

RULE NUMBER IX.C.2 : GUIDELINES CONCERNING THE FORM AND CONTENT OF A PROSPECTUS FOR A PUBLIC OFFERING

Attachment :
 Decision of the Chairman of Bapepam
 Number : Kep-51/PM/1996
 Date : January 17, 1996
 Substitute Prior Decision
 Number : Kep 05/PM/1995
 Date : March 20, 1995

A Prospectus must contain details and material facts regarding a Public Offering, that may influence an investor's decision, that are known or should reasonably be known by the Issuer or Managing Underwriter, if any. The Prospectus must be clear and communicative. Important facts and opinions should be summarized and disclosed in the beginning of the Prospectus. The sequence of facts in the Prospectus is determined by their relevance to a specific issue, not by this rule.

Issuers must be prudent in the use of photos, charts, or tables in the Prospectus, because such materials may mislead the Public. Moreover, an Issuer must also highlight important information and facts clearly in order to attract the attention of readers.

The Issuer may include in the Prospectus the disclosure of material facts other than those specified in this rule in accordance with the Company's operations or industrial sector, in order not to mislead the public. The Issuer, Underwriter(s), and Capital Market Supporting Institutions and Professionals are responsible to determine and disclose the facts in a clear and communicative manner. The Prospectus should contain at least the following :

1. Information to be presented (disclosed) on the cover of the Prospectus:
 - a. the effective date;
 - b. the offering period;
 - c. the allotment date;
 - d. the refund date;
 - e. the Securities submission date;
 - f. the proposed listing date;
 - g. the company's full name, business address, logo (if any), telephone, telex, facsimile and PO Box number (head office, the factory and any representative office) and its main business activity;
 - h. the name of the Securities Exchange(s) (if any) where the Securities will be listed;
 - i. the nature of offering, including a description of the essential elements, amount, nominal value and price of the Securities;
 - j. the full name of the Managing Underwriter and other Underwriters, if any;
 - k. the place and date of issuance of the Prospectus;
1. The following statement in large type, which directly attracts the attention of readers:

“BAPEPAM HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES, NOR HAS IT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY CONTRADICTING REPRESENTATION THERETO IS ILLEGAL”.

- m. a statement that the Issuer and Underwriter, if any, are fully responsible for the truthfulness of all information and fairness of opinions disclosed in the Prospectus as follows: **THE ISSUER AND UNDERWRITER(S), (if any), ARE FULLY RESPONSIBLE FOR THE ACCURACY OF INFORMATION OR MATERIAL FACTS, AND OBJECTIVITY OF OPINIONS INCLUDED IN THIS PROSPECTUS;** and
 - n. a statement in capital letters which attracts the attention of readers, regarding the risk factors and possible illiquidity of the offered Securities.
2. In the case of a debt Securities offering, the following description must be added to the above requirement:
- a. the maturity date;
 - b. the interest rate;
 - c. the interest payment date(s);
 - d. an early redemption, conversion right, or warrant;
 - e. the full name of the Trust Agent;
 - e. the full name of the Guarantor(s), if any; and
 - g. the Securities rating.
3. Information that must be disclosed on the cover of the Prospectus shall at least include :
- a. if there is an intention to stabilize a certain Securities price on a Securities Exchange in order to facilitate the Public Offering, there must be a statement with the following content in large type to attract the attention of readers :
“**IN ORDER TO MAINTAIN THE MARKET PRICE OF SECURITIES, OF THE SAME OR SIMILAR TYPE OR CLASS, AS THE SECURITIES OFFERED IN THIS PUBLIC OFFERING, THE ISSUER MAY STABILIZE THE PRICE AT A HIGHER PRICE THAN WHAT WOULD EXIST ON THE SECURITIES EXCHANGE IF PRICE STABILIZATION WERE NOT APPLIED. IF APPLIED, THE PRICE STABILIZATION AS WELL AS THE PUBLIC OFFERING MAY BE TERMINATED AT ANY TIME**”.
 - b. Information that the Registration Statement has been submitted to BAPEPAM in accordance with Capital Market regulations,
 - c. a statement that all the Capital Market Supporting Institutions and Professionals mentioned in the Prospectus are fully responsible for the data presented, in accordance with the existing regulations as well as their respective codes of ethics and professional standards;
 - d. a statement that no Affiliated Person is permitted to provide information or statements regarding data that are not disclosed in the Prospectus without written authorization from the Issuer or Managing Underwriter, if any; and

- e. Whether a Securities Exchange has given preliminary approval for the Securities to be listed and the action that will be taken if the Securities Exchange rejects the Issuer's listing application.
4. The table of contents Shall contain chapters, subchapters, and page numbers.
 5. Information that must at least be disclosed in the Prospectus and divided into chapters:
 - a. The Public Offering;
 - 1) In the case of a Public Offering of Shares The number of Shares offered, the nominal value and the offering price. The rights of the shareholders with regards to dividends, preemptive rights convertible bonds, and warrants (if any). A brief statement in large type which attract the attention of readers concerning any factors which may cause the Securities trading in the Public Offering to be limited or illiquid.
 - 2) In the case of a Public Offering of debt Securities :
 - a the total nominal amount of the Securities;
 - b the numbers, numbering, and denomination of the Securities to be offered in the Public Offering;
 - c) a summary of owners' rights;
 - d) a summary of the securities' fungibility
 - e) a summary of the possibility of early redemption at the option of the Issuer or the owners;
 - f) the price and interest rate and other type of repayment of the debt Securities. If the interest rate is to be floating, describe how such floating rate is determined;
 - g) the date(s) and the amount of the debt principal repayment;
 - h) the date(s) of interest and other types of repayment;
 - i) a summary of sinking fund provisions (if any);
 - j) the debt currency denomination and other alternatives (if any);
 - k) details of the guarantee of debt principle (if any), including the name and address of the Guarantor;
 - l) the name, business address, and description of any Person(s) acting as a Trust-Agent and a Guarantor (if any);
 - m) a summary of principle requirements of the Trust Agent agreement, including those relating to the seniority of the securities compared with other outstanding debts of the Issuer and any additional future debt; and
 - n) a summary of any of the issuer's assets being pledged for the securities being offered..
 - 3) The Issuer's full name, business address, logo (if any), telephone, telex, facsimile, and PO Box number (the company's head office, factory and any representative office), and the main business activities of the Issuer.

- 4) A brief statement in large type concerning any substantial risk factors that may cause a material loss of the Securities' quality.
 - 5) The capital structure at the time the Prospectus is published, including authorized, issued and fully paid in capital, including :
 - a) the number and value of shares to be offered to the public;
 - b) the number and nominal value of each share and the total;
 - c) information whether the shares issued and offered to the public are newly issued or in the portfolio and fully paid shares;
 - d) A statement regarding the number and percentage of Shares to be listed on a Securities Exchange (divided into shares offered to the public and additional fully paid shares listed);
 - e) A statement with regard to the intention of the Issuer or existing shareholders to issue or list other shares within 12 (twelve) months after the effective date.
 - 6) A description of the capital structure, prior to and after the Public Offering (in a table form) which includes :
 - a) the authorized, issued and fully paid-in capital (total number of shares, nominal value, and total nominal value of shares);
 - b) a description of ownership by shareholders that own 5% or more, and directors and commissioners (number of shares, nominal value and the percentage);
 - c) shares in the portfolio including the number and the nominal value of the shares;
 - d) proforma capital shares for the convertible securities, (if any).
- b. the use of funds obtained from the Public Offering A description regarding the objectives of the Public Offering and the use of the funds obtained after deducting the costs that includes the following:
- 1) a detailed description of the use of funds from the Public Offering for the development of existing facilities, diversification, additional working capital etc.;
 - 2) The amount of net proceeds, to be used in whole or in part, for debts. If the creditor of any debt is affiliated with the Issuer, this fact and the nature of the relationship with the Issuer must be disclosed; and
 - 3) The estimated amount of the net proceeds to be applied, directly or indirectly, for the purchase of or investment in any other Company, (if any). If such Company is an affiliated Person of the Issuer, this fact and the nature of relationship existing with the Issuer must be disclosed.
- c. Statement of Liabilities; Information that must be disclosed includes:
- 1) a statement regarding liabilities on the last financial statement date including the amount of current and long term liabilities;
 - 2) details of liabilities in accordance with the balance sheet accounts;
 - 3) commitments and contingencies on the last financial statement date; and
 - 4) a representation letter that includes:
 - a) a statement that the full details of liabilities in the last financial statement

have been disclosed in the Prospectus;

- b) a statement regarding liabilities after the balance sheet date through the date of the audit report and liabilities after the date of the audit report through the effective date of the Registration Statement; and
- c) a management statement regarding the ability of management to settle the liabilities.

d. Discussion and Analysis by Management

The Issuer must provide a narrative summary statement discussing and analyzing the financial statement and other information reflected in the Prospectus, for the purpose of explaining the financial condition and business activities of the Issuer at the time when the Prospectus is published and the anticipated prospects for the future. To the extent important in obtaining an understanding of the Issuer's financial condition and the investor's decision to invest in relation to the Securities offered in this Public Offering, such discussion and analysis must include:

- 1) a discussion of any known trends, demands, commitments, events or uncertainties that will, or may possibly, result in a material increase or decrease in the Issuer's liquidity;
- 2) a discussion of the Issuer's material commitments for capital goods investments explaining the purpose of such commitments, the anticipated source of funds required to fulfill such commitments, the currency in which such commitments are denominated, and any plans the Issuer has to hedge any foreign currency exposure risks;
- 3) a discussion on the extent to which the Issuer's future operating results or financial condition are exposed to fluctuations of exchange or interest rates; this must include information on all material unhedged foreign currency loans and unhedged commitments denominated in a foreign currency, or debts for which the interest rate payable is not fixed in advance;
- 4) a review and analysis of reported financial statements, that contain events which are extraordinary and non recurring in nature;
- 5) a description of unusual or infrequent events or transactions, or any significant economic changes that may affect the amount of reported income in the audited financial statements reflected in the Prospectus, with emphasis on the latest financial statements. In addition, a description of any other significant components of revenues or expenses deemed necessary by the Issuer in order to understand the Issuer's operating results;
- 6) if the financial statements reflected in the Prospectus disclose material increases in net sales and revenues, a discussion on the extent of such increases which may be attributable to any price increases, volume, or amount of goods or services sold, or the availability of new products or services;
- 7) a discussion on the impact of changing prices on the Issuer's net sales and revenues and on operating income for the 3 (three) most recent financial years of the issuer or for such shorter period during which the Issuer has been in business; and
- 8) If desired by the Issuer, a discussion on its future prospects. If financial forecasts or projections are disclosed, they must be prepared carefully and objectively and based

on reasonable assumptions. The methods of calculation must be examined and reported on by the Accountant that audits the financial statements of the Issuer. However, the Issuer is directly responsible for the reasonableness of the forecasts and projections.

- e. Business Risks Arrange according to the degree of risk, information on risks due to, among other things:
 - 1) competition;
 - 2) supply of raw materials;
 - 3) foreign or international regulations; and
 - 4) government policy.
- f. Important Events after the Date of the Auditor's Report Information on all material events subsequent to the date of the Auditor's report.
- g. Description regarding the Issuer
 - 1) brief history of the Company
 - a) information regarding the establishment of the Company including among other things, the date, shareholders, full name and business activity. The description must include a brief history of the initial organization of the business, including the form and name of the organization. A description of the nature and results of any bankruptcy, receivership or similar court proceedings with respect to the company. A description of the nature and results of any significant reclassification, merger, or consolidation of the issuer or its Affiliated Companies. A description of any material assets acquired other than in the ordinary course of business and any significant changes in the mode of conducting the business;
 - b) a brief history of legal documents, in chronological order, related to the establishment of the Company and the important changes thereafter, including the deed of establishment, Minister of Justice approval, and state court registration to include announcement in the State Gazette Supplement;
 - c) significant changes of ownership after the establishment;
 - d) events related to the development of the business activities of the Company, such as a significant addition of production facilities or the adoption of a new technology;
 - e) important agreements regarding licensing, major buyers, appointment as the sole agent or distributor of significant products, technical agreements, etc.;
 - f) a general description of existing facilities owned by the Issuer, such as land, buildings, and factories and their status; and
 - g) relationships with other companies based on ownership, common shareholders or other factors.
 - 2) Management and Supervision
 - a) names and pictures of members of the board of directors and the board of

commissioners;

- b) a brief description of every member of the board of directors and the board of commissioners, including:
 - (1) citizenship;
 - (2) age;
 - (3) present and previous positions;
 - (4) relevant working experience and activities; and
 - (5) if education is disclosed, the school, field of study, and the year of graduation must be indicated.

3) Human Resources

- a) a break-down of employees by position and education (presented in a table);
- b) educational and training facilities (if any);
- c) foreign employees; if any
- d) welfare benefits (if any), such as:
 - (1) medical;
 - (2) transportation;
 - (3) labor agreements (SPSP, KKB);
 - (4) insurance (such as ASTEK);
 - (5) cooperatives; and
 - (6) pension funds.

h. Business Activities and Prospects of the Issuer A general description of the Company's business activities, its principal products and or services, and its position in the industry (if a reliable source for such data is available), including:

- 1) Production or Operations
 - a) information regarding the sources and the availability of raw materials for production and the extent of dependency on any single supplier;
 - b) information regarding the production and quality control process, including a general description of the development status of certain products and services, to include whether such development will require any substantial investment. This paragraph is not intended to require disclosure of non-public corporate information, the disclosure of which would adversely affect the company's competitive position;
 - c) the production and output capacity for the most recent 5 (five) years or such shorter period since the establishment of the Company;
 - d) the company's principal products and services;

- e) the valid period of principal patents, trademarks, licenses, franchises and concessions and their importance to the Company;
 - f) the extent of the Company's dependence on a single or a group of customers;
 - g) the seasonality of the business activities (if any);
 - h) business activities of the company, related to working capital, which present specific risks such as:
 - (1) maintaining a significant amount of supplies;
 - (2) providing the option to return merchandise; or
 - (3) providing extended payment terms to customers;
 - i) a description of the current backlog of orders, the development of such orders over the past three years and the possibilities of future backlog orders;
 - j) dependence on government contracts;
 - k) competitive conditions in the industry including the relative competitive position of the company (if a reliable source for such data is available);
 - l) summary information on research and development expenses;
 - m) a description on the marketing activities including among other things:
 - (1) the marketing area for products;
 - (2) the selling and distribution system; and
 - (3) data regarding sales figures of the company and its subsidiaries in rupiah value (in conformity with the financial report) and in units (if any) for the last five years or such shorter period since the establishment of the company. (If possible sales data should be divided into major product classifications).
 - n) a description of the company's prospects in relation to the industry, the general economy and the international market. Quantitative supporting data may be added if a reliable source of such data is available; and
 - o) transactions with affiliated persons including the type of transaction, the volume, the period and the price (if any).
- i. Summary of Important Financial Data
- 1) a statement that the financial statements are the source of the data;
 - 2) a statement whether the financial statements have been audited by an Accountant and an indication of the period covered;
 - 3) Presented data must be consistent with the financial statements including the names of accounts used;
 - 4) in addition to data from the financial statements, relevant financial ratios of the industry must also be presented; and
 - 5) important financial data for the last 5 (five) years or such shorter period since the establishment of the Company;

- j. Stockholders' Equity Information regarding stockholders' equity based on the financial statements audited by the Accountant including:
- 1) a table showing details of equity for all periods shown in the financial statements;
 - 2) changes in the company's capital structure including among other things, changes in authorized capital approved by the Minister of Justice, changes in issued and paid in capital and the nominal per share value;
 - 3) changes in capital structure after the most recent financial statement date;
 - 4) the Public Offering schedule for either stock or convertible bonds shall include the amount offered, nominal value of the stock, and or the total nominal value of convertible bonds; and
 - 5) A table reflecting the proforma adjustments on the corporate capital structure against the most recent financial statements, indicating the effect of the Securities offering to be made and other changes to the components of the capital accounts in the latest financial statements. If the Public Offering is of convertible bonds, the table should show the equity position at the financial statement date assuming that all of the convertible bonds were converted on that date.
- k. Dividend Policy A statement regarding proposed dividend policy, including the percentage range of the proposed amount related to the amount of net profits or other basis.
- l. Taxation A description of applicable taxation, both to the investor as well as to the company, and any special tax advantages that may be applicable.
- m. Underwriting
- 1) a description regarding important provisions of the underwriting agreement, including names of the Managing Underwriter(s), Underwriters, the type of underwriting and the amount underwritten by each Underwriter, (if any)
 - 2) disclosure affiliation relationships between the Underwriter(s) and the Issuer; and
 - 3) the determination of the Securities price for the Public Offering.
- n. Capital Market Supporting Institutions and Professionals
- 1) the names, addresses and written statements from the Trust Agent, Guarantor, Notary Public, Legal Consultant, Accountant, Appraiser and any other professionals (for example geologist) participating in the Public Offering; and
 - 2) the disclosure that the Capital Market Supporting Professionals are independent and have no affiliation with the Issuer.
- o. Legal Opinion An opinion by the Legal Consultant including, among other things:
- 1) the legality of the deed of establishment and the articles of association including any amendments thereto;
 - 2) the legality of agreements regarding the Public Offering and other important agreements;
 - 3) whether all licenses and approvals required to perform the business or proposed business of the Issuer have been duly obtained;

- 4) the status of ownership of material assets of the Issuer;
 - 5) Any material litigation, prosecution or other civil or criminal legal action in which the Issuer or any of its commissioners or directors is involved;
 - 6) whether the Issuer's capital and any proposed changes thereto are in conformity with applicable rules and regulations and have received all necessary approvals; and
 - 7) any other material items related to the legal status of the Issuer and the Securities offering.
- p. Financial Statements
- 1) an accountant's report on the financial statements;
 - 2) the principal financial statements for the last three years or such shorter period since the establishment of the business, for businesses that have been in existence for less than 3 (three) accounting years, as follows:
 - a) balance sheets;
 - b) income statements;
 - c) retained earning statements;
 - d) cash flow statements;
 - e) notes to the financial statements; and
 - f) any other report and explanatory material that are part of the financial statements (if applicable), such as a statement of commitments and contingencies for the Issuers in the Banking business. If the effectiveness of a Registration Statement is over 180 (one hundred eighty) days after the date of the latest annual financial statements, these latest financial statements must be up-dated with audited interim financial statements, so that the period between the effectiveness of the Registration Statement and interim financial statements is not more than 180 (one hundred eighty) days.
- q. Appraiser's Report (if any) A summary of the Appraiser's report which includes among other things, the methods of appraising, a description of the property involved, and the results of the appraisal.
- r. Articles of Association The current articles of association approved by the Minister of Justice.
- s. Terms for Orders to Purchase Securities
- 1) submission of an order to purchase Securities;
 - 2) acceptable applicants;
 - 3) the number ordered;
 - 4) submission of order forms;
 - 5) offering period;

- 6) allotment date;
 - 7) special orders by employees;
 - 8) payment terms;
 - 9) order form receipts;
 - 10) allotment of Securities;
 - 11) cancellation of orders;
 - 12) refunds;
 - 13) delivery of Securities certificates; and
 - 14) other terms, if any.
- t. Distribution of Prospectuses and Order Forms a listing of the names, addresses, and phone numbers of Underwriters and Selling Agents.
- u. Trust Agent and Guarantor For bonds and other debt Securities, information about the Guarantor (if any) and the Trust Agent, including among other things:
- 1) the full name;
 - 2) the capital structure;
 - 3) the boards of directors and commissioners;
 - 4) the type of business;
 - 5) the main responsibilities of the Trust Agent and Guarantor (if any);
 - 6) changes of Trust Agent or Guarantor (if any); and
 - 7) comparative financial statements.