

# PROSPECTUS

The Date of Extraordinary General Meeting of Shareholders	: 15 April 2016	Last Date for Payment of Shares	: 22 June 2016
Effective Date	: 2 June 2016	Rights Trading Period	: 16 – 22 June 2016
Recording Date for Shareholders Entitled to Receive Pre-emptive Rights	: 14 June 2016	Last Date for Payment of Excess Share	: 24 June 2016
Date of the Pre-emptive Rights Certificate Distribution	: 15 June 2016	Allotment Date	: 27 June 2016
Commencement Date of the Execution of the Pre-emptive Rights	: 16 June 2016	Refund Date	: 29 June 2016
Last Date of the Execution of the Pre-emptive Rights	: 22 June 2016	Payment Date by the Standby Purchaser	: 29 June 2016

**INDONESIAN FINANCIAL SERVICES AUTHORITY DOES NOT PROVIDE ANY REPRESENTATIONS TO APPROVE OR NOT APPROVE THESE SECURITIES AND DOES NOT PROVIDE ANY REPRESENTATIONS REGARDING THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION THAT IS CONTRADICTORY HERETO IS ILLEGAL.**

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. IN CASE OF DOUBT ON THE ACTIONS TO BE TAKEN, PLEASE CONSULT WITH A COMPETENT PARTY.**

**PT BENTOEL INTERNASIONAL INVESTAMA TBK. (THE "COMPANY") IS FULLY RESPONSIBLE FOR THE ACCURACY OF ANY INFORMATION OR MATERIAL FACTS, DATA OR REPORTS AND THE INTEGRITY OF OPINIONS STATED IN THIS PROSPECTUS.**



## BENTOEL GROUP

### PT BENTOEL INTERNASIONAL INVESTAMA, TBK.

#### Main Business Activity:

Engaged in Tobacco Processing, Cigarette Industry, and Participation in Subsidiaries Which are Engaged in the Production & Distribution of Cigarettes

Domiciled in South Jakarta, Indonesia

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#### **RIGHTS ISSUE III ("RI III") TO THE SHAREHOLDERS OF THE COMPANY IN THE FRAMEWORK OF THE ISSUANCE OF PRE-EMPTIVE RIGHTS ("RIGHTS")**

The Company offers 29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) new Common Shares, issued by the Company from the portfolio of the Company or as much as 80.1% (eighty point one percent) of the issued and paid-up capital after the RI III with a nominal value of Rp50,00 (fifty Rupiah) for each share. Each holder of 36 (thirty-six) Existing Shares whose name have been registered in the Shareholders Register of the Company on 14 June 2016 at 16.00 WIB is entitled to 145 (one hundred forty-five) Rights, where 1 (one) Rights entitles the holder to buy 1 (one) New Share in the RI III with Rights execution price of Rp480.00 (four hundred eighty Rupiah) per share which must be paid in full at the time of subscribing the exercise of the Rights. The total of the proceeds that will be received by the Company in this RI III is in the amount of Rp13,997,343,000,000.00 (thirteen trillion nine hundred ninety seven billion three hundred forty three million Rupiah). All of the shares offered in the framework of this RI III with the issuance of Pre-emptive Rights are ordinary shares with same and equal rights in all regards with other shares that have been fully paid up. Every Right in the form of fraction will be rounded down, where the right to the fraction of the New Shares will be sold to the Company and the proceeds will be placed into the account of the Company.

As required by OJK Regulation No. 32/2015, the Company has obtained prior approval from the shareholders of the Company with regards to the RI III in the Extraordinary General Meeting of Shareholders which has been held on 15 April 2016, which have been restated and affirmed in the Deed of Resolution of Extraordinary General Meeting of Shareholders No. 55 dated 15 April 2016, made before Mala Mukti, S.H., LL.M., Notary in Jakarta.

Pre-emptive Rights Proof Certificate will be registered in IDX and can be traded inside or outside of IDX through the duration of the Rights trading period in no later than 5 (five) working days commencing from 16 June 2016 until 22 June 2016. The Rights may be executed during the Rights trading period through submitting a Share Subscription Form. The Rights that are not executed at the end of the Rights trading period is deemed no longer valid. All the Common Shares originating from the execution of the Rights will be registered in IDX on 16 June 2016.

If the New Shares offered in RI III are not entirely taken or bought by the shareholders or Pre-emptive Rights proof holder, the remaining shares will be allocated to other shareholders who subscribe larger than their rights as stated in the Pre-emptive Rights Proof Certificate or Subscription Form and Purchase of Additional Shares proportionally based on the rights that have been executed. If after such allocation there still exists New Shares that have not been bought, then all the said New Shares will be bought by British American Tobacco (2009 PCA) Limited ("BAT 2009"), as the Standby Purchaser of the RI III, in the maximum amount of 4,212,902,001 (four billion two hundred twelve million nine hundred two thousand one) shares at the Rights execution price of Rp480.00 (four hundred eighty Rupiah) per share, in accordance with the Deed of Standby Purchaser Agreement No. 56 dated 15 April 2016 as amended and restated under Deed of Amendment and Restatement of Standby Purchaser Agreement No. 24 dated 11 May 2016, both made before Mala Mukti, S.H., LL.M., Notary in Jakarta.

In accordance with Statement Letter of Funds Adequacy and Undertaking of the Main Shareholder to Execute the Rights with regards to the RI III dated 1 June 2016, BAT 2009, as the substantial shareholder of the Company, is capable and committed to take the New Shares issued by the Company through the exercise of Rights which will be acquired by BAT 2009 defined in proportion to the share ownership on the RI III.

**MAIN BUSINESS RISKS FACED BY THE COMPANY IS RISK DUE TO DEPENDENCY OF THE COMPANY ON PRODUCTION AND CIGARETTE SALES, AND EACH SIGNIFICANT DECREASE OF THE CONDITION IN THE CIGARETTE MARKET MAY AFFECT OPERATIONS AND PROFITABILITY OF THE COMPANY. THE COMPLETE BUSINESS RISKS OF THE COMPANY IS STATED IN CHAPTER VII OF THIS PROSPECTUS.**

**APART FROM THE MAIN SHAREHOLDER WHICH WILL TAKE ITS PORTION OF RIGHTS, EXISTING SHAREHOLDERS WHO ARE NOT EXERCISING THEIR RIGHTS TO PURCHASE NEW SHARES OFFERED IN THIS RI III IN ACCORDANCE WITH THEIR PRE-EMPTIVE RIGHTS WILL SUFFER REDUCTION OF THEIR OWNERSHIP PERCENTAGE OF THE SHARES IN THE COMPANY (DILUTION) OF 80.1% (EIGHTY POINT ONE PERCENT).**

PT Bentoel Internasional Investama, Tbk. (the “**Company**”) has submitted a Registration Statement in connection with the Rights Issue III in the framework of the issuance of the Pre-emptive Rights, addressed to the Head of Securities Exchange Supervisory Executive, the Financial Services Authority in Jakarta, with Letter No. 029/BINI-OJK/JFM/IV/2016 dated 15 April 2016, in accordance with the requirements stipulated under OJK Regulation No. 32/POJK.04/2015 dated 22 December 2015 on Public Company Capital Increase with Pre-emptive Rights and Law No. 8 of 1995 dated 10 November 1995 on Capital Market and its implementing regulations.

Supporting Institutions and Professionals of the Capital Market in the framework of this RI III are fully responsible for the accuracy of all of the data, information or reports and the validity of the opinions presented in this Prospectus, in accordance with the functions and position under the provisions of the legislation in regarding capital markets, code of ethics, norms and standards of their respective professions.

With regards to this RI III, each affiliated party is prohibited to provide information or statements with regards to data that is not disclosed in the Prospectus, without the prior written approval from the Company.

Supporting Institutions and Professionals of the Capital Market in the framework of this RI III state that they have given written consent and do not revoke such consent regarding the inclusion of the name of the Supporting Institutions and Professionals of the Capital Market.

**INFORMATION, DATA, OPINIONS AND REPORTS CONTAINED IN THIS PROSPECTUS ARE PROVIDED AND MADE UNDER THE STATE OF THE COMPANY AS OF TO DATE OF THE ISSUANCE OF THIS PROSPECTUS, UNLESS EXPRESSLY STATED OTHERWISE. THIS STATEMENT IS NOT INTENDED TO BE INTERPRETED OR CONSTRUED THAT THERE IS A CHANGE OF INFORMATION, DATA, OPINIONS, AND REPORTS AFTER THE DATE OF ISSUANCE OF THIS PROSPECTUS.**

**THIS RI III IS NOT REGISTERED UNDER THE LAW/REGULATION OTHER THAN THOSE APPLICABLE IN INDONESIA. TO PERSONS WHO ARE OUTSIDE OF INDONESIA AND RECEIVE THIS PROSPECTUS OR PRE-EMPTIVE RIGHTS PROOF CERTIFICATE OR OTHER DOCUMENTS RELATING TO THIS RI III, SUCH DOCUMENTS ARE NOT INTENDED AS AN OFFERING DOCUMENT TO PURCHASE SHARES OR TO CONDUCT THE PRE-EMPTIVE RIGHTS, EXCEPT FOR SUCH OFFERING OR PURCHASE OF SHARES OR PRE-EMPTIVE RIGHTS EXECUTION THAT IS NOT CONTRARY TO OR NOT CONSISTING A VIOLATION OF LAWS/REGULATIONS APPLICABLE IN SUCH STATE.**

**THE COMPANY HAS DISCLOSED ALL OF THE INFORMATION REQUIRED TO BE KNOWN BY THE PUBLIC AND THERE IS NO INFORMATION THAT HAS NOT BEEN DISCLOSED THAT WOULD CAUSE THE PUBLIC TO BE MISLEAD.**

## TABLE OF CONTENT

TABLE OF CONTENT .....	i
DEFINITIONS AND ABBREVIATIONS .....	iii
SUMMARY .....	x
I. RIGHTS ISSUE III .....	1
II. USE OF PROCEEDS .....	7
III. STATEMENT OF LIABILITIES .....	10
IV. SUMMARY OF IMPORTANT FINANCIAL INFORMATION .....	15
V. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	20
VI. IMPORTANT EVENTS AFTER THE DATE OF THE ACCOUNTANT IS REPORTED .....	36
VII. RISK FACTORS .....	37
VIII. BUSINESS LINE AND PROSPECTS OF THE COMPANY AND SUBSIDIARIES .....	48
A. Brief History of the Company .....	48
B. Development of the Company's Shares Ownership .....	50
C. Brief Overview of the Legal Entity Shareholders .....	53
D. Management and Monitoring of the Company .....	54
E. Description of the Company's Subsidiaries .....	66
F. Organizational Structure, Management and Supervision of the Company and Corporate Majority and Controlling Shareholders .....	90
G. Licenses Of The Company And Its Subsidiaries .....	91
H. Description Regarding The Intellectual Property Rights Of The Company And The Subsidiaries .....	93
I. Agreements With Affiliated Parties .....	105
J. Material Agreements with Third Parties .....	106
K. Judicial Proceedings Faced by the Company, Its Subsidiaries, Members of The Board of Directors And Members of The Board of Commissioners of The Company .....	112
L. Prospect of the Company .....	113
M. Industry Overview .....	121

<b>IX.</b>	<b>EQUITY .....</b>	<b>123</b>
<b>X.</b>	<b>DIVIDEND POLICY.....</b>	<b>125</b>
<b>XI.</b>	<b>TAXATION .....</b>	<b>127</b>
<b>XII.</b>	<b>INFORMATION REGARDING STANDBY PURCHASER .....</b>	<b>129</b>
<b>XIII.</b>	<b>CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS .....</b>	<b>132</b>
<b>XIV.</b>	<b>PROCEDURE FOR SHARES SUBSCRIPTION .....</b>	<b>135</b>
<b>XV.</b>	<b>DISTRIBUTION OF PROSPECTUS AND SHARES SUBSCRIPTION FORMSDISTRIBUTION OF PROSPECTUS AND SHARES SUBSCRIPTION FORMS .....</b>	<b>142</b>
<b>XVI.</b>	<b>ADDITIONAL INFORMATION .....</b>	<b>143</b>

## DEFINITIONS AND ABBREVIATIONS

Unless stated otherwise in the Propsectus, the terms within the Prospectus have the following meanings:

<b>Account Holder</b>	:	Means the party whose name is registered as the owner of a Securities Account in KSEI which includes the Custodian Bank or the Securities Company or other parties approved by KSEI, with due regard to the Capital Market Law and Regulations of KSEI.
<b>Additional FPPS</b>	:	Means Additional Shares Subscription Form ( <i>Formulir Pemesanan Pembelian Saham Tambahan</i> ) which is an application form submitted to BAE or the Company through Stock Exchange Member/Custodian Bank, which is used by electronic Pre-emptive Rights holder who intended to book additional shares exceeding the specified portion.
<b>Affiliation</b>	:	Means the relationship defined in Article 1 of Capital Market, which are: <ul style="list-style-type: none"> <li>(a) a family relationship by marriage and descent to the second degree, both horizontal as well as vertical;</li> <li>(b) a relationship between a Person and it's employees, directors or commissioners;</li> <li>(c) a relationship between the two (2) companies with 1 (one) or more directors or commissioners in common;</li> <li>(d) a relationship between a company and a person that directly or indirectly, controls or is controlled by that company;</li> <li>(e) a relationship between two (2) companies that are controlled directly or indirectly by the same person; or</li> <li>(f) the relationship between a company and a substantial shareholder.</li> </ul>
<b>BAE</b>	:	Means the Company's Securities Administration Bureau ( <i>Biro Administrasi Efek</i> ) or the party administrating shares in the Public Offering appointed by the Company, in this case PT Datindo Entrycom domiciled in Jakarta.
<b>Bapepam</b>	:	Means Capital Market Supervisory Agency ( <i>Badan Pengawas Pasar Modal</i> ) as set out in Article 3 paragraph 1 of the Capital Market Law or the replacements and recipient of rights and obligations.
<b>Bapepam - LK</b>	:	Means Capital Market and Financial Institutions Supervisory Agency ( <i>Badan Pengawas Pasar Modal dan</i>

*Lembaga Keuangan*) as set out in Minister of Finance of the Republic of Indonesia Decree No.606/KMK.01/2005 dated 30 December 2005 on Organization and Work Procedure of the Capital Market and Financial Institution Supervisory Agency, or the replacement and recipient rights and obligations and the Ministry of Finance Regulation No. 184/PMK.01/2010 dated 11 October 2010 on the organization and functioning of the Ministry of Finance.

<b>BAT</b>	:	British American Tobacco p.l.c.
<b>BAT 2009</b>	:	British American Tobacco (2009 PCA) Limited
<b>Capital Market Law</b>	:	Means the Law of the Republic of Indonesia No. 8 of 1995 dated 10 November 1995 on Capital Market, State Gazette of the Republic of Indonesia No. 64 of 1995, Supplement No. 3608 including its implementing regulations.
<b>C-BEST</b>	:	Central Depository-Book Entry Settlement System, the Central Depository services delivery system and automatic settlement of securities transactions through computer facilities.
<b>Collective Custody</b>	:	Means collective custody services on securities owned jointly by more than one party whose interests are represented by the Custodian as defined in the Capital Markets Law.
<b>Collective Shares Certificate</b>	:	Means Collective Shares Certificate ( <i>Surat Kolektif Saham</i> ), which are proof of shares ownership in the amount stated in such certificate issued by the Company to its shareholders in the event that the shareholders do not place their shares in Collective Custody of KSEI.
<b>Company</b>	:	Means PT Bentoel Internasional Investama Tbk., a limited liability company duly established under and by virtue of the Laws of the Republic of Indonesia and domiciled in Central Jakarta.
<b>Company Law</b>	:	Means the Law of the Republic of Indonesia No. 40 of 2007 dated 16 Agustus 2007 on Limited Liability Company, State Gazette of the Republic of Indonesia No. 106 of 2007 Supplement No. 4756, including its implementing regulations and any amendments and renewals to it in the future.
<b>Custodian</b>	:	Means the party which gives custody services for securities and other assets related to securities, and also provides other services including receiving interest and other rights, settlement of Securities transactions and representing the Account Holder which has become the custodian's client in accordance with the provisions of

the Capital Market Law, which includes KSEI, the Securities Company and the Custodian Bank.

<b>Custodian Bank</b>	:	Means commercial banks that have received approval from the OJK to carry on business as a Custodian as defined in the Capital Market Law.
<b>DPS</b>	:	Means Shareholders Register ( <i>Daftar Pemegang Saham</i> ), or the register issued by KSEI comprising of information regarding securities ownership by the securities holder in Collective Custody at KSEI based on the data provided by the account holder in KSEI.
<b>EGMS</b>	:	Means the Extraordinary General Meeting of Shareholders, held in accordance with the provisions of the articles of association of the Company and Law No. 40 of 2007 on Limited Liability Companies, Capital Market Law and its implementing regulations.
<b>Existing Shares</b>	:	Means the shares of the Company that have been issued up to the date of this Prospectus as contained in the Deed of Extraordinary General Meeting of the Company No. 57 dated 23 February 2015, made before Mala Mukti, SH, L.Lm, Notary in Jakarta.
<b>GMS</b>	:	Means the General Meeting of Shareholder, which is the general meeting of shareholders of the Company held in accordance with the provisions of the articles of association of the Company and Law No. 40 of 2007 on Limited Liability Companies, Capital Market Law and its implementing regulations.
<b>Government</b>	:	Means the Government of the Republic of Indonesia.
<b>IDX</b>	:	Means the Indonesian Stock Exchange ( <i>Bursa Efek Indonesia</i> ) which is a party conducting and providing system and/or facilities to bring together Securities sale and purchase offering of other parties with the aim to trade Securities among them, organized by PT Bursa Efek Indonesia as mentioned in Article 1 paragraph 4 of Capital Market Law, a limited liability company domiciled in Jakarta, where the Company's share are listed.
<b>KSEI</b>	:	Means <i>PT Kustodian Sentral Efek Indonesia</i> or Central Securities Depository Indonesia, domiciled in Jakarta, which serves as the Depository and Settlement Institution as defined in the Capital Market Law.
<b>MOLHR</b>	:	Means the Minister of Law and Human Rights of the Republic of Indonesia, previously Minister of Justice of the Republic of Indonesia, which has been changed to "Minister of Law and Legislation of the Republic of Indonesia" and "Minister of Justice and Human Rights of the Republic of Indonesia".

<b>New Shares</b>	:	Means Ordinary Shares issued in the amount of maximum 29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) shares with a nominal value of Rp50.00 (fifty Rupiah) at an offering price of maximum Rp480.00 - (four hundred eighty Rupiah) per share, with a total of Rp13,997,343,000,000.00 (thirteen trillion nine hundred ninety seven billion three hundred forty three million Rupiah).
<b>OJK</b>	:	Means the Financial Services Authority ( <i>Otoritas Jasa Keuangan</i> , previously Bapepam-LK), as defined in Law No.21 of 2011 on Financial Services Authority, which is an independent institution free from interference by other parties, and which has the function, duties, and authority of regulating, supervising, examining and investigating as referred to in such Law.
<b>OJK Regulation No. 30/2015</b>	:	Means Financial Services Authority Regulation No.30/POJK.04/2015 dated 16 December 2015 regarding Report of Realization of Use of Public Offering Proceeds, State Gazette No. 305 of 2015, Supplement No. 5579.
<b>OJK Regulation No. 32/2014</b>	:	Means Financial Services Authority Regulation No. 32/POJK.04/2014 dated 8 December 2014 regarding Planing and Implementation of the General Meeting of Shareholders of a Public Company State Gazette No. 374 of 2014, Supplement No. 5644.
<b>OJK Regulation No. 33/2014</b>	:	Means Financial Services Authority Regulation No. 33/POJK.04/2014 dated 16 December 2015 regarding Board of Directors and Board of Comissioners of Public Companies State Gazette No. 375 of 2014, Supplement No. 5781.
<b>OJK Regulation No. 32/2015</b>	:	Means Financial Services Authority Regulation No. 32/POJK.04/2015 dated 8 December 2014 regarding Capital Increase of Public Company By Way of Giving Pre-emptive Rights State Gazette No. 307 of 2015, Supplement No. 5645.
<b>OJK Regulation No. 33/2015</b>	:	Means Financial Services Authority Regulation No. 33/POJK.04/2015 dated 16 December 2015 regarding the Contents of Propsectus in the framerwork of Capital Increase of Public Company By Way of Giving Pre-emptive Rights State Gazette No. 308 of 2015, Supplement No. 5782.
<b>Prospectus</b>	:	Means the final written document prepared by the Company, which contains all the important information and facts concerning the Company and the Shares in the Rights Issue in accordance with Article 1 item 26 of the Capital Market Law and the Implementation Rules.



<b>PSAK</b>	:	Means the Financial Accounting Standard applicable in Indonesia.
<b>Rights Issue III or RI III</b>	:	Means the offering of 29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) new common shares with a nominal value of Rp50,00 (fifty Rupiah) for each share with RI Execution price of Rp480.00 (four hundred eighty Rupiah).
<b>RI III Execution Price</b>	:	Means the Price offered to the shareholders of the Company in RI III to execute their rights into 1 (one) new share, which is Rp480.00 (four hundred eighty Rupiah) per share.
<b>ROE</b>	:	Means Return on Equity, which is the ratio between the amount of net income by total equity in the same period.
<b>SBHMETD</b>	:	Means Pre-emptive Rights Proof Certificates ( <i>Sertifikat Bukti Hak Memesan Efek Terlebih Dahulu</i> ) or the title deed or certificate issued by the Company to Shareholders to prove preemptive rights, which can be traded during the trading period.
<b>Securities</b>	:	Means securities, which are debt acknowledgement letters, commercial securities, stocks, bonds, evidence of debt, investment units of collective investment contracts, futures contracts on securities and any derivatives of the Securities referred to in Article 1 item 5 of the Capital Market Law.
<b>SKM</b>	:	Means <i>Sigaret Kretek Mesin</i> or machine-made clove cigarettes.
<b>SKT</b>	:	Means <i>Sigaret Kretek Tangan</i> or hand-rolled clove cigarettes.
<b>SPM</b>	:	Means <i>Sigaret Putih Mesin</i> or machine-made white cigarettes.
<b>SPT</b>	:	Means <i>Sigaret Putih Tangan</i> or hand-rolled white cigarettes.
<b>Standby Purchaser</b>	:	Means BAT 2009, which is the Main Shareholder of the Company, who will take the remainder of the shares not subscribed by the shareholders of the Company under the Deed of Standby Purchase Agreement No. 56 dated 15 April 2016 as amended and restated by Deed of Amendment and Restatement of Standby Purchase Agreement No 24 dated 11 May 2016, both made before Mala Mukti, SH, LL.M., Notary in Jakarta.
<b>Securities Account</b>	:	Means the account containing records of shares positions and/or funds owned by shareholders which are administered in KSEI or the Account Holder pursuant to an agreement signed account opening Securities of shareholders with the Securities Company or Custodian

Bank.

**Subsidiaries** : Means the subsidiaries of the Company whose financial statement has been consolidated with the Company's, in accordance with the Financial Accounting Standard applicable in Indonesia.

**UUWDP** : Means the Law of the Republic of Indonesia No. 3 of 1982 dated 1 February 1982 regarding Mandatory Company Register, State Gazette No. 7 of 1982, Supplement No. 3214, and its implementing regulations and amendments or renewals.

## Abbreviations of Subsidiaries

<b>AMI</b>	:	Means PT Amiseta
<b>BBD</b>	:	Means PT Bintang Boladunia
<b>BDU</b>	:	Means PT Bentoel Distribusi Utama
<b>BJS</b>	:	Means PT Bintang Jagat Sejati
<b>BP</b>	:	Means PT Bentoel Prima
<b>BPJ</b>	:	Means PT Bintang Pesona Jagat
<b>CPB</b>	:	Means PT Cipta Pesona Bintang
<b>JVT</b>	:	Means PT Java Tobacco
<b>LWS</b>	:	Means PT Lestari Putra Wirasejati
<b>PDS</b>	:	Means PT Perusahaan Dagang Suburaman
<b>PTT</b>	:	Means PT Pantura Tobacco
<b>TRN</b>	:	Means PT Perusahaan Dagang dan Industri Tresno

## SUMMARY

*The summary below constitutes an inseparable part and should be read in conjunction with further detailed information, including the consolidated financial statements as well as the related notes on the consolidated financial statements. The summary is drafted based on facts and considerations important for the Company. All financial information contained in this Prospectus were derived from the consolidated financial statements of the Company presented in Rupiah currency presented in accordance with Indonesian Financial Accounting Standards, unless stated otherwise.*

*Unless otherwise noted, all discussions on financial information written in this Prospectus are based on the consolidated financial statements. All financial information, including balances, totals, and percentages, which are presented in this Prospectus are rounded in millions of Rupiah, unless stated otherwise. Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.*

### A. General

The **Company**, domiciled in South Jakarta, was first established under the name PT Rimba Niaga Idola based on Deed of a Limited Liability Company PT Rimba Niaga Idola No. 247 dated 11 April 1987, drawn up before Misahardi Wilamarta, S.H., Notary in Jakarta (“**Deed of Establishment of a Company**”) to further commence with business activities originating from a limited partnership business entity under the name C.V. Rimba Niaga whose articles of association are included in Deed No. 61 dated 19 January 1979, drawn up before Ny. Darwani Sidi Bakaroedin, S.H., Notary in Jakarta. The Deed of Establishment of a Company has been authorized by the Minister of Justice of the Republic of Indonesia by Decree No. C2-1219.HT.01.01.TH.89 dated 4 February 1989, and was registered into the registry book at Central Jakarta District Court under No. 471/1989 dated 4 March 1989, and was announced on the State Gazette of the Republic of Indonesia No. 90 dated 10 November 1989, Supplement No. 2990.

Deed of the Resolution of the Extraordinary General Meeting of Shareholders No. 55, dated 15 April 2016, drawn up before Mala Mukti, SH, LL.M., Notary in Jakarta. The deed has accepted by the Minister of Law and Human Rights through Decree No. AHU-0008425.AH.01.02.Tahun 2016 dated 3 May 2016, was registered in the Company Registry in compliance with Company Law No. AHU- AH-0055073.AH.01.11.Year 2016 dated 3 May 2016.

The Company commenced its business activities commercially on 1989, in the rattan industry. Its scope of work presently is in line with Article 3 of the Articles of Association, which covers general trade, industry, services except law and tax services, including trades for cigars, cigarettes and other products made of tobacco in line with the prevailing laws and regulations, as well as conducting business in the industry section, such as white cigarettes manufacturing, kretek cigarettes, other cigarettes and products made of tobacco, cigarettes’ condiments and *klobot/kawung* in compliance to the prevailing laws and regulations, including tobacco drying and processing industry.

As of the time of publication of this Prospectus, the Company has 12 (twelve) subsidiaries – in which 5 (five) are direct subsidiaries and 7 (seven) indirect subsidiaries – where 5 (five) among those subsidiaries are active in commercial operations. The Company’s subsidiaries are as follows:

Company Name	Participation Year	Ownership Percentage	Business Line	Operational Status
PT Bentoel Prima (BP)	2002	99.99%	Cigarettes manufacturer, threshing and drying of tobacco leaf	Active
PT Lestari Putra Wirasejati (LWS)	2007	100%	Cigarettes manufacturer	Inactive
PT Bintang Boladunia (BBD)	2008	100%	Cigarettes manufacturer	Active
PT Bintang Jagat Sejati (BJS)	2009	100%	Cigarettes manufacturer	Inactive
PT Bintang Pesona Jagat (BPJ)	2008	100%	Cigarettes manufacturer	Inactive
PT Perusahaan Dagang Suburaman (PDS)	1997	100%	Cigarettes manufacturer	Active
PT Amiseta (AMI)	1997	100%	Cigarettes manufacturer	Inactive
PT Perusahaan Dagang dan Industri Tresno (TRN)	2007	100%	Cigarettes manufacturer	Active
PT Java Tobacco (JVT)	2010	99.99%	Cigarettes manufacturer	Inactive
PT Pantura Tobacco (PTT)	2010	99.99%	Cigarettes manufacturer	Dormant
PT Cipta Pesona Bintang (CPB)	2012	100%	Cigarettes manufacturer	Dormant
PT Bentoel Distribusi Utama (BDU)	2012	100%	Cigarettes distributor	Active

Presently, the Company performs business activities primarily in the processing of tobacco, cigarette industry and production and distribution of cigarettes through its subsidiaries.

### Information on Preemptive Rights

Type of offering	:	Rights
Total Rights	:	29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) shares, which are the New Shares issued by the Company from its Portfolio that have the right equal and to the same degree in all respects with other Common Registered Stocks that have been issued and paid-up fully.
Nominal Value	:	Rp50,00 (fifty Rupiah) per share
Offering Price	:	Rp480,00 (four hundred eighty Rupiah) per share
Total Rights Value	:	Rp13,997,343,000,000,00 (thirteen trillion nine hundred ninety seven billion three hundred forty three million Rupiah)
Conversion Rate	:	36 (thirty-six) Existing Shares is entitled to 145 (one hundred

	forty-five) Rights
Shareholder Dilution	: 80.1% (eighty point one percent)
Rights Trade Period	: 16 - 22 June 2016
Rights Exercise Period	: 16 - 22 June 2016
Date of Listing on IDX	: 16 June 2016
Listing	: These New Shares will be listed on IDX in line with the Existing Shares that have been previously listed by the Company. With the assumption that all Rights will be exercised then the total amount of the Company's shares that will be listed are up to 36,401,136,250 (thirty six billion four hundred one million one hundred thirty six thousand two hundred fifty) Common Registered Stocks which consist of 7,240,005,000 (seven billion two hundred forty million and five thousand) Existing Shares and 29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) New Shares which originate from RI III, with nominal value of Rp50,00 (fifty Rupiah) per share.
Standby Purchaser	: If the new shares offered in the RI III is not entirely taken up by holders of Rights, then the remaining will be allocated to the other public holders who subscribe for additional rights beyond their portion, as stated in the Rights Certificate or the Additional Shares Subscription Form proportionally in compliance with prevailing laws and regulations. If, after the allocation of the additional share subscription, the stock is still residual to the public portion, therefore based on Standby Purchaser Agreement, the remaining will be acquired by the Standby Purchaser, in this case BAT 2009.

Complete information regarding the RI III can be found in Chapter I of this Prospectus.

## Use of Proceeds

All proceeds from this RI III, after deducting issuance expenses, will be used to repay debt of the Company from Rothmans Far East B.V. and the remainder for the purposes of providing a loan to a Subsidiary of the Company, which is BP, which will then be used by BP for its working capital and purchase of raw materials.

Further information regarding the plan for the use of proceeds of this RI III can be found in Chapter II of this Prospectus.

## Overview of Important Financial Data

You should read the summary consolidated financial information presented below in conjunction with the consolidated financial statements of the Company and its Subsidiaries and the related notes thereto as of and for the years ending December 31, 2015 and 2014.

The summary of consolidated financial information of the Company and its Subsidiaries below is derived from its audited consolidated financial statements as of and for the years ended December 31, 2015 and 2014, each prepared and presented in accordance with Indonesian Financial Accounting Standards ("IFAS"). The audited consolidated financial statements as of

and for the years ended December 31, 2014 and 2015 have been audited in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (*Institut Akuntan Publik Indonesia* or “**IICPA**”), by KAP Tanudiredja, Wibisana, Rintis & Rekan, formerly known as KAP Tanudiredja, Wibisana & Rekan, (a member of the PricewaterhouseCoopers network of firms), independent public accountants with unmodified opinion.

## 1. Consolidated Statement of Financial Position Data

(in million Rupiah)

Description	31 December	
	2015	2014
Current Assets	7,594,019	6,553,044
Non-current Assets	5,073,295	4,268,423
Total Assets	12,667,314	10,821,467
Short Term Liabilities	3,446,546	6,404,484
Long Term Liabilities	12,369,525	5,698,022
Total Liabilities	15,816,071	12,102,506
Equity/(Capital Deficiency)	(3,148,757)	(1,281,039)
Total Liability and Equity	12,667,314	10,821,467

## 2. Consolidated Statement of Profit or Loss and Other Comprehensive Income Data

(in million Rupiah)

Description	31 December	
	2015	2014
Net Revenue	16,814,352	14,489,473
Gross Profit	1,715,363	1,625,893
Operating Loss	(856,979)	(944,454)
Loss for the Year	(1,638,538)	(2,251,323)
Total Comprehensive Loss for the Year	(1,629,718)	(2,264,159)

## Risk Factors

In carrying out its business activities, the Company notes that risk is an integral part of any business activity and will have an impact on the business, financial performance, results and business prospects of the Company if not anticipated and prepared for. If these risks occur, this may also affect the value of the Company. The usage of the term “Company” in this section refers to the Company and its Subsidiaries (as applicable). The following is a brief overview of the risk factors of the Company:

### 1. Main Risks That Have a Significant Influence on the Company and the Continuance of the Company’s Business

- a. The Company depends on the production and sale of cigarettes.
- b. The Company depends on the strength of its brand name and trademarks.
- c. The Company is dependent on the operating capacity and the continuing operations of manufacturing facilities.
- d. Current and future trends and preferences of adult consumers may reduce the demand for cigarettes or certain types of cigarettes.

- e. The Company's distribution channels are subject to logistical challenges.
- f. The Company has sustained losses in the past and may sustain losses in the future.

**2. Business Risks that are Material, Whether Directly or Indirectly, Which May Affect the Operating Results and Financial Condition of the Company**

- a. The Company may not obtain sufficient or stable raw material supply for its production process.
- b. The Company is also exposed to price fluctuations and inflation of tobacco leaf and clove prices.
- c. The business activities of the Company may be affected by the seasonal nature of cigarette consumption and prices of tobacco leaf and cloves.
- d. The Company experiences intense competition.
- e. The increase in illicit trade of tobacco products.
- f. The Company may fail to keep pace with the advances in technology and maintain the reliability of production facilities.

**3. General Risk**

- a. Changes in the tax regulations and the associated increase in cigarette taxes can disproportionately affect the profitability of the Company.
- b. The Company may be affected by changes in government policies with respect to the cigarette industry.
- c. The Company may not be able to obtain, maintain or renew all of its approvals, licenses, registrations and permits required to conduct its business.
- d. The Company relies on the services of its senior management team.
- e. Risks on the foreign exchange rate fluctuations and potential devaluation of the Rupiah.
- f. The Company's financial performance is affected by economic conditions in Indonesia.
- g. The Company may be subject to litigation proceedings, investigations and other regulatory.
- h. Restrictions on advertising, promotion, marketing, packaging, labeling and usage of cigarette products in Indonesia and other markets.
- i. Product liability claims and adverse publicity could have a material adverse effect towards the Company's reputation.
- j. The Company may be adversely affected by the imposition and enforcement of more stringent environmental regulations.
- k. The Company's production facilities or operations may face disruption from environmental groups, non- government organizations and interested individuals.
- l. The interests of the Company's controlling shareholder may not align with the interests of the Company's business and/or may differ from those of its other shareholders.



- m. The Company is engaged in a number of transactions may contain conflicts of interest.
- n. The failure of the functioning of the Company's information systems and the entry of third parties with the intent to impair.

Further information regarding risk factors of the Company can be found in Chapter VII of this Prospectus.

## Dividend Policy

The shares issued and offered to the shareholders in the framework of this RI III will have the same rights equal in all aspects with the shares which have been issued by the Company prior to the RI III, including and not limited to the rights to distribution of dividends.

The Company, as a member of The British American Tobacco Group, target to distribute cash dividends from annual consolidated net profit of the Company, after when the retained earnings are positive, in consideration of the financial performance and position, as part of the entire purpose of this Company to maximize the long term shareholders value.

The history of the dividend distribution of the Company is as follows:

<b>Financial Year</b>	<b>% Net Profit</b>	<b>Dividend per Share</b>		<b>Total Dividend Payment</b>		<b>Date of Dividend Payment</b>
2004	19.3%	Rp	2.50	Rp	15,644,062,500.00	8 August 2005
2005	28.8%	Rp	5.00	Rp	31,112,925,000.00	9 August 2006
2006	31.2%	Rp	7.50	Rp	45,404,972,879.00	9 July 2007
2007	41.5%	Rp	15.00	Rp	100,849,988,800.00	7 July 2008
2010	86%	Rp	26.00	Rp	188,240,130,000.00	20 July 2011

There are no negative covenants that restrict the Company to distribute dividend to the shareholders.

For more information about the dividend policy can be found in Chapter X of this Prospectus.



## I. RIGHTS ISSUE III

The New Shares offered by the Company in relation to this RI III by issuance of Rights are all Common Registered Shares from the unissued shares of the Company which resulted in the increase of issued and fully paid-up capital of the Company. Pursuant to OJK Regulation No. 32/2015, it is stated that the increase of capital by the issuance of Rights must be approved by the Shareholders of the Company in advance. In relation to the execution of this RI III, the Company has acquired such approval from the Shareholders of the Company during the Extraordinary General Meeting of Shareholders held by the Company on 15 April 2016 which have been restated and affirmed in the Deed of Resolution of Extraordinary Meeting of Shareholders No. 55. Dated 15 April 2016, made before Mala Mukti, S.H., LL.M., Notary in Jakarta and have been gained approval from the MOHLR based on Decree No. AHU-0008425.AH.01.02.Tahun 2016 dated 3 May 2016.

With the approval obtained from the Extraordinary General Meeting of Shareholders in relation to this RI III, the Board of Directors, on behalf of the Company, hereby executes this RI III in relation to the issuance of Rights to the shareholders of the Company in the amount of 29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) new Common Registered Shares or as much as 80,1% (eighty point one percent) from the issued and paid-up capital after this RI III with a nominal value of Rp50,00 (fifty Rupiah) per share with an offering price of Rp480.00 (four hundred eighty Rupiah) per share, which therefore amounts to Rp13,997,343,000,000.00 (thirteen trillion nine hundred ninety seven billion three hundred forty three million Rupiah) entirely.

Each holder of 36 (thirty-six) of Existing Shares whose name is registered in the Company's Shareholders Register on 14 June 2016 at 16:00 WIB are entitled to 145 (one hundred forty-five) Rights, in which 1 (one) Right gives a right to its holder to subscribe as many as 1 (one) New Shares with an offering price of Rp480.00 (four hundred eighty Rupiah) per share, which shall be fully paid at the shares subscription through the Rights exercise. These New Shares will be issued from the Company's portfolio and recorded in the IDX with due observance of prevailing laws and regulations. The New Shares have the same amount of right and are equivalent to other Common Registered Shares which have been issued and fully paid-up, including rights over dividend, Rights, voting rights during General Meeting of Shareholders and rights over bonus shares. Every Rights in the form of fraction will be rounded down, of which the right over New Shares split will be sold by the Company and the proceeds shall be deposited into the Company's account.

The Rights may be traded within or outside the IDX during the trading period as of 16 June 2016 to 22 June 2016. Recording of Common Registered Stocks resulting from Rights exercise will be carried out at IDX starting on 16 June 2016. The last day of Rights exercise is on 22 Jun 2016, therefore, duly unexercised Rights on said date will be deemed invalid. The total number of shares offered in this RI III through the issuance of Rights is the maximum number of shares which will be fully taken out from the Company's portfolio and recorded at the IDX with due observance of prevailing laws and regulations. In the event that the New Shares in this RI III are not fully subscribed by Rights holders, the remaining shares will be allocated proportionally to any other shareholders who have applied to subscribe for more than their entitlements, proportionally based on the number of Rights that have been exercised by the respective shareholders who requested for additional shares based on the offering price. In the event that after said allocation, there are New Shares that remain unsubscribed, then BAT 2009, as the Standby Purchaser in this RI III, will subscribe the remaining New Shares up to the maximum of 4,212,902,001 (four billion two hundred twelve million nine hundred two thousand one) shares at the offering price of Rp480.00 (four hundred eighty Rupiah) per share in accordance with the Deed of in the Standby Purchaser Agreement No. 56 dated 15 April 2016 as amended and restated by Deed of Amendment and Restatement of Standby Purchase Agreement No 24 dated 11 May 2016, both made before Mala Mukti, SH, LL.M., Notary in Jakarta.

In regards of the total number of New Shares in this RI III amounted to 29,161,131,250 (twenty nine billion one hundred sixty one million one hundred thirty one thousand two hundred fifty) shares, the shareholders who do not exercise their rights to subscribe the New Shares offered in this RI III in accordance with their Rights may result in a decrease of shares ownership percentage or dilution of the Company's shares in the maximum amount of 80.1% (eighty point one percent).



### **PT BENTOEL INTERNASIONAL INVESTAMA, Tbk.**

#### **Main Business Activity:**

Engaged in Tobacco Processing, Cigarette Industry, and Participation in Subsidiaries Which are Engaged in the Production & Distribution of Cigarettes

#### **Domiciled in South Jakarta, Indonesia**

#### **Head Office:**

Capital Place Office Tower, 6<sup>th</sup> Floor  
Gatot Subroto Kavling 18  
Jakarta 12950  
Telephone: (021) 526 8388  
Faximile: (021) 2277-0111  
Email: id\_corpsec@bat.com  
Website: www.bentoelgroup.com

**THE MAIN RISK FACED BY THE COMPANY IS THE COMPANY'S DEPENDENCY ON THE PRODUCTION AND SALES OF CIGARETTES, AND ANY SIGNIFICANT REDUCTION IN THE MARKET CONDITIONS FOR CIGARETTES MAY AFFECT THE COMPANY'S BUSINESS ACTIVITIES AND PROFITABILITY. OTHER RISK FACTORS ARE DISCUSSED THOROUGHLY IN CHAPTER VII IN THIS PROSPECTUS.**

## **PT Bentoel Internasional Investama, Tbk.**

The Company was established under the name of PT Rimba Niaga Idola and domiciled in South Jakarta pursuant to Deed of Establishment of a Limited Liability Company No. 247 dated 11 April 1987, drawn up before Misahardi Wilamarta, S.H., Notary in Jakarta and was approved by the Minister of Justice of the Republic of Indonesia by virtue of his Decree No. C2-1219.HT.01.01.TH.89 dated 4 February 1989, was registered in the registry book at the District Court of Central Jakarta No. 471/1989 dated 4 March 1989 and was announced in the State Gazette of the Republic of Indonesia dated 10 November 1989 No. 90, Supplement No. 2990.

The Company has undergone several amendments, last of which contains the change of the Company name to become PT Bentoel Internasional Investama Tbk. pursuant to the Deed of the Minutes of Meeting of an Extraordinary General Meeting of Shareholders of PT Transindo Multi Prima Tbk. No. 23 dated 11 February 2000, *jo* Deed of Resolution of the Extraordinary General Meeting of Shareholders PT Transindo Multi Prima Tbk. No. 56 dated 25 February 2000, drawn up before Fathiah Helmi, S.H., Notary in Jakarta, and was approved by the Minister of Justice and Laws by virtue of Decree No. C-3988 HT.01.04-TH.2000 dated 28 February 2000, and was registered in the company registry pursuant to UUDWP No. TDP 090315228222 at the Company Registry Office of South Jakarta No. 260/RUB.09.3/III/2000 dated 15 March 2000, and was announced in the State Gazette of Republic of Indonesia No. 69, Supplement No. 4862, dated 29 August 2000.

The Articles of Association of the Company have been amended to be adjusted in accordance with Company Law as stipulated in the Deed of Affidavit of the Company Meeting No. 238 dated 27 June 2008, drawn up before Eliwaty Tjitra, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-60855.AH.01.02.Year 2008 dated 10 September 2008, and was registered in the Company Registry No. AHU-0082166.AH.01.09.Year 2008 dated 10 September 2008 in accordance with the provisions set forth in Company Law, and was announced in the State Gazette of Republic of Indonesia dated 3 March 2009 No. 18 Supplement No. 6324.

The latest amendment to the Company's Articles of Association was in pursuant to Deed of Resolution of the Company's Board of Directors No. 57 dated 23 February 2016, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta. Such Deed has been notified to the Minister of Law and Human Rights by virtue of Receipt of Notification on the Amendment to the Articles of Association No. AHU-AH.01.03-0027129 dated 26 February 2016, which was registered in the Company Registry No. AHU-0026072.AH.01.11.Year 2016 dated 26 February 2016 in accordance with the provisions set forth in Company Law, and was notified to the Minister of Law and Human Rights by virtue of Receipt of Notification on the Company Data No. AHU-AH.01.3-0027130, which was registered in the Company Registry No. AHU-0026072.AH.01.11.Year 2016 dated 26 February 2016 in accordance with the provisions set forth in Company Law, in relation to the emphasis of the entire provisions set forth in the Articles of Association of the Company.

### **Capital Structure of the Company**

Prior to the execution of the Extraordinary General Meeting of Shareholders who approved the RI III by the Company on 15 April 2016, the capital structure of the Company is in accordance with the Deed of Resolution of the Board of Directors No. 57 dated 23 February 2016, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta, as well as the shareholders compositions and the structure of shares ownership of the Company as of 31 March 2016 based on the Shareholders Register issued by the BAE are as follows:

## Capital Shares

Consists of Common Registered Shares  
with a nominal value of Rp50,00 (fifty Rupiah) per share

Description	Nominal Value Rp50,00 per share		
	Shares Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. BAT 2009	6,194,043,124	309,702,000,000	85.55
2. United Bank of Switzerland AG	970,542,854	48,527,000,000	13.41
3. Public (ownership of below 5%)	75,419,022	3,771,000,000	1.04
<b>Total Issued and Fully Paid-Up Capital</b>	<b>7,240,005,000</b>	<b>362,000,250,000</b>	<b>100</b>
<b>Shares in Portfolio</b>	<b>14,305,995,000</b>	<b>715,299,750,000</b>	

In the event that all the Company's shareholders exercise their Rights offered in the RI III, the capital structure and composition of shareholders of the Company prior to and after this RI III are *pro-forma* as follows:

Description	Nominal Value Rp50,00 per share					
	Before RI III			After RI III		
	Shares Amount	Total Nominal Value (Rp)	(%)	Shares Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000</b>		<b>110,000,000,000</b>	<b>5,500,000,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>						
1. BAT 2009	6,194,043,124	309,702,000,000	85.55	31,142,272,373	1,557,113,618,672	85.55
2. United Bank of Switzerland AG	970,542,854	48,527,000,000	13.41	4,879,673,794	243,983,689,686	13.41
3. Public (ownership of below 5%)	75,419,022	3,771,000,000	1.04	379,190,083	18,959,504,142	1.04
<b>Total Issued and Fully Paid-Up Capital</b>	<b>7,240,005,000</b>	<b>362,000,250,000</b>	<b>100</b>	<b>36,401,136,250</b>	<b>1,820,056,812,500</b>	<b>100</b>
<b>Shares in Portfolio</b>	<b>14,305,995,000</b>	<b>715,299,750,000</b>		<b>73,598,863,750</b>	<b>3,679,943,187,500</b>	

In the event that all shareholders excluding BAT 2009 do not exercise their Rights offered in this RI III, the capital structure and the composition of shareholders of the Company prior to and after this RI III are *pro-forma* as follows:

Description	Nominal Value Rp50,00 per share					
	Before RI III			After RI III		
	Shares Amount	Total Nominal Value (Rp)	(%)	Shares Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000</b>		<b>110,000,000,000</b>	<b>5,500,000,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>						
1. BAT 2009	6,194,043,124	309,702,000,000	85.55	35,355,174,374	1,767,758,718,700	97.13
2. United Bank of Switzerland AG	970,542,854	48,527,000,000	13.41	970,542,854	48,527,142,700	2.67
3. Public (ownership of below 5%)	75,419,022	3,771,000,000	1.04	75,419,022	3,770,951,100	0.21
<b>Total Issued and Fully Paid-Up Capital</b>	<b>7,240,005,000</b>	<b>362,000,250,000.00</b>	<b>100</b>	<b>36,401,136,250</b>	<b>1,820,056,812,500</b>	<b>100</b>
<b>Shares in Portfolio</b>	<b>14,305,995,000</b>	<b>715,299,750,000.00</b>		<b>73,598,863,750</b>	<b>3,679,943,187,500</b>	

## Statement of Majority Shareholders

In accordance with Statement Letter of Sufficient Funds and the Commitment of the Majority Shareholder to Exercise Rights in relation to RI III dated 1 June 2016, BAT 2009, as the majority shareholder of the Company, is committed to subscribe to New Shares issued by the Company through the Rights exercise which will be acquired based on the proportion of BAT 2009's shares ownership in RI III. In relation to said commitment, BAT 2009 possesses sufficient funds to subscribe the shares to issued by the Company as evidenced by the bank statement of BAT 2009 dated June 1<sup>st</sup>, 2016 issued by Citibank NA, London Branch.

## Commitment of the Standby Purchaser

In the event that New Shares offered in this RI III are not fully subscribed after the fulfillment of additional shares subscription, then BAT 2009 as the Standby Purchaser in RI III will subscribe the said remaining New Shares at the maximum amount of 4,212,902,001 (four billion two hundred twelve

million nine hundred two thousand one) shares with the Offering Price of Rp480.00 (four hundred eighty Rupiah) per share in which all will be fully paid in cash in accordance with the Deed of the Standby Purchaser Agreement No.56 dated 15 April 2016 as amended and restated by Deed of Amendment and Restatement of Standby Purchase Agreement No 24 dated 11 May 2016, both made before Mala Mukti, SH, LL.M., Notary in Jakarta. In relation to the said Standby Purchase Agreement, BAT 2009 also declares to possess sufficient funds and is able to fulfill its duties under Statement of Sufficiency Fund and Capability Standby Purchasers to Fulfill Obligations in connection with RI III dated 1 June 2016. In the framework to fulfill its obligations and to prove the funds sufficiency, BAT 2009 has placed an amount of funds in its account as evidenced by the bank statement of BAT 2009 dated June 1<sup>st</sup>, 2016, issued by Citibank NA, London Branch,

## **Description of Rights**

The securities offered in this RI III are issued based upon the Rights that will be bestowed upon the rightful shareholder of the Company. The Rights may be traded during the determined trading period.

Several terms worth emphasizing in relation to this Rights are as follows:

### **1. Rightful Rights Recipient**

The Shareholders of the Company whose name are registered in the Company's Shareholders Register (DPS) as of 14 June 2016 up to 16:00 WIB are entitled to Rights provided that each holder of 36 (thirty-six) Existing Shares will receive 145 (one hundred forty-five) Rights, of which 1 (one) Right provides a right to its holder to subscribe 1 (one) New Shares in this RI III with the Offering Price of Rp480.00 (four hundred eighty Rupiah) per share.

### **2. Official Holder of Rights**

The official holder of Rights are:

- the Shareholders whose name are legitimately listed in the Shareholders Register or own Company Shares in the securities account of the Securities Corporation or Custodian Bank as of 14 June 2016 up to 16:00 WIB, and whose Rights are not sold until the end of the Rights trading period;
- Buyer or holder of the latest Certificate of Evidence of Rights ("**SBHMETD**") whose name is listed in the endorsement column of the SBHMETD until the end of the Rights trading period.; or
- a holder of Rights whose name is listed in the KSEI Collective Depository until the end of the Rights trading period.

### **3. Trading of the SBHMETD**

A holder of Rights may trade his SBHMETD during the SBHMETD trading period, which commences on 16 June 2016 up to 22 June 2016. The Rights trade must be in compliance to prevailing laws and regulations in the Republic of Indonesia, including but not limited to taxation terms and conditions in the Capital Market including the regulations of the exchange where said Rights are being traded, namely IDX, as well as the regulations set forth by KSEI. Should the holder of Rights experience hesitation in making a decision, he is advised to consult with his respective investment consultant, manager, or other consultancy professionals.

#### 4. Format of the SBHMETD

For Shareholders whose shares are yet to be registered in KSEI Collective Depository system, the Company will issue a SBHMETD which contains the name and address of the Rights holder, the total amount of shares owned, and total amount of Rights which can be used to purchase shares as well as a column for the number of shares to be subscribed, the price to be paid and total number of additional shares subscription, the endorsement column and other necessary information.

#### 5. Request to Split the SBHMETD

For a holder of SBHMETD who wishes to sell or transfer a part of the total amount listed in the SBHMETD, the relevant holder of the SBHMETD may file a request to divide/split his SBHMETD, complete the Splitting of Certificate of Rights Issue Form and submit it or contact the BAE to receive the split of SBHMETD with the intended Rights denomination. A holder of SBHMETD may carry out such split of the SBHMETD starting from 16 June 2016 to 22 June 2016.

#### 6. Rights Value

The value of Rights offered by an official holder of Rights may differ from one to another, based upon the demand and offering from the existing market.

For example, a calculation of Rights value below is one of the methods to calculate the Rights value, but it is not guaranteed that the result of such a calculation of Rights value is the real value of the Rights on the market. The explanation below is expected to provide a general description in calculating the value of a Right:

##### Assumptions:

Nominal market value of 1 (one) share	= Rpa
Offering price in RI III	= Rpr
Total number of existing shares prior to RI III	= A
Total number of shares offered in RI III	= R
Total number of shares after RI III	= A + R
Theoretical value of New Shares ex-Rights	=

$$\frac{(Rpa \times A) + (Rpr \times R)}{(A + R)} = RpX$$

Therefore, the value of Rights = RpX - Rpr

#### 7. Use of the SBHMETD

A SBHMETD is a proof of right given by the Company to its holder to purchase New Shares. The SBHMETD is only issued for the shareholders who have yet to convert their shares and is utilized to subscribe to New Shares. The SBHMETD cannot be exchanged with money or any other form to the Company, it also cannot be traded in the form of photocopies. The proof of ownership of Rights for a holder of Rights in the KSEI Collective Depository will be given by KSEI through an Exchange Member or its Custodian Bank.

## **8. Split of Rights**

In accordance with OJK Regulation No. 32/2015, in the event that shareholders owning the Rights in the form of split, then the right to receive a split of the New Shares will not be handed over to the said shareholder, instead it will be collected by the Company for selling purposes of which the Company will issue the Rights in a rounded form, and then such proceeds of the selling of Rights split will be deposited into the Company's account.

## **9. Others**

These terms and conditions of Rights are subject to prevailing laws and regulations in the Republic of Indonesia. All costs incurred in relation to Rights transfer are subject to the holder of SBHMETD or a candidate for the holder of Rights.

## **Shares Performance History and Information Pertaining Shares to Trading Termination**

The history of the Company's shares performance for each month during the latest 12 (twelve) month period is as follows:

<b>Month</b>	<b>Highest (Rp)</b>	<b>Lowest (Rp)</b>	<b>Trade Volume (Unit)</b>
April 2015	600	515	2,687,800
May 2015	590	560	252,000
June 2015	585	515	499,800
July 2015	580	520	105,500
August 2015	560	470	25,500
September 2015	550	460	71,100
October 2015	550	420	90,000
November 2015	530	460	14,700
December 2015	530	490	13,400
January 2016	450	450	400
February 2016	510	433	20,300
March 2016	475	473	100

Within the past 3 (three) years, both OJK and the IDX have never terminated the Company's shares trade in the IDX for any reason.

## **Plan of the Company to Issue Equity-Based Securities and/or Shares**

Within 12 (twelve) months after the effective date of this RI III, the Company will not publish or list equity-based securities and/or shares that are convertible into shares or containing a right to acquire shares.



## II. USE OF PROCEEDS

### A. Use of Proceeds from RI III

Proceeds from this RI III, in the amount of Rp13,997,343,000,000 (thirteen trillion nine hundred ninety seven billion three hundred forty three million Rupiah), after deducting issuance expenses related to the RI III will be allocated to repay the debt of the Company to Rothmans Far East B.V. in the amount of Rp12 trillion and the remainder for the purposes of providing a loan to a Subsidiary of the Company, which is BP, which will then be used by BP for its working capital and purchase of raw materials.

With regards to the plan to use to funds to repay the debt of the Company to Rothmans Far East B.V. in the amount of Rp12,000,000,000,000.00 (twelve trillion Rupiah), and OJK Regulation No. 33/2015, the following is a description of the long term loan facilities obtained by the Company from Rothmans Far East B.V.:

1. Name of Agreement	: Rp5,300,000,000,000.00 Uncommitted Term Loan Agreement dated 12 August 2013 as was amended with <i>Amendment Agreement</i> dated 23 December 2015, both of which were privately drawn up.
Remarks Regarding Rothmans Far East B.V	: Company established under the laws of the Netherlands and domiciled in Handelsweg 53 <sup>a</sup> , 1181 ZA Amstelveen, The Netherlands.
Loan Time Period	: 30 June 2018
Company's Affiliation with Rothmans Far East B.V	: The Company's and Rothmans Far East B.V.'s shareholders are BAT 2009 and Rothmans International Holdings II B.V. with percentage of effective ownership are 85.55% and 100%, respectively. BAT is the ultimate parent entity for BAT 2009 and Rothmans International Holdings II B.V.
Interest Rate	: There is no interest since 31 December 2015
Collateral	: N/A
Loan Amount	: Rp5,300,000,000,000.00 (five trillion three hundred billion Rupiah)
Loan Purpose	: Reduce external bank loan and support short term working capital requirements.
Procedures and Requirements of Repayment or Payment	: N/A
Prepayment	: Prepayment is made with a prior notification of two working days written notice to the creditor, of which notice cannot be revoked and includes the Prepayment Date. The debtor may proceed with the prepayment for all or a part of the loan in the amount of no less than Rp500,000,000,000 (five hundred billion Rupiah) including interest owed.
Outstanding as per 31 December 2015	: Rp5,300,000,000,000.00
2. Name of Agreement	: Rp6,700,000,000,000 Uncommitted Subordinated Term Loan Agreement, dated 24 February 2015 as latest amended with Amendment Agreement dated 23 December 2015, both of which were privately drawn up.
Remarks Regarding Rothmans Far East B.V	: A company established based on the laws of the Netherlands and domiciled in Handelsweg 53 <sup>a</sup> , 1181 ZA Amstelveen, The

		Netherlands
Loan Time Period	:	30 June 2018
Company's Affiliation with Rothmans Far East B.V	:	The Company's and Rothmans Far East B.V.'s shareholders are BAT 2009 and Rothmans International Holdings II B.V. with percentage of effective ownership are 85.55% and 100%, respectively. BAT is the ultimate parent entity for BAT 2009 and Rothmans International Holdings II B.V.
Interest Rate	:	There is no interest since 31 December 2015
Collateral	:	Unsecured
Loan Amount	:	Rp6,700,000,000,000 (six trillion seven hundred billion Rupiah)
Loan Purpose	:	Reduce external bank loan and support short term working capital requirements.
Procedures and Requirements of Repayment or Payment	:	All payments must be in Rupiah and must be made by transfer to the recipient and shall also mentioned bank account of the recipient and subject to the prevailing tax and law regulations in the territory of the said payment located.
Prepayment	:	Prepayment is made with a prior notification of two working days written notice to the creditor, of which notice cannot be revoked and includes the Prepayment Date. The debtor may proceed with the prepayment for all or a part of the loan in the amount of no less than Rp500,000,000,000 (five hundred billion Rupiah) including interest owed.
Outstanding as per 31 December 2015	:	Rp6,700,000,000,000.00

The Company must report the use of proceeds of this RI III to the OJK periodically every 6 (six) months with the report date of 30 June and 31 December until all proceeds from RI III are realized, which matter pursuant to OJK Regulation No. 30/2015. The report on the plan to use the proceeds from RI III for the first time must be made in the soonest report date after the date of allotment for additional capital through the issuance of Rights. The Company must be held accountable for the realization of the use of proceeds from RI III in every Annual General Meeting of Shareholders until all proceeds from RI III have been realized and the accountability of the realization of use of proceeds from RI III for the first time must be presented at the soonest date of the next Annual General Meeting of Shareholders.

In the event that proceeds from RI III are not directly used as specified above, such funds will be deposited into the Company's account as follows:

**Deutsche Bank AG**  
**Jakarta Branch**  
**Account No.: 001 8549 000**  
**Account Holder Name: PT Bentoel Internasional Investama, Tbk.**

In the event the use of proceeds from RI III will be changed, such plan to change must be reported in advance by the Company to the OJK by providing the reasons along with considerations and such change of the use of proceeds must receive approval from the GMS, in accordance with OJK Regulation No. 30/2015 which is submitted simultaneously with the minutes of meeting of the GMS to the OJK.

## **B. Information Pertaining Estimated Expenses Incurred by the Company In Relation to this RI III**

Pursuant to the Circular issued by Bapepam and LK No. SE-05/BL/2006 dated 29 September 2006 concerning the Disclosure of Information on the Costs Incurred in relation to the Public Offering, the estimated total expenses incurred by the Company in this RI III shall be 0.188% (zero point one hundred eighty eight thousandths percent) of the RI III value, which consists of:

### **1. Capital Market Supporting Association and Profession Fee, comprised with:**

- Public Accountant fee of 0.01%
- Securities Administration Bureau fee of 0.001%
- Legal Consultant fee of 0.01%
- Notary fee of 0.001%

### **2. OJK fees of 0.005%**

### **3. Miscellaneous fees:**

- Advertising, printing and organizing fees 0.08%
- New Shares Registration to the IDX fee 0.001%
- Others 0.08%

## **C. Use of Proceeds from Previous Rights Issue**

Since the Company executed the Rights Issue (RI) II on the year 2002 where all of the proceeds gained by the Company from said RI II, after deducted by all emission fees, have used up all proceeds in accordance to the use of proceeds' plan and has been stated by the Board of Directors of the Company to OJK dated.

### III. STATEMENT OF LIABILITIES

The following table sets out the liabilities of the Company as at 31 December 2015, extracted from the Company's and Subsidiaries' consolidated financial statements as at 31 December 2015. The consolidated financial statements as at 31 December 2014 and 2015 have been audited in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (Institut Akuntan Publik Indonesia or "IICPA"), by KAP Tanudiredja, Wibisana, Rintis & Rekan (a member of the PricewaterhouseCoopers network of firms), independent public accountants with unmodified opinion.

The Company and Subsidiaries have a number of liabilities which entirely amounts to Rp15,816,071 million, with the following details:

Description	<i>(in millions of Rupiah)</i> 31 December 2015
<b>Current Liabilities</b>	
Short term bank loan	1,264,062
Advances from customers	189,043
Trade payable	288,764
Other payable	84,109
Accruals	1,377,856
Short term provisions	2,875
Short term employee benefit liabilities	160,787
Taxes payable	79,050
<b>Total Current Liabilities</b>	<b>3,446,546</b>
<b>Long Term Liabilities</b>	
Post employment benefits obligations	369,525
Long term loans	12,000,000
<b>Total Long Term Liabilities</b>	<b>12,369,525</b>
<b>TOTAL LIABILITIES</b>	<b>15,816,071</b>

Further details concerning the liabilities mentioned above are as follows:

#### A. Short Term Bank Loans

On 31 December 2015, short term bank loans are in the amount of Rp1,264,062 million with the following details:

Creditor	Facility	<i>(in millions of Rupiah)</i> Total
PT Bank ANZ Indonesia	Overdraft	599,800
Deutsche Bank AG	Overdraft	286,686
The Hongkong and Shanghai Banking Corporation Limited	Overdraft	89,933
PT Bank Central Asia Tbk	Bank Loan	250,000
PT Bank Mandiri (Persero) Tbk	Bank Loan	37,643
(Previously Bank Pembangunan Indonesia, Hong		

Kong Branch) ("Bapindo")

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<b>Total Short Term Bank Loans</b>	<b>1,264,062</b>
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#### 1. PT Bank ANZ Indonesia

The Company obtained a maximum overdraft facility amounting to Rp600,000 million. The facility is imposed with an interest rate of 9% - 11,75% per year and this facility will end on 29 November 2016. The facility is on clean basis without collateral.

#### 2. Deutsche Bank AG

The Company obtained a maximum overdraft facility and other facilities (which includes bank loan, letter of credit, advance, and bank guarantee) with combined limit of Rp750,000 million. This overdraft facility is imposed with an interest rate of 8.5% - 10% per year and such facility ends on 31 August 2016.

#### 3. The Hongkong and Shanghai Banking Corporation Limited

The Company obtained a bank loan and short term bank loan in the amount of Rp1,200,000 million. This overdraft facility is imposed with an interest rate of 8% - 9% per year and the bank loan interest rate of JIBOR + 1.85% per year and both facilities end on 30 November 2016.

#### 4. PT Bank Central Asia Tbk.

The Company obtained a bank loan and other facilities (which includes foreign exchange contracts) each worth Rp 250,000 million and Rp500,000 million respectively. This bank facility is imposed with an interest rate of 10% per year and such facility ends on 21 August 2016.

#### 5. Citibank N.A.

The Company obtained a maximum overdraft facility and or bank loan with combined limit of Rp185,000 million. This overdraft facility is imposed with an interest rate of 9.6% - 13% per year and such facility ends on 31 December 2016 and 31 May 2016.

#### 6. Bapindo

On February 12, 2016, the Company and its Subsidiaries have settled their short-term bank loans to Bapindo.

On March 31, 2016, all short-term bank loans maturing has been settled using cash flow receipts from customers.

### Advances from Customers

The balance of advances from the customers as of 31 December 2015 is Rp189,043 million.

### Trade and Other Payables

As of 31 December 2015, the Company and Subsidiaries have trade payables which constitutes of liabilities incurred over the purchase of raw material and supporting materials from third parties amounting to Rp237,702 million and related parties amounting to Rp51,062 million, respectively.

## PT Bentoel Internasional Investama, Tbk.

As of 31 December 2015, the Company and Subsidiaries also have other payables from purchase of fixed assets, and services to third parties in the amount of Rp82,648 million and to related parties in the amount of Rp1,461 million.

The Company has settled a substantial amount of its liabilities which have matured. The liabilities which have matured and have not been settled is due to the Company waiting for the administrative requirements of its suppliers.

### Accruals

Accruals of the Company and Subsidiaries as of 31 December 2015 are Rp1,377,856 million, with the following details:

<i>(in millions of Rupiah)</i>	
Description	31 December 2015
Related parties:	
- Interest	421,835
- Royalties	94,638
- Internal Recharges	26,961
- Information system maintenance	22,174
- Technical and advisory services	20,451
Third parties:	
- Advertising and promotions	469,050
- Provisions for excise	137,295
- Others	185,452
<b>TOTAL ACCRUALS</b>	<b>1,377,856</b>

### Short Term Provisions

Short term provisions of the Company and Subsidiaries as of 31 December 2015 is Rp2,875 million.

### Short Term Employee Benefit Liabilities

The balance of short term employee benefit liabilities as of 31 December 2015 is Rp160,787 million.

### Taxes Payable

The Company's and Subsidiaries' total taxes payable as of 31 December 2015 is Rp79,050 million, with the following details:

<i>(in millions of Rupiah)</i>	
Description	31 December 2015
Corporate income tax payable:	
- Income tax Article 25	1,936
- Corporate income tax	43,867
Other taxes payable:	
- Article 23/26	29,756
- Article 21	2,947
- Article 22	314
Value Added Tax	230
<b>Total Taxes Payable</b>	<b>79,050</b>

## Post employment benefit obligation

As at 31 December 2015, present value of the post employment benefit obligation recorded in the consolidated statement of financial position amounting to Rp369,525 million. The discount rate used to estimate future cashflow is 8.5%.

## Long Term Loans

The Company obtained long term loans from a related party namely Rothmans Far East B.V. with total amount of Rp12,000,000 million. Such loans are imposed with a 6 month JIBOR + 2.7% and JIBOR + 3.75% per year and will expire on 30 June 2018.

On 23 December 2015, the Group has signed an amendment to the long term loan with Rothmans Far East B.V. with regards to the change of interest rate to become 0%, effective as of 1 January 2016.

## Commitments

### Capital Goods Purchase Contract

On 31 December 2015, the Company and its Subsidiaries hve a contrat to purchase capital goods amounting to Rp72.9 billion.

The capital goods purchase contracts are largely related to commitments made by the Company and its Subsidiaries in the purchase agreement with Griffin Cardwell Limited, GARBUIO S.P.A, and GD Societa to buy machines that are used in the production process. Most of the contracted value is in Euros and British Pounds. The commitment will be realized in the period were varied and all associated with the production facilities in Malang. As of the date of this prospectus, there are no realization of capital goods purchase contracts in 31 December 2015.

### Operating Lease Commitments

On 31 December 2015, the Company and Subsidiaries have operating lease agreements that can not be undone by the number of commitments as follows:

	<i>(in million Rupiah)</i>
Description	31 December 2015
Less than one year	62,271
Between one and five years	95,934
<b>Total Operating Lease Commitments</b>	<b>158,205</b>

**ALL LIABILITIES OF THE COMPANY AS OF 31 DECEMBER 2015 HAVE BEEN DISCLOSED IN THIS PROSPECTUS.**

**WITH THE SYSTEMATIC MANAGEMENT OF ASSETS AND LIABILITIES, AND IMPROVED FUTURE OPERATIONAL RESULTS, THE MANAGEMENT OF THE COMPANY STATES ITS COMMITMENT IN DULY SETTLING ITS LIABILITIES AS DISCLOSED IN THIS PROSPECTUS IN ACCORDANCE WITH THE REQUIREMENTS.**

AS OF THE DATE OF THIS PROSPECTUS, THE COMPANY DOES NOT HAVE LIABILITIES AND CONTRACTS MADE AFTER 31 DECEMBER 2015 UP TO THE DATE OF THE REPORT OF THE INDEPENDENT AUDITOR, AND WHAT OCCURRED AFTER THE DATE OF THE CONSOLIDATED FINANCIAL REPORT OF THE COMPANY AND ITS ENTITIES AND WHAT OCCURED AFTER THE REPORT OF THE INDEPENDENT AUDITOR UP TO THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT, OTHER THAN AS DISCLOSED IN THIS PROSPECTUS AND THE COMPANY'S AND SUBSIDIARIES' CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR THEN ENDED 31 DECEMBER 2015 AND 2014, AS WELL AS OTHER LIABILITIES AND CONTRACTS WHICH OCCURRED FROM USUAL BUSINESS ACTIVITIES.

THERE ARE NO BREACHES TO ANY OF THE TERMS IN THE CREDIT AGREEMENTS MADE BY THE COMPANY AND ITS SUBSIDIARIES THAT WOULD HAVE A MATERIAL IMPACT ON THE CONTINUITY OF THE BUSINESS OF THE COMPANY

THERE IS NO DEFAULT CONDITION ON THE PRINCIPAL PAYMENT AND/OR INTEREST OF ANY LOANS FROM AFTER THE DATE OF THE MOST RECENT FINANCIAL REPORT UNTIL THE EFFECITVE DATE OF THE REGISTRATION.

THERE ARE NO LIMITATIONS THAT MAY HARM THE RIGHTS OF SHAREHOLDERS OF THE PUBLIC.



## IV. SUMMARY OF IMPORTANT FINANCIAL INFORMATION

You should read the summary consolidated financial information presented below in conjunction with the Company's consolidated financial statements and the related notes thereto as of and for the years ended December 31, 2014 and 2015.

The Company has derived the summary consolidated financial information below from its audited consolidated financial statements as of and for the years ended December 31, 2015 and 2014, each prepared and presented in accordance with Indonesian Financial Accounting Standards ("IFAS"). The audited consolidated financial statements as of and for the years ended December 31, 2014 and 2015 have been audited in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (*Institut Akuntan Publik Indonesia* or "IICPA"), by KAP Tanudiredja, Wibisana, Rintis & Rekan, formerly known as KAP Tanudiredja, Wibisana, Rintis & Rekan, (a member of the PricewaterhouseCoopers network of firms), which have been signed by the independent public accountant Drs. Irhoan Tanudireja with unmodified opinion.

Table set forth below is expressed in million of Rupiah except for profit per share that is expressed in full Rupiah.

### A. Summary Consolidated Statements of Financial Position

Description	31 December		1 January
	2015	2014	2014
<i>(in million of Rupiah)</i>			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	195,289	58,162	360,815
Trade Receivables:			
- Related parties	20,389	19,617	1,299
- Third parties, after provision for impairment of trade receivables deduction :	509,367	712,176	271,884
Other receivables:			
- Related parties	5,945	2,098	4,191
- Third parties	123,166	67,892	14,304
Inventories	5,962,896	5,096,435	5,038,069
Prepaid taxes:			
- Corporate Income tax	451,318	316,319	262,405
- Other taxes	281,189	223,046	160,611
Assets held for sale	-	10,861	-
Prepayments	36,108	44,272	61,763
Advances	8,352	2,166	1,903
<b>Total current assets</b>	<b>7,594,019</b>	<b>6,553,044</b>	<b>6,177,244</b>
<b>Non-current assets</b>			
Advances for fixed assets	142,041	397,995	499,169
Prepayments	19,226	20,280	23,794
Deferred tax assets	545,037	53,386	554,208
Fixed assets, net of accumulated depreciation and provision for impairment	4,332,221	3,768,657	2,651,799
Goodwill	19,871	19,871	19,871
Other assets	14,899	8,234	9,171
<b>Total non-current assets</b>	<b>5,073,295</b>	<b>4,268,423</b>	<b>3,758,012</b>
<b>TOTAL ASSETS</b>	<b>12,667,314</b>	<b>10,821,467</b>	<b>9,935,256</b>

Description	31 December		1 January
	2015	2014	2014
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term bank loans	1,264,062	3,351,200	2,700,748
Advances from customers	189,043	196,182	234,045
Trade payables			
- Related parties	51,062	31,058	39,985
- Third parties	237,702	287,883	343,699
Other payables			
- Related parties	1,461	7,224	8,691
- Third parties	82,648	120,451	33,956
Excise payable	-	1,397,938	1,048,739
Accruals	1,377,856	862,944	576,910
Short-term provision	2,875	3,043	47,503
Short-term employee benefit liabilities	160,787	91,197	130,756
Taxes payable:			
- Corporate income tax	45,803	17,905	31,408
- Other taxes	33,247	37,459	22,116
<b>Total current liabilities</b>	<b>3,446,546</b>	<b>6,404,484</b>	<b>5,218,556</b>
<b>Long-term Liabilities</b>			
Post-employment benefits obligation	369,525	398,022	410,816
Long-term loans	12,000,000	5,300,000	3,300,000
<b>Total long-term liabilities</b>	<b>12,369,525</b>	<b>5,698,022</b>	<b>3,710,816</b>
<b>EQUITY</b>			
Share capital:			
- Authorized capital 21,546,000,000 Shares with par value of Rp50(full Rupiah) per share			
- Issued and fully paid capital 7,240,005,000 shares	362,000	362,000	362,000
Additional paid-in capital	192,631	254,928	254,928
Merging entity equity (Accumulated losses)/ retained earnings:		168,343	157,094
- Appropriated	4,000	4,000	4,000
- Unappropriated	(3,707,388)	(2,070,310)	227,862
<b>Total (capital deficiency)/equity</b>	<b>(3,148,757)</b>	<b>(1,281,039)</b>	<b>1,005,884</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,667,314</b>	<b>10,821,467</b>	<b>9,935,256</b>

## B. Summary Consolidated Statements of Profit or Loss and Other Comprehensive

*(in million of Rupiah)*

Description	31 December	
	2015	2014
Net revenue	16,814,352	14,489,473
Cost of goods sold	(15,098,989)	(12,863,580)
<b>Gross profit</b>	<b>1,715,363</b>	<b>1,625,893</b>
<b>Operating (expenses)/income</b>		
Selling expenses	(1,706,418)	(1,843,192)
General and administrative expense	(851,633)	(753,480)
Other operating expenses net	(33,082)	(7,205)
Other gains/(losses), net	18,791	33,530
	<b>(2,572,342)</b>	<b>(2,570,347)</b>
<b>Operating loss</b>	<b>(856,979)</b>	<b>(944,454)</b>
Finance cost	(1,084,448)	(745,214)
Finance income	2,875	1,802
<b>Loss before income tax</b>	<b>(1,938,552)</b>	<b>(1,687,866)</b>
<b>Income tax benefit/(expense)</b>	<b>300,014</b>	<b>(563,457)</b>
<b>Loss for the year</b>	<b>(1,638,538)</b>	<b>(2,251,323)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurement of post employment benefit	11,760	(17,115)
Related income tax	(2,940)	4,279
Other comprehensive income/(loss) for the year, net of tax	8,820	12,836
<b>Total comprehensive loss for the year</b>	<b>(1,629,718)</b>	<b>(2,264,159)</b>
<b>Loss attributable to owners of the parent</b>	<b>(1,638,538)</b>	<b>(2,251,323)</b>
<b>Total comprehensive loss attributable to owners of the parent</b>	<b>(1,629,718)</b>	<b>(2,264,159)</b>
<b>Net loss per share basic and diluted (full Rupiah)</b>	<b>(226.32)</b>	<b>(310.96)</b>

### C. Summary Consolidated Statements of Cash Flows

*(in million of Rupiah)*

Description	31 December	
	2015	2014
<b>Cash flows from operating activities</b>		
Receipt from customers	17,009,250	13,993,000
Payment to suppliers	(16,859,637)	(12,182,290)
Payment to employees	(1,034,386)	(1,083,187)

Description	31 December	
	2015	2014
Receipt from finance income	2,875	959
Receipt of tax refund	31,660	148,867
Payment of tax assessments	(51,786)	(40,983)
Payment of corporate income tax	(416,467)	(254,036)
Payment of marketing activities	(1,248,880)	(1,409,501)
Other operating activities, net	(256,376)	(256,606)
<b>Net cash flows used in operating activities</b>	<b>(2,823,747)</b>	<b>(1,083,777)</b>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(553,628)	(1,299,895)
Acquisition of subsidiaries	(238,000)	-
Proceed from sales of assets held for sale	8,909	-
Proceed from sales of fixed assets	38	17,607
Deposit received for assets held for sales	-	42,000
<b>Net cash flows used in investing activities</b>	<b>(782,681)</b>	<b>(1,240,288)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-terms loans	441,000	1,031,000
Proceeds from intercompany loan	6,700,000	2,000,000
Payment of finance cost	(867,347)	(607,797)
Payment of dividend	-	(22,764)
Payment of short-term bank loans	(1,834,000)	(932,000)
<b>Net cash flows provided from financing activities</b>	<b>4,439,653</b>	<b>1,468,439</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>833,225</b>	<b>(855,626)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(1,614,355)</b>	<b>(758,729)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(781,130)</b>	<b>(1,614,355)</b>
Cash and cash equivalents consist of:		
-Cash and cash equivalents	195,289	(607,797)
-Overdraft	(976,419)	(1,672,517)
	(781,130)	(1,614,355)

#### D. Financial Ratio

Description	31 December	
	2015	2014
Net loss ratio to total assets	(13%)	(21%)
Net loss ratio to equity	(52%)	(176%)
Net loss ratio to net income	(10%)	(16%)
Current Ratio	220 %	102%
Total Liabilities to Equity Ratio	(502%)	(945%)
Total Liabilities to Total Assets Ratio	125%	112%



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

*This section contains a discussion of Bentoel's historical results of operations and financial condition as of and for the years ended December 31, 2014 and 2015, as well as an assessment of the factors that affect the Company's performance and prospects in future periods. You should read the following discussion together with the Company and subsidiaries' Audited Consolidated Financial Statements as of and for the years ended December 31, 2014 and 2015. The Management's Discussion and Analysis should also be read with the section of this Prospectus entitled "Summary of Important Financial Information".*

*This discussion and analysis contains forward-looking statements that reflect the Company's current views with respect to future events and its financial performance. The Company's actual result of performance may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in this section and under the section headed "Risk Factors – Statements". Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.*

### A. Overview

The Company is the fourth largest cigarette manufacturer in Indonesia with approximately 7% overall market share as of December 2015 based on AC Nielsen Retail Index (Indonesia), Bentoel has sold more than 23 billion cigarettes in 2015, with 22.2 billion cigarettes sold domestically and the remainder exported. The Company has over 85 years of operating history in the cigarette business, having begun its operations in 1930 under the "Strootjes Fabriek Ong Hok Liong" name. It subsequently changed its name to CV Rimba Niaga in 1979, PT Rimba Niaga Idola in 1987, PT Transindo Multi Prima Tbk in 1997 and again in 2000 to its current name. Since 2009, the Company has been part of British American Tobacco ("BAT"), a global company with over 200 brands, sold in more than 200 countries and one of the 10 companies on the London Stock Exchange. The Company focuses primarily on domestic cigarette sales in Indonesia as its main source of revenue.

Cigarettes in Indonesia are sold in two main varieties – *kretek*, which is Indonesia's traditional flavors cigarettes, a blend of tobacco, clove and other flavours; and *non-kretek*, also known as "white" cigarettes. *Kretek* cigarettes dominate the Indonesia market with about 93.75% of the market share (source: Nielsen Retail Audit December 2015). Bentoel's cigarette brand portfolio in Indonesia covers both *kretek* and *non-kretek* cigarettes - manufactured as either SKT, SKM, and SPM.

The Company's key brands within its SKM portfolio are *Dunhill Fine Cut Mild*, *Club Mild* and *Dunhill Fine Cut Filter*.

- *Dunhill Fine Cut Mild* (13mg tar and 1.0mg nicotine) was launched in March 2012 and is the first successful BAT international branded clove cigarette to be marketed in Indonesia as an international brand. The brand was launched to capture growing opportunity in the "premium mild" cigarette segment.
- Following the successful launch of *Dunhill Fine Cut Mild*, Bentoel launched *Dunhill Fine Cut Filter* (21mg tar and 1.5mg nicotine) in November 2014, another international brand of clove cigarette. With the tagline "Taste the Power", *Dunhill Fine Cut Filter* is committed to provide a superior product offering to the consumer.

- *Club Mild* (12mg tar and 1.0mg nicotine) was launched in 2008 and has been a breakthrough regional brand in North Sumatera. With a strong value connection with the consumer, *Club Mild* has been able to establish itself as a leading brand amongst other national brands in North Sumatera.

Apart from the above brands, the Company also manufactures and distributes other brands such as *Bentoel Biru*, *Neo Mild*, *Uno Mild*, *Star Mild*, *Lucky Strike Mild*, *Bintang Buana Filter* and *Tali Jagat Filter* under its machine-made cigarettes category. The Company also produces (i) hand-rolled cigarettes under the *Tali Jagat Raya*, *Bintang Buana Raya*, *Joged Super*, *Bentoel Sejati* and *Rawit Special* brands and (ii) “white” cigarettes under the *Lucky Strike*, *Dunhill* and *Country* brands.

In 2015 and 2014, the Company sold 22.2 billion and 21.7 billion sticks of cigarettes in Indonesia respectively. Its 37 area sales marketing offices, widespread distribution outlets that provide nationwide sales coverage across the country, granting the Company an extensive retail reach. This is coupled with the Company’s ten production facilities in Indonesia including three for machine-made cigarettes and three for hand-rolled cigarettes. In 2015 and 2014, the Company generated consolidated net revenue of Rp16,814.4 billion and Rp14,489.5 billion respectively and net loss for the year of Rp1,638.5 billion and Rp2,251.3 billion, respectively.

## **B. Factors Affecting the Company’s Financial Condition and Results of Operations**

Set forth below are a number of factors that have had important effects on the Company’s results of operations and that the Company expects to continue to impact its financial performance in the future.

### **1. Excise Tax and VAT**

Tobacco products in Indonesia are subject to value added tax (“VAT”), regional tax and excise tax, the cost of which the Company passes onto retail and wholesale customers, gradually over the period following an excise tax increase. These taxes constitute a significant part of the Company’s cost of goods sold and of the retail price of cigarettes. In 2015 and 2014, excise tax, regional tax and VAT made up 68.9% and 63.6% of the Company’s net revenue. Indonesian excise taxes have been steadily increasing in recent years, and the Company expects such excise taxes to continue to increase. The most recent excise tax increase in Indonesia was implemented in January 2016 and will likely result in an average increase of 11.3% in excise tax rates for cigarettes sold by the Indonesian industry compared to 2015.

The actual levels of excise tax imposed on cigarettes depend on the type of cigarette and the production volumes for that type of cigarette. Higher production volumes mean higher excise tax amounts, which results in a “step-up” effect whereby a manufacturer’s profits may decrease as its sales volumes increase and it passes the next excise tax threshold.

Increasing levels of excise tax and VAT result in higher retail sales prices for cigarettes, as cigarette manufacturers typically pass these costs onto retail and wholesale customers, and are then subsequently passed on to adult smokers. Higher retail prices, in turn, generally have a negative impact on overall consumption and may encourage adult smokers to switch from higher-priced cigarettes to lower-priced cigarettes or illegal cigarettes. Any increase in excise tax may make it more difficult for the Company to increase its sales volumes or to increase its prices and margins on cigarettes. To the extent there is a significant increase in excise tax and vat, the Company, like other cigarette manufacturers, may only be able to pass that increase on to adult smokers over a longer period of time, which would have a negative impact on the Company’s margins for that period. Conversely, smaller increases in excise taxes or a prolonged period without any excise tax increases could result in higher sales volumes and/or higher sales prices and margins for the Company’s products.

## **2. Changes in Adult Smoker Demand and Product Mix**

The key brands in the Company's cigarette portfolio span across the premium priced and mid priced segments. To the extent that the contribution from products in a particular segment increases or decreases as a proportion of the Company's sales, it will impact the Company's average costs and sales prices per cigarette and its overall revenues, margins and profits. The Company expects the contribution of its SKM products to continue to grow and that of its SKT products to continue to decline as the long-term shift in adult smoker preference from SKT products to SKM products continues. The SKM portfolio has been a key driver of the Company's growth, with net revenue increasing by 30% in 2015 from 2014, during which its leading brands *Dunhill Fine Cut Mild* and *Dunhill Fine Cut Filter*, contributed 67% to its total net revenue, up from 46% in 2014. As adult smoker demand shifts, the Company expects to see continued changes in its product mix and to adjust its production and sales of cigarettes to meet market demand.

## **3. Macroeconomic Factors and Economic Conditions in Indonesia**

Adult smoker demand for cigarettes in Indonesia depends in part on macroeconomic conditions in Indonesia. The Company sells substantially all of its cigarettes in Indonesia; accordingly, its results of operations are affected by significant changes in economic and political developments in Indonesia, which can affect the demand for and pricing of the Company's products. As the Indonesian economy grows and as GDP per capita in Indonesia increases, the Company expects the consequent increase in purchasing power to result in an increase in industry volumes of cigarette consumption and in adult smokers' trading up to more premium categories and brands. Conversely, in times of weak economic conditions, as purchasing power decreases, it may be more difficult for the Company to increase or maintain its sales volumes and adult smokers may down-trade to brands in lower price ranges or different categories, which in turn could affect the average unit price for cigarettes. These macro-economic factors can have a significant impact on the Company's sales volumes, prices and results of operations, in particular if changes in these factors are significant or unanticipated.

## **4. Prices and Availability of Raw Materials**

The cost of raw materials is the most significant element of the Company's costs (other than excise tax). In 2015 and 2014, raw material costs constituted approximately 82% and 67% respectively of the Company's cost of goods sold for its cigarettes excluding excise tax. Most of these raw material costs consist of costs of tobacco and cloves. The Company generally passes increases in raw material prices onto retail and wholesale customers, and is subsequently passed on to adult smokers, giving consideration to general market conditions and the Company's estimation of adult smoker willingness and ability to pay higher prices for cigarettes. As a result, increases in raw material prices generally result in an increase in the Company's selling prices, which can put downward pressure on the demand for its products.

Tobacco leaf is the most important raw material in tobacco products. The supply and cost of tobacco leaves are affected by a variety of factors, such as supply, demand, climate conditions, harvest yields, exchange rates, the pace of inflation, agricultural input prices and energy costs. The Company sources the majority of its tobacco leaf supplies from domestic tobacco producers. The Company continues to work toward achieving a stable supply of tobacco leaf and enhancing the quality of tobacco leaf it procures through further vertical integration of its supply network and by strengthening its cooperation with farmers and its relationships with external suppliers.

Clove is also an essential ingredient for the cigarettes that the Company manufactures. The Company sources clove supplies domestically and generally purchases clove at spot prices, whilst long-term purchase agreements and commodity swaps or forward contracts for clove are not available. The availability and prices of cloves in Indonesia are influenced by various factors,



including production levels, weather conditions, seasonality, crop diseases and global demand for cloves, particularly as Indonesia produces several premium quality cloves. With regards to the import ban on cloves in Indonesia, the Company is exposed to fluctuations in clove costs in the Indonesian market.

The supply market both for tobacco leaf and clove in Indonesia is fragmented. The Company sources a majority of its supply of tobacco leaf from local contracted farmers as well as other farmers at spot prices through buying agents, with a small portion of tobacco leaf imported. All of its clove supply is bought from farmers through buying agents. Other raw materials such as paperboard, filter tow and packaging materials are purchased globally from suppliers leveraging off BAT's global procurement, with a small portion sourced locally.

Any significant change in the availability or any significant increase or decrease in the price of tobacco leaf or clove could materially affect the Company's cost of production.

## **5. Prices of the Company's Products**

The prices of the Company's products are affected by demand and supply conditions in the Indonesian cigarette market, excise taxes, regional cigarette tax, VAT, the prices of raw materials that are required for production, competition and general economic conditions, all of which could have an impact on the demand for the Company's products and its results of operations and financial condition. There are no restrictions on pricing in the cigarette industry in Indonesia, and therefore the Company is able to determine product pricing based on factors such as market sentiment, adult smoker preference and competitive dynamics. Price increases are driven in part by excise tax, as the Company typically passes excise tax increases on to customers, and is subsequently passed on to adult smokers but does so over a certain period of time following an excise tax hike, taking into consideration the amount of the tax increase, general economic conditions, adult smokers' ability to absorb a price increase and other market dynamics. Price increases for cigarettes can put downward pressure on adult smoker demand and therefore sales volumes. Conversely, the Company may be able to drive pricing more aggressively as adult smokers' purchasing power increases.

## **6. Regulatory Environment**

The Company's business activities and results of operations are affected by the regulatory environment in Indonesia. Changes in regulations and government policies with regard to restrictions on the promotion, marketing, packaging, labeling, sponsorship and usage of tobacco products could significantly impact the Company's sales and cost of goods sold.

For instance, in December 2012 the Government issued GR 109/2012, implementing restrictions on the production, distribution and sale of tobacco products, restrictions on advertising activities and the print requirements of graphic health warnings on risks associated with the consumption of tobacco products on cigarette packets. This regulation and other similar regulations which are aimed towards discouraging adult smoker consumption of cigarettes, may result in a decrease in the Company's revenue and profit, as well as increase the Company's compliance-related expenses.

Indonesia also has in place strict limits on tobacco advertising, sponsorship and promotion. Trademark advertising of cigarette brands is permitted on the television networks broadcasting in Indonesia, but the timing of airings is controlled and depiction of individuals smoking cigarettes or the entire cigarette pack are not allowed on air or on any other promotion materials. Since December 2013, cigarette producers have also been required to place graphical health warning labels on cigarette packs as well as on all promotional materials, including television, billboards, in-store advertisements and any form of internet based advertising, while on cigarette packs, it

was implemented by June 2014. More recently in 2015, regulations have also been issued to restrict outdoor advertising in certain areas in Jakarta and some other cities.

The Government has imposed cigarette-free areas since 2009, which include health facilities, educational spaces, children's playgrounds, religious facilities, public transportation, working spaces and public spaces. In a cigarette-free area, smoking, producing, selling, advertising and/or promoting tobacco products are prohibited. Notwithstanding the foregoing, the activities of selling, advertising and promoting cigarettes are permitted in places designated for selling cigarettes located in cigarette-free areas.

## **7. Competition**

Competition is generally intense in the tobacco business in Indonesia, where there are several cigarettes manufacturers. In particular, in regions where a strong distribution network and brand loyalty creates a barrier to entry in already concentrated areas, it can be difficult to enter the market or grow market share. The Company takes the prices of competitors' products into account when setting and revising prices for its own products. The Company may need to limit its price increases and/or make substantial investments in sales and marketing in order to protect or grow its market share. Competitive conditions, including the prices of competing products may affect the Company's pricing of its products, which may have a material effect on its revenue and profit.

## **8. Critical Accounting Estimates and Judgments**

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Actual results may differ from these estimates. The judgments, estimates and assumptions that have a significant effect on the carrying amount of assets and liabilities are disclosed below.

### ***Fixed Assets***

The Company periodically reviews the estimated useful lives of fixed assets based on several factors such as technical specifications and operation and business needs. In addition, the Company also reviews the estimated residual values for vehicles and buildings based on estimated market price information relevant to the assets. The consolidated financial statements could be materially affected by changes in these estimates.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount of an asset or cash generating unit is determined based on the higher of its fair value less costs to sell and its value in use, calculated on the basis of management's assumption and estimates.

If the recoverable amount of an asset or cash generating unit is lower than book value of fixed assets, the Company would have recognised further impairment of fixed assets and would need to reduce the carrying value of machinery.

### ***Post-employment Benefits Obligation***

The present value of the employee benefits obligation depends on a number of factors that are determined on an actuarial basis using several assumptions. The assumptions used in determining the net costs include the discount rate and future salary increment rate. Any changes in these assumptions will have an impact on the carrying amount of post-employment benefits obligation.

For future salary increment rate, the Company use historical salary increment, adjusted for future business plans. Other key assumptions for post-employment benefits obligation are partly based on current market conditions.

#### ***Income tax calculation and tax reserve***

The Company makes estimates and judgment in determining the provision and calculation for taxes for the consolidated financial statements. These estimates and judgments occur in calculation of tax expenses, benefits and deductions, resulting from interpretation and application of certain tax regulations and in the calculation of certain tax assets and liabilities that arise from temporary differences between accounting and tax base. Significant changes in these estimates may result in an increase or decrease to the tax provision.

The Company also assesses the likelihood of recoverability of deferred tax assets. The Company believes that it will ultimately recover the deferred tax assets recorded in the consolidated statements of financial position and would generate future taxable profit against which existing tax losses could be relieved.

The Company's management has reviewed the collectability of the claims and determined the provision for uncollectible claims for tax refund. The determination requires significant judgements. In making these judgements, the Company evaluates, amongst other factors, the recent developments of tax objections and the tax appeals process, previous experiences related to similar tax cases, and the supporting documentation.

The Company's management has researched the possibility of uncollectible claims and determine the amount of tax reserves on the tax refund claim. This determination requires significant judgment. In consideration of this, the Company has been evaluating various factors, including the late developments in tax objections and appeals process, previous experiences with similar cases and the supporting evidence.

### **C. Changes in Accounting Policies**

On 1 January 2015, the Company adopted new and revised statements of financial accounting standards ("PSAK") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards. Application of new standards or revisions, which are relevant to the Company's operations and impact to the consolidated financial statement are as follows:

#### **PSAK 1 " Presentation of Financial Statement"**

Changes in PSAK 1, "Presentation of financial statements' regarding other comprehensive income. The main changes are the requirements of the Group to group things that are presented as "other comprehensive income" based on whether things have the potential to be reclassified to profit or loss subsequently (reclassification adjustments).

#### **PSAK 24 (2013 Revision) "Employee Benefits"**

The implementation of PSAK 24 (2013 Revision), "Employee Benefits" causing the change of policy in the Company's accounting to be as follows:

1. All actuarial gains and losses are charged directly in other comprehensive income. Previously, recording gains and losses are deferred in part by using the corridor method.
2. All past service cost is recognized immediately in the income statement. Previously, past service costs are recognized straight-line basis over the vesting period if the changes are conditional on

the rest of the work services for a specified period (the vesting period).

3. The revised standard also requires disclosure more extensive.

## D. Results of Operations

### Consolidated Financial Report Data

The following table sets forth certain statements of financial position from the Company's consolidated financial statements as of the years indicated:

*(in million Rupiah)*

Description	For the year ended December 31,	
	2015	2014
Total current assets	7,594,019	6,553,044
Total non-current assets	5,073,295	4,268,423
Total assets	12,667,314	10,821,467
Total current liabilities	3,446,546	6,404,484
Total non-current liabilities	12,369,525	5,698,022
Total liabilities	15,816,071	12,102,506
Total equity / (capital deficiency)	(3,148,757)	(1,281,039)
Total liabilities and equity	12,667,314	10,821,467

### Profit or Loss and Other Comprehensive Income Data from The Company's Consolidated Financial Statements

The following table sets forth certain statements of profit or loss and other comprehensive income data from the Company's consolidated financial statements for the years indicated:

*(in million Rupiah)*

Description	For the year ended December 31,	
	2015	2014
Net revenues	16,814,352	14,489,473
Cost of goods sold	(15,098,989)	(12,863,580)
<b>Gross profit</b>	1,715,363	1,625,893
Selling expenses	(1,706,418)	(1,843,192)
General and administrative expenses	(851,633)	(753,480)
Other operating expenses, net	(33,082)	(7,205)
Other gains, net	18,791	33,530
<b>Operating loss</b>	(856,979)	(944,454)
Finance costs	(1,084,448)	(745,214)
Finance income	2,875	1,802
<b>Loss before income tax</b>	(1,938,552)	(1,687,866)
Income tax benefit / (expense)	300,014	(563,457)
Loss for the year	(1,638,538)	(2,251,323)
Other comprehensive income / (losses)		
Items that will not be reclassified to profit or loss		
Remeasurement of post employment benefit	11,760	(17,115)
Related program income tax	(2,940)	4,279
Total comprehensive loss for the year	(1,629,718)	(2,264,159)

## E. Principal Components of the Company's Consolidated Statements of Profit or Loss and Other Comprehensive Income

### 1. Net Revenue

The Company derives substantially all of its revenues from the sales of cigarette, which consists of three product categories: machine-made *kretek* cigarettes, hand-rolled cigarettes and white cigarettes. Net revenue includes excise and value added tax attributable to cigarettes sold, net of returns. The Company focuses primarily on domestic Indonesia cigarette sales as its main revenue source. Other net revenue include revenue from the Company's sales of tobacco leaves and paper for hand-rolled cigarettes.

The following table sets forth information about the Company's net revenue and the percentage breakdown of its net revenue by product categories for the years indicated.

(in million Rupiah)

Description	For the year ended December 31,	
	2015	2014
Machine-made cigarettes (SKM)	14,631,195	11,525,858
Hand-rolled cigarettes (SKT)	924,241	1,325,184
White cigarettes (SPM)	882,678	1,202,235
Others	376,238	436,196
<b>Total</b>	<b>16,814,352</b>	<b>14,489,473</b>

### 2. Cost of Goods Sold

Cost of goods sold primarily represents raw materials, excise stamps and related VAT, royalty, direct labor costs and factory overhead costs. The cost of excise stamps and related VAT are the most significant component of the Company's cost of goods sold.

### 3. Gross Profit

Gross profit is the Company's net revenue minus its cost of goods sold.

### 4. Selling Expenses

Selling expenses consist primarily of advertising and promotion, employee compensation, rental and delivery expenses.

### 5. General and Administrative Expenses

General and administrative expenses consist primarily of employee compensation, depreciation, technical and advisory fees and IT maintenance in relation to services primarily provided by British American Tobacco Group.

### 6. Other Gains, Net

Other gains, net consist primarily of gain from sales of asset held for sale and net gain / (loss) on foreign exchange.

### 7. Finance Costs

Financing costs consist of interest expenses on long-term loans with related parties, various short-term bank loans and overdrafts.

**8. Finance Income**

Finance income consists primarily of interest income generated from cash in banks.

**9. Loss before Income Tax**

Loss before income tax is the Company's loss before corporate income tax.

**10. Income Tax Benefit / (Expense)**

Income tax benefit / (expense) consists of current income tax expense, deferred income tax and prior period adjustment.

## **F. Consolidated Financial Information For the Year Ended December 31, 2015 Compared To the Year Ended December 31, 2014**

### **Consolidated Financial Position**

#### **1. Current Assets**

Total current assets increased by 15.9% to Rp7,594,019 million on December 31, 2015 of Rp6,553,044 million on December 31, 2014. This is largely due to the increase in inventories by 17.0% to Rp5,962,896 million at 31 December 2015 of Rp5,096,435 million on December 31, 2014 as well as the increase in cash and cash equivalents amounted to 235.8% to Rp195,289 million as at 31 December 2015 from Rp58,162 million on December 31, 2014.

#### **2. Non-Current Assets**

Total non-current assets increased by 18.9% to Rp5,073,295 million on December 31, 2015 of Rp4,268,423 million on December 31, 2014, as a result of ongoing investments on fixed assets associated with the addition on the machine that is still in the process of completion , to support the strategic growth of the Company's portfolio, which grew 15.0% to Rp4,332,221 million on December 31, 2015 of Rp3,768,657 million on December 31, 2014.

#### **3. Total assets**

Total assets increased by 17.1% to Rp12,667,314 million on December 31, 2015 of Rp10,821,467 million on December 31, 2014, where most of the fluctuation has been described in the Current Assets and Current Assets.

#### **4. Short Term Liabilities**

Total short-term liabilities decreased 46.2% to Rp3446,546 million on December 31, 2015 of Rp6404,484 million on December 31, 2014. This was mainly caused by a decrease in short-term bank loans by 62.3% to Rp1,264,062 million on December 31, 2015 of Rp3,351,200 million at December 31, 2014 as the Company has made payments on overdraft facilities and short-term bank loan. The decline in short-term liabilities was also caused by the reduction in excise debt amounted Rp1,397,938 million with the elimination of the tax credit facility at the end of the year.

#### **5. Long Term Liabilities**

Total long-term liabilities increased by 117.1% to Rp12,369,525 million on December 31, 2015 of Rp5,698,022 million at December 31, 2014 primarily due to additional drawdown of loans from related parties amounted Rp6,700,000 million.

#### **6. Total of Liabilities**

Total liabilities of the Company per December 31, 2015 increased by 30.7% to Rp15,816,071 million, compared with that recorded on December 31, 2014. Rp12,102,506 million where most of the fluctuation has been described in the Current Liabilities and Long Term Liabilities.

#### **7. Equity**

Capital deficiency increased by 145.8% to Rp3,148,757 million compared with capital deficiency recorded on December 31, 2014 amounted to Rp1,281,039 million, as a result of the Company's net loss in the year.

### **Income Statement and Consolidated Comprehensive Income**

**1. Net Revenue**

The Company's net revenue increased 16.0% to Rp16,814,352 million for the year ended December 31, 2015 from Rp14,489,473 million for the year ended December 31, 2014. This is primarily due to a combination of higher domestic sales volume during the period as a result of increased distribution coverage, strong performance of the Company's investment brands primarily from its *Dunhill* brand and higher sales price.

**2. Cost of Goods Sold**

The Company's cost of goods sold increased 17.4% to Rp15,098,989 million for the year ended December 31, 2015 from Rp12,863,580 million for the year ended December 31, 2014. This was largely driven by an increase in excise and related VAT payments for the year, as well as an increase in tobacco and non-tobacco input costs as a result of higher inflation and the devaluation of the Rupiah.

**3. Selling Expenses**

The Company continued to invest heavily to grow its brand portfolio, expanded its distribution network and develop its employees. Despite the inflationary pressures on operating expenses, the Company improved its effectiveness and efficiency in promotion and distribution activities, resulting in a reduction in selling expenses of 7.4% to Rp1,706,418 million for the year ended December 31, 2015 from Rp1,843,192 million for the year ended December 31, 2014.

**4. General and Administrative Expenses**

General and administrative expenses increased by 13.0% to Rp851,633 million for the year ended December 31, 2015 from Rp753,480 million for the year ended December 31, 2014 primarily due to the increase of employee compensation.

**5. Other Gains, Net**

Other gains, net decreased by 44.0% to Rp18,791 million for the year ended December 31, 2015 from a Rp33,530 million for the year ended December 31, 2014 primarily due to foreign exchange losses.

**6. Finance Costs**

To support investment in the business as well as ongoing operational activities, Rothmans Far East B.V increased its loan to the Company in 2015. Therefore, net financing costs increased to Rp1,084,448 million for the year ended December 31, 2015. It represents an increase of 45.5% from Rp745,214 million for the year ended December 31, 2014.

**7. Finance Income**

The Company's finance income increased 59.5% to Rp2,875 million for the year ended December 31, 2015 from Rp1,802 million for the year ended December 31, 2014 and mainly represents interest income generated from cash in bank.

**8. Loss before Income Tax**

As a result of the above, the Company recorded a 14.9% increase in its loss before income tax to Rp1,938,552 million for the year ended December 31, 2015, from Rp1,687,866 million for the year ended December 31, 2014.



## 9. Income Tax Benefit / (Expense)

Changes in income tax expense from 2014 amounting to Rp563,457 million to income tax benefit in 2015 amounting to Rp300,014 million was mainly contributed by unrecognised deferred tax assets in 2014 amounting to Rp941,536 million.

## 10. Loss for the Year

The combination of the increase in net income and efficiency in sales expenses and income tax benefit, reducing the impact of the increase in cost of sales, general and administrative expenses and interest expenses, so that the Company recorded a decrease in operating loss of 27.2% to Rp1.638.538 million for the year ended on December 31, 2015 from Rp2,251,323 million for the year ended December 31, 2014.

## 11. Total Comprehensive Loss

Total comprehensive loss for the year ended December 31, 2015, consisting of a loss for the year as well as the re-measurement on defined benefit plans (net of related income taxes).

## 12. Measurement Back Post-Employment Benefits after deducting Income Tax Related

Changes remeasurement post-employment benefits (net of Income Tax Related) into a profit of Rp8,820 million for the year ended December 31, 2015 compared to a loss that is charged in the year ended December 31, 2014 Rp12,836 million, due to changes in actuarial assumptions and adjustment experience.

## 13. Comprehensive Losses Total Current Year

Total comprehensive loss for the current year decreased 28.0% to Rp1,629,718 million for the year ended December 31, 2015 from Rp2,264,159 million for the year ended December 31, 2014 as described in the previous section.

Although the Company recorded gains on cost of sales, general and administrative expenses, as well as financial expenses for the year ended December 31, 2015; increase in revenues, together with cost savings and the income tax benefit has resulted in lower operating loss compared to the previous period.

## G. Liquidity and Capital Resources

The Company's primary liquidity needs have been to finance its operations, working capital needs, debt service and capital expenditures relating to its manufacturing and distribution. In 2014 and 2015, the Company has financed its liquidity requirements primarily through cash received from customer, long-term related party loans, short-term bank loans and bank overdrafts.

The Company expects that its working capital requirements will continue to be addressed by various funding sources, including cash received from customer, related party loans, bank loans and bank overdraft from existing and/or new facilities. As of December 31, 2015, the Company had cash and cash equivalents of Rp195,289 million and bank overdrafts amounting to Rp976,419 million.

Taking into account the estimated net proceeds from the RI III, the Company expects to have sufficient resources to meet its working capital. The Company's ability to obtain adequate financing, including new credit facilities, to satisfy its contractual obligations, and debt and interest service requirements, may be limited by its financial condition and results of operations and the liquidity of domestic and international financial markets. There can be no assurance that the Company will achieve profitability in the future periods.

## 1. Cash Flows

The following table sets forth certain information about the Company's cash flows during 2014 and 2015:

Description	(in million Rupiah)	
	For the year ended December 31,	
	2015	2014
Net cash flows used in operating activities	(2,823,747)	(1,083,777)
Net cash flows used in investing activities	(782,681)	(1,240,288)
Net cash flows provided from financing activities	4,439,653	1,468,439
Net increase / (decrease) in cash and cash equivalents	833,225	(855,626)
Cash and cash equivalents at the beginning of the year	(1,614,355)	(758,729)
Cash and cash equivalents at the end of the year	(781,130)	(1,614,355)
Cash and cash equivalents comprise of the following:		
Cash and cash equivalents	195,289	58,162
Bank overdrafts	(976,419)	(1,672,517)
	(781,130)	(1,614,355)

Proceeds from related party and bank loans have been the Company's primary source of liquidity over the past three financial years. The Company's main uses of funds have been to make capital expenditure relating to its manufacturing and distribution activities as well as for its operational and marketing activities.

The increase in cash flows from financing and investing activities respectively Rp2,971,214 and Rp457,607, which is largely due to the growing acceptance of loans from related parties and a reduction in the cost of fixed assets, is able to reduce the impact from the decline in operating cash flow of Rp1,739,970. It is capable of making the company recorded net gains on cash flow amounted to Rp833,255.

## 2. Net Cash Flows Used in Operating Activities

The Company's net cash flow used in operating activities was Rp2,823,747 million for the year ending December 31, 2015, comprising of cash receipts from customers of Rp16,859,637 million, payments to suppliers of Rp17,018,853 million, payment to employees of Rp1,034,386 million, receipt of financial income of Rp2,875 million, receipt of tax refund of Rp31,660 million, payments of tax assessment of Rp51,786 million, payment of corporate income tax of Rp416,467 million, payment of marketing activity of Rp1,248,880 million and net outflows from other operating activities of Rp256,376 million.

The Company's net cash used in operating activities was Rp1,083,777 million for the year ending December 31, 2014, comprising of cash receipts from customers of Rp13,993,000 million, payments to suppliers of Rp12,182,290 million, payment to employees of Rp1,083,187 million, receipt of finance income of Rp959 million, receipt of tax refund of Rp148,867 million, payments of tax assessment of Rp40,983 million, payment of corporate income tax of Rp254,036 million, payment of marketing activity of Rp1,409,501 million and net outflows from other operating activities of Rp256,606 million.

The higher amount of cash used for payments to suppliers in 2015 compared to 2014 was primarily due to new excise regulation, increase of excise and VAT payments. This was driven by the increase of excise rate coupled with the increase in the sales volume.

For the year ended December 31, 2015 and 2014, the Company has funded operations and working capital needs through a variety of funding sources, including the acceptance of customers, long-term loans to related parties, short-term bank loans and overdraft facilities owned by the company

### 3. Net Cash Flows Used in Investing Activities

The Company's net cash used in investing activities was Rp782,681 million for the year ended December 31, 2015, primarily comprising payments for the acquisition of fixed assets of Rp553,628 million and acquisition of subsidiaries of Rp238,000 million, offset by proceeds from sales of fixed assets of Rp38 million and proceeds from sale of asset held for sale of Rp8,909 million.

The Company's net cash used in investing activities was Rp1,240,288 million for the year ended December 31, 2014, primarily comprising payments for the acquisition of fixed assets of Rp1,299,895 million, offset by proceeds from sales of fixed assets of Rp17,607 million and deposits received from assets held for sale of Rp42,000 million.

Over the past four years, the Company has been focused on modernising its manufacturing capabilities by investing heavily in fixed assets especially in machinery. The lower amount of cash used in investing activities in 2015 compared to 2014 is primarily driven by lower fixed assets acquisition for the year.

### 4. Net Cash Flows Provided from Financing Activities

The Company's net cash provided from financing activities was Rp4,439,653 million for the year ended December 31, 2015, primarily comprising of proceeds from short term-loans of Rp441,000 million, proceeds from intercompany loan of Rp6,700,000 million, payment of finance cost of Rp867,347 million and repayment of short-term bank loans of Rp1,834,000 million.

The Company's net cash provided from used in financing activities was Rp1,468,439 million for the year ended December 31, 2014, primarily comprising of proceeds from short term loans of Rp1,031,000 million, proceeds from intercompany loan of Rp2,000,000 million, payment of finance cost of Rp607,797 million, repayment of short-term bank loans of Rp932,000 million and payment of dividends of Rp22,764 million.

The increase in the Company's cash flows from financing activities in 2015 compared to 2014 is mainly due to higher proceeds from the intercompany loan drawn down.

## H. Capital Expenditures

### Historical Capital Expenditures

The Company's capital expenditures were Rp811,701 million and Rp1,394,144 million in 2015 and 2014, respectively.

The following table sets forth the Company's major capital expenditures by category of expenditures for each of the periods indicated below. These capital expenditures related primarily to the Company's manufacturing facilities

Description	(in million Rupiah)	
	For the year ended December 31,	
	2015	2014
Land rights	-	1,029
Buildings and infrastructure	1,429	3,118

Description	For the year ended December 31,	
	2015	2014
Machinery	21	3,391
Equipment	20,717	33,702
Asset under construction	789,534	1,352,904
<b>Total capital expenditure</b>	<b>811,701</b>	<b>1,394,144</b>

On December 31, 2015, the Company has a contract to purchase capital goods amounted to Rp

72,9 billion.

The capital goods purchase contracts are largely related to commitments made by the Company in the purchase agreement with Griffin Cardwell Limited, GARBUIO S.P.A, and GD Societa to buy machines that are used in the production process. Most of the contracted value is in Euro and Pound Sterling. The commitment will be realized in the period were varied and all associated with the production facilities in Malang. As of the date of this Prospectus, there are no realization of capital goods purchase contracts in December 31, 2015.

## I. Contractual Obligations

The following table sets forth the Company's contractual obligations to make future payments as of December 31, 2015. The Company expects to meet these obligations and liabilities through cash generated from existing cash, cash received from customers, the net proceeds from the Offering, bank loans, and overdrafts.

Description	(in million Rupiah)			
	Payment due by period			
	Total	< 1 year	1 – 2 years	2 – 5 years
Short-term bank loans	1,403,973	1,403,973	-	-
Trade payables	288,764	288,764	-	-
Other payables	84,109	84,109	-	-
Excise payable	-	-	-	-
Accruals	1,377,856	1,377,856	-	-
Short-term employee benefit liabilities	160,787	160,787	-	-
Long-term loan	16,014,378	1,338,126	1,338,126	13,338,126
<b>Total liabilities</b>	<b>19,329,867</b>	<b>4,653,615</b>	<b>1,338,126</b>	<b>13,338,126</b>

## J. Contingent Liabilities

As of the date of this Prospectus, the Company has no significant contingent liabilities that may have a material adverse impact on its operations.

## K. Indebtedness

To fund its working capital and capital expenditure needs, the Company has entered into various loan and facility agreements with various parties. As of December 31, 2015, the Company's combined borrowings were approximately Rp13,264,062 million. The applicable interest rates of the Company's existing facilities range between 8% and 13.0% per annum.

The following table sets forth the Company's total outstanding borrowings as of December 31, 2015:

(in million Rupiah)

Description	Drawdown
Short term loans	
Bank Overdraft	
PT Bank ANZ Indonesia	599,800
Deutsche Bank AG	286,686
The Hong Kong and Shanghai Banking Corporation Limited	89,933
Short-Term Bank Loans	
PT Bank Central Asia Tbk	250,000
Bapindo	37.643
Others	
Long term Loans	
Rothmans Far East B.V	12,000,000
<b>Total borrowings</b>	<b>13,264,062</b>

### 1. Third-Party Indebtedness

The Company had authorized short-term bank loans from several banks totaling Rp1,264,062 million in the form of bank overdrafts and bank loans as of December 31, 2015, compared to Rp3,351,200 million as of December 31, 2014.

### 2. Related Party Indebtedness

In August 2013, the Company had obtained a long term intercompany loan facility from Rothmans Far East B.V. to be used for the Company's working capital amounting to Rp5,300,000 million. In March 2015, the Company had further drawn down Rp3,700,000 million from a Rp6,700,000 million facility with Rothmans Far East B.V. The balance of the facility amounting to Rp3,000,000 million was drawn down in two tranches in August and November 2015.

## L. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet liabilities that are not reflected in its Consolidated Financial Statements.

## **VI. IMPORTANT EVENTS AFTER THE DATE OF THE ACCOUNTANT IS REPORTED**

There are no significant events that occur after the independent auditor's report dated 30 May 2016 on the consolidated financial statements of the Company for the date of December 31, 2015 and 2014 audited by the Public Accounting Firm (KAP) Tanudiredja, Wibisana, Rintis & Partners (member firm of PricewaterhouseCoopers global network) with unmodified opinion.

## VII. RISK FACTORS

In carrying out its business activities, the Company realizes that risk is an integral part of any business activity and will have an impact on the business, financial performance, results and business prospects of the Company if not anticipated and prepared for. If these risks occur, this may also affect the value of the capitalization of the Company.

The risks that are disclosed in the following description are material risks for the Company and its Subsidiaries and have been arranged based on the impact of each risk on the consolidated financial performance of the Company. The usage of the term “Company” in Section VII of this Prospectus refers to the Company and its Subsidiaries (as applicable).

### A. MAIN RISKS THAT HAVE SIGNIFICANT INFLUENCE ON THE COMPANY AND THE CONTINUANCE OF THE COMPANY’S BUSINESS

#### 1. The Company depends on the production and sale of cigarettes.

A large portion of the Company's revenue is derived from sales of cigarettes, predominantly in the Indonesian market. The cigarette market in Indonesia can experience attenuation caused by several factors, including a decline in demand for tobacco products, shortages or price volatility of raw materials such as tobacco and cloves, and significant changes to the tax rules in the tobacco industry. Demand for tobacco products may decline which may be caused by several factors, including demographic changes, increased consumer concern of health risks associated with tobacco consumption, the increase in the price of cigarettes, restrictions on smoking in public places or restrictions on cigarette marketing, or a combination of these factors. Any reduction in cigarette market performance will have a material effect and could harm the Company's business, financial condition and results of operations and business prospects. As such, the Company has always attempted to have a deep understanding of the consumers and the ability to read trend movements of the consumers to maintain the performance of the Company.

#### 2. The Company depends on the strength of its brand names and trade marks.

The Company's profitability is highly dependent on the continuation of the success of the Company's major brands. For the year ending December 31, 2015, the biggest contributor to the portfolio of the Company, Dunhill contributed 67% to the total net revenues. The continuation and growth of the Company's success depends heavily on our ability to protect and promote our brands through marketing and promotional efforts. If the marketing and promotion fails, the brand image and reputation of the Company may be adversely affected which may have a negative impact on the perception of the market for the Company's products and therefore may have a material adverse effect on the business, cash flows, results of operations, financial condition and business prospects of the Company.

As such, the Company maintains a relatively conservative approach to protect the intellectual property of the Company (mainly the protection of their brand names), where the elements and combinations of their brand names are registered to expand the scope of available protection. The Company also communicates intensively with the related authorities, so that the related authorities are proactively aware of the issues such as the registration of the same brand name.

**3. The Company is dependent on the operating capacity and the continuing operations of manufacturing facilities.**

The Company operates 10 production facilities in Indonesia which are used to manufacture tobacco products. Mechanical failure of the blending, rolling or printing machines, outages, accidents at production facilities, or the extended downtime needed to repair the machines and worker strikes can cause uncertainty in the Company's production, which could lead to loss of market share or a decrease in the quality of products, which could reduce its sales and increase its costs during the affected period.

If the manufacturing facilities of the Company are unable to continue operations or where production capacity is affected, its business, financial condition and results of operations may be adversely affected.

The Company has conducted maintenance over the Company's production facilities on a regular basis, applying high standards of health and safety within the Company and promote smooth communication with the workers and employees.

**4. Current and future trends and preferences of adult consumers may reduce the demand for cigarettes or certain types of cigarettes.**

Adult smoker's preference change can result in decreased demand for certain tobacco products or other cigarette products produced by the Company. This can have a negative material impact to the Company's sales and business activity.

Consumer demand may decline due to demographic changes of the adult population, increasing social awareness against the harmful effects of smoking for health, regulatory and administrative changes in the tobacco industry, and the increase in excise and other taxes that lead to an increase in retail prices for cigarettes. In times of economic uncertainty, adult smokers may choose to purchase tobacco products of competitors with a price lower than the Company's products, which are predominantly medium price and premium cigarettes. Therefore, there is the possibility of changes in sales volume and the composition of the Company's products, which may adversely affect the profitability of the Company. Any such declining trend may have a material and adverse effect on the business, financial condition, results of operations, and future prospects of the Company.

Through Kretek Center of Excellence, the Company always inovates to produce goods with premium qualities while also taking into consideration the purchasing power of the adult consumers.

**5. The Company's distribution channels are subject to logistical challenges.**

Given the disparate locations of the Company's sales offices, the weather conditions that affect Indonesia (including frequent landslides and flash floods) and the challenges presented by underdeveloped Indonesian logistical infrastructure, the Company may face logistical difficulties managing the distribution of its goods to its sales offices. The Company operates 37 Area Sales Offices to be able to distribute its products to its sales offices and retail network in a timely and accurate manner. The company also relies on third-party distributors and forwarders to distribute its products to specific locations in Indonesia, especially at peak periods. Disruption of access to distribution centers or distribution channels used by the Company may result in delays in product delivery or loss of product delivery, product damage, or inadequate supply for distribution to various sales offices and retail networks, which could adversely affect the Company's business, cash flows, results of operations, financial condition and prospects.



The placement of the Area Sales Office, the Company takes into consideration the strategic positions that can reach several areas at once. In selecting the third-party distributors, the Company implements strict procedures to monitor the performance of the third party.

#### **6. The Company has sustained losses in the past and may sustain losses in the future.**

For the years ended December 31, 2015 and 2014, the Company and its Subsidiaries sustained operating loss of Rp856,979 million and Rp944,454 million, respectively; loss before income tax of Rp1,938,552 million and Rp1,687,866 million, respectively; and loss for the year of Rp2,251,323 million and Rp1,638,538 million, respectively.

The losses of the Company and its Subsidiaries have resulted from the following factors, among others:

- significant marketing and distribution expenses in connection with transformation and repositioning of its brand and product portfolio;
- high depreciation expenses in relation to its past capital expenditures in connection with the construction of new manufacturing facilities and machinery purchases; and
- significant finance costs to service the Company's substantial indebtedness, which it has incurred, primarily to fund capital expenditures in connection with the construction of new manufacturing facilities and machinery purchases.

There is no guarantee that the Company may obtain increased revenues, in a timely manner or at all, from its past investments. Moreover, any revenue that the Company does realise may not fully offset its investments and related costs, which would adversely affect the Company's business, financial condition and results of operations.

Through good corporate governance, all the plan of costs and the Company's target revenue are always discussed with the management of the Company and receive approval from the Audit Committee and the Board of Commissioners.

### **B. BUSINESS RISKS THAT ARE MATERIAL, WHETHER DIRECTLY OR INDIRECTLY, WHICH MAY AFFECT THE OPERATING RESULTS AND FINANCIAL CONDITION OF THE COMPANY**

#### **1. The Company may not obtain sufficient or stable raw material supply for its production process.**

Tobacco leaf and clove are the main raw materials for cigarette production of the Company, and the success of the business depends on our ability to obtain sufficient amount of raw materials. The Company relies on domestic third-party suppliers for the timely and adequate supply of tobacco leaf and clove. In 2015, the Company purchased 30% and 100% of its tobacco leaf and clove supply from its main tobacco leaf suppliers and main clove suppliers respectively.

If the Company does not have a steady supply of tobacco and cloves needed at the time and in sufficient quantity for any reason, including a lack or inconsistent quality of tobacco or cloves caused by a poor harvest season, or logistical problems or financial difficulties of third party suppliers, it may cause disruption to the business operations of the Company.

Any difficulties experienced by the Company in the procurement of raw materials needed to manufacture its products, as well as any increase in the cost of raw materials caused by weather conditions, natural phenomena, commodity market conditions, government regulation constraints or other reasons, can adversely affect the Company's business and results of operations.

Through the long term planning of the Company, each year, the Company conducts a purchase of raw material of tobacco and cloves, and ensure that the Company has sufficient stock in accordance with the estimation of usage.

**2. The Company is also exposed to price fluctuations and inflation of tobacco leaf and clove.**

The Company generally obtains supplies of tobacco and all of the supply of cloves domestically in Indonesia, where the price of tobacco leaf and cloves can fluctuate dramatically. In 2015 and 2014, the cost of raw materials was around 82% and 67%, respectively, of the total cost of goods sold for its cigarettes, after deducting the cost of excise stamps and related VAT, which largely consisted of costs for tobacco leaf and cloves.

As with other agricultural commodities, the prices of tobacco leaf and cloves are impacted by supply and demand considerations (including the cost of production and the demand for other agricultural commodities such as foods or bio-energy crops) that influence plantings of tobacco leaf and cloves in areas where these are grown. Prices of domestic tobacco leaf and cloves are mainly driven by local supply and demand, which can be affected by factors such as weather conditions. Due to these factors, the prices of tobacco leaf and cloves have fluctuated over the last several years. The Company may not be able to pass on all or part of such increases to its customers, and any substantial increase in prices of raw materials, particularly tobacco leaf and cloves, may adversely affect the Company's business, financial condition, results of operations, prospects and margins.

Appart from regularly monitoring the prices of cloves, the Company also always strives to own sufficient stocks so that the Company will have a bargaining position to not have to purchase tobacco and cloves when the prices are experiencing an increase.

**3. The business activities of the Company may be affected by the seasonal nature of cigarette consumption and prices of tobacco leaf and cloves.**

Seasonality may influence cigarette sales during certain times of the year and seasonal effects include tax increases and timing of adult smokers' efforts to quit smoking. In Indonesia, sales of cigarettes will typically decrease in the beginning of the fasting month, followed by an increase during the week before Eid Mubarak, and will normalize after Eid Mubarak. Sales of cigarettes also decline during the western New Year, as adult smokers pursue resolutions to quit or decrease cigarette consumption. These factors may cause a sudden and adverse impact on the Company's business and financial condition.

The Company always maintains the distribution of their products in the market to ensure that the product can be supplied whenever the consumers need it.

**4. The Company experiences intense competition.**

The Company's biggest competitors are the four major cigarette manufacturers in Indonesia, namely PT Hanjaya Mandala Sampoerna Tbk. (a subsidiary of Philip Morris International Inc.) ("HM Sampoerna"), PT Gudang Garam Tbk. ("Gudang Garam"), PT Djarum ("Djarum") and PT Nojorono ("Nojorono"). The Company competes on the basis of product quality, brand recognition, brand loyalty, innovation, taste, packaging, service, distribution, marketing, advertising, and price, amongst other factors. The competitive environment and market position of the Company can be significantly influenced by a weak economy, reduced confidence of adult smokers, competitors' introduction of lower-price products or innovative products, increase in tobacco product taxes, as well as the product regulation that diminishes the ability to differentiate tobacco products.

Any or all of these developments could adversely affect the Company's business, financial condition, results of operations and cash flows.

As such, to maintain the trust of the consumers towards the products of the Company, the Company always maintains the quality and excellence of the products that the Company creates and markets. The Company regularly analyze the prices of the Company's products and applies pricing policies that are in line with the condition of the market, competition, and profitability.

#### **5. The increase in illicit trade of tobacco products.**

One of the significant problems faced by the tobacco industry is the increase in the illicit trade or fraudulent activity of tobacco products, including smuggling and counterfeiting of tobacco products.

Any smuggling, fraudulent or other illegal activity involving the Company's products could significantly undermine the credibility and value of its brands, which in turn may adversely affect the Company's results of operations.

The Company may take steps to prevent the smuggling and counterfeiting of tobacco products, or to settle claims related to illicit trade (in or outside Indonesia), that may require the Company to incur significant costs and thereby adversely affect its cash flows, results of operations and financial condition.

#### **6. The Company may fail to keep pace with the advances in technology and maintain the reliability of production facilities.**

The development or application of technology, standards or new alternative in the future may result in significant changes to the business model, the acquisition or use of production facilities or new equipment and new product development as well as a substantial new investment by the Company. The Company cannot predict accurately how future technological changes will affect the Company's operations or the competitiveness of the Company's production facilities or products. The Company cannot guarantee that the Company technology will not be aging, or face competition from new technologies in the future, or that the Company will be able to have the new technology necessary to compete in the changing situations of commercial conditions it will be faced with.

The Company applies maintenance procedures to maintain the excellence of their machines and production facilities. Through the Kretek Center of Excellence, the Company also inovates to produce products with premium qualities while taking into account the purchasing power of the adult consumers.

### **C. GENERAL RISKS**

#### **1. Changes in the tax regulations and the associated increase in cigarette taxes may affect the profitability of the Company.**

The cigarette industry in Indonesia is substantially taxed. Cigarette manufacturers are required to pay excise taxes, local taxes and VAT on cigarettes sold in Indonesia. Importers are also required to pay duty on imported cigarettes in Indonesia

In volume, the Company is one of Indonesia's largest producers and is one of Indonesia's largest contributor to excise revenue. In general, the government increases the excise tax on cigarettes every year. There is no assurance that the current excise tax rates and other taxes will not increase, and the general tax rules in Indonesia may change in the future. Changes of regulations regarding cigarette taxes may have a negative effect on the business opeartions of the Company.

Tax increases resulting in an increase in the retail selling price of cigarettes may result in reduced tobacco consumption or may cause a demand for adult smokers to switch to a product having a

lower price, or products belonging to a different category or even illegal products, while the absorption of tax increases without an increase in selling prices may reduce the profitability of the Company.

The Company considers market conditions and tolerance of adult smokers to price changes, including the impact on the amount of sales of cigarettes and the reactions of competitors based on historical patterns.

**2. The Company may be affected by changes in government policies with respect to the cigarette industry.**

The cigarette industry in Indonesia is highly regulated by the Indonesian government. There is no assurance that the Indonesian government will not issue new or more stringent restrictions, or change its policies with respect to cigarettes. In many other markets, government regulations have led to a decline in consumption and industry sales volume. The World Health Organization's Framework Convention on Tobacco Control ("**FCTC**"), which came into force in 2005, has continued to prompt regulatory developments in global markets over the years. The FCTC is the first international public health treaty on tobacco, and its objective is to establish a global agenda for tobacco regulation. The FCTC has led to increased efforts by tobacco control advocates and public health organizations to reduce the palatability and attractiveness of tobacco products to adult smokers. Although Indonesia has not ratified the FCTC, such global regulatory initiatives may continue to potentially influence the Indonesian Government's policies relating to the tobacco industry. Any such regulatory initiatives could result in a significant decrease in demand for the Company's products, as well as a significant increase in the cost of complying with new regulatory requirements, which could materially and adversely affect the Company's business, results of operations, financial condition and future prospects.

The Company continues to build internal communications and external mitigation to all relevant stakeholders (including the House of Representatives and the Government) through associations with companies engaged in the tobacco industry to provide knowledge and understanding of the industry and the Company's operations that could affect the positive response to the tobacco industry.

**3. The Company may not be able to obtain, maintain or renew all of its approvals, licenses, registrations and permits required to conduct its business.**

The Company is required to obtain various approvals, licenses, registrations and permits from relevant governmental authorities to conduct their businesses, including industrial business licenses and various permits from the Ministry of Finance to engage in the cigarette manufacturing business. There can be no assurance that the relevant governments or regional government authorities will not revoke or refuse to issue or renew the Company's and its subsidiaries' licenses and/or approvals required to conduct their respective businesses. The government may promulgate new laws or regulations on cigarette manufacturing and tobacco industry in Indonesia, which may result in additional licenses and permits being required.

The relevant authorities in Indonesia have the discretion in approving or granting or revoking any licenses, hence there is possibility that the Company would not be able to obtain the relevant licenses in a timely manner, or if at all. Fulfilling all the formal legal and procedural requirements necessary to obtain the licenses does not guarantee that the licenses will be granted or obtained by the Company. Further, there is no guarantee that the Company will be able to comply with the terms and conditions (including with respect to certain restrictions and/or reporting obligations) provided in the relevant licenses. Such failure may expose the Company to sanctions, including warning letters, suspension or revocation of licenses of the Company, interruption on the

Company's manufacturing operations, temporary or permanent closure of the Company's sales offices, fines, and/or any other administrative sanctions.

Failure of the Company to obtain, maintain or renew all the relevant licenses or approvals from the relevant authorities to conduct its business may materially and adversely affect the Company's business, cash flows, results of operations, financial condition and prospects.

The Company pays close attention to any plans for any extension or renewal of licenses. This allows the Company to always be ready and decrease the possibility of not obtaining the licenses or extensions of said licenses.

#### **4. The Company relies on the services of its senior management team.**

The Company believes that the continued growth and success of its business depends on its ability to attract and retain highly qualified, skilled and experienced personnel in the cigarette industry. It competes with other companies for such personnel and cannot assure investors that it will be successful in hiring or retaining such qualified personnel. In particular, the Company is heavily dependent upon its senior management team in relation to their expertise in the cigarette industry, and such key personnel would be difficult to replace. The departure of any member of the Company's senior management team or its inability to attract, recruit, train and retain sufficiently qualified key personnel, such as managers, field assistants, engineers and other qualified personnel, could materially adversely affect our business, financial condition and results of operations.

In conducting recruitment, the Company has clear criterias in assessing the abilities of prospective employees so that the human resources recruited are of good quality. The Company is also very concerned about the development of its human resources by implementing the development plans and training.

#### **5. Risks on the foreign exchange rate fluctuations and potential devaluation of the Rupiah.**

The Company purchases machinery and machinery spare parts in foreign currency. Although the Company's operational revenues have been and are expected to continue to be primarily denominated in Rupiah, the devaluation of the Rupiah would increase the costs of importing materials, equipment and machineries for the enhancement of the Company's operations and would have a material adverse effect towards the business activity and financial position of the Company.

The Company has entered into forward contract in connection with its foreign currency liabilities, the Company has take steo to reduce volatility towards the appreciation value of US Dollar or any other currency towards Rupiah.

#### **6. The Company's financial performance is affected by economic conditions in Indonesia.**

Adult consumer demand might decline during periods where adult smoker confidence or purchasing power is negatively affected, for example, during a recession or sustained economic downturn. The following factors could have a material adverse effect on the macroeconomic conditions in Indonesia:

- changes in labor costs and regulations affecting labor costs;
- changes in inflation of Indonesia;
- depreciation of the Rupiah;
- adverse government regulations;

- political unrest;
- changes in local and global commodity prices;
- changes in the domestic, regional or global economy;
- slowdowns to the gross domestic product (GDP) growth of Indonesia and changes in the disposable income levels of the middle-income segment of Indonesia; and changes in taxation and other regulations, as well as its applications.

If the Indonesian cigarette industry is affected by one of these or other factors, the Company may experience a decline in sales, increase in costs, and declining margins that may have a material adverse effect on the business, cash flows, results of operations, financial condition and prospects of the Company.

In facing the economic challenges, the Company continues to practice cost efficiency in every aspect.

**7. The Company may be subject to litigation proceedings, investigations and other regulatory proceedings.**

Due to the inherent uncertainties of litigation and regulatory proceedings, the Company cannot accurately predict the ultimate outcome of any such proceedings should one be commenced. An unfavorable outcome may damage the Company's reputation and its brands and may have a material adverse effect on its business, cash flows, results of operations and financial condition. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are expensive and may involve the expenditure of substantial resources and management attention by the Company.

Litigation can involve claims from private individuals and class actions alleging financial loss and/or damages related to the negative health effects of tobacco products and claims from government institutions for recovery of government healthcare costs related to alleged tobacco-related health issues. The Company cannot predict the outcome of any litigation. Regardless of the outcome of any litigation, the costs of defending claims may be substantial, and it is possible that publicity regarding tobacco-related litigation against the Company and other tobacco manufacturers will reduce the social tolerance for, or cause an increase in restrictions on, smoking in markets in which the Company operates. In addition, an unfavorable outcome in any such action could obligate the Company to pay large amounts in damages, negatively impact its business, reduce social tolerance of smoking, encourage public and private restrictions on smoking or induce similar lawsuits to be brought against the Company.

At the time of the issuance of this Prospectus, the Company is not involved in any material litigation process. The Company always ensures and takes notice to the fulfillment of all requirement as required by the laws and regulations related to the business activities of the Company. This will provide a good position in the Company in the event that the Company is involved in litigation, investigations and other legal proceedings. In the event that the Company faces litigation, investigations and other legal proceedings, the Company seeks the best advise from the best independent consultant in the related field.

**8. Restrictions on advertising, promotion, marketing, packaging, labeling and usage of cigarette products in Indonesia and other markets.**

The Company is subject to restrictions of the current regulations on the promotion, marketing, packaging, labeling, sponsorship and usage of its products. In December 2012, Indonesian government issued government Regulation No. 109 of 2012 concerning the Protection for the

Materials Containing the Addictive Substances in Tobacco Products for Health ("**GR 109/2012**"). GR 109/2012 contains some restrictions on the production, distribution and sale of tobacco products, as well as advertising activities, and requirements to print graphic health warnings on cigarette packets which are related to the risks of consuming tobacco products. In relation to GR 109/2012, the government of DKI Jakarta has issued DKI Jakarta Regulation No. 1 of 2015 concerning the Restriction on Cigarettes Advertising And Tobacco Products In Outdoor Media which was enacted on 13 January 2015 and will be enforced in open spaces in certain areas in Jakarta and other cities.

Furthermore, outside Indonesia, there exists a restrictive regime regulating the advertisement, promotion, marketing, packaging, labeling and use of tobacco products. As of March 2015, the Framework Convention on Tobacco Control ("**FCTC**"), which is an international treaty for the implementation of effective tobacco-control, has been adopted by 180 countries (including the European Union ("**EU**")). The FCTC implements guidelines and policy options on tobacco, which include price and tax measures, measures for protection from exposure to environmental tobacco smoke, regulations on the content and emissions of tobacco products, regulation on tobacco product disclosures, advertising, promotion and sponsorship restrictions, packaging and labeling restrictions, measures to prevent the illicit trade of tobacco products, and further restrictions on sales to minors. The FCTC has an obligation to develop, implement and periodically update and review the strategies, plans and programs in respect to tobacco control policy in accordance with the convention and any binding protocols. Although Indonesia currently is not a party of FCTC, the Indonesian government is currently considering to adopt and ratify the FCTC.

The strict regulations on tobacco may contribute to a reduced demand for tobacco products, which may adversely impact marketing investments and consequently materially and adversely affect the Company's business, operations, expenses, financial condition and business prospects.

The Company continues to build internal communication and external mitigation to all relevant stakeholders (including Parliament and the Government) through and together with the Association, while doing regular monitoring of the development of applicable law. The Company also conducts internal preparations to set up an implementation team to anticipate (i) implementation of graphical health warnings on the packaging and (ii) to the consumer as well as the regulation of product.

#### **9. Product liability claims and adverse could have a material adverse effect on the Company's reputation.**

The quality of the Company's products is of great importance to its business. The packaging, marketing, distribution and sale of the Company's products entail an inherent risk of product liability, product recall, adverse publicity and exposure to product liability claims. If the Company is found to be selling defective goods, whether or not the Company is found responsible for damage caused by the defective goods, it may have a material adverse effect on the Company's reputation. This could lead to an erosion of adult smoker confidence in the Company's goods and a subsequent reduction in sales. Such an event may have a material adverse effect on the Company's business, cash flows, results of operations, financial condition and prospects.

The Company has always pay attention and keep the company's product quality, from the purchase and storage of raw materials, production processes and distribution, until when are in the market. Company rotation and withdrawal of products on the market on a regular basis to maintain product quality.

**10. The Company may be adversely affected by the imposition and enforcement of more stringent environmental regulations.**

The Company, like other cigarette manufacturing companies in Indonesia, is subject to a range of environmental regulations, and changes in Indonesia's environmental regulations could adversely affect its business. The Company's production facilities are subject to both scheduled and unscheduled inspections by various government agencies, which have different standards of review. These agencies have the power to examine and control the Company's compliance with their environmental regulations, including the imposition of fines and revocation of licenses.

It is possible that the environmental regulations in Indonesia could become more stringent in the future, which could require the Company to expend significant resources or affect the way in which it runs its production facilities and operates its business. This could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company believes that its operations at this time in accordance with applicable environmental regulations in Indonesia, and is committed to always comply with these regulations.

**11. The Company's production facilities or operations may face disruption from environmental groups, non-government organizations and interested individuals.**

Environmental groups, non-governmental organizations and interested individuals may, from time to time, seek to challenge or impair the ability of cigarette manufacturing companies to engage in production activities. Several non-governmental organizations and charities maintain an influential presence in Indonesia. There is a risk that these organizations could become increasingly active and influence the relevant authorities to make changes to current environmental regulations and impose more rigorous standards upon the Company's operations. Such activities may generate negative press about the Company and cigarette manufacturing companies in general. Any delay in production activities imposed as a result of the intervention of environmental groups, non-governmental organizations or such interested individuals or other action that may give rise to negative perceptions about cigarette manufacturing companies generally may adversely affect the Company's reputation and disrupt its operations, thus affecting its business and results of operations which in turn may cause the Company to suffer financial loss.

The Company always prioritises business ethics by taking into account all the regulations relating to our tobacco products, such as pictorial health warnings and consumer targeting adults aged 18 years and over.

**12. The interests of the Company's controlling shareholder may not align with the interests of the Company's business and/or may differ from those of its other shareholders.**

BAT, through its direct and indirect subsidiaries, engages in business in Indonesia and other countries. The interests of BAT 2009 may conflict with the interests of the Company's other shareholders, and there can be no assurance that BAT will vote its Shares in a way that will benefit the Company's minority shareholders. BAT may, for business considerations or otherwise, cause the Company to take actions, or refrain from taking actions, in order to benefit itself or its other affiliates instead of the Company's interests or the interests of its other shareholders and which may be harmful to its interests or the interests of its other shareholders. Accordingly, unless applicable laws or regulations require approval by the Company's minority shareholders, BAT 2009 may:

- control the Company's policies, management and affairs;



- subject to applicable laws, regulations and the Articles, adopt amendments to certain provisions of the Articles; and
- otherwise determine the outcome of most corporate actions, including a change in control, dividend policy, merger or sale of all or substantially all of the Company's assets, delisting of the Company and/or taking the Company private.

BAT may also be able to exert influence in other areas affecting the Company's business, such as entering into royalty agreement with companies under BAT, where the Company is the manufacturer and sole distributor of certain brands of cigarettes they owned in Indonesia, in procurement of technical services and advisory, in the purchase of supplies from BAT and affiliated party loans.

In any decision to undertake certain transactions, the Company always refers to the Articles of Association, regulations regarding Limited Liability Companies and regulations applicable to public companies (both issued by the FSA and BEI). Such regulations have guaranteed the rights of the public shareholders and minority shareholders.

**13. The Company is engaged in a number of transactions with affiliated parties that may contain a conflict of interest.**

The Company has entered into a number of transactions with its affiliated parties. These transactions may cause a conflict of interest which may be detrimental to the Company.

In addition, some of the Company's Commissioners and Directors are also officers and directors of the Company's affiliated parties and, with respect to transactions with the Company's affiliated parties, may, individually or in the aggregate, have conflicts of interest. Relations with these affiliated parties may deteriorate or the relevant contractual counterparty may cease to be an affiliated party of the Company. These factors may have a material adverse effect on the Company's business, cash flows, results of operations, financial condition and prospects.

In any decision to undertake the affiliated transaction, the Company always refers on the regulations applicable to public companies (both issued by the FSA and BEI). Such regulations have guaranteed the rights of the public shareholders and minority shareholders.

**14. The failure of the functioning of the Company's information systems and their entry by third parties with the intent to impair them.**

The Company uses information systems to manage their business processes, collect and interpret business data and communicate internally and externally with employees, suppliers, customers and other parties. Some of these information systems are managed by third-party service providers. The Company has backup systems and business continuity plans in place to protect its systems and data from unauthorized access. Nevertheless, failure of its systems to function as intended, or penetration of its systems by outside parties who intend on extracting or corrupting information or otherwise disrupting business processes, could result in loss of revenue, assets or personal or other sensitive data, lead to litigation and regulatory action, cause damage to our reputation and that of our brands and result in significant remediation and other costs to the Company.

The Company has a policy of strict information system, regularly make back-up data and regularly remind employees about the procedures for data security and information systems.

## VIII. BUSINESS LINE AND PROSPECTS OF THE COMPANY AND SUBSIDIARIES

### A. Brief History of the Company

The company, domiciled in South Jakarta, was first established under the name PT Rimba Niaga Idola based on Deed of a Limited Liability Company PT Rimba Niaga Idola No. 247 dated 11 April 1987, drawn up before Misahardi Wilamarta, S.H., Notary in Jakarta (“**Company Deed of Establishment**”) to further commence with business activities originating from a limited partnership business entity under the name C.V. Rimba Niaga whose articles of association are included in Deed No. 61 dated 19 January 1979, drawn up before Ny. Darwani Sidi Bakaroedin, S.H., Notary in Jakarta. The Deed of Establishment of a Company has been authorized by the Minister of Justice of the Republic of Indonesia by Decree No. C2-1219.HT.01.01.TH.89 dated 4 February 1989, and was registered into the registry book at Central Jakarta District Court under No. 471/1989 dated 4 March 1989, and was announced in the State Gazette of the Republic of Indonesia No. 90 dated 10 November 1989, Supplement No. 2990.

On 5 March 1990, the Company noted a 1,200,000 ( one million two hundred thousand) Common Registered Stocks with nominal value of Rp1,000,00 ( a thousand Rupiah) per share in the Jakarta Stock Exchange (now the IDX) and was publicly offered with offering price of Rp3,380.00 (three thousand three hundred and eighty Rupiah) per share.

In 1996, the Company changed its name to PT Transindo Multi Prima Tbk along with its vision and mission based on Deed of Resolution of Limited Liability Company PT Rimba Niaga Idola Tbk No. 31 dated 27 December 1996, drawn up before Anasrul Jambi, S.H., Notary in Jakarta, which was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. C2-11.968.HT.01.01.TH.97 dated 25 April 1997, was registered into the Company Registry in compliance with UUWDP with TDP No. 09051627222 at the Central Jakarta Company Registration Office No. 1013/BH.09.05/III/97 on 21 July 1997, and was announced on the State Gazette of the Republic of Indonesia No. 48 dated 16 June 1988, Supplement No. 3216.

In 2000, the Company changed its name again into PT Bentoel Internasional Investama Tbk based on Deed of Resolution of Extraordinary General Meeting of Shareholders of PT Transindo Multi Prima Tbk No. 23 dated 11 February 2000, drawn up before Fathiah Helmi, S.H., Notary in Jakarta jo Deed of Affidavit of Limited Liability Company PT Transindo Multi Prima Tbk No. 56 dated 25 February 2000, drawn up before Fathiah Helmi, S.H., Notary in Jakarta. Such a deed has received approval from the Minister of Law of the Republic of Indonesia based on Decree No. C-3988 HT.01.04-TH.2000 dated 28 February 2000, was registered into the Company Registry in compliance with UUWDP based on TDP No. 090315228222 at South Jakarta Company Registry District Office No. 260/RUB.09.03/III/2000 on 15 March 2000, and was announced in the State Gazette of the Republic of Indonesia No. 69 dated 29 August 2000, Supplement No. 4862. In addition to the Company's alteration name, the two aforementioned deeds include adjustments to several articles in the Company's Articles of Association in regard to regulations set by Decree by Chief of Capital Market Supervisory Agency No. Kep.13/PM/1997 concerning Principles in Articles of Association of a Company that Conducts Public Offering of Equity-Based Securities and Public Company.

On 19 November 1997, the Company issued a prospectus to offer Bonds of Bentoel I Year 2007 to the public with total bonds of Rp1,350,000,000,000 (one trillion three hundred fifty billion Rupiah). This bond were paperless bonds that had a 5 (five year) period with an interest rate of 10.5% (ten point five percent) interest rate (“**Public Offering of Bonds I**”).

The Company's Articles of Association have been amended to be adjusted with Company Law as stipulated in Deed of Affidavit No. 238 dated 27 June 2008, drawn up before Eliwaty Tjitra, S.H.,

Notary in Jakarta, which was approved by the Minister of Law and Human Rights by Decree No. AHU-60855.AH.01.02.Year 2008 dated 10 September 2008, and was registered in the Company Registry in compliance with Company Law under No. AHU-0082166.AH.01.09.Year 2008 dated 10 September 2008, and was announced in the State Gazette of the Republic of Indonesia No. 18 dated 3 March 2008, Supplement No. 6324.

On 26 November 2009, Bapepam-LK issued an effective statement regarding the merger plan between the Company and PT BAT Indonesia Tbk (“**BATI**”). In that merger, the Company was the entity who receive the merger and thus BATI’s legal status was terminated due to prevailing law as stipulated in Deed No. 28 dated 4 December 2009, drawn up before Aulia Taufani, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by Decree No. AHU-60718.AH.01.02 Year 2009 dated 11 December 2009.

Since the enactment of Public Offering of Bonds I, the Company’s Articles of Association has been amended several times, last of which was based on the Deed of the Resolution of the Extraordinary General Meeting of Shareholders No. 55, dated 15 April 2016, drawn up before Mala Mukti, SH, LL.M., Notary in Jakarta. The deed has been accepted by the Minister of Law and Human Rights Decree No. AHU-0008425.AH.01.02.Tahun 2016 dated 3 May 2016, and was registered in the Company Registry in compliance with Company Law No. AHU-0055073.AH.01.11.Tahun 2016 dated 3 May 2016.

The Company is a company who receives the domestic investment facility (PMDN) based on Business Permit No. 1374/T/INDUSTRI/PERDAGANGAN/2009 dated 31 December 2009 jo Business Permit No. 4/1/IU/III/PMDN/INDUSTRI/PERDAGANGAN/2010 dated 10 April 2010.

The Company began to commence its business activities commercially in 1989, starting from a company whose line of business was in the rattan industry. Its scope of work at the present time is in line with the provision of Article 3 of the Articles of Association, which include general trade, industry, services except law and tax services, such as running business activities in the trade section for cigars, cigarettes and other products made of tobacco in line with the prevailing laws and regulations, as well as conducting business in the industry section, including various types of industries, such as white cigarettes manufacturing, kretek cigarettes, other cigarettes and other products made of tobacco, cigarettes’ condiments and *klobot/kawung* in compliance to the prevailing laws and regulations, to engage in tobacco drying and processing industry.

As of the time of publication of this Prospectus, the Company has shares participation in 12 (twelve) subsidiaries – in which 5 (five) are direct subsidiaries and 7 (seven) indirect subsidiaries – where 5 (five) among those subsidiaries are active in commercial operations. The Company’s subsidiaries are as follows:

Company Name	Participation Year	Ownership Percentage	Business Line	Operational Status
PT Bentoel Prima (BP)	2002	99.99%	Cigarettes manufacturer, threshing and drying of tobacco leaf	Active
PT Lestariputra Wirasejati (LWS)	2007	100%	Cigarettes manufacturer	Inactive
PT Bintang Boladunia (BBD)	2008	100%	Cigarettes manufacturer	Active

## PT Bentoel Internasional Investama, Tbk.

PT Bintang Jagat Sejati (BJS)	2009	100%	Cigarettes manufacturer	Inactive
PT Bintang Pesona Jagat (BPJ)	2008	100%	Cigarettes manufacturer	Inactive
PT Perusahaan Dagang Suburaman (PDS)	1997	100%	Cigarettes manufacturer	Inactive
PT Amiseta (AMI)	1997	100%	Cigarettes manufacturer	Inactive
PT Perusahaan Dagang dan Industri Tresno (TRN)	2007	100%	Cigarettes manufacturer	Active
PT Java Tobacco (JVT)	2010	99.99%	Cigarettes manufacturer	Inactive
PT Pantura Tobacco (PTT)	2010	99.99%	Cigarettes manufacturer	Dormant
PT Cipta Pesona Bintang (CPB)	2012	100%	Cigarettes manufacturer	Dormant
PT Bentoel Distribusi Utama (BDU)	2012	100%	Cigarettes distributor	Active

At the present time, the Company performs its business activities primarily in the field of tobacco processing, cigarette industry and participation in its Subsidiaries which are engaged in the production and distribution of cigarettes.

## B. Development of the Company's Shares Ownership

The Company's capital structure and shareholders from its establishment until the Initial Public Offering has been revealed in the Prospectus of Initial Public Offering. The Company's capital structure and shareholders from the Initial Public Offering until the Limited Public Offering I has been revealed in the Prospectus of Limited Public Offering I. The Company's capital structure and shareholders from the Limited Public Offering I until the Limited Public Offering II has been revealed in the Prospectus of Limited Public Offering II. The composition of capital and shareholders of the Company since the Limited Public Offering II until Public Offering of Bonds I has been revealed in the Prospectus of Public Offering of Bonds I. Presented below are the capital and shareholders structure of the Company from the Public Offering of Bonds I until the date of publication of this Prospectus.

As of the time of publication of this Prospectus, the Company's capital structure has yet to experience any changes.

### Year 2007

Based on the Shareholders Registry of the Company dated 31 December 2007 issued by the BAE, the capital structure and composition of shareholders of the Company are as follows:

Remarks	Nominal Value Rp50,00 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
Authorized Capital	21,546,000,000	1,077,300,000,000.00	

<b>Issued and Fully Paid-up Capital</b>			
1. PT Rajawali Corpora	2,810,000,000	140,500,000,000.00	41.73
2. Eagle High Consumer Products Pte Ltd	975,160,182	48,758,009,100.00	14.48
3. Citibank Singapore A/C LGT Singapore/Client Trust Acc	650,000,000	32,500,000,000.00	9.66
4. Public (ownership of below 5%)	2,297,964,818	114,898,240,900.00	34.13
<b>Total Issued and Fully Paid-up Capital</b>	<b>6,733,125,000</b>	<b>336,656,250,000</b>	<b>100</b>
<b>Unissued shares</b>	<b>14,812,875,000</b>	<b>740,643,750,000</b>	

### Year 2008

Based on Deed of Affidavit of the Company No. 238 dated 27 June 2008, made in the presence of Eliwaty Tjitra, S.H., Notary in Jakarta, the capital structure and the shareholders composition of the Company are as follows:

Remarks	Nominal Value Rp50,00 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000.00</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. PT Rajawali Corpora	2,810,000,000	140,500,000,000.00	41.73
2. Eagle High Consumer Products PTE. LTD	975,160,182	48,758,009,100.00	14.48
3. Crystalite International LTD	333,000,0000	16,650,000,000.00	4.95
4. Royale Holdings Group Inc	330,971,681	16,548,584,050.00	4.92
5. Setzer Holding Limited	330,000,000	16,500,000,000.00	4.90
6. Public (ownership of below 5%)	1,953,993,137	97,699,656,850.00	29.02
<b>Total Issued and Fully Paid-up Capital</b>	<b>6,733,125,000</b>	<b>336,656,250,000.00</b>	<b>100</b>
<b>Unissued shares</b>	<b>14,812,875,000</b>	<b>740,643,750,000.00</b>	

### Year 2009

Based on the Shareholders Registry of the Company issued by the BAE on 31 December 2009, the capital structure and shareholders composition of the Company are as follows:

Remarks	Nominal Value Rp50,00 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000.00</b>	

<b>Issued and Fully Paid-up Capital</b>			
1. BAT 2009	6,715,316,717	335,765,835.850.00	99.74
2. Public (ownership of below 5%)	17,808,283	890,414,150.00	0.26
<b>Total Issued and Fully Paid-up Capital</b>	<b>6,733,125,000</b>	<b>336,656,250,000.00</b>	<b>100</b>
<b>Unissued shares</b>	<b>14,812,575,000</b>	<b>740,643,750,000.00</b>	

### Year 2011

Based on the Shareholders Registry of the Company issued by the BAE on 31 December 2011, the capital structure and shareholders composition of the Company are as follows:

Remarks	Nominal Value Rp50,00 per share		
	Number of shares	Total Nominal Value (Rp)	(%)
<b>Authorized capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000.00</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. BAT 2009	6,194,043,124	309,702,156,200	85.55
2. United Bank of Switzerland AG	970,542,854	48,527,142,700	13.41
3. Public (ownership of below 5%)	75,419,022	3,770,951,100	1.04
<b>Total Issued and Fully Paid-up Capital</b>	<b>7,240,005,000</b>	<b>362,000,250,000.00</b>	<b>100</b>
<b>Saham dalam Portepel</b>	<b>14,305,995,000</b>	<b>715,299,750,000.00</b>	

### Year 2016

Based on the Shareholders Registry of the Company issued by the BAE 31 May 2016, the capital structure and shareholders composition of the Company are as follows:

Remarks	Nominal Value Rp50,00 per share		
	Number of shares	Total Nominal Value (Rp)	(%)
<b>I. Authorized capital</b>	<b>21,546,000,000</b>	<b>1,077,300,000,000.00</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. BAT 2009	6,194,043,124	309,702,156,200	85.55
2. United Bank of Switzerland AG	970,542,854	48,527,142,700	13.41
3. Public (ownership of below 5%)	75,419,022	3,770,951,100	1.04
<b>Total Issued and Fully Paid-up Capital</b>	<b>7,240,005,000</b>	<b>362,000,250,000.00</b>	<b>100</b>
<b>Unissued shares</b>	<b>14,305,995,000</b>	<b>715,299,750,000.00</b>	

As of the time of publication of this Prospectus, there is no change in the Company's capital structure and composition of shareholders aside from the aforementioned above.

## **C. Brief Overview of the Legal Entity Shareholders**

### **1. Brief History of BAT 2009**

BAT 2009, is domiciled in England, and is a company duly established under the laws of England and Wales with Certificate of Incorporation of a Private Limited Company No. 6925846 dated 5 June 2009.

At the date of this Prospectus, the Articles of Association of BAT 2009 is as attached in the Memorandum and Articles of Association BAT 2009 dated 5 June 2009.

### **2. Business Activities of BAT 2009**

Based on the Memorandum and Articles of Association BAT 2009 dated 5 June 2009, the business activities of BAT 2009 are as follows:

- a. To carry on business as a general commercial company;
- b. To carry on any other business or activity which may seem to the Company capable of being carried on directly or indirectly for the benefit of BAT 2009
- c. To conduct, promote and commission research and development in connection with any activity or proposed activity of BAT 2009, and to apply for and take out, purchase or otherwise acquire any patents, patent rights, inventions, secret processes, designs, copyrights, trade marks, service marks, commercial names and designations, know-how, formulae, licenses, concessions and the like (and any interest in any of them) and any exclusive or non-exclusive or limited right to use, and any secret or other information as to, any invention or secret process of any kind and to use, exercise, develop, and grant licenses in respect of, and otherwise turn to account and deal with, the property, rights and information so acquired;
- d. To carry on the business of a holding company and to co-ordinate and regulate the activities and businesses of subsidiary and associated companies for the time being and the financing of such companies;
- e. To exercise and enforce all rights and powers conferred by or incidental to the ownership of any such shares, stocks, debentures, debenture stocks, bonds, notes, securities, obligations and investments;
- f. To provide any form of capital for and take part in the formation, management, supervision or control of the business or activities of any company or undertaking and for such purposes to appoint and remunerate any directors, accountants or other experts, advisers or agents and to act as agent for and to manage, supervise or control and provide services to the business, property or activities of any company or other person or undertaking, or any property in which BAT 2009 may be interested; and
- g. To borrow money, obtain credit and raise finance in any manner.

### 3. Capital Structure of BAT 2009

The shareholder structure of BAT 2009 at the date of this Prospectus is as follows:

Description	Nominal Value £1 per share		
	Shares	Value (£)	(%)
British American Tobacco International Holdings (UK) Limited	370,000,002	370,000,002	100
<b>Amount of Capital</b>	<b>370,000,002</b>	<b>370,000,002</b>	<b>100</b>

### 4. Management and Supervision of BAT 2009

The management structure of BAT 2009 at the date of this Prospectus is as follows:

Director	: David Patrick Ian Booth
Director	: Noelle Colfer
Director	: Robert Fergus Heaton
Director	: Ridirectors Limited
Secretary	: Ann Elizabeth Griffiths
Assistant Secretary	: Sophie Louise Edmonds Kerr

## D. Management and Monitoring of the Company

The composition of the Board Commissioners and Board of Directors of the Company at the time of the Prospectus publication pursuant to Deed of Resolutions of Extraordinary General Meeting of Shareholders of the Company No. 55 dated 15 April 2016, drawn up before Mala Mukti, S.H.,LL.M., Notary in Jakarta, which has been notified to and received by MOLHR based on the Receipt of Notification of Change of Data of the Company No. AHU-AH.01.03-0040775 dated 18 April 2016, which are as follows:

#### **Board of Commissioners:**

President Commissioner and Independent Commissioner	: Hendro Martowardojo
Independent Commissioner	: Silmy Karim
Independent Commissioner	: Eddy Abdurrachman
Commissioner	: Michael Scott Hayes

#### **Board of Directors**

President Director	: Jason Fitzgerald Murphy
Director	: Hardeep Khangura
Director	: Martin Arthur Guest
Independent Director	: Prijunatmoko Sutrisno



The appointment of the members of the Board of Commissioners and Board of Directors as listed above is in accordance with OJK Regulation No. 33/2014 regarding the Board of Directors and Board of Commissioners of Issuer or Public Company.

The following is a brief information concerning the respective members of the Board of Commissioners and Board of Directors:

### **Board of Commissioners**



#### **Hendro Martowardojo, President Commissioner and Independent Commissioner**

Indonesian citizen. Born in 1954 and is currently 62 years old.

Appointed as Independent President Commissioner of the Company through the Extraordinary General Meeting of Shareholders of the Company on 16 August 2012. He earned his Bachelor of Economics degree from the University of Indonesia in 1982 and Master of Business Administration in the subject of International Management from Brussels European University in 1986. His working experience of 30 years includes working in a multinational corporation, national corporation, and State-owned Enterprises, as well as positions of senior level in several companies, one of which is Citibank. He has worked as Group Director of PT Maharani Paramitra, President Director of PT Aerowisata which is a subsidiary of PT Garuda Indonesia and President Director of PT Citra Dana Asia (Fund Asia). Prior to joining the Company, he worked as President Commissioner of PT Niaga Sekuritas and PT Asia Multi Dana. He is currently President Commissioner of PT Resource Alam Indonesia Tbk.



#### **Silmy Karim, Independent Commissioner**

Indonesian citizen. Born in 1974 and is currently 41 years old.

Appointed as Independent Commissioner of the Company through the Extraordinary General Meeting of Shareholders of the Company on 2 August 2013. He earned his Bachelor of Economics degree from the University of Trisakti in 1997 and a Master of Economics degree from the University of Indonesia in 2007. He has worked in positions of senior level in several companies, among others, as the Independent Commissioner of the Carrefour Group, Commissioner of PT PAL Indonesia (Persero), and currently holds a position as President Director of PT Pindad (Persero), as well as the President Commissioner of PT MAN Diesel & Turbo Indonesia.



**Eddy Abdurrachman, Independent Commissioner**

Indonesian citizen. Born in 1952 and is currently 63 years old.

Appointed as Independent Commissioner of the Company through the Extraordinary General Meeting of Shareholders of the Company on 24 February 2015. He earned his Bachelor in Finance degree from the Financial Institute, Jakarta in 1979. He has worked in several positions at senior level in several government institutions, amongst others, as the Director of General of Customs and Excise in the Financial Department of the Republic of Indonesia, and as the Advisor for the Minister of Finance In Relations of International Economics. He had also worked as the Secretary of the Coordinating Minister in Economic Affairs at the Coordinating Ministry in Economic Affairs of the Republic of Indonesia.



**Michael Scott Hayes, Commissioner**

Australian citizen. Born in 1962 and is currently 53 years old.

Appointed as Commissioner of the Company through the Annual General Meeting of Shareholders of the Company on 6 June 2014. He earned his Bachelor in Commerce degree from the University of Cape Town, in 1982 and his Master of Business Administration from Macquarie University Sydney, Australia, in 1991. He has a total of 30 years of working experience and is currently working in British American Tobacco Regional Office in Hong Kong as the Regional Head of Finance. Prior to joining British American Tobacco, he worked in Ernst & Young. During his career at British American Tobacco, he has held several positions of senior level, amongst others, as Finance Director of British American Tobacco in Kenya, as Finance Director of British American Tobacco in South Africa, and as Group Head of Mergers & Acquisition in London, England.

## **Board of Directors**



### **Jason Fitzgerald Murphy, President Director**

Australian citizen. Born on 1970 and is currently 45 years old.

Appointed as President Director of the Company through the Extraordinary General Meeting of Shareholders of the Company on 14 March 2012. Appointed as Director of the Company through the Annual General Meeting of Shareholders of the Company on 6 June 2014. He earned his Bachelor of Business degree from Charles Sturt University, Australia in 1991. He began his career at WD & HO Wills (part of the British American Tobacco Group) in 1993, based in Sydney. He built his career at the British American Tobacco Australia, mostly within the Sales and Marketing Functions for 12 years. Thereafter he commenced various international assignments with the British American Tobacco Group, among others as General Manager of Fiji, Samoa and Tonga, based in Suva Fiji, and Area Director for Ukraine, Moldova and Belarus, based in Kiev, Ukraine.



### **Hardeep Khangura, Director**

Citizen of The United Kingdom. Born on 1972 and is currently 43 years old.

Appointed as a member of the Board of Directors of the Company through the Annual General Meeting of Shareholders of the Company on 5 June 2013. He graduated from Birmingham University with a BCOM (Honours) degree in the subject of Accounting and Finance. He began his career in PriceWaterhouseCoopers (PwC) prior to joining Rothmans International/British American Tobacco Group in 1998 as Finance Manager. He then became an International Auditor prior to his position as Finance Director in Turkey. Prior to joining the Company, he was working as the Head of Corporate Strategy for the British American Tobacco Group in London, England. He is qualified as a Chartered Accountant in England.



### **Martin Arthur Guest, Director**

Citizen of The United Kingdom. Born on 1969 and is currently 47 years old.

Appointed as a member of the Board of Directors of the Company through the Annual General Meeting of Shareholders of the Company on 15 April 2016. He gained a BEng (Honours) in Engineering and Business from Sheffield City Politechnic in 1992 and graduated from Darlington College in 1994. He began his career in Rothmans International in 1993 as a Production Manager. He was then positioned in British American Tobacco Korea with his last position as National Sales Manager before becoming Supply Chain Director for British American Tobacco Japan. Prior to joining the Company, he was Operations Director and Regional Head of Manufacturing for British American Tobacco Singapore.



**Prijunatmoko Sutrisno, Independent Director**

Indonesian citizen. Born on 1962 and is currently 53 years old.

Appointed as a member of the Board of Directors of the Company through the Extraordinary General Meeting of Shareholders of the Company on 24 October 2011. After graduating from High School in 1982 and he started career as a member of the tobacco grading and blending research and development staff team of PT Djarum Kudus from 1983 to 1991. He then moved to PT Rejeki Raya Perkasa as Head of the Cigarettes Division until 1996, and joined PT HM Sampoerna Tbk as Head of Kretek Blending until 2002. In the same year, he joined the Company as Division Head of Research and Development.

**Corporate Governance**

The Board of Directors of the Company has applied the principles of good corporate governance in every management activities of the Company with the purpose of improving the performance of and adding values to the Company. In the application of such good corporate governance, the Company's management is always in consideration of prevailing laws and regulations, good corporate governance practices and recommendations.

Important elements of the application of good corporate governance which have been implemented by the Company are as follows, among others:

- Holding Annual GMS and Extraordinary GMS which is the highest priority of the Company to fulfill the obligations of the Board of Directors of the Company in managing the Company and provide approvals over material actions.
- The appointment of the Corporate Secretary to increase the role and participation of the Company's shareholders through effective and continuous communication in order to achieve the purposes of the Company.
- Forming of the Audit Committee to improve the quality of the execution of duties and obligations of the Board of Commissioners.
- Forming of the Nomination Committee to arrange policies and criteria necessary in the nomination process for members of the Board of Commissioners and Board of Directors, including a succession policy to maintain a continuous regeneration process of leadership in the Company.
- The implementation of British American Tobacco Group's Standards of Business Conduct (SOBC) in the Company.

**Corporate Secretary**

In accordance with OJK Regulation No. 35/POJK.04/2014 concerning Corporate Secretary of a Public Company, the Company has appointed Mercy Francisca Sinaga as Corporate Secretary of the Company as of 15 December 2014 by virtue of Decision Letter of the Board of Directors of the Company dated 15 December 2014.

Mercy Francisca Sinaga graduated from the Law Faculty of University of Padjajaran. Starting her career in law in 1996 along with Wiriadinata, Widyawan & Partners for 3 years with the latest position as Associate Lawyer. She later joined the National Banking Restructuring Agency (BPPN) as Assistant Vice President – Head of the Commercial Law Division Team, Credit Asset Management for

3 years. After that, she worked as the Legal Division Head of PT Surya Citra Media Tbk for 5 years and in MNC Media Group as Vice President of Group Corporate Legal Counsel Head for 5 years prior to finally joining the Company.

The Corporate Secretary provides suggestions to the Board of Directors to ensure that the Company fulfills its obligation of transparency and requirements of prevailing capital market regulations. The Corporate Secretary is responsible for communicating the general condition of the Company and its performance to all stakeholders, both in the capital market as well as in the wide community. Other duties of the Corporate Secretary is to attend every Meeting of the Board of Commissioners, Meeting of the Board of Directors, and Joint Meeting of the Board of Commissioner and the Board of Directors. Each documents of the Company, including amongs others, the DPS, the Minutes of Meeting of the Board of Commissioners, the Minutes of Meeting of the Board of Directors, shall be documented by the Corporate Secretary.

### **Audit Committee**

In the framework of fulfilling OJK Regulation No. 55/POJK.04/2015 concerning the Forming and Work Implementation Guidelines of the Audit Committee, the Board of Commissioners of the Company has formed an Audit Committee, of which composition pursuant to Decision of the Board of Commissioners dated 17 March 2016 is as follows:

**Chairman** : **Eddy Abdurrachman**

Also serving as the Independent Commissioner of the Company.

**Member** : **Hendro Martowardojo**

Also serving as the President Commissioner and Independent Commissioner of the Company.

**Member** : **Suria Martara Tjahaja**

Mr Tjahaja has worked as the Finance Director and Corporate Secretary of PT Resource Alam Indonesia Tbk (1998-2007), Independent Commissioner, and the Head of the Audit Committee of PT Summitplast Tbk (2003-2007). He was also a member of the Independent Commissioner and the Head of the Audit Committee of PT Resource Alam Indonesia Tbk since 2008. He obtained his Bachelor of Science degree in the subject of Business Administration from California State University in Fresno, California, United States of America, and Master of Business Administration in Corporate Finance from Golden State University, San Francisco, California, United States of America.

The Board of Commissioners of the Company has adopted the Audit Committee Charter of the Company on October 25, 2013 as a basis, guideline and reference for the Audit Committee in carrying out its duties and responsibilities. As stated in its Charter, the Audit Committee assists the Board of Commissioners in performing responsibilities relating to business risk management, internal control, compliance and business execution.

### **Internal Audit Unit**

The Company has an Internal Audit Unit as required under OJK Regulation No. 56/POJK.04/2015 on the Establishment and Guidelines for Internal Audit Charter. At the time of publication of this Prospectus, Stuart Fryer is serving as Chairman of the Internal Audit Unit being appointed by the

Decision of the Board of Directors dated 26 March 2014 which has been approved by the Board of Commissioners.

Stuart Fryer has 20 (twenty) years working experience with the BAT Group, filling several positions in Finance prior to being appointed as a member of the Audit Committee in 2005. He has also served as Audit Manager in BAT Malaysia and assisted in Regional Governance for BAT Asia Pacific. He earned a Master of Business Administration from the University of the West of England, Bristol and has accountant qualifications from ACMA.

Internal Audit serves a role in providing independent and objective assurance and advice to the Company. The unit was established with the objective to increase the value and operational activities of the Company through a systematic approach, which is to evaluate the management of the Company and provide recommendations for improvement. In carrying out its role to achieve its objectives, the Internal Audit Unit follows the Internal Audit Charter which was signed by a Member of the Board of Directors and approved by the Board of Commissioners on 15 May 2009. The Internal Audit Charter sets goals, powers and responsibilities for the Internal Audit Unit.

### **The Nomination Committee**

The function of nominations in the Company, as required by OJK Regulation No. 34 / POJK.04 / 2014 concerning the Nomination and Remuneration Committee of Securities Companies or Public Companies, are carried out by the Nomination Committee of the Company which was established based on the decision of the Board of Commissioners at the Board of Commissioners' Meeting held on 22 March 2010. The composition of the Nomination Committee are as follows:

**Chairman** : **Jason Fitzgerald Murphy**

Also serving as the President Director of the Company.

**Member** : **Hendro Martowardojo**

Also serving as the President Commissioner and Independent Commissioner of the Company.

**Member** : **Hardeep Khangura**

Also serving as a Director of the Company.

### **Remuneration Committee**

The function of setting remuneration in the Company, as required by OJK Regulation No. 34 / POJK.04 / 2014 concerning the Nomination and Remuneration Committee of Securities Companies or Public Companies, is carried out by the Remuneration Committee of the Company which was established by decision of the Board of Commissioners at the Board of Commissioners' Meeting held on 22 March 2010. The composition of the Remuneration Committee is as follows:

**Chairman and Acting** : **Hae In Kim**  
**Regional Head of Human**  
**Resources (HR), British**  
**American Tobacco Asia**  
**Pacific**

Holds a Master of Industrial Relations from the University of New South Wales, Australia. She joined British American Tobacco in 2008 as Corporate Service Human Resource Manager. She later moved to Hong Kong and is serving as Head of Human Resource for the Asia Pacific region.

- Member : **Jason Fitzgerald Murphy**  
Also serving as the President Director of the Company
- Member : **Hendro Martowardojo**  
Also serving as the President Commissioner and Independent Commissioner of the Company.
- Member : **Hardeep Khangura**  
Also serving as a Director of the Company.
- Member and Reward : **Syed Imtiaz Faruque**  
Controller of the British American Tobacco for Asia Pacific, East & South Europe, and Africa.  
Holds a Master in Economics degree from the Shahjalal University, Sylhet, Bangladesh. He joined British American Tobacco in 1998 as a Management Trainee. He later moved to London and is serving as Reward Controller for the Asia Pacific and EEMEA region.
- Member : **Alexander Ivakhov**  
Holds a Master of Business Administration from the University of Edinburgh. He joined British American Tobacco in 2006 as Head of Project Management Office, and then he served as Head of Business Development for the Company.

## Human Resources

Human resources are one of the main assets of the Company and its Subsidiaries in carrying out its business. Competition is extremely tight in the cigarette business of the Company and Subsidiaries, and the company continuously works to improve the quantity and quality of human resources in a planned and sustainable manner.

As of 31 December 2015, the Company and its Subsidiaries have 5,907 permanent employees, where 480 or 8,1% of these permanent employees are involved in the management and administration of the Company and the remaining approximately 5,427 person or 91.8% are involved in the production, sales and marketing, printing and distribution.

There are three key labor unions within the Company and its subsidiaries, with all labor relations conducted in accordance with Government regulations. The Company adheres to company regulations that have been approved by officials of the Department of Manpower and Transmigration DKI Jakarta and Malang. Regulations cover job requirements such as employment, hours of work, the development and competence of employees, health and safety, wages, compensation for termination of employment under certain circumstances, termination of employment, welfare, social allowances, the code of conduct of employees and mechanisms to resolve dispute.

The Company did not experience any significant demonstrations strikes, stoppages or labor disturbances in the past few years and the Company assesses that the Company's relationship with its employees is good.

The following table provides an overview of the composition of employees based on their position level, formal education level and the age of the employees for the year ending on 31 December 2015 and 31 December 2014:

**Composition of Employees of the Company and its Subsidiaries**

**Based on their Level of Position**

**Company**

Position Level	31 December			
	2015		2014	
	Total	%	Total	%
Manager and Senior Manager	74	34.6%	76	37.6%
Supervisor	35	16.4%	33	16.3%
Staff	76	35.5%	65	32.2%
Operational Staff	29	13.6%	28	13.9%
<b>Total</b>	<b>214</b>	<b>100</b>	<b>202</b>	<b>100</b>

**Subsidiaries**

Position Level	31 December			
	2015		2014	
	Total	%	Total	%
Manager and Senior Manager	194	3.4%	229	3.2%
Supervisor	1,093	19.2%	1,337	18.5%
Staff	2,669	46.9%	3,900	53.8%
Operational Staff	1,737	30.5%	1,777	24.5%
<b>Total</b>	<b>5,693</b>	<b>100</b>	<b>7,243</b>	<b>100</b>

**Composition of Employees of the Company and its Subsidiaries**

**Based on their Level of Formal Education**

**Company**

Formal Education Level	31 December			
	2015		2014	
	Total	%	Total	%
Academic and University (S1, S2 and S3)	78	36.4%	103	51.1%
Diploma (D1-D4)	12	5.4%	7	3.5%
High School or lower	124	58.2%	92	45.5%



<b>Total</b>	<b>214</b>	<b>100</b>	<b>202</b>	<b>100</b>
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### Subsidiaries

Formal Education Level	31 December			
	2015		2014	
	Total	%	Total	%
Academic and University (S1, S2 and S3)	1,346	23.6%	1,841	25.4%
Diploma (D1-D4)	409	7.2%	559	7.7%
High School or lower	3,939	69.2%	4,843	66.9%
<b>Total</b>	<b>5,693</b>	<b>100</b>	<b>7,243</b>	<b>100</b>

### Composition of Employees of the Company and its Subsidiaries

#### Based on their Age

#### Company

Age Level	31 December			
	2015		2014	
	Total	%	Total	%
Below 25 years old	11	5.1%	7	3.5%
26 – 35 years old	71	33.2%	75	37.1%
36 – 45 years old	72	33.6%	72	35.6%
Above 46 years old	60	28.0%	48	23.8%
<b>Total</b>	<b>214</b>	<b>100</b>	<b>202</b>	<b>100</b>

#### Subsidiaries

Age Level	31 December			
	2015		2014	
	Total	%	Total	%
Below 25 years old	447	7.9%	652	9.0%
26 – 35 years old	2,639	46.4%	3,536	48.8%
36 – 45 years old	1,744	30.6%	1,776	24.5%
Above 46 years old	863	15.2%	1,279	17.7%
<b>Total</b>	<b>5,693</b>	<b>100</b>	<b>7,243</b>	<b>100</b>

**PT Bentoel Internasional Investama, Tbk.**

In the year 2015, the number of employees of the Company decreased by 35% (thirty five percent) as a result of a number of initiatives to improve efficiency and effectiveness across all functions of the Company.

At the time of issuance of this Prospectus, the Company employs 36 (thirty six) foreign workers with the following details:

No.	Name	Country of Citizenship	IMTA		VITAS/KITAS/KITAP	
			No.	Validity Period	No.	Validity Period
1.	Alexander Ivakhov	United Kingdom	KEP. 13537/MEN/P/IMTA/2015	21 September 2016	2C21JE2120 AP	21 September 2016
2.	Andrew Graham Bulkeley	Australia	KEP. 19128/MEN/P/IMTA/2015	31 December 2016	2C21JE8025 AP	31 December 2016
3.	David John Quain	New Zealand	KEP. 15104/MEN/P/IMTA/2015	5 September 2016	2C21JE2540 AP	5 September 2016
4.	Faisal Saif	Pakistan	KEP. 38257/MEN/P/IMTA/2015	29 August 2016	2C11JE8716- P	29 August 2016
5.	Guest Martin Arthur	United Kingdom	KEP. 36364/MEN/P/IMTA/2015	17 August 2016	2C11JE7696	12 August 2016
6.	Jan Conrad De Fluitter	Netherlands	KEP. 19259/MEN/P/IMTA/2015	29 December 2016	2C21JE7091 AP	29 December 2016
7.	Jason Fitzgerald Murphy	Australia	KEP. 01694/MEN/P/IMTA/2016	16 April 2017	2C21JE3027- Q	16 April 2017
8.	Jean Jacques Walravens	Belgium	KEP. 13477/MEN/P/IMTA/2015	25 September 2016	2C21JE2275 AP	25 September 2016
9.	Jonathan Darlow Reed	United Kingdom	KEP. 19114/MEN/P/IMTA/2015	31 December 2016	2C21JE7185 AP	31 December 2016
10.	Hardeep Khangura	United Kingdom	KEP. 10920/MEN/P/IMTA/2015	12 August 2016	2C21JE0964 AP	12 August 2016
11.	Ooi Lai Hin	Singapore	KEP. 01332/MEN/P/IMTA/2016	27 February 2017	2C21CC0123 -Q	27 February 2017
12.	Sophie Dosanjh	United Kingdom	KEP. 19124/MEN/P/IMTA/2015	31 December 2016	2C21JE9539 AP	31 December 2016
13.	Yuce Alper	Turkey	KEP. 19129/MEN/P/IMTA/2015	31 December 2016	2C21JE6526 AP	31 December 2016
14.	Rizwan Mamdani	Pakistan	KEP. 10919/MEN/P/IMTA/2015	31 August 2016	2C21JE1632 AP	31 August 2016
15.	Bruce Richard Jalleh	Malaysia	34106/MEN/B/IMTA/2015	17 August 2016	2C11CC0169 -P	11 August 2016
16.	Nicholas Soon Ban Hing	Singapore	37114/ PPTK/ PTA/ 2015	1 September 2016	2C11CC0213 -P	6 September 2016

17.	Soo Yoke Yee	Malaysia	38920/ PPTK/ PTA/ 2015	9 September 2016	2C11CC0219 -P	7 September 2016
18.	Kim Tae Min	South Korea	39794/MEN/B/IMTA/2015	5 October 2016	2C11CC0267 -P	<b>5 October 2016</b>
19.	Lee Yong Min	South Korea	39797/MEN/B/IMTA/2015	5 October 2016	2C11CC0266 -P	5 October 2016
20.	Shafinas Begum Binti Sultan Mohamed	Malaysia	47794/MEN/B/IMTA/2015	30 September 2016	2C11CC0268 -P	30 September 2016
21.	Struwig Werner	Australia	47781/MEN/B/IMTA/2015	5 October 2016	2C11CC0265 -P	5 October 2016
22.	Wan Hamansor Adabi Bin Wan Hassan	Malaysia	47782/MEN/B/IMTA/2015	5 October 2016	2C11CC0264 -P	5 October 2016
23.	Lim Suat Kim	Singapore	15019/MEN/B/IMTA/2016	30 March 2016	2C13CC0167 -Q	14 October 2016
24.	Daniel Brian Tubman	New Zealand	45410/MEN/B/IMTA/2015	8 October 2016	2C11CC0275 -P	<b>14 October 2016</b>
25.	Tan Li Li	Malaysia	50819/MEN/B/IMTA/2015	9 May 2016	2C11CC0155 -Q	23 May 2017
26.	Ali Shabab	Pakistan	50814/MEN/B/IMTA/2015	3 December 2016	2C11CC0326 -P	<b>3 December 2016</b>
27.	Chandra Shekarapuram	Singapore	48588/MEN/B/IMTA/2015	14 January 2017	2C11CC0143 -Q	10 March 2017
28.	Goh Siew Peng	Malaysia	22920/MEN/B/IMTA/2015 016	10 April 2017	IM2QBK0811 7	19 June 2016
29.	Angela Soh Jinfang	Singapore	32671/MEN/B/IMTA/2015 016	21 Mei 2017	in process	
30.	Wong Yee Tim	Malaysia	01505/MEN/P/IMTA/2016	1 December 2016	2C21CC0151 -Q	31 December 2016
31.	Ong Hean Boon	Malaysia	16281/MEN/B/IMTA/2016	28 September 2016	2C13CC1040 -Q	28 September 2016
32.	Lim Yang Zheng	Singapore	17728/MEN/B/IMTA/2016	30 March 2017	2C11CC0109 -Q	30 March 2017
33.	Toe Nel Son	Malaysia	62828/MEN/B/IMTA/2015	5 July 2016	2C13CC0009 -Q	5 July 2016
34.	Victor -Alexandru Dumetrescu	Romania	45956/MEN/B/IMTA/2015	28 September 2016	2C11CC0258 -P	28 September 2016
35.	Yap Swee Hee	Malaysia	14659/MEN/B/IMTA/2016	3 September 2016	2C13CC0196 -Q	10 November 2016
36.	Ching Chee Yen	Malaysia	13526/MEN/B/IMTA/2015	5 September 2016	2C21CC0495 -P	5 September 2016

## Employee Welfare

In terms of remuneration, the Company and its subsidiaries has applied policies in remuneration above the Provincial Minimum Wage (*Upah Minimum Propinsi*) applicable in Indonesia. The employees of the Company and its Subsidiaries received compensation packages which amongst others include salary, annuity, health allowance, meal fee, and annual performance rewards.

Other than such matters, the Company and its Subsidiaries' employees participate in the National Social Security System (*Sistem Jaminan Sosial Nasional*) which is a required program, namely Manpower BPJS (security over work accidents, death security, pension plan, pension security) as well as Health BPJS (health security).

## E. Description of the Company's Subsidiaries

### 1. PT Bentoel Prima ("BP")

#### a. Brief History

BP, domiciled in Malang, is a limited liability company established under the laws and regulations enforced by the Republic of Indonesia. BP was established under the Deed of Establishment of a Limited Liability Company BP No. 22 dated 7 February 1992, drawn up before Chufuran Hamal, S.H., Notary in Jakarta, which has been approved by the Minister of Justice of the Republic of Indonesia based on Decree No. C2-1551.HT.01.01.TH.93, dated 11 March 1993 and was registered in the Central Jakarta District Court Registry Book No. 1334, dated 15 May 1993.

Since the execution of Public Offering of Bonds I, BP's Articles of Association have been amended several times, last of which was based on the Deed of Resolutions of General Meeting of Shareholders of BP No. 57, dated 24 November 2015, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta, which has been approved by the Minister of Law and Human Rights through Receipt of Notification on the Amendment of Articles of Association No. AHU-AH.01.03-0984272 dated 1 December 2015 and was registered in the Company Registry No. AHU-3586676.AH.01.11.Year 2015, dated 1 December 2015 in accordance with the provisions of Company Law. Said Deed contains the shareholders' approval to amend the provisions set forth in Article 12 of the Articles of Association of BP regarding Duties and Authorities of the Board of Directors.

#### b. Business Activities

BP is a company engaged in the industry of cigarette manufacturing and processing and drying of tobacco leaf and. At the time this Prospectus is issued, BP is actively operating commercially.

#### c. Capital Structure

Pursuant to Deed of Resolutions of Shareholders of BP No. 26 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest capital structure and ownership of shares in BP are as follows:

Description	Share Amount		Total Nominal Value (Rp)	(%)
	Nominal Value Rp1000 per share	Nominal Value Rp500 per share		
Authorized Capital	185,000,000	830,000,000	600,000,000,000.00	

<b>Issued and fully paid-up capital:</b>				
The Company	184,999,999	555,000,000	462,499,999,000.00	99.99
KCB	1	-	1,000.00	0.01
<b>Total issued and fully paid-up capital</b>	<b>185,000,000</b>	<b>555,000,000</b>	<b>462,500,000,000.00</b>	<b>100</b>
<b>Unissued Shares</b>	<b>-</b>	<b>275,000,000</b>	<b>137,500,000,000.00</b>	

#### d. Management and Monitoring

Pursuant to Deed of Resolutions of Shareholders of BP No. 2 dated 3 October 2013 *jo* Deed of Resolutions of Shareholders of BP No. 17 dated 5 June 2015, both drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the composition of the Board of Commissioners and Directors of BP are as follows:

##### **Board of Commissioners:**

President Commissioner	:	Hardeep Khangura
Commissioner	:	Prijunatmoko Sutrisno

##### **Board of Directors:**

President Director	:	Jason Fitzgerald Murphy
Director	:	Tang Chung Leong
Director	:	Sylvia Dwiyani Gunawan
Director	:	Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

#### e. Summary of Important Financial Information

The following table presents the important financial information extracted from the audited consolidated report of BP and its subsidiaries as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

<b>Description</b>	<b>31 December</b>	
	<b>2015</b>	<b>2014</b>
Total assets	13,604,788	16,524,672
Total liabilities	15,953,640	17,305,393
Equity/(capital deficiency)	(2,349,137)	(781,006)
Net revenue	15,920,147	12,968,123
Cost of goods sold	(15,126,838)	(12,254,389)
Income/(loss) before income tax	(1,721,500)	(1,275,658)
Income/(loss) for the year	(1,334,582)	(1,724,126)

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014 and comparison of financial position for 31 December 2015 and 31 December 2014.**

BP and its subsidiaries recorded an increase of loss before income tax for the year ending on 31 December 2015 of 446 billion Rupiah. This increase was due to increase in finance costs of 481 billion Rupiah.

BP and its subsidiaries' assets decreased by 3 trillion Rupiah caused by a decrease in related parties receivables of 4 trillion Rupiah.

BP and its subsidiaries liabilities decreased by 8% or as much as 1.3 trillion Rupiah as the result of the decrease of excise payable of related parties of 1.3 trillion Rupiah.

An increase in BP and its subsidiaries capital deficiency of 1.6 trillion Rupiah was caused by the loss suffered by BP and its subsidiaries in 2015.

**2. PT Lestariputra Wirasejati (LWS)**

**a. Brief History**

LWS, domiciled in Malang, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. LWS was established under Deed of Establishment of a Limited Liability Company No. 223 dated 31 August 1994, drawn up before Agus Majid, S.H., Notary in Jakarta, which has been approved by the Minister of Justice of the Republic of Indonesia based on Decree No. 02-2550.HT.01.01.TH.95 dated 27 February 1995.

Since the execution of Public Offering of Bonds I, LWS' Articles of Association have been amended several times, last of which was based on the Deed of Resolutions of Shareholders of LWS No. 17 dated 14 December 2007, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which has been approved by the Minister of Law and Human Rights through Decree No. AHU-04909.AH.01.02.Year 2008 dated 31 January 2008 and was registered in the Company Registry No. AHU-0007421.AH.01.09.Year 2008 dated 31 January 2008. Said Deed contains the shareholders' approval to amend the entire provisions set forth in the Articles of Association of LWS regarding Duties and Authorities of the Board of Directors to be adjusted in accordance with Company Law.

**b. Business Activities**

Pursuant to the provisions of Article 3 of the Articles of Association of LWS, the business activities of LWS are in trading, construction, industry, mining, agriculture and services except for services in law and taxes. At the time of publication of this Prospectus, LWS is inactive.

**c. Capital Structure**

Pursuant to Deed of Resolutions of Shareholders of LWS No. 81 dated 17 July 2014, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta, the latest capital structure and ownership of shares in LWS are as follows:

Description	Nominal Value Rp1.000 per share		
	Share Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>1,388,000,000</b>	<b>1,388,000,000,000</b>	
<b>Issued and fully paid-up capital:</b>			
1. BP	346,999,999	346,999,999,000	99.99
2. JVT	1	1,000	0.01
<b>Total issued and fully paid-up capital</b>	<b>347,000,000</b>	<b>347,000,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>1,041,000,000</b>	<b>1,041,000,000,000</b>	

**d. Management and Monitoring**

Pursuant to Deed of Resolutions of of Shareholders of LWS No. 10 dated 30 January 2015 *jo* Deed of Resolutions of General Meeting of Shareholders of LWS No. 25 dated 16 June 2015, both drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the current composition of the Board of Commissioners and Directors of LWS are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

**Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

**e. Summary of Important Financial Information**

The following table presents the important financial information extracted from the audited consolidated report of LWS and its subsidiaries as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	564,181	608,330
Total liabilities	470,569	454,222
Equity/(capital deficiency)	93,612	154,108
Net revenue	520,229	1,256,210
Cost of goods sold	(534,157)	(1,252,494)

Income/(loss) before income tax	(75,013)	(100,375)
Income/(loss) for the year	(61,232)	(147,423)

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**The year ending on 31 December 2015 compared to the year ending on 31 December 2014 and comparison of financial position for 31 December 2015 and 31 December 2014.**

LWS and its subsidiaries' recorded a decrease of loss before income tax for the year ending on 31 December 2015 of 25 billion Rupiah. This is mainly caused by the decrease of selling expenses and general administrative expenses by 42 billion Rupiah.

LWS and its subsidiaries assets decreased by 7% or as much as 44 billion Rupiah caused by a decrease of other receivables from third parties of 46 billion Rupiah.

LWS and its subsidiaries liabilities as of 31 December 2015 increased by 4% or as much as 16 billion Rupiah mainly caused by the increase of accruals and long term payable related party of 17 billion Rupiah and 70 billion Rupiah, respectively which were offset by a decrease in trade payable related party and excise payable of 47 billion Rupiah and 25 billion Rupiah, respectively.

A decrease in LWS and its subsidiaries equity of 60 billion Rupiah was caused by the loss suffered by LWS and its subsidiaries in 2015.

**3. PT Bintang Bola Dunia ("BBD")**

**a. Brief History**

BBD, domiciled in Malang, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. BBD was established under Deed of Establishment of a Limited Liability Company BBD No. 40 dated 23 May 2001, drawn up before Haji Yunardi, S.H., Notary in Bekasi. Such Deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on Decree No. C-04046 HT.01.01.TH.2001, dated 30 July 2001, as registered in the Company Registry in accordance with the UUWDP under TDP license No. 090215122307 dated 10 August 2001 and announced in the State Gazette of the Republic of Indonesia No. 87, dated 30 October 2001, Supplement No. 6735.

Since the execution of Public Offering of Bonds I, BBD's Articles of Association have been amended several times, last of which was based on the Deed of Resolutions of General Meeting of Shareholders of BBD No. 23 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which has been approved by the Minister of Law and Human Rights through Decree No. AHU-36294.AH.01.02.Year 2008 dated 12 June 2008, and was registered in the Company Registry in accordance with the provisions of Company Law No. AHU-0047624.AH.01.09.Year 2008 dated 12 June 2008, and announced in the State Gazette of the Republic of Indonesia No. 54 dated 4 July 2008, Supplement No. 10767. Said Deed contains the shareholders' approval to amend the entire provisions set forth in the Articles of Association of BBD regarding Duties and Authorities of the Board of Directors to be adjusted in accordance with Company Law.

**b. Business Activities**

BBD is a company engaged in the cigarette manufacturing industry. At the time this Prospectus is issued, BBD is actively operating commercially.



### c. Capital Structure

Pursuant to Deed of Resolutions of Shareholders of BBD No. 23 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest capital structure and ownership of shares in BBD are as follows:

Description	Nominal Value Rp250.000 per share		
	Share Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>36,000</b>	<b>9,000,000,000</b>	
<b>Issued and fully paid-up capital:</b>			
1. LWS	14,140	3,535,000,000	99.99
2. BP	1	250,000	0.01
<b>Total issued and fully paid-up capital</b>	<b>14,141</b>	<b>3,535,250,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>21,859</b>	<b>5,464,750,000</b>	

### d. Management and Monitoring

Pursuant to Deed of Resolutions of Shareholders of BBD No. 15 dated 30 January 2015 jo Deed of Resolutions of Shareholders of BBD No. 13 dated 5 June 2015, both drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the current composition of the Board of Commissioners and Directors of BBD are as follows:

#### **Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

#### **Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

### e. Summary of Important Financial Information

The following table presents the important financial information extracted from the audited report of BBD as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	94,589	84,273
Total liabilities	320,854	254,656
Equity/(capital deficiency)	(226,265)	(170,383)

Net revenue	512,159	674,393
Cost of goods sold	(527,307)	(703,449)
Income/(loss) before income tax	(71,731)	(96,264)
Income/(loss) for the year	(56,618)	(135,314)

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**The year ending on 31 December 2015 compared to the year ending on 31 December 2014 and comparison of financial position for 31 December 2015 and 31 December 2014.**

BBD recorded a decrease of losses before income tax for the year ending on 31 December 2015 of 25 billion Rupiah. This is mainly caused by the decrease in selling expenses by Rp10.1 billion, in general administrative expenses by 2.5 billion, and in other operating expenses by Rp7.6 billion.

BBD assets increased by 12% or as much as 10 billion Rupiah mainly caused by an increase of deferred tax assets of 15 billion Rupiah which was offset with a decrease of related parties receivables of 5.7 billion Rupiah.

BBD liabilities increased by 26% or as much as 66 billion Rupiah mainly caused by an increase of account payable of related parties of 70 billion Rupiah which were offset by a decrease of accrued expenses of 19.4 billion Rupiah which was offset with the decrease in excises debt in the amount of 25 billion Rupiah.

An increase in BBD capital deficiency of 56 billion Rupiah caused by a decrease of an accumulated net losses of BBD as of the year ending on 31 December 2015.

**4. PT Bintang Jagat Sejati (“BJS”)**

**a. Brief History**

BJS, domiciled in Malang, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. BJS was established under Deed of Establishment of a Limited Liability Company BJS No. 1 dated 1 July 2009, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta. Such Deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on Decree No. AHU-31154.AH.01.01.Year 2009, dated 7 July 2009, and was registered in the Company Registry in accordance with the provisions of Company Law No.AHU.0040611.AH.01.09 Year 2009.

From the date of its establishment, BJS has never made any amendments to its articles of association.

**b. Business Activities**

Pursuant to the provisions of Article 3 of the Articles of Association of BJS, the business activities of BJS are in trading, construction, industry, mining, agriculture and services except for services in law and taxes. At the time of publication of this Prospectus, BJS is inactive.

**c. Capital Structure**

Pursuant to Deed of Resolutions of General Meeting of Shareholders of BJS No. 1 dated 1 July 2009, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest capital structure and ownership of shares in BJS are as follows:

Description	Nominal Value Rp1.000.000 per share		
	Share Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>2,000</b>	<b>2,000,000,000</b>	<b>100</b>
<b>Issued and fully paid-up capital:</b>			
1. LWS	499	499,000,000	99.8
2. BP	1	1,000,000	0.2
<b>Total issued and fully paid-up capital</b>	<b>500</b>	<b>500,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>1,500</b>	<b>1,500,000,000</b>	

#### d. Management and Monitoring

Pursuant to Deed of Resolutions of General Meeting of Shareholders of BJS No. 18, dated 30 January 2015 *jo* Deed of Resolutions of General Meeting of Shareholders of BJS No. 16, dated 5 June 2015, both drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the current composition of the Board of Commissioners and Directors of BJS are as follows:

##### **Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

##### **Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko  
Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

#### e. Summary of Important Financial Information

The following table presents the important financial information extracted from the audited report of BJS as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	98,515	99,902
Total liabilities	38,460	40,538
Equity/(capital deficiency)	60,055	59,364
Net revenue	1,700	202,357
Cost of goods sold	(306)	(204,311)

Income/(loss) before income tax	691	(9,599)
Income/(loss) for the year	691	(12,508)

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**The year ending on 31 December 2015 compared to the year ending on 31 December 2014 and comparison of financial position for 31 December 2015 and 31 December 2014.**

BJS recorded profit before income tax of 0.7 billion Rupiah for the year ending on 31 December 2015. This is mainly caused by the increase in gross profit by 3 billion Rupiah and offset by the decrease in selling expenses and general administrative expenses by 7 billion Rupiah.

BJS assets decreased by 1% or as much as 1.3 billion Rupiah mainly caused by a decrease of receivables of related parties and fixed assets respectively of 2.9 billion Rupiah and 0.6 billion Rupiah which was offset with an increase of prepaid taxes of 2 billion Rupiah.

BJS liabilities decreased by 5% or as much as 2 billion Rupiah mainly caused by a decrease of receivables of related parties of 1,8 billion Rupiah.

The increase equity of BJS of 0.7 billion Rupiah caused by BJS' earnings as of the year ending on 31 December 2015.

**5. PT Bintang Pesona Jagat ("BPJ")**

**a. Brief History**

BPJ, domiciled in Malang, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. BPJ was established under Deed of Establishment of a Limited Liability Company BPJ No. 2, dated November 2002 *jo* Deed of Amendment of Articles of Association of a Limited Liability Company BPJ No. 1, dated 4 September 2006, both drawn up before Eko Gunarto, S.H., Notary in Bogor, which have been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on Decree No. W8-00266 HT.01.01-TH.2006 dated 27 September 2006.

Since the execution of Public Offering of Bonds I, BPJ's Articles of Association have been amended several times, last of which was based on the Deed No. 47, dated 25 February 2009, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which has been approved by the Minister of Law and Human Rights through Decree No. AHU-38628.AH.01.02.Year 2008, dated 7 July 2008, and was registered in the Company Registry in accordance with the provisions of Company Law No. AHU-0055752.AH.01.09.Year 2008, dated 7 July 2008. Said Deed contains the shareholders' approval of the change in BPJ's management.

**b. Business Activities**

Pursuant to the provisions of Article 3 of the Articles of Association of BPJ, the business activities of BPJ are engaged in trading, construction, industry, mining, land transportation, agriculture, mechanics workshop, printing and services except for services in law and taxes. At the time of publication of this Prospectus, BPJ is inactive.

**c. Capital Structure**

Pursuant to Deed No. 17, dated 18 June 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest capital structure and ownership of shares in BPJ are as follows:

Description	Nominal Value Rp1,000,000 per share		
	Share Amount	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>2,000</b>	<b>2,000,000,000</b>	
<b>Issued and fully paid-up capital:</b>			
1. LWS	499	499,000,000	99.8
2. BP	1	1,000,000	0.2
<b>Total issued and fully paid-up capital</b>	<b>500</b>	<b>500,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>1,500</b>	<b>1,500,000,000</b>	

#### d. Management and Monitoring

Pursuant to Deed of Resolutions of Shareholders of BPJ No. 14, dated 30 January 2015 *juncto* Deed of General Meeting of Shareholders of BPJ No. 14, dated 5 June 2015, both drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the current composition of the Board of Commissioners and Directors of BPJ are as follows:

##### **Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

##### **Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

#### e. Summary of Important Financial Information

The following table presents the important financial information extracted from the audited report of BPJ as of and for the years ended on 31 December 2015 and 2014.

(in millions of Rupiah)

Description	31 December	
	2015	2014
Total assets	90,892	93,714
Total liabilities	108,258	107,404
Equity/(capital deficiency)	(17,366)	(13,690)
Net revenue	1,294	140,370
Cost of goods sold	(35)	(137,753)
Income/(loss) before income tax	(3,676)	(6,545)

Income/(loss) for the year	(3,676)	(7,968)
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**The year ending on 31 December 2015 compared to the year ending on 31 December 2014 and comparison of financial position for 31 December 2015 and 31 December 2014.**

BPJ recorded a decrease of losses before income tax for the year ending on 31 December 2015 of 3 billion Rupiah. This is mainly caused by decrease in the operational costs in the amount of 4 billion Rupiah.

BPJ assets decreased by 3% or as much as 2.8 billion Rupiah mainly caused by a decrease of related parties receivables of 3.9 billion Rupiah which was offset by prepaid expenses in the amount of 1.5 billion Rupiah.

BPJ liabilities has increased by 1% or as much as 0.8 billion Rupiah mainly caused by an increase of loans in the amount of 0.9 billion Rupiah.

An increase in BPJ capital deficiency of 3.7 billion Rupiah caused by BPJ losses as of the year ending on 31 December 2015.

**6. PT Perusahaan Dagang Suburaman (“PDS”)**

**a. Brief History**

PDS, domiciled in Malang, is a limited liability company established under the prevailing laws and regulations in the Republic of Indonesia. PDS was established under the name of N.V. Handel Maatschappij Hien An based on Deed No. 114, dated 21 November 1949, drawn up before Roeland van Venderice, S.H., Notary in Surabaya, which was approved by the East Java Department of Justice Director by virtue of Decree No. 4/V/1950 dated 28 January 1950, was registered in the Surabaya District Court Registry Book under No. 166 on 27 March 1950, and was announced in the State Gazette of the Republic of Indonesia No. 8332, dated 19 May 1950, Supplement No. 145. The name N.V. Handel Maatschappij Hien An has undergone several amendments, last of which was amended into PDS pursuant to Deed of Amendment of Articles of Association of N.V. *Perusahaan Suburaman* No. 35, dated 19 February 1963, drawn up before Raden Soediono, Notary in Malang, which was a part of the Decision of the Minister of Justice No.J.A.5/73/8 dated 5 September 1963, was registered into the Registry Book at the Registry Office of Surabaya District Court No. 1321, dated 27 October 1964, and was announced in the State Gazette of the Republic of Indonesia No. 102 dated 21 December 1965, Supplement No. 467.

Since the execution of Public Offering of Bonds I, PDS' Articles of Association has undergone several amendments, last of which was based upon Deed of Resolutions of General Meeting of Shareholders of PDS No. 22 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights based on Decree No. AHU-33712.AH.01.02 Year 2008 dated 17 June 2008, which was registered on the Company Registry in compliance with Company Law No. AHU-0049000.AH.01.09.Year 2008 dated 17 June 2008, and which was announced in the State Gazette of the Republic of Indonesia No. 57 dated 15 July 2008, Supplement No. 11981. Such Deed contains, among others, the shareholders' approval of the amendment regarding entire provisions set forth in the Articles of Association of PDS to be adjusted in accordance with Company Law.

## b. Business Activities

PDS is engaged in the cigarette manufacturing industry. At the publication time of this Prospectus, PDS is actively operating commercially.

## c. Capital Structure

Pursuant to the Deed of Resolutions of General Meeting of Shareholders of PDS No. 22 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta *jo* Deed of Resolutions of General Meeting of Shareholders of PDS No. 83, dated 17 July 2014, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta, the latest capital structure and composition of shareholders in PDS are as follows:

Description	Nominal Value Rp1,000,000 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>1.000</b>	<b>1,000,000,000</b>	
<b>Issued and fully paid-up capital:</b>			
1. BP	249	249,000,000	99.6
2. JVT	1	1,000,000	0.4
<b>Total issued and fully paid-up capital</b>	<b>250</b>	<b>250,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>750</b>	<b>750,000,000</b>	

## d. Management and Monitoring

Based on the Deed of Resolutions of Shareholders of PDS No. 13, dated 30 January 2015 *jo* Deed of Resolutions of Shareholders of PDS No. 15, dated 5 June 2015, both of which were drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the current composition of PDS Board of Commissioners and Board of Directors are as follows:

### Board of Commissioners:

President Commissioner : Prijunatmoko Sutrisno

### Board of Directors:

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

## e. Summary of Important Financial Information

The following table presents the important financial information extracted from the audited consolidated report of PDS and its subsidiaries as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	512,291	1,828,607
Total liabilities	1,820,342	2,849,659
Equity/(capital deficiency)	(1,308,051)	(1,021,052)
Net revenue	3,467,622	4,259,491
Cost of goods sold	(3,425,535)	(4,274,017)
Income/(loss) before income tax	(340,555)	(452,931)
Income/(loss) for the year	(287,418)	(675,444)

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the comparison of financial position between the 31 December 2015 and 2014.**

PDS has recorded a decrease in losses before income tax for the year ending on 31 December 2015 of 112 billion Rupiah. This was caused by an increase of gross profit of 57 billion Rupiah and accompanied by the decrease in general cost and administration respectively of 69 billion Rupiah and 41 billion Rupiah which has been offset by the increase of finance cost of 41 billion Rupiah.

PDS assets decreased by 72% or as much as 1.3 trillion Rupiah caused by a decrease in related parties' receivables of 79% or as much as 1.2 trillion Rupiah which was offset by an increase in deferred tax assets of 53 billion Rupiah.

PDS liabilities decreased by 36% or as much as 1 trillion Rupiah which mainly caused by a decrease in payables to related parties and excise payable each amounting to 842 billion Rupiah and 546 billion Rupiah respectively and offset by the increase of fees to be paid and long-term payables to related parties of 109 billion and 260 billion Rupiah.

An increase in PDS capital deficiency of 287 billion Rupiah was due to accumulated net losses of PDS as of the year ending on 31 December 2015.

## 7. PT Amiseta ("AMI")

### a. Brief History

AMI, domiciled in Malang, is a limited liability company established under the prevailing laws and regulations in the Republic of Indonesia. AMI was first established under the name of N.V. Perusahaan Dagang dan Pertjetakan Amiseta based on the Deed of Establishment No. 42, dated 12 November 1956, drawn up before Anwar Mahajudin, S.H., Deputy Notary in Surabaya, which was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. JA 5/8/14 dated 8 February 1957, was registered in the Registry Office of Malang District Court respectively under No. 38/1957 and No. 41/1957, both of which were dated 9 March 1957, and were announced in the State Gazette of the Republic of Indonesia No. 42, dated 24 May 1957, Supplement No. 603. N.V. Perusahaan Dagang dan Pertjetakan Amiseta has undergone several amendments, last of which was changing its name into AMI



based on the Deed of Minutes of Meeting of PT *Perusahaan Dagang dan Percetakan Amiseta* No. 62, dated 27 February 2001, drawn up before Raharti Asharto, Notary in Malang, which was approved by the Minister of Law and Human Rights of Republic of Indonesia by virtue of Decree No. C-20344.HT.01.04.TH 2001 dated 9 November 2001.

Since the execution of Public Offering of Bonds I, AMI's Articles of Association have been amended several times, last of which was based on the Deed of Resolutions of Shareholders of AMI No. 24 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of his decree No. AHU-34348.AH.01.02 Year 2008 dated 18 June 2008 and was registered to the Company Registry pursuant to the Company Law under No. AHU-0049872.AH.01.09 Year 2008 dated 18 June 2008 in relation to the adjustment of AMI's Articles of Association pursuant to Law No. 40 year 2007 concerning Limited Liability Companies. Such Deed contains, amongst others, the approval from shareholders pertaining changes on the entire provisions set forth in the Articles of Association of AMI to be adjusted in accordance with the provisions of Company Law.

**b. Business Activities**

Pursuant to the provisions of Article 3 of the Articles of Association of AMI, the business activities of AMI are in trading, construction, industry, mining, agriculture, and services except for services in law and taxes. At the time of publication of this Prospectus, AMI is inactive.

**c. Capital Structure**

Based on the Deed of Resolutions of General Meeting of Shareholders of AMI No. 24 dated 22 May 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest capital structure and composition of shareholders in AMI are as follows:

Description	Nominal Value Rp5,000 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>40,000</b>	<b>200,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. PDS	9,999	49,995,000	99.99
2. LWS	1	5,000	0.01
<b>Total Issued and Fully Paid-up Capital</b>	<b>10,000</b>	<b>50,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>30,000</b>	<b>150,000,000</b>	

**d. Management and Monitoring**

Pursuant to the Deed of Resolutions of General Meeting of Shareholders of AMI No. 19 dated 30 January 2015 *jo* Deed of Resolutions of General Meeting of Shareholders of AMI No. 28 dated 16 June 2015, both of which were drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the composition of AMI Board of Commissioners and Board of Directors are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

**Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

**e. Summary of Important Financial Information**

The following table presents the important financial information extracted from the audited report of AMI as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	31,553	36,758
Total liabilities	51,608	55,332
Equity/(capital deficiency)	(20,055)	(18,574)
Net revenue	66,123	243,159
Cost of goods sold	(60,299)	(249,687)
Income/(loss) before income tax	(1,285)	(25,611)
Income/(loss) for the year	(1,592)	(28,785)

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the comparison of financial position between 31 December 2015 and 2014.**

AMI recorded a decrease of losses before income tax for the year ending on 31 December 2015 of 24 billion Rupiah. This was caused by an increase of gross earnings of 12.4 billion Rupiah and a decrease of sales expenses and general administration expenses of 12.4 billion Rupiah.

AMI assets decreased by 14% or as much as 5.2 billion Rupiah due to a decrease in inventories and fixed assets each amounting to 4.8 billion Rupiah and 0.9 billion Rupiah respectively and offset by an increase of related parties receivables of 1.4 billion Rupiah.

AMI liabilities decreased by 7% or as much as 3.7 billion Rupiah which mainly caused by a decrease in accruals, excise payable and post-employment benefits each amounting to 2.5 billion Rupiah, 11 billion Rupiah and 1.4 billion Rupiah, respectively and offset by the increase of trade payables from related parties of 11.7 billion Rupiah.

An increase in AMI capital deficiency of 1.5 billion Rupiah was caused by the loss suffered by AMI in 2015.

## 8. PT Perusahaan Dagang dan Industri Tresno (“TRN”)

### a. Brief History

TRN, domiciled in Malang, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. TRN was first established under the name N.V. Perusahaan Dagang dan Industri Tresno pursuant to Deed of Establishment No. 100 dated 26 May 1955, drawn up before Sie Khwan Ho, Notary in Surabaya, which was approved by Decision of the Minister of Justice Republic of Indonesia No. J.A.5/107/21 dated 22 November 1955, which was registered into the Registry Book at the Surabaya District Court No. 1067 dated 13 December 1955 and which was announced on the State Gazette of Republic of Indonesia No. 73 dated 11 September 1956, Supplement No. 757.

Since the execution of Public Offering of Bonds I, TRN’s Articles of Association have been amended based on Deed of Resolutions of General Meeting of Shareholders of TRN No. 18 dated 14 December 2007, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-04610.AH.01.02.Year 2008 dated 29 January 2008 (“**Deed No. 18/2007**”). Such Deed No. 18/2007 contains, amongst others, the approval from the shareholders regarding the amendment of the entire provisions set forth in TRN’s Articles of Association to be adjusted in accordance with the provisions of Company Law.

### b. Business Activities

TRN is a company engaged in the cigarette manufacturing industry. At the time of publication of this Prospectus, TRN has been actively operating commercially.

### c. Capital Structure

Based on Deed No. 18/2007, the latest capital structure and composition of shareholders in TRN are as follows:

Description	Nominal Value Rp6,000,000 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>120,000</b>	<b>720,000,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. BP	29,999	179,994,000,000	99.99
2. LWS	1	6,000,000	0.01
<b>Total Issued and Fully Paid-up Capital</b>	<b>30,000</b>	<b>180,000,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>90,000</b>	<b>540,000,000,000</b>	

### d. Management and Monitoring

Pursuant to Deed No. 18/2007 *jo* Deed of Resolutions of Shareholders of TRN No. 12 dated 5 June 2015, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the composition of the Board of Directors and Board of Commissioners of TRN are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

**Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

**e. Summary of Important Financial Information**

The following table presents the important financial information extracted from the audited report of TRN as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	6,697,013	8,587,614
Total liabilities	9,005,086	9,980,618
Equity/(capital deficiency)	(2,308,073)	(1,393,004)
Net revenue	11,294,164	6,633,652
Cost of goods sold	(10,918,044)	(6,296,043)
Income/(loss) before income tax	(1,218,605)	(939,077)
Income/(loss) for the year	(915,489)	(1,043,872)

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the comparison of financial position between 31 December 2015 and 2014.**

TRN recorded an increase of loss before income tax for the year ending on 31 December 2015 of 279 billion Rupiah. This was caused by the increase in finance costs of 295 billion.

TRN assets decreased by 22% or as much as 1,890 billion Rupiah which mainly due to a 46% decrease in related parties' receivables of 2,587 billion Rupiah and partly offset by an increase in fixed assets of 451 billion Rupiah.

TRN liabilities decreased by 10% or as much as 975 billion Rupiah due to a decrease in account payable of the related parties and excise payable each amounting to 2,289 billion Rupiah and 767 billion Rupiah respectively and offset by an increase of long-term loan from related parties of 1,898 billion Rupiah.

An increase in TRN capital deficiency of 915 billion Rupiah, was caused by the loss for the year suffered by TRN in 2015.

## 9. PT Java Tobacco (“JVT”)

### a. Brief History

JVT, domiciled in Cirebon, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. JVT, formerly known as PT BAT Kareb, was established under Deed of Establishment No. 37 dated 6 April 1995, drawn up before Isyana Wisnuwardhani Sadjarwo, S.H., Substitute Notary for Mudofir Hadi, S.H., Notary in Jakarta, which was approved by the Minister of Justice of the Republic of Indonesia by virtue of Decree No. C2-133.444HT.01.01.Th.95, dated 23 October 1995 and was registered in the Company Registry Book at Sukoharjo District Court No. 21/1995/P/Skh dated 1 December 1995.

Since the execution of Public Offering of Bonds I, the Articles of Association of JVT have been amended several times, last of which was pursuant to the Deed of Circular Resolution of Shareholders As Replacement to the Resolution drawn in the Extraordinary General Meeting of Shareholders No. 22 dated 15 August 2008, drawn up before Haji Syarif Siangan Tanudjaja, S.H., Notary in Jakarta, which was announced in the State Gazette of Republic of Indonesia No. 27539 dated 12 December 2008, Supplement No. 100 (“**Deed No. 22/2008**”). Such Deed contains, amongst others, the approval from the shareholders regarding the amendment of the entire provisions set forth in the Articles of Association of JVT to be adjusted in accordance with the provisions of Company Law.

### b. Business Activities

Pursuant to the provisions of Article 3 of the Articles of Association of JVT, the business activities of JVT are engaged in the field of industry, marketing, and sales of cigar, cigarettes and other products made with or from tobacco. At the time of publication of this Prospectus, JVT is inactive.

### c. Capital Structure

Pursuant to Deed No. 22/2008, the latest capital structure and composition of shareholders of JVT are as follows:

Description	Nominal Value Rp1,000 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>6,000,000</b>	<b>6,000,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. Company	5,999,999	5,999,999,000	99.99
2. PT Kencana Cipa Batja	1	1,000	0.01
<b>Total Issued and Fully Paid-up Capital</b>	<b>6,000,000</b>	<b>6,000,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	-	-	

### d. Management and Monitoring

Based on Deed of Resolutions of Shareholders of JVT No. 12 dated 30 January 2015, *jo* Deed of Resolutions of Shareholders of JVT No. 19 dated 5 June 2015, both of which were

drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest composition of JVT Board of Commissioners and Board of Directors are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno  
 Commissioner : Mercy Francisca Sinaga

**Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon  
 Director : Sylvia Dwiyani Gunawan  
 Director : Hernowo

**e. Summary of Important Financial Information**

The following table presents the important financial information extracted from the audited report of JVT as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	346,943	340,960
Total liabilities	325,943	316,388
Equity/(capital deficiency)	21,000	24,572
Net revenue	-	39,685
Cost of goods sold	-	(31,258)
Income/(loss) before income tax	(3,567)	10,303
Income/(loss) for the year	(3,572)	22,841

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the *comparison* of financial position between 31 December 2015 and 2014.**

JVT recorded loss before income tax for the year ending on 31 December 2015 of 3.6 billion Rupiah, compared to the the prior year. This was caused by a decrease of gross profit of 8 billion Rupiah.

JVT assets increased by 6 billion Rupiah due to the increase of other receivables and trade receivables from related parties each amounting to 0.9 billion Rupiah and 4 billion Rupiah respectively.

JVT liabilities increased by 3% or as much as 9.5 billion Rupiah due to an increase of other payables to related parties of 10.8 billion Rupiah and partly offset by a decrease in accruals of 1.1 billion Rupiah.

An increase in JVT capital deficiency of 3.5 billion Rupiah, was caused by the loss suffered by JVT in 2015.

## 10. PT Pantura Tobacco (“PTT”)

### a. Brief History

PTT, domiciled in Cirebon, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. PTT was established under Deed of Establishment No. 45 dated 30 April 2008, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-36470.AH.01.01.Year 2008 dated 27 June 2008, which was registered in the Company Registry No. AHU-0052796.AH.01.09.Year 2008 dated 27 June 2008 in accordance with the provisions set forth in Company Law and was announced in the State Gazette of Republic of Indonesia No. 74 dated 15 September 2009, Supplement No. 24260 (“PTT Deed of Establishment”).

Since its establishment, PTT has yet to amend its Articles of Association.

### b. Business Activities

Pursuant to the provisions of Article 3 of the Articles of Association of PTT, the business activities of PTT are engaged in the field of industry, marketing and sales of cigar, cigarettes and other products made with or from tobacco. At the time of publication of this Prospectus, PTT is inactive.

### c. Capital Structure

Pursuant to the Deed of Establishment of PTT, the latest capital structure and composition of shareholders in PTT are as follows:

Description	Nominal Value Rp91,960 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>100,000</b>	<b>9,196,000,000</b>	
<b>Issued and Fully Paid-up Capital</b>			
1. Company	99,999	9,195,908,040	99.99
2. PT Kencana Cipa Batja	1	91,960,000	0.01
<b>Total Issued and Fully Paid-up Capital</b>	<b>100,000</b>	<b>9,196,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>-</b>	<b>-</b>	

### d. Management and Monitoring

Based on Deed of Resolutions of Shareholders of PTT No. 11 dated 30 January 2015, jo Deed of Resolutions of Shareholders of PTT No. 18 dated 5 June 2015, both of which were drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest composition of the Board of Commissioners and Board of Directors in PTT are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno  
 Commissioner : Mercy Francisca Sinaga

**Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon  
 Director : Sylvia Dwiyani Gunawan  
 Director : Hernowo

**e. Summary of Important Financial Information**

The following table presents the important financial information extracted from the audited report of PTT as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	10,905	10,655
Total liabilities	112	99
Equity/(capital deficiency)	10,793	10,556
Income/(loss) before income tax	293	294
Income/(loss) for the year	237	223

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the comparison of financial position between 31 December 2015 and 2014.**

PTT recorded a decrease of profit before income tax for the year ending on 31 December 2015 of 1 million Rupiah. This was mainly caused by an increase in operating expenses of 1 million Rupiah.

PTT assets increased by 250 million Rupiah which was caused by an increase in cash and cash equivalents of Rp264 million.

PTT liabilities increased by 13% or as much as 45 million Rupiah which was mainly caused by an increase in accruals and other payables each amounting to 4 million Rupiah and 9 million Rupiah respectively.

An Increase of PTT equity of 237 million Rupiah was caused by PTT profit for the year ending on 31 December 2015.

**11. PT Cipta Pesona Bintang (“CPB”)**

**a. Brief History**

CPB, domiciled in Malang, is a limited liability company established under the laws and regulations enforced by the Republic of Indonesia. CPB was established under Deed of Establishment of Limited Liability Company CPB No. 1 dated 15 November 2002, drawn up



before Eko Gunarto, S.H., Notary in Bogor, which was approved by the Minister of Law and Human Rights by virtue of Decree No. W8-00590 HT.01.01-TH.2006 dated 6 November 2006.

Since the execution of Public Offering of Bonds I, CPB's Articles of Association have been amended pursuant to Deed of Resolutions of General Meeting of Shareholders of CPB No. 18 Dated 18 June 2008, drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-37847.AH.01.02.Year 2008 dated 2 July 2008 and was registered into the Company Registry in accordance with the provisions set forth in the Company Law No. AHU-0054717.AH.01.09.Year 2008 dated 2 July 2008 ("**Deed No. 18/2008**"). Such Deed contains, among others, the approval from the shareholders regarding the amendment of the entire provisions set forth in the Articles of Association of CPB to be adjusted in accordance with the provisions of Company Law.

**b. Business Activities**

Pursuant to the provisions of Article 3 of the Articles of Association of CPB, the business activities of CPB are engaged in trading, construction, industry, mining, land transportation, agriculture, mechanics workshop, printing agriculture and services except for services in law and taxes. At the time of publication of this Prospectus, CPB is inactive.

**c. Capital Structure**

Pursuant to Deed No. 18/2008, the latest capital structure and composition of shareholders in CPB are as follows:

Description	Nominal Value Rp1,000,000 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>2,000</b>	<b>2,000,000,000</b>	
<b>Issued and fully paid-up capital:</b>			
1. the Company	499	499,000,000	99.8
2. BP	1	1,000,000	0.2
<b>Total issued and fully paid-up capital</b>	<b>500</b>	<b>500,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>1,500</b>	<b>1,500,000,000</b>	

**d. Management and Monitoring**

Pursuant to Deed of Resolutions of Shareholders of CPB No. 17 dated 30 January 2015, jo Deed of Resolutions of of Shareholders of CPB No. 27 dated 16 June 2015, both of which were drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest composition of the Board of Commissioners and Board of Directors of CPB are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

**Board of Directors:**

President Director	:	Aloysius Radja Singal Bobby Bambang Purwoko Simbolon
Director	:	Sylvia Dwiyani Gunawan
Director	:	Hernowo

**e. Summary of Important Financial Information**

The following table illustrates the important financial milestone of which numbers were extracted from the audited report of CPB for the years ending on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	494	494
Total liabilities	135	125
Equity/(capital deficiency)	359	369
Income/(loss) before income tax	(10)	(9)
Income/(loss) for the year	(10)	(9)

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the comparison of financial position between 31 December 2015 and 2014.**

CPB recorded an increase of loss before income tax for the year ending 31 December 2015 of 279 thousand Rupiah. This was mainly caused by an increase of operating expenses in the amount of 165 thousand Rupiah and a decrease in the finance income of 114 thousand Rupiah.

CPB assets did not increase significantly compared to the last year.

CPB liabilities increased by 8% or as much as 10 million Rupiah which was mainly caused by an increase in other payables of 8.6 million Rupiah.

An decrease in CPB capital deficiency of 10 million Rupiah, was caused by losses suffered by CPB in 2015.

**12. PT Bentoel Distribusi Utama (BDU)**

**a. Brief History**

BDU, domiciled in Malang, is a limited liability company established pursuant to the prevailing laws and regulations in the Republic of Indonesia. BDU was first established under the name PT Putra Jagat Sejati pursuant to the Deed of Establishment of Limited Liability Company BDU No. 2 dated 1 July 2009, drawn up before Diah Guntar Listianingsih Soemarwoto, S.H., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-31155.AH.01.01.Year 2009 dated 7 July 2009, which was registered into the Company Registry No. AHU-0040612.AH.01.09.Year 2009 dated 7 July 2009 in accordance with the provisions set forth in Company Law, and was announced on the State Gazette of

the Republic of Indonesia No. 67 dated 21 August 2009, Supplement No. 22592 (“**BDU Deed of Establishment**”).

Since the execution of Public Offering of Bonds I, BDU’s Articles of Association have been amended pursuant to Deed of Resolutions of BDU No. 450 dated 31 July 2012, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta, which was approved by the Minister of Law and Human Rights by virtue of Decree No. AHU-43498.AH.01.02.Year 2012 dated 9 August 2012 and was registered in the Company Registry No. AHU-0073183.AH.01.09.Year 2012 dated 9 August 2012 in accordance with the provisions set forth in Company Law. Such Deed contains, among others, the approval from the shareholders regarding the amendment to paragraph (1) of Article 1 of Articles of Association of BDU which changed the name of PT Putra Jagat Sejati into BDU.

**b. Business Activities**

BDU is a company engaged in the cigarettes distribution industry and at the time of publication of this Prospectus, BDU is active and operating commercially.

**c. Capital Structure**

Pursuant to the Deed of Establishment of BDU, the latest capital structure and composition of shareholders of BDU are as follows:

Description	Nominal Value Rp1,000,000 per share		
	Number of Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>2,000</b>	<b>2,000,000,000</b>	
<b>Issued and fully paid-up capital:</b>			
1. The Company	499	499,000,000	99.8
2. BP	1	1,000,000	0.2
<b>Total issued and fully paid-up capital</b>	<b>500</b>	<b>500,000,000</b>	<b>100</b>
<b>Unissued Shares</b>	<b>1,500</b>	<b>1,500,000,000</b>	

**d. Management and Monitoring**

Based on Deed of Resolutions of General Meeting of Shareholders of BDU No. 9 dated 30 January 2015, *jo* Deed of Resolutions of General Meeting of Shareholders of BDU No. 26 dated 16 June 2015, both of which were drawn up before Diah Guntari Listianingsih Soemarwoto, S.H., Notary in Jakarta, the latest composition of the Board of Commissioners and Board of Directors of BDU are as follows:

**Board of Commissioners:**

President Commissioner : Prijunatmoko Sutrisno

**Board of Directors:**

President Director : Aloysius Radja Singal Bobby Bambang Purwoko Simbolon

Director : Sylvia Dwiyani Gunawan

Director : Hernowo

**e. Summary of Important Financial Information**

The following table presents the important financial information extracted from the audited report of BDU as of and for the years ended on 31 December 2015 and 2014.

*(in millions of Rupiah)*

Description	31 December	
	2015	2014
Total assets	4,698,470	9,664,064
Total liabilities	4,740,055	9,756,421
Equity/(capital deficiency)	(41,585)	(92,357)
Net revenue	16,276,169	14,061,921
Cost of goods sold	(15,494,478)	(13,352,978)
Income/(loss) before income tax	124,297	(25,763)
Income/(loss) for the year	46,753	(29,691)

**The year ending on 31 December 2015 compared to the year ending on 31 December 2014, and the comparison of financial position between 31 December 2015 and 2014.**

BDU recorded profit before income tax for the year ending on 31 December 2015 of 150 billion Rupiah. This was caused by the increase in gross profit of 73 billion Rupiah and the decrease in selling expenses of 73 billion Rupiah.

BDU assets decreased by 51% or 4,966 billion Rupiah which mainly was caused by a decrease of related parties' receivables by 80% or as much as 6,312 billion Rupiah, offset by the increase in long term receivables from related parties of 1,097 billion Rupiah.

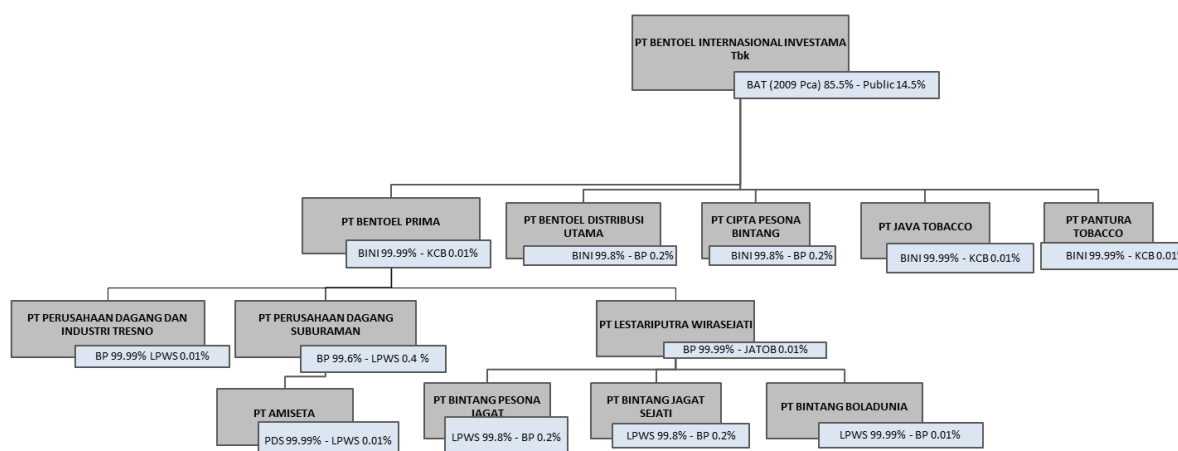
BDU liabilities decreased by 51% or as much as 5,016 billion Rupiah which was mainly caused by a decrease in account payable to related parties of 5,102 billion Rupiah and partly offset by an increase of accruals of 62 billion Rupiah.

A decrease in BDU's capital deficiency of 51 billion Rupiah, was due to profit of BDU for the year 2015.

**F. Organizational Structure, Management and Supervision of the Company and Corporate Majority and Controlling Shareholders**

Below is a diagram of ownership between the Company and the shareholders of the Company (majority and controlling shareholders, both direct and indirectly) and the Subsidiaries of the

Company:



The relationship of the management and monitoring between the Company and its shareholders (majority and controlling shareholders, both directly and indirectly) and the Subsidiaries of the Company can be seen in this table below:

Name	Company	BP	LWS	BBD	BJS	BPJ	PDS	AMI	TRN	JVT	PTT	CPB	BDU
Jason Fitzgerald Murphy	PD	PD	-	-	-	-	-	-	-	-	-	-	-
Hardeep Khangura	D	PC	-	-	-	-	-	-	-	-	-	-	-
Prijunatmoko Sutrisno	ID	C	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC	PC

**Remarks:**

PC : President Commissioner      C : Commissioner      PD : President Director  
 ID : Independent Director      D : Director

## G. Licenses Of The Company And Its Subsidiaries

At the date of this Prospectus, to run its business activities, the Company and its Subsidiaries have obtained the following licenses:

No.	Holder	License	License No.	Date of Issuance	Term
1.	Company	Izin Perluasan Penanaman Modal Dalam Negeri ("Izin Perluasan	3/35/IU-PL/PMDN/2015	29 January 2015	As long as the Company conducts its business

**PT Bentoel Internasional Investama, Tbk.**

<b>PMDN")</b>					
2.	Company	Izin Gangguan ( <i>Hinder Ordonantie</i> atau " <b>HO</b> ")	503/0001/HO/421.302/2015	2 January 2015	12 November 2017
3.	Company	Angka Pengenal Importir – Produsen (" <b>API- P</b> ")	090508723-B	9 April 2013	As long as the Company conducts its business
4.	BP	Izin Perluasan PMDN	6/35/IU-PL/PMDN/2015	20 February 2015	As long as BP conducts its business
5.	BP	HO	180/0089/HO/421.302/2014	2 January 2014	2 June 2017
6.	BP	HO	530.08/043735.73.407/2014	25 March 2014	5 years
7.	BP	HO	503/0002/HO/421.302/2015	2 January 2015	7 July 2017
8.	BP	HO	503/0003/HO/421.302/2015	2 January 2015	7 July 2017
9.	BP	HO	503/0004/HO/421.302/2015	2 January 2015	2 June 2017
10.	BP	Izin Lingkungan	503/0026/IL/421.302/2015	5 October 2015	As long as BP conducts its business
11.	BP	Izin Pembuangan Limbah Cair	188.45/45/KEP/421.013/2014	29 August 2014	5 years
12.	BP	API-P	130701679-P	11 November 2014	As long as BP conducts its business
13.	BBD	Izin Usaha Industri (" <b>IUI</b> ")	530/4/Kpts/102-4/2008	17 June 2008	As long as BBD conducts its business
14.	BBD	HO	180/0278/HO/421.302/2013	16 December 2013	16 December 2016
15.	BBD	HO	530.08/1761/35.73.407/2015	22 September 2015	22 September 2018
16.	PDS	IUI	530/79/421.107/IUI.TPP/2007	3 September 2007	As long as PDS conducts its business
17.	PDS	HO	503.08/0438.35.73.407/2014	25 March 2014	5 years
18.	PDS	HO	503/0364/HO/421.302/2015	22 October 2015	28 December 2018
19.	PDS	HO	503/0119/HO/35.07.303/2016	14 March 2016	14 March 2019
20.	TRN	Izin Usaha Perluasan	15/35/IU/II/PMDN/INDUSTRI/2013	2 July 2013	As long as TRN conducts its business
21.	TRN	HO	530.08/2170/35.73.407/2014	5 December 2014	14 July 2018
22.	TRN	HO	503/0159/HO/421.302/2015	26 March 2015	28 December 2018
23.	TRN	HO	503/0158/HO/421.302/2015	26 May 2015	28 December 2018
24.	TRN	API-P	130701657-P	10 November 2014	As long as TRN conducts its business
25.	BDU	Surat Tanda Pendaftaran (" <b>STP</b> ") Distributor	648/STP-DN/UPP/2/2015	20 February 2015	20 February 2017
26.	BDU	STP Distributor	650/STP-DN/UPP/2/2015	20 February 2015	20 February 2017
27.	BDU	STP Distributor	652/STP-DN/UPP/2/2015	20 February 2015	20 February 2017
28.	BDU	STP Distributor	646/STP-DN/UPP/2/2015	20 February 2015	20 February 2017
29.	BDU	STP Distributor	4226/STP-DN/UPP/10/2015	5 October 2015	29 August 2016
30.	BDU	Surat Izin Usaha Perdagangan - Menengah	517/98/35.73.407/2014	28 October 2014	As long as BDU conducts its business

## H. Description Regarding The Intellectual Property Rights Of The Company And The Subsidiaries

At the date of this Prospectus, the Company owns and/or are in the process of registration of intellectual property rights such as trademark and industrial design, as follows:

### 1. Trademarks

No.	Registration Number and Date Received	Etiket	Goods/ser vices class	Color	Term	Owner of Brand
1.	IDM000212793/6 August 2009	Mars Brand Super Tobacco	34	Golden-yellow, black with orange background	10 years since date received	Company
2.	IDM000016219/9 February 2011	Mars Brand	34	Orange, black, yellow and white	10 years since 9 February 2011	Company
3.	IDM000056279/2 January 2013	Commodore Filter	34	Black and white	10 years since 2 January 2013	Company
4.	IDM000056280/31 March 2013	Flamingo	34	Black and white	10 years since 31 March 2013	Company
5.	IDM000056282/31 March 2013	Gold Medal	34	Yellow, orange, black, brown, and white	10 years since 31 March 2013	Company
6.	IDM000056284/12 July 2013	Cowboy Cigarettes	34	Black and white	10 years since 12 July 2013	Company
7.	IDM000056285/31 March 2013	Capitano	34	Black and white	10 years since 31 March 2013	Company
8.	IDM000056286/2 January 2013	Three Coins	34	Black and white	10 years since 2 January 2013	Company
9.	IDM000056287/31 March 2013	Blend Forty	34	Black and white	10 years since 31 March 2013	Company
10.	IDM000056289/31 March 2013	Ultra	34	Black and white	10 years since 31 March 2013	Company
11.	IDM000056290/31 March 2013	Silver Star	34	Black and white	10 years since 31 March 2013	Company
12.	IDM000056292/31 March 2013	Military Blend	34	Black and white	10 years since 31 March 2013	Company
13.	IDM000056293/31 March 2013	Bison	34	Black and white	10 years since 31 March 2013	Company
14.	IDM000058207/31 March 2013	Presto	34	Black and white	10 years since 31 March 2013	Company
15.	IDM000095060/31 March	Chevron	34	Black and white	10 years since 31	Company

**PT Bentoel Internasional Investama, Tbk.**

2013					March 2013				
16.	IDM000107777/31 2013	March	Falcon	34	Black and White	and	10 years since March 2013	31	Company
17.	IDM000280673/20 2011	June	Mildone	34	Black and white		10 years since June 2011	20	BP
18.	IDM000280675/6 2011	April	Skymild	34	Black and white		10 years since April 2011	6	BP
19.	IDM000280677/6 2011	April	Cybermild	34	Black and white		10 years since April 2011	6	BP
20.	IDM000291971/3 December 2011		Mildplus Bentoel Mild	34	White, red, dark blue, golden brown		10 years since December 2011	3	BP
21.	IDM000325463/1 2010	June	Emang Bikin Bangga.!	34	Blue and white		10 years since June 2010	1	BP
22.	IDM000326484/1 2010	June	Lelaki Sejati Pengobar Inspirasi and Logo	41	Blue, white	black,	10 years since June 2010	1	BP
23.	IDM000336531/31 2010	August	Lelaki Sejati	34	Light blue, dark blue, white, black, beige		10 years since August 2010	31	BP
24.	IDM000336533/31 2010	August	Warga Sejati	34	Light blue, dark blue, white, beige		10 years since August 2010	31	BP
25.	IDM000336534/31 2010	August	Warga Sejati	16	Light blue, dark blue, white, beige		10 years since August 2010	31	BP
26.	IDM000336535/31 2010	August	Lelaki Sejati	16	Light blue, dark blue, black, white, beige		10 years since August 2010	31	BP
27.	IDM000347116/31 2010	August	Warga Sejati	41	Light blue, dark blue, black, white, beige		10 years since August 2010	31	BP
28.	IDM000347117/31 2010	August	Lelaki Sejati Pengobar Inspirasi	41	Light blue, dark blue, black, white beige		10 years since August 2010	31	BP
29.	IDM000349477/20 2012	April	Bentoel	34	Red, blue, grey, white		10 years since August 2010	31	BP
30.	IDM000349789/9 2012	May	Bentoel	34	Light brown, dark brown, yellow, white		10 years since May 2012	9	BP
31.	IDM000349890/9 2012	May	Bentoel	34	Light brown and golden yellow		10 years since May 2012	9	BP
32.	IDM000349791/5 2012	March	Ever green	34	Green, golden yellow, black, white		10 years since March 2012	5	BP
33.	IDM000349792/19	March	Bentoel	34	Golden yellow, dark brown,		10 years since	19	BP



2012		Plaza		white		March 2012		
34.	IDM000349792/19 2012	March	Bentoel Plaza	34	Golden dark yellow, brown, white	10 years since March 2012	19	BP
35.	IDM000349793/2 2012	April	Bentoel Royal Crown	34	White, purple, blue	10 years since April 2002	2	BP
36.	IDM000349794/31 2012	July	Bentoel	34	Dark blue, light blue, golden yellow, orange, red, white	10 years since July 2002	31	BP
37.	IDM000349795/31 2012	July	Bentoel	34	Dark blue, Light blue, golden yellow, black, orange, red, white	10 years since July 2002	31	BP
38.	IDM000349796/17 2012	April	Bentoel disco	12 34	Dark red, pink, orange, yellow, white	10 years since April 2012	17	BP
39.	IDM000349797/10 2012	April	Bentoel Manalagi	34	Green, white, black, orange	10 years since April 2012	10	BP
40.	IDM000349798/10 2012	April	Bentoel Rawit	34	Yellow, red, white, black	10 years since April 2012	10	BP
41.	IDM000349799/9 2012	May	Kuta	34	Orange, green, yellow, white	10 years since May 2012	9	BP
42.	IDM000349905/9 2012	May	Bentoel	34	White, dark blue , light blue, golden yellow, red	10 years since June 2012	22	BP
43.	IDM000349906/22 2012	June	Bentoel	34	Dark red, brown, yellow, white	10 years since June 2012	22	BP
44.	IDM000349907/22 2012	June	Bentoel	34	Dark blue, light blue, yellow, golden yellow, red, white	10 years since June 2012	22	BP
45.	IDM000350449/15 2012	October	Kretek	34	Black and white	10 years since October 2012	10	BP
46.	IDM000350450/8 September 2012		Bentoel	34	Red, brown, yellow, gold	10 years since September 2012	8	BP
47.	IDM000350451/11 2012	October	Bentoel	34	Black and white	10 years since October 2012	10	BP
48.	IDM000350452/4 December 2012		Bentoel Mild	34	Dark blue, light blue, white	10 years since December 2012	4	BP
49.	IDM000350453/4 December 2012		Bentoel Mild	34	Maroon, green, yellow, gold, white	10 years since March 2012	19	BP
50.	IDM000350455/3 November 2012		Bentoel	34	Dark blue, light blue, red, white, yellow, golden	10 years since November 2012	3	BP

**PT Bentoel Internasional Investama, Tbk.**

				yellow, brown			
51.	IDM000350457/3 November 2012		Dynamic	34	Black, white	10 years since November 2012	3 BP
52.	IDM0003504578/17 October 2012		Miami Coast	34	Black, white	10 years since October 2012	17 BP
53.	IDM000350459/29 October 2012		Palapa	34	Black, white	10 years since October 2012	29 BP
54.	IDM000350460/17 October 2012		Hollywood Star	34	Black, white	10 years since October 2012	17 BP
55.	IDM000350486/17 October 2012		California Gold	34	Black, white	10 years since October 2012	17 BP
56.	IDM000350487/21 November 2012		New York Executive	34	Black, white	10 years since November 2012	21 BP
57.	IDM000350488/21 November 2012		Texas Cowboy	34	Black, white	10 years since November 2012	21 BP
58.	IDM000350489/21 November 2012		Texas Ranger	34	Black, white	10 years since November 2012	21 BP
59.	IDM000352729/30 December 2012		Dynamic and Logo	34	Dark blue, light blue, red, golden yellow, white	10 years since December 2012	30 BP
60.	IDM000354570/9 2012	May	Kolesom	34	Yellow, brown, light brown	10 years since May 2012	10 BP
61.	IDM000354572/4 2012	May	Challenger	34	Red, black, white, golden yellow	10 years since May 2012	4 BP
62.	IDM000354573/11 February 2012		Bentoel Silver	34	White, golden yellow, brown, red	10 years since February 2012	11 BP
63.	IDM000381768/27 2011	July	Sejati Gold	34	Black and white	10 years since July 2011	27 BP
64.	IDM000381769/27 2011	July	"Daun"	34	Brown and gold	10 years since July 2011	27 BP
65.	IDM000384906/27 2011	July	"Daun"	34	Deep brown, light brown, gold, blue	10 years since July 2011	27 BP
66.	IDM000384907/27 2011	July	"Sejati Gold"	34	Dark brown, light brown, gold, blue, red	10 years since July 2011	27 BP
67.	IDM000384937/19 2011	May	takeanotherl ook	34	Dark blue and light blue	10 years since May 2011	19 BP
68.	IDM000389576/10 2011	August	Bentoel Biru	34	Black and white	10 years since August 2011	10 BP
69.	IDM000389577/10 2011	August	"Daun Tembakau"	34	Dark blue, light blue, gold	10 years since August 2011	10 BP
70.	IDM000389580/10 August		Sejati	34	Black, white	10 years since	10 BP

2011					August 2011				
71.	IDM000389581/10 2011	August	Logo "Daun"	34	Dark blue, light blue, gold	10 years since August 2011	10	BP	
72.	IDM000391652/30 2013	January	Logo "Bentoel"	34	Blue, golden yellow, black, orange, white	10 years since January 2013	30	BP	
73.	IDM000394337/6 2013	March	Logo "Bentoel"	34	Blue, red, yellow, white	10 years since March 2013	6	BP	
74.	IDM00039716/6 2006	December	Logo "Sejati Bentoel"	34	Biru, red, orange, golden yellow, white	10 years since December 2006	6	BP	
75.	IDM000397461/10 2011	August	logo	34	Gold, red, blue, white	10 years since August 2011	10	BP	
76.	IDM000420990/15 2013	May	Logo "Challenger Special"	34	Red and golden yellow	10 years since May 2013	15	BP	
77.	IDM000406165/20 2013	June	logo	34	Golden yellow, brown and red	10 years since June 2013	20	BP	
78.	IDM000409710/24 2012	January	Logo "Hikayat Warga Sejati"	34	Light blue, dark blue, white, gold	10 years since January 2012	24	BP	
79.	IDM000409711/24 2012	January	Logo "Hikayat Musik Sejati"	34	Light blue, dark blue, white, gold	10 years since January 2012	24	BP	
80.	IDM000409712/24 2012	January	Logo "Hikayat Warga Sejati"	34	Light blue, dark blue, white, gold	10 years since January 2012	24	BP	
81.	IDM000409713/24 2012	January	Logo "Hikayat Warga Sejati"	16	Light blue, dark blue, white, gold	10 years since January 2012	24	BP	
82.	IDM000240964/24 2008	June	JOGED SUPER	34	Black, white	10 years since June 2008	24	PDS	
83.	IDM000291879/17 2011	May	CLUBMILD	34	Black, white	10 years since May 2011	17	PDS	
84.	IDM000380101/4 2011	May	CLUB MILD	34	Red, black, grey, and white	10 years since May 2011	14	PDS	
85.	IDM000385518/25 2008	April	CLUB MILD	34	Red, maroon, brown, grey, black, white	10 years since April 2008	25	PDS	
86.	IDM000333030/3 2010	August	JOGED	34	Dark red, pink, yellow, brown, white, black	10 years since August	3	PDS	

**PT Bentoel Internasional Investama, Tbk.**

						2010	
87.	IDM000389562/10 August 2011		JOGED	34	Black, white	10 years since 10 August 2011	PDS
88.	IDM000350490/18 October 2012		JOGET	34	Black, white	10 years since 18 October 2012	PDS
89.	IDM000089315/8 August 2006		INTER BIRU	34	Black, white	10 years since 8 August 2006	PDS
90.	IDM000089316/8 August 2006		INTER BLUE	34	Black, white	10 years since 8 August 2006	PDS
91.	IDM000147032/24 2006	May	PLUS MILD	34	Black, white	10 years since 24 May 2006	PDS
92.	IDM000147204/29 2006	May	PRIMEX	34	Black, white	10 years since 29 May 2006	PDS
93.	IDM000147205/29 2006	May	PRIMAX	34	Black, white	10 years since 29 May 2006	PDS
94.	IDM000147206/29 2006	May	MAX MILD	34	Black, white	10 years since 29 May 2006	PDS
95.	IDM000148341/5 2006	June	Xross MILD	34	Black, white	10 years since 5 June 2006	PDS
96.	IDM000221686/13 2008	March	DAZZ	34	Black, white	10 years since 13 March 2008	PDS
97.	IDM000233449/11 2008	March	HI WAY	34	Black, white	10 years since 11 March 2008	PDS
98.	IDM000233450/11 2008	March	B Blanc	34	Black, white	10 years since 11 March 2008	PDS
99.	IDM000233451/11 2008	March	HIGH FIVE	34	Black, white	10 years since 11 March 2008	PDS
100.	IDM000233452/11 2008	March	Hi Five	34	Black, white	10 years since 11 March	PDS

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							2008		
101.	IDM000233453/11 2008	March	HIGH 5		34	Black, white	10 years since 11 March 2008	PDS	
102.	IDM000233799/11 2008	June	TOSS		34	Black, white	10 years since 11 June 2008	PDS	
103.	IDM000254835/3 2008	June	JAKA SUPER		34	Black, white	10 years since 3 June 2008	PDS	
104.	IDM000280668/15 January 2011		MILDPLUS		34	Black, white	10 years since 15 January 2011	PDS	
105.	IDM000284967/13 2009	April	CLUB POWER	M	34	Black, white	10 years since 13 April 2009	PDS	
106.	IDM000284968/13 2009	April	CLUB POWER	M	41	Black, white	10 years since 13 April 2009	PDS	
107.	IDM000391766/24 2006	May	CROSS MILD		34	Black, white	10 years since 24 May 2006	PDS	
108.	IDM000239007/2 2010	March	Bintang Buana Filter		34	Black, white	10 years since 2 March 2010	AMI	
109.	IDM000239006/2 2010	March	Bintang Buana Raya		34	Black, white	10 years since 2 March 2010	AMI	
110.	IDM000277737/27 October 2010		Bintang Buana Raya		34	Dark brown, light brown, dark yellow, light yellow, golden yellow, white, grey	10 years since 27 October 2010	AMI	
111.	IDM000277738/27 October 2010		Bintang Buana Filter		34	Red, pink, maroon, brown, yellow, light yellow, golden yellow, white	10 years since 27 October 2010	AMI	
112.	IDM000389564/11 2013	June	Bintang Buana		34	black, white	10 years since 11 June 2013	AMI	
113.	IDM000017094/13 October 2004		Prinsip		34	Red, Yellow, Brown	10 years since 13 October	LWS	

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						2004	
						(being extended)	
114.	IDM000333025/ November 2011	4	Starmild	34	Dark blue, light blue, red, yellow, white	10 years since 4 November 2011	LWS
115.	IDM000279138/11 November 2010		NEOMILD	34	Black, white	10 years since 11 November 2010	BPJ
116.	IDM000399063/10 August 2011		NEOMILD	34	Red, gold	10 years since 10 August 2011	BPJ
117.	IDM000269165/21 September 2010		SAKA BUMI FILTER	34	Red, maroon, brown, yellow, white	10 years since 21 September 2010	BPJ
118.	IDM000269164/21 September 2010		SAKA BUMI RAYA	34	Red, brown, yellow and white	10 years since 21 September 2010	BPJ
119.	IDM000294940/25 February 2011		KRETEX	34	Red, red, brown, yellow, black, white	10 years since 25 February 2011	BPJ
120.	IDM000415435/10 August 2011		NEO MILD	34	Red, maroon, brown, grey, gold, white	10 years since 10 August 2011	BPJ
121.	IDM000364832/19 November 2010		NEO MILD	34	Red, maroon, brown, grey, gold, white	10 years since 19 November 2010	BPJ
122.	IDM000314511/1 August 2011	August	Unomild	34	Black, White	10 years since 1 August 2011	BJS
123.	IDM000224431/5 2008	March	BALANCE	34	Black, White	10 years since 5 March 2008	BBD
124.	IDM000233798/11 2008	June	TALI JAGAD RAYA + LOGO	34	Brown, deep brown, light brown, golden yellow, White	10 years since 11 June 2008	BBD
125.	IDM000255128/13 August 2008		TALI JAGAD	34	Black, White	10 years since 13 August 2008	BBD

126.	IDM000259805/19 2010	July	ONE MILD	34	Red, maroon, brown, grey, golden yellow, black and white	10 years since 19 July 2010	BBD
127.	IDM000259806/19 2010	July	TALI JAGAD FILTER	34	Red, maroon, brown	10 years since 19 July 2010	BBD
128.	IDM000279409/6 2011	April	ONE MILD	34	Black, white	10 years since 6 April 2011	BBD
129.	IDM000280669/6 2011	April	1 MILD	34	Black, white	10 years since 6 April 2011	BBD
130.	IDM000323629/14 2010	May	OUTLOUD	41	Red, maroon, brown black, white	10 years since 14 May 2010	BBD
131.	IDM000323631/14 2010	May	OUTLOUD	16	Red, maroon, brown black, white	10 years since 14 May 2010	BBD
132.	IDM000323632/14 2010	May	AUTOMASSI VE	16	Black, white	10 years since 14 May 2010	BBD
133.	IDM000323929/14 2010	May	OUTLOUD	38	Red, maroon, brown black, white	10 years since 14 May 2010	BBD
134.	IDM000323930/14 2010	May	AUTOMASSI VE	41	Black, white	10 years since 14 May 2010	BBD
135.	IDM000323931/14 2010	May	AUTOMASSI VE	38	Black, white	10 years since 14 May 2010	BBD
136.	IDM000382421/24 2011	June	ONE	38	Red, dark red, gold, white	10 years since 24 June 2011	BBD
137.	IDM000382425/24 2011	June	ONE	41	Red, dark red, gold, white	10 years since 24 June 2011	BBD
138.	IDM000204745/18 2009	May	Pesta Rakyat RAWIT	38	Red, dark brown, light brown, dark yellow, light yellow, green, white	10 years since 18 May 2009	TRN
139.	IDM000382684/4 February 2013		sobat	34	Dark brown, light brown, Beige, gold	10 years since 4 February 2013	TRN
140.	IDM000389557/11 2013	June	X MILD	34	Black, White	10 years since 11 June	TRN

							2013
141.	IDM000389559/11 2013	June	RAWIT	34	Black, White	10 years since 11 June 2013	TRN
142.	IDM000330342/2 November 2011		X MILD	34	Black, white, red, grey, silver	10 years since 2 November 2011	TRN
143.	IDM000382691/4 February 2013		SOBAT	34	Black, White	10 years since 4 February 2013	TRN
144.	IDM000279975/19 November 2010		SHIRAZ	34	Black White	10 years since 19 November 2010	CPB

## 2. Design Industry

No.	Registration Number and Date Received	Etiket	Goods/Services class	Color	Term	Owner
1.	IDM000385876/20 March 2013	Cigarette Pack	34	Dark red, red, pink, brown, gold	10 years since the Received Date	AMI

## 3. License Agreement

### a. The Company

1. Name of Agreement, Date and Parties : Trade Mark and Technology Acces Sub-License Agreement dated 6 May 2011 between British American Tobacco (Holdings) Limited (“**BAT**”) and the Company.

Description Summary and the Parties’ Rights and Obligations : BAT grants the Company a nonexclusive right to use trademark, relevant rights to patent, design, topography, copyrights, filling, various planting technics, and other relevant rights, including trade mark right, service trademark, right to protect the reputation, design right, filling right, patent, formula, and other materials in connection with cigarette and tobacco products of Dunhill and Lucky Strike trademark to carry out production, import, sales, marketing, and distribution to attract consumer in Indonesia territory.

Duration and termination : This agreement is effective since January 1, 2011.

Agreement value and balance : The Company shall make payment to BAT (i) of royalty fee for the usage of trademark in the amount of 5% from net sale proceeds of the Company as of this Agreement made into effective, unless stipulate otherwise by virtue of applicable laws, (ii) and the usage of relevant rights of patent, design, copyrights, topography, filling, and another relevant rights in the amount of 2% from net sale proceeds



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	of the Company as of this Agreement made into effective, unless stipulate otherwise by virtue of applicable laws, before value added tax reduction. The date of payment will be determined by the Parties monthly. In event of late payment occurs, the Company will be imposed with 2% penalty calculated since the date of late payment.
Impact and benefit of the Agreement	: This Agreement has direct impact to the Company's operational and business activities, including to keep continuance and expansion of its business activities.
Negative covenant	: The Company, without written approval from BAT, is refrain: <ul style="list-style-type: none"> <li>a. to use trademark and another brand or brand that equal with Dunhill and Lucky Strike or relevant products in Indonesia territory.</li> <li>b. to sub-licences its right set out in this Agreement in any manner to another party.</li> <li>c. To use relevant rights in relation with patent, design, copyrights, topographic, filling, various planting technics, and another relevant rights, or trademark, or service trademark, or right to protect reputation, design right, patent, formula, and related materials in connection with marketing and distribution for cigarete and tobacco productions except in regards with Dunhill tobacco pipes, cigarette products, and cigarete accesories</li> </ul>
Agreement status	: This agreement will remain effective, unless that either party terminate this agreement upon 30 days prior written notice.
Possibility of renewal	: The agreement will continue in force.
Affiliation type	: Entities under common control.

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#### b. PDS

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1. Name of Agreement, Date and Parties	: Trademark and Technology Access Sub-License Agreement dated 31 July 2014 as amended with the letter of PDS in 2014 made between BAT and PDS.
Description Summary and the Parties' Rights and Obligations	: BAT grants PDS a nonexclusive license to use Trademark, Design, Inovation and Technology and Intellectual Property Rights in relation to manufacture, production, import, sales, and distribution of cigarete and tobacco products.
Duration and Termination	: This agreement is commencing on 1 August 2014 and will remain in force, unless terminated with noting provisions set out in this agreement.
Value and Balance	: PDS shall make payment to BAT: <ul style="list-style-type: none"> <li>for trade mark royalty;</li> <li>royalty of innovation and technology is 3% of net sale proceeds</li> </ul>

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(commence on January 1, 2015)

Impact and Benefit of the Agreement	: This Agreement has direct impact to the Company's operational and business activities, including to keep continuance and expansion of its business activities.
Negative covenants	: PDS may not assign, transfer, sell, sub-contract, or duplicate this agreement fully or partially to another party apart from the provisions set out in this Agreement without prior approval from BAT.
Agreement status	: The agreement shall continue in force, unless terminated with noting the provisions set out in this agreement.
Possibility of renewal	: This agreement will continue in force.
Affiliation type	: Entities under common control.

**c. TRN**

1. Name of Agreement, Date and Parties	: Trademark and Technology Access Sub-License Agreement dated 6 May 2011 made between BAT and TRN.
Description Summary and the Parties' Rights and Obligations	: BAT grants TRN a nonexclusive right to use trademark, relevant rights to patent, design, topography, copyrights, filling, various planting technics, and other relevant rights, including trade mark right, service trademark, right to protect the reputation, design right, filling right, patent, formula, and other materials in connection with cigarette and tobacco products of Dunhill and Lucky Strike trademark to carry out production, import, sales, marketing, and distribution to attract consumer in Indonesia territory.
Duration and termination	: The duration of this agreement commencing on May 1, 2011 and will remain in force during the duration, unless terminated with noting provisions in this agreement.
Value and Balance	: TRN shall make payment to BAT (i) of royalty fee for the usage of trademark in the amount of 5% from net sale proceeds of TRN as of this Agreement made into effective, unless stipulate otherwise by virtue of applicable laws, (ii) and the usage of relevant rights of patent, design, copyrights, topography, filling, and another relevant rights in the amount of 2% from net sale proceeds of TRN as of this Agreement made into effective, unless stipulate otherwise by virtue of applicable laws, before value added tax reduction. The date of payment will be determined by the Parties monthly. In event of late payment occurs, TRN will be imposed with 2% penalty calculated since the date of late payment.
Impact and Benefit of the Agreement	: This agreement has direct impact to the TRN's operational and business activities, including to keep continuance and expansion of its business activities..
Negative Covenants	: TRN may not assign, transfer, sell, sub-contract, or duplicate this agreement fully or partially to another party apart from the provisions set out in this Agreement without prior approval from

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 BAT.
 

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Agreement Status	: This agreement shall continue in force, unless terminated with noting provisions set out in this Agreement.
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Possibility of Renewal	: This agreement will continue in force.
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Affiliation Type	: Entities under common control.
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## I. Agreements With Affiliated Parties

In conducting the day to day business of the Company, the Company enters into transactions with parties that have a special relationship or are Affiliated parties. The Company ensures that the agreements and transactions of the Company with the said affiliated parties contains provisions that at least provisions that are believed to provide benefits to the Company that are similar or better when the transaction is conducted by an unaffiliated party. The Company from time to time perform additional transactions with the Affiliated parties with reasonable conditions or with the provision that at least is believed to provide similar or better profits for the company than if the transaction is conducted by an unaffiliated party.

Transactions with affiliated parties in connection with the Company's business activities are as follows:

<b>1. Parties</b>	: Rp5,300,000,000,000.00 Uncommitted Term Loan Agreement dated 12 August 2013 as was amended with <i>Amendment Agreement</i> dated 23 December 2015, both of which were privately drawn up.
Summary of the Rights and Obligation of the Parties	: The company gains an uncommitted term loan without interest effective from 1 January 2016 There are no terms regarding the obligations of the Company in regards to this Credit Agreement.
value	: Rp5,300,000,000,000.00
Maturity Period	: The maturity date is on 30 June 2018 and the availability Period is until 31 December 2014.
Negative Covenants	: N/A
Security	: Unsecured
<b>2. Parties</b>	: Rp6,700,000,000,000 Uncommitted Subordinated Term Loan Agreement, dated 24 February 2015 as latest amended with Amendment Agreement dated 23 December 2015, both of which were privately drawn up.
Summary of the Rights and Obligation of the Parties	: The company gains an uncommitted term loan without interest effective from 1 January 2016.
value	: Rp6,700,000,000,000.00
Maturity Period	: The maturity date is on 30 June 2018 and the availability Period is until 31 June 2016
Negative Covenants	: NA

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Security	: Unsecured
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## J. Material Agreements with Third Parties

### 1. Bank Central Asia (“BCA”)

1. Name of Agreement	: Deed No. 24 dated 21 August 2008, made before Veronica Sandra Irawaty Purnadi, S.H., Notary in South Jakarta, which lastly amended by Deed of <i>Eleventh Amendment to the Loan Agreement</i> , dated 8 December 2015, made before Veronica Sandra Irawaty Purnadi, S.H., Notary in South Jakarta.
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Parties	a. Company as the borrower b. BCA as the lender
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Summary of the Rights and Obligation of the Parties	: Bank Guarantee Facility to be utilized to guarantee the periodical excise payment (delayed excise custom payment without interest) for the Company and the affiliated company and Time Loan Revolving Facility which will be utilized to finance the working capital (purchasing raw material which are tobacco and clove).
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as determined by BCA at the withdrawal date on debt from Time Loan Revolving Facility which has been withdrawn and has not been repaid by the Company.

So long the debt of the Company is not fully paid, the Company shall perform among others:

- a. Require BAT to maintain the majority ownership of BAT in the Company shareholding directly or indirectly at any time.
- b. Made the Company's finance activities through BCA as the Company's requirement.
- c. The Company shall pay off BP's debt for the usage of forex line facility when it is due.

Value	: the principal amount shall not to exceed Rp500,000,000,000,- (five hundred billion Rupiah), provided may be used in the form of:
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- a. Uncommitted Time Loan Revolving Facility with the principal amount shall not exceed Rp250,000,000,000,00;
  - b. Bank Guarantee Facility with the principal amount shall not exceed Rp500,000,000,000,00;
  - c. Forex Line Facility with the principal amount shall not exceed Rp500,000,000,000,00, which can also be used by BP, provided that all forex transaction made by the
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	Company and BP together shall not exceed such principal amount.
Availability/Maturity Period	: The Company may withdraw or utilize the facility up to 21 August 2016.  There is no maturity provision under this facility.
Negative Covenants	: Without prior written approval from BCA, the Company shall not perform the following:  Lend any money or give corporate guarantee for the benefit of any third party or give consent to the Subsidiaries of the Company to lend any money or give corporate guarantee for the benefit of any third party, except lend any money or give corporate guarantee:  a. To companies in BAT Group;  b. For down payment;  c. In relation to account receivable and/or payment suspension made in the normal course of business;  d. In relation to other transaction which is made in arms length basis in the normal course of business.  Enter into any transaction with any third party including but not limited to its affiliated company or Subsidiaries which is not an arm's length transaction and not within the Company' core of business.  Sell, lease, or dispose by any method the trade marks rights actively used by the Company and Subsidiaries to other party unless to the party which included in BAT Group.  Sell, remove, or give option or warrant or right to purchase or obtain the Subsidiaries' shares which cause the Company or the companies included in BAT Group lost it's rights to control the Subsidiaries which materially give to negative effect to the Company's business.
Security	: Loan Facility being granted by BCA to the Company without any security (unsecured).
2. Name of Agreement	: Credit Agreement No. 035.292.2007 dated 19 December 2007, which lastly amended by Deed of Eighth Amendment to the Credit Agreement No. 03 dated 8 December 2015 made before Veronica Sandra Irawaty Purnadi, S.H., Notary in Jakarta .
Parties	a. BP as borrower b. BCA as lender

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Summary of the Rights and Obligation of the Parties	: So long debt of BP is not fully paid to BCA, BP shall perform among others (unless BCA shall otherwise agree in writing): <ol style="list-style-type: none"><li>Submit to BCA improvement progress report of Environmental Analysis Impact (Amdal) of BP;</li><li>Made BP's finance activities through BCA as the BP's requirement;</li><li>BP bind itself, if requested by BCA, to pay off the Company's debt under the Company's loan agreement when it is.</li></ol>
Value	: Forex Line Facility in principal amount which shall not exceed Rp500,000,000,000,-
Availability/Maturity Period	: Will be notified in writing by BCA to BP under the Offering Letter from time to time.
Negative Covenants	: Without prior written approval from BCA, BP shall not perform the following: <p>Lend any money or give corporate guarantee for the benefit of any third party or give consent to the Subsidiary Company to lend any money or give corporate guarantee for the benefit of any third party, except lend any money or give corporate guarantee:</p> <ol style="list-style-type: none"><li>To companies in BAT Group;</li><li>For down payment;</li><li>In relation to account receivable and/or payment suspension made in the normal course of business;</li><li>In relation to other transaction which is made in arms length basis in the normal course of business.</li></ol> <p>Enter into any transaction with any third party including but not limited to its Affiliated Company or Subsidiaries Company which is not an arm's length transaction and not within BP' core of business.</p> <p>Sell, lease, or dispose by any method the trade marks rights actively used by BP and Subsidiary Company to other party unless to the party which included in BAT Group.</p> <p>Sell, remove, or give option or warrant or right to purchase or obtain the Subsidiaries' shares which cause BP or the companies included in BAT Group lost it's rights to control the Subsidiaries which materially give to negative effect to the BP's business.</p>
Security	: Loan Facility being granted by BCA to the Company without any security (unsecured).

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## 2. PT Bank ANZ (“ANZ”)

Name of Agreement	: Facility Agreement No. 744/FA/ANZ/NEW/XII/2014 dated 17 December 2014 as lastly amended by second amendment to Facility Agreement No. 963/FA/ANZ/AMN-2/XII/2015 tanggal 3 December 2015
Parties	a. Company as borrower b. ANZ as lender
Summary of the Rights and Obligation of the Parties	: Facility is made available to the Company for its general working capital or general corporate purposes and any other specific purposes as agreed between parties  For the facility, the Company will being charged by ANZ an interest with the interest rate in the amount of 1% per annum over Cost of Funds or such rate as advised by ANZ from time to time.  The Company shall promptly notify ANZ in writing of any change, whether direct or indirect, in its shareholding or ownership that may affect the general nature of its business or the business of the Group and any material change of the shareholders, director, commissioner or management of the Company.
Value	: Facility granted to the Company in the amount which is not exceed Rp600,000,000000
Availibility/Maturity Period	: Final Maturity Date as of 29 November 2016.
Negative Covenants	: The Company is not permitted to use the facility to settle or cover the Company’s liabilities arising in connection with any derivative transaction between the Company and ANZ.
Security	: Loan Facility being granted by ANZ to the Company without any security (unsecured).

## 3. Deutsche Bank AG, Jakarta (“DB”)

Name of Agreement	: Facility Letter dated 14 October 2009 which lastly amended by the Facility Letter dated 16 February 2015
Parties	a. Company as borrower  b. DB as lender
Summary of the Rights and Obligation of the Parties	: The Facility shall be used for the purpose of financing of very short-term financing gaps arising from cash management.  The Company hereby covenant that so long as the facilities or any sum thereunder are outstanding, the Company shall:

	(a) Undertake or permit any reorganization, amalgamation, reconstruction, takeover, or any other schemes of compromise or arrangement.
	(b) ensure that BAT Plc will always hold and own directly or indirectly at least 50,1% of the Company share capital.
	(c) not without 7 days prior notice permit any change in the Company's shareholders or its respective shareholding, amend or alter any of the provisions in Articles of Association of the Company.
Value	: Short term facilities up to an aggregate principal amount of Rp1,050,000,000,000.-
Availability/Maturity Period	: The facilities shall be available until 3 December 2016.
Negative Covenants	: N/A
Security	: Loan Facility being granted by ANZ to the Company without any security (unsecured).

#### 4. Citibank , N.A, ("Citi")

1	Name of Agreement	: Credit Agreement (Checking Account Rupiah) (Uncommitted) dated 3 December 2009 as lastly amended by Amendment Credit Agreement (Checking Account Rupiah) (Uncommitted) (Extend) dated 3 December 2015 between the Company and Citi.
	Parties	: a. Company as borrower b. Citi as lender
	Summary of the Rights and Obligation of the Parties	: Citi is able to give loan to the Company by paying check through the Company's account withdrawal.
	Value	: Checking Account with the amount value up to Rp75,000,000,000.-
	Availability/Maturity Period	: 3 December 2016
	Negative Covenants	: The Company shall not transfer its right and obligation under this agreement without prior consent from Citi.
	Security	: Loan Facility being granted by ANZ to the Company without any security (unsecured).



2 Parties	: Revolving Credit Agreement (Onshore – Rupiah/ U.S. Dollar) (Uncommitted) dated 27 July 2009 as lastly amended by Amendment Revolving Credit Agreement (Onshore – Rupiah/ U.S. Dollar) (Uncommitted) dated 31 May 2015 between the Company and Citi
Summary of the Rights and Obligation of the Parties	: The Company hereby covenant to Citi that: (a) change of BoD and BOC including the Articles of Association of the Company shall be notify to Citi within 30 days period following the date of such change (b) still be owned 51% at minimum by British American Tobacco p.l.c; (c) still under control of BAT plc Grup.
Value	: Rp185,000,000,000,00
Availibility/Maturity Period	: 31 May 2016
Negative Covenants	: N/A
Security	: Loan Facility being granted by Citi to the Company without any security (unsecured).

## 5. The Hongkong and Shanghai Banking Corporation Limited (“HSBC”)

Parties	: Corporate Facility Agreement No. JAK/120761/U/120803 dated 9 Agustus 2012 as lastly amended by Amendment to the Corporate Facility Agreement No. JAK/141187/U/141110 dated 11 December 2014 made by and between the Company and HSBC
Summary of the Rights and Obligation of the Parties	: The Facility shall be used for the purpose of financing of short-term working capital.  For the facility, the Company will being charged by HSBC an interest with the interest rate in the amount of 9% per annum.  The Company shall notify in writing in advance to HSBC regarding:  (i) Saying or paying dividends or provide capital or wealth to shareholders and / or directors of the Company;  (ii) Create, bear, or allow the existence of a guarantee on the assets do not move, pledge, encumbrance or security interest on any property, assets or revenues of the Company, either currently or will be obtained at a later date;  (iii) Providing a loan or credit to the company or any other person anyone except for loans independently and straightforward in everyday business practice.

Value	:	Rp1,200,000,000,000,00
Availability/Maturity Period	:	30 November 2015
Negative Covenants	:	N/A
Security	:	Loan Facility being granted by ANZ to the Company without any security (unsecured).

**K. Judicial Proceedings Faced by the Company, Its Subsidiaries, Members of The Board of Directors And Members of The Board of Commissioners of The Company**

At the date of this Prospectus, the Company, the Subsidiaries, as well as each member of the Board of Directors and Board of Commissioners of the Company and its Subsidiaries, are not involved in any case, civil, criminal, and/or disputes in the courts and/or the institution of arbitration or arbitration both in Indonesia and abroad or administrative disputes with government authorities, including disputes in connection with tax obligations or disputes related to the problem of labor/industrial relations or nor been declared bankrupt, which may materially affect business activities and / or the continuing business operations of the Company and/or its Subsidiaries and the Rights Issue III.

## L. Prospect of the Company

### 1. Overview

PT Bentoel Internasional Investama Tbk (“Bentoel” or the “Company”) is the fourth largest cigarette manufacturer in Indonesia with approximately 7% overall market share as of December 2015 based on AC Nielsen Retail Index (Indonesia), Bentoel has sold more than 23 billion cigarettes in 2015, with 22.2 billion cigarettes sold domestically and the remainder exported. The Company has over 85 years of operating history in the cigarette business, having begun its operations in 1930 under the “Strootjes Fabriek Ong Hok Liong” name. It subsequently changed its name to CV Rimba Niaga in 1979, PT Rimba Niaga Idola in 1987, PT Transindo Multi Prima Tbk in 1997 and again in 2000 to its current name. The Company has been part of The British American Tobacco (“BAT”), a global company with over 200 brands, sold in more than 200 markets and one of the 10 companies on the London Stock Exchange, since 2009. The Company focuses primarily on domestic cigarette sales in Indonesia as its main source of revenue.

Cigarettes in Indonesia are sold in two main varieties – kretek, which is Indonesia’s traditional flavour cigarettes; and non-kretek, also known as “white” cigarettes.

Kretek cigarettes are made from a mixture of tobacco, clove spice and flavouring sauces and are considered as a uniquely Indonesian creation since the late 1800s. They are either hand-rolled or machine-rolled and wrapped like conventional cigarettes in cornhusks or white, black or brown paper. Kretek cigarettes are manufactured both with and without filters. Kretek cigarettes dominate the Indonesia market with about 93.75% of the market share.

Bentoel’s cigarette brand portfolio in Indonesia covers both kretek and non-kretek cigarettes - manufactured as either hand-rolled kretek cigarettes (known as “SKT” cigarettes) or machine-made kretek cigarettes (known as “SKM” cigarettes) – and “white” machine made cigarettes (known as “SPM” cigarettes) to differentiate them from kretek cigarettes in local terms.

The following strategic brand names are part of the Bentoel SKM portfolio:

- Dunhill Fine Cut Mild (13mg tar and 1.0mg nicotine) was launched in March 2012 and is the first successful BAT international branded clove cigarette to be marketed in Indonesia as an international brand. The brand was launched to capture growing opportunity in the “premium mild” cigarette segment.
- Following the successful launch of Dunhill Fine Cut Mild, Bentoel launched Dunhill Fine Cut Filter (21mg tar and 1.5mg nicotine) in November 2014, another international branded clove cigarette. With the tagline “Taste the Power”, Dunhill Fine Cut Filter is committed to provide a superior product offer to the consumer.
- Club Mild (12mg tar and 1.0mg nicotine) was launched in 2008 and has been a breakthrough regional brand in North Sumatera. With a strong value connection with the consumer, Club Mild has been able to establish itself as a leading brand amongst other national brands in North Sumatera.

Apart from the above brands, the Company also manufactures and distributes other brands such as *Bentoel Biru*, *Neo Mild*, *Uno Mild*, *Star Mild*, *Lucky Strike Mild*, *Bintang Buana Filter*, and *Tali Jagat Filter* under kretek category. The Company also produces (i) hand-rolled kretek cigarettes under the *Tali Jagat Raya*, *Bintang Buana Raya*, *Joged Super*, *Bentoel Sejati* and *Rawit Special* brands and (ii) “white” cigarettes under the *Lucky Strike*, *Dunhill* and *Country* brands. In 2015, SKM cigarettes accounted for 88.7% of the Company’s total domestic cigarette sales, with SKT and SPM accounting for 7.0% and 4.3% respectively.

In recent years, the cigarette market has experienced a shift in consumer preference, with adult smokers moving from hand-rolled cigarettes to machine-made cigarettes. Although Indonesian smokers as a whole continue to opt for higher tar cigarettes, lower tar cigarettes are gradually being favoured. With approximately 89% of the Company's total domestic cigarettes sales attributable to brands under its machine-made cigarette portfolio, these trends are expected to support the Company's growth in future years.

In 2014 and 2015, the Company sold 21.7 billion and 22.2 billion stick of cigarettes in Indonesia. Its 37 area sales marketing offices and over one million distribution outlets that provide nationwide sales coverage across the country, granting the Company an extensive consumer reach. This is coupled with the Company's ten production facilities in Indonesia including – three for machine-made cigarettes and three for hand-rolled cigarettes.

In 2014 and 2015, the Company generated consolidated net revenues of Rp14,489.5 billion and Rp16,814.4 billion and net loss for the year of Rp2,251.3 billion and Rp1,638.5 billion respectively. Bentoel has been listed on the Indonesia Stock Exchange since 1990. It trades under the stock code RMBA.

## **2. Competitive Strengths**

The Company believes its key competitive strengths are the following:

### ***Prominent domestic player in the world's second largest tobacco market***

The Company is currently the fourth largest cigarette manufacturer in Indonesia with 7% market share domestically as of December 2015 based on AC Nielsen Retail Index (Indonesia), behind competitors HM Sampoerna, Gudang Garam, and Djarum. Since the acquisition by BAT in 2009, in order to strengthen its market share, Bentoel has been proactively optimizing the performance of its Indonesia brand portfolio and overall product mix as well as driving the continued growth in its key brands such as *Dunhill*, which has seen positive increase in sales volume in Indonesia. The Company's portfolio transformation aims to position its key portfolio brands as a foundation to drive future growth and profitability.

The Company's growth prospects are further buoyed by a confluence of key factors including encouraging macroeconomics indicators, high tobacco penetration rates, a strong Indonesian consumer-driven economy, as well as an increasingly wealthy middle consumer class. Indonesia's extensive and rapidly growing middle class will also continue to be a key driver for consumption in the nation, especially for the tobacco market as Indonesians become increasingly wealthy and have greater disposable income.

### ***Supported by one of the world's largest international tobacco companies***

The Company is a member of BAT, one of the largest quoted tobacco groups globally by market share, with one of the world's largest distribution networks across 200 markets. BAT acquired 85.1% of Bentoel shares in June 2009 for approximately US\$494 million.

Bentoel enjoys benefits from being a subsidiary of BAT, including the sharing of knowledge and expertise, access to a skilled and experienced talent pool, expansive distribution capabilities, and premium brand equity. The partnership further allows Bentoel to leverage on its parent company's global relationships with third-party suppliers, joint purchasing power with BAT, and access to its R&D technology and best practices, allowing the Company to grow the value of its brands and boost its presence in the country at a rapid pace.

Through knowledge sharing, Bentoel is also able to keep abreast of the changing restrictions and laws that may affect the cigarette industry in Indonesia from time to time, given BAT's experience in other markets which have experienced similar regulatory changes.

***Diversified portfolio of key brands with a strong focus on international brands in the SKM segment***

Bentoel manufactures and markets across a wide spectrum of tobacco products, classified under hand-made *kretek*, regular machine-made *kretek*, mild machine-made *kretek*, and machine-made white cigarettes. Bentoel's key brands include *Dunhill* and *Club Mild*. *Dunhill* has quickly become a core product of the Company due to its premium brand equity and its special position as a successful international *kretek* brand in the Indonesian cigarette landscape.

Bentoel distributes six variants of *Dunhill* cigarettes in Indonesia, namely *Dunhill Fine Cut Mild*, *Dunhill Fine Cut Filter*, and *Dunhill International Red, Blue, and Green*. *Dunhill Fine Cut Mild* and *Dunhill Fine Cut Filter* are SKM cigarette brands while *Dunhill International* is an SPM cigarette brand. The Company plans to increase its focus on the distribution and sale of key brands such as *Dunhill* due to their popularity in Indonesia and increasingly position itself as a significant player in the SKM brand category, leveraging on its position as one of the sole providers of international-branded cigarettes.

***Strong sales and marketing capabilities complemented by an extensive distribution network***

Bentoel has an extensive distribution network throughout Indonesia through 37 area sales offices and widespread distribution outlets, granting the company access to a significant number of wholesalers, and general and modern trade outlets across Indonesia. The Company's products have achieved strong penetration in the Indonesian market and are widely available through both traditional and modern trade channels across the entire country. Bentoel has a highly capable and efficient sales force in Indonesia and is able to leverage on BAT's world-class marketing expertise to engage adult smokers through innovative promotional activities.

### **3. Strategies**

Bentoel's vision is to become the fastest growing tobacco company in Indonesia. To achieve that, the Company is focusing on the following strategies:

***Continually leverage and build the Company's brands***

Bentoel intends to underpin future growth through a consolidation of marketing, innovation, and distribution efforts behind its key brands such as *Dunhill*, focusing efforts on the highest yield on investment. In this regard, the Company will direct a larger proportion of its efforts behind such brands. Bentoel is also committed to consistently improve the quality of its entire portfolio, sourcing the highest quality ingredients, top-in-class production practices, and using state-of-the-art equipment to maximize the taste and flavor of its products which will further improve brand perception and drive future sales.

***Increasing distribution reach and penetration***

While product innovation is important, the Company also believes that it will be imperative to increase its distribution reach and depth to increase the exposure of its products to as many consumers as possible given the highly fragmented nature of the Indonesian archipelago. Concurrently, the Company will also focus on the distribution of its brands, leveraging on the premium brand images of brands such as *Dunhill* to boost Bentoel's brand equity and win the adult consumers purchasing choice. When expanding into less developed and well-penetrated

regions, Bentoel will direct its marketing and distribution efforts at the traditional retail formats, which are the first point of contact for locals in the region and therefore provide the greatest exposure for Bentoel's cigarettes.

***Disciplined focus on the highest quality operational and supply chain practices***

Bentoel actively develops and enhances its operational capabilities through close relationships with their partners throughout the tobacco supply chain, ensuring the highest level of quality control at every step of the production process. Bentoel believes that creating a high quality product begins from the very first step of tobacco farming and harvesting, leveraging on BAT's knowledge and experience to execute best-in-class farming practices and applying stringent selection processes to ensure raw materials of the highest quality are used in the production of their cigarettes and resulting in high quality cigarettes.

**4. Products**

The Company currently produces and distributes 16 different brands of cigarettes as follows:

Type of cigarettes	Brand
Machine-made	<i>Dunhill Fine Cut Mild</i> <i>Dunhill Fine Cut Filter</i> <i>Club Mild</i> <i>Neo Mild</i> <i>Uno Mild</i> <i>Star Mild</i> <i>Lucky Strike Mild</i> <i>Tali Jagat Filter</i> <i>Bintang Buana Filter</i> <i>Bentoel Biru</i>
Hand-rolled	<i>Tali Jagat Raya</i> <i>Bintang Buana Raya</i> <i>Joged Super</i> <i>Bentoel Sejati</i> <i>Rawit Special</i>
White	<i>Lucky Strike</i> <i>Dunhill International</i> <i>Country</i>

The increase in machine-made cigarettes sales, along with the decrease in the hand-rolled *kretek* cigarettes and white cigarette product segments reflect the general market trend that sees adult smokers shift to lower-tar cigarettes. The Company continues to invest in the machine-made cigarette market in order to capture this growing market.

**5. Raw Materials and Suppliers**

The primary raw materials used in the manufacturing of cigarettes are tobacco leaf, flavor and wrapping materials, and in certain instances, filter material depending on the cigarette brand. In addition, raw materials for *kretek* cigarettes include cloves. *Kretek* cigarettes consist of approximately 70% tobacco and 30% cloves by weight. Tobacco in the Company's cigarettes mainly consists of Indonesian tobacco. For the year ended December 31, 2014 and 2015, raw material costs constituted approximately 67% and 82% of the Company's cost of goods sold for its cigarettes excluding excise tax.

The Company procures its raw materials locally in Indonesia as well as purchased globally from suppliers leveraging off BAT's global procurement. Majority of its tobacco supply and all its clove supply are purchased in Indonesia. Other items such as machinery parts, tipping paper, filters and boards for packing materials are largely purchased globally, primarily from suppliers with the assistance of BAT's global procurement capability.

#### ***Tobacco and clove***

The majority of the Company's tobacco requirements are supplied by both domestic contracted farmers and other farmers through a buying agent. For the year ended December 31, 2015, approximately 46% of the Company's tobacco needs were supplied by domestic contracted farmers and the BAT group. Approximately 30% supplied by the company's top five tobacco buying agents. The Company does not have a supply dependency on the main agent for selective tobacco purchase.

The Company purchases clove from four major suppliers who in turn purchase from farmers, other poolers and traders. Throughout the years, the Company typically purchases 100% of its clove supply from its major suppliers. The Company does not have a dependency on main agent for selective tobacco purchase. The Company does not have a supply dependency on the main agent for selective clove purchase.

#### ***Paper and packaging***

The Company's paper and packaging related materials are acquired primarily through BAT's global procurement arrangements. Throughout the years, the Company typically purchases 48% of its wrapping materials supply from its top five suppliers. The Company does not have a supply dependency on the certain supplier for wrapping materials.

### **6. Sales and Distribution**

The Company's extensive network coverage is a key platform on which the Company builds its competitive position across a fragmented retail environment. Since 2012, the Company has doubled its retailer coverage to more than 1 million points of sale. The Company's distribution network consists of 37 Area Sales Marketing Office, and supported by huge sales effort. The Company has 5 distribution tracks: Agent, wholesaler, retailer, modern outlet and special outlet. Approximately 72% of the net revenue derives from wholesaler distribution track. Through the extensive network coverage of 60% in Indonesia, the Company is able to introduce new brands efficiently and effectively to the market. The Company does not have a dependency to certain group of customers.

### **7. Taxes**

Cigarette manufacturers are charged with an excise tax on each pack of cigarettes sold in Indonesia. An excise stamp, referred to as a "banderol", is required to be affixed to each pack. Each banderol has a face value which represents the amount of excise tax paid per unit and the retail selling price per pack. The amount of excise tax required to be paid on a cigarette pack sold in Indonesia is determined by (i) the type of cigarette (i.e., SKM, SKT or SPM), (ii) the manufacturer's aggregate annual production of the type of cigarette as compared to certain volume thresholds, and (iii) the banderol price as compared to certain price thresholds. Minimum banderol prices are set by the Government for each cigarette tax tier.

Banderol prices are available in any face value equal to or above the minimum banderol price tax tier in multiplies of Rp25.0. Currently, the banderol price is used as the base for calculating value added tax. If the actual selling price of cigarette packs in the market is more than 5% above the

retail selling price included on the banderol, the manufacturer is obliged to request a banderol price adjustment.

Excise taxes on cigarettes are a significant source of the Government's revenue. Excise tax rates in Indonesia are generally reviewed by the Government on an annual basis toward the end of the year. The last excise tax adjustment was implemented in January 2016, which resulted in an increase in the majority of excise tax rates for SKM, SKT and SPM cigarettes sold in the Indonesian tobacco industry compared to 2015. The excise tax rate for SKM cigarettes increased between 11.5% and 15.7%, SKT cigarettes between 0.0% and 12.0% increase and SPM cigarettes increased between 13.0% and 16.5% compared to the 2015 tariff rates.

In addition to excise tax, cigarette manufacturers currently pay value added tax of 8.7% which was increased from the 2015 tariff of 8.4% of the banderol price, and a regional cigarette tax of 10% of the excise tariff.

HJE, Excise, Regional Tax, and VAT in accordance with provisions the Minister of Finance Regulation No. 198/PMK.10/2015 concerning second amendment on the Minister of Finance Regulation No. 179/PMK.011/2012 on Excise Tariff of Tobacco Products:

	Volume Tier (in billions) <sup>1</sup>	Price tier <sup>2</sup>	Min. HJE/ Banderol (Rp/ unit) <sup>3</sup>	Excise Tax (Rp/ unit)	Regional Tax (Rp/ unit)	VAT <sup>4</sup> (Rp/ Unit)
<b>SKM</b>	≥ 2.00	1	1000	480	48	87
	< 2.00	1	740	340	34	64.4
		2	590	300	30	51.3
<b>SPM</b>	≥ 2.00	1	930	495	49	80.9
	< 2.00	1	800	305	30	69.6
		2	505	255	25	43.9
<b>SKT</b>	≥ 2.00	1	1115	320	32	97
		2	775	245	24	67.4
	0.35 - 2.00	1	605	155	15	52.6
		2	430	140	14	37.4
	0.05-0.35		400	90	9	34.8

(1) Volume Tier is based on the manufacturer's aggregate annual production of the type of cigarette as compared to certain volume thresholds

(2) Price tier is based on banderol prices compared to certain price thresholds set by the Government

(3) *Harga Jual Eceran* ("HJE")/ banderol price refers to selling price. Minimum prices are set by the Government for each cigarette tax tier

(4) VAT based on 8.7% from Minimum HJE

## 8. Competition

The Company is the fourth largest cigarette company in Indonesia by sales volume as of December 2015 based on AC Nielsen Retail Index (Indonesia), and counts HM Sampoerna, Gudang Garam and Djarum and Nojorono as its key competitors. The key differentiating factors between Indonesian cigarette manufacturers are brand equity, product quality, pricing and customer loyalty. The Company believes that with its extensive network coverage, focused and



high quality brand portfolio as well as innovative new product and high quality talent pool, it is well equipped to compete in the Indonesian market.

The Company does not currently experience significant competition from imported cigarettes, which are currently subject to additional import duty in Indonesia ranging from 0% to 40% of CIF (Cost, Insurance and Freight) value and excise taxes at the highest rate for the respective category and value added tax as well as regional cigarette tax. Overseas manufacturers are, however, allowed to manufacture their products under license in Indonesia and are subject to the same excise and value added tax rates as local producers.

## **9. Seasonality**

Seasonality in climate and rainfall affects the quality, quantity and market price of the raw materials such as tobacco leaf and clove that the Company purchases.

## **10. Environment**

Since 2012, Bentoel's operations have been improved with the objective of reducing its use of energy, water and carbon dioxide emissions. Various controls have been implemented to monitor and reduce the environmental impact of the Company's operations. Bentoel is strongly committed, both from the economical and environmental perspective, in ensuring that all raw materials, energy and water are used in a sustainable manner.

## **11. Corporate Social Responsibility ("CSR")**

The Company recognizes that it has a role and responsibility within the community where it operates and ensures that its Corporate Social Responsibility ("CSR") initiatives, together with its Standards of Business Conduct, form the basis for the Company's financial and non-financial contributions to society. The Company's CSR initiative framework generally focuses on contributions to promote environmental protection and sustainable agriculture, promote empowerment, promote civic life, contributions to charitable organizations and contributions for disaster management.

Each year, the Company's CSR activities aim to address each of its key themes through various programmes in the communities where it operates, particularly in Malang City and Regency and in Lombok.

Over the last few years, the Company has constructed a number of bus shelters and upgraded a number of local parks in Ngadilangkung, Talangagung, Kepanjen, Kasin, Klojen and Jakarta Street in Malang, as well as partnering with the University of Brawijaya to execute a series of community programmes aimed at cleaning the coastal environment near Malang.

Besides Malang, we have also implemented various CSR initiatives in Lombok which focus on sustainable agriculture. We built a partnership programme with approximately 1,600 tobacco farmers and implemented the Social Responsibility in Tobacco Production programme. In addition, almost 100 individuals were involved in a biodiversity conservation programme in the form of watershed management, which was carried out in collaboration with the Lombok Regency Government, the University of Mataram and Fauna and Flora International (FFI) Foundation.

The Company believes that engaging and empowering the local community is key to future development and an integral part in improving the quality of life for communities and their environments. The Company supports a social foundation in Malang on an ongoing basis by donating used computers and printers for college students as well as provides the necessary training to help create and foster foundations for enhanced learning opportunities.

The Company and its employees are also dedicated to improving the civic life of the local community and in the past have embarked on projects to enhance Malang's tourism sector by way of preservation of local landmarks as well as contributions to the local arts and cultural scene. In 2014, Bentoel initiated a Clean Water Facility Project for the villagers and families in Kedungwaru I and II of Kalipare District, which saw the construction of water reservoirs and water wells to provide 450 families access to clean water supplies.

## **12. Employees**

As of year ended December 31, 2015, the Company and its Subsidiaries have 5,907 permanent employees. Approximately 8% of these employees are involved in corporate functions, with the remainder in production, sales and marketing, and distribution activities.

There are three key labor unions within the Company and its subsidiaries, with all labor relations conducted in accordance with Government regulations.

The table below sets forth information relating to the number of permanent employees of the Company and its subsidiaries along with their respective business units as of the dates specified.

Description	For the year ended December 31,	
	2015	2014
Sales and Marketing	3,369	4,030
Operations	2,046	2,927
Corporate Functions and Projects	492	488
Total	5,907	7,445

In addition, the Company and its Subsidiaries have employed non-permanent staff across different areas of the business

## **13. Insurance**

To mitigate potential operating risks arising from unexpected events including weather, fire, mechanical, electrical and operational, the Company maintains comprehensive insurance against any damage incurred to certain of its fixed assets and inventories. The Company also maintains insurance coverage against certain natural disasters.

## **14. Intellectual Property**

The Company produces and distributes brand name goods and is therefore dependent on the maintenance and enforcement of its trademarks and brand name rights. The Company also owns numerous licenses as well as substantial trade knowledge relating to its products.

The Company is also the exclusive distributor for *Dunhill* and *Lucky Strike* branded cigarettes in Indonesia. The Company distributes *Dunhill* pursuant to a long-term distribution agreement with BAT.

The Company is very dependent on their trade mark and brand to distinguish their products from the competitors. The power of Dunhill, Club Mild and other Company's products branding comes from the reputation of the Company in providing high quality cigarette products that satisfy the adult smokers. The profitability of the Company is very dependent on the continuous success of its main cigarette brands.

## 15. Legal Proceedings

The Company is not aware of any legal proceedings, administrative or arbitration of material nature that is pending against it or any of its Subsidiaries.

## M. Industry Overview

### Macroeconomic Overview

Indonesia is the fourth most populous country in the world with a total population of approximately 258 million and more than 50% of its population under 30 years of age at the end of 2014. With such a large and young population that is expected to grow rapidly at a CAGR of 1.1% from 2014 – 2019<sup>1</sup>, the nation is positioned strongly to become one of the largest consumer economies in the world by 2030.

Table 1: Indonesia key development indicators

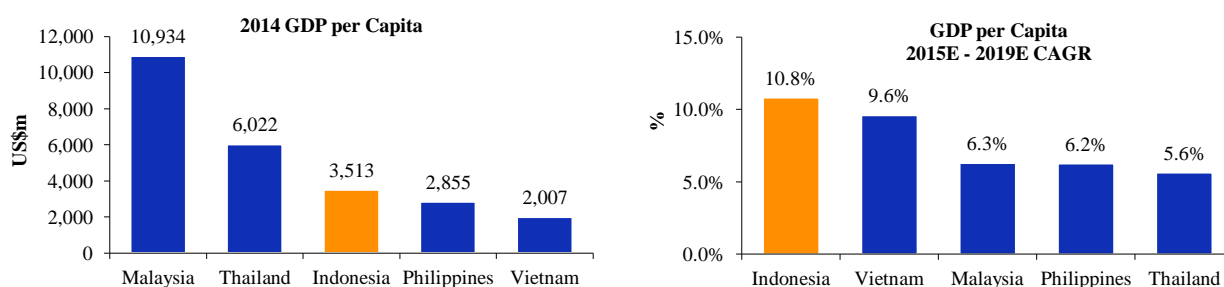
	2010A	2011A	2012A	2013A	2014A	2015E	2016E	2017E	2018E	2019E
Population (millions)	242	245	248	251	255	258	261	264	266	269
Population growth (%)	1.3%	1.3%	1.3%	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%	1.0%
Real GDP (US\$bn)	710	756	803	849	893	936	985	1,044	1,109	1,178
GDP per capita (US\$)	2,948	3,438	3,551	3,479	3,513	3,434	3,508	3,757	4,370	5,178
GDP per capita growth (%)	30%	17%	3%	-2%	1%	-2%	2%	7%	16%	19%

Source: BMI

The country continues to experience positive demographic factors which have and will continue to drive the nation's growth as an important member of the overall Southeast Asia region. GDP has grown at a CAGR of 5.7% from 2004 to 2014 ahead of peers such as Malaysia and Thailand, which grew at CAGRs of 4.9% and 3.5% over the same period respectively, according to the World Bank.

The country's robust economic growth has resulted also in the rising affluence of its people, resulting in GDP per Capita growing rapidly from US\$2,948 in 2010 to US\$3,513 by the end of 2014, an increase of almost 20% over a relatively short period of time.

Figure 1: Southeast Asia macroeconomic landscape



Source: BMI

While Indonesia's GDP per capita currently lags behind some of its comparable peers in the region, it is projected to grow the fastest in the next 5 years from 2015 – 2019E at a CAGR of 10.8% vis-à-vis a

<sup>1</sup> Source: OECD, refers to persons under age of 20

peer average of 6.96% over the same time period, testament to the nation’s bright prospects and macroeconomic strength.

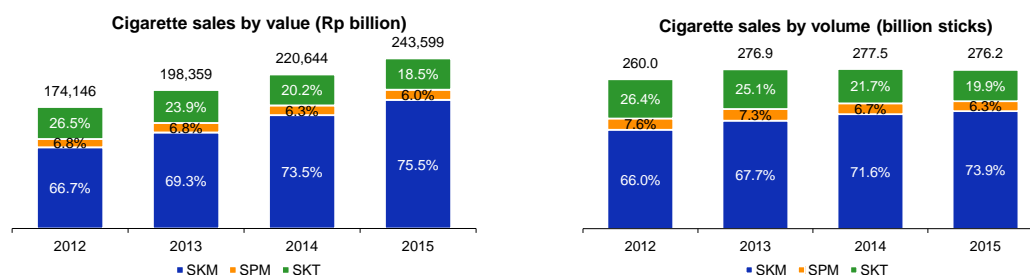
### Indonesia Tobacco market overview

Indonesia is the second largest market by volume for cigarettes globally after China, with approximately 277.5 billion sticks sold in 2014 according to AC Nielsen Retail Index Indonesia. The large market of cigarettes in Indonesia caused by the level penetration of cigarettes, with approximately 65% of men are smoker in 2015 according to TRACK.

Further driving the growth of the cigarette market is the increasing average daily cigarette consumption per person, which according to TRACK, has risen from 13.82 sticks per day in 2014 to 14.11 sticks per day in 2015. This has resulted in cigarette sales in Indonesia increasing from Rp220,644 billion in 2014 to Rp243,599 billion in 2015, an increase of 10.4% y-o-y according to Nielsen Retail Audit.

The increase in value was driven in part by price increases in cigarettes due to a confluence of external factors including higher excise rates, rising prices of basic necessities and recent increases in the regional minimum wage, which have resulted in rising costs. According to Nielsen Retail Audit, total value of cigarette sales has more than doubled since 2009, representing a robust CAGR of 16.5%.

Figure 2: Cigarette sales by value and contribution by segment Figure 3: Cigarette sale by volume and contribution by segment



Source: AC Nielsen and/or Company estimates

### Competitive landscape

Indonesia’s tobacco market is considered a concentrated market which is dominated by five major players: HM Sampoerna, Gudang Garam, Djarum, Bentoel and Nojorono. Together these five companies commanded approximately 88% of total sales volume at the end of December 2015 according to AC Nielsen Retail Index Indonesia, making it difficult for new entrants to displace their position due to their established brands and distribution networks and relationships with retail vendors around the Indonesian archipelago.

## IX. EQUITY

The following table sets out the consolidated shareholders' equity position of the Company as of 31 December 2014 and 2015, extracted from the Company's consolidated financial statements as of 31 December 2014 and 2015. The consolidated financial statements as of 31 December 2015 and 2014, have been audited in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants (*Institut Akuntan Publik Indonesia* or "IICPA"), by KAP Tanudiredja, Wibisana, Rintis & Rekan, formerly known as KAP Tanudiredja, Wibisana & Rekan, (a member of the PricewaterhouseCoopers network of firms), independent public accountants with unmodified opinion.

(in million of Rupiah)

Description	31 Desember	
	2015	2014
<b>Equity</b>		
Share capital:		
- Authorised capital - 21,546,000,000 shares with par value of Rp50 (full Rupiah) per share		
- Issued and fully paid Capital 7,240,005,000 shares	362,000	362,000
Additional paid-in capital	192,631	254,928
Merging entity equity (Accumulated losses)/ retaining earnings:	-	168,343
- Appropriated	4,000	4,000
- Unappropriated	(3,707,388)	(2,070,310)
<b>Total equity/(capital deficiency)</b>	<b>(3,148,757)</b>	<b>(1,281,039)</b>

There is no change in capital structure composition after the latest date of consolidated financial statement up to the date of this Prospectus.

The following table illustrates the pro forma equity position (unaudited) of the Company per December 31, 2015 if all new shares offered from the Rights Issue was purchased entirely by December 31, 2015, assuming the new shares have an exercise price of Rp480 per new share.

Equity	Issued and Paid Up Capital	Increase in Paid Up Capital	(Accumulation of losses) / Retained Earning		Total equity
			Reserved	Not yet reserved	
Equity per December 31, 2015 with a nominal value of Rp50 (in single Rupiah) per shares	362,000	192,631	4,000	(3,707,388)	(3,148,757)
Changes in equity on the issuance of 29,161,131,250 new shares with a nominal value of Rp50 and Rp480 execution	1,458,057	12,539,286			13,997,343

**PT Bentoel Internasional Investama, Tbk.**

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value per share.

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Proforma equity per December 31, 2015 after the Rights Issue and the increase in the issued and fully paid amounting to Rp50 per share.	1,820,057	12,731,917	4,000	(3,707,388)	10,848,586
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## X. DIVIDEND POLICY

The shares issued and offered to the shareholders in the framework of this RI III will have the same rights equal in all aspects with the shares which have been issued by the Company prior to the RI III, including and not limited to the rights to distribution of dividends.

The Company, as a member of The British American Tobacco Group, after statutory reserve is positive, by taking into account performance and financial position, as part of the entire purpose of this Company to maximize the long term shareholders value, the Company will distribute dividend derives from consolidated net earnings per year.

The decision to distribute dividends is subject to obtaining the approval from the annual GMS, of which GMS will provide approval over the suggestion of the Board of Directors, of which suggestion must be made with the consideration of revenue, financial condition and liquidity, compliance with the laws and regulations, and other factors deemed relevant by the Board of Directors. It is not guaranteed that the financial condition of revenues, expected future financial performance, future capital requirements and other investment plans may result in the ability or inability of the Company to pay dividends at this stage.

In accordance with Indonesian Company Law and the Articles of Association of the Company, if the Annual GMS does not specify any other use, then the net profit, after being deducted for the mandatory reserve fund obligated by law and the Articles of Association of the Company, shall be distributed as dividends. Under Indonesian law and the Articles of Association of the Company, a portion of the Company's net income, as determined by the General Meeting of Shareholders and taking into consideration the proposal of the Board of Directors, must be reserved as reserve fund until the amount of the reserve fund reaches at least 20% of the total issued capital. The Dividends may only be distributed in accordance with the ability of the Company pursuant to the decision made in the GMS, in which the decision must also determine the time and form of the distribution of dividends. The dividend for 1 (one) share is to be paid to the person that the share is registered under in the Shareholders Register, on a working day which will be decided by or on behalf of the GMS, which will be distributed within a period not later than 30 days after the announcement of the summary of the Minutes of the GMS which decides to distribute cash dividends.

Once approved that the Company will distribute dividends, the dividend will be announced and paid in Rupiah. The Shareholders who are registered at the date of registry are entitled to receive the dividends which have been approved, which will be subject to tax according to the prevailing rates in Indonesia. Dividends received by shareholders of a different nationality will be subject to income tax in the amount of 20% in Indonesia unless stated otherwise by an applicable Double Taxation Agreement.

There are no negative covenants that require the Company to obtain the consent of any lender in the framework of the distribution of dividends.

The following table sets out the Company's dividend payment history:

Financial Year	% Net Profit	Dividend per Share	Total Dividend Payment	Date of Dividend Payment
2004	19.3%	Rp 2,50	Rp 15,644,062,500.00	8 August 2005
2005	28.8%	Rp 5,00	Rp 31.112,925,000.00	9 August 2006
2006	31.2%	Rp 7,50	Rp 45,404,972,879.00	9 July 2007
2007	41.5%	Rp 7,50	Rp 100.849,988,800.00	7 July 2008
2010	86%	Rp 26,00	Rp 188,240,130,000.00	20 July 2011

**PT Bentoel Internasional Investama, Tbk.**

The Board of Directors may change the dividend policy at any time with the approval of the GMS.

There are no negative covenants that restrict the Company to undertake the distribution of dividends to the shareholders.



## XI. TAXATION

### A. TAXATION PROVISIONS FOR SHAREHOLDERS

Income tax on dividends is imposed in accordance with the applicable regulations. Under Law No. 36 of 2008 concerning the Fourth Amendment of Law No. 7 of 1983 concerning Indonesian Income Tax Law, the dividend received or acquired by a limited liability company as an Indonesian Taxpayer that is an Indonesian corporate entity, cooperative, state-owned enterprises (BUMN), or region-owned enterprises (BUMD), from its equity participation in the established business entity and domiciled in Indonesia, will not be subject to Income Tax provided the following conditions are met:

1. The dividend originates from retained earnings; and
2. For limited liability company, state-owned enterprises (BUMN), or region-owned enterprises (BUMD) which receive dividends, share ownership of the entity distributing the dividend shall be at least 25% (twenty-five percent) of the total paid-up capital.

According to the Regulation of the Finance Minister of the Republic of Indonesia No. 234/PMK-03/2009 dated 29 December 2009 concerning Specific Field of Investment Generating Dividends on Pension Funds Which Excludes Tax Object from Income Tax, dividends received or acquired from Pension Funds approved by the Ministry of Finance are not subject to Income Tax Object provided the income is originating from capital investment, such as among others, dividends from the shares in a company listed on the Indonesian Stock Exchange.

In accordance with Government Regulation No. 14 of 1997 concerning the Amendment on Government Regulation No. 41 of 1994 concerning Income Tax Based on Income from Share Purchase Transaction in Stock Exchange, it is stipulated as follows:

1. For the income received or acquired by Individual Taxpayer and Entity Taxpayer through the sale of share transactions in the Stock Exchange, a final 0.1% Income Tax of the total gross amount of the transaction value will be imposed. The payment of such Income Tax should be withheld by the Stock Exchange through the broker handling the transaction at the time of the settlement of shares transactions.
2. The shareholders are subject to additional and final 0.5% Income Tax of the total founding share value owned during the Initial Public Offering.
3. The payment of the additional Income Tax due can be carried out by the Company on behalf of their shareholders in a period of no later than 1 (one) month after said shares are traded at the Stock Exchange. However, should the founding shareholder not opt for the 0.5% final income tax payment method, the calculation of their income tax is carried out based on the general rate of Income Tax in accordance with Article 17 Law No. 36 of 2008.
4. According to Article 23.a.1 of Law No. 36 of 2008, the dividends originated from shares, both the ones traded on the Stock Market and the ones that are not, payable or paid to the Domestic Taxpayer or permanent form of business, are subject to Article 23 of the Income Tax with a deduction of 15% (fifteen percent) of the gross amount.
5. According to article 17.2.c. Law No. 36 of 2008, the distributed dividend to the domestic individual taxpayer is subject to income tax of paragraph (2) of Article 4 in the amount of 10% and is final.

The Government Regulation on income from sale of shares transactions in the Stock Exchange also applies to Pension Funds whose establishments have been approved by the Finance Minister of the Republic of Indonesia.

Pursuant to Law No. 36 of 2008 and Government Regulation No. 19 of 2009 concerning Income Tax Applicable to Dividends Received or Acquired by Domestic Individual Taxpayers, income in the form of dividend received or acquired by domestic individual taxpayers is subject to final income tax of 10%.

Dividends received or acquired by domestic taxpayer shareholders, excluding parties who meet the aforementioned qualifications, and foreign taxpayers are subject to Income Tax as stipulated by article 23 Law No. 36 of 2008. Corporations which distribute dividends shall impose Income Tax Article 23 in the amount of 15% (fifteen percent) of the total gross value in accordance with Article 23 of Income Tax Law. This particular tax cut from Article 23 constitutes a tax credit for annual income tax that is due by domestic taxpayer and corporate entities. Dividends paid or due to foreign taxpayers, apart from permanent establishments in Indonesia, will be charged at a rate of 20% (twenty percent) pursuant to Article 26 of Law No. 36 of 2008. For foreign taxpayers who are residents of a State which has signed Double Taxation Avoidance Agreement (*Perjanjian Penghindaran Pajak Berganda* or P3B) with Indonesia, pursuant to the provisions of Director General of Tax Regulation No. PER-24/PJ/2010 dated 30 April 2010 on Amendment to the Director General of Tax Regulation No. PER-61/PJ./2009 Concerning Procedure to Invoke Double Taxation Avoidance, shall benefit to a lower rate provided that they submit a Certificate of Domicile (*Surat Keterangan Domisili* or SKD) document as stipulated in Attachment II (Form-DGT 1) or Attachment III (Form-DGT 2) of the Regulation of the Director General of Taxation before the Annual Tax Return submission deadline for tax due. The Form-DGT 2 which has been legalised by the authorized tax official from P3B partner countries shall be valid for 12 (twelve) months.

According to Government Regulation No. 24 Year 2000 regarding Changes of the Rates of Duty Stamps and Limits of Imposed Price of Duty Stamps Charges, documents pertaining to shares transactions are withheld by duty stamp. In the current period, a Rp6.000 duty stamp is imposed to transactions above Rp1.000.000 and a Rp3.000 duty stamp for transactions of more than Rp250,000 to Rp1.000.000. This duty stamp is due at the time the documents are being used.

The Company has deposited and reported corporate income tax in accordance to tax law and practice currently in force in Indonesia based on the self-assessment principal. The Fiscal can stipulate or alter those taxes in certain period of time pursuant to applicable regulation.

## **B. FULFILLMENT OF COMPANY TAX LIABILITY**

As a taxpayer, the Company has a tax liability for Income Tax (PPH), Value Added Tax (PPN), and the Land and Building Tax (PBB). The Company has fulfilled its obligations in accordance with the provisions of tax legislation and taxation rules and regulations. As of the date of publication of this Prospectus, the Company has no tax in arrears. The calculation of corporate income tax for the ending year is a preliminary calculation designed for accounting purposes and could change when the Company submits its Annual Tax Return (SPT).

**PROSPECTIVE SUBSCRIBERS OF SHARES IN THIS RI III ARE ADVISED TO CONSULT WITH THE RESPECTIVE TAX CONSULTANTS PERTAINING TO THE TAX TREATMENT RESULTING FROM A SUBSCRIPTION, OWNERSHIP OR SALES OF PRE-EMPTIVE RIGHTS ACQUIRED THROUGH THIS RI III.**

**THE COMPANY HAS FULFILLED ITS TAX OBLIGATIONS AS OF THE DATE OF PUBLICATION OF THIS PROSPECTUS**

## XII. INFORMATION REGARDING STANDBY PURCHASER

In accordance with the provisions set forth in the Deed of the Standby Purchaser Agreement No. 56 dated 15 April 2016, as amended and restated by Deed of Amendment and Restatement of Standby Purchase Agreement No 24 dated 11 May 2016, both made before Mala Mukti, SH, LL.M., Notary in Jakarta, the company acting as the Standby Purchaser in this RI III is:

### **British American Tobacco (2009 PCA) Limited**

Globe House  
4 Temple Place  
London  
WC2R 2PG

If the New Shares offered in this RI III and not entirely subscribed by holders of Rights, the New Shares will be allocated to the other holders of Rights who subscribed for more than the rights they are entitled to, as noted in the Certificate of Evidence of Rights and/or Additional FPPS, proportionally based on the rights which have been exercised.

If, after the allocation of the Additional New Shares, there are still remaining New Shares that are left unsubscribed by the shareholders of this RI III, then BAT 2009, acting as the standby buyer in this RI III is obligated to buy the remaining shares in this RI III, as the majority shareholder of the Company, in the amount of as many as 4,212,902,001 (four billion two hundred twelve million nine hundred two thousand one) shares at the Offering Price to the extent of Rp480 (four hundred eighty Rupiah) per share.

In the framework of fulfilling its obligation as the standby purchaser as stated above, BAT 2009 utilizes the funds originating from internal treasury which have been placed in its account as evidenced by the bank statement of BAT 2009 dated 1 June 2016 issued by Citibank NA. London Branch.

### **Information Regarding BAT 2009**

#### **1. Brief History**

BAT 2009, domiciled in England, a company duly established under the laws of England and Wales with the registration no. 6925846 as evidenced by the *Certificate of Incorporation of a Private Limited Company* dated 5 June 2009.

#### **2. Business Activity**

Based on the *Memorandum and Articles of Association* BAT 2009 dated 5 June 2009, the business activities of BAT 2009 are as follows:

- a. To carry on business as a general commercial company;
- b. To carry on any other business or activity which may seem to the Company capable of being carried on directly or indirectly for the benefit of BAT 2009
- c. To conduct, promote and commission research and development in connection with any activity or proposed activity of BAT 2009, and to apply for and take out, purchase or otherwise acquire any patents, patent rights, inventions, secret processes, designs, copyrights, trade marks, service marks, commercial names and designations, know-how, formulae, licenses, concessions and the like (and any interest in any of them) and any exclusive or non-exclusive or limited right to use, and any secret or other information as to, any invention or secret

process of any kind and to use, exercise, develop, and grant licenses in respect of, and otherwise turn to account and deal with, the property, rights and information so acquired;

- d. To carry on the business of a holding company and to co-ordinate and regulate the activities and businesses of subsidiary and associated companies for the time being and the financing of such companies;
- e. To exercise and enforce all rights and powers conferred by or incidental to the ownership of any such shares, stocks, debentures, debenture stocks, bonds, notes, securities, obligations and investments;
- f. To provide any form of capital for and take part in the formation, management, supervision or control of the business or activities of any company or undertaking and for such purposes to appoint and remunerate any directors, accountants or other experts, advisers or agents and to act as agent for and to manage, supervise or control and provide services to the business, property or activities of any company or other person or undertaking, or any property in which BAT 2009 may be interested.; and
- g. to borrow money, obtain credit and raise finance in any manner.

### **3. Capital Structure**

The shareholder structure of BAT 2009 at the date of this Prospectus is as follows:

Description	Nominal Value £1 per share		
	Shares	Value (£)	(%)
British American Tobacco International Holdings (UK) Limited	370,000,002	370,000,002	100
<b>Amount of Capital</b>	<b>370,000,002</b>	<b>370,000,002</b>	<b>100</b>

### **4. Management and Monitoring**

The management structure of BAT 2009 at the date of this Prospectus is as follows:

Director	: David Patrick Ian Booth
Director	: Noelle Colfer
Director	: Robert Fergus Heaton
Director	: Ridirectors Limited
Secretary	: Ann Elizabeth Griffiths
Assistant Secretary	: Sophie Louise Edmonds Kerr

### **Significant Term of the Standby Purchaser Agreement**

In the framework of this RI III, the Standby Purchaser declares its commitment to fulfill its obligations respectively acting as the Standby Purchaser in accordance with the provisions set forth in the Deed of the Standby Purchaser Agreement No. 56 dated 15 April 2016 as amended and restated under Deed of Amendment and Restatement of Standby Purchaser Agreement No. 24 dated 11 May 2016, both made before Mala Mukti, S.H., LL.M., Notary in Jakarta.

Key points of the Deed of Agreement mentioned above are as follows:

- in the event that the New Shares to be offered are not purchased by the PER holders, the Remaining New Shares shall be firstly allocated proportionally to the other Shareholders who have agreed to purchase the New Shares in excess of the New Shares derived from the PER held by them. In the event there still exists Remaining New Shares after such allocation, such Remaining New Shares shall be purchased entirely by the Standby Purchaser who have agreed

to purchase such Remaining New Shares at the Exercise Price in accordance with the terms and conditions set forth in this Agreement.

- each of the owner of 36 (thirty six) Shares whose name is registered in the Shareholder Register on 14 June 2016 at 4.00 p.m. Jakarta time shall own 145 (one hundred forty five) PER, whereby each of the holder of one (1) PER own the right to purchase one (1) New Share with an RI III Exercise Price in the amount of Rp480.00 (four hundred eighty Rupiah) per New Share, and shall be fully paid when submitting the Share Subscription and Purchase Form.
- The Standby Purchaser hereby agrees to perform its obligations as set out in this Agreement, notwithstanding the completion of the conditions precedent as set out in Article 4 of this Agreement, to subscribe to and purchase the entire Remaining New Shares with the proportion as stated in Article 2 of this Agreement.
- The Standby Purchaser hereby undertakes and to full fill its obligations , the Exercise Price of the Remaining New Shares which shall be purchased or subscribed to by the Standby Purchaser proportionally in accordance with Article 2 of the Agreement, by way of transferring in good funds to the bank account designated by the Issuer.

The above-mentioned key points depend on the fulfillment of the following terms and conditions:

- The Registration Statement filed by the Issuer to the OJK in connection with the Limited Public Offering III has been declared effective by OJK according to the prevailing laws and regulations, as evidenced by a written statement issued by OJK;
- Each of the representations and warranties of the Issuer, set out in Article 7, remaining true and accurate and not misleading in any respect: (i) on and as of the date of this agreement and (ii) on each day until two (2) business days after the Allotment Date
- The Issuer has not breached any of its obligations under this Agreement; and

The Standby Purchaser Agreement will automatically cease to be current, if the following events occur:

- All the obligations of the parties under this Standby Purchaser Agreement have been duly fulfilled.
- One of the condition precedents as specify in Article 4 Standby Purchaser Agreement is failed to conduct by the Company or ruled out by Standby Purchaser in 12 (twelve) months after the date of GMS in relation to the proposed RI III.

### **XIII. CAPITAL MARKET SUPPORTING INSTITUTIONS AND PROFESSIONALS**

The Capital Market Supporting Institutions and Professionals which assisted and engaged in this RI III are as follows:

**NOTARY** : **Mala Mukti, S.H., LL. M.**

AXA Tower 27<sup>th</sup> floor, #06

Jl. Prof. Dr. Satrio Kav.18

Jakarta 12940

Main Duties and Responsibilities:

To make deed of agreements and minutes of meeting of extraordinary general meeting of shareholders in connection with this RI in accordance with Notary Profession Guidance and Ethic Code.

Professional Qualifications:

Registration Certificate of Capital Market Supporting Professional No. 522/PM/STTD-N/2002 dated 10 June 2002 on behalf of Mala Mukti.

Association Membership Indonesian Notary Association No. 007665.

Appointment Letter:

The Company appoints Notary by virtue of Appointment Letter No. 022/BINI-Notary/MFH/I/2016 dated 21 January 2016.

**LEGAL CONSULTANT** : **Makes & Partners Law Firm**

Menara Batavia, 7th Floor

Jalan KH. Mas Mansyur Kav. 126

Jakarta 10220

Indonesia

Main Duties and Responsibilities:

To provide a Legal Opinion regarding the Company in the framework of this RI III. The Legal Consultant carries out due diligence pertaining to legal aspect over the facts concerning the Company and other relevant information as conveyed by the Company. Of which Due Diligence Report have been published in the Legal Due Diligence report which constitutes as the Legal Opinion in relation to this RI III to the extent in relation to its legal aspect. Other duties include inspecting information included in this Prospectus in relation to its legal aspect.

Operational guidance used by Makes & Partners Law Firm in carrying out its duties as Legal Consultant is the Professional Standard of Capital Market Legal Consultant Association, attachment to HKHPM Decision

No. Kep.01/HKHPM/2005 as amended by HKHPM Decision No.KEP.04/HKHPM/XII/2012.

Professional Qualifications:

Registration Certificate of Capital Market Supporting Profession No. 227/PM/STTD-KH/1998 dated 5 October 1998 under the name of Iwan Setiawan.

Association Membership: Capital Market Legal Consultant Association No. KEP.01/HKHPM/2005 dated 18 February 2012, as amended by Capital Market Legal Consultant Association No.KEP.04/HKHPM/XII/2012 dated 6 December 2012.

Appointment Letter

The Company has appointed the Legal Consultant by virtue of Legal Consultant Appointment Letter No. 023/BINI-Makes/MFH/I/2016 dated 21 January 2016.

**ACCOUNTANT** : KAP Tanudiredja, Wibisana, Rintis & Partners (a member Firm of the PriceWaterhouseCoopers network firms)

Plaza 89  
Jalan H.R. Rasuna Said Kav. X-7 No. 6  
Jakarta 12940  
Indonesia

Main Duties and Responsibilities:

Operational guidance used by the Registered Public Accountant Tanudiredja, Wibisana, Rintis & Partners in carrying out its duty as Accountants is the Indonesian Accounting Standards and the Professional Public Accountant Standards.

Professional Qualifications:

Registration Certificate of Capital Market Supporting Profession No. 250/STTD-AP/PM/1999 dated 8 November 1999 in the name of Drs. Irhoan Tanudiredja.

No. Reg. IAPI 821 with Public Accountant License No. AP.0226 which is valid until 31 December 2016.

Appointment Letter:

The Company has appointed the Accountant by virtue of Accountant Appointment Letter No. 024/BINI-PWC/MFH/I/2016 dated 21 January 2016.

**Share (BAE) Registrar** : **PT DATINDO ENTRYCOM**

Puri Datindo - Wisma Sudirman  
Jalan Jenderal Sudirman Kav. 34  
Jakarta 10220

Indonesia

Main Duties and Responsibilities:

The duties and responsibilities of BAE in this RI III, in accordance with the applicable Capital Market regulations, among others, are to determine the Shareholders Register which is entitled to the the Rights, distribute the SBHMETD or the rights in an electronic form to the Collective Depository at KSEI, receive the Rights exercise request and carry out reconciliation of funds for the payment of the request to the bank appointed by the Company, allotment of the additional purchase of shares request, issue and distribute the shares in physical or electronic form, into the collective depository in KSEI and also to distribute the Allotment Confirmation Form and make a list of refunds for the order of shares.

Operational Guidance used by PT DATINDO ENTRYCOM in carrying out its duty as the Share Registrar is all applicable laws and regulations in the field of capital market and Bapepam-LK Regulations.

Professional Qualifications:

Business License of Securities Administration Bureau Association by virtue of Decree of Chairman of Bapepam-LK No. Kep 16/PM/1991 dated 19 April 1991

Association Membership: Indonesian Securities Administration Bureau Association.

Appointment Letter:

The Company has appointed the Share Registrar by virtue of Appointment Letter No. 025/BINI-BAE/MFH/I/2016 dated 21 January 2016.



## **XIV. PROCEDURE FOR SHARES SUBSCRIPTION**

In relation to this RI III, the Company has appointed the Share Registrar (“BAE”) PT. Datindo Entrycom as the Shares Administration Management and Limited Public Offering Execution Agency, in accordance with Deed of Agreement on Shares Administration Management and Limited Public Offering Execution Agency in RI III of the Company No. 57 dated 15 April 2016, drawn up before Mala Mukti, S.H., LL.M., Notary in Jakarta.

### **Entitled Subscriber**

The shareholders whose names are registered in the Shareholders Registry of the Company dated 14 June 2016 up to 16.00 WIB are entitled to purchase a number of New Shares in RI III provided that any shareholder holding 36 (thirty six) Existing Share shall be entitled to 145 (one hundred forty five) Rights, where 1 (one) Right is entitled to purchase 1 (one) New Share in RI III with a Shares Offering Price to the extent of Rp480,00 (four hundred eighty Rupiah) per share.

Subscribers entitled to place orders for the purchase of the New Shares are:

- a. Holders of Certificate of Evidence of Rights whose names are listed in the Certificate of Evidence of Rights or subscriber of Rights whose name is listed in the Certificate of Evidence of Rights or in the endorsement column of the Certificate of Evidence of Rights up to the latest date of the Rights trading period; or
- b. Holder of Rights who is registered at the KSEI Collective Depository up to the latest date of the Rights trading period.

The subscriber may consist of an Indonesian or foreign individual and/or Legal Institution/Entity as regulated under Capital Market Law (“UUPM”).

To expedite and fulfill the schedule for the registration of the entitled shareholders, the shareholders who hold shares of the Company in script form and about to exercise their right to acquire the Rights and have yet to execute the registration for the transfer of shares ownership are advised to register at the BAE before the Shareholders registration deadline on 14 June 2016.

### **Distribution of Rights**

For shareholders whose shares are deposited in the Collective Depository of KSEI, the Rights will be distributed electronically through the respective securities accounts of IDX members (“Exchange Member”) or custodian banks in KSEI (“Custodian Bank”) no later than one Business Day after the date of recording in the Shareholders Register (Daftar Pemegang Saham, DPS) with Rights, dated 15 June 2016. The Prospectus and implementation guidelines will be distributed by the Company through KSEI and may be obtained by the shareholders of the Company at their respective Exchange Member or Custodian Bank.

For shareholders whose shares have not been deposited in the Collective Depository system of KSEI, the Company shall issue a Certificate of Evidence of Rights in the name of the Shareholders, which may be obtained by the entitled shareholders or its proxy in the BAE during each business day and working hours starting from 15 June 2016 and submit the following documents:

- a. Photocopies of valid ID/Passport/KITAS (for individuals) or photocopies of the Articles of Association (for Institutions/Legal Entities). Shareholders must also provide the original documents of said photocopies.

- b. Original valid power of attorney (if authorized) which is affixed with Rp6.000,- (six thousand Rupiah) stamp duty and attached with photocopies of the KTPs/Passports/KITAS of both the Authorized Party and the Authorizer (the original KTPs/Passports/KITAS of the Authorized Party and the Authorizer must be provided).

## **PROCEDURE OF RIGHTS EXERCISE**

Rights Exercise may be carried out starting from 16 June 2016 up to 22 June 2016.

- a. Holders of Rights which is registered at the KSEI Collective Depository and wishes to exercise its Rights must request for its exercise through an Exchange Member/Custodian Bank appointed as its securities manager. Further, said Exchange Member/Custodian Bank shall submit a request or instruction of exercise through the C-Best system in accordance with the procedures determined by KSEI. In performing such exercise instruction, the Exchange Member/Custodian Bank shall meet the following conditions:
  - (i) The holder of Rights must provide sufficient funds for the exercise of the Rights at the time of filing such request; and
  - (ii) The sufficiency of the Rights and the payment funds for the exercise of the Rights must already be made available in the securities account of the Holder of Rights so exercising its Rights.

On one business day thereafter, KSEI will deliver its list of Holders of Rights in the KSEI Collective Depository who have exercised their Rights and delivered payment funds for such exercise of Rights in the account of the Company.

Shares resulting from the exercises of Rights will be distributed by the BAE in electronic form to the bank account designated by KSEI to be further distributed to each Securities Account of the Holder of Rights exercising its Rights by KSEI. Shares resulting from the exercise of Rights will be distributed by the BAE no later than 2 (two) business days upon receipt of the exercise request from KSEI and receipt of the payment funds in good funds in the account of the Company.

- b. Rights holders in the form of scripts (*warkat* / Certificate of Evidence of Rights) who wishes to exercise their Rights must request for its exercise to the BAE, by submitting the following documents:
  - (i) Original Rights Certificate which has been duly completed and signed;
  - (ii) Original version of payment receipt in form of cash/cheque/money order/transfer to the account of the Company from the bank where payment is made;
  - (iii) Original valid KTPs/Passports/KITAS (for individuals) or photocopies of the Articles of Association (for Institutions/Legal Entities) and the Attachment of the composition of the Board of Directors/ Management (for institutions/legal entities);
  - (iv) Original valid power of attorney (if authorized) which is affixed with Rp6.000,- (six thousand Rupiah) stamp duty and attached with photocopies of the KTPs/Passports/KITAS of both the Authorized Party and the Authorizer (the original valid KTPs/Passports/KITAS of the Authorized Party and the Authorizer must be provided);
  - (v) In the event the holders of Rights wish for New Shares resulting from their exercise in electronic form, the exercise request made to BAE through the appointed Exchange Member or Custodian Bank must be submitted enclosed with additional documents, namely:

- Original valid power of attorney from the holder of Rights to the Exchange Member or Custodian Bank to submit the application for the subscription of additional shares and manage securities of their allotted New Shares in the KSEI Collective Depository and other authorizations which may be provided in relation to subscription of additional shares on behalf of the Authorizer; and
- Original Securities Deposit Form issued by KSEI which has been duly completed and signed.

The Company will issue the New Shares resulting from the Rights exercise in the tangible form of SKS if the holders of Certificate of Evidence of Rights do not wish for their New Shares resulting from the Rights exercise to be deposited in the KSEI Collective Depository.

Every and all expenses resulting from the conversion of the shares of the Company in the form of scripts into electronic form and/or vice versa from its electronic form to scripts must be paid by and fully accounted by the respective shareholder of the Company.

The registration for Rights exercise will be carried out at BAE office. The registration opens on 16 June 2016 until 22 June 2016 during business days and Working Hours (Monday to Friday from 09.00 – 15.00 WIB).

In the event that the completion of Certificate of Evidence of Rights is not in accordance with the requirements stipulated in the Certificate of Evidence of Rights and the Prospectus, this matter may lead to the rejection of such subscription.

The HMETD is deemed exercised when the payment has been accepted in good funds in the account of the Company in compliance with regulations stated in the terms of subscription.

## **Subscription of Additional Shares**

A shareholder whose Rights are not for sale or the latest Rights subscriber/holder whose name is included in the endorsement column of the Certificate of Evidence of Rights or the holder of Rights in the KSEI Collective Depository, may request for additional shares surpassing his current entitled rights by completing the additional shares subscription column as provided in the Certificate of Evidence of Rights and/or Additional FPPS in a minimum amount of 1 (one) share or its multiplications thereof and submit it to the BAE at the latest on the last day of the Rights trading period, which is on 22 June 2016.

- a. A holder of Rights in the form of script / Certificate of Evidence of Rights who wishes his allotted New Shares remain to be in electronic form must file a request to the BAE through an Exchange Member or Custodian Bank by submitting the following documents:
  - (i) Original Additional FPPS which has been duly and correctly completed;
  - (ii) Original valid power of attorney from the holder of Rights to the Exchange Member or Custodian Bank to submit the application for the subscription of additional shares and manage securities of their allotted New Shares in the KSEI Collective Depository and other authorizations which may be provided in relation to subscription of additional shares on behalf of the Authorizer;
  - (iii) Original valid KTPs/Passports/KITAS (for individuals) or photocopies of the Articles of Association (for Institutions/Legal Entities) and the attachment of the composition of the Board of Directors/ Management (for institutions/legal entities);

- (iv) Original evidence of payment receipt in the form of cash/cheque/money order/transfer to the account of the Company from the bank where the payment is made;
  - (v) Original Securities Deposit Form issued by KSEI which has been duly completed and signed for the purposes of distribution of additional shares resulting from exercise carried out by the BAE.
- b. A holder of Rights in the form of script / Certificate of Evidence of Rights who wishes his allotted New Shares remain to be in the form of script/tangible SKS, must file a request to the BAE of the Company by submitting the following documents:
- (i) Original Additional FPPS which has been duly and correctly completed;
  - (ii) Original valid power of attorney (if authorized) which is affixed with Rp6.000,00 (six thousand Rupiah) stamp duty and attached with photocopies of the KTPs/Passports/KITAS of both the Authorized Party and the Authorizer (the original KTPs/Passports/KITAS of the Authorized Party and the Authorizer must be provided);
  - (iii) Original valid KTPs/Passports/KITAS (for individuals) or photocopies of the Articles of Association (for Institutions/Legal Entities) which is attached with the composition of the Board of Directors/ Management (for institutions/legal entities);
  - (iv) Original evidence of payment receipt in the form of cash/cheque/money order/transfer to the account of the Company from the bank where the payment is made.
- c. A holder of Rights in the KSEI Collective Depository shall complete and submit the Additional FPPS by attaching these following documents:
- (i) Original exercised instruction that has been settled accordingly through the C-BEST on behalf of the said holder of Rights (specifically for a holder of Rights in KSEI Collective Depository who has exercised their Rights through C-BEST system).
  - (ii) Original Securities Deposit Form issued by KSEI that has been duly completed for the purposes of distribution of the New Shares resulting from exercise carried out by the BAE.
  - (iii) Original evidence of payment receipt in the form of cash/cheque/money order/transfer to the account of the Company from the bank where the payment is made.

The payment for additional shares subscription can be made and shall be received by the account of the Company on 24 June 2016 at the latest in good funds. The subscription that is not in accordance with the subscription terms may lead to rejection of said subscription.

### **Allotment for Additional Shares Subscription**

The allotment for additional shares subscription will be determined on 27 June 2016 under the following terms and regulations:

- a. If the total number of subscribed shares, including subscription of additional shares does not exceed the total number of shares offered in this RI III, then all subscriptions of additional shares shall be met;
- b. If the total number of subscribed shares, including subscription of additional shares exceeds the total number of shares offered in this RI III, then a proportional allotment system will be imposed to the subscribers of additional shares which is based on the amount of Rights exercised by each shareholder who requests additional shares.

The Allotment Manager, in this case, the Company, will submit the report of Accountant Audit Result to the Financial Services Authority (OJK) regarding the feasibility of the allotment implementation in reference to Regulation No. VIII.G.2 and Regulation No. IX.A.7, the report of said audit must be submitted by the Company to the OJK at the latest 30 (thirty) days after the allotment date ends in compliance to OJK Regulation No. 32/2015.

## **Terms of Payment**

Payment of shares subscription in relation to this RI III must be paid in full (in good funds) in the Rupiah currency at the time of the subscription by way of cash/cheque/clearing/book transfer by including the Number of Certificate of Evidence of Rights or the Number of Additional FPPS. Such payment shall be made into the account of the Company as follows:

**Deutsche Bank AG**  
**Jakarta Branch**  
**Account No.: 001 8549 000**  
**Account Holder Name: PT Bentoel Internasional Investama, Tbk.**

All bank cheques and money orders shall be disbursed upon receipt. If during the disbursement, said bank cheques and money orders are declined by the relevant Bank, the relevant shares subscription shall be deemed cancelled. If payment is conducted by way of cheque or transfer or clearing, then the payment date shall be determined based on the date of the receipt of such cheque or transfer or clearing which fund has been received in good funds in the above account of the Company.

For the subscription of additional shares, payment shall be conducted on the subscription date, which payment shall have been received in good funds in the above account of the Company no later than 24 June 2016.

All fees which may be incurred as a result of shares subscription in this RI III shall be borne by the subscriber. A shares subscription which fails to meet the terms of payment shall be cancelled.

## **Evidence of Receipt of Shares Subscription**

The Company, through the BAE which receives a shares subscription, shall deliver the Evidence of Rights of Receipt of Shares Subscription to the subscribers as part of the Rights, which has been duly stamped and signed as evidence of subscription to be provided as evidence at the time of the subscription of the New Share and in the time of refund of the additional subscription request which were not fulfilled.

FHolders of Rights in the KSEI Collective Depository shall receive confirmations on the Rights exercise request from C-Best at KSEI through the KSEI Account Holder.

## **Cancellation of Shares Subscription**

The Company is entitled to cancel a shares subscription, in part or in whole, with due observance of the prevailing conditions. Notification concerning the cancellation of shares subscription shall be announced at the same time as the confirmation letter of New Shares subscription allotment.

Matters which may result in the cancellation of a New Shares subscription are as follows:

- a. Completion of Certificate of Evidence of Rights or Additional FPPS which are not in accordance with the New Shares subscription guidelines/conditions as set out in the Certificate of Evidence of Rights and the Prospectus;
- b. Failure in meeting the terms of the payment;

- c. Failure in meeting the conditions for completion of requested documents.

### **Refund of Subscription Monies**

In the event of non-fulfillment in part or in whole of an additional shares subscription or in the event of cancellation of shares subscription, the Company shall refund in part or all of the subscription monies in Rupiah currency at the latest on 29 June 2016. The refund of such subscription monies shall be carried out by way of bank transfer to the account of the subscriber. The refund of the subscription monies carried out on 29 June 2016 will not include interest payment.

In the event that the refund of subscription monies surpasses the 2 (two) business days limit after the allotment date, the amount of monies refunded shall include payment of interest calculated as of the second Business Day after the allotment date up to the date of the refund. The amount of interest over such late refund of subscription monies shall be calculated based on the average deposit interest rate with a period of 1 (one) month at the bank where said subscription monies is placed. The Company shall not pay interest over the late refund of subscription monies if such delay is caused by a subscriber who fails to state the name of the bank and number of the bank account.

For holders of Rights in the KSEI Collective Depository who exercises its rights through the KSEI, the subscription monies shall be returned by the KSEI.

### **Distribution of Shares Resulting from the Rights Exercise**

New Shares resulting from the Rights exercise for subscribers who have executed their Rights through the KSEI shall be credited into the securities account in 2 (two) business days following the receipt of the request to exercise Rights from KSEI and the payment funds in good funds into the Company's account.

New Shares resulting from the Rights Exercise for subscribers of Rights in the form of scripts who have executed their Rights shall receive SKS or shares in the form of scripts at the latest in 2 (two) business days following the receipt of the request by the BAE and the payment funds in good funds into the Company's account.

The New Shares resulting from the allotment over the additional subscription of New Shares for shareholders whose shares are listed in the Collective Depository will be distributed electronically in the KSEI Collective Depository no later than 2 (two) business days after the allotment date.

Whereas for shareholders whose shares are not listed in the Collective Depository in the KSEI, the new SKS resulting from the Rights Exercise may be acquired from 20 June 2016 up to 24 June 2016 on every business days and Working Hours (Monday to Friday at 09.00 - 15.00 WIB). Whereas the New Shares resulting from the allotment may be acquired from 29 June 2016 on every business days and Working Hours (Monday to Friday at 09.00 - 15.00 WIB). Subscription may be carried out in the BAE office by providing/showing the following documents:

- a. Original valid KTPs/Passports/KITAS (for individuals) or photocopies of the Articles of Association (for Institutions/Legal Entities) which is attached with the composition of the Board of Directors/ Management (for institutions/legal entities);
- b. Original valid power of attorney (if authorized) which is affixed with Rp6.000,- (six thousand Rupiah) stamp duty and attached with photocopies of the KTPs/Passports/KITAS of both the Authorized Party and the Authorizer;
- c. Original evidence of shares subscription receipt.

## **Allocation for Unsubscribed Rights**

If the New Shares offered in this RI III are not fully subscribed for by the Holders of Rights, the remaining shares shall be allocated to other Rights holders which have exercised their rights and have subscribed for additional shares as set out in the Certificate of Evidence of Rights and/or Additional FPPS, in proportion to the exercised Right.

If after such allocation of additional New Shares, there are still New Shares unsubscribed by the shareholders in this RI III, all the remaining New Shares will be purchased by the British American Tobacco (2009 PCA) Limited as a majority shareholder, as Standby Purchaser in this RI III, in the maximum amount of 4,212,902,001 (four billion two hundred twelve million nine hundred two thousand one) shares.

## **XV. DISTRIBUTION OF PROSPECTUS AND SHARES SUBSCRIPTION FORMS DISTRIBUTION OF PROSPECTUS AND SHARES SUBSCRIPTION FORMS**

The Prospectus, Certificate of Pre-Emptive Right, Additional Shares Subscription Form (Additional FPPS), and Split Request of Rights (*Permohonan Pemecahan SBHMETD*) will be available from 16 June 2016 up to 22 June 2016 and may be obtained by each shareholder of the Company whose name is listed on the Registry of Shareholders on 14 June 2016 at 16.00 WIB in:

**PT Datindo Entrycom**

Puri Datindo - Wisma Sudirman  
Jalan Jenderal Sudirman Kav. 34

Jakarta 10220

Telepon: (021) 570 9009

Faksimile: (021) 570 9026

Email: [corporatesecretary@datindo.com](mailto:corporatesecretary@datindo.com)

If up to 22 June 2016 the shareholders of the Company whose names are registered in the Shareholders Registry of the Company dated 14 June 2016 at 16.00 WIB have not yet collected their Prospectus and Certificated of Evidence of Rights and fail to contact the PT Datindo Entrycom as Share Registrar of the Company, then all of the risks or losses which may arise shall not form the liability of the Company or the PT. Datindo Entrycom, but rather form the liability of the respective shareholders.



## XVI. ADDITIONAL INFORMATION

For further information or inquiries in relation to this RI III Prospectus, the Parties may contact the following parties:

**Corporate Secretary**  
**PT Bentoel Internasional Investama, Tbk.**  
Capital Place Office Tower, 6<sup>th</sup> Floor  
Jalan Gatot Subroto Kavling 18  
Jakarta Selatan 12950  
Telephone: (021) 526 8388  
Facimile: (021) 526 8389  
Email: id\_corpsec@bat.com

Share Registrar:  
**PT Datindo Entrycom**  
Puri Datindo - Wisma Sudirman  
Jalan Jenderal Sudirman Kav. 34  
Jakarta 10220  
Telepon: (021) 570 9009  
Faksimile: (021) 570 9026  
Email: corporatesecretary@datindo.com