 3/4 (three fourths) of total shares with lawful voting rights and the resolutions shall be valid if approved by more than 3/4 (three fourths) of total shares with lawful voting rights present at the GMS;
 - b. In the event the quorum as stated in paragraph 2 letter a in this Article is not achieved, then in the second GMS, the resolutions shall be valid when attended by shareholders representing at least 2/3 (two thirds) of total shares with lawful voting rights and the resolutions shall be valid when approved by more than 3/4 (three fourths) of total shares with lawful voting rights present at the GMS; and
 - c. In the event the quorum as stated in paragraph 2 letter b in this Article is not achieved, then upon request from the Company, the quorum of attendance, the number of votes to make decisions, notifications, and the time the GMS shall be held shall be determined by OJK.
3. The GMS to approve transactions, in which there is conflict of interest, shall be convened by complying with the following provisions:
 - a. Shareholders with conflict of interest shall be considered to have made the same decision as the one approved by independent shareholders without conflict of interest;
 - b. The GMS is attended by independent shareholders representing more than 1/2 (one half) of total shares with valid voting rights owned by independent shareholders and the resolutions are valid if approved by independent shareholders representing more than 1/2 (one half) of total shares with valid voting rights owned by independent shareholders;
 - c. In the event that the quorum as stated in paragraph 3 letter b in this Article is not achieved, then in the second GMS, the resolutions are valid if attended by independent shareholders representing more than 1/2 (one half) of total shares with valid voting rights owned by independent shareholders and approved by more than 1/2 (one half) of total shares owned by independent shareholders present at the GMS; and
 - d. In the event that the quorum as stated in paragraph 3 letter c in this Article is not achieved, then upon request of the Company, the quorum, total votes to make decisions, notification, and time of convening of the meeting shall be determined by OJK.

4. The GMS for changes in the Board of Directors and/or changes in the Board of Commissioners and/or Issuance of Equities / Increase and authorized and paid up capital and changes in articles of association that do not require the approval from the Minister shall be convened with provisions as follows:
 - a. The GMS shall be attended by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{1}{2}$ (one half) of the total shares with lawful voting rights and the resolutions shall be approved by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{1}{2}$ (one half) of the total shares with lawful voting rights present at the GMS.
 - b. In the event that the quorum as stated in paragraph 4 letter a in this Article is not achieved, then in the second GMS, the resolutions are valid if attended by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{1}{3}$ (one third) of the total shares with lawful voting rights and the resolutions shall be approved by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{1}{2}$ (one half) of the total shares with lawful voting rights present at the GMS.
 - c. In the event the quorum of the second GMS is not achieved, then upon request of the Company, the quorum, total votes to make decisions, notification, and time of convening of the meeting shall be determined by the Chairman of OJK, with provision that it has to be attended and approved by the holder of A Series Dwiwarna Share.
5. The GMS for the amendments to the Articles of Association of the Company, which need the approval of the Minister, shall be convened with the following provisions:
 - a. The amendments to the Articles of Association shall be determined by the GMS, which is attended by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{2}{3}$ (two thirds) of the total shares with lawful voting rights and the resolutions shall be approved by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{2}{3}$ (two thirds) of the total shares with lawful voting rights present at the GMS.
 - b. In the event that the quorum as stated in paragraph 5 letter a in this Article is not achieved, then in the second GMS, the resolutions are valid if attended by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{3}{5}$ (three fifths) of the total shares with lawful voting rights and the resolutions shall be approved by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{1}{2}$ (one half) of the total shares with lawful voting rights present at the GMS.
 - c. In the event that the quorum as stated in paragraph 5 letter b in this Article is not achieved, then upon request of the Company, the quorum of the third GMS, total votes to make decisions, notification, and time of convening of the meeting shall be determined by OJK, with provision that it has to be attended and approved by the holder of A Series Dwiwarna Share.
6. With due observance of the prevailing statutory provisions, then the Merger, Consolidation, Takeover, Spin-off and submission of request for the Company to be declared as insolvent, and Winding-off may only be done based on decisions of the GMS, with the following provisions:
 - a. The GMS is attended by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{3}{4}$ (three fourths) of the total shares with lawful voting rights and the resolutions shall be approved by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{3}{4}$ (three fourths) of the total shares with lawful voting rights present at the GMS.
 - b. In the event that the quorum as stated in paragraph 6 letter a in this Article is not achieved, then in the second GMS, the resolutions are valid if attended by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{2}{3}$ (two thirds) of the total shares with lawful voting rights and the resolutions shall be approved by the holder of A Series Dwiwarna Share and other shareholders and/or their lawful representatives who together shall represent more than $\frac{3}{4}$ (three fourths) of the total shares with lawful voting rights present at the GMS.

- c. In the event that the quorum as stated in paragraph 6 letter b in this Article is not achieved, then upon request of the Company, the quorum, total votes to make decisions, notification, and time of convening of the meeting shall be determined by OJK, with provision that it has to be attended and approved by the holder of A Series Dwiwarna Share.
7. Those entitled to attend the GMS are those whose names are registered in the Registry of Shareholders of the Company at least 1 (one) business day prior to the date of Notification of GMS, with due observance to the prevailing statutory regulations and provisions of the Stock Exchange, wherein the shares of the Company are listed.
8. A shareholder may be represented by another shareholder or a third party by virtue of a power of attorney with due observance to the prevailing statutory regulations.
9. Chairman of the GMS shall be entitled to request for the power of attorney to represent the shareholder to be present to him during the Meeting.
10. At the Meeting, each share shall grant the owner the right to cast 1 (one) vote.
11. Shareholders with voting rights, who are present at the GMS but do not cast votes (abstain) are viewed as casting the same votes as the majority votes from the shareholders casting votes.
12. Unavailable shareholders may be represented by their proxies by presenting valid Power of Attorney, form of which shall be set forth by the Board of Directors of the Company, with provisions that the members of Board of Directors, members of Board of Commissioners and employees of the Company may act as proxies at the Meeting but the votes they cast as proxies shall not be included in the voting.
13. Casting of votes is to be conducted verbally, unless it is determined otherwise by the Chairperson of the Meeting.
14. All resolutions are to be adopted based on deliberation towards consensus. In the event no resolution is able to be adopted with deliberation towards consensus, then the resolutions shall adopted based on affirmative votes as stipulated in this Articles of Association.

UTILIZATION OF PROFIT

Article 26

1. Utilization of net income, including the amount reserved for losses shall be determined by GMS.
2. Total net income less allowance for reserve as referred to in paragraph 1 shall be distributed to Shareholders as dividend, unless stipulated otherwise by GMS.
3. Aside from utilization of net income as referred to in paragraph 2 in this Article, the GMS may determined utilization of net income for other distribution such as tantiem for the Board of Directors, Board of Commissioners, and bonus for employees, or to place such net income in the Company's reserve, which, among others, is intended for expansion of business of the Company, each percentage of which shall be determined every year by GMS.
4. Dividend as referred to in paragraph 2 in this Article may only be distributed if the Company has positive retained earning.
5. Utilization of net income for tantiem and bonus as referred to in paragraph 3 in this Article, shall be done as long as it is not included in the budget and not calculated as costs in the current year.
6. If the Company shows improvement in performance as shown by exceeding the target that must be achieved, despite not obtaining positive retained earning, then the Company may grant tantiem to the members of the Board of Directors and Board of Commissioners as well as bonus for employees as long as it has been included in the budget and calculated as cost.
7. If the calculation of profit and loss in one financial year shows losses that cannot be covered by reserve funds, the loss shall remain recorded in the Company's books and in the subsequent years the Company shall be considered as not having gained any profit for as long as such recorded loss has not been fully covered, as not contained in paragraph 8 in this Article and not claimed within 10 (ten) years it shall be come the right of the Company
8. Except for the dividend that is the right of the Republic of Indonesia, dividend not claimed within 5 (five) years after they are declared to be payable shall be entered into reserve fund specifically designated for such purpose.
9. Dividends which have been entered into the special reserve as referred to in paragraph 8 in this Article and have not been claimed within a period of 10 (ten) years shall become the property of the Company.

10. The Company may distribute interim dividends before the end of the Company's financial year upon request by Shareholders representing at least 1/10 (one tenth) of total of shares issued, with due observance of projection of estimated profit gained and financial capability of the Company as well as statutory regulations and regulations applicable in Capital Market sector in Indonesia. Distribution of interim dividends shall be determined based on the resolutions of the Meeting of Board of Directors and after acquiring approval from the Board of Commissioners, with due observance to paragraph 10 in this Article.
11. In the event that after the end of the financial year the Company evidently suffers from losses, the interim dividend distributed must be returned by the Shareholders to the Company.
12. Board of Directors and Board of Commissioners shall be jointly and severally responsible for the losses of the Company, in the event the Shareholders are unable to return the interim dividend as referred to in paragraph 12 in this Article.

UTILIZATION OF RESERVE

Article 27

1. The Company shall establish mandatory reserve and other reserves.
2. Putting aside net income for reserve as referred to in paragraph 1 in this Article shall apply only if the Company has positive retained earning.
3. Putting aside net income for mandatory reserve as referred to in paragraph 1 in this Article shall be done until such reserve reach at least 20% (twenty percent) of the total issued and fully paid capital.
4. Mandatory reserve as referred to in paragraph 1 in this Article which has not reached the amount as referred to in paragraph 3 in this Article may only be utilized to cover the losses of the Company that cannot be fulfilled by other reserves.
5. If the mandatory reserve funds as referred to in paragraph 1 in this Article have exceeded the 20% (twenty percent), the GMS may decide that the surplus funds be used for the Company's necessities.
6. Board of Directors shall manage the reserve funds in order for such reserve funds to generate profit, by means deemed the best by the Board of Directors with the approval from the Board of Commissioners and with due observance of the statutory regulations.
7. Profit generated by the reserve fund shall be included in the profit loss calculation.

AMENDMENTS TO ARTICLES OF ASSOCIATION

Article 28

1. Amendments of Articles of Association shall be done with due observance of the UUPT and/or statutory regulations in Capital Market sector.
2. Agenda with regards to amendments to Articles of Association shall be clearly stated in the notification of GMS.
3. Amendments to the provisions in the Articles of Association with regards to the change of name and/or the place of domicile of the Company; the purposes and objectives, business activities, duration of the Company, amount of authorized capital, reduction of issued and paid up capital, change of status of Company from private to public or vice versa, shall require the approval from the Minister as referred to in the UUPT.
4. Amendments to Articles of Association other than those referred to in paragraph 3 in this Article need only be notified to the Minister with due observance of the provisions in UUPT.
5. Provisions on reduction of capital shall follow the statutory regulations specifically statutory regulations in Capital Market sector.

MERGER, CONSOLIDATION, ACQUISITIONS AND SPIN-OFF

Article 29

1. Mergers, Consolidations, Acquisitions and Spin-Offs are determined by GMS with stipulations as referred to in Article 25 paragraph 6.
2. Further stipulations on Mergers, Consolidations, Acquisitions, and Spin-Offs are as contained in the prevailing statutory regulations, specifically statutory regulations in Capital Market sector.



DISSOLUTION, LIQUIDATION AND THE EXPIRATION OF STATUS OF LEGAL ENTITY

Article 30

1. Dissolution of the Company may be conducted based on decision of GMS with stipulations as contained in Article 25 paragraph 6.
2. If the Company is dissolved pursuant to resolution of GMS or declared as dissolved pursuant to a Court ruling, a liquidation shall be carried out by a Liquidator.
3. The Liquidator shall account to the GMSM or court appointing him for the liquidation of the Company he has carried out.
4. The Liquidator shall be required to notify the Minister and announce the final results of the process of liquidation in the newspapers after the GMS grant release and discharge of liability to the Liquidator or after the Court accepts the accountability report from the Liquidator appointed by it.
5. Provisions with regards to dissolution, liquidation, and expiration of status of legal entity of the Company shall be with due observance of the statutory regulations, specifically the statutory regulations in Capital Market sector.

CONCLUDING REGULATIONS

Article 31

All matters not provided for or inadequately regulated in this Articles of Association shall be decided by the GMS.

THE MANAGEMENT OF THE COMPANY HEREBY STATES THAT THE ARTICLES OF ASSOCIATION CONTAINED IN THIS PROSPECTUS CONSTITUTE THE FINAL ARTICLES OF ASSOCIATION OF THE COMPANY IN ACCORDANCE WITH REGULATION OF BAPEPAM NO. IX.J.1.

XX. TERMS OF SHARES SUBSCRIPTION

1. SHARES SUBSCRIPTION

Shares subscription shall be done in accordance with the stipulations contained in this Prospectus and Shares Subscription Form/ *Formulir Pemesanan Pembelian Saham* (hereinafter to be referred to as "SSF"). Shares subscription shall be done by using original or copy SSF issued by the Lead Underwriters. Original or copy of SSF issued by the Lead Underwriters may be acquired from the Underwriters or Sales Agents whose names are contained in the Chapter of Distribution of Prospectus and SSF in this Prospectus. SSF shall be made in 5 (five) copies. Shares subscription violating the stipulations mentioned above shall not be served.

Each share subscriber is required to have a securities account at the securities company/custodian bank which is already an Account Holder at the PT Kustodian Sentral Efek Indonesia (KSEI).

2. ELIGIBLE SUBSCRIBERS

Subscribers entitled to conduct shares subscription shall be individuals and/or Business Entities as set forth in UUPM and Regulation of Bapepam and LK No. IX.A.7.

3. NUMBER OF SUBSCRIPTION

Shares subscription shall be submitted for a minimum of 1 (one) trading unit consisting of 500 (five hundred) shares, and subsequently in multiples of 500 (five hundred) shares.

4. REGISTRATION OF SECURITIES INTO THE COLLECTIVE DEPOSITORY

All the shares offered have been registered to KSEI based on an Agreement of Registration of Equity Shares with KSEI No. SP-0009/PE/KSEI/0313 dated 27 March 2013 signed by the Company and KSEI.

- A. Due to such shares being registered with KSEI, therefore the following provisions shall apply on such offered shares:
1. The Company shall not issue Collective Shares Certificates, however such shares are to be distributed electronically, administration of which shall be done in KSEI Collective Depository. Shares from the Public Offering shall be credited into the Security Account in the name of the account holder at the latest on the date of distribution of shares after receiving confirmation of the registration of shares under the name of KSEI from the Company or BAE;
 2. The Company shall issue Letter of Confirmation of Shares Registration/*Surat Konfirmasi Pencatatan Saham* ("**SKPS**") to KSEI as proof of record in the Registry of Shareholders of the Company on shares in the Collective Depository;
 3. Prior to the listing of the shares offered in this Public Offering in the Stock Exchange, the subscribers shall receive confirmation of allotment in the name of the subscribers in the form of Shares Allotment Confirmation Form/*Formulir Konfirmasi Penjatahan* ("**FKP**");
 4. KSEI, Security Company, or Custodian Bank shall issue a written confirmation to account holders as a letter of confirmation concerning ownership of Shares. The Written Confirmation shall constitute a valid letter of confirmation on Shares registered with the Security Account;
 5. Assignment of ownership of Shares shall be conducted through transfer between Security Accounts in KSEI;
 6. Shareholders registered with Security Account shall be entitled to dividend, bonus shares, rights issue, and cast votes in GMS, as well as other rights attached to the shares;
 7. Payment of dividend, bonus shares and proceeds on rights issue to shareholders shall be made by the Company, or BAE appointed by the Company, through the Security Account in KSEI, to further be forwarded to the beneficial owner who is the holder of security account in the Security Company or Custodian Bank;



8. After the Public Offering and after the Company's shares are registered, the shareholders who desire shares certificates may withdraw shares from the Collective Depository in KSEI after the shares from the Public Offering are distributed into the Security Account of the appointed Security Company / Custodian Bank;
9. The withdrawal shall be conducted by submitting a request for shares withdrawal to KSEI through the Security Company / Custodian Bank managing their shares by completing the Shares Withdrawal Form;
10. Shares withdrawn from the Collective Depository shall be issued in the form of Collective Shares Certificates at the latest 5 (five) business days after the request is received by the Company and issued in the name of the shareholders in accordance with the request from the Security Company or Custodian Bank managing the shares;
11. Parties who would like to conduct settlement of stock exchange transaction on Company's Shares shall be required to appoint a Security Company or Custodian Bank who is an account holder at KSEI to conduct administration for such Shares.

Shares that have been withdrawn from KSEI Collective Depository and Collective Shares Certificates of which have been issued cannot be used to settle stock exchange transaction. Further information on shares withdrawal procedures may be acquired from the Lead Underwriters or Underwriters wherein the concerned SSF is submitted.

5. SUBMISSION OF SHARES SUBSCRIPTION

During the Offering Period, eligible subscribers may subscribe for shares during normal working hours applicable at the office of Lead Underwriters or Underwriters or Sales Agent where the SSF is acquired.

Every party is entitled to submit only 1 (one) SSF and such must be submitted by the concerning subscriber by attaching copy of identification (KTP/Passport for individuals and Articles of Association for legal entities) as well as to conduct payment in accordance with the amount of subscription. For foreign subscribers, other than submitting copy of passport/KITAS that is still valid, they must state on the SSF their names and addresses abroad / valid legal domicile of the subscribers completely and clearly as well as to conduct payment in accordance with the amount of subscription.

Sales Agents, Underwriters, Lead Underwriters and the Company shall be entitled to reject shares subscription if SSF is not completed or if the conditions for shares subscription are not met.

6. OFFERING PERIOD

Offering Period shall be 3 (three) business days, namely on June 20th, 21st and 24th 2013. The offering shall commence at 09.00 WIB up to 15.00 WIB.

7. DATE OF ALLOTMENT

The final date of allotment, wherein the Lead Underwriters and the Company determine the shares allotment for each subscriber, shall be on 26 June 2013.

8. CONDITIONS FOR PAYMENT

Payment may be made with cash, cheque, or bank draft in Rupiah and paid to the concerned subscribers (non representable) by presenting original identification and SSF which has been filled completely and correctly to the Underwriters at the time of submission of SSF. Payment for one SSF may only be made in one of the payment methods, namely using cheque or cash or transfer or bank draft.

If payment is made with cheque, then the cheque shall be in the name of or owned by the Party submitting (signing) the subscription form. Cheque belonging to or in the name of a third party is unacceptable as payment. All bank charges and transfer fee in relation to the payment shall be borne by the subscriber. All cheques and bank drafts shall immediately be disbursed at time of acceptance. In the event that the cheques or bank drafts are denied by the bank at the time of disbursement, then the concerned shares subscription shall automatically be considered as void. Date of payment shall be calculated based on the date of receipt of cheque / transfer / bank draft which has been received in good funds in the account of the Underwriters. Payment by cheque / transfer / bank draft may only be accepted on the first day of the Offering Period.

For special shares subscription, payment shall be made directly to the Company. For payment made through transfer from other banks, the subscribers shall attach copies of Credit Notes from the concerned bank.

Further, all deposits from the Underwriters and Sales Agents shall be made to the account of Lead Underwriters at:

Bank Mandiri
Kebon Sirih Branch
Account No.: 121-0006004125
Account Holder: PT Bahana Securities – IPO Semen Baturaja

Shares subscription made through Underwriters which have conveyed confirmation from Paying Bank at the time of submission of shares subscription may make deposit to the account of Lead Underwriters on the date set forth in the Underwriting Agreement.

9. PROOF OF RECEIPT

Lead Underwriters, Underwriters, or Sales Agent receiving the SSF, shall return to the subscribers the carbon copy of the fifth sheet of the signed SSF (original signature) as proof of receipt of shares subscription. The proof of receipt for such shares subscription does not constitute any warranty that the subscription is fulfilled and it must be well kept for re-submission at the time the remaining subscription fee is returned and/or when receiving Allotment Confirmation Form on shares subscription. For special shares subscribers, the proof of receipt of shares subscription shall be given directly by the Company.

10. SHARES ALLOTMENT

Allotment is to be carried out by PT Bahana Securities as the Allotment Manager with a combination system, which are Fixed Allotment and Pooling, in accordance with No. IX.A.7 as well as other prevailing statutory regulations, including in Capital Market sector.

The allotment portion system that is implemented uses a combination system of Fixed and Pooling Allotment. The Fixed Allotment is limited to a maximum of 97% (ninety seven percent) of the total shares on offer. The remaining 3% (three percent) shall be used in the Pooling Allotment.

A. Fixed Allotment

Fixed Allotment is limited to 97% (ninety seven percent) of the total Shares on Offer, which shall be allocated but not limited to:

- Pension
- Insurance
- Mutual Funds
- Corporations
- Individuals
- Company's Employees through the ESA Program



In the event that the allotment is carried out using the fixed allotment system, therefore such allotment can only be carried out if the following requirements are met:

- a. The Allotment Manager shall determine the percentage of allocation and the eligible parties receiving the fixed allotment in the Public Offering.
- b. The total of Fixed Allotment, as stated in point a shall also include the allotment for employees of the Issuer conducting subscription in Public Offering (if any) with maximum total of 10% (ten percent) of the total shares on offer in the Public Offering.
- c. In the event surplus in demand for purchase in the Public Offering, the Underwriters, Sales Agents or their affiliations shall be prohibited to purchase or hold shares for their own accounts; and
- d. In the event of deficiency in demand for purchase in the Public Offering, the Underwriters, Sales Agents or their affiliations shall be prohibited to sell the shares which they have purchased or shall purchase based on Underwriting Agreement, unless through Stock Exchange if it is disclosed in the Prospectus that the Securities are to be listed in the Stock Exchange.
- e. Allocation of fixed allotment shall be distributed to Management Asset, Investment Company, Pension Funds, Cooperatives and Individuals in accordance with the discretion of the Allotment Manager.

B. Pooling

Pooling allotment is limited up to 3% (three percent) of the total Shares on Offer. In the event the number of securities subscribed exceeds the number of securities on offer through a Public Offering, then the concerned Allotment Manager shall carry out the procedures on allotment of remaining Securities after the allocation for Fixed Allotment, as follows:

- a. In the event after the exemption of affiliated shares subscription, which constitutes directors, commissioners, employees or parties holding 20% (twenty percent) or more of shares of a security company acting as the Underwriter or Security Sales Agent or other party affiliated with the Company or all parties, amount of which is the same as or exceeding the amount subscribed, the subscription that is not exempted shall receive all shares subscribed.
- b. In the event after the exemption of the affiliated shares subscription as referred to in the above point B.a there are remaining shares, amount of which is lower than the amount subscribed, then the allotment for the subscriber that is not exempted shall be allocated by meeting the following conditions:
 1. Subscribers not exempted shall acquire one trading unit in the Stock Exchange, if there is a trading unit available. In the event the total is insufficient, therefore the available trading units shall be distributed by way of lottery. The total shares included in the said trading unit is the largest full trading unit determined by the Stock Exchange, wherein such shares are registered; and
 2. If there are shares remain, therefore after one trading unit is distributed to the subscribers who are not exempted, the allocations shall be conducted proportionately, in a trading unit according to the number of shares subscribed by the subscribers.

C. Other Method of Allotment

Other method of allotment may be applied insofar the following:

- 1) The said procedures have been approved by OJK;
- 2) The said procedures have been disclosed fully in the Prospectus; and
- 3) The said procedures have been in accordance with Regulation of Bapepam and LK No. IX.A.7 except for Fixed and Pooling Allotment.

The shares allotment is to be audited by complying with procedures as set forth in the Regulation of Bapepam and LK No.VIII.G.12.

In the event of Securities over-subscription and that it is proven that particular Parties have submitted Securities subscriptions through more than one subscription form for each Public Offering, whether directly or indirectly, then for the purpose of allotment, the Allotment Manager may only include one Securities subscription form, which is the first form submitted by the concerned subscriber.

11. CANCELLATION OR DELAY OF PUBLIC OFFERING

Pursuant to Deed of Public Offering Underwriting Agreement of PT Semen Baturaja (Persero) Tbk No. 26 dated 9 April 2013, pursuant to the First Amendment of Deed No. 20 dated 6 May 2013 and the Second Amendment of Deed No. 52 dated 11 June 2013, all drawn up before Fathiah Helmi, SH, Notary in Jakarta, the Public Offering may be cancelled or delayed in accordance with the prevailing Regulation of Bapepam and LK, by Issuer with prior written notification to OJK with regards to the delayed Public Offering, in the event of the following:

- a. Collective shares price index at the Stock Exchange has declined by more than 10% (ten percent) for 3 (three) consecutive Exchange days;
- b. Natural disasters, war, riots, fire, strike, that have significant impact on the course of business of the Company; and/or
- c. The occurrences of other events with significant impact on the course of business of the Issuer as determined by OJK as referred to in Regulation of Bapepam and LK No.IX.A.2.

12. REFUND OF SUBSCRIPTION MONEY

- a. With due observance of provisions on allotment, in the event of over-subscription, the Underwriters shall be responsible and shall be required to refund the surplus in subscription money to the Lead Underwriters at the latest 1 (one) Business Day after the Date of Allotment, and each Underwriter shall be responsible and shall be required to refund the subscription money to the subscribers which it has received in relation to the purchase as soon as possible but no later than 2 (two) Business Days after the Date of Allotment. Therefore, the Lead Underwriters and Underwriters hereby release the Issuer from all demands/penalties on such negligence.
- b. Such refund shall be required to be made in form of transfer to the account in the name of the subscriber or through other payment instruments in the form of cheque, bank draft or letter of refund that can be directly taken by the concerned subscriber from the Underwriter, in which the subscription is submitted by handing over proof of receipt of subscription of Shares and proof of identification.
- c. For Special Subscribers, refund of subscription money due to allotment shall be set forth and directly implemented by Issuer and therefore the Issuer shall release the Lead Underwriters, Underwriters of all claims/penalties upon such negligence by the Issuer.
- d. In the event the Underwriter fails to refund the subscription money thus causing a delay in the refund of subscription money to the subscribers, the said Underwriter shall be required to pay a fine to the concerned subscribers, for each day of delay, amounting to the interest rate of bank draft at Recipient Bank commencing on the 3rd Business Day since the Date of Allotment in prorate for each day of delay.



- e. In relation to the cancellation of Public Offering or postponement of Public Offering causing the termination of Securities Underwriting Agreement, as contemplated in the Securities Underwriting Agreement, the following provisions shall apply:
- Refund of subscription money (including any fine on delay in refund of subscription money) shall be borne by the Lead Underwriters or Underwriters in accordance with their own shares or the Issuer (to Special Subscribers), and shall be settled within at the longest 2 (two) Business Days after the termination of Securities Underwriting Agreement or announcement of postponement of Public Offering;
 - If the subscription money to be refunded is available (including Special Subscribers), but the subscribers fail to show to take it within 2 Business Days after the date of decision to postpone or cancel the Public Offering or termination of Securities Underwriting Agreement, such shall not be the responsibility of the Issuer, Lead Underwriters and/or Underwriters, thus no obligation to pay penalty and or interest to the subscribers.

13. SUBMISISON OF ALLOTMENT CONFIRMATION FORM ON SHARES SUBSCRIPTION

Distribution of Shares Allotment Confirmation Form to respective Shares Accounts of shares subscribers to the Underwriters wherein the concerned SSF submitted shall be conducted at the soonest within 1 (one) business day after Date of Allotment. Shares Allotment Confirmation Form on such shares subscription may be claimed by presenting original proof of identification and Proof of Receipt of Shares Subscription.

14. MISCELLANEOUS

In line with the stipulations in the decision of Chairman of Bapepam and LK No.KEP:691/BL/2011 on 30 December 2011 concerning Subscription and Allotment of Securities at Public Offering, in the event of securities over-subscription and that it is proven that particular Parties have submitted securities subscriptions through more than 1 (one) subscription form for each Public Offering, whether directly or indirectly, therefore for the purpose of allotment, the Allotment Manager may only include 1 (one) Securities subscription form first submitted by the concerned subscribers.

The Underwriters, Securities sales agents, or their affiliations are prohibited from purchasing or owning shares for their own accounts, should over demand occur in a Public Offering, if the subscribers have received full allotment and there are Securities remain, the remaining Securities shall be distributed proportionately according to the amount subscribed by the subscribers, who constitute (i) director, commissioner, employee, or party owning 20% (twenty percent) or more of shares from the Underwriters or Securities Sales Agents in relation to the Public Offering; (ii) director, commissioner, and/or majority shareholders of the Issuer; or (iii) Affiliated of the parties as referred to in points (i) and (ii), who do not constitute parties subscribing for the interest of third parties.

In the event of under demand in the Public Offering, the Underwriters, securities sales agents or their affiliations shall be prohibited from selling the shares that they have purchased, or will purchase based on the Underwriting Contract until the Securities are listed to the Stocks Exchange.

The Underwriters are to submit Report on Results of Public Offering to OJK at the latest 5 (five) business days after the Date of Allotment in accordance with Regulation of Bapepam No. IX.A.2.

15. INDEPENDENT PROFESSIONAL ADVICE

The information contained in this Prospectus does not constitute any legal, business, financial or tax advice, and no representation is made to any person regarding the legality of an investment in the Shares under any laws or regulations. Each potential acquirer of the Shares should determine for itself the relevance of the information contained in this Prospectus and its acquisition of Shares should be based upon such independent investigations and consultations with its own tax, legal, business and other advisers as it deems necessary. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

XXI. DISTRIBUTION OF THE PROSPECTUS AND THE SHARES SUBSCRIPTION FORMS

General

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of Hong Kong, Singapore or any other jurisdiction, except for the registration of this Prospectus in Indonesia in order to permit a public offering of the Shares and the public distribution of this Prospectus in Indonesia.

The distribution of this Prospectus and the offering of the Shares in certain jurisdictions may be prohibited or restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by the Company and the Joint Lead Underwriters to inform themselves about, and observe and comply with, any such prohibitions or restrictions at their own expense and without liability to the Company and the Joint Lead Underwriters. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

The information contained in this Prospectus does not constitute any legal, business, financial or tax advice, and no representation is made to any person regarding the legality of an investment in the Shares under any laws or regulations. Each potential acquirer of the Shares should determine for itself the relevance of the information contained in this Prospectus and its acquisition of Shares should be based upon such independent investigations and consultations with its own tax, legal, business and other advisers as it deems necessary.

Prospective investors should read the whole of this Prospectus. The Shares are only being offered, and this Prospectus is only being distributed, to those eligible investors in Indonesia, Hong Kong and Singapore who are permitted to subscribe for, or purchase, Shares under applicable law.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

The contents of this Prospectus have not been reviewed or approved by any regulatory authority outside Indonesia, including in Hong Kong or Singapore. You are advised to exercise caution in relation to the Initial Public Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Notice to prospective investors in Hong Kong

The Shares may not be offered or sold in Hong Kong, by means of this or any other document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) ("SFO") of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance, nor may any person issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the relevant securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.



No person has been authorised to give any information or make any representation in the context of any offer of Shares other than as contained in this document, and if any such information or representation is given or made in the context of any offer of Shares, any such information or representation must not be relied upon as having been authorised by the Company and the Joint Lead Underwriters.

Neither the delivery of this Prospectus and the SSF nor other application form shall, under any circumstances, constitute a continuing representation or create any suggestion or implication there has been no change in the affairs of the Company or any statement of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, the Company may make an announcement of the same on the IDX. All applicants should take note of such announcement and, upon release of such announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company.

Notice to prospective investors in Singapore

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore and is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “**Securities and Futures Act**”).

Accordingly, the Shares will only be offered in Singapore pursuant to exemptions under the Securities and Futures Act and the Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined under Section 4A of the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person (as defined under Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act. Section 276 of the Securities and Futures Act will have to be complied with upon the subsequent sale of any securities acquired pursuant to an exemption under Section 274 or 275 of the Securities and Futures Act.

Where the Shares are subscribed for or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) 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
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the Securities and Futures Act except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the Securities and Futures Act or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act; or (ii) where no consideration is or will be given for the transfer; or (iii) where the transfer is by operation of law; or (iv) pursuant to Section 276(7) of the Securities and Futures Act.

The Prospectus and The Shares Subscription Forms (SSF)

The Prospectus and the SSF can be obtained at the offices of the Joint Lead Underwriters and the Underwriters, namely the Securities Brokers registered as members of the IDX. The Joint Lead Underwriters and Underwriters as referred to above are:

JOINT LEAD UNDERWRITERS

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PT Reliance Securities

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PT Trimegah Securities

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During the Offering Period, the Public Offering Booth will be opened at Bank Mandiri, Kebon Sirih Branch, Jl. Tanah Abang Timur No. 1-2, Jakarta.