Advancing Growth, Investing in the Future

Annual Report 2016

BENTOEL GROUP

PT Bentoel Internasional Investama Tbk.

A Member of British American Tobacco


BENTOEL GROUP


BENTOEL GROUP
TAMAN SLAMET
Program Tanggung Jawab Sosial
Persembahan Bentoel Group
untuk Kota Malang






Advancing Growth, Investing in the Future

Contents

Over the years, we have successfully expanded Bentoel Group's legacy into a diverse portfolio of the finest local and international brands. It is in line with our vision of becoming the fastest-growing tobacco company in Indonesia.

The driving force behind such growth is our investment in the future. At the heart of it – our people. We continue to build a workforce of the brightest talent in the country to support our world-class business.

Sustainability also remains our priority, not only in business, but also in the industry as a whole. We consistently enhance our responsible business practices. These include our decades-long partnerships with farmers.

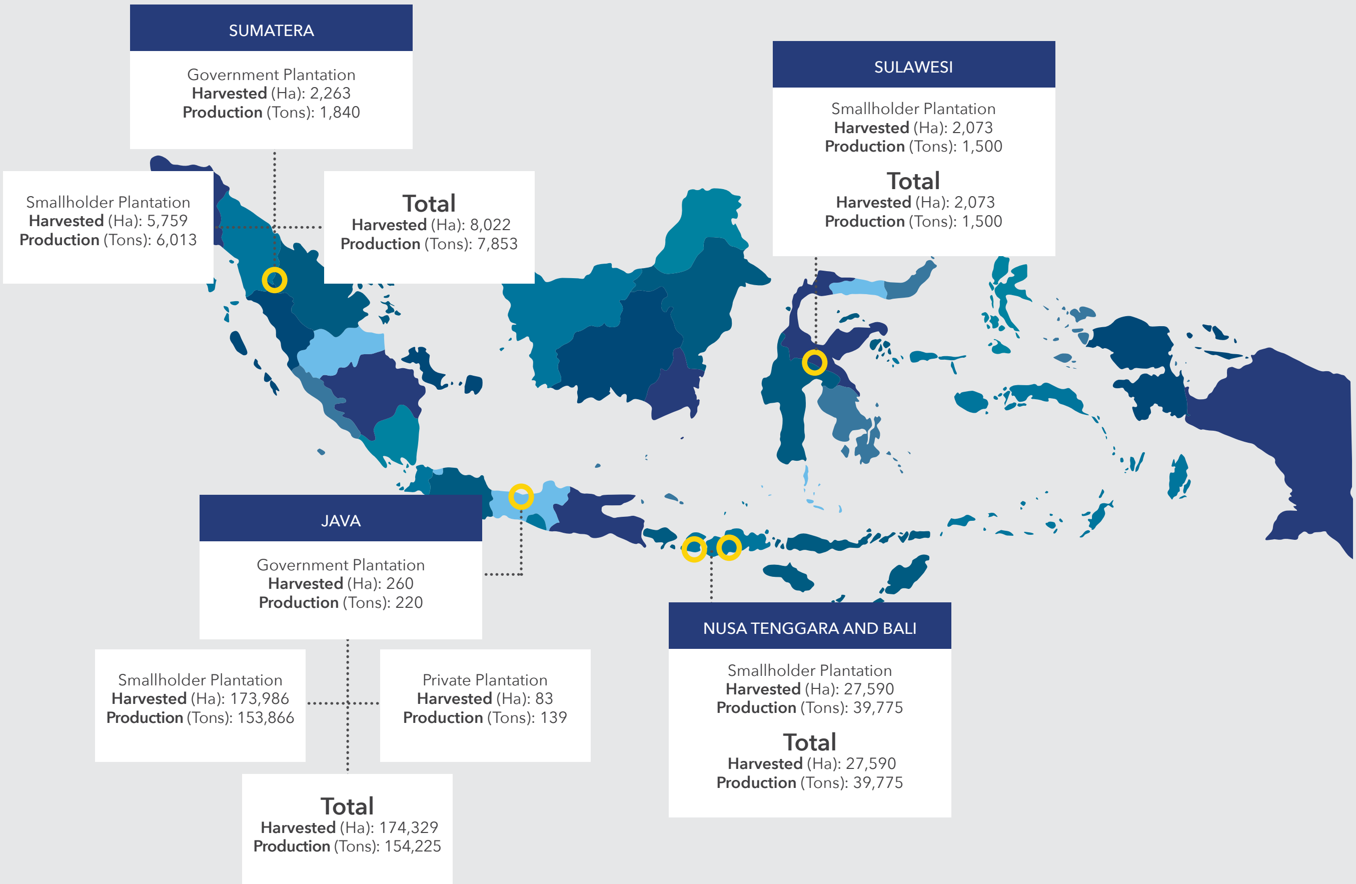
Such focus on long-term growth is the foundation of our business. It will remain so as we move forward in our journey as a prominent tobacco manufacturer, with the best products, brands, and people in Indonesia.

The content of this Annual Report has been specifically prepared by Bentoel Group as part of its obligation to communicate our annual business results and achievements to our shareholders. It is not meant to constitute, or form part of, a promotion, advertisement, recommendation, encouragement, invitation or any offer, to buy or consume our products.

Tobacco in Indonesia

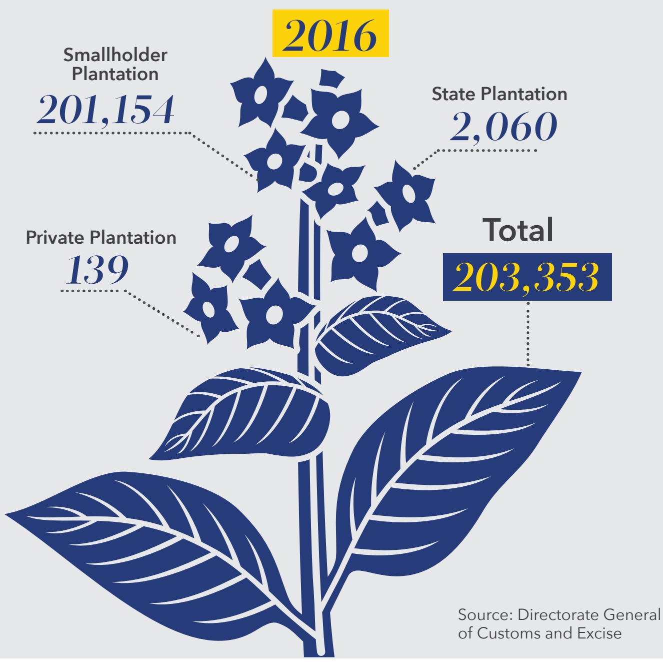
Tobacco harvest and production across Indonesia.

Tobacco harvest and production is a vital source of livelihood, particularly for smallholder farmers across the archipelago. Nationally, the tobacco industry contributes around 8% to the total state revenue.

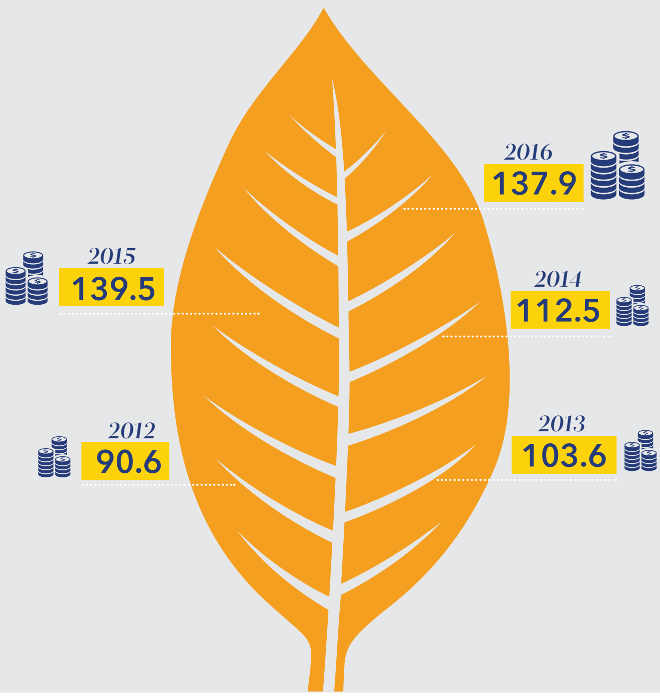


Note
Production: dried tobacco leaf

Tobacco Production (Tons)



State Revenue from Tobacco Excise (Rp trillion)



Source: Directorate General of Customs and Excise

Bentoel Group's 2016 Performance Highlights

NET REVENUE

14.4% ↑

2014	2015	2016
Rp14.5 trillion	Rp16.8 trillion	Rp19.2 trillion

GROSS PROFIT

23.7% ↑

2014	2015	2016
Rp1.6 trillion	Rp1.7 trillion	Rp2.1 trillion

TOTAL ASSETS

6.4% ↑

2014	2015	2016
Rp10.8 trillion	Rp12.7 trillion	Rp13.5 trillion

We continuously invest in our brands, our people, and the community.

For over 45 years, Bentoel Group has partnered with more than **1,500** farmers.

Continuous development and innovation of strategic brands.

6,012 trainings carried out in 2016.


MILD
R.A. PATTERSON TOBACCO COMPANY
LUCKY
STRIKE
EST. RICH'D. VA. USA
JOIN
THE CIRCLE
PERINGATAN:
MEROKOK MEMBUNUHMU
18+

Dunhill's 2016 Digital Campaign at MyJourney.ID #ShareYourJourney

COMPANY PROFILE

"The passion in our pursuit of the finest cigarette products is reflected across our business, from the constant development of our people to our world-class production facilities."

Company Identity

Name
PT Bentoel Internasional Investama Tbk.

Address
Capital Place Office, 6th Floor,
Jl. Gatot Subroto Kav. 18
Jakarta Selatan 12710

Telephone Number
+6221 526 8388

E-mail Address
contact_indonesia@bat.com

Website
www.bentoelgroup.com

Facsimile
+62 21 22770111

Company in Brief

As a renowned cigarette producer in Indonesia, Bentoel Group is also a proud member of the British American Tobacco Group.

Bentoel Group is part of a network that operates in more than 200 countries. Bentoel Group manufactures and markets a diverse range of tobacco products such as machine-made *kretek* cigarettes, hand-rolled *kretek* cigarettes, and white cigarettes. Bentoel Group also manufactures and produces heritage brands, such as Neo Mild, Tali Jagat, Bintang Buana, Sejati, Star Mild and Uno Mild, as well as global brands, such as Lucky Strike and Dunhill.

Bentoel Group's successful journey began in 1930, when Ong Hok Liong initiated a home industry under the name Strootjes Fabriek Ong Hok Liong. Its journey has brought Bentoel Group into being the fourth-largest cigarette producer in Indonesia. The Company employs around 6,000 employees to support the whole range of its business activities, from the tobacco fields to its vast production and marketing operations.

200

We are part of a network that operates in more than 200 countries.

6,000

Around 6,000 employees support the whole range of our business activities, from tobacco fields to our vast production and marketing operations.

Company Vision and Mission

Vision

To be the fastest growing tobacco company in Indonesia.

Mission

We will realise our vision through four strategic pillars:

- Growth
- Productivity
- Winning Organisation
- Sustainability

Business Activities

Bentoel Group produces various types of high-quality tobacco products under unique local and international brands that are widely distributed in the market.

BUSINESS ACTIVITIES

The Company's business activities are in tobacco processing and the cigarette industry and participation in subsidiaries which are engaged in the production and distribution of cigarettes carried out in accordance with the Articles of Association of the Company and its subsidiaries.

PRODUCT

The Company always strives to preserve and improve on the quality of raw materials and its production processes every year to ensure the satisfaction of its loyal consumers. The finest-quality brands that the Company produces are divided into three product categories, including:

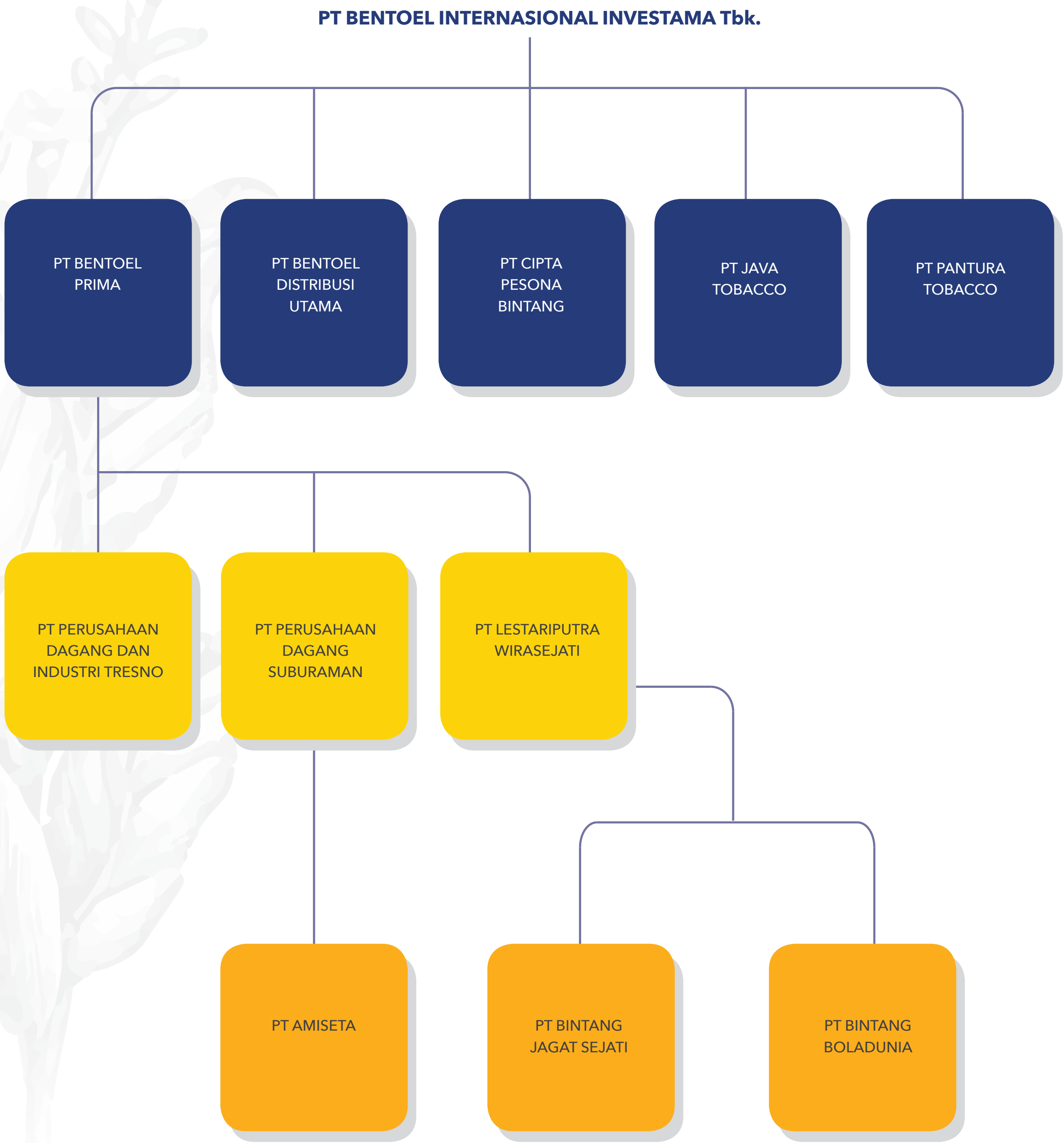
- **Kretek - Hand-Rolled Cigarette**
  Kretek cigarettes that blend tobacco and cloves and are rolled by hand.

- **Kretek - Machine Cigarette**
  Machine-processed kretek cigarettes that blend tobacco and cloves, which has two categories: Regular and Mild. The brand under Regular category is Dunhill Filter. The key brands under Mild category are Dunhill Mild and Lucky Strike Mild.

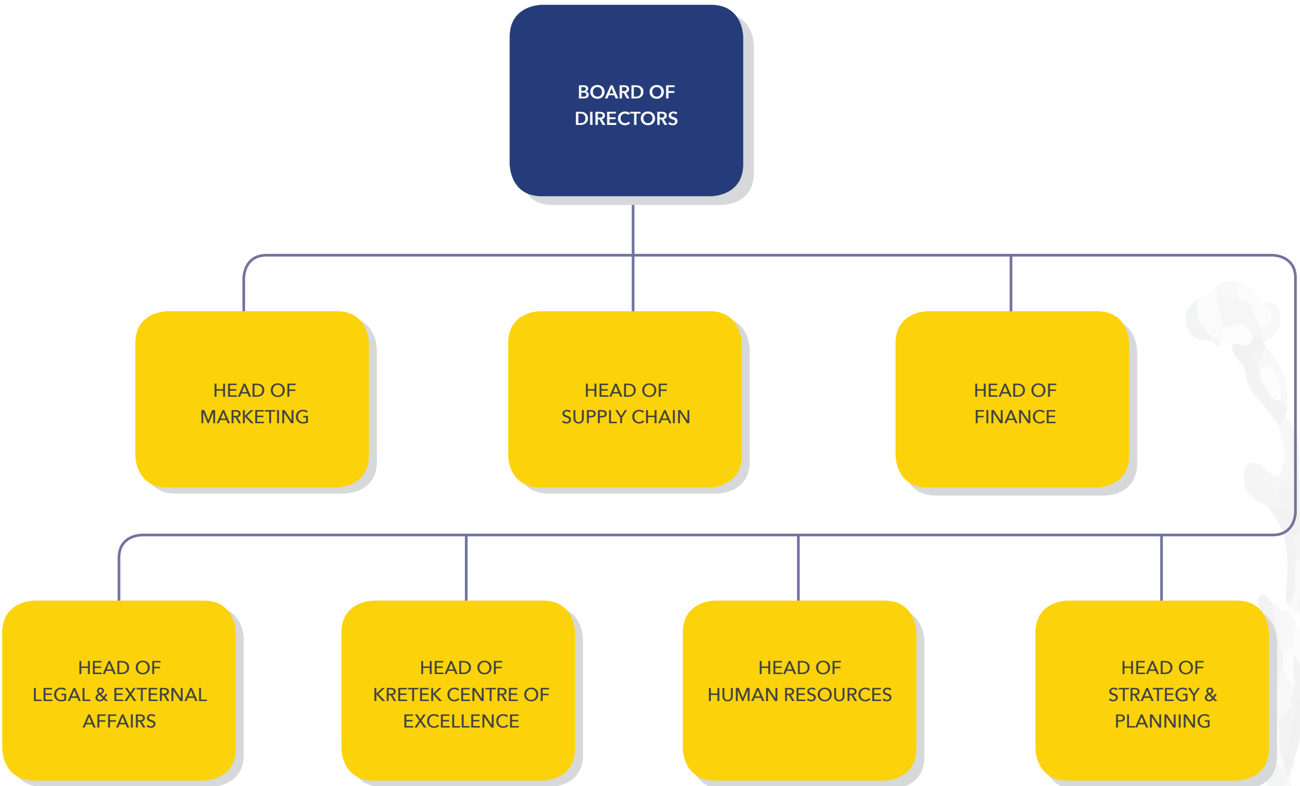
- **White Machine Cigarette**
  Machine-processed cigarettes made of tobacco. The key brands under this category are Dunhill and Lucky Strike.

Company Group Structure

BENTOEL GROUP



Management Organisation Structure



Subsidiaries and Associations

1. PT Bentoel Internasional Investama Tbk.
Capital Place Office, 6th Floor, Jl. Gatot Subroto Kav. 18, Jakarta Selatan 12710

2. PT Bentoel Prima
Jl. Raya Karanglo, Desa Banjararum, Singosari, Malang, Jawa Timur 65153

3. PT Bentoel Distribusi Utama
Jl. Susanto No. 2 - B, Desa Ciptomulyo, Sukun, Malang, Jawa Timur 65148

4. PT Cipta Pesona Bintang
Jl. Niaga No. 4A, Desa Ciptomulyo, Sukun, Malang, Jawa Timur 65148

5. PT Java Tobacco
Jl. Pronggol No. 33, Desa Pegambiran, Lemahwungkuk, Cirebon, Jawa Barat 45113

6. PT Pantura Tobacco
Jl. Pronggol No. 33, Desa Pegambiran, Lemahwungkuk, Cirebon, Jawa Barat 45113

7. PT Perusahaan Dagang dan Industri Tresno
Jl. Raya Karanglo, Desa Banjararum, Singosari, Malang, Jawa Timur 65153

8. PT Perusahaan Dagang Suburaman
Jl. Pulau Galang No. 2B, Desa Ciptomulyo, Sukun, Malang, Jawa Timur 65148

9. PT Lestariputra Wirasejati
Jl. Halmahera No. 98–100, Desa Ciptomulyo, Sukun, Malang, Jawa Timur 65117

10. PT Amiseta
Jl. Raya Karanglo, Desa Banjararum Singosari, Malang, Jawa Timur 65153

11. PT Bintang Jagat Sejati
Jl. Raya Karangduren RT. 05/04, Desa Banjararum, Singosari, Malang, Jawa Timur 65162

12. PT Bintang Boladunia
Jl. Ichwan Ridwan Rais No. 47, Desa Tanjungrejo, Sukun, Malang, Jawa Timur 65147

ADVANCING GROWTH

“We make sure that our growth goes hand in hand with the progress of our people who deliver our finest products to our customers and consumers.”

Advancing Growth

We equip our talented employees with the professional and technical abilities required to support our world-class business.

Our full commitment to the development of our talent is embodied in the training and development programmes we regularly organise.

The continuous development of Bentoel Group's business is carried out based on long-term insights that take into account both expansion and contribution to the industry and all stakeholders.

The implementation of responsible business operations is manifested through Bentoel Group's role in improving the industry's quality standards through continuous research and advancement. The Company plays the role of a partner for all stakeholders, from tobacco farmers to retailers distributing the Company's products. Bentoel Group is fully dedicated to the sustainable development of its Human Resources to ensure the continuous growth of our employees in line with the Company's growth.

2016 KEY MILESTONES

- **AEO Certification**

Bentoel Group became the first tobacco company in Indonesia to receive the AEO (Authorised Economic Operator) Certification, one of the World Customs Organisation's pillars of supply chain security, which covers clearance, storage, production, export, and third-party involvement.

It recognised the Company's fulfilment of the 13 minimum requirement parameters set, including compliance, risk management, and IT security. With the obtainment of the AEO Certification, Bentoel Group will be able to optimise its work processes and capital through accelerated and simpler customs and excise processes. The certification was accepted by President Director Jason Murphy on 26 January 2016 from the Minister of Finance at the Customs and Excise Head Office.

- **Lucky Strike Mild Launch**

The second addition to Bentoel Group's International Mild Brand portfolio after Dunhill Mild, Lucky Strike Mild was launched on 9 May 2016, as the first international value-for-money brand within the Mild segment in Indonesia.

- **TaO Project**

Bentoel Group has undertaken the implementation of the global BAT TaO programme in 2016. The programme, that is now rolled out across the British American Tobacco (BAT) Group, consisted of the deployment of a single Enterprise Resource Planning (ERP) solution across the Group that enabled a simpler and more streamlined structure, standard ways of working, shared and focused resources, integrated processes and a single source of data. The TaO programme went live in Bentoel Group on 2 January 2017.

- **Malang Factory's Expansion**

Bentoel Group expanded its factory in Malang with the installation of a plant migrated from production facilities of BAT Malaysia. Such expansion marked another milestone in the Company's journey and significantly increased the Company's production capacity. It is in line with Bentoel Group's vision of becoming the fastest-growing tobacco company in Indonesia.

Advancing Growth

FINANCIAL PERFORMANCE

Bentoel Group has transformed a legacy portfolio of 22 small regional brands into two international brands, Dunhill and Lucky Strike, while consistently delivering volume growth and market share increases. Such achievement in a tough trading environment with a declining industry in 2016 was the result of the Company's commitment to the highest standards and tireless service of our people in achieving our vision to become the fastest-growing tobacco company in Indonesia.

COMPREHENSIVE FINANCIAL PERFORMANCE

The trends, events, and some of the key factors contributing to the Company's operational and financial performance in 2016 are detailed below. This review and analysis should be read in conjunction with the report from the Board of Commissioners, the report from the Board of Directors, and the Consolidated Financial Statements and related notes.

The expansion of our portfolio and capacity is a process that is based on rigorous research and development.

Volume, Net Sales, and Profitability

Figures are stated in billions of Rupiah, unless stated otherwise.

Description	2016	2015	%
Operational Performance – Consolidated			
Net revenue	19,229	16,814	14.4%
Gross profit	2,121	1,715	23.7%
Operating loss	(758)	(857)	11.6%
Loss before tax	(1,391)	(1,939)	28.3%
Net loss	(2,086)	(1,639)	(27.3%)
Loss attributable to owners of the parents	(2,086)	(1,639)	(27.3%)
Comprehensive loss attributable to owners of the parents	(2,083)	(1,630)	(27.8%)
Net loss per share – basic (full Rupiah)	(86.19)	(226.32)	61.9%
Net loss per share – diluted (full Rupiah)	(86.19)	(230.17)	62.6%

Sales volume and net revenue grew in 2016 due to the excellent performance of the Company's strategic brands. Sales revenues for the year were 14.4% higher at Rp19.2 trillion, increasing by Rp2.4 trillion from the previous year. The growth was mainly driven by the new brand launched in May 2016, Lucky Strike Mild.

Gross profit of the Company increased by 23.7% to Rp2.1 trillion, as a result of significant savings in the Company's cost base. It offset the increase in cost of goods sold of 13.3% to Rp17.1 trillion. This increase was driven by higher volumes, and excise rates increase as well as the increase in tobacco leaf and other input materials' costs, and higher depreciation.

In line with the Company's commitment to have effective marketing support to build and develop superior brands, operating expenses increased during the year. These were driven by higher selling expenses by 23.6%, which were offset by lower other operating expenses due to gain from sales of the printing business by Rp0.2 trillion. As a result, the Company reported an operating loss of Rp0.7 trillion in 2016, which was a 11.6% improvement compared to 2015.

Finance cost in 2016 was lower compared to the previous year due to better cash generation from operations and lower interest expenses. One of the contributing factors is the repayment of an inter-company loan amounting to Rp12.0 trillion through the Rights Issue in 2016. As a result, the loss before tax decreased by 28.3% to Rp1.4 trillion during 2016. However due to higher tax expenses in 2016, the Company's loss after tax increased to Rp2.1 trillion.

We continue to invest in our product and brand portofolio to drive growth.

Comprehensive Balance Sheet Performance

Figures are stated in billions of Rupiah, unless stated otherwise.

Description	2016	2015	%
Operational Performance – Consolidated			
Current assets	8,708	7,594	14.7%
Net fixed assets	4,435	4,332	2.4%
Other assets	328	741	(55.7%)
Total assets	13,471	12,667	6.4%
Current liabilities	3,626	3,447	(5.2%)
Non-current liabilities	404	12,370	96.7%
Total liabilities	4,030	15,817	74.5%
Equity	9,441	(3,150)	399.7%

Advancing Growth

As a part of quality improvement and business management, we diligently improve our efficiency across the Company.

The total assets of the Company increased by 6.4% to Rp13.5 trillion as at 31 December 2016. The increase was contributed by the increase in the Company's current assets increasing by 14.7% in 2016 to Rp8.7 trillion, mainly driven by the increase in inventories and receivables due to higher excise and better cash balances. Meanwhile, non-current assets of the Company decreased by 6.1% to Rp4.8 trillion, driven by deferred tax assets' write-off in 2016.

Total liabilities of the Company were significantly reduced to Rp4.0 trillion due to repayment of an inter-company loan amounting to Rp12.0 trillion.

As a result of the repayment of the loan through the Rights Issue, the Company moved to a positive equity position of Rp9.4 trillion as at 31 December 2016.

Cash and cash equivalents also increased by Rp0.1 trillion in the year as a result of better cash generation from operations.

EFFICIENCY ENHANCEMENT

As a part of quality improvement and business management, Bentoel Group diligently improves efficiency across the Company. Financial efficiency is embedded in the entire operation, not only through cost reduction, but also efficient and effective cost allocation. The Company also strives to improve the efficiency of its business processes to ensure that every activity and function is carried out for the optimum contribution to the Company's growth. Such efforts are made in all aspects of the Company's activities from production and management, to Human Resources productivity, and supplier management.

WORLD-CLASS PRODUCTION CAPACITY

At Bentoel Group, research and development is a continuous process as a part of its aspiration to be a world-class tobacco manufacturer. The Company strives to establish a flexible, agile, effective, and efficient supply chain to provide the best products and innovations in every one of the Company's business activities.

Throughout the years, the Company has invested in the development of modern, world-class facilities and the use of advanced technologies, to enhance production capacity. Bentoel Group is also committed to improving the skills and capabilities of its Human Resources to meet international standards in carrying out the Company's business.

Advancing Growth

HUMAN RESOURCES

Bentoel Group believes that excellent Human Resources is one of the most significant contributors to business growth. The Company's success comes from the support of the entire management team, including all employees and their dedication to supporting the achievement of the Company's long-term objectives.

For that reason, Bentoel Group seeks to build a comfortable work environment that supports the betterment of each employee in line with the Company's evolution. This optimises the performance of each individual in the Company, grounded in an in-depth understanding of its business to allow them to contribute to the development of the Company's business.

• Employment Principles

Bentoel Group is guided by good employment principles in building a workplace that is conducive to the optimum contribution by and enhancement of the employees. Such principles serve as the foundation in the formulation of the Company's employment policies and procedures in accordance with the prevailing laws and regulations in Indonesia:

- Equal opportunity and non-discrimination;
- Internal communication and freedom in expressing ideas;
- Fairness and no harassment or bullying in the workplace;
- Performance responsibility;
- Environment, Health & Safety (EH&S); and
- Self-development and learning.

The advancement of world-class human resources is the only way we can maintain our world-class quality.

• Human Resources Development

Bentoel Group's commitment to world-class quality is embodied in its efforts to support the career progression of its people. It has always been the Company's priority to build an exceptional workforce of highly skilled employees that meets its international standards.

The process begins with innovative and far-reaching recruitment. In line with the Company's innovation and dynamic spirit, Bentoel Group utilises various social media channels to attract first-rate talents from across the country. The Company has established its presence on LinkedIn, Twitter, Facebook, and Instagram as part of BAT to directly connect with aspiring candidates and give a preview of life at Bentoel Group.

The process continues with the implementation of various training initiatives to support its employees in their development as a part of the Company's pursuit of excellence.

Throughout 2016, the Company carried out 4,874 leadership trainings and 1,138 functional trainings for managers and non-managers.

• Diversity

Bentoel Group strongly believes that diversity is one of the factors that strengthens the Company's position as a premium tobacco company. Such diversity provides a different perspective to broaden its knowledge and approach to the industry and the Company's equally diverse customers. Bentoel Group is proud of the diversity

We create a robust environment for the progression of our people to support their optimum contribution.

Advancing Growth

in its Human Resources, which consists of individuals from various backgrounds who provide a variety of ideas in business implementation.

Within the Company's work environment, it has been proven that such diversity also encourages innovation and creativity in a dynamic setting that provides room for the exchange of ideas.

Bentoel Group is committed to the development and empowerment of its female employees. Through the provision of equal opportunity and the proper support, the Company strives to propel them towards their maximum potential.

• Equal Opportunities

It is essential for the Company to ensure that each individual has equal opportunities in advancing their career based on their competency. Under the "What Are You Made Of?" principle, Bentoel Group aims to provide every individual, regardless of gender, age, race, belief, or nationality, with the opportunity to be rewarded for their contribution to encourage them to show their best performance and continue to grow together with the Company.

• Human Resources Composition

Throughout 2016, Bentoel had 5,981 employees from various backgrounds, with the following composition:

Composition of Human Resources Based on Age

Age	Total Employees	
	2016	%
>50	328	5.5
41–50	1,332	22
31–40	2,457	41
21–30	1,841	31
18–20	23	0.5
Total	5,981	100

Composition of Human Resources Based on Education Level

No.	Education Level	Total Managers	
		2016	%
1	Master's Degree (Postgraduate)	59	22
2	Bachelor's Degree (Undergraduate)	186	68
3	Diploma	15	5.5
4	High School or equivalent	12	4.5
	Total	272	100

We hold ourselves to the highest standard of responsible marketing under the principles set by BAT.

MARKETING

As a world-class tobacco manufacturer, Bentoel Group carries out its marketing activities based on the strict International Marketing Principles developed by BAT. These principles are the foundation of the Company's responsible marketing practice pursuant to the applicable laws and regulations.

Bentoel Group's marketing activities consist of continuous product development and building good relationships with its partners and customers. The Company continues to make product innovations and perpetually enhances the quality of its existing products to enhance customers' experience.

It is also the Company's priority to educate the public on responsible tobacco consumption and trading. Bentoel Group's marketing programmes are also performed in compliance with the applicable laws and regulations. Bentoel Group's collaboration with its retail partners is not limited to product distribution. The Company actively provides assistance in implementing responsible sales of tobacco products, including compliance with the age limit regulations.

The Company's continuous innovation and expansion of its marketing programmes have helped Bentoel Group maintain its market share at approximately 7% in the Indonesian cigarette market.

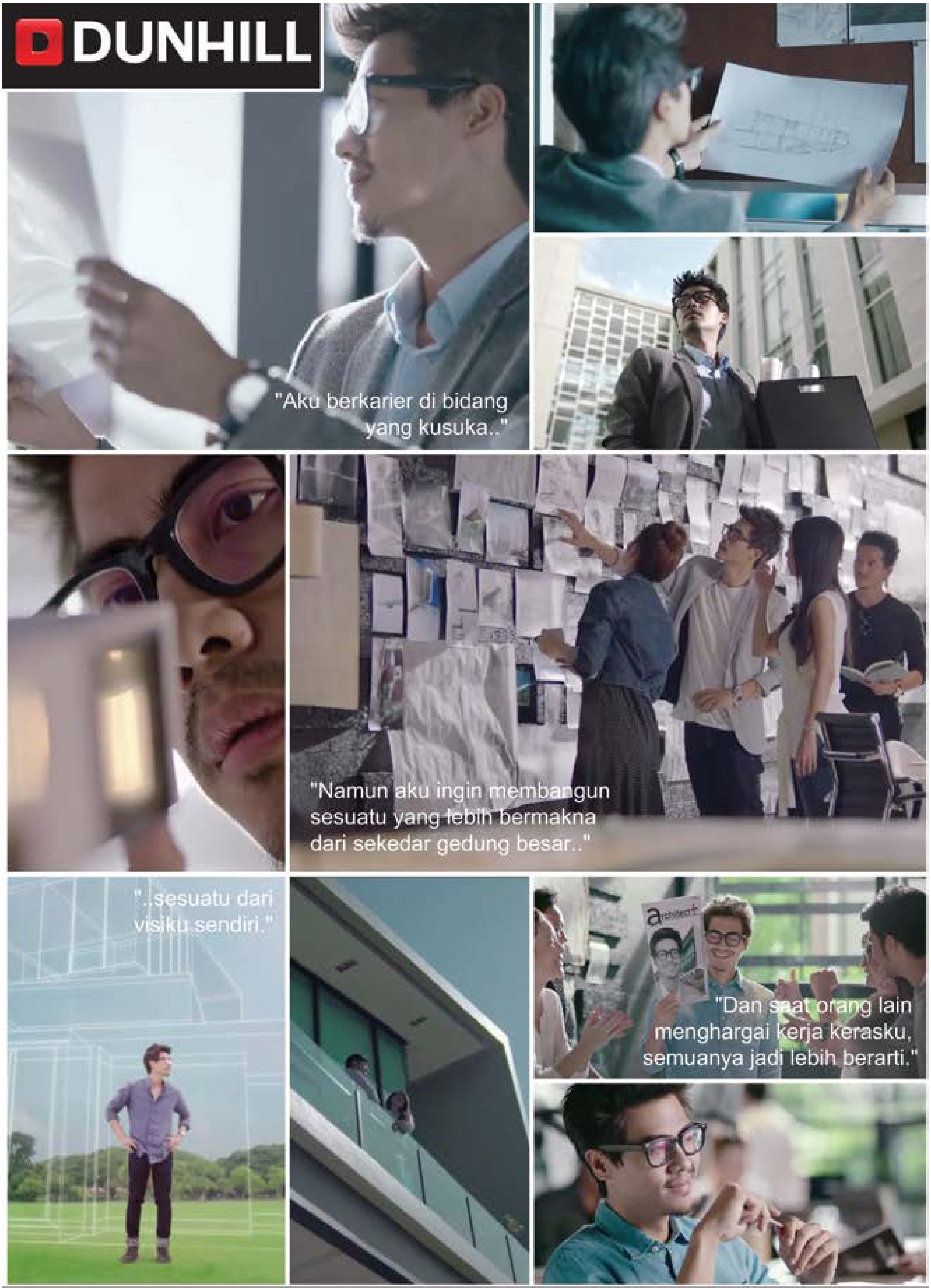
- **Dunhill**

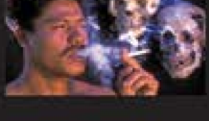
Dunhill's performance is one to be celebrated in 2016. According to Nielsen's survey, it is one of the top 10 brands in Indonesia's tobacco market. The Company launched a thematic brand campaign, "Make It Your Journey" that ran for a whole year. This campaign resonated with those who want to create their own future, by tapping into their entrepreneurial spirit.

Make It Your Journey translated into a series of touch points to ensure that the message was delivered to adult consumers. It began with the TV commercial and included points of sale through national retail channels and Dunhill's first digital activation, www.myjourney.id, which was launched at the end of August 2016.

Dunhill TVC – Make It Your Journey (Chef Version)

Dunhill TVC – Make It Your Journey (Architect Version)

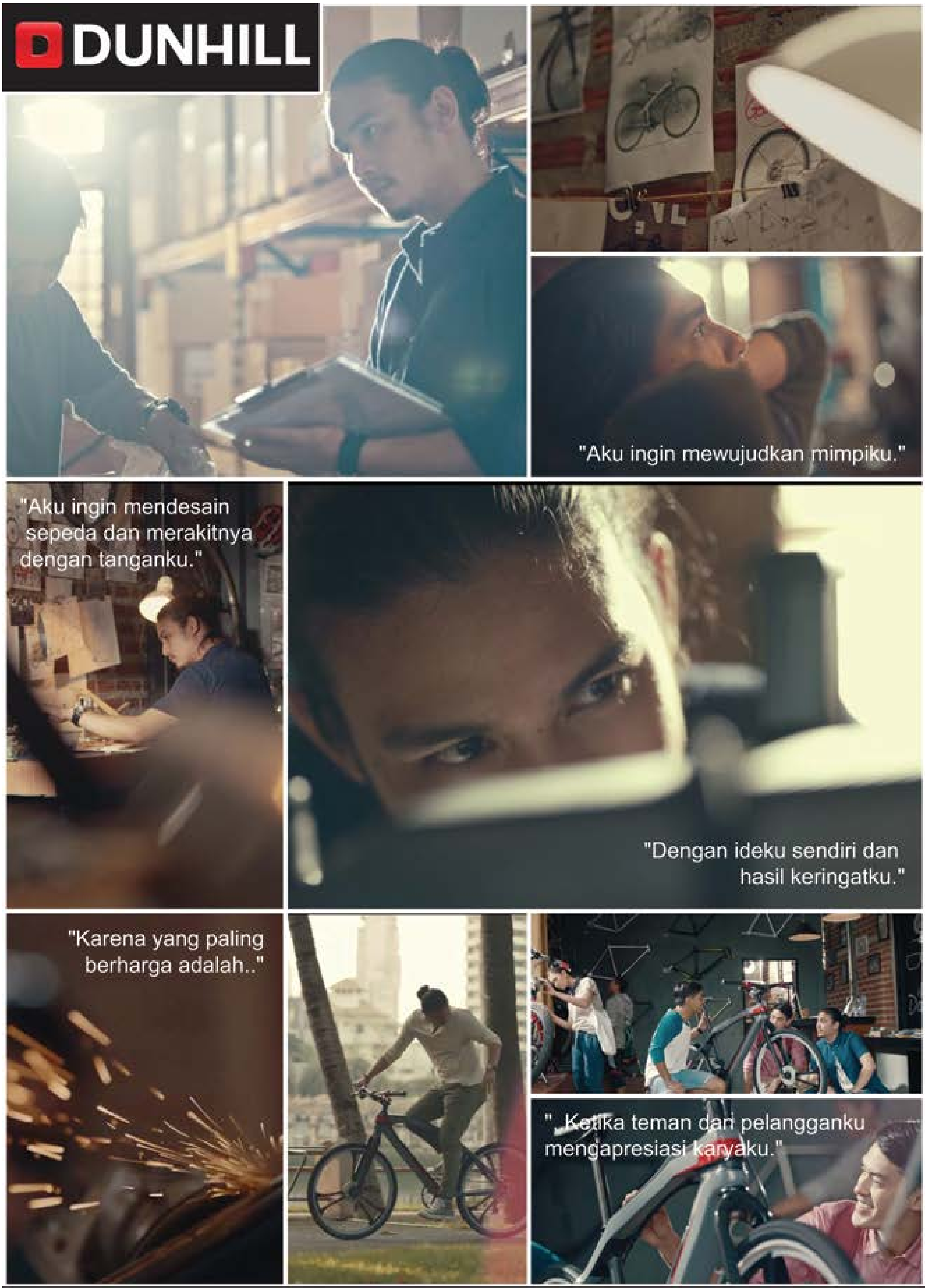




PERINGATAN:
MEROKOK MEMBUNUHMU

18+

Dunhill TVC – Make It Your Journey (Bike Version)



PERINGATAN:
MEROKOK MEMBUNUHMU

18+

Lucky Strike TVC – Join the Circle

PERINGATAN:
MEROKOK MEMBUNUHMU

18+

Advancing Growth

The Company's contribution to the enhancement of the industry is manifested through the continuous improvement of the industry's quality standards and regulatory frameworks to ensure responsible and sustainable industry practices.

- **Lucky Strike**

In 2016, the latest addition to the Lucky Strike portfolio, Lucky Strike Mild, was launched. Its unique offer is well communicated through a product-led brand message of "Where Mild Becomes Powerful". Lucky Strike Mild invited consumers through "Join The Circle" tagline to enjoy their great product in a modern pack at an affordable price.

INFORMATION TECHNOLOGY

In line with rapid technological advancements, Bentoel Group consistently develops its Information Technology (IT) systems to form more effective workflows and efficient production processes, and to improve the Company's product quality.

From the use of modern technologies in its facilities, to the use of IT systems in business operations and in communication with the customers, Bentoel Group continues to enhance efficiency through the use of digital systems across its operational processes. The utilisation of IT is also manifested in the access to information relating to the Company provided to the customers and all stakeholders, including through the Company's website development and updates.

SUSTAINABILITY

The management of Bentoel Group believes that the Company's long-term objectives can only be achieved through synergy between the Company's growth and profitability

with the sustainability of the business and the industry. Grounded in such a belief, Bentoel Group is fully committed to sustainability efforts in every aspect of the business, comprising environmental preservation, excellent industry standards, and Company development.

Therefore, Bentoel Group consistently establishes partnerships with stakeholders to ensure long-term survival of the business and the industry. Environmental preservation efforts by Bentoel Group are made through the mitigation of environmental impacts in the Company's operations. In addition, Bentoel Group also establishes cooperation with tobacco farmers to ensure environmentally friendly farming practices. The Company's contribution to the enhancement of the industry is manifested through the continuous improvement of the industry's quality standards and regulatory frameworks to ensure responsible and sustainable industry practices. Furthermore, Bentoel Group consistently improves the Company's internal standards through the implementation of the industry's best practices, relentless innovation, and commitment to compliance with the applicable legislation.

REGULATIONS

Bentoel Group believes that a comprehensive, clear, and measurable regulatory framework is key to the sustainability of the tobacco industry. Through structured regulatory frameworks, the tobacco industry will be protected from irresponsible industry practices that do not satisfy the public interest.

Bentoel Group is fully committed to supporting the regulatory frameworks concerning the age limit of tobacco product consumers, combating tobacco smuggling and illegal trade, as well as mitigating the negative impacts of the industry's activities. In practice, it needs to be balanced with an open and transparent approach for a sound and sustainable business in accordance with equity and fairness principles.

Advancing Growth

Bentoel Group consistently develops Company products through a scientific approach pursuant to the needs and dynamics of the public.

RESEARCH AND DEVELOPMENT (R&D)

Bentoel Group consistently develops the Company's products through a scientific approach pursuant to the needs and dynamics of the public. Through research and development (R&D) activities that are supported by world-class facilities, the use of latest technologies, and in-depth studies of the products, industry, and customers, Bentoel Group continues to innovate and improve the quality of its products.

R&D plays a major role in constructing guidelines and directions in the material blending and innovation of Bentoel Group's products. It is executed based on the prevailing regulations, the industry standards, and the Company's unparalleled internal standards as a part of the BAT Group.

DIVIDENDS

Based on the result of the Annual General Meeting of Shareholders held on 15 April 2016, the Company resolved not to distribute dividends as part of the Company's efforts to ensure the sustainable growth of the Company.

USE OF PUBLIC OFFERING PROCEEDS

The use of public offering proceeds as per 31 December 2016 is as follows:

Type of Rights Issue	Effective Date	Realisation			
		Net Proceeds	Description	Total (IDR)	Percentage
Right Issue III	15 June 2016	12,000,000,000,000	Repayment of Company's debt	12,000,000,000,000	85.7
		1,981,518,000,000	Loan to a Company's Subsidiary	1,981,518,000,000	14.2
		15,825,000,000	Issuance of Right Issue III-related cost	15,825,000,000	0.1

CHANGES IN LAWS AND REGULATIONS

The Ministry of Finance issued Regulation No. 147/PMK.010/2016 on the Third Amendment to Ministry Regulation No. 179/PMK.011/2012 on Excise Tariffs for Tobacco Products. This regulation has impacted minimum-retail prices and excise tariffs for the Company.

CHANGES IN ACCOUNTING POLICIES

Throughout 2016, there were no changes to the Company's accounting policy.

THE COMPANY'S CORPORATE SOCIAL RESPONSIBILITY

"Our CSR initiatives are designed to create long-term and real benefit for the communities surrounding us and the environment."

The Company's Corporate Social Responsibility

Throughout 2016, the Company implemented several CSR programmes, which were focused on continuous provision of value to society in Malang and Lombok.

THE COMPANY'S CORPORATE SOCIAL RESPONSIBILITY

The implementation of Corporate Social Responsibility (CSR) is one of Bentoel Group's top priorities and commitments.

As a form of responsibility towards the community around us, CSR implementation is focused on Malang and Lombok, as the centres of the Company's business.

In addition to the implementation of CSR programmes for community development, the Company continuously expands its environment, health, and safety management systems as a manifestation of the Company's responsibility.

2016 CSR INITIATIVES

Throughout 2016, Bentoel Group implemented several CSR programmes, which were focused on supporting society in Malang and Lombok. The Company's CSR activities were funded by the 2016 budget amounting to Rp 3.74 billion.

In 2016, the Company's CSR programme is focused on the following initiatives:

- Contribution to the support of environmental and agricultural protection;
- Contribution to the support of empowerment;
- Contribution to community development.

The Company's Corporate Social Responsibility

Touching the Lives of Indonesians

H. Masturyadi
Tobacco Farmer

"I hope that this partnership will not waver. The technical guidance from Bentoel Group must be consistently increased to minimise failure and maximise production and quality."

H. Razikin
Tobacco Farmer

"My family's welfare has improved significantly since I joined Bentoel Group in 1998. The quality tobacco that I produced in partnership with Bentoel Group has been invaluable in our livelihood."

CONTRIBUTION TO THE SUPPORT OF ENVIRONMENTAL AND AGRICULTURAL PROTECTION

• Tetebatu Planting Movement 2016 – Movement of Youth

Bentoel Group, in cooperation with Indonesia Eco-Tourism Community (IEC), invited the youth in Tetebatu Village, Sikur Sub-district, East Lombok, to plant 20,000 tree seeds as part of the Company's CSR programme. The tree-planting event took place in Gunung Rinjani National Parks Resort (TNGR) in Joben, with the main objective of the preservation of the forest, the environment, and springs.

The event began with a series of smaller events at the Green Tetebatu camping ground, held from 2 January 2016 to strengthen the relationship and the cooperation on TNGR forest conservation as one of the icons of West Nusa Tenggara (NTB). The opening ceremony included the inauguration of the event on 3 January 2016, which was attended by a Member of the Parliament, HM Syamsul Lutfi, and several local officials of Lombok.

• Planting of 100,000 Trees

In 2016, Bentoel Group planted more than 100,000 trees in cooperation with the provincial government of NTB, and the regency government of East Lombok and West Lombok, under the 'Thousand Trees, Thousand Hearts, One Hope' programme. The symbolic tree-planting was held on 7 April 2016 in Kabar Village, Sakra Sub-district, and was attended by the Vice Regent of East Lombok, and local officials of the NTB Province, Sakra Sub-district, and the participating villages.

In this event, Bentoel Group distributed trees seeds in eight villages, namely Moyot, Kabar, Montong Baan, Kotaraja, Tetebatu, and Pandan Dure in East Lombok, as well as Tempos and Babussalam in Mount Sasak, West Lombok. In addition to tree planting, maintenance activities such as fertilisation and watering were also carried out as a follow-up.

Other than direct tree-planting, the Company also donated 85,000 tree seeds to the villages to be planted in their own fields. The community showed great enthusiasm, as reflected by the number of people directly visiting Bentoel Group's office for seeds.

• Biodiversity Monitoring in Watershed in Lombok

Bentoel Group also carried out tree growth supervision in Aik Bual, together with the community and the local government. This supervision was carried out through the Plan Vivo Standard internal verification process, which is a sustainability system for projects using land to increase the livelihood of the underprivileged village communities in developing countries. Plan Vivo Standard is a framework used to manage community-based projects. It is implemented to ensure that the measurement of the diameters of tree trunks in HKM Aik Bual is carried out properly, as one of the stages in the process of the Payment for Ecosystem Services (PES).

The Aik Bual Project is coordinated by Fauna & Flora International (FFI) across a 100-hectare area in Aik Bual Forest upstream of the Renggung sub-watershed, which suffers from illegal logging. This project is funded by the British American Tobacco Biodiversity Partnership, and Fauna & Flora International in cooperation with Universitas Mataram and NGO Transform.

Measurement and inventory of trees are carried out by KTH Aik Bual, aside from regular patrolling in the area and water-level measurement carried out once every month. The trees that have been planted as part of the project are expected to support the livelihood of the local community in the future.

We took part in the renovation of various parks in Malang as our contribution to one of the centres of our operation.

The Company's Corporate Social Responsibility

CONTRIBUTION TO THE SUPPORT OF EMPOWERMENT

• **Partnership with Farmers**
Bentoel Group believes that the cigarette industry can only flourish with the support of tobacco farmers. This belief has been the driver behind the Company's commitment to its role as a reliable partner to its contracted farmers.

Through mentoring, training, and other CSR activities, Bentoel Group has worked with farmers to ensure sustainable farming practices. The programmes are focused on the improvement of crop yields, land conservation, and the use of advanced farming technologies and methodologies.

Over more than 45 years, Bentoel Group has partnered with more than 1,500 tobacco farmers. This number will continue to grow as the partnership continues to be fostered as an inherent part of the culture of Bentoel Group.

• **Biodiversity Support and Monitoring in the Tobacco Area**
Every tree-planting programme carried out by Bentoel Group is followed by monitoring for growth. In 2016, the Company conducted biodiversity monitoring activities together with Universitas Mataram. The monitoring carried out showed that the Bentoel Group's partner farmers have carried out biodiversity conservation efforts around the tobacco-planting area using various methods, such as crop rotation, Integrated Pest Management (IPM), and others.

• **Biodiversity Training**
The green development activities carried out by Bentoel Group are also accompanied by a training programme concerning biodiversity and IPM for the partner farmers. Bentoel Group also donated Personal Protective Equipment (PPE) and pesticide boxes to 160 partner farmers.

CONTRIBUTION TO COMMUNITY DEVELOPMENT

• Taman Slamet Renovation

Bentoel Group took part in the renovation of various parks in Malang as a part of its contribution to the centre of the Company's operation. With the objective of creating beautiful parks with creative and exciting concepts to be enjoyed by the people of Malang, Bentoel Group renovated Taman Slamet. This is part of a continuous revitalisation programme to support Malang government's programme, following the revitalisation of Taman Trunojoyo and Taman Kunang-Kunang in the previous year.

Partly as a result of this initiative, the city government of Malang received the Adipura Kirana Award on 22 July 2016. The Adipura Award recognises successful urban environmental and cleanliness management, while the Adipura Kirana Award is given to cities that facilitate economic growth through trade, tourism, and investment based on environmental management.

ENVIRONMENT, HEALTH, AND SAFETY

The implementation of Environment, Health & Safety (EH&S) systems is also a priority for Bentoel Group. A thorough implementation of EH&S practices is embedded in the Company's culture to the farthest extent as part of its responsibility to the surrounding community and internally in the Company.

Responsible business conduct is not just a promise for us, it is the cornerstone of our effort to achieve sustainability.

The Company's Corporate Social Responsibility

HEALTH AND SAFETY MANAGEMENT

Through the Closing the Gap to Zero campaign, the Company continuously improves health and safety practices in its work area. Bentoel Group consistently tries to attain the end goal of zero accidents through the implementation of the highest standard of health and safety practices.

To this end, the Company continuously develops its health and safety management through the formulation of working procedures and the provision of adequate equipment to ensure that every one of its employees is well protected. It is implemented in every aspect of the Company's operation in accordance with the industry's best practices and the prevailing laws and regulations. The implementation of Bentoel Group's health and safety management is periodically reviewed based on the performance indicators set out to ensure that it is up to date and effective in attaining the Company's purpose.

In 2016, Bentoel Group installed Global Positioning System (GPS) and Digital Video Recording (DVR) on 2,800 vehicles in its sales fleet. The recordings from the DVRs are analysed by management to assess the effectiveness of Defensive Driving and Safety Riding (DDSR) training given to all Sales Representatives.

The Company also implemented Pulsar (Behaviour Based Safety), which assesses and provides feedback on the work behaviour in the Company's operations, including manufacturing and Green Leaf Tobacco. The assessment showed excellent results with 365 days of no Lost Time Injury (LTI) as of 25 November 2016.

ENVIRONMENTAL MANAGEMENT

Environmental conservation is one of the cornerstones of Bentoel Group's responsible management initiative. This principle is embodied in the environmentally friendly practices implemented across the Company as a part of its contribution to the community as a whole.

The Company continuously strives to mitigate its environmental impact by reducing the use of energy and water, and carbon dioxide emissions in daily business operations.

A hallmark of the Company's successful environmental management was the Blue Label awarded to PT Bentoel Prima by the Ministry of Environment as a part of its PROPER programme, a management performance rating programme that recognises companies with excellent environmental management.

RESPONSIBILITY ON GOODS / SERVICES

Driven by its relentless commitment to the customers, Bentoel Group has invested a lot of time, money, and energy into the constant expansion of its diverse portfolio. Through its ambitious R&D initiatives, the Company maintains the spirit of innovation by consistently introducing finer choices into the market and improving on its wide range of products.

This emphasis on customer satisfaction is also reflected in the Company's complaint handling system, which is designed to ensure that every customer gets the attention they deserve.

Bentoel Group provides multiple channels for customer complaint and feedback concerning its products through:

- A letter addressed to PO BOX CS 9999 Malang 65100; or
- A text message delivered to 0818 860 000 under the format provided in the brand packaging.

In 2016, all the complaints received by Bentoel Group had been followed up by the relevant unit.

We take pride in our ability to protect the health and safety of our people across our operations.

Financial Highlights

Numbers are in billion Rupiah, unless stated otherwise

ITEM	2016	2015	2014 Restated
KEY FINANCIAL POSITIONS			
Current assets	8,708	7,594	6,553
Net fixed assets	4,435	4,332	3,769
Other assets	328	741	499
Total assets	13,471	12,667	10,821
Current liabilities	3,626	3,447	6,404
Non-current liabilities	404	12,370	5,698
Total liabilities	4,030	15,817	12,102
Equity	9,441	(3,150)	(1,281)
OPERATIONAL PERFORMANCE – CONSOLIDATED			
Net revenue	19,229	16,814	14,489
Gross profit	2,121	1,715	1,626
Operating loss	(758)	(857)	(944)
Loss before tax	(1,391)	(1,939)	(1,688)
Net loss	(2,086)	(1,639)	(2,251)
Loss attributable to owners of the parents	(2,086)	(1,639)	(2,251)
Comprehensive loss attributable to owners of the parents	(2,083)	(1,630)	(2,264)
Net loss per share – basic (full Rupiah)	(86.19)	(226.32)	(310.96)
Net loss per share – diluted (full Rupiah)	(86.19)	(230.17)	(310.96)
Net increase (decrease) on cash	(301)	833	(856)
FINANCIAL RATIOS			
Net loss to total assets ratio	(15.5%)	(12.9%)	(20.8%)
Net loss to equity ratio	(22.1%)	(52.0%)	(175.7%)
Net loss to net revenue ratio	(10.9%)	(9.8%)	(15.5%)
Current ratio	240.2%	220.3%	102.3%
Total liabilities to equity ratio	42.7%	(502.1%)	(944.7%)
Total liabilities to assets ratio	29.9%	124.9%	111.8%
Net working capital	5,082	4,147	149
Collectability ratio	17.0 days	13.7 days	12.7 days
ISSUED AND PAID-IN CAPITAL			
Total shares (in billion shares)	36.4	7.2	7.2
Share value	1,820	362	362
Nominal value per share (in full Rupiah)	50	50	50

Share Information

Share Price Fluctuation

YEAR	2016				2015			
PERIOD	High (Rp)	Low (Rp)	Close (Rp)	Volume (Share)	High (Rp)	Low (Rp)	Close (Rp)	Volume (Share)
Quarter I	520	450	475	14,100	600	450	580	1,537,400
Quarter II	510	432	442	5,845,400	585	515	550	499,800
Quarter III	470	438	468	486,500	550	460	480	71,100
Quarter IV	488	404	484	121,500	530	490	510	13,400
Full year	550	404	484	11,057,200	600	420	510	5,956,200

Number of Total Issued Shares & Market Capitalisation

YEAR	Number of Total Shares (Unit)	Market Capitalisation (Rp)
2015		
January	7,240,005,000	3,620,002,500,000
February	7,240,005,000	3,620,002,500,000
March	7,240,005,000	4,199,202,900,000
April	7,240,005,000	4,199,202,900,000
May	7,240,005,000	4,054,402,800,000
June	7,240,005,000	3,982,002,750,000
July	7,240,005,000	4,126,802,850,000
August	7,240,005,000	3,402,802,350,000
September	7,240,005,000	3,475,202,400,000
October	7,240,005,000	3,185,602,200,000
November	7,240,005,000	3,764,802,600,000
December	7,240,005,000	3,692,402,550,000
2016		
January	7,240,005,000	3,258,002,250,000
February	7,240,005,000	3,620,002,500,000
March	7,240,005,000	3,439,002,375,000
April	7,240,005,000	3,475,202,400,000
May	7,240,005,000	3,402,802,350,000
June	36,401,136,250	16,089,302,222,500
July	36,401,136,250	17,035,731,765,000
August	36,401,136,250	16,526,115,857,500
September	36,401,136,250	17,035,731,765,000
October	36,401,136,250	17,763,754,490,000
November	36,401,136,250	15,943,697,677,500
December	36,401,136,250	17,618,149,945,000

Corporate Action on Shares

In 2016, the company carried out Limited Public Offering III (HMETD) with a ratio of 36:145. After the conclusion of the Public Offering, the total shares of the Company (face value: Rp50 per share) increased to 36,401,136,250 shares from 7,240,005,000 at end 2015.

AWARDS AND CERTIFICATION

- **AEO Certification**
  World Customs Organisation
- **PROPER Blue Label**
  Ministry of Environment
- **Diamond in Living Legend Companies Award 2016 The Fastest Comprehensive Income Growth Company in Tobacco Industry 2016**
  Warta Ekonomi

Board of Commissioners' Report

In 2016, Bentoel Group successfully cemented its position among the top four in the Indonesian cigarette market with a market share of approximately 7%.

Hendro Martowardojo
Independent President Commissioner

Around

7%

market share which puts us to the top four in the Indonesian cigarette market.

We made further strides on our journey to become the fastest-growing tobacco company in the country.

Dear Esteemed Shareholders,

Throughout 2016, Bentoel Group maintained its drive to excel and bring the finest-quality products to the Indonesian tobacco industry. Such a drive not only grew the Company's optimism and confidence for the coming years, but also helped the Company through a challenging year.

The strong combination of dedication and commitment of the entire management of Bentoel Group culminated in better performance of the Company, reflected through the growing sales volume and improved financial results, despite the slow recovery of the economy, both globally and nationally.

Moreover, equipped with long experience in consistently providing premium tobacco products to the Indonesian people, the Company also successfully prevailed against the increasing competition in the Indonesian tobacco industry and more rigid regulations in the midst of the slowing economy.

The Board of Directors and the Company's Performance

In 2016, Bentoel Group successfully cemented its position among the top four in the Indonesian cigarette market with a market share of approximately 7%. Moreover, the Company improved its operating loss position by 11.6% due to healthy underlying business growth. Net losses of the Company, however, increased by 27.3% due to interest expenses relating to inter-company loans, which remained outstanding during the first half of the year, as well as higher income tax expenses relating to tax losses' writen-off.

Sustained top-line growth is the result of continuous development efforts in line with the vision, mission, and strategy set by the Company. Throughout 2016, the Board of Directors of Bentoel Group successfully implemented its business focus as well as its duties and responsibilities in the interest of the shareholders, the stakeholders, and the Company. This was done through the development and improvement of several aspects in the Company, from the brands, to the products, distribution channels, supply chain, facilities, business operation, and employees.

We maintained our commitment to the improvement of our brands, products, business operation, and our people.

Board of Commissioners' Report

Implementation of the Supervisory Function

The Board of Commissioners continues its monitoring duties to ensure the implementation of business in line with the Company's goals and the prevailing laws and regulations. In its supervisory function, the Board of Commissioners is assisted by the Audit Committee, and the entire management of Bentoel Group. The Board of Commissioners also continues to collaborate with the Company's Board of Directors to ensure integration and synergy in the management of the Company for the achievement of long-term business growth.

Corporate Governance

Good Corporate Governance (GCG) remains a top priority for Bentoel Group as part of the Company's efforts to maintain transparency, and compliance with the prevailing laws and regulations to ensure business sustainability. Such values are manifested in every aspect of the business.

Real contribution by the Company is also manifested through the Corporate Social Responsibility (CSR) activities that have always been a commitment of Bentoel Group. Focusing on environmental sustainability, Bentoel Group consistently strives to contribute to its area of operation and to provide long-term benefit to the surrounding communities.

Changes to the Composition of the Board of Commissioners

In 2016, there was a change to the composition of the Board of Commissioners of Bentoel Group with the resignation of James Richard Suttie from the position of the Independent Commissioner. Meanwhile, the Company did not appoint any Commissioner as a replacement.

View on the Company's Business Prospects

Following the success of Bentoel Group in building capabilities, brands, and our people to support the Company in its endeavour to be the fastest-growing tobacco company in Indonesia, the Company is well positioned for the next level of growth. To that end, the Company has set business targets that comprise capability development and enhancement, brand portfolio development, and business sustainability and profitability improvement. Bentoel Group believes that the strong foundation that it has built over the years will be able to support the Company in overcoming every challenge and leveraging every opportunity despite the predicted challenges of the coming years.

We make sure that every action we take contributes to the improvement of the industry and the community.

Frequency of Meetings for Supervision and Advice for the Board of Directors

The duties of the Board of Commissioners include supervising the Board of Directors' performance in managing the Company's business, as set out in Law No. 40 2007 on Limited Liability Companies and Financial Services Authority Regulation No. 33/ POJK.04/2014 on Boards of Directors and Commissioners of Issuers or Public Companies, as well as the Company's Articles of Association.

Supervision of the implementation of the Company's strategies is carried out in the General Meeting of Shareholders (GMS), Meetings of the Board of Commissioners and Joint Meetings of the Board of Commissioners and the Board of Directors.

Conclusion

The Board of Commissioners would like to take the opportunity to express its gratitude to the shareholders and stakeholders who consistently provided their support and trust throughout 2016. We would also like to show our appreciation for the contribution, hard work, and dedication of the Board of Directors, management, and all employees of Bentoel Group.

On behalf of the Board of Commissioners,

Hendro Martowardojo
Independent President Commissioner

Board of Commissioners' Profiles

Age 63,
Indonesian

Hendro Martowardojo

Independent President Commissioner

Mr. Martowardojo is an Indonesian national, aged 63. He was appointed as the Independent President Commissioner of the Company through the Extraordinary General Meeting of Shareholders dated 16 August 2012. He earned his Bachelor's Degree in Economics from Universitas Indonesia in 1982 and a Master of Business Administration in International Management from Brussels European University in 1986. Mr. Martowardojo has more than 30 years of experience working in various multinational, domestic, and state-owned enterprises and has occupied senior positions in various companies, amongst others, Citibank. Moreover, Mr. Martowardojo served as the Group Director of PT Maharani Paramitra, the President Director of PT Aerowisata, a subsidiary of PT Garuda Indonesia, and the President Director of PT Citra Dana Asia (Fund Asia). Prior to joining Bentoel Group, Mr. Martowardojo served as the President Commissioner of PT Niaga Sekuritas and PT Asia Multi Dana, and to date still serves as the President Commissioner of PT Resource Alam Indonesia Tbk.

Age 42,
Indonesian

Silmy Karim

Independent Commissioner

Mr. Karim is an Indonesian national, aged 42. He was appointed as Independent Commissioner of the Company through the Extraordinary General Meeting of Shareholders dated 2 August 2013. He earned his Bachelor's Degree in Economics from Universitas Trisakti in 1997 and a Master in Economics from Universitas Indonesia in 2007. Mr. Silmy Karim has held senior positions in various multinational and state-owned companies, amongst others, as Independent Commissioner of Carrefour Group, as Commissioner of PT PAL Indonesia (Persero), President Director of PT Pindad (Persero) – a state-owned enterprise; and currently serves as President Director of PT Barata Indonesia (Persero) – a state-owned enterprise, as President Commissioner of PT MAN Diesel & Turbo Indonesia, and as Commissioner of PT General Electric Power Solutions Indonesia.

Age 65,
Indonesian

Eddy Abdurrachman
Independent Commissioner

Mr. Abdurrachman is an Indonesian national, aged 65. He was appointed as Independent Commissioner of the Company through the Extraordinary General Meeting of Shareholders dated 24 February 2015 and has been the Chairman of the Company's Audit Committee since 17 March 2016. He earned his Bachelor's Degree in Financial Science from Institut Ilmu Keuangan (Financial Science Institute), Jakarta in 1979. Mr. Abdurrachman has held senior positions in various government institutions, amongst others as Director General of Customs and Excise of the Department of Finance of the Republic of Indonesia and as Advisor to the Minister of Finance for International Economic Relations of the Department of Finance of the Republic of Indonesia. He once served as Secretary to the Coordinating Minister for Economy at the Coordinating Ministry for Economy.

Age 54,
Australian

Michael Scott Hayes
Commissioner

Mr. Hayes is an Australian national, aged 54. He was appointed as Commissioner of the Company through the Annual General Meeting of Shareholders dated 6 June 2014. He earned his Bachelor's Degree in Commerce from the University of Cape Town in 1982 and holds a Master of Business Administration from Macquarie University (Sydney, Australia). Mr. Hayes has almost 30 years of working experience, and currently works at the BAT Regional Office in Hong Kong as the Regional Head of Finance Asia Pacific. Prior to joining BAT, Mr. Hayes worked for Ernst & Young. During his tenure with BAT, Mr. Hayes has held senior positions, amongst others, as the Finance Director of BAT Kenya, as the Finance Director of BAT South Africa, and as the Group Head Mergers & Acquisitions in London, UK.

Board of Directors' Report

We are confident that our consistent commitment to value enhancement, quality improvement, and continuous innovation will allow Bentoel Group to continue to grow in the coming years.

Jason Fitzgerald Murphy
President Director

Dear Esteemed Shareholders,

Bentoel Group successfully maintained and continued its positive growth in 2016 through various initiatives, from brand and product enhancement, to marketing and distribution development, and Human Resources competency improvement.

Thanks to the integrity and hard work of the entire team, Bentoel Group managed to weather 2016 despite the fact that the global economic condition remained slow at 2.6%, while the national economy recorded only a slight growth to 5.0%. We remained strong in our pace and journey to achieve great results despite the declining buying power of consumers in the context of the slow economy, particularly for FMCGs such as Bentoel Group.

World-Class Products and Operations

Bentoel Group continued to pursue its commitment to develop high-quality products and enhance the Company's brand in spite of the fluctuating market conditions. We consistently invest in research and development initiatives for continuous product innovation and to enhance the quality of our existing products.

The Company also remained dedicated to achieving world-class quality in all aspects of our business, as we strived to enhance our world-class facilities and operations through Information Technology (IT) development.

At Bentoel Group, we believe that our people are our greatest asset. We continued to implement various Human Resources development programmes to support them in their career progression for their optimum contribution to the Company's growth. Productivity and capability enhancement was also carried out through efficiency improvement, whether in terms of operations or the Company's finances.

On the financial front, revenues of the Company grew strongly by 14.4% to Rp19.2 trillion on the back of good volume growth and pricing. Gross profit for the year recorded a healthy growth of 23.7% to Rp2.1 trillion due to good revenue growth and significant cost savings in our operations.

Despite a significant increase in selling expenses to build international brands, our operating loss position improved by 11.6%. Net losses of the company increased by 27.3% to Rp2.1 trillion, despite an improved operating loss position due to interest expenses relating to inter-company loans, which were subsequently paid off later in the year, and also due to higher income tax expenses relating to the write-off of prior year's tax losses.

Our recorded sales of Rp19.2 trillion were largely driven by our two international, high quality brands, Dunhill and Lucky Strike, supported by a number of local brands.

Rp19.2 trillion

Net Revenue

Rp2.1 trillion

Gross Profit

Board of Directors' Report

Good Corporate Governance

Bentoel Group is committed to providing value not only to our customers but also to society through the implementation of Good Corporate Governance (GCG) in the Company in accordance with the high standards of the BAT Group. In 2016, we continued to enhance our GCG practices to ensure compliance and integrity in our business implementation for sound and sustainable business development.

We strive to create a safe and environmentally friendly work environment under the Environment, Health & Safety (EH&S) principles. Under our Closing the Gap to Zero campaign, Bentoel Group consistently develops safer working procedures and equipment to achieve zero accidents in our facilities.

As a responsible corporation, we are also committed to the implementation of Corporate Social Responsibility (CSR) programmes that directly address the needs of the community and support environmental preservation efforts. Our CSR is focused on community and environmental development in Lombok and Malang as the centres of our operation. In 2016, Bentoel Group initiated various tree-planting activities and renovations of parks as its contribution to environmental preservation and community development in the areas.

Board of Directors Composition

In 2016, the Company accepted the resignation of Tang Chung Leong from his position as Director and appointed Martin Arthur Guest as Director on 15 April 2016 through the Resolution of the Annual General Meeting of Shareholders.

Future Development

Entering 2017, Bentoel Group will continue to enhance its performance through various development strategies to further strengthen the Company's presence in the Indonesian tobacco industry. We are confident that our consistent commitment to value enhancement, quality improvement, and continuous innovation will allow Bentoel Group to continue to grow in the coming years despite economic uncertainties in 2017 as predictions of economic growth continue to fluctuate.

Conclusion

We would like to express our gratitude in particular to all employees of Bentoel Group for their dedication and hard work. Our appreciation also goes to the shareholders, the Board of Commissioners, our partners, and all stakeholders for their support and trust, which were vital for Bentoel Group's success in 2016.

On behalf of the Board of Directors,

Jason Fitzgerald Murphy
President Director

Sustainable and responsible business practices are in our DNA as we strive for better and more sound business execution.

Board of Directors' Profiles

Age 46,
Australian

Jason Fitzgerald Murphy
President Director

Mr. Murphy is an Australian national, aged 46. He was appointed as the President Director of the Company through the Extraordinary General Meeting of Shareholders dated 14 March 2012. He graduated from Charles Sturt University with a Bachelor's Degree in Business in 1991. Mr. Murphy began his career at WD & HO Wills and Rothmans of Pall Mall Australia before joining British American Tobacco in 1999. Prior to joining Bentoel Group, Mr. Murphy was Area Director for Ukraine, Moldova and Belarus, based in Kiev, Ukraine.

Age 44,
British

Hardeep Khangura
Director

Mr. Khangura is a British national, aged 44. He was appointed as a member of the Company's Board of Directors through the Annual General Meeting of Shareholders dated 5 June 2013. He graduated from Birmingham University with a BCOM (Honours) degree in Accounting and Finance. Mr. Khangura began his career with PricewaterhouseCoopers (PwC) before joining Rothmans International/British American Tobacco Group in 1998 as Finance Manager. He was then an International Auditor before becoming Finance Director in Turkey. Prior to joining Bentoel Group, Mr. Khangura was the Head of Corporate Strategy of British American Tobacco Group in London, UK. Mr. Khangura is qualified as a UK Chartered Accountant.

Age 54,
Indonesian

Prijunatmoko Sutrisno

Director

Mr. Sutrisno is an Indonesian national, aged 54. He was appointed as a member of the Company's Board of Directors through the Extraordinary General Meeting of Shareholders dated 24 October 2011. He graduated from Senior High School in 1982. Mr. Prijunatmoko Sutrisno started his career as a tobacco grading, blend research and development staff at PT Djarum Kudus from 1983 to 1991. Mr. Sutrisno then moved to PT Rejeki Raya Perkasa as the Head of Cigarette Division until 1996, and then joined PT HM Sampoerna as Head of Kretek Blending until 2002. In the same year, he joined Bentoel Group as Head of Research and Development.

Age 47,
British

Martin Arthur Guest

Director

Mr. Guest is a British national, aged 47. He was appointed as a member of the Company's Board of Directors through the Extraordinary General Meeting of Shareholders dated 15 April 2016. He graduated from Sheffield City Polytechnic in BEng (Hons) Engineering with Business Studies in 1992 and from Darlington College with the Institute of Management Certificate in 1994.

Mr. Guest joined British American Tobacco in 2001 as a Nightshift Manager before progressing on to other operations-related positions. Prior to joining Bentoel Group, Mr. Guest was the Operations Director and Head of Regional Manufacturing, based in British American Tobacco Singapore.

Composition of Shareholders

Composition of shareholders as at 31 December 2016

No.	Name	Number of Shares	% Holding
1	British American Tobacco (2009 PCA) Limited (Controlling Shareholder)	33,662,737,802	92.48%
2	Other	2,738,398,448	7.52%
	TOTAL	36,401,136,250	100%

Chronological Share Listing

Year	Corporate Action
1989	Initial Public Offering of 1,200,000 shares listed on the Indonesia Stock Exchange, with a par value of Rp1,000 per share and offering price of Rp3,380 per share. The Company's outstanding shares amounted to 3,800,000 shares.
2000	Limited Public Offering I in respect of a rights issue with pre-emptive rights ("**HMETD**"). Every holder of 2 shares received 8 HMETD to purchase ordinary shares amounting to a total of 53,200,000 shares listed on the Indonesia Stock Exchange. Every 8 HMETD are issued with 17 rights to subscribe and purchase ("**HMHMS**") amounting to a total of 113,050,000 issued shares. The total outstanding shares amounted to 179,550,000 shares.
2002	Limited Public Offering II in respect of a rights issue with HMETD with total of 1,346,625,000 shares listed on the Indonesia Stock Exchange at the price of Rp170 per share, increasing the number of outstanding shares to 6,733,125,000 shares.
2016	Limited Public Offering III in respect of a rights issue with HMETD with total of 29,161,131,250 shares listed on the Indonesia Stock Exchange at the price of Rp480.00 per share, increasing the number of outstanding shares to 36,401,136,250 shares.

Capital Market Support

Service	Entity Name	Address	Service Provided	Fee	Assignment Period
Securities Administration Bureau	PT Datindo Entrycom	Jl.Hayam Wuruk No.28, Jakarta 10120, Indonesia	Company's share listing	Rp40 million	January–December 2016
Public Accountant	KAP Satrio Bing Eny & Rekan, member of Deloitte Touche Tohmatsu Limited	The Plaza Office Tower Lt. 32–7001 Jl. M.H. Thamrin Kav. 28–30 Jakarta 10350, Indonesia	Audit of Company's financial report	Rp2.9 billion	1 January 2016–Present

GOOD CORPORATE GOVERNANCE

“We take part in the creation of a sustainable industry by implementing responsible business practices.”

Good Corporate Governance

Bentoel Group believes that the implementation of Good Corporate Governance (GCG) is necessary for the growth and continuity of sustainable business.

STRENGTHENING VALUES

In its journey to become a world-class tobacco company, Bentoel Group is fully committed to the sustainable development of the industry. Based on the values and knowledge that have been built up over the years, the Company strives to provide added value through its contribution to the surrounding community. It is also a manifestation of Bentoel Group's appreciation of the people, considering that a big part of the Company's success is contributed to by the support of the public.

Such efforts are carried out through the values that the Company upholds as a prominent player in the industry, both domestic and global, and as a part of the British American Tobacco (BAT) Group. It is also founded upon the Company's vision to be the leader in sustainable efforts through its endeavours to provide the best for today (delivering today) and to strive to enhance the quality and sustainability of business and industry in the future (investing in tomorrow).

COMMITMENTS

Bentoel Group believes that the implementation of Good Corporate Governance (GCG) is highly necessary for the growth and continuity of sustainable business. Therefore, the Company's management is fully committed to ensure compliance with the prevailing laws and regulations and the implementation of GCG principles in daily business activities. The Company also continuously strives to ensure that GCG principles are carried out by the entire management of the Company as an integral part of the Company's culture.

BENTOEL GROUP'S GCG MANAGEMENT STRUCTURE

In order to guarantee the effective and maximum implementation of GCG, Bentoel Group has established a GCG management structure within the Company.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders (GMS) as the highest authority in the Company has exclusive authorities not possessed by other bodies in the Company. The GMS authorities as set out in the Company's Articles of Association include the determination of the targets and strategic directions of the Company.

The Company's GMS consists of Annual GMS (AGMS) that are held every year and Extraordinary GMS (EGMS) that are held as required. Throughout 2016, the Company held an AGMS and EGMS on 15 April 2016 in Jakarta.

The AGMS held discussed the performance of business and financial administration for the financial year ended on 31 December 2015. In addition, the AGMS approved the Company's Financial Statement for the same year and approved the Company's Annual Report as well as the Board of Commissioners' supervisory report.

Moreover, the Company also carried out an EGMS, which approved the Company's plan to increase its capital through preemptive right to the amount of 36,401,136,250 shares with a value of Rp50. Additionally, the EGMS approved the change in the composition of the Board of Commissioners and the Board of Directors of the Company.

Our efforts for a sustainable industry begins internally with a solid GCG practice that grounds our relationship with external parties.

Good Corporate Governance

2016 GMS

Throughout 2016, the Company held an AGMS and EGMS on 15 April 2016 in Jakarta with the following resolutions:

AGMS on 15 April 2016

Agenda	Resolutions	Status
	AGMS	
1.	To approve and ratify the Board of Directors' Report on the implementation of the Company's business activities and financial administration of the Company for the year ended on 31 December 2015 as well as to approve and ratify the Company's financial report including the Balance Sheet for Company's Profit/ Loss for the year ended 31 December 2015 which has been audited by the Independent Public Accountant Office, and to approve the Company's Annual Report, Board of Commissioners' supervisory report for the year ended on 31 December 2015, and to give full acquittal and discharge (*acquit et decharge*) to members of the Board of Directors and Board of Commissioners of the Company for their management and supervisory acts conducted in the financial year ended on 31 December 2015 as long as the said actions are reflected in the Company's Financial Report for the year ended on 31 December 2015 and by considering the Board of Directors' Report for the year ended on 31 December 2015.	Executed and Completed
2.	To approve to give power of attorney and authorisation to the Board of Directors of the Company to appoint the Independent Public Accountant Office to audit the book of the Company for the year ended on 31 December 2016 and to authorise the Directors of the Company to determine the honorarium of such Public Accountant Office and other terms of their appointment.	Executed and Completed

EGMS on 15 April 2016

Agenda	Resolutions	Status
	EGMS	
1.	To approve the Company's plan to implement the capital increase by issuing pre-emptive rights, in accordance with the OJK Regulation No. 32/POJK.04/2015 on Capital Increase of Public Listed Company by Giving Pre-emptive Rights ("Rights Issue III"), including: a. Approval of the amendments to the Articles of Association of the Company in connection with the increase of the authorised capital and issued and paid-up capital of the Company within the framework of Rights Issue III. Thereafter, Article 4 paragraph (1) of the Articles of Association of the Company shall be amended as follows: Authorised Capital of the Company will become Rp5,500,000,000,000 (five trillion five hundred billion rupiah) divided into 110,000,000,000 (one hundred and ten billion) shares. b. The Company shall also increase its Subscribed and Paid-up Capital to be at least 25% (twenty-five percent) of the Company's Authorised Capital. Such increment shall be implemented at least within 6 (six) months since the receipt of the Minister of Law and Human Rights of the Republic of Indonesia's approval to the increment of the Company's Authorised Capital; and c. To give power and authority to the Board of Directors with the right of substitution to carry out all necessary actions relating to the Rights Issue III, including but not limited to making or request to be made all deeds, letters or documents which are required, to appear before a party/competent authorities, including a notary, to apply to a party(ies)/authorities to obtain approval or report the matter to a party(ies)/competent authority and register it in the Company register pursuant to the applicable regulation.	Executed and Completed
2.	To approve the Company's action with regards to the amendment to the Uncommitted Term Loan dated 12 August 2013 and Uncommitted Subordinated Term Loan Facility dated 24 February 2015 from an affiliated Company, namely Rothmans Far East, B.V. including the approval to execute any document of agreement together with any changes and/or amendment thereto and/or any supporting documents required for the implementation of this material transaction.	Executed and Completed

<table>
<tr><th>Agenda</th><th>Resolutions</th><th>Status</th></tr>
<tr><td>3.</td><td>
a. To approve the resignation of Mr. James Richard Suttie as the Independent Commissioner of the Company and Mr. Tang Chung Leong as Director of the Company effective as of 15 April 2016;
b. To approve the appointment of Mr. Martin Arthur Guest as Director of the Company for 3 (three) years' term of service effective as of the date of the Meeting until the Annual General Meeting of Shareholders in 2019 with the right of the Shareholders General Meeting to terminate him at any time:
Therefore, the composition of the Board of Commissioners and Board of Directors of the Company as of the closing of the Meeting is as follows:
Board of Commissioners
<table>
<tr><td>Independent President Commissioner</td><td>Mr. Hendro Martowardojo</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. Silmy Karim</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. Eddy Abdurrachman</td></tr>
<tr><td>Commissioner</td><td>Mr. Michael Scott Hayes</td></tr>
</table>
Board of Directors
<table>
<tr><td>President Director</td><td>Mr. Jason Fitzgerald Murphy</td></tr>
<tr><td>Director</td><td>Mr. Hardeep Khangura</td></tr>
<tr><td>Director</td><td>Mr. Martin Arthur</td></tr>
<tr><td>Director</td><td>Mr. Prijunatmoko Sutrisno</td></tr>
</table>
c. To give authority to the Remuneration Function to determine the salary and other benefits for members of the Board of Directors as well as honorariums and other benefits for the Board of Commissioners of the Company for the financial year of 2016; and
d. To give power and authority with rights of substitution to the Board of Directors of the Company to take all necessary actions required for the said re-appointment of the Board of Directors and Board of Commissioners in line with the prevailing regulations.
</td><td>Executed and Completed</td></tr>
<tr><td>4.</td><td>
Furthermore, in respect to the above decisions, the Meeting confers Power of Attorney with right of substitution to the Board of Directors of the Company and/or Mrs. Mercy Francisca Sinaga, to:
a. State the above resolutions in one or more notarial deeds, and to apply, register and announce the changes to the competent authorities in accordance with the provisions of the prevailing legislation;
b. Restate the above resolutions, if for any reason the period of the notarial deeds has exceeded the time limit prescribed in the Law No. 40 of 2007 on Limited Liability Companies, and that the process of notification to the relevant authorities for such change will have no difficulties; and
c. Perform any and all other actions necessary for the purposes mentioned above without any exceptions.
</td><td>Executed and Completed</td></tr>
</table>

2015 GMS

In 2015, the Company carried out an EGMS on 24 February 2015 and an AGMS and EGMS on 13 May 2015, with the following resolutions:

EGMS on 24 February 2015

<table>
<tr><th>Agenda</th><th>Resolutions</th><th>Status</th></tr>
<tr><td></td><td>EGMS</td><td></td></tr>
<tr><td>1.</td><td>To approve the Company's plan to execute material transaction of amending the Uncommitted Term Loan and approval to obtain Uncommitted Subordinated Term Loan Facility from an affiliated Company which approval includes the execution of agreements together with any changes and/or amendment thereto and/or any supporting documents required for the implementation of this material transaction.</td><td>Executed and Completed</td></tr>
<tr><td>2.</td><td>To approve the plan of the Company's subsidiaries, namely PT Bentoel Prima and PT Java Tobacco, to execute a material transaction of share purchase of PT Export Leaf Indonesia, from British American Tobacco International Holdings (UK) Limited and Powhattan Limited, affiliate of the Company, which approval includes the execution of agreements together with any changes and/or amendment thereto and/or any supporting documents required for the implementation of this material transaction.</td><td>Executed and Completed</td></tr>
<tr><td>3.</td><td>To approve the appointment of Mr. Eddy Abdurrachman as Independent Commissioner of the Company for a term of 3 (three) years effective as of the date of this Meeting until 24 February 2018 with the right of the General Meeting of Shareholders to terminate him at any time.

Therefore, the composition of the Board of Commissioners of the Company as of 24 February 2015 is as follows:

Board of Commissioners
<table>
<tr><td>Independent President Commissioner</td><td>Mr. Hendro Martowardojo</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. James Richard Suttie</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. Silmy Karim</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. Eddy Abdurrachman</td></tr>
<tr><td>Commissioner</td><td>Mr. Brendan James Brady</td></tr>
<tr><td>Commissioner</td><td>Mr. Michael Scott Hayes</td></tr>
</table></td><td>Executed and Completed</td></tr>
<tr><td>4.</td><td>Grants Power of Attorney with the right of substitution to the Board of Directors of the Company and/or Mrs. Mercy Francisca Sinaga, to:

a. State the above resolutions in one or more notarial deeds, and to apply, register and announce the changes to the competent authorities in accordance with the provisions of the prevailing legislation;

b. Restate the above resolutions, if for any reason the period of the notarial deed has exceeded the time limit prescribed in the Law No. 40 of 2007 on Limited Liability Companies, and that the process of notification to the relevant authorities for such change will have no difficulties; and

c. Perform any and all other actions necessary for the purposes mentioned above without any exceptions.</td><td>Executed and Completed</td></tr>
</table>

AGMS on 13 May, 2015

<table>
<tr><th>Agenda</th><th>Resolutions</th><th>Status</th></tr>
<tr><td></td><td>AGMS</td><td></td></tr>
<tr><td>1.</td><td>To approve and ratify the Board of Directors' Report on the implementation of the Company's business activities and financial administration of the Company for the year ended 31 December 2014 as well as to approve and ratify the Company's financial report including the Balance Sheet for Company's Profit/Loss for the year ended on 31 December 2014 which has been audited by an Independent Public Accountant, and to approve the Company's Annual Report, and Board of Commissioners' supervisory report for the year ended on 31 December 2014, and to give full acquittal and discharge (acquit et decharge) to members of the Board of Directors and Board of Commissioners of the Company for their management and supervisory acts conducted in the financial year ended on 31 December 2014 as long as the said actions are reflected in the Company's Financial Report for the year ended on 31 December 2014 and by considering the Board of Directors' Report for the year ended on 31 December 2014.</td><td>Executed and Completed</td></tr>
<tr><td>2.</td><td>To approve to give power of attorney and authorisation to the Board of Directors of the Company to appoint an Independent Public Accountant to audit the book of the Company for the year ended on 31 December 2015 and to authorise the Directors of the Company to determine the honorarium of such Public Accountant and other terms of their appointment.</td><td>Executed and Completed</td></tr>
<tr><td>3.</td><td>a. To approve the resignation of Mr. Brendan James Brady as the Commissioner of the Company effective as of 13 May 2015;

b. To re-appoint all members of the Board of Commissioners and Board of Directors which term of service had expired, for another 3 (three) years' term, effective as of the closing of the meeting until the Annual General Meeting of Shareholders in 2018, with the right of the General Meeting of the Shareholders to terminate them at any time, in the following composition:

Board of Commissioners
<table>
<tr><td>Independent President Commissioner</td><td>Mr. Hendro Martowardojo</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. Silmy Karim</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. Eddy Abdurrachman</td></tr>
<tr><td>Independent Commissioner</td><td>Mr. James Richard Suttie</td></tr>
<tr><td>Commissioner</td><td>Mr. Michael Scott Hayes</td></tr>
</table>
Board of Directors
<table>
<tr><td>President Director</td><td>Mr. Jason Fitzgerald Murphy</td></tr>
<tr><td>Director</td><td>Mr. Hardeep Khangura</td></tr>
<tr><td>Director</td><td>Mr. Tang Chung Leong</td></tr>
<tr><td>Director</td><td>Mr. Prijunatmoko Sutrisno</td></tr>
</table>
c. To give authority to the Remuneration Function to determine the salary and other benefits for members of the Board of Directors as well as honorariums and other benefits for the Board of Commissioners of the Company; and

d. To give power and authority with rights of substitution to the Board of Directors of the Company to take all necessary actions.</td><td>Executed and Completed</td></tr>
</table>

Agenda	Resolutions	Status
4.	The Meeting confers Power of Attorney with right of substitution to the Board of Directors of the Company and/or Mrs. Mercy Francisca Sinaga, to: a. State the above resolutions in one or more notarial deeds, and to apply, register and announce the changes to the competent authorities in accordance with the provisions of the prevailing legislation; b. Restate the above resolutions, if for any reason the period of the Notarial Deed has exceeded the time limit prescribed in the Law No. 40 of 2007 on Limited Liability Companies, and that the process of notification to the relevant authorities for such change will have no difficulties; and c. Perform any and all other actions necessary for the purposes mentioned above without any exceptions.	Executed and Completed

EGMS on 13 May, 2015

	EGMS	
1.	a. To approve the Company's plan to execute a material transaction of sale of the Company's unused assets in the form of land and building and machineries owned by the Company directly or indirectly which is considered as material transaction as per Regulation IX.E., which approval includes the execution of agreements together with any changes and/or amendment thereto and/or any supporting documents required for the implementation of this material transaction; and b. To give power and authority to the Board of Directors to take all necessary actions related to the above decision, including but not limited to preparing deeds, documents, and letters as well as appearing before the relevant authority including the notary, in line with the prevailing laws and regulations.	Executed and Completed
2.	To approve the amendment to the Articles of Association of the Company to be in line with POJK 32 and POJK 33, among others: 1. Article 15 on announcement, invitation and schedule for convening a General Meeting of Shareholders; 2. Article 16.14 on procedures for raising issues in a General Meeting of Shareholders; 3. Articles 17.5, 17.6, 17.7, 17.8, and 17.9 on the resignation of Board of Directors' members; 4. Article 19 on Board of Directors' meeting; 5. Articles 20.5, 20.6, and 20.7 on the resignation of the Board of Commissioners' members; 6. Article 22 on Board of Commissioners' meetings; and 7. Any other Article in the Company's Articles of Association that has not been mentioned here but needs to be amended to be in line with the regulations of the Financial Services Authority. To give authority to the Board of Directors of the Company with the right of substitution to compose and restate the entire Articles of Association of the Company to be in line with the regulations of the Financial Services Authority.	Executed and Completed
3.	The Meeting confers Power of Attorney with the right of substitution to the Board of Directors of the Company and/or Mrs. Mercy Francisca Sinaga, to: a. State the above resolutions in one or more notarial deeds, and to apply, register and announce the changes to the competent authorities in accordance with the provisions of the prevailing legislation; b. Restate the above resolutions, if for any reason the period of the notarial deed has exceeded the time limit prescribed in the Law No. 40 of 2007 on Limited Liability Companies, and that the process of notification to the relevant authorities for such change will have no difficulties; and c. Perform any and all other actions necessary for the purposes mentioned above without any exceptions.	Executed and Completed

Good Corporate Governance

BOARD OF COMMISSIONERS

In performing its supervisory function over the Company's management, the Board of Commissioners provides directions to the Board of Directors in relation to business development for the current year in accordance with the Company's vision and mission. In carrying out its tasks, the Board of Commissioners is responsible to the GMS and has access to all documents and records of the Company.

The Board of Commissioners is responsible to the GMS and has access to all documents and records of the Company.

Structure of the Board of the Commissioners

Name	Position	Appointment Deed
Hendro Martowardojo	Independent President Commissioner	Resolution of the EGMS dated 16 August 2012
Silmy Karim	Independent Commissioner	Resolution of the EGMS dated 2 August 2013
Eddy Abdurrachman	Independent Commissioner	Resolution of the EGMS dated 24 February 2015
Michael Scott Hayes	Commissioner	Resolution of the AGMS dated 6 June 2014

• Duties and Responsibilities of the Board of Commissioners

The duties and responsibilities of the Board of Commissioners as determined in the Board of Commissioners' Charter are as follows:

1. The Board of Commissioners as a council provides supervision to the management of the Board of Directors in carrying out the policy of the Company for the benefit of the Company and in accordance with the aims and objectives of the Company as well as to provide advice to the Board of Directors;
2. In conducting its supervisory role, the Board of Commissioners shall carry out its duties in good faith and with full responsibility with regards to the prevailing provisions and regulations;
3. Conducting the regular meetings of the Board of Commissioners, at least once every 2 (two) months;
4. Delivering its recommendations to the Board of Directors through joint meetings of the Board of Commissioners and Board of Directors;
5. Acting for the benefit of the Company and being responsible to the GMS;
6. Submitting a report on the monitoring task that has been carried out during the financial year to the GMS;
7. Reviewing the Annual Report prepared by the Board of Directors as well as signing the report. The review of the Annual Report shall be made before the GMS;
8. Establishing an Audit Committee and other committees;
9. Evaluating the performance of the indent committees.

• Charter of the Board of Commissioners

The charter of the Board of Commissioners is a guideline for all members of the Board of Commissioners formulated based on the applicable regulations, including laws and regulations as well as international best practices.

The Board of Commissioners' charter was approved and signed by all members of the Board of Commissioners on 14 December 2015, and comprises matters of a legal nature, structure and membership, concurrent position, independent commissioners, terms of service, resignation, duties and responsibilities, authority, code of conduct, meeting arrangements, transparency and reporting.

REMUNERATION OF THE BOARD OF COMMISSIONERS

• **Procedures & Stipulation Basis**
The Company's Board of Commissioners' remuneration procedure refers to the Company's Articles of Association, which states that the salary, honorariums, and other incentives for members of the Board of Commissioners, from time to time shall be stipulated by the GMS.

The Board of Commissioners' remuneration is stipulated through the GMS, which will approve and further grant authority to the Remuneration Function to determine the salary and other benefits for members of the Board of Commissioners of the Company.

• **Remuneration Structure**
Pursuant to the Company's Articles of Association and Nomination and Remuneration Charter, the components of the remuneration of the Board of Commissioners' members are as follows:
a. Salary or honorarium; and
b. Incentives.

• **Remuneration and Company Performance**
The amount of remuneration of the Board of Commissioners members is formulated based on the duties, responsibilities, and authorities of the relevant member of the Board of Commissioners:
a. The duties, responsibilities, and authorities of the relevant member of the Board of Commissioners in relation to the Company's goals, achievement, and performance;
b. The performance targets and performance of each member of the Board of Commissioners.

MEETINGS OF THE BOARD OF COMMISSIONERS

To ensure the effective implementation of its duties and functions, the Board of Commissioners organises regular meetings, at least once every two months as specified in the Board of Commissioners' charter. Meanwhile, the schedule of the meetings for the current financial year shall be prepared in the preceding year.

ATTENDANCE OF THE BOARD OF COMMISSIONERS' MEETINGS

In 2016, the Board of Commissioners held six meetings, with the following attendance:

Date of Meeting	*Attendance*
19 January 2016	*100%*
14 March 2016	*100%*
29 April 2016	*100%*
27 July 2016	*100%*
6 September 2016	*100%*
26 October 2016	*100%*

BOARD OF DIRECTORS

In accordance with the applicable Articles of Association of the Company, the Board of Directors reserves the right to represent and bind the Company in and out of court.

To ensure the effective implementation of its duties and functions, the Board of Commissioners organises regular meetings.

Good Corporate Governance

Composition of the Board of Directors

Name	Position	Appointment Deed
Jason Fitzgerald Murphy	President Director	Resolution of the EGMS dated 14 March 2012
Hardeep Khangura	Director	Resolution of the AGMS dated 5 June 2013
Martin Arthur Guest	Director	Resolution of the EGMS dated 15 April 2016
Prijunatmoko Sutrisno	Director	Resolution of the EGMS dated 24 October 2011

Duties and Responsibilities

Name	Position	Duties and Responsibilities
Jason Fitzgerald Murphy	President Director	Managing and leading the Company's management in the areas of marketing, strategic planning, and monitoring and evaluating the performance of all levels in the organisation.
Hardeep Khangura	Director	Managing all financial aspects of the Company, including finance and accounting, operational activities, and budget formulation.
Martin Arthur Guest	Director	Managing operations in the field, including managing the Company's operations and infrastructure, and supporting activities of the Company's operations.
Prijunatmoko Sutrisno	Non-Affiliated Director	Managing research and development of the Company's products.

CHARTER OF THE BOARD OF DIRECTORS

Bentoel Group's charter of the Board of Directors was prepared based on the prevailing regulations, including the Financial Services Authority (FSA) regulations and international best practices. The charter has also been approved and signed by all members of the Board of Directors on 23 November 2015, and consists of matters relating to membership, criteria, time of service, duties and responsibilities, authority, code of conduct, meeting arrangements, and reporting.

REMUNERATION OF THE BOARD OF DIRECTORS

- **Procedures & Stipulation Basis**

The remuneration structure of Board of Commissioners and Board of Directors' members consists of salary or honorariums and incentives.

Further, the basis for the Company's Board of Commissioners and Board of Directors remuneration procedure and stipulation refers to the Company's Articles of Association, which stipulates that the said remuneration shall be determined by the GMS. The total remuneration paid to all members of

Bentoel Group's charter of the Board of Directors was prepared based on the prevailing regulations, including the Financial Services Authority (FSA) regulations and international best practices.

the Board of Commissioners and the Board of Directors amounted to Rp48.4 billion.

Remuneration earned by the Board of Commissioners and Board of Directors is associated with the performance of the Company and Group Regional Company.

MEETINGS OF THE BOARD OF DIRECTORS

To ensure that the functions of the Board of Directors are carried out in an integrated manner pursuant to the Company's business strategies, the Board of Directors holds regular meetings every year. As specified in the Board of Directors' charter, a meeting shall be held at least once every month, and the meeting schedule for the applicable financial year has to be made in the preceding year.

• Attendance of the Board of Directors' Meetings

In 2016, the Board of Directors convened 12 meetings, with the following attendance:

100%

Attendance rate of the Board of Directors' meetings in 2016.

Date of Meeting	*Attendance*
20 January 2016	100%
22 February 2016	100%
14 March 2016	100%
29 April 2016	100%
25 May 2016	100%
23 June 2016	100%
27 July 2016	100%
22 August 2016	100%
21 September 2016	100%
26 October 2016	100%
21 November 2016	100%
16 December 2016	100%

JOINT MEETINGS OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

The provisions concerning joint meetings of the Board of Commissioners and the Board of Directors stipulated in the Board of Commissioners' charter provide that a joint meeting shall be convened at least 3 (three) times in a year and initiated and led by the Board of Commissioners.

In 2016, the Board of Commissioners and the Board of Directors of the Company held 6 (six) joint meetings, with the following attendance:

Good Corporate Governance

Joint Meeting (BOC & BOD)

Date of Meeting	Attendance
19 January 2016	100%
29 April 2016	100%
6 September 2016	100%

Joint Meeting (BOD & BOC)

Date of Meeting	Attendance
14 March 2016	100%
27 July 2016	100%
26 October 2016	100%

ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS

POLICY

The Company's policy on the performance assessment for members of the Board of Directors and the Board of Commissioners refers to Financial Services Authority's Regulation No. 34/POJK.04/2014 on the Nomination Committee, wherein the Company's Nomination and Remuneration function conducts the evaluation on the performance of the Board of Directors and the Board of Commissioners based on key performance indicators (KPI).

PERFORMANCE ASSESSMENT CRITERIA OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

The Board of Commissioners and the Board of Directors shall implement its duties, responsibilities and authorities with due observance to the Board of Commissioners' and the Board of Directors' charter, the Company's Articles of Association, prevailing laws and regulations, and/or pursuant to the resolution of the General Meeting of Shareholders.

BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS PERFORMANCE ASSESSOR

The Board of Commissioners' and Board of Directors' individual or collective performance is evaluated by the GMS.

ASSESSMENT OF THE PERFORMANCE OF COMMITTEES SUPPORTING THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

The Company has in place committees, under the Board of Commissioners, namely the Audit Committee and under the Board of Directors, namely Internal Audit. Throughout 2016, the performance of these committees was assessed by the Board of Commissioners and the Board of Directors in accordance with the GCG principles and the Company's goals.

AUDIT COMMITTEE

As one of the Company's GCG bodies, the Audit Committee assists the Board of Commissioners in performing its supervisory function over matters related to business risk management, internal control, compliance, and business management of the Company.

The Board of Commissioners' and Board of Directors' individual or collective performance is evaluated by the GMS.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee of the Company was established to comply with the Financial Services Authority Regulation No. 55/POJK.04/2015 on the Establishment and Implementation Guidelines of the Audit Committee. The Company has also prepared the Audit Committee's charter regarding the responsibilities of the Audit Committee. The charter can be accessed by the public on the Company's website at www.bentoelgroup.com.

Based on the Audit Committee's charter, the Audit Committee is responsible for satisfying the following matters:

1. Availability of the proper and satisfactory internal control systems to identify and anticipate the Company's business risks;
2. Significant issues or weaknesses within such systems are identifiable, and work plans have been made in a timely and accurate manner; and
3. The business of the Company and its subsidiaries is conducted properly and efficiently.

PROFILES OF THE AUDIT COMMITTEE

The Company's Audit Committee consists of 3 (three) members that are led by the Company's Independent Commissioner and are appointed by and responsible to the Board of Commissioners.

In 2016, the composition of the Audit Committee of the Company is as follows:

Eddy Abdurrachman

Chairman

Mr. Eddy Abdurrachman was appointed as the Chairman of the Company's Audit Committee in 2016 based on the Resolution of the Board of Commissioners dated 17 March 2016 for a 3-year period. His profile can be found in the Board of Commissioners' Profiles.

Hendro Martowardojo

Member

Mr. Hendro Martowardojo was appointed as a member of the Audit Committee in 2016 based on the Resolution of the Board of Commissioners dated 17 March 2016 for a 3-year period. His profile can be found in the Board of Commissioners' Profiles.

Suria Martara Tjahaja

Member

Mr. Suria Martara Tjahaja is an Indonesian national, aged 52. He was appointed as a member of the Audit Committee in 2016 based on the Resolution of the Board of Commissioners dated 17 March 2016 for a 3-year period. He obtained his Bachelor of Science degree in Business Administration from California State University Fresno, Fresno, California, USA, and his Master of Business Administration degree in Corporate Finance from Golden State University, San Francisco, California, USA. He served as Director of Finance and Corporate Secretary of PT Resource Alam Indonesia Tbk. (1998–2007), Independent Commissioner and Chairman of the Audit Committee of PT Summitplast Tbk. (2003–2007). He also serves as Independent Commissioner and Chairman of the Audit Committee of PT Resource Alam Indonesia Tbk. since 2008.

INDEPENDENCE OF THE AUDIT COMMITTEE

All members of the Audit Committee are independent parties with no financial, management, share ownership and/or family relationship with the Board of Commissioners, the Board of Directors and/or Controlling Shareholders or relationship with the Company, which could affect their ability to act independently.

All members of the Audit Committee are independent parties.

Good Corporate Governance

The Audit Committee plays a vital role in ensuring the sound operation of the Company.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee possesses the following duties and responsibilities:

Financial Statements
The Audit Committee monitors the accuracy of the Financial Statements and any formal announcements relating to the Company's performance prior to the submission for the Board of Commissioners' approval.

4. **Internal Control and Business Risks**
   The Audit Committee reviews the effectiveness of the accounting, internal control, and risk management systems of the Company and its subsidiaries.
5. **Internal Audit**
   The Audit Committee monitors and reviews the effectiveness of internal audit performance in the Company.
6. **External Audit**
   The Audit Committee also collaborates and engages with external auditors, including for matters related to the approval of their appointment, fees, agreement on the scope and plan of audit, and performance review.
7. **Audit Committee's Annual Report**
   The Audit Committee prepares the Audit Committee's annual report as a part of the Company's Annual Report.
8. **Corporate Values**
   The Audit Committee monitors the implementation of the Company's ethics and values, as well as the Company's social and environmental responsibilities.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee shall convene a meeting at least 4 (four) times in a year with the attendance of at least 2 (two) members of the Audit Committee and at other times, on the request of the Chairman of the Audit Committee, external or internal auditors or any member of the Audit Committee.

ATTENDANCE OF THE AUDIT COMMITTEE MEETINGS

Throughout 2016, the Audit Committee has convened 4 (four) meetings to discuss the Company's financial statements and the internal control systems of the Company, with the following attendance:

Date of Meeting	*Attendance*
14 March 2016	*100%*
29 April 2016	*100%*
27 July 2016	*100%*
26 October 2016	*100%*

REPORTS ON THE AUDIT COMMITTEE'S PERFORMANCE

During 2016, the Audit Committee performed the following responsibilities:

1. Reviewed the Financial Statements to be published by the Company to the public and/or the authority;
2. Reviewed the adherence to laws and regulations relating to the Company's activities;
3. Provided recommendation to the Board of Commissioners on the appointment of a Public Accountant to audit the financial year 2016.

INTERNAL AUDIT UNIT

The Internal Audit Unit performs an advisory function in an independent and objective manner to improve the value and operations of the Company. The Internal Audit Unit evaluates the management of the Company and provides recommendations for improvement through a systematic approach for a more sound and effective implementation.

• Head of Internal Audit Unit (IAU) Profile

The Company's Head of Internal Audit Division is currently Mr. Kanchana Kaluarachchi, who was appointed through Board of Directors Decree dated 24 May 2016 as approved by the Board of Commissioners. Mr. Kaluarachchi has 14 years of experience with BAT Group, formally in various Finance roles before moving to Internal Audit in 2016. Mr. Kaluarachchi also supports Regional Governance for BAT in Asia Pacific. He received his Master of Business Administration degree from Manchester Metropolitan University in the UK, and is a qualified Fellow of the Chartered Institute of Management Accounts (UK).

• Internal Audit Charter

The Company established the Internal Audit Unit to assist the Company in managing the audit functions and provides assessment independently and objectively toward the effectiveness of risk management, internal control as well as compliance to the corporate governance process of each unit of work and daily processes. The implementation of the function and duties of the Internal Audit Unit is regulated by the Internal Audit Charter.

• Internal Audit Qualifications

Members of the Internal Audit Unit shall meet the following requirements:

a. Shall have integrity and be professional, independent, honest, and objective in exercising his/her duty;
b. Shall have knowledge and experiences in technical audit and other knowledge relevant to his/her area of duty;
c. Shall have knowledge in capital market statutory regulations and other related statutory regulations;
d. Shall have the skill to interact and communicate effectively both verbally and in writing;
e. Shall adhere to the standards of the profession issued by the Internal Audit Association;
f. Shall adhere to the Internal Audit's codes of ethic, as attached in the Internal Audit charter;
g. Shall keep in confidence, any of Bentoel Group's company information and/or data in relation to the implementation of the Internal Audit's duties and responsibilities, unless required to be disclosed by statutory regulations or by the court's order;
h. Shall have understanding of the principles of good corporate governance and risk management;
i. Shall be willing to continuously improve his/her knowledge, expertise, and professional capability.

• Structure and Composition of the Internal Audit Unit

The structure and position of the Internal Audit Unit shall be as follows:

a. Internal Audit Unit is led by a Head of Internal Audit Unit;
b. The Head of Internal Audit Unit shall be appointed and dismissed by the

In the application of such good corporate governance, the Company's management is always in consideration of the prevailing laws and regulations, good corporate governance practices and recommendations.

Good Corporate Governance

President Director of the Company, with the approval of the Board of Commissioners;
c. The President Director of the company may dismiss the Head of Internal Audit Unit, after obtaining the approval of the Board of Commissioners, if the Head of Internal Audit Unit fails to comply with the requirements as stipulated in the Financial Services Authority Regulations and/or fails, or is not competent,
to run his/her duty;
d. The Head of Internal Audit Unit shall be responsible to the President Director of the Company and shall cooperate with the Audit Committee; and
e. Auditors who sit in the Internal Audit Unit shall be responsible directly to the Head of Internal Audit Unit.

The Internal Audit Unit shall consist of at least 1 (one) Internal Auditor. In the event that the Internal Audit Unit consists of 1 (one) Internal Auditor, such Internal Auditor shall also act as the Head of Internal Audit Unit.

• Internal Audit Unit's Structure

1. Board of Commissioners of the Company;
2. President Director of the Company;
3. Internal Audit.

• Internal Audit Unit's Duties and Responsibilities

The Internal Audit Unit's duties and responsibilities shall comprise the following:
a. To prepare and conduct the annual Internal Audit plan;
b. To examine and evaluate the implementation of internal control and risk management systems according to the Company's policy;
c. To examine and evaluate the efficiency and effectiveness in the areas of finance, accountancy, operations, Human Resources, marketing, Information Technology and other activities;
d. To give recommendations for improvement and objective information on activities being reviewed in all levels of management;
e. To prepare reports on audit results and submit such reports to the President Director of the Company and the Board of Commissioners, including fraud risks, governance issues and other matters needed or requested by the President Director of the Company. On this matter, Internal Audit will link with the Group's Risk Management process at the appropriate level, to ensure that the risks identified by Internal Audit are reflected in the Group's risk registers;
f. To monitor, analyse, and report the implementation of corrective follow-up action as suggested;
g. To cooperate with the Audit Committee;
h. To prepare a programme to evaluate the quality of Internal Audit activities conducted;
i. To conduct special audits as necessary; and
j. Safeguarding of assets.

• Internal Audit Unit's Report for 2016

The Internal Audit Unit has completed the internal audit of the Company for the year ended on 31 December 2016. The goal of Internal Audit is to assess and analyse, as well as to test the management's supervision of the Company's operational activities. The Internal Audit was carried out in line with the Company's Internal Audit Unit Charter, with risk-based checks through a process of internal supervision analysis, evidence testing, interviews and action taken on any deviations detected.

The Internal Audit Unit performs the advisory function in an independent and objective manner to improve the value and operations of the Company.

INTERNAL CONTROL SYSTEM

The internal control system is broadly defined as a process established by the Board of Directors, management, and other personnel, and designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Financial and operational control, compliance with applicable laws and regulations and;
2. Effectiveness of Internal Control Systems.

Internal Audit plays an important role in evaluating the effectiveness of control systems. As an independent function reporting to the top management, Internal Audit retains the capability to assess the internal control systems implemented by the Company and continuously contribute to its effectiveness. In order to preserve the independence of its judgement, Internal Audit should not and does not take any direct responsibility in designing, establishing, or maintaining the controls it is supposed to evaluate.

The Company's internal control is also assessed regularly and thoroughly by an External Auditor. Internal Audit has established a communication channel with the External Auditor to exchange ideas or share information whenever deemed necessary.

RISK MANAGEMENT

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.

The operations of the Company may be adversely affected as a result of changes in the tax rules imposed on tobacco products, and the associated increase in cigarette taxes that have been proposed or enacted in Indonesia that can disproportionately affect the profitability of the Company.

The Company may be affected by changes in government policies with respect to the cigarette industry and may face government action aimed at increasing regulatory requirements with the goal of reducing or preventing the use of cigarette products.

The Company has applied the principles of good corporate governance in every management activity 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 the prevailing laws and regulations, good corporate governance practices and recommendations.

CORPORATE SECRETARY

As a liaison between the Company and all stakeholders, the Corporate Secretary is responsible for ensuring the availability of access to information regarding the Company for all stakeholders.

To fulfil their function, the Corporate Secretary has the duty to document all corporate documents, including the Shareholders' Register, Minutes of the Board of Commissioners' and Board of Directors' Meetings, and Minutes of GMS. Furthermore, the Corporate Secretary also provides inputs to the Board of Directors concerning compliance with disclosure requirements and the prevailing capital market regulations. Therefore, the Corporate Secretary shall attend all meetings of the Board of Commissioners, meetings of the Board of Directors, and the joint meetings of the Board of Commissioners and the Board of Directors.

As a liaison between the Company and all stakeholders, the Corporate Secretary is responsible for ensuring the availability of access to information regarding the Company for all stakeholders.

Good Corporate Governance

PROFILE OF THE CORPORATE SECRETARIES

On 1 September 2016, the Company appointed Dinar Shinta Ulie as the Corporate Secretary, replacing Mercy Francisca Sinaga, who served as the Corporate Secretary until 31 August 2016.

• Profile of Dinar Shinta Ulie

Dinar Shinta Ulie serves as the Corporate Secretary based on the decision of the Board of Directors dated 1 September 2016. She lives in Tangerang, and graduated from the Faculty of Law of Universitas Indonesia, Depok.

She started her career in law in 2001 with Lubis, Ganie, Surowidjojo for 6 (six) years, with the last position as an Associate Lawyer. She then joined PT First Borneo International as an Assistant to the Vice President – Legal for 1 (one) year. Subsequently, she continued her career as a Legal Manager at PT Agro Harapan Lestari for 3 (three) years and at PT Solusi Tunas Pratama Tbk. for 4 (four) years as a Legal Manager before finally joining Bentoel Group.

CORPORATE SECRETARY'S TRAINING

To enhance the competency of the Corporate Secretary in performing duties and responsibilities, and to ensure that the Corporate Secretary is consistently updated with capital market regulations, the Corporate Secretary participated in the following training and seminar programmes:

No.	Date	Training	Organiser
1.	Tuesday, 29 November, 2016	Transaksi Material, Afiliasi, dan Benturan Kepentingan – Pendekatan Studi Kasus	Indonesian Corporate Counsel and PT Bursa Efek Indonesia
2.	Wednesday, 26 October 2016	Seminar Nasional – Merger dan Akuisisi dalam Perspektif Persaingan Usaha serta Tren dalam Perekonomian Global	Indonesian Corporate Counsel
3.	Thursday, 15 September 2016	Seminar on Financial Technology "Fintech 101"	Indonesian Corporate Counsel
4.	Wednesday, 3 August 2016	Pemahaman Mekanisme Pasar Modal Indonesia	Indonesian Corporate Counsel
5.	Tuesday, 31 May 2016	POJK No. 8 Tahun 2015 tentang Website	Indonesian Corporate Counsel

IMPLEMENTATION OF CORPORATE SECRETARY DUTIES IN 2016

To meet the stipulation of the Regulation of Financial Services Authority No. 35/POJK.04/2014 on Corporate Secretary in Issuers or Public Companies, in 2016, the Corporate Secretary has performed the following:

1. Organised the Annual General Meeting of Shareholders and Public Expose pursuant to the provisions under the Regulation of Financial Services Authority No. 32/POJK.04/2014 on Planning and Implementation of General Meetings of Shareholders of Public Companies;
2. Organised Board of Directors' Meetings, Board of Commissioners' Meetings, and Audit Committee Meetings pursuant to the provisions under the Regulation of Financial Services Authority No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies;
3. Ensured compliance with capital market regulations, among others:
   a. Submission of Periodic Financial Statements;
   b. Submission of the 2015 Annual Report;

c. Submission of Monthly Share Register Reports through IDXNet;
d. Submission of information disclosure with regard to affiliated transactions.

LEGAL CASES

Throughout 2016, there was no material and significant case faced by the Company, its subsidiaries, members of the Board of Commissioners, or members of the Board of Directors.

ADMINISTRATIVE SANCTIONS

Throughout 2016, there were no sanctions imposed on the Company, including the Board of Commissioners and Board of Directors, from the Capital Market authorities or other government authorities.

CODE OF ETHICS

Bentoel Group's Code of Ethics for employees regulates the following:
a. Whistleblowing;
b. Personal and business integrity;
c. Workplace and human rights;
d. Public contributions;
e. Corporate assets and financial integrity; and
f. National and international trade.

Bentoel Group has socialised the Company's Code of Ethics by emphasising the sanctions which may be taken by the Company against any potential conflict of interest that has not been disclosed to the Company.

Bentoel Group conducts Code of Ethics sign-off on an annual basis.

Another method used by the Company to ensure ethical business conduct is through the creation of an authorisation process and form for the purpose of reporting potential conflicts of interest to Line Managers and the Corporate Secretary.

The Code of Ethics applies to all directors, officers, employees, secondees, trainees, interns, and temporary employees.

SHARE OWNERSHIP BY EMPLOYEES OR MANAGEMENT

As of 31 December 2016, the Company had yet to establish an Employee Stock Options Programme (ESOP) or Management Stock Options Programme (MSOP).

IMPLEMENTATION OF CORPORATE GOVERNANCE FOR PUBLIC COMPANIES

The Company has fully complied with the prevailing regulations in relation to Corporate Governance for Public Companies.

Bentoel Group has socialised the Company's Code of Ethics with emphasis on the sanctions which may be taken by the company against any potential conflict of interest that has not been disclosed to the Company.

BENTOEL GROUP

STATEMENT
OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS
ON
THE RESPONSIBILITY FOR THE 2016 ANNUAL REPORT OF
PT BENTOEL INTERNASIONAL INVESTAMA TBK.

We, the undersigned, represent that all information in the Annual Report of PT Bentoel Internasional Investama Tbk. for 2016 is presented in its entirety and that we are responsible for the correctness of the contents of the Annual Report of the Company.

This statement is hereby made in all truthfulness.

Jakarta, 21 April 2017

Board of Directors	Board of Commissioners
President Director	Independent President Commissioner
Jason Fitzgerald Murphy	**Hendro Martowardojo**
Director	Independent Commissioner
Hardeep Khangura	**Eddy Abdurrachman**
Director	Independent Commissioner
Martin Arthur Guest	**Silmy Karim**
Director	Commissioner
Prijunatmoko Sutrisno	**Michael Scott Hayes**

FINANCIAL REPORT

PT BENTOEL INTERNASIONAL INVESTAMA Tbk
DAN ENTITAS ANAK/*AND SUBSIDIARIES*

LAPORAN KEUANGAN KONSOLIDASIAN/
CONSOLIDATED FINANCIAL STATEMENTS

UNTUK TAHUN-TAHUN YANG BERAKHIR
31 DESEMBER 2016 DAN 2015/
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

DAN LAPORAN AUDITOR INDEPENDEN/
AND INDEPENDENT AUDITORS' REPORT

BENTOEL GROUP

PT Bentoel Internasional Investama Tbk.
Capital Place Office Tower 6th Floor
Jl. Gatot Subroto Kav. 18
Jakarta Selatan 12710

Tel. +62-21-5268388
Fax. +62-21-22770111

SURAT PERNYATAAN DIREKSI TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN KONSOLIDASIAN PADA TANGGAL 31 DESEMBER 2016 DAN 2015 SERTA UNTUK TAHUN-TAHUN YANG BERAKHIR 31 DESEMBER 2016 DAN 2015 PT BENTOEL INTERNASIONAL INVESTAMA Tbk DAN ENTITAS ANAK

Kami yang bertandatangan di bawah ini :

1. Nama : Jason Fitzgerald Murphy
   Alamat kantor : Capital Place Office Tower lantai 6 Jl. Gatot Subroto Kav 18, Jakarta
   Alamat domisili : Capital Place Office Tower lantai 6 Jl. Gatot Subroto Kav 18, Jakarta
   Nomor telepon : +6221 526 8388
   Jabatan : Presiden Direktur
2. Nama : Hardeep Khangura
   Alamat kantor : Capital Place Office Tower lantai 6 Jl. Gatot Subroto Kav 18, Jakarta
   Alamat domisili : Capital Place Office Tower lantai 6 Jl. Gatot Subroto Kav 18, Jakarta
   Nomor telepon : +6221 526 8388
   Jabatan : Direktur

menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak;
2. Laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi yang signifikan dalam laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak telah dimuat secara lengkap dan benar;
   b. Laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Bentoel Internasional Investama Tbk dan entitas anak.

Demikian pernyataan ini dibuat dengan sebenar-benarnya.

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016 AND 2015 AND FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015 PT BENTOEL INTERNASIONAL INVESTAMA Tbk AND SUBSIDIARIES

We, the undersigned :

1. *Name : Jason Fitzgerald Murphy*
   Office address : Capital Place, Office Tower 6th Fl Jl. Gatot Subroto Kav 18, Jakarta
   Domicile address : Capital Place, Office Tower 6th Fl Jl. Gatot Subroto Kav 18, Jakarta
   Phone number : +6221 526 8388
   Title : President Director
2. *Name : Hardeep Khangura*
   Office address : Capital Place, Office Tower 6th Fl Jl. Gatot Subroto Kav 18, Jakarta
   Domicile address : Capital Place, Office Tower 6th Fl Jl. Gatot Subroto Kav 18, Jakarta
   Phone number : +6221 526 8388
   Title : Director

declare that:

1. *We are responsible for the preparation and presentation of PT Bentoel Internasional Investama Tbk and subsidiaries' consolidated financial statements;*
2. *PT Bentoel Internasional Investama Tbk and subsidiaries' consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;*
3. *a. All material information in the PT Bentoel Internasional Investama Tbk and subsidiaries' consolidated financial statements has been disclosed in a complete and truthful manner;*
   b. PT Bentoel Internasional Investama Tbk and subsidiaries' consolidated financial statements do not contain any material incorrect information or facts, nor do they omit material information or facts;
4. *We are responsible for PT Bentoel Internasional Investama Tbk and subsidiaries' internal control systems.*

Thus this statement is made truthfully.

Atas nama dan mewakili Direksi/*For and on behalf of the Board of Directors*

METERAI TEMPEL
MB8AAEF446828767
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ENAM RIBU RUPIAH

Jason Fitzgerald Murphy
Presiden Direktur/ *President Director*

Hardeep Khangura
Direktur/ *Director*

Jakarta, 13 Maret 2017/*March 13, 2017*

Deloitte.

Satrio Bing Eny & Rekan
Registered Public Accountants
License No. 89/KM.1/2017
The Plaza Office Tower 32nd Floor
Jl. M.H. Thamrin Kav 28-30
Jakarta 10350
Indonesia

Tel: +62 21 2992 3100
Fax: +62 21 2992 8200, 2992 8300
Email: iddttl@deloitte.com
www.deloitte.com/id

Laporan Auditor Independen

No. GA117 0194 BEII SK

Pemegang Saham, Dewan Komisaris dan Direksi

PT Bentoel Internasional Investama Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2016, serta laporan laba rugi dan penghasilan komprehensif lain konsolidasian, laporan perubahan ekuitas konsolidasian, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung Jawab Manajemen atas Laporan Keuangan Konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung Jawab Auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian bebas dari kesalahan penyajian material.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Independent Auditors' Report

No. GA117 0194 BEII SK

The Stockholders, Board of Commissioners and Directors

PT Bentoel Internasional Investama Tbk

We have audited the accompanying consolidated financial statements of PT Bentoel Internasional Investama Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bentoel Internasional Investama Tbk dan entitas anak tanggal 31 Desember 2016, serta kinerja keuangan dan arus kas untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PT Bentoel Internasional Investama Tbk and its subsidiaries as of December 31, 2016, and their financial performance and their cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Hal Lain

Laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak tanggal 31 Desember 2015 dan untuk tahun yang berakhir pada tanggal tersebut, diaudit oleh auditor independen lain yang menyatakan opini tanpa modifikasian atas laporan keuangan konsolidasian tersebut pada tanggal 12 Mei 2016.

Audit kami atas laporan keuangan konsolidasian PT Bentoel Internasional Investama Tbk dan entitas anak pada tanggal 31 Desember 2016 dan untuk tahun yang berakhir pada tanggal tersebut dilaksanakan dengan tujuan untuk merumuskan suatu opini atas laporan keuangan konsolidasian tersebut secara keseluruhan. Informasi keuangan PT Bentoel Internasional Investama Tbk (entitas induk) terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2016, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut (secara kolektif disebut sebagai "Informasi Keuangan Entitas Induk"), yang disajikan sebagai informasi tambahan terhadap laporan keuangan konsolidasian terlampir, disajikan untuk tujuan analisis tambahan dan bukan merupakan bagian dari laporan keuangan konsolidasian terlampir yang diharuskan menurut Standar Akuntasi Keuangan di Indonesia. Informasi Keuangan Entitas Induk merupakan tanggung jawab manajemen serta dihasilkan dari dan berkaitan secara langsung dengan catatan akuntansi dan catatan lainnya yang mendasarinya yang digunakan untuk menyusun laporan keuangan konsolidasian terlampir. Informasi Keuangan Entitas Induk telah menjadi objek prosedur audit yang diterapkan dalam audit atas laporan keuangan konsolidasian terlampir berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Menurut opini kami, Informasi Keuangan Entitas Induk disajikan secara wajar, dalam semua hal yang material, berkaitan dengan laporan keuangan konsolidasian terlampir secara keseluruhan.

Other Matters

The consolidated financial statements of PT Bentoel Internasional Investama Tbk and its subsidiaries as of December 31, 2015 and for the year then ended, were audited by other independent auditors who expressed an unmodified opinion on such consolidated financial statements on May 12, 2016.

Our audit of the consolidated financial statements of PT Bentoel Internasional Investama Tbk and its subsidiaries as of December 31, 2016 and for the year then ended was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying financial information of PT Bentoel Internasional Investama Tbk (Parent Entity), which consists of the statement of financial position as of December 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended (collectively referred to as "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, are presented for purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. This Parent Entity Financial Information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. Such Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

SATRIO BING ENY & REKAN

Satrio Kartikahadi
Izin Akuntan Publik/ *License Public Accountant* No. AP.0573

13 Maret 2017/*March 13, 2017*

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ *Notes*	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
ASET				ASSETS
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	3j,5	316,618	195,289	Cash and cash equivalents
Piutang usaha	3k,6			Trade accounts receivable
Pihak berelasi	26	141,438	20,389	Related parties
Pihak ketiga - setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp 5.844 pada 31 Desember 2016 (2015: Rp 4.656)		1,116,274	509,367	Third parties - net of allowance for impairment of Rp 5,844 as of December 31, 2016 (2015: Rp 4,656)
Piutang lain-lain	3k			Other accounts receivable
Pihak berelasi	26	33,201	5,945	Related parties
Pihak ketiga		37,578	123,166	Third parties
Persediaan - bersih setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp 218.732 pada 31 Desember 2016 (2015: 64.714)	3m,7	6,607,751	5,962,896	Inventories - net of allowance for impairment of Rp 218,732 as of December 31, 2016 (2015: 64,714)
Pajak dibayar dimuka				Prepaid taxes
Pajak penghasilan badan	3s,16a	328,188	451,318	Corporate income tax
Pajak lainnya	3s,16a	84,497	281,189	Other taxes
Beban dibayar dimuka		38,788	36,108	Prepayments
Uang muka		4,010	8,352	Advances
Aset derivatif	3l,8	80	-	Derivative asset
Jumlah Aset Lancar		8,708,423	7,594,019	Total Current Assets
ASET TIDAK LANCAR				NON-CURRENT ASSETS
Uang muka pembelian aset tetap	9	269,291	142,041	Advances for fixed assets
Beban dibayar dimuka		22,411	19,226	Prepayments
Aset pajak tangguhan	3s,25	-	545,037	Deferred tax assets
Aset tetap - setelah dikurangi akumulasi penyusutan dan cadangan kerugian penurunan nilai sebesar Rp 1.186.114 pada 31 Desember 2016 (2015: Rp 1.343.522)	3n,10	4,435,125	4,332,221	Property, plant and equipment - net of accumulated depreciation and allowance for impairment of Rp 1,186,114 as of December 31, 2016 (2015: Rp 1,343,522)
Goodwill		19,871	19,871	Goodwill
Aset lain-lain		15,822	14,899	Other assets
Jumlah Aset Tidak Lancar		4,762,520	5,073,295	Total Non-current Assets
JUMLAH ASET		13,470,943	12,667,314	TOTAL ASSETS

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

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

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ *Notes*	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES
Pinjaman bank jangka pendek	3o,11	1,648,897	1,264,062	Short-term bank loans
Uang muka pelanggan - pihak berelasi	26	29,861	189,043	Advances from customers - related parties
Utang usaha	12			Trade accounts payables
Pihak berelasi	26	50,597	51,062	Related parties
Pihak ketiga		519,415	237,702	Third parties
Utang lain-lain				Other accounts payable
Pihak berelasi	26	-	1,461	Related parties
Pihak ketiga		160,503	82,648	Third parties
Utang cukai	13	-	-	Excise payable
Akrual	14	853,629	1,377,856	Accruals
Provisi jangka pendek		2,770	2,875	Short-term provision
Liabilitas imbalan kerja jangka pendek		132,201	160,787	Short-term employee benefit liabilities
Utang pajak				Taxes payable
Pajak penghasilan badan	3s,16b	148,691	45,803	Corporate income tax
Pajak lainnya	3s,16b	79,101	33,247	Other taxes
Jumlah Liabilitas Jangka Pendek		3,625,665	3,446,546	Total Current Liabilities
LIABILITAS JANGKA PANJANG				NON-CURRENT LIABILITIES
Liabilitas imbalan pasca kerja	3r,17	399,634	369,525	Employee benefits obligation
Liabilitas pajak tangguhan	3s,25	4,277	-	Deferred tax liabilities
Pinjaman jangka panjang	3o,15	-	12,000,000	Long-term loan
Jumlah Liabilitas Jangka Panjang		403,911	12,369,525	Total Non-current Liabilities
EKUITAS (DEFISIENSI MODAL)				EQUITY (CAPITAL DEFICIENCY)
Modal saham				Share Capital
Modal dasar - 110.000.000.000 (2015 : 21.546.000.000) saham dengan nilai nominal Rp 50 (rupiah penuh) per saham				Authorised - 110,000,000,000 (2015 : 21,546,000,000) shares with the par value of Rp 50 (full Rupiah) per share
Modal ditempatkan dan disetor - 36.401.136.250 (2015 : 7.240.005.000) saham	18	1,820,057	362,000	Issued and fully paid - 36,401,136,250 (2015 : 7,240,005,000) shares
Tambahan modal disetor	19	13,407,240	192,631	Additional paid-in capital
(Akumulasi rugi)/saldo laba				(Accumulated losses)/retained earnings
Dicadangkan	20	4,000	4,000	Appropriated
Belum dicadangkan		(5,789,930)	(3,707,388)	Unappropriated
Jumlah Ekuitas (Defisiensi Modal)		9,441,367	(3,148,757)	Total Equity (Capital Deficiency)
JUMLAH LIABILITAS DAN EKUITAS (DEFISIENSI MODAL)		13,470,943	12,667,314	TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

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

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ *Notes*	2016	2015	
PENJUALAN	3p,22	19,228,981	16,814,352	SALES
BEBAN POKOK PENJUALAN	23	(17,107,950)	(15,098,989)	COST OF GOODS SOLD
LABA KOTOR		2,121,031	1,715,363	GROSS PROFIT
(BEBAN)/PENGHASILAN OPERASI				OPERATING (EXPENSES)/INCOME
Beban penjualan	24a	(2,108,682)	(1,706,418)	Selling expenses
Beban umum dan administrasi	24b	(784,367)	(851,633)	General and administrative expenses
Beban operasi lainnya - bersih		(194,849)	(33,082)	Other operating expenses - net
Keuntungan atas pelepasan anak perusahaan	2d	196,018	-	Gain on disposal of subsidiary
Keuntungan lainnya - bersih	24c	12,850	18,791	Other gain - net
		(2,879,030)	(2,572,342)	
RUGI USAHA		(757,999)	(856,979)	OPERATING LOSS
Beban keuangan		(661,201)	(1,084,448)	Finance cost
Penghasilan keuangan		27,831	2,875	Finance income
RUGI SEBELUM PAJAK		(1,391,369)	(1,938,552)	LOSS BEFORE TAX
(Beban)/manfaat pajak penghasilan	25	(694,442)	300,014	Income tax (expense)/benefit
RUGI BERSIH TAHUN BERJALAN		(2,085,811)	(1,638,538)	LOSS FOR THE YEAR
PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi:				Item that will not be reclassified subsequently to profit or loss:
Pengukuran kembali atas program imbalan pasti	17	4,359	11,760	Remeasurement of defined benefits obligation
Beban pajak terkait pos-pos yang tidak akan direklasifikasi	25	(1,090)	(2,940)	Tax expense relating to items that will not be reclassified subsequently
Jumlah penghasilan komprehensif lain tahun berjalan setelah pajak		3,269	8,820	Total other comprehensive income for the year net of tax
JUMLAH RUGI KOMPREHENSIF LAIN TAHUN BERJALAN		(2,082,542)	(1,629,718)	TOTAL COMPREHENSIVE LOSS FOR THE YEAR
JUMLAH RUGI BERSIH YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL LOSS ATTRIBUTABLE TO:
Pemilik entitas induk		(2,085,811)	(1,638,538)	Owners of the Company
JUMLAH RUGI KOMPREHENSIF LAIN YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL OTHER COMPREHENSIVE LOSS ATTRIBUTABLE TO:
Pemilik entitas induk		(2,082,542)	(1,629,718)	Owners of the Company
Rugi bersih per saham - dasar (Rupiah penuh)	21	(86.19)	(226.32)	Net loss per share - basic (full Rupiah)
Rugi bersih per saham - dilusian (Rupiah penuh)	21	(86.19)	(230.17)	Net loss per share - diluted (full Rupiah)

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

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

(Expressed in millions of Rupiah, unless otherwise stated)

	Catatan/ *Notes*	Modal disetor/ *Paid-up capital stock*	Tambahan modal disetor/ *Additional paid-in capital*	Ekuitas *merging* entitas/ *Merging entity equity*	(Akumulasi rugi) Saldo laba/ *(Accumulated losses) Retained earnings* Belum dicadangkan/ *Unappropriated*	(Akumulasi rugi) Saldo laba/ *(Accumulated losses) Retained earnings* Dicadangkan/ *Appropriated*	Jumlah ekuitas (defisiensi modal)/ *Total equity (capital deficiency)*	
Saldo per 1 January 2015		362,000	254,928	168,343	(2,070,310)	4,000	(1,281,039)	Balance as of January 1, 2015
Rugi bersih tahun berjalan		-	-	7,360	(1,645,898)	-	(1,638,538)	Loss for the year
Penghasilan komprehensif lain								Other comprehensive income
Pengukuran kembali atas program imbalan pasti	17,25	-	-	-	8,820	-	8,820	Remeasurement of defined benefits obligation
Dampak dari bisnis kombinasi entitas sepengendali	19	-	(62,297)	(175,703)	-	-	(238,000)	Impact on common control business combinations
Saldo per 31 Desember 2015		362,000	192,631	-	(3,707,388)	4,000	(3,148,757)	Balance as of December 31, 2015
Rugi bersih tahun berjalan		-	-	-	(2,085,811)	-	(2,085,811)	Loss for the year
Tambahan modal	19	1,458,057	13,214,609	-	-	-	14,672,666	Additional shares
Penghasilan komprehensif lain								Other comprehensive income
Pengukuran kembali atas program imbalan pasti	17, 25	-	-	-	3,269	-	3,269	Remeasurement of defined benefits obligation
Saldo per 31 Desember 2016		1,820,057	13,407,240	-	(5,789,930)	4,000	9,441,367	Balance as of December 31, 2016

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

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

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan dari pelanggan	18,488,484	17,009,250	Receipt from customers
Pembayaran kepada pemasok	(18,286,568)	(17,018,853)	Payment to suppliers
Pembayaran kepada karyawan	(1,042,305)	(1,034,386)	Payment to employees
Penerimaan penghasilan keuangan	27,831	2,875	Receipt from finance income
Penerimaan restitusi pajak	73,605	31,660	Receipt of tax refund
Pembayaran atas ketetapan pajak	(84,504)	(51,786)	Payment of tax assessments
Pembayaran pajak	(157,493)	(416,467)	Tax payment
Pembayaran atas aktivitas pemasaran	(1,658,187)	(1,248,880)	Payment of marketing activities
Aktivitas operasi lainnya - bersih	71,254	(97,160)	Other operating activities - net
Arus Kas Bersih yang Digunakan untuk Aktivitas Operasi	(2,567,883)	(2,823,747)	Net Cash Flows Used in Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Perolehan aset tetap	(413,011)	(553,628)	Acquisition of fixed assets
Perolehan entitas anak	-	(238,000)	Acquisition of subsidiaries
Penerimaan penjualan anak perusahaan	304,000	-	Proceeds from the sale of subsidiary
Hasil penjualan aset yang dimiliki untuk dijual	-	8,909	Proceed from sales of assets held for sale
Hasil penjualan aset tetap	852	38	Proceed from sales of fixed assets
Arus Kas Bersih yang Digunakan Untuk Aktivitas Investasi	(108,159)	(782,681)	Net Cash Flows Used in Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan *right issue*	13,997,343	-	Proceeds from right issue
Penerimaan pinjaman jangka pendek	1,648,897	441,000	Proceeds from short-term loans
Penerimaan pinjaman dari pihak berelasi	-	6,700,000	Proceeds from intercompany loan
Pembayaran beban keuangan	(7,285)	(867,347)	Payment of finance cost
Pembayaran pinjaman bank jangka pendek	(1,264,062)	(1,834,000)	Payment of short-term bank loans
Pembayaran pinjaman jangka pajang	(12,000,000)	-	Payment of long-term loan
Arus Kas Bersih yang Diperoleh dari Aktivitas Pendanaan	2,374,893	4,439,653	Net Cash Flows Generated from Financing Activities
KENAIKAN (PENURUNAN) BERSIH KAS DAN SETARA KAS	(301,149)	833,225	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS AWAL TAHUN	(781,130)	(1,614,355)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR
KAS DAN SETARA KAS AKHIR TAHUN	(1,082,279)	(781,130)	CASH AND CASH EQUIVALENTS AT END OF THE YEAR

Kas dan setara kas terdiri dari: / Cash and cash equivalents comprise the following:

	2016	2015	
Kas dan setara kas	316,618	195,289	Cash and cash equivalents
Cerukan	(1,398,897)	(976,419)	Bank overdrafts
	(1,082,279)	(781,130)	

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

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

1. UMUM

a. Pendirian dan Informasi Umum

PT Bentoel Internasional Investama Tbk ("Perseroan" atau "BINI") didirikan pada tahun 1987 dengan nama PT Rimba Niaga Idola. Perseroan mulai beroperasi secara komersial pada tahun 1989 dan pada saat itu bergerak dalam bidang industri rotan. Pada tahun 2000, Perseroan mengubah namanya menjadi PT Bentoel Internasional Investama Tbk. Saat ini ruang lingkup kegiatan Perseroan seperti yang tertuang dalam Anggaran Dasarnya adalah perdagangan umum, industri dan jasa, kecuali jasa di bidang hukum dan pajak.

Perseroan berdomisili di Jakarta, Indonesia, dengan kantor pusat beralamat di Capital Place Office Tower lantai 6, Jl. Gatot Subroto Kav 18, Jakarta. Fasilitas manufaktur Perseroan terdapat di Malang, Jawa Timur, Indonesia.

Efektif sejak tanggal 1 September 2013, PT Bentoel Distribusi Utama ("BDU"), entitas anak, menandatangani perjanjian dengan entitas anak lainnya dari Perseroan yang bertindak sebagai produsen rokok untuk melakukan fungsi distribusi atas produk-produk rokok yang diproduksi oleh Grup. Terkait dengan ini, perjanjian distribusi sebelumnya antara Perseroan dengan entitas anak dari Grup telah berakhir.

Entitas induk langsung Perseroan adalah British American Tobacco (2009 PCA) Ltd, sedangkan entitas induk utama Perseroan adalah British American Tobacco p.l.c., berdomisili di Inggris.

b. Anggaran Dasar

Perseroan didirikan dengan Akta Notaris No. 247 tanggal 11 April 1987 dari Misahardi Wilamarta, SH yang disahkan oleh Menteri Kehakiman Republik Indonesia dalam Surat Keputusan No. C2-1219.HT.01.01-Th.89 tanggal 4 Februari 1989 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 90 tanggal 10 November 1989, Tambahan No. 2990/1989.

1. GENERAL

a. Establishment and General Information

PT Bentoel Internasional Investama Tbk ("The Company" or "BINI") was established in 1987 as PT Rimba Niaga Idola. The Company started its commercial operations in 1989 and was originally engaged in the rattan industry. In 2000, the Company changed its name to PT Bentoel Internasional Investama Tbk. Currently, the scope of the Company's activities as set out in its Articles of Association is to engage in general trading, manufacturing and services, except for tax and legal services.

The Company is domiciled in Jakarta, Indonesia, with its head office located at Capital Place Office Tower 6nd Fl Jl. Gatot Subroto Kav 18, Jakarta. The Company's manufacturing facilities are located in Malang, East Java, Indonesia.

Effective from September 1, 2013, PT Bentoel Distribusi Utama ("BDU"), a subsidiary, signed an agreement with other subsidiaries within the Company which acted as cigarette manufacturers to distribute cigarettes manufactured by the Group. In relation to this, previous distribution agreements between the Company and the subsidiaries were terminated.

The Company's immediate parent company is British American Tobacco (2009 PCA) Ltd, and its ultimate parent company is British American Tobacco p.l.c., domiciled in the United Kingdom.

b. Articles of Association

The Company was established by Notarial Deed No. 247 dated April 11, 1987 of Misahardi Wilamarta, SH which was approved by the Minister of Justice of the Republic of Indonesia in Decision Letter No. C2-1219.HT.01.01-Th.89 dated February 4, 1989 and was published in State Gazette of Republic Indonesia No. 90 dated November 10, 1989, Supplement No. 2990/1989.

(Expressed in millions of Rupiah, unless otherwise stated)

Anggaran Dasar Perseroan telah mengalami beberapa kali perubahan. Perubahan terakhir dibuat dengan Akta Notaris No. 155 tanggal 30 Juni 2016 oleh Mala Mukti, SH, sehubungan dengan perubahan modal ditempatkan dan disetor yang merupakan hasil dari pelaksanaan Penawaran Umum Terbatas III dalam rangka Hak Memesan Efek Terlebih Dahulu (HMETD). Akta perubahan tersebut mendapatkan persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan Surat Keputusan No. AHU-AH.01.03-0063642 tanggal 1 Juli 2016.

The Articles of Association have been amended. The latest amendment was made by Notarial Deed No. 155 dated June 30, 2016 of Mala Mukti, SH, related to changes of subscribed and paid up capital as a result of Limited Public Offering III in respect of a right issue with pre-emptive rights (HMETD). The amendment was approved by the Minister of Justice and Human Rights of the Republic of Indonesia based on the Decision Letter No. AHU-AH.01.03-0063642 dated July 1, 2016.

c. Perubahan struktur permodalan / **c. Changes in capital structure**

	Tahun/ *Year*	
Penawaran Umum Perdana 1.200.000 saham, dengan nilai nominal Rp 1.000 (dalam Rupiah penuh) per saham dan harga penawaran Rp 3.380 (dalam Rupiah penuh) per saham. Jumlah saham beredar menjadi 3.800.000 saham.	1989	Initial Public Offering 1,200,000 shares, with a par value of Rp 1,000 (full Rupiah) per share and offering price of Rp 3,380 (full Rupiah) per share. The Company's outstanding shares became 3,800,000 shares.
Penerbitan saham bonus sejumlah 2.850.000 saham dengan nilai nominal Rp 1.000 (dalam Rupiah penuh) per saham.	1994	Distribution of 2,850,000 bonus shares with nominal value of Rp 1,000 (full Rupiah) per shares.
Pemecahan nilai nominal saham dari Rp 1.000 (dalam Rupiah penuh) per saham menjadi Rp 500 (dalam Rupiah penuh) per saham, yang mengakibatkan kenaikan jumlah saham yang beredar menjadi 13.300.000 lembar saham.	1997	Completion of a stock split from Rp 1,000 (full Rupiah) per share to Rp 500 (full Rupiah) per share, increasing the number of outstanding shares to 13,300,000 shares.
Penawaran Umum Terbatas I dengan HMETD, dimana setiap pemegang saham yang memiliki 2 lembar saham lama mendapatkan 8 HMETD untuk membeli saham biasa dengan total 53.200.000 lembar saham.	2000	Limited Public Offering I in respect of a rights issue with HMETD. Every holder of 2 shares received 8 HMETD to purchase ordinary shares with a total of 53,200,000 issued shares.
Pada tiap 8 HMETD melekat 17 Hak Memesan Hak Menerima Saham ("HMHMS") dengan total 113.050.000 lembar saham. Total jumlah saham beredar menjadi 179.550.000 lembar saham.	2000	Every 8 HMETD are issued with 17 rights to subscribe and purchase ("HMHMS") with total issued shares of 113,050,000 shares. Total shares outstanding became 179,550,000 shares.
Pemecahan nilai nominal saham dari Rp 500 (dalam Rupiah penuh) per saham menjadi Rp 50 (dalam Rupiah penuh) per saham, sehingga jumlah saham beredar menjadi 1.795.500.000 lembar saham.	2000	Completion of a stock split from Rp 500 (full Rupiah) per share to Rp 50 (full Rupiah) per share, increasing the number of outstanding shares to 1,795,500,000 shares.
Penerbitan saham bonus dimana setiap pemegang saham yang memiliki 1 lembar saham mendapatkan 2 lembar saham biasa.	2001	Distribution of bonus shares in which every holder of 1 share received 2 ordinary shares.

(Expressed in millions of Rupiah, unless otherwise stated)

	Tahun/ *Year*	
Penawaran Umum Terbatas II dengan HMETD sejumlah 1.346.625.000 lembar saham dengan harga penawaran sebesar Rp 170 (dalam Rupiah penuh) per saham, sehingga jumlah saham yang beredar menjadi 6.733.125.000 lembar saham.	2002	Limited Public Offering II in respect of a rights issue with HMETD with total of 1,346,625,000 shares at the price of Rp 170 (full Rupiah) per share, increasing the number of outstanding shares to 6,733,125,000 shares.
Efektif tanggal 1 Januari 2010, Perseroan melakukan penggabungan usaha dengan PT BAT Indonesia Tbk ("BATI"), entitas sepengendali, dimana Perseroan menjadi entitas yang menerima penggabungan sedangkan BATI bubar demi hukum. Dalam penggabungan usaha ini, seluruh aset dan liabilitas BATI telah beralih kepada Perseroan dan Perseroan menerbitkan 506.880.000 lembar saham baru untuk menggantikan seluruh saham BATI, sehingga jumlah saham Perseroan yang beredar menjadi 7.240.005.000 saham dan modal ditempatkan dan disetor penuh menjadi Rp 362 miliar.	2010	Effective on 1 January 2010, the Company merged with PT BAT Indonesia Tbk ("BATI"), being entities under common control, with the Company as the surviving entity and BATI being dissolved by law. Upon the merger, all assets and liabilities of BATI were transferred to the Company and the Company issued 506,880,000 new shares to replace all the existing shares of BATI which then increase the Company's outstanding shares to 7,240,005,000 shares and increase the share capital issued and fully paid to Rp 362 billion.
Penawaran Umum Terbatas III dengan HMETD sejumlah 29.161.131.250 lembar saham dengan harga penawaran sebesar Rp 480 (dalam Rupiah penuh) per saham, sehingga jumlah saham yang beredar menjadi 36.401.136.250 lembar saham.	2016	Limited Public Offering III in respect of a rights issue with HMETD with total of 29,161,131,250 shares at the price of Rp 480 (full Rupiah) per share, increasing the number of outstanding shares to 36,401,136,250 shares.

Seluruh saham Perseroan telah dicatatkan pada Bursa Efek Indonesia.

All of the Company's issued shares are listed on the Indonesia Stock Exchange.

d. Entitas Anak

d. Subsidiaries

Dengan mengacu kepada Catatan 3c, Perseroan mengkonsolidasi entitas-entitas berikut:

In accordance with Note 3c, the Company consolidated the following entities:

Entitas Anak/ *Subsidiaries*	Jenis Usaha/ *Nature of business*	Tahun beroperasi komersial/ *Year of commercial operations*	Persentase Pemilikan/ *Percentage of Ownership* 2016	2015	Jumlah Aset (Sebelum Eliminasi)/ *Total Assets (Before Elimination)* 2016	2015
Entitas anak langsung/ *Direct subsidiaries*			%	%		
PT Bentoel Prima (BP) dan entitas anak/ *and its subsidiaries*	Manufaktur rokok/ *Manufacturing of cigarettes*	1997	99.99	99.99	20,984,600	13,604,787
PT Java Tobacco (JVT)	Manufaktur rokok/ *Manufacturing of cigarettes*	2007	99.99	99.99	33,753	346,943
PT Pantura Tobacco (PTT)[1)]	Manufaktur rokok/ *Manufacturing of cigarettes*	-	99.99	99.99	11,053	10,906
PT Cipta Pesona Bintang (CPB)[2)]	Manufaktur rokok/ *Manufacturing of cigarettes*	-	100	100	489	494
PT Bentoel Distribusi Utama (BDU)	Distributor rokok/ *Distributor of cigarettes*	2013	100	100	6,589,744	4,698,470

(Expressed in millions of Rupiah, unless otherwise stated)

Entitas Anak/ *Subsidiaries*	Jenis Usaha/ *Nature of business*	Tahun beroperasi komersial/ *Year of commercial operations*	Persentase Pemilikan/ *Percentage of Ownership* 2016	2015	Jumlah Aset (Sebelum Eliminasi)/ *Total Assets (Before Elimination)* 2016	2015
Entitas anak BP/ *subsidiaries of BP*						
PT Lestariputra Wirasejati (LWS) dan entitas anak/ *and its subsidiaries*	Manufaktur rokok/ *Manufacturing of cigarettes*	1995	100	100	481,401	564,181
PT Perusahaan Dagang Suburaman (PDS) dan entitas anak/ *and its subsidiaries*	Manufaktur rokok/ *Manufacturing of cigarettes*	1993	100	100	2,580,093	512,291
PT Perusahaan Dagang dan Industri Tresno	Manufaktur rokok/ *Manufacturing of cigarettes*	1985	100	100	9,805,690	6,697,013
Entitas anak LWS/ *Subsidiaries of LWS*						
PT Bintang Boladunia (BBD)	Manufaktur rokok/ *Manufacturing of cigarettes*	2001	100	100	149,021	94,589
PT Bintang Jagat Sejati (BJS)	Manufaktur rokok/ *Manufacturing of cigarettes*	2010	100	100	57,348	98,515
PT Bintang Pesona Jagat (BPJ)[3)]	Manufaktur rokok/ *Manufacturing of cigarettes*	2009	-	100	-	90,892
Entitas anak PDS/ *Subsidiary of PDS*						
PT Amiseta (AMI)	Manufaktur rokok/ *Manufacturing of cigarettes*	1957	100	100	4,775	31,553

1) PTT masih dalam kondisi tidak aktif
2) CPB masih dalam kondisi tidak aktif
3) 15 Desember 2016, Perusahaan menjual seluruh kepemilikan sahamnya di PT Bintang Pesona Jagat kepada Tien Wah Press Holding Berhad. Laba rugi dari transaksi tersebut diakui dalam laba sebagai keuntungan atas pelepasan anak perusahaan.

1) PTT is still dormant
2) CPB is still dormant
3) On December 15, 2016, the Company disposed all of its interest in PT Bintang Pesona Jagat to Tien Wah Press Holding Berhad. The gain from that transaction is recognized in profit or loss as gain on disposal of subsidiary.

Seluruh entitas anak langsung dan tidak langsung berdomisili di Indonesia.

All direct and indirect subsidiaries are domiciled in Indonesia.

Pada tanggal 15 Desember 2016, Perseroan menjual seluruh kepemilikan sahamnya di PT Bintang Pesona Jagat.

On December 15, 2016, the Company disposed all of its interest in PT Bintang Pesona Jagat.

Pada tanggal penjualan, analisa aset dan liabilitas atas hilangnya pengendalian adalah sebagai berikut:

As of the date of disposal, the analysis of assets and liabilities over which control was lost is as follows:

	2016	
Aset lancar		Current assets
Piutang usaha	10,985	Trade accounts receivable
Persediaan	39,050	Inventories
Aset lancar lainnya	10,069	Other current asset
Aset tidak lancar		Non-current assets
Aset tetap	100,800	Property and equipment
Liabilitas jangka pendek		Current liabilities
Utang	(45,527)	Payables
Liabilitas jangka pendek lainnya	(3,553)	Other current liabilities
Liabilitas jangka panjang		Non-current liabilities
Liabilitas pajak tangguhan	(3,842)	Deferred tax liabilities
Aset bersih yang dijual	107,982	Net assets disposed

(Expressed in millions of Rupiah, unless otherwise stated)

Keuntungan atas penjualan yang termasuk dalam laba rugi tahun berjalan atas pelepasan anak Perusahaan adalah sebagai berikut:

The gain on disposal that is included in the profit or loss for the year on disposal of subsidiary is computed as follows:

	2016	
Imbalan yang diterima dalam kas dan setara kas	304,000	Consideration received in cash and cash equivalents
Aset bersih yang dijual	(107,982)	Net assets disposed
Keuntungan atas penjualan	196,018	Gain on disposal

e. Dewan Komisaris, Direksi, dan Karyawan

e. Board of Commissioners, Board of Directors, and Employees

Susunan anggota Dewan Komisaris dan Direksi Perseroan per 31 Desember 2016 dan 2015 adalah sebagai berikut:

The members of the Company's Board of Commissioners and Board of Directors as at December 31, 2016 and 2015 are as follows:

	31 Desember/*December 31,* 2016	31 Desember/*December 31,* 2015	
Dewan Komisaris			**Board of Commissioners**
Komisaris Utama	Hendro Martowardojo[1)]	Hendro Martowardojo[1)]	President Commissioner
Komisaris	Michael Scott Hayes	Michael Scott Hayes	Commissioner
Komisaris Independen	Silmy Karim	Silmy Karim	Independent Commissioners
	Eddy Abdurrachman	Eddy Abdurrachman	
	-	James Richard Suttie[2)]	
Direksi			**Board of Directors**
Presiden Direktur	Jason Fitzgerald Murphy	Jason Fitzgerald Murphy	President Director
Direktur	Hardeep Khangura	Hardeep Khangura	Directors
	Martin Arthur Guest[3)]	Tang Chung Leong	
	Prijunatmoko Sutrisno	Prijunatmoko Sutrisno	

1) Hendro Martowardojo juga merupakan Komisaris Independen.
2) James Richard Suttie mengundurkan diri efektif per 15 April 2016.
3) Martin Arthur Guest diangkat efektif per 15 April 2016, menggantikan Tang Chung Leong.

1) Hendro Martowardojo is also acting as Independent Commissioner.
2) James Richard Suttie resigned effective April 15, 2016.
3) Martin Arthur Guest was appointed effective April 15, 2016, replacing Tang Chung Leong.

Susunan Komite Audit Perseroan pada tanggal 31 Desember 2016 dan 2015 terdiri dari:

The composition of the Company's Audit Committee at December 31, 2016 and 2015 consisted of the following:

	31 Desember/*December 31,* 2016	31 Desember/*December 31,* 2015	
Ketua	Eddy Abdurrachman[1)]	James Richard Sutie	Chairman
Anggota	Hendro Martowardojo[2)]	Johanes Sutrisno	Members
	Suria Martara Tjahaja[3)]	Eddy Abdurrachman	

1) James Richard Sutie digantikan oleh Eddy Abdurrachman.
2) Johanes Sutrisno digantikan oleh Hendro Martowardojo.
3) Suria Martara Tjahaja diangkat efektif 14 Maret 2016.

1) James Richard Sutie replaced by Eddy Abdurrachman.
2) Johanes Sutrisno replaced by Hendro Martowardojo.
3) Suria Martara Tjahaja was appointed effective March 14, 2016.

Pada tanggal 31 Desember 2016 dan 2015, Perseroan dan entitas anak memiliki total karyawan tetap masing-masing sebanyak 5.817 orang dan 5.907 orang. Jumlah biaya karyawan untuk tahun 2016 dan 2015 masing-masing sebesar Rp 0,9 triliun dan Rp 1,1 triliun, termasuk biaya untuk karyawan tidak tetap.

As of December 31, 2016 and 2015, the Company and its subsidiaries had permanent employees of 5,817 persons and 5,907 persons. Total employee costs for 2016 and 2015 amounted to Rp 0.9 trillion and Rp 1.1 trillion, including costs for non-permanent employees.

2. PENERAPAN STANDAR AKUNTANSI KEUANGAN BARU DAN REVISI (PSAK) DAN INTERPRETASI STANDAR AKUNTANSI KEUANGAN (ISAK)

a. Standar yang berlaku efektif pada tahun berjalan

Dalam tahun berjalan, Grup telah menerapkan semua standar baru dan revisi serta interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan dari Ikatan Akuntan Indonesia yang relevan dengan operasinya dan efektif untuk periode akuntansi yang dimulai pada tanggal 1 Januari 2016.

- Amandemen PSAK 4, Laporan Keuangan Tersendiri
- Amandemen PSAK 7, Pengungkapan pihak-pihak berelasi
- Amandemen PSAK 16, Aset Tetap
- Amandemen PSAK 19, Aset Takberwujud
- Amandemen PSAK 22, Kombinasi Bisnis
- Amandemen PSAK 24, Imbalan Kerja
- Amandemen PSAK 65, Laporan Keuangan Konsolidasian
- Amandemen PSAK 67, Pengungkapan Kepentingan dalam Entitas

b. Standar dan interpretasi telah diterbitkan tapi belum diterapkan

Amandemen standar dan interpretasi berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017, dengan penerapan dini diperkenankan yaitu:

- PSAK 1: Penyajian Laporan Keuangan tentang Prakarsa Pengungkapan.
- ISAK 31: Interpretasi atas Ruang Lingkup PSAK 13: Properti Investasi.

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Standards effective in the current period

In the current year, the Group adopted the following new and revised standards and interpretations issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2016.

- Amendments to PSAK 4, Separate Financial Statements
- Amendments to PSAK 7, Related Party Disclosures
- Amendments to PSAK 16, Property, Plant and Equipment
- Amendments to PSAK 19, Intangible Assets
- Amendments to PSAK 22, Business Combination
- Amendments to PSAK 24, Employee Benefits
- Amendments to PSAK 65, Consolidated Financial Statements
- Amendments to PSAK 67, Disclosure of Interest in Other Entities

b. Standards and interpretations issued not yet adopted

Amendments to standard and interpretation effective for periods beginning on or after January 1, 2017, with early application permitted are:

- PSAK 1: Presentation of Financial Statements about Disclosure Initiative.
- ISAK 31: Scope Interpretation of PSAK 13: Investment property.

Standar dan amandemen standar berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2018, dengan penerapan dini diperkenankan yaitu:

- PSAK 69: Agrikultur
- Amandemen PSAK 16: Aset Tetap tentang Agrikultur: Tanaman Produktif

Sampai dengan tanggal penerbitan laporan keuangan konsolidasian, manajemen masih mengevaluasi dampak dari standar tersebut terhadap laporan keuangan konsolidasian.

3. IKHTISAR KEBIJAKAN AKUNTANSI PENTING

a. Pernyataan Kepatuhan

Laporan keuangan konsolidasian disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia.

b. Dasar Penyusunan

Dasar penyusunan laporan keuangan konsolidasian adalah biaya historis, kecuali instrumen keuangan yang diukur pada nilai wajar pada setiap akhir periode pelaporan, yang dijelaskan dalam kebijakan akuntansi di bawah ini. Mata uang penyajian yang digunakan untuk penyusunan laporan keuangan konsolidasian adalah mata uang Rupiah (Rp).

Biaya historis umumnya didasarkan pada nilai wajar dari imbalan yang diberikan dalam pertukaran barang dan jasa.

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam suatu transaksi teratur antara pelaku pasar pada tanggal pengukuran, terlepas apakah harga tersebut dapat diobservasi secara langsung atau diestimasi menggunakan teknik penilaian lain. Dalam mengestimasi nilai wajar aset atau liabilitas, Grup memperhitungkan karakteristik aset atau liabilitas, jika pelaku pasar memperhitungkan karakteristik tersebut ketika menentukan harga aset atau liabilitas pada tanggal pengukuran. Nilai wajar untuk tujuan pengukuran dan/atau pengungkapan dalam laporan keuangan konsolidasian ditentukan berdasarkan basis tersebut, kecuali untuk transaksi pembayaran berbasis saham dalam ruang lingkup PSAK 53, transaksi sewa dalam ruang lingkup PSAK 30, dan pengukuran yang memiliki beberapa kemiripan dengan nilai wajar tetapi bukan merupakan nilai wajar, seperti nilai realisasi neto dalam PSAK 14 dan nilai pakai dalam PSAK 48.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are:

- PSAK 69: Agriculture
- PSAK 16: Property, Plant and Equipment about Agriculture: Bearer Plants.

As of issuance of consolidated financial statements, management is evaluating the effect of these standards on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The presentation currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics the asset or a liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PSAK 53, leasing transactions that are within the scope of PSAK 30, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PSAK 14 or value in use in PSAK 48.

Selain itu, untuk tujuan pelaporan keuangan, pengukuran nilai wajar dikategorikan ke Level 1, 2 atau 3 berdasarkan tingkat input untuk pengukuran nilai wajar yang dapat diobservasi dan signifikansi input pada pengukuran nilai wajar secara keseluruhan, yang digambarkan sebagai berikut:

- Input Level 1 adalah harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses entitas pada tanggal pengukuran;
- Input Level 2 adalah input, selain harga kuotasian yang termasuk dalam Level 1, yang dapat diobservasi untuk aset atau liabilitas, baik secara langsung maupun tidak langsung; dan
- Input Level 3 adalah input yang tidak dapat diobservasi untuk aset atau liabilitas.

Laporan keuangan konsolidasian disusun berdasarkan konsep biaya perolehan dan menggunakan dasar akrual, kecuali untuk laporan arus kas konsolidasian.

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung dengan mengelompokkan arus kas ke dalam kegiatan operasi, investasi, dan pendanaan. Untuk tujuan ini, kas dan setara kas disajikan setelah dikurangi dengan cerukan.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The consolidated financial statements have been prepared on the basis of historical cost, and using the accrual basis, except for the consolidated statements of cash flows.

The consolidated statements of cash flows have been prepared using the direct method by classifying cash flows on the basis of operating, investing and financing activities. For these purposes, cash and cash equivalents are shown net of bank overdrafts.

c. Dasar Konsolidasian

Laporan keuangan konsolidasian meliputi laporan keuangan Perseroan dan entitas anak.

Entitas anak adalah suatu entitas dimana Grup memiliki pengendalian. Grup mengendalikan entitas lain ketika Grup terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan entitas dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas entitas. Metode akuisisi digunakan untuk mencatat akuisisi entitas anak oleh Grup. Biaya perolehan termasuk nilai wajar imbalan kontinjensi pada tanggal akuisisi.

Seluruh transaksi dan saldo antar entitas yang dikonsolidasi telah dieliminasi dalam laporan keuangan konsolidasian.

c. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition includes the fair value at the acquisition date of any contingent consideration.

All transactions and balances between consolidated entities have been eliminated in the consolidated financial statements.

Seluruh transaksi intra kelompok usaha, saldo, penghasilan dan beban dieliminasi pada saat konsolidasi.

Dalam penggabungan usaha selain antar entitas sepengendali, bila pengendalian atas suatu entitas diperoleh dalam periode berjalan, hasil usaha entitas tersebut dimasukkan ke dalam laporan keuangan konsolidasian sejak tanggal pengendalian diperoleh.

Dalam penggabungan usaha antara entitas sepengendali, laporan keuangan entitas yang diakuisisi digabungkan berdasarkan nilai tercatatnya sedemikian rupa seolah-olah penggabungan usaha telah terjadi sejak periode dimana entitas yang bergabung berada dalam sepengendali.

Selisih antara harga pengalihan dengan nilai buku dari aset bersih yang diterima pada transaksi restrukturisasi antar entitas sepengendali dan dibukukan sebagai “Selisih Nilai Transaksi Restrukturisasi Entitas Sepengendali” (“SNTRES”), yang disajikan sebagai bagian dari “Tambahan Modal Disetor” dalam unsur ekuitas.

Hasil usaha entitas anak dikeluarkan dari laporan keuangan konsolidasian sejak tanggal pelepasannya.

Kebijakan akuntansi yang digunakan dalam penyusunan laporan keuangan konsolidasian ini telah diterapkan secara konsisten, kecuali jika dinyatakan lain.

d. Kombinasi Bisnis dan Kombinasi Bisnis Entitas Sepengendali

<u>Kombinasi Bisnis</u>

Akuisisi bisnis dicatat dengan menggunakan metode akuisisi. Imbalan yang dialihkan dalam suatu kombinasi bisnis diukur pada nilai wajar, yang dihitung sebagai hasil penjumlahan dari nilai wajar tanggal akuisisi atas seluruh aset yang dialihkan oleh Grup, liabilitas yang diakui oleh Grup kepada pemilik sebelumnya dari pihak yang diakuisisi dan kepentingan ekuitas yang diterbitkan oleh Grup dalam pertukaran pengendalian dari pihak yang diakuisisi. Biaya-biaya terkait akuisisi diakui di dalam laba rugi pada saat terjadinya.

Pada tanggal akuisisi, aset teridentifikasi yang diperoleh dan liabilitas yang diambilalih diakui pada nilai wajar kecuali untuk aset dan liabilitas tertentu yang diukur sesuai dengan standar yang relevan.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In business combinations other than those between entities under common control, where control of an entity is obtained during a financial period, its result of operation is included in the consolidated financial statements from the date on which control commences.

In business combinations between entities under common control, the financial statements of the acquired entity involved are combined on a carryover basis as if the business combinations had been effective from the period when the merging entities were placed under common control.

The difference between the value of consideration given up and the carrying amount of net assets received in restructuring transactions between entities under common control is booked as the “Difference in Value Arising From Restructuring Transactions of Entities Under Common Control” (“DUCC”), which is presented as part of “Additional Paid in Capital” in equity section.

Results of subsidiaries disposed are excluded from the consolidated financial statements from the date of disposal.

The accounting policies adopted in preparing the consolidated financial statements have been consistently applied, unless otherwise stated.

d. Business Combinations and Business Combinations Under Common Control

<u>Business Combination</u>

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

Goodwill diukur sebagai selisih lebih dari nilai gabungan dari imbalan yang dialihkan, jumlah setiap kepentingan nonpengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi (jika ada) atas jumlah neto dari aset teridentifikasi yang diperoleh dan liabilitas yang diambilalih pada tanggal akuisisi. Jika, setelah penilaian kembali, jumlah neto dari aset teridentifikasi yang diperoleh dan liabilitas yang diambilalih pada tanggal akuisisi melebihi jumlah imbalan yang dialihkan, jumlah dari setiap kepentingan non pengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi (jika ada), selisih lebih diakui segera dalam laba rugi sebagai pembelian dengan diskon.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase option.

Kepentingan nonpengendali yang menyajikan bagian kepemilikan dan memberikan mereka hak atas bagian proposional dari aset neto entitas dalam hal terjadi likuidasi pada awalnya diukur baik pada nilai wajar ataupun pada bagian proporsional kepemilikan kepentingan nonpengendali atas aset neto teridentifikasi dari pihak yang diakuisisi. Pilihan dasar pengukuran dilakukan atas dasar transaksi. Kepentingan nonpengendali jenis lain diukur pada nilai wajar atau, jika berlaku, pada dasar pengukuran lain yang ditentukan oleh standar akuntansi lain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another accounting standard.

Perubahan dalam nilai wajar atas imbalan kontinjen yang memenuhi syarat sebagai penyesuaian periode pengukuran disesuaikan secara retrospektif, dengan penyesuaian terkait terhadap *goodwill*. Penyesuaian periode pengukuran adalah penyesuaian yang berasal dari informasi tambahan yang diperoleh selama periode pengukuran (yang tidak melebihi satu tahun sejak tanggal akuisisi) tentang fakta-fakta dan kondisi yang ada pada tanggal akuisisi.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Akuntansi selanjutnya atas perubahan dalam nilai wajar dari imbalan kontinjen yang tidak memenuhi syarat sebagai penyesuaian periode pengukuran tergantung pada bagaimana imbalan kontinjen tersebut diklasifikasikan. Imbalan kontinjen yang diklasifikasikan sebagai ekuitas tidak diukur kembali pada tanggal setelah tanggal pelaporan dan penyelesaian selanjutnya dicatat dalam ekuitas. Imbalan kontinjen yang diklasifikasikan sebagai aset atau liabilitas diukur kembali setelah tanggal pelaporan sesuai dengan standar akuntansi yang relevan dengan mengakui keuntungan atau kerugian terkait dalam laba rugi atau dalam penghasilan komprehensif lain.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured subsequent to reporting dates in accordance with the relevant accounting standards, as appropriate, with the corresponding gain or loss being recognized in profit or loss or in other comprehensive income.

Bila suatu kombinasi bisnis dilakukan secara bertahap, kepemilikan terdahulu Grup atas pihak terakuisisi diukur kembali ke nilai wajar pada tanggal akuisisi dan keuntungan atau kerugian dihasilkan, jika ada, diakui dalam laba rugi. Jumlah yang berasal dari kepemilikan sebelum tanggal akuisisi yang sebelumnya telah diakui dalam penghasilan komprehensif lain direklasifikasi ke laba rugi dimana perlakuan tersebut akan sesuai jika kepemilikan tersebut dilepas/dijual.

Jika akuntansi awal untuk kombinasi bisnis belum selesai pada akhir periode pelaporan saat kombinasi terjadi, Grup melaporkan jumlah sementara untuk pos-pos yang proses akuntansinya belum selesai dalam laporan keuangannya. Selama periode pengukuran, pihak pengakuisisi menyesuaikan, aset atau liabilitas tambahan yang diakui, untuk mencerminkan informasi baru yang diperoleh tentang fakta dan keadaan yang ada pada tanggal akuisisi dan, jika diketahui, akan berdampak pada jumlah yang diakui pada tanggal tersebut.

Kombinasi Bisnis Entitas Sepengendali

Kombinasi bisnis entitas sepengendali dicatat dengan menggunakan metode penyatuan kepemilikan dimana aset dan liabilitas yang diperoleh dari kombinasi bisnis dicatat oleh pengakuisisi pada jumlah tercatatnya.

Selisih antara jumlah imbalan yang dialihkan dan jumlah tercatat disajikan sebagai tambahan modal disetor dan tidak diakui ke laba rugi.

Metode penyatuan kepemilikan diterapkan seolah-olah entitas telah bergabung sejak periode dimana entitas yang bergabung berada dalam sepengendali.

e. Transaksi dan Saldo Dalam Mata Uang Asing

Pos-pos di dalam laporan keuangan setiap entitas di dalam Grup diukur dengan menggunakan mata uang dari lingkungan ekonomi utama di mana entitas beroperasi (“mata uang fungsional”).

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

Business Combination Under Common Control

Business combination of entities under common control that qualifies as a business are accounted for under pooling of interest method where assets and liabilities acquired in the business combination are recorded by the acquirer at their book values.

The difference between the transfer price and the book value is presented as Additional Paid in Capital and is not recycled to profit or loss.

The pooling of interest method is applied as if the entities had been combined from the period when the merging entities were placed under common control.

e. Foreign Currency Transactions and Accounts Balance

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

Dalam penyusunan laporan keuangan setiap entitas individual grup, transaksi dalam mata uang asing selain mata uang fungsional entitas (mata uang asing) diakui pada kurs yang berlaku pada tanggal transaksi. Pada setiap akhir periode pelaporan, pos moneter dalam valuta asing dijabarkan kembali pada kurs yang berlaku pada tanggal tersebut. Pos nonmoneter diukur dalam biaya historis dalam valuta asing tidak dijabarkan kembali.

Selisih kurs atas pos moneter diakui dalam laba rugi pada saat terjadinya.

f. Transaksi Pihak-pihak Berelasi

Pihak-pihak berelasi adalah orang atau entitas yang terkait dengan Grup (entitas pelapor):

a. Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut:

   i. memiliki pengendalian atau pengendalian bersama atas entitas pelapor;

   ii. memiliki pengaruh signifikan terhadap entitas pelapor; atau

   iii. personil manajemen kunci entitas pelapor atau entitas induk dari entitas pelapor.

b. Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:

   i. Entitas dan entitas pelapor adalah anggota dari kelompok usaha yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lainnya).

   ii. Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu kelompok usaha, yang mana entitas lain tersebut adalah anggotanya).

   iii. Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama.

   iv. Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss.

f. Transactions with Related Parties

A related party is a person or entity that is related to the Group (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity, and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. Entitas tersebut adalah suatu program imbalan pasca kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor.

vi. Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf (a).

vii. Orang yang diidentifikasi dalam huruf (a) (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

viii. Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

Transaksi signifikan yang dilakukan dengan pihak-pihak berelasi, baik dilakukan dengan kondisi dan persyaratan yang sama dengan pihak ketiga maupun tidak, diungkapkan pada laporan keuangan konsolidasian.

g. Aset Keuangan

Seluruh aset keuangan diakui dan dihentikan pengakuannya pada tanggal diperdagangkan dimana pembelian dan penjualan aset keuangan berdasarkan kontrak yang mensyaratkan penyerahan aset keuangan dalam kurun waktu yang ditetapkan oleh kebiasaan pasar yang berlaku, dan awalnya diukur sebesar nilai wajar ditambah biaya transaksi, kecuali untuk aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi, yang awalnya diukur sebesar nilai wajar.

Aset keuangan Grup diklasifikasikan sebagai nilai wajar melalui laba rugi dan pinjaman yang diberikan dan piutang.

Nilai wajar melalui laba rugi (FVTPL)

Aset keuangan diklasifikasi dalam FVTPL, jika aset keuangan sebagai kelompok diperdagangkan atau pada saat pengakuan awal ditetapkan untuk diukur pada FVTPL.

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a).

vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

g. Financial Assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group’s financial assets are classified as FVTPL and loans and receivables.

Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

Aset keuangan diklasifikasi sebagai kelompok diperdagangkan, jika:

- diperoleh atau dimiliki terutama untuk tujuan dijual kembali dalam waktu dekat; atau
- pada pengakuan awal merupakan bagian dari portofolio instrumen keuangan tertentu yang dikelola bersama dan terdapat bukti mengenai pola ambil untung dalam jangka pendek aktual terkini; atau
- merupakan derivatif yang tidak ditetapkan dan tidak efektif sebagai instrumen lindung nilai.

Aset keuangan selain aset keuangan yang diperdagangkan, dapat ditetapkan sebagai FVTPL pada saat pengakuan awal jika:

- penetapan tersebut mengeliminasi atau mengurangi secara signifikan inkonsistensi pengukuran dan pengakuan yang dapat timbul; atau
- kelompok aset keuangan, liabilitas keuangan atau keduanya, dikelola dan kinerjanya dievaluasi berdasarkan nilai wajar, sesuai dengan manajemen risiko atau strategi investasi yang didokumentasikan, dan informasi tentang Perusahaan disediakan secara internal kepada manajemen kunci entitas (sebagaimana didefinisikan dalam PSAK 7: Pengungkapan Pihak-pihak Berelasi), misalnya direksi dan CEO.

Aset keuangan FVTPL disajikan sebesar nilai wajar, keuntungan atau kerugian yang timbul diakui dalam laba rugi. Keuntungan atau kerugian bersih yang diakui dalam laba rugi mencakup dividen atau bunga yang diperoleh dari aset keuangan.

Pinjaman yang diberikan dan piutang

Kas dan setara kas, piutang usaha dan piutang lain-lain, dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif diklasifikasi sebagai “pinjaman yang diberikan dan piutang”, yang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif dikurangi penurunan nilai.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the entity’s key management personnel (as defined in PSAK 7: Related Party Disclosures), for example the entity’s board of directors and chief executive officer.

Financial assets at FVTPL are stated at fair value, with any result gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Cash and cash equivalents, trade and other accounts receivables, that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are measured at amortized cost using the effective interest method less impairment.

Bunga diakui dengan menggunakan metode suku bunga efektif, kecuali piutang jangka pendek dimana pengakuan bunga tidak material.

Metode suku bunga efektif

Metode suku bunga efektif adalah metode yang digunakan untuk menghitung biaya perolehan diamortisasi dari instrumen keuangan dan metode untuk mengalokasikan pendapatan bunga selama periode yang relevan. Suku bunga atau biaya efektif adalah suku bunga yang secara tepat mendiskontokan estimasi penerimaan atau pembayaran kas di masa depan (mencakup seluruh komisi, biaya transaksi dan premium atau diskonto dan bentuk lain yang dibayarkan atau diterima oleh para pihak dalam kontrak yang merupakan bagian yang tak terpisahkan dari suku bunga efektif) selama perkiraan umur instrumen keuangan, atau, jika lebih tepat, digunakan periode yang lebih singkat untuk memperoleh nilai tercatat bersih dari aset keuangan pada saat pengakuan awal.

Pendapatan diakui berdasarkan suku bunga efektif.

Penurunan nilai aset keuangan

Pinjaman yang diberikan dan piutang dievaluasi terhadap indikator penurunan nilai pada setiap tanggal pelaporan. Pinjaman yang diberikan dan piutang diturunkan nilainya bila terdapat bukti objektif, sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset keuangan, dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan yang dapat diestimasi secara andal.

Bukti obyektif penurunan nilai termasuk sebagai berikut:

- kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam; atau
- pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga; atau
- terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan.

Interest is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees, transaction costs and other premiums or discounts and points paid or received that form an integral part of the effective interest rate) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at each reporting date. Loans and receivables are considered impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, and the loss event had impacted to the estimated future cash flows of the investment.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Pinjaman yang diberikan dan piutang yang tidak akan diturunkan nilainya secara individual, akan dievaluasi penurunan nilainya secara kolektif. Bukti objektif dari penurunan nilai portofolio piutang dapat termasuk pengalaman Grup atas tertagihnya piutang di masa lalu, peningkatan keterlambatan penerimaan pembayaran piutang dari rata-rata periode kredit, dan juga pengamatan atas perubahan kondisi ekonomi nasional atau lokal yang berkorelasi dengan *default* atas piutang.

Jumlah kerugian penurunan nilai merupakan selisih antara jumlah tercatat aset keuangan dengan jumlah kini dari estimasi arus kas masa depan yang didiskontokan menggunakan tingkat suku bunga efektif awal dari aset keuangan.

Jumlah tercatat pinjaman yang diberikan dan piutang tersebut dikurangi dengan kerugian penurunan nilai secara langsung kecuali piutang yang jumlah tercatatnya dikurangi melalui penggunaan akun cadangan piutang. Jika piutang tidak tertagih, piutang tersebut dihapuskan melalui akun cadangan piutang. Pemulihan kemudian dari jumlah yang sebelumnya telah dihapuskan dikreditkan terhadap akun cadangan. Perubahan jumlah tercatat akun cadangan piutang diakui dalam laba rugi.

Jika, pada periode berikutnya, jumlah kerugian penurunan nilai berkurang dan penurunan dapat dikaitkan secara objektif dengan peristiwa yang terjadi setelah penurunan nilai diakui, kerugian penurunan nilai yang diakui sebelumnya dibalik melalui laba rugi hingga nilai tercatat investasi pada tanggal pemulihan penurunan nilai sepanjang nilainya tidak melebihi biaya perolehan diamortisasi sebelum pengakuan kerugian penurunan nilai dilakukan.

Penghentian pengakuan aset keuangan

Grup menghentikan pengakuan aset keuangan jika dan hanya jika hak kontraktual atas arus kas yang berasal dari aset berakhir, atau Grup mentransfer aset keuangan dan secara substansial mentransfer seluruh risiko dan manfaat atas kepemilikan aset kepada entitas lain. Jika Grup tidak mentransfer serta tidak memiliki secara substansial atas seluruh risiko dan manfaat kepemilikan serta masih mengendalikan aset yang ditransfer, maka Grup mengakui keterlibatan berkelanjutan atas aset yang ditransfer dan liabilitas terkait sebesar jumlah yang mungkin harus dibayar. Jika Grup memiliki secara substansial seluruh risiko dan manfaat kepemilikan aset keuangan yang ditransfer, Grup masih mengakui aset keuangan dan juga mengakui pinjaman yang dijamin sebesar pinjaman yang diterima.

Loans and receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly except receivables carrying amount is reduced through the use of allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to the event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

Penghentian pengakuan aset keuangan secara keseluruhan, selisih antara jumlah tercatat aset dan jumlah pembayaran dan piutang yang diterima dan keuntungan atau kerugian kumulatif yang telah diakui dalam pendapatan komprehensif lain dan terakumulasi dalam ekuitas diakui dalam laba rugi.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

h. Liabilitas Keuangan dan Instrumen Ekuitas

Klasifikasi sebagai liabilitas atau ekuitas

Liabilitas keuangan dan instrumen ekuitas yang diterbitkan oleh Grup diklasifikasi sesuai dengan substansi perjanjian kontraktual dan definisi liabilitas keuangan dan instrumen ekuitas.

Instrumen ekuitas

Instrumen ekuitas adalah setiap kontrak yang memberikan hak residual atas aset Grup setelah dikurangi dengan seluruh liabilitasnya. Instrumen ekuitas dicatat sebesar hasil penerimaan bersih setelah dikurangi biaya penerbitan langsung.

Liabilitas keuangan

Liabilitas keuangan diklasifikasikan sebagai biaya perolehan diamortisasi.

Liabilitas keuangan yang diukur pada biaya perolehan diamortisasi

Utang usaha dan utang lain-lain, akrual, utang bank, dan utang pihak berelasi pada awalnya diukur pada nilai wajar, setelah dikurangi biaya transaksi, dan selanjutnya diukur pada biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif.

Penghentian pengakuan liabilitas keuangan

Grup menghentikan pengakuan liabilitas keuangan, jika dan hanya jika, liabilitas Grup telah dilepaskan, dibatalkan atau kadaluarsa. Selisih antara jumlah tercatat liabilitas keuangan yang dihentikan pengakuannya dan imbalan yang dibayarkan dan utang diakui dalam laba rugi.

h. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as "at amortized cost".

Financial liabilities at amortized cost

Trade and other accounts payable, accruals, bank loans, and due to related parties are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognize financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

i. Saling Hapus antar Aset Keuangan dan Liabilitas Keuangan

Aset dan liabilitas keuangan Grup saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan konsolidasian jika dan hanya jika:

- saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut; dan
- berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan kewajibannya secara simultan.

j. Kas dan Setara Kas

Kas dan setara kas mencakup kas, simpanan yang sewaktu-waktu bisa dicairkan dan investasi likuid jangka pendek lainnya dengan jangka waktu jatuh tempo tiga bulan atau kurang sejak penempatannya, serta tidak dijaminkan atau dibatasi penggunaannya.

k. Piutang usaha dan piutang lain-lain

Piutang usaha dan piutang lain-lain diklasifikasikan sebagai "Pinjaman yang diberikan dan Piutang" dan pada awalnya diakui sebesar nilai wajar dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode bunga efektif, kecuali jika efek diskontonya tidak material, setelah dikurangi cadangan kerugian penurunan nilai piutang.

Piutang yang dinilai tidak akan diturunkan secara individual akan dievaluasi penurunan nilainya secara kolektif. Bukti objektif dari penurunan nilai portofolio piutang dapat termasuk pengalaman Grup atas tertagihnya piutang di masa lalu, peningkatan keterlambatan penerimaan pembayaran piutang dari rata-rata periode kredit, dan juga pengamatan atas perubahan kondisi ekonomi nasional atau lokal yang berkorelasi dengan *default* atas piutang.

l. Instrumen keuangan derivatif dan aktivitas lindung nilai

Derivatif pada awalnya diakui sebesar nilai wajar pada tanggal kontrak derivatif disepakati dan selanjutnya diukur kembali sebesar nilai wajarnya pada setiap akhir tanggal pelaporan.

i. Netting of Financial Assets and Financial Liabilities

The Group only offset financial assets and liabilities and present the net amount in the consolidated statement of financial position where they:

- currently have a legal enforceable right to set off the recognized amount; and
- intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less since their placement, which are not pledged as collateral nor restricted for use.

k. Trade and other accounts receivable

Trade and other accounts receivable are classified as "Loans and Receivables" and recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, except where the effect of discounting would be immaterial, less allowance for impairment of receivables.

Receivables that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

l. Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

Metode untuk mengakui keuntungan atau kerugian yang dihasilkan tergantung apakah derivatif tersebut ditetapkan sebagai instrumen lindung nilai, dan jika demikian, sifat item yang dilindung nilai. Grup menetapkan derivatif sebagai lindung nilai atas risiko nilai tukar mata uang asing sehubungan dengan pembelian bahan baku (lindung nilai atas arus kas).

Bagian efektif atas perubahan nilai wajar derivatif yang ditetapkan dan memenuhi kriteria lindung nilai atas arus kas diakui di penghasilan komprehensif lainnya. Keuntungan dan kerugian terkait dengan bagian tidak efektif diakui langsung pada laporan laba rugi di dalam “Keuntungan/(kerugian) lainnya, bersih”.

Ketika instrumen lindung nilai telah kadaluwarsa atau ketika lindung nilai tidak lagi memenuhi kriteria akuntansi lindung nilai, keuntungan atau kerugian kumulatif di dalam ekuitas diakui pada laporan laba rugi.

Nilai wajar instrumen keuangan derivatif diklasifikasikan sebagai aset tidak lancar atau liabilitas jangka panjang jika jatuh tempo yang tersisa untuk item yang dilindung nilai melebihi 12 bulan.

Pengukuran nilai wajar atas kontrak berjangka mata uang asing ditentukan berdasarkan kuotasian yang diberikan oleh bank atas kontrak yang dimiliki Grup pada tanggal pelaporan.

Perubahan atas nilai wajar dari kontrak berjangka mata uang asing yang ditetapkan sebagai instrumen lindung nilai, yang secara efektif menghapus variabilitas arus kas dari pembelian bahan baku, dicatat di penghasilan komprehensif lainnya. Nilai tersebut kemudian diakui dalam laporan laba rugi sebagai penyesuaian atas selisih kurs terkait yang dilindung nilai pada periode yang sama dimana selisih kurs tersebut mempengaruhi laba rugi.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as a hedge of foreign exchange risk exposure associated with the purchase of raw materials (cash flow hedge).

The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit or loss within “Other gains/(losses), net".

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gains or losses in equity is recognized in statement of profit or loss.

The fair value of derivative instruments is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months.

The fair value measurement of foreign exchange forward contracts has been determined based on quotations from banks on the contract owned by the Group at the reporting date.

Changes in the fair value of the foreign exchange forward contracts designated as hedging instruments that effectively offset the variability of cash flows associated with purchases of materials are recorded in other comprehensive income. The amounts are subsequently recognized in profit and loss as adjustments of the exchange rate differences related to the hedged items in the same period in which the exchange risk difference affect earning.

m. Persediaan

Bahan baku, pita cukai, barang jadi, barang setengah jadi, suku cadang dan lain-lain dinyatakan sebesar nilai yang lebih rendah antara harga perolehan dan nilai realisasi bersih. Harga perolehan ditentukan dengan metode rata-rata bergerak kecuali untuk persediaan pita cukai yang biayanya ditentukan dengan metode identifikasi khusus. Harga perolehan barang jadi dan barang setengah jadi terdiri dari biaya bahan baku, tenaga kerja langsung, biaya-biaya langsung lainnya dan biaya *overhead* yang terkait dengan produksi. Nilai realisasi bersih adalah estimasi harga penjualan dalam kegiatan usaha normal dikurangi estimasi biaya penyelesaian dan beban penjualan.

Cadangan kerugian untuk penurunan nilai persediaan ditentukan berdasarkan estimasi penggunaan atau penjualan masing-masing jenis persediaan pada masa mendatang.

m. Inventories

Raw materials, excise stamps, finished goods, semi finished goods, spare parts and others are stated at the lower of cost or net realisable value. Cost is determined by the moving-average method, except for excise stamps for which cost is determined by specific identification method. The cost of finished goods and semi finished goods comprises raw materials, direct labor, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Allowance for impairment of inventory is determined on the basis of estimated future usage or sale of individual inventory items.

n. Aset Tetap

Grup mengadopsi metode biaya, dimana aset tetap diakui sebesar harga perolehan dikurangi dengan akumulasi penyusutan dan penurunan nilai. Aset tetap, kecuali hak atas tanah dan aset tetap dalam pembangunan, disusutkan berdasarkan metode garis lurus untuk mengalokasikan harga perolehan ke nilai residunya selama estimasi masa manfaat aset sebagai berikut:

n. Property and Equipment

The Group adopts the cost model, in which property, plant and equipment are stated at cost less accumulated depreciation and impairment. Property and equipment, except land rights and assets under construction, are depreciated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

	Tahun/ *Years*	
Bangunan dan prasarana	25 - 50	Buildings and infrastructures
Mesin	5 - 15	Machineries
Kendaraan	5	Vehicles
Peralatan	3 - 10	Equipment

Tanah dinyatakan berdasarkan harga perolehan dan tidak disusutkan.

Estimasi masa manfaat aset tetap ditentukan berdasarkan ekspektasi pemakaian dan pengalaman historis atas aset sejenis.

Akumulasi biaya konstruksi bangunan dan pemasangan mesin dalam penyelesaian dikapitalisasi sebagai “aset tetap dalam pembangunan”. Biaya-biaya tersebut direklasifikasi ke akun aset tetap yang sesuai pada saat proses konstruksi dan/atau pemasangan tersebut selesai. Penyusutan mulai dibebankan pada saat aset tersebut siap untuk digunakan.

Land are stated at cost and are not depreciated.

Estimated useful life of property, plant and equipment are determined based on expected usage and historical experience on the similar asset.

The accumulated costs of the construction of buildings and installation of machinery are capitalised as “assets under construction”. These costs are reclassified to the appropriate property and equipment accounts when the construction and/or installation is completed. Depreciation is charged from the date when assets are ready to be used.

Biaya-biaya setelah perolehan awal diakui sebagai bagian dari nilai tercatat aset atau sebagai aset yang terpisah hanya apabila kemungkinan besar Grup akan mendapatkan manfaat ekonomis di masa depan berkenaan dengan aset tersebut dan biaya perolehan aset dapat diukur dengan andal. Jumlah tercatat komponen yang diganti tidak lagi diakui. Biaya perbaikan dan pemeliharaan dibebankan ke dalam laporan laba rugi konsolidasian selama periode dimana biaya-biaya tersebut terjadi.

Metode penyusutan, nilai residu dan umur manfaat aset ditelaah dan disesuaikan bila perlu, pada setiap tanggal pelaporan.

Apabila aset tetap tidak digunakan lagi atau dijual, maka nilai tercatat, akumulasi penyusutan dan penurunan nilainya dikeluarkan dari laporan keuangan konsolidasian, keuntungan dan kerugian yang dihasilkan diakui dalam laporan laba rugi dan penghasilan komprehensif lainnya konsolidasian.

Aset tetap ditelaah untuk mengetahui apakah telah terjadi penurunan nilai bilamana terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset tersebut tidak dapat diperoleh kembali. Kerugian akibat penurunan nilai diakui sebesar selisih antara nilai tercatat aset dengan nilai yang dapat diperoleh kembali dari aset tersebut, yaitu nilai yang lebih tinggi antara nilai wajar aset dikurangi dengan biaya untuk menjual dan nilai pakai aset. Dalam rangka mengukur penurunan nilai, aset dikelompokkan hingga unit terkecil yang menghasilkan arus kas terpisah.

o. Pinjaman

Pinjaman diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi.

Pada saat pengakuan awal, pinjaman diakui sebesar nilai wajar, dikurangi dengan biaya-biaya transaksi yang terjadi. Selanjutnya, pinjaman diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

The assets depreciation method, residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

When assets are retired or otherwise disposed of, their carrying values, related accumulated depreciation and impairment are eliminated from the consolidated financial statements and the resulting gain or loss on the disposal of property and equipment is recognized in the consolidated statements of profit or loss and other comprehensive income.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less cost to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

o. Borrowings

Borrowings are classified as financial liabilities measured at amortized cost.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost using the effective interest method.

Pinjaman diklasifikasikan sebagai liabilitas jangka pendek kecuali jika Grup memiliki hak tanpa syarat untuk menunda pembayaran liabilitas selama paling tidak 12 bulan setelah tanggal pelaporan.

Biaya yang dibayar untuk memperoleh fasilitas pinjaman diakui sebagai biaya transaksi pinjaman sepanjang besar kemungkinan sebagian atau seluruh fasilitas akan ditarik. Dalam hal ini, biaya memperoleh pinjaman ditangguhkan sampai penarikan pinjaman terjadi. Sepanjang tidak terdapat bukti bahwa besar kemungkinan sebagian atau seluruh fasilitas akan ditarik, biaya memperoleh pinjaman dikapitalisasi sebagai pembayaran dimuka untuk jasa likuiditas dan diamortisasi selama periode fasilitas yang terkait.

p. Pengakuan Pendapatan dan Beban

Pendapatan

Pendapatan diukur pada nilai wajar imbalan yang diterima atau yang dapat diterima. Pendapatan dari penjualan rokok termasuk cukai dan pajak pertambahan nilai terkait atas rokok yang telah dijual disajikan bersih setelah dikurangi retur penjualan.

Grup mengakui pendapatan pada saat jumlah pendapatan dapat diukur dengan andal, besar kemungkinan bahwa manfaat ekonomi masa depan akan mengalir ke entitas dan ketika kriteria tertentu terpenuhi untuk setiap aktivitas Grup.

Pendapatan dari penjualan rokok diakui pada saat penyerahan barang kepada pelanggan.

Beban

Beban diakui pada saat terjadinya.

q. Sewa

Sewa diklasifikasikan sebagai pembiayaan jika sewa tersebut mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset kepada penerima sewa.

Sewa dimana sebagian besar risiko dan manfaat yang terkait dengan kepemilikan dipertahankan oleh lessor diklasifikasikan sebagai sewa operasi. Pembayaran sewa operasi dibebankan pada laporan laba rugi konsolidasian dengan menggunakan metode garis lurus selama periode sewa.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the borrowings for at least 12 months after the end of the reporting period.

Fees paid on the establishment of borrowing facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

p. Revenue and Expense Recognition

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenues from sales of cigarettes include excise and related value added tax attributable on cigarettes sold, and is presented net of sales returns.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activity.

Revenue from sales of cigarettes are recognized when the products are delivered to customers.

Expenses

Expenses are recognized when incurred.

q. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownwership to the lessee.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statements of profit or loss on a straight-line basis over the period of the lease.

r. Liabilitas Imbalan Pasca Kerja

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek diakui pada saat terutang kepada karyawan.

Imbalan pensiun dan pasca kerja lainnya

Program pensiun imbalan pasti adalah program pensiun yang menetapkan jumlah imbalan pensiun yang akan diterima oleh karyawan pada saat pensiun, yang biasanya tergantung pada faktor-faktor, seperti umur, masa kerja dan jumlah kompensasi.

Grup diharuskan menyediakan imbalan pensiun minimum yang diatur dalam UU No. 13/2003, yang merupakan liabilitas imbalan pasti. Jika imbalan pensiun sesuai dengan UU No. 13/2003 lebih besar dari program pensiun yang ada, selisih tersebut diakui sebagai bagian dari liabilitas imbalan pensiun.

Liabilitas imbalan pensiun tersebut merupakan nilai kini liabilitas imbalan pasti pada tanggal pelaporan dan penyesuaian atas keuntungan atau kerugian aktuarial. Liabilitas imbalan pasti dihitung setiap tahun oleh aktuaris independen dengan menggunakan metode *projected unit credit*.

Nilai kini liabilitas imbalan pasti ditentukan dengan mendiskontokan estimasi arus kas di masa depan dengan menggunakan tingkat bunga obligasi pemerintah jangka panjang pada tanggal pelaporan dalam mata uang Rupiah sesuai dengan mata uang di mana imbalan tersebut akan dibayarkan dan yang memiliki jangka waktu yang sama dengan liabilitas imbalan pensiun yang bersangkutan.

Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian dan perubahan dalam asumsi-asumsi aktuarial yang jumlahnya dibebankan atau dikreditkan di penghasilan komprehensif lainnya dan langsung dicatat dalam laba ditahan sebesar nilai yang timbul di periode tersebut.

Biaya jasa lalu akan diakui segera dalam laporan laba rugi konsolidasian.

Keuntungan dan kerugian dari kurtailmen atau penyesuaian program manfaat pasti diakui ketika kurtailmen atau penyelesaian tersebut terjadi.

r. Employee Benefits Obligation

Short-term employee benefits

Short-term employee benefits are recognized when they accrue to the employees.

Pension and other post-employment benefits

A defined benefit pension plan is a pension plan that defines an amount of pension that will be received by the employee on becoming entitled to a pension, which usually depends on factors such as age, years of service and compensation.

The Group is required to provide a minimum pension benefit as stipulated in the Law No.13/2003, which represents an underlying defined benefit obligation. If the pension benefits based on Law No. 13/2003 are higher than those based on the existing pension plan, the difference is recorded as part of the overall pension benefits obligation.

The pension benefit obligation is the present value of the defined benefit obligation at the reporting date together with adjustments for actuarial gains or losses. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the yield at the reporting date of long-term government bonds denominated in Rupiah in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income and directly recorded in the retained earning in the period in which they arise.

The past service costs are recognized immediately in consolidated statement of profit and loss.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

Grup memberikan imbalan pasca-kerja lainnya, seperti uang pisah. Imbalan berupa uang pisah dibayarkan kepada karyawan yang mengundurkan diri secara sukarela, setelah memenuhi minimal masa kerja tertentu. Imbalan ini dihitung dengan menggunakan metode yang sama dengan metode yang digunakan dalam perhitungan program pensiun imbalan pasti.

The Group also provides other post-employment benefits, such as separation pay. The separation pay benefit is paid to employees who voluntarily resign, subject to a minimum number of years of service. These benefits are accounted for using the same method as for the defined benefit pension plan.

s. Perpajakan

s. Taxation

Beban pajak penghasilan terdiri dari pajak penghasilan kini dan pajak penghasilan tangguhan. Pajak tersebut diakui dalam laporan laba rugi konsolidasian, kecuali apabila pajak tersebut terkait dengan transaksi atau kejadian yang langsung diakui ke ekuitas atau penghasilan komprehensif lain. Dalam hal ini, pajak tersebut diakui langsung pada ekuitas atau penghasilan komprehensif lain.

The income tax expense comprises of current and deferred income tax. Tax is recognized in the consolidated statements of profit or loss, except to the extent that it relates to items recognized directly in equity or other comprehensive income. In this case, the tax is also recognized directly in equity or other comprehensive income, respectively.

Beban pajak kini dihitung dengan menggunakan tarif pajak dan undang-undang perpajakan yang berlaku atau secara substantial berlaku pada tanggal pelaporan. Aset dan liabilitas pajak kini diukur sebesar nilai yang diharapkan dapat terpulihkan atau dibayar.

The current income tax is calculated using tax rates and tax laws that have been enacted or substantially enacted at the reporting date. Current tax assets and liabilities are measured at the amount expected to recovered or paid.

Pajak penghasilan tangguhan diakui dengan menggunakan *balance sheet liability method*, untuk rugi pajak belum dikompensasi dan untuk semua perbedaan temporer antara dasar pengenaan pajak atas aset dan liabilitas dengan nilai tercatatnya.

Deferred income tax is recognized using the balance sheet liability method, for tax losses carried forward and for all temporary differences arising between the tax bases of assets and liabilities and their carrying values.

Pajak tangguhan ditentukan dengan menggunakan tarif pajak yang telah diberlakukan atau secara substansi telah diberlakukan pada tanggal pelaporan dan diharapkan berlaku pada saat aset pajak tangguhan direalisasi atau liabilitas pajak tangguhan diselesaikan.

Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Aset pajak tangguhan diakui apabila besar kemungkinan jumlah penghasilan kena pajak di masa mendatang akan memadai untuk dikompensasi dengan perbedaan temporer yang dapat dikurangkan dan rugi fiskal yang masih dapat dimanfaatkan.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses carried forward can be utilised.

t. Laba per saham

t. Earnings per share

Laba per saham dihitung dengan membagi laba bersih yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata rata tertimbang saham biasa yang beredar pada periode yang bersangkutan.

Earnings per share are calculated by dividing net income attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Laba per saham dilusian dihitung dengan membagi laba bersih yang diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham biasa yang telah disesuaikan dengan dampak dari semua efek berpotensi saham biasa yang dilutif.

u. Dividen

Pembagian dividen final diakui ketika dividen tersebut disetujui Rapat Umum Pemegang Saham Perseroan.

v. Segmen pelaporan

Segmen operasi dilaporkan dengan cara yang konsisten dengan pelaporan internal yang diberikan kepada Dewan Direksi. Dewan Direksi bertanggung jawab mengalokasikan sumber daya dan menilai kinerja segmen operasi, telah diidentifikasi sebagai komite pengarah yang mengambil keputusan strategis.

4. PERTIMBANGAN KRITIS AKUNTANSI DAN ESTIMASI AKUNTANSI YANG SIGNIFIKAN

Dalam penerapan kebijakan akuntansi Grup, yang dijelaskan dalam Catatan 3, direksi diwajibkan untuk membuat penilaian, estimasi dan asumsi tentang jumlah tercatat aset dan liabilitas yang tidak tersedia dari sumber lain. Estimasi dan asumsi yang terkait didasarkan pada pengalaman historis dan faktor-faktor lain yang dianggap relevan. Hasil aktualnya mungkin berbeda dari estimasi tersebut.

Estimasi dan asumsi yang mendasari ditelaah secara berkelanjutan. Revisi estimasi akuntansi diakui dalam periode yang perkiraan tersebut direvisi jika revisi hanya mempengaruhi periode itu, atau pada periode revisi dan periode masa depan jika revisi mempengaruhi kedua periode saat ini dan masa depan

Pertimbangan Kritis dalam Penerapan Kebijakan Akuntansi

Dalam proses penerapan kebijakan akuntansi yang dijelaskan dalam Catatan 3, Manajemen belum melakukan pertimbangan kritis yang memiliki dampak signifikan pada jumlah yang diakui dalam laporan keuangan konsolidasian, selain dari penyajian perkiraan yang diatur di bawah ini.

Diluted earnings per share is computed by dividing net income attributable to the owners of the Company by the weighted average number of shares outstanding as adjusted for the effects of all dilutive potential ordinary shares.

u. Dividend

Final dividend distribution are recognized when the dividends are approved in the Company's General Meeting of the Shareholders.

v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

4. CRITICAL ACCOUNTING JUDGMENTS AND SIGNIFICANT ACCOUNTING ESTIMATES

In the application of the Group accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the consolidated financial statements, apart from those involving estimates, which are dealt with below.

Sumber Estimasi Ketidakpastian

Asumsi utama mengenai masa depan dan sumber estimasi lainnya pada akhir periode pelaporan, yang memiliki risiko signifikan yang mengakibatkan penyesuaian material terhadap jumlah tercatat aset dan liabilitas dalam periode pelaporan berikutnya dijelaskan dibawah ini:

Rugi Penurunan Nilai Pinjaman yang Diberikan dan Piutang

Grup menilai penurunan nilai pinjaman yang diberikan dan piutang pada setiap tanggal pelaporan. Dalam menentukan apakah rugi penurunan nilai harus dicatat dalam laporan laba rugi, manajemen membuat penilaian, apakah terdapat bukti objektif bahwa kerugian telah terjadi. Manajemen juga membuat penilaian atas metodologi dan asumsi untuk memperkirakan jumlah dan waktu arus kas masa depan yang ditelaah secara berkala untuk mengurangi perbedaan antara estimasi kerugian dan kerugian aktualnya.

Perhitungan atas pajak penghasilan dan pencadangan pajak

Grup melakukan estimasi dan pertimbangan dalam menentukan provisi dan perhitungan atas pajak di dalam laporan keuangan konsolidasian. Estimasi dan pertimbangan tersebut terjadi dalam perhitungan beban pajak, manfaat pajak dan pengurangan atas pajak, yang berasal dari interpretasi dan penerapan peraturan perpajakan tertentu serta dalam perhitungan aset dan liabilitas pajak yang timbul dari perbedaan temporer antara perbedaan basis akuntansi dan pajak. Perubahan signifikan atas estimasi ini mungkin berdampak atas kenaikan atau penurunan atas provisi pajak.

Grup juga mengevaluasi kemungkinan atas keterpulihan aset pajak tangguhan.

Seperti yang diungkapkan dalam Catatan 16 pada tanggal 31 December 2016 dan 2015, Grup memiliki klaim pengembalian pajak terkait dengan surat ketetapan pajak sebesar masing-masing Rp 342,9 miliar dan Rp 250,4 miliar.

Manajemen Grup telah menelaah kemungkinan tidak tertagihnya klaim tersebut dan menentukan jumlah pencadangan pajak atas klaim pengembalian pajak tersebut. Penentuan ini memerlukan pertimbangan yang signifikan. Dalam pertimbangan ini, Grup mengevaluasi berbagai faktor, antara lain perkembangan terkini proses keberatan dan banding pajak, pengalaman terdahulu atas kasus serupa, dan bukti-bukti pendukung.

Key Sources of Estimation Uncertainty

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment Loss on Loans and Receivables

The Group assess their loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimated and actual loss.

Income tax calculation and tax reserve

The Group makes estimates and judgement in determining the provision and calculation for taxes for the consolidated financial statements. These estimates and judgements 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 Group also assesses the likelihood of recoverability of deferred tax assets.

As disclosed in Note 16, as of December 31, 2016 and 2015, the Group has claims for tax refund related to tax assessment letters amounting to Rp 342.9 billion and Rp 250.4 billion, respectively.

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

Taksiran Periode Masa Manfaat Ekonomis Aset Tetap

Secara periodik Grup menelaah estimasi masa manfaat aset tetap berdasarkan beberapa faktor, diantaranya spesifikasi teknis dan kebutuhan operasi Grup. Selain itu, Grup juga menelaah estimasi nilai residu untuk kendaraan dan bangunan berdasarkan informasi estimasi harga pasar yang relevan terhadap aset tersebut. Laporan keuangan konsolidasian dapat terpengaruh secara material akibat perubahan dalam estimasi tersebut.

Aset tetap ditelaah untuk penurunan nilai apabila terdapat kejadian atau perubahan keadaan yang mengindikasikan bahwa jumlah tercatat aset melebihi nilai yang dapat diperoleh kembali. Nilai yang dapat diperoleh kembali suatu aset atau unit penghasil kas ditentukan berdasarkan yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakai, dihitung berdasarkan asumsi dan estimasi manajemen.

Jika nilai yang dapat diperoleh kembali suatu aset atau unit penghasil kas lebih rendah dibandingkan dengan nilai buku aset tetap, Grup akan mengakui penurunan nilai tambahan atas aset dan perlu untuk mengurangi nilai tercatat aset tetap.

Liabilitas Imbalan Pasca Kerja

Nilai kini liabilitas imbalan pasca kerja tergantung pada beberapa faktor yang ditentukan dengan dasar aktuarial berdasarkan beberapa asumsi. Asumsi yang digunakan dalam menentukan biaya bersih mencakup tingkat diskonto dan kenaikan gaji di masa datang. Setiap perubahan pada asumsi ini akan mempengaruhi nilai tercatat liabilitas imbalan pasca kerja.

Penentuan tingkat diskonto dijabarkan dalam Catatan 3r. Untuk tingkat kenaikan gaji masa datang, Grup menggunakan data historis kenaikan gaji karyawan, disesuaikan dengan perencanaan bisnis di masa datang. Asumsi penting lainnya untuk liabilitas imbalan pasca kerja sebagian didasarkan pada kondisi pasar saat ini.

Estimated Useful Life of Property and Equipment

The Group periodically reviews the estimated useful lives of property and equipment based on several factors such as technical specifications and operation and business needs. In addition, the Group 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.

Property and equipment 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 property and equipment, the Group would have recognized further impairment of property and equipment and would need to reduce the carrying value of property and equipment.

Employee 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.

Determination of the discount rate is explained in Note 3r. For future salary increment rate, the Group uses historical salary increment, adjusted for future business plans. Other key assumptions for employee benefits obligation are partly based on current market conditions.

(Expressed in millions of Rupiah, unless otherwise stated)

5. KAS DAN SETARA KAS / 5. CASH AND CASH EQUIVALENTS

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Kas	31,964	5,140	Cash on hand
Bank			Cash in banks
Rupiah			Rupiah
Deutsche Bank AG	178,767	-	Deutsche Bank AG
PT Bank Central Asia Tbk	14,912	28,081	PT Bank Central Asia Tbk
PT Bank Negara Indonesia (Persero) Tbk	508	4,829	PT Bank Negara Indonesia (Persero) Tbk
Citibank N.A	401	1,340	Citibank N.A
The Hongkong and Shanghai Banking Corporation Limited	2	948	The Hongkong and Shanghai Banking Corporation Limited
PT Bank Rakyat Indonesia (Persero) Tbk	-	303	PT Bank Rakyat Indonesia (Persero) Tbk
Lain-lain	-	31	Others
Mata uang asing			Foreign currencies
Dolar AS			US Dollar
Deutsche Bank AG	86,459	114,600	Deutsche Bank AG
The Hongkong and Shanghai Banking Corporation Limited	-	1,454	The Hongkong and Shanghai Banking Corporation Limited
PT Bank Central Asia Tbk	-	38,492	PT Bank Central Asia Tbk
Lainnya:			Other:
Deutsche Bank AG	3,605	21	Deutsche Bank AG
	284,654	190,099	
Deposito berjangka			Time deposit
Rupiah			Rupiah
PT BPD Jaw a Timur	-	50	PT BPD Jaw a Timur
Jumlah kas dan setara kas	316,618	195,289	Total cash and cash equivalents
Tingkat bunga deposito berjangka per tahun dalam Rupiah			Interest rates per annum on time deposits in Rupiah
PT BPD Jaw a Timur	-	5%	PT BPD Jaw a Timur

6. PIUTANG USAHA / 6. TRADE ACCOUNTS RECEIVABLE

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Pihak ketiga			Third parties
Rupiah	1,122,118	514,023	Rupiah
Pihak berelasi (Catatan 26)			Related parties (Note 26)
Mata uang asing	141,438	20,389	Foreign currency
Jumlah	1,263,556	534,412	Total
Dikurangi: cadangan kerugian penurunan nilai piutang usaha - pihak ketiga	(5,844)	(4,656)	Less: allow ance for impairment of trade receivables - third parties
Piutang usaha - bersih	1,257,712	529,756	Trade account receivables - net

Pada tanggal 31 Desember 2016, piutang usaha dari UD Semangat Jaya (Unliong) sebesar Rp 77,4 miliar adalah sebesar 6% dari total nilai piutang usaha. Pada tanggal 31 Desember 2015 tidak terdapat piutang usaha yang secara individu melebihi 5% dari total nilai piutang usaha.

As of December 31, 2016 trade accounts receivable from UD Semangat Jaya (Unliong) amounting Rp 77.4 billion is 6% of the total trade accounts receivable. As of December 31, 2015 there are no individual receivables exceeding 5% of the total trade accounts receivable.

(Expressed in millions of Rupiah, unless otherwise stated)

Manajemen menganalisis dan menelaah kualitas kredit piutang usahanya beserta cadangan kerugian penurunan nilainya berdasarkan umur piutang usaha dan kondisi pelanggan secara individual.

Management analyses and reviews the quality of its trade accounts receivable, including allowance for impairment, based on receivables aging and individual customer circumstances.

Untuk semua piutang usaha dengan umur piutang dibawah 120 hari, manajemen telah melakukan analisis terhadap piutang-piutang terkait secara individual dan membukukan cadangan kerugian penurunan nilai Rp 0,1 miliar (2015: Rp 1,1 miliar) dengan mempertimbangkan beberapa faktor, terutama terkait kondisi keuangan dari masing-masing pelanggan dan proses penagihan piutang usaha terkait. Tidak terdapat penurunan nilai atas piutang yang belum jatuh tempo.

For all trade accounts receivable with overdue balances by less than 120 days, management has performed individual analysis for related receivables and recorded an allowance for impairment of receivables amounting to Rp 0.1 billion (2015: Rp 1.1 billion) by considering several factors, such as financial condition of the customers and collection process of the related trade accounts receivable. There was no impairment of trade accounts receivable not yet due.

Untuk semua piutang usaha yang lewat jatuh tempo diatas 120 hari, manajemen telah membentuk cadangan kerugian penurunan nilai penuh sebesar Rp 5,7 miliar (2015: Rp 3,5 miliar) berdasarkan pengalaman kerugian historis.

For all trade accounts receivable with overdue balances by more than 120 days, management has established a full allowance for impairment of receivables amounting to Rp 5.7 billion (2015: Rp 3.5 billion) based on historical experience losses.

Umur piutang usaha adalah sebagai berikut:

The aging of trade accounts receivable is as follows:

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Lancar	1,084,238	493,913	Current
Lewat jatuh tempo			Overdue
1 - 30 hari	161,969	33,834	1 - 30 days
31 - 60 hari	9,686	1,030	31 - 60 days
61 - 90 hari	1,167	1,034	61 - 90 days
91 - 120 hari	789	1,060	91 - 120 days
Lebih dari 120 hari	5,707	3,541	More than 120 days
Jumlah	1,263,556	534,412	Total
Dikurangi: cadangan kerugian penurunan nilai piutang usaha - pihak ketiga	(5,844)	(4,656)	Less: allowance for impairment of trade accounts receivable - third parties
Piutang usaha bersih	1,257,712	529,756	Trade accounts receivable - net

Mutasi cadangan kerugian penurunan nilai piutang usaha dari pihak ketiga adalah sebagai berikut:

The movement of the allowance for impairment of trade accounts receivable from third parties is as follows:

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Saldo awal	4,656	5,052	Beginning balance
Tambahan provisi	1,844	1,463	Additional provision
Penghapusbukuan	(656)	(1,859)	Written-off
Saldo akhir	5,844	4,656	Ending balance

(Expressed in millions of Rupiah, unless otherwise stated)

Manajemen berkeyakinan bahwa cadangan kerugian penurunan nilai piutang usaha adalah cukup untuk menutupi kerugian dari tidak tertagihnya piutang usaha.

Management believes that the allowance for impairment of trade accounts receivable is adequate to cover losses on uncollectible trade accounts receivable.

7. PERSEDIAAN / 7. INVENTORIES

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Bahan baku	3,399,340	3,250,426	Raw materials
Pita cukai	1,738,475	377,734	Excise stamps
Barang jadi	920,837	1,375,270	Finished goods
Barang setengah jadi	653,856	835,330	Semi finished goods
Suku cadang dan lain-lain	113,975	188,850	Spare parts and others
Jumlah	6,826,483	6,027,610	Total
Dikurangi: cadangan kerugian penurunan nilai persediaan	(218,732)	(64,714)	Less: allowance for impairment of inventorites
Persediaan bersih	6,607,751	5,962,896	Inventories - net

Mutasi cadangan kerugian penurunan nilai persediaan adalah sebagai berikut:

The movement in the allowance for impairment of inventories is as follows:

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Saldo awal	64,714	75,828	Beginning balance
Tambahan provisi	260,393	171,398	Additional provision
Penghapusbukuan	(106,375)	(182,512)	Written-off
Saldo akhir	218,732	64,714	Ending balance

Berdasarkan hasil penelaahan atas persediaan pada akhir periode, manajemen berkeyakinan bahwa cadangan kerugian penurunan nilai persediaan tersebut cukup untuk menutupi kerugian yang timbul dari penurunan nilai persediaan.

Based on a review of inventories at period end, management believes that the allowance for impairment of inventories is adequate to cover losses from decline in value of inventories.

Pada tanggal 31 Desember 2016 dan 2015, persediaan Grup telah diasuransikan terhadap risiko kebakaran dan risiko lainnya kepada PT AIG Insurance Indonesia sebesar Rp 9 triliun (2015: Rp 8,5 triliun) yang menurut pendapat manajemen cukup untuk menutup kerugian yang mungkin timbul.

As of December 31, 2016 and 2015, the inventories of the Group were covered by insurance against losses from fire and other risks issued by PT AIG Insurance Indonesia amounting to Rp 9 trillion (2015: Rp 8.5 trillion), which management believes is adequate to cover possible losses.

(Expressed in millions of Rupiah, unless otherwise stated)

8. ASET DERIVATIF

Grup menggunakan *forward contract* untuk melindung nilai risiko terkait dengan fluktuasi nilai tukar. Estimasi nilai wajar atas instrumen derivatif Grup adalah sebagai berikut:

8. DERIVATIVE ASSET

The Group uses forward contracts to hedge the risk associated with foreign exchange fluctuation. The estimated fair value of the Group's derivative instruments are as follows:

	2016 Jumlah nosional/ *Total notional*	2016 Nilai wajar/ *Fair value*	
Kontrak berjangka	26,745	80	Forward contracts
Disajikan dalam laporan posisi keuangan konsolidasian sebagai:			Presented on consolidated statements of financial position as:
Aset lancar		80	Current assets

9. UANG MUKA PEMBELIAN ASET TETAP

Uang muka pembelian aset tetap per 31 Desember 2016 dan 2015 merupakan uang muka pembelian mesin untuk menunjang pembuatan produk manufaktur Grup.

9. ADVANCES FOR FIXED ASSET

Advances for the fixed asset as of December 31, 2016 and 2015 represent advance to purchase machinery for the manufacturing of the Group's product.

10. ASET TETAP

10. PROPERTY, PLANT AND EQUIPMENT

	1 Januari/ *January 1,* 2016	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Reklasifikasi/ *Reclassifications*	31 Desember/ *December 31,* 2016	
Biaya perolehan:						At cost:
Pemilikan langsung						Direct acquisitions
Tanah	271,558	-	-	38	271,596	Land
Bangunan dan prasarana	599,249	1,488	(20,137)	153,108	733,708	Buildings and infrastructures
Mesin	2,666,973	50,512	(499,748)	733,387	2,951,124	Machineries
Kendaraan	21,818	850	(5,534)	-	17,134	Vehicles
Peralatan	347,580	23,690	(76,115)	29,018	324,173	Equipment
Aset tetap dalam pembangunan	1,768,565	478,660	(8,170)	(915,551)	1,323,504	Assets under construction
Jumlah	5,675,743	555,200	(609,704)	-	5,621,239	Total
Akumulasi penyusutan:						Accumulated depreciation:
Pemilikan langsung						Direct acquisitions
Bangunan dan prasarana	(89,630)	(17,455)	6,631	-	(100,454)	Buildings and infrastructures
Mesin	(915,371)	(231,878)	279,121	-	(868,128)	Machineries
Kendaraan	(19,164)	(429)	4,864	-	(14,729)	Vehicles
Peralatan	(208,945)	(42,194)	48,336	-	(202,803)	Equipment
Jumlah	(1,233,110)	(291,956)	338,952	-	(1,186,114)	Total
Nilai buku sebelum cadangan kerugian penurunan nilai	4,442,633				4,435,125	Net book value before allowance for impairment
Cadangan kerugian penurunan nilai	(110,412)				-	Allowance for impairment
Jumlah Tercatat	4,332,221				4,435,125	Net Carrying Value

(Expressed in millions of Rupiah, unless otherwise stated)

	1 Januari/ *January 1,* 2015	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Reklasifikasi/ *Reclassifications*	31 Desember/ *December 31,* 2015	
Biaya perolehan:						At cost:
Pemilikan langsung						Direct acquisitions
Tanah	271,558	-	-	-	271,558	Land
Bangunan dan prasarana	595,906	1,429	(275)	2,189	599,249	Buildings and infrastructures
Mesin	2,669,382	21	(24,341)	21,911	2,666,973	Machineries
Kendaraan	21,918	-	(100)	-	21,818	Vehicles
Peralatan	377,997	20,717	(51,134)	-	347,580	Equipment
Aset tetap dalam pembangunan	1,003,131	789,534	-	(24,100)	1,768,565	Assets under construction
Jumlah	4,939,892	811,701	(75,850)	-	5,675,743	Total
Akumulasi penyusutan:						Accumulated depreciation:
Pemilikan langsung						Direct acquisitions
Bangunan dan prasarana	(75,932)	(14,010)	312	-	(89,630)	Buildings and infrastructures
Mesin	(771,684)	(165,029)	21,342	-	(915,371)	Machineries
Kendaraan	(18,207)	(1,046)	89	-	(19,164)	Vehicles
Peralatan	(218,244)	(41,642)	50,941	-	(208,945)	Equipment
Jumlah	(1,084,067)	(221,727)	72,684	-	(1,233,110)	Total
Nilai buku sebelum cadangan kerugian penurunan nilai	3,855,825				4,442,633	Net book value before allowance for impairment
Cadangan kerugian pernurunan nilai	(87,168)				(110,412)	Allowance for impairment
Jumlah Tercatat	3,768,657				4,332,221	Net Carrying Value

Penyusutan yang dibebankan pada laba rugi adalah sebagai berikut:

Depreciation expenses charged to profit or loss are as follows:

	2016	2015	
Beban pokok penjualan	236,270	177,039	Cost of goods sold
Beban umum dan administrasi (Catatan 24b)	55,686	44,688	General administrative expenses (Note 24b)
Total	291,956	221,727	Total

Pada tahun 2016 dan 2015, Grup melakukan penjualan aset tetap dengan perincian sebagai berikut:

In 2016 and 2015, the Group has sold property, plant and equipment as follow:

	2016	2015	
Penerimaan dari penjualan aset tetap	852	38	Proceeds from sales of property, plant and equipment
Nilai buku aset tetap yang dijual	(111)	(15)	Net book value of property, plant and equipment sold
Keuntungan atas penjualan aset tetap (Catatan 24c)	741	23	Gain on sales of property, plant and equipment (Note 24c)

Pada tahun 2016 aset tetap yang telah diturunkan nilainya dihapuskan, sehingga saldo cadangan kerugian penurunan nilai sebesar Rp 110,4 miliar juga dihapuskan.

In 2016 property, plant and equipment that was impaired are written off, accordingly allowance for impairment related amounting to Rp 110.4 billion are also written off.

Mutasi cadangan kerugian penurunan nilai aset tetap adalah sebagai berikut:

The movement of the allowance for impairment of property, plant and equipment is as follows:

	1 Januari/ *January 1,* 2016	Penambahan/ *Additions*	Penghapusan/ *Written off*	Pemulihan/ *Recovery*	31 Desember/ *December 31,* 2016	
Bangunan dan prasarana	(15,530)	-	15,530	-	-	Buildings and infrastructures
Mesin	(72,001)	-	72,001	-	-	Machineries
Kendaraan	(337)	-	337	-	-	Vehicles
Peralatan	(22,544)	-	22,544	-	-	Equipment
Jumlah	(110,412)	-	110,412	-	-	Total

(Expressed in millions of Rupiah, unless otherwise stated)

	1 Januari/ *January 1,* 2015	Penambahan/ *Additions*	Pengurangan/ *Deductions*	Pemulihan/ *Recovery*	31 Desember/ *December 31,* 2015	
Bangunan dan prasarana	(3,351)	(12,179)	-	-	(15,530)	Buildings and infrastructures
Mesin	(65,608)	(6,393)	-	-	(72,001)	Machineries
Kendaraan	(272)	(67)	2	-	(337)	Vehicles
Peralatan	(17,937)	(4,622)	15	-	(22,544)	Equipment
Jumlah	(87,168)	(23,261)	17	-	(110,412)	Total

Pada tahun 2015, cadangan kerugian penurunan nilai aset tetap sebesar Rp 110,4 miliar termasuk aset-aset yang dihentikan dari penggunaan aktif dengan nilai buku bersih Rp 97,8 miliar.

Aset tetap yang sudah tidak digunakan lagi, terdiri dari aset usang, rusak, atau sudah tidak mendukung bisnis Grup.

Pada tanggal 31 Desember 2016 dan 2015, Grup memiliki aset tetap yang telah disusutkan penuh dan masih digunakan dengan jumlah nilai perolehan sebesar Rp 163,8 miliar dan Rp 159 miliar. Tidak terdapat aset tetap yang tidak dipakai sementara.

Hak atas tanah berupa Sertifikat Hak Guna Bangunan ("HGB") yang dapat diperbaharui dengan masa berakhir antara tahun 2018 sampai dengan 2044. Manajemen berpendapat bahwa semua hak atas tanah tersebut dapat diperbaharui di masa depan dengan biaya yang tidak signifikan.

Pada tanggal 31 Desember 2016 dan 2015, nilai tanah dan bangunan Grup berdasarkan nilai jual objek pajak ("NJOP") adalah sebesar Rp 1,3 triliun (2015: Rp1,3 triliun).

Aset tetap dalam pembangunan pada tanggal 31 Desember 2016 terdiri dari bangunan dan mesin dalam penyelesaian dengan rata-rata tingkat penyelesaian sebesar 55,68% dari total nilai proyek dan diperkirakan akan selesai di tahun 2017.

Pada tanggal 31 Desember 2016 dan 2015, sebagian besar aset tetap Grup telah diasuransikan terhadap risiko kebakaran dan risiko lainnya kepada PT AIG Insurance Indonesia sebesar Rp 7,5 triliun (2015: Rp 6,18 triliun), PT Asuransi MSIG Indonesia sebesar nihil (2015: USD 2,74 juta) dan perusahaan asuransi lainnya sebesar Rp 5,7 miliar (2015: Rp 30,99 miliar). Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kerugian yang mungkin timbul.

In 2015, allowance for impairment of property, plant and equipment amounting to Rp 110.4 billion, includes certain retired assets with net book value of Rp 97.8 billion.

Retired assets consist of obsolete, damage, or assets that no longer support the business condition of the Group.

As of December 31, 2016 and 2015, the Group has fully depreciated property, plant and equipment, which are still in use amounting to Rp 163.8 billion and Rp 159 billion, respectively. There are no temporarily idle property, plant and equipment.

Land rights are held under renewable *Hak Guna Bangunan* ("HGB") titles, expire between 2018 until 2044. Management contends that the land rights are renewable with insignificant costs.

As of December 31, 2016 and 2015, the value of the Group's lands and buildings was based on the sales value determined by tax authority ("NJOP") amounted to Rp 1.3 trillion (2015: Rp1.3 trillion).

Assets under construction as of December 31, 2016 comprised of building and machinery under construction with average percentage of completion of 55.68% from total project value and estimated to be completed in 2017.

As of December 31, 2016 and 2015, certain property, plant and equipment of the Group were covered by insurance against loss from fire and other risks issued by PT AIG Insurance Indonesia amounting to Rp 7.5 trillion (2015: Rp 6.18 trillion), PT Asuransi MSIG Indonesia amounting to nil (2015: USD 2.74 million) and other insurance companies Rp 5.7 billion (2015: Rp 30.99 billion). Management believes that the insurance coverage are adequate to cover losses which may arise.

(Expressed in millions of Rupiah, unless otherwise stated)

11. PINJAMAN BANK JANGKA PENDEK

11. SHORT-TERM BANK LOANS

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Cerukan			Bank overdraft
PT Bank ANZ Indonesia	599,214	599,800	PT Bank ANZ Indonesia
Deutsche Bank AG	-	286,686	Deutsche Bank AG
The Hongkong and Shanghai Banking Corporation Limited	799,683	89,933	The Hongkong and Shanghai Banking Corporation Limited
	1,398,897	976,419	
Pinjaman bank			Bank loans
PT Bank Central Asia Tbk	250,000	250,000	PT Bank Central Asia Tbk
PT Bank Mandiri (Persero) Tbk	-	37,643	PT Bank Mandiri (Persero) Tbk
	250,000	287,643	
Jumlah	1,648,897	1,264,062	Total

Pada tanggal 12 Februari 2016, Grup telah menyelesaikan pinjaman bank jangka pendeknya kepada PT Bank Mandiri (Persero) Tbk (dahulu Bank Pembangunan Indonesia Cabang Hong Kong) (“Bapindo”).

On February 12, 2016, the Group has settled their short-term bank loan to PT Bank Mandiri (Persero) Tbk (formerly Bank Pembangunan Indonesia, Hong Kong Branch) (“Bapindo”).

Pada tanggal 31 Desember 2016 dan 2015, Grup memiliki fasilitas cerukan dan pinjaman bank yang digunakan untuk modal kerja sebagai berikut:

As of December 31, 2016 and 2015, the Group has overdraft and loan facilities to be used for working capital as follows:

2016

Bank	Limit fasilitas/ *Facility limit*	Suku bunga efektif/ *Effective interest rate*	Fasilitas yang belum terpakai/ *Unused facility*	Tanggal berakhirnya fasilitas/ *End of facility period*
Cerukan/*Overdrafts*				
Deutsche Bank AG(1)	750,000	8.5%	750,000	31 Agustus/*August 31* , 2017
The Hongkong and Shanghai Banking Corporation Limited	800,000	9%	317	30 November/*November 30* , 2017
PT Bank ANZ Indonesia	600,000	9.25% - 10.25%	786	29 November/*November 29* , 2017
Citibank N.A.(1)	185,000	9%	185,000	3 Desember/*December 3,* 2017
Pinjaman bank/*Bank loans*				
The Hongkong and Shanghai Banking Corporation Limited(1)	400,000	8.88%	400,000	30 November/*November 30* , 2017
PT Bank Central Asia Tbk	250,000	9%	-	21 Agustus/*August 21,* 2017
Citibank N.A.(1)	185,000	9%	185,000	31 Mei/*May 31,* 2017
Fasilitas lainnya/*Other facilities*				
PT Bank Central Asia Tbk	250,000	Nil	250,000	21 Agustus/*August 21,* 2017

(Expressed in millions of Rupiah, unless otherwise stated)

2015				
Bank	Limit fasilitas/ *Facility limit*	Suku bunga efektif/ *Effective interest rate*	Fasilitas yang belum terpakai/ *Unused facility*	Tanggal berakhirnya fasilitas/ *End of facility period*
Cerukan/*Overdrafts*				
Deutsche Bank AG[(1)]	750,000	8.5% - 10%	463,314	31 Agustus/*August 31,* 2016
The Hongkong and Shanghai Banking Corporation Limited	400,000	8% - 9%	310,067	30 November/*November 30,* 2016
PT Bank ANZ Indonesia	600,000	9% - 11.75%	200	29 November/*November 29,* 2016
Citibank N.A.[(1)]	185,000	9.6% - 13%	185,000	3 Desember/*December 3,* 2016
Pinjaman bank/*Bank loans*				
The Hongkong and Shanghai Banking Corporation Limited[(1)]	1,200,000	JIBOR+1.85%	1,110,067	30 November/*November 30,* 2016
PT Bank Central Asia Tbk	250,000	10%	-	21 Agustus/*August 21,* 2016
Deutsche Bank AG[(1)]	482,000	Nil	463,314	31 Agustus/*August 31,* 2016
Citibank N.A.[(1)]	185,000	9.6% - 13%	185,000	3 Desember/*December 3,* 2016
Fasilitas lainnya/*Other facilities*				
Deutsche Bank AG[(1)]	482,000	Nil	463,314	31 Agustus/*August 31,* 2016
PT Bank Central Asia Tbk	200,000	Nil	200,000	21 November/*November 21,* 2016

(1) Limit fasilitas mencerminkan limit gabungan atas semua jenis fasilitas yang diberikan oleh bank.

(1) Facility limit represent combined limits for all facilities provided by the bank

Semua fasilitas tersebut di atas adalah tanpa agunan. Grup diwajibkan memenuhi kewajiban tertentu pada tanggal-tanggal 31 Desember 2016 dan 2015, antara lain: tidak diperkenankan melakukan aksi perseroan dimana dapat menyebabkan dampak material dan negatif bagi kegiatan usaha Grup yang menyebabkan Perseroan kehilangan hak untuk mengontrol entitas anak.

All facilities above are unsecured. The Group is required to comply with certain covenants as of December 31, 2016 and 2015, such as: not to conduct any corporate action which have material and negative impact for the business of the Group that will make the Company to lose their control in subsidiaries.

Sepanjang tahun 2016, manajemen berkeyakinan bahwa Grup telah memenuhi semua pembatasan terkait fasilitas bank jangka pendek yang diterima.

In 2016, management believes that the Group has complied with all covenants related to short-term bank loan facilities provided.

Sepanjang tahun 2016, Grup telah melakukan pembayaran pinjaman jangka pendek bank sejumlah Rp 1,264 miliar (2015: Rp 1,834 miliar).

In 2016, the Group has paid short-term bank loans amounting to Rp 1.264 billion (2015: Rp 1.834 billion).

12. UTANG USAHA

12. TRADE ACCOUNTS PAYABLES

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Pihak berelasi (Catatan 26)			Related parties (Note 26)
Mata uang asing	50,597	51,062	Foreign currencies
Pihak ketiga			Third parties
Rupiah	422,121	125,614	Rupiah
Mata uang asing	97,294	112,088	Foreign currencies
	519,415	237,702	
Jumlah	570,012	288,764	Total

(Expressed in millions of Rupiah, unless otherwise stated)

Pada tanggal 31 Desember 2016 dan 2015, utang usaha kepada pihak ketiga yang jumlahnya secara individu melebihi 5% dari total utang usaha adalah sebagai berikut:

As of December 31, 2016 and 2015, trade accounts payables to third parties with the individual amount exceeding 5% from total trade accounts payables are as follows:

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Wira Pamungkas Pariwara	39,938	1,532	Wira Pamungkas Pariwara
Global Green Trading	70,799	5,533	Global Green Trading
Innoware Indonesia	77,798	-	Innoware Indonesia
Jumlah	188,535	7,065	Total

13. UTANG CUKAI

13. EXCISE PAYABLE

Utang cukai merupakan utang yang timbul dari pembelian pita cukai. Berkaitan dengan fasilitas utang cukai ini, Grup memiliki perjanjian sebagai berikut:

Excise payable represents payables arising from the purchase of excise stamps. In relation with this excise payable facility, the Group has entered into the following agreements:

31 Desember/*December 31, 2016*

Pemberi garansi/*Guarantor*	Fasilitas garansi/ *Guarantee facility*	Tanggal berakhirnya garansi/*End of guarantee period*	Fasilitas digunakan/ *Used facility*	Tanggal berakhirnya fasilitas/ *End of facility period*
Garansi bank/*Bank guarantee*				
Bank BNP Paribas[3]	EUR 155 juta/*million*	30 Oktober/*October 30,* 2017	Rp 23 miliar/*billion*	18 Februari/*February 18,* 2017
PT Bank Negara Indonesia (Persero) Tbk	-	-	Rp 1.5 triliun/*trillion*	12 April/*April 12,* 2017
			Rp 587 miliar/*billion*	30 April/*April 30,* 2017
			Rp 20 miliar/*billion*	31 Juni/*June 31,* 2017
			Rp 57 miliar/*billion*	6 Maret/*March 6,* 2018

31 Desember/*December 31, 2015*

Pemberi garansi/*Guarantor*	Fasilitas garansi/ *Guarantee facility*	Tanggal berakhirnya garansi/*End of facility period*	Fasilitas digunakan/ *Used facility*	Tanggal berakhirnya fasilitas/ *End of facility period*
Garansi bank/*Bank guarantee*				
PT Bank Central Asia Tbk	Rp 300 miliar/*billion* [1]	21 Agustus/*August 21,* 2016	USD 16,521[4]	30 Juli/*July 30,* 2016
Deutsche Bank AG	Rp 482 miliar/*billion*	31 Agustus/*August 31,* 2016[2]	-	-
Bank BNP Paribas[3]	EUR 125 juta/*million*	30 Oktober/*October 30,* 2016	Rp 32 miliar/*billion*	18 Februari/*February 18,* 2016
PT Bank Negara Indonesia (Persero) Tbk			Rp 49 miliar/*billion*	8 Maret/*March 8,* 2016
			Rp 1.16 triliun/*trillion*	12 April/*April 12,* 2016
			Rp 446 miliar/*billion*	30 April/*April 30,* 2016
			Rp 10 miliar/*billion*	30 Juni/*June 30,* 2016

1) Limit fasilitas mencerminkan limit gabungan atas bank garansi dan pinjaman jangka pendek, lihat Catatan 11.
2) Fasilitas ini akan diperpanjang secara otomatis untuk basis periode setiap 12 bulan.
3) Bank BNP Paribas sebagai penjamin dari Grup BAT dan PT Bank Negara Indonesia (Persero) Tbk sebagai penerbit sertifikat bank garansi mewakili Bank BNP Paribas.
4) Dalam satuan penuh.

1) Facility limit represent combined limits for bank guarantees and short-term loans, see Note 11.
2) This facility shall be automatically extended on a 12 months period basis.
3) Bank BNP Paribas as guarantor from BAT Group and PT Bank Negara Indonesia (Persero) Tbk as an issuer of bank guarantee certificate on behalf of Bank BNP Paribas.
4) In full amount.

(Expressed in millions of Rupiah, unless otherwise stated)

14. AKRUAL / 14. ACCRUALS

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Pihak berelasi (Catatan 26)			Related parties (Note 26)
Royalti	89,302	94,638	Royalties
Internal recharges	30,469	26,961	Internal recharges
Pemeliharaan sistem informasi	43,998	22,174	Information system maintenance
Bunga	-	421,835	Interest
Jasa *technical and advisory*	-	20,451	Technical and advisory services
	163,769	586,059	
Pihak ketiga			Third parties
Iklan dan promosi	377,774	469,050	Advertising and promotion
Provisi cukai	117,808	137,295	Provision for excise
Lain-lain	194,278	185,452	Others
	689,860	791,797	
Jumlah	853,629	1,377,856	Total

15. PINJAMAN JANGKA PANJANG / 15. LONG-TERM LOAN

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
Pihak berelasi (Catatan 26)			Related party (Note 26)
Rothmans Far East B.V	-	12,000,000	Rothmans Far East B.V

Pada bulan Agustus 2013, Perseroan memperoleh fasilitas pinjaman jangka panjang tanpa agunan dari Rothmans Far East B.V untuk modal kerja Grup dengan total fasilitas sebesar Rp 5,3 triliun yang dikenakan tingkat bunga mengambang JIBOR 6 bulan + 2,7% per tahun.

Pada bulan Februari 2015, Grup telah menandatangani fasilitas pinjaman subordinasi jangka panjang dari Rothmans Far East B.V, senilai Rp 6,7 triliun untuk investasi pada modal kerja. Fasilitas pinjaman dikenakan tingkat bunga mengambang JIBOR 6 bulan + 3,75% per tahun.

Pada tanggal 23 Desember 2015, Grup menandatangani amandemen perjanjian atas pinjaman jangka panjang dengan Rothmans Far East B.V terkait dengan perubahan suku bunga pinjaman menjadi 0% yang efektif berlaku sejak 1 Januari 2016 atas total fasilitas senilai Rp 12 triliun. Bunga efektif terkait dengan pinjaman ini dicatat sebagai tambahan modal disetor (Catatan 19).

Sepanjang periode bulan Juni 2016, Grup telah melakukan pelunasan pinjaman jangka panjang bank sejumlah Rp 12 triliun yang diperoleh dari Rothmans Far East B.V.

In August 2013, the Company obtained unsecured long-term loan facility from Rothmans Far East B.V to be used for Group's working capital requirements amounting to Rp 5.3 trillion bearing a floating interest rate of JIBOR six months + 2.7% per annum.

In February 2015, the Group signed a long-term subordinated loan from Rothmans Far East B.V, amounting to Rp 6.7 trillion to further investment in working capital. The loan facility carried a floating interest rate of JIBOR six months plus 3.75% per annum.

On December 23, 2015, the Group signed an amendment to the long-term loan with Rothmans Far East B.V resulting to a default interest rate changed to 0% effective January 1, 2016 for the entire Rp 12 trillion facility. The effective interest related to the loan is recorded as additional paid-in capital (Note 19).

In June 2016, the Group has repaid in full the long-term loan amounting to Rp 12 trillion obtained from Rothmans Far East B.V.

(Expressed in millions of Rupiah, unless otherwise stated)

16. PAJAK DIBAYAR DIMUKA DAN UTANG PAJAK

16. PREPAID TAXES AND TAXES PAYABLE

a. Pajak dibayar di muka

a. Prepaid taxes

	2016	2015	
Perseroan			The Company
Pajak penghasilan badan			Corporate income tax
2016 (Catatan 25)	8,364	-	2016 (Note 25)
Kelebihan pembayaran pajak penghasilan badan			Overpayment of corporate income tax
2015	152,890	152,890	2015
2014	-	77,522	2014
Surat ketetapan pajak	229,444	125,136	Tax assessment letters
	390,698	355,548	
Dikurangi: pencadangan pajak	(219,015)	(108,668)	Less: tax reserve
	171,683	246,880	
Entitas anak			Subsidiaries
Pajak penghasilan badan			Corporate income tax
2016 (Catatan 25)	68,678	-	2016 (Note 25)
Kelebihan pembayaran pajak penghasilan badan			Overpayment of corporate income tax
2015	87,827	94,634	2015
2014	-	89,253	2014
Surat ketetapan pajak	39,530	77,703	Tax assessment letters
	196,035	261,590	
Dikurangi: pencadangan pajak	(39,530)	(57,152)	Less: tax reserve
	156,505	204,438	
Jumlah pajak penghasilan badan dibayar di muka	328,188	451,318	Total prepaid corporate income taxes
Perseroan			The Company
Pajak Pertambahan Nilai	13,557	42,926	Value added tax
Surat ketetapan pajak			Tax assessment letters
Pajak Pertambahan Nilai	63,138	40,077	Value added tax
	76,695	83,003	
Dikurangi: pencadangan pajak	(63,138)	(40,077)	Less: tax reserve
	13,557	42,926	
Entitas anak			Subsidiaries
Pajak Pertambahan Nilai	70,940	238,263	Value added tax
Surat ketetapan pajak			Tax assessment letters
Berbagai pajak penghasilan pungutan	3,601	-	Various w ithholding income tax
Pajak Pertambahan Nilai	7,268	7,454	Value added tax
	81,809	245,717	
Dikurangi: pencadangan pajak	(10,869)	(7,454)	Less: tax reserve
	70,940	238,263	
Jumlah pajak dibayar dimuka lainnya	84,497	281,189	Total other prepaid taxes
Jumlah	412,685	732,507	Total

(Expressed in millions of Rupiah, unless otherwise stated)

b. Utang pajak / **b. Taxes payable**

	2016	2015	
Utang pajak penghasilan badan			**Corporate income tax payable**
Entitas anak			Subsidiaries
Pajak penghasilan badan	146,218	43,867	Corporate income tax
Pajak penghasilan pasal 25	2,473	1,936	Income tax Article 25
Jumlah utang pajak penghasilan badan	148,691	45,803	Total corporate income taxes payable
Utang pajak lainnya			**Other taxes payable**
Perseroan			The Company
Pajak penghasilan			Income tax
Pasal 21	1,337	487	Article 21
Pasal 22	82	-	Article 22
Pasal 23/26	3,315	1,291	Article 23/26
	4,734	1,778	
Entitas anak			Subsidiaries
Pajak penghasilan			Income tax
Pasal 21	5,092	2,460	Article 21
Pasal 22	169	314	Article 22
Pasal 23/26	15,879	28,465	Article 23/26
Pajak pertambahan nilai	53,227	230	Value added tax
	74,367	31,469	
Jumlah utang pajak lainnya	79,101	33,247	Total other tax payables
Jumlah	227,791	79,050	Total

Surat ketetapan pajak

Selama tahun 2016 dan 2015, Grup telah menerima beberapa surat ketetapan pajak untuk berbagai tahun pajak. Grup menyetujui sebagian ketetapan pajak tersebut dan telah membukukan tambahan beban sebesar Rp 174,7 miliar (2015: 126,2 miliar) dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Atas jumlah sisanya, Grup telah mengajukan keberatan dan banding. Pada tanggal 31 Desember 2016 dan 2015, jumlah ketetapan pajak yang masih dalam proses keberatan dan banding adalah sebagai berikut:

Tax assessment letters

During 2016 and 2015, the Group has received a number of tax assessments from various fiscal years. The Group has accepted some of these assessments and booked additional expense of Rp 174.7 billion (2015: 126.2 billion) in the consolidated statement of profit or loss and other comprehensive income.

For the remaining amounts, the Group has filed objections and appeals. As of December 31, 2016 and 2015, the amount of assessments in the process of objection and appeal were as follows:

	2016	2015	
Pajak penghasilan badan			Corporate income tax
Perseroan	229,444	125,136	The Company
Entitas anak	39,530	77,703	Subsidiaries
Pajak lainnya			Other taxes
Perseroan	63,138	40,077	The Company
Entitas anak	10,869	7,454	Subsidiaries
	342,981	250,370	
Dikurangi pencadangan pajak	(332,552)	(213,351)	Less tax reserve
Klaim pajak, bersih	10,429	37,019	Claim for tax, net

(Expressed in millions of Rupiah, unless otherwise stated)

Berdasarkan hasil penelaahan atas keterpulihan dari klaim pengembalian pajak pada akhir tahun, manajemen berkeyakinan bahwa cadangan telah mencukupi untuk menutupi kemungkinan tidak tertagihnya klaim pengembalian pajak.

Based on recoverability review of tax refund claims at year end, management believes that the tax reserves are sufficient to cover potential losses from uncollected tax refund claims.

Administrasi

Undang-undang Perpajakan yang berlaku di Indonesia mengatur bahwa masing-masing perusahaan dalam Grup menghitung, menetapkan dan membayar sendiri besarnya jumlah pajak yang terutang secara individu. Berdasarkan undang-undang yang berlaku, Direktur Jenderal Pajak dapat menetapkan atau mengubah liabilitas pajak dalam jangka waktu lima tahun sejak saat terutangnya pajak.

Administration

The taxation laws of Indonesia require that each company in the Group submits individual tax returns on the basis of self assessment. Under prevailing regulations, the Directorate General of Taxation may assess or amend taxes of a certain period within five years of the time since the tax becomes due.

17. LIABILITAS IMBALAN PASCA KERJA

Liabilitas imbalan pasca kerja didasarkan pada penilaian aktuarial yang dilakukan oleh PT Padma Radya Aktuaria, aktuaris independen.

Program pensiun imbalan pasti memberikan eksposur Grup terhadap risiko aktuarial seperti risiko tingkat bunga dan risiko gaji.

Risiko tingkat bunga

Penurunan suku bunga obligasi akan meningkatkan liabilitas program.

Risiko gaji

Nilai kini kewajiban imbalan pasti dihitung dengan mengacu pada gaji masa depan peserta program. Dengan demikian, kenaikan gaji peserta program akan meningkatkan liabilitas program itu.

Beban imbalan pasca kerja yang diakui di laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah:

17. EMPLOYEE BENEFITS OBLIGATION

The employee benefits obligation is based on the actuarial calculation by PT Padma Radya Aktuaria, an independent actuary.

The defined benefit pension plan typically expose the Group to actuarial risks such as: interest rates risk and salary risk.

Interest rate risk

A decrease in the bond interest rate will increase the plan liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recognized in consolidated statement of profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2016	2015	
Beban jasa:			Service cost:
Beban jasa kini	48,395	46,151	Current service cost
Biaya jasa lalu	(18,867)	(49,528)	Past service cost
Biaya bunga	31,194	29,555	Interest cost
Komponen dari beban imbalan pasti yang diakui dalam laba rugi	60,722	26,178	Components of defined benefit costs recognised in profit or loss

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
Pengukuran kembali liabilitas imbalan pasti - bersih:			Remeasurement on the net defined benefit liability:
Kerugian (keuntungan) aktuarial yang timbul dari perubahan asumsi keuangan	10,951	(20,521)	Actuarial (gains) losses arising from changes in financial assumptions
Kerugian (keuntungan) aktuarial yang timbul dari penyesuaian atas pengalaman	(15,310)	8,761	Actuarial (gains) losses arising from experience adjustments
Komponen beban imbalan pasti yang diakui dalam penghasilan komprehensif lain (sebelum pajak tangguhan)	(4,359)	(11,760)	Components of defined benefit costs recognised in other comprehensive income (before deferred tax)
Jumlah	56,363	14,418	Total

Beban imbalan kerja jangka panjang tahun berjalan disajikan dalam akun ”beban pokok penjualan, beban penjualan dan beban umum dan administrasi” dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Post-employment benefits expense is presented as part of ”cost of good sold, selling expense and general and aministrative expense” in the consolidated statements of profit or loss and other comprehensive income.

Liabilitas imbalan pasca kerja Grup sehubungan dengan program pensiun yang termasuk dalam laporan posisi keuangan konsolidasian adalah sebagai berikut:

The amounts included in the consolidated statement of financial position arising from the Group’s obligation in respect of the defined benefits plan is as follows:

	31 Desember/*December 31,*		
	2016	2015	
Nilai kini kewajiban imbalan pasti (PVDBO)	399,634	369,525	Present value of defined benefits obligation (PVDBO)

Mutasi nilai kini kewajiban manfaat pasti adalah sebagai berikut:

Movements in the present value of the defined benefit obligation were as follows:

	31 Desember/*December 31* ,		
	2016	2015	
	Rp	Rp	
Nilai kini kewajiban imbalan pasti awal tahun	369,525	398,022	Beginning PVDBO
Biaya jasa kini	48,395	46,151	Current service cost
Biaya bunga	31,194	29,555	Interest cost
Kerugian (keuntungan) dari pengukuran kembali:			Remeasurement (gains) losses:
Kerugian (keuntungan) aktuarial yang timbul dari perubahan asumsi keuangan	10,951	(20,521)	Actuarial (gains) losses arising from changes in financial assumptions
Kerugian (keuntungan) aktuarial yang timbul dari penyesuaian atas pengalaman	(15,310)	8,761	Actuarial (gains) losses arising from experience adjustments
Biaya jasa lalu dan kerugian (keuntungan) dari penyelesaian	(18,867)	(49,528)	Past service cost and (gains) losses on settlement
Pembayaran manfaat	(26,254)	(42,915)	Benefits paid
Nilai kini kewajiban imbalan pasti akhir tahun	399,634	369,525	Ending PVDBO

(Expressed in millions of Rupiah, unless otherwise stated)

Asumsi aktuarial signifikan untuk penentuan kewajiban yang ditetapkan adalah tingkat diskonto dan kenaikan gaji yang diharapkan. Sensitivitas analisis di bawah ini ditentukan berdasarkan masing-masing perubahan asumsi yang mungkin terjadi pada akhir periode pelaporan, dimana semua asumsi lain konstan.

Significant actuarial assumptions for the determination of the defined benefits obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	31 Desember/ *December 31,* 2016			
	Perubahan asumsi/ *Change in assumption*	Kenaikan asumsi/ *Increase in assumption*	Penurunan asumsi/ *Decrease in assumption*	
Tingkat diskonto	1%	41,278 (debit/*debit*)	48,630 (kredit/*credit*)	Discount rate
Tingkat kenaikan gaji di masa datang	1%	49,063 (kredit/*credit*)	42,395 (debit/*debit*)	Future salary increase

	31 Desember/ *December 31,* 2015			
	Perubahan asumsi/ *Change in assumption*	Kenaikan asumsi/ *Increase in assumption*	Penurunan asumsi/ *Decrease in assumption*	
Tingkat diskonto	1%	37,732 (debit/*debit*)	44,358 (kredit/*credit*)	Discount rate
Tingkat kenaikan gaji di masa datang	1%	44,855 (kredit/*credit*)	38,851 (debit/*debit*)	Future salary increase

Analisis sensitivitas yang disajikan di atas mungkin tidak mewakili perubahan yang sebenarnya dalam liabilitas imbalan pasti karena adalah tidak mungkin bahwa perubahan asumsi akan terjadi hanya salah satu dari yang lainnya, disebabkan beberapa dari asumsi tersebut mungkin saling berkaitan.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Selanjutnya, dalam menyajikan analisis sensitivitas di atas, nilai kini kewajiban imbalan pasti dihitung dengan menggunakan metode *projected unit credit* pada akhir periode pelaporan, yang sama dengan yang diterapkan dalam menghitung liabilitas manfaat pasti yang diakui dalam laporan posisi keuangan konsolidasian.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefits obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefits obligation recognized in the consolidated statement of financial position.

Perhitungan kewajiban imbalan kerja yang dihitung oleh aktuaris independen menggunakan metode *Projected Unit Credit* dengan asumsi-asumsi sebagai berikut:

The valuation of the provision for employee entitlements is prepared by the independent actuary using the Projected Unit Credit method, based on the following assumptions:

	31 Desember/*December 31,*		
	2016	2015	
Tingkat diskonto	8.75%	9%	Discount rate
Tingkat kenaikan upah tahunan	10%	10%	Annual salary increase
Tingkat mortalita	TMI-III-2011	TMI-III-2011	Mortality rate
Usia pensiun	55 tahun/*years*	55 tahun/*years*	Retirement age

(Expressed in millions of Rupiah, unless otherwise stated)

Durasi rata-rata tertimbang dari liabilitas program pensiun imbalan pasti pada tanggal 31 Desember 2016 dan 2015 adalah 18 tahun.

The weighted average duration of the defined benefit pension obligation at December 31, 2016 and 2015 is 18 years.

Analisis jatuh tempo yang diharapkan dari imbalan pensiun yang tidak diskontokan adalah sebagai berikut:

Expected maturity analysis of undiscounted pension benefits are as follows:

	2016	2015	
Kurang dari satu tahun	8,785	11,818	Less than one years
Antara satu dan dua tahun	25,850	11,322	Betw een one and tw o years
Antara dua dan lima tahun	92,272	105,030	Betw een tw o and five years
Antara lima dan sepuluh tahun	295,227	290,971	Betw een five and ten years
Jumlah	422,134	419,141	Total

18. MODAL SAHAM

18. SHARE CAPITAL

Nama pemegang saham	31 Desember/ *December 31,* 2016 Jumlah saham/ *Number of shares*	Persentase kepemilikan/ *Percentage of ownership*	Jumlah modal disetor/ *Total paid-up capital stock* Rp	Name of shareholders
British American Tobacco				British American Tobacco
(2009 PCA) Ltd	33,662,737,802	92.48%	1,683,137	(2009 PCA) Ltd
Masyarakat				Public
United Bank of Switzerland AG	2,654,665,314	7.29%	132,733	United Bank of Switzerland AG
Masyarakat lainnya	83,733,134	0.23%	4,187	Others public
Jumlah	36,401,136,250	100.00%	1,820,057	Total

Nama pemegang saham	31 Desember/ *December 31,* 2015 Jumlah saham/ *Number of shares*	Persentase kepemilikan/ *Percentage of ownership*	Jumlah modal disetor/ *Total paid-up capital stock* Rp	Name of shareholders
British American Tobacco				British American Tobacco
(2009 PCA) Ltd	6,194,043,124	85.55%	309,702	(2009 PCA) Ltd
Masyarakat				Public
United Bank of Switzerland AG	970,542,854	13.41%	48,527	United Bank of Switzerland AG
Masyarakat lainnya	75,419,022	1.04%	3,771	Others public
Jumlah	7,240,005,000	100.00%	362,000	Total

Pada tahun 2016 dilakukan Penawaran Umum Terbatas III dengan HMETD sejumlah 29.161.131.250 lembar saham dengan harga penawaran sebesar Rp 480 per saham, sehingga jumlah saham yang beredar menjadi 36.401.136.250 lembar saham.

In 2016, there is Limited Public Offering III in respect of a right issue with HMETD with total of 29,161,131,250 shares at the price of Rp 480 per share, increasing the number of outstanding shares to 36,401,136,250 shares.

(Expressed in millions of Rupiah, unless otherwise stated)

19. TAMBAHAN MODAL DISETOR / 19. ADDITIONAL PAID-IN CAPITAL

	2016	2015	
Agio saham	12,787,337	248,051	Paid in capital in excess of par value
Biaya emisi saham	(3,019)	(3,019)	Share issuance costs
Selisih modal dari saham treasuri	105,782	105,782	Capital difference on treasury stock
Selisih nilai nominal dan nilai pasar saham yang dikeluarkan sehubungan dengan merger	265,605	265,605	Difference betw een par value and market value of shares issued due to merger
Selisih nilai transaksi restrukturisasi entitas sepengendali ("SNTRES")	(423,788)	(423,788)	Restructuring transactions of entities under common control ("DUCC")
Kontribusi modal lainnya	675,323	-	Other capital contribution
Jumlah	13,407,240	192,631	Total

Seperti diungkapkan dalam Catatan 1c, efektif pada tanggal 31 Desember 2010, Perseroan melakukan penggabungan usaha dengan BATI dimana Perseroan menjadi entitas yang menerima penggabungan sedangkan BATI bubar demi hukum. Penggabungan usaha antara Perseroan dan BATI ini menimbulkan saldo SNTRES sebesar Rp 362 miliar.

As disclosed in Note 1c, the merger between the Company and BATI was effective on December 31, 2010, with the Company as the surviving entity and BATI being dissolved by the law. The merger between the Company and BATI resulted in a DUCC balance amounting to Rp 362 billion.

Efektif pada tanggal 2 Maret 2015, Perseroan membeli 100% saham ELI melalui entitas anak. Akuisisi antara Perseroan dan ELI ini menimbulkan saldo SNTRES sebesar Rp 62 miliar.

Effective on March 2, 2015, the Company purchased 100% of ELI shares through a subsidiary. The acquisition between the Company and ELI has resulted in a DUCC balance amounted to Rp 62 billion.

Perhitungan SNTRES adalah sebagai berikut:

The calculation of DUCC is as follows:

	BATI	ELI	Jumlah/*Total*	
Nilai buku	(70,542)	235,929	165,387	Book value
Keuntungan belum terealisasi	-	(60,226)	(60,226)	Unrealised gain
Nilai buku - bersih	(70,542)	175,703	105,161	Net book value
Nilai pasar saham baru yang dikeluarkan (nilai akuisisi)	(290,949)	(238,000)	(528,949)	Market price of new shares issued (acquisition costs)
SNTRES	(361,491)	(62,297)	(423,788)	DUCC

Seperti diungkapkan dalam Catatan 1c, efektif pada bulan Juni 2016, Perseroan melakukan Penawaran Umum Terbatas III. Hasilnya terdapat peningkatan saldo tambahan modal disetor sebesar Rp 12.539 miliar.

As disclosed in Note 1c, effective June 2016, the Company completed Limited Public Offering III. As a result of this, the total additional paid in capital increase by Rp 12,539 billion.

Kontribusi modal lainnya merupakan selisih nilai wajar atas pinjaman bebas bunga dari pihak berelasi (Catatan 15).

Other Capital Contribution represents the difference in the fair value of interest free loans from related party (Note 15).

20. CADANGAN WAJIB / 20. STATUTORY RESERVE

Berdasarkan Undang-Undang No. 40 tahun 2007 tentang Perseroan Terbatas, perseroan diwajibkan untuk membuat cadangan wajib sampai dengan sekurang-kurangnya 20% dari modal yang ditempatkan dan disetor penuh. Pada tanggal-tanggal 31 Desember 2016 dan 2015, cadangan wajib tersebut adalah sebesar Rp 4 miliar.

Under the Law No. 40 year 2007 on Limited Liability Company, companies are required to set up a statutory reserve of at least 20% of the issued and paid up capital. As of December 31, 2016 and 2015, the statutory reserve amounted Rp 4 billion.

(Expressed in millions of Rupiah, unless otherwise stated)

21. LABA BERSIH PER SAHAM / 21. EARNINGS PER SHARE

Laba bersih per saham dasar dihitung dengan membagi laba yang dapat diatribusikan kepada pemilik entitas induk dengan jumlah rata-rata tertimbang saham biasa yang beredar pada periode yang bersangkutan.

Net earnings per share is calculated by dividing profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the period.

	2016	2015	
Rugi yang dapat diatribusikan kepada pemilik entitas induk	(2,085,811)	(1,638,538)	Loss attributable to the owners of the parent
Jumlah rata-rata tertimbang saham biasa untuk perhitungan rugi per saham dasar (dalam jutaan lembar)	24,200	7,240	Total weighted average number of ordinary shares for the computation of loss per share basic (in million shares)
Rugi bersih per saham-dasar (Rupiah penuh)	(86.19)	(226.32)	Net loss per share-basic (full Rupiah)
Rugi bersih per saham-dilusian (Rupiah penuh)	(86.19)	(230.17)	Net loss per share-diluted (full Rupiah)

22. PENJUALAN / 22. SALES

	2016	2015	
Pihak ketiga	18,753,996	16,295,212	Third parties
Pihak berelasi (Catatan 26)	474,985	519,140	Related parties (Note 26)
Jumlah	19,228,981	16,814,352	Total

Tidak terdapat pendapatan dari pelanggan individual yang melebihi 10% dari jumlah pendapatan bersih.

There is no revenue from any individual customer exceeding 10% of total net revenue.

23. BEBAN POKOK PENJUALAN / 23. COST OF GOODS SOLD

	2016	2015	
Pita cukai, termasuk PPN	12,789,868	11,583,075	Excise stamps and related VAT
Bahan baku yang digunakan	2,688,179	2,891,461	Raw materials used
Beban pabrikasi	524,388	599,689	Factory overheads
Royalti	342,960	306,384	Royalty
Tenaga kerja langsung	131,482	158,969	Direct labor
Jumlah biaya produksi	16,476,877	15,539,578	Total manufacturing cost
Barang setengah jadi			Semi finished goods
Saldo awal	835,330	987,699	Beginning balance
Pembelian	3,202	3,364	Purchases
Saldo akhir	(653,856)	(835,330)	Ending balance
Beban pokok produksi	16,661,553	15,695,311	Cost of goods manufactured
Persediaan barang jadi			Finished goods
Saldo awal	1,375,270	790,333	Beginning balance
Lain-lain	(8,036)	(11,385)	Others
Saldo akhir	(920,837)	(1,375,270)	Ending balance
Beban pokok penjualan	17,107,950	15,098,989	Cost of goods sold

Kecuali pembelian pita cukai dari kantor Bea dan Cukai, tidak ada pembelian dari pemasok individu yang melebihi 10% dari jumlah beban pokok penjualan konsolidasian.

Except for purchase of excise stamps from Customs office, there is no purchase from any individual supplier exceeding 10% of total consolidated cost of goods sold.

(Expressed in millions of Rupiah, unless otherwise stated)

24. BEBAN OPERASI / 24. OPERATING EXPENSES

a. Beban penjualan / a. Selling expenses

	2016	2015	
Promosi dan iklan	1,246,380	828,770	Advertising and promotion
Kompensasi karyawan	443,158	454,326	Employee compensation
Pengiriman	105,868	112,781	Delivery
Sewa	98,306	97,411	Rental
Provisi dan penghapusbukuan persediaan	62,103	71,004	Inventory provision and write-off
Penelitian dan pengembangan	35,701	23,899	Research and development
Transportasi	30,413	39,634	Transportation
Perbaikan dan pemeliharaan	10,560	7,201	Repairs and maintenance
Perjalanan dan akomodasi	10,437	9,202	Travel and accommodation
Rokok untuk pegawai	9,785	10,997	Cigarettes for employees
Jasa *technical and advisory*	8,103	6,034	Technical and advisory fees
Asuransi	7,860	3,211	Insurance
Listrik, air dan telepon	6,867	6,999	Electricity, water and telephone
Kantor dan administrasi	4,995	6,148	Office and administration
Honorarium	3,002	3,685	Honorarium
Pelatihan dan pengembangan	2,832	3,146	Training and development
Perijinan dan pajak	2,511	2,330	Tax and licenses
Jasa profesional	1,981	1,579	Professional fees
Sumbangan dan perjamuan	1,694	1,890	Donation and entertainment
Lainnya	16,126	16,171	Others
Jumlah	2,108,682	1,706,418	Total

b. Beban umum dan administrasi / b. General and administrative expenses

	2016	2015	
Kompensasi karyawan	326,942	368,924	Employee compensation
Pemeliharaan sistem informasi	92,759	113,615	Information system maintenance
Jasa *technical and advisory*	89,325	108,880	Technical and advisory fees
Penyusutan (Catatan 10)	55,686	44,688	Depreciation (Note 10)
Employee-related recharges	31,403	13,078	Employee-related recharges
Jasa profesional	23,584	26,059	Professional fees
Asuransi	23,485	19,554	Insurance
Perbaikan dan pemeliharaan	19,125	15,102	Repairs and maintenance
Listrik, air dan telepon	16,268	17,030	Electricity, water and telephone
Pelatihan dan pengembangan	16,267	18,035	Training and development
Sewa	11,178	12,522	Rental
Pengiriman	8,951	5,986	Delivery
Perijinan dan pajak	8,817	10,836	Tax and licenses
Perjalanan dan akomodasi	5,134	9,864	Travel and accommodation
Sumbangan dan perjamuan	4,754	9,914	Donation and entertainment
Kantor dan administrasi	4,033	6,073	Office and administration
Honorarium	1,910	28,559	Honorarium
Biaya administrasi bank	1,153	3,200	Bank charge
Penurunan nilai aset	-	5,902	Impairment asset
Lainnya	43,593	13,812	Others
Jumlah	784,367	851,633	Total

(Expressed in millions of Rupiah, unless otherwise stated)

Lihat Catatan 26 untuk informasi mengenai transaksi beban operasi dengan pihak berelasi.

See Note 26 for the information on operating expenses transacted with related parties.

c. Keuntungan (kerugian) lainnya – bersih

c. Other gains (loss) – net

	2016	2015	
Keuntungan atas penjualan aset tetap (Catatan 10)	741	23	Gain on sales of fixed assets (Note 10)
(Kerugian) keuntungan selisih kurs - bersih	24,938	(17,144)	Gain (loss) on foreign exchange - net
Keuntungan atas pelepasan aset yang dimiliki untuk dijual	-	37,422	Gain on disposal of asset held for sale
Lain-lain - bersih	(12,829)	(1,510)	Miscellaneous - net
Jumlah	12,850	18,791	Total

25. PAJAK PENGHASILAN

25. INCOME TAX

Beban (manfaat) pajak Grup terdiri dari:

Tax expense (benefit) of the Group consists of the following:

	2016	2015	
Perseroan			The Company
Pajak tangguhan	82,084	(75,746)	Deferred tax
Penyesuaian Pajak Penghasilan Badan	-	92,096	Adjustment of Corporate Income Tax
Jumlah	82,084	16,350	Subtotal
Entitas anak			Subsidiaries
Pajak kini	146,218	66,085	Current tax
Pajak tangguhan	466,140	(418,845)	Deferred tax
Beban pajak penghasilan - final	-	36,396	Income tax expense - final
Jumlah	612,358	(316,364)	Subtotal
Jumlah	694,442	(300,014)	Total

(Expressed in millions of Rupiah, unless otherwise stated)

Pajak kini

Rekonsiliasi antara laba sebelum pajak menurut laporan laba rugi dan penghasilan komprehensif lain konsolidasian dengan laba kena pajak adalah sebagai berikut:

Current tax

A reconciliation between profit before tax per consolidated statements of profit or loss and other comprehensive income and taxable income are as follows:

	2016	2015	
Rugi konsolidasi sebelum pajak penghasilan sebelum pajak penghasilan	(1,391,369)	(1,938,552)	Consolidated loss before income tax
Eliminasi Konsolidasi	(59,372)	21,600	Consolidated eliminations
Rugi sebelum pajak entitas anak	(1,148,013)	(1,614,896)	Loss before tax of subsidaries
Rugi sebelum pajak Perseroan	(302,728)	(302,056)	Loss before tax the Company
Perbedaan temporer:			Temporary differences:
Provisi persediaan usang dan tidak lancar	(5,403)	(7,875)	Provision for obsolete and slow moving inventory
Provisi penurunan nilai piutang usaha	301	-	Provision for impairment of trade receivable
Aset tetap	(18,736)	3,572	Fixed assets
Imbalan pasca kerja	(483)	2,586	Employee benefits
Kompensasi karyawan	(36,788)	45,595	Employee compensation
Akrual	350,735	270,059	Accruals
Jumlah	289,626	313,937	Total
Perbedaan tetap:			Permanent differences:
Beban yang tidak dapat dikurangkan	(385,947)	69,777	Non-deductible expenses
Penghasilan dikenakan Pajak Final	(28,723)	(2,607)	Income subject to final tax
Jumlah	(414,670)	67,170	Total
Laba (rugi) fiskal Perseroan	(427,772)	79,051	Company's taxable income (loss)
Kompensasi rugi pajak yang digunakan	-	(79,051)	Accumulated tax losses
Beban pajak kini	-	-	Current tax expense
Beban pajak kini			Current tax expense
Perseroan	-	-	The Company
Entitas anak	146,218	66,085	Subsidiaries
Pembayaran pajak di muka			Prepaid taxes
Perseroan	8,364	152,890	The Company
Entitas anak	68,678	116,852	Subsidiaries
Pajak kini kurang (lebih) bayar (Catatan 16)			Current tax under (over) payment (Note 16)
Perseroan	(8,364)	(152,890)	The Company
Entitas anak	146,218	43,867	Subsidiaries
Entitas anak	(68,678)	-	Subsidiaries

(Expressed in millions of Rupiah, unless otherwise stated)

Pajak tangguhan

Rincian dari aset dan liabilitas pajak tangguhan Grup adalah sebagai berikut:

Deferred tax

The details of the Group's deferred tax assets and liabilities are as follows:

	1 Januari/ *January 1,* 2016	Dikreditkan (dibebankan) ke laba rugi tahun berjalan/ *Credited (charged) to profit or loss for the year*	Dibebankan ke penghasilan komprehensif lain/ *Charged to other comprehensive income*	31 Desember/ *December 31,* 2016	
Grup					The Group
Akumulasi kerugian pajak	409,681	(409,681)	-	-	Accumulated tax losses
Keuntungan belum terealisasi	8,939	(8,939)	-	-	Unrealized profits
Provisi penurunan nilai piutang usaha	1,174	(1,047)	-	127	Provision for impairment of trade receivables
Provisi persediaan usang dan tidak lancar	7,881	(8,084)	-	(203)	Provision for obsolete and slow-moving inventory
Aset tetap	(150,742)	148,478	-	(2,264)	Fixed assets
Akrual	161,302	(161,363)	-	(61)	Accruals
Imbalan Pasca Kerja	85,430	(85,161)	(1,090)	(821)	Post-employment benefits
Kompensasi karyawan	21,137	(22,192)	-	(1,055)	Employee compensation
Lain-lain	235	(235)	-	-	Others
Aset/(liabilitas) pajak tangguhan konsolidasi, bersih	545,037	(548,224)	(1,090)	(4,277)	Consolidated deferred tax aset/(liabilities), net
Perseroan					The Company
Aset pajak tangguhan	82,732	(82,084)	(648)	-	Deferred tax assets
Entitas anak					Subsidiaries
Aset pajak tangguhan	462,305	(461,961)	(344)	-	Deferred tax assets
Liabilitas pajak tangguhan	-	(4,179)	(98)	(4,277)	Deferred tax liabilities
Aset/(liabilitas) pajak tangguhan konsolidasian bersih	545,037	(548,224)	(1,090)	(4,277)	Consolidated deferred tax aset/(liabilities), net

	1 Januari/ *January 1,* 2015	Dikreditkan (dibebankan) ke laba rugi tahun berjalan/ *Credited (charged) to profit or loss for the year*	Dibebankan ke penghasilan komprehensif lain/ *Charged to other comprehensive income*	31 Desember/ *December 31,* 2015	
Grup					The Group
Akumulasi kerugian pajak	69,210	340,471	-	409,681	Accumulated tax losses
Keuntungan belum terealisasi	-	8,939	-	8,939	Unrealized profits
Provisi penurunan nilai piutang usaha	1,273	(99)	-	1,174	Provision for impairment of trade receivables
Provisi persediaan usang dan tidak lancar	10,497	(2,616)	-	7,881	Provision for obsolete and slow-moving inventory
Aset tetap	(144,979)	(5,763)	-	(150,742)	Fixed assets
Akrual	24,296	137,006	-	161,302	Accruals
Imbalan Pasca Kerja	88,176	194	(2,940)	85,430	Post-employment benefits
Kompensasi karyawan	4,678	16,459	-	21,137	Employee compensation
Lain-lain	235	-	-	235	Others
Aset pajak tangguhan konsolidasi, bersih	53,386	494,591	(2,940)	545,037	Consolidated deferred tax asset - net
Perseroan					The Company
Aset pajak tangguhan	7,104	75,746	(118)	82,732	Deferred tax assets
Entitas anak					Subsidiaries
Aset pajak tangguhan	46,282	418,845	(2,822)	462,305	Deferred tax assets
Aset pajak tangguhan konsolidasian - bersih	53,386	494,591	(2,940)	545,037	Consolidated deferred tax asset - net

(Expressed in millions of Rupiah, unless otherwise stated)

Rekonsiliasi antara beban pajak dan hasil perkalian laba akuntansi sebelum pajak menurut laporan laba rugi konsolidasian dan penghasilan komprehensif lain Perseroan dengan tarif pajak yang berlaku adalah sebagai berikut:

A reconciliation between the total tax expense and the amounts computed by applying the effective tax rates to profit before tax per consolidated statements of profit or loss and other comprehensive income of the Company is as follows:

	2016	2015	
Rugi konsolidasi sebelum pajak penghasilan	(1,391,369)	(1,938,552)	Consolidated loss before income tax
Eliminasi Konsolidasi	(59,372)	21,600	Consolidated eliminations
Rugi konsolidasian sebelum pajak penghasilan dan eliminasi	(1,450,741)	(1,916,952)	Consolidated loss before income tax and eliminations
Laba (rugi) sebelum pajak entitas anak - bersih	(1,148,013)	(1,614,896)	Income (loss) before tax of the subsidiaries - net
Rugi sebelum pajak Perseroan	(302,728)	(302,056)	Loss before tax of the Company
Beban pajak dengan tarif pajak yang berlaku - Perseroan	(75,682)	(75,514)	Tax expense at effective tax rates - the Company
Pengaruh pajak atas penghasilan (beban) yang tidak dapat diperhitungkan menurut fiskal:			Tax effect of non-taxable income:
Beban yang tidak dapat dikurangkan	(96,487)	17,444	Non-deductible expenses
Penghasilan dikenakan Pajak Final	(7,181)	(652)	Income subject to final tax
Penyesuaian aset pajak tangguhan	261,434	(17,024)	Adjustment to deferred tax assets
Penyesuaian pajak penghasilan badan	-	92,096	Adjustment of corporate income tax
Beban (manfaat) pajak Perseroan	82,084	16,350	Tax expense (benefit) of the Company
Beban (Manfaat) pajak entitas anak	612,358	(316,364)	Tax expense (benefit) subsidiaries
Jumlah	694,442	(300,014)	Total

26. TRANSAKSI DAN SALDO DENGAN PIHAK BERELASI

a. Sifat transaksi dan hubungan

Informasi mengenai pihak berelasi yang mempunyai transaksi signifikan dengan Grup adalah sebagai berikut:

26. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a. Nature of transactions and relationship

Information of related parties which the Group has significant transactions with is as follows:

Pihak berelasi/*Related parties*	Sifat transaksi/*Nature of transactions*
Entitas induk tidak langsung/*Indirect parent entity*	
Weston Investment Company Limited	*Internal recharges*
Entitas sepengendali/*Entities under common control*	
British American Tobacco (Holdings) Limited	Pembayaran royalti/*Payment of royalties* , Liabilitas pembayaran berbasis saham/*Share-based payment liabilities, Internal recharges*
British American Tobacco AIT Limited	*Internal recharges*
British American Tobacco Marketing (Singapore) Pte Ltd	Pembelian bahan baku/*Purchasing of raw material* , Penjualan rokok/*Sales of cigarette, Internal recharges*
British American Tobacco Sales & Marketing Singapore	Penjualan rokok/*Sales of cigarettes*
British American Tobacco (Singapore) Private, Ltd	Pembelian dan penjualan bahan baku dan tembakau/ *Purchasing and sales of raw material and tobacco, Internal recharge* , Pembelian aset tetap/*Purchasing of fixed assets*
British American Tobacco Aspac Region Limited	*Internal recharges*
British American Tobacco (Global Leaf Pool) Limited	Pembelian tembakau dan bahan baku/*Purchase of tobacco and raw material,* Penjualan tembakau dan bahan baku/*Sales of tobacco and raw material, Internal recharges*
British American Shared Services (GSD) - UK Limited	Transaksi pemeliharaan sistem informasi/*Transaction of information system maintenance, Internal recharges*
British American Tobacco (Malaysia) Berhad	*Internal recharges,* Pembelian tembakau dan bahan baku/*Purchase of tobacco and raw material* Penjualan rokok, tembakau dan bahan baku/*Sales of cigarette, tobacco and raw material*
British American Tobacco Aspac Service Centre Sdn Bhd	*Internal recharges,* penjualan dan pembelian tembakau dan bahan baku*/purchasing and sales of raw materials* Pembelian aset*/purchasing of fixed asset*
British American Tobacco (Investments) Limited	Transaksi bantuan tenaga ahli operasional dan biaya konsultan*/Transaction operational technical fee and consultant fee*
British American Tobacco Australia Limited	*Internal recharges,* pembelian asset tetap/*purchase of fixed asset*
British American Tobacco (Philippines) Limited	Penjualan rokok/s*ales of cigarettes, Internal recharges*
Rothman Far East B.V.	Pinjaman jangka panjang/*Long-term loan*
British American Tobacco Korea Manufacturing Ltd.	Pembelian tembakau dan bahan baku/*Purchase of tobacco and raw material,* Penjualan tembakau dan bahan baku/ *sales of tobacco and raw material,* Penjualan aset/ *sales of fixed assets*
British American Tobacco Western Europe Commercial Trading, Ltd	Pembelian tembakau dan bahan baku/*Purchase of tobacco and raw material, Internal recharges*
British American Tobacco GSD (KL) Sdn Bhd	*Internal recharges*
CTBAT International Co.Ltd	*Internal recharges,* Penjualan rokok/*Sales of cigarettes* Penjualan bahan baku/*sales of raw materials*
British American Tobacco Taiwan Logistics, Taiwan Branch	*Internal recharges,* Penjualan rokok*/Sales of cigarettes*
Vina - British American Tobacco Joint Venture Co.Ltd	*Internal recharges*
British American Tobacco Global Travel Tetail Ltd	Penjualan rokok*/Sales of cigarettes*
Pakistan Tobaco Co. Ltd	*Internal recharges*
Personil manajemen kunci/ *Key management personnel*	
Dewan Komisaris/*Board of Commissioners*	Remunerasi/*Remuneration*
Direksi/*Board of Directors*	Remunerasi/*Remuneration*

(Expressed in millions of Rupiah, unless otherwise stated)

Internal recharges dari Grup BAT sebagian besar terdiri dari tagihan untuk beban korporat, seperti biaya penelitian dan pengembangan, biaya audit internal, biaya terkait IT, tagihan atas pembayaran berbasis saham, dan lain-lain.

Internal recharges from BAT Group mostly represent billing for corporate charges, such as research and development expense, internal audit fees, IT-related expense, share-based payments, etc.

b. Saldo signifikan dengan pihak berelasi

b. Significant balances with related parties

	2016	2015	
Akrual			**Accrued expenses**
Royalti			**Royalty**
British American Tobacco (Holdings) Limited	89,302	94,638	British American Tobacco (Holdings) Limited
Pemeliharaan sistem informasi			**Information system maintenance**
British American Tobacco Shared Services (GSD) UK Limited	43,998	22,174	British American Tobacco Shared Services (GSD) UK Limited
Jasa *technical and advisory*			**Technical and advisory services**
British American Tobacco (Investments) Limited	-	20,451	British American Tobacco (Investments) Limited
Internal recharges			**Internal recharges**
British American Tobacco Aspac Service Centre	7,050	9,800	British American Tobacco Aspac Service Centre
British American Tobacco (Holdings) Limited	5,597	4,046	British American Tobacco (Holdings) Limited
British American Tobacco Aspac Region Limited	4,940	718	British American Tobacco Aspac Region Limited
Weston Investment Company Limited	4,536	8,288	Weston Investment Company Limited
British American Tobacco (Singapore) Private, Ltd	4,057	612	British American Tobacco (Singapore) Private, Ltd
Pakistan Tobacco Co Ltd	2,150	-	Pakistan Tobacco Co Ltd
Lain-lain (masing-masing di bawah Rp 1.000)	2,139	3,497	Others (each below Rp 1,000)
	30,469	26,961	
Akrual bunga pinjaman jangka panjang			**Accrued interest - long term loan**
Rothman Far East B.V.	-	421,835	Rothman Far East B.V.
	163,769	586,059	
Persentase terhadap jumlah liabilitas	4.06%	3.71%	As a percentage of total liabilities

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
Pinjaman jangka panjang			**Long-term loan**
Rothman Far East B.V.	-	12,000,000	Rothman Far East B.V.
Persentase terhadap jumlah liabilitas	-	75.87%	As a percentage of total liabilities
Piutang usaha			**Trade accounts receivables**
British American Tobacco (Malaysia) Berhad	94,858	2,363	British American Tobacco (Malaysia) Berhad
British American Tobacco Marketing (Singapore) Pte Ltd	26,604	-	British American Tobacco Marketing (Singapore) Pte Ltd
British American Tobacco Sales & Marketing (Singapore)	9,271	-	British American Tobacco Sales & Marketing (Singapore)
CTBAT International Co.Ltd	4,615	-	CTBAT International Co.Ltd
British American Tobacco Global Travel Retail Ltd	2,646	-	British American Tobacco Global Travel Retail Ltd
British American Tobacco Korea Manufacturing Ltd	2,532	-	British American Tobacco Korea Manufacturing Ltd
British American Tobacco (Philippines) Limited	642	17,995	British American Tobacco (Philippines) Limited
Lain-lain (masing-masing di bawah Rp 1.000)	270	31	Others (each below Rp 1,000)
	141,438	20,389	
Persentase terhadap jumlah aset	1.05%	0.16%	As a percentage of total asset
Piutang lain-lain			**Other receivables**
British American Tobacco (Singapore) Pte Ltd	28,806	-	British American Tobacco (Singapore) Pte Ltd
British American Tobacco (Philippines) Limited	3,237	343	British American Tobacco (Philippines) Limited
British American Tobacco (Malaysia) Berhad	-	3,108	British American Tobacco (Malaysia) Berhad
CTBAT International Co.Ltd	-	2,383	CTBAT International Co.Ltd
Lain-lain (masing-masing di bawah Rp 1.000)	1,158	111	Others (each below Rp 1,000)
	33,201	5,945	
Persentase terhadap jumlah aset	0.25%	0.05%	As a percentage of total asset
Utang usaha			**Trade accounts payables**
British American Tobacco (Malaysia) Berhad	24,215	2,090	British American Tobacco (Malaysia) Berhad
British American Tobacco (Global Leaf Pool) Limited	13,552	47,611	British American Tobacco (Global Leaf Pool) Limited
British American Tobacco Western Europe Commercial Trading Limited	11,486	257	British American Tobacco Western Europe Commercial Trading Limited
British American Tobacco (Singapore) Private, Ltd	1,344	1,104	British American Tobacco (Singapore) Private, Ltd
	50,597	51,062	
Persentase terhadap jumlah liabilitas	1.26%	0.32%	As a percentage of total liabilities

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
Utang lain-lain			**Other payables**
British American Tobacco (Holdings) Limited	-	1,339	British American Tobacco (Holdings) Limited
Lain-lain (masing-masing di bawah Rp 1.000)	-	122	Others (each below Rp 1,000)
	-	1,461	
Persentase terhadap jumlah liabilitas	-	0.01%	As a percentage of total liabilities
Uang muka dari pelanggan			**Advance from customers**
British American Tobacco (Global Leaf Pool) Limited	29,861	96,989	British American Tobacco (Global Leaf Pool) Limited
British American Tobacco (Malaysia) Berhad	-	92,054	British American Tobacco (Malaysia) Berhad
	29,861	189,043	
Persentase terhadap jumlah liabilitas	0.74%	1.20%	As a percentage of total liabilities

Utang usaha, utang lain-lain dan uang muka dari pelanggan terkait dengan pihak berelasi akan diselesaikan dalam jangka waktu kurang dari satu tahun.

Trade accounts payables, other payables and advance from customers of related parties will be settled in less than one year.

c. Transaksi signifikan dengan pihak berelasi

c. Significant transaction with related parties

	2016	2015	
Pembelian saham ELI			**Purchase of ELI shares**
British American Tobacco (Holdings) Limited	-	238,000	British American Tobacco (Holdings) Limited
Pembelian tembakau dan bahan baku			**Purchase of tobacco and raw material**
British American Tobacco (Global Leaf Pool) Limited	154,376	138,395	British American Tobacco (Global Leaf Pool) Limited
British American Tobacco (Singapore) Private, Ltd	54,358	50,084	British American Tobacco (Singapore) Private, Ltd
British American Tobacco Western Europe Commercial Trading, Ltd	49,653	21,632	British American Tobacco Western Europe Commercial Trading, Ltd
British American Tobacco (Malaysia) Berhad	43,893	33,057	British American Tobacco (Malaysia) Berhad
Britsih American Tobacco Aspac Service Center Sdn.Bhd	7,648	-	Britsih American Tobacco Aspac Service Center Sdn.Bhd
British American Tobacco Korea Manufacturing Ltd	1,810	914	British American Tobacco Korea Manufacturing Ltd
British American Tobacco Marketing (Singapore) PTE LTD	408	-	British American Tobacco Marketing (Singapore) PTE LTD
	312,146	244,082	
Persentase terhadap beban pokok penjualan	1.82%	1.62%	As a percentage of cost of goods sold
Royalti			**Royalty**
British American Tobacco (Holdings) Limited	342,960	306,384	British American Tobacco (Holdings) Limited
Persentase terhadap beban pokok penjualan	2.00%	2.03%	As a percentage of cost of goods sold

(Expressed in millions of Rupiah, unless otherwise stated)

Grup mempunyai beberapa perjanjian royalti dengan perusahaan-perusahaan di bawah Grup BAT untuk memproduksi dan menjual beberapa merek rokok yang mereka miliki di Indonesia. Besarnya royalti ditetapkan sebesar 8% (2015: 8%) dari nilai penjualan bersih.

The Group has several royalty agreements with other companies within BAT Group to produce and sell several cigarette brands owned by them in Indonesia. The royalty amount is calculated at 8% (2015: 8%) from net turnover.

	2016	2015	
Pembelian aset tetap			**Purchase of fixed assets**
British American Tobacco (Singapore) Private, Ltd	5,742	3,158	British American Tobacco (Singapore) Private, Ltd
British American Tobacco Aspac Sevice Center Sdn.Bhd	5,717	-	British American Tobacco Sevice Center Sdn.Bhd
British American Tobacco Australia Limited	-	578	British American Tobacco Australia Limited
Lain-lain	-	458	Others
	11,459	4,194	
Persentase terhadap penambahan aset tetap	2.07%	0.52%	As a percentage of fixed asset addition
Penjualan tembakau dan raw material			**Sales of tobacco and raw material**
British American Tobacco (Malaysia) Berhad	164,923	194,728	British American Tobacco (Malaysia) Berhad
British American Tobacco (Global Leaf Pool) Limited	76,106	159,521	British American Tobacco (Global Leaf Pool) Limited
British American Tobacco Korea Manufacturing Ltd	4,554	-	British American Tobacco Korea Manufacturing Ltd
Lain-lain	563	132	Others
	246,146	354,381	
Persentase terhadap penjualan	1.28%	2.03%	As a percentage of sales
Penjualan rokok			**Sales of cigarettes**
British American Tobacco Philipines	102,207	157,434	British American Tobacco Philipines
British American Tobacco Taiwan Logistics Limited	57,908	-	British American Tobacco Taiwan Logistics Limited
British American Tobacco Marketing (Singapore) Private Limited	30,360	-	British American Tobacco Marketing (Singapore) Private Limited
CTBAT International.Co.Ltd	15,134	644	CTBAT International.Co.Ltd
British American Tobacco Sales & Marketing (Singapore)	10,967	-	British American Tobacco Sales & Marketing (Singapore)
British American Tobacco Global Travel Retail Ltd	9,248	-	British American Tobacco Global Travel Retail Ltd
British American Tobacco (Malaysia) Berhad	2,799	6,681	British American Tobacco (Malaysia) Berhad
Lain-lain	216	-	Others
	228,839	164,759	
Persentase terhadap penjualan	1.19%	0.98%	As a percentage of sales
Jasa *technical and advisory*			**Technical and advisory services**
British American Tobacco (Investments) Limited	55,664	80,957	British American Tobacco (Investments) Limited
Persentase terhadap beban umum dan administrasi	7.10%	9.51%	As a percentage of general and administrative expenses

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
IT recharges			**IT recharges**
British American Shared Service (GSD) UK Limited	76,754	114,946	British American Shared Service (GSD) UK Limited
Persentase terhadap beban umum dan administrasi	9.79%	13.50%	As a percentage of general administrative expenses
Internal recharges			**Internal recharges**
British American Tobacco (Malaysia) Berhad	111,534	5,073	British American Tobacco (Malaysia) Berhad
British American Tobacco (Singapore) Private, Ltd	29,322	18,613	British American Tobacco (Singapore) Private, Ltd
British American Tobacco (Holdings) Limited	29,290	8,537	British American Tobacco (Holdings) Limited
British American Tobacco (Investments) Limited	16,989	-	British American Tobacco (Investments) Limited
British American Tobacco Aspac Service Centre	12,995	24,126	British American Tobacco Aspac Service Centre
British American Tobacco (AIT) Ltd	8,067	-	British American Tobacco (AIT) Ltd
British American Tobacco Australia Limited	7,704	1,238	British American Tobacco Australia Limited
British American Tobacco Aspac Region Limited	6,671	9,879	British American Tobacco Aspac Region Limited
Weston Investment Company Limited	6,561	10,196	Weston Investment Company Limited
British American Tobacco Nederland BV	4,630	-	British American Tobacco Nederland BV
British American Tobacco Turkiye	3,671	2,738	British American Tobacco Turkiye
Pakistan Tobacco Company Limited	2,596	302	Pakistan Tobacco Company Limited
British American Shared Service (GSD) Limited	1,656	666	British American Shared Service (GSD) Limited
Lain-lain (masing-masing di baw ah Rp 1,000)	1,240	2,240	Others (each below Rp 1.000)
	242,926	83,608	
Persentase terhadap jumlah beban penjualan dan beban umum administrasi	30.97%	9.82%	As a percentage of total selling expenses and general and administrative expenses

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
Beban bunga – pinjaman jangka panjang			**Interest expense – long term loan**
Rothman Far East B.V.	653,916	983,169	Rothman Far East B.V.
Persentase terhadap jumlah beban keuangan	98.90%	90.66%	As a percentage of total finance cost
Liabilitas pembayaran berbasis saham			**Share-based payment liabilities**
British American Tobacco (Holdings) Limited	31,403	13,433	British American Tobacco (Holdings) Limited
Persentase terhadap beban umum dan administrasi	4.00%	1.58%	As a percentage of general and administrative expenses
Klaim			**Reimbursement**
British American Tobacco (Holdings) Limited	201,177	422	British American Tobacco (Holdings) Limited
British American Tobacco (Singapore) Private, Ltd	36,479	17	British American Tobacco (Singapore) Private, Ltd
British American Tobacco Aspac Service Center Sdn.Bhd	4,778	48	British American Tobacco Aspac Service Center Sdn.Bhd
British American Tobacco Philippines Ltd	4,721	379	British American Tobacco Philippines Ltd
British American Tobacco (Malaysia) Berhad	836	7,587	British American Tobacco (Malaysia) Berhad
CTBAT International Co.Ltd	407	5,262	CTBAT International Co.Ltd
British American Tobacco Marketing (Singapore) Pte Ltd	298	301	British American Tobacco Marketing (Singapore) Pte Ltd
Lain-lain	843	683	Others
	249,539	14,699	
Persentase terhadap beban umum dan administrasi	31.81%	1.73%	As a percentage of general and administrative expenses
Penjualan aset tetap			**Sales of Fixed Assets**
British American Tobacco Korea Manufacturing Ltd	37,895	-	British American Tobacco Korea Manufacturing Ltd
Persentase terhadap pendapatan/ beban operasi lainnya	19.45%	-	As a percentage of other operating expense/income

	2016	2015	
Uang muka dari pelanggan			**Advance from customers**
British American Tobacco (Global Leaf Pool) Limited	12,313	113,568	British American Tobacco (Global Leaf Pool) Limited
Tobacco Importer and Manufacturing	-	92,354	Tobacco Importer and Manufacturing
	12,313	205,922	
Persentase terhadap total sales	0.07%	1.23%	As a percentage of total sales

Grup mempunyai perjanjian jasa *technical and advisory* dengan British American Tobacco (Investments) Limited. Grup berhak menerima jasa yang mencakup, tetapi tidak terbatas pada jasa riset, produksi, distribusi, pemasaran, dan teknologi informasi. Biaya atas jasa ini secara umum ditetapkan berdasarkan biaya aktual yang timbul.

The Group has technical and advisory services agreement with British American Tobacco (Investments) Limited. The Group will receive services on, but not limited to research, production, distribution, marketing, and information technology. Fees are generally determined based on actual costs incurred.

Remunerasi personel manajemen kunci

Key management personnel remuneration

Pada tahun 2016, jumlah remunerasi Dewan Direksi Grup adalah sebesar Rp 46 miliar, meliputi gaji dan imbalan kerja jangka pendek lainnya sebesar Rp 36 miliar, imbalan pasca kerja sebesar Rp 2 miliar, dan kompensasi berbasis saham sebesar Rp 8 miliar. Sedangkan remunerasi Dewan Komisaris sebesar Rp 2,4 miliar meliputi gaji dan imbalan kerja jangka pendek lainnya.

In 2016, total remuneration for the Group's Directors amounted to Rp 46 billion, which comprises salaries and other short term employee benefits amounted to Rp 36 billion, post-employment benefits amounted to Rp 2 billion and share-based compensation amounted to Rp 8 billion. The remuneration for the Board of Commissioners amounted to Rp 2.4 billion represents salaries and other short-term employee benefits.

27. INFORMASI SEGMEN

a. Segmen operasi

Berdasarkan Catatan 3v, manajemen berpendapat bahwa Grup hanya memiliki satu segmen usaha, yaitu manufaktur dan perdagangan rokok, dimana penjualan dan aset segmen usaha tersebut merupakan keseluruhan dari total penjualan bersih dan aset konsolidasian Grup.

b. Segmen geografis

Segmen operasi Grup beroperasi di Indonesia.

27. SEGMENT INFORMATION

a. Operating segment

Based on Note 3v, management is of the view that the Group operates in one operating segment, i.e. manufacturing and trading of cigarettes, given that sales and assets of this segment represented the whole of the total consolidated net revenues and assets of the Group, respectively.

b. Geographical segment

The Group's operating segment operates in Indonesia.

(Expressed in millions of Rupiah, unless otherwise stated)

28. ASET DAN LIABILITAS DALAM MATA UANG ASING

Pada tanggal 31 Desember 2016 dan 2015, Grup mempunyai aset dan liabilitas moneter dalam mata uang asing sebagai berikut:

28. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCY

At December 31, 2016 and 2015, the Group had monetary assets and liabilities in foreign currency as follows:

		31 Desember/*December 31,* 2016		31 Desember/December 31, 2015		
	Mata uang/ Currency	Nilai asli/ *Original currency*	Setara Rupiah/ *Equivalent in Rupiah (million)*	Nilai asli/ *Original currency*	Setara Rupiah/ *Equivalent in Rupiah (million)*	
Aset						Assets
Kas dan bank	USD	6,418,486	86,459	11,202,991	154,545	Cash on hand and in banks
	EUR	8,673	120	263	4	
	GBP	210,824	3,485	869	18	
Piutang usaha	USD	10,495,946	141,438	1,480,019	20,417	Trade accounts receivable
Piutang lain-lain	USD	2,440,158	32,868	431,118	5,947	Other accounts receivable
Jumlah			264,370		180,931	Total
Liabilitas						Liabilities
Utang usaha	USD	8,645,619	116,456	9,546,900	131,699	Trade accounts payables
	EUR	2,182,553	30,703	1,901,630	28,658	
	GBP	44,215	732	13,680	280	
Utang lain-lain	USD	589,225	7,936	115,436	1,592	Other accounts payable
	EUR	741,915	10,437	1,301,123	19,608	
	GBP	767,713	12,698	680,964	13,926	
Akrual	USD	1,363,709	18,370	2,146,727	29,614	Accruals
	EUR	322,463	4,536	1,040,855	15,686	
	GBP	2,462,283	40,726	2,378,288	48,638	
Pinjaman Bank Jangka Pendek	USD	-	-	1,500,000	20,693	Short-term bank loans
	EUR	-	-	1,124,842	16,951	
Uang muka pelanggan	USD	2,216,852	29,861	13,577,687	187,304	Advance from customers
Jumlah			272,455		514,649	Total
Jumlah bersih			8,085		333,718	Net monetary liabilities

Pada tanggal 31 Desember 2016 dan 2015, kurs konversi yang digunakan Grup adalah Rp 13.470 dan Rp 13.795 untuk USD, Rp 14.067 dan Rp 15.070 untuk EUR dan Rp 16.539 dan Rp 20.451 untuk GBP.

The conversion rates used by the Group on December 31, 2016 and 2015 are Rp 13,470 and Rp 13,795 for USD, Rp 14,067 and Rp 15,070 for EUR and Rp 16,539 and Rp 20,451 for GBP.

29. PERJANJIAN, KOMITMEN DAN LIABILITAS KONTINJENSI YANG SIGNIFIKAN

Kontrak pembelian barang modal

Pada tanggal-tanggal 31 Desember 2016 dan 2015, Grup memiliki kontrak pembelian barang modal masing-masing sebesar Rp 86 miliar dan Rp 72,9 miliar.

Kontrak pembelian barang modal pada tanggal 31 Desember 2016 di atas terutama terkait dengan pemindahan mesin dan pembangunan prasarana produksi dengan Ikanindo Rekatama Cipta.

29. SIGNIFICANT AGREEMENT, COMMITMENT, AND CONTINGENCY

Capital expenditure commitments

As of December 31, 2016 and 2015, the Group has capital expenditure contracts amounted to Rp 86 billion and Rp 72.9 billion.

These capital expenditure, as of December 31, 2016, mainly pertain to transfer of machinery and construction of a production facility with Ikanindo Rekatama Cipta.

(Expressed in millions of Rupiah, unless otherwise stated)

Komitmen sewa operasi

Pada tanggal 31 Desember 2016 dan 2015, Grup memiliki perjanjian sewa operasi yang tidak dapat dibatalkan dengan jumlah komitmen sebagai berikut:

Operating lease commitments

As of December 31, 2016 and 2015, the Group has non-cancellable operating lease agreements with the amounts committed as follows:

	2016	2015	
Kurang dari satu tahun	94,549	62,271	Less than one year
Antara satu sampai dengan lima tahun	157,343	95,934	Between one and five years
Jumlah	251,892	158,205	Total

Beban sewa sehubungan dengan perjanjian sewa operasi ini untuk 31 Desember 2016 dan 2015 masing-masing adalah sebesar Rp 105,0 miliar dan Rp 100,5 miliar.

Rental expenses in relation to these operating lease agreements in 2016 and 2015 amounted to Rp 105.0 billion and Rp 100.5 billion, respectively.

30. KATEGORI DAN KELAS INSTRUMEN KEUANGAN

30. CATEGORIES AND CLASSES OF FINANCIAL INSTRUMENTS

	31 Desember/*December 31,* 2016			
	Aset yang diukur pada nilai wajar melalui laba rugi/ *Asset at fair value through profit or loss*	Pinjaman yang diberikan dan piutang/ *Loans and receivables*	Liabilitas pada biaya perolehan diamortisasi/ *Liabilities at amortized cost*	
Aset Keuangan				Financial Assets
Kas dan setara kas	-	316,618	-	Cash and cash equivalents
Piutang usaha				Trade accounts receivable
Pihak berelasi	-	141,438	-	Related parties
Pihak ketiga	-	1,116,274	-	Third parties
Piutang lain-lain				Other accounts receivable
Pihak berelasi	-	33,201	-	Related parties
Pihak ketiga	-	37,578	-	Third parties
Aset derivatif	80	-	-	Derivative asset
Aset lain-lain	-	12,285	-	Other assets
Jumlah Aset Keuangan	80	1,657,394	-	Total Financial Assets
Liabilitas Keuangan				Financial Liabilities
Pinjaman bank jangka pendek	-	-	1,648,897	Short-term bank loan
Utang usaha				Trade accounts payable
Pihak berelasi	-	-	50,597	Related parties
Pihak ketiga	-	-	519,415	Third parties
Utang lain-lain				Other accounts payable
Pihak berelasi	-	-	-	Related parties
Pihak ketiga	-	-	160,503	Third parties
Akrual	-	-	853,629	Accrual
Liabilitas imbalan kerja jangka pendek	-	-	132,201	Short-term employee benefit obligation
Jumlah Liabilitas Keuangan	-	-	3,365,242	Total Financial Liabilities

(Expressed in millions of Rupiah, unless otherwise stated)

	31 Desember/*December 31,* 2015			
	Aset yang diukur pada nilai wajar melalui laba rugi/ *Asset at fair value through profit or loss*	Pinjaman yang diberikan dan piutang/ *Loans and receivables*	Liabilitas pada biaya perolehan diamortisasi/ *Liabilities at amortized cost*	
Aset Keuangan				Financial Assets
Kas dan setara kas	-	195,289	-	Cash and cash equivalents
Piutang usaha				Trade accounts receivable
Pihak berelasi	-	20,389	-	Related parties
Pihak ketiga	-	509,367	-	Third parties
Piutang lain-lain				Other accounts receivable
Pihak berelasi	-	5,945	-	Related parties
Pihak ketiga	-	123,166	-	Third parties
Aset lain-lain	-	11,362	-	Other assets
Jumlah Aset Keuangan	-	865,518	-	Total Financial Assets
Liabilitas Keuangan				Financial Liabilities
Pinjaman bank jangka pendek	-	-	1,264,062	Short-term bank loan
Utang usaha				Trade accounts payable
Pihak berelasi	-	-	51,062	Related parties
Pihak ketiga	-	-	237,702	Third parties
Utang lain-lain				Other accounts payable
Pihak berelasi	-	-	1,461	Related parties
Pihak ketiga	-	-	82,648	Third parties
Akrual	-	-	1,377,856	Accrual
Liabilitas imbalan kerja jangka pendek	-	-	160,787	Short-term employee benefit obligation
Jumlah Liabilitas Keuangan	-	-	3,014,791	Total Financial Liabilities

31. INSTRUMEN KEUANGAN, MANAJEMEN RISIKO KEUANGAN DAN RISIKO MODAL

a. Tujuan dan kebijakan manajemen risiko keuangan

Grup terekspos terhadap risiko keuangan yang bervariasi yang timbul dari kegiatan usahanya. Hal ini mengadopsi kebijakan manajemen risiko dan memanfaatkan berbagai teknik untuk mengelola eksposur terhadap risiko tersebut.

Grup tidak memiliki atau menerbitkan instrumen keuangan derivatif untuk tujuan spekulasi.

Tidak ada perubahan eksposur Grup terhadap risiko keuangan atau cara mengelola dan mengukur risiko.

(i) Manajemen risiko mata uang asing

Grup melakukan transaksi bisnis dalam berbagai mata uang asing, terutama dalam Dolar Amerika Serikat ("USD"), dan karena itu terekspos terhadap risiko mata uang asing.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Financial risk management policies and objectives

The Group are exposed to various financial risks arising in the normal course of business. It adopted risk management policies and utilised a variety of techniques to manage their exposure to these risks.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign currency risk management

The Group transact business in various foreign currencies, mainly United States Dollar ("USD"), and therefore is exposed to foreign exchange risk.

Pada akhir periode pelaporan, jumlah tercatat untuk aset moneter dan liabilitas moneter dalam mata uang selain mata uang fungsional Grup disajikan dalam Catatan 28.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group's functional currencies are disclosed in Note 28.

Sensitivitas mata uang asing

Foreign currency sensitivity

Sebagian besar operasi dan transaksi Grup dilakukan dengan Rupiah. Transaksi-transaksi yang menggunakan mata uang asing terutama mencakup sebagian kecil pembelian persediaan, pembelian aset tetap, royalti, *internal recharges,* penjualan dan pembayaran jasa *technical and advisory.*

Most of the Group's operations and transactions are conducted in Rupiah. Transactions involving the use of foreign currencies are mainly related to small parts of inventory purchased, purchase of property, plant and equipment, royalty, internal recharges, revenue and payment of technical and advisory service fees.

Pada tanggal 31 Desember 2016, apabila nilai tukar Rupiah terhadap mata uang asing yang utama (USD, EUR dan GBP) menguat/melemah sebesar 10% dengan asumsi variabel lainnya tidak mengalami perubahan, maka rugi setelah pajak tahun berjalan turun/naik dan ekuitas Grup akan naik/turun sebesar Rp 1,6 miliar (2015: Rp 25 miliar). Hal ini terutama diakibatkan keuntungan/kerugian penjabaran nilai tukar mata uang asing atas liabilitas moneter bersih Grup seperti diungkapkan di Catatan 28.

As of December 31, 2016, if the Rupiah had strengthened/weakened by 10% against main foreign currencies (USD, EUR and GBP) with all other variables held constant, the post-tax loss for the year would decrease/increase and equity of the Group would increase/decrease by Rp 1.6 billion (2015: Rp 25 billion). This matter is arising mainly from foreign exchange gains/losses on Group's net monetary liabilities as disclosed in Note 28.

(ii) Manajemen risiko kredit

(ii) Credit risk management

Risiko kredit mengacu pada risiko bahwa pihak peminjam akan mengalami default pada kewajiban mereka untuk membayar kontrak yang menjadi hak Grup, mengakibatkan kerugian kepada Grup.

Credit risk refers to the risk that counterparties will default on their contractual obligations to repay the amounts owing to the Group, resulting in a loss to the Group.

Grup tidak memiliki konsentrasi signifikan risiko kredit dan telah menetapkan kebijakan untuk meminimalkan risiko. Eksposur maksimum risiko kredit diwakili oleh jumlah tercatat setiap aset keuangan dalam laporan posisi keuangan konsolidasian.

The Group has no significant concentrations of credit risks and has established policies to minimise credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position.

(Expressed in millions of Rupiah, unless otherwise stated)

Risiko kredit Grup terutama melekat pada kas di bank, deposito yang dibatasi penggunannya, penempatan dana pada pihak ketiga, piutang usaha dan piutang lain-lain. Grup menempatkan kas dan setara kas pada institusi keuangan yang layak serta terpercaya. Piutang usaha dan piutang usaha lainnya dilakukan dengan pihak ketiga terpercaya dan pihak berelasi. Eksposur Grup dan pihak lawan dimonitor secara terus menerus dan nilai agregat transaksi terkait tersebar di antara pihak lawan yang telah disetujui. Eksposur kredit dikendalikan oleh batasan (limit) pihak lawan yang ditinjau dan disetujui oleh Dewan Direksi.

The Group's credit risk is primarily attributed to its cash in banks, restricted time deposits, fund placement in third party, trade accounts receivables and other accounts receivable. The Group places its cash and cash equivalents with credit worthy financial institutions. Trade and other accounts receivable are entered with respected and credit worthy third parties and related parties. The Group exposure and its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board of Directors.

Semua pinjaman dan piutang seperti yang diungkapkan di Catatan 5, 6 dan 8 yang tidak mengalami penurunan nilai dengan kualitas kredit yang baik berdasarkan atas penilaian dan transaksi masa lalu dengan pihak lainnya.

All loans and receivables as disclosed in Notes 5, 6 and 8 are neither past due nor impaired with good credit quality based on the Company's assessment of past transaction with outstanding counter parties.

Eksposur maksimum atas risiko kredit tercermin dari nilai tercatat setiap aset keuangan pada laporan keuangan konsolidasian setelah dikurangi dengan penyisihan piutang ragu-ragu dan piutang dari beberapa pelanggan yang menyediakan jaminan bank, yaitu sebagai berikut:

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position after deducting by any provision for doubtful receivables and receivables from certain customers who have provided bank guarantee, are as follow:

	2016	2015	
Bank	284,654	190,149	Cash in bank
Piutang usaha	1,091,837	422,422	Trade accounts receivable
Piutang lain-lain	70,779	129,111	Other accounts receivable
Aset derivatif	80	-	Derivative asset
Aset lain-lain	12,285	11,362	Other assets
Jumlah Aset Keuangan	1,459,635	753,044	Total

(iii) Manajemen risiko tingkat bunga

Risiko tingkat bunga Grup timbul dari pinjaman jangka panjang. Pinjaman yang diterbitkan dengan tingkat bunga mengambang mengekspos Grup terhadap risiko suku bunga arus kas. Pinjaman yang diterbitkan dengan tingkat suku bunga tetap mengekspos Grup terhadap risiko nilai wajar suku bunga.

(iii) Interest rate risk management

The Group's interest rate risk arises from long term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest risk.

(Expressed in millions of Rupiah, unless otherwise stated)

Pada tanggal 31 Desember 2016, apabila tingkat suku pinjaman dengan tingkat suku bunga mengambang lebih tinggi atau lebih rendah 100 basis poin dengan asumsi variabel lainnya tidak mengalami perubahan, maka rugi setelah pajak Grup untuk tahun berjalan akan naik/turun sebesar Rp 5,4 miliar (2015: Rp 7,8 miliar).

As of December 31, 2016, if interest rates on floating interest rate borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's losses after tax for the year would have increased/decreased by Rp 5.4 billion (2015: Rp 7.8 billion).

(iv) Manajemen risiko likuiditas

(iv) Liquidity risk management

Tanggung jawab utama untuk manajemen risiko likuiditas terletak pada dewan direksi, yang telah membentuk kerangka kerja manajemen risiko likuiditas yang sesuai untuk manajemen Grup dan pendanaan jangka pendek - menengah dan jangka panjang dan persyaratan manajemen likuiditas. Grup mengelola risiko likuiditas dengan memelihara cadangan yang memadai, fasilitas perbankan dan fasilitas pinjaman cadangan, dengan terus memantau arus kas prakiraan dan aktual, dan dengan cara mencocokkan profil jatuh tempo aset dan liabilitas keuangan.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Tabel risiko likuiditas dan suku bunga

Liquidity and interest risk table

Tabel berikut merinci jatuh tempo dari kontrak yang tersisa untuk liabilitas keuangan non-derivatif. Tabel telah disusun berdasarkan arus kas terdiskonto liabilitas keuangan berdasarkan tanggal awal dimana Grup dapat diminta untuk melakukan pembayaran. Tabel berikut termasuk arus kas bunga dan pokok.

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Group can be required to pay. The table includes both interest and principal cash flows.

	31 Desember/*December 31,* 2016					
	Tingkat bunga efektif rata-rata tertimbang/ *Weighted average effective intrest rate*	1 tahun dan sebelumnya/ *1 year and below*	1 - 5 tahun/ *1 - 5 years*	> 5 tahun/ *> 5 years*	Jumlah/ *Total*	
	%					
Liabilitas Keuangan						Financial Liabilities
Tanpa bunga:						Non-interest bearing:
Utang usaha						Trade accounts payable
Pihak berelasi	-	50,597	-	-	50,597	Related parties
Pihak ketiga	-	519,415	-	-	519,415	Third parties
Utang lain-lain						Other accounts payable
Pihak berelasi	-	-	-	-	-	Related parties
Pihak ketiga	-	160,503	-	-	160,503	Third parties
Biaya yang masih harus dibayar	-	853,629	-	-	853,629	Accrued expenses
Liabilitas imbalan kerja jangka pendek	-	132,201	-	-	132,201	Short-term employee benefit obligation
Instrumen tingkat bunga variabel:						Variable interest rate instruments:
Pinjaman bank jangka pendek	9.24%	1,659,685	-	-	1,659,685	Short-term bank loans
Jumlah		3,376,030	-	-	3,376,030	Total

(Expressed in millions of Rupiah, unless otherwise stated)

	31 Desember/*December 31,* 2015					
	Tingkat bunga efektif rata-rata tertimbang/ *Weighted average effective intrest rate*	1 tahun dan sebelumnya/ *1 year and below*	1 - 5 tahun/ *1 - 5 years*	> 5 tahun/ *> 5 years*	Jumlah/ *Total*	
Liabilitas Keuangan						Financial Liabilities
Tanpa bunga:						Non-interest bearing:
Utang usaha						Trade accounts payable
Pihak berelasi	-	51,062	-	-	51,062	Related parties
Pihak ketiga	-	237,702	-	-	237,702	Third parties
Utang lain-lain						Other accounts payable
Pihak berelasi	-	1,461	-	-	1,461	Related parties
Pihak ketiga	-	82,648	-	-	82,648	Third parties
Biaya yang masih harus dibayar	-	1,377,856	-	-	1,377,856	Accrued expenses
Liabilitas imbalan kerja jangka pendek	-	160,787	-	-	160,787	Short-term employee benefit obligation
Instrumen tingkat bunga variabel:						Variable interest rate instrument:
Pinjaman bank jangka pendek	9.24%	1,403,973	-	-	1,403,973	Short-term bank loans
Pinjaman jangka panjang	10.79%	1,338,126	1,338,126	13,338,126	16,014,378	Long term loans
Jumlah		4,653,615	1,338,126	13,338,126	19,329,867	Total

Tabel berikut merinci ekspektasi jatuh tempo untuk aset keuangan non-derivatif Grup. Tabel disusun berdasarkan jatuh tempo kontrak tak terdiskonto dari aset keuangan termasuk bunga yang akan diperoleh dari aset tersebut. Dicantumkannya informasi aset keuangan non-derivatif diperlukan dalam rangka untuk memahami manajemen risiko likuiditas Grup dimana likuiditas dikelola atas dasar aset dan liabilitas bersih.

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group liquidity risk management as the liquidity is managed on a net asset and liability basis.

	31 Desember/ *December 31*, 2016					
	Tingkat bunga efektif rata-rata tertimbang/ *Weighted average effective interest rate*	1 tahun dan sebelumnya/ *1 year and below*	1-5 tahun *1-5 years*	> 5 tahun/ *> 5 years*	Jumlah/ *Total*	
	%					
Tanpa bunga						Non-interest bearing
Kas dan setara kas	-	316,618	-	-	316,618	Cash and cash equivalents
Piutang usaha						Trade accounts receivable
Pihak berelasi	-	141,438	-	-	141,438	Related parties
Pihak ketiga	-	1,116,274	-	-	1,116,274	Third parties
Piutang lain-lain						Other accounts receivables
Pihak berelasi	-	33,201	-	-	33,201	Related parties
Pihak ketiga	-	37,578	-	-	37,578	Third parties
Aset lain-lain	-	15,822	-	-	15,822	Other asset
Jumlah		1,660,931	-	-	1,660,931	Total

(Expressed in millions of Rupiah, unless otherwise stated)

	31 Desember/ *December 31*, 2015					
	Tingkat bunga efektif rata-rata tertimbang/ *Weighted average effective interest rate*	1 tahun dan sebelumnya/ *1 year and below*	1-5 tahun *1-5 years*	> 5 tahun/ *> 5 years*	Jumlah/ *Total*	
	%					
Tanpa bunga						Non-interest bearing
Kas dan setara kas	-	195,239	-	-	195,239	Cash and cash equivalents
Piutang usaha						Trade accounts receivable
Pihak berelasi	-	20,389	-	-	20,389	Related parties
Pihak ketiga	-	509,367	-	-	509,367	Third parties
Piutang lain-lain						Other accounts receivables
Pihak berelasi	-	5,945	-	-	5,945	Related parties
Pihak ketiga	-	123,166	-	-	123,166	Third parties
Aset lain-lain	-	14,899	-	-	14,899	Other asset
Instrumen tingkat bunga tetap						Fixed interest rate instruments
Kas dan setara kas	5%	50	-	-	50	Cash and cash equivalents
Jumlah		869,005	-	-	869,005	Total

Penyesuaian timbul dari pembayaran bunga selama periode kepemilikan diperkirakan menggunakan suku bunga yang berlaku pada akhir periode pelaporan.

Adjustment arise from the interest repayment over the tenure period estimated using the prevailing interest rate as at the end of the reporting period.

(v) Nilai wajar aset keuangan dan liabilitas keuangan

(v) Fair values of financial assets and financial liabilities

Aset keuangan Grup terutama terdiri dari kas dan setara kas, dan piutang usaha yang jatuh tempo kurang dari satu tahun. Nilai wajar dari aset finansial tersebut mendekati nilai tercatatnya, karena dampak dari diskonto tidak signifikan.

The Group's financial assets are mostly comprised of cash and cash equivalents, and trade receivables with maturity less than one year. The fair values of those financial assets approximate their carrying amounts, as the impact of the discounting is not significant.

Liabilitas keuangan Grup terutama terdiri dari beberapa liabilitas jangka pendek, seperti pinjaman bank jangka pendek, uang muka pelanggan, utang usaha, utang lain-lain, dan liabilitas jangka pendek lainnya memiliki jatuh tempo kurang dari satu tahun. Nilai wajar dari liabilitas jangka pendek tersebut mendekati nilai tercatatnya, karena dampak dari diskonto tidak signifikan.

The Group's financial liabilities are mostly comprised of certain short-term liabilities, such as short-term bank loans, advance from customer, trade payables, other payables, and other short-term liabilities with maturity less than one year. The fair values of the short-term liabilities approximate their carrying amounts, as the impact of the discounting is not significant.

Pada tanggal 31 Desember 2016, Grup sudah tidak memiliki pinjaman jangka panjang. Pada tanggal 31 Desember 2015, Grup memiliki pinjaman jangka panjang dengan tingkat bunga mengambang sehingga nilai tercatat mendekati nilai wajar.

At December 31, 2016, the Group does not have long-term loan. At December 31, 2015, the Group has long-term loan at floating interest rate; therefore; its carrying amount is approximate to fair value.

(Expressed in millions of Rupiah, unless otherwise stated)

b. Kebijakan dan tujuan risiko modal

Struktur modal Grup terdiri dari pinjaman bank, utang kepada pihak berelasi, saham, cadangan dan laba ditahan.

Manajemen melakukan peninjauan atas struktur modal setidaknya sekali dalam setahun untuk memastikan bahwa Grup akan mampu melanjutkan kelangsungan hidup. Sebagai bagian dari peninjauan, manajemen mempertimbangkan biaya modal dan risiko yang terkait.

b. Capital risk management policies and objectives

The capital structure of the Group consist of bank loans, due to a related party, issued capital, reserves and retained earnings.

Management reviews the capital structure at least once a year to ensure that the Group will continue as a going concern. As a part of the review, management considers the cost of capital and the risks associated.

32. INFORMASI TAMBAHAN UNTUK LAPORAN ARUS KAS KONSOLIDASIAN

32. SUPPLEMENTARY INFORMATION FOR CONSOLIDATED STATEMENTS OF CASH FLOWS

	2016	2015	
Aktivitas signifikan yang tidak mempengaruhi arus kas:			Significant activities not affecting cash flows:
Perolehan aset tetap melalui utang	15,876	15,728	Acquisition of fixed assets through payables

33. INFORMASI TAMBAHAN

Informasi keuangan entitas induk terdiri dari laporan posisi keuangan, laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas.

Informasi keuangan entitas induk disajikan dari halaman 73 sampai dengan 77. Informasi laporan keuangan induk tersendiri mengikuti kebijakan akuntansi yang digunakan dalam penyusunan laporan keuangan konsolidasian seperti yang dijelaskan dalam Catatan 3, kecuali untuk investasi pada entitas anak dan entitas asosiasi yang dicatat menggunakan metode biaya.

33. SUPPLEMENTARY FINANCIAL INFORMATION

The financial information of the parent entity comprise of statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows.

Financial information of the parent entity are presented on pages 73 to 77. These parent only financial information follow the accounting policies used in the preparation of the consolidated financial statements that are described in Note 3, except for the investments in subsidiaries and associate which are accounted for using cost method.

34. TANGGUNG JAWAB MANAJEMEN DAN PERSETUJUAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN

Penyusunan dan penyajian wajar laporan keuangan konsolidasian dari halaman 1 sampai 72 merupakan tanggung jawab manajemen, dan telah disetujui oleh Direktur untuk diterbitkan pada tanggal 13 Maret 2017.

34. MANAGEMENT RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 1 to 72 were the responsibilities of the management, and were approved by the Directors and authorized for issue on March 13, 2017.

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(Expressed in millions of Rupiah, unless otherwise stated)

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
ASET			ASSETS
ASET LANCAR			CURRENT ASSETS
Kas dan setara kas	285,642	50,671	Cash and cash equivalents
Piutang usaha			Trade accounts receivable
Pihak berelasi	155,762	20,257	Related parties
Pihak ketiga	712	-	Third parties
Piutang dari pihak berelasi	11,340,648	5,303,582	Due from related parties
Piutang lain-lain			Other accounts receivable
Pihak berelasi	16,280	3,675	Related parties
Pihak ketiga	2,332	95,891	Third parties
Piutang pinjaman kepada pihak berelasi	1,981,518	-	Loan to related parties
Persediaan	75,813	39,794	Inventories
Pajak dibayar dimuka	-		Prepaid taxes
Pajak penghasilan badan	171,683	246,880	Corporate income tax
Pajak lainnya	13,557	42,926	Other taxes
Beban dibayar dimuka	16,432	20,123	Prepayments
Uang muka	384	2,818	Advances
Jumlah Aset Lancar	14,060,763	5,826,617	Total Current Assets
ASET TIDAK LANCAR			NON-CURRENT ASSETS
Piutang dari pihak berelasi	-	8,195,719	Due from related parties
Piutang subordinasi	-	1,000,000	Subordinated loan
Pinjaman kepada pihak berelasi	11,000	573,500	Loan to related parties
Beban dibayar dimuka	3,999	5,105	Prepayments
Uang muka pembelian aset tetap	15,053	675	Advances for fixed assets
Aset tetap - bersih	349,806	264,873	Fixed assets - net
Investasi pada entitas anak	12,448,538	448,538	Investment in subsidiaries
Aset pajak tangguhan	-	82,732	Deferred tax assets
Aset lain-lain	6,121	619	Other assets
Jumlah Aset Tidak Lancar	12,834,517	10,571,761	Total Non-current Assets
JUMLAH ASET	26,895,280	16,398,378	TOTAL ASSETS

(Expressed in millions of Rupiah, unless otherwise stated)

	31 Desember/ *December 31,* 2016	31 Desember/ *December 31,* 2015	
LIABILITAS DAN EKUITAS			LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK			CURRENT LIABILITIES
Pinjaman bank jangka pendek	1,648,897	1,226,418	Short-term bank loans
Utang usaha - pihak ketiga	65,396	12,436	Trade accounts payable - third parties
Utang jangka pendek dari pihak berelasi	11,468,976	1,625,579	Due to related parties current
Utang lain-lain			Other accounts payable
Pihak berelasi	8,130	2,545	Related parties
Pihak ketiga	246	7,413	Third parties
Akrual	136,167	615,487	Accruals
Liabilitas imbalan kerja jangka pendek	48,537	83,378	Short-term employee benefit liabilities
Utang pajak			Taxes payable
Pajak lainnya	4,734	1,778	Other taxes
Pendapatan tangguhan	4,346	560	Deferred income
Jumlah Liabilitas Jangka Pendek	13,385,429	3,575,594	Total Current Liabilities
LIABILITAS JANGKA PANJANG			NON-CURRENT LIABILITIES
Utang jangka panjang dari pihak berelasi	-	1,000,000	Due to related parties non-current
Liabilitas imbalan pasca kerja	29,320	29,803	Employee benefits obligation
Pinjaman jangka panjang dari pihak berelasi	9,700	12,009,700	Long-term loans from related party
Jumlah Liabilitas Jangka Panjang	39,020	13,039,503	Total Non-current Liabilities
EKUITAS			EQUITY
Modal saham			Share Capital
Modal saham - nilai nominal Rp 110.000.000.000 (2015: 21.546.000.000) saham dengan nilai nominal Rp 50 (rupiah penuh) per saham			Authorised - 110,000,000,000 (2015 : 21.546.000.000) share with the par value of Rp 50 (full Rupiah) per share
Modal dasar, ditempatkan dan disetor - 36.401.136.250 (2015 : 7.240.005.000) saham	1,820,057	362,000	Issued and fully paid - 36,401,136,250 (2015 : 7,240,005,000) shares
Tambahan modal disetor	12,727,636	115,276	Additional paid-in capital
(Akumulasi rugi)/saldo laba			(Accumulated losses)/retained earnings
Dicadangkan	4,000	4,000	Appropriated
Belum dicadangkan	(1,080,862)	(697,995)	Unappropriated
Jumlah Ekuitas	13,470,831	(216,719)	Total Equity
JUMLAH LIABILITAS DAN EKUITAS	26,895,280	16,398,378	TOTAL LIABILITIES AND EQUITY

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
PENJUALAN	1,028,568	881,251	SALES
BEBAN POKOK PENJUALAN	(817,112)	(717,857)	COST OF GOODS SOLD
LABA KOTOR	211,456	163,394	GROSS PROFIT
(BEBAN)/PENGHASILAN OPERASI			OPERATING (EXPENSES)/INCOME
Beban penjualan	(244,855)	(286,989)	Selling expenses
Beban umum dan administrasi	(366,953)	(377,677)	General and administrative expenses
Penghasilan operasi lainnya - bersih	276,124	448,967	Other operating income - net
Keuntungan/(kerugian) lainnya - bersih	(125,282)	(103,782)	Other gain/(loss) - net
	(460,966)	(319,481)	
RUGI USAHA	(249,510)	(156,087)	OPERATING LOSS
Beban keuangan	(728,578)	(1,079,575)	Finance cost
Penghasilan keuangan	675,360	933,606	Finance income
RUGI SEBELUM PAJAK	(302,728)	(302,056)	LOSS BEFORE TAX
(Beban)/manfaat pajak penghasilan	(82,084)	(16,350)	Income tax (expense)/benefit
RUGI BERSIH TAHUN BERJALAN	(384,812)	(318,406)	LOSS FOR THE YEAR
PENGHASILAN KOMPREHENSIF LAIN			OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi:			Item that will not be reclassified subsequently to profit or loss:
Pengukuran kembali atas program imbalan pasti	2,593	469	Remeasurement of defined benefits obligation
Pajak penghasilan terkait atas pos yang tidak akan direklasifikasi ke laba rugi	(648)	(118)	Related income tax that will not be reclassified to profit and loss
Jumlah penghasilan komprehensif lain tahun berjalan setelah pajak	1,945	351	Total other comprehensive income for the year, net of tax
JUMLAH RUGI KOMPREHENSIF LAIN TAHUN BERJALAN	(382,867)	(318,055)	TOTAL COMPREHENSIVE LOSS FOR THE YEAR

(Expressed in millions of Rupiah, unless otherwise stated)

	Modal disetor/ *Paid-up capital stock*	Tambahan modal disetor/ *Additional paid-in capital*	Saldo laba dicadangkan/ *Appropriated retained earnings*	(Akumulasi rugi)/ saldo laba belum dicadangkan/ *(Accumulated losses)/ unappropriated retained earnings*	Jumlah ekuitas/ *Total equity*	
Saldo per 1 January 2015	362,000	115,276	4,000	(379,940)	101,336	Balance as of January 1, 2015
Rugi bersih tahun berjalan	-	-	-	(318,406)	(318,406)	Loss for the year
Penghasilan komprehensif lain						Other comprehensive income
Pengukuran kembali atas program imbalan pasti	-	-	-	351	351	Remeasurement of defined benefits obligation
Saldo per 31 Desember 2015	362,000	115,276	4,000	(697,995)	(216,719)	Balance as of December 31, 2015
Rugi bersih tahun berjalan	-	-	-	(384,812)	(384,812)	Loss for the year
Penghasilan komprehensif lain						Other comprehensive income
Pengukuran kembali atas program imbalan pasti	-	-	-	1,945	1,945	Remeasurement of defined benefits obligation
Tambahan modal	1,458,057	12,612,360	-	-	14,070,417	Additional shares
Saldo per 31 Desember 2016	1,820,057	12,727,636	4,000	(1,080,862)	13,470,831	Balance as of December 31, 2016

(Expressed in millions of Rupiah, unless otherwise stated)

	2016	2015	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan dari pelanggan	892,351	883,402	Receipt from customers
Pembayaran kepada pemasok	(782,064)	(919,947)	Payment to suppliers
Pembayaran kepada karyawan	(210,038)	(124,220)	Payment to employees
Pembayaran atas ketetapan pajak	(49,848)	(20,000)	Payment of tax assessments
Pembayaran pajak penghasilan badan	(8,364)	(152,890)	Payment of corporate income tax
Aktivitas operasi lainnya - bersih	(410,178)	(702,424)	Other operating activities - net
Arus Kas Bersih yang Digunakan untuk Aktivitas Operasi	(568,141)	(1,036,079)	Net Cash Flows Used in Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Penerimaan penghasilan keuangan	27,141	933,606	Receipt of financial income
Perolehan aset tetap	(113,612)	(120,821)	Acquisition of fixed assets
Hasil penjualan aset yang dimiliki untuk dijual	-	8,909	Proceed fromsales of assets held for sale
Arus Kas Bersih yang Diperoleh dari (Digunakan untuk) Aktivitas Investasi	(86,471)	821,694	Net Cash Flows Provided by (Used in) Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan pinjaman jangka pendek	422,479	435,000	Proceeds from short-term loans
Pembayaran pinjaman bank jangka pendek	-	(1,670,000)	Payment of short-term bank loans
Penerimaan (pembayaran) pinjaman dari pihak berelasi	(12,000,000)	6,700,000	Proceeds (payment) from intercompany loan
Penerimaan dari penerbitan saham baru	13,997,343	-	Proceeds from right issue
Pembayaran beban keuangan	(422,689)	(873,151)	Payment of finance cost
Penerimaan terkait uang muka aset tetap	2,437	100,903	Receipt related to advance for fixed assets
Pelunasan uang muka pembelian pihak berelasi - bersih	(1,532,466)	(3,738,429)	Proceed from advances related party
Arus Kas Bersih yang Diperoleh dari Aktivitas Pendanaan	467,104	954,323	Net Cash Flows Generated from Financing Activities
PENINGKATAN DAN PENURUNAN BERSIH KAS DAN SETARA KAS	(187,508)	739,938	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS AWAL TAHUN	(925,748)	(1,665,686)	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR
KAS DAN SETARA KAS AKHIR TAHUN	(1,113,256)	(925,748)	CASH AND CASH EQUIVALENTS AT END OF THE YEAR

Kas dan setara kas terdiri dari: / Cash and cash equivalents comprise the following:

	2016	2015	
Kas dan setara kas	285,642	50,671	Cash and cash equivalents
Cerukan	(1,398,898)	(976,419)	Bank overdrafts
	(1,113,256)	(925,748)	

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