
INDUSTRY OVERVIEW

IX. INDUSTRY OVERVIEW

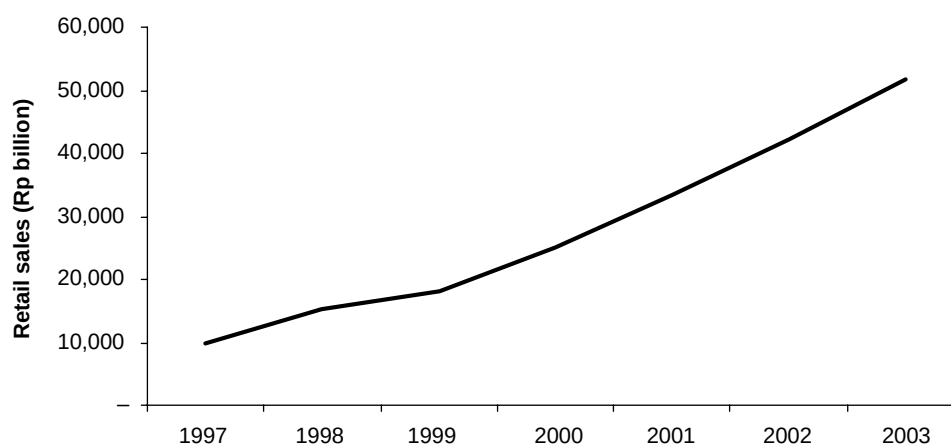
The information provided in this section and elsewhere in this Prospectus relating to the industry background is derived from various publicly available information. The Group makes no representation as to the accuracy of this information, which may be inconsistent with other information compiled within or outside Indonesia. This information has not been independently verified by the Group, the Managing Underwriter or any of their respective advisers and should not be unduly relied upon.

The Group's business is primarily focused on operating retail outlets selling a wide spectrum of middle to high-end internationally established brands within its five core business segments, namely sports, fashion and lifestyle, children's fashion and toys, food and beverage and others. The products are distributed through the Group's network of department stores and retail outlets which it operates throughout Indonesia and through other third party retailers. The following is an overview of the consumer and retail sector in which the Group operates.

THE RETAIL INDUSTRY IN INDONESIA

The retail industry in Indonesia continues to grow

Consumer retailing in Indonesia is generally affected by the size and purchasing power of the population and general economic, social and political conditions. As the Indonesian economy continued to improve from March 1998, as illustrated by the annual real GDP growth, retail sales also increased from Rp15.4 trillion in 1998 to Rp51.8 trillion, or approximately Rp221,368 per capita, at a CAGR of 27.49%, as set out in the chart below:



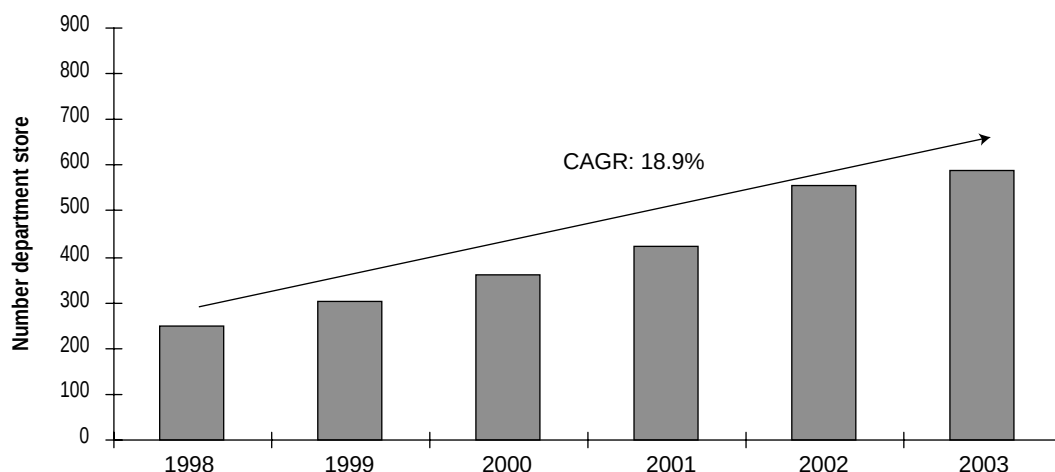
Source: *Growth & Prospects for Indonesian Retail Industry 2004-2008* by Desk Research Indonesia

According to Desk Research Indonesia, the modern retail industry in Indonesia is generally categorized as including department stores, supermarkets, mini-markets, hypermarkets and wholesale retail outlets.

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The number of department stores in Indonesia has grown

During the period from 1998 to 2003, the total value of department store sales contributed approximately 28% to total retail sales in Indonesia. In addition, the number of department stores in Indonesia has grown from 249 stores in 1998 to 591 stores in 2003, or at a CAGR of 18.9%, as set out in the chart below:



Source: *Growth & Prospects for Indonesian Retail Industry 2004-2008* by Desk Research Indonesia

The 589 department stores as at the end of 2003 were located throughout Indonesia, with more than 40% of the department stores located in Jakarta and West Java, as set out in the table below:

No.	Region	Department Stores	Percentage of total (%)
1	DKI Jakarta	146	24.79
2	West Java	97	16.47
3	East Java	48	8.15
4	Central Java	44	7.47
5	South Sulawesi	28	4.75
6	Bali	25	4.24
7	Lampung	27	4.58
8	DI Yogyakarta	21	3.57
9	North Sumatera	19	3.23
10	South Sumatera	17	2.89
11	Central Sulawesi	15	2.55
12	East Kalimantan	12	2.04
13	West Kalimantan	11	1.87
14	Bengkulu	10	1.70
15	North Sulawesi	10	1.70
	Others	59	10.00
Total		589	100.0

Source: *Growth & Prospects for Indonesian Retail Industry 2004-2008* by Desk Research Indonesia

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Key players in the Indonesian retail industry

According to various publicly available information, the following sets out the list of companies that are principally involved in the Group's core business segments:

Department Stores	
PT Panen Lestari Internusa	SOGO Department Stores
PT Java Retailindo	Lotus Department Stores
PT Matahari Putra Prima Tbk	Matahari Department Stores
PT Ramayana Lestari Sentosa Tbk	Ramayana Department Stores
PT Metropolitan Retailmart	METRO Department Stores
Alatief Corporation	Pasaraya Department Stores
PT Rimo Catur Lestari Tbk	Rimo Department Stores
Sports	
PT Mitra Adiperkasa Tbk	The Athlete's Foot, Royal Sporting House, Planet Sports, Sports Station, Sports Warehouse, Foot Gear, Golf House, Reebok, and Rockport
PT Mahaputra Gatra	MG Sports
PT Berca Indosports	Umbro, League, Brooks
PT Trigaris Sportindo	Adidas
PT Polyfilatex	Fila
Fashion and Lifestyle	
PT Mitra Adiperkasa Tbk	Lacoste, Marks & Spencer, Morgan, Nautica, NEXT, Nine West, Enzo Angiolini, Sole Effect, Springfield, Women's Secret, Guess Footwear, Burberry, Oasis and Principles
PT Mahagaya Perdana	Mango
PT Keris Gallery	Esprit
PT Generasi 2000 Indonesia	G2000 and U2
Children's Fashion and Toys	
PT Mitra Adiperkasa Tbk	Kidz Station, Osh Kosh B'Gosh and Sweets from Heaven
PT Hero Inti Putra	Toy's City
PT Trusindo Bina Pratama	Toys "R" Us
PT Kiddy Land Ritelindo Selaras	Kiddyland

INDUSTRY OVERVIEW

Food and Beverage

PT Sari Coffee Indonesia	Starbucks Coffee
PT 313 Dwima	Coffee Bean and Tea Leaf
PT Penta Fili Investama	Gloria Jeans
PT Holala Megah	Café Oh La La
PT Excelso Multi Rasa	Excelso

Others

PT Mitra Gaya Indah	Warwick Purser Lifestyle
PT Kinokunia Bukindo	Kinokuniya Bookstores
PT Panen Lestari Internusa	SG Bookstores
PT Nuvindo Adiwarna	QB World Books
PT Times Dharmala Indonesia	TIMES Bookstore

FINANCIAL HIGHLIGHTS

X. FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

The following table sets out the financial highlights of the Group for the four months ended April 30, 2004 and the years ended December 31, 2003, 2002, 2001, 2000 and 1999. The consolidated financial statements of the Company for the four months ended April 30, 2004 and the year ended December 31, 2003 have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim with an unqualified opinion. The consolidated financial statements of the Company before restatement, for the year ended December 31, 2002 has been audited by the public accounting firm of Prasetyo, Sarwoko & Sandjaja with an unqualified opinion, for the years ended December 31, 2001 and 2000 were audited by the public accounting firm of Prasetyo, Utomo & Co. with an unqualified opinion, and for the year ended December 31, 1999 were audited by the public accounting firm of Paul Hadiwinata, Hidajat & Rekan with an unqualified opinion.

In March 2004, the Company and PCI acquired the entire share capital of PLI, which was regarded as a transaction among entities under common control. In relation to the acquisition, the Company has restated the Company's consolidated financial statements for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 to reflect the retroactive effect of PLI's acquisition that was accounted for using the pooling of interest method, assuming PLI has been a consolidated subsidiary of the Company for all periods and as at all dates following January 1, 1999. The adjustments to restate the consolidated financial statements of the Company for the years ended December 31, 2003, 2002, and 2001 have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim, and in their opinion, such adjustments are appropriate and have been properly applied.

Consolidated balance sheet

	As at April 30,	As at December 31,				
	2004	2003 ⁽¹⁾	2002 ⁽¹⁾	2001 ⁽¹⁾	2000 ⁽²⁾	1999 ⁽²⁾
		(million Rupiah)				
Assets						
Total current assets	623,587	608,542	557,488	481,034	396,215	234,712
Total non-current assets	700,110	636,442	436,854	439,415	224,588	150,193
Total Assets	1,323,696	1,244,984	994,342	920,449	620,803	384,905
Liabilities and equity						
Total current liabilities	627,666	577,562	383,193	338,561	232,273	183,745
Total non-current liabilities	64,238	33,833	36,935	22,840	14,215	672
Minority interest in net assets of subsidiary	10	56	2,020	83	238	—
Total equity	631,782	633,533	572,195	558,966	374,077	200,488
Total liabilities and equity	1,323,696	1,244,984	994,342	920,449	620,803	384,905

Notes:

- (1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.
- (2) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company. These restatement adjustments are unaudited.

FINANCIAL HIGHLIGHTS

Consolidated Statements of Income

	Four months ended April 30,	12 months ended December 31,				
	2004	2003 ⁽¹⁾	2002 ⁽¹⁾	2001 ⁽¹⁾	2000 ⁽²⁾	1999 ⁽²⁾
		(million Rupiah)				
Net sales	656,887	2,014,108	1,807,435	1,505,419	1,072,582	664,170
Cost of sales	410,284	1,242,795	1,202,883	1,040,530	754,064	474,699
Gross profit	246,603	771,314	604,552	464,888	318,518	189,471
Operating expenses						
Selling	178,588	519,755	471,306	315,945	270,033	144,682
General and administrative	37,806	128,648	112,030	91,458	12,008	11,811
Total	216,394	648,404	583,336	407,404	282,041	156,493
Income from operations	30,209	122,910	21,216	57,485	36,477	32,978
Other income (charges)	(13,253)	(15,499)	28,200	5,657	16,965	13,988
Equity in income of associated company	2	— ⁽³⁾	1	2	—	—
Income before tax expense	16,958	107,411	49,417	63,143	53,442	46,966
Tax expense	4,657	33,249	4,787	8,813	8,362	3,022
Income before minority interest in net losses (net income) of subsidiaries	12,301	74,162	44,630	54,331	45,080	43,944
Minority interest in net losses (net income) of subsidiaries	1	9	(6)	3	(18)	—
Net income	12,301	74,171	44,624	54,334	45,062	43,944
Basic earnings per share (in full amount of Rp) ⁽⁴⁾	11	64	47	414	447	436

Note:

- (1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.
- (2) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company. These restatement adjustments are unaudited.
- (3) Below Rp500 million.
- (4) Total weighted average of shares to calculate net income per share has been adjusted to present the effect of shares nominal value conversion from Rp1,000,000 per share to Rp500 per share, and the retained earning recapitalization of Rp120,000,000,000 in August 2004. The total weighted average of shares for the four months ended April 30, 2004 and for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 are 1,160,000,000 shares, 1,160,000,000 shares, 936,650,040 shares, 131,385,240 shares, 100,800,000 shares and 100,800,000 shares, respectively.

FINANCIAL HIGHLIGHTS

Key Ratios

	Four months ended April 30,	12 months ended December 31,				
	2004	2003 ⁽¹⁾	2002 ⁽¹⁾	2001 ⁽¹⁾ (%)	2000 ⁽²⁾	1999 ⁽²⁾
Growth ratios						
Net sales	— ⁽³⁾	11.43	20.06	40.35	61.49	— ⁽⁴⁾
Gross profit	— ⁽³⁾	27.58	30.04	45.95	68.11	— ⁽⁴⁾
Operating income	— ⁽³⁾	479.32	−63.09	57.58	10.61	— ⁽⁴⁾
Net income	— ⁽³⁾	66.21	−17.87	20.57	2.54	— ⁽⁴⁾
Total assets	6.32	25.21	8.03	48.27	61.29	— ⁽⁴⁾
Total liabilities	13.17	45.53	16.25	46.62	33.66	— ⁽⁴⁾
Total equity	−0.28	10.72	2.37	49.43	86.58	— ⁽⁴⁾
Operating ratios						
Gross margin to net sales	37.54	38.30	33.45	30.88	29.70	28.53
Operating margin to net sales	4.60	6.10	1.17	3.82	3.40	4.97
Net margin to net sales	1.87	3.68	2.47	3.61	4.20	6.62
Gross profit to total equity	39.03	121.75	105.65	83.17	85.15	94.51
Operating profit to total equity	4.78	19.40	3.71	10.28	9.75	16.45
Net profit to total equity	1.95	11.71	7.80	9.72	12.05	21.92
Gross profit to total assets	18.63	61.95	60.80	50.51	51.31	49.23
Operating profit to total assets	2.28	9.87	2.13	6.25	5.88	8.57
Net profit to total assets	0.93	5.96	4.49	5.90	7.26	11.42
Financial ratios						
Current assets to current liabilities	99.35	105.36	145.48	142.08	170.58	127.74
Total liabilities to total assets	52.27	49.11	42.25	39.26	39.70	47.91
Total liabilities to total equity	109.52	96.51	73.42	64.66	65.89	91.98

Notes:

- (1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.
- (2) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Group. These restatement adjustments are unaudited.
- (3) Not comparable.
- (4) Not applicable.

EQUITY

XI. EQUITY

The following table shows the capital position of the Company as at April 30, 2004 and December 31, 2003 based on the Company's consolidated financial statements which have been audited by the public accounting firm Hans Tuanakotta Mustofa & Halim, as at December 31, 2002 based on the Company's consolidated financial statements which have been audited by the public accounting firm Prasetio, Sarwoko & Sandjaja, and for the year ended December 31, 2001 based on the Company's consolidated financial statements which have been audited by the public accounting firm Prasetio, Utomo & Co.

	As at April 30, 2004	As at December 31, 2003 2002 2001 (million Rupiah)		
Authorized capital	1,000,000	1,000,000	1,000,000	1,000,000
Issued and paid-up capital	460,000	460,000	460,000	360,000
Unrealized gain on increase in value of securities	87,732	63,959	—	—
Differences in value of restructuring transaction among entities under common control	(47,152)	—	—	—
Difference in equity of subsidiary from restated prior year financial statements	—	(15,170) ⁽¹⁾	40,685 ⁽¹⁾	156,962 ⁽¹⁾
Retained earnings	131,202	124,744	71,509	42,004
Total equity	631,782	633,533	572,194	558,966

Note:

- (1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

For the purpose of the Initial Public Offering, the capital structure of the Company was amended by virtue of the Deed on the Minutes of the Company No. 19 dated August 27, 2004, drawn up by Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, of which the Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-21990HT.01.04 TH.2004 dated September 1, 2004. As at the date of this Prospectus, the publication of the amendments on the articles of association of the Company in the State Gazette of the Republic of Indonesia is still being processed. The amendments of capital structure by virtue of such Deed were as follows:

- (i) increase of the authorized capital of the Company from Rp1,000,000,000,000.00 (one trillion Rupiah) to Rp2,000,000,000,000.00 (two trillion Rupiah);
- (ii) change in par value of the shares of the Company from Rp1,000,000.00 (one million Rupiah) per share to become Rp500.00 (five hundred Rupiah) per Share; and
- (iii) increase of subscribed and paid up capital of the Company from Rp460,000,000,000.00 (four hundred sixty billion Rupiah) to Rp 580,000,000,000.00 (five hundred eighty billion Rupiah). The increase of the subscribed and paid up capital was derived from the capitalization of retained earnings of the Company, amounting to Rp120,000,000,000.00 (one hundred twenty billion Rupiah), as paid up capital of the Company.

The Company submitted the Registration Statement to BAPEPAM on September 8, 2004 in connection with its plans to offer 500,000,000 Shares, each carrying a par value of Rp500.00, at the Offer Price of Rp625 per share, which must be fully paid at the date of submission of the Subscription Form.

EQUITY

If the change in the equity of the Company due to the Global Offering were made on April 30, 2004, the pro-forma equity of the Company on such date would be as follows:

Pro-forma equity table as at April 30, 2004

Item	Authorized capital	Issued and paid-up capital	Additional issued and paid-up capital/ Additional paid-up capital	Unrealized gain on increase in value of securities available for sale	Differences in value of restructuring transaction among entities under common control	Retained earnings	Total equity
(million Rupiah)							
Balance as of April 30, 2004	1,000,000	460,000	—	87,732	(47,152)	131,202	631,782
Changes in equity after April 30, 2004, assuming such changes occur on that day:							
— Increase in authorized capital	1,000,000	—	—	—	—	—	—
— Increase in issued and paid-up capital	—	120,000	—	—	—	(120,000)	—
— Global Offering of 500,000,000 Shares each at a par value of Rp500 at the Offer Price of Rp625 per share	—	250,000	62,500	—	—	—	312,500
Proforma Equity as at April 30, 2004 after Global Offering and increase in issued and paid-up capital at Rp500 par value per share	2,000,000	830,000	62,500	87,732	(47,152)	11,202	944,282

DIVIDEND POLICY

XII. DIVIDEND POLICY

All issued and paid-up Shares, including the Shares offered in this Global Offering, shall have equal title and rights among all shareholders, including but not limited to, the rights to receive dividend payment.

The Company intends to pay a cash dividend once every year. The amount of such dividend payment will be subject to the financial performance of the Company in that fiscal year, as well as taking into account the Company's future financial sustainability and shareholders' approval to determine otherwise, as regulated by the Company's articles of association.

As such, it is the intention of the current management to distribute cash dividends for the fiscal year ended 2004 and for future financial years, within the following parameters, subject to the considerations referred to above.

Net profit after tax	Cash dividend as a percentage of net profit after tax
Up to Rp100 billion	10% — 15%
More than Rp100 billion	16% — 20%

TAXATION

XIII. TAXATION

The income tax relating to dividends paid in relation to shares shall be imposed pursuant to the prevailing laws. By virtue of the Laws of the Republic of Indonesia No. 17 dated August 2, 2000 (effective as of January 1, 2001) concerning the amendment to the Laws of the Republic of Indonesia No. 10 dated November 9, 1994 on the amendment to the Law No. 7 of 1991 dated December 30, 1991 concerning the amendment to the Law No. 7 of 1983 concerning Income Tax, then beneficiaries of dividends or distributions of profit received by:

- limited liability companies as the domestic taxpayer;
- cooperatives, foundations or other similar organizations;
- state-owned enterprises (BUMN); or
- regional-owned enterprises;

from the capital participation in any business entity established and domiciled in Indonesia, are not included as 'income tax objects', so long as the below mentioned conditions are fulfilled:

- the source of such dividends is the business' retained earnings; and
- for limited liability companies, state-owned enterprises and regional-owned enterprises which are the beneficiaries of dividends, (i) the total shareholding in the company that distributes such dividend must be of at least 25% of total subscribed and paid-up capital; and (ii) it must have other operating business apart from such shareholding.

Pursuant to the Government Regulation of the Republic of Indonesia No. 41 of 1994 on Income Tax for Income from Sales Transactions of Shares in Stock Exchanges, in conjunction with the Government Regulation of the Republic of Indonesia No. 14 of 1997 on the Amendment to the Government Regulation No. 41 of 1994 concerning Income Tax for Income from Sales Transactions of Shares in Stock Exchanges and the Circular of the Directorate General of Taxes No. SE-07/PJ.42/1995 dated February 21, 1995 on the Imposition of Income Tax for Income from Sales Transactions of Shares in Stock Exchanges (Income Tax Article, General Series No. 3), the following has been stipulated:

- (i) All income received or obtained by any individual and entity from sales transactions of listed shares shall be subject to a final income tax charge of 0.10 % of the gross total transaction value. The payment shall be deducted from the proceeds at the conclusion of the share transaction by the brokerage house;
- (ii) The founding shareholders shall be subject to additional income tax equal to 0.50 % of the value of any Shares sold by them as part of the Global Offering;
- (iii) The founding shareholders shall be given facilities to fulfill their tax obligations on their own account in accordance with the aforementioned provisions. In such a case, in relation to taxation, the founding shareholders may determine their taxation obligations based on their own assumptions that income has been generated. The payment of this additional income tax shall be made by the Company in the name of the founding shareholders, within a period not later than one month after the initial listing date of the Shares. In the event that the founding shareholders do not utilize this facility, income tax assessment shall be made based on the tariff of income tax, as generally applicable pursuant to Article 17 of Law No. 7 of 1983, concerning Income Tax, which has been most recently amended by Law No. 10 of 1994.

Pursuant to the Decree of the Minister of Finance of the Republic of Indonesia No. 651/KMK.04/1994 dated December 29, 1994 concerning "Certain fields of investment giving income to pension funds approved by the Minister of Finance of the Republic of Indonesia are not included as income tax objects", income from pension funds that have been approved by the Minister of Finance of the Republic of Indonesia is not included as an 'income tax object', in the event that the income is received or obtained from the investment of stocks traded on any stock exchange in Indonesia.

TAXATION

In compliance with the Circular of the Directorate General of Tax No. SE-28/PJ.43/1995 dated May 22, 1995, concerning Income Tax of Article 23 on interest from bonds and dividends received by personal taxpayers (serial Income Tax of Article 23/Article 26 No. 6), the interest from bonds and dividends generated from shares or securities, traded in the capital markets or otherwise, indebted or payable to the domestic personal taxpayer in 1995 and subsequent years, shall be subject to income tax of Article 23 at 15% of the gross amount.

Dividends payable to overseas taxpayers shall be subject to a tariff of 20% or any lower tariff in the event that the payment is made to persons who are inhabitants of any country which has signed a treaty with Indonesia on avoidance of double tax, complying with Circular of the Directorate General of Tax No. SE-03/PJ.101/1996 dated March 24, 1996, concerning the application of treaties on avoidance of double tax.

Prospective purchasers of Shares in this Global Offering are advised to consult with their respective tax consultants with respect to any tax consequences which might arise from any purchase or sale of Shares purchased through this Global Offering.

SECURITIES UNDERWRITING

XIV. SECURITIES UNDERWRITING

1. Information on the Securities Underwriting

Based on the terms and conditions contained in the Domestic Underwriting Agreement No. 13 dated September 8, 2004 by Notary Isyana Wisnuwardhani Sadjarwo, SH, as amended by the First Addendum to the Underwriting Agreement No. 15 dated October 27, 2004 by Notary Isyana Wisnuwardhani Sadjarwo, SH and the Second Addendum to the Underwriting Agreement No. 22 dated October 28, 2004 by the same notary above and their amendments (hereinafter referred to as the "Agreements"), the Underwriters named below have severally agreed to offer and sell the Shares of the Company to the public in the Republic of Indonesia representing their respective underwriting portion on the basis of a full commitment for 500,000,000 Shares and to purchase the remaining unsold Shares at the Offer Price on the Closing Date.

The Agreements constitute entire agreements superseding any and all agreements which might have been made previously concerning the subject matters of any agreement entered into by the parties, the contents of which are in contravention of the Agreements.

Furthermore the Underwriters participating in the underwriting of the Shares have agreed to comply with their respective duties in accordance with Decision of the Chairman of BAPEPAM No. KEP-45/PM/2000 dated October 27, 2000, Regulation No. IX.A.7 concerning responsibilities of the allotment manager in the framework of subscription and allotment of shares in public offerings.

The structure, underwriting commitment of the Underwriters in terms of number of Shares and percentage of the Global Offering are as follows:

Underwriters	Underwriting Commitment	
	Number of shares	Percentage of Global Offering (%)
Managing Underwriter:		
PT Mandiri Sekuritas	380,492,500	76.10
Local Underwriters:		
PT CIMB Niaga Securities	81,000,000	16.20
PT Artha Securities Tbk	600,000	0.12
PT Asia Kapitalindo Securities	367,500	0.07
PT BNI Securities	500,000	0.10
PT Bumiputera Capital Indonesia	200,000	0.04
PT Ciptadana Sekuritas	2,100,000	0.42
PT Danatama Makmur	1,200,000	0.24
PT Danpac Sekuritas	300,000	0.06
PT Dongsuh Kolibindo Securities	120,000	0.02
PT Equity Development Securities	7,000,000	1.40
PT Financorpindo Nusa	300,000	0.06
PT Indokapital Securities	1,500,000	0.30
PT Kim Eng Securities	2,100,000	0.42
PT Macquarie Securities Indonesia	5,000,000	1.00

SECURITIES UNDERWRITING

Underwriters	Underwriting Commitment	
	Number of shares	Percentage of Global Offering (%)
PT Madani Securities	600,000	0.12
PT Mahanusa Securities	200,000	0.04
PT Makinta Securities	100,000	0.02
PT Minna Padi Investama	300,000	0.06
PT Mitra Investdana Sekurindo	300,000	0.06
PT Panin Sekuritas	6,000,000	1.20
PT Sarijaya Permana Sekuritas	100,000	0.02
PT Sinarmas Sekuritas	1,200,000	0.24
PT Sucorinvest Central Gani	900,000	0.18
PT Transpacific Sekurindo	220,000	0.04
PT Trimegah Securities	7,000,000	1.40
PT Victoria Sekuritas	300,000	0.06
Total	500,000,000	100.0

Pursuant to the Capital Markets Law and its implementing regulations, the following conditions are deemed to make a party 'affiliated':

- (a) a family relationship due to marriage and lineage up to second degree in direct and/or collateral lines;
- (b) a relationship between the parties and their employees, directors, and commissioners;
- (c) a relationship between 2 (two) companies having one or more joint members of the Board of Directors or Board of Commissioners;
- (d) a relationship between the Company and the Parties, directly or indirectly, controlling or under control of the Company;
- (e) a relationship between 2 (two) Companies under control, directly or indirectly of the same party; or
- (f) a relationship between the Company and the majority shareholder.

By virtue of the Capital Markets Law and its implementing regulations, the Underwriters referred to have stated that they do not belong to any party having any affiliation whatsoever with the Company.

SECURITIES UNDERWRITING

2. Determination of the Offer Price

For the purpose of determining the Offer Price, the following table illustrates supporting data for the year 2003 and projections for the year 2004.

Item	12 months ended	
	December 31, 2003 (Audited)	December 31, 2004 (Projected)
Total shares before Global Offering (shares)	1,160,000,000	1,160,000,000
Total shares offered to public in the Global Offering (shares)	—	500,000,000
Total shares after Global Offering (shares)	1,160,000,000	1,660,000,000
Total weighted averages shares (shares)	1,160,000,000	1,243,333,332
Net Income (Rp000)	74,171,222	113,700,000
Earnings per share (Rp)	63.94	91.45

3. Brief description of the 2004 projection

The financial projection for the year ended December 31, 2004 is derived from the Company's consolidated financial statements which are in accordance with Indonesian GAAP consistently implemented by the Group. For the year ended December 31, 2004, the projected net income of the Group is Rp113.7 billion. The management of the Company believes that in order to achieve such projected net income, it will rely on the assumptions used and no other unexpected factors arose during those periods.

The principal assumptions and qualifications used include but are not limited to the following:

- The Group intends to open 44 new retail outlets in 2004
- The productivity of net sales per square meter is intended to increase at 2% compared to 2003
- The Group targets the gross profit margin at 39%
- Shop rental is 11% of the total net sales of the Group
- Salaries and wages is 9% of the total net sales of the Group
- Depreciation, except for land, is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Year
Office Equipment	3
Furniture and fixtures	4–8
Motor vehicles	4–8

- Promotion expenses is 1.7% of the total net sales of the Group

The 2004 financial projections are derived from fair and consistent calculations and assumptions, and have been approved by the Company's Directors. The Company's Directors and Commissioners assumes full responsibility for the achievement of such financial projections, including the assumptions. See "Special risks for investors outside Indonesia — The Group's actual results may vary from the prospective information set forth in the Prospectus" contained in the International Offering Memorandum.

CAPITAL MARKETS SUPPORTING ENTITIES AND PROFESSIONALS

XV. CAPITAL MARKETS SUPPORTING ENTITIES AND PROFESSIONALS

The Capital Markets Supporting Entities and Professionals participating in the Global Offering are as follows:

- 1. Auditors :** **Hans Tuanakotta Mustofa & Halim**
(Member Firm of Deloitte Touche Tohmatsu)
Wisma Antara Lt. 12
Jl. Medan Merdeka Selatan No. 17
Jakarta 10110

The main function of the Auditors in the Global Offering is to conduct an audit based on the standards set by the Indonesian Institute of Accountants. Such standards require the Auditors to plan and conduct an audit in order to obtain assurance that the consolidated financial statements are free from any material misstatement. The Auditors shall be responsible for the opinion given on the consolidated financial statements used in this Global Offering based on the audit.

The audit covers the examination, based on testing, supporting evidence and the assertions made in the financial statements. The audit also covers the evaluation of the principles of accounting used, the main assumptions made by the management and the evaluation of the presentation of the financial statements as a whole.

- 2. Notary :** **Isyana W. Sadjarwo, S.H.**
Jl. Imam Bonjol 12
Menteng
Jakarta 10310

The scope of duties of the Notary as a supporting professional in the Public Offering is to attend discussions on all aspects of the Global Offering except discussions on financial aspects, pricing determination or marketing strategies, and to prepare and execute deeds in connection with the Global Offering, such as amendments to the articles of association of the Company, the Underwriting Agreement and the Share Administration Agreement.

- 3. Legal Consultant :** **Makes & Partners Law Firm**
Menara Batavia Lt. 7
Jl. K.H. Mas Mansyur Kav. 126
Jakarta 10220

The duties and responsibilities of the Legal Consultant in the Global Offering, in accordance with the Standard of Profession and the Capital Markets Law, extend to any examination and audit completed on any fact concerning the Company and any other related particulars submitted by the Company to the Legal Consultant. The legal examination and audit contained in the legal audit report becomes the basis of the legal opinion, which is given objectively and independently and is intended to verify the information contained in the Prospectus, for so long as the information is related to any legal aspect, as required to apply the principle of disclosure attributable to the Global Offering.

CAPITAL MARKETS SUPPORTING ENTITIES AND PROFESSIONALS

4. Share Registrar : PT Datindo Entrycom
Belakang Wisma Diners Club Annex
Jl. Jend. Sudirman Kav. 34-35
Jakarta 10220

The duties and responsibilities of the Registrar in the Global Offering, in accordance with the Standard of Profession and the Capital Markets Law, cover the receipt of subscriptions for shares by recording such subscriptions in the DPPS and the Subscription Form, provided that such subscriptions have been completed with any supporting documents required for the subscription of shares and have been approved by the Managing Underwriter as subscriptions submitted to obtain allotment of Shares and to conduct administration of such subscriptions in accordance with the application made available to the Registrar. Together with the Managing Underwriter and the Underwriters, the Registrar has the right to reject any subscription which is not in compliance with the requirements of subscription with due observance of the prevailing regulations. In the event of oversubscription, the Registrar shall effect the process of allotment in compliance with instructions given by the Managing Underwriter, shall arrange to have allotment confirmation forms printed and shall prepare a report on the allotment. The Registrar shall be responsible for the issuance of the Allotment Confirmation Form (FKP) under the name of each investor who has been allotted shares and to prepare a report on the public offering based on the relevant reporting requirements.

The Capital Markets Supporting Entities and Professionals confirm that they do not have, directly or indirectly, any affiliation whatsoever with the Company, as defined by the Capital Markets Law and regulations.

LEGAL OPINION

XVI. LEGAL OPINION

Below is the Legal Opinion on all aspects concerning the Company with respect to the anticipated Global Offering, which has been prepared by Makes & Partners Law Firm.

LEGAL OPINION

UNOFFICIAL ENGLISH TRANSLATION

Ref. No.: 1077/PSH/MP/IS/DL/TT/nf/09/04

Jakarta, 28 October 2004

To: **PT Mitra Adiperkasa Tbk.**
Wisma 46 — Kota BNI, 8th floor
Jalan Jenderal Sudirman Kaveling 1
Jakarta 10220

Attn. Board of Directors

Subject: Legal Opinion on PT Mitra Adiperkasa Tbk. in relation to to the proposed Initial Public Offering of PT Mitra Adiperkasa Tbk's shares.

Dear Sir and Madam:

We, legal consultant of Makes & Partners Law Firm (hereinafter referred to as **"M&P"**), having our offices at Menara Batavia 7th floor, Jalan K.H. Mas Mansyur Kaveling 126, Jakarta 10220, which partners have been registrred at Badan Pengawas Pasar Modal (BAPEPAM) as Capital Market Supporting Professional with registration number 31/STTD-KH/PM/1993 and registration number 227/PM/STTD-KH/1998, have been appointed and asked by PT Mitra Adiperkasa Tbk, a limited liability company established under and by virtue of the laws of the Republic of Indonesia and domiciled in Jakarta (hereinafter referred to as the **"COMPANY"**), with the letter of the COMPANY No. Ref. 083/Igl/map/VII/04, dated 1 July 2004 regarding Letter of Appointment As Legal Consultant, to render a legal opinion (hereinafter referred to as **"LEGAL OPINION"**) in relation to the plan of the COMPANY to offer and to sell to the public by way of public offering of 500,000,000 (five hundred million) new shares to be issued from the portfolio of the COMPANY, each having a nominal par value of Rp500 (five hundred Rupiah) or all having an aggregate nominal value of Rp250,000,000,000 (two hundred and fifty billion Rupiah) (hereinafter the new shares to be offered and sold to the public referred to as the **"SHARES"** and the public offering of the SHARES, hereinafter referred to as **"SHARES PUBLIC OFFERRING"**) which will be underwritten on a full commitment basis by the Underwriters whose names and their underwriting portion are set forth in the Addendum to the deed of the Underwriting Agreement No. 13, dated 8 September 2004, made before Isyana Wisnuwardhani Sadjarwo. S.H., Notary in Jakarta. The entire shares of the COMPANY will be listed and traded on the Jakarta Stocks Exchange.

Based on the statement of the Board of Directors of the COMPANY dated 8 September 2004 (hereinafter referred to as the **"STATEMENT OF THE COMPANY"**), the proceeds received by the COMPANY from the SHARES PUBLIC OFFERING, after deduction of all offering costs, will be used as follows:

- (a) approximately 50% (fifty percent) will be used to finance the expansion plan of the group of the COMPANY, which include inter alia:
 - The opening of new galleries of the COMPANY, BHL, JR, KB, MGI, MSS, PBL, PLI and SCI with current or new concepts that plan to be opened in year of 2005;
 - Renovating the galleries which have been established; and
 - Expansion of production capacity of MGP.
- (b) Approximately 30% (thirty percent) will be used to repay part of the loan of the COMPANY and its subsidiaries to third parties, which as of 30 April 2004 included:
 - Working capital credit facility from PT Bank Mandiri (Persero) Tbk., with an outstanding amount of approximately Rp169,300,000,000 (one hundred sixty nine billion and three hundred million Rupiah) and will be due on 13 February 2005;

LEGAL OPINION

- Working capital credit facility from PT Bank Niaga Tbk., with an outstanding amount of approximately Rp25,000,000,000 (twenty five billion Rupiah) and will be due on 24 June 2005;
- Payable note to PT Equity Development Securities in the amount of Rp60,700,000,000 (sixty billion seven hundred million rupiah) and Reksadana Prima in the amount of Rp.16,000,000,000 (sixteen billion Rupiah):
 - The payable note to PT Equity Development Securities consists of COMPANY's payable note in the amount of Rp 20,000,000,000 (twenty billion Rupiah), PLI in the amount of Rp37,500,000,000 (thirty seven billion five hundred million Rupiah), and PBL in the amount of Rp3,200,000,000 (three billion two hundred million rupiah), and the payable note to Reksadana Prima is a COMPANY's payable note.
 - The repayment to PLI and PBL will be conducted by the COMPANY by increasing the COMPANY's paid-up capital in PLI.
- Leasing facility from PT Equity Development Finance in the amount of Rp6,500,000,000 (six billion and five hundred million Rupiah); and
- Working capital credit facility from East Asia Americas Capital Finance Limited, Hong Kong, approximately in the amount of Rp41,000,000,000 (forty one billion Rupiah).

The amount of repayment that will be paid by the COMPANY and its subsidiaries will be negotiated with creditors according to the existing agreements.

- (c) Approximately 10 % (ten percent) will be use to refinance the upgrade infrastructure and supporting facilities of the COMPANY, such as information technology, distribution center, communication networking facilities and other facilities.
- (d) Approximately 10 % (ten percent) will be used for working capital of the COMPANY.

In order to render this Legal Opinion, M&P has checked and reviewed the documents received by M&P which disclosed in and the photocopies of which are attached to the Legal Audit Report of the COMPANY as set forth in M&P's letter No.Ref.1061/LPSH/MP/IS/DL/IK/nf/10/04 dated 21 October 2004 and the Additional Information on the Legal Audit Report of the COMPANY No.Ref.1063/LPSH/MP/IS/DL/IK/nf/10/04 dated 28 October 2004, which was prepared by M&P and addressed to the COMPANY in the framework of the SHARES PUBLIC OFFERING with carbon copies to PT Mandiri Sekuritas as the Lead Underwriter and Bapepam (Legal Audit Report is hereinafter referred to as the "LEGAL AUDIT REPORT" or LAR).

A. Background and Scope of the LEGAL OPINION

The Background and scope of the LEGAL OPINION are as follows:

1. The LEGAL OPINION is given based on the LAR and is a part of and, therefore, is inseparable from, the LAR which provides details of the matters set forth in the LEGAL OPINION.
2. The LEGAL OPINION is given based on the conditions of the COMPANY as of 30 April 2004, which is the date of the financial statement of the COMPANY being used by the COMPANY for the SHARES PUBLIC OFFERING, withnotstanding that for certain aspects, as clearly stated in the LEGAL OPINION and the LAR, are the conditions of the COMPANY as of 8 September 2004 (hereinafter referred to as the "**REVIEWING DATE**").
3. The LEGAL OPINION is not for the purpose of valuating the commercial value or financial position of (i) a transaction, including but not limited to a transaction where the COMPANY is a party or has interest or related asset of the COMPANY, (ii) the plan and usage of the fund resulting from the SHARES PUBLIC OFFERING, and (iv) the price of the shares of the COMPANY including the price of SHARES.

LEGAL OPINION

4. The LEGAL OPINION is given the legal frame of the prevailing laws of the Republic of Indonesia and therefore is not meant to be applied or can be interpreted according to foreign prevailing law or other jurisdiction.

B. The LEGAL OPINION

To the best of our knowledge and based on the LAR which was prepared by M&P in the framework of the prevailing laws and regulations in the Republic of Indonesia, in particular Capital Market laws and regulations concerning the proposed SHARES PUBLIC OFFERING to be conducted by the COMPANY, M&P's LEGAL OPINION is as follows:

1. The COMPANY is a limited liability company domiciled in Jakarta and established based on Deed of Establishment No. 105, dated 23 January 1995, made before Julia Mensana, S.H., Notary in Jakarta. As set forth in Supplement No. 8287 of the State Gazette of the Republic of Indonesia No. 80, dated 6 October 1995, the Minister of Justice of the Republic of Indonesia has approved the abovementioned deed of establishment with his decree No. C2-9243.HT.01.01.TH.95, dated 31 July 1995, and such deed of establishment has been registered in Registrar Office of the South Jakarta District Court under No. 1247/A.PT/HKM/1995/PN.JAK.SEL, dated 31 August 1995.
2. The Articles of Association of the COMPANY has been amended several times and the recent amendment is as inserted in the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 16 dated 19 August 2004 in conjunction with the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 19 dated 27 August 2004, both deeds were made by Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta, which have been approved by the Minister of Justice and Human Right of the Republic of Indonesia with his decree No. C-2199 HT.01.04.TH.2004 dated 1 September 2004. Until the date of this Legal Opinion, the amendment to the Articles of Association of the COMPANY set forth in the abovementioned deed is still in process of registration at the Company Registry Office of South Jakarta and thereafter shall be announced in the Supplement of the State Gazette of the Republic of Indonesia pursuant to the Law of the Republic Indonesia No. 1 Year 1995 regarding the Limited Liability Company (the "**Company Law**"). Pursuant to Article 23 of the Company Law, since the registration and the announcement have not been completed then the Board of Directors of the Company shall be liable, jointly, for any actions taken by the COMPANY.
3. Pursuant to the provision of Article 3 of the Articles of Association of the COMPANY as inserted in in the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 16 dated 19 August 2004 in conjunction with the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 19 dated 27 August 2004 both deeds were made by Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta, the ambit and purpose and business of the COMPANY as follow:
 - (i) The ambit and purpose of the COMPANY is to have business activities in the field of:
 - (a) Trading;
 - (b) Service;
 - (c) Industry;
 - (d) Transportation;
 - (e) Agriculture, Plantation, Forestry;
 - (f) Fishery;
 - (g) Livestock;
 - (h) Mining.

LEGAL OPINION

- (ii) To achieve the ambit and purpose as above-mentioned, COMPANY can carry out its business activities as follows:
- (a) To carry out general trade including import and export, inter-island/county and locally, furthermore to act as an agent and/or distributor from other entities or companies either domestically or internationally;
 - (b) To have business in the field of providing services and consultation in general (except travel services and legal and tax consulting services);
 - (c) To have business in industry (factory) from all the material that can be manufactured domestically, including home industry;
 - (d) To have business in forwarding by means of motor vehicle, either for transportation (passenger) or goods;
 - (e) To have business in agriculture, plantation, forestry including the business in the processes the goods from agriculture, plantation and forestry;
 - (f) To have business in fishery from inland water or from the sea traditionally or using modern equipment;
 - (g) To have business in livestock from all kinds of animals that can be raised;
 - (h) To have business in mining from all types of mines that can be processed domestically, including excavation and further process.

As set forth in the letter of the COMPANY Ref. No. 152/Igl/map/X/04, dated 20 October 2004, until the date of the REVIEWING DATE, the COMPANY is engaged in trading activities, including retail and distribution, which is in accordance with the Articles of Association of the COMPANY and the prevailing laws and regulations.

4. Pursuant to the history of shareownership of the COMPANY and Article 4 of the Articles of Association of the COMPANY as inserted in in the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 16 dated 19 August 2004 in conjunction with the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 19 dated 27 August 2004 both deeds were made by Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta, the capital structure of the COMPANY is as follows:

Authorized Capital	:	Rp.2,000,000,000,000.00 (two trillion Rupiah), consisted of 4,000,000,000 (four billion) shares, each having nominal value of Rp500,00 (five hundred Rupiah);
Issued Capital	:	Rp.580,000,000,000.00 (five hundred eighty billion Rupiah) consisted of 1,160,000,000 (one billion and one hundred sixty million) shares; and
Paid-up Capital	:	Rp.580,000,000,000.00 (five hundred eighty billion Rupiah) or 100% (one hundred percent) of the nominal value of each share has been paid up to the COMPANY

LEGAL OPINION

5. Pursuant to the history of shareownership of the COMPANY and Article 4 of the Articles of Association of the COMPANY as inserted in in the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 16 dated 19 August 2004 in conjunction with the Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 19 dated 27 August 2004 both deeds were made by Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta, the composition of the shareholders and their shareholding within the COMPANY with the capital structure as inserted in point 3 Legal Audit is as follows:

No.	Shareholders' Name	Amount of Shares	Percentage (%)
1.	PT Satya Mulia Gema Gemilang	1,059,130,435	91.30
2.	PT MAP Premier Indonesia	100,869,565	8.70
Total		1,160,000,000	100.00

6. The COMPANY has owned a Register of Shareholders and Special Register as required by the Company Law.
7. Pursuant to Deed of the Minutes of the Extraordinary General Meeting of Shareholders of the COMPANY No. 4, dated 6 September 2004, made before Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta, the composition of the Board of Directors and the Board of Commissioners of the COMPANY, as follows:

Board of Commissioners

President Commissioner	:	Mien Sugandhi
Vice President Commissioner	:	Fransiscus Xaverius Boyke
Commissioner	:	Juliani Gozali
Commissioner	:	Kentjana I. Prayogi
Independent Commissioner	:	Bambang Handoyo
Independent Commissioner	:	Johannes Koenardi Budiman

Board of Directors

President Director	:	Herman Bernhard Leopald Mantiri Gozali
Vice President Director	:	V.P. Sharma
Director	:	Susiana Latif
Director	:	Indrawana Widjaja
Director	:	Handaka Santosa
Director	:	Sjeniwati Gusman

The members of the Board of Commissioners and the Board of Directors as mentioned above have been validly appointed pursuant to the Resolution of the General Meeting of Shareholder of the COMPANY as required in the Articles of the Association of the COMPANY.

- 8.a. Unless stipulates otherwise in the LAR that several licences and permits of the COMPANY that are still in renewal process, COMPANY has obtained significant licenses/permits, as described in LAR, in connection with the implementation of its business activities as contemplated in the Articles of Association of the COMPANY of which is still performed out by the COMPANY at the date of the LEGAL OPINION. Due to the on going renewal process of the permits and licenses, such matter does not materially affect the business activities of the COMPANY. This matter is supported by the STATEMENT OF THE COMPANY.

LEGAL OPINION

- 8.b. In connection with the proposed Initial Public Offering, COMPANY *inter alia*, has obtained the approval from General Meeting of Shareholders of the COMPANY which was convened on 27 August 2004 of which its minutes is inserted in the deed of the minutes of Extraordinary Meeting of Shareholders of the COMPANY No. 19 dated 27 August 2004 made by Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta.

COMPANY has filed a request of approval from its creditors on the proposed INITIAL PUBLIC OFFERING and other related matters, including but not limited to the amendment of the Articles of Association, change in the capital structure, change in the composition of the managements and dividend distributions of the COMPANY. Up to the REVIEWING DATE, COMPANY has obtained approval from:

- (i) PT Bank Mandiri (Persero) Tbk (hereinafter referred to as the “**Bank Mandiri**”) as evidenced in the letter of Bank Mandiri to the COMPANY No. CBG.CRI/RD.2.213/2004 dated 12 August 2004 regarding the Request of Approval to conduct *Initial Public Offering* and the change in the composition of the Board of Directors/Shareholders of the COMPANY with reference to the letter of the COMPANY to Bank Mandiri No. L04142/MA-IV/SL dated 15 April 2004 regarding the request of approval. Then Bank Mandiri extent its approval as evidenced in the letter of Bank Mandiri to the COMPANY No. CBG.CRI/RD.2.232/2004 dated 2 September 2004 regarding The Amendmend of Credit Requiremen and the change in the composition of the Board of Directors for the purpose of Initial Public Offering with reference to the letter of the COMPANY to Bank Mandiri No. L04434/MA-VIII/IW dated 25 August 2004 regarding the Request of Approval for the Change in the Composition of the Board of Directors.
- (ii) PT Bank Niaga Tbk (hereinafter referred to as the “**Bank Niaga**”) as evidenced in the letter of Bank Mandiri to the COMPANY No. 442/YS/CBGII/V/2004 tertanggal 31 Mei 2004 regarding the Request of Approval to change the Composition of the Board of Directors. COMPANY has also submitted letter No. L04413/MA-VIII/IW dated 20 August 2004 to Bank Niaga regarding the Plan of th Initial Public Offering of the COMPANY and Bank Niaga has approved of it by co-signing the letter. Then COMPANY re-submitted a letter to Bank Niaga Ref. No. L04436/MA-VIII/IW dated 25 August 2004 regarding Request of Approval for the Change in the Composition of the Board of Directors.
- (iii) PT Bank Panin Tbk (hereinafter referred to as the “**Bank Panin**”) where the COMPANY has submitted Letter No. L014139/MA-IV/SL dated 15 April 2004 to Bank Panin regarding the purpose of the COMPANY to change the composition of the shareholder and the composition of the Board of Directors and Bank Panin has approved the intetion of the COMPANY based on the Letter No. 322/KRD-PLM/IV/04 dated 30 April 2004.
- (iv) PT Bank Internasional Indonesia Tbk (hereinafter referred to as the “**BII**”) where BII has approved the plan which is goin to be carried out by the COMPANY to conduct the Initial Public Offering and to change the composition of the shareholders and the board of the Directors and the board of Commissioners based on BII Letter to the COMPANY No. 2004.321/DIR4-Korporasi dated 5 May 2004 regarding Request of Data with reference to the Letter of the COMPANY to BII No. L04141/MA-IV/SL dated 15 April 2004 regarding the Request of Approval Then the COMPANY re-submitted Latter Ref. No. L04433/MA-VIII/IW dated 25 August 2004 to BII regarding the Request of Approval for the Change of the Composition of the Board of Directors. BII has approved the intention of the COMPANY pursuant to the letter No. 2004.642/DIR4-Korporasi dated 6 September 2002 regarding the Bank Approval In Connection with the Plan of the COMPANY to Initial Public Offering.

In connection with the SHARES PUBLIC OFFERRING plan, COMPANY also has obligation to obtain approval from its principles under License Agreements, Franchise Agreements and Distributorship Agreements, which have been disclosed in the LAR of the COMPANY.

LEGAL OPINION

- 8.c. Whereas, up to the REVIEWING DATE, COMPANY is still on process to obtain Letter of Tax Clearance (Surat Keterangan Fiskal) from the Tax Office of Jakarta III, Directorate General Tax of Department of Finance of the Republic of Indonesia Ref. No. SR.74/WPJ.04/BD.03/2004, dated 22 September 2004 and until the REVIEWING DATE there is not outstanding tax obligation that shall be paid by the COMPANY.
9. For the purpose of carrying out its business activities to date, the COMPANY owns and/or holds material assets pursuant to document of ownership as described in the LAR inter-alia, land and building and motor vehicle and the COMPANMY has insured the assets of significant nature which relating to the business activity of the COMPANY, which insurances are still in effect except otherwise stated in the LAR of which is still in the renewal process. This statement is supported by the STATEMENT OF THE COMPANY.
10. In relation to the aspect of labor the COMPANY has involved its workers in Wokers Insurance Program (Jamsostek), and has paid the worker's fee or salary according to the prevailing regulation of Minimum Wage and owns Collective Bargaining. This opinion is supported by COMPANY's STATEMENT.

That the COMPANY is not a company that shall obtain an AMDAL (Environmental Study) approval, and the COMPANY does not breach any regulations in relation the Environmental.

11. Based on the corporate documents as disclosed in LAR, COMPANY has valid investment in the following limited liability companies:
- (a) PT Panen Lestari Internusa (hereinafter referred to as **"PLI"**) in the amount of 113,850 (one hundred thirteen thousand eight jundred fifty) shares, each having a nominal value of Rp1,000,000.00 (one million Rupiah) or all having an aggregate nominal value of Rp113,850,000,000.00 (one hundred thirteen billion eight hundred fifty million Rupiah) which represents 99% (ninety nine percent) from all the issued and fully paid up capital in PLI
 - (b) PT Mitra Selaras Sempurna (hereinafter referred to as **"MSS"**) in the amount of 47,499 (forty seven thousand four hundred ninety nine) shares, each having a nominal value of Rp1,000,000.00 (one million Rupiah) or all having an aggregate nominal value of Rp47,499,000,000.00 (forty seven billion four hundred ninety nine million Rupiah) which represents 99.998% (ninety nine point nine nine eight percent) from all the issued and fully paid up capital in MSS.
 - (c) PT Sari Coffee Indonesia (hereinafter referred to as **"SCI"**) in the amount of 43,459 (forty three thousand four hundred fifty nine) shares, each having a nominal value of Rp1,000,000.00 (one million Rupiah) or all having an aggregate nominal value of Rp43,459,000,000.00 (forty three billion four hundred fifty nine million Rupiah) which represents 99.99% (ninety nine point ninety nine percent) from all the issued and fully paid up capital in SCI.
 - (d) PT Kinokunia Bukindo (hereinafter referred to as **"KB"**) in the amount of 6,905 (six thousand nine hundred five) shares, each having a nominal value of Rp1,000,000.00 (one million Rupiah) or all having an aggregate nominal value of Rp6,905,000,000.00 (six billion nine hundred five million Rupiah) which represents 99.86% (ninety nine point eight six percent) from all the issued and fully paid up capital in KB.
 - (e) PT Java Retailindo (hereinafter referred to as **"JR"**) in the amount of 9,990 (nine thousand nine hundred ninety) shares, each having a nominal value of Rp1,000,000.00 (one million Rupiah) or all having an aggregate nominal value of Rp9,990,000,000.00 (nine billion nine hundred ninety billion Rupiah) which represents 99.9% (ninety nine point nine percent) from all the issued and fully paid up capital in JR.

LEGAL OPINION

- (f) PT Mitra Garindo Perkasa (hereinafter referred to as **"MGP"**) in the amount of 6,990 (six thousand nine hundred ninety) shares, each having a nominal value of Rp1,000,000.00 (one million Rupiah) or all having an aggregate nominal value of Rp6,990,000,000.00 (six billion nine hundred ninety billion Rupiah) which represents 99.86% (ninety nine point eight six percent) from all the issued and fully paid up capital in MGP.
 - (g) PT Premier Capital Investment (hereinafter referred to as the **"PCI"**) in the amount of 150,990 (one hundred fifty thousand nine hundred ninety) shares, each with nominal value of Rp1,000,000.00 (one million Rupiah) or with the aggregate value of Rp150,990,000,000.00 (one hundred fifty billion nine hundred ninety million Rupiah) which represent 99.99% (ninety nine point ninety nine percent) of the total issued and paid-up capital in PCI.
 - (h) PT Mitra Gaya Indah (hereinafter referred to as the **"MGI"**) in the amount of 490 (four hundred ninety) shares, each with nominal value of Rp1,000,000.00 (one million Rupiah) or with the aggregate value of Rp490,000,000.00 (four hundred ninety million Rupiah) which represent 98% (ninety eight percent) of the total issued and paid-up capital in MGI.
 - (i) PT Benua Hamparan Luas (hereinafter referred to as the **"BHL"**) in the amount of 19,999 (nineteen thousand nine hundred ninety nine) shares, each with nominal value of Rp1,000,000.00 (one million Rupiah) or with the aggregate value of Rp19,999,000,000.00 (nineteen billion nine hundred ninety nine million Rupiah) which represent 99.99% (ninety nine point ninety nine percent) of the total issued and paid-up capital in BHL.
12. The COMPANY has signed several agreements which have material effect, as stated in and attached on the LAR, and based on the STATEMENT OF THE COMPANY, the COMPANY is not in default condition and still able to fulfill all of its obligations as stated in those agreements that made and signed according to provisions in the Article of Association of the COMPANY.
13. THE COMPANY is not involved nor is it the recipient of a notice with regard to a civil legal proceeding, whether before a court of law or an arbitration tribunal, labour dispute or administrative proceeding in its domicile which would materially affect the business of the COMPANY, as stated in the LAR and supported by the STATEMENT OF THE COMPANY.
14. In regards to the SHARES PUBLIC OFFERING, the COMPANY has signed several agreements as follows:
- (a) Underwriting Agreement No. 13 dated 8 September 2004, as amended by deed No. 15, dated 27 October 2004 and deed No. 22 dated 28 October 2004, all made before Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta;
 - (b) Shares Administration Agreement No. 17 dated 24 August 2004, made before Isyana Wisnuwardhani Sadjarwo, S.H., Notary in Jakarta;
 - (c) Preliminary Listing Agreement dated 13 October 2004, privately made, by and between PT Bursa Efek Jakarta and the COMPANY; and
 - (d) Registration of Equity in KSEI Agreement No. SP-013/PE/KSEI/0904, privately made dated 8 September 2004.

The agreements abovementioned made and signed according to provisions in the Articles of Association of the COMPANY.

LEGAL OPINION

15. Information presented in the Preliminary Prospectus, Prospectus and Abbridged Prospectus regarding the SHARES PUBLIC OFFERING, especially in Chapter VII in regards to information about the COMPANY point 1, 2, 5, and 8 (except the important financial data index), with regard to the information on the COMPANY and its subsidiaries, is in accordance with the information presented in the LAR, as long as it is based on the LHA.

This LEGAL OPINION is given based on the following assumptions:

- (a) The executions of all documents and agreements which have been examined by M&P and/or made in regards to the SHARES PUBLIC OFFERING may be subject to the laws of the Republic of Indonesia and good faith as stated in Article 1338 of the Civil Code.
- (b) This LEGAL OPINION is limited to the matters addressed herein and is not to be read as an opinion with respect to any other matters.
- (c) This LEGAL OPINION is rendered based on (i) documents and/or information which photocopies are attached to the LAR and (ii) STATEMENT OF THE COMPANY which stated that documents and/or information given to M&P are not against the LAR and LEGAL OPINION, and in case there are documents and/or information that have not been submitted to M&P, and M&P has no knowledge about them, will not cause this LEGAL OPINION becomes inaccurate or misleading, including the facts that the COMPANY has fulfilled its obligations based on licenses and/or agreements in which the COMPANY is a party.
- (d) THIS LEGAL OPINION is rendered with assumption that all signatures on all documents submitted by the COMPANY and third parties to M&P are genuine and original documents are original and photocopies of documents are accurate and not misleading.
- (e) In consideration with point d above, this LEGAL OPINION is rendered based on assumption that all documents, statements, and information submitted to M&P in order to give this LEGAL OPINION are complete, accurate and have no changes until the effective date of the registration statement for the SHARES PUBLIC OFFERING, unless otherwise stated in additional information which will be submitted to Bapepam in order to complete the legal information after the date of the LEGAL OPINION.
- (f) This LEGAL OPINION is given in accordance with and limited to the laws of the Republic of Indonesia and the prevailing regulations at the date of this opinion, including the Regulations on Notarial Conduct in Staatsblaad 1860-3, with the assumption that the COMPANY still complies with those regulations.
- (g) The responsibility of M&P as the independent legal legal counsel to the COMPANY in regards to this opinion is limited to and in accordance with Article 80 of the Law No. 8 Year 1995 regarding Capital Markets.
- (h) This LEGAL OPINION is addressed to PT Mandiri Sekuritas as the Lead Underwriter solely for purpose of the SHARES PUBLIC OFFERING, though it is also submitted to parties hereunder.
- (i) This LEGAL OPINION is made truthfully by M&P as the independent legal counsel to and has no affiliation with the COMPANY.

LEGAL OPINION

This letter is issued in Jakarta on the date mentioned at the beginning of the LEGAL OPINION.

Regards,
For and on behalf of
Makes & Partners Law Firm

Iwan Setiawan, S.H.

Appendices:

- Legal audit
No. Ref.: 749/LPSH/MP/IS/DL/GS/nf/09/04, dated 8 September 2004.

CC:

1. **Badan Pengawas Pasar Modal (BAPEPAM)**
Gedung Baru Departemen Keuangan R.I., 3rd floor
Kompleks Departemen Keuangan R.I
Jalan DR. Wahidin
Jakarta 10710

Attn.: Chairman of Badan Pengawas Pasar Modal

- 2 **PT Mandiri Sekuritas**
Plaza Mandiri, 28th floor
Jalan Jenderal Gatot Subroto Kaveling 36–38
Jakarta 12190

Attn.: The Board of Directors

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

XVII. INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

Below is the consolidated financial statements of the Company for the four month period ended April 30, 2004 and for the year ended December 31, 2003 which have been audited by the public accounting firm, Hans Tuanakotta Mustofa & Halim, with an unqualified opinion, with a comparison of the consolidated financial statements for the year 2002 and 2001, which prior to restatements, were audited by the public accounting firm, Prasetio, Sarwoko & Sandjaja and public accounting firm, Prasetio, Utomo & Co., respectively, each with an unqualified opinion.

**INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S
CONSOLIDATED FINANCIAL STATEMENTS**

***PT. MITRA ADIPERKASA
AND SUBSIDIARIES***

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FOUR MONTH PERIOD ENDED APRIL 30, 2004 AND
THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001**

AND INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

No. 191004 MAP IBH SA

The Stockholders and the Boards of Commissioners and Directors

PT. Mitra Adiperkasa

We have audited the consolidated balance sheets of PT. Mitra Adiperkasa and its subsidiaries as of April 30, 2004 and December 31, 2003, and the related consolidated statements of income, changes in equity, and cash flows for the four months period ended April 30, 2004 and the year ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of PT. Mitra Adiperkasa and its subsidiaries for the years ended December 31, 2002 and 2001, before the restatement as described in Note 3 to the consolidated financial statements, were audited by other independent auditors whose report dated July 31, 2003 and July 26, 2002, respectively, expressed an unqualified opinion on those statements and included explanatory paragraphs that described the effects of the economic conditions in Indonesia has had on the Company and its subsidiaries and the change in the Company's accounting policy for income tax in 2001.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PT. Mitra Adiperkasa and its subsidiaries as of April 30, 2004 and December 31, 2003, and the results of their operations and their cash flows for the four months period ended April 30, 2004 and the year ended December 31, 2003 in conformity with generally accepted accounting principles in Indonesia.

We also audited the adjustments described in Note 3 that were applied to restate the consolidated financial statements in 2002 and 2001 to give retrospective effect according to the Company's acquisition of PT Panen Lestari Internusa's shares with the same way as pooling of interest method. In the implementation of pooling of interest method, the consolidated 2002 and 2001 financial statements were restated to reflect the acquisition as if the subsidiary was acquired by the Company at the beginning of 2001. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the consolidated 2002 and 2001 financial statements other than with respect to such adjustment, and accordingly, we do not express an opinion or any other form of assurance on the consolidated 2002 and 2001 financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

Before this report, we have issued an independent auditors' report No. 060904 MAP IBH SA dated September 6, 2004 on consolidated financial statements of PT. Mitra Adiperkasa and its subsidiaries for the four months period ended April 30, 2004 and the year ended December 31, 2003. In connection with the Company's plan to conduct initial public offering, the Company has reissued the consolidated financial statements. There are no material differences between the previous consolidated financial statements and the reissued consolidated financial statements, except as described in Note 39 of the consolidated financial statements concerning subsequent events.

HANS TUANAKOTTA MUSTOFA & HALIM

Bing Harianto, SE
License No. 01.1.0793

October 19, 2004

The accompanying consolidated financial statements are not intended to present the financial position, results of operations, changes in 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 to audit such consolidated financial statements are those generally accepted and applied in Indonesia.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2004, DECEMBER 31, 2003, 2002 AND 2001

		April 30,	December 31,		
	Notes	2004	(Restated - Note 3)		
		Rp'000	2003	2002	2001
			Rp'000	Rp'000	Rp'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2f,4	17,834,994	51,340,475	84,579,208	72,644,713
Temporary investments	2g,5	5,428,223	15,949,833	5,140,203	6,684,354
Trade accounts receivable	2h,6				
Related parties	2d,35	2,648,980	-	-	13,158,771
Third parties - net of allowance for doubtful accounts of Rp 922,737 thousand in 2004, Rp 939,386 thousand in 2003, Rp 852,876 thousand in 2002 and Rp 719,612 thousand in 2001		57,071,099	60,357,047	33,418,403	36,295,239
Other accounts receivable from third parties	7	22,101,021	17,062,457	82,010,716	3,899,061
Inventories - net of allowance for decline in value of Rp 2,590,371 thousand in 2004, Rp 2,058,902 thousand in 2003, Rp 530,011 thousand in 2002 and Rp 384,916 thousand in 2001	2i,8	412,694,899	407,579,620	293,068,948	295,099,617
Advances		50,148,288	7,731,225	14,518,335	23,606,879
Prepaid taxes	2p,9	3,245,724	3,155,501	4,114,518	-
Prepaid expenses	2j,10	52,413,403	45,366,342	40,637,548	29,645,679
Total Current Assets		623,586,631	608,542,500	557,487,879	481,034,313
NONCURRENT ASSETS					
Accounts receivable from related parties	2d,11a,35	25,545,158	9,360,037	1,800,348	68,347,960
Deferred tax assets	2p,31	5,698,248	5,024,173	12,462,910	1,544,429
Long - term portion of prepaid rent	2j,10	6,747,517	8,041,685	5,907,964	4,561,034
Investments in shares of stock	2g,12	237,945,564	214,325,651	598,384	597,256
Advances for purchase of investments in shares of stock	13	-	-	54,349,600	54,349,600
Property, plant and equipment - net of accumulated depreciation of Rp 230,594,117 thousand in 2004, Rp 210,520,931 thousand in 2003, Rp 149,197,697 thousand in 2002 and Rp 90,608,346 thousand in 2001	2k,2l,14	305,953,066	281,154,115	304,030,562	281,201,592
Unused property, plant and equipment	2k	1,117,513	2,268,442	597,340	582,450
Advances for purchase of property, plant and equipment and shops renovation		53,351,878	59,421,245	-	-
Deferred license fees - net	2m,37h	12,350,702	12,105,049	11,265,598	10,796,250
Deferred loss on sale and lease-back transaction	2l	1,787,946	1,954,026	2,452,267	-
Goodwill	2b	-	-	168,412	224,550
Refundable deposits		42,248,566	35,519,903	35,937,849	17,106,225
Others		7,363,195	7,267,470	7,283,352	103,594
Total Noncurrent Assets		700,109,353	636,441,796	436,854,586	439,414,940
TOTAL ASSETS		1,323,695,984	1,244,984,296	994,342,465	920,449,253

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2004, DECEMBER 31, 2003, 2002 AND 2001 (Continued)

		April 30,	December 31,		
	Notes	2004	2003	2002	2001
		Rp'000	Rp'000	Rp'000	Rp'000
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Short - term loan	15	240,212,865	228,329,007	68,193,000	53,193,943
Notes payable	16	76,700,000	20,000,000	19,750,000	-
Trade accounts payable	17				
Related parties	2d,35	2,265,220	10,901,476	-	-
Third parties		160,137,667	171,460,528	186,923,786	179,003,199
Other accounts payable to third parties	18	37,333,707	37,999,131	43,137,255	53,932,743
Taxes payable	2p,19,31	46,165,105	61,236,299	29,616,632	12,834,591
Accrued expenses	20	39,075,977	30,829,532	20,154,903	18,828,810
Unearned income	2o	15,131,236	8,047,654	10,987,886	8,004,667
Current maturities of long-term liabilities					
Bank loans	21	-	-	1,000,000	11,970,269
Liability for the purchase of property and equipment		132,900	132,900	-	-
Lease liabilities	2l,22	6,181,032	4,392,610	3,429,434	792,525
Others	37h	4,330,500	4,232,500	-	-
Total Current Liabilities		627,666,209	577,561,637	383,192,896	338,560,747
NONCURRENT LIABILITIES					
Accounts payable to related parties	2d,11b,35	31,622,729	2,512,896	3,457,077	4,040,262
Deferred tax liabilities	2p,31	7,242,407	8,569,440	11,328,921	10,219,156
Long-term liabilities - net of current maturities					
Bank loans	21	-	-	1,333,333	-
Liability for the purchase of property and equipment		199,350	243,650	-	-
Lease liabilities	2l,22	3,701,964	4,342,196	8,358,298	1,256,365
Others	37h	-	-	4,470,000	5,200,000
Tenants' deposit		311,075	272,576	190,576	-
Employee benefits obligation	2e,2n,23	20,780,028	17,481,111	7,272,514	1,764,448
Deferred gain on sale and lease-back transactions	2l	380,047	411,583	524,260	359,608
Total Noncurrent Liabilities		64,237,600	33,833,452	36,934,979	22,839,839
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES					
	24	9,997	56,297	2,019,909	82,716
EQUITY					
Capital stock - Rp 1,000,000 par value per share					
Authorized - 1,000,000 shares					
Subscribed and paid-up - 460,000 shares in 2004, 2003 and 2002 and 360,000 shares in 2001	25	460,000,000	460,000,000	460,000,000	360,000,000
Difference in value of restructuring transaction among entities under common control	2b,26	(47,151,676)	-	-	-
Unrealized gain on increase in value of available for sale securities	2g,12	87,732,000	63,958,800	-	-
Difference in equity of subsidiary from restated prior year's financial statement	1b,27	-	(15,170,045)	40,685,481	156,962,009
Retained earnings		131,201,854	124,744,155	71,509,200	42,003,942
Total Equity		631,782,178	633,532,910	572,194,681	558,965,951
TOTAL LIABILITIES AND EQUITY		1,323,695,984	1,244,984,296	994,342,465	920,449,253

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FOUR MONTH PERIOD ENDED APRIL 30, 2004
AND THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

			(Restated - Note 3)		
	Notes	2004 (Four months) Rp'000	2003 (One year) Rp'000	2002 (One year) Rp'000	2001 (One year) Rp'000
NET SALES	2d,2o,28,35	656,886,521	2,014,108,493	1,807,435,277	1,505,418,615
COST OF SALES	2d,2o,29,35	410,283,687	1,242,794,634	1,202,883,100	1,040,530,162
GROSS PROFIT		246,602,834	771,313,859	604,552,177	464,888,453
OPERATING EXPENSES	2o,30				
Selling		178,588,257	519,755,447	471,305,819	315,945,408
General and administrative		37,805,617	128,648,374	112,029,957	91,458,414
Total Operating Expenses		216,393,874	648,403,821	583,335,776	407,403,822
INCOME FROM OPERATIONS		30,208,960	122,910,038	21,216,401	57,484,631
OTHER INCOME (CHARGES)	2o				
Gain (loss) on sale and disposal of property, plant and equipment	2k,14	2,334,299	(1,023,732)	366,048	(398,578)
Interest income	4,5,7,11a	576,002	10,635,576	7,145,587	5,854,575
Rent and service income		379,994	415,747	603,005	3,006,088
Gain on foreign exchange - net	2c	135,548	538,687	18,022,290	913,065
Interest expense	15,16,21,22	(13,741,109)	(40,579,384)	(11,103,472)	(3,833,170)
Amortization of deferred gain (loss) on sale and lease-back transaction - net	2l	(134,543)	(151,740)	452,519	218,953
Others - net		(2,803,492)	14,665,786	12,713,968	(104,307)
Other Income (Charges) - Net		(13,253,301)	(15,499,060)	28,199,945	5,656,626
EQUITY IN NET INCOME OF ASSOCIATED COMPANY	2g,12	2,467	357	1,128	2,256
INCOME BEFORE TAX		16,958,126	107,411,335	49,417,474	63,143,513
TAX EXPENSE	2p,31	4,656,965	33,249,226	4,787,435	8,812,712
INCOME BEFORE MINORITY INTEREST IN (NET INCOME) NET LOSSES OF SUBSIDIARIES		12,301,161	74,162,109	44,630,039	54,330,801
MINORITY INTEREST IN (NET INCOME) NET LOSSES OF SUBSIDIARIES	24	1	9,113	(5,713)	3,364
NET INCOME		12,301,162	74,171,222	44,624,326	54,334,165
BASIC EARNINGS PER SHARE (in full amount Rupiah)	2q,32	10.60	63.94	47.49	413.55

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOUR MONTH PERIOD ENDED APRIL 30, 2004
AND THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

Notes	Paid-up capital Rp'000	Paid-up capital in advance Rp'000	Difference in equity of subsidiary from restated prior year's financial statements Rp'000	Difference in value of restructuring transaction among entities under common control Rp'000	Unrealized gain on increase in value of available for sale securities Rp'000	Retained earnings Rp'000	Total equity Rp'000
Balance as of January 1, 2001	40,000,000	183,690,000	119,382,541	-	-	25,249,245	368,321,786
Application of deposits for future stock subscription to capital stock							
25	183,690,000	(183,690,000)	-	-	-	-	-
Issuance of capital stock	136,310,000	-	-	-	-	-	136,310,000
25							
Difference in equity of subsidiary from restated prior year's financial statements							
27	-	-	37,579,468	-	-	(37,579,468)	-
Net income for the year	-	-	-	-	-	54,334,165	54,334,165
27							
Balance as of December 31, 2001	360,000,000	-	156,962,009	-	-	42,003,942	558,965,951
Issuance of capital stock	100,000,000	-	-	-	-	-	100,000,000
25							
Difference in equity of subsidiary from restated prior year's financial statements with advances for the purchases of investment in shares of stock							
27	-	-	(116,276,528)	-	-	(15,119,068)	(131,395,596)
Net income for the year	-	-	-	-	-	44,624,326	44,624,326
27							
Balance as of December 31, 2002	460,000,000	-	40,685,481	-	-	71,509,200	572,194,681
Unrealized gain on increase in value of available for sale securities							
2g, 12	-	-	-	-	63,958,800	-	63,958,800
Difference in equity of subsidiary from restated prior year's financial statements with advances for the purchases of investment in shares of stock							
27	-	-	(55,855,526)	-	-	(20,936,267)	(76,791,793)
Net income for the year	-	-	-	-	-	74,171,222	74,171,222
27							
Balance as of December 31, 2003	460,000,000	-	(15,170,045)	-	-	124,744,155	633,532,910
Unrealized gain on increase in value of available for sale securities							
2g, 12	-	-	-	-	23,773,200	-	23,773,200
Difference in value of restructuring transaction among entities under common control							
26, 27	-	-	15,170,045	(47,151,676)	-	(5,843,463)	(37,825,094)
Net income for the period	-	-	-	-	-	12,301,162	12,301,162
26, 27							
Balance as of April 30, 2004	460,000,000	-	-	(47,151,676)	87,732,000	131,201,854	631,782,178

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOUR MONTH PERIOD ENDED APRIL 30, 2004
AND THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	(Restated - Notes 3)			
	2004 (Four months) Rp'000	2003 (One year) Rp'000	2002 (One year) Rp'000	2001 (One year) Rp'000
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers	665,042,213	1,971,734,833	1,806,972,910	1,483,837,720
Cash paid to suppliers and employees	(685,630,760)	(1,925,299,068)	(1,775,921,904)	(1,405,887,194)
Cash generated from (used in) operations	(20,588,547)	46,435,765	31,051,006	77,950,526
Interest and financing charges paid	(13,004,497)	(38,186,892)	(10,636,608)	(2,858,060)
Income tax paid	(12,886,413)	(8,140,401)	(8,674,070)	(5,553,283)
Net Cash Provided by (Used in) Operating Activities	(46,479,457)	108,472	11,740,328	69,539,183
CASH FLOW FROM INVESTING ACTIVITIES				
Withdrawal of temporary investments and investment in shares of stock - net	678,630	24,613,982	1,531,185	-
Placements of temporary investments and investment in shares of stock - net	-	(160,708,799)	(426,922)	(2,797,354)
Proceeds of cancellation (placements) of advances for the purchase of investment in shares of stock	-	37,719,600	-	(54,349,600)
Interest received	576,002	2,571,128	3,145,587	5,354,575
Proceeds from sale of property, plant and equipment	101,010	1,855,476	15,506,456	3,324,373
Acquisitions of property, plant and equipment	(38,462,865)	(77,177,909)	(84,377,624)	(164,201,960)
Acquisitions of unused property, plant and equipment	-	(2,086,452)	(597,340)	-
Placements of refundable deposits and other assets	(6,728,663)	(1,275,750)	(16,053,477)	(7,628,819)
Additions to deferred license fees	(817,741)	(2,182,518)	(1,231,712)	(5,596,250)
Net Cash Used in Investing Activities	(44,653,627)	(176,671,242)	(82,503,847)	(225,895,035)
CASH FLOW FROM FINANCING ACTIVITIES				
Additional long-term bank loan	-	-	2,333,333	-
Payment of long-term bank loan	-	(2,333,333)	(1,098,333)	(1,640,000)
Additional paid-in capital	-	-	100,000,000	136,310,000
Additional paid-in capital in subsidiary from minority parties	-	-	1,921,570	-
Proceeds from notes payable	56,700,000	250,000	19,750,000	-
Additional short-term loans	11,883,858	178,295,729	15,873,000	42,522,500
Payment of short-term loans	-	(18,159,722)	(873,943)	(134,400)
Payment of lease liabilities	(2,850,647)	(4,164,426)	(4,995,332)	(1,386,163)
Accounts receivable from and payable to related parties - net	(8,105,608)	(10,564,211)	(50,212,281)	(41,755,671)
Net Cash Provided by Financing Activities	57,627,603	143,324,037	82,698,014	133,916,266
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,505,481)	(33,238,733)	11,934,495	(22,439,586)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	51,340,475	84,579,208	72,644,713	95,084,299
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	17,834,994	51,340,475	84,579,208	72,644,713
SUPPLEMENTAL DISCLOSURES				
Noncash investing and financing activities:				
Increase in investment in shares of stock due to unrealized gain on increase in value of securities	23,773,200	63,958,800	-	-
Increase in accounts receivable from related parties from former subsidiary	9,999,000	4,349,337	-	-
Purchase of assets and liabilities through purchase advances of property, plant and equipment and shops renovation	8,864,671	-	-	-

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOUR MONTH PERIOD ENDED APRIL 30, 2004 AND
THE YEAR ENDED DECEMBER 31, 2003, 2002 AND 2001 (Continued)

	2004 (Four month) Rp'000	2003 (One year) Rp'000	(Restated - Note 3) 2002 (One year) Rp'000	2001 (One year) Rp'000
Reclassification of advances for purchase of property, plant and equipment and shops renovation to property, plant and equipment	6,150,429	-	-	-
Increase in property, plant, and equipment from liability for the purchase of property and equipment and lease liabilities	3,998,837	1,488,050	12,238,131	3,253,384
Increase in property, plant and equipment through contract payables	1,626,205	1,039,976	7,785,988	5,588,602
Increase in accounts receivable from related parties from purchase advances of property, plant and equipment and shops renovation	551,251	-	-	-
Decrease in accounts receivable from related parties through distribution of interim dividends	-	83,490,000	-	-
Decrease in other payable to third parties and affiliates through transfer of accounts receivable	-	69,775,413	-	-
Increase in other accounts receivable from related parties from transfer of accounts receivable from third parties and advances for the purchase of shares	-	63,238,008	-	-
Increase in purchase advances of property, plant and equipment and shops renovation from liabilities	-	59,421,245	-	-
Increase in other accounts receivable from third parties and related parties due to capitalization interest income	-	8,049,737	4,000,000	500,000
Written off accounts payable to related parties	-	3,457,077	-	-
Additional accounts receivable from third party from sale of property, plant and equipment	3,600,000	1,948,878	-	-
Decrease in assets and liabilities related to sale of subsidiary	-	-	-	-
Assets	-	22,548,174	-	-
Liabilities	-	8,381,508	-	-
Decrease on other accounts payable to related party from sale of property, plant and equipment	-	775,284	-	-
Reclassification of unused property, plant and equipment to property, plant and equipment	-	597,340	-	2,764,212
Decrease in accounts receivable from related parties from decrease investment in associated companies	-	209,950	-	-
Addition in other asset reclassified from unused property, plant and equipment	-	181,990	-	-
Acquisition of investment in shares of stock from other accounts payable to third parties	-	86,450	-	-
Additional accounts receivable from related parties from disposal of property, plant and equipment	-	-	1,497,075	-
Reclassification of deposits for future stock subscription to capital stock	-	-	-	183,690,000
Additional deferred license fee through long-term other accounts payable	-	-	-	5,200,000
Reclassification of long-term bank loan to other payable to third parties	-	-	10,354,169	-
Addition to property, plant and equipment from consolidated new subsidiary	-	-	-	7,634,395
Deferred loss on sale and leaseback of property, plant and equipment	-	-	1,601,113	-

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

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1. GENERAL

a. Establishment and General Information

PT. Mitra Adiperkasa ("the Company") was established based on notarial deed No. 105 dated January 23, 1995 of Julia Mensana, S.H., notary public in Jakarta. The deed of establishment was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-9243.HT.01.01.TH.95 dated July 31, 1995 and was published in State Gazette of the Republic of Indonesia No. 80 dated October 6, 1995, Supplement No. 8287. The Company's articles of association has been amended several times, most recently by notarial deed No. 21 dated February 6, 2003 of Eliwaty Tjitra, S.H., notary public in Jakarta, concerning the changes of Company's stockholders. This amendment has been registered to the Minister of Justice and Human Rights in his Decision Letter No. C-UM.02.01.5939.TH.2003 dated February 25, 2003.

The Company's office is located at Wisma 46, Kota BNI, 33rd floor, Jalan Jenderal Sudirman Kav. 1, Jakarta.

According to article 3 of the Company's articles of association, the Company shall engage in trading, service, manufacturing, transportation, farming, fishery, animal husbandry and mining. Presently, the Company's activities comprise mainly of retail trading of clothing, shoes, accessories, bags and sports equipment in more than 400 stores/outlets located in Jakarta, Bandung, Surabaya, Bali, Medan, Ujung Pandang, Batam, Manado and other cities in Indonesia. The Company had average total number of employees of 3,463, 3,111, 2,643 and 1,588 in 2004, 2003, 2002 and 2001, respectively.

The Company is one of the group companies in Mitra Adiperkasa. The Company's management as of April 30, 2004 consisted of the following:

President Commissioner	:	Herman Bernhard Leopald Mantiri
Commissioners	:	Eri Ratnawaty Djong Hendra Latir Karel Patipeilohy
President Director	:	Fransiscus Xaverius Boyke Gozali
Directors	:	Susiana Latir Indrawana Widjaja Johanes Kidwan

Total salaries and benefits paid to commissioners and directors of the Company for the four month period ended April 30, 2004 and for the years 2003, 2002, 2001 amounted to Rp 1,840,104 thousand, Rp 3,854,597 thousand, Rp 3,322,243 thousand and Rp 2,398,706 thousand, respectively.

b. Consolidated Subsidiaries

The Company has direct or indirect ownership interest of more than 50% to the following subsidiaries:

Subsidiaries	Percentage of Ownership (%)			Start of Commercial Operations	Total Assets April 30, 2004 Rp'000
	2004	2003	2002 and 2001		
Retail business					
PT Mitra Selaras Sempurna ("MSS")				2000	93,891,764
Ownership of:					
Direct	99.99	99.99	99.99		
Indirect, through PCI, subsidiary	0.01	-	-		
Departement stores					
PT Lotus Retailindo ("LR")				2000	37,859,718
Ownership of:					
Direct	99.90	99.90	99.90		
Indirect, through PCI, subsidiary	0.10	-	-		
PT Benua Hamparan Luas ("BHL")				Development stage	499,852
Ownership of:					
Direct	99.99	-	-		
Indirect, through PCI, subsidiary	0.01	-	-		

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Subsidiaries	Percentage of Ownership (%)			Start of Commercial Operations	Total Assets April 30, 2004 Rp'000
	2004	2003	2002 and 2001		
PT Panen Lestari Internusa ("PLI")				1989	306,011,843
Ownership of:					
Direct	99.00	-	-		
Indirect, through PCI, subsidiary	1.00	-	-		
Manufacturing					
PT Sari Inti Nusantara ("SIN") (formerly PT Mitra Garindo Perkasa)	-	-	99.92	2001	-
PT Mitra Garindo Perkasa ("MGP") (formerly PT Mitra Kapita Utama)				2001	20,676,428
Ownership of:					
Direct	99.86	99.86	99.86		
Indirect, through PCI, subsidiary	0.14	-	-		
Cafe and restaurant					
PT Sari Coffee Indonesia ("SCI")				2002	68,189,386
Ownership of:					
Direct	99.99	99.99	99.99		
Indirect, through PCI, subsidiary	0.01	0.01	-		
PT Panen Boga Lestari ("PBL")				1997	24,933,135
Ownership of:					
Indirect, through PLI, subsidiary	99.83	-	-		
Indirect, through PCI, subsidiary	0.17	-	-		
Book store					
PT Kinokunia Bukindo ("KB")				1999	18,874,159
Ownership of:					
Direct	99.86	99.86	99.50		
Indirect, through PCI, subsidiary	0.14	-	-		
Others					
PT Mitra Gaya Indah ("MGI")				2000	1,437,344
Ownership of:					
Direct	98.00	98.00	98.00		
Indirect, through PCI, subsidiary	2.00	-	-		
PT Premier Capital Investment ("PCI") (formerly PT Mitra Sentra Investindo)	99.99	99.00	99.00	2001	239,962,953

All subsidiaries are domiciled in Jakarta.

In 2002 and 2001, PLI had 99.90% ownership in PT Kharisma Insan Sentosa (KIS) which nature of business is property. KIS is domiciled Surabaya.

PCI, MGI, PBL and MGP were not audited in 2002 and 2001 and SCI, KB and KIS were not audited in 2001.

In January 2001, the Company acquired 4,990 shares representing 99.8% ownership of PT Sari Inti Nusantara (SIN) (formerly PT Mitra Garindo Perkasa) from the previous stockholders for Rp 4,990,000 thousand. Book value of SIN's shares at the beginning of January 2001 was Rp 4,718,750 thousand. The excess of the acquisition cost over book value of the acquired SIN's shares amounting to Rp 280,687 thousand was recorded as goodwill and was amortized using the straight-line method over 5 years. The Company used book value to calculate goodwill because it was impractical to measure the fair value of the acquired shares and allocate the goodwill to the identifiable assets and liabilities.

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On March 31, 2001, PT Mitra Garindo Perkasa (formerly PT Mitra Kapita Utama) has stopped its commercial operation and transferred all its net assets amounting to Rp 4,356,664 thousand to SIN at book value.

Based on Minutes of Meeting Deed of SIN's Stockholder's Meeting No. 138 dated December 24, 2003 of Eliwati Tjitra, S.H., and Sale and Purchase of Stock Agreement dated December 1, 2003, the stockholders approved the sale of 11,990 shares (99.92%) of SIN with par value of Rp 1,000,000 per share to PT Bahtera Sinar Mulia. Net assets of SIN at the end of the month of December 2003 amounted to Rp 14,205,758 thousand. Selling price of SIN's share amounted to Rp 15,000,000 thousand.

Based on the Extraordinary General Meeting of Stockholders of KIS dated December 24, 2003, PLI agreed to sell all its shares in KIS amounting to 21,489,430 shares with par value of Rp 1,000 per share to PT Bahtera Sinar Mulia. Book value of KIS's shares on December 2003 amounted to Rp 17,827,683 thousand while selling price amounted to Rp 24,617,137 thousand.

Based on sale and purchase agreements No. 35 and 39 dated March 31, 2004 of Fenny Tjitra S.H., the stockholders approved the sale of 115,000 shares of PLI amounting to Rp 168,000,000 thousand to the Company and PCI. The transfer had been approved by the General Meeting of Stockholders of PLI based on notarial deed No. 34 dated March 30, 2004 from the same notary. The acquisition constituted restructuring transaction among entities under common control, thus was accounted for using pooling of interest method. Accordingly, the previous financial statement has been presented as if the acquisition transaction occurred at the beginning presented year (see Note 3).

Based on sale and purchase agreement No. 5 and 6 of Merry Susanti Siaril S.H., dated April 20, 2004, the Company and PCI acquired 500 shares representing 100% ownership of BHL with par value of Rp 500,000 thousand. The shares transferred had been approved by General Meeting of Stockholders of BHL based on notarial deed No. 4 dated April 20, 2004 from the same notary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidated Financial Statement Presentation

The consolidated financial statements have been prepared using accounting principles and reporting practices generally accepted in Indonesia. Such consolidated financial statements are an English translation of the Company and its subsidiaries' statutory report in Indonesia, and are not intended to present the financial position and results of operations, changes in equity, and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah, while the measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies.

Starting in 2003, the consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities. For comparative purposes, the 2002 and 2001 consolidated statements of cash flows, which was previously presented using the indirect method, were restated to conform with 2003 presentation.

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b. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries wherein the Company has a direct or indirect ownership interest of more than 50% in, and/or has significant influence over the management of the subsidiaries. Intercompany balances and transactions including unrealized gains or losses on intercompany transactions are eliminated to reflect the financial position and the results of operations, changes in equity and cash flows of the Company and its subsidiaries as one business entity.

The difference between the acquisition cost and the equity in net assets and liabilities of subsidiaries are presented in the balance sheet as goodwill and amortized over 5 years, except for the difference between the acquisition costs and the equity in net assets of subsidiaries in the restructuring transactions among entities under common control which was recorded as "Difference in value of restructuring transactions among entities under common control" and presented as part of equity.

c. Foreign Currency Transactions and Balances

The books of accounts of the Company and its subsidiaries are maintained in Indonesian Rupiah. Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the rates of exchange prevailing at that date. The resulting gains or losses are credited or charged to current operations.

d. Transactions with Related Parties

Related parties consist of the following:

- 1) companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company (including holding companies, subsidiaries and fellow subsidiaries);
- 2) associated companies;
- 3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, and close members of the family of any such individuals (close members of the family are those who can influence or can be influenced by such individuals in their transactions with the Company);
- 4) key management personnel who have the authority and responsibility for planning, directing and controlling the Company's activities, including commissioners, directors and managers of the Company and close members of their families; and
- 5) companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4) or over which such a person is able to exercise significant influence. This includes companies owned by commissioners, directors or major stockholders of the Company and companies which have a common key member of management as the Company.

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

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e. Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

f. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks and all unrestricted investment with maturities of three months or less from the date of placement.

g. Investments

Time deposits

Time deposits with maturities of three months or less which are pledged as securities for loans and time deposits with maturities of more than three months are presented as temporary investments and are stated at nominal values.

Investments in equity securities with readily determinable fair values and debt securities

Investments in trading securities are stated at fair value. Unrealized gains or losses from the increase or decrease in fair value are reflected in the current operations.

Investments in available for sale securities are stated at fair value. Unrealized gains or losses from the increase or decrease in fair value are recorded as part of equity and recognized as income or expenses of the period when realized.

Investments in debt securities held to maturity are stated at cost, adjusted for the unamortized premium or discount.

Securities available for sale held temporarily and debt securities held to maturity with terms of less than one year are presented as temporary investments.

Cost of securities sold is determined using the weighted average method.

Investment in Shares of Stock

Investments in available for sale securities held for short term period are stated at cost. The carrying amount of the investments is written down to recognize a permanent decline in the value of the individual investments which is charged directly to current operations.

Investments in shares of stock with ownership interest of less than 20% that do not have readily determinable fair values and are intended for long-term investments are stated at cost. The carrying amount of the investments is written down to recognize a permanent decline in the value of the individual investments which is charged directly to current operations.

Investments in shares of stock with ownership interest of 20% to 50%, directly or indirectly owned, are accounted for using the equity method whereby the Company's proportionate share in the income or loss of the associated company after the date of acquisition is added to or deducted from, and the dividends received are deducted from, the acquisition cost of the investments. Equity in net income or losses is adjusted for the straight-line amortization over five years of goodwill. The carrying amount of the investments is written down to recognize a permanent decline in the value of individual investments which is charged directly to current operations.

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h. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on the review of the status of the individual receivable accounts at the end of the year.

i. Inventories

Inventories are stated at the lower of cost or net realized value. Cost is determined using the first-in first-out (FIFO) method, except for SCI, MGI, MGP, PLI and PBL, which are determined using the weighted average method and KB which are determined using the retail selling price method after deducting purchase discount. Allowance for inventory obsolescence is provided based on the review of the status of the individual inventories at the end of the year.

The difference among the methods are not adjusted since the amount is immaterial.

j. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

k. Property, Plant and Equipment – Direct Acquisition

Property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation, except for land, is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Year</u>
Buildings and improvements	4 – 20
Machinery, equipment and electrical installations	3 – 10
Furniture and fixtures	4 – 8
Motor vehicles	4 – 8

Buildings and improvements including building renovation expenses of leased building which has an economic useful lives 4 – 10 years.

Land are stated at cost and are not depreciated. Unused property, plant and equipment are presented as other assets and are stated at the lower of carrying value or net realizable value.

When the carrying amount of an asset exceeds 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 cost of maintenance and repairs is charged to operations as incurred; expenditures which extend the useful life of the asset or result in increased future economic benefits such as increase in capacity and improvement in the quality of output or standard of performance are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current operations.

Construction in progress is stated at cost. Construction in progress is transferred to the respective property, plant and equipment account when completed and ready for use.

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l. Leases

Lease transactions are recorded as capital leases when the following criteria are met :

- 1) The lessee has the option to purchase the leased asset at the end of the lease term at a price mutually agreed upon at the inception of the lease agreement.
- 2) All periodic lease payments made by the lessee plus residual value shall represent a return of the cost of leased asset and interest thereon as the profit of the lessor.
- 3) Minimum lease period is two years.

Lease transactions that do not meet the above criteria are recorded as operating leases.

Leased assets and lease liabilities are recorded at the present value of the total installments plus residual value (option price). Leased assets are depreciated using the same method and estimated useful lives used for directly acquired property, plant and equipment (see accounting policy for property, plant and equipment - direct acquisitions).

For sale and leaseback transaction has to be treated as two separate transactions which are sales transaction and lease transaction. The difference between the market value and the book value of the asset sold should be recognized and recorded as deferred gain or loss. Amortization of deferred gain or loss should be treated in proportion to the amortization expense of the leased asset for capital lease or in proportion with rental expense for operating lease.

m. Trademark and Deferred License Fees

Trademark and deferred license fees are recognized as intangible assets to the extent such assets will generate future economic benefits. Trademarks and deferred license fees are amortized using the straight-line method for 10 years up to 15 years, except for initial franchise expense which is amortized from 3 years up to 5 years commencing at the start of commercial operations.

n. Employee Benefits

The Company and its subsidiaries recorded employee benefits as stated in Labor Law No. 13/2003 since 2003 and Decree of Minister of Manpower No. 150/2000 prior to 2003. No funding of benefits has been made to date.

Cumulative actuarial gain/loss in excess of 10% of present value of defined benefit obligation is amortized over the estimated remaining future service. However, actuarial gain/loss from liability to employees who are beyond normal retirement age but still active is recognized immediately since liability is already due.

Current service cost is charged to operations in the current period. The changes in benefits payable under the Decree of Minister of Manpower to Labor Law is charged as past service cost immediately.

o. Revenue and Expense Recognition

Revenues from cash sales of merchandise inventories (except revenue from sales based on delivery – cash on delivery are recognized when the goods are delivered to the customers) are recognized when the goods are paid at the sales counter. Revenues from consignment sales are recorded as amounts of sales of consignment goods to customers, while the expenses (as a part cost of sales) are recorded as amounts payable to consignors.

Expenses are recognized when incurred (accrual basis).

Rental income received in advance are recorded as deferred income and recognized as income over the rental periods.

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p. Income Tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted as of the balance sheet date. Deferred tax is charged or credited in the statements of income, except when it related to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the balance sheet, except if these are for different legal entities, in the same manner the current tax assets and liabilities are presented.

q. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding during the period.

r. Segment Information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements. The primary format in reporting segment information is based on business segment, while the secondary segment information is based on geographical segment.

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

3. RESTATEMENT OF 2003, 2002 AND 2001 CONSOLIDATED FINANCIAL STATEMENTS

In 2004, the Company and PCI acquired shares of PT Panen Lestari Internusa (PLI) (see Note 1b). The acquisition transaction constituted a transaction among entities under common control and thus was accounted using the pooling of interest method. As discussed in Statement of Financial Accounting Standard (PSAK) 38 "Restructuring Transactions For Companies Under Common Control", acquisition transactions accounted for using the pooling of interest method should be presented as if the transaction occurred at the earliest period presented. Accordingly, the 2003, 2002 and 2001 consolidated financial statements have been restated to present as if PLI was acquired by the Company at the beginning of 2001.

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The summary of accounts in 2003, 2002 and 2001 before and after restatement are as follow:

	December 31, 2003		December 31, 2002		December 31, 2001	
	As previously reported	As restated	As previously reported	As restated	As previously reported	As restated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Consolidated Balance Sheets						
Assets						
Cash and cash equivalents	21,119,038	51,340,475	49,311,802	84,579,208	50,069,036	72,644,713
Trade accounts receivables	53,965,350	60,357,047	45,192,774	33,418,403	41,611,954	49,454,010
Inventories	376,806,480	407,579,620	266,450,489	293,068,948	272,553,690	295,099,617
Other current assets	74,905,604	89,265,358	117,535,337	146,421,320	47,009,411	63,835,973
Total current assets	526,796,472	608,542,500	478,490,402	557,487,879	411,244,091	481,034,313
Investments in shares of stock	214,114,554	214,325,651	255,568	598,384	255,000	597,256
Advances for purchase of investments in shares of stock	131,395,596	-	131,395,596	54,349,600	-	54,349,600
Property, plant and equipment	135,329,293	281,154,115	132,980,379	304,030,562	105,364,212	281,201,592
Advances for purchase of property, plant and equipment and shop renovation	49,921,245	59,421,245	-	-	-	-
Other noncurrent assets	59,794,561	81,540,785	40,780,727	77,876,040	96,787,168	103,266,492
Total noncurrent assets	590,555,249	636,441,796	305,412,270	436,854,586	202,406,380	439,414,940
Total assets	1,117,351,721	1,244,984,296	783,902,672	994,342,465	613,650,471	920,449,253
Liabilities						
Short - term loan	228,329,007	228,329,007	68,193,000	68,193,000	53,193,943	53,193,943
Trade accounts payable	90,501,681	182,362,004	75,408,639	186,923,786	77,459,477	179,003,199
Taxes payable	50,526,634	61,236,299	21,490,498	29,616,632	6,479,238	12,834,591
Current maturities of long-term liabilities	6,718,906	8,758,010	2,820,155	4,429,434	12,762,793	12,762,794
Other current liabilities	72,006,113	96,876,317	54,894,024	94,030,044	38,694,295	80,766,220
Total current liabilities	448,082,341	577,561,637	222,806,316	383,192,896	188,589,746	338,560,747
Total noncurrent liabilities	20,524,593	33,833,452	29,530,808	36,934,979	23,008,634	22,839,839
Total liabilities	468,606,934	611,395,089	252,337,124	420,127,875	211,598,380	361,400,586
Minority interest in net assets of subsidiaries	41,832	56,297	56,349	2,019,909	48,149	82,716
Equity						
Capital stock	460,000,000	460,000,000	460,000,000	460,000,000	360,000,000	360,000,000
Difference in equity of subsidiary from restated prior year's financial statements	-	(15,170,045)	-	40,685,481	-	156,962,009
Retained earnings	124,744,155	124,744,155	71,509,200	71,509,200	42,003,942	42,003,942
Consolidated Statements of Income						
Net sales	1,087,108,004	2,014,108,493	958,098,482	1,807,435,277	799,823,742	1,505,418,615
Cost of sales	631,799,995	1,242,794,634	608,686,422	1,202,883,100	549,752,214	1,040,530,162
Operating expenses	353,502,472	648,403,821	308,382,199	583,335,776	224,408,064	407,403,822
Other income (charges)	(24,452,551)	(15,499,060)	5,211,062	28,199,945	(3,099,576)	5,656,626
Tax expense	24,119,633	33,249,226	16,737,942	4,787,435	5,813,119	8,812,712
Minority interest in net losses (income) of subsidiaries	1,416	9,113	1,709	(5,713)	3,928	3,364
Net income	53,234,955	74,171,222	29,505,258	44,624,326	16,754,697	54,334,165
Basic earnings per share (in full amount)	115,728	63.94 *)	79,129	47.49 *)	321,359	413.55 *)

*) after stock split and capitalization of retained earnings (see Note 32).

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4. CASH AND CASH EQUIVALENTS

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
Cash on hand	3,793,038	6,111,469	6,909,123	7,368,798
Cash in banks				
Rupiah				
PT Bank Ganesha	6,599,761	14,223,182	9,145,886	4,434,306
PT Bank Internasional Indonesia	2,060,511	2,488,962	4,510,626	5,589,282
PT Bank Central Asia	1,219,452	4,574,093	5,595,813	2,589,219
PT Bank Lippo	1,013,719	1,784,440	5,175,419	2,177,306
PT Bank Mandiri	653,436	1,945,903	1,075,091	228,332
PT Bank Niaga	578,299	1,288,127	290,149	-
The Hongkong and Shanghai Banking Corporation, Jakarta	298,590	174,142	1,072,772	170,886
PT Bank Danamon Indonesia	245,111	472,783	7,634,373	37,609
PT Bank Mega	211,996	510,299	1,167,348	248,874
PT Bank Pan Indonesia	111,333	25,907	1,569,656	6,416
PT Bank Negara Indonesia	107,053	2,060,962	695,824	504,029
Others (below Rp 250 million each)	305,696	815,707	107,985	472,539
U.S. Dollar				
PT Bank Pan Indonesia	501,289	49,736	3,747,720	129,683
Others (below Rp 500 million each)	119,747	98,906	578,221	87,369
Singapore Dollar - PT Bank Internasional Indonesia	15,963	15,857	17,117	46,599
Subtotal	14,041,956	30,529,006	42,384,000	16,722,449
Time Deposits - Rupiah				
PT Bank Mega	-	11,000,000	9,030,000	11,500,000
PT Bank Negara Indonesia	-	3,200,000	1,800,000	2,000,000
PT Bank Ganesha	-	500,000	6,756,085	20,053,466
PT Bank Artha Graha	-	-	10,000,000	5,000,000
PT Bank Internasional Indonesia	-	-	7,700,000	5,000,000
PT Bank Bukopin	-	-	-	5,000,000
Subtotal	-	14,700,000	35,286,085	48,553,466
Total	17,834,994	51,340,475	84,579,208	72,644,713
Interest rates per annum on time deposits				
Rupiah	-	6.25% - 14.33%	6.5% - 17.74%	10% - 17.88%

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5. TEMPORARY INVESTMENTS

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
Time deposits - third parties				
Rupiah				
PT Bank Ganesha	1,099,664	1,072,263	1,000,000	1,254,139
U.S. Dollar				
PT Bank Pan Indonesia	3,703,484	4,266,266	3,711,569	2,623,825
The Hongkong and Shanghai Banking Corporation, Jakarta	-	-	-	371,280
Singapore Dollar - The Hongkong and Shanghai Banking Corporation, Jakarta	593,052	580,547	397,708	433,110
Subtotal	5,396,200	5,919,076	5,109,277	4,682,354
Investment in mutual funds - Net Asset Value	32,023	31,757	30,926	2,002,000
Others investment	-	9,999,000	-	-
Total	<u>5,428,223</u>	<u>15,949,833</u>	<u>5,140,203</u>	<u>6,684,354</u>
Interest rates per annum on time deposits				
Rupiah	6.11%	12%	13.00%	15.25%
U.S. Dollar	0.8%	1.12%	2.25%	2.75%
Singapore Dollar	0.1%	0.10% - 0.15%	0.15%	0.25%

The time deposits above have an average term of one month, and are used as guarantees for letters of credit.

Investment in PT Puma Utama Mitra Abadi (PUMA) which represents 99% of paid-up capital of PUMA, is acquired and held exclusively with a view to its subsequent disposal in the near future. The Company did not consolidated the financial statement of PUMA because it has already sold its shares owned in PUMA on April 1, 2004 to PT MAP Premier Indonesia. The Selling price of PUMA's shares amounted to Rp 9,999,000 thousand (see Note 11a).

6. TRADE ACCOUNTS RECEIVABLE

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
a. By Customers				
Related parties (see Note 35)				
TS Lifestyle Ltd., Thailand	2,590,939	-	-	392,183
Pradeep S. Sekhawat	-	-	-	10,107,114
Others	58,041	-	-	2,659,474
Total	<u>2,648,980</u>	<u>-</u>	<u>-</u>	<u>13,158,771</u>

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	April 30, 2004 Rp'000	December 31, (Restated - Note 3) 2003 Rp'000	2002 Rp'000	2001 Rp'000
Third parties				
Receiveable from selling merchandise	30,492,546	35,474,394	34,271,279	37,014,851
Consignment penalty receivable	27,501,290	25,822,039	-	-
Total	57,993,836	61,296,433	34,271,279	37,014,851
Allowance for doubtful accounts	(922,737)	(939,386)	(852,876)	(719,612)
Net	57,071,099	60,357,047	33,418,403	36,295,239
Trade Accounts Receivable - Net	59,720,079	60,357,047	33,418,403	49,454,010
b. By Age Category				
Not yet due	50,723,208	27,890,863	24,243,659	32,415,457
Past due				
1 - 30 days	5,809,382	29,768,257	6,879,726	3,643,108
31 - 60 days	818,984	1,468,081	605,279	1,012,237
61 - 90 days	412,760	913,215	504,959	97,414
91 - 120 days	-	446,726	315,615	927,995
> 120 days	2,878,482	809,291	1,722,041	12,077,411
Total	60,642,816	61,296,433	34,271,279	50,173,622
Allowance for doubtful accounts	(922,737)	(939,386)	(852,876)	(719,612)
Net	59,720,079	60,357,047	33,418,403	49,454,010
c. By Currencies				
Rupiah	60,642,816	61,296,433	34,130,470	47,270,191
U.S. Dollar	-	-	140,809	2,903,431
Total	60,642,816	61,296,433	34,271,279	50,173,622
Allowance for doubtful accounts	(922,737)	(939,386)	(852,876)	(719,612)
Net	59,720,079	60,357,047	33,418,403	49,454,010
Changes in the allowance for doubtful accounts:				
Beginning balance	939,386	852,876	719,612	575,078
Additions	37,248	132,569	133,264	144,534
Written off	(53,897)	(46,059)	-	-
Ending balance	922,737	939,386	852,876	719,612

In 2002, trade accounts receivable to related parties were transferred to PT Bahtera Sinar Mulia and PT Adipuri Intisatya as payment of advances for the purchase of investment in shares of PLI stock (see Notes 11a and 27).

Management believes that the allowance for doubtful accounts from third parties is adequate to cover possible losses on uncollectible accounts. No allowance for doubtful accounts was provided on receivables from related parties as management believes that all such receivables are collectible.

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Trade accounts receivable amounting to Rp 40,000,000 thousand in 2004 and 2003, Rp 30,000,000 thousand in 2002 and Rp 20,000,000 thousand in 2001 are used as collateral for short-term loans (see Note 15).

7. OTHER ACCOUNTS RECEIVABLE FROM THIRD PARTIES

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Pan West Limited, Singapore	5,231,213	5,023,374	-	-
PT Lishan Jaya Putera (Plaza Dago, Bandung)	3,831,851	4,684,663	-	-
PT Softex Indonesia	3,439,267	-	-	-
PT Kencana Sukses Lestari	2,022,991	2,022,991	2,818,649	-
PT Out of Asia	1,369,173	700,000	-	-
PT Bintang Perkasa Abadi	372,090	-	21,529,299	-
PT Ragam Utama	10,000	-	6,342,151	-
PT Pelangi Ekanusa Khatulistiwa	-	-	33,550,807	-
PT Aneka Usaha Prima	-	-	7,256,201	-
PT New World Global	-	-	2,235,000	-
Others (below Rp 550 million each)	5,824,436	4,631,429	8,278,609	3,899,061
Total	22,101,021	17,062,457	82,010,716	3,899,061

The Company's receivables from Pan West Limited, Singapore amounting to SGD 1,000,000 are due on April 30, 2004 which bear interest at 6% per annum. In May 2004, these receivables have been settled.

LR's receivables from PT Lishan Jaya Putera represent receivables related to the closing of LR's store in Plaza Dago, Bandung.

The accounts receivable from PT Softex Indonesia (SI) represent accounts receivable from sale of land and a building owned by PLI.

PLI's receivables from PT Kencana Sukses Lestari (KSL) in 2004 and 2003 represent receivables from a cancelled project agreement.

In 2002, the Company's receivables from PT Bintang Perkasa Abadi (BPA) amounting to Rp 16,000,000 thousand and Rp 5,000,000 thousand represented loans which were due on May 22, 2003 and December 20, 2003, respectively, which bore interest at 18% per annum in 2003 and 5% per annum in 2002.

The Company's receivables from PT Pelangi Ekanusa Khatulistiwa (PEK) amounting to US\$ 2,000,000 which represents a loan with interest at 7.5% per annum and PLI's receivable represents loans amounting to Rp 15,000,000 thousand. In 2003, these receivables have been settled.

Management believes that the receivables are fully collectable, thus no allowance for doubtful accounts was provided.

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8. INVENTORIES

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
Merchandise and finished goods				
Clothing and accessories	122,256,677	135,388,768	104,177,965	87,198,124
Footwear and accessories	93,997,868	106,407,047	84,117,894	85,666,896
Golf and accessories	48,498,788	49,775,350	27,583,135	33,300,971
Toys and accessories	44,346,611	34,634,080	22,304,646	26,899,865
Rackets and accessories	21,402,158	19,216,237	10,305,095	11,389,159
Health and beauty products	17,561,129	12,394,281	4,106,772	3,442,729
Books and office equipment	15,359,635	8,646,004	8,819,845	7,498,827
Sports wear, equipment and accessories	12,639,819	12,125,540	4,572,000	7,691,865
Department store	10,979,722	9,416,013	7,410,654	6,246,439
Homeware equipments	5,464,936	5,271,657	2,382,400	5,215,346
Watches and sunglasses	4,625,323	4,591,389	3,194,503	5,494,104
Food and beverages	1,559,312	2,194,459	2,338,572	325,787
Others	6,945,747	7,674,581	6,014,692	5,783,395
Total merchandise goods	405,637,725	407,735,406	287,328,173	286,153,507
Packing materials	4,183,100	1,903,116	2,254,479	2,319,349
Total	409,820,825	409,638,522	289,582,652	288,472,856
Garment Industry (manufacturing)				
Finished goods	286,732	-	10,861	182,183
Work in process	2,138,775	-	1,342,202	2,457,987
Raw materials	3,038,938	-	2,508,202	4,371,507
Packing materials	-	-	155,042	-
Total garment industry	5,464,445	-	4,016,307	7,011,677
Total	415,285,270	409,638,522	293,598,959	295,484,533
Allowance for decline in value of inventories	(2,590,371)	(2,058,902)	(530,011)	(384,916)
Net	412,694,899	407,579,620	293,068,948	295,099,617
Changes in allowance for decline in value of inventories are as follows:				
Balance at beginning of year	2,058,902	530,011	384,916	371,366
Addition	548,538	2,225,816	145,095	13,550
Written-off	(17,069)	(696,925)	-	-
Balance at end of year	2,590,371	2,058,902	530,011	384,916

Management believes that the allowance for decline in value of inventories is adequate.

Inventories amounting to Rp 285,504,502 thousand in 2004 and 2003, Rp 56,500,000 thousand in 2002 and Rp 4,000,000 thousand in 2001 are used as collateral for long-term bank loans and short-term loans (see Notes 15 and 21).

As of December 31, 2003, inventory of garment industry (manufacturing) belonging to SIN were not consolidated because the Company has sold all of SIN's shares at December 24, 2003 (see Note 1b).

As of April 30, 2004, December 31, 2003, 2002 and 2001, all inventories are insured with PT Asuransi Dayin Mitra Tbk against fire, theft and other risks for Rp 469.9 billion, Rp 477.6 billion, Rp 344 billion and Rp 326.5 billion, respectively. Management believes that the insurance coverage is adequate to cover possible losses to the Company and its subsidiaries.

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9. PREPAID TAXES

	April 30, 2004 Rp'000	December 31, (Restated - Note 3) 2003 Rp'000	2002 Rp'000
Income tax - Article 28 A			
Subsidiaries	3,159,703	3,155,501	2,924,096
Value added tax	86,021	-	1,190,422
Total	<u>3,245,724</u>	<u>3,155,501</u>	<u>4,114,518</u>

10. PREPAID EXPENSES

	April 30, 2004 Rp'000	December 31, (Restated - Note 3) 2003 Rp'000	2002 Rp'000	2001 Rp'000
Prepaid rent	55,789,338	51,344,754	43,287,617	32,772,162
Less long-term portion of prepaid rent	6,747,517	8,041,685	5,907,964	4,561,034
Short-term prepaid rent	49,041,821	43,303,069	37,379,653	28,211,128
Insurance	1,596,843	1,055,277	2,281,666	287,707
Others	1,774,739	1,007,996	976,229	1,146,844
Total	<u>52,413,403</u>	<u>45,366,342</u>	<u>40,637,548</u>	<u>29,645,679</u>

Amortization of prepaid expenses are presented as operating expenses (see Note 30).

11. ACCOUNTS RECEIVABLE FROM AND PAYABLE TO RELATED PARTIES

a. Account Receivable

	April 30, 2004 Rp'000	December 31, (Restated - Note 3) 2003 Rp'000	2002 Rp'000	2001 Rp'000
PT MAP Premier Indonesia	9,999,000	-	-	-
PT Buana Mega Bimasakti	5,575,084	-	-	-
PT Bahtera Sinar Mulia	4,365,144	4,365,144	-	-
PT Sari Inti Nusantara	4,349,338	4,520,985	-	-
Virendra Prakash Sharma	229,931	-	-	19,909,766
Employees	66,952	114,644	1,578,495	1,650,142
Pradeep S. Sekhawat	-	-	-	9,509,640
Bellestar Pte. Ltd., Singapore	-	-	-	2,875,863
MAP Holding Inc., Philippines	-	-	-	28,974,420
TS Lifestyle Ltd., Thailand	-	-	-	3,764,935
Others (below Rp 850 million each)	959,709	359,264	221,853	1,663,194
Total	<u>25,545,158</u>	<u>9,360,037</u>	<u>1,800,348</u>	<u>68,347,960</u>

The Company's receivable from PT MAP Premier Indonesia represents a receivable from sale of investment in shares of stock of PT Prima Utama Mitra Abadi (see Note 5).

The Company's receivable from PT Buana Mega Bimasakti represents a receivable from excess payment of purchase of inventory.

Accounts receivable from PT Bahtera Sinar Mulia (BSM) represent PLI's accounts receivable from long-term loans granted which will be due on December 23, 2006.

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MGP's receivable from PT Sari Inti Nusantara (SIN) amounting to Rp 4,349,338 thousand represents a receivable arising from the transfer of assets and liabilities of MGP to SIN. The remaining balance represents advance payments of expenses for related parties by MGP. This receivable is not subject to interest, is unsecured and has no definite terms of repayment.

The Company's receivable from Bellestar Pte. Ltd., Singapore, MAP Holding Inc., Philippines and TS Lifestyle Ltd., Thailand, represents a loan which bears interest at 2% per annum.

The Company's receivable from MAP Holding Inc., Philippines is secured by its 933,585 shares in Planet Sports Inc., Philippines owned by MAP Holding Inc. Philippines.

On December 30, 2002, the Company, PT Bahtera Sinar Mulia (BSM) and PT Adipuri Intisatya (AI) entered into a transfer of receivable agreement whereby the Company agreed to transfer its trade receivable and other receivables from certain related parties to BSM and AI as advances for investment in shares of stock of PLI amounting to Rp 131,395,596 thousand (see Note 27). Those receivables are receivable from Pradeep S. Sekhawat, Bellestar Pte. Ltd., Singapore, Virendra Prakash Sharma, TS Lifestyle Ltd., Thailand, Planet Sport and Trading Joint Stock Co., Vietnam, Planet Sport Inc., Philippines, MAP Holding Inc., Philippines and Planet Sport Ltd., China.

The accounts receivable from other related parties mainly represent loans obtained for operating expenses of related parties and advance payments of expenses by the Company and its subsidiaries (see Note 35). These receivables are not subject to interest, are unsecured and have no definite terms of repayment.

Based on the review of the financial condition of the related parties, management believes that the receivables are fully collectible, thus no allowance for doubtful accounts was provided.

b. Accounts Payable

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
PT Bahtera Sinar Mulia	16,329,073	-	-	-
PT Prima Utama Mitra Abadi	9,810,000	-	-	-
Virendra Prakash Sharma	2,728,215	2,463,974	-	-
PT Sari Inti Nusantara	2,702,441	-	-	-
PT Lotus Pertiwi	-	-	3,457,077	3,562,814
Others	53,000	48,922	-	477,448
Total	31,622,729	2,512,896	3,457,077	4,040,262

The payable to PT Bahtera Sinar Mulia (BSM) represents a payable of the Company for purchase of shares of PLI owned by BSM.

The Company's payable to PT Prima Utama Mitra Abadi (PUMA) represents loans.

LR's payable to PT Lotus Pertiwi (LP) represents a payable from purchase of assets. In 2003, those payable have been written-off and recorded as other income.

Payables to other related parties arise from advance payments of expenses by the related parties for the Company and its subsidiaries (see Note 35).

All payable to related parties are not subject to interest, are unsecured and have no definite terms of repayment.

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12. INVESTMENTS IN SHARES OF STOCK

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
Investments in shares of stock - available for sale	237,732,000	213,958,800	-	-
Investments in shares of associated company	213,564	366,851	598,384	597,256
Total	237,945,564	214,325,651	598,384	597,256

Investments in Shares of Stock - available for sale

Represent 39,622,000 shares of PT Plaza Indonesia Realty Tbk. The market price amounted to Rp 6,000 per share on April 30, 2004 and Rp 5,400 per share on December 31, 2003. Fair value of shares are as follows:

	April 30, 2004 Rp'000	December 31, 2003 Rp'000
Acquisition cost	150,000,000	150,000,000
Unrealized gain	87,732,000	63,958,800
Fair value	237,732,000	213,958,800

The investments are held primarily to obtain the long-term potential gain.

Investment in shares of stock of an associated company

	Domicile	Percentage of ownership				April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		April 30, 2004	December 31,				2003 Rp'000	2002 Rp'000	2001 Rp'000
		2003	2002	2001					
Equity method									
PT Aneka Moments Lestari	Jakarta	49.41%	85.88%	48.98%	48.98%	213,564	366,851	598,384	597,256

In 2003, the Company and PLI had shares of PT Aneka Moments Lestari (AML) amounting to 36.47% and 49.41%, respectively, from subscribed capital of AML.

Based on notarial deed of AML's Extraordinary Stockholders' Meeting No. 12 dated April 27, 2004 of Isyana Wisnuwardhani Sadjarwo, S.H., and Sale and Purchase of Stock Agreement dated April 27, 2004, the stockholders approved the sale of 155 shares of AML with par value of Rp 1,000,000 per share to PT Bahtera Sinar Mulia. The selling price of AML's share amounted to Rp 155,000 thousand.

The Company did not consolidate of the financial statements of AML since the Company sold the shares of AML on April 27, 2004 and its percentage of ownership of AML's shares amounted to 49.41% on April 30, 2004.

The changes in investment in shares of stock accounted using the equity method are as follows:

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
Beginning balance	366,851	598,384	597,256	340,000
Additional investments	-	91,000	-	255,000
Sale of investments in shares of stock	(155,754)	(322,890)	-	-
Equity in net income of associated company	2,467	357	1,128	2,256
Ending balance	213,564	366,851	598,384	597,256

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The excess of book value and the selling price of AML's shares amounted to Rp 754 thousand, which was credited to the consolidated statement of income in 2004 because management believed that the difference in value of restructuring transactions among entities under common control was immaterial.

13. ADVANCES FOR INVESTMENT IN SHARES OF STOCK

	December 31, (Restated - Note 3)	
	2002	2001
	Rp'000	Rp'000
PT Graha Metropolitan Nuansa (GMN)	16,630,000	16,630,000
PT Sari Orchid Parama (SOP)	37,719,600	37,719,600
Total	54,349,600	54,349,600

Based on Memorandum of Understanding (MOU) dated December 23, 2002 between PLI and PT Manning Development (MD), MD agreed to transfer its 20,000 shares in GMN to PLI amounting to Rp 20,000,000 thousand. Total advances for such purchase amounted to Rp 16,630,000 thousand. Based on MOU dated December 24, 2003, this transfer of shares has been cancelled by both parties.

Based on the Memorandum of Understanding (MOU) dated February 1, 1999 between PT Dayin Asri (DA) and PLI, DA agreed to transfer its 39,600 shares in SOP to PLI amounting to Rp 39,600,000 thousand. Total advances for such purchase amounted to Rp 37,719,600 thousand. Based on the MOU dated December 30, 2003, PLI cancelled the investment plan in SOP and refunded the advances.

In addition to the above mentioned advances, the Company has paid advances for investment in shares of PLI amounting to Rp 131,395,596 thousand in 2002. The balance was eliminated with difference in equity of subsidiary from the prior year's restated financial statements (see Note 27).

14. PROPERTY, PLANT AND EQUIPMENT

	January 1, 2004	Additions	Deductions	Reclassifications	April 30, 2004
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
Cost:					
Direct acquisitions					
Land	1,496,250	-	-	-	1,496,250
Buildings and improvements	152,218,335	3,539,851	3,997,753	6,720,938	158,481,371
Machinery, equipment and electrical installations	107,368,923	6,164,293	299,029	206,741	113,440,928
Office furniture and fixtures	174,366,365	8,261,697	1,069,417	286,752	181,845,397
Motor vehicles	11,955,030	461,296	-	849,000	13,265,326
Construction in progress					
Leasehold improvements	16,029,653	23,254,359	-	(7,214,431)	32,069,581
Equipment and electrical installations	10,541,566	7,181,840	-	-	17,723,406
Leased					
Office furniture and fixtures	12,747,924	-	-	-	12,747,924
Motor vehicles	4,951,000	1,375,000	-	(849,000)	5,477,000
Total	491,675,046	50,238,336	5,366,199	-	536,547,183

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	January 1, 2004 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	April 30, 2004 Rp'000
Accumulated depreciation:					
Direct acquisitions					
Buildings and improvements	49,152,987	5,369,009	2,800,010	-	51,721,986
Machinery, equipment and electrical installations	56,265,367	5,981,817	298,937	-	61,948,247
Office furniture and fixtures	93,721,219	10,826,890	900,541	334,967	103,982,535
Motor vehicles	5,514,137	606,705	-	353,750	6,474,592
Leased					
Office furniture and fixtures	3,588,750	888,851	-	(334,967)	4,142,634
Motor vehicles	2,278,471	399,402	-	(353,750)	2,324,123
Total	210,520,931	24,072,674	3,999,488	-	230,594,117
Net Book Value	281,154,115				305,953,066

(Restated - Note 3)

	January 1, 2003 Rp'000	Additions Rp'000	Deductions *) Rp'000	Reclassifications Rp'000	December 31, 2003 Rp'000
Cost:					
Direct acquisitions					
Land	22,321,045	-	20,824,795	-	1,496,250
Buildings and improvements	134,444,341	5,211,191	8,145,268	20,708,071	152,218,335
Machinery, equipment and electrical installations	97,380,056	16,905,002	7,239,343	323,208	107,368,923
Office furniture and fixtures	156,081,415	21,578,005	4,826,239	1,533,184	174,366,365
Motor vehicles	10,366,104	1,275,033	574,091	887,984	11,955,030
Construction in progress					
Leasehold improvements	14,470,140	24,123,976	-	(22,564,463)	16,029,653
Equipment and electrical installations	-	10,541,566	-	-	10,541,566
Leased					
Office furniture and fixtures	12,747,924	-	-	-	12,747,924
Motor vehicles	5,417,234	668,500	246,750	(887,984)	4,951,000
Total	453,228,259	80,303,273	41,856,486	-	491,675,046
Accumulated depreciation:					
Direct acquisitions					
Buildings and improvements	37,504,920	13,893,276	2,245,209	-	49,152,987
Machinery, equipment and electrical installations	40,601,067	18,694,471	3,030,171	-	56,265,367
Office furniture and fixtures	64,165,419	32,113,513	2,557,713	-	93,721,219
Motor vehicles	3,772,713	1,784,162	408,377	365,639	5,514,137
Leased					
Office furniture and fixtures	1,246,544	2,342,206	-	-	3,588,750
Motor vehicles	1,907,034	828,089	91,013	(365,639)	2,278,471
Total	149,197,697	69,655,717	8,332,483	-	210,520,931
Net Book Value	304,030,562				281,154,115

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(Restated - Note 3)					
	January 1, 2002 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	December 31, 2002 Rp'000
Cost:					
Direct acquisitions					
Land	22,975,405	-	654,360	-	22,321,045
Buildings and improvements	53,240,234	8,238,153	4,043,145	77,009,099	134,444,341
Machinery, equipment and electrical installations	65,772,919	28,840,516	8,190,599	10,957,220	97,380,056
Office furniture and fixtures	114,213,331	35,221,687	9,076,167	15,722,564	156,081,415
Motor vehicles	8,488,182	2,897,072	1,019,150	-	10,366,104
Construction in progress improvements	103,688,883	14,470,140	-	(103,688,883)	14,470,140
Leased					
Office furniture and fixtures	-	12,747,924	-	-	12,747,924
Motor vehicles	3,430,984	1,986,250	-	-	5,417,234
Total	371,809,938	104,401,742	22,983,421	-	453,228,259
Accumulated depreciation:					
Direct acquisitions					
Buildings and improvements	22,928,412	15,596,446	1,019,938	-	37,504,920
Machinery, equipment and electrical installations	24,249,330	17,598,195	1,246,458	-	40,601,067
Office furniture and fixtures	39,946,891	26,111,789	1,893,261	-	64,165,419
Motor vehicles	2,966,994	1,390,887	585,168	-	3,772,713
Leased					
Office furniture and fixtures	-	1,246,544	-	-	1,246,544
Motor vehicles	516,719	1,390,315	-	-	1,907,034
Total	90,608,346	63,334,176	4,744,825	-	149,197,697
Net Book Value	281,201,592				304,030,562

(Restated - Note 3)					
	January 1, 2001 Rp'000	Additions Rp'000	Deductions Rp'000	Reclassifications Rp'000	December 31, 2001 Rp'000
Cost:					
Direct acquisitions					
Land	21,838,100	1,137,305	-	-	22,975,405
Buildings and improvements	52,615,614	8,431,664	10,272,930	2,465,886	53,240,234
Machinery, equipment and electrical installations	20,487,450	17,252,189	436,073	28,469,353	65,772,919
Office furniture and fixtures	105,686,318	45,837,291	8,753,116	(28,557,162)	114,213,331
Motor vehicles	7,865,140	3,841,837	3,218,795	-	8,488,182
Construction in progress Improvements	1,267,126	103,688,883	-	(1,267,126)	103,688,883
Leased					
Office furniture and fixtures	1,110,950	-	-	(1,110,950)	-
Motor vehicles	177,600	3,253,384	-	-	3,430,984
Total	211,048,298	183,442,553	22,680,914	-	371,809,938
Accumulated depreciation:					
Direct acquisitions					
Buildings and improvements	21,966,930	11,234,413	10,272,931	-	22,928,412
Machinery, equipment and electrical installations	7,060,387	7,013,840	137,609	10,312,712	24,249,330
Office furniture and fixtures	35,976,870	21,059,659	7,887,876	(9,201,762)	39,946,891
Motor vehicles	2,479,028	1,147,513	659,547	-	2,966,994
Leased					
Office furniture and fixtures	1,110,950	-	-	(1,110,950)	-
Motor vehicles	20,720	495,999	-	-	516,719
Total	68,614,885	40,951,424	18,957,963	-	90,608,346
Net Book Value	142,433,413				281,201,592

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- *) Includes deduction of SIN and KIS property, plant and equipment, subsidiaries, which shares were sold in 2003, thus their financial statements were not consolidated anymore since 2003, with details as follows:

	Net book value Rp'000
Land	20,824,795
Building	4,595,319
Machinery, equipment and electrical installations	2,137,538
Office furniture and fixtures	274,518
Leased motor vehicles	88,464
Total	27,920,634

Depreciation expense was allocated to the following:

	2004 (Four months) Rp'000	2003 (One year) Rp'000	2002 (One year) Rp'000	2001 (One year) Rp'000
Direct acquisitions				
Manufacturing expenses	209	-	1,341,154	941,796
Operating expenses	22,784,212	66,485,422	59,356,163	37,417,989
Lease				
Operating expenses	1,288,253	3,170,295	2,636,859	495,999
Total	24,072,674	69,655,717	63,334,176	38,855,784
Balance of unconsolidated subsidiary	-	94,674	-	-
Total	24,072,674	69,750,391	63,334,176	38,855,784

Buildings and improvements included renovation expenses of leased building.

Additional cost and accumulated depreciation in 2001 included unconsolidated subsidiaries' balances (KB, MGI and SIN) which were consolidated in 2001 amounting to Rp 7,634,395 thousand and Rp 2,095,640 thousand, respectively.

Construction in progress represents assets under installation for the expansion of the Company and its subsidiaries, which are estimated to be completed by 2005.

The details of gain (loss) on sale and disposal of property, plant and equipment are as follows:

	April 30, 2004 Rp'000	December 31, (Restated - Notes 3) 2003 Rp'000	2002 Rp'000	2001 Rp'000
Net book value of sold and disposal of property, plant and equipment	1,366,711	5,603,370	18,238,596	3,722,951
Selling price	3,701,010	4,579,638	18,604,644	3,324,373
Gain (loss) on sale and disposal of property, plant and equipment	2,334,299	(1,023,732)	366,048	(398,578)

The Company owns several pieces of land located in Tangerang and Bali with Building Use Rights (Hak Guna Bangunan or HGB) and area of 4,052 m². The period of HGBs are from 20 to 30 years from 2019 to 2021. The Company's management believes that there will be no difficulty in the extension and processing of certificates of the landrights since all the land was acquired legally and supported by sufficient evidence of ownership.

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Property, plant and equipment of the Company and SIN with acquisition cost aggregating to Rp 63,083,035 thousand, Rp 63,083,035 thousand, Rp 13,919,899 thousand and Rp 11,416,254 thousand on April 30, 2004, December 31, 2003, 2002, and 2001, respectively, are used as collateral for long-term bank and short-term loans (see Notes 15 and 21).

Property, plant and equipment, excluding land, are insured with PT Asuransi Dayin Mitra Tbk, PT Asuransi AIU Indonesia and PT Asuransi Multi Artha Guna against fire, calamity, and other possible risks for Rp 467.8 billion at April 30, 2004, Rp 603.9 billion at December 31, 2003, Rp 355.7 billion at December 31, 2002 and Rp 274 billion at December 31, 2001. Management believes that the insurance coverage is adequate to cover possible risks from fire, calamity, and other risks to the Company and its subsidiaries.

15. SHORT-TERM LOANS

	April 30, 2004 Rp'000	December 31, (Restated - Notes 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
Rupiah				
PT Bank Mandiri	169,252,650	163,295,729	-	-
PT Bank Niaga	25,000,000	25,000,000	10,000,000	-
PT Bank Internasional Indonesia	5,000,000	-	5,000,000	5,000,000
PT Bank Pan Indonesia	-	-	-	873,943
U.S. Dollar				
East Asia Americas Capital Finance Limited, Hongkong (EAA) - US\$ 4,729,271 in 2004 and 2003, US\$ 5,950,000 in 2002 and US\$ 4,550,000 in 2001	40,960,215	40,033,278	53,193,000	47,320,000
Total	240,212,865	228,329,007	68,193,000	53,193,943
Interest rates per annum				
Rupiah	14% - 18%	16% - 21%	20% - 21%	19% - 21%
U.S. Dollar	1.5% + US prime rate	1.5% + US prime rate	1.5% + US prime rate	1.5% + US prime rate

PT Bank Mandiri

On February 14, 2003, the Company obtained a working capital loan in the form of a current bank account with a maximum credit of Rp 170,000,000 thousand. The loan is secured by the Company's inventories amounting to Rp 233,004,502 thousand, trade account receivables amounting to Rp 10,000,000 thousand, land in Tangerang which belongs to the Company, land in Bogor which belongs to SIN and land in North Jakarta which belongs to PT Daya Indria Permai and 39,622,000 shares of PT Plaza Indonesia Realty owned by PCI. The loan was due at February 13, 2004 and has been extended until February 13, 2005.

The loan agreements contain covenants such as which is, among others, to maintain the current ratio not less than 1.2:1 and debt to equity ratio not more than 2.33:1, and meet the average sales target of more than Rp 101,938,000 thousand per month.

PT Bank Niaga

On June 24, 2002, the Company obtained a fixed working capital loan, with a maximum credit of Rp 10,000,000 thousand. Based on the loan extension agreement dated June 27, 2003, the credit limit of the loan increased up to Rp 25,000,000 thousand. This loan is extended until June 24, 2005 and secured by the Company's cash in the same bank, trade accounts receivable and inventories, amounting to Rp 1,000,000 thousand, Rp 10,000,000 thousand, Rp 52,500,000 thousand, respectively, SIN's machinery amounting to Rp 2,000,000 thousand, the Company's outlet fixtures amounting to Rp 30,000,000 thousand and a corporate guarantee from shareholder PT Satya Mulia Gema Gemilang amounting to Rp 25,000,000 thousand.

The loan agreement contained such as, among others, to maintain the current ratio of not less than 1:1 and debt to equity ratio of not more than 2:1.

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PT Bank Internasional Indonesia

On December 19, 2001, the Company obtained a loan facility with a maximum credit of Rp 5,000,000 thousand. This loan is secured by the Company's land and building located at Kompleks Ruko Kuta Square, Kuta, Bali, and trade accounts receivable amounting to Rp 20,000,000 thousand and furniture and office fixtures amounting to Rp 10,000,000 thousand. This loan was settled on April 19, 2002.

On April 2002, the Company obtained a new loan amounting to Rp 5,000,000 thousand and secured by the same assets as the previous loan. The loan will mature in April 2003. On December 31, 2003, the loan facility was not used. Based on the last loan extension, the loan facility has been extended until April 19, 2005.

The loan agreement contain covenants such as, among others, to maintain the current ratio of not less than 1:1 and debt to equity ratio of not more than 1:1.

PT Bank Pan Indonesia

Represents working capital facility with a maximum credit of Rp 1,000,000 thousand. This loan is secured by the same asset as the long-term working capital loan (see Note 21). The balance of the loan was already settled in 2002.

East Asia Americas Capital Finance Limited, Hongkong

In 2001, the Company obtained a revolving loan and Letter of Credit facility (L/C) amounting to US\$ 4,550,000 and US\$ 700,000, respectively, for the Company's working capital requirements. These loans are unsecured. In 2002, the Company obtained an additional term loan amounting to US\$ 3,000,000. The term of the loan was 1 year and it matured on July 8, 2003. In 2003, the revolving loan and term loan of the Company had been decreased to US\$ 4,205,283 and US\$ 1,000,000, respectively and were extended until July 8, 2004. Up to the date of auditor's report, the loan's extension is in process.

All loan agreements above include certain covenants that limit the Company's ability to make changes in the articles of association, legal status, stockholders or management, incur additional loans, make new investments, declare dividends, withdraw capital, merge, purchase additional receivables from related parties, and guarantee deferred payables to third parties (see Note 39I).

16. NOTES PAYABLE

	April 30, 2004 Rp'000	December 31, (Restated - Note 3)	
		2003 Rp'000	2002 Rp'000
The Company			
PT Equity Development Securities	20,000,000	-	-
Reksa Dana Prima	16,000,000	16,000,000	16,000,000
Subsidiary			
PT Equity Development Securities (formerly PT GT Investama Sekurites)	40,700,000	4,000,000	3,750,000
Total	76,700,000	20,000,000	19,750,000
Interest rate per annum	17% - 19.60%	19.60%	19.80%

The Company's notes payable will mature between May 21, 2004 and June 30, 2004 but have been extended until November 22, 2004.

The subsidiaries' notes payable (PLI and PBL) will mature between October 19, 2004 and November 5, 2004.

All notes payable above are unsecured.

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17. TRADE ACCOUNTS PAYABLE

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
a. By creditor				
Related parties (see Note 35)				
PT Buana Mega Bimasakti	2,265,220	8,825,256	-	-
PT Sari Inti Nusantara	-	2,076,220	-	-
Total	2,265,220	10,901,476	-	-
Third parties				
Local suppliers	135,971,589	165,240,112	181,866,146	179,003,199
Foreign suppliers	24,166,078	6,220,416	5,057,640	-
Total	160,137,667	171,460,528	186,923,786	179,003,199
Total	162,402,887	182,362,004	186,923,786	179,003,199
b. By currency				
Rupiah	135,686,045	173,394,292	169,090,998	156,567,931
Pound Sterling	17,394,599	4,811	2,695,766	1,038,836
U.S. Dollar	7,504,047	8,425,911	14,339,922	18,763,825
Singapore Dollar	1,783,645	536,990	787,255	2,024,316
Hongkong Dollar	34,551	-	9,845	608,291
Total	162,402,887	182,362,004	186,923,786	179,003,199

This account represents accounts payable to suppliers from goods purchased and consigned. Direct purchases, both from local and foreign suppliers, have credit terms of 15 to 90 days.

18. OTHER ACCOUNTS PAYABLE TO THIRD PARTIES

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
PT Adipuri Intisatya	13,134,467	-	-	-
Starbucks Coffee International Inc., USA	3,971,882	2,997,490	1,491,951	-
Contract payable	1,626,205	1,039,976	7,785,988	5,588,602
PT Interimas Pasifik Industrindo	1,511,713	1,858,609	1,370,978	1,579,476
Rent payable	728,017	1,033,868	1,333,666	580,389
Kenneth Ardiyan and Kawan	88,709	88,709	138,282	1,026,112
PT Nusantara Prima Sakti	-	6,607,778	323,968	5,000,000
PT Arah Bintang Sakti	-	3,496,484	-	-
Hanjaya Halim	-	502,116	573,279	1,250,344
Maxima Perdana Finance Inc, British Virgin Island (see Note 21)	-	-	10,354,169	-
Eko Ridwan Suryadi	-	-	-	1,300,000
Sry Suryani	-	-	-	1,300,000
Others (below Rp 900 million each)	16,272,714	20,374,101	19,764,974	36,307,820
Total	37,333,707	37,999,131	43,137,255	53,932,743

The payable to PT Adipuri Intisatya (AI) represents a payable of the Company and PCI from the purchase of PLI's shares owned by AI.

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On August 6, 2003, Maxima Perdana Finance Inc., British Virgin Islands (MPF) and Global Link Equity Limited, British Virgin Islands (GLE), signed the sale and purchase agreement of the Company's receivables amounting to Rp 10,354,169 thousand. On the same date, the Company and GLE also signed "Acknowledgement of Indebtedness" agreement which stated that the Company recognized its liability to GLE amounting to Rp 10,354,169 thousand. The loan is unsecured and non-interest bearing. In 2003, the Company settled the payable to GLE.

19. TAXES PAYABLE

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Income taxes				
Article 21	872,296	4,384,335	4,301,397	3,779,513
Article 23	1,108,136	2,504,994	1,158,215	215,659
Article 25	996,348	1,371,025	1,199,835	930,037
Article 26	3,447,578	2,690,294	6,168,059	-
Article 29 (see Note 31)	26,696,844	33,136,242	11,898,900	3,329,046
Article 4 (2)	1,243,638	1,627,437	-	-
Value added tax - net	10,770,985	14,426,195	3,837,573	4,046,542
Local government tax I	1,029,280	1,095,777	1,052,653	533,794
Total	46,165,105	61,236,299	29,616,632	12,834,591

20. ACCRUED EXPENSES

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Royalties	11,695,397	8,054,112	6,045,781	6,432,316
Rental and insurance	8,339,072	5,355,337	2,900,589	6,016,542
Salaries and allowances	5,423,080	2,626,872	2,291,762	1,024,159
Interest	4,641,547	3,904,935	1,512,443	1,045,579
Electricity and telephone	1,803,056	2,163,923	1,765,483	975,764
Professional fee	1,758,445	1,414,973	693,467	721,011
Freight and transportation	387,432	1,705,303	1,849,790	68,905
Sales promotion	36,551	2,628,562	124,456	1,145,548
Others	4,991,397	2,975,515	2,971,132	1,398,986
Total	39,075,977	30,829,532	20,154,903	18,828,810

21. LONG-TERM BANK LOANS

	December 31,	
	2002 Rp'000	2001 Rp'000
PT Bank Pan Indonesia	2,333,333	1,098,334
Indonesian Bank Restructuring Agency (IBRA)	-	10,871,935
Total	2,333,333	11,970,269
Current maturities	(1,000,000)	(11,970,269)
Long-term Bank Loans - Net	1,333,333	-
Interest rates per annum	20% - 21%	19% - 21%

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PT Bank Pan Indonesia

The Company obtained a working capital loan with a maximum credit of Rp 3,000,000 thousand which is secured by the Company's land and building located at Jalan Daan Mogot Km 19.8, Tangerang, West Java and merchandise inventories totaling to Rp 4,000,000 thousand. The loan was fully paid in April 2002.

In April 2002, the Company obtained a new working capital loan and Letter of Credit (L/C) facility amounting to Rp 3,000,000 thousand and USD 2,000,000, respectively. The loans are secured by the same assets as the previous facility which includes the Company's time deposit amounting to USD 265,000. The facility was due on April 12, 2005 and the letter of credit facility was due on August 21, 2003 but was extended until August 21, 2005. The working capital facility had been settled in August 2003. As of April 30, 2004, December 31, 2003 and 2002, there was no outstanding balance on the L/C facility.

Indonesian Bank Restructuring Agency (IBRA)

The Company's loan from IBRA represents loans payable transferred from Bank Dewa Rutji, which includes accrued interest amounting to Rp 888,180 thousand.

Based on a letter from IBRA dated February 17, 2003 which become effective starting on October 17, 2002, the Company's outstanding loan payable and accrued interest to IBRA, (originally obtained from Bank Dewa Rutji) amounting to Rp 10,354,169 thousand, were transferred to Maxima Perdana Finance Inc., British Virgin Islands ("MPF"). The loan is unsecured and non-interest bearing. Furthermore, the accounts payable to MPF have been reclassified to other accounts payable (see Note 18). The difference between the accrued interest of the loan transferred to MPF with those recorded by the Company amounting to Rp 517,767 thousand is charged to other income.

22. LEASE LIABILITIES

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
a. Details of obligations under capital lease based on due date are as follows:				
Due in:				
2002	-	-	-	1,221,284
2003	-	-	5,957,469	934,520
2004	4,329,559	5,726,782	5,748,279	623,989
2005	5,023,051	3,718,859	3,657,699	-
2006	2,469,015	1,245,901	1,137,249	-
2007	259,810	-	-	-
Minimum rental payments	12,081,435	10,691,542	16,500,696	2,779,793
Interest	(2,198,439)	(1,956,736)	(4,712,964)	(730,903)
Present value of minimum lease payments	9,882,996	8,734,806	11,787,732	2,048,890
Current maturities	(6,181,032)	(4,392,610)	(3,429,434)	(792,525)
Long-term Lease Liabilities - Net	<u>3,701,964</u>	<u>4,342,196</u>	<u>8,358,298</u>	<u>1,256,365</u>
b. Details of the obligation under capital lease based on the lessor				
PT Equity Development Finance (formerly PT Gajah Surya Finance)	6,542,131	7,653,998	9,851,131	-
PT Orix Indonesia Finance	2,743,669	90,013	72,476	-
PT Bumiputera - BOT Finance	302,363	655,295	1,864,125	2,048,890
PT Elbatama Finance	294,833	335,500	-	-
Total	<u>9,882,996</u>	<u>8,734,806</u>	<u>11,787,732</u>	<u>2,048,890</u>

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The management of the Company and its subsidiaries entered into several agreements covering the lease of fixture and furniture and motor vehicles with lease terms of 2 – 4 years and bear effective interest rate of 9.0813% to 27.391% per annum. All of these obligations are denominated in Rupiah and paid in a fixed amount per month. These obligations under capital lease are secured by the respective leased assets. The loss incurred from sales and leaseback transactions is deferred and amortized based on the term of lease payments.

23. EMPLOYEE BENEFITS OBLIGATION

The Company and its subsidiaries calculate and record employee benefits obligations based on Labor Law No. 13/2003 dated March 25, 2003 in 2003 and the Decree of Minister of Manpower No. 150/2000 dated June 20, 2000 regarding the settlement of work dismissal and determination of separation, gratuity and compensation payments by companies prior to 2003. No funding of benefits has been made to date by the Company and its subsidiaries. The number of the Company and its subsidiaries employees entitled to the employee benefits was 5,109, 4,883, 4,956 and 1,681, in 2004, 2003, 2002 and 2001, respectively.

Reconciliation of employee benefits obligation of the Company and its subsidiaries are as follows:

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Beginning balance	17,481,111	7,272,514	1,764,448	-
Balance of unconsolidated subsidiary (see Note 1b)	-	(589,179)	-	-
Employee benefits expense	4,591,356	11,104,465	5,887,999	1,764,448
Employee benefits paid	(1,292,439)	(306,689)	(379,933)	-
Ending balance	20,780,028	17,481,111	7,272,514	1,764,448

The principal assumptions used in the calculation for employee benefit cost by PT Sienco Aktuarindo Utama, an independent actuary, are as follows:

	April 30, 2004	December 31, (Restated - Note 3)		
		2003	2002	2001
Interest rate per annum	10%	10%	10% and 13%	10%
Salary increase rate per annum	8%	8%	8%	7%
Calculation Method	Projected Unit Credit	Projected Unit Credit	Projected Benefit Cost	Projected Benefit Cost

24. MINORITY INTERESTS

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
a. Minority interest in net assets of subsidiaries				
PCI	9,997	9,998	9,903	-
PBL	-	14,465	22,162	14,753
KB	-	10,911	11,992	11,185
MGP	-	9,096	9,098	9,363
LR	-	6,218	5,459	10,348
MGI	-	4,107	7,365	5,511
MSS	-	1,502	1,357	1,212
KIS	-	-	1,941,398	19,815
SIN	-	-	10,334	9,531
SCI	-	-	841	998
Total	9,997	56,297	2,019,909	82,716

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	April 30, 2004 Rp'000	December 31, (Restated - Note 3)		
		2003 Rp'000	2002 Rp'000	2001 Rp'000
b. Minority interest in net losses (income) of subsidiaries:				
PCI	1	201	7	-
PBL	-	7,698	(7,410)	(676)
MGI	-	3,258	(1,853)	4,510
MGP	-	2	264	196
MSS	-	(336)	(145)	(119)
LR	-	(759)	4,889	(351)
KB	-	(951)	(807)	(628)
SCI	-	-	157	2
SIN	-	-	(803)	318
KIS	-	-	(12)	112
Total	1	9,113	(5,713)	3,364

25. CAPITAL STOCK

Name of Stockholder	April 30, 2004, December 31, 2003 and 2002		
	Number of Shares	Percentage of Ownership %	Total Paid-up Capital Rp'000
PT Satya Mulia Gema Gemilang	420,000	91.30	420,000,000
Mr. Fransiscus Xaverius Boyke Gozali	40,000	8.70	40,000,000
Total	460,000	100.00	460,000,000

Name of Stockholder	December 31, 2001		
	Number of Shares	Percentage of Ownership %	Total Paid-up Capital Rp'000
PT Satya Mulia Gema Gemilang	320,000	88.89	320,000,000
PT Argadhana Sentosa	40,000	11.11	40,000,000
Total	360,000	100.00	360,000,000

Based on the Sales and Purchase of Shares Agreement Deed No. 22 dated February 6, 2003 of Eliwaty Tjitra, S.H., PT Argadhana Sentosa sold its 40,000 shares of the Company to Mr. Fransiscus Xaverius Boyke Gozali. The sale has been approved by Extraordinary Stockholders' General Meeting dated November 25, 2002, and notarized under notarial deed no. 21 dated February 6, 2003 by the same notary. The deeds have been registered with the Minister of Justice and Human Rights in its letter No. C-UM.02.01.5939 dated February 25, 2003.

Based on the Extraordinary Stockholders' Meeting held on November 14, 2002, which was notarized under Notarial Deed No. 69 by Eliwaty Tjitra, S.H., the stockholders approved the increase of the Company's paid-up capital by 100,000 shares or Rp 100,000,000 thousand with the par value amounting to Rp 1,000,000 per share which will be subscribed by PT Satya Mulia Gema Gemilang. The deed has been registered with the Minister of Justice and Human Rights in its letter No. C-03043 HT.01.04.TH.2003 dated February 13, 2003.

Based on the Extraordinary Stockholders' General Meeting held on December 27, 2001, the minutes of the stockholders, which were notarized under notarial deed No. 89 dated January 31, 2002 of Eliwaty Tjitra, S.H., the stockholders approved the increase in the Company's paid-up capital from Rp 250,000,000 thousand to Rp 360,000,000 thousand. The deed was approved by the Minister of Justice and Human Rights in its Decision Letter No. C-03840.HT.01.04.TH.2002 dated March 8, 2002. The Company received additional capital contributions from PT Satya Mulia Gema Gemilang and PT Argadhana Sentosa amounting to Rp 135,310,000 thousand and Rp 1,000,000 thousand, respectively.

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Based on the Extraordinary Stockholders' General Meeting on November 23, 2001, the minutes of stockholders which were notarized under Notarial Deed No. 33 dated November 23, 2001 of Erly Soehandjojo, S.H., the stockholders agreed to change the Company's Articles of Association concerning, among others, the increase in the Company's authorized capital stock from 40,000 shares with par value amounting to Rp 1,000,000 per share to 1,000,000 shares with par value amounting to Rp 1,000,000 per share or for a total of Rp 1,000,000,000 thousand and the paid-up capital from 40,000 shares with par value amounting to Rp 1,000,000 per share to 250,000 shares with par value amounting to Rp 1,000,000 per share or for total of Rp 250,000,000 thousand. Furthermore, advances for purchase of investments in shares of stock which had been received from PT Satya Mulia Gema Gemilang in 2000 amounting to Rp 183,690,000 thousand had been reclassified to paid up capital in 2001. These amendments were approved by the Minister of Justice and Human Rights in its decision letter No. C-15591.HT.01.04.TH.2001 dated December 12, 2001.

26. DIFFERENCE IN VALUE OF RESTRUCTURING TRANSACTION AMONG ENTITIES UNDER COMMON CONTROL

This account represents the difference in value of restructuring transaction among entities under common control which arise from the acquisition of shares of PT Panen Lestari Internusa as described in Note 1b.

27. DIFFERENCE IN EQUITY OF SUBSIDIARY FROM RESTATED PRIOR YEAR'S FINANCIAL STATEMENTS

The amount represents equity of PLI, a subsidiary, from restated previous financial statements net of advances for purchase of investments in shares of stock (see Notes 3). The details of the account balance are as follows:

	December 31, (Restated - Note 3)		
	2003	2002	2001
	Rp'000	Rp'000	Rp'000
PLI's equity	116,225,551	172,081,077	156,962,009
Advances for purchase of investment in shares of stock	(131,395,596)	(131,395,596)	-
Net	(15,170,045)	40,685,481	156,962,009

Advances for purchases of shares

On December 30, 2002, PT Bahtera Sinar Mulia (BSM) and PT Adipuri Intisatya (AI), shareholders of PLI, entered into sale-and-purchase of shares agreements with the Company, whereby BSM and AI agreed to sell 75,000 shares and 40,000 shares, respectively, in PLI to the Company with the acquisition price to be determined at the execution of the sale and purchase of shares agreements which are subjected to the approval by each of the party's shareholders which should not be later than December 31, 2004. According to these agreements, until December 31, 2002, the Company has given advances amounting to Rp 131,395,596 thousand through transfer of trade accounts receivable and accounts receivable from related parties as explained in Note 11a.

28. NET SALES

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Retail	633,063,640	1,932,555,312	1,781,313,743	1,473,912,042
Wholesale	22,304,939	57,312,166	26,180,956	31,487,801
Revenues from consignment penalty	1,678,081	24,155,082	18,054	252,698
Others	-	414,228	-	-
Total sales	657,046,660	2,014,436,788	1,807,512,753	1,505,652,541
Sales returns and discount	(160,139)	(328,295)	(77,476)	(233,926)
Net sales	656,886,521	2,014,108,493	1,807,435,277	1,505,418,615

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In 2004, 2003, 2002 and 2001, consignment sales amounting to Rp 273,433,895 thousand, Rp 861,084,934 thousand, Rp 627,031,294 thousand and Rp 540,957,528 thousand, respectively, and the related cost of consignment sales which is paid to the consignor amounted to Rp 180,482,540 thousand, Rp 583,080,437 thousand, Rp 446,161,345 thousand and Rp 373,319,792 thousand, respectively.

There were no sales to a specific customer exceeding 10% of net sales.

0.20%, 0.46%, 0.07% and 0.40% of total net sales for the four months period ended April 30, 2004 and the years ended December 31, 2003, 2002 and 2001, respectively were made to related parties. Sales to related parties, according to management, were made at similar prices, terms, and conditions as those done with third parties (see Note 35).

29. COST OF SALES

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Beginning balance of merchandise goods	407,735,406	287,328,173	286,153,507	194,858,107
Purchases of merchandise	387,872,403	1,312,935,485	1,208,243,825	1,165,739,488
Royalty (see Notes 37a, 37b, 37c, 37d, 37e, 37f and 37h)	7,633,939	22,900,559	23,056,168	18,051,903
Merchandise available for sale	803,241,748	1,623,164,217	1,517,453,500	1,378,649,498
Excess of value added tax collected against value added tax paid	-	-	(46,506,337)	(63,848,198)
Ending balance of merchandise goods	(405,637,725)	(407,735,406)	(287,328,173)	(286,153,507)
Cost of Goods Sold - Merchandise goods	397,604,023	1,215,428,811	1,183,618,990	1,028,647,793
Cost of Goods Sold - Garments Industry	12,679,664	27,365,823	19,264,110	11,882,369
Cost of Good Sold	410,283,687	1,242,794,634	1,202,883,100	1,040,530,162

The excess of value added tax collected from customers against value added tax paid to the Tax Service Office amounting to Rp 46,506,337 thousand in 2002 and Rp 63,848,198 thousand in 2001 was credited to cost of sales.

Details of cost of goods sold – garments industry (manufacturing) are as follows:

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Raw material used	8,863,195	14,345,265	8,673,716	9,596,184
Direct labor	2,455,917	5,987,587	5,167,332	2,597,294
Factory overhead	1,916,740	5,679,908	4,135,955	2,329,061
Total Manufacturing Cost	13,235,852	26,012,760	17,977,003	14,522,539
Work in Process				
At beginning of the period	-	1,342,202	2,457,987	-
Purchases	1,827,604	-	-	-
At end of the period	(2,138,775)	-	(1,342,202)	(2,457,987)
Cost of Goods Manufactured	12,924,681	27,354,962	19,092,788	12,064,552
Finished Goods				
At beginning of the period	-	10,861	182,183	-
Purchases	41,715	-	-	-
At end of the period	(286,732)	-	(10,861)	(182,183)
Cost of Goods Sold	12,679,664	27,365,823	19,264,110	11,882,369

5.14% and 3.11% of net purchases for the four months period ended April 30, 2004 and the year ended December 31, 2003, respectively, were made to related parties (see Note 35).

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Purchase from related parties, according to management, were made on similar conditions as those done with third parties (see Note 35).

30. OPERATING EXPENSES

Selling Expenses

		(Restated - Note 3)		
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Shop rental (see Note 37i)	73,886,204	215,633,644	172,970,136	116,267,875
Salaries and allowances	42,244,902	115,099,974	104,067,077	66,803,073
Depreciation	20,515,840	59,411,679	54,463,733	33,254,451
Water and electricity	10,816,939	28,774,766	24,078,317	14,162,651
Marketing and promotion	8,959,385	33,607,023	47,246,307	42,019,521
Credit card administration	5,212,536	15,268,653	14,687,074	12,457,788
Stationery and printing	3,444,259	10,355,828	10,112,078	7,120,904
Transportation and travel	2,863,442	7,573,523	7,968,346	5,549,772
Insurance	2,066,813	4,177,174	4,950,790	2,018,440
Repairs and maintenance	1,636,831	9,622,478	7,754,830	3,415,971
Freight	1,630,202	6,248,431	4,969,205	3,443,058
Telephone and facsimile	1,312,624	3,721,447	3,250,230	2,702,787
Packaging material	992,333	3,517,703	4,776,035	3,860,566
Amortization	572,088	1,343,067	922,096	388,996
Uniform	247,177	1,015,828	1,636,627	631,499
Creative fee	218,022	531,373	290,643	-
Store opening fee	-	-	3,130,974	31,672
Others	1,968,660	3,852,856	4,031,321	1,816,384
Total	178,588,257	519,755,447	471,305,819	315,945,408

General and Administrative Expenses

		(Restated - Note 3)		
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Salaries and allowances	18,112,878	66,955,052	54,597,484	39,253,934
Employee benefit (see Note 23)	4,591,356	11,104,465	5,887,999	1,764,448
Depreciation	3,556,625	10,338,712	7,529,289	4,659,537
Office rental (see Note 37i)	3,292,179	8,695,361	9,433,670	7,737,487
Professional fee	1,648,481	9,389,721	10,700,183	11,104,052
Transportation and travel	1,456,323	4,210,950	3,571,142	3,752,036
Telephone and facsimile	1,173,380	4,159,686	4,351,079	2,581,831
Stationery and printing	1,054,122	4,609,264	5,226,191	6,926,021
Repairs and maintenance	746,838	1,914,122	2,202,041	3,381,358
Management fee	281,475	501,216	1,636,639	1,679,607
Insurance	269,854	575,755	1,570,818	2,652,712
Electricity and water	257,880	680,658	554,509	315,859
Tax, license and legal	258,592	1,222,068	1,068,727	3,189,801
Education and training	190,159	602,791	632,418	626,425
Packaging	151,991	620,221	442,842	290,167
Provision for doubtful accounts	37,248	132,569	133,264	144,534
Others	726,236	2,935,763	2,491,662	1,398,605
Total	37,805,617	128,648,374	112,029,957	91,458,414

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31. INCOME TAX

Tax expense (benefit) of the Company and its subsidiaries consist of the following:

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Current tax				
The Company	5,158,528	23,990,242	13,194,061	4,229,825
Subsidiaries	909,608	4,668,254	1,402,091	3,620,492
Deferred tax				
The Company	(1,220,916)	(2,332,228)	781,948	1,397,705
Subsidiaries	(190,255)	6,922,958	(10,590,665)	(435,310)
Total tax expense	<u>4,656,965</u>	<u>33,249,226</u>	<u>4,787,435</u>	<u>8,812,712</u>

Current Tax

A reconciliation between income before tax expense per consolidated statements of income and taxable income is as follows:

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Income before tax per consolidated statements of income	16,958,126	107,411,335	49,417,474	63,143,513
Income before tax of subsidiaries	(9,271,142)	(41,224,653)	(1,767,421)	(43,598,060)
Goodwill amortization	(65,988)	(1,768)	56,137	56,137
Income before tax of the Company	<u>7,620,996</u>	<u>66,184,914</u>	<u>47,706,190</u>	<u>19,601,590</u>
Temporary differences:				
Difference between commercial and fiscal depreciation and leased assets	2,417,737	3,996,403	(5,604,062)	(7,415,228)
Employee benefits	1,095,235	2,346,926	1,238,169	1,521,814
Allowance for decline in value of inventories	528,469	1,779,915	-	-
Allowance for doubtful accounts	33,643	110,749	213,182	226,156
Amortization of goodwill and trademark	-	-	103,595	332,858
Loss (gain) on sales of property, plant and equipment	(5,360)	180,611	1,442,624	675,385
Total	<u>4,069,724</u>	<u>8,414,604</u>	<u>(2,606,492)</u>	<u>(4,659,015)</u>
Permanent differences:				
Tax penalty	4,491,153	6,023,474	-	-
Benefits in kinds	1,095,235	-	-	-
Representation and donation	67,261	245,732	26,228	45,000
Interest income already subjected to final tax	(90,941)	(853,970)	(965,683)	(783,238)
Commercial depreciation unrecognized in fiscal tax	-	-	77,529	83,126
Rental income already subjected to final tax	-	-	(264,600)	(169,800)
Interest expense	-	-	43,779	39,799
Others	-	11,041	21,586	289
Total	<u>5,562,708</u>	<u>5,426,277</u>	<u>(1,061,161)</u>	<u>(784,824)</u>
Taxable income of the Company	<u>17,253,428</u>	<u>80,025,795</u>	<u>44,038,537</u>	<u>14,157,751</u>

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Details of current tax expense and payable are computed as follows:

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Current tax expense - the Company	5,158,528	23,990,242	13,194,061	4,229,825
Less prepaid taxes				
Income tax				
Article 22	25,543	1,590	-	-
Article 23	-	1,006,049	-	-
Article 25	2,114,624	3,014,047	2,343,269	1,586,218
Exit tax	53,000	161,000	99,000	115,000
Total	2,193,167	4,182,686	2,442,269	1,701,218
Current tax payable - article 29				
The Company	2,965,361	19,807,556	10,751,792	2,528,607
Subsidiaries	4,412,598	3,311,804	1,147,108	800,439
Total	7,377,959	23,119,360	11,898,900	3,329,046
Prior years' tax payable article 29 - the Company	19,318,885	10,016,882	-	-
Total tax payable article 29	26,696,844	33,136,242	11,898,900	3,329,046

The taxable income and current tax payable of the Company for 2001 were in accordance with the corporate tax returns filed with the Tax Service Office. The Company has filed the taxable income for 2002 amounting to Rp 51,848,682 thousand to the Tax Service Office which was different with the taxable income in the Company's audited financial statements amounting to Rp 7,810,145 thousand because the financial statements used for tax returns filed for 2002 were unaudited financial statements. Nonetheless, the Company received tax underpayment assessment letter for 2002 on April 29, 2004 so it did not amend its tax report.

The Company reported taxable income in annual corporate tax returns amounted to Rp 47,621,367 thousand in 2003. The reported taxable income was different with taxable income which was stated in financial statements because the Company filed corporate tax returns in 2003 using unaudited financial statements. The Company has not yet submitted the correction of corporate tax returns in 2003 because the Company is still under tax inspection process. Tax payable for article 29 amounted to Rp 19,807,556 thousand has been paid (see Note 39n).

Deferred Tax

Deferred tax is computed based on the effect of the temporary differences between the financial statements carrying amounts assets and liabilities and their respective tax bases. The details of the deferred tax assets and liabilities of the Company and its subsidiaries are as follows:

Deferred Tax Assets

Deferred tax assets represent deferred tax assets after deducting the deferred tax liabilities of the same business entity as follows:

	April 30,	December 31,		
	2004	(Restated - Note 3)		
	Rp'000	2003	2002	2001
	Rp'000	Rp'000	Rp'000	Rp'000
Deferred tax assets				
Employee benefits obligations	4,395,120	3,748,189	1,293,713	56,421
Fiscal loss	2,183,651	2,630,717	10,877,578	2,658,684
Accrued creativity and license service fees	875,983	391,562	166,467	-
Deferred license fee	216,123	195,514	93,385	-
Allowance for decline in value of inventories	64,473	64,473	-	-
Property, plant and equipment	-	-	10,709	7,623
Others	-	-	85,673	320,742
Total	7,735,350	7,030,455	12,527,525	3,043,470

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	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Deferred tax liabilities				
Property, plant and equipment	(1,844,129)	(1,787,911)	-	(1,481,456)
Leases	(192,973)	(218,371)	(37,020)	-
Others	-	-	(27,595)	(17,585)
Total	(2,037,102)	(2,006,282)	(64,615)	(1,499,041)
Deferred tax assets - net	5,698,248	5,024,173	12,462,910	1,544,429

Deferred tax asset - fiscal loss consist of subsidiaries fiscal losses (MGI, LR, SCI, PLI and MGP) can be utilized in the future.

Deferred Tax Liabilities

Deferred tax liabilities represent deferred tax liabilities after deducting the deferred tax assets from the same business entity, as follows:

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Deferred tax assets				
Employee benefits obligations	1,838,588	1,496,144	859,471	472,914
Allowance for doubtful accounts and allowance for decline in value of inventories	984,052	829,606	438,075	365,367
Leases	-	2,901	58,652	50,654
Total	2,822,640	2,328,651	1,356,198	888,935
Deferred tax liabilities				
Property, plant and equipment	(10,057,192)	(10,898,091)	(12,685,119)	(11,077,013)
Leases	(7,855)	-	-	-
Amortization of goodwill and trademark	-	-	-	(31,078)
Total	(10,065,047)	(10,898,091)	(12,685,119)	(11,108,091)
Deferred tax liabilities - net	(7,242,407)	(8,569,440)	(11,328,921)	(10,219,156)

A reconciliation between tax expense and the amounts computed by applying the effective tax rates to income before tax is as follows:

	2004 (Four months)	(Restated - Note 3)		
	Rp'000	2003 (One year) Rp'000	2002 (One year) Rp'000	2001 (One year) Rp'000
Income before tax per consolidated statements of income	16,958,126	107,411,335	49,417,474	63,143,513
Income before tax of subsidiaries	(9,271,142)	(41,224,653)	(1,767,421)	(43,598,060)
Goodwill amortization	(65,988)	(1,768)	56,137	56,137
Income before tax of the Company	7,620,996	66,184,914	47,706,190	19,601,590
Tax expense at effective rates (30%)	2,268,799	19,837,974	14,294,357	5,862,977
Tax effect of permanent differences	1,668,812	1,627,887	(318,348)	(235,447)
Correction of tax bases	-	192,153	-	-
Tax expense of the Company	3,937,611	21,658,014	13,976,009	5,627,530
Tax expense (benefit) of subsidiaries	719,354	11,591,212	(9,188,574)	3,185,182
Total Tax Expense	4,656,965	33,249,226	4,787,435	8,812,712

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32. BASIC EARNINGS PER SHARE

The computation of basic earnings per share is based on the following data:

Net Income

	(Restated - Note 3)			
	2004	2003	2002	2001
	(Four months)	(One year)	(One year)	(One year)
	Rp'000	Rp'000	Rp'000	Rp'000
Net income for computation of basic earnings per share	12,301,162	74,171,222	44,624,326	54,334,165

Number of shares

	Shares	Shares	Shares	Shares
Weighted average number of ordinary shares for computation of basic earnings per share				
Beginning balance, at par value				
Rp 1,000,000 per shares	460,000	460,000	372,877	52,137
Split at par value to Rp 500 per share at August 13, 2004 (see Note 39)	919,540,000	919,540,000	745,381,123	104,221,863
Capitalized balance of retained earnings at August 13, 2004 (see Note 39)	240,000,000	240,000,000	193,896,040	27,111,240
Weighted average number of shares	1,160,000,000	1,160,000,000	939,650,040	131,385,240

At the balance sheet date, the Company did not have potentially dilutive shares.

33. SALE OF SUBSIDIARIES

On December 24, 2003, the Company and PLI sold all their shares in SIN and KIS to PT Bahtera Sinar Mulia (BSM) (see Note 1b). The sale was based on SIN and KIS's net assets as of December 31, 2003, as follows:

	2003
	Rp'000
The Company and PLI portion of net assets	32,033,441
Difference in value of transaction among entities under common control	7,583,696
Selling price	39,617,137

The transactions above were made between the entities under common control, thus gain generated from disposal of investment was recognized as the difference in the value of restructuring transactions of entities under common control. In 2002, PLI recognized the difference in value from restructuring transactions of entities under common control from purchase amount of KIS over PLI's interest amounted to Rp 6,698,208 thousand. The difference in value from restructuring transactions of entities under common control amounting to Rp 885,488 thousand was credited to the 2003 consolidated statements of income since both the Company's and PLI's management believe that the difference was immaterial.

Equity in net income (loss) of SIN and KIS included in consolidated statements of income in 2003, 2002 and 2001 amounted to Rp 1,658,337 thousand, Rp 979,299 thousand and (Rp 348,406 thousand), respectively.

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34. PURCHASE OF SIN'S ASSETS AND LIABILITIES BY MGP

On January 5, 2004, MGP entered into an agreement with SIN to purchase certain assets and liabilities of SIN for a purchase price of Rp 8,864,671 thousand. According to the agreement, the purchase price will be based on the book value of assets and liabilities of SIN as of December 31, 2003. The details of SIN's assets and liabilities are as follows:

	Rp'000
Assets	
Cash on hand and in bank	748,850
Trade accounts receivable	8,491,156
Other accounts receivable	120,303
Prepaid expense	18,841
Advances	582,680
Total	9,961,830
Liabilities	
Other accounts payable	180,890
Accrued expenses	342,584
Employee benefits obligation	573,685
Total	1,097,159
Net Assets	8,864,671

35. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

- a. Related parties which have partly the same management as the Company and its subsidiaries:

– TS Lifestyle Ltd., Thailand – PT Sari Inti Nusantara – Bellestar Pte. Ltd., Singapore – MAP Holding Inc., Philippines – PT MAP Premier Indonesia – PT MAP Indonesia	– PT Lotus Pertiwi – PT Prima Utama Mitra Abadi – Planet Sport & Trading Joint Stock Co., Vietnam – PT Bahtera Sinar Mulia
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- b. PT Buana Mega Bimasakti is an affiliated company based on a management fee agreement starting 2003.
- c. Virendra Prakash Sharma (VPS) is a key person in the Company and Pradeep S. Sekhawat is a related party with VPS.

Transactions with Related Parties

In the normal course of business, the Company and its subsidiaries entered into certain transactions with related parties, including the following :

- a. Net sales to related parties amounted to 0.20%, 0.46%, 0.07% and 0.40% for the four months period ended April 30, 2004, and the years ended 2003, 2002 and 2001, respectively of total net sales which according to management, were made on normal terms and conditions as those done with third parties. At the balance sheet date, the receivables from these sales were presented as trade accounts receivable, which constituted 0.20% and 1.43% of the total assets as of April 30, 2004 and December 31, 2001, respectively.

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The details of net sales to related parties are as follows:

	2004 (Four months) Rp'000	2003 (One year) Rp'000	2002 (One year) Rp'000	2001 (One year) Rp'000
TS Lifestyle Ltd., Thailand	1,014,976	1,767,744	1,067,243	356,530
PT Buana Mega Bimasakti	261,139	7,296,963	-	-
Planet Sport and Trading Joint Stock Co., Vietnam	29,644	148,671	124,444	1,096,197
Pradeep S. Sekhawat	-	32,249	32,847	3,770,000
Others (below Rp 500 million each)	-	-	35,374	741,324
Total	1,305,759	9,245,627	1,259,908	5,964,051

- b. Purchases from related parties amounted to 5.14% and 3.11% of the total purchases of merchandise, respectively, for the four months period ended April 30, 2004 and 2003, which, according to the management, were made at normal terms and conditions as those done with third parties. At balance sheet date, the liabilities for these purchases were presented as trade accounts payable, which constituted 0.33% and 1.78%, of the total liabilities as of April 30, 2004 and December 31, 2003, respectively.

The details of purchases from related parties are as follows:

	2004 (Four months) Rp'000	2003 (One year) Rp'000
PT Buana Mega Bimasakti	10,837,271	33,549,897
PT MAP Indonesia	9,111,578	7,284,301
Total	19,948,849	40,834,198

- c. MGP leases fixed asset from SIN with rent expense amounting to Rp 129,600 thousand monthly (see Note 37k).
- d. The Company give administrative and technical management services to PT Buana Mega Bimaksakti. Management fee charge by the Company amounted to Rp 300,000 thousand monthly (see Note 37j).
- e. The Company and its subsidiaries also entered into non-trade transactions with related parties as described in Note 11.

36. SEGMENT INFORMATION

Business Segment

The Company and its subsidiaries are presently engaged in the following businesses:

1. Retail sales covers:
 - Trading on clothes and accessories
 - Trading on sports equipment and accessories
 - Trading on kid's toys and accessories
2. Department store
3. Manufacturing
4. Cafe and restaurant
5. Book store
6. Others

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The following are segment information based on business segment:

	April 30, 2004								
	Retail sales Rp'000	Department Stores Rp'000	Manufacturing Rp'000	Cafe and Restaurant Rp'000	Book store Rp'000	Others Rp'000	Total Rp'000	Elimination Rp'000	Consolidated Rp'000
REVENUE									
External sales	283,413,078	322,065,341	5,876,618	38,692,395	6,621,738	217,351	656,886,521	-	656,886,521
Inter-segment sales	11,575,871	-	9,114,424	4,402,137	-	-	25,092,432	(25,092,432)	-
Total revenue	<u>294,988,949</u>	<u>322,065,341</u>	<u>14,991,042</u>	<u>43,094,532</u>	<u>6,621,738</u>	<u>217,351</u>	<u>681,978,953</u>	<u>(25,092,432)</u>	<u>656,886,521</u>
RESULT									
Segment result	22,372,494	(1,619,550)	948,532	151,419	(14,692)	(118,511)	21,719,692	8,489,268	30,208,960
Gain on sale and disposal of property, plant and equipment	7,807	2,326,492	-	-	-	-	2,334,299	-	2,334,299
Interest income	214,134	334,791	-	19,446	7,046	585	576,002	-	576,002
Rent and service income	76,775	3,059,981	-	483,003	-	-	3,619,759	(3,239,765)	379,994
Gain (loss) on foreign exchange - net	(147,173)	195,067	122,358	(93,818)	59,887	(773)	135,548	-	135,548
Interest expense	(12,060,629)	(1,126,675)	(8,804)	(545,001)	-	-	(13,741,109)	-	(13,741,109)
Amortization of deferred loss on sale and leaseback transaction	31,537	(166,080)	-	-	-	-	(134,543)	-	(134,543)
Others	(789,534)	2,963,116	58,799	121,567	(31,658)	57,732	2,380,022	(5,183,514)	(2,803,492)
Total	<u>9,705,411</u>	<u>5,967,142</u>	<u>1,120,885</u>	<u>136,616</u>	<u>20,583</u>	<u>(60,967)</u>	<u>16,889,670</u>	<u>65,989</u>	<u>16,955,659</u>
Equity in net income of associated company	-	2,467	-	-	-	-	2,467	-	2,467
Income (loss) before tax	9,705,411	5,969,609	1,120,885	136,616	20,583	(60,967)	16,892,137	65,989	16,958,126
Tax expense	(4,539,721)	205,137	(149,301)	(193,274)	7,855	12,339	(4,656,965)	-	(4,656,965)
Net income (loss) before minority interest in net loss (income) of subsidiary	5,165,690	6,174,746	971,584	(56,658)	28,438	(48,628)	12,235,172	65,989	12,301,161
Minority interest in net loss of subsidiary	-	-	-	-	-	-	-	1	1
Net Income (Loss)	<u>5,165,690</u>	<u>6,174,746</u>	<u>971,584</u>	<u>(56,658)</u>	<u>28,438</u>	<u>(48,628)</u>	<u>12,235,172</u>	<u>65,990</u>	<u>12,301,162</u>
BALANCE SHEET									
Segment assets	1,026,282,708	310,633,146	8,999,395	91,944,619	17,508,171	239,907,175	1,695,275,214	(399,773,368)	1,295,501,846
Unallocated assets	120,064,663	9,994,661	11,677,033	1,177,902	1,365,988	1,493,122	145,773,369	(117,579,231)	28,194,138
Total consolidated assets	<u>1,146,347,371</u>	<u>320,627,807</u>	<u>20,676,428</u>	<u>93,122,521</u>	<u>18,874,159</u>	<u>241,400,297</u>	<u>1,841,048,583</u>	<u>(517,352,599)</u>	<u>1,323,695,984</u>
Segment liabilities	536,976,429	198,515,098	13,346,491	48,659,500	11,301,033	2,541,401	811,339,952	(119,436,143)	691,903,809
OTHER INFORMATION									
Capital expenditure	20,392,975	21,282,639	26,911	6,341,629	2,182,009	12,173	50,238,336	-	50,238,336
Depreciation and amortization	10,562,798	10,103,825	1,261	3,871,833	85,759	19,286	24,644,762	-	24,644,762
December 31, 2003 (Restated - Note 3)									
	Retail sales Rp'000	Department Stores Rp'000	Manufacturing Rp'000	Cafe and Restaurant Rp'000	Book store Rp'000	Others Rp'000	Total Rp'000	Elimination Rp'000	Consolidated Rp'000
REVENUE									
External sales	899,073,503	930,748,274	12,092,580	123,279,374	23,390,244	955,207	1,989,539,182	-	1,989,539,182
Others	-	24,155,082	-	-	-	414,229	24,569,311	-	24,569,311
Inter-segment sales	9,190,677	-	20,519,230	-	-	-	29,709,907	(29,709,907)	-
Total revenue	<u>908,264,180</u>	<u>954,903,356</u>	<u>32,611,810</u>	<u>123,279,374</u>	<u>23,390,244</u>	<u>1,369,436</u>	<u>2,043,818,400</u>	<u>(29,709,907)</u>	<u>2,014,108,493</u>
RESULT									
Segment result	169,079,175	141,322	1,189,743	(12,131,713)	119,795	(324,185)	158,074,137	(35,164,099)	122,910,038
Gain (loss) on sale and disposal of property, plant and equipment	(515,724)	294,461	-	(818,407)	15,938	-	(1,023,732)	-	(1,023,732)
Interest income	9,334,434	1,921,716	14,238	111,045	124,925	112,474	11,618,832	(983,256)	10,635,576
Rent and service income	-	17,921,010	-	1,812,070	-	-	19,733,080	(19,317,333)	415,747
Gain (loss) on foreign exchange - net	572,269	(464,407)	(19,604)	434,576	15,139	714	538,687	-	538,687
Interest expense	(37,180,663)	(2,707,159)	(20,809)	(1,654,011)	-	-	(41,562,642)	983,258	(40,579,384)
Amortization of deferred loss on sale and leaseback transaction	112,676	(264,416)	-	-	-	-	(151,740)	-	(151,740)
Others	5,876,028	15,879,414	964,914	7,347,827	(11,059)	(36,322)	30,040,802	(15,375,016)	14,665,786
Total	<u>147,278,195</u>	<u>32,721,941</u>	<u>2,148,482</u>	<u>(4,898,613)</u>	<u>264,738</u>	<u>(247,319)</u>	<u>177,267,424</u>	<u>(69,856,446)</u>	<u>107,410,978</u>
Equity in net income of associated company	187	170	-	-	-	-	357	-	357
Income (loss) before tax	147,278,382	32,722,111	2,148,482	(4,898,613)	264,738	(247,319)	177,267,781	(69,856,446)	107,411,335
Tax expense	(24,770,148)	(9,110,359)	(398,810)	999,205	(33,463)	64,349	(33,249,226)	-	(33,249,226)

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December 31, 2003 (Restated - Note 3)									
	Retail sales Rp'000	Department Stores Rp'000	Manufacturing Rp'000	Cafe and Restaurant Rp'000	Book store Rp'000	Others Rp'000	Total Rp'000	Elimination Rp'000	Consolidated Rp'000
Net income (loss) before minority interest in net loss (income) of subsidiary	122,508,234	23,611,752	1,749,672	(3,899,408)	231,275	(182,970)	144,018,555	(69,856,446)	74,162,109
Minority interest in net loss of subsidiary	-	-	-	-	-	-	-	9,113	9,113
Net Income (Loss)	122,508,234	23,611,752	1,749,672	(3,899,408)	231,275	(182,970)	144,018,555	(69,847,333)	74,171,222
BALANCE SHEET									
Segment assets	1,012,122,140	303,740,322	-	90,371,754	10,208,572	224,498,692	1,640,941,480	(405,317,221)	1,235,624,259
Unallocated assets	90,061,718	6,756,810	-	1,116,985	1,929,290	7,906,185	107,770,988	(98,410,951)	9,360,037
Total consolidated assets	1,102,183,858	310,497,132	-	91,488,739	12,137,862	232,404,877	1,748,712,468	(503,728,172)	1,244,984,296
Segment liabilities	451,601,245	195,059,168	-	46,969,060	4,593,173	10,912,202	709,134,848	(97,739,759)	611,395,089
OTHER INFORMATION									
Capital expenditure	32,629,858	29,820,242	-	17,356,201	216,822	280,150	80,303,273	-	80,303,273
Depreciation and amortization	30,144,303	31,213,708	-	9,440,323	262,840	32,284	71,093,458	-	71,093,458
December 31, 2002 (Restated - Note 3)									
	Retail sales Rp'000	Department Stores Rp'000	Manufacturing Rp'000	Cafe and Restaurant Rp'000	Book store Rp'000	Others Rp'000	Total Rp'000	Elimination Rp'000	Consolidated Rp'000
REVENUE									
External sales	832,992,974	868,877,531	5,363,478	79,690,898	20,492,341	-	1,807,417,222	-	1,807,417,222
Others	-	18,055	-	-	-	-	18,055	-	18,055
Inter-segment sales	4,735,013	-	16,234,772	5,312,542	-	-	26,282,327	(26,282,327)	-
Total revenue	837,727,987	868,895,586	21,598,250	85,003,440	20,492,341	-	1,833,717,604	(26,282,327)	1,807,435,277
RESULT									
Segment result	48,953,404	(63,001,576)	684,595	(5,802,407)	242,181	(71,863)	(18,995,666)	40,212,067	21,216,401
Gain (loss) on sale and disposal of property, plant and equipment	340,966	(49,982)	(8,946)	-	-	84,010	366,048	-	366,048
Interest income	4,558,983	2,345,248	26,802	142,572	67,857	4,125	7,145,587	-	7,145,587
Rent and service income	-	35,528,927	-	1,677,288	-	-	37,206,215	(36,603,210)	603,005
Gain (loss) on foreign exchange - net	8,260,352	9,389,677	(335,676)	805,243	(97,306)	-	18,022,290	-	18,022,290
Interest expense	(10,069,285)	(127,495)	-	(886,692)	-	-	(11,103,472)	-	(11,103,472)
Amortization of deferred gain on sale and leaseback transaction	606,762	(154,243)	-	-	-	-	452,519	-	452,519
Others	(3,871,739)	18,182,222	982,485	1,720,737	(11,900)	(929)	17,000,876	(4,286,908)	12,713,968
Total	48,759,443	2,112,778	1,349,260	(2,343,259)	200,832	15,343	50,094,397	(678,051)	49,416,346
Equity in net income of associated company	568	560	-	-	-	-	1,128	-	1,128
Income (loss) before tax	48,760,011	2,113,338	1,349,260	(2,343,259)	200,832	15,343	50,095,525	(678,051)	49,417,474
Tax expense	(15,535,632)	11,097,511	(381,545)	260,351	(39,461)	(188,659)	(4,787,435)	-	(4,787,435)
Net income (loss) before minority interest in net loss (income) of subsidiary	33,224,379	13,210,849	967,715	(2,082,908)	161,371	(173,316)	45,308,090	(678,051)	44,630,039
Minority interest in net loss (gain) of subsidiary	-	(7,422)	-	-	-	-	(7,422)	1,709	(5,713)
Net Income (Loss)	33,224,379	13,203,427	967,715	(2,082,908)	161,371	(173,316)	45,300,668	(676,342)	44,624,326
BALANCE SHEET									
Segment assets	650,290,679	394,294,910	13,943,416	84,208,815	9,485,444	19,868,392	1,172,091,656	(179,549,539)	992,542,117
Unallocated assets	41,383,837	70,819	5,464,068	2,677,658	2,092,153	7,358,352	59,046,887	(57,246,539)	1,800,348
Total consolidated assets	691,674,516	394,365,729	19,407,484	86,886,473	11,577,597	27,226,744	1,231,138,543	(236,796,078)	994,342,465
Segment liabilities	422,925,315	-	6,957,184	49,817,388	4,264,182	16,000	483,980,069	(63,852,194)	420,127,875
OTHER INFORMATION									
Capital expenditure	27,144,002	41,308,236	1,025,093	34,828,556	95,855	-	104,401,742	-	104,401,742
Depreciation and amortization	26,165,705	31,306,340	1,388,706	5,116,307	409,379	-	64,386,437	-	64,386,437

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	December 31, 2001 (Restated - Note 3)								
	Retail sales	Department Stores	Manufacturing	Cafe and Restaurant	Book store	Others	Total	Elimination	Consolidated
	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000	Rp'000
REVENUE									
External sales	722,912,758	727,772,527	2,938,745	32,537,466	17,727,448	1,276,972	1,505,165,916	-	1,505,165,916
Others	-	252,699	-	-	-	-	252,699	-	252,699
Inter-segment sales	2,515,414	-	7,664,058	11,349,387	-	-	21,528,859	(21,528,859)	-
Total revenue	725,428,172	728,025,226	10,602,803	43,886,853	17,727,448	1,276,972	1,526,947,474	(21,528,859)	1,505,418,615
RESULT									
Segment result	26,891,150	5,244,467	(1,179,616)	(144,715)	147,755	(832,412)	30,126,629	27,358,002	57,484,631
Gain (loss) on sale and disposal of property, plant and equipment	(674,638)	178,160	-	97,900	-	-	(398,578)	-	(398,578)
Interest income	893,984	4,565,985	2,216	389,998	-	2,392	5,854,575	-	5,854,575
Rent and service income	-	26,922,022	-	26,030	-	-	26,948,052	(23,941,964)	3,006,088
Gain (loss) on foreign exchange - net	856,694	661	57,922	2,526	-	(4,738)	913,065	-	913,065
Interest expense	(3,804,079)	-	-	-	(29,091)	-	(3,833,170)	-	(3,833,170)
Amortization of deferred gain on sale and leaseback transaction	218,953	-	-	-	-	-	218,953	-	218,953
Others	1,893,036	3,099,028	785,861	(91,881)	54,388	352,150	6,092,582	(6,196,889)	(104,307)
Total	26,275,100	40,010,323	(333,617)	279,858	173,052	(482,608)	65,922,108	(2,780,851)	63,141,257
Equity in net income of associated company	-	2,256	-	-	-	-	2,256	-	2,256
Income (loss) before tax	26,275,100	40,012,579	(333,617)	279,858	173,052	(482,608)	65,924,364	(2,780,851)	63,143,513
Tax expense	(6,762,590)	(2,081,934)	97,452	(161,037)	(47,394)	142,791	(8,612,712)	-	(8,612,712)
Net income (loss) before minority interest in net loss (income) of subsidiary	19,512,510	37,930,645	(236,165)	118,821	125,658	(339,817)	57,111,652	(2,780,851)	54,330,801
Minority interest in net loss (gain) of subsidiary	-	(563)	-	-	-	-	(563)	3,927	3,364
Net Income (Loss)	19,512,510	37,930,082	(236,165)	118,821	125,658	(339,817)	57,111,089	(2,776,924)	54,334,165
BALANCE SHEET									
Segment assets	546,611,506	354,694,120	19,146,332	44,378,728	8,493,118	20,611,457	993,935,261	(154,992,739)	838,942,522
Unallocated assets	100,598,864	3,391,435	4,465,143	11,919,244	-	6,364,198	126,738,884	(45,232,153)	81,506,731
Total consolidated assets	647,210,370	358,085,555	23,611,475	56,297,972	8,493,118	26,975,655	1,120,674,145	(200,224,892)	920,449,253
Segment liabilities	215,290,743	183,507,256	10,057,703	25,669,043	2,841,074	3,993,529	441,359,348	(79,958,762)	361,400,586
OTHER INFORMATION									
Capital expenditure	48,667,344	123,363,958	5,098,498	5,746,921	565,832	-	183,442,553	-	183,442,553
Depreciation and amortization	18,861,553	17,629,487	963,941	1,466,860	322,939	-	39,244,780	-	39,244,780

Geographical Segment

Sales by geographical market

The following table shows the distribution of the Company and its subsidiaries' sales by geographical market, regardless of where the goods were produced:

	April 30, 2004	December 31, (Restated - Note 3)		
	Rp'000	2003 Rp'000	2002 Rp'000	2001 Rp'000
Foreign	5,564,416	4,755,529	826,190	1,819,587
Domestic				
Jakarta	462,094,864	1,477,850,369	1,453,678,604	1,221,644,445
Surabaya	84,000,438	244,747,779	89,733,031	69,228,481
Medan	22,565,629	33,507,289	28,397,275	26,464,391
Bandung	16,078,917	53,756,773	60,480,903	36,225,160
Bali	15,019,819	38,093,354	45,398,241	40,050,900
Makasar	13,138,282	60,733,276	48,012,518	40,883,354
Yogyakarta	6,638,429	20,520,858	19,029,715	14,815,746
Pontianak	5,878,003	-	-	-
Semarang	5,001,931	17,068,991	16,135,568	13,678,220
Ujung Pandang	4,640,431	-	-	-
Balikpapan	2,597,379	8,075,941	7,423,894	6,556,116
Pekan Baru	2,390,996	8,472,760	6,317,040	4,517,156
Batam	2,042,093	5,281,139	5,161,403	6,373,429
Samarinda	1,918,992	5,997,461	5,185,475	3,535,519
Manado	1,743,866	6,968,686	6,239,535	5,624,141
Solo	882,575	11,020,050	2,431,119	2,577,521
Others	4,689,461	17,258,238	12,984,766	11,424,449
Total	656,886,521	2,014,108,493	1,807,435,277	1,505,418,615

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37. SIGNIFICANT AGREEMENTS

- a. In 1998, the Company entered into an agreement with The Athlete's Foot Marketing Associates, Inc., USA, which granted the Company the right to open, operate and sell franchises consisting of a trademark license and system for operating retail stores popularly known as "The Athlete's Foot" in Indonesia. The Company pays royalty fees equivalent to a certain percentage of the net sales of "The Athlete's Foot" stores. Royalty fee expenses for four month period ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001 amounted to Rp 406,216 thousand, Rp 1,367,765 thousand, Rp 1,432,702 thousand and Rp 1,668,310 thousand, respectively, and were recorded as part of cost of sales.
- b. In August 1999, the Company entered into a License and Distribution Agreement with Reebok International Limited (RIL), England, which granted the Company the license to use the Reebok trademark and other intellectual property of RIL in connection with the design, manufacture, marketing, distribution and/sale of Reebok products in Indonesia. The Company will pay royalty fee based on a certain amount as stated in the agreement. Royalty fees charged for the four month period ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001 amounted to Rp 1,465,612 thousand, Rp 8,131,552 thousand, Rp 8,456,506 thousand and Rp 4,620,955 thousand, respectively, and were recorded as part of cost of sales.
- c. On January 19, 2001, the Company entered into a Sub-license Agreement with GRI Asia Ltd., Hongkong (Sub-Licenser) with the consent of Nine West Group Inc., USA whereby the Company was granted the right to sell Nine West in Indonesia. The Company will pay royalty fees based on a certain amount as stated in the agreement. Royalty fees for the four month period ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001 amounted to Rp 288,700 thousand, Rp 955,828 thousand, Rp 1,001,652 thousand and Rp 442,223 thousand, respectively, and were recorded as part of cost of sales.
- d. The Company entered into several distribution and license agreements with markholders that gave the Company rights to sell their product as follows:

Markholders	Trademark
Wilson Sporting Goods (M) Sdn Bhd, Malaysia	Wilson
Ellesse International Ltd, London	Ellesse & Semipalla
Spalding Sports Worldwide, Inc.	Spalding
Speedo International Ltd., England	Speedo
Deckers Outdoor Corp., Delaware, USA	Teva
Seattle Pacific Industries, Inc., USA	Union Bay
Babolat VS, France	Babolat
Skechers, S.A.R.L, Switzerland	Skechers
Thor.Lo, Inc., USA	Thorlo
Kipling Belgium NV, Belgium	Kipling
Morgan S.A. & Jugephanie S.A., France	Morgan

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Markholders	Trademark
Global Brand Marketing Inc., USA	Xoxo Footwear Nautica Footwear
Lush Ltd., England	Lush
Women's Secret S.A., Spain	Women's Secret
Quiral, SA, Spain	Springfield
Bandai (H.K.) Co., Ltd., Hongkong	Bandai
Leapfrog Enterprises, Inc., USA	Leapfrog
Sweet From Heaven U.S.A, LP, Nevada, USA	Sweet From Heaven
Oshkosh B'Gosh, Inc., USA	Oshkosh B'Gosh
Nikko (Asia) Pte Ltd	Nikko

The Company also has rights to use the trademarks of Next, Acupuncture, Airwalk, Rockport, Van, Nautica, Lacoste, Barbie, Batman, Superman, Smoby, Kim Possible and Baby Looney Tunes, beside the trademarks above.

The Company has to pay the royalty fees based on a certain percentage of the sales/purchase or the minimum purchase.

Royalty expense for the four month period ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001 amounted to Rp 2,148,639 thousand, Rp 3,524,908 thousand, Rp 5,712,992 thousand and Rp 2,586,548 thousand, respectively, and were recorded as part of the cost of sales.

Based on each franchise agreement and/or distribution agreement, the Company and group as explained in Note 37a, 37b, 37c, 37d, is prohibited from selling products that bear a competitors' mark. The infraction of an agreement can cause the cancellation of the agreement. Although the Company has sold competitors' products, the Company believes that the franchisers know about the matter and never expressed objection.

- e. In December 1, 2000, PT Kinokunia Bukindo (KB), a subsidiary, entered into a royalty and management fee agreement with Kinokuniya Books Stores of Singapore Pte. Ltd. (KBS), whereby KB was granted the right to operate book stores in Indonesia under the name of "Kinokuniya". KBS will also assist KB in selling of and providing information on new books, as well as placing customer orders. In return, KB pays royalty fee based on certain percentage of the annual net sales and management fee. Royalty expense amounting to Rp 103,733 thousand, Rp 233,902 thousand, Rp 204,923 thousand and Rp 194,973 thousand in 2004, 2003, 2002 and 2001, respectively was charged to cost of sales. Management fee for four months period ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001 amounting to Rp 33,588 thousand, Rp 88,245 thousand and Rp 92,858 thousand and Rp 112,107 thousand, respectively, was presented as part of general and administrative expense.
- f. A subsidiary (PLI) entered into a Franchise and Royalty Agreement with Sogo Co., Ltd., Japan. The Company was granted the right to operate Sogo Stores and pays royalty fee based on certain percentage from sales. Royalty expenses for four months period ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001 amounting to Rp 1,781,118 thousand, Rp 5,498,367 thousand, Rp 5,288,385 thousand and Rp 8,538,894 thousand, respectively, was presented as part of cost of goods sold.
- g. On July 27, 2000, PT Mitra Selaras Sempurna (MSS), a subsidiary, entered into a Sub Franchise Agreement with Sanctuary Green Pte., Ltd., Singapore ("Franchisor") whereby MSS ("Franchisee") was granted the right to operate retail stores in Indonesia under the proprietary brand "Marks and Spencer". This agreement was guaranteed by the Company.

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- h. On December 19, 2001, SCI, a subsidiary, entered into several agreements with Starbucks Corporation, Washington, USA and its affiliates ("Starbucks") which grant SCI the right to open and operate stores known as "Starbucks Coffee". The agreement was guaranteed by the Company. Based on the agreements, SCI shall pay certain fees and should purchase essential goods from Starbucks as follows:

- SCI shall pay development fee, initial franchise fee, creative service fee, licensing and initial transaction fee operations guidance to Starbucks.

The development fee shall be paid before December 19, 2004. Unpaid development fee is stated as long-term other accounts payable.

The deferred license fees consist of development fee and initial franchise fees after deduction of accumulation amortization amounted to Rp 2,677,519 thousand, Rp 2,105,431 thousand and Rp 762,364 thousand, respectively at April 30, 2004, December 31, 2003 and 2002 as stated as non-current asset.

- SCI shall purchase essential goods from Starbucks, or an affiliate of Starbucks or from the supplier approved by Starbucks.
- SCI shall pay all of Starbucks' standard, expenditure, including travel and allowance expenses for Starbucks personnel and representatives, in connection with guidance and assistance in the design of each Starbucks store, including the provision of architectural drawings for the Starbucks stores.

Starbucks has the option to purchase the equity ownership in SCI up to 50% on the fifth and tenth anniversary of the agreement by issuance of additional shares at the price to be determined using a certain formula.

The royalty expenses charged for four months period ended April 30, 2004 and for years ended December 31, 2003, 2002 and 2001 amounting to Rp 1,439,921 thousand, Rp 3,188,237 thousand and Rp 959,008 thousand, respectively.

- i. The Company and its subsidiaries entered into several rental agreements with third parties covering leases of store and office spaces for various terms of periods. The rental agreements are renewable upon mutual agreement of the parties at the end of lease terms.
- j. Based on agreement between the Company and PT Buana Mega Bimasakti (BMB), the Company provides management services such as technical expertise and administrative. In return, the Company receives management fee income amounting Rp 300,000 thousand per month. The term of this agreement is valid for 5 years, starting on January 1, 2003 until December 31, 2007.
- k. On January 1, 2004, MGP, a subsidiary entered into a rental agreement with SIN for factory and office building, all facility and factory and office equipment inside the buildings, including machineries to operate the factory, and 3 (three) cars. Rental expense charged to SIN amounted to Rp 129,600 thousand monthly excluding value added tax. This agreement is due on December 31, 2004.
- l. Based on agreement between the Company and PT Exel Indonesia (Exel) dated on November 8, 2003, Exel agreed to provided storing and local transportation service related to Company's inventory (including but not restricted to receiving, warehousing, maintenance, controlling and delivery service). On those services, the Company is obligated to pay cost, related actual cost, management fee and incentives on operational transportation cost deduction, as agreed between both parties. The agreement is valid until cancelled by any of the parties through notice of six months in advance. In the agreement, it's also stated that the Company has an obligation to pay start-up charges which charged by the Exel, first. This start up charges was guaranteed with Company's inventory amounting to Rp 11,742,000 thousand.

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- m. On April 19, 2002, a subsidiary (PLI) signed bank guarantee agreement with PT Bank Mandiri (Persero) Tbk amounted to Rp 5,712,000 thousand for rent guarantee in Kelapa Gading Mal Extension Phase III since April 19, 2002 to April 18, 2003 with 100% guarantee's deposit as term deposit. This agreement has been extended several times, the last extension was until October 18, 2004. The guaranteed term deposit amounted to Rp 5,712,000 thousand as stated under other assets.

38. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

As of April 30, 2004, December 31, 2003, 2002 and 2001, the Company and its subsidiaries had monetary assets and liabilities in foreign currencies as follows:

		April 30, 2004		December 31, (Restated - Note 3)					
				2003		2002		2001	
		Foreign currency	Equivalent in Rp'000	Foreign currency	Equivalent in Rp'000	Foreign currency	Equivalent in Rp'000	Foreign currency	Equivalent in Rp'000
Assets									
Cash and cash equivalents	USD	71,704	621,036	17,559	148,642	483,886	4,325,941	20,870	217,052
	SGD	3,141	15,963	3,186	15,857	3,321	17,117	8,290	46,599
Temporary investments	USD	427,605	3,703,484	503,983	4,266,266	415,164	3,711,569	287,991	2,995,105
	SGD	116,713	593,052	116,658	580,547	77,150	397,708	77,052	433,110
Trade accounts receivable	USD	-	-	-	-	15,750	140,809	279,176	2,903,431
Other accounts receivable to third parties	USD	103,514	896,440	-	-	2,250,000	20,115,000	-	-
	SGD	1,031,814	5,242,649	1,014,553	5,049,431	3,442	17,740	-	-
Refundable deposits	USD	1,443,084	12,498,550	1,443,084	12,215,710	1,470,584	13,147,025	561,690	5,841,578
Others	GBP	100,000	1,537,892	100,000	1,507,637	100,000	1,433,485	-	-
Total assets			25,109,066		23,784,090		43,306,394		12,436,875
Liabilities									
Short - term loans	USD	4,729,270	40,960,215	4,729,271	40,033,278	5,950,000	53,193,000	4,550,000	47,320,000
Trade accounts payable	USD	866,418	7,504,047	995,379	8,425,911	1,604,018	14,339,922	1,804,214	18,763,825
	SGD	351,024	1,783,645	107,905	536,990	152,746	787,255	360,142	2,024,316
	GBP	1,131,062	17,394,599	319	4,811	188,055	2,695,766	68,886	1,038,836
	HKD	31,116	34,551	-	-	8,588	9,845	456,059	608,291
Other accounts payable to third parties	USD	473,533	4,101,275	373,065	3,157,992	198,437	1,774,027	53,328	554,609
	SGD	-	-	1,236	6,151	15,651	80,670	11,135	62,590
	EUR	-	-	8,250	124,378	-	-	-	-
	GBP	1,250	126,876	-	-	-	-	1,604	24,185
Payable to related parties	USD	315,000	2,728,215	291,078	2,463,974	-	-	-	-
Accrued expenses	USD	156,045	1,351,512	382,494	3,237,808	157,506	1,408,100	127,269	1,323,594
	SGD	15,468	78,597	67,030	333,575	55,003	283,496	49,265	276,916
Long - term loan	USD	500,000	4,330,500	500,000	4,232,500	500,000	4,470,000	500,000	5,200,000
Total liabilities			80,394,032		62,557,368		79,042,081		77,197,162
Net liabilities			55,284,966		38,773,278		35,735,687		64,760,287

The conversion rates used by the Company and its subsidiaries as of April 30, 2004, December 31, 2003, 2002 and 2001, and the prevailing rate on October 19, 2004 were as follows:

	October 19, 2004	April 30, 2004	December 31, (Restated - Note 3)		
	Rp	Rp	2003 Rp	2002 Rp	2001 Rp
<u>Foreign currencies</u>					
1 GBP	16,349	15,379	15,076	14,335	15,081
1 EUR	11,347	10,369	10,643	9,370	9,188
1 USD	9,105	8,661	8,465	8,940	10,400
1 SGD	5,418	5,081	4,977	5,154	5,621
1 HKD	1,168	1,110	1,090	1,146	1,334

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39. SUBSEQUENT EVENTS

- a. On May 18, 2004, the subsidiaries (KB) entered into a franchise agreement with Kinokuniya Book Stores of Singapore Pte, Singapore (Kinokuniya) for a period of six years. KB agreed to operate book store and selling of books under the name "Kinokuniya" and pay royalty with a certain percentage and management fee related with management training. This agreement is secured by the Company.
- b. On May 24, 2004, a subsidiary (BHL) entered into a franchise agreement with Debenhams Retail PLC, England. For a period 10 years which start from the grand opening of those franchise and can be extended. Based on these agreement, BHL shall pay royalty and management fee based on a certain percentage of net sales.
- c. Based on Amendment of Bank Loan No. 9 dated June 14, 2004 from PT Bank Internasional Indonesia, the Company obtain additional working capital loan facility from maximum of Rp 5,000,000 thousand to Rp 25,000,000 thousand with interest rate at 15 % per annum. This loan facility will mature on April 19, 2005. This loan facility is secured with the Company's land and building located in Kompleks Ruko Kuta Square, Kuta, Bali, trade accounts receivable amounting to Rp 20,000,000 thousand, furniture and fixtures amounting to Rp 10,000,000 thousand and inventory amounting to Rp 17,500,000 thousand.
- d. Based on Agreement deed No. 18 dated June 28, 2004, the Company has obtained special loan transaction facility from PT Bank Niaga with maximum credit amounting to Rp 75,000,000 thousand with installment payment every three months, and interest rate at 12,5 % per annum. This loan facility will mature on June 28, 2009. This loan facility is secured with 14,890 square meters of land and building owned by PT Graha Metropolitan Nusantara located at Jalan Jenderal Sudirman based on SHGB No. 456 amounting to Rp 148,900,000 thousand, inventory amounting to Rp 52,500,000 thousand, trade accounts receivable amounting to Rp 10,000,000 thousand, machineries of SIN amounting to Rp 2,000,000 thousand, company guarantee of PT Satya Mulia Gema Gemilang amounting to Rp 25,000,000 thousand, the Company's cash in the same bank amounting to Rp 1,000,000 thousand, outlets' equipment amounting to Rp 30,000,000 thousand and insurance claim amounting to 54,500,000 thousand.
- e. On July 21, 2004, KB, a subsidiary obtained a credit facility from PT Bank International Indonesia for revolving loan and bank statement loan with maximum credit amounting to Rp 3,500,000 thousand and Rp 500,000 thousand, respectively, with term of 1 year and term loan with maximum credit amounting to Rp 5,000,000 thousand which will be due in 5 years.

These facility are secured with all of the outlet's equipment and books inventory owned by KB, accounts receivable and corporate guarantee from PLI, a related party.

- f. Based on Share Sales and Purchase Agreement deed No. 61, dated August 13, 2004 of Eliwaty Tjitra, SH., Fransiscus Xaverius Boyke Gozali sold 40,000 of the Company's shares to PT MAP Premier Indonesia. This sales was approved in the Stockholders' Extraordinary Meeting on August 13, 2004 and stated in Notarial Deed No. 60 dated August 13, 2004 from the same notary.
- g. Based on minutes of the stockholders' extraordinary meeting as stated on Notarial Deed No. 16 dated August 19, 2004, from Isyana Wisnuwardhani Sadjarwo S.H., notary in Jakarta, the stockholders' resolved the following:
 - Approved the increase of the Company's subscribed capital from Rp 1,000,000,000 thousand to Rp 2,000,000,000 thousand and approved the increase of the Company's paid-up capital from Rp 460,000,000 thousand to Rp 580,000,000 thousand, also approved to split of par value per share from Rp 1,000,000 per share to Rp 500 per share through capitalization of a portion of the Company's retained earnings amounting to Rp 120,000,000 thousand.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 2004, DECEMBER 31, 2003, 2002 AND 2001 AND FOR THE FOUR MONTH PERIOD ENDED APRIL 30, 2004 AND THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (Continued)

- Before approval from authorized department, especially Capital Market Supervisory Agency, giving full permission to the board of directors to conduct offering and selling of shares to public through capital market, which to be thought well by the Company's board of directors, the maximum of 800,000,000 shares, with par value amounting to Rp 400,000,000 thousand and with price of shares offer and certain rules to be thought well by the Company's board of directors and certain parties.
- Giving authority to the Company's board of directors or commissioners to execute any matters related to the execution of initial public offering planning (Go Public), including but not limited to the determination of professional and supporting institution of capital market and also prepare and approved documentation needed according to the execution of Go Public.
- Giving full approval to the Company's board of directors to capitalize a portion of the Company's retained earnings amounting to Rp 120,000,000 thousand to become paid-up capital.

The details of the stockholders' equity of the Company after the changes based on the agreement above are as follows:

Name of stockholders	Number of shares	Percentage of ownership %	Total paid-up capital Rp'000
PT Satya Mulia Gema Gemilang	1,059,130,435	91.30	529,565,218
PT MAP Premier Indonesia	100,869,565	8.70	50,434,782
Total	<u>1,160,000,000</u>	<u>100.00</u>	<u>580,000,000</u>

- h. Based on minutes of the Stockholders' Extraordinary Meeting as stated on Notarial Deed No. 18 dated August 27, 2004, from Isyana Wisnuwardhani Sadjarwo, S.H., notary in Jakarta, the stockholders give the approval to the Company directors to use the Company's income as stated in the books as of December 31, 2003 amounting to Rp 124,744,155 thousand, as follows:
 - Rp 1,000,000 thousand will be stated as appropriated fund.
 - Rp 120,000,000 thousand will be capitalized as paid-up capital (see Note 39g).
 - The remaining balance amounting to Rp 3,744,155 thousand will remain as retained earnings.
- i. Based on minutes of the Stockholders' Extraordinary Meeting as stated on Notarial Deed No. 19 dated August 27, 2004, from Isyana Wisnuwardhani Sadjarwo S.H., notary in Jakarta, the stockholders' resolved the following:
 - Approved to change of the Company's status from private limited to public company thus name of the Company become PT Mitra Adiperkasa Tbk; and
 - Approved the changes of rules in the Company's articles of association to accommodate the law No. 1, 1995 based on Limited Company, Law No. 8, 1995 about Capital Market and Decision of the chief of Capital Market Supervisory Agency No. KEP-13/PM/1997 dated April 30, 1997 about Article of Association's Corporate Principal that conducts equity public offering and public corporation.
- j. Amendments of Article of Associations above was approved by the Minister of Justice and Human Rights of the Republic of Indonesia which Decision Letter No. C-21990.HT.01.04.TH.2004 dated September 1, 2004.

INDEPENDENT AUDITORS' REPORT AND THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS

PT. MITRA ADIPERKASA AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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APRIL 30, 2004 AND THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 (Continued)

- k. Based on Minutes of the Stockholders' Extraordinary Meeting as stated on Notarial Deed No. 4 dated September 6, 2004, from Isyana Wisnuwardhani Sadjarwo, S.H., notary in Jakarta, the stockholders' change the board of directors and commissioner, are as follows:

President Commissioner	: Mien Sugandhi
Vice President Commissioner	: Fransiscus Xaverius Boyke Gozali
Independent Commissioners	: Bambang Handoyo
	Johannes K. Budiman
Commissioners	: Juliani Gozali
	Kentjana Indriawati
President Director	: Herman Bernhard Leopald Mantiri
Vice President Director	: Virendra Prakash Sharma
Unaffiliated Director	: Sjeniwati Gusman
Directors	: Susiana Latif
	Indrawana Widjaja
	Handaka Santosa

- l. On August 20, 2004, August 31, 2004, September 2, 2004 and September 6, 2004, the Company obtained approval from PT Bank Niaga, East Asia Americas Capital Finance Limited, Hongkong, PT Bank Mandiri and PT Bank International Indonesia, respectively, in relation with the planning of initial public offering of Company's share, simultaneous with the change in Company's legal status from private limited to public company, dividend distribution, changes in articles of association, including but not limited on changes in capital structure, shareholders and ownership composition together with the Company's board of directors.
- m. According to the Company's Letter No. L04520/MA/MA-IX/MS dated September 8, 2004, the Company submitted the Registration Statement to the Capital Market Supervisory Agency related to initial public offering of the 500,000 thousand shares.
- n. Until October 14, 2004, the Company has paid tax payable of Article 29 (see Note 31).
- o. Until October 19, 2004, the Company, PLI and PBL issued notes payable to PT Equity Development Securities amounting to Rp 37,000,000 thousand and paid the notes payable to PT Equity Development Securities amounting to Rp 11,450,000 thousand.

40. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements on pages 3 to 55 were approved and authorized for issue by the Company's Directors on October 19, 2004.

ARTICLES OF ASSOCIATION OF THE COMPANY

XVIII. ARTICLES OF ASSOCIATION OF THE COMPANY

NAME AND DOMICILE

Article 1

1. This Company shall be named as a limited liability company PT Mitra Adiperkasa Tbk (hereinafter referred to as the "Company"), domiciled and having its head office in Jakarta.
2. The Company may open branches or representatives in other places within or outside the territory of the Republic of Indonesia, as determined by the Board of Directors.

ESTABLISHMENT PERIOD OF THE COMPANY

Article 2

The Company is established for an indefinite period of time and commenced as of the 31st (thirty first) day of July one thousand nine hundred and ninety five (31-7-1995).

PURPOSE, OBJECTIVE AND BUSINESS ACTIVITY

Article 3

1. The Purpose and Objective of the Company shall be to engage in the field of:
 - (a) Trade and Commerce;
 - (b) Services;
 - (c) Industry;
 - (d) Freight;
 - (e) Agriculture, Plantation and Forestry;
 - (f) Fishery;
 - (g) Farming; and
 - (h) Mining.
2. To attain the foregoing purpose and objective, the Company may perform the following business activities:
 - (a) Engage in general trade activities, including export and import, locally and/or across islands/regions, or act as an agent and/or distributor for other companies and/or entities, both domestic and international;
 - (b) Engage in the business of providing general service and/or consultation (except for travel agent services and legal and tax consultation);
 - (c) Engage in the business of manufacturing and/or fabrication of all goods which can be produced domestically, including home industry and handcrafted goods;
 - (d) Engage in the business of transportation, freight and/or carriage using motorized vehicles, including for passengers and for cargo;
 - (e) Engage in the business of agriculture, plantation and forestry, including the business of processing agricultural, forestry and plantation products;
 - (f) Engage in the business of freshwater and/or seawater fishery, both traditionally and modern;
 - (g) Engage in the business of farming of every kind of farm animals; and

ARTICLES OF ASSOCIATION OF THE COMPANY

- (h) Engage in the business of mining of all kinds of mines which can be processed domestically, including the excavating/mining and further downstream processing activities.

CAPITAL

Article 4

1. The authorized capital of this Company shall be Rp2,000,000,000,000.00 (two trillion Rupiah), divided into 4,000,000,000 (four billion) shares, each share at a par value of Rp500.00 (five hundred Rupiah).
2. Of the foregoing authorized capital, the following have been subscribed to and issued by:
 - (a) PT SATYA MULIA GEMA GEMILANG, at 1,059,130,435 (one billion fifty nine million one hundred thirty thousand and four hundred thirty five) shares at the par value of Rp529,565,217,500.00 (five hundred twenty nine billion five hundred sixty five million two hundred seventeen thousand and five hundred Rupiah);
 - (b) PT MAP PREMIER INDONESIA, at 100,869,565 (one hundred million eight hundred sixty nine thousand and five hundred sixty five) shares at the par value of Rp50,434,782,500 (fifty billion four hundred thirty four million seven hundred eighty two thousand and five hundred Rupiah);

Or totaling 1,160,000,000 (one billion one hundred sixty million) shares, at an aggregate par value of Rp580,000,000,000.00 (five hundred and eighty billion Rupiah).

3. 100% (one hundred percent) of the par value of each of the aforementioned subscribed shares, or an aggregate sum of Rp580,000,000,000.00 (five hundred eighty billion Rupiah) has been fully paid in cash to the Company's treasury by each of the shareholders in paragraph 2.a. and 2.b. with the following details:
 - (a) Rp460,000,000,000.00 (four hundred sixty billion Rupiah) as stated in the deed Number 69 dated 14th (fourteenth) of November two thousand and two (14-11-2002), the minutes of which was made by ELIWATY TJITRA, a Notary in Jakarta, and has been reported to the Minister of Justice and Human Rights of the Republic of Indonesia, as stated in the Receipt of Report No. C-03043HT.01.04.TH.2003, dated 13th (thirteenth) of February two thousand and three (13-2-2003) which also have been registered in the Companies Registry with the Office of Companies Registry of South Jakarta on the date of 13th (thirteenth) of March two thousand and three (13-3-2003) under the registry number 310/RUB.09.03/III/2003 and has been announced in the State Gazette of the Republic of Indonesia number 36 dated 6th (sixth) of May two thousand and three (6-5-2003) Supplement Number 364.
 - (b) Rp120,000,000,000.00 (one hundred twenty billion Rupiah) as the capitalization of the Company's Retained Earnings becoming paid-up shares to the Company, whereby the Retained Earnings exists as specified in the Company's financial statement for the year ended on the date of 31st (thirty-first) of December two thousand and three audited Public Accountant Office of "HANS TUANAKOTTA MUSTOFA & HALIM", as stated in their audit report number 180604 MAP IBH SA, dated 18th (eighteenth) of June two thousand and four (18-6-2004) with sufficient stamp duty affixed.
4. Unissued shares in the portfolio can be issued by the Board of Directors according to the Company's capital requirements within such period, method, pricing and terms as may be determined by the Meeting of the Board of Directors subject to the prior approval of the General Meeting of Shareholders of the Company pursuant to the provisions of these articles of association and the laws and regulations on capital market, and the regulations of the local Stock Exchange where the shares of the Company are listed, provided that the price shall not be below par.

ARTICLES OF ASSOCIATION OF THE COMPANY

5. If the shares in portfolio are to be issued through a rights issue to the shareholders, all shareholders whose names are registered in the register of shareholders of the Company on the date determined by the Board of Directors based on the General Meeting of Shareholders, shall be given the opportunity to first buy the shares to be issued and each shareholder shall have the right to buy them proportionate to the number of shares they own.
 - (a) The preemptive rights of the shareholders may be sold and transferred to other parties, with due observance of the provisions of the articles of association and all applicable Indonesian capital market laws and regulations.
 - (b) The Board of Directors shall announce the decision to issue shares through the rights issue in at least 1 (one) daily newspaper nationally circulated in the Republic of Indonesia and published in Bahasa Indonesia.
 - (c) The shareholders or right holders shall have the right to purchase the newly issued shares according to the number of rights owned by them consistent within such period, method, price and terms as stated in the Board of Directors' meeting above, based on the resolution of the General Meeting of Shareholders referred to in paragraph 4 of this Article.
 - (d) If within the period pursuant to the decision of the Board of Directors' meeting based on the resolution of the General Meeting of Shareholders as stipulated above in the provision, the shareholders or the right holders do not exercise their right to buy the shares offered to them according to the number of rights held by them by cash payment to the Company, the Board of Directors is free to issue the shares to another shareholder who has submitted a request to purchase more than its proportionate share, with due observance of the provisions in these articles of association, and the Indonesian laws and regulations on Capital Market.
 - (e) If after such allocation there are still shares remaining unsold, such shares may be sold by the Company to certain parties who has stated willingness to purchase such shares and thus will act as the stand-by buyer for the rights issue at such price and on such terms which shall not be lower than the price and terms previously determined by the General Meeting of Shareholders, one and another with due observance to the provisions in these articles of association, and the Indonesian laws and regulations on Capital Market.
6. The provisions contained in paragraphs 4 and 5 of this Article shall, mutatis mutandis, also be applicable in the event the Company issues convertible bonds, warrants or other similar securities (hereon shall be referred to as Equity Securities) without limiting or reducing the right of the proper authorities as decreed in the applicable and prevailing laws and regulations.
7. For the issue of the shares in the portfolio to holders of Equity Securities based on an approval by the General Meeting of Shareholders, the Board of Directors of the Company is authorized to issue the shares without giving the then existing shareholders any preemptive right to purchase such shares first, one and another with due observance of the provisions contained in these articles of association, and the laws and regulations in the Indonesian Capital Market.
8. The Board of Directors of the Company is authorized to issue shares in the Company's portfolio and/or Equity Securities without giving the then existing shareholders any preemptive right to partake such shares and/or Equity Securities with the condition that the issue of such shares and/or Equity Securities has been approved by the General Meeting of Shareholders with due observance of the prevailing laws and regulations in the capital market.
9. In the case of an increase of the Company's authorized capital, the placement of the shares shall be subject to approval by the General Meeting of Shareholders with due observance to the provisions in these articles of association, and all applicable laws and regulations by the proper authorities.

ARTICLES OF ASSOCIATION OF THE COMPANY

SHARES

Article 5

1. All the shares of the Company shall be registered shares.
2. Each share grants the same rights and privileges to each of the shareholder.
3. The Company shall only acknowledge one person or one legal entity as the owner of one share, with all the rights conferred by law upon such share thereof.
4. If a share for any reason whatsoever becomes the property of several persons, those who have joint ownership shall in writing appoint one person amongst them or another person as their joint proxy, and only the person so appointed or authorized shall be entitled to exercise the right conferred by law upon such share thereof.
5. To the extent that the provision in paragraph 4 has not yet been implemented, the shareholders shall not be entitled to cast votes at a General Meeting of Shareholders, whereas the payment of dividend for such share shall be suspended.
6. A shareholder shall by law be governed by the articles of association and by all resolutions lawfully adopted at a General Meeting of Shareholders and by the prevailing laws and regulations.
7. As for the Company's shares listed on Stock Exchanges in Indonesia, the regulations of Stock Exchanges in Indonesia where the shares are listed shall govern.

SHARE CERTIFICATES

Article 6

1. The Company may issue share certificates.
2. If share certificates are issued, one share certificate shall be for one share.
3. Collective share certificates may be issued as evidence of ownership of 2 (two) or more shares by a shareholder.
4. The certificate shall at least bear:
 - (a) The name and address of the shareholder;
 - (b) The number of the share certificate;
 - (c) The date of issue of the share certificate;
 - (d) The par value of the share;
 - (e) Identification marks which shall be determined by the Board of Directors.
5. The collective share certificate shall at least bear:
 - (a) The name and address of the shareholder;
 - (b) The number of the share certificate;
 - (c) The date of issue of the share certificate;
 - (d) The par value of the share;
 - (e) The number of shares;
 - (f) Identification marks which shall be determined by the Board of Directors.

ARTICLES OF ASSOCIATION OF THE COMPANY

6. The share certificate and the collective share certificates shall be printed in accordance to the prevailing Indonesian capital market laws, rules and regulations, and signed by or affixed with the printed signatures of one of the Company's Directors and one of the Company's Commissioners.
7. Shares which are part of the Collective Custody with a Settlement Institution or with a Custodian Bank (specifically for mutual funds in the form of a collective investment contract), is issued in the form of a Share Recording Slip which is signed by or affixed with the printed signatures of one of the Company's Directors directly onto the Share Recording Slip.
8. Share Recording Slip issued by the Company for shares in Collective Custody shall at least bear:
 - (a) The name and address of the Depository and Settlement Institution or the Custodian Bank which is executing the said Collective Custody;
 - (b) The date of issue for the Share Recording Slip;
 - (c) The number of shares covered in the Share Recording Slip;
 - (d) The par value of the shares covered in the Share Recording Slip;
 - (e) Provisions stating that each share in the Collective Custody of the same type and classification issued by the Company shall be equal and exchangeable one to another; and
 - (f) The terms stipulated by the Company's Board of Directors with regards to alterations or changes on the Share Recording Slip.

REPLACEMENT OF SHARE CERTIFICATES

Article 7

1. If a share certificate is damaged or cannot be used any longer, then upon a written request by the shareholder concerned to the Company's Board of Directors and by the return of the damaged share certificate, the Company's Board of Directors shall issue a replacement for the share certificate with the same number as the original share certificate. The shareholder concerned shall bear all of the cost of producing such a replacement.
2. The share certificate referred to in paragraph 1 hereof will then be destroyed, and the Board of Directors shall draw up minutes thereof to be reported at the next General Meeting of Shareholders.
3. If a share certificate is lost, upon a written request of the shareholder concerned addressed to the Board of Directors, the Board of Directors shall issue a replacement for the share certificate, provided the loss has been sufficiently proven to the satisfaction of the Board of Directors, and against a guarantee as may be deemed necessary by the Board of Directors for each particular case. The issue of the replacement share certificate, in accordance with this Article, shall cause the original share certificate to be void.
4. The issue of a replacement share certificate listed in an Indonesian Stock Exchange shall be announced at Stock Exchanges where the shares are listed within a period of at least 14 (fourteen) days prior to the issue of the replacement of the share certificate and pursuant to the regulations prevailing in the Capital Market.
5. The provision in this Article 7 shall be applicable, mutatis mutandis, to the issue of replacements for collective share certificates, or Share Recording Slip.

ARTICLES OF ASSOCIATION OF THE COMPANY

REGISTER OF SHAREHOLDERS AND SPECIAL REGISTER

Article 8

1. The Company shall maintain and keep a Register of Shareholders and a Special Register at the domicile of the Company.
2. The Register of Shareholders shall record:
 - (a) The name and addresses of the shareholders;
 - (b) The amount, number and date of the share certificate or share collective certificate along with the share classification owned by the shareholder;
 - (c) The amount paid for each share;
 - (d) The name and address of the person or legal entity who has a lien on shares and the date the lien is acquired;
 - (e) Particulars on the payment of the shares other than in the form of cash; and
 - (f) Other particulars deemed necessary by the Board of Directors and/or as specified by prevailing laws and regulations.
3. The Special Register shall record particulars of the ownership of shares by members of the Board of Directors and The Commissioners and their families in the Company and/or in any other companies, and the date the shares were acquired.
4. Any change of address shall be notified in writing by the shareholder to the Company's Board of Directors or their lawful proxy (the Share Registrar appointed by the Company's Board of Directors). To the extent that the notice has not yet been made, all calls and notice to shareholders shall be valid if sent to the address of the shareholder last recorded in the Register of Shareholders.
5. The Board of Directors shall be obliged to keep and maintain as best as possible the Register of Shareholders and the Special Register in good order.
6. Each shareholder shall have the right to see the Register of Shareholders and the Special Register during the Company's office hours.
7. Any recording and or change in the Register of Shareholders shall be signed or approved in writing by the Company's Board of Directors and shall be evidenced by the signing of a record of such change by at least 1 (one) member of the Board of Directors along with 1 (one) member of the Commissioners or the lawful proxies (the Share Registrar appointed by the Board of Directors without prejudice to the regulations of the Indonesian Capital Market.
8. Any registration or recordation in the Register of Shareholders, including the recordation of any sale, transfer, encumbrance, pledge, cession with respect to the Company's shares or rights to or interests in shares shall be made in accordance with these articles of association and the laws and regulations in the field of Capital Market, and the regulations of Stock Exchanges in Indonesia where the Company's shares are listed.
9. On request of the said shareholder or by the lien holder, encumbrance on the share has to be recorded in the Register of Shareholders by a method to be determined by the Board of Directors based on satisfactory evidence acceptable by the Board of Directors of the said lien or encumbrance of the share.

ARTICLES OF ASSOCIATION OF THE COMPANY

COLLECTIVE CUSTODY

Article 9

1. Shares in the Collective Custody at the Depository and Settlement Institution shall be recorded in the Register of Shareholders in the name of the Depository and Settlement Institution for the interests of all the account holders at the Depository and Settlement Institution.
2. Shares in the Collective Custody at the Custodian Bank or the Securities Company recorded in the Securities account at the Depository and Settlement Institution shall be recorded in the name of the Custodian Bank or the Securities Company concerned for the interest of all the account holders at the Custodian Bank or the foregoing Securities Company.
3. If the shares in the Collective Custody at the Custodian Bank are a part of the portfolio of the Investment Fund Securities in the form of collective investment contract and not included in the Collective Custody with the Depository and Settlement Institution, the Company shall record the shares in the Register of Shareholders in the name of the Custodian Bank for the interest of the owner of the Participation Unit of the Investment Fund in the form of such collective investment contract.
4. The Company shall issue a Share Recording Slip to the Depository and Settlement Institution in accordance with paragraph 1 of this Article or the Custodian Bank in accordance with paragraph 3 of this Article as evidence of recording in the Register of Shareholders.
5. The Company shall transfer the shares in the Collective Custody recorded in the name of the Depository and Settlement Institution or the Custodian Bank for the Investment Fund in the form of collective investment contract in the Company's Register of Shareholders to become in the name of the party designated by the Depository and Settlement Institution or the Custodian Bank concerned.

The request for transfer shall be submitted by the Depository and Settlement Institution or the Custodian Bank to the Company or the Share Registrar (Stock Administration Bureau) appointed by the Company.

6. The Depository and Settlement Institution, the Custodian Bank or the Securities Company, upon request by the shareholder, shall issue a Share Recording Slip to the account holder as evidence of recording on the existence of a number of share ownership of the account holder concerned as recorded in his account.
7. In the Collective Custody each share of the same type and classification issued by the Company shall be equal and exchangeable one to another.
8. The Company shall reject to register any transfer of share to the Collective Custody with respect to the share originally reported as lost or damaged, unless the shareholder requesting the transfer can give adequate evidence that the shareholder is the rightful owner of the share and that the share certificate is actually lost or damaged.
9. The Company shall reject to register the share into the Collective Custody if the secured share is pledged, is subject to an attachment based on a Court's ruling or is attached for the examination of a criminal case.
10. The account holder whose shares are recorded in the Collective Custody shall be entitled to vote in the General Meetings of Shareholders of the Company, proportionate to the number of shares he owns in the account.

ARTICLES OF ASSOCIATION OF THE COMPANY

11. The account holder entitled to vote in the General Meetings of Shareholders of the Company are parties whose name is registered as the account holder with the Custodian Bank or the Securities Company at least 1 (one) business day prior to the call for the General Meetings of Shareholders.
12. The Custodian Bank and Securities Company shall deliver the list of the account holders along with the number of the Company's shares held by each of the account holder to the Depository and Settlement Institution who then shall deliver the lists to the Company at least 1 (one) business day before the date of the call for the General Meetings of Shareholders.
13. The Investment Manager has the right to attend and cast a vote in the General Meeting of Shareholders for the share which is kept in the Collective Custody with the Custodian Bank which is part of the portfolio in a Mutual Fund in the form of collective investment contract and not part of the Collective Custody with a Depository and Settlement Institution, with the condition that the Custodian Bank shall submit the name of the Investment Manager at least 1 (one) business day before the date of the call for the General Meeting of Shareholders.
14. The Company shall deliver the dividend, bonus shares or other rights in connection with the ownership of shares in the Collective Custody to the Depository and Settlement Institution pertaining to the shares in the Collective Custody at the Depository and Settlement Institution and further the Depository and Settlement Institution shall deliver the dividend, share bonus or other rights to the Custodian Bank and Securities Company in the interest of each account holder at the Custodian Bank and Securities Company.
15. The Company shall deliver the dividend, bonus shares or other rights in connection with the share ownership to the Custodian Bank pertaining to the shares in the Collective Custody at the Custodian Bank constituting a part of the portfolio of the Investment Fund Securities in the form of a collective investment contract and not included in the Collective Custody at the Depository and Settlement Institution.
16. The dead line for the entitled securities account holders to claim dividend, bonus shares or other rights in connection with the share ownership in the Collective Custody shall be determined by the General Meeting of Shareholders, provided that the Custodian Bank and the Securities Company shall submit the list of securities account holders and the number of shares of the Company owned by each Securities account holder to the Depository and Settlement Institution, to be further delivered to the Company at the latest 1 (one) business day after the date being the basis to determine shareholders entitled to obtain such dividend, bonus shares or any other rights.

TRANSFER OF SHARES

Article 10

1. In the event of any change in the share ownership, its original owner recorded in the Register of Shareholders shall remain to be considered as shareholder of the share until the name of the new owner is recorded in the Register of Shareholders of the Company, without prejudice to the permits from the competent authorities.
2. The recording of transfer of share shall be done by the Company's Board of Directors by recording such transfer in the Register of Shareholders based on a deed of transfer duly signed by the transferor and by the transferee or by their lawful proxies or based on other documents, which in the opinion of the Company's Board of Directors are sufficient for evidence of such transfer, with due observance to the provisions in the articles of association.

ARTICLES OF ASSOCIATION OF THE COMPANY

3. The deed of transfer or other documents as described in paragraph 2 above must be in the form determined and/or acceptable by the Company's Board of Directors and copies of which shall be delivered to the Company with the condition that the share transfer documents for shares listed in an Indonesian Stock Exchange shall adhere to the laws and the regulations of the Indonesian Capital Market.
4. The transfer of share in a registered account within a Collective Custody shall be recorded as a transfer between accounts, or as a transfer from an account within the Collective Custody to an individual shareholder who is not an account holder within the Collective Custody by recording the transfer by the Company's Board of Directors as detailed in Article 9 paragraph 5 above.
5. The transfer of share will be allowed only if the transfer satisfies all the provisions in these articles of association. All action which is contrary to the provisions in this articles of association shall render invalid the vote cast in the General Meeting of Shareholders for that particular share, while payment of dividends for such share is also suspended.
6. The transfer of share must be recorded both in the Register of Shareholders and on the share certificate and/or the collective share certificate. The recording has to be dated and signed by a member of the Company's Board of Directors along with a member of The Commissioners or their lawful proxies or by the Share Registrar appointed by the Board of Directors.
7. The Board of Directors, at their own discretion and giving grounds for such decision, may refuse to record the transfer of shares in the Register of Shareholders if any of the provisions in the articles of association is not fulfilled or if any of the conditions for the transfer of shares is not fulfilled.
8. If the Board of Directors refuse to record a transfer of shares, the Board of Directors shall deliver a notice of the refusal to the transferor within 30 (thirty) days after the date the application for recording is received by the Company's Board of Directors.
9. With regards to the Company's shares listed in stock exchanges in Indonesia, every refusal to record a transfer shall comply with prevailing regulations of the Indonesian Capital Market.
10. The Register of Shareholders must be closed 1 (one) business day of the Indonesian Stock Exchange prior to the date of the call for the General Meeting of Shareholders, to determine the shareholders who will attend the said General Meeting of Shareholders.
11. Any person obtaining entitlement to the share as a result of the death of a shareholder, or due to any other reason causing a share to be transferred by law can submit a written application to be recorded as a shareholder by presenting lawful evidence as anytime required by the Board of Directors.
12. The recording can only be carried out if the Board of Directors can well accept the evidence, without prejudice to the provisions in these articles of association and with due observance of the prevailing rules and regulations of the Indonesian capital market.
13. Any restrictions, prohibitions and provisions in these articles of association regulating transfer of shares and recording of share transfer shall also apply to any transfer, mutatis mutandis according to paragraph 11 of this Article.
14. For the transfer of shares listed in the stock exchanges in Indonesia, the rules and regulations of the Indonesian capital market shall govern.

ARTICLES OF ASSOCIATION OF THE COMPANY

BOARD OF DIRECTORS

Article 11

1. The Company shall be administered and managed by a Board of Directors comprising of at least 3 (three) Directors with the following composition:
 - (a) One President Director;
 - (b) One Vice President Director (if so elected);
 - (c) One Director or 2 (two) Directors or more.

2. Only Indonesian Nationals and/or Foreign Nationals meeting all the requirements according the applicable laws and regulations may be appointed as a member of the Board of Directors. The nomination of a member of the Board of Directors may be proposed by 1 (one) shareholder or more, representing at least 10% (ten percent) of the total shares with lawful voting rights, and such proposal shall be received by the Board of Directors 7 (seven) days prior to the General Meeting of Shareholders.

3. Members of the Board of Directors shall be appointed by the General Meeting of Shareholders, respectively for the period starting from the date of appointment in the General Meeting of Shareholders and ending at the closing of the second General Meeting of Shareholders after such appointment, without prejudice to the right of the General Meeting of Shareholders to dismiss them at any time prior to the end of the term of appointment should the members of the Board of Directors has failed to carry out their duties as determined in the articles of association and/or for other reasons which is acceptable to the General Meeting of Shareholders, after they have been given the chance to appear in the General Meeting of Shareholders for their defense. The dismissal will be in effect starting from the close of the General Meeting of Shareholders resolving such dismissal, unless otherwise determined by the General Meeting of Shareholders.

Members of the Board of Directors whose term has ended may be reappointed by the General Meeting of Shareholders.

4. The Board of Directors shall receive salaries, service fees and other allowances which the maximum amount shall be stipulated by the General Meeting of Shareholders and such authority may be conferred by the General Meeting of Shareholders to the Commissioners.
5. If for any reason the position of the Board of Directors is vacant, then within a period of 180 (one hundred and eighty days) starting from the vacancy, a General Meeting of Shareholders must be held to fill such vacancy. If the members of the Board of Directors meet the minimal number of members of the Board of Directors as provided for in paragraph 1 above, then the General Meeting of Shareholders does not have to be held until the next Annual General Meeting of Shareholders.

Persons appointed to replace a member of the Board of Directors who is dismissed as prescribed in paragraph 3 above or persons appointed to fill a vacancy or persons appointed as additional members to an existing Board of Directors, must be appointed to serve out the remaining term of other members of the Board of Directors currently serving.

6. If for any reason the Company does not have any member of the Board of Directors or if all the Directors positions are vacant, then the Commissioners have the responsibility to assume and perform the duties of the Board of Directors temporarily, but with the rights to perform management duties which is connected to ongoing matters and activities, provided that within 60 (sixty) days at the latest after such vacancies occur, the Commissioners shall hold a General Meeting of Shareholders to fill the vacancies.

ARTICLES OF ASSOCIATION OF THE COMPANY

7. A member of the Board of Directors may resign by rendering written notice of the intention to the Company at least 30 (thirty) days prior to his resignation. The resigning member of the Board of Directors shall be released from his responsibility only after the General Meeting of Shareholders so determine.
8. The term of office of a member of the Board of Directors shall terminate if:
 - (a) the terms of his service ends;
 - (b) resigns according to provisions in paragraph 7;
 - (c) the member of the Board of Directors no longer meet requirements of applicable laws and regulations;
 - (d) passes away;
 - (e) is dismissed based on a resolution of the General Meeting of Shareholders.

DUTIES AND AUTHORITY OF THE BOARD OF DIRECTORS

Article 12

1. The Board of Directors shall be fully responsible to perform their duties in the interests of the Company in reaching its purpose and objectives.
2. Each member of the Board of Directors shall be under an obligation in good faith and full responsibility to perform his duties with due observance of the prevailing laws and regulations and these articles of association.
3. The main duties of the Board of Directors are:
 - (a) To lead, manage and direct the Company according the Company's purpose and objectives and continuously strive to increase the Company's efficiency and efficacy;
 - (b) To control, maintain and take care of the Company's assets and wealth.
4. The Board of Directors shall be entitled to represent the Company in and out of the Court of Justice with respect to any matters and in any events, to bind the Company to another party and another party to the Company as well as to perform any actions, both pertaining to management and ownership, however, under restrictions which are stipulated in paragraph 5 of this Article and with due observance of the laws and regulations of the Indonesian capital market.
5. The Board of Directors must first have the written approval from 2 (two) members of the Commissioners and with due observance of applicable laws and regulations in order to:
 - (a) Receive medium/long-term loans and/or give medium/long-term loans and/or give short-term loans for non-operational matters in amounts larger than what is decided in the Meeting of Commissioners;
 - (b) Enter into license agreements or joint venture, or other like agreements with other companies or parties for non-operational matters;
 - (c) Dispose any of the Company's fixed assets;
 - (d) Pledge or encumber any of the Company's fixed assets;
 - (e) Partake either in part or whole or participate with the Company or other entities or to form a new company;
 - (f) Divest or dispose of a part of the whole of the Company's investments in other companies or entities;

ARTICLES OF ASSOCIATION OF THE COMPANY

- (g) to provide any guarantee or security for debt in the interest of any person, legal entity or company in an amount in excess of the amount and period determined from time to time by the Meeting of Commissioners;
 - (h) Not to collect and write off from the receivables and write off from the inventory any amount in excess of the amount determined from time to time by the Meeting of Commissioners;
 - (i) Transfer, renounce the rights to or pledge or encumber any asset or wealth of the Company in any amount exceeding the provision stipulated in paragraph 6 below.
 - (j) Determine and adjust the organization structure.
6. To carry out any legal act to transfer, renounce rights or pledge the whole, or 100% (one hundred percent), or most of, or 90% (ninety percent), or more of the Company's fixed assets in one fiscal year, either in one transaction or several transactions in particular or interlinked, the Board of Directors must attain the approval of the General Meeting of Shareholders attended by the shareholders representing at least 3/4 (three fourths) of the total shares with lawful voting rights and approved by at least 3/4 (three fourths) of the lawful votes in the General Meeting of Shareholders.

If the quorum in the General Meeting of Shareholders is not satisfied, then by 10 (ten) days at the earliest or by 20 (twenty) days at the latest after the first General Meeting of Shareholders, a second General Meeting of Shareholders with the same agenda as the first can be held.

The call for the second General Meeting of Shareholders shall be made at least 7 (seven) days prior to the second General Meeting of Shareholders, not including the date of the call and the date of the meeting and the call of such meeting shall not require a prior notification/announcement, and the second General Meeting of Shareholders must be attended by shareholders representing at least 2/3 (two thirds) of the total shares and approved by more than 1/2 (one half) of the total lawful votes in the General Meeting of Shareholders.

If the quorum for the second General Meeting of Shareholders is not satisfied, then a third General Meeting of Shareholders can be held after the approval of the Chairman of the Capital Market Supervisory Board (BAPEPAM) and due observance of the regulations of BAPEPAM.

7. The Board of Directors must announce any legal act to transfer or pledge or renounce the rights of the Company on its assets, as provided for in paragraph 6, in 2 (two) daily newspaper in the Indonesian language, 1 (one) of which shall be nationally circulated in the Republic of Indonesia and 1 (one) shall be circulated at the domicile of Company, as shall be decided by the Board of Directors, at the latest 30 (thirty) days after the legal act is performed.
8. To carry out a legal act in the form of a conflict of interest transaction between the economic benefit any member of the Board of Directors, the Commissioners or the shareholders and the economic benefit of the Company, the Board of Directors shall require the approval of the General Meeting of Shareholders based on a majority vote by the shareholder without the conflict of interest as specified in Article 23 paragraph 8.
9. In any instance where the interest of the Company is in conflict with the personal interest of any member of the Board of Directors, then the Company shall be represented by the other members of the Board of Directors and in any instance where the interest of the Company is in conflict with the interest of the whole Board of Directors, then the Company shall be represented by the Commissioners, one and another without prejudice to the provisions in paragraph 8 of this Article.

In the case where there are not member of the Commissioners, then the General Meeting of Shareholders shall appoint one or more persons to represent the Company to perform the duties described above.

ARTICLES OF ASSOCIATION OF THE COMPANY

10. 2 (two) members of the Board of Directors together shall have the authority to act for and on behalf of the Board of Directors and to represent the Company.
11. Without prejudice to their responsibilities, the Board of Directors for certain acts may appoint one or more persons to act on their behalf or as their proxies for certain acts covered under a power of attorney, the authority of which shall be done with due observance of the articles of association.
12. Any actions taken by the Board of Directors in conflict with these articles of association is invalid.
13. The distribution of duties and authorities to each member of the Board of Directors shall be stipulated in the General Meeting of Shareholders after receiving input from the Commissioners and such authority may also be granted by the General Meeting of Shareholders to the Commissioners.
14. The Board of Directors while managing and/or running the Company shall act in accordance to the resolutions adopted in the General Meeting of Shareholders.
15. In the case where there is only one member of the Board of Directors, then all the duties, responsibilities and authority which is granted to the Board of Directors in these articles of association shall be applicable to the member.

BOARD OF DIRECTORS' MEETINGS

Article 13

1. The Board of Directors meeting shall be held every time if considered necessary, at the request of the President Director or by one or more members of the Board of Directors or at the request of the Meeting of Commissioners, by stating the matters to be discussed.
2. Calls to a Meeting of the Board of Directors shall be served by a member of the Board of Directors entitled to represent the Board of Directors under the provision of Article 12 of these articles of association.
3. Calls to a Meeting of the Board of Directors shall be delivered by registered mail or by a letter personally delivered to each member of the Board of Directors against a receipt or by telegram, telex or facsimile which shall be confirmed by registered mail at the latest 7 (seven) days before the meeting, not counting the date of call and the date of meeting.
4. The call shall state the agenda, date, time and place of the meeting.
5. Meetings of the Board of Directors shall be convened at the domicile of the Company or the place where the Company has its business activities.
6. If all members of the Board of Directors are present or represented, the prior call shall not be required and the Meeting of the Board of Directors may be held anywhere and shall be entitled to adopt lawful and binding resolutions.
7. Meetings of the Board of Directors shall be presided over by the President Director, in the event the President Director is absent or prevented from attending, of which impediment no evidence to any third party shall be required, the Meeting shall be presided over by a the Vice President Director or by a member of the Board of Directors specifically appointed for such purpose.
8. A member of the Board of Directors may be represented at a Meeting of the Board of Directors only by another member of the Board of Directors by virtue of a power of attorney granted specifically for that purpose.

ARTICLES OF ASSOCIATION OF THE COMPANY

9. A Meeting of the Board of Directors shall be lawful and entitled to adopt binding resolutions if more than a 1/2 (half) of the members of the Board of Directors are present or represented at the meeting.
10. Resolutions of a Meeting of the Board of Directors shall be adopted by deliberation to reach a consensus; In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes of more than 1/2 (one half) of the total votes cast at the meeting.
11. Should the vote of affirmative ties the vote of negative, the proposed matter shall be declared rejected, however for matters specifically concerning individuals then the Chairman shall have the casting vote.
12.
 - (a) Each member of the Board of Directors present shall be entitled to cast 1 (one) vote and 1 (one) extra vote for each other member of the Board of Directors he so represents.
 - (b) Voting concerning an individual shall be by unsigned folded ballots, whereas voting concerning other matters shall be done verbally, unless otherwise determined by the Chairman, without any objection being raised by those present.
 - (c) Blank and void votes shall be considered as unlawfully cast and considered nonexistent and shall not be counted in determining the total votes cast.
13. Minutes of meeting shall be drawn up for all matters discussed and decided in the Board of Directors' Meeting. The minutes of the Board of Directors Meeting shall be drawn up by a person present at the meeting designated by the meeting chairman and shall be signed by the meeting chairman and one of the members of the Board of Directors or by one of the representatives or proxies of the members of the Board of Directors designated at the meeting held for such a purpose to verify the completeness and accuracy of the minutes.

If there is any discrepancy in the matter set forth in the Minutes of the Board of Directors Meeting, it shall be decided at the Board of Directors Meeting and the decision shall be based on affirmative votes of more than a 1/2 (half) of total incumbent members of the Board of Directors.

The Minutes shall constitute lawful evidence with respect to the resolutions adopted in the relevant meeting, either to the members of the Board of Directors or to any other party; if the minutes are drawn up by a Notary, no signature shall be required.
14. The Board of Directors may also adopt lawful resolutions without holding a Board of Directors Meeting, provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors have granted their approval for the written proposals as evidenced by their signed consent. The resolutions adopted in such a manner shall have the same legal force as the resolutions lawfully adopted at a Meeting of the Board of Directors.

COMMISSIONERS

Article 14

1. The Commissioners shall comprise of at least 3 (three) members of the Commissioners with the following composition:
 - (a) One President Commissioner;
 - (b) One Vice President Commissioner (if so elected);
 - (c) One Commissioner or 2 Commissioners or more.

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2. Only Indonesian Nationals and/or Foreign Nationals meeting all the requirements according to the applicable laws and regulations may be appointed as a member of the Commissioners.

Nomination for a member of the Commissioners may be proposed by 1 (one) shareholder or more, who together shall represent at least 10% (ten percent) of the total shares with lawful votes and the proposal is accepted by the Board of Directors 7 (seven) days prior to the date of the General Meeting of Shareholders.

Members of the Commissioners shall be appointed in the General Meeting of Shareholders, respectively for the period starting from the date of appointment in the General Meeting of Shareholders and ending at the closing of the second General Meeting of Shareholders after such appointment, without prejudice to the right of the General Meeting of Shareholders to dismiss them at any time prior to the end of the term of appointment should the members of the Commissioners has failed to carry out their duties as determined in the articles of association and/or for other reasons which is acceptable to the General Meeting of Shareholders, after they have been given the chance to appear in the General Meeting of Shareholders for their defense. The dismissal will be in effect starting from the close of the General Meeting of Shareholders resolving such dismissal, unless otherwise determined by the General Meeting of Shareholders.

3. A member of the Commissioners whose term of office has expired can be reappointed by the General Meeting of Shareholders.
4. The Commissioners shall receive service fees and other allowances which the maximum amount shall be stipulated by the General Meeting of Shareholders.
5. If for any reason the position of the Commissioners is vacant, then within a period of 180 (one hundred and eighty days) starting from the vacancy, a General Meeting of Shareholders must be held to fill such vacancy. If the members of the Commissioners meet the minimal number of members of the Commissioners as provided for in paragraph 1 above, then the General Meeting of Shareholders does not have to be held until the next Annual General Meeting of Shareholders.

Persons appointed to replace a member of the Commissioners who is dismissed as prescribed in paragraph 3 above or persons appointed to fill a vacancy or persons appointed as additional members to the existing Commissioners, must be appointed to serve out the remaining term of other members of the Commissioners currently serving.

6. A member of the Commissioners may resign by rendering written notice of the intention to the Company at least 30 (thirty) days prior to his resignation. The resigning member of the Commissioners shall be released from his responsibility only after the General Meeting of Shareholders accepts the resignation.
7. The term of office of a member of the Commissioners shall automatically terminate if:
 - (a) the terms of his service ends;
 - (b) resigns according to provision of paragraph 7;
 - (c) no longer meets the requirements under applicable laws and regulations;
 - (d) passes away;
 - (e) is dismissed based on a resolution of the General Meeting of Shareholders.

DUTIES AND AUTHORITY OF THE COMMISSIONERS

Article 15

1. The Commissioners shall supervise the policy of the Board of Directors in performing the Company's management and render advice to the Board of Directors.

ARTICLES OF ASSOCIATION OF THE COMPANY

2. The Commissioners, jointly or severally shall, at any time during office hours of the Company, be entitled to enter the premises or other places used or controlled by the Company, and shall be entitled to examine all books, letters and other exhibits, examine inventory, examine and verify the cash position, and such other things, and shall be entitled to know all actions taken by the Board of Directors and the Board of Directors or any member of the Board of Directors shall be required to give clarification on all matters questioned by the Commissioners or the expert consultant assisting the Commissioners.
3. The Meeting of Commissioners shall at any time be entitled to suspend one or more members of the Board of Directors, if the member of the Board of Directors acts contrary to the articles of association and/or the prevailing Laws and Regulations or is found negligent in performing their duties or if there is any critical reasons for the Company.
4. The suspension shall be notified to the person concerned, together with the reasons thereof.
5. Within a period of no later than 60 (sixty) days after the suspension, the Commissioners shall convene a General Meeting of Shareholders to decide whether the member of the Board of Directors shall be dismissed or reinstated to his former position, whereas the suspended member of the Board of Directors shall be given the opportunity to attend the meeting and defend himself.

The General Meeting of Shareholders mentioned above shall be presided over by the President Commissioner, and in his absence, of which absence no evidence to any third party shall be required, the meeting shall be presided over by the Vice President Commissioner or by any other member of Commissioners.

If a General Meeting of Shareholders is not convened within 60 (sixty) days after the suspension, the suspension shall become void by law, and the person concerned shall have the right to resume his office.

6. If all members of the Board of Directors are suspended and the Company shall have no member of the Board of Directors, the Commissioners shall be obliged for the time being to manage the Company, whereby the Commissioners shall have the right to grant temporary powers to one or more persons amongst them for their joint account.
7. In the event that there is only one Commissioner, all duties and authority granted to the President Commissioner or members of the Commissioners under these articles of association, shall also apply to him.

THE COMMISSIONERS' MEETINGS

Article 16

1. The Commissioners meeting may be held at any time if considered necessary by the President Commissioner or the Vice President Commissioner or by 2 (two) members of the Commissioners or at a written request from the Meeting of the Board of Directors or at a written request from 1 (one) or more shareholders, who jointly represent at least 1/10 (one-tenth) of the total shares having lawful voting rights, in which meeting the Commissioners shall be allowed to invite the Board of Directors.
2. The call to the Commissioners Meeting shall be served by the President Commissioner, and in his absence by the Vice President Commissioner or by one member of the Commissioners.
3. Calls to the Commissioners Meeting, either or both to the Commissioners and/or to the Board of Directors, shall be delivered by registered mail or by a letter personally delivered against a receipt, or by telegram, telex or facsimile which shall be confirmed by registered mail at the latest 7 (seven) days before the meeting, not counting the date of call and the date of meeting.

ARTICLES OF ASSOCIATION OF THE COMPANY

4. The meeting call shall insert the agenda, date, time and place of the meeting.
5. The Commissioners Meeting shall be held at the Company's domicile or at the place where the Company has its business activities. If all members of the Commissioners are present or represented, the prior call shall not be required and the Commissioners Meeting may be held anywhere within the Republic of Indonesia as shall be decided by the Commissioners and the Commissioners Meeting shall be entitled to adopt lawful and binding resolutions.
6. The Commissioners meeting shall be presided over by the President Commissioner, in the event the President Commissioner is absent or hindered, of which impediment no evidence to any third party is required, the Commissioners Meeting shall be presided over by the Vice President Commissioner or by another member of the Commissioners present.
7. A member of the Commissioners may be represented at a Meeting of the Commissioners only by another member of the Board of Directors by virtue of a power of attorney granted specifically for that purpose.
8. The Meeting of Commissioners shall be lawful and entitled to adopt binding resolutions only if more than 1/2 (one half) of the total members of the Commissioners are present or represented at the meeting.
9. The resolutions of the Commissioners Meeting shall be adopted based on deliberation for a consensus. In the event the resolutions based on deliberation for a consensus are not reached, the resolutions shall be adopted by voting based on affirmative votes of more than 1/2 (one half) of the total lawful votes cast at the meeting.
10. Should the vote of affirmative ties the vote of negative, the proposed matter shall be declared rejected, however for matters specifically concerning individuals then the Chairman shall have the casting vote.
11.
 - (a) Each member of the Commissioners present shall be entitled to cast 1 (one) vote and 1 (one) extra vote for each other member of the Commissioners he so represents.
 - (b) Voting concerning an individual shall be by unsigned folded ballots, whereas voting concerning other matters shall be done verbally, unless otherwise determined by the Chairman, without any objection being raised by those present.
 - (c) Blank and void votes shall be considered as unlawfully cast and considered nonexistent and shall not be counted in determining the total votes cast.
12. Minutes of meeting shall be drawn up for all matters discussed and decided in the Meeting of the Commissioners. The minutes of the Meeting of the Commissioners shall be drawn up by a person present at the meeting designated by the chairman and shall be read to, confirmed by the persons attending the meeting and signed by the chairman and one of the members of the Commissioners present to verify the completeness and accuracy of the minutes.

If there is any discrepancy in the matter set forth in the Minutes of the Board of Directors Meeting, it shall be decided at the Board of Directors Meeting and the decision shall be based on affirmative votes of more than a 1/2 (one half) of total incumbent members of the Board of Directors.

The Minutes shall constitute lawful evidence with respect to the resolutions adopted in the relevant meeting, either to the members of the Board of Directors or to any other party; if the minutes are drawn up by a Notary, no signature shall be required.

ARTICLES OF ASSOCIATION OF THE COMPANY

13. The Commissioners may also adopt lawful resolutions without holding a Meeting of the Commissioners, provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors have granted their approval for the written proposals as evidenced by their signed consent. The resolutions adopted in such a manner shall have the same legal force as the resolutions lawfully adopted at a Meeting of the Board of Directors.

FINANCIAL YEAR

Article 17

1. The Company's financial year shall run from the 1st (first) day of January to the thirty-first (31st) day of December of the same calendar year. At the end of December each year, the Company's books and accounts shall be closed.
2. At the latest 5 (five) months after the Company's books and accounts have been closed, the Board of Directors shall prepare an annual report according to the prevailing laws and regulations signed by all members of the Board of Directors and Commissioners to be submitted to an Annual General Meeting of Shareholders.

The annual report shall have been made available at the office of the Company at the latest 14 (fourteen) days before the date of the Annual General Meeting of Shareholders, for inspection by the shareholders.

3. The Company shall announce the Balance Sheet and Profit & Loss Accounts in 2 (two) Indonesian daily newspapers 1 (one) of which shall be nationally circulated in the Republic of Indonesia and 1 (one) shall be circulated at the domicile of Company or the place where the Company has its business activities as shall be decided by the Board of Directors, at the latest 120 (one hundred and twenty) days after the financial year is ended.

GENERAL MEETINGS OF SHAREHOLDERS

Article 18

1. The General Meetings of Shareholders in the Company shall be:
 - (a) Annual General Meetings of Shareholders, referred to in Article 19 of the articles of association.
 - (b) Other General Meetings of Shareholders, hereinafter in the articles of association referred to as the Extraordinary General Meetings of Shareholders, that is the General Meetings of Shareholders held at anytime according to needs.
2. The term General Meetings of Shareholders in these articles of association shall mean both of them, namely Annual General Meetings of Shareholders and Extraordinary General Meetings of Shareholders, unless expressly stipulated otherwise.

ANNUAL GENERAL MEETINGS OF SHAREHOLDERS

Article 19

1. The Annual General Meeting of Shareholders shall be held every year, at the latest 6 (six) months after the Company's financial year is closed.
2. In the Annual General Meetings of Shareholders:
 - (a) The Board of Directors shall submit annual accounts consisting of balance sheet and profit & loss accounts of the preceding financial year having been audited by the Public Accountant and explanation on the documents for ratification by the meeting;

ARTICLES OF ASSOCIATION OF THE COMPANY

- (b) The Board of Directors shall submit an annual report on the Company's condition and progress, results achieved, estimated development of the Company in the future, main activities of the Company and their changes during the financial year as well as details of the problems arising during the financial year affecting the Company's activities for approval by the meeting;
 - (c) Appointment of a BAPEPAM-registered Public Accountant to audit the Company's books and accounts under review shall be made;
 - (d) The Board of Directors shall propose the appropriation of the Company's profit and the amount of dividends to be paid out;
 - (e) The appointment of member(s) of the Board of Directors and member(s) of the Commissioners shall take place, if necessary.
 - (f) The Board of Directors can also propose other matters for the benefit of the Company in accordance to the articles of association.
3. The ratification of the annual accounts by the Annual General Meeting of Shareholders shall mean granting full acquittal and discharge to the members of the Board of Directors and the Commissioners of the management and supervision already performed in the previous financial year, as long as those actions are reflected in the annual accounts.
4. If the Board of Directors or the Commissioners fail to hold the Annual General Meeting of Shareholders at the time already stipulated, then 1 (one) shareholder or more, who jointly represents at least 1/10 (one tenth) of the total share with lawful votes shall be entitled to convene themselves the Annual General Meeting of Shareholders at the expense of the Company after receiving permission from the Chairman of the District Court whose jurisdiction covers the Company's domicile.

EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Article 20

1. The Extraordinary General Meeting of Shareholders shall be held from time to time, if deemed necessary by the Board of Directors and/or the Commissioners and/or the shareholders.
2. The Board of Directors shall call and convene an Extraordinary General Meeting of Shareholders at a written request from the Commissioners or from 1 (one) or more shareholders, jointly representing 1/10 (one tenth) of the total lawful voting shares.

The Commissioners shall call and convene an Extraordinary General Meeting of Shareholders as requested above, should the Board of Directors fail to call for the Extraordinary General Meeting of Shareholders within a period of 30 (thirty) days after the date of receipt of such request by the Board of Directors or the Commissioners.

3. Such written request shall be sent by registered mail by stating the matters to be discussed together with the reasons thereof.

Should the Commissioners fail to call the Extraordinary General Meeting of Shareholders referred to in paragraph 2 above after a period of 60 (sixty) days after the date of receipt of such request by the Board of Directors, then the shareholder concerned shall be entitled to convene the meeting by himself at the expense of the Company after a permit is obtained from the Chairman of the District Court having jurisdiction over the domicile of the Company.

4. The meeting mentioned in paragraph 3 shall observe the ruling of the Chairman of the District Court issuing the permit.

ARTICLES OF ASSOCIATION OF THE COMPANY

PLACE AND CALL TO GENERAL MEETINGS OF SHAREHOLDERS

Article 21

1. The General Meetings of Shareholders shall be held at the Company's domicile or at the place where the Company performs its business activities or at the domiciles of Stock Exchanges in Indonesia where the Company's shares are listed.
2. At least 14 (fourteen) days prior to any call to a General Meeting of Shareholders, the party who is entitled to serve the call shall notify the shareholders through an advertisement at least in 2 (two) daily newspapers in the Indonesian language, 1 (one) of which shall be widely circulated throughout the Republic of Indonesia and 1 (one) other shall be circulated at the domicile of the Company or at the domiciles of Stock Exchanges in Indonesia where the Company's shares are listed and if deemed necessary by the Board of Directors in 1 (one) daily newspaper in the English language, that there will be a General Meeting of the Shareholders without prejudice to the provisions in these articles of association.
3. Calls for a General Meeting of the Shareholders shall be done at least 14 (fourteen) calendar days prior to the date of the General Meeting of the Shareholders, not counting the date of the call and the date of the meeting.

The call for a General Meeting of Shareholders must be conveyed to the shareholders through advertisement in at least 2 (two) daily newspapers in the Indonesian language, 1 (one) of which shall be widely circulated throughout the Republic of Indonesia and 1 (one) other shall be 1 (one) shall be circulated at the domicile of the Company or at the domiciles of Stock Exchanges in Indonesia where the Company's shares are listed and if deemed necessary by the Board of Directors in 1 (one) daily newspaper in the English language.

4. The call to a General Meeting of Shareholders shall include the venue, date, time and agenda of the meeting and notification that the agenda to be discussed in the General Meeting of Shareholders is available at the Company's office starting from the date of the call for the meeting until the date when the meeting is held.

The call for the Annual General Meeting of Shareholders must also include the notification that the Annual Report referred to in Article 17 paragraph 2 above is available at the Company's office starting from the date of the call for the meeting and that the copies of the latest Annual Report will be available from the Company upon written request from the shareholders.

5. Any proposals from the shareholders shall be put into the agenda of the General Meeting of Shareholders, if:
 - (a) The relevant proposals have been submitted in writing to the Board of Directors by one or more shareholders representing at least 10% (ten percent) of the Company's total shares with lawful votes;
 - (b) The relevant proposal has been received by the Board of Directors at least 7 (seven) days prior to the announcement of call for the General Meeting of Shareholders;
 - (c) According to the Board of Directors, the proposals are considered to be directly related to the Company's business with due observance of other provisions in these articles of association.

ARTICLES OF ASSOCIATION OF THE COMPANY

CHAIRMAN AND MINUTES OF GENERAL MEETINGS OF SHAREHOLDERS

Article 22

1. Unless otherwise stipulated in these articles of association, any General Meeting of Shareholders shall be presided over by the President Commissioner and in his absence, for whatever reason, of which absence no evidence to any third party shall be required, then the meeting shall be presided over by the Vice President Commissioner or by another member of the Commissioners present at the meeting and in the case of no member of the Commissioners is present or all of the members of the Commissioners are absent for whatever reason, of which absence no evidence to any third party shall be required, then the meeting shall be presided over by the President Director, and in the absence of the President Director for whatever reason, of which absence no evidence to any third party shall be required, the meeting shall be presided over by another member of the Board of Directors present in the meeting, and in the case of no member of the Board of Directors is present or all of the Board of Directors are absent for whatever reason, of which absence no evidence to any third party shall be required, then the meeting shall be presided over by one of the persons present in the meeting which shall be appointed by and from amongst themselves.
2. The people present at the General Meeting of Shareholders has to proof their right to be present at the meeting, which shall be in accordance to the provisions specified by the Board of Directors or the Commissioners at the call of the meeting, as for shares listed in the stock exchanges in Indonesia, with due observance of the prevailing laws and regulations of the Indonesian capital market.
3. Minutes of all matters discussed and decided in a General Meeting of Shareholders shall be drawn up by a Notary.

Such minutes of meeting shall be lawful evidence to all the shareholders and any third party of the resolutions and anything else that took place at the meeting.

QUORUM, VOTING RIGHTS AND RESOLUTIONS

Article 23

1.
 - (a) General Meetings of Shareholders may be held if attended by shareholders representing more than a 1/2 (half) of the total shares with lawful voting rights issued by the Company, unless otherwise stipulated in these Articles of Association.
 - (b) In the event the quorum referred to in paragraph 1a. of this Article is not reached, the second meeting may be held not preceded by a call/announcement regarding the call for the meeting.
 - (c) The second meeting shall be held the soonest in 10 (ten) days and at latest 21 (twenty one) days starting from the first meeting, with the same conditions and agenda as the ones required in the first meeting, except for the quorum which shall be stipulated in point d. below and the call shall be announced at the latest 7 (seven) days prior to the second meeting, not counting the date of the call and the date of the meeting.
 - (d) The second meeting shall be lawful and entitled to adopt binding resolutions if attended by shareholders or their lawful proxies representing at least 1/3 (one third) of the total shares with lawful votes.
 - (e) In the event that the quorum for the second meeting is not satisfied, then at the Company's request the quorum shall be stipulated by Chairman of the District Court whose jurisdiction covers the Company's domicile.
2. A shareholder may be represented by another shareholder or another person by virtue of a power of attorney.

ARTICLES OF ASSOCIATION OF THE COMPANY

The power of attorney shall be made and signed in the form determined by the Company's Board of Directors, without prejudice to prevailing applicable laws and regulations in the civil courts and shall be delivered to the Board of Directors at least 3 (three) business days prior to the General Meeting of Shareholders.

The Chairman of the meeting shall have the right to ask for the power of attorney to represent the shareholder to be produced during the meeting.

3. At a meeting, each share shall grant to its holder the right to cast 1 (one) vote.
4. Members of the Board of Directors, members of the Commissioners and the employees of the Company shall be allowed to act as proxies at the meetings, but the votes they cast as proxies at the meetings shall not be calculated in the voting.
5. The voting concerning a person shall be carried out by unsigned sealed ballots and concerning other matters, verbally, unless the meeting chairman decides otherwise, without any objection being raised from 1 (one) or more of the shareholders jointly representing at least 10% (ten percent) of the total shares with lawful votes asking for unsigned sealed ballots.
6. A blank vote or invalid vote shall be considered nonexistent and shall not be calculated in stipulating the number of votes cast at the meeting.
7. All resolutions shall be adopted by deliberation to reach a consensus. In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on a simple majority affirmative votes the total votes lawfully cast at the meeting, unless otherwise stipulated in these articles of association.

Should the vote of affirmative ties the vote of negative, if it relates to matters concerning a person then it shall be decided through a drawing of lots, while for other matters the proposed matter shall be declared rejected.

8.
 - (a) Resolutions on transactions in which there is a conflict of interests as referred to in Article 12 paragraph 8 above, shall be made in a General Meeting of Shareholders specifically held for such purpose, which shall be attended by shareholders without a conflict of interests for the transaction concerned (hereafter shall be referred to as "Independent Shareholders") representing more than 50% (fifty percent) from the total share with lawful votes owned by all of the Independent Shareholders without prejudice to the provisions in paragraph 1 point a in this Article and such resolution shall be made based on affirmative votes from Independent Shareholders representing more than 50% (fifty percent) of the total share with lawful votes owned by all of the Independent Shareholders.
 - (b) In making such resolutions, shareholders, members of the Board of Directors and the Commissioners who has a conflict of interests for the transaction concerned shall have no right to an opinion or proposition.
 - (c) Whatever resolution passed by the Independent Shareholders must be reaffirmed of the total quorum of the meeting, which shall be joined by all the shareholders present in the meeting, including shareholders with a conflict of interests.
 - (d) In the event that the first meeting the number of Independent Shareholders present or represented does not satisfy the quorum required for the meeting concerned, then at the request of the Company a second meeting can be held after the call for such meeting (but without the call for a meeting as referred to in Article 21 paragraph 2), as long as the second meeting is attended by Independent Shareholders, or the lawful proxies thereof, representing more than 50% (fifty percent) of the total shares with lawful votes owned by the Independent Shareholders and the resolution is made by affirmative votes from more than 50% (fifty percent) of the share owned by the Independent Shareholders present or represented in such meeting.

ARTICLES OF ASSOCIATION OF THE COMPANY

In the event that the quorum for the second meeting is not satisfied, then a third meeting may be held after the approval from and in observance to the terms and conditions stipulated by the Chairman of BAPEPAM.

- (e) The third meeting may only approve the transaction concerned if the resolution is approved by Independent Shareholders representing more than 50% (fifty percent) of the total share owned by the Independent Shareholders present or represented in the meeting.
9. All proposals brought forward by the shareholders during discussions or voting in a General Meeting of Shareholders must meet all of the following conditions:
- (a) In the opinion of the chairman of the meeting the matters are directly related with one of the agendas of the meeting concerned;
 - (b) The matters were brought forward by one of more shareholders jointly representing at least 10% (ten percent) of the total share with lawful votes; and
 - (c) In the opinion of the Board of Directors, the proposed matters are directly related with the Company's business.

APPROPRIATION OF PROFIT

Article 24

1. The Board of Directors must bring forward a proposal to the Annual General Meeting of Shareholders regarding the appropriation of the Company's net profit for the financial year concerned as written down in the annual calculation ratified by the Annual General Meeting of Shareholders, wherein such proposal may suggest the amount of undistributed net profit which shall be used as reserve funds, as referred to in Article 25 below and to propose the amount of dividend which may be distributed; one and another without prejudice to the General Meeting of Shareholders' rights to determine differently.
2. In the event the Annual General Meeting of Shareholders does not determine its appropriation, then the net profit after deduction of the reserve funds required by applicable laws and the Company's articles of association, shall be distributed as dividends.
3. The dividends shall only be paid according to the Company's financial abilities, based on the resolution of the General Meeting of Shareholders, the resolution of which shall also determine the time of payment and the form of dividends, with due observance to the prevailing rules and conditions of the Indonesian stock exchanges where the Company's shares are listed.

The dividends for one share shall be paid out to the person whose name the relevant share is registered in the Register of Shareholders on a business day determined or authorized by the General Meeting of Shareholders in which the resolution for dividend distribution is adopted. The payment day must be announced by the Board of Directors to all the shareholders.

Article 21 paragraph 3 shall be mutatis mutandis applicable to such announcement.

4. If the profit and loss accounts in a certain financial year show a loss which cannot be covered by the reserve funds, then the loss will remain to be listed and entered in the profit and loss accounts and in the coming financial years the Company shall not be considered gaining profit as long as the loss listed and entered in the profit and loss accounts has not yet been completely covered, without prejudice to applicable prevailing laws and regulations.

ARTICLES OF ASSOCIATION OF THE COMPANY

5. The Board of Directors, based on the Board of Directors Meeting along with the approval of the Commissioners Meeting, are authorized to distribute interim dividends if so permitted by the Company's financial condition, provided that the interim dividend shall be calculated against the dividends distributed based on resolutions of the following Annual General Meeting of Shareholders adopted pursuant to the provisions of these articles of association with due observance of the provisions prevailing in stock exchanges in Indonesia where the Company's shares are listed.
6. With due observance of the Company's profits for the financial year concerned from the balance sheet and profit and loss accounts ratified by the Annual General Meeting of Shareholders and after paying the Corporate Income Tax, a bonus may be granted to members of the Company's Board of Directors and Commissioners, the amount of which shall be determined in the General Meeting of Shareholders.
7. Profit distributed as dividends left unclaimed within 5 (five) years after having been made available for payment, shall be entered in the reserve funds specifically intended for that purpose.

Dividends in the special reserve fund may be claimed by the shareholder entitled thereto before a lapse of 5 (five) years, by submitting an evidence of right to the dividend acceptable to the Board of Directors of the Company.

Dividends left unclaimed after such period shall be forfeited to the Company.

APPROPRIATION OF RESERVE FUND

Article 25

1. A portion of the profit made available for reserve fund shall be stipulated by the General Meeting of Shareholders with attention to any proposal by the Board of Directors (if any) and with due observance of the prevailing laws and regulations.
2. The reserve fund reaching an amount of at least 20% (twenty percent) of the subscribed capital shall only be used to cover any loss suffered by the Company.
3. If the amount of the reserve fund has exceeded the minimum amount of 20% (twenty percent) of the subscribed capital, the General Meeting of Shareholders may decide that the amount of the reserve fund in excess of the amount stipulated in paragraph 2 be used for the benefits of the Company.
4. The Board of Directors shall manage the reserve fund in order to produce profit from it, in a manner they consider proper with approval from the Commissioners and with due observance of the prevailing laws and regulations.
5. Any interest earned or other benefits from the reserve funds must be entered into the Company's profit and loss calculations.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 26

1. Any amendment to the articles of association shall be stipulated by the General Meeting of Shareholders, attended by the shareholders or their authorized proxies representing at least 2/3 (two-thirds) of all the issued shares with lawful voting rights and the resolution shall be approved by consensus. In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes by the shareholders or their authorized proxies of at least 2/3 (two-thirds) of the total votes lawfully cast at the meeting.

ARTICLES OF ASSOCIATION OF THE COMPANY

The amendment to the articles of association shall be made in Notarial deed and in the Indonesian language.

2. Any amendment to the provisions of the Articles of Association pertaining to the change of name, aims and objectives, business activities, establishment period of the Company, authorized capital amount, reduction in the subscribed and paid-in capital and status change from a private Company into a public Company or vice versa shall have approval from the Minister of Justice and Human Rights of the Republic of Indonesia.
3. Any amendment to the articles of association other than pertaining to the matters referred to in paragraph 2 of this Article shall be simply reported to the Minister of Justice and Human Rights of the Republic of Indonesia at the latest 14 (fourteen) days since the resolutions of the General Meeting of Shareholders for the amendment as well as registered at the Companies Registry.
4. In the event the meeting referred to in paragraph 1 of this Article does not satisfy the required quorum, then at the soonest in 10 (ten) days and at latest 21 (twenty one) days starting from the first meeting, a second meeting may be held with the same conditions and agenda as the ones required in the first meeting, except for the announcement for the call of the meeting which shall be announced at the latest 7 (seven) days prior to the second meeting, not counting the date of the call and the date of the meeting and the call for such meeting shall not require prior notification/announcement and any resolutions must be based on deliberation to reach a consensus, in the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes by the shareholders or their lawful proxies, jointly representing at least 1/2 (one half) of the total lawful votes cast at the meeting.

In the event that the quorum for the second meeting is not satisfied, then a third meeting may be held after the approval from and in accordance to the conditions of the call for the meeting, time for the meeting, quorum provisions and the process to reach a resolutions as stipulated by the Chairman of BAPEPAM.

5. The resolution for capital reduction shall be informed in writing to all creditors of the Company and announced by the Board of Directors in the State Gazette of the Republic of Indonesia and also in at least 2 (two) daily newspaper in the Indonesian language, 1 (one) of which shall be nationally circulated in the Republic of Indonesia and 1 (one) shall be circulated at the domicile of Company, as shall be decided by the Board of Directors, at the latest 7 days? (seven) since the date of the resolution for capital reduction.

MERGER, CONSOLIDATION AND ACQUISITION

Article 27

1. With due observance of the prevailing capital market laws and regulations in Indonesia, any merger, consolidation and acquisition may only be carried out based on the resolution of the General Meeting of Shareholders attended by the shareholders, or their authorized proxies, representing at least 3/4 (three-fourths) of the total number of shares with lawful voting rights and the resolution shall be approved by consensus. In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes of at least 3/4 (three-fourths) of the total votes lawfully cast at the meeting.
2. In the event quorum at the aforementioned General Meeting of Shareholders is not satisfied, then within 10 (ten) days at the earliest and 21 (twenty one) days at the latest after the first General Meeting of the Shareholders, a second General Meeting of the Shareholders can be held with the same agenda as the first General Meeting of Shareholders.

ARTICLES OF ASSOCIATION OF THE COMPANY

The announcement for the second General Meeting of Shareholders has to be done at the latest 7 (seven) days prior to the second General Meeting of Shareholders, excluding the day of the announcement and the day of the second General Meeting of Shareholders and the call for such meeting shall not require prior notification/announcement, and the second General Meeting of Shareholders shall be lawful and entitled to adopt binding resolutions if attended by the shareholders or their authorized proxies holding/representing at least 2/3 (two-thirds) of the total number of shares with lawful voting rights and the resolutions shall be approved by consensus. In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes of by more than 1/2 (half) of the total lawful votes cast at the General Meeting of Shareholders. In the event the quorum for the second General Meeting of Shareholders is not reached, then the quorum, number of votes for adopting resolutions, call and time of a General Meeting of Shareholders shall be stipulated by the Chairman of the Capital Markets Supervisory Board (BAPEPAM).

3. The Board of Directors shall announce, in at least 2 (two) daily newspapers published in Bahasa Indonesia, 1 (one) of which shall be nationally circulated in the Republic of Indonesia and 1 (one) shall be circulated at the domicile of Company or the place where the Company has its business activities, as shall be decided by the Board of Directors, the plan for the merger, consolidation and acquisition of the Company at the latest 14 (fourteen) days before serving calls to a General Meeting of Shareholders.

DISSOLUTION AND LIQUIDATION

Article 28

1. With due observance of the prevailing laws and regulations and provisions, the dissolution of the Company may only be carried out based on a resolution of the General Meeting of Shareholders attended by the shareholders, or their authorized proxies, representing at least 3/4 (three-fourths) of the total number of shares with lawful voting rights and approved by consensus. In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes of at least 3/4 (three-fourths) of the total votes cast at the meeting.

In the event quorum at the aforementioned General Meeting of Shareholders is not satisfied, then within 10 (ten) days at the earliest and 21 (twenty one) days at the latest after the first General Meeting of the Shareholders, a second General Meeting of the Shareholders can be held with the same agenda as the first General Meeting of Shareholders. The announcement for the second General Meeting of Shareholders has to be done at the latest 7 (seven) days prior to the second General Meeting of Shareholders, excluding the day of the announcement and the day of the second General Meeting of Shareholders and the call for such meeting shall not require prior notification/announcement. The second General Meeting of Shareholders shall be lawful and entitled to adopt binding resolutions if attended by the shareholders or their authorized proxies representing at least 2/3 (two-thirds) of the total number of shares with lawful voting rights and the resolutions shall be approved consensus. In the event no resolution based on deliberation to reach a consensus can be reached, the resolution shall be adopted by voting based on affirmative votes by more than a 1/2 (half) of the total lawful votes cast at the General Meeting of Shareholders.

In the event the quorum for the second General Meeting of Shareholders is not reached, then the quorum, number of votes for adopting resolutions, call and time of a General Meeting of Shareholders shall be stipulated by the Chairman of the Capital Markets Supervisory Board (BAPEPAM).

2. If the Company is dissolved, either due to the expiration of its duration or is dissolved based on a resolution of a General Meeting of Shareholders, or on account of being adjudicated dissolved by a Court's ruling, liquidation shall be carried out by a liquidator.

ARTICLES OF ASSOCIATION OF THE COMPANY

3. The Board of Directors, under the supervision of The Commissioners, shall act as the liquidator if no liquidator is appointed at the General Meeting of Shareholders or in the ruling referred to in paragraph 2.
4. The remuneration for the liquidators shall be determined by a General Meeting of Shareholders or by a Court's ruling.
5. The liquidator shall register the liquidation at the Companies Registry, publish in the State Gazette and in 2 (two) daily newspapers published in Bahasa Indonesia, 1 (one) of which shall be nationally circulated in the Republic of Indonesia and 1 (one) shall be circulated at the domicile of Company or the place where the Company has its business activities, as shall be decided by the Board of Directors, and to notify all creditors, the Minister of Justice and Human Rights and the Capital Markets Supervisory Board (BAPEPAM), according to prevailing laws and regulations and provisions, at the latest 30 (thirty) days as from the date the Company is dissolved.
6. The articles of association as inserted in the establishment deed along with their amendments in the future shall remain effective until the ratification date of the liquidation account by the General Meeting of Shareholders, and full acquittal and discharge is granted to the liquidators.
7. The remaining balance of the liquidation account, shall be distributed among the Company's shareholders, where each shareholder shall receive amounts in proportion to the nominal amount paid for each of the shares owned.

CONCLUDING PROVISIONS

Article 29

All matters that are not provided for or not adequately covered in these articles of association shall be decided by a General Meeting of Shareholders.

SUBSCRIPTION REQUIREMENTS

XIX. SUBSCRIPTION REQUIREMENTS

1. Subscription

The subscription of Shares shall be made in compliance with the provisions contained in the Subscription Form and this Prospectus. Any subscription shall be made using the original Subscription Form issued by the Managing Underwriter, which may be obtained at the offices of the Underwriters or the International Selling Agent whose names are set out in Chapter XX (Distribution of prospectus and subscription forms) in this Prospectus. A submission must be made on 5 (five) copies of the Subscription Form, respectively completed, signed and submitted by the prospective purchaser to a Selling Agent and/or Underwriter. Any subscription made in contravention of the provisions stated above will not be accepted.

Any subscriber who intends to subscribe for Shares shall have an account with a securities company which is an Underwriter and/or a Selling Agent and/or a custodian bank which holds of an account in KSEI to receive and keep the Shares distributed by the Company.

2. Eligible subscribers

Subscribers eligible for subscription are individuals and/or agencies/entities as set out in the Capital Markets Law, Regulation No. IX.A.7 concerning responsibilities of the allotment manager in the framework of share subscription and allotment of shares in the public offering, the attachment to the Decision of the Chairman of BAPEPAM No. KEP-45/PM/2000 dated October 27, 2000.

3. Number of subscription

The subscription must be submitted for at least 500 Shares and thereafter in multiples of 500 Shares.

4. Listing of the Shares and the Collective Custodian

All the Shares offered in the Global Offering have been registered with KSEI based on the Equity Securities Listing Agreement No. SP-013/PE/KSEI/0904 dated September 8, 2004 signed by the Company and KSEI.

A. Once the Shares have been registered with KSEI, the Shares offered in the Global Offering shall be subject to the following conditions:

1. The Company does not intend to issue share certificates for the Shares sold in the Global Offering, but will instead distribute them by electronic media. The Shares will be directly credited into the subscriber's sub-account in KSEI by no later than November 9, 2004.
2. Prior to the listing on the Stock Exchange of the Shares offered in the Global Offering, subscribers will be provided with evidence of ownership of Shares in the form of an allotment confirmation form.
3. Upon the listing of the Company's Shares on the Stock Exchange, confirmation in writing from KSEI and/or the Underwriter and/or Selling Agent and/or custodian bank which holds an account in KSEI to receive and keep the Shares distributed by the Company will serve as evidence of ownership of the Shares.
4. The transfer of shares held with KSEI will be by way of electronic book-entry between securities account.
5. Shareholders whose names are recorded in the securities account held in KSEI, shall have all rights attaching to shares, including dividends, interest bonuses, right issues, voting rights in shareholders' general meetings and other ownership entitlements.

SUBSCRIPTION REQUIREMENTS

6. Disbursement of dividends, interest bonuses and rights issues will be distributed by the Company or the share registrar appointed by the Company, through KSEI, to a beneficial shareholder holding Shares through the depository system via its KSEI participants who holds the Shares on such beneficial shareholder's behalf. The KSEI participant is obliged to immediately pass such rights and entitlements onto its customers.
 7. Upon the completion of the Global Offering, and after the Shares are listed on the Stock Exchange, any shareholders intending to have any collective certificates may withdraw the Shares from the collective custodian in KSEI.
 8. An application for the withdrawal of shares must be forwarded to KSEI by the KSEI participant, on behalf of the beneficial shareholder, in a specified form.
 9. Collective share certificates in the name of the beneficial shareholder will be issued for any shares that are withdrawn from KSEI no later than 5 (five) business days from the receipt of the withdrawal request by KSEI.
 10. Any party who intends to execute share transactions of the Shares must assign a securities company and/or a custodian bank which is a participant of KSEI to administer those shares.
- B. Shares which have been withdrawn from the collective custodian in KSEI and the collective certificate have been issued, and can no longer be transacted through the Stock Exchange. Further information on the withdrawal procedures can be obtained from the Underwriters and/or the Selling Agent where the Subscription Form is submitted.

5. Submission of subscription

During the Offer Period, eligible subscribers may subscribe during normal working hours at the offices of the Managing Underwriter or any of the other Underwriters or the International Selling Agent where the Subscription Form is obtained.

Any party intending to subscribe shall have the right to only submit 1 (one) Subscription Form along with the attachment of a photocopy of personal identification (resident identity card (KTP) or passport for any individual and articles of association for any corporate body) and make payment in accordance with the amount of the subscription. For non-Indonesian subscribers, in addition to the attachment of a photocopy of passport for any individual and articles of association for any corporate body, the subscriber must provide the full name and address of its overseas and/or legal domicile in the Subscription Form and make payment in accordance with the amount of the subscription.

The Managing Underwriter, the Underwriters, the International Selling Agent and the Company shall have the right to reject any application if they consider that the Subscription Form is not fully completed or if the requirements of subscription are not fulfilled.

6. Offer period

The Offer Period shall start at 09.00 (Western Indonesia Time) on November 2, 2004 and close at 16.00 (Western Indonesia Time) on November 4, 2004. However, if the number of Shares being subscribed for has exceeded the number of Shares being offered, the Managing Underwriter, with prior notice to BAPEPAM, may shorten the Offer Period provided that the Offer Period is not less than 3 (three) business days.

7. Date of allotment

The date of allotment on which the Managing Underwriter determines the allotment of Shares for each subscriber is expected to fall on or around November 8, 2004.

SUBSCRIPTION REQUIREMENTS

8. Payment method

Payments may be made in cash, by check, by bank transfer or by bank draft, in Rupiah and payable to the Managing Underwriter, Underwriter or Selling Agent at the time of submission of the Subscription Form. The payment shall be made to the account of the Managing Underwriter at:

PT Bank Mandiri (Persero) TBK
Branch Jakarta — Sudirman, Jakarta
Name: PT Mandiri Sekuritas — QQ IPO MAP
Account number: 1020004242373

If payment is made by check, the check shall be a registered check/owned by the subscriber concerned and shall be in good funds on November 4, 2004. Any check owned by/in the name of third party other than the subscriber will not be accepted as means of payment.

Any and all bank fees and transfer fees in connection with the payment, shall be for the responsibility of the subscriber. All the checks and bank drafts will be immediately realized at the time of receipt. If at the date of realization, the check or the bank draft is rejected by the drawee bank, the subscription concerned shall be automatically null and void. For payments made by account transfer or from any other bank, the subscriber shall attach a photocopy of the demand deposit and name the relevant bank and state the number of the Subscription Form.

9. Token of receipt

The Managing Underwriter, the Underwriters or the International Selling Agent who accept submission of Subscription Forms, shall re-deliver to the subscriber the carbon copy of the fifth (5th) sheet of the Subscription Form as a token of receipt of subscription. The token of receipt shall not constitute any warranty that the subscription is allowed. The token of receipt shall be kept for re-submission at the time if any, of refund of the subscription monies and/or the receipt of the allotment confirmation form as regards the share subscription.

10. Allotment of Shares

The allotment of Shares shall be carried out by the Managing Underwriter as the Allotment Managers utilizing the systems of pooling and fixed allotment in accordance with Regulation Number IX.A.7 concerning the responsibilities of the allotment manager in the framework of share subscriptions and allotment of shares in public offerings, the attachment to the Decision of the Chairman of the BAPEPAM No. Kep-45/PM/2000 dated October 27, 2000.

(i) Fixed allotment

The fixed allotment shall be restricted to up to 90% of the total Shares being offered and shall include the allotment to eligible employees and management of the Company of up to 10% of the total Shares being offered.

In the event that Shares are allotted using the fixed allotment method, allotment may only be effected upon the fulfillment of the following conditions:

- (a) The Allotment Managers shall agree and determine what percentage of allocation within the Global Offering will be made using the fixed allotment method;
- (b) In the event of over-subscription, the Managing Underwriter, the Underwriters, the International Selling Agent or their affiliated parties (as defined in the Capital Markets Law) shall not be allowed to purchase or own the Shares for their own account; and
- (c) In the event of under-subscription, the Managing Underwriter, the other Underwriters, International Selling Agent or their affiliated parties (as defined in the Capital Markets Law) shall not be allowed to sell the Shares which have been purchased or would have been purchased by them pursuant to the Underwriting Agreement other than through the Stock Exchange.

SUBSCRIPTION REQUIREMENTS

(ii) Pooling

Pooling is restricted to up to 10% of the total Shares being offered under the Global Offering.

In the event of over-subscription, the allotment manager shall comply with the procedures of allotment as follows:

- (a) If having exempted affiliated subscribers such as directors, commissioners, employees or parties representing 20% or more of a securities company acting as the Managing Underwriter, an Underwriter or a Selling Agent or any other affiliated party to the Company in connection with the Global Offering, then any subscriber which is not exempted will receive all the subscribed Shares; if the number of Shares being subscribed for is equal to or less than the number of shares available for allocation under the pooling method, then any subscriber which is not exempted will receive a full allocation of the Shares for which it has subscribed;
- (b) If having exempted affiliated subscribers as referred to above, the number of shares being subscribed for exceeds the number of shares available for allocation under the pooling method, allotment to subscribers there are not exempted will be made base on the following procedure:
 - (i) Subscribers who are not exempted shall be allocated one board lot of Shares, provided that there are sufficient board lots. In the event that there are insufficient board lots, the available lots will be distributed by means of lottery. The number of shares that comprise a board lot shall be the largest full lot permitted by the Stock Exchange;
 - (ii) In the event that there are remaining Shares, after one board lot has been distributed to each non-exempted subscriber, the allocation shall be made proportionally as board lots relative to with the number of Shares subscribed for by such non-exempted subscribers; and
 - (iii) In the event that there are shares that have not been allotted following full allotment to non-exempted affiliated subscribers, such shares shall be allotted in the first instance to the Company's employees and non-affiliated subscribers proportionately in board lots relative to the member of Shares subscribed for. Any remaining unallotted Shares following full allotment to employees and non-affiliated subscribers shall be distributed to affiliated subscribers using the same method as referred to above.

Employee stock allocation plan

The Company's employee stock allocation plan must comply with BAPEPAM regulations which permit a maximum of 10.00% of the shares being offered to the public in the Global Offering to be reserved on a preferential basis for the Company's employees. The objective of the Company's employee stock allocation plan is to provide an opportunity for the Company's employees and management to own the shares of the Company.

Eligible employees and management of the Company have the right to subscribe to the Shares at a discount of 10.00% (which the Company would top-up) of the price of the shares offered in the Global Offering. Pursuant to the terms of the plan, the shares purchased under the plan will be subject to a lock-up period of six months from the Listing Date.

SUBSCRIPTION REQUIREMENTS

11. Cancellation of the Global Offering

Prior to the Closing Date and during the Offer Period, the Company and the Managing Underwriter shall have the right to cancel the Global Offering based on matters contained in the Underwriting Agreement.

12. Refund of subscription monies

For those subscribers whose subscription is rejected as a whole or in part, or in the event of any cancellation of the Global Offering, a refund in Rupiah shall be made by the Managing Underwriter at the place where the Subscription Form concerned was submitted. The refund shall be made no later than two business days after the Allotment Date or the date of announcement of the cancellation of the Global Offering.

In the event that refunds are made after two business days after the Allotment Date or the date of announcement of the cancellation of the Global Offering, the refund of the subscription money will bear interest for each day of delay equal to the average of three-month Rupiah-denominated time deposits from the following three banks, on the basis of one year consisting of 360 days and one month consisting of 30 days:

- (a) PT Bank Mandiri (Persero) Tbk
- (b) PT Bank Negara Indonesia (Persero) Tbk
- (c) PT Bank Rakyat Indonesia (Persero) Tbk

Refund payments shall be made by check in the name of the subscriber signing the Subscription Form upon presentation of the token of receipt of subscription and the personal identity to the Managing Underwriter, the Underwriters and/or Selling Agent, where the Subscription Form was submitted by the subscriber in accordance with the terms contained in the Subscription Form, and in such a case the subscriber shall not be subject to any bank fee or transfer fee. If the payment is made by check, the check shall be in the name of the subscriber.

13. Submission of allotment confirmation form (FKP)

The allotment confirmation form will be delivered to the subscribers by the Underwriters or the International Selling Agent at the place where the Subscription Form was submitted by the subscribers not later than 1 (one) business day after the Allotment Date. The allotment confirmation form may be collected against delivery of the token of receipt of the subscription.

14. Others

The Managing Underwriter shall have the right to accept or reject any subscription as a whole or in part. Subscriptions using with more than one Subscription Form will be considered as 1 (one) subscription for allotment purposes.

In line with the provisions stated in the Decision of the Chairman of BAPEPAM No. 45/PM/2000, dated October 27, 2000, Article 7 paragraph b, no party is allowed directly or indirectly to submit more than one subscription for each public offering. In the event that it is evidenced that a party has submitted more than one subscription, directly or indirectly, the Managing Underwriter shall nullify all subscriptions made by such party.

DISTRIBUTION OF PROSPECTUSES AND SUBSCRIPTION FORMS

XX. DISTRIBUTION OF PROSPECTUSES AND SUBSCRIPTION FORMS

The Prospectus and the Subscription Forms (FPPS) shall be made available at the office of the Managing Underwriter, the Underwriters, and the International Selling Agent, namely stockbrokers registered as members of the Jakarta Stock Exchange as follows:

Managing Underwriter

PT MANDIRI SEKURITAS

Plaza Mandiri, Lantai 28
Jl. Jend. Gatot Subroto. Kav. 36–38
Jakarta 12190
Tel. (021) 526 3445
Fax. (021) 526 3507

International Selling Agent

PT CIMB Niaga Securities

Graha Niaga Lt. 12
Jl. Jend. Sudirman Kav. 58
Jakarta 12190
Tel. (021) 250-5717
Fax. (021) 250-5709

Local Underwriters

PT Artha Securities

Hayam Wuruk Plaza Tower Lt. 20
Jl. Hayam Wuruk No. 108
Jakarta 11180
Tel. (021) 659-2030
Fax. (021) 601-2418

PT Asia Kapitalindo Securities Tbk

Menara Imperium 12X Fl.,
Suite C & P11
Metropolitan Kuningan Superblock,
Jl. H.R. Rasuna Said Kav. 1A
Jakarta 12980
Tel. (021) 835-4120
Fax. (021) 835-4130

PT BNI Securities

BNI Building 27th Fl
Jl. Jend Sudirman Kav. 1
Jakarta 10220
Tel. (021) 570-1205
Fax. (021) 570-3535

PT Bumiputera Capital Indonesia

Wisma Bumiputera Lt. 17Jl. Jend.
Sudirman Kav. 75
Jakarta 12910
Tel. (021) 5296-0155
Fax. (021) 5296-0148

PT CIMB Niaga Securities

Graha Niaga Lt. 12
Jl. Jend. Sudirman Kav. 58
Jakarta 12190
Tel. (021) 250-5717
Fax. (021) 250-5709

PT Ciptadana Sekuritas

Citra Graha Lt. 8
Jl. Jend. Gatot Soebroto Kav. 35–36
Jakarta 12950
Tel. (021) 523-2500
Fax. (021) 529-00360

PT Danatama Makmur

Jl. Tanah Abang II/70
Jakarta 10160
Tel. (021) 386-1982
Fax. (021) 386-1985

PT Danpac Sekuritas

Panin Bank Center 12/F
Jl. Jend Sudirman
Jakarta 10270
Tel. (021) 720-1010
Fax. (021) 720-8729

PT Dongsuh Kolibindo Securities

Graha Irama Building 6th Fl.
Jl. H. R. Rasuna Said
Block X-1 Kav. 1–2
Jakarta 12950
Tel. (021) 526-1326
Fax. (021) 526-1320

PT Equity Development Securities

Wisma Diners Club 14th Fl.
Jl. Jend. Sudirman Kav. 34
Jakarta 10220
Tel. (021) 570-0738
Fax. (021) 570-3379

PT Financorpindo Nusa

Lodan Center Blok A2
Jl. Lodan Raya No. 2
Jakarta 14430
Tel. (021) 691-8140
Fax. (021) 691-8177

PT Indokapital Securities

Plaza Chase Podium 7th Floor
Jl. Jend. Sudirman Kav. 21
Jakarta 12920
Tel. (021) 571-2580
Fax. (021) 571-2593

PT Kim Eng Securities
Deutsche Bank Bldg. 9/F
Jl. Imam Bonjol
Jakarta 10310
Tel. (021) 3983-1455
Fax. (021) 3983-1362

PT Macquarie Securities Indonesia
Jakarta Stock Exchange Building
Tower 2 Lt. 25
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Tel. (021) 515-1818
Fax. (021) 515-0849

PT Madani Securities
Perkantoran Taman A-9,
Unit B Lantai 1-3
Jl. Mega Kuningan, H.R. Rasuna Said
Jakarta 12950
Tel. (021) 576-1183
Fax. (021) 576-2265

PT Mahanusa Securities
Menara Sudirman 19th Floor
Jl. Jend. Sudirman Kav. 60
Jakarta 12190
Tel. (021) 522-6668
Fax. (021) 522-6669

PT Makinta Securities
Permata Bank Tower I, 3rd Floor
Jl. Jend. Sudirman Kav. 27
Jakarta 12920
Tel. (021) 250-6630
Fax. (021) 250-6632

PT Minna Padi Investama
Plaza Lippo Lt. 11
Jl. Jend. Sudirman Kav. 25
Jakarta 12920
Tel. (021) 525-5555
Fax. (021) 527-1527

PT Mitra Investdana Sekurindo
Gedung Wirausaha Lt. 4
Jl. H. R. Rasuna Said Block Kav. C-5
Jakarta 12940
Tel. (021) 522-9073
Fax. (021) 522-9081

PT Panin Sekuritas
Jakarta Stock Exchange Building
Tower 2 Suite 1705
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Tel. (021) 515-3055
Fax. (021) 515-3061

PT Sarijaya Permana Sekuritas
PermataBank Tower I 6/F
Jl. Jend. Sudirman Kav. 27
Jakarta 12920
Tel. (021) 523-7333
Fax. (021) 523-7748

PT Sinarmas Sekuritas
Plaza BII, 3rd Tower, 5th Floor
Jl. MH. Thamrin No.51
Jakarta 10350
Tel. (021) 392-5550
Fax. (021) 392-7177

PT Sucorinvest Central Gani
Plaza Bapindo Citibank Tower, 21st Fl
Jl. Jend. Sudirman Kav. 54-55
Jakarta 12190
Tel. (021) 526-6466
Fax. (021) 527-3930

PT Transpacific Securindo
Menara Imperium Lt. 18
Metropolitan Kuningan Superblok Kav. 1
Jl. H. R. Rasuna Said
Jakarta 12980
Tel. (021) 828-2712
Fax. (021) 835-3911

PT Trimegah Securities
Gedung Artha Graha lantai 31
Jl. Jend Sudirman kav 52-53
Jakarta 12190
Tel. (021) 515-2233
Fax. (021) 515-2328

PT Victoria Sekuritas
Gedung Panin Bank Senayan Lt. 2Jl.
Jend. Sudirman Kav. 1
Jakarta 10270
Tel. (021) 726-0021
Fax. (021) 726-0047

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