PROSPECTUS

THIS DOCUMENT IS AN UNOFFICIAL ENGLISH VERSION OF THE INDONESIAN PROSPECTUS, WHICH HAS BEEN PREPARED IN THE INDONESIAN LANGUAGE. THE OFFICIAL DOCUMENT FOR THE RIGHTS ISSUE IS THE INDONESIAN PROSPECTUS DATED 31 OCTOBER 2013 AND IN THE EVENT OF ANY INCONSISTENCY, THE INDONESIAN PROSPECTUS SHALL PREVAIL OVER THIS DOCUMENT.

Date of the Statement Registration HMETD Offering becomes effective	:	31 October 2013	Listing date of new shares from HMETD on the Stock exchange	:	15 November 2013
Date of Extraordinary General Meeting of Shareholders	:	31 October 2013	First Trading Date of HMETD	:	15 November 2013
Cum-right	:		Last Trading Date of HMETD	:	21 November 2013
Regular and Negotiation Market	:	8 November 2013	First Exercise Date of HMETD	:	15 November 2013
Cash market	:	13 November 2013	Last Exercise Date of HMETD	:	21 November 2013
Last date of trading of shares without HMETD (ex right shares)	:		First Date for Delivering shares from HMETD	:	19 November 2013
Regular and Negotiated Market	:	11 November 2013	Last Date for Delivering shares from HMETD	:	25 November 2013
Cash Market	:	14 November 2013	Last Payment Date for Applications for Additional Shares	:	25 November 2013
Recording Date for Shareholder who reserves the right to obtain HMETD	:	13 November 2013	Allotment Date for additional order of shares	:	26 November 2013
Date of HMETD Distribution	:	14 November 2013	Refund Date	:	28 November 2013

THIS INFORMATION OF LIMITED PUBLIC OFFERING (LPO I) TO ALL SHARE HOLDERS IN TERM OF PRE EMPTIVE RIGHTS.

OJK WILL NEITHER ISSUE ANY APPROVAL STATEMENT NOR OTHERWISE, NOR VERIFY THE ACCURACY OR ADEQUACY OF THE CONTENTS OF THIS PROSPECTUS. ANY STATEMENT TO THE CONTRARY IS A VIOLATION OF THE LAW.

PT CHANDRA ASRI PETROCHEMICAL TBK (THE "COMPANY") IS FULLY RESPONSIBLE FOR THE ACCURACY OF ALL INFORMATION OR MATERIAL FACTS AND FOR THE FAIRNESS OF THE OPINIONS CONTAINED IN THIS PROSPECTUS.

PT CHANDRA ASRI PETROCHEMICAL Tbk

Main Business Activity
Petrochemical

Domiciled and its main office located in West Jakarta, Indonesia

Head Office:
Wisma Barito Pacific Tower A, Lantai 7
Jl. Letjen S Parman Kav 62-63, Jakarta 11410
Telephone: (62-21) 530 7950
Facsimile: (62-21) 530 8502
Website: http://www.chandra-asri.com

Plants:
Jl. Raya Anyer Km. 123, Ciwandan, Cilegon
Banten 42447

Jl. Raya Bojonegara, Bojonegara, Serang,
Banten 42456

LIMITED PUBLIC OFFERING ("LPO I") IN THE CONTEXT OF THE ISSUANCE OF PRE-EMPTIVE RIGHTS TO ALL SHAREHOLDERS

A total of 220,766,142 (two hundred and twenty million, seven hundred and sixty six thousand, one hundred and forty two) ordinary shares with a nominal value of Rp 1,000 (one thousand Rupiah) per share. The total of the offered shares is 7.20% (seven point two zero percent) of the issued and paid-up shares of the Company. Each shareholder of the Company whose name is registered in the Register of Shareholders of the Company on 13 November 2013 at 16.00 WIB who holds 500 (five hundred) existing shares is entitled to 36 (thirty six) Pre-emptive Rights ("HMETD"), whereas 1 (one) HMETD shall entitle its holder to purchase 1 (one) New Shares at an Exercise Price of Rp.6,750 (six thousand seven hundred and fifty rupiahs) per share, which must be paid in full at the time of submitting the Order and Purchase of Shares Form ("FPPS"). The number of shares offered in LPO I by way of issuance of HMETD is the maximum of shares which entirely would be issued from the Company portfolio and registered on IDX in accordance with the prevailing regulations. The amount of funds expected to be obtained by the Company in this LPO I is Rp.1,490,171,458,500 (one trillion four hundred and ninety billion one hundred and seventy one million four hundred and fifty eight thousand and five hundred rupiahs). Shares from LPO I shall rank pari passu in all respect with the Company's other fully paid-up shares, including with respect to the right to receive dividends. Any fractional HMETD would be rounded down to the nearest whole number.

If the new shares offered in this LPO I are not fully subscribed by the shareholders of the Company or the holders of HMETD, then the remaining shares would be allotted to the other HMETD holders who apply to subscribe for more than their entitlement, as stated in the HMETD Certificate in proportion to the HMETD that have been exercised by them in accordance with the prevailing regulations.

If upon the allotment to such HMETD holders, there are still remaining new shares that have not been subscribed, then Magna Resources Corporation Pte Ltd ("Magna Resources") pursuant to the Standby Purchase Agreement of Shares of PT Chandra Asri Petrochemical Tbk dated 25 September 2013 as amended and restated by the Deed of Addendum and Restatement of Standby Purchase Agreement of Shares No. 31 dated 16 October 2013 ("Standby Purchase Agreement") drawn before Fathiah Helmi SH, Notary in Jakarta, will subscribe all of the remaining offered shares which are not subscribed by the existing shareholders in LPO I. Magna Resources has agreed to purchase all of the remaining offered shares which are not subscribed by the Company's Shareholders in LPO I at an exercise price of Rp.6,750 (six thousand seven hundred and fifty rupiahs) per share.

In relation to this LPO I, based on Undertaking to exercise the Rights and subscribe for the New Shares dated 8 October 2013, SCG Chemicals stated that SCG Chemicals will not sell its HMETD to the third party and will exercise its HMETD according to its entitlement. Based on the statement letter of PT Barito Pacific Tbk dated 17 October 2013 PT Barito Pacific Tbk stated that PT Barito Pacific Tbk will not exercise its HMETD.

THIS LPO I WILL BE EFFECTIVE AFTER IT IS APPROVED BY AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY ("EGMS") WHICH WOULD BE HELD ON 31 OCTOBER 2013. IN THE EVENT THAT THE EGMS DOES NOT APPROVE THE LPO I, THEN ALL OF THE ACTIVITIES AND/OR ACTIONS WHATSOEVER CONDUCTED AND/OR PLANNED BY THE COMPANY IN RELATION TO THE ISSUANCE OF HMETD IN ACCORDANCE WITH THE ABOVE SCHEDULE OR IN THIS PROSPECTUS, OR OTHER DOCUMENTS RELATED TO THIS PLANNED LPO I, WILL BE DEEMED AS NEVER HAVING CONDUCTED AND CANNOT BE USED AS THE BASIS OR REASON WHATSOEVER BY ANY PERSON WHOMSOEVER TO TAKE ANY LEGAL ACTION WHATSOEVER AGAINST ANY PARTY, INCLUDING THE COMPANY AND THE CAPITAL MARKET SUPPORTING PROFESSIONAL INSTITUTION APPOINTED FOR THIS LPO I.

HMETD MAY BE TRADED ON OR OUTSIDE THE INDONESIAN STOCK EXCHANGE FOR NOT LESS THAN 5 (FIVE) BUSINESS DAYS COMMENCING FROM 15 NOVEMBER 2013 UP TO 21 NOVEMBER 2013. THE LISTING OF NEW SHARES FROM HMETD ON THE INDONESIA STOCK EXCHANGE IS EXPECTED TO OCCUR ON 15 NOVEMBER 2013. THE LAST DATE FOR THE EXERCISE OF HMETD IS 21 NOVEMBER 2013 WITH REMARKS AFTER WHICH ANY UNEXERCISED HMETD IS NO LONGER VALID.

IMPORTANT INFORMATION FOR THE ATTENTION OF SHAREHOLDERS

ANY EXISTING SHAREHOLDERS WHO DO NOT EXERCISE THEIR HMETD TO SUBSCRIBE FOR NEW SHARES OFFERED IN THIS LPO I MAY EXPERIENCE A MATERIAL DILUTION OF UP TO 6.72% (SIX POINT SEVENTY TWO PERCENT).

STANDBY BUYER
Magna Resources Corporation Pte. Ltd. (Affiliated)

THE MAIN RISK FACED BY THE COMPANY IS THE CYCLICALITY IN THE PETROCHEMICAL INDUSTY WHICH MAY MATERIALLY AND ADVERSELY AFFECT THE PROFITABILITY OF THE COMPANY. THE OTHER BUSINESS RISKS FACED BY THE COMPANY CAN BE FOUND IN CHAPTER V OF THIS PROSPECTUS.

THE COMPANY WOULD NOT ISSUE ANY COLLECTIVE SHARES CERTIFICATE IN THIS LPO I. INSTEAD, THE NEW SHARES WILL BE DISTRIBUTED ELECTRONICALLY AND WILL BE ADMINISTERED IN A COLLECTIVE CUSTODY OF PT KUSTODIAN SENTRAL EFEK INDONESIA

This Prospectus is issued in Jakarta on 31 October 2013

The Company has submitted a Registration Statement of Securities Issuance in connection with the Limited Public Offering I with regard to the issuance of Pre-Emptive Rights (hereinafter referred to as the "Limited Public Offering I" or "LPO I"), to the Chief Executive of Capital Market Supervisory of Financial Services Authority in Jakarta pursuant to Letter No. CAP/SYD/S-071/IX/2013 dated 27 September 2013, in accordance with the requirements stipulated in the Rule No. IX.D.1 Attached to Decree of the Chairman of Bapepam No. Kep-26/PM/2003 dated 17 July 2003 regarding the Pre-Emptive Rights ("Rule No. IX.D.1") and Rule No. IX.D.2. Attached to Decree of the Chairman of Bapepam No. Kep-08/PM/2000 dated 13 March 2000 regarding the Guidelines concerning the Form and Content of the Registration Statement for the Issuance of Pre-Emptive Rights ("Rule No. IX.D.2") and Rule No. IX.D.3 Attached to Decree of Chairman of Bapepam No. Kep-09/PM/2000 dated 13 March 2000 regarding the Guidelines concerning the Form and Content of a Prospectus for Issuing Pre-Emptive Rights ("Rule No. IX.D.3") which is the implementation of the Law of the Republic of Indonesia No. 8 year 1995 dated 10 November 1995 regarding Capital Market, which is published in the State Gazette No. 64 year 1995, Supplement No. 3608 (hereinafter referred to as the "UUPM") and its implementing regulations.

The Company and the Capital Market Supporting Institutions and Professionals appointed for this LPO I are fully responsible for the accuracy of all data, information, or material facts as well as the fairness of the opinions provided in this Prospectus, according to their respective duties based on the prevailing regulations in the Republic of Indonesia and the code of ethics, norms and their respective professional standard.

In relation with this LPO I, any affiliated party is prohibited from providing explanation or to make any statement whatsoever on matters that have not been disclosed in this Prospectus without prior written approval from the Company. The Capital Market Supporting Institutions and Professionals in this LPO I does not have any, either direct or indirect, affiliation relationship with the Company as defined under UUPM.

If the shares offered in this LPO I are not fully subscribed by the shareholders of the Company or HMETD holders, then the remaining shares would be allocated to the other HMETD holders who apply to subscribe for more than their entitlement as stated in their HMETD Certificate in proportion to the HMETD that have been exercised by them in accordance wtih the prevailing regulations. The Shares issued in this LPO I shall rank pari passu in all respect with the other issued and paid-up shares of the Company.

In accordance with the Rule No. IX.D.1, if a shareholder owns any fractional HMETD, then such fractional HMETD belongs to the Company and will be sold by the Company and its proceeds will be deposited into the Company's account.

THIS LPO I IS NOT REGISTERED UNDER THE LAWS/REGULATIONS OTHER THAN THOSE PREVAILS IN INDONESIA. ANY PERSON RESIDING OUTSIDE INDONESIA WHO RECEIVES THIS PROSPECTUS OR HMETD CERTIFICATE, THEN THOSE DOCUMENTS ARE NOT INTENDED AS AN OFFERING DOCUMENTS FOR THE PURCHASE OF SHARES OR TO EXERCISE HMETD, EXCEPT WHERE SUCH OFFERING OR PURCHASE OF SHARES OR EXERCISE OF HMETD IS NOT CONTRARY TO OR IN VIOLATION OF THE LAWS/REGULATIONS PREVAILING IN THE RELEVANT JURISDICTION.

THE COMPANY HAS DISCLOSED ALL INFORMATIONS WHICH SHALL BE KNOWN PUBLICLY AND THERE IS NO UNDISCLOSED INFORMATION WHICH WOULD BE MISLEADING TO THE PUBLIC.

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Definitions, Terms and Abbreviations

Affiliation	means the affiliation as referred to under Article 1 (1) of UUPM: a. family relationship as the result of marriage and descendant up to second degree, both horizontally and vertically. b. relations between a party with its employee(s), director(s), or commissioner(s) of that party. c. relations between 2 companies where there are one or more of similar members of the board of directors or commissioners. d. relations between a company with a party, which directly or indirectly, controls or is controlled by the said company. e. relations between 2 companies, which are directly or indirectly, controlled by the same party, or f. relations between the company and its principal shareholder.
AFTA	means abbreviation of ASEAN Free Trade Agreement.
Member of Stock Exchange	means Member of Stock Exchange as defined under UUPM.
AS	means abbreviation of United States.
ASEAN	means abbreviation of Southeast Asian Nations.
BAE	means Share Registrar, which is the party appointed by the Company to carry out the administration of shares in the Limited Public Offering I, namely PT Raya Saham Registra, domiciled in Jakarta.
Custodian Bank	Means a commercial bank approved by Bapepam or Bapepam and LK or OJK to provide a deposit service or to conduct custodian service as referred to under UUPM.
Bapepam	means the abbreviation of Capital Market Supervisory Agency as stipulated under the Law No. 8 year 1995 regarding Capital Market dated 10 November 1995.
Bapepam and LK	means abbreviation of Bapepam and Financial Institutions which is a merger of Bapepam and Directorate General of Financial Institution (DJLK), in accordance with the Decree of Minister of Finance of Republic of Indonesia No. 606/KMK.01/2005 dated 30 December 2005 regarding the Organization and Work Procedure of Capital Market and Financial Institution Supervisory Agency and the Regulation of the Minister of Finance of Republic of Indonesia No. 184/PMK.01/2010 dated 10 October 2010 regarding the Organization and Work Procedure of the Ministry of Finance of Republic of Indonesia, or any successor who receives its rights and obligation thereof.
IDX or Stock Exchange	means a party who organizes and provides the system and/or facilities that are used to match the offering to buy and sell Securities by and between parties with a purpose to trade the Securities between themselves as defined under Article 1 (4) UUPM, which in this case is organised by PT Bursa EFek Indonesia, domiciled in South Jakarta, or any successors thereof.
BKPM	means abbreviation of Investment Coordination Board.
BUP	means abbreviation of Port Enterprises.
Coverage Ratio	means ratio which measures the ability of a company in fulfilling its liabilities.
CSR	means abbreviation of Corporate Social Responsibility.
DPS or Shareholders Register	means the list of shareholders issued by KSEI that contains the description of shares ownership by the Shareholders in the Collective Depository at KSEI in accordance with information given by the Account Holder to KSEI
EIU	means abbreviation of Economist Intelligence Unit.
Subsidiary(ies)	means companies as defined below: a. companies which its shares owned either directly or indirectly by the Company where the ownership of the Company in those companies is more than 50% of the entire issued and paid-up shares in that companies; and b. companies which financial statement are consolidated with the Company's financial statement in accordance with applicable financial accounting standards in Indonesia.
Exercise	means the exercise of rights to purchase New Shares by the HMETD holders.

FKP	means abbreviation of the Form of Shares Allotment (*Formulir Konfirmasi Penjatahan*).
FPPS	means abbreviation of Shares Subscription Form (*Formulir Pemesanan Pembelian Saham*) in relation to the LPO I.
Additional FPPS	means Additional Shares Subscription Form (*Formulir Pemesanan Pembelian Saham Tambahan*) in relation to the LPO I, which is a form to subscribe additional shares exceeding the determined portion in accordance with the number of HMETD obtained by1 (one) shareholder of Company in this LPO I.
Grup	means Company together with its Subsidiaries.
Exercise Price	means the price offered to the shareholders of the Company and/or the HMETD holders in LPO I to exercise the HMETD into 1 (one) New Share, which is Rp. 6,750 (six thousand seven hundred and fifty Rupiah) for each share. In the event that the exercise of HMETD is conducted in US$, then the exchange rate used is the middle rate of Central Bank of Indonesia on the Recording Date.
Banking Day	means the days on which the Central Bank of Indonesia in Jakarta is performing its clearing activity between banks.
Exchange Day	means the days on which the stock exchange or any legal entity which replaces the stock exchange performing its securities trading activities in accordance with the prevailing regulations and the stock exchange rules.
Calendar Day	means any day within 1 (one) year in accordance with the greogorian calendar without exception, including saturday, sunday and any national holiday which may be determined from time to time by the Government and the regular Business Days which due to certain circumstances is determined by the Government as non-regular Business Day.
Business Day	means any regular business day, not included Saturday and Sunday and any national holiday determined from time to time by the Government or any common Business Day due to certain circumstances determined by the Government as non-regular Business Day.
Hedging	means an effort to minimize the risk over foreign exchange rate movements and or interest rates which may occur in the future.
HMETD	means the Pre-emptive Rights, which is rights attached to the shares which enable the existing shareholders to purchase new Securities including shares, Securities which could be converted into shares and warrant, before being offered to other parties. This right shall be able to be transferred.
Instruction to Exercise HMETD	means the ownership of HMETD issued by KSEI for each entitled shareholder through the member of stock exchange or Custodian Bank as the account holder in KSEI for the exercise of the HMETD Certificate.
ISO	means abbreviation of International Organisation for Standardisation.
KSEI	means abbreviation of PT Kustodian Sentral Efek Indonesia, domiciled in Jakarta with all of its successors and transferees.
L/C	means abbreviation of Letter of Credit.
Public	means individual and/or institution, either Indonesian citizen and/or Indonesian institution, or foreign citizen and/or foreign institution, either domiciled or residing outside Indonesia (but not included the citizen and institution of United States of America and other countries where the purchase of new shares or HMETD by the citizen or institution of such countries is a violation to the prevailing laws in such countries), one and another by taking into account the Capital Market Regulation and Indonesia Stock Exchange Regulation.
MOLHR	means Minister of Law and Human Rights of the Republic of Indonesia.
MUI	means abbreviation of Indonesian Ulema Council (*Majelis Ulama Indonesia*).
Nexant	means an industry expert, i.e. Nexant ASia Limited, appointed by the Compay to give an independent third party review regarding the industry of the Company.

Financial Services Authority or OJK	means an independent institution as referred to under the Law No. 21 year 2011 regarding Financial Services Authority (OJK) which duties and authorities are including to regulate and monitor the financial services activities in the following sectors: banking, capital market, insurance, pension fund, financing and other financial institutions, whereas OJK is the institution that replaces and receives the rights and obligation to perform regulating and monitoring function from Bapepam and/or Bapepam and LK as of 31 December 2012 in accordance with Article 55 of OJK Law.
Standby Buyer	means Magna Resources.
Shareholders	means all owner of Shares whose names are registered in the Shareholders Register.
Foreign Investor	means individual of foreign citizen, foreign institution.
Statement of Registration Becomes Effective	means at the time of EGMS approving the LPO I.
Limited Public Offering I or LPO I	means issuance of New Shares in the total of 220,766,142 (two hundred and twenty million, seven hundred and sixty six thousand, one hundred and forty two) ordinary shares with a nominal value of Rp.1,000 (one thousand Rupiah) each share. The total of shares offered is 7.20% (seven point twenty percent) of the total issued and paid-up shares of the Company.
Collective Depository	means securities deposit services jointly owned by more than one party whose interest is represented by the Member of Stock Exchange and/or Custodian Bank.
Trading Period	means period where the shareholders and/or the HMETD holder may sell or transfer its HMETD and exercise its HMETD.
Rule No. IX.D.1.	means the Rule No. IX.D.1. Attached to the Decree of Chairman of Bapepam No.Kep-26/PM/2003 dated 17 July 2003 regarding Pre-Emptive Rights.
Rule No. IX.D.2	means the Rule No. IX.D.2 Attached to the Decree of Chairman of Bapepam No. Kep-08/PM/2000 dated 13 March 2000 regarding the Guidelines Concerning the Form and Content of a Registration Statement for Issuing Pre Emptive Rights.
Rule No. IX.E.1	means the Rule No. IX.E.1 Attached to the Decree of Chairman of Bapepam and LK No. Kep-412/BL/2009 dated 25 November 2009 regarding the Affiliated Transaction and Conflict of Interest on Certain Transactions.
Rule No. IX.E.2	means the Rule No. IX.E.2 Attached to the Decree of Chairman of Bapepam and LK No. Kep-614/BL/2011 dated 28 November 2011 regarding Material Transaction and Changes of Main Business Activity.
Rule No. X.K.4	means Rule No. X.K.4 Attached to the Decree of Chairman of Bapepam and LK No. Kep-27/PM/2003 dated 17 July 2003 regarding Realization Reports on the Use of Fund Received From a Public Offering.
Company	means PT Chandra Asri Petrochemical Tbk which previously known as PT Tri Polyta Indonesia Tbk.
Prospectus	means any written information prepared and issued by the Company in accordance with the Article 1 (26) of UUPM with regard to LPO I.
Recording Date	means the latest date of the recording of the the shareholders in the register of shareholders of the Company who are entitled to obtain HMETD Certificate, which is 8 Business Days after the date of EGMS.
Securities Account	means account containing records on the shares position and/or fund owned by the shareholders administered by KSEI, Member of Stock Exchange or Custodian Bank based on securities account opening contract signed by the shareholder.
LPO I Account	means an account opened in the name of the Company to accommodate the fund received from the investor.
GMS	means abbreviation of General Meeting of Shareholders.

EGMS	means abbreviation of Extraordinary General Meeting of Shareholders of the Company that will be convened on 31 October 2013 with the agenda inter alia to approve the LPO I.
Shares	means ordinary shares issued by the Company with a nominal value of Rp1,000 per share.
New Shares	means shares which will be issued by the Company in the LPO I.
Shares in the Collective Depository	means the shares of the Company which have been registered in the Collective Depository at KSEI and listed in the register of shareholders of the Company in the name of KSEI for the interest of account holder at KSEI.
Existing Shares	means shares that have been issued and fully paid-up by the shareholders of the Company.
SBR	means abbreviation of Styrene Butadiene Rubber or also known as Sytnethic Butadiene Rubber, elastomer vulcanizable made with copolymerization of butadiene and styrene products. Commonly used for production of tire, slippers, and other consumer goods.
HMETD Certificate	means an ownership evidence or a certificate issued by the Company to the Shareholders which proves the pre-emptive rights, which may be traded during the Trading Period.
SDM	means abbreviation of Shutdown Maintenance.
Collective Shares Certificate	means a collective shares certificate issued by the Company to the shareholders beside the Shares in the Collective Depository, as stipulated under Article 6 of the Articles of Association of the Company.
Confirmation Letter on the Listing of Shares	means a certificate or a written confirmation for shares in the Collective Depository issued by the Company in the name of KSEI as the evidence of registration of KSEI name in the register of shareholders of the Company.
Exercise Date	means the date on when the shareholders of the Company Exercise its HMETD.
GMS Recording Date	means exchange day before the day of GMS invitation is issued notwithstanding whether such shareholders have transferred their shares after the GMS Recording Date.
TAM	means Turn Around Maintenance.
US$	means United States Dollar.
Capital Market Law or UUPM	means the Law No. 8 year 1995 regarding Capital Market which was enacted on 10 November 1995 and published in the State Gazette year 1995 No. 64, Supplement No. 3608/1995.
Company Law	means the Law of the Republic Indonesia No. 40 year 2007 dated 16 August 2007 regarding Limited Liability Company, published in the State Gazette No. 106 year 2007, Supplement No. 4756.

Abbreviations of Names of Companies

ALI	PT Air Liquide Indonesia
Altus	Altus Capital Pte. Ltd.
Barito Pacific	PT Barito Pacific Tbk.
BIG	PT Banten Inti Gasindo
CA	PT Chandra Asri
Fitch	Fitch Ratings
GI	PT Griya Idola
LCI	ABB Lummus Crest Inc
Lummus	Lummus Technology, Inc.
Magna Resources	Magna Resources Corporation Pte. Ltd.
Michelin	Compagnie Financiere Du Groupe Michelin 'Senard et Cie'
Moody	Moody's Investors Service, Inc.
PBI	PT Petrokimia Butadiene Indonesia
PLN	PT Perusahaan Listrik Negara (Persero)
PT Peni	PT Petrokimia Nusantara Interindo
RPU	PT Redeco Petrolin Utama
SCG	Siam Cement Public Company Limited
SCG Chemicals	SCG Chemicals Co. Ltd
SCC	Sumitomo Chemical Company Limited
SEI	PT Showa Esterindo Indonesia
SMI	PT Styrindo Mono Indonesia
SRI	PT Synthetic Rubber Indonesia
Standard & Poor's	Standard & Poor's Rating Group
TEC	Toyo Engineering Corporation
TEKL	Toyo Engineering Korea Limited
Titan	Titan Chemicals Corp. Bhd.
TPI	PT Tri Polyta Indonesia Tbk.

Summary

1. General

The Company (previously known as PT Tri Polyta Indonesia Tbk), domiciled in West Jakarta, is the surviving company in the merger process between TPI and CA by virtue of the Deed of Merger No. 15 dated 9 November 2010, drawn before Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta, which took effect on 1 January 2011 (the "Merger"). Pursuant to the Company's Articles of Association, the Company's business activities are to engage in industry, petrochemical, trading, freight and services. The Company's Subsidiaries, which are SMI, PBI, Altus and RPU, are respectively engaged in styrene monomer production and ethylbenzene production, industry, finance and tank storage services. The business activities of SMI and PBI are highly related to petrochemical business activities which are conducted by the Company. Altus is a Subsidiary used for financing purposes and RPU provides tank storage service and transportation service with pipe and jetty management services.

Corporate History

The Company was established under the name of PT Tri Polyta Indonesia, domiciled in West Jakarta, pursuant to the Deed of Establishment No. 40 dated 2 November 1984, drawn before Ridwan Suselo, S.H., Notary in Jakarta, as a Domestic Investment Company pursuant to the Law No. 6 of 1968 regarding Domestic Investment as amended with the Law No. 25 year 2007 regarding Investment. The Deed of Establishment of TPI has been amended by the Deed of Entry and Resignation of the Company's Founder and the Amendment to the Articles of Association No. 117 dated 7 November 1987, drawn before J.L Waworuntu, S.H., Notary in Jakarta, which have been ratified by the MOLHR pursuant to Decree No. C2.1786.HT.01.01-Th'88 dated 29 February 1988, registered in the registry book at the Registrar Office of West Jakarta District Court on 30 June 1988 under No. 639/1988 and No. 640/1988, and announced in the Supplement No. 779 to the State Gazette of the Republic of Indonesia No. 63 dated 5 August 1988 ("Deed of Establishment").

On 27 September 2010, the Company's shareholders have approved the merger plan with PT Chandra Asri ("CA") whereas the Company is the surviving company. The Merger took into effect on 1 January 2011. In accordance with Article 122 paragraph (1) of the Company Law, the merger caused the merged company, in this case is CA, being dissolved by law and thus all CA's assets and liabilities are transferred by law to the Company.

Furthermore, in connection to the Merger and after the Merger, the Articles of Association of the Company has been amended several times, as stated under the following deeds:

1. Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 23 dated 28 October 2010, drawn before DR. Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta ("Deed No. 23/2010") whereby the shareholders of the Company resolved to:
    a. Restate the resolutions stiuplated in the Minutes of Extraordinary General Meeting of Shareholders dated 30 September 2010 and the Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 19 dated 30 September 2010, drawn before DR. Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta, among others, to approve the changes of the Company's status in relation to the sharesownership in the Company, from previously as a Domestic Investment Company into a Foreign Investment Company, and thus amend Article 2 of Articles of Association of the Company;
    b. Restate the resolutions stipulated in the Minutes of Extraordinary General Meeting of Shareholders dated 27 October 2010, among others, as follows:
        (i) Approve the merger between the Company and CA, where the Company is the surviving entity;
        (ii) Approve the amendment to the Articles of Association of the Company in order to comply with the Merger Plan and Concept of the Deed of Merger, among others as follows:
            - Changes of the Company's name from PT Tri Polyta Indonesia Tbk to PT Chandra Asri Petrochemical Tbk and therefore amend Article 1 paragraph 1 of the Articles of Association of the Company.
            - Changes of purposes and objectives as well as the business activities of the Company in accordance with the "Concept of Amendment to the Articles of Association of PT Tri Polyta Indonesia Tbk" and to amend article 3 paragraph 1 and 2 of the Company's Articles of Association;
            - Increase of authorized capital of the Company from Rp.1,030,000,000,000.00 to Rp. 12,264,785,664,000.00 and therefore amend Article 4 paragraph 1 of the Articles of Association of the Company;
            - Increase of issued and paid-up capital of the Company from Rp. 728,401,000,000.00 to Rp.3,066,196,416,000.00 and amend Article 4 paragraph 2 of the Articles of Association of the Company;
            - Changes of number of members of the Board of Directors of the Company and therefore amend Article 13 paragraph 1 of the Articles of Association of the Company;
            - Changes of number of members of the Board of Commissioners of the Company and therefore amend Article 17 paragraph 1 of the Articles of Association of the Company.

(iii) Approve the amendment to the Company's Articles of Association to be adjusted with Bapepam and LK Regulation No. IX.J.1 regarding Articles of Association of Companies Conducting Equity Public Offerings and Public Companies,

whereas all of the changes above took effect as of 1 January 2011.

The amendments to the Article 1 paragraph 1, Article 3 and Article 4 of the Company's Articles of Association have been approved by MOLHR pursuant to its Decree No. AHU.54545.AH.01.02.Tahun 2010 dated 22 November 2010 and have been registered in the Company Register under No. AHU-0084333.AH.01.09.Tahun 2010 dated 22 November 2010. The amendments to the other articles have been notified to MOLHR pursuant to Notification Letter No. AHU-AH.01.10-30299 dated 25 November 2010, and have been registered in the Company Register under No. AHU-0085705.AH.01.09.Tahun 2010 dated 25 November 2010.

2. Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 40 dated 8 December 2011, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Deed No. 40/2011"), whereby the shareholders of the Company resolved to amend the Article 17 paragraph 1 of the Articles of Association regarding the Board of Commissioners, into "The Board of Commissioners consists of at least 2 Commissioners and a maximum of 7 Commissioners, 2 of which shall be appointed as the President Commissioner and the Vice President Commissioner". Such amendment has been notified to MOLHR pursuant to Notification Letter No. AHU-AH.01.10-40244 dated 12 December 2011 and registered in the Company Register under No. AHU-0101199.AH.01.09.Tahun 2011 dated 12 December 2011.

As of the issuance date of this Prospectus, the Company has 2 plants which are located at Jl. Raya Anyer Km. 123, Ciwandan, Cilegon, Banten 42447 and Jl. Raya Bojonegara, Desa Mangunreja, Kecamatan Bojonegara, Kabupaten Serang, Banten 42456.

On the date of the issuance of this Prospectus, the Company owns the following Subsidiaries:

No.	Subsidiaries	Domicile	Business Activities	Establishment	Ownership	Subscription Year	Operational Status
1.	PT Styrindo Mono Indonesia*)	West Jakarta	*styrene monomer* and *ethylbenzene* Industry	1990	99.99%	2007	Operating
2.	Altus Capital Pte. Ltd.*)	Singapore	Finance	2009	100.00%	2009	Operating
3.	PT Petrokimia Butadiene Indonesia*)	West Jakarta	Industry	2010	99.97%	2010	Operating
4.	PT Redeco Petrolin Utama**)	Central Jakarta	Tank lease and jetty management services	1986	50.75% through SMI	2007	Operating

Notes:

*) Such Subsidiaries are previously owned by PT Chandra Asri. After the merger of PT Chandra Asri into the Company took effect in January 2011, those three Subsidiaries became the Subsidiaries of the Company.

**) Prior to the Merger, 34% of RPU shares was owned by SMI which is the Subsidiary of PT Chandra Asri. Therefore after the Merger, RPU is an associated company of the Company. Subsequently, based on the Deed of Acquisition No. 8 dated 10 September 2012, drawn before Jose Dima Satria, S.H., M.kn., Notary in South Jakarta Administrative Municipality, Leisuretivity Pte Ltd sold and transferred its 3,090 shares in RPU to SMI.

The capital and shareholding composition who owns 5% or more of the issued and paid up capital of the Company as of 31 August 2013, pursuant to the Shareholders Register issued by PT Raya Saham Registra as the Share Registrar appointed by the Company is as follows:

Description	Nominal Value of Rp1,000 per share		%
	Total Shares	Nominal Value (Rp)	
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid Up Capital			
PT Barito Pacific Tbk	1,819,769,755	1,819,769,755,000	59.35
SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12
Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52
Public (respectively less than 5%)	153,619,550	153,619,550,000	5.01
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**	

2. Limited Public Offering I

The Board of Directors, on behalf of the Company, hereby conducts Limited Public Offering I ("LPO I") in relation to the issuance of Pre-Emptive Rights ("HMETD") to the shareholders of the Company in a total of 220,766,142 (two hundred and twenty million seven hundred and sixty-six thousand one hundred forty-two) common shares with a nominal value of Rp1,000 (one thousand Rupiah) per share. The total of the shares offered is 7.20% (seven point two zero percent) of the issued and fully paid-up capital of the Company. Each shareholders of the Company whose name is registered in the Shareholders Register of the Company on 13 November 2013, at 16.00 WIB who holds 500 (five hundred) Existing Shares is entitled to 36 (thirty-six) HMETD, whereas 1 (one) HMETD shall entitle its holder to purchase 1 (one) New Share of the Company at an Exercise Price of Rp6,750 (six thousand seven hundred and fifty Rupiah) per share, which must be fully paid upon submitting FPPS. The shares to be issued in the LPO I through the issuance of HMETD is the maximum number of shares to be issued from the

Company's authorized capital stock and will be listed on the Indonesia Stock Exchange ("IDX") with due observance of prevailing rules and regulations. Proceeds obtained from this LPO I is in the amount of Rp. Rp1,490,171,458,500 (one trillion four hundred and ninety billion one hundred and seventy-one million four hundred and fifty-eight thousand five hundred Rupiah). Shares issued in the LPO I shall rank pari passu in all respect with the Company's other fully paid-up shares, including with respect to the right to receive dividends. Any fractional HMETD would be rounded down to the nearest whole number.

In accordance with Rule No. IX.D.1, if a shareholder owns any fractional HMETD, then such fractional HMETD belongs to the Company and will be sold by the Company and its proceeds will be deposited into the Company's account.

If the New Shares offered in this LPO I are not fully subscribed by the shareholders of the Company or the holders of HMETD, then the remaining shares will be allotted to other HMETD holders who apply to subscribe for more than their entitlement, as stated in the HMETD Certificate in proportion to the HMETD that have been exercised by them in accordance with the prevailing regulations. If upon the allotment there are still remaining new shares that have not been subscribed, then Magna Resources pursuant to the Standby Purchase Agreement of Shares of PT Chandra Asri Petrochemical Tbk dated 25 September 2013 as amended and restated with the Deed of Addendum and Restatement of Standby Purchase Agreement of Shares No. 31 dated 16 October 2013, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Standby Purchase Agreement"), will subscribe all of the remaining offered shares which are not subscribed by the Company's Shareholders in the LPO I, at an Exercise Price of Rp. 6,750 (six thousand seven hundred and fifty Rupiah) per share.

HMETD may be traded on or outside the IDX for a period of 5 (five) Business Days commencing from 15 November 2013 up to 21 November 2013. The listing of the New Shares on the IDX is expected to occur on 15 November 2013. The last day for the exercise of HMETD will be 21 November 2013, after which any unexercised HMETD will be null and void.

In relation to this LPO I, pursuant to Undertaking to exercise the Rights and subscribe for the New Shares dated 8 October 2013, SCG Chemicals stated that SCG Chemicals will not sell its HMETD to the third party and will exercise its HMETD according to its entitlement. Based on the statement letter of PT Barito Pacific Tbk dated 17 October 2013 PT Barito Pacific Tbk stated that it will not exercise its HMETD.

If SCG Chemicals, Marigold Resources and public subscribe all of their HMETD, the Company's capital structure and shareholders composition prior to and after LPO I on a pro forma basis shall be as follows:

Description	Before LPO I			After LPO I		
	Nominal Value Rp1,000 per share			Nominal Value Rp1,000 per share		
	Number of Shares	Nominal Value (Rp)	(%)	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**		**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid-up Capital						
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35	1,819,769,755	1,819,769,755,000	55.36
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12	989,932,960	989,932,960,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52	181,556,263	181,556,263,000	5.52
- Public (respectively below 5%)	153,619,550	153,619,550,000	5.01	164,680,158	164,680,158,000	5.01
- Magna Recources Corporation Pte. Ltd.	-	-	-	131,023,422	131,023,422,000	3.99
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**	**3,286,962,558**	**3,286,962,558,000**	**100.00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**		**8,977,823,106**	**8,977,823,106,000**	

If Barito Pacific, Marigold Resources and public do not exercise all of their HMETD, the Company's capital structure and shareholders composition prior to and after LPO I on a pro forma basis shall be as follows:

Description	Before LPO I			After LPO I		
	Nominal Value Rp1,000 per share			Nominal Value Rp1,000 per share		
	Number of Shares	Nominal Value (Rp)	(%)	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**		**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid Up Capital						
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35	1,819,769,755	1,819,769,755,000	55.36
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12	989,932,960	989,932,960,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52	169,362,186	169,362,186,000	5.15
- Magna Resources Corporation Pte. Ltd.	-	-	-	154,278,107	154,278,107,000	4.69
- Public (respectively below 5%)	153,619,550	153,619,550,000	5.01	153,619,550	153,619,550,000	4.67
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**	**3,286,962,558**	**3,286,962,558,000**	**100.00**
Total Shares in Portofolio	**9,198,589,248**	**9,198,589,248,000**		**8,977,823,106**	**8,977,823,106,000**	

The HMETD holders who do not use their right to subscribe for new shares in LPO I, may sell their rights to other parties commencing from 15 November 2013 up to 21 November 2013, either on or outside the IDX pursuant to Rule No. IX.D.1.

The shares ownership of existing shareholders, who do not exercise their HMETD to subscribe for new shares in LPO I based on their HMETD, will be diluted in a maximum of 6.72% (six point seventy-two percent).

3. Use of Proceeds

The proceeds which is obtained from LPO I, after deducting all expenses relating to the LPO I, will be used for approximately 81% (eighty-one percent) of the LPO I proceeds to fund the capital expenditures for naphta cracker capacity expansion project, and thus increasing production capacity of ethylene from 600 ktpa up to 860 ktpa and approximately 19% (nineteen percent) of the LPO I proceeds for shares subscription in PBI, whereby PBI will use it for shares subscription in SRI, with regard to joint venture participation to construct a new synthetic butadiene rubber ("SBR") plant.

4. Competitive Strengths

The Company believes its principal competitive strengths are:

- Well-positioned to benefit from attractive fundamentals in Indonesia's petrochemical industry
- Indonesia's leading petrochemical producer
- High degree of operational integration to maximize production efficiency, flexibility and cost-savings
- Strategic location close to key customers in Indonesia
- Diverse product mix facilitating margin optimization
- Loyal and broad client base supported by aggressive marketing and distribution platform
- Diverse and stable sources of feedstock
- Strong shareholder support
- Highly experienced management team with proven track record of success

5. Business Strategies

The Company's strategic objective is to maximize its shareholder value by maintaining its leading position in the Indonesian petrochemical industry, and to become a world-class petrochemical company in Indonesia. The Company seeks to achieve this by executing the following strategies:

- Increase its capacity and build on its dominant market position to capture strong Indonesian petrochemicals growth
- Maintain and further improve best-in-class operating standards and cost efficiency
- Expand its product offerings and further optimize integration along the petrochemical value chain
- Continue to leverage its infrastructure and customer service to maintain premium relationships

6. Risk Factors

An investment in the Shares of the Company involves a number of risks. Investor should carefully consider all information contained in this Prospectus, including the risks described below, before making an investment decision. The Company's business, financial condition and results of operations could be materially adversely affected by any of these risks. The market price of the Company's shares could decline due to any one of these risks and you may lose all or part of your investment.

1. Risks relating to the Company's Business and Operations
   - Cyclicality in the petrochemical industry may materially and adversely affect our profitability.
   - The volatility of the international market prices for petrochemical products may adversely affect our operating results.
   - Fluctuations in the cost of feedstock may result in increased operating expenses and adversely affect our results of operations, cash flow and margins.
   - The Company may not be able to complete our capacity and product expansion plans for its existing and new products.
   - The Company's level of indebtedness and other demands on our cash resources could materially and adversely affect our ability to execute our business strategy.
   - Loss of our competitiveness and market share in the Indonesian markets or increased global competition could materially and adversely affect our future growth, profitability and results of operations.
   - The loss of any of the Company's key customers could have a negative impact on its results of operations.
   - The Company's production plants are located in a single geographic area. Any disruption in its operations due to accidents or natural disasters in this area could have a material adverse effect on its operations.
   - The Company's operations are subject to production and other factors beyond the Company's control which may subject us to unscheduled outages and shutdowns and which could have a material and adverse effect on its results of operations.
   - The Company's operations require the Company to schedule regular shutdowns for maintenance, which could adversely affect its ability to make and sell products, which could have a material adverse effect on its business, financial conditions and results of operations.
   - The Company's actual results may vary significantly from the industry forecasts, projections and estimates set forth herein.
   - The Company does not own all of the land on which our existing pipelines are located. Inability to get the necessary consents to operate on these lands could disrupt its operations.
   - The actions of any of the Company's principal shareholders, Barito Pacific and SCG Chemicals, or their majority shareholders and associated companies could conflict with its interests.
   - Trade-regulating actions by the Government, such as reducing or eliminating tariffs on imported polyethylene and polypropylene, could adversely affect its profitability

- The Company's operations involve risks that may not be covered by its insurance or may have a material adverse effect on its business.
- Compliance with environmental and occupational health and safety laws and regulations may require the Company to incur costs or restrict its operations in a manner that could have a material adverse effect on our business, financial condition, profitability or cash flows.
- If the Company is unable to obtain, renew or maintain its permits, approvals and technology licenses required to operate its business this may have a material adverse effect on its business.
- The ability to compete effectively depends in part on our ability to attract and retain key personnel with relevant industry knowledge.

2. Risk relating to Indonesia
    - Domestic, regional or global economic changes may materially and adversely affect the Indonesian and global economies and our business.
    - Natural disasters may disrupt the Indonesian economy and the Company's operations that could lead to social unrest and economic loss.
    - The Company operates in a legal system in which the application of various laws and regulations may be uncertain, and through the phurchase of the New Shares, the potential shareholders of the New Shares in the future may be exposed to such legal system and may find it difficult or impossible to pursue claims in respect to the New Shares.
    - Labor activism and legislation may adversely affect the Company, the Company's customers and Indonesian companies in general, which in turn may affect the Company's business, financial condition and operational result.
    - The growht of regional autonomy creates uncertain business environment for the Company and may increase the Company's business costs.
    - Fluctuations in the value of the Rupiah may materially and adversely affect our financial conditions and results of operations.
    - Credit ratings downgrades of the Government or Indonesian companies may materially and adversely affect our business.

3. Risk Relating to Ownership of the Share

    - The trading price of the Shares has been, and may continue to be, volatile.
    - Future changes on the value of the Rupiah against the U.S. dollar or other currencies will affect the foreign currency equivalent of the value of the Company's Shares and any dividends.
    - Indonesian laws contain restrictions that could discourage a takeover of the Company.
    - Investors may not be subject to protection provisions on minority shareholders rights as in other countries.
    - The Company is incorporated in Indonesia and it may not be possible for the investors to effect service of process, or enforce judgments of a foreign court against the Company in Indonesia.
    - Indonesian laws may apply differently from the laws in other jurisdictions, with regard to the convening of, and the right of shareholders to attend and vote at, the General Meeting of Shareholders of the Company.
    - There maybe less company information available, and the corporate governance standards may differ, for public companies listed in the stock exchange in Indonesia as compared to those listed in the stock exchange in other countries.

7. Summary of Financial Statement

The summary of financial statement below is taken from or calculated based on consolidated financial statements of the Company and its Subsidiaries for the six months period ended 30 June 2013 and the year ended 31 December 2012 which were audited by Public Accounting Firm, Osman Bing Satrio & Eny, (member firm of Deloitte Touche Tohmatsu Limited) and Tenly Wijaya, an accountant, with unqualified opinion, and the consolidated financial statements of the Company and its Subsidiaries for the year ended 31 December 2010 and 2011, which were audited by Public Accounting Firm, Osman Bing Satrio & Rekan (member firm of Deloitte Touche Tohmatsu Limited) and Bing Harianto, S.J., an accountant, with unqualified opinion.

<u>Consolidated Statements of Financial Position</u>

(US$ '000)

	30 June 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
Current Assets	693,227	694,849	651,807	625,180
Non Current Assets	1,014,422	992,266	953,115	861,317
Current Liabilities	520,497	484,305	370,362	292,203
Non Current Liabilities	461,717	481,980	436,891	399,632
Equity	725,435	720,830	797,669	794,662

Consolidated Statements of Comprehensive Income

(US$ '000)

	For the six months period ended 30 June 2013	For the years ended:		
		31 Dec 2012	31 Dec 2011	31 Dec 2010
Net Revenues	1,217,903	2,285,158	2,197,484	1,858,170
Cost of Revenues	1,180,131	2,262,369	2,092,868	1,724,687
Income (Loss) Before Tax	7,496	(110,638)	(2,131)	43,511
Total Comprehensive Income	4,605	(87,329)	8,007	(51,167)

8. Dividend and Distribution Policy

Subject to the limitations and considerations described in this section, our current dividend policy is to pay dividends to our shareholders in the amount of approximately 30% of our net income. Under the prevailing regulations in Indonesia, the decision regarding dividend is made by a resolution of the shareholders at the annual General Meeting of Shareholders upon the recommendation of the Board of Directors. The Company may declare dividends in any year if the Company has positive retained earnings and after deduction of reserves fund.

9. Taxation

Income tax over the dividend will be treated in accordance with the prevailing taxation regulations in Indonesia. The taxation is described in Chapter XIII of this Prospectus.

10. Information on the Standby Buyer

Based on Standby Purchase Agreement of Shares of PT Chandra Asri Petrochemical Tbk dated 25 September 2013, as amended and restated with the Deed of Addendum and Restatement of Standby Purchase Agreement of Shares No. 31 dated 16 October 2013, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Standby Purchase Agreement"), Magna Resources will act as a standby buyer and will subscribe all of the remaining shares which are not subscribed by the HMETD holders in this LPO I ("Remaining Shares") at an exercise price of Rp.6,750 per share. Magna Resources is an affiliation of the Company whereby Magna Resources is an indirect controller of the Company (through PT Barito Pacific Tbk which is the majority shareholder of the Company).

Detailed information on the Standby Buyer can be found in Chapter XVII of this Prospectus.

11. Terms of Application to Purchase New Shares in the Limited Public Offering I

The Company has appointed PT Raya Saham Registra as the Share Registrar and execution agent of the LPO I, in accordance with the Deed of Agreement on Shares Administration and Execution Agent (Akta Perjanjian Pengelolaan Administrasi Saham dan Agen Pelaksanaan) in the LPO I of the Company No. 36 dated 20 September 2013, made before Fathiah Helmi, S.H., Notary in Jakarta.
Detailed information on the terms of exercise of HMETD and application and purchase of Additional Shares can be found in Chapter XVIII of this Prospectus.

12. Information on rights

The New Shares offered in this LPO I is issued based on HMETD that can be traded during the determined Trading Period and constitutes as one of the requirement for purchasing shares. New Shares as the result of HMETD offered in this LPO I is may be traded during the trading period.

I. Limited Public Offering I

The Board of Directors, on behalf of the Company, hereby conducts Limited Public Offering I ("LPO I") to the Shareholders of the Company in relation to the issuance of HMETD in the total of 220,766,142 (two hundred and twenty million seven hundred and sixty-six thousand one hundred forty-two) common shares with a nominal value of Rp1,000 (one thousand Rupiah) per share. The total of shares offered in the LPO I is 7.20% (seven point twenty percent) of the issued and fully paid-up capital of the Company. Each shareholder of the Company whose name is registered in the Shareholders Register of the Company on 13 November 2013 at 16.00 WIB (West Indonesian Standard Time) who holds 500 (five hundreds) Existing Shares is entitled to 36 (thirty six) HMETD, where 1 (one) HMETD entitles its holder to purchase 1 (one) New Shares in the Company at an exercise price of Rp.6,750 (six thousand seven hundred and fifty Rupiah) for each share, which shall be fully paid upon submitting the FPPS. The shares to be issued in the LPO I through the issuance of HMETD is the maximum number of shares to be issued from the Company's authorized capital and will be listed on the IDX with due observance of prevailing rules and regulations. Proceeds obtained from this LPO I is in the amount of Rp1,490,171,458.500 (one trillion four hundred and ninety billion one hundred seventy-one million four hundred and fifty-eight thousand five hundred Rupiah). Shares issued in the LPO I shall rank pari passu in all respect with the Company's other fully paid-up shares, including with respect to the right to receive dividends. Any fractional HMETD would be rounded down to the nearest whole number.

In accordance with Rule No.IX.D.1, if a shareholder owns any fractional HMETD, then such fractional HMETD belongs to the Company and will be sold by the Company and its proceed will be deposited into the Company's account.

If the New Shares offered in this LPO I are not fully subscribed by the shareholders of the Company or the holders of HMETD, then the remaining shares will be allotted to other HMETD holders who apply to subscribe for more than their entitlement, as stated in the HMETD Certificate in proportion to the HMETD that have been exercised by them in accordance with the prevailing regulations. If upon the allotment there are still remaining new shares that have not been subscribed, then Magna Resources pursuant to the Standby Purchase Agreement of Shares of PT Chandra Asri Petrochemical Tbk dated 25 September 2013 as amended and restated with the Deed of Addendum and Restatement of Standby Purchase Agreement of Shares No. 31 dated 16 October 2013, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Standby Purchase Agreement"), will subscribe all of the remaining offered shares which are not subscribed by the Company's Shareholders in the LPO I, at an Exercise Price of Rp. 6,750 (six thousand seven hundred and fifty Rupiah) per share.

In relation to this LPO I, pursuant to Undertaking to exercise the Rights and subscribe for the New Shares dated 8 October 2013, SCG Chemicals stated that SCG Chemicals will not sell its HMETD to the third party and will exercise its HMETD according to its entitlement. Based on the statement letter of PT Barito Pacific Tbk dated 17 October 2013 PT Barito Pacific Tbk stated that it will not exercise its HMETD.

HMETD may be traded on or outside the IDX for a period of 5 (five) Business Days commencing from 15 November 2013 up to 21 November 2013. The listing of the New Shares on the IDX is expected to occur on 15 November 2013. The last day for the exercise of HMETD will be 21 November 2013, after which any unexercised HMETD will be null and void.

PT Chandra Asri Petrochemical Tbk

Main Business Activity
Petrochemical

Domiciled and its main office located in West Jakarta, Indonesia

Head Office:
Wisma Barito Pacific Tower A, 7th Floor
Jl. Letjen S Parman Kav 62-63, Jakarta 11410
Telephone: (62-21) 530 7950
Facsimile: (62-21) 530 8502
Website: http://www.chandra-asri.com

Plants
Jl. Raya Anyer Km. 123, Ciwandan, Cilegon Banten 42447
Jl. Raya Bojonegara, Bojonegara, Serang, Banten 42456

THE MAIN RISK FACED BY THE COMPANY IS CYCLICALITY IN THE PETROCHEMICAL INDUSTRY WHICH MAY MATERIALLY AND ADVERSELY AFFECT ITS PROFITABILITY. THE OTHER BUSINES RISKS FACED BY THE COMPANY CAN BE FOUND IN CHAPTER V OF THIS PROSPECTUS

1. History of The Company

The Company (previously known as PT Tri Polyta Indonesia Tbk or "TPI"), domiciled in West Jakarta, is the surviving company in the merger process between TPI and PT Chandra Asri ("CA") by virtue of Deed of Merger No. 15 dated 9 November 2010, drawn before Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta, which took into effect on 1 January 2011 (the "Merger").

The Company was initially established under the name of PT Tri Polyta Indonesia, domiciled in West Jakarta, pursuant to the Deed of Establishment No. 40 dated 2 November 1984, drawn before Ridwan Suselo, S.H., Notary in Jakarta, as a Domestic Investment Company pursuant to the Law No. 6 of 1968 on Domestic Investment as amended by the Law No. 25 of 2007 on Investment. The Deed of Establishment of TPI has been amended by the Deed of Entry and Resignation of the Company's Founder and Amendment to the Articles of Association No. 117 dated 7 November 1987, drawn before J.L Waworuntu, S.H., Notary in Jakarta, which have been ratified by MOLHR pursuant to Decree No. C2.1786.HT.01.01-Th'88 dated 29 February 1988, registered in the registry book at the Registrar Office of West Jakarta District Court on 30 June 1988 under No. 639/1988 and No. 640/1988, and announced in the Supplement No. 779 to the State Gazette of the Republic of Indonesia No. 63 dated 5 August 1988 ("Deed of Establishment").

On 27 September 2010, the Company's shareholders have approved the merger plan with PT Chandra Asri, whereas the Company is the surviving company. The merger took into effect on 1 January 2011. In accordance with Article 122 paragraph (1) of the Company Law, the merger caused the merged company, in this case is CA, being dissolved by law and thus all CA's assets and liabilities are transferred by law to the Company.

Furthermore, in connection with the Merger and after the Merger, the Articles of Association of the Company has been amended several times, as stated in:

1. Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 23 dated 28 October 2010, drawn before DR. Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta ("Deed No. 23/2010").
2. Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 40 dated 8 December 2011, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Deed No. 40/2011"), whereby the shareholders of the Company resolved to amend the Article 17 paragraph 1 of the Articles of Association regarding the Board of Commissioners. Such amendment has been notified to MOLHR pursuant to Notification Letter No. AHU-AH.01.10-40244 dated 12 December 2011 and registered in the Company Register under No. AHU-0101199.AH.01.09.Tahun 2011 dated 12 December 2011.

As of the issuance date of this Prospectus, the Company has 2 plants which are located at Jl. Raya Anyer Km. 123, Ciwandan, Cilegon, Banten 42447 and Jl. Raya Bojonegara, Desa Mangunreja, Kecamatan Bojonegara, Kabupaten Serang, Banten 42456.

The capital and shareholding composition who owns 5% or more of the issued and paid up capital of the Company as of 31 August 2013, pursuant to the Sharehoders Register issued by PT Raya Saham Registra as the Share Registrar appointed by the Company is as follows:

Desecription	Nominal Value of Rp1,000 per share		
	Total Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12.264.785.664**	**12.264.785.664.000**	
Issued and Paid Up Capital			
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52
- Public (respectively less than 5%)	153,619,550	153,619,550,000	5.01
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**
Total Shares in Portofolio	**9,198,589,248**	**9,198,589,248,000**	

2. Pro Forma of Capital Structure and Shareholders Composition

In relation to this LPO I, pursuant to Undertaking to exercise the Rights and subscribe the for New Shares dated 8 October 2013, SCG Chemicals stated that SCG Chemicals will not sell its HMETD to the third party and will exercise its HMETD according to its entitlement. Based on the statement letter of PT Barito Pacific Tbk dated 17 October 2013 PT Barito Pacific Tbk stated that it will not exercise its HMETD.

If SCG Chemicals, Marigold Resources and public subscribe all of their HMETD, the Company's capital structure and shareholders composition prior to and after LPO I on a pro forma basis shall be as follows:

Description	Before LPO I Nominal Value Rp1,000 per share			After LPO I Nominal Value Rp1,000 per share		
	Number of Shares	Nominal Value (Rp)	(%)	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**		**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid-up Capital						
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35	1,819,769,755	1,819,769,755,000	55.36
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12	989,932,960	989,932,960,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52	181,556,263	181,556,263,000	5.52
- Public (respectively below 5%)	153,619,550	153,619,550,000	5.01	164,680,158	164,680,158,000	5.01
- Magna Recources Corporation Pte. Ltd.	-	-	-	131,023,422	131,023,422,000	3.99
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**	**3,286,962,558**	**3,286,962,558,000**	**100.00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**		**8,977,823,106**	**8,977,823,106,000**	

If Barito Pacific, Marigold Resources and public do not exercise all of their HMETD, the Company's capital structure and shareholders composition prior to and after LPO I on a pro forma basis shall be as follows:

Description	Before LPO I Nominal Value Rp1,000 per share			After LPO I Nominal Value Rp1,000 per share		
	Number of Shares	Nominal Value (Rp)	(%)	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**		**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid Up Capital						
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35	1,819,769,755	1,819,769,755,000	55.36
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12	989,932,960	989,932,960,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52	169,362,186	169,362,186,000	5.15
- Magna Resources Corporation Pte. Ltd.	-	-	-	154,278,107	154,278,107,000	4.69
- Public (respectively below 5%)	153,619,550	153,619,550,000	5.01	153,619,550	153,619,550,000	4.67
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**	**3,286,962,558**	**3,286,962,558,000**	**100.00**
Total Shares in Portofolio	**9,198,589,248**	**9,198,589,248,000**		**8,977,823,106**	**8,977,823,106,000**	

3. Description on Standby Buyer

Pursuant to the Standby Purchase Agreement of Shares of PT Chandra Asri Petrochemical Tbk dated 25 September 2013 as amended and restated with the Deed of Addendum and Restatement of Standby Purchase Agreement of Shares No. 31 dated 16 October 2013, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Standby Purchase Agreement"), Magna Resources will act as a standby buyer and will subscribe all of the remaining shares which are not subscribed by the HMETD holders in the LPO I at an Exercise Price of Rp. 6,750 (six thousand seven hundred and fifty Rupiah) per share. Magna Resources is an affiliation of the Company, whereby Magna Resources is an indirect controller of the Company (through PT Barito Pacific Tbk which is the majority shareholder of the Company).

Listing New Share from LPO I on The IDX

New Shares from LPO I will be listed on IDX along with the shares that have been listed previously by the Company. The listing of the New Shares with regard to this LPO I is in the total of 220,766,142 (two hundred and twenty million seven hundred and sixty-six thousand one hundred forty-two) common shares with a nominal value of Rp1,000 (one thousand Rupiah) per share. The total share offered in the LPO I is 7.20% (seven point twenty percent) of the issued and fully paid-up capital of the Company. If the new shares with regard to this LPO I have been listed in IDX, thus the total of the Company's shares listed in IDX is in the amount of 3,286,962,558 (three billion two hundred and eighty-six million nine hundred and sixty two thousand five hundred and fifty eight) common shares.

AS OF THE DATE OF THE ISSUANCE OF THIS PROSPECTUS, THE COMPANY DOES NOT HAVE PLAN TO ISSUE OR LIST ANY OTHER SHARES AND/OR OTHER SECURITIES WHICH MAY BE CONVERTED INTO SHARES WITHIN 12 (TWELVE) MONTHS AFTER THE EFFECTIVE DATE OF THE REGISTRATION STATEMENT.

II. Use Of Proceeds

The proceeds which is obtained from LPO I, after deducting all expenses relating to the LPO I, will be used for:

a. Approximately 81% (eighty-one percent) of the LPO I proceeds to fund the capital expenditures for naphta cracker capacity expansion project. The said increase of naphta cracker capacity will use licensed technology from Lummus Technology, Inc (Lummus). The commencement of the work will be on the 4th quarter of 2013 and expected to be completed by the end of 2015. Lummus is not an affiliated of the Company.

   The purpose of the project is to increase the ethylene production capacity from 600 ktpa to 860 ktpa. The benefits obtained from such increase are, inter alia, to obtain larger economic scale and the increase of the profit levels and the capacity of the Company's downstream production by ensuring a greater availability of feedstock supply.

b. Approximately 19% (nineteen percent) of the LPO I proceeds for shares subscription in PBI, whereby PBI will use it for shares subscription in SRI, a joint venture company between PBI, the Company's Subsidiary, and Compagnie Financiere Du Groupe Michelin 'Senard et Cie' to construct a new synthetic butadiene rubber ("SBR") facility The objectives of this joint venture is to create vertical integration level that will provide the Company with a greater benefit.
   The shares subscription into PBI is an affiliated transaction which is exempted pursuant to Rule No. IX.E.1 since such transaction is conducted by and between the Company and PBI, which 99.97% of its shares is owned by the Company.

In accordance with Bapepam and LK Circular Letter No. SE-05/BL/2006 dated 29 September 2006 on Disclosure on Information on the Expenses Incurred in relation to Public Offerings, the estimated expenses incurred by the Company (excluding the VAT) are approximately 0.268% (zero point two hundred and sixty eight percent) of the LPO I value, which includes:

- Capital Market Supporting Professionals fees, i.e. public accountant fees of approximately 0.137%, legal counsel fees of approximately 0.093%, Share Registrar fees of approximately 0.004% and Notary services fees of approximately 0.002%;
- IDX's listing fees of approximately 0.010%;
- Miscellaneous fees (printing and advertisement) of approximately 0.022%.

Until all proceeds from the LPO I has been utilized, the Company shall report on the realization of the use of proceeds obtained from LPO I to OJK periodically every 3 (three) months until all proceeds has been utilized entirely, in accordance with the Rule No. X.K.4.

If the Company wishes to amend the use of proceeds from the initial plan as set out in this Prospectus, such amendment shall be first reported to OJK along with the reason and explanation of such proposed amendment, and shall obtain prior approval from the GMS in accordance with Rule No. X.K.4.

If in the future, the use of proceeds caused any material transaction and/or affiliated transaction or conflict of interest transaction, the Company will be subject to Rule No. IX.E.2 and Rule No. IX.E.1.

III. Statement Of Indebtedness

Based on an audited consolidated financial statement of the Company and its subsidiaries for the six-month period ended 30 June 2013, which were audited by a public accounting firm, Osman Bing Satrio & Eny (member firm of Deloitte Touche Tohmatsu Limited), with unqualified opinion.

As of 30 June 2013 the Company and its Subsidiaries have total liabilities amounted to US$982.2 million. Details of the liabilities are as follow:

US$ '000

DESCRIPTION	AMOUNT
CURRENT LIABILITIES	
Bank loans	25,000
Trade accounts payable	
Related Parties	97,067
Third Parties	337,290
Other accounts payable	13,458
Taxes payable	1,196
Accrued expenses	5,693
Customer advances	7,518
Current maturities of long-term liabilities:	
Bank loans	33,210
Finance lease obligation	65
Total Current Liabilities	**520,497**
NONCURRENT LIABILITIES	
Deferred tax liabilities - net	130,248
Long-term liabilities – net of current maturities:	
Bank Loans	310,233
Finance lease obligation	88
Derivative financial instruments	267
Post-employment benefit obilgation	19,005
Decommissioning cost	1,876
Total Noncurrent Liabilities	**461,717**
TOTAL LIABILITIES	**982,214**

Explanations of each liability are as follow:

1. Current liabilities

As of 30 June 2013, the Company had current liabilities amounting to US$520.5 million, with details:

a) Bank loans

On September 26, 2011, the Company obtained a Revolving Credit Facility from DBS Bank Ltd, Singapore, with a maximum amount of US$25.0 million, and had used it to finance the Company's capital requirements. The annual interest rate charged to the credit facility is SIBOR + 2.75%, payable between 1 – 3 months. The company shall not put up the asset as collateral other than for the existing collateral contract or other working capital agreements without providing a collateral for the creditors, so that will not harm the creditor. The loan balance as of June 30, 2013 amounted to US$25.0 million.

b) Trade accounts payable

US$'000

DESCRIPTION	AMOUNT
a. By supplier	
Related parties	
SCG Chemicals Co., Ltd.	97,067
Third parties	
Foreign Supplier	
Marubeni Petroleum Co., Ltd.	129,438
Vitol Asia Pte., Ltd.	111,926
Others	61,147
Subtotal	302,511
Local Supplier	
PT. Pertamina (Persero)	14,926
Perusahaan Gas Negara (Persero)	3,225
Others	16,628
Subtotal	34,779
Total	**337,779**
30 June 2013	**434,357**

DESCRIPTION	US$'000 AMOUNT
b. By currency	
U.S. Dollar	424,840
Rupiah	8,317
Others	1,200
30 June 2013	**434,357**

c) Other accounts payable
As of June 30, 2013, other accounts payable amounted to US$13.5 million are from third parties.

d) Taxes payable
As of June 30, 2013, taxes payable amounted to US$1.2 million, comprising of corporate income tax, income tax Article 4(2), Article 21, Article 23, Article 26 and value added tax.

e) Accrued expenses
As of June 30, 2013, accrued expenses amounted to US$5.7 million, comprising of accrued interest of US$2.4 million and other accrued expense of US$3.3 million.

f) Customer advances
As of June 30, 2013, customer advances in the form of cash received from customers amounted to US$7.5 million.

g) Current maturities of long term liabilities
As of June 30, 2013, current maturities of long term liabilities amounted to US$33.3 million, comprising of US$33.2 million of bank loans and US$0.1 million of finance lease obligations.

2. Non-current liabilities

As of June 30, 2013, the Company had noncurrent liabilities amounting to US$461.7 million, with details as follows:

a) Deferred tax liabilities
As of June 30, 2013, the net deferred tax liabilities amounted to US$130.3 million which comprises of the Company's deferred tax liabilities amounting to US$109.6 million and the subsidiary's deferred tax liabilities amounting to US$20.7 million.

b) Long-term liabilities – net of current maturities
As of 30 June 2013, long-term liabilities – net of current maturities consisted of term loan that amounted to US$310.2 million and finance lease obligations that amounted to US$0.1 million. Below are the details of term loans:

Term loan

DESCRIPTION	US$'000 AMOUNT
Term loan US$220 million	208,533
Term loan US$150 million	134,890
Total long-term loans	343,443
Less: Current maturities	(33,210)
30 June 2013	**310,233**

Tem Loan US$220 million
On September 29, 2012, the Company executed a Term Facility Credit Agreement of up to US$220.0 million with The Siam Commercial Bank Public Company Limited and Bangkok Bank Public Company Limited (Jakarta). The balances of the loans as of June 30, 2013 were as follow:

DESCRIPTION	US$'000 AMOUNT
The Siam Commercial Bank Public Company Limited	120,000
Bangkok Bank Public Company Limited (Jakarta)	100,000
Total	**220,000**
Less: unamortized transaction cost	(11,447)
Net	208,553

Bangkok Bank Public Company Limited acts as facility agent and DB Trustees (Hongkong) Limited acts as security agent. PT Petrokimia Butadiene Indonesia ("PBI"), PT Styrindo Mono Indonesia ("SMI") and Altus Capital Pte. Ltd. ("Altus") act as guarantors.
Proceeds from the loan were utilized to buyback all outstanding 12.875% Senior Secured Guaranteed Notes and to pay related costs.
The facility is secured by, *inter alia*, Fiduciary Security on Insurances and Movable Assets, Security on Land Mortgages and First Rank Land Mortgages, Pledge Over Onshore and Offshore Accounts placed on the Lenders, and pledge over shares of PBI and Altus.

The Company is required to maintain the following financial ratios:
- Interest Service Coverage Ratio shall be greater than 1.75 : 1.
- Total Debt to Capitalization Ratio shall not exceed 50%.

The Company is required to maintain a certain balance of Debt Service Accrual Account and Debt Service Reserve Account.

Based on this agreement, the Company and subsidiaries (guarantor) are not allowed to :
1. Put assets on collateral other than for the existing collateral agreement;
2. Sell, transfer, or release the asset provided that the Company and guarantor are able to finance lease or buyback the said asset;
3. Sell, transfer or release receivable by resource it;
4. Enter into a title retention agreement;
5. Enter into an agreement where cash, or benefit from bank or other account can be used, exchanged, or to be a subject for combination of account;
6. Enter into other agreements that has the same effect, in the condition that the said agreements or transactions is carried out for the main purpose of raising loan or financing an acquisition on an asset.

On June 30, 2013 Interest Service Coverage ratio and the ratio of total borrowings to each capitalization is 3.13:1 and 32% respectively. Group has met the terms and conditions of loan that set out by the bank.

The repayment of the loan is over 12 instalments, with the schedule as follow:

Months after drawdown	Repayment of Principal
18	6.00%
24	6.00%
30	6.00%
36	6.00%
42	8.00%
48	8.00%
54	8.00%
60	8.00%
66	11.00%
72	11.00%
78	11.00%
84	11.00%
Total	**100.00%**

The annual interest rate is LIBOR + 4.10%. Payable within 3 months.
Term Loan US$150 million
On November 21, 2011, the Company obtained a term loan credit facility of up to US$150.0 million from several local and foreign banks. The loan balances as of 30 June 2013, were as follow:

DESCRIPTION	*US$'000* AMOUNT
Standard Chartered Bank, Singapura	28,155
The Hongkong and Shanghai Banking Corporation Limited (HSBC), Jakarta	23,333
Indonesia EXIM Bank	18,666
PT Bank Danamon Indonesia Tbk	18,199
PT Bank Ekonomi Raharja Tbk	17,266
DBS Bank Ltd, Singapore	17,188
PT Bank DBS Indonesia	17,188
Total	**139,995**
Less: Unamortized transaction costs	(5,105)
Total	134,890

PT Bank DBS Indonesia acts as facility agent and DB Trustee (Hongkong) Limited acts as the security agent. PBI, SMI and Altus act as guarantors.

Proceeds from the loan were utilized to pay for capital expenditures in relation with C4 derivative.

The facility is secured by, among others, Fiduciary Security on Insurances and Movable Assets, Land Mortgages and First Rank Land Mortgages, Pledge over Onshore and Offshore Accounts placed on the Lenders, and pledge over shares of PBI and Altus.

The claims of the above banks over the security are paripassu with the claims of all the Company's other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

The agreement contains certain covenants that restrict the Company and its subsidiaries (acting as guarantors) in performing certain acts as stated in the agreement.

Based on this agreement, the Company and subsidiaries (guarantor) are not allowed to :

1. Put assets on collateral other than for the existing collateral agreement;
2. Sell, transfer, or release the asset provided that the Company and guarantor are able to finance lease or buyback the said asset;
3. Sell, transfer or release receivable by resource it;
4. Enter into an agreement where cash, or benefit from bank or other account can be used, exchanged, or to be a subject for combination of accounts;

Enter into other agreements that ha the same effect, in the condition that the said agreements or transactions are carried out for the main purpose of raising loan or financing an acquisition on an asset.

This agreement includes

The loan is repayable over twelve instalments, with the following schedule:

Months after Drawdown	Payment of Principal
18	6.67%
24	6.67%
30	6.67%
36	6.67%
42	10.00%
48	10.00%
54	10.00%
60	10.00%
66	8.33%
72	8.33%
78	8.33%
84	8.33%
Total	**100.00%**

On October 3, 2012, this term facility was amended. Based on the amendment, the Company is required to maintain the following financial ratios:

- Interest Service Coverage Ratio shall be greater than 1.75 : 1
- Total Debt to Capitalization Ratio shall not exceed:
  - i. 40% at any time prior to the first final investment decision date in relation to expansion project.
  - ii. 50% for the period from and after the final investment decision date in relation to expansion project until December 31, 2015.
  - iii. 45% for the period after December 31, 2015.

The amendment also changed the annual interest rate into LIBOR + 4.80%, for the onshore lender and LIBOR + 4.65% for offshore lender, commencing from October 10, 2012.

The Company is required to maintain the balance of Debt Service Reserve Account and Debt Service Accrual Account.

On June 30, 2013, Interest Service Coverage ratio and total debt to capitalisation ratio are respectively, 3.13:1 and 32%. Group has met the term and condition of the bank.

c) Derivative financial instruments

The Company entered into interest rate swap agreements with several Banks in relation with the bank loan facilities obtained from the banks. The financial derivative fair value on June 30, 2013 is as follow:

US$'000

Contracts Date	Bank	Initial Notional Amount	Termination Date	Fix Annual LIBOR Rate	Fair Value
10 April 2012	PT Bank DBS Indonesia	30,000	21 November 2018	1.20%	143
24 April 2012	The Hongkong and Shanghai Bank Corporation Limited (Jakarta)	30,000	21 November 2018	1.19%	124
Amount					267

d) Post-employment benefits

Post-employment benefits are as follows:

DESCRIPTION	*US$'000* AMOUNT
Present value of defined benefit liability	24,477
Unrecognized past service cost	(772)
Unrecognized actuarial losses	(4,700)
Total Liability	**19,005**

e) Estimate decommissioning cost

As of 30 June 2013, decommissioning cost amounted to US$1.9 million.

3. Commitments

a. The Company and PT Griya Idola ("GI") entered into several operating lease agreements for office space and parking area rental for two years which will expire between October 2013 and June 2015.
Lease expense is amounted to US $ 0.5 million or 4.00% for six months period ended June 30, 2013 are recorded as general and administrative expenses.

b. On March 17, 2008, the Company obtained import Letter of Credit ("L/C") facility from BNI consisting of Sight L/C and Usance L/C and Trust Receipt Post Financing with maximum credit limit of US$15.0 million in June 30, 2013. This facility is secured with inventories and account receivables on *paripassu* with credit facilities from other banks.
On March 18, 2013, the facility was extended until March 16, 2014.

c. On September 28, 2011, PT Bank Danamon Indonesia Tbk ("Danamon") approved to extend and combine the revolving Omnibus Trade Finance facilities, previously obtained by the Company and CA (now merged with the Company), with maximum principal of US$47.0 million.
The facilities are secured with accounts receivable and inventories on paripassu with credit facilities from other banks.
On September 28, 2012, the facilities were extended until September 28, 2013.

d. On October 28, 2009, the Company obtained L/C Import facility from Bank DBS Indonesia, consisting of Sight L/C and Usance L/C. This facility was extended until October 27, 2013.
On December 13, 2012, this facility was amended to include Sight/Usance L/C Import and Surat Kredit Berdokumen Dalam Negeri ("SKBDN") facilities with maximum limit of US$65.0 million.
The facilities are secured with accounts receivable and inventories on *paripassu* with other facilities from other banks.

e. In April 2006, CA and SMI received a Trade Finance Facility and Revolving Credit Facility, from DBS Bank Ltd., Singapore. These facilities amounted to US$167.0 million, in June 30, 2013. These facilities were extended until November 2013.
These facilities are secured by the fiduciary security over inventories and accounts receivable of the Copany and SMI on paripassu with credit facilities from other banks.

f. In December 2004, CA obtained L/C facility with PT Bank Central Asia Tbk amounting to US$26.0 million. This facility is secured by accounts receivable and inventories of the Company on *paripassu* with credit facilities from other banks.
In 2012, this facility was amended to include issuance of Usance Payable at Sight L/C and Usance Payable at Usance L/C facilities. The L/C is increased to the maximum principal to US$50.0 million.

This facility was extended until October 27, 2013.

g. On June 30, 2010, CA and SMI, the Company's subsidiary, entered into a corporate facility agreement with the Hongkong and Shanghai Banking Corporation Limited (HSBC), consists of import facility and guarantee issuance with combined amount of US$148,0 million on June 30, 2013.
On July 19, 2012, the Company amended the Corporate Facility Agreement with The Hongkong and Shanghai Banking Corporation Limited (HSBC). This facility consists of Clean Import Loan with maximum amount of US$35.0 million, to retire Documentary Credit or Deferred Payment Credit Facility; or to settle Documentary Credit based purchase (import and local), against submission of relevant invoice or Purchase Order.
The facility is secured with fiduciary over the inventories and accounts receivable on paripassu with credit facilities from other banks.
This facility has been extended until 30 June 2014.

h. SMI and PT Sulfindo Adiusaha ("SAU") entered into an Ethylene Tank Utilization Agreement for an unlimited period or until such time that both parties agree to terminate this agreement, whereby both parties agreed, among others, to the following:
   - Payment of US$4 million by SMI to SAU for the joint right to use an ethylene storage tank;
   - In case the tank is sold or leased, SMI shall be entitled to receive proportionally the proceeds from the sale or lease of the tank, minus any related cost incurred by SAU for the sale or lease of the tank; and
   - In case of governmental restriction for the mutual use of the tank, SMI shall be reimbursed of the US$4 million payment made, after deducted with amortization at an annual rate of 2.5%.

i. On June 21, 2004, the Company and PT Banten Inti Gasindo ("BIG") entered into an gas sale and purchase agreement. Pursuant to the said agreement, BIG agreed to provide gas for the Company business industry in Cilegon, Banten,
The commencement date of this agreement is on January 2005 to December 31, 2014

j. On February 01, 2007, the Company and PT Air Liquide Indonesia ("ALI") entered into Nitrogen sale and purchase agreement, whereby ALI will provide nitrogen for the Company trough pipeline. This agreement valid from February 1, 2007 for period of 10 years.
On August 1, 2010, the Company and ALI entered into new nitrogen sale and purchase agreement, whereby ALI will provide nitrogen for the company through pipeline. This agreement commenced from August 1, 2010 to June 30, 2015.
Nitrogen purchased from PT Air Liquide Indonesia (ALI) amounted to US$1.9 million for six months period ended on June 30, 2013.

k. SMI entered into License Process Agreement for Ethylbenzene/Stryrene Monomer plant and Ethylene facility with Lumus Crest Inc ("LCI") on January 17, 1997. Based on this agreement, LCI gives SMI a rights to use information and technical patent rights for styrene process from LCI. This agreement valid for 10 years from June 22, 1990, and will be extended annually.

l. On 3 March 1998, SMI entered into an Ethylene Tank Agreement with PT Showa Esterindo Indonesia ("SEI"), whereby the latter agreed to rent SMI's tank located at SMI's plant with a capacity of 2,800 metric tons, which will end in 2013. Until the date of this prospectus, this agreement is still in the process of extension.
The tank lease revenue from SEI in amounting to US$0.2 million for six months period ended on June 30, 2013

m. On 1 June 2011, PBI entered into an On-Shore contract with Toyo Engineering Korea Limited ("TEKL"), where TEKL will provide detailed design, procurement, construction, pre-commissioning and commissioning for 100,000 MTA butadiene extraction units with a total contract value of US$33.0 million.

n. On 1 June 2011, PBI entered into an Off-Shore contract with Toyo Engineering Corporation ("TEC"), whereby TEC will supply equipment and materials for 100.000 MTA butadiene extraction units with a total contract value of US$47.5 million.

o. On 25 July 2011, PBI entered into a License and Engineering Butene-1 agreement with Sumitomo Chemical Company Limited ("SCC"), where SCC agreed to provide training and a license to manufacture butene-1, use and sell butene-1 products in all countries in the world. It also provides Technical Assistance for the manufacture of butene-1 product. Period of this agreement is 10 years. PBI is subject to the royalties on licenses and Technical Assistance.

p. On June 2013, the Company entered into joint venture agreement with PBI, Michelin and SRI to purchase SMI's share in PT Synthetic Rubber Indonesia ("**SRI**"), which will result in a 55% ownership of SRI's equity by Michelin.

As of the issuance date of this Prospectus, the Company has incurred no additional liabilities since 30 June 2013 up to the Independent Auditors' Report date of the Consolidated Financial Statements of the Company and its Subsidiaries, which were issued on October 9, 2013 and for the six-month period then ended, and that have occurred since the date of the Independent Auditor's Report up to the effective date of this registration, other than those disclosed in this Prospectus and the Consolidated Financial Statements mentioned above, and those arising from normal business activities.

With the systematic management of assets and liabilities and increase in future operating results, the Company believes that they will be able to fulfil all of its liabilities in accordance with the requirements as appropriate.

The Management acts for and on behalf of the Company and in relation to the duties and responsibilities within the Company, hereby declares its ability to meet all its liabilities as disclosed in the consolidated financial statements and presented in this Prospectus.

The Company has complied with all financial ratios required under its loan agreements.

There is no negative covenants that would be detrimental to the rights of shareholders.

Commitment and contingencies

There are no commitments and contingencies to be reported as of June 30, 2013 except the commitments that have been mentioned above.

IV. Management's Discussion and Analysis

The following discussion and analysis on financial condition as well as results of operations in this chapter should be read in conjunction with financial highlights included elsewhere in this Prospectus. Financial information presented in this discussion as well as other financial data provided in tables elsewhere were taken from audited consolidated financial statements of the Company and subsidiaries for the six-month period ended June 30, 2013 as well as the year ended December 31, 2012, which were audited by public accounting firm Osman Bing Satrio & Eny (member of Deloitte Touche Tohmatsu Limited), and for the year ended 31 December 2011, which was audited by public accounting firm Osman Bing Satrio &r Rekan (member of Deloitte Touche Tohmatsu Limited), with unqualified opinion included in chapter XVI of this Prospectus. Consolidated financial information was prepared in accordance with Indonesian Financial Accountancy Standard.

1. Overview

The Company is the largest integrated petrochemical producer in Indonesia and operate the country's only naphtha cracker. The Company is also the country's largest polypropylene producer. The Company produces olefins (ethylene, propylene and by-products, such as pygas and mixed C4), ethylene derivative products (such as polyethylene), a propylene derivative product (such as polypropylene), and styrene monomer and by-products (such as ethyl benzene, toluene and benzene toluene mixture). The Company is the only domestic producer of ethylene and styrene monomer, and one of only two domestic producers of propylene and polyethylene in Indonesia, and its products are fundamental to the production of many diverse consumer and industrial products.

As of the date of this prospectus the company has just completed the construction of a butadiene plant with a capacity of 100 ktpa which is expected to start commercial operation in September 2013. Butadiene is a feedstock for the production of synthetic butadiene rubber for tires and materials for making rubber gloves and footwear.

The table below shows the Company's production and total capacity for the periods presented.

	One-year period ended:				Six-month period ended:			
	31 Des 2011		31 Des 2012		30 Jun 2012 (tidak diaudit)		30 Jun 2013	
	Production	*Nameplate Capacity*	Production	*Nameplate Capacity*	Production	*Nameplate Capacity*	Production	*Nameplate Capacity*
	kt	*kt/tahun*	*kt*	*kt/tahun*	*kt*	*kt/tahun*	*kt*	*kt/tahun*
Olefin and by-product								
Ethylene	468	600	531	600	260	600	288	600
Propylene	255	320	291	320	140	320	160	320
Pygas	178	280	209	280	109	280	105	280
Mixed C_4	166	220	198	220	95	220	106	220
Polyolefins								
Polyethylene	284	336	337	336	170	336	160	336
Polypropylene	416	480	461	480	226	480	232	480
Styrene monomer								
Styrene monomer	305	340	302	340	161	340	148	340

According to industry specialist, Nexant Asia Limited ("Nexant"), in 2012, the Company was the sole producer of ethylene in Indonesia and had a market supply share of approximately 44%, 31%, 29% and 100% of the ethylene, polyethylene, polypropylene, and styrene monomer domestic market, respectively.

The Company operates an integrated petrochemical complex located in Ciwandan, Cilegon in Banten Province of Indonesia that is comprised of one naphtha cracker, two polyethylene plants and three polypropylene trains. The strategic location of the Company's integrated petrochemical complex provides it with convenient access to our key domestic customers who are directly connected to the Company's production facilities in Cilegon by pipelines. The Company's integrated petrochemical complex also includes two styrene monomer plants, the only styrene monomer plants in Indonesia, directly connected to its main petrochemical complex in Cilegon by pipelines. The styrene monomer plants are located in Serang in Banten Province of Indonesia approximately 40 km from the main petrochemical complex in Cilegon. The Company's petrochemical complex has integrated supporting facilities including pipelines, power generators, boilers, water treatment plants, storage tanks and jetty facilities.

As of June 30, 2013, the Company's production line had annual capacity of 600 kt of ethylene, 320 kt of propylene, 280 kt of pygas, 220 kt of mixed-C_4, 336 kt of polyethylene, 480 kt of polypropylene and 340 kt of styrene monomers.

The table below shows the breakdown of the Company's net revenues by product types and end-markets (domestic / export) as well as its adjusted EBITDA for the periods presented.

	One-year period ended:				Six-months period ended:			
	31 Des 2011		31 Des 2012		30 Jun 2012 (tidak diaudit)		30 Jun 2013	
	US$ '000	*%*	*US$ '000*	*%*	*US$ '000*	*%*	*US$ '000*	*%*
Domestic net revenue								
Olefins and by-product	178,942	8.2	145,848	6.4	69,194	6.0	134,035	11.0
Polyethylene	408,758	18.6	467,673	20.5	233,628	20.1	234,164	19.2
Polypropylene	689,776	31.4	703,869	30.8	342,953	29.5	389,140	32.0
Styrene monomer and by-product	251,391	11.4	273,031	11.9	139,251	12.0	163,308	13.4
Total domestic net revenue	1,528,867	69.6	1,590,421	69.6	785,026	67.6	920,647	75.6
Export net revenue								
Olefins and by-product	450,001	20.5	494,184	21.6	266,152	22.9	197,144	16.2
Polyethylene	15,897	0.7	17,436	0.8	8,793	0.8	3,971	0.3
Polypropylene	-	-	5,301	0.2	3,727	0.3	-	-
Styrene and by-product	200,074	9.1	174,078	7.6	95,908	8.3	92,484	7.6
Total export net revenue	665,972	30.3	690,999	30.2	374,580	32.3	293,599	24.1
Other revenues	2,645	0.1	3,738	0.2	1,484	0.1	3,657	0.3
Total net revenue	2,197,484	100.0	2,285,158	100.0	1,161,090	100.0	1,217,903	100.0
Adjusted EBITDA (1)	92,429	4.2	21,186	0.9	4,524	0.4	46,769	3.8

Notes:

(1) ""EBITDA" is defined as profit for the period before interest, taxes, depreciation and amortization. "Adjusted EBITDA" is defined as EBITDA as adjusted for net unrealized foreign exchange gain. Adjusted EBITDA should not be considered by an investor as an alternative to net income or income from operations, or as an indicator of our operating performance or other combined operations or cash flow data prepared in accordance with generally accepted accounting principles, or an alternative to cash flows as a measure of liquidity or any measures of performance derived in accordance with Indonesian GAAP. The calculation of Adjusted EBITDA may differ from similarly titled calculations of other companies. Adjusted EBITDA is not a measure of financial performance under Indonesian GAAP and should not be considered as an alternative to net cash provided by operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any measures of performance derived in accordance with Indonesian GAAP. Adjusted EBITDA is calculated as follow:

	One-year period ended:		Six month period ended:	
	31 Des 2011	31 Des 2012	30 Jun 2012 (tidak diaudit)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Profit for the period	8,007	(87,213)	(51,654)	4,992
Add (deduct):				
Interest expenses - net of interest income	47,752	44,906	23,224	10,741
Loss (Gain) on derivative financial instruments	-	1,306	370	(2,335)
Loss on Notes Redemption	-	14,626	-	-
Depreciation and amortization	41,531	58,721	28,826	30,214
Tax expense	(10,138)	(19,210)	(8,497)	2,504
Unrealized foreign exchange gain – net	5,277	8,050	6,049	653
EBITDA	92,429	21,186	(1,682)	46,769
Allowance for decline in value of inventories	-	-	6,206	-
Adjusted EBITDA	92,429	21,186	4,524	46,769

2. Key Factors Affecting Results of Operations and Financial Condition

a) Supply and demand dynamics

The Company's net revenues and its operating performance are sensitive to supply and demand dynamics in both the domestic and international petrochemical markets. Demand for the Company's products is generally linked to the level of economic activity or GDP growth. Supply is affected by-production capacity available in the market. Although the Company is the sole domestic producer of some of our products and the Company believes it has significant advantages over both its domestic and international competitors, the petrochemical industry has historically been characterized by periods of tight supply, leading to high utilization rates and margins, followed by periods of oversupply primarily resulting from significant capacity additions, leading to reduced utilization rates and margins. The historical results of the Company reflect these supply and demand dynamics and the volatile nature of the petrochemical industry.

b) Cost of feedstock

The Company uses naphtha as its primary feedstock to produce our products and accordingly, the cost of naphtha, all of which is purchased from independent third parties, represents by far the largest portion of our cost of sales of goods. For the years ended December 31, 2011 and 2012 as well as the six-month periods ended June 30, 2012 and 2013, the cost of naphtha accounted for approximately 60.2%, 65.6%, 66.7% and 64.1% of the Company's cost of revenues, respectively.

The price of naphtha generally follows the price trend of crude oil, and varies with the market conditions for crude oil, which in recent times have been highly volatile. Naphtha price movements have not always been of the same magnitude or direction as changes in the Company's prices historically received for its products. Accordingly, increases or decreases in naphtha prices may have a material effect on the Company's margins. For the years ended 31 December 2011 and 31 December 2012 as well as the six-month periods ended 30 June 2012 and 30 June 2013, approximately 70.5%, 71.2%, 65.8% and 74.0% of the Company's naphtha was supplied pursuant to term contracts at a formula price, respectively.

During the first half of 2013, naphtha prices have declined while the prices of the Company's other products did not decline at the same rate. This resulted in increased operating margins when compared to the same period in 2012. On average, the price of naphtha decreased from US$1,010 per metric ton for the six-month period ended June 30, 2012 to US$958 per metric ton for the six-month period ended June 30, 2013.

The Company's gross product margins for olefins during the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013 were 1.2%, 0.8%, 0.7% and 0.3%, respectively. The Company's gross product margins for polyolefins during the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013 were 2.9%, (0.1)%, (0.9)% and 1.4%, respectively. The Company's gross product margins for styrene monomer and by-products during the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013 were 0.7%, 0.2%, 0.2% and 1.2%, respectively.

As a result, increases in feedstock prices may have a material adverse effect on our margins and cash flows, to the extent that such increases are not passed through to the selling prices of our products. Significant volatility in feedstock costs may also put pressure on our margins, since sales price increases for our products may lag behind feedstock price increases. There can be no assurance that increases in feedstock prices will not adversely affect our business or results of operations in the future. See "Risk Factors — Risks Relating to The Company's Business and Operations — Fluctuations in the cost of feedstock may result in increased operating expenses and adversely affect our results of operations, cash flow and margins". See also "— Supply and demand dynamics".

c) Economic conditions

Global and domestic macroeconomic conditions have historically had a significant impact on the Company's operations and will continue to impact our operations. The economic crisis that affected Southeast Asia from mid-1997 was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real GDP, high interest rates, social unrest and extraordinary political developments. These conditions had a material adverse effect on Indonesian businesses, including the Company's business and financial condition, which ultimately led to the Company's restructuring in 2001. Indonesia entered a recessionary phase with relatively low levels of growth from 1999 to 2002. According to Economist Intelligence Unit ("EIU") statistics, Indonesia has experienced improved growth rate in recent years at 4.6% in 2009, 6.2% in 2010, 6.5% in 2011 and 6.2% in 2012. Nonetheless, the global financial crisis which commenced during the second half of 2008 had a negative effect on Indonesia and adversely impacted the results of operations of the Company. See "Risk Factors — Risks Relating to Indonesia — Domestic, regional or global economic changes may adversely affect the Company's business".

d) Outages

Scheduled maintenance programs and unscheduled shutdowns of the Company's plants may affect its production output. The Company is required to conduct TAM, which includes certification of safety valves, major repair and maintenance, major scheduled renewals and replacements with respect to our plants once every four years. The Company is scheduled to conduct TAM every four years at our naphtha cracker plant. The last scheduled TAM is in October 2011. The next scheduled TAM is planned to take place in 2015.Our operations require us to schedule regular shutdowns for maintenance, which could adversely affect our ability to make and sell products, which could have a material adverse effect on its business, financial conditions and results of operations". The Company's two styrene monomer plants each require a once every two year SDM for a period of 26 days to 30 days. See "Risk Factors — Risks Relating to The Company's Business and Operations — The Company's operations require them to schedule regular shutdowns for maintenance, which could adversely affect its ability to make and sell products, which could have a material adverse effect on the Company's business, financial conditions and results of operations".

In October of 2011 the Company conducted TAM on its naphtha cracker over a period of 45 days, during which production at the cracker ceased. The polyolefin plants do not require extended downtime for maintenance but may be affected by any TAM on common facilities. Only work on the central utilities on the cracker site causes downtime on the polyethylene plants, mostly limited to around two weeks during the conduct of TAM.

The Company's two styrene monomer plants each require a once every two year Shutdown Maintenance ("SDM") for a period of 26 days to 30 days. See "Risk Factors — Risks Relating to the Company's Business and Operations — the Company's operations require them to schedule regular shutdowns for maintenance, which could adversely affect its ability to make and sell products, which could have a material adverse effect on the Company's business, financial conditions and results of operations".

See "Risk Factors — Risks Relating to The Company's Business and Operations — The Company's operations are subject to production and other factors beyond the Company's control which may subject the Company to unscheduled outages and shutdowns and which could have a material and adverse effect on the Company's results of operations".

e) Expansion plans

The Company's ability to increase its production and sales will depend on its ability to implement its expansion plans. In June 2013, the Company took final investment decision to expand the capacity of its existing cracker from 600 ktpa up to 860 ktpa at a cost of approximately US$380 million. This will involve installing new equipment and machinery in its existing production facilities. The Company will be awarding an EPC contract in mid-September 2013, with construction and commercial operation expected to commence in 2014 and first quarter of 2016 respectively.

Furthermore, we also intend to develop and complete new extraction plants for the production of high value-added products such as butadiene and Benzene, Toluene and Xylene ("BTX"). As of the date of this prospectus, the Company has just completed the construction of a butadiene plant which is expected to commence commercial operation in September 2013. The Company may also develop extraction plant for the production of BTX, subject to its feasibility studies that we may conduct in the future.

In order to further achieve a higher degree of vertical integration, the Company has also formed a joint venture company, SRI, with a global leading tire manufacturer Michelin, focusing on the production of synthetic butadiene rubber. The 55:45 venture, with Michelin holding the majority control, is expected to build a new facility with a capacity of 100 ktpa.

f) Tariffs

The company's results of operations have historically been affected in certain respects by tariffs imposed on imports of petrochemical products into Indonesia. As of the date of this prospectus, the import of naphtha, ethylene and propylene are not subject to tariffs. The import of styrene monomer is subject to a tariff of 5% of the import price if imported from non-ASEAN countries and is not subject to tariff if imported from ASEAN countries. The import of polyethylene and polypropylene is subject to a tariff of 10% of the import price if imported from non-ASEAN countries and is not subject to tariff if imported from ASEAN countries. See "Risk Factors — Risks Relating to the Company's Business and Operations — Trade-regulating actions by the Government, such as reducing or eliminating tariffs on imported polyethylene and polypropylene, could adversely affect our profitability".

g) Seasonality

The Company experiences lower sales during festive seasons, particularly during Hari Raya in Indonesia. During the celebration of Hari Raya in Indonesia, only foods and passengers are generally allowed to be transported on public roads. The Company's is unable to deliver products to its domestic customers for approximately 14 days during this festive period. While polyethylene and polypropylene operating rates are not necessarily reduced, inventory builds up for two weeks during this festive period. Approximately two weeks prior to this festive period, demand for the Company's products builds up, while lower sales are experienced for approximately two weeks during the festive period. To the extent that the two weeks prior to the festive period and the two-week festive period do not fall within the same quarter, the Company's results of operations will show the effects of seasonality.

3. Critical Accounting Policies

The Company has identified certain accounting policies that are significant for the preparation of each of its respective financial information and reporting. These significant accounting policies normally involve subjective and complex valuations in relation to accounts, requiring management valuation, financial information and data which could change in the future. The Company sets out the following policies which were used in the preparation of our financial statements and which have required significant management judgment. The accounting policies identified below are not exhaustive; for a full discussion of other significant accounting policies, please refer to the financial statements and accompanying notes included in this Prospectus.

a) Inventories

Inventories are stated at the lower of cost and Net Realizable Value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with majority being valued on weighted average cost basis. Net Realizable Value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

b) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and any accumulated impairment losses.

In previous periods, the Group revalued certain property, plant and equipment which was done by independent valuer in connection with quasi-reorganization. The revalued amount of those assets is considered as deemed cost.

Depreciation is recognized so as to write-off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings and infrastructures	4-30
Machineries	4-43
Motor vehicles	4-8
Furniture and fixtures	4-8

Land is stated at cost and is not depreciated.
Assets held under finance lease are depreciated on the same estimated useful life with owned assets or over the lease period, which ever is shorter.

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The cost of maintenance and repairs is charged to profit or loss as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Capitalized cost of major periodical overhauls of machinery and equipment is amortized using the straight line method over the period to the next overhaul.

When assets are retired or otherwise disposed of, their carrying amounts are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in progress is stated at cost, which includes borrowing costs during construction from debt incurred to finance the construction. Constructions in progress are transferred to the respective property, plant and equipment account when completed and ready for use.

The cost of an asset includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Liabilities resulting from such estimation were recorded as "Decommissioning Cost"

a) Impairment of Non-financial Assets

At the end of each reporting period, the Group reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

b) Revenue and Expense Recognition

Sale of goods

Revenue from sale of goods is recognized when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend revenue

Dividend revenue from investments is recognized when the shareholders' rights to receive payment has been established.

Interest revenue

Interest revenue is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when incurred.

4. Description of Key Consolidated Statement of Financial Position Line Items

a) Assets

The table below shows a breakdown of the Company's key asset items on its consolidated balance sheet for the periods presented:

	31 Dec 2011	31 Dec 2012	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*
Cash and cash equivalents	54,703	123,393	122,224
Trade and other accounts receivable - net	133,954	157,606	184,546
Inventories - net	281,079	275,744	272,128
Prepaid taxes	155,469	121,828	98,075
Investment in an associate	5,706	-	-
Property, plant, and equipment - net	928,200	971,833	990,909
Total assets	1,604,922	1,687,115	1,707,649

Total assets as of June 30, 2013 compared to as of December 31, 2012

Total assets of the Company increased by 1.2% or US$20.5 million from US$1,687.1 million on December 31, 2012 to US$1,707.6 million on June 30, 2013 primarily due to an increase of US$26.9 million in net trade and other account receivable from third party and an increase in property, plant and equipment – net of US$19.1 million for the construction of the Butadiene plant, partially offset by a decrease of US$23.7 million in Prepaid taxes arising mainly from net refund of fiscal year 2011 corporate tax pursuant to tax audit closure in May 2013.

Total assets as of December 31, 2012 compared to as of December 31, 2011

Total assets of the Company increased by 5.1% or US$82.2 million from US$1,604.9 million on December 31, 2011 to US$1,687.1 million on December 31, 2012 reflecting higher business capacity and capital expenditures.

This increase is mainly caused by an increase in cash and cash equivalent of US$68.7 million due to an increase in sales revenue and an increase in property, plant, and equipment – net of US$43.6 million largely from the construction of the new butadiene plant, partially offset by a decrease in prepaid taxes of US$33.7 million arising mainly from net refund of fiscal year 2010 corporate tax pursuant to tax audit closure in May 2012.

b) Liabilities and equities

The table below shows a breakdown of the Company's key liabilities and equity items on its consolidated statements of financial position for the periods presented:

	31 Dec 2011	**31 Dec 2012**	**30 Jun 2013**
	US$ '000	***US$ '000***	***US$ '000***
Bank loans	25,000	5,000	25,000
Trade and other accounts payable	325,798	448,753	447,815
Taxes payable	1,788	983	1,196
Current maturities of long-term liabilities	95	20,072	33,275
Current liabilities	370,362	484,305	520,497
Derivative financial instruments	-	1,091	267
Deferred tax liabilities - net	153,094	129,541	130,248
Long term liabilities – net of current maturities	267,285	331,473	310,321
Post-employment benefit obligations	14,623	17,905	19,005
Noncurrent liabilities	436,891	481,980	461,717
Total liabilities	807253	966,285	982,214
Capital stock	341,030	341,030	341,030
Additional paid in capital	-	-	-
Other equity component	-	(59)	(255)
Retained earnings	456,639	369,248	373,769
Appropriated	3,339	3,939	3,939
Unappropriated	453,300	365,309	369,830
Total equity	797,669	720,830	725,435
Total liabilities and equity	1,604,922	1,687,115	1,707,649

Total liabilities as of June 30, 2013 compared to as of December 31, 2012

On 30 June 2013, total liabilities of the Company was US$982.2 million, representing an increase of US$15.9 million or 1.6% compared to US$966.3 million on 31 December 2012. The increase was primarily due to an increase in current liabilities of US$36.2 million or 7.5% from US$484.3 million on 31 December 2012 with the drawdown of a US$25.0 million bank loan to fund the Company's working capital requirements.

Total liabilities as of December 31, 2012 compared to as of December 31, 2011

On December 31, 2012, total liabilities of the Company were US$966.3 million, representing an increase of US$159.0 million or 19.7% compared to US$807.3 million on December 31, 2011 reflecting higher business activity and investments.

Current liabilities in total is US$484.3 million, an increase of US$113.9 million or 30.8% compared to US$370.4 million in December 31, 2011 mainly due to an increase in trade and other accounts payable related to purchase of raw materials.

Non-current liabilities in total is US$482.0 million, an increase of US$45.1 million or 10.3% compared to US$436.9 million in December 31, 2011 mainly due to an increase in long term liabilities – net of current maturities of US$64.2 million primarily due to drawdown of bank loans to fund the construction of the butadiene plant and to refinance the Senior Secure Guaranteed Notes that was issued by the Company in 2011.

Total equities as of June 30, 2013 compared to as of December 31, 2012

On June 30, 2013, total equity of the Company were US$725.4 million, representing an increase of US$4.6 million or 0.6% as compared to the Company's total equity on December 31, 2012 which was US$720.8 million. This increase was caused by an increase in unappropriated retained earnings of US$4.5 million or 1.2% from US$365.3 million on 31 December 2012 as the company achieved a net profit for the six-month period ended June 30, 2013.

Total equities as of December 31, 2012 compared to as of December 31, 2011.

On December 31, 2012, total equity of the Company was US$720.8 million, representing a decrease of US$76.9 million or 9.6% as compared to the Company's total equity on December 31, 2011 which was US$797.7 million. This decrease was caused by a decrease in unappropriated retained earnings of US$88.0 million or 19.4% from US$453.3 million on December 31, 2011 as the company incurred a net loss in the one-year period ended December 31, 2012.

5. Results of Operations

The following table below shows a summary of consolidated statement of comprehensive income of the Company's results for the periods presented.

	One-year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec2012	30 Jun 2012 (unaudited)	30 Jun 201
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Consolidated Statement of Comprehensive Income Data:				
Net Revenues	2,197,484	2,285,158	1,161,090	1,217,903
Cost of revenues	(2,092,868)	(2,262,369)	(1,159,357)	(1,180,131)
Gross profit	104,616	22,789	1,733	37,772
Selling expenses	(27,634)	(35,942)	(15,679)	(20,155)
General and administrative expenses	(30,715)	(26,725)	(15,337)	(11,988)
Finance costs	(48,688)	(45,936)	(23,749)	(11,328)
Gain (loss) on derivative financial instrument	-	(1,306)	(370)	2,335
Gain (loss) on foreign exchange - net	(2,258)	(10,508)	(7,815)	1,978
Loss on notes redemption	-	(14,626)	-	-
Equity in net income of an associate	514	455	310	-
Other gains and losses - net	2,034	1,161	(3,459)	8,882
Income (loss) before tax	(2,131)	(110,638)	(64,366)	7,496
Tax benefit (expense)	10,138	23,425	12,712	(2,504)
Net income (loss) for the period	8,007	(87,213)	(51,654)	4,992
Adjusted EBITDA	92,429	21,186	4,524	46,769
Adjusted EBITDA margin	4.2%	0.9%	0.4%	3.8%

Net revenue

For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013, the Company derived its net revenues from the sale of olefins (ethylene, propylene, by-products such as pygas and mixed C_4), polyolefins (polyethylene and polypropylene) and styrene monomer and by-products (ethyl benzene, toluene and benzene toluene mixture). The Company's net revenues consisted of sales revenue net of VAT. The Company recognized domestic revenues when the goods were delivered to customers. Export sales were generally made on FOB basis and were recognized when the goods were dispatched, except for styrene monomer which was generally made on a CFR basis. For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and 30 June 2013, The Company's net revenues amounted to US$2,197.5 million, US$2,285.2 million, US$1,161.1 million and US$1,217.9 million, respectively.

Net income and operational performance is influenced by the dynamics of supply and demand in both the domestic and international petrochemicals markets. Demand of the Company's products generally depends on the level of economic activity or growth of gross domestic product. Offer influenced by production capacity available in the market. Although the Company is the sole producer of some of the products and believes that the Company has a significant advantage over competitors in the domestic and international market, petrochemical industry in the past has characteristics whereby the supply is tight, resulting in high levels of production and profits, followed by a period in which there is excessive supply due to the rapid enhancement of production capacity, which results in a decrease in the level of production and profit. As a result, the Company's sales reflect the dynamics of supply and demand as well as high cycle rate of the petrochemical industry.

As part of progressing efforts to address and mitigate the adverse effects of industry conditions as described aforementioned, the Group has implemented and will continue to carry out the steps carefully as follow:

- Achieve optimal production levels in response to market conditions and economic conditions through application of production methods that are safe and efficient;
- Continuously implement program to improve production efficiency, reducing energy consumption, and reduction in operating costs per unit ;
- Improving domestic and export market share through the development of new customers;
- Lowering main raw materials cost to find alternative sources of raw materials, if possible, and seek to multiply sources of raw material suppliers;
- Continuously implement cost savings programs, including the reduction of the debt. In October 2012, the Group refinanced the Secured Bonds and Senior Characteristically of U.S. $ 184,980 thousands with an interest rate of 12.875 % with a Term Loan of U.S. $ 220 million with a lower interest rate, which will provide substantial savings in the future ;
- integrating derivative products and diversifying the products offered on an ongoing basis. For example, Butadiene plant owned by the Group planned to be operational soon in the third quarter of 2013 which will give added value to the exported C4 crude products.
- Management believes that these measures will be effective to obtain profitable business activities.

Cost of revenues

The tables below show a breakdown of the Company's total cost of revenues for the periods presented.

	One – year period ended:		Six month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Cost of revenues data:				
Raw materials used	1,539,696	1,766,087	916,137	911,134
Direct labour	32,477	29,016	15,191	14,750
Factory overhead	203,253	245,158	115,881	130,285
Total manufacturing costs	1,775,426	2,040,261	1,047,209	1,056,169
Work in process				
At beginning of period	9,924	14,133	14,133	18,516
At end of period	(14,133)	(18,516)	(16,853)	(13,731)
Cost of goods manufactured	1,771,217	2,035,878	1,044,489	1,060,954
Finished goods				
At beginning of period	94,309	94,461	94,461	126,803
Purchases of finished goods	321,559	258,001	132,849	110,151
At end of period	(94,461)	(126,803)	(112,579)	(119,210)
Total cost of goods sold	2,092,624	2,261,537	1,159,220	1,178,698
Cost of service	244	832	137	1,433
Total cost of revenues	2,092,868	2,262,369	1,159,357	1,180,131

For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013, the Company's cost of revenues comprises of total manufacturing cost adjusted for work in process and finished goods. The Company's total manufacturing cost was primarily composed of the cost of naphtha and benzene, the principal raw materials used by the Company in its production operations, as well as direct labour and factory overhead. For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013, the Company's costs of revenues were US$2,092.9 million, US$2,262.4 million, US$1,159.4 million and US$1,180.1 million, respectively.

Operating expenses

The tables below shows a breakdown of sales and general expenses and administrative expenses for the periods presented.

	One-year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Selling expenses breakdown:				
Freight and insurance	25,358	33,977	14,719	19,100
Salaries and allowances	1,393	877	439	453
Depreciation	27	30	15	14
Others	856	1,058	506	588
Total	27,634	35,942	15,679	20,155

	One-year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
General and administrative expense breakdown:				
Salaries, allowances and employee benefits	21,240	18,761	10,961	8,569
Consultant	3,134	1,679	1,291	556
Depreciation	1,040	1,111	546	437
Lease	1,143	970	460	510
Others	4,158	4,204	2,079	1,916
Total	30,715	26,725	15,337	11,988
Total operating expenses	58,349	62,667	31,016	32,143

The Company's operating expenses primarily include selling expenses and general and administrative expenses. Selling expenses primarily include transportation and freight, salaries and allowances, depreciation and others. General and administrative expenses primarily include salaries and allowances, consulting fees, depreciation, rental, and others. For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013, the Company's operating expenses total US$58.3 million, US$62.7 million, US$31.0 million and US$32.1 million, respectively.

Others revenue (expenses)

The table below shows a breakdown of Company's others revenue and expense for the periods presented.

	One – year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Other gains and losses breakdown:				
Finance costs	(48,688)	(45,936)	(23,749)	(11,328)
Gain / (Loss) on notes redemption	-	(14,626)	-	-
Gain / (Loss) on foreign exchange - net	(2,258)	(10,508)	(7,815)	1,978
Gain / (Loss) on derivative financial instrument	-	(1,306)	(370)	2,335
Equity in net income of an associate	514	455	310	-
Others - net	2,034	1,161	(3,459)	8,882
Other gains and losses - net	(48,398)	(70,760)	(35,083)	1,867

The Company's other expenses primarily reflected loss on foreign exchange, interest expense and financial charges relating to the Company's bank loans and other long-term loans, and others. The Company's other gains included gain on foreign exchange; gain on sale of fixed assets, interest income and others.

Tax expenses (benefit)

The table below shows a breakdown of the Company's tax expense (benefit) and deferred tax expense (benefit) for the periods presented.

	One-year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Tax benefit / (expense) breakdown:				
Current Tax	3,874	128	-	1,797
Deferred Tax				
The Company	(17,782)	(23,602)	(12,831)	(1.331)
SMI	3,770	49	119	2,038
Total deferred tax expense (benefit)	(14,012)	(23,553)	(12,712)	707
Total	(10,138)	(23,425)	(12,712)	2,504

The Compoany's tax benefit or expense comprised current tax and deferred tax. Current tax was calculated based on the taxable income for the year computed using prevailing tax rates. Deferred tax assets and liabilities were recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities were recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it was probable that taxable income would be available in future periods against which the deductible temporary differences could be utilized. Deferred tax was calculated at the tax rates that had been enacted or substantively enacted as of the balance sheet date.

a) The one-year period ended December 31, 2012 compared to the one-year period ended December 31, 2011

- Net revenues

The Company's net revenues increased by 4.0% to US$2,285.2 million in 2012 compared to US$2,197.5 million in 2011.

The increase in net revenues reflected a 5.8% growth in sales volume and a 1.7% decrease in the average sale price for the Company's products in 2012. The higher sales volume for 2012 is in line with increased production in 2012 after TAM in 2011. In 2011, the Ethylene plant and Polyethylene plant were shut down for 45 days and 33 days respectively for TAM from October to November 2011. In 2012, the Company's net revenues for olefins (including olefin by-products), polyolefins and styrene monomer (including styrene monomer by-products) amounted to US$640.0 million, US$1,194.3 million and US$447.1 million, respectively. A description of the net revenues of the Company by main product is given below.

Olefins (ethylene, propylene, by-products such as pygas and mixed C_4)

In 2012, the Company's net revenues from olefins increased by 1.8% to US$640.0 million compared to US$628.9 million in 2011.

the Company's net ethylene revenues decreased by 7.8% to US$157.3 million in 2012 compared to US$170.7 million in 2011. This was due to 6.5% lower sales volumes of 120 kt in 2012 compared to 129 kt in 2011 reflecting lower sales volume in 2012 as a result of lower demand for ethylene in 2012 due to uncertainties in global economic conditions. Average sale prices per ton were also 7.5% lower at US$1,274 in 2012 compared to US$1,378 in 2011.

The Company's net propylene revenues decreased by 74.8% to US$16.9 million in 2012 compared to US$67.1 million in 2011. This was largely due to 72.8% lower sales volumes of 13 kt in 2012 compared to 49 kt in 2011 as a result of higher internal consumption for polypropylene production after completion of the debottlenecking project in 2011. Average sale prices per ton were also 7.6% lower at US$1,309 in 2012 compared to US$1,328 in 2011.

The Company's net pygas revenues increased by 33.7% to US$215.8 million in 2012 compared to US$161.4 million in 2011. This was largely due to 25.3% higher sales volumes of 216 kt in 2012 compared to 173 kt in 2011 as a result of higher demand for pygas by-products in 2012. Average sale prices per ton were also 6.7% higher at US$998 in 2012 compared to US$935 in 2011.

The Company's net mixed C_4 revenues increased by 8.8% to US$250.0 million in 2012 compared to US$229.8 million in 2011. This was largely due to 10.6% higher sales volumes of 182 kt in 2012 compared to 165 kt in 2011 as a result of higher demand for mixed C_4 products in 2012. Average sale prices per ton were 1.6% lower at US$1,371 in 2012 compared to US$1,393 in 2011.

Polyolefin (polyethylene and polypropylene)

The Company's net polyolefin revenues increased by 7.2% to US$1,194.3 million in 2012 compared to US$1,114.4 million in 2011.

Polyethylene revenues increased by 14.2% to US$485.1 million in 2012 compared to US$424.7 million in 2011. This was largely due to the sales volumes which were 12.4% higher at 330 kt in 2012 compared to 293 kt in 2011 as production in 2011 was affected by 33 days of shutdown for planned maintenance. Average sale prices per ton were 1.7% higher at US$1,471 in 2012 compared to US$1,447 in 2011.

Polypropylene revenues increased by 2.8% to US$709.2 million in 2012 compared to US$689.8 million in 2011. This was largely due to the 11.7% growth in sales volumes of 458 kt in 2012 compared to 410 kt in 2011 due to higher production after completion of the debottlenecking in 2011. Average sale prices per ton were 8.0% lower at US$1,549 in 2012 compared to US$1,683 in 2011.

Styrene monomer and by-products (ethyl benzene, toluene and benzene toluene mixture)

The Company's net revenues from styrene monomer and by-products decreased by 1.0% to US$447.1 million in 2012 compared to US$451.5 million in 2011. Sales amount were lower by 4.1% at 309 kt in 2012 compared to 322kt in 2011 as a result of SDM conducted for SM-1 at the end of 2012. Average sale prices per ton were 3.3% higher at US$1,449 in 2012 compared to US$1,403 in 2011.

- Cost of revenues
The Company's cost of revenues increased 8.1% to US$2,262.4 million in 2012 as compared with US$2,092.9 million in 2011. The increase in cost of goods sold principally reflects higher price of naphtha, the Company's primary raw materials for Olefins segment. A description of the Company's cost of revenues by main products given below.

  Olefins (ethylene, propylene, by-products such as pygas and mixed C)

  In 2012, the Company's cost of revenues for olefins increased by 3.1% to US$621.1 million compared to US$602.4 million in 2011, reflecting an 2.6% increase in the price of naphtha, which is the primary raw material for olefins, as well as an increase in the Company's olefins sales volume, which increased by 3.3% at 532 kt in 2012 compared to 515 kt in 2011.

  Polyolefin (polyethylene and polypropylene)

  In 2012, the Company's cost of revenues for polyolefins increased by 13.6% to US$1,197.4 million compared to US$1,053.9 million in 2011, primarily reflecting an increase in the Company's polypropylene sales amount of 11.7% at 458 kt in 2012 compared to 410 kt in 2011 despite lower price for ethylene and propylene, which is the primary raw material for polyethylene and polypropylene.

  Styrene monomer and by-products (ethyl benzene, toluene and benzene toluene mixture

  In 2012, the Company's cost of revenues for styrene monomer and by-products increase by 1.5% to US$443.0 million compared to US$436.5 million in 2011, reflecting primarily an 8.3% increase in the price of benzene, which is the primary raw material for styrene monomer and its by-products, which was slightly offset by a decrease in the Company's styrene monomer sales volume, which decreased by 4.1% at 309 kt in 2012 compared to 322 kt in 2011. In addition, during 2012, the Company's styrene monomer plants (SM-1 plant) were shut down for 35 days for a regular SDM..

- Gross profit (loss)
As a result of the foregoing factors, the Company's gross profit decreased by 78.2% in 2012 to US$22.8 million compared to a gross profit of US$104.6 million in 2011. A description of the Company's gross profit by main products is given below:

  Olefins (ethylene, propylene, by-products such as pygas and mixed C4)
  In 2012, the Company's gross profit decreased by 28.4% to US$19.0 million compared to a gross profit of US$26.5 million in 2011.

  Polyolefin (polyethylene and polypropylene)
  In 2012, the Company recorded a US$3.2 million loss compared to a gross profit of US$63.2 million in 2011.
  Styrene monomer dan produk-produk sampingan (ethyl benzene, toluene dan campuran benzene toluene)
  In 2012, the Company's gross profit decrease by 72.6% to US$4.1 million compared to a gross profit of US$14.9 million in 2011.

- Operating expenses
The Company's operating expenses increased by 7.4% to US$62.7 million in 2012 compared to US$58.3 million in 2011, primarily due to an increase of 30.1% in selling expenses. Selling expenses increased primarily as a result of an increase of 34.0% to US$34.0 million in 2012 compared to US$25.4 million in 2011 in freight and insurance expenses.

- Other gains and losses - net
The Company's other losses — net, amounted to US$70.8 million in 2012 compared to other losses — net, of US$48.4 million in 2011, mainly due to a onetime loss in notes redemption of US$14.6 million in 2012 and increase in loss on foreign exchange-net to US$10.5 million in 2012 compared to US$2.3 million in 2011.

- Tax benefits / (expenses)
The Company's tax benefits as a percentage of income before tax (effective tax rates) were approximately 21.2% in 2012. The Company incurred a loss before tax in 2012. During these periods, its net tax benefits increased significantly by 131.1% to US$23.4 million in 2012 compared to net tax benefits of US$10.1 million in 2011. This was primarily due to the increase in deferred tax by 68.6% to US$23.6 million in 2012 compared to US$14.0 million in 2011

- Net income (loss)
In view of the foregoing, the Company's net loss amounted to US$87.2 million in 2012, after an operating loss of US$39.9 million and a loss before tax of US$110.6 million, as compared to a net income of US$8.0 million in 2011, an operating income of US$46.3 million and a loss before tax of US$2.1 million.

b) The Six-month period ended June 30, 2013 compared to the Six-month period ended June 30, 2012

The following discussion compares certain results of the Company for the six-month period ended June 30, 2013 to the six-month period ended June 30, 2012.

- Net revenues

The Company's net revenues increased by 4.9% to US$1,217.9 million for the six-month period ended June 30, 2013 compared to US$1,161.1 million for the six-month period ended June 30, 2012. The increase in net revenues reflected a 1.3% growth in sales volume and a 3.3% increase in the average sale price for the Company's products for the six-month period. The growth in sales volume for the six-month period ended 30 June 2013 was principally due to the improved market condition. For the six-month period ended June 30, 2013, the Company's net revenues for olefins (including olefin by-products), polyolefins and styrene monomer (including styrene monomer by-products) amounted to US$331.2 million, US$627.3 million and US$255.8 million, respectively. A description of the net revenues of the Company by main product is given below:

Olefins (ethylene, propylene, by-products such as pygas and mixed C_4)

For the six-month period ended June 30, 2013, the Company's net revenues for olefins decreased by 1.2% to US$331.2 million compared to US$335.3 million for the six-month period ended June 30, 2012.

The Company's net ethylene revenues increased by 80.7% to US$132.5 million compared to US$73.3 million for the six-month period ended June 30, 2012. This was due to higher sales volumes of 98 kt for the six-month period ended June 30, 2013 compared to 55 kt for the six-month period ended June 30, 2012 reflecting 77.1% sales volume growth as a result of higher demand for ethylene for the six-month period ended June 30, 2013. Average sale prices per ton were also 2.0% higher at US$1,359 for the six-month period ended June 30, 2013 compared to US$1,332 for the six-month period ended June 30, 2012.

The Company's net propylene revenues increased to US$4.1 million for the six-month period ended June 30, 2013 compared to nil for the six-month period ended June 30, 2012. This was due to higher sales volumes of 3 kt for the six-month period ended June 30, 2013 compared to nil for the six-month period ended June 30,2012.

The Company's net revenues on pygas increased by 3.7% to US$110.9 million for the six-month period ended June 30, 2013 compared to US$107.0 million for the six-month period ended June 30, 2012. This was despite a 4.3% lower sales volumes figure of 105 kt for the six-month period ended June 30, 2013 compared to 110 kt for the six-month period ended June 30, 2012 as a result of lower demand for pygas by-products. Average sale prices per ton were however, 8.3% higher at US$1,055 for the six-month period ended June 30, 2013 compared to US$974 for the six-month period ended June 30, 2012.

The Company's net mixed C4 (and others) revenues decreased by 46.0% to US$83.6 million for the six-month period ended June 30, 2013 compared to US$155.0 million for the six-month period ended June 30, 2012. This was due to a 16.4% lower sales amount figure of 80 kt for the six-month period ended June 30, 2013 compared to 96 kt for the six-month period ended June 30, 2012 as a result of lower demand for mixed C4 by-products. Average sale prices per ton were 35.5% lower at US$1,042 for the six-month period ended June 30, 2013 compared to US$1,615 for the six-month period ended June 30, 2012.

Polyolefin (polyethylene and polypropylene)

The Company's net polyolefin sales increased by 6.5% to US$627.3 million for the six-month period ended June 30, 2013 compared to US$589.1 million for the six-month period ended June 30, 2012. This was despite a 0.4% lower sales volume of 391 kt in the six-month period ended June 30, 2013 compared to 393 kt for the six-month period ended June 30, 2012 as a result of a lower demand for polyethylene. Average sale prices per ton were also 6.9% higher at US$1,604 for the six-month period ended June 30, 2013 compared to US$1,500 for the six-month period ended June 30, 2012.

Styrene monomer and by-products (ethyl benzene, toluene and benzene toluene mixture)

The Company's net revenues of styrene monomer and by-products increased by 8.8% to US$255.8 million for the six-month period ended June 30, 2013 compared to US$235.2 million for the six-month period ended June 30, 2012. This was despite a 7.6 % lower sales volume of 152 kt for the six-month period ended June 30, 2013 compared to 164 kt for the six-month period ended June 30, 2012. Average sale prices per ton were however 17.7% higher at US$1,683 for the six-month period ended June 30, 2013 compared to US$1,430 for the six-month period ended June 30, 2012.

- Cost of revenues

the Company's cost of revenues increased by 1.8% for the six-month period ended June 30, 2013 to US$1,180.1 million as compared with US$1,159.4 million for the six-month period ended June 30, 2012. The increase in cost of revenues sold principally reflects higher consumption of naphtha, the Company's primary raw materials, partially offset by lower naphtha price. A description of the Company's cost of revenues by main products is given below

Olefins (ethylene, propylene dan produk-produk sampingan seperti pygas dan mixed C4)

For the six-month period ended June 30, 2013, the Company's cost of revenues for olefins production decreased by 0.1% to US$327.4 million compared to US$327.7 million for the six-month period ended June 30, 2012, reflecting a reduction in the price of naphtha, which is the primary raw material for olefins, off-set by an increase in the Company's olefins sales volume by 9.6% at 286 kt for the six-month period ended June 30, 2013 compared to 261 kt for the six-month period ended June 30, 2012.

Polyolefin (polyethylene and polypropylene)

For the six-month period ended June 30, 2013, the Company's cost of revenues for polyolefins production increased by 1.8% to US$610.0 million compared to US$599.2 million for the six-month period ended June 30, 2012, primarily reflecting a 0.7% increase in the prices of ethylene, and propylene, which are primary raw materials for polyethylene and polypropylene, as well as an increase in the Company's polyethylene and polypropylene sales amount, which, respectively, decreased by 1.8% at 151 kt for the six-month period ended June 30, 2013 compared to 166 kt for the six-month period ended June 30, 2013 and by 5.8% at 240 kt for the six-month period ended June 30, 2013 compared to 227 kt for the six-month period ended June 30, 2012.

Styrene monomer and by-products (ethyl benzene, toluene and benzene toluene mixture)

For the six-month period ended June 30, 2013, the Company's cost of revenues for styrene monomer production increase by 3.8% to US$241.3 million compared to US$232.4 million for the six-month period ended June 30, 2012, reflecting primarily an 16.8% increase in the price of benzene, which is the primary raw material for styrene monomer and its by-products, which was slightly offset by a decrease in the Company's styrene monomer sales volume by 7.6% at 152 kt for the six-month period ended June 30, 2013 compared to 164 kt for the six-month period ended June 30, 2012.

- Gross profit (loss)

  As a result of the foregoing factors, the Company's gross profit increased significantly by 2,079.6% for the six-month period ended June 30, 2013 to US$37.8 million compared to a gross profit of US$1.7 million for the six-month period ended June 30, 2012. A description of the Company's gross profit by main products is given below.

  Olefins (ethylene, propylene, by-products such as pygas and mixed C4)

  For the six-month period ended June 30, 2013, the Company's gross profit for olefins decreased by 59.4% to US$3.8 million compared to a gross profit of US$9.4 million the six-month period ended June 30, 2012.

  Polyolefin (polyethylene and polypropylene)

  For the six-month period ended June 30, 2013, the Company's gross profit for polyolefins increased significantly to US$17.2 million compared to a gross loss of US$10.1 million for the six-month period ended June 30, 2012.

  Styrene monomer and by-products (ethyl benzene, toluene and benzene toluene mixture)

  For the six-month period ended 30 June 2013, the Company's gross profit for styrene monomers increased by 430.3% to US$14.5 million compared to a gross profit of US$2.7 million for the six-month period ended June 30, 2012.

- Operating expenses

  The Company's operating expenses increased by 3.6% to US$32.1 million for the six-month period ended June 30, 2013 compared to US$31.0 million for the six-month period ended June 30, 2013, primarily due to an increase of 28.5% in selling expenses. Selling expenses increased primarily as a result of an increase of 29.8% to US$19.1 million for the six-month period ended June 30, 2013 compared to US$14.7 million for the six-month period ended June 30, 2012 in transportation and freight due to increase in sales volume as well as unit cost for the logistics.

- Other gains and losses — net

  The Company's other gains — net, amounted to US$1.9 million for the six-month period ended June 30, 2013 compared to other losses — net, of US$35.1 million for the six-month period ended June 30, 2012, mainly due to a reduction in interest expenses as a result of the refinancing of the Notes with the new term loan at lower interest rate, gain on foreign exchange and derivative financial instrument as well as profit recognize from the sale of land.

- Tax benefit (expense)

  The Company's tax expense as a percentage of income before tax (effective tax rates) was approximately 33.4% for the six-month period ended June 30, 2013. During these periods, the Company net tax expense was US$2.5 million for the six-month period ended June 30, 2013 as a result of profit recorded during the period, compared to net tax benefit of US$12.7 million for the six-month period ended June 30, 2012.

- Net income (loss)

  In view of the foregoing, the Company's net income amounted to US$5.0 million for the six-month period ended June 30, 2013, after an operating income of US$5.6 million and an income before tax of US$7.5 million, as compared to a net loss of US$51.7 million for the six-month period ended 30 June 2012, an operating loss of US$29.3 million and a loss before tax of US$64.4 million.

6. Liquidity and Capital Resources

As the Company's liquidity and capital requirements are affected by many factors, some of which are beyond our control, our funding requirements may change over time. If the Company require additional funds to support its working capital or capital requirements, the Company may seek to raise such additional funds through public or private financing or other sources. The Company maintain its cash and cash equivalents in accounts with certain financial institutions and other temporary cash investments as permitted under the terms of the loans. The Company's agreements with the third party are an operational agreement that effect the Company's liquidity

Our liquidity and capital requirements are influenced by several factors, including factors beyond the Company's control, and its funding requirements may change at any time. If the Company requires additional funds to support working capital and capital expenditures, the Company will seek additional funding through public funding sources, private as well as other sources.

The Company is in a situation whereby it is able to continuously generate cash from operating activities, as it has done since 1995, and is the largest integrated petrochemical producer in Indonesia with a market share of 50% for the ethylene domestic market and 40% for polyethylene and polypropylene. The company targets to maintain and increase its dominant position in the market of petrochemical industry in Indonesia through integrated capacity enhancement program and with efficient cost level, to create greater economic of scale, increase production levels and operational efficiency.

The Company believes it can benefit from the Indonesian attractive fundamental condition in petrochemical industry whereby Indonesia as the largest importer of petrochemicals in Southeast Asia for upcoming 5 years due to the strong growth in demand for basic chemicals and polymers for medium term and long term period.

In addition, the Company has strong support from its main shareholder,i.e, Barito Pacific and Siam Cemeng Group, and long-term relationships with some banks that provide working capitals that support the Company's operations.

The following table sets forth our cash flows for the periods presented.

	One-year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Selected Consolidated Statement of Cash Flow Data:				
Cash and cash equivalents at beginning of period	173,212	54,703	5,703	123,393
Net Cash provided by (used in) operating activities	(4,259)	145,982	105,838	35,471
Net cash used in investing activities	(150,734)	(84,551)	(55,091)	(35,839)
Net cash provided by (used in) financing activities	36,484	7,259	8,260	(801)
Cash and cash equivalents at end of period	54,703	123,393	113,710	122,224
Net increase / (decrease) in cash and cash equivalents	(118,509)	68,690	59,007	(1,169)

a) Cash flow for the six-month period ended June 30, 2013

- Net cash provided by operating activities

Cash inflows from operating activities include cash receipts from customers and tax restitution received. Cash outflows from operating activities include cash paid to suppliers, directors and employees, income tax paid, cash generated from operations and tax restitution received.

For the six-month period ended June 30, 2013, the Company had net cash provided by operating activities of US$35.5 million attributable to cash receipts from customers and tax restitution received of US$1,201.7, offset by cash paid to suppliers, employees, and others of US$1,182.3 million and payment of corporate income taxes of US$23.6 million.

- Net cash used in investing activities

Cash outflows from investing activities include acquisition of property, plant and equipment. Cash inflows from investing activities include proceeds from withdrawal from restricted cash; interest received and proceeds from fix asset. For the six-month period ended June 30, 2013, the Company had net cash used in investing activities of US$35.8 million mainly attributable to acquisition of property, plant and equipment.

- Net cash used in financing activities

Cash outflows from financing activities include payment of long-term and short-term bank loans, payment of finance lease obligation and interest and financial charges paid. Cash inflows from financing activities include proceeds from bank loan. For the six-month period ended June 30, 2013, the Company had net cash used in financing activities of US$0.8 million attributable to interest and financial charges paid of US$10.8 million, payment of long-term bank loans of US$10.0 million and payment of short-term bank loan of US$5.0 million, offset largely by a bank loan drawdown of US$25.0 million.

b) Cash-flow for the one-year period ended December 31, 2012 compared to cash-flow for the one-year period ended December 31, 2011

- Net cash used in operating activities

In 2012, the Company had net cash provided by operating activities of US$146.0 million attributable to cash receipts from customers of US$2,263.7 million and tax restitution received of US$35.1 million, offset by cash paid to suppliers and employees of US$2,115.1 million and payment for income tax of US$37.7 million.

In 2011, the Company had net cash used in operating activities of US$4.3 million attributable to cash receipts from customers of US$2,179.6 million and tax restitution received of US$13.1 million, offset by cash paid to suppliers and employees of US$2,148.9 million and payment for income tax of US$48.2 million.

- Net cash used in investing activities

In 2012, the Company recorded net cash used in investing activities of US$84.6 million attributable to acquisition of property, plant and equipment of US$87.8 million largely for facility expansion, construction of the butadiene plant and purchase of catalyst, partly offset by withdrawal from restricted cash in banks, interest received of US$1.0 million and cash dividend received of US$0.2 million from RPU and proceeds from sale of immovable asset.

In 2011, the Company recorded net cash used in investing activities of US$150.7 million attributable to acquisition of property, plant and equipment of US$130.2 million largely for the TAM, construction of the butadiene plant and facility expansions, including the polyethylene and polypropylene debottlenecking projects, partly offset by proceeds from sale of temporary investment of US$2.2 million and interest received of US$0.9 million.

- Net cash provided by financing activities

In 2012, the Company had net cash provided by financing activities of US$7.3 million attributable to proceeds from term loans of US$287.0 million and proceeds from bank loans of US$5.0 million, partly offset by payment for redemption of Notes of US$220.4 million relating to the redemption of outstanding notes, interest expense and finance charges paid of US$39.3 million, payment of short term bank loans of US$25 million and payment of finance lease obligation of US$0.1 million.

In 2011, the Company had net cash provided by financing activities of US$36.5 million attributable to proceeds from term loans – net of transaction costs of US$62.3 million and proceeds from bank loans of US$25.0 million, offset, *inter alia,* by interest and financial charges paid of US$45.7 million, finance lease payment obligation of US$0.1 million and payment of dividends of US$5.0 million.

7. Capital Expenditures

a) Capital expenditures history

The majority of the Company's capital expenditure since January 1, 2011 has been related to increasing the Company's production capacity and business expansion.

The following table shows the Company's actual capital expenditures for the years ended December 31, 2011 and 31 December 2012, as well as six-month period ended June 30, 2012 and June 30, 2013:

	One-year period ended:		Six-month period ended:	
	31 Dec 2011	31 Dec 2012	30 Jun 2012 (unaudited)	30 Jun 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
New butadiene extraction plant	32,754	51,777	31.,36	23,700
Naphtha cracker expansion	6,516	2,661	100	6,905
TAM	54,984	4,304	4,213	5,733
Plant improvement	17,300	12,775	18,291	1,869
Others	13,435	12,806	-	-
Polypropylene plant debottlenecking	5,249	-	-	-
Total capital expenditures	130,239	84,324	53,740	38,207

Most of the capital purchase made in U.S. Dollars. During 2011 to 2013, the source of funds to purchase capital goods from cash and cash generated from operational. In addition, there are also debt financing in the form of a term loan of US$ 150 million for funding Butadiene project and US$ 220 million for refinancing the US$ 185 million remaining principal bond.

Due to our capital expenditure that requires significant funding, the Company has selection and approval process as part of the capital investment process. This process includes soliciting opinion to experts, strategy analysis and necessary funding in accordance with the

Company 's business strategy and seeking necessary approval from the board of directors and commissioners. The Company believes that the Company's capital expenditure approval process will avoid a discrepancy between the purchase of the objectives to be achieved.

The majority of the capital expenditure incurred is intended to increase the capacity, facilities expansion, maintenance, equipment purchase, as well as the implementation of projects in connection with the Company's vertical integration plan. Thus, expenditures made primarily intended to increase the production capacity, creating a more diverse product offering, reduce production costs and increase profitability. In addition, the Company regularly carries out scheduled maintenance for major repairs (TAM) and scheduled maintenance for the of the main engines maintenance and in order to meet regulatory requirements.

b) Planned capital expenditures

The following table describes the company's planned capital expenditure between 2013 and 2015.

	One-year period ended:		
	31 Dec 2013	31 Dec 2014	31 Dec 2015
	US$ '000	*US$ '000*	*US$ '000*
New butadiene extraction plant	31,800	-	-
Naphtha cracker expansion(1)	111,361	188,555	66,557
Investment in SRI(1)	5,000	49,000	-
Other capital expenditure	34,600	15,000	15,000
TAM	-	5,000	35,000
Total capital expenditures	182,761	257,555	116,557

Notes
(1) Estimates for the Company's expansion projects are based on initial technical estimates from the project and / or information from the licenser and other major suppliers of equipment

The Company currently plans to increase the capacity of the naphtha cracker from 600KT per year up to 860KT per year for ethylene products, whereby production of by-product will also increase such as propylene, crude C_4, pygas proportionally. After the Front End Engineering Design (FEED) by Toyo Engineering Japan, the expansion project is estimated to cost US $ 380 million.

This project funding sources is a combination of cash generated from internal operations, the receipt of proceeds from the LPO I and financing loan from banks in the form of term loans.

The Company continues to carry out expansion plans based on the prudential principle. In terms of funding from bank loans are not available or late from estimation, the Company will review the expansion plans, and if necessary, will delay the expansion until the necessary funding is available.

8. Contractual Obligations

The following table summarizes the Company's payment obligations (in principal amounts) and commitments as of 30 June 2013.

	Payment due by period ended:			
	Total	No longer than 1 year	1 to 5 years	More than 5 years
Non-interest bearing				
Trade account payable				
Related parties	97,067	97,067	-	-
Third parties	337,290	337,290	-	-
Other accounts payable	13,458	13,458	-	-
Accrued expenses	5,693	5,693	-	-
Variable interest rate instruments				
Bank loan	422,527	49,463	283,024	87,729
Fixed interest rate instruments				
Finance lease liability	166	74	92	-
Short term bank loans	25,177	25,177	-	-
Total	901,378	528,222	283,116	87,729

9. Contingent Liabilities

As of the date of this Prospectus, the Company does not have any contingent liabilities.

10. Off-Balance Sheet Items

As of the date of this Prospectus, the Company does not have any off-balance sheet arrangements.

11. Quantitative and Qualitative Disclosures about Market Risk

The following discussion summarizes our exposure to commodity price risk, foreign exchange risk and interest rate risk and the Company's policies to address these risks. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about the Company. These statements are based upon current expectations and projections about future events. There are important factors that could cause our actual results and performance to differ materially from such forward-looking statements, including those risks discussed under "Risk Factors".

- Commodity price risks

The Company's raw materials and products are commodities whose prices fluctuate as market supply and demand fundamentals vary. Therefore, the Company's product margins and profitability tend to reflect the changes in business cycle.

To alleviate this volatility, the Company's business strategy is to achieve a higher degree of integration in order to maintain a diverse product portfolio to benefit from different product spread cycles. In addition, the Company is able to benefit from the Company's operational flexibility, enabling them to adjust production outputs for each respective product to take advantage of different product spreads at times to maximize the Company's profitability and commercial flexibility in feedstock procurement and sales contracts. The Company does not currently use derivatives or other hedging instruments relating to the Company's feedstock or products.

- Foreign exchange risks

The Company's revenues are denominated mostly in U.S. dollars and the majority of their costs and borrowings are denominated in U.S. dollars, providing a natural economic hedge. In addition, the Company's functional reporting currency is in U.S. dollars. However, operating in Indonesia, there are instances where the Company is affected by the fluctuations of the Rupiah against the U.S. dollar pertaining mainly to taxes which are denominated in Rupiah. the Company does not currently use derivatives or other hedging instruments to address this risk.

The Company currently does not use any derivative instrument or hedging because almost all of the sales and expenditure cost are in U.S. Dollar which is providing a natural economic hedge.

- Interest rate risks

The Company believes that the Company currently is not significantly leveraged and thus the Company believes that this risk on interest expenses is not high as the Company considers the optimum balance between fixed and floating interest debt upfront. Additionally, the Company could enter into an interest swap agreement to swap between floating and fixed interest rates if it is felt that the interest rate is going out of the reasonable range.

All the Company's borrowings are based on a floating interest rate. The Company has implemented a policy to hedge up to 60% of the loan to a fixed rate, to reduce the risk of interest rate fluctuations that may give adverse result in interest and loan repayment ability.

Recognition of interest payable on the balance sheet date carried out in accrual basis in accordance with the time and date of the reporting period. Approvals from the board of directors and commissioners shall be obtained before the Company commits to any instruments to manage the interest rate exposure.

V. Risk Factors

An investment in the Shares of the Company involves a number of risks. Investors should carefully consider all information contained in this Prospectus, including the risks described below, before making an investment decision. The Company's business, financial condition and result of operations could be materially adversely affected by any of these risks. The market price of the Company's shares could decline due to any of these risks and investors may lose all or part of the investment.

Risks that will be disclosed hereinunder are the risks that are material for the Company and its Subsidiaries. Based on Company's consideration, the risks below have been prepared based on the weight of the risks against the financial performance of the Company, starting from the main risks faced by the Company:

1. Risks relating to the Company's Business and Operations

- **Cyclicality in the petrochemical industry may materially and adversely affect our profitability.**

  Capacity utilization rates and margins in the petrochemical industry have historically been characterized by a high degree of cyclicality. Prices for petrochemical products are sensitive to change in supply and demand, both regionally and internationally. Demand for our petrochemical products is in general positively correlated with the level of economic activity and is particulary highly dependent on the demand from and performance of countries in the Asia Pacific region, especially in China, with weak economic conditions tending to reduce demand. Supply is also affected by significant capacity additions, and if such additions are not matched by corresponding growth in demand, average industry operating rates and margins will face downward pressures. As a result, the petrochemical industry cycles have historically been characterized by periods of tight supply, leading to high operating rates and margins, followed by periods of oversupply primarily resulting from significant capacity additions, leading to reduced operating rates and margins. It is not possible to accurately predict the changes in supply and demand, market conditions, and other factors that may affect our operating rates and margins, nor is it possible to accurately predict the timing, severity or duration of future down-cycles in the petrochemical industry that may materially and adversely affect the profitability of the Company.

  The historical operating results of the Company reflect the cyclical nature of the petrochemical industry. Prior to the Merger, the operating margin (income (loss) from operations divided by net revenue) of CA between 2001 and 2010 have ranged from a high of approximately 23.4% in 2004 when the global petrochemical industry margins reach their most recent peak, to a low of approximately (17.0%) in 2001, when the global petrochemical industry margins were depressed. In the same period, the operating margins of TPI have ranged from a high of approximately 16.5% in 2009 to a low of approximately (2.6%) in 2011. After the Merger, the operating margins of the Company were 2.1% in 2011, (1.7%) in 2012 and 0.5% in the six month period ended in 30 June 2013. The Company's management expects that the prices of the Company's products will continue to be cyclical and that the Company's operating margins will continue to be affected by these cycles. The Company cannot assure Investors that future changes in supply or demand for the Company's products will not adversely affect the operating margins and profitability of the Company.

- **The volatility of the international market prices for petrochemical products may adversely affect the Company's operating results.**

  The Company's operating results are affected by the prices of the Company's products in the international market, which historically have been volatile. Although a substantial portion of the Company's sales are made pursuant to supply agreements with terms of one year, the Company's sales arrangements generally provide for the purchase price to be determined in part by reference to published industry benchmarks.

  Historically, international prices for petrochemical products have fluctuated widely in response to factors, including but not limited to, the dynamics of supply and demand in the market and economic and political developments. For example, the SEA CFR average spot prices for ethylene per ton were US$1,191 in 2011 and US$1,230 in 2012. The highest and the lowest spot prices for ethylene per ton were US$1,500 and US$1,000 in 2011 and US$1,480 and US$920 in 2012. The SEA CFR average spot prices for polypropylene per ton were US$1,579 in 2011 and US$1,442 in 2012. The highest and the lowest spot prices for polypropylene per ton were US$1,790 and US$1,260 in 2011 and US$1,550 and US$1,280 in 2012. These fluctuations had corresponding impact on the prices of the Company's products and the Company's revenues. The Company expects the prices for ethylene, polypropylene, and the other products that the Company produces will, due in part to their commodity nature, continue to be volatile and may cause significant fluctuations to the Company's margins and adversely affect the Company's results of operations.

- **Fluctuations in the cost of feedstock may result in increased operating expenses and adversely affect the Company's results of operations, cash flows and margins.**

  The feedsctock used by the Company to produce the Company's products are commodities subject to international and domestic market forces. The historical operations and margins of the Company have been affected by fluctuations in prices for feedstock and the Company expects that the operations and margins of the Company in the future will also be affected by such fluctuations in prices for feedstock as well.

The cost of naphtha, the primary feedstock used to produce the Company's products, all of which the Company historically purchased from independent third parties, represented a substantial portion of the cost of goods sold of the Company, accounting for approximately 60.2 %, 65.6 % and 64.0 % of the cost of goods sold of the Company for the years ended 31 December 2011 and 31 December 2012, and the six month period ended in 30 June 2013, respectively.

The price of naphtha generally follows the price trend of the crude oil price and varies with the market conditions for crude oil. Naphtha price increase are not always of the same magnitude and direction as changes in the prices of the Company's products. As a result, increases in naphtha prices may have a material adverse effect on the Company's margins and cash flows, to the extent that such increases are not passed through to the selling prices of the Company's products. Significant volatility in naphtha costs may also put pressure on margins of the Company, since sales price increases for the Company's product may lag behind naphtha price increases. There can be no assurance that changes in naphtha prices will not always affect the business or results of operations of the Company in the future.

Naphtha price increases may also increase the working capital required by the Company and, thus, may adversely affect the Company's liquidity and cash flow requirements. Currently, the Company does not enter into hedging agreements related to the prices of feedstock. No assurance can be given that in the future the Company will hedge any of its feedstock costs ot that any such hedges will have successful results.

While naphtha is a globally-traded commodity and can be obtained from various sources, any major disruption in the global supply of would have a material adverse effect on the Company's operations. The Company currently purchases naphtha and other feedstocks from various sources, both in the spot market and through contracts that typically cover a one-year period and are renewable annually upon agreement of both parties. Approximately 27% of the Company's total naphtha purchases in 2012 were made on a spot basis and were hence subject to market price movements. The MOPJ average spot pricec for naphtha per ton were US$940 in 2011, US$942 in 2012, and US$908 for the six-month period ended on 30 June 2013. The highest and lowest spot prices for naphtha per ton were US$1,096 and US$827 in 2011, US$1,088 and US$698 in 2012, and US$1,041 and US$814 for the six-month period ended on 30 June 2013.

In the event that the Company is required to purchase a greater proportion of feedstock in spot market, the cost of the Company's feedstock may become more volatile, and the Company may need to purchase naphtha at higher prices, which could have an adverse effect on the results of operations and cash flows of the Company.

The Company currently manufactures all of the ethylene used by the Company as feedstock for production of polyethylene. However, the Company may need to import ethylene if the Company decides to run the polyethylene plant's at higher rates of production, exposing the Company to fluctuations in price of ethylene in the global markets.

- **The Company may not be able to complete plans the Company's capacity and product expansion plans for the Company's existing and new products**.

The Company plans to expand its naphtha cracker production capacity to take advantage of the significant lack of supply of ethylene in Indonesia, which is expected to start operating in 2016. See Chapter VIII - "Business Activities and Prospects - Plants Performance – Capacity and Plant Improvements ". The Company expects to fund the expansion projects with the proceeds from the sales of securities and cash flows from operational activities. See Chapter II - "Use of Proceeds". The Company anticipates that the Company will require approximately US$380 million of capital expenditure for the expansion projects within 2013 to 2016. The Company cannot assure the investors that the capacity and product expansion plans of the Company will be successful or that such capacity and product expansion plans will be completed on schedule, or at all.

The installation of new equipments and machineries necessary to achieve the Company's expansion plans involve a number of risks, any of which could give rise to delays or cost overruns, including the following:

a. shortages, production delays, shipment or delivery delays or other availability issues related to the equipments or materials;
b. unforeseen engineering, design or environmental problems;
c. delays or other difficulties in obtaining required licenses or permits; or
d. work stoppages, weather interferences, and other unanticipated cost increases.

The Company 's expansion plans may not be completed on schedule and within estimated cost. In addition, the Company's management may be unable to successfully implement the expansion plans because management's time and services will be shares among the expansion plans, and the normal duties related to the Company's business.

In addition, even if the Company successfully complete the expansion plan, there is no assurance that the Company would be able to utilize the increased production capacity as intended. Moreover, the Company may be unable to attract new customers to purchase products produced with the expanded capacity, and may be unable to develop and manage relationships with a broader network of suppliers around the world.

If the Company is unable to successfully complete the expansion plans in a timely manner and at the expected cost, then the Company's business, financial condition and results of operations may be materially and adversely affected.

- **The level of indebtedness debt of the Company and other demands on the Company's cash resources could materially and adversely affect the Company's ability to execute the Company's business strategy.**

  As of 30 June 2013, the Company had US$343.9 million of indebtedness outstanding, representing 32.2% of total capitalization of the Company. Although the Company believes that the Company is not currently highly leveraged, the Company may incur substantial additional indebtedness in the future. The Company 's financial performance may be affected by those indebtedness. If new debt is added to the Company's current debt levels, the related risks that we now face could increase. Any substantial increase in indebtedness could therefore have a material adverse effect on the Company's business.

  The Company's level of indebtedness could have important consequences to the business and prospects of the Company as it may increase the Company's vulnerability to general adverse economic and industry conditions, make it difficult or impossible to obtain insurance and surety bonds or letter of credit, limit the ability to enter into new sales agreements, make it more difficult for the Company to pay interest and satisfy its debt obligations, require the Company to dedicate a substantial portion of the cash flow from operational activities to pay the indebtedness, therefore reducing the availability of the Company's cash flow to fund working capital, capital expenditures, acquisitions, and other general corporate activities, limit the Company's ability to obtain additional financing to fund future working capital, capital expenditures, research and development, debt service requirements, and other general business requirements, limit the Company's flexibility in planning for, or responding to, the changes in the business and in various industries in which the Company operates, and limit the Company's ability to borrow additional funds at a competitive rates or at all.

  The Company 's ability to conduct its business could be adversely affected if the Company is unable to service its debt, or if the Company breaches covenants in respect of its currently outstanding indebtedness and such breach is not waived.

- **Loss of the Company's competitiveness and market share in the Indonesian markets or increased global competition could materially and adversely affect the Company's future growth, profitability and results of operations.**

  The Company sells its products in a highly competitive market. Due to the commodity nature of the Company's principal products, competition in the market of these products are based to a large extent on price, and to a lesser extent, on proximity, reliability of supply and customer service. The Company generally are not able to protect its market position for such products by product differentiation or other non-price related factors. In addition, there can be no assurance that additional or existing competitors will not commence or expand production of products that are also produced by the Company ,or substitute products, or intensify price competition, in particular by producers with access to cheaper feedstock or introduce more advanced technologies or more integrated production plants, which could increase competition and have a material adverse impact on the Company's results of operations.

  The Indonesian markets for ethylene, propylene, polyethylene, polypropylene and styrene monomer, the products which currently comprise the bulk of the Company's product line,are highly competitive. For monomers, the Company believes that its main competitors are from the Middle East and other players in the Southeast Asian region. For polymers and styrene monomers, the Company believes imports are its primary source of competition for such products. The Company competes globally with other petrochemical producers, many of whom are larger than the Company and may have greater financial resources than the Company. Such competitors may also benefit from greater economies of scale and operating efficiencies. Although the Company believes that the Company's naphtha cracker is competitive compared with other naphtha crackers, however ethane crackers in the Middle East typically produce the lowest cost ethylene, mainly due to the availability of low cost feedstock. Any increase in the supply of these lower cost products from our competitors in the Middle East could contribute to downward pricing pressures on the global markets for the Company's products generally and decrease the Company's margin.

  The Company's competitors in the polyethylene market include the producers of polypropylene and other petrochemical products that can be substituted for polyethylene. Prices and demand for polyethylene, and other Company's products, generally are influenced in part by price, availability, and growth of polyethylene derivative markets and the Company may be adversely affected by negative or declining growth with respect to such product.

  In certain countries, including countries in Southease Asia, the development of petrochemical industries has been made a national priority. Subsidies provided by foreign governments may, directly or indirectly, have the effect of lowering the foreign competitors' costs and thereby increase competition. In addition, if the Government should in the future impose tariffs, duties or other costs on imported feedstock, such action could increase the Company's production costs relative to competitors in locations without such costs. There can be no assurance that the Company may continue to effectively compete with such foreign producers in the future and any failure to compete effectively could have an adverse effect on the business operations, results of operations, financial condition, and prospects of the Company. See Chapter VIII - "Business Activities and Prospects - Competition."

  In addition to foreign competition, the Company may face increased domestic competition. Currently, the Company is the sole domestic producer of ethylene and styrene monomer, a leading producer of polyethylene, one of only two domestic producers of propylene and the largest domestic producer of polypropylene. However, the Government has granted licenses for other plants capable of manufacturing products that compete with the Company's products. For example, in March 2006, Titan Chemicals Corp. Bhd. ("Titan") completed its acquisition of PT Petrokimia Nusantara Interindo ("PT Peni"). The acquisition improved the competitiveness of PT Peni in the domestic market by providing access to PT Peni to a ready sources of ethylene feedstock from Titan. There can be no assurance that the Company may continue to effectively compete with domestic producers in the future and any failure to compete effectively could have an adverse effect on the business operations, results of operations, financial condition and prospects of the Company.

- **The loss of any of our large customers could have a negative impact on the Company's results of operations**.

  The Company's top ten customers represented approximately 38% of the Company's net revenues for the six-month period ended 30 June 2013. The majority of the Company's customers are located in Indonesia and are significantly affected by the performance of the broader Indonesian economy and have, in the past, suffered periods of decreased production and financial instability, leading to reduced domestic demand for the Company's products. If one or more of the Company's major customers halts or substantially reduces its purchase of the Company's products, then the Company would be forced to seek new customers for its products. There can be no assurance that the Company will be able to find new customers or that the Company could realize satisfactory prices for its products under new sales agreements. The Company may also have to bear additional costs associated with the obligation to deliver its products to such customers or to reduce its cracker utilization rate.

- **The Company's production plants are located in a single geographic area. Any disruption in the Company's operations due to accidents or natural disasters in this area could have a material adverse effect on the operations of the Company.**

  The Company's production operations could be disrupted for reasons beyond the Company's control. These disruptions may include extreme weather conditions, fire, natural catastrophes or raw material supply disruptions. The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves.

  The Company's production plants consist of a production complex that operates naphtha cracker, three polypropylene trains and two polyethylene plants, and two styrene monomer plants owned and operated by the Subsidiary of the Company, SMI, and a butadiene production plant owned and operated by the Subsidiary of the Company, PBI. All of the Company's sales have been and will continue for the foreseeable future to consist of products produced at the Company's production plants located in Cilegon and Serang in Banten Province, approximately 50 km from the Krakatau Island, an area known for volcanic and seismic activity. The Company's production plants are dependent on the continued operation of its jetty facilities, utility plant, naphtha cracker, two polyethylene plants, three polypropylene trains, and other supporting facilities, as well as the related pipelines and other infrastructure. A disruption to the operation of any one part of these facilities could have a significant impact on the Company's ability to continue operating its other facilities and could significantly affect its ability to carry on its business in the ordinary course. Propylene from the cracker is transported to the Company's polypropylene plant through pipelines. The Company also delivers a substantial part of its ethylene through pipelines directly to four ethylene derivative customers plants and the Company's polyethylene and polypropylene plants. All of net sales of polypropylene, polyethylene and styrene monomer of the Company are delivered by land through trucks. Arranging for shipments of propylene or ethylene may take up to several weeks, and the Company only has limited storage facilities for ethylene and propylene. In addition, there is no assurance that the Company's current jetty facilities could accommodate sales of all the ethylene and propylene produced by the Company. In the event storage capacity were filled and adequate shipments could not be arranged, the Company would need to reduce the production level of its naphtha cracker, which would adversely affect the Company's results of operations.

  While the Company believes that the Company has put in place adequate insurance coverage, including for natural catastrophes, any significant manufacturing disruption could adversely affect the Company 's ability to make and sell products, which could have a material adverse effect on the business, financial condition, and results of operations of the Company. Significant damage to the Company's production plants, pipeline or docking facilities, or the roads connecting the Company's production facilities and customers would have a material adverse effect on the operations of the Company.

- **The Company's operations are subject to production and other factors beyond the Company's control which may subject the Company to unscheduled outages and shutdowns and which could have a material and adverse effect on the results of operations of the Company.**

  As of 30 June 2013, the Company's full production facilities in Cilegon and Serang in Banten Province required 60 MW of electric power during normal operations. In the naphtha cracker plant, the Company owns on-site generator facilities, including a 33 MW gas turbine generator ("GTG") and a 20 MW steam turbine generator ("STG"). The Company has entered into an agreement with PT Perusahaan Gas Negara (Persero) Tbk and PT Banten Inti Gasindo for supplying gas for the GTG. Steam required for heaters and electricity generator at naphtha cracker plant is generated principally by naphtha cracking furnaces and two utility boilers fired by by-product methane and fuel oil streams. In addition, the naphtha cracker plant is connected to the electricity grid of PT Perusahaan Listrik Negara (Persero) ("PLN"), Indonesia's national power utility, as a back up source of electricity in the event of an interruption in the operation of the GTG or STG. A new 150 kV grid connection (single feeder cable) from the state power company PLN has recently been installed at the olefin complex. Since June 2013, the GTG and STG facilities have been integrated and synergized with PLN's 150 kV such that they can support one another in times of disruption. The olefins complex and polyethylene plants intend to operate using 50% power input from PLN and 50% supplied by the GTG with the STG providing back up power in the event of loss of power from the grid to ensure reliability and cost efficiency. The polypropylene and styrene monomer plants source power primarily from PLN. The styrene monomer plants have two emergency generators for their key facilities, but these are insufficient to maintain production at normal operating levels. The styrene monomer plants also operate two gas/liquid fuel-fired boilers and two coal-fired boilers.

  In addition, there is a risk that production difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays and delays in delivery of machinery may occur, causing suspension of production and reduced output.

- **The Company's operations require the Company to schedule regular shutdowns for maintenance, which could adversely affect the Company's ability to make and sell products, which could have a material adverse effect on the business, financial conditions and results of operations of the Company.**

  Scheduled maintenance programs may affect the Company's production output. The Company is scheduled to conduct TAM every four years at its naphtha cracker plant. In October and November of 2011, the Company conducted the scheduled TAM which caused a shutdown of our ethylene production plants for 45 days and polyethylene production plants for 33 days. The next scheduled TAM will be in 2015.

  The Company has two styrene monomer plants, each of which require a once every two year SDM for a period of 26 days to 30 days. The Company intentionally schedule alternate years for each styrene monomer plant's SDM. In February and March of 2013, the Company conducted a scheduled SDM which resulted in the shutdown of the Company's styrene monomer production plants for 30 days.

  Although the Company's polyolefin plants do not require extensive TAM or SDM since most maintenance can be done in brief periods, the polyethylene plants may be affected by any required TAM on common utilities, such as steam and electricity systems. Any significant manufacturing disruption or equipment supply disruption could adversely affect the Company's ability to make and sell products, which could have a material adverse effect on the business, financial condition and results of operations of the Company. See "Management's Discussion and Analysis – Key Factors Affecting Results of Operations and Financial Condition – Outages".

- **The Company's actual results may vary significantly from the industry forecasts, projections and estimates set forth herein.**

  This Prospectus includes certain industry forecasts, projections and estimates. This industry information is based on both assumptions and estimates made by an independent third party, Nexant. These forecasts, projections and estimates are based on a number of assumptions, which are inherently subject to uncertainty. Many of these factors are not within the Company's control and some of the assumptions with respect to industry growth are subject to change and actual results may vary materially from those estimated, anticipated or projected and such differences may be material and may affect the market price of the Company's Shares. Specifically, but without limitation, capital costs could increase, projects could be delayed and anticipated improvements in production, capacity or performance might not be fully realized.

- **The Company does not own all of the land on which the Company's existing pipelines and planned pipeline extensions are located. Inability to get the necessary consents to operate on these lands could disrupt the Company's operations.**

  The Company does not own all of the land on which the Company's existing pipelines and planned pipeline extensions have or will be constructed, and the Company therefore subjects to the possibility of increased costs to retain the Company's right to use the land. The Company obtain the rights to construct and operate its pipelines on land owned by third parties for specific periods of time, typically for periods of five to fifteen years, subject to renewal. The Company also has obtained a license from the local government of Banten Province to use a certain national road at Cilegon which allows the Company's pipelines to access and cross such national road. The license will expire on 20 November 2015 and shall be re-registered by the Company annually to extend the expiry date of the license for subsequent one-year periods. The loss of these rights, through the inability to renew right-of-way contracts or otherwise, may limit the Company's ability to deliver its products to customers by pipeline and could have a material adverse effect on the business, results of operations and financial condition of the Company.

- **The actions of any of the Company's principal shareholders, Barito Pacific and SCG Chemicals, or their majority shareholders and associated companies may conflict with the Company's interests.**

  The Company has two principal shareholders. As of 31 August 2013, Barito Pacific (directly or indirectly through its wholly-owned subsidiary, Marigold Resources Pte. Ltd. or "Marigold") and SCG Chemicals owned 64.87% and 30.12%, respectively, of the Company's outstanding shares. Following the LPO I, Barito Pacific and SCG Chemicals will continue to be the Company's principal shareholders. The Company's principal shareholders or their affiliates may from time to time acquire and hold interests in businesses that compete directly or indirectly with the Company. They may also decide to allocate business opportunities to other companies that then invest in or pursue acquisition opportunities that may be complementary to the Company's business and, as a result, those acquisition opportunities may not be available to the Company.

- **Trade-regulation action by the Government, such as reducing or eliminating tariffs on imported polyethylene and polypropylene, may adversely affect the Company's profitability.**

  Indonesian tariff protection for the Company's principal products generally has been a favorable factor in the Company's ability to price its products competitively against imports of the same products in Indonesia, the Company's principal market. The Government is a party to various trade agreements, such as the Association of Southeast Asian Nations ("ASEAN")-Free Trade Agreement ("AFTA"), which took into effect on 1 January 2010, as well as bilateral agreements, with the objective of reducing or eliminating tariffs on goods that are imported into Indonesia. As of the date of this Prospectus, the import of naphtha, ethylene and propylene are not subject to tariffs. The import of styrene monomer is subject to a tariff of 5% of the import price if imported from non-ASEAN countries and is not subject to tariff if imported from ASEAN countries. The import of polyethylene and polypropylene is subject to a tariff of 5% up to 15% of the import price if imported from non-ASEAN countries and is not subject to tariff if imported from ASEAN countries.

The elimination of any existing import tariffs or any other changes to trade regulations and export policies in Indonesia or member countries of the ASEAN may lead to a decrease in the tariff-related pricing advantage the Company are able to achieve for its products and may have a material adverse effect on the results of operations and cash flows of the Company.

- **The Company's operations involve risks that may not be covered by insurance or may have a material adverse effect on the Company's business.**

  Although the Company has implemented strict safety measures for the operation and maintenance procedures of the Company's production plants in order to enhance the safety of the Company's operations and minimize the risk of disruptions, the Company's operations are subject to hazards inherent in the production of petrochemical products. These hazards include: mechanical failures, unscheduled downtimes, pipeline leaks and ruptures, transportation interruptions, storage tank leaks, fires or explosions, severe weather and natural disasters, discharges or releases of toxic or hazardous substances or gases, remediation complications, and other risks. Some of these hazards may cause bodily injury and loss of life, severe damage to or destruction of property and equipment and environmental damage, and may result in the suspension of the Company's operations and the imposition of civil or criminal penalties and liabilities.

  The Company maintains property, business interruption and casualty insurance the Company believes is in accordance with industry standards in Indonesia and the region, but the Company is not fully insured against all potential hazards incidental to the Company's business, including losses resulting from war risks or terrorist acts. The Company's income and cash flow may be adversely affected by any disruption of operations of, or damage to, the Company's existing production facilities or the incurrence of significant liabilities for which the Company is not fully insured. See Chapter VII – "Description of the Company and Subsidiaries – Insurance".

- **Compliance with environmental and occupational health and safety laws and regulations may require the Company to incur costs or restrict its operations in a manner that may have a material adverse effect on the Company's business, financial condition, profitability or cash flows.**

  The manufacture of petrochemicals involves the handling, production and use of a number of environmentally hazardous substances, including certain components in the catalysts used in the manufacture of polyethylene and polypropylene, which are subject to environmental regulation in Indonesia. As a result, the Company is subject to stringent environmental, health and safety laws and regulations addressing air pollutant emissions, discharge of treated waste, solid waste management and other aspects of the Company's operations. The Government has the power to take certain actions against the Company for past or future failure to comply with the Government's environmental regulations, including the imposition of fines, suspension and revocation of licenses. The Government, through, among others, the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*, or the "BKPM"), the Department of Industry, the State Ministry of Environment or the Environmental Impact Management Agency and the relevant regional governments may impose additional regulations which might require additional expenditures on environmental matters by the Company. Generally, these laws and regulations provide substantial fines and potential criminal sanctions for violations and therefore may expose the Company to liability for the conduct of, or conditions caused by, the Company's acts. Under the new Law No. 32 of 2009 on Environmental Protection and Management ("New Environmental Law"), which came into effect on 3 October 2009 and revoked Law No. 23 of 1997 concerning Environmental Management ("Old Environmental Law") and Government Regulation No. 27 of 2012 on Environmental License, which is the implementing regulation of the New Environmental Law ("Regulation 27/2012") issued on 23 February 2012, the Company is required to, among other things, obtain an environmental license (*ijin lingkungan*) that will allow the Company to conduct certain activities related to the Company's business operations that affect the environment. The environmental license is a pre-requisite to obtain the relevant business licenses and if the environmental license is revoked, the business licenses granted will be cancelled. Under Regulation 27/2012, any environmental impact assessment ("AMDAL") that was approved prior to enactment of Regulation No. 27/2012 shall remain valid and will be deemed to be the environmental license. Violation to any laws or regulations can also result in permit revocation, cessation of business operations and/or factory shutdown.

  Under the Regulation 27/2012, the Company is required to report on environmental management practices and provides guarantee for environmental functions recovery. A failure to do so may result in the imposition of administrative sanctions ranging from a written reprimand to the revocation of the Environmental Permit. In addition, under New Environment Law, the Company is also required to (i) maintain certain quality standards for water, sea water, air and pollution and (ii) obtain licenses to manage hazardous and toxic waste if the Company manages its own hazardous and toxic waste management by the Company itself. If the Company breaces this obligation, the Company will be required to pay compensation to the injured party, remedy the pollution condition and/or subjected to criminal sanctions.

  In addition, the Company may face liability for alleged of personal injury or property damage due to exposure to chemicals or other hazardous substances at the Company's plants or chemicals that are produced, managed or owned by the Company. Although such claims are not common in Indonesia, and the Company has not experienced any claims of this nature to date, however, claims of this nature can be substantial and could in the future materially adversely affect the Company's business, financial condition, profitability or cash flows, if those claims are not adequately covered by insurance.

  The Company invests financial and managerial resources to comply with environmental and safety laws and regulations and anticipate that the Company will continue to do so in the future in order to comply with laws in Indonesia. It is likely that the Company will be subject to increasingly stringent environmental standards in the future and may be required to make additional capital expenditures relating to environmental and safety matters on an ongoing basis. Failure to comply with present and future environmental and safety laws may subject the Company to future liabilities or suspension of production and/or distribution. Environmental and safety laws could also restrict the Company's ability to expand its facilities or could require the Company to acquire costly equipment or to incur other additional expenses in connection with manufacturing and distribution processes of the Company. No assurance can be given that material capital expenditures, costs or operating expenses beyond those currently anticipated will not be required under applicable environmental, health and safety laws and regulations, or that developments with respect to such laws or regulations will not adversely affect the production or revenues of the Company.

- **If the Company is unable to obtain, renew or maintain permits, approvals and technology licenses required to operate the business of the Company this may have a material adverse effect on the Company's business.**

The Company requires certain permits and approvals to conduct its business. In the future, the Company may be required to renew such permits and approvals and/or to obtain new permits and approvals. While the Company believes that it will be able to obtain such permits and approvals and the Company has not experienced any difficulty in renewing and maintaining these permits and approvals in the past, as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the timeframe the Company anticipated, or at all.

The Company operates three jetties for its operations. The Company holds jetty management licenses which give the Company the right to operate such jetties to conduct non-commercial activities that support its main business. Any failure by the Company to maintain such licenses may result in the Company's inability to use such jetties, which would have a material adverse effect on the Company's operations. In addition, Shipping Law No. 17 of 2008 ("Law No. 17/2008") was enacted to give the Port Authority primary responsibility for regulating and overseeing commercially operating ports and to assist the Government in giving concessions in the form of an agreement to a Port Legal Entity or Badan Usaha Pelabuhan ("BUP") to conduct business activities in the port. Based on the Law No. 17/2008, in order for the Company to continue conducting commercial activities at its jetties, the Company will be required to establish a BUP. The Company intends to commence the process of establishing a BUP and negotiating a concession agreement with the relevant port authority, but there can be no assurance that the Company will be successful in the negotiation with the port authority. If the BUP is not established and the negotiations are not successful, the Company will be prevented from conducting commercial activities with its jetties, which could affect the Company's operations.

In addition, the Company relies for the operation of its plants on technology that is licensed to the Company by certain third parties. While these technology licenses have generally been granted to the Company for long periods, there can be no assurance that the Company will not breach the terms of the technology licenses, resulting in the revocation of all rights to the technology. Failure by the Company to renew, maintain or obtain the required permits, approvals or technology licenses may result in the interruption of the Company's operations or delay or prevent any capacity expansions or planned plant improvements and may have a material adverse effect on results of operations, financial condition and prospects of the Company.

- **The Company's ability to compete effectively depends in part on the Company's ability to attract and retain key personnel with relevant industry knowledge.**

In light of increasing deregulation and competition in the petrochemical industry, both in Indonesia and elsewhere, the Company's success will depend in part upon, among other factors, ability of the Company to continue to attract and retain key personnel with relevant industry knowledge. There is global competition in the petrochemical industry for top managers, experienced technical and operational personnel and other skilled professionals. The Company can make no assurance that the Company will be able to hire or retain necessary personnel in the future. Moreover, in the past, the Company has lost the services of a substantial number of skilled employees primarily to competitors in the Middle East which are able to offer more lucrative compensation packages than the Company. The loss of the services of key personnel, or the inability to attract new qualified personnel or to retain existing personnel, could have a material adverse effect on the prospects, financial condition and results of operations of the Company.

2. Risks Relating to Indonesia

Since the Company is incorporated, and all of the Company's operations and assets are located, in Indonesia, the Company could be adversely affected by changes in Government policies, social instability, natural disasters or other political, economic, legal, regulatory or international developments in or affecting Indonesia which are not within the Company's control, examples of which are described below. These could, in turn, have an adverse effect on the business, financial condition, results of operations and prospects of the Company.

- **Domestic, regional or global economic changes may adversely affect the Company's business.**

The economic crisis that affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among other things, currency depreciation, negative economic growth, high interest rates, social unrest and extraordinary political events. These conditions had a material adverse effect on Indonesian businesses, including the Company's business and financial condition. Indonesia entered a recessionary phase with relatively low levels of growth in 1999 through 2002. Since then, Indonesia's real GDP growth rate has improved and was 6.20% in 2010, 6.45% in 2011 and 6.2% in 2012, according to EIU statistics.

Outside of Indonesia, recent difficulties affecting the global financial sectors, adverse conditions and volatility in the United States and worldwide credit and financial markets, fluctuations in oil and commodity prices and the general weakness of the global economy have increased the uncertainty of global economic prospects in general. The global financial markets have experienced, and may continue to experience, significant turbulence originating from the liquidity shortfalls in the U.S. credit and sub-prime residential mortgage markets since mid-2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and resulted in major government bailout packages for banks and other institutions. While the global economy has resumed growth, such growth has been modest and at an unsteady rate, particularly in light of concerns relating to the size and sustainability of the sovereign debt burdens of certain countries in Europe and elsewhere. The global crisis also resulted in a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in the value of global stock markets, foreign exchange volatility, a slowdown in global economic growth and a drop in demand of certain commodities.

While Indonesia's economy has developed significantly since the Southeast Asia's economic crisis from mid-1997 to 2002, there can be no assurance that the recent improvement in economic conditions and resilience in the face of the global economic slowdown will continue or that previous adverse economic condition in Indonesia and the rest of the Asia Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the international and Indonesian financial markets and inhibit or reverse the growth of the global economy and the Indonesian economy.

- **Natural disasters could disrupt the Indonesian economy and the Company's operations that could lead to social unrest and economic loss.**

All of the Company's existing operations are located on the Indonesian archipelago and the Company's production plants are located in Cilegon and Serang in Banten Province, approximately 50 kilometers from Krakatau Island, an area known for volcanic and seismic activity. Any disruption in the Company's operations due to accidents or natural disasters in this area could have a material adverse effect on the Company's operations.

Indonesian archipelago is one of the most volcanically active regions in the world. Because Indonesia is located in the convergance zone of three major lithosphere plates, Indonesia is subject to significant seismic activities that can lead to destructive earthquakes and tsunamis or tidal waves. On 10 January 2012, a 7.3 magnitude earthquake struck the coast of Sumatra near Banda Aceh. Earthquakes, tsunamis and volcanic activities have caused in loss of life and extensive property damage. In addition to these geological events, Indonesia hit by other natural disasters such as heavy rains and floods, which last occurred in Jakarta in January 2013. Such floods have caused the loss of several lives, enormous evacuation of the population and extensive property damage.

As a result of these natural disasters, the Government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. The Company cannot assure investors that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest may take affect. Additionaly, recovery and relief efforts are likely to continue to impose a strain on the Government's finances, and may affect its ability to meet its obligations on its sovereign debt (including Government bonds and other Government obligations held by the Company). Any failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, may adversely affect the value of Government bonds held by the Company and trigger an event of default under numerous private-sector borrowings, thereby materially and adversely affecting the Company's business and financial condition.

The Company cannot assure Investor that the Company's insurance coverage will be sufficient to protect the Company from potential losses resulting from such natural disasters and other events beyond the Company's control. Furthermore, the Company cannot assure investor that the premium payable for these insurance policies upon renewal will not increase substantially, which may materially and adversely affect the Company's financial condition and results of operations. The Company also cannot assure investors that future geological or meteorological occurrences will not have more impacts on the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting the Company's business, financial condition, results of operations and prospects.

- **The Company operates in a legal system in which the application of various laws and regulations may be uncertain, and through the purchase of the New Shares, the potential holders of the New Shares in the future may be exposed to such legal system and may find it difficult or impossible to pursue claims relating to the New Shares.**

As Indonesia is a developing market, its legal and regulatory regime may be less certain than other markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. Under such circumstances, consultation with the relevant authority in Indonesia may be necessary to obtain a better understanding or clarification of applicable laws and regulations.

Indonesia's legal system is a civil law system based on written statutes, and decided legal cases do not constitute binding precedent. The administration of laws and regulations by courts and Government agencies may be subject to considerable discretion. In addition, because relatively few disputes relating to commercial matters and modern financial transactions and instruments are brought before Indonesia's courts, such courts do not necessarily have the experience as courts in other countries. There is no certainty as to how long it will take for proceedings in Indonesian courts to be concluded, and the outcome of proceedings in Indonesian courts may be more uncertain than that of similar proceedings in other jurisdictions. Accordingly, it may not be possible for investors to obtain timely and equitable enforcement of their legal rights.

Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion, uncertainty and inconsistency. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources.

Indonesian legal principles relating to the rights of shareholders, or their practical implementation by Indonesian courts, differ from those that would apply within the United States. In absent of a binding precedent system, the rights of shareholders under Indonesian law might not be as clearly proven as in most United States jurisdictions. In addition, under Indonesian law, companies may have rights and defenses to actions filed by shareholders that these companies would not have in certain other jurisdictions.

- **Labor activism and legislation may adversely affect the Company, the Company's customers and Indonesian companies in general, which in turn may affect the Company's business, financial condition and results of operations.**

Laws and regulations that facilitate the formation of labor unions, combined with weak economic conditions, have in the past resulted, and may in the future result, in labor unrest and activism in Indonesia. A labor union law passed in 2000 allows employees to form unions without intervention from their employers. The Law No. 13/2003 (the "Labor Law") passed by the Government in 2003 increased the amount of mandatory severance, service and compensation payments payable to the terminated employees. The Labor Law requires implementation of regulations that may substantially affect labor regulations in Indonesia. Under the Labor Law, employees who voluntarily resign are entitled to payments for unclaimed annual leave, relocation expenses (if any), severance pay and other expenses. The Labor Law requires bilateral forums consisting of both employers and employees, and the participation of more than half of a company's employees in negotiating collective labor agreements. The law also set up more permissive procedures for staging strikes. Although several labor unions challenged the Labor Law on constitutional grounds, the Indonesian Constitutional Court declared it to be valid, except for certain provisions, including (i) the procedures for termination of employment of an employee who commits a serious mistake, (ii) criminal sanctions against an employee who instigates or participates in an illegal labor strike whether in the form of imprisonment of, or imposition of a monetary penalty, (iii) for labor unions in companies which have more than one labor union, the need for 50% employee representation before such labor unions are eligible to conduct negotiation with the employer, and (iv) the ability to have outsourcing arrangement with definite period employment contracts that do not contain provisions that protect outsourced employees upon the replacement of the outsourcing company. As a result, the Company may not be able to rely on certain provisions set out in the Labor Law.

As of 30 June 2013, approximately 80% of the Company's employees and 70% of SMI's employees were members of Labor Union of Chemical, Energy, Mining, Oil and Gas and General (SP KEP) (the "Union"). The collective labor agreement between the Company and the Union as well as SMI and the Union were renewed in July 2013 and valid for two years. As of 21 June 2013 and 29 July 2013, the Company has submitted application of registration of the revised collective labor agreement to the Directorate of Work Requirements, Discrimination and Welfare Analysis, Ministry of Manpower and Transmigration for the Company and SMI. On 26 June 2013 and 2 August 2013, the revised collective labor agreement was approved by the Directorate General of Industrial Relation Development and Social Security based on its decree No. KEP.93/PHIJSK-PKKAD/PKB/VI/2013 and No. KEP.124/PHIJSK-PKKAD/PKB/VIII/2013.

Labor unrest and activism in Indonesia may disrupt the operations of the Company, or those of the Company's suppliers or contractors and may affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the IDX and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect the business, financial condition, results of operations and prospects of the Company. In addition, general inflationary pressures or changes in applicable laws and regulations may increase labor cost, which may have a material adverse effect on the Company's consolidated operating results or financial condition.

The Labor Law states that the employer is not allowed to pay its employee wage below the minimum wage stipulated annually by the provincial or regional government. The minimum wage is determined based on certain factors, such as, the decent standard of living and the economic productivity and growth. However, since there were no specific provisions on how to determine the amount of a minimum wage yet, the increase of the minimum wage is unpredictable. Recently, the provincial government of Jakarta, pursuant to the Regulation of Governor of DKI Jakarta No. 189 of 2012, stipulated that the minimum wage applies to employees in Jakarta for 2013 is Rp2,200,000 per month, which was increased from Rp1,529,150 per month. The increase of minimum wage in Indonesia may have a material adverse effect on the business, cash flows, financial condition and prospects of the Company.

- **Growing regional autonomy creates an uncertain business environment for the Company and may increase the Company's costs of doing business.**

In response to an increase in demand for and assertion of autonomy in local governments in Indonesia, the Government has recently delegated some autonomy to local governments, allowing such local governments to impose taxes and other charges on businesses within their jurisdiction and often requiring local participation and investment in the said businesses. Increased regional autonomy may increase the number of regulations of the Company's business, disrupt sources of raw materials, require organizational restructuring to be undertaken and increase taxes and other costs of doing business, all of which may have material and adverse effect upon the Company's business, prospects, financial condition, cash flows and results of operations.

- **Fluctuations in the value of the Rupiah may materially and adversely affect our financial conditions and results of operations.**

  One of the most immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from the low point of approximately Rp17,000 per one U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. There can be no assurance that the Rupiah will not be subject to depreciation and continued volatility, that the current exchange rate policy will remain the same, or that the Government will, or will be able to, act when necessary to stabilize, maintain or increase the value of the Rupiah, and will not act to devalue the Rupiah, or that any such action, if taken, will be successful.

  Modification on the current floating exchange rate policy may result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This may result in a reduction of economic activity, an economic recession, loan defaults and increases in the price of imports. Any of the foregoing could have a material adverse effect on the business, financial conditions, results of operations and prospects of the Company.

- **Downgrades of credit ratings of the Government or Indonesian companies could materially and adversely affect our business.**

  Beginning in 1997, certain recognized statistical rating organizations, including Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Rating Group ("Standard & Poor's"), and Fitch Ratings ("Fitch"), downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. Currently, Indonesia's sovereign foreign currency long-term debt is rated "Baa3" by Moody's (upgraded from "Ba1" on 15 December 2011), "BB+" by Standard & Poor's (upgraded from "BB" on 8 April 2011) and "BBB-" by Fitch and its sovereign foreign currency short-term debt was rated "B" by S&P and "F3" by Fitch. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due.

  Even though the recent trend in Indonesia sovereign ratings has been positive, the Company cannot assure the investor that Moody's, Standard & Poor's, Fitch or any other statistical rating organization will not downgrade the sovereign rating and credit ratings of Indonesia or Indonesian companies, including the Company. Any such downgrade may have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Such events could have material adverse effects on the Company's business, financial condition, results of operations and prospects.

3. Risks Relating to Ownership of the Shares

- **The trading price of the Shares has been, and may continue to be, volatile.**

  The trading price of the Shares has been, and may continue to be, subject to large fluctuations. The price of the Company's Share, including the New Shares, may increase or decrease in response to a number of events and factors, including perceptions of the Company's business prospects, results of operations, factors affecting the Indonesian petrochemical industry in general or the Company in particular, government regulations, economic conditions in Indonesia, changes in accounting policies and other factors described in this Prospectus.

- **Future changes in the value of the Rupiah against the U.S. dollar or other currencies will affect the foreign currency equivalent of the value of the Company's Shares and any dividends.**

  One of the most important immediate causes of the economic crisis that began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from the low point of approximately Rp. 17,000 per one U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. There can be no assurance that the Rupiah will not be subject to depreciation and continued volatility, that the current exchange rate policy will remain the same, or that the Government will, or will be able to, act when necessary to stabilize, maintain or increase the value of the Rupiah, and will not act to devalue the Rupiah, or that any of such action, if taken, will be successful.

  The shares are denominated and are quoted in Rupiah on the IDX. Dividends (if any) with respect to the Shares will be declared and paid in Rupiah and the proceeds from on-market sales of the Shares will be received in Rupiah. Fluctuations in the exchange rate between the Rupiah and the U.S. dollar, the Company's reporting and functional currency, and other currencies will affect the foreign currency equivalent of the Rupiah price of the Company's Shares on the IDX. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Rupiah by the Company on, and the Rupiah proceeds received from any sales of, the Shares, as well as the book value of foreign currency assets and liabilities, and income and expenses and cash flows in the Company's financial statements.

- **Indonesian laws contains provisions that could discourage a takeover of the Company**.

  Under the regulations of Bapepam and LK, if there is any change of control of Indonesian publicly listed company on the stock exchange, the new controlling party must carry out a tender offer of the remaining shares (public shares, not including the shares of the other controlling shareholders, if any). Under Bapepam and LK Regulation No. IX.H.1, Attachment of Decree of the Chairman of Bapepam and LK No. KEP-264/BL/2011, dated 31 May 2011, regarding the Takeover of Publicly Listed Companies (the "**Regulation No. IX.H.1**"), a takeover of a publicly listed company is defined as an action that directly or indirectly changes the controlling party of the said publicly listed company. A controlling party of a publicly listed company is:

  - A party that owns more than 50 % of the total issued capital of the publicly listed company, or
  - A party that has the direct or indirect ability to determine the management and/or policy of the publicly listed company.

  Further, in order to ensure that the public continues to hold at least 20% of the public company's capital, the Regulation No.IX.H.1 requires the new controller to divest its shareholding to public within 2 years after the completion of the tender offer if, as the result of the mandatory tender offer, the new controlling party holds more than 80% of the paid-up capital of the public company. If, as a result of the take-over, the new controlling party already holds more than 80% of the paid-up capital of the public company, the new controlling party is still obliged to carry out a mandatory tender offer within two years after the completion of the mandatory tender offer.

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

- **Investors may not be subject to limitations on minority shareholders rights.**

  The obligations under Indonesian law of majority shareholders, commissioners, and directors with respect to the minority shareholders may be more limited than those in certain other countries such as the United States and certain other countries. Consequently, minority shareholders may not be able to protect their interests under current Indonesian law to the same extent as in certain other countries. Principles of corporate law relating to such matters as the validity of corporate procedures, the fiduciary duties of the Company's management, directors, commissioners and controlling shareholders and the rights of the Company's minority shareholders are governed by Indonesian law and the Company's Articles of Association. Such principles of laws differ from those that would apply if the Company was incorporated in a jurisdiction in the United States or in other jurisdictions. In particular, the concepts relating to the fiduciary duties of the management are untested in the Indonesian courts. Derivative actions have almost never been brought on behalf of companies or been tested in Indonesian courts, and minority shareholders' rights have only been defined since 1995 and are unproven in practice. Accordingly, the Company cannot assure the investors that legal rights or remedies of minority shareholders will be the same, or as extensive, as those available in other jurisdictions or sufficient to protect the interests of minority shareholders.

- **The Company is incorporated in Indonesia and it may not be possible for the investors to effect service of process, or enforce judgments on the Company in the United States or of a foreign court against the Company in Indonesia.**

  The Company is a limited liability company incorporated in Indonesia and all of its operations are located in Indonesia. In addition, most of the Company's commissioners and all of its directors reside in Indonesia and a substantial portion of the assets of such persons is located outside the United States. As a result, it may be difficult for investors to effect service of process, or enforce judgments, on the Company or such persons within the United States, or to enforce against the Company or such persons in the United States, the judgments obtained in U.S. courts.

  The Company has been advised by its Indonesian legal advisor that judgments of U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state within the United States, could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. There is doubts as to whether Indonesian courts will enter judgments in the original actions brought in Indonesian courts predicated solely upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state within the United States. As a result, the claimant will be required to pursue claims against the Company or such persons in the Indonesian courts. The claims and remedies available under Indonesian law may not be as extensive as those available in the United States or other jurisdictions. No assurance can be given that the Indonesian courts will protect the interest of investors in the same manner or to the same extent as would U.S. courts.

- **Indonesian law may operate differently from the laws of other jurisdictions, with regard to the convening of, and the rights of shareholders to attend and vote at, the general meeting of shareholders of the Company.**

  The Company is subject to Indonesian law and the continuing listing requirements of the IDX. In particular, the convening and conduct of the general meeting of shareholders of the Company will continue to be governed by Indonesian law. The procedure and notice periods in relation to the convening of general meetings of shareholders of the Company, as well as the ability of shareholders to attend and vote at such general meetings, may be different from those of jurisdictions outside Indonesia. For instance, the Company's shareholders who would be entitled to attend and vote at general meetings of shareholders of the Company are, by operation of Indonesian law, those shareholders whose names are registered in the Shareholders Register of the Company (the "Register") on the market day immediately preceding the day (the "GMS Recording Date") on which the notice of general meeting is issued, regardless of whether such shareholders may have disposed of their shares after the GMS Recording Date. In addition, the investors who may have acquired their Shares after the GMS Recording Date (and prior to the general meeting) would not entitled to attend and vote at the general meeting. Therefore, potential investors should note that they may be subject to the procedures and rights with regards to the Company's general meetings of shareholders that are different from those to which they may be accustomed in other jurisdictions.

- **There maybe less company information available, and the corporate governance standards may differ, for public companies listed on Indonesian securities markets as compared with those listed on securities market in other countries.**

  IDX and OJK have different reporting standards than securities exchanges and regulatory regimes in the United States and many other countries. There is a difference between the level of regulation and monitoring of the Indonesian securities markets and the activities of investors, brokers and other participants than that of markets in the United States and other developed economies. OJK and the IDX are the Indonesian governmental securities regulator and Indonesian securities exchange, respectively, that are responsible for improving disclosure and other regulatory standards for the Indonesian securities market. OJK has issued regulations and guidelines on disclosure requirements, insider trading, and other matters. There may, however, be less publicly available information about Indonesian companis than is regularly made available by public companies in other countries. As a result, as a shareholder, the investors may not receive the same amount of information or receive information with the same frequency as investors may receive for companies listed in the United States and many other countries.

  In addition, corporate governance standards and practices may not be as strict, including with regard to the independence of the board of directors and audit committee and other committees. Therefore, the directors of Indonesian companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of shareholders.

VI. Important Subsequent Event and Transactions After the Date of Independent Auditor's Report

There has been no event which could have a material impact on the financial position and results of operations of the Company which is subseqeuent to the date of the Independent Auditor's Report dated 9 October 2013 with respect to the consolidated financial report for the period ended on 30 June 2013, which has been audited by the Public Accountant Office of Osman Bing Satrio & Eny (member of Deloitte Touche Tohmatsu Limited) with unqualified opinions, which is required to be disclosed in this Prospectus.

VII. Description of The Company and Subsidiaries

1. Brief History

The Company (previously known as PT Tri Polyta Indonesia Tbk), domiciled in West Jakarta, is the surviving company in the merger process between TPI and CA pursuant to the Deed of Merger No. 15 dated 9 November 2010, drawn before Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta, which took effect on 1 January 2011 (the "Merger"). Pursuant to the Articles of Association of the Company, the Company' business activities are to engage in industry, petrochemical, trading, freight and services. The Company's Subsidiaries, which are SMI, PBI, Altus, and RPU, are respectively engaged in styrene monomer production and ethyl benzene production, industry, finance, and tank storage services. The business activities of SMI and PBI are highly related to petrochemical business activities which are conducted by the Company. Altus is a Subsidiary used for financing purposes and RPU provides tank storage service and transportation service with pipe and jetty management services.

The Company was initially established under the name of PT Tri Polyta Indonesia, domiciled in West Jakarta, pursuant to the Deed of Establishment No. 40 dated 2 November 1984, drawn before RidwanSuselo, S.H., Notary in Jakarta, as a Domestic Investment Company pursuant to Law No. 6 of 1968 on Domestic Investment as amended with Law No. 25 of 2007 on Investment. The Deed of Establishment of TPI has been amended by the Deed of Entry and Resignation of the Company's Founder and Amendment to the Articles of Association No. 117 dated 7 November 1987, drawn before J.L Waworuntu, S.H., Notary in Jakarta, which have been ratified by MOLHR pursuant to Decree No. C2.1786.HT.01.01-Th'88 dated 29 February 1988, registered in the registry book at the Registrar Office of West Jakarta District Court on 30 June 1988 under No. 639/1988 and No. 640/1988, and announced in the Supplement No. 779 to the State Gazette of the Republic of Indonesia No. 63 dated 5 August 1988 ("Deed of Establishment").

On 27 September 2010, the shareholders of the Company have approved the merger plan with PT Chandra Asri (CA) whereas the Company becomes the surviving company in such merger process. The Merger took effect on 1 January 2011. In accordance with Article 122 paragraph (1) of the Company Law, the Merger caused the merged company, in this case CA, being dissolved by law and thus all CA's assets and liabilities are transferred by law to the Company.

Furthermore, in connection to the Merger and after the Merger, the Articles of Association of the Company has been amended several times, as stated under the following deeds:

1. Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 23 dated 28 October 2010, drawn before DR. Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta ("Deed No. 23/2010"), whereby the shareholders of the Company resolved to:
   a. Restate the resolutions stipulated in the Minutes of Extraordinary General Meeting of Shareholders dated 30 September 2010 and Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 19 dated 30 September 2010, drawn before DR. Amrul Partomuan Pohan, S.H., LL.M., Notary in Jakarta, among others, to approve the changes of the Company's status in relation to the sharesownership in the Company, from previously as a Domestic Investment Company into Foreign Investment Company, and thus amend article 2 of the Company's Articles of Association;
   b. Restate the resolutions stipulated in the Minutes of Extraordinary General Meeting of Shareholders dated 27 October 2010, among others, as follows:
      (i) approve the merger between the Company and CA, where the Company is the surviving entity;
      (ii) approve the amendment to the Company's Articles of Association to be in compliance with the Merger Plan and Concept of the Deed of Merger, among others as follows:
         - Changes of the Company's name from PT Tri Polyta Indonesia Tbk to PT Chandra Asri Petrochemical Tbk and therefore amend article 1 paragraph 1 of the Company's Articles of Association;
         - Changes of the purposes and objectives as well as the business activities of the Company in accordance with the "Concept of Amendment to the Articles of Association of PT Tri Polyta Indonesia Tbk" and to amend article 3 paragraph 1 and 2 of the Company's Articles of Association;
         - Increase of authorized capital of the Company from Rp.1,030,000,000,000.00 to Rp.12,264,785,664,000.00 and therefore amend article 4 paragraph 1 of the Company's Articles of Association;
         - Increase of issued and paid up capital of the Company from Rp.728,401,000,000.00 to Rp.3,066,196,416,000.00 and amend article 4 paragraph 2 of the Company's Articles of Association;
         - Changes of number of members of the Board of Directors of the Company and therefore amend article 13 paragraph 1 of the Company's Articles of Association;
         - Change of number of members of the Board of Commissioners of the Company and therefore amend article 17 paragraph 1 of the Company's Articles of Association;
      (iii) Approve the amendment to the Company's Articles of Association to be adjusted with Bapepam and LK Regulation No. IX.J.1 on Articles of Association of Companies Conducting Equity Public Offerings and Public Companies;

   whereas all of the changes above took effect as of 1 January 2011.

The amendments to the article 1 paragraph 1, article 3 and article 4 of the Company's Articles of Association have been approved by MOLHR pursuant to its Decree No. AHU.54545.AH.01.02.Tahun 2010 dated 22 November 2010 and have been registered in the Company Register under No. AHU-0084333.AH.01.09.Tahun 2010 dated 22 November 2010. The amendments to the other articles have been notified to MOLHR pursuant to Notification Letter No. AHU-AH.01.10-30299 dated 25 November 2010, and have been registered in the Company Register under No. AHU-0085705.AH.01.09.Tahun 2010 dated 25 November 2010.

2. Deed of Statement of Resolutions of Extraordinary General Meeting of Shareholders No. 40 dated 8 December 2011, drawn before FathiahHelmi, S.H., Notary in Jakarta ("Deed No. 40/2011"), whereby the shareholders of the Company resolved to amend the article 17 paragraph 1 of the Articles of Association regarding the Board of Commissioners, into "The Board of Commissioners consists of at least 2 Commissioners and a maximum of 7 Commissioners, 2 of which shall be appointed as the President Commissioner and the Vice President Commissioner". Such amendment has been notified to MOLHR pursuant to Notification Letter No. AHU-AH.01.10-40244 dated 12 December 2011 and registered in the Company Register under No. AHU-0101199.AH.01.09.Tahun 2011 dated 12 December 2011.

As of the issuance date of this Prospectus, the Company has 2 plants which are located at Jl. Raya Anyer Km. 123, Ciwandan, Cilegon, Banten 42447 and Jl. Raya Bojonegara, Desa Mangunreja, Kecamatan Bojonegara, KabupatenSerang, Banten 42456.

In conducting its core business, the Company has obtained the following licenses:

No.	License Holder	Remarks	Expiry Date
General Licenses			
1.	Company Registration Certificate ("TDP")		
	Company	• TDP No. 09.02.1.20.24999 dated 7 January 2011, for the main office; • TDP No. 300412000085 dated 22 March 2011, for the branch office in Cilegon.	• 10 January 2015; • 22 March 2016.
Investment License (PMA)			
1.	Company	Decree of the Head of the Capital Investment Coordinating Board (BKPM) No. 5/1/IU/IV/PMA/INDUSTRI/2010 dated 31 December 2010 on Merger Business License BKPM grants this license with the following details: a. *Surviving Company*: the Company; b. *Merging Company* : CA; c. *Merger Company* : the Company.	-
Operational Licenses			
1.	Importer's Identification Number		
	Company	Importer's Identification Number – Producer (API-P) No. 090404518-B dated 11 January 2011 issued by the Head of BKPM on behalf of the Minister of Trade.	Valid as long as the importer conduct its business activities.
2.	Sea Water Withdrawal Permit (*Ijin Pengambilan Air Laut* - "SIPAL")		
	Company	Decree of Cilegon Mayor No. 658.31/Kep.433-BLH/2011 dated 24 August 2011	24 August 2014 SIPAL shall be renewed at least 3 month prior to its expiry date.
3.	Electric Power Business License for Private Use (*Ijin Usaha Ketenagalistrikan untuk Kepentingan Sendiri* - "IUKS")		
	Company	• IUKS Steam Turbine Generator("STG"): Decree of the Head of Industry, Trade and Cooperative Service Office of Cilegon Municipality No. 671.1/147/PE/2012 dated 28 December 2012.	5 years since 28 December 2012 and shall be re-registered every 2 years to the Industry, Trade and Cooperative Service Office of Cilegon Municipality.
	Company	• First IUKS Genset: Decree of the Head of Industry, Trade and Cooperative Service Office of Cilegon Municipality No. 671.1/120/PE/2012 dated 4 October 2012; • Second IUKS Genset: Decree of the Head of Industry, Trade and Cooperative Service Office of Cilegon Municipality No. 671.1/119/PE/2012 dated 4 October 2012.	Shall be re-registered every 2 years to the Industry, Trade and Cooperative Service Office of Cilegon Municipality.
	Company	• IUKS Genset: Decree of the Head of Industry, Trade and Cooperative Service Office of Cilegon Municipality No. 671.1/148/PE/2012 dated 28 December 2012.	5 years since 28 December 2012 and shall be re-registered every 2 years to the Industry, Trade and Cooperative Service Office of Cilegon Municipality.
4.	Power Plant Registration Letter (*Surat Tanda Daftar Pembangkit Tenaga Listrik*)		
	Company	Extension of Power Plant Registration Letter No. 671.1/149/PE/2012 dated 28 December 2012, issued by the Head of Industry, Trade and Cooperative Service Office of Cilegon Municipality, Merk: Cummin	5 years since 28 December 2012 and shall be re-registered every 2 years to the Industry, Trade and Cooperative of Cilegon Municipality.

No.	License Holder	Remarks	Expiry Date
5.	Local Depot/Fuel Oil Temporary Shelter License (*Ijin Depot Lokal/Tempat Penampungan Sementara Bahan Bakar Minyak*)		
	Company	Decree of the Head of Industry, Trade and Cooperative Service Office of Cilegon Municipality No. 670/021/PE/2013 dated 7 March 2013	3 year since 7 March 2013 and shall be re-registered every year to the Industry, Trade and Cooperative Service Office of Cilegon Municipality.
6.	Approval for Jetty Management for Private Use (*Persetujuan Pengelolaan Dermaga Untuk Kepentingan Sendiri*)		
	Company	• Decree of Minister of Transportation No. SK.27/AL.106/PHB-97 dated 12 August 1997; Jetty: *Jetty* Type T; • Decree of Minister of Transportation and Telecommunication No. 488 of 2000 dated 7 December 2000; Jetty I: *Jetty* Type *Dolphin;* Jetty II: *Jetty* Type *Dolphin.*	Valid as long as the jetties are managed by the Company to support its polypropylene activities.
	Ex-CA	• Decree of Minister of Transportation No. SK.41/AL.003/PHB-99 dated 23 June 1999; • Decree No. HK.505/14/I/X.PHB-97 dated 5 February 1997 on the Recommendation for Permit to Develop CA's Special Jetty; • Decree of Directorate General of Sea Transportation No. B XXV-1958/BP703 dated 30 November 1991 on the Granting of License to CAP to Develop Temporary Jetty; • Decree No. AL.003/4/3/X.PIHB/S-91 dated 3 October 1991 on the Recommendation for Permit to Develop Special/Temporary Jetty.	Valid as long as the jetties are managed to support the business activities.
7.	Certain Exporter Identification (*TandaPengenal Perusahaan EksportirTertentu* - "TPPET")		
	Company	TPPET – Producer No. 031/DJ-ILMK/PET/III/1998 dated 25 March 1998.	As long as the Company still conduct export activities.
8	Control and Utilization Registration Certificate of Telecommunication Devices (*Tanda Daftar Penguasaan dan Penggunaan Perangkat)*		
	Company	Control and Utilization Registration Certificate of Telecommunication Devices No. 555/943 S.TEL/Dishub/2012 dated 29 November 2012.	November 2013
9	Loading and Unloading Company License (*Surat Izin Perusahaan Bongkar/Muat*)		
	Company	Decree of Banten Governor No. 552/829-DHKI/2011 dated 23 March 2011. The Company has submitted the Notification on Business Activities based on the Letter from the Harbor Master and Port Authority Class I of Banten, Directorate General of Sea Transportation, Minister of Transportation dated 12 February 2013	Valid since its issuance date. The Notification on Business Activities is valid until 30 April 2014.

Environmental Licenses			
1.	Industrial Waste Production Permit (*Ijin Pengeluaran Limbah Industri*)		
	Company	Decree of Cilegon Mayor No. 658.31/Kep.432-BLH/2011 dated 24 August 2011.	24 August 2013 and currently is in the process of extension pursuant to Minutes of Field Audit No. 15/BAP-SIPLI/IX/2013 dated 18 September 2013
2.	Permit to Dispose Waste Water into the Sea (*Ijin Pembuangan Air Limbah ke Laut*)		
	Company	Decree of State Minister of Environmental No. 21 of 2011.	11 February 2016
	Ex-CA	Decree of State Minister of Environmental No. 23 of 2011.	11 February 2016
3.	Storage License for Hazardous Waste (*Ijin Penyimpanan Limbah Berbahaya dan Beracun*)		
	Company	Decree of Cilegon Mayor No. 658.31/Kep.231-BLH/2010 dated 23 June 2010	5 years since 23 June 2010.
	Ex-CA	Decree of Cilegon Mayor No. 658.31/Kep.265-BLH/2010 dated 19 July 2010.	5 years since 19 July 2010.
4.	Company Environmental Management Appraisal and Ranking Program (*Hasil Penilaian Peringkat Kinerja Perusahaan Dalam Pengelolaan Lingkungan Hidup* - "Proper")		
	Company	Minister of Environmental has awarded a Reward on the Company Environmental Management Appraisal and Rangking Program with the grade "GREEN" to the Company – *Polypropylene Plant* for the period of 2011-2012.	-
5.	Environmental Management Efforts Report (*Upaya Pengelolaan Lingkungan* - "UKL") and Environmental Monitoring Efforts Report (*Upaya Pemantauan Lingkungan* - "UPL") and Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan* - "AMDAL")		
	Company	• Approval Letter No. 720/SJ/XI/1992 dated 13 November 1992 issued by Department of Industry of the Republic of Indonesia on Company's Information Presentation which has been approved;	-
		Statement Letter No. 660/402/UKL&UPL-PDL/2007 dated 12 July 2007 issued by Environmental, Mining and Energy Service Office of Cilegon Municipality on UKL and UPL of the Company's Polypropylene Industry in Cilegon, Banten; • Statement Letter No. 660/177/APPL dated 18 February 2011 issued by Cilegon Environmental Agency on the Amendment to UKL-UKP Documents which have been approved;	-
	Ex-CA	• Statement Letter No. 163/SJ/III/1992 dated 12 March 1992 issued by Secretary of General of the Department of Industry of the Republic of Indonesia on Terms of Reference of Environmental Impact Study, Cilegon-Banten;	-
		• Statement Letter No. 583/M/8/1993 dated 9 August 1993 issued by Minister of Industry of the Republic of Indonesia on Environmental Impact Study;	-
		• Statement Letter No. 282/M/2/1995 dated 28 February 1995 issued by Minister of Industry of the Republic of Indonesia on Environmental Management Plan (*Rencana Pengelolaan Lingkungan* - "RKL") and Environmental Monitoring Plan (*Rencana Pemantauan Lingkungan* - "RPL");	-
		• Decree of the Head of Cilegon Environmental Impact Management Board No. 660/21-Bpdl/V/2006 in May 2006 on Terms of Reference of ANDAL on Plan to Develop Ethylene Pipe of CA for Ciwandan-Bojonegara-Puloampel track, Cilegon, Serang regency, Banten province;	-
		• Statement Letter No. 660/4053-BAPEDAL/2006 dated 6 October 2006 from Banten Governor on the Adequacy of ANDAL, RKL and RPL in the Plan to Develop Gas Pipe for Ciwandan-Bojonegara-Puloampel track, Cilegon.	-

2. Historical change in shareholders composition

The changes in the capital structure and shareholding composition of the Company since the Merger until the date of this Prospectus are as follows:

Year 2010

Pursuant to the Deed No. 23/2010, the shareholders of the Company approved to, among others: (i) increase authorized capital into Rp12,264,785,664,000.00; and (ii) increase the issued and paid up capital of the Company into Rp3,066,196,416,000.00, changes of which took effect since 1 January 2011. Therefore, the capital structure and shareholding composition of the Company as of 1 January 2011 were as follows:

Description	Nominal Value of Rp1,000 per share		%
	Total Shares	Nominal Value (Rp)	
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid Up Capital			
PT Barito Pacific Tbk	2,034,698,055	2,034,698,055,000	66.36
Glazers & Putnam Investment Ltd	701,338,625	701,338,625,000	22.87
Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52
PrajogoPangestu	31,954,050	31,954,050,000	1.04
Ibrahim Risjad	13,681,750	13,681,750,000	0.45
Henry Halim	1,824,500	1,824,500,000	0.06
Public	113,337,250	113,337,250,000	3.70
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**
Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**	

Year 2011

Based on the information disclosure letter sent by SCG Chemicals to Bapepam and LK dated 23 September 2011, on 23 September 2011, SCG Chemicals has purchased the Company's shares in a total of 919,858,925 shares from: (i) PT Barito Pacific Tbk in the total of 218,520,300 shares and (ii) Apleton Investments Ltd in the total of 701,338,625 shares, each of which at a price of Rp. 4,088.00 per share. Based on the Shareholders Register dated 30 September 2011 issued by PT Raya Saham Registra, the shareholding composition of the Company were as follows:

Description	Nominal Value of Rp1,000 per share		%
	Total Shares	Nominal Value (Rp)	
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**	
Issued and Fully Paid Capital			
PT Barito Pacific Tbk	1,816,177,755	1,816,177,755,000	59.23
SCG Chemicals Company Limited	919,858,925	919,858,925,000	30.00
Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52
Masyarakat (respectively less than 5%)*	160,797,550	160,797,550,000	5.24
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100,00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**	

Notes:
*includes shares owned by:
(i) Prajogo Pangestu in the total of 29,664,550 shares; and
(ii) Erwin Ciputra in the total of 271,500 shares.

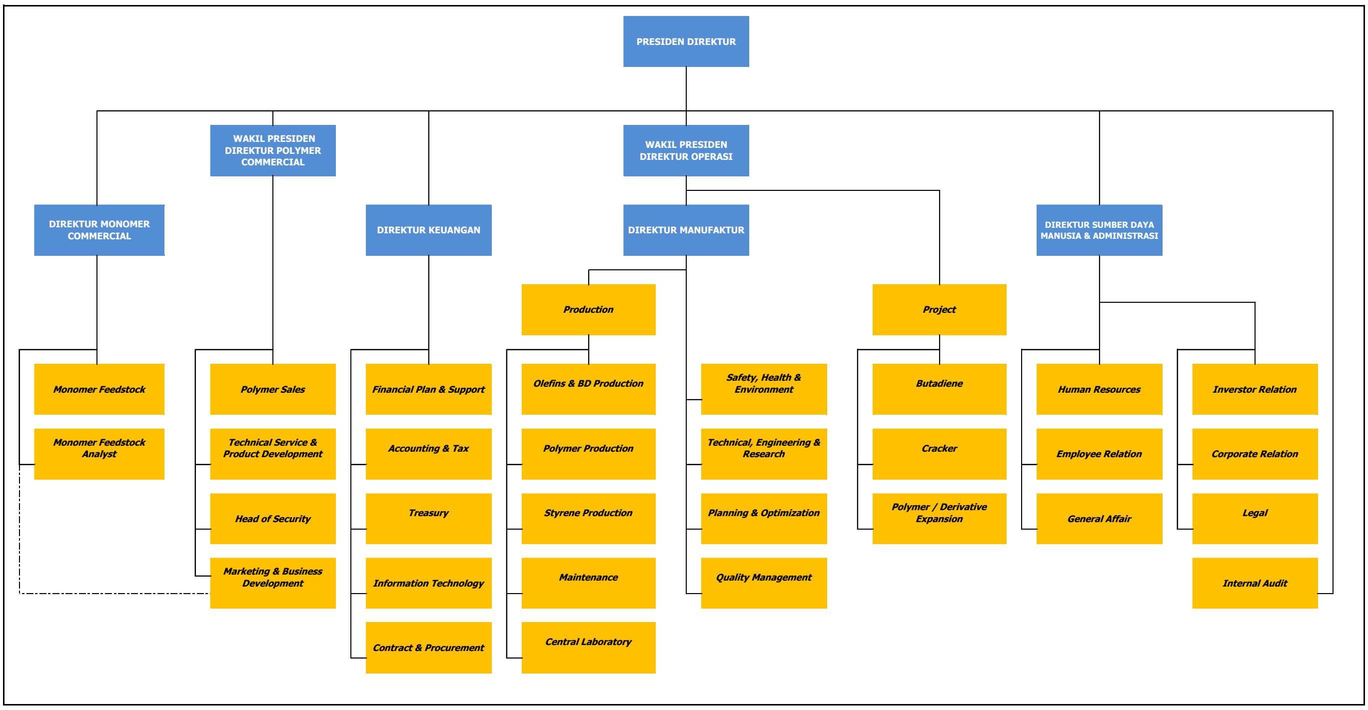
The shareholding composition of the shareholders of the Company and the shareholders who owns 5% or more, pursuant to the Shareholders Register as of 31 August 2013, issued by PT Raya Saham Registra as the Share Registrar appointed by the Company, is as follows:

Description	Nominal Value of Rp1,000 per share		%
	Total Shares	Nominal Value (Rp)	
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**	
Issued and Fully Paid Up Capital			
PT Barito Pacific Tbk	1,819,769,755	1,819,769,755,000	59.35
SCG Chemicals Company Limited	923,444,925	923,444,925,000	30.12
Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52
Public (respectively less than 5%)*	153,619,550	153,619,550,000	5.01
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**	

Notes:
*) includes shares owned by:
(i) Prajogo Pangestu in the total of 29,669,550 shares;
(ii) Erwin Ciputra in the total of 1,533,500 shares;
(iii) Lim Chong Thian in the total of 26,500 shares;
(iv) Paramate Nisagornsen in the total of 30,000 shares; and
(v) Raymond Budhin in the total of 59,500 shares.

3. Organization structure

As of the date of this Prospectus, the organization structure of the Company is as follow:



4. Management

Board of Commissioners

The main duties of the Board of Commissioners of the Company are to advise and supervise the policies of the Board of Directors in managing the Company. Based on article 17 of the Company's articles of association, the Company is under the supervision of the Board of Commissioners which consist of a minimum of 2 (two) members and a maximum of 7 (seven) members, one of whom is appointed as the President Commissioner and one of whom is appointed as the Vice President Commissioner. The Board of Commissioners shall have independent commissioners who are not directly or indirectly have conflict of interest with the company or its affiliates, inclusive of ownership interest, interest in a contract or other economic interest. The Company must have independent commissioners filling at least 30% of the Board of Commissioners' seats.

Members of the Board of Commissioners are appointed by the General Meeting of Shareholders from the date of the General Meeting of Shareholders which appoint them until the closing of the third Annual General Meeting of Shareholders after their appointment, without prejudice to the rights of the General Meeting of Shareholders to dismiss a commissioner at any time before the end of his or her term of office.

Board of Directors

Pursuant to article 13 of the Company's Articles of Association, the Company is managed and led by a Board of Directors which consist of a minimum of 2 (two) members and a maximum of 7 (seven) members of the Board of Directors, including one President Director and a maximum of two Vice President Directors.

Members of the Board of Directors are appointed by the General Meeting of Shareholders from the date of the General Meeting of Shareholders which appoint them until the closing of the third Annual General Meeting of Shareholders after their appointment, without prejudice to the rights of the General Meeting of Shareholders to dismiss a director before the end of his or her term of office.

Pursuant to (i) the Deed of Statement of Resolutions of Annual General Meeting of Shareholders No. 41 dated 8 December 2011, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Deed No. 41/2011") and (ii) Deed of Statement of Resolutions of Annual General Meeting of Shareholders No. 6 dated 4 June 2012, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Deed No. 6/2012"), the composition of the Board of Commissioners as of the date of this Prospectus is as follows:

Board of Commissioners:

President Commissioner	:	George Allister Lefroy
Vice President Commissioner – Independent Commissioner	:	Tan Ek Kia
Commissioner – Independent Commissioner	:	Hanadi Rahardja
Commissioner	:	Agus Salim Pangestu
Commissioner	:	Dra. Loeki Sundjaja Putra
Commissioner	:	Cholanat Yanaranop
Commissioner	:	Chaovalit Ekabut

The composition of the Board of Commissioners as stipulated above has been notified to the MOLHR pursuant to (i) the Notification Letter on the Changes of the Company's Data No. AHU-AH.01.10-42164 dated 23 December 2011 and registered in Company Registry of the Ministry of Law and Human Rights under No. AHU-0105873.AH.01.09.Tahun 2011 dated 23 December 2011; and (ii) the Notification Letter on the Changes of the Company's Data No. AHU-AH.01.10-24460 dated 4 July 2012 and registered in Company Registry of the Ministry of Law and Human Rights under No. AHU-060838.AH.01.09.Tahun 2012 dated 4 July 2012.

The composition of the Board of Commissioners above is valid as of 4 June 2012 until the closing of the Annual General Meeting of Shareholders which would be held in 2015.

Pursuant to (i) the Deed No. 23/2010, (ii) the Deed No. 41/2011, and (iii) the Deed No. 6/2012, the composition of the Board of Directors of the Company as of the date of this Prospectus is as follows:

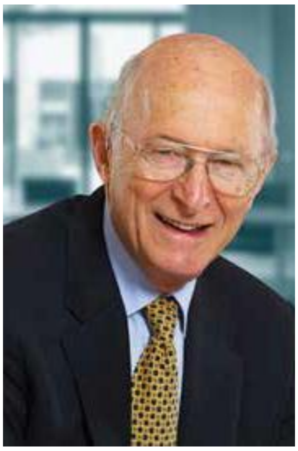
Board of Directors:

President Director	:	Erwin Ciputra
Vice President Director	:	Paramate Nisagornsen
Vice President Director	:	Raymond Budhin
Director	:	Lim Chong Thian
Director	:	Baritono Pangestu
Director	:	Paisan Lekskulchai
Director	:	Muntalip Santoso

The composition of the Board of Directors above has been notified to the MOLHR pursuant to (i) Notification Letter on the Changes of the Company's Data No. AHU-AH.01.10-30675 dated 30 November 2010 and registered in Company Registry of the Ministry of Law and Human Rights under No. AHU-0086788.AH.01.09 Tahun 2010 dated 30 November 2010; (ii) Notification Letter on the Changes of the Company's Data under No. AHU-AH.01.10-42164 dated 23 December 2011 and registered in the Company Registry of the Ministry of Law and Human Rights under No. AHU-0105873.AH.01.09.Tahun 2011 dated 23 December 2011; and (iii) Notification Letter on the Changes of the Company's Data under No. AHU-AH.01.10-24460 dated 4 July 2012 and registered in Company Registry of the Ministry of Law and Huma Rights under No. AHU-060838.AH.01.09.Tahun 2012 dated 4 July 2012.

The composition of the Board of Directors above is valid as of 4 June 2012 until the closing of the Annual General Meeting of Shareholders which would be held in 2015, except for Raymond Budhin as the Vice President Director which is valid as of 1 July 2012 until the closing of the Annual General Meeting of Shareholders which would be held in 2015.

The following sets out brief information of each member of the Board of Commissioners of the Company:



George Allister Lefroy
President Commissioner

Australian National. Born in 1940 and is 73 years old.

Served as President Commissioner since January 2011.

Mr. Lefroy is a Bachelor of Engineering from the University of Western Australia, Master of Engineering Science from the University of Western Australia, and PhD in Chemical Engineering from Cambridge University, United Kingdom. Acting as the President Commissioner of TPI from April 2006 until the Merger, and now also holding President Commissioner position in the Company. With 42 years of experience in petrochemical industry, he previously served in several positions including Director of the Australian Power and Energy Ltd. until 2005, Director of the International Training Australia Pty., Ltd. until 2004, and Executive Vice President for Asia Pacific and Middle East at Shell Chemicals from 1997 to 2000. From 2000 to 2006, he served as Director of Singapore Power Ltd., since 2005 he has held the Director position for SP AusNet. Ltd. Since 2005 he has been a Director of Cobar Consolidated Resources Ltd.

Tan Ek Kia

Vice President Commissioner & Independent Commissioner

Malaysian National. Born in 1948 and is 65 years old.

Served as Vice President Commissioner and Independent Commissioner since January 2011.

Mr. Tan obtained his Bachelor of Science in Mechanical Engineering from Nottingham University, United Kingdom. He serves as Vice President Commissioner and Independent Commissioner since 1 January 2011. A seasoned professional in the oil and gas and petrochemical industry, he previously served in various positions, including Vice President of Ventures and Development at Shell Chemicals for Asia Pacific and Middle East region from 2003 to 2006, Chairman of Shell Companies for North East Asia, Beijing, China from 2000 to 2003, Managing Director at Shell Nanhai Ltd., Beijing, China from 1997 to 2000 and President Director for Shell in Miri, Sarawak, Malaysia from 1994 to 1997. Since October 2006, he was appointed as a Non-Executive Director in a number of public companies as well as other companies in Singapore, i.e. SMRT Corporation Ltd., City Spring Infrastructure Management Pte., Ltd., Keppel Corporation Ltd., Keppel Offshore and Marine, Citygas Pte., Ltd. (Chairman), Dialog Systems (Asia) Pte., Ltd. and Star Energy Group Holdings Pte., Ltd. (Chairman). He also serves on Board of Transocean Ltd. which is based in Switzerland.

Hanadi Rahardja

Commissioner & Independent Commissioner

Indonesian National. Born in 1935 and is 78 years old.

Served as Independent Commissioner since January 2011.

Mr. Rahardja obtained his Master in Economics majoring in Accounting from the University of Indonesia. He was appointed as Commissioner of TPI from 2005 until the Merger, and currently serves as Commissioner and concurrently Independent Commissioner and member of the Audit Committee of the Company. He has eight years of experience in the petrochemical industry. Over the past 39 years, he was active in the accounting and public accounting fields as a senior partner, a chairman, or a senior adviser in public accounting firm until 2003. Today, he is still active serving as Independent Commissioner and a member of the audit committee in several public companies.

Agus Salim Pangestu

Commissioner

Indonesian National. Born in 1973 and is 40 years old.

Served as Commissioner since January 2011.

Mr. Pangestu earned his Bachelor of Economic Science and Business Administration from Boston College, USA in 1994. He was appointed as Commissioner of PT Chandra Asri from January 2006 until the Merger and currently, besides as a Commissioner of the Company, he also serves as President Director of Barito Pacific. He has five years' experience in the petrochemical industry. He began his career in 1993 in Linkage Human Resources Management, USA and from 1995 to 1997, he was a Financial Analyst at Merrill Lynch, USA. He joined Barito Pacific in July 1997 and successively served as Director in 1998. Later on June 2002, he was appointed as a Vice President Director in the same company. He is the son of Mr. Prajogo Pangestu, the majority Shareholder of Barito Pacific.

Dra. Loeki Sundjaja Putera

Commissioner

Indonesian National. Born in 1953 and is 60 years old.

Served as Commissioner since January 2011.

Ms. Sundjaja Putera obtained her Bachelor of Economics majoring in Accounting from the University of Indonesia. She was appointed as Commissioner of CA from February 2008 until the Merger and is now a member of the Board of Commissioners of the Company. She has 11 years of experience in the petrochemical industry, started by joining Barito Pacific in 1998. Ms. Sundjaja Putra currently serves as senior advisor of Barito Pacific after she stepped down from her role as Barito Pacific's President Director in May 2013. She served as a President Director in PT Chandra Asri from August 2002 until December 2007. From August 1998 to February 2002, she served as Director of PT Jabar Utama Wood Industry which is a Subsidiary of Barito Pacific. Prior to joining Barito Pacific, she held several senior positions in banking and finance in Indonesia.

Cholanat Yanaranop

Commissioner

Thai National. Born in 1959 and is 54 years old.

Served as Commissioner since January 2012.

Mr. Cholanat obtained his degree in Environmental Chemical Engineering from Salford University, Manchester, UK and a Master of Chemical Engineering from Imperial College, London, UK. He was appointed as President of SCG Chemicals since January 2006. He also holds various management positions within the group such as Chairman of Thai MMA Co., Ltd., Siam Mitsui PTA Co., Ltd., Rayong Olefins Co., Ltd., Map Ta Phut Olefins Co., Ltd., Map Ta Phut Tank Terminal Co., Ltd., Grand Siam Composites Co., Ltd., Thailand PET Resins Co., Ltd., and SCG-DOW Joint Ventures. In addition, he is also a Chairman of Thai Plastic and Chemicals PLC, Director of Bangkok Synthetics Co., Ltd. and BST Elastomers Co., Ltd.

Chaovalit Ekabut

Commissioner

Thai National. Born in 1958 and is 55 years old.

Served as Commissioner since January 2012.

Mr. Chaovalit obtained his Bachelor of Mechanical Engineering (First-Class Honors) from Chulalongkorn University and Master of Industrial Engineering and Management from the Asian Institute of Technology. He also completed the Advanced Management Program (AMP) from Harvard University, USA. He is the CFO and Vice President of SCG, and includes SCG Investments as one of his key responsibilities. With more than 30 years' experience at SCG, his major assignments were in Computer Services Centre, JV companies in electronic business, and SCG business restructuring during 1997-2000. Prior to becoming CFO, he had been the President at SCG Paper for eight years. He currently serves on Board of Directors in SCG's major businesses. He has also become the Director of SCG Chemicals, SCG Paper, SCG Investment and its joint ventures business with effect from early 2011.

The following sets out brief information of each member of the Board of Directors of the Company:

Erwin Ciputra

President Director

Indonesian National. Born in 1974 and is 39 years old.

Served as President Director since January 2011.

Mr. Ciputra obtained his Bachelor of Economics from Wharton School, University of Pennsylvania, USA, in 1996. He served as President Director of PT Chandra Asri from November 2007 until the Merger and currently serves as the President Director of the Company. He has nine years of experience in the petrochemical industry and has been working for the Company for eight years. Before appointed as President Director of PT Chandra Asri, he has held Vice President of Finance position from July 2004 to November 2007. Previously, he has also experienced as an advisor in PT Petrokimia Nusantara Interindo. He has six years of experience in finance while working for JP Morgan Securities, TIAACREF Asset Management in New York, USA.

Paramate Nisagornsen

Vice President Director

Thai National. Born in 1967 and is 46 years old.

Served as Vice President Director since January 2012.

Mr. Paramate earned his Master of Science in Management, Operations Management and Applied Economics and Finance from the MIT Sloan School of Management, Massachusetts, USA (Siam Cement Scholarship). He currently serves as Vice President Director of the Company, responsible for the operations of the Company's plants. He began his career at The Siam Fibre Cement Co., Ltd. in 1989 as an Engineer and was appointed as President Director for Nawaplastic Industries (Saraburi) Co., Ltd. and Nawaplastic Industries Co., Ltd. from 2007 to 2011 and served as the Business Group Head of Fabricated Products in SCG Chemicals in 2011.

Raymond Budhin

Vice President Director

Indonesian National. Born in 1973 and is 40 years old.

Served as Vice President Director since July 2012.

Mr. Raymond obtained his Bachelor of Social Science from the University of Southern California, USA, in 1996. He is the Vice President Director of Commercial of Polymer since July 2012, responsible for the commercial of Polymer of the Company, and has been working for the Company for six years. Previously, he served as a Director in Sona Topas Tourism Industry, Inti Dufree Promosindo and Arthamulia Indah from 1999 to 2007. In 1998 to 1999, he served as General Manager in Cahaya Baru Realty.

Lim Chong Thian

Director

Malaysian National. Born in 1958 and is 55 years old.

Served as Director since January 2011.

Mr. Lim obtained his Bachelor of Commerce from the New South Wales University, Australia in 1980 and also a member of CPA Australia, Malaysian Institute of Accountants and the Australian Institute of Company Directors. He served as Finance Director of PT Chandra Asri from January 2006 until theMerger and currently serves as Finance Director of the Company, who is responsible for financial of the Company. He has 30 years' experience in the oil and gas industry and has been working in the Company for six years. Previously, he acted as financial advisor for PT Chandra Asri from November 2005. In the past, he served in various positions at Shell Companies in Brunei Darussalam, Malaysia and Australia, where he worked from 1980 to 2004. He has extensive experience in financial management, business planning, procurement, governance and internal control in the oil and gas industry.

Baritono Pangestu

Director

Indonesian National. Born in 1979 and is 34 years old.

Served as Director since January 2011.

Mr. Pangestu earned his Bachelor of Business from Central Queensland University, Australia in 2005. He was appointed as a Director of PT Chandra Asri from November 2007 until the Merger. Currently, he serves as the Commercial Director of Monomer of the Company, who is responsible for commercial and marketing. He has eight years of experience in the petrochemical industry and has been working in the Company for eight years. He has extensive experience in various positions, including as Feedstock Manager in 2005-2007 and as Sales Manager of Polyethylene in 2007.

Paisan Lekskulchai

Director

Thai National. Born in 1972 and is 41 years old.

Served as Director since January 2012.

Mr. Lekskulchai earned his Master of Business Administration from The National Institute of Development Administration, Thailand, and the Chemical Engineering from Chulalongkorn University, Thailand and completed Management Development Program from the Wharton School of Business in University of Pennsylvania, USA, in 2009. Currently, he serves as the Director of the Company, who is responsible for the Company's production. In the past, he has served as Systems Engineer at Yogokawa (Thailand) Co., Ltd. from 1993 to 1994, Technical Engineer for the National Petrochemicals (Public) Company in 1994-1995, and Olefins Production Manager at Rayong Olefins Company from 1995 until shortly before his assignment in the Company.

Muntalip Santoso
Director
Indonesian National. Born in 1955 and is 58 years old.
Served as Director since January 2011.

Mr. Santoso earned his Bachelor of Chemical Engineering from Bandung Institute of Technology (ITB) in 1980. He served as Administrative Director of PT Chandra Asri from July 2008 until the Merger and currently serves as the Director of Human Resources of the Company. He has 32 years of experience in the petrochemical industry and has been working for the Company for four years. Previously he has been engaged as Project Director in a number of leading companies in Indonesia operating in petrochemical industry such as Nawa Panduta, Usaha Optima Persada Group and Tirtamas Majutama Group. During his tenure at Bhakti Investama Group in 2000, he served as Vice President Director and Commissioner in five companies. He was appointed as Director of SMI since 2002.

Corporate Secretary
In compliance with Bapepam Rule No. KEP-63/PM/1996 dated 17 January 1996, attachment to Decree No. IX.I.4 on the Appointment of Corporate Secretary and Decree of the Board of Directors of PT Bursa Efek Jakarta No. Kep.305/BEJ/07-2004 dated 19 July 2004, pursuant to the decree of the Board of Directors of the Company dated 22 January 2008 on the Appointment of Corporate Secretary, the Company has appointed Suryandi, as Corporate Secretary as of 22 January 2008.

Suryandi
Indonesian National, 51 years old. Mr. Suryandi earned his Bachelor of Science in Economics from University of Indonesia. Prior to his current appointment as the Corporate Secretary, he served as Director of TPI since 1998 and as Chief Financial Officer since 2005. He joined TPI in 1990 as Finance Manager and was promoted to Treasury Director in 1994.
The functions of Corporate Secretary are as follows:
1. Manage information related to the business community and maintain good relationship between the Company and institutions supporting capital market as well as capital market regulatory body;
2. Ensure the Company's compliance GCG principle as well as prevailing regulations;
3. Organize general meeting of shareholders;
4. Bridge communication between management and stakeholders in order to improve the Company's image; and
5. Organize the Company's management office activity as well as facilitate relationship between the Company and its stakeholders.

Corporate Secretary of the Company address is at:
Wisma Barito Pacific Tower A 7th Floor
Jl. Letjen S. Parman Kav 62-63, Jakarta 11410
Phone: (62-21) 530 7950
Fax: (62-21) 530 7943
email: suryandi@capcx.com

Audit Committee

In compliance with the regulations of OJK and IDX, the Company has established an Audit Committee pursuant to the Decree of the Board of Commissioners No. 002-A/LGL/BOC RES/VI/2012 dated 4 June 2012, the Board of Commissioners of the Company has determined the composition of the Audit Committee, which consist of 3 members, as follows:

a. Hanadi Rahardja (Head of Audit Committee);

b. Rifqi Musharnanto; and

c. Tita Serena K. Ferdinandus.

The Audit Committee will assist the Board of Commissioners to: (i) review financial information which will be issued by the Company, including financial statement, projection, and other financial information, (ii) review the Company's compliance with prevailing regulations in capital market and other rules and regulations relating with the Company, (iii) report to the Board of Commissioners any risk faced by the Company and implementation of risk management, (iv) review and report to the Board of Commissioners any complaint regarding the Company, and (v) maintain confidentiality of documents, data, and information regarding the Company. Meetings are held on a quarterly basis.

Set forth below is a short biography of each member of the Audit Committee of the Company:

Hanadi Rahardja. See "— Board of Commissioners".

Rifqi Musharnanto
Indonesian National, 50 years old. He earned his Bachelor of Civil Engineering from Gadjah Mada University in 1988 and Masters in Business Administration from The Indonesia Institute for Management Development in 1992. Appointed as member of the Audit Committee since 2009. Previously, he has served as Audit and Administration Director in CA from 2001 to 2008 as well as Head of AMC Loan Settlement Team at the National Bank Restructuring Agency (Badan Penyehatan Perbankan Nasional) in Jakarta from 2000 to 2002.

Tita Serena K. Ferdinandus
Indonesian National, 53 years old. She earned her Bachelor of Science in Accountancy from the Faculty of Economics at the University of Indonesia. Appointed as member of our Audit Committee since 2009. Currently, she also serves as member of audit committee in other listed companies and as Audit Executive Officer in a group of companies in the mining industry. Previously, she worked in a securities firm from 2001 to 2009 with final position as Head of Investment Banking. Between 1996-2001, she worked at Danareksa (Persero)/ PT Danareksa Finance with final position as Head of Direct Investment Division.

Compensation
The commissioners and directors of the Company receive salaries and/or allowances as determined by a general meeting of shareholders and are paid monthly each year. No fees are paid to the commissioners or the directors for their attendance at their respective board meetings. The aggregate amount of salaries and allowances we paid to our commissioners and directors for the six-month period ended 30 June 2013 was approximately US$1.6 million.

We introduced performance-based compensation schemes to provide incentive for improved performance by our staff, including our management.

5. Human resources

As of 30 June 2013, the Company has 1,520 employees, inclusive of 27 contract employees and 10 foreign employees (expatriates). Majority of the Company' employees, which is 1,348 employees or 89% of total employees work in the Company's site office in Cilegon and 172 employees or 11% work at the head office in Jakarta.

The following table shows the changes in the Company's employee composition in several categories for the year ended 31 December 2011 and 31 December 2012, as well as the six-month period ended 30 June 2013.

Employee composition by job function

Job function	31 Dec 2011	31 Dec 2012	30 June 2013
Board of Directors	7	7	7
Senior Vice President / Senior General Manager	3	3	3
General Manager	23	21	18
Department Manager	27	32	33
Section Manager	77	78	75
Superintendent	115	117	119
Supervisor	420	438	479
Operator	691	748	708
Helper	100	85	80
Total	1,463	1,529	1,522

Employee composition by education background

Education background	31 Dec 2011	31 Dec 2012	30 June 2013
PhD	-	-	-
Master	31	37	36
Bachelor	387	436	434
Diploma	201	217	217
High school graduate	799	800	795
Junior high school graduate	35	29	30
Primary school graduate	10	10	10
Total	1,463	1,529	1,522

Employee composition by age group

Age group	31 Dec 2011	31 Dec 2012	30 June 2013
<25	109	189	178
25-30	154	175	175
31-35	205	169	171
36-40	424	398	370
41-45	351	363	373
46-50	135	143	156
>50	85	92	99
Total	1,463	1,529	1,522

SMI

The following tables show the changes in the employee composition of SMI, Subsidiary of the Company, in vary of categories as of 31 December 2011, 2012, and 30 June 2013.

Employee composition by job function

Job function	31 Dec 2011	31 Dec 2012	30 June 2013
Board of Directors	-	-	-
Senior Vice President / Senior General Manager	-	-	-
General Manager	-	1	1
Department Manager	3	3	3
Section Manager	7	7	6
Superintendent	8	7	9
Supervisor	72	74	70
Operator	127	129	125
Helper	38	37	35
Total	255	258	249

Employee composition by education background

Education background	31 Dec 2011	31 Dec 2012	30 June 2013
PhD	-	-	-
Master	1	1	1
Bachelor	52	54	51
Diploma	18	19	18
High school graduate	164	164	159
Junior high school graduate	14	14	14
Primary school graduate	6	6	6
Total	255	258	249

PBI

The following tables show the changes in the employee composition of PBI, a Subsidiary of the Company, in vary of categories as of 31 December 2011, 2012, and 30 June 2013.

Employee composition by job function

Job Function	31 Dec 2011	31 Dec 2012	30 June 2013
Board of Directors	-	-	-
Senior Vice President/Senior General Manager	-	-	-
General Manager	-	2	1
Department Manager	-	4	4
Section Manager	-	-	-
Superintendent	-	-	-
Supervisor	-	2	3
Operator	-	21	22
Helper	-	-	-
Total	-	29	30

Employee composition by education background

Education Background	31 Dec 2011	31 Dec 2012	30 June 2013
PhD	-	-	-
Master	-	1	1
Bachelor	-	8	8
Diploma	-	6	6
High school graduate	-	14	15
Junior high school graduate	-	-	-
Primary school graduate	-	-	-
Total	-	29	30

Foreign employees

As of 30 June 2013, we employ the following foreign employees:

1. Name : Paramate Nisagornsen
   Nationality : Thailand
   Position : *Vice President Director*
   IMTA No. : 4814/2012, which is valid until 3 January 2014
   Kitas No. : 2C21JD6091, which is valid until 3 January 2014

2. Name : Lim Chong Thian
   Nationality : Malaysia
   Position : *Finance Director*
   IMTA No. : 2629/2013, which is valid until 31 August 2014
   Kitas No. : 2C21JE3284AM, which is valid until 31 August 2014

3. Name : Paisan Lekskulchai
   Nationality : Thailand
   Position : *Operation Director*
   IMTA No. : 24547/2012, which is valid until 3 January 2014
   Kitas No. : 2C11AF0060-L, which is valid until 3 January 2014

4. Name : Siriwat Limpaiboon
   Nationality : Thailand
   Position : *Sr. Project Manager*
   IMTA No. : 04094/2013, which is valid until 6 May 2014
   Kitas No. : 2C21AF3822-M, which is valid until 6 May 2014

5. Name : Kitikun Prasithrathsint
   Nationality : Thailand
   Position : *General Manager*
   IMTA No. : 5173/2012, which is valid until 29 January 2014
   Kitas No. : 2C21JD6272-L, which is valid until 29 January 2014

6. Name : Sunthorn Prasopchingchana
   Nationality : Thailand
   Position : *Production Manager*
   IMTA No. : 26557/2012, which is valid until 4 February 2014
   Kitas No. : 2C21AF0177-M, which is valid until 4 February 2014

7. Name : Worapon Kitpreechawanich
   Nationality : Thailand
   Position : *Research & Development Manager*
   IMTA No. : 04924/2013, which is valid until 14 March 2014
   Kitas No. : 2C11JD4161-M, which is valid until 14 March 2014

8. Name : Apichat Kanthavithi
   Nationality : Thailand
   Position : *Development Manager*
   IMTA No. : 26559/2012, which is valid until 4 February 2014
   Kitas No. : 2C21AF0176-M, which is valid until 4 February 2014

9. Name : Jirathpol Sunsap
   Nationality : Thailand
   Position : *Operation Manager*
   IMTA No. : 26558/2012, which is valid until 1 February 2014
   Kitas No. : 2C21AF0175-M, which is valid until 1 February 2014

10. Name : Tanapat Techawuthikorn
    Nationality : Thailand
    Position : *Reliability Consultant*
    IMTA No. : 04095/2013, which is valid until 6 May 2014

Kitas No. : 2C21AF3821-M, which is valid until 6 May 2014

11. Name : Chatchai Pathumpongsothom
    Nationality : Thailand
    Position : Chemical Formulation Engineer
    IMTA No. : 34588/2013, which is valid until 14 August 2014
    Kitas No. : 2C11AF4781-M, which is valid until 14 August 2014.

Employees' welfare
The Company's employees receive compensation which includes base salary which has met provincial/regional minimum wage requirement, monthly fixed allowance (housing) and variable allowance (transportation and food), and annual bonus subject to the condition and performance of the Company which is usually paid in conjunction with salary for the month of February. Additionally, employees are also entitled to annual leave, pick-up services, canteen facility, health assistance, Jamsostek, pension fund program, pilgrimage assistance, recreation assistance, grieve assistance, transportation subsidy and operational transport subsidy. Salary and wages paid by the Company are always in line with the minimum standard requirement and Regional Minimum Wage under the prevailing regulations.

Pension fund
Company registered its employees in pension program with Financial Institutions' pension fund for full-time employees. Company contributes 7.5% of base salary with maximum base salary of Rp. 5 million while employees contribute 4%.

Pilgrimage assistance
Company provides assistance on pilgrimage's expenses annually for employees who are selected through selection process and fulfill criteria specified by special committee.

Labor union
Company's labor union is the Chemical, Energy, Mining, Oil and Gas, and General Labor Union (SP KEP) of the Company which is registered at Cilegon's labor agency office, under on No. 00.02.09/OP-FSP.KEP/01-II/2011 dated 1 February 2011, domiciled in the Company, at Jl. Raya Anyer Km.123, Ciwandan, Cilegon, Banten 42447.

Collective Labor Agreement has been registered with the Ministry of Labor of the Republic of Indonesia, as stated in the Decree of Directorate General of Development of Industrial Relation and Employee's Social Security No. Kep.93/PHIJSK-PKKAD/PKB/VI/2013 regarding registration of Collective Labor Agreement which was signed on 26 June 2013 and valid for 2 years from 1 July 2013 until 30 June 2015.

SMI's labor union is the Chemical, Energy, Mining, Oil and Gas, and General Labor Union (SP KEP) PT Styrindo Mono Indonesia which is registered at Serang's labor agency office, under No. 01/PUK-SPKEP/02.01/VIII/2008 dated 6 August 2008, domiciled in SMI, Desa Mangunreja, Kecamatan Pulo Ampel, Kabupaten Serang, Banten 42456.

Labor agreement has been registered with the Ministry of Labor of the Republic of Indonesia, as stated in the Decree of Directorate General of Development of Industrial Relation and Employee's Social Security No. 124/KEP/PHIJSK/PKKAD/PKB/VII/2013 regarding registration of Collective Labor Agreement which was signed on 2 August 2013 and valid for 2 years from 1 July 2013 until 30 June 2015.

Training and Development
Company has special department (Technical Training Section) which handles training programs for technical skills with experienced internal instructor. These programs are aimed to improve employees' technical skills.
Apart from internal training program, the Company also has a department dedicated for training and career development (Training and Career Development Section) which prepares job competency assessment, training plan, as well as training budget.

Employees' Cooperative
The Company has two employees' cooperative:

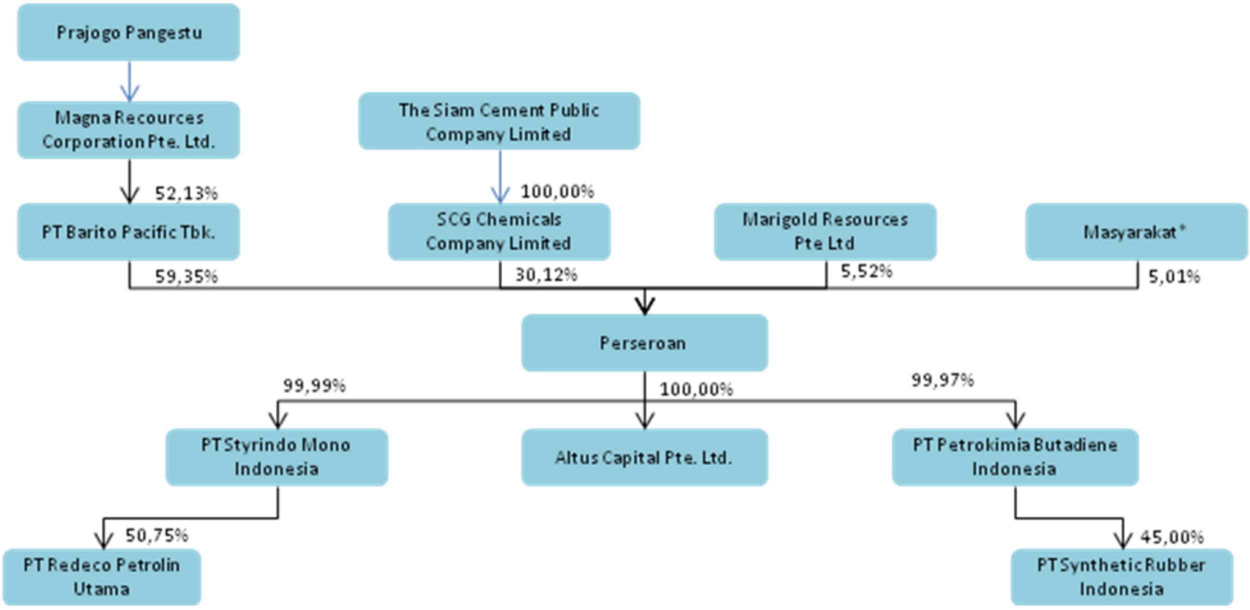
1. Koperasi KaryawanTripolyta ("Kopkarlyta"), domiciled at Ciwandan based on Article of Association No. 9847/BH/KWK.10/1 dated 2 May 1992 which has been registered with Cooperative Department of Regional Office Cooperative Department of West Java as amended with Deed of Amendment No. 9847/BH/PAD/KWK.10/IV/1996 dated 12 April 1996 that has been registered in the general list of Department of Cooperative and Management of Small Enterprises of the Republic of Indonesia for West Java Regional Office and;
2. Koperasi Karyawan Asri ("KopkarAsri"), which was established on 17 November 1995 and ratified as legal entity under No. 11631/BH/KWK-10/XI/1995. The Deed of Amendment to the Articles of Association of KopkarAsri has been ratified by the Head of Industry, Trade and Cooperative Agency of Cilegon on behalf of the State Minister of Cooperative and Small and Middle Enterprises and Cilegon Mayor pursuant to Decree No. 02/SK/PAD/XI.4/KEP-518/Disperindagkop/V/2010 dated 14 May 2010.

Type of activities or businessess organized by KopkarAsri includes, among others:

a. providing goods to its members;
b. Savings and loans activities;
c. Soft loan, in cooperation with banks;
d. Consignment of members' goods to be sold in cooperative based on profit sharing system.

6. Sharesownership, Management and Supervision Relation between the Company and its Subsidiaries

Diagram on the Shares Ownership Relation between the Company and its Subsidiaries (>50%) on the date of this Prospectus



Notes:
* Public includes the shares owned by:
(i) Prajogo Pangestu in the total of 29,669,550 shares;
(ii) Erwin Ciputra in the total of 1,533,500 shares;
(iii) Lim Chong Thian in the total of 26,500 shares;
(iv) Paramate Nisagornsen in the total of 30,000 share; and
(v) Raymond Budhin in the total of 59,500 shares.

The Ultimate Share Holder of the Company is Projogo Pangestu.

Management and Supervision Relation between the Company and its Subsidiaries (>50%) on the date of this Prospectus:

Name	The Company	SMI	PBI	Altus	RPU
Board of Commissioners					
George Allister Lefroy	President Commissioner	-	-	-	-
Tan Ek Kia	Vice President Commissioner – Independent Commissioner	-	-	-	-
Hanadi Rahardja	Independent Commissioner	-	-	-	-
Agus Salim Pangestu	Commissioner	-	-	-	-
Dra. Loeki Sundjaja Putra	Commissioner	-	-	-	-
Cholanat Yanaranop	Commissioner	-	-	-	-
Chaovalit Ekabut	Commissioner	-	-	-	-
Board of Directors					
Erwin Ciputra	President Director	President Director	President Director	Director	
Paramate Nisagornsen	Vice President Director	Vice President Director	Vice President Director	-	President Commissioner
Raymond Budhin	Vice President Director	Director	President Commissioner	-	-
Lim Chong Thian	Director	President Commissioner	Director	Director	-
Baritono Pangestu	Director	Director	Vice President Commissioner	-	-
Paisan Lekskulchai	Director	Director	-	-	-
Muntalip Santoso	Director	-	-	-	Vice President Director

7. Fixed asset

On the date of the issuance of this Prospectus, the Company owns 2 plants which are located at Jl. Raya Anyer Km. 123, Ciwandan, Cilegon, Banten 42447 and Jl. Raya Bojonegara, Desa Mangunreja, Kecamatan Bojonegara, Kabupaten Serang, Banten 42456.

The Company operates naphtha cracker with a capacity of 600 kt per annum, using technology licensed from Lummus Technology, Inc. ("Lummus") and has two polyethylene production lines using technology licensed from Union Carbide Corporation and Showa Denko. The production line licensed from Union Carbide Corporation has a capacity of 200 kt per annum and produces both low density polyethylene ("LLDPE") and high density polyethylene ("HDPE"), whereby the Showa Denko has a capacity of 120 kt per annum of HDPE. The Company produces olefins (ethylene, propylene and other by-products, such as pygas and mixed C4), as well as other ethylene derivative products such as polyethylene and styrene monomer (through its Subsidiary, SMI) and other by-products such as ethyl benzene, toluene and benzene toluene mixture. The two plants producing styrene monomer have a combined capacity of 340 kt per annum. For polypropylene train, the Company operates three polypropylene trains with a combined capacity of 480 kt per annum.

Company's complex is also furnished by supporting facilities, such as pipelines, power utilities, boiler, waste water treatment facility, storage tanks and jetty.

The Company owns 28 plots of land which are located in Serang and Cilegon under the name PT Chandra Asri Petrochemicals Tbk, which are as follows:

No.	Type, Number, Issuer, and Date of the Certificate	Land Area (m2)	Situation Map/Delineation Certificate	Expiry Date	Remarks
1.	Right to Build Certificate No. 70, issued by the Head of Serang Regency Land Office, dated 29 January 1997	92,510	Situation Map No. 10322/1996 dated 26 December 1996	27 September 2026.	-
2.	Right to Build Certificate No. 71, issued by the Head of Serang Regency Land Office, dated 29 January 1997	5,820	Situation Map No. 48/1997 dated 29 January 1997	27 September 2026	-
3.	Right to Build Certificate No. 103, issued by the Head of Serang Regency Land Office, dated 21 April 1998	12,100	Delineation Certificate No. 1/SU/1998 dated 20 April 1998	15 April 2028	-
4.	Right to Build Certificate No. 104, issued by the Head of Serang Regency Land Office, dated 21 April 1998	4,749	Delineation Certificate No. 989/Gunung Sugih/2013 dated 25 June 2013	15 April 2028	-
5.	Right to Build Certificate No. 3371, issued by the Head of Serang Regency Land Office, dated 8 October 1998	4,780	Delineation Certificate No. 38/SU/1998 dated 22 August 1998	31 January 2014	-
6.	Right to Build Certificate No. 205, issued by the Head of Cilegon Municipal Land Office, dated 25 June 2013	33,926	Delineation Certificate No. 00989/Gunung Sugih/2013 dated 25 June 2013	15 April 2028	-
7.	Right to Build Certificate No. 155/GunungSugih, issued by the Head of Serang Regency Land Office, dated 19 November 2009	11,965	Delineation Certificate No. 00787/GunungSugih/2009 dated 4 August 2009	29 October 2029	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 408/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1664/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
8.	Right to Build Certificate No. 21/GunungSugih, issued by the Head of Serang Regency Land Office, dated 20 September 1991	68,730	Situation Map No. 2563/1991 dated 3 September 1991	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
9.	Right to Build Certificate No. 22/GunungSugih, issued by the Head of Serang Regency Land Office, dated 20 September 1991	78,520	Situation Map No. 828/1991 dated 27 March 1991	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
10.	Right to Build Certificate No. 24/Gunung Sugih, issued by the	87,087	Situation Map No. 831/1991 dated 27 March	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong

No.	Type, Number, Issuer, and Date of the Certificate	Land Area (m2)	Situation Map/Delineation Certificate	Expiry Date	Remarks
	Head of Serang Regency Land Office, dated 20 September 1991		1991		pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
11.	Right to Build Certificate No. 25/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 20 September 1991	86,009	Situation Map No. 830/1991, dated 27 March 1991	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
12.	Right to Build Certificate No. 26/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 20 September 1991	76,941	Situation Map No. 827/1991 dated 27 March 1991	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
13.	Right to Build Certificate No. 27/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 20 September 1991	95,795	Situation Map No. 829/1991 dated 27 March 1991	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
14.	Right to Build Certificate No. 29/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 14 December 1991	459,464	Situation Map No. 2100/1991 dated 16 August 1991	14 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
15.	Right to Build Certificate No. 32/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 22 March 1993	45,336	Situation Map No. 1724/1993 dated 20 March 1993	20 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
16.	Right to Build Certificate No. 42/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 27 September 1994	31,790	Situation Map No. 3246/1992 and 3249/1992 dated 4 August 1992	21 September 2031	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 409/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1665/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
17.	Right to Build Certificate No. 96/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 16 March 1998	31,400	Situation Map No. 1798/1998 dated 10 March 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
18.	Right to Build Certificate No. 97/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 10 March 1998	11,225	Situation Map No. 1797/1998 dated 10 March 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and Hak Tanggungan Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
19.	Right to Build Certificate No. 98/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 10 March 1998	36,520	Situation Map No. 1803/1998 dated 10 March 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
20.	Right to Build Certificate No. 99/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 10 March 1998	4,540	Situation Map No. 1802/1998 dated 10 March 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi

No.	Type, Number, Issuer, and Date of the Certificate	Land Area (m2)	Situation Map/Delineation Certificate	Expiry Date	Remarks
					Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
21.	Right to Build Certificate No. 101/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 10 March 1998	640	Situation Map No. 1800/1998 dated 10 March 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
22.	Right to Build Certificate No. 102/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 10 March 1998	3,255	Situation Map No. 1799/1998 dated 10 March 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
23.	Right to Build Certificate No. 106/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 8 June 1998	8,590	Situation Map No. 4/1998 dated 4 June 1998	4 May 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
24.	Right to Build Certificate No. 107/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 8 June 1998	29,890	Situation Map No. 5/1998 dated 4 June 1998	4 May 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
25.	Right to Build Certificate No. 117/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 27 November 1998	1,330	Situation Map No. 17/1998 dated 2 November 1998	27 February 2028	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
26.	Right to Build Certificate No. 123/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 30 August 1999	2,760	Delineation Certificate No. 8/G. Sugih/1999 dated 30 August 1999	21 August 2029	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
27.	Right to Build Certificate No. 124/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 30 August 1999	615	Delineation Certificate No. 11/G. Sugih/1999 dated 30 August 1999	21 August 2029	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)
28.	Right to Build Certificate No. 126/Gunung Sugih, issued by the Head of Serang Regency Land Office, dated 30 August 1999	880	Delineation Certificate No. 9/G. Sugih/1999 dated 30 August 1999	21 August 2029	This land is used as collateral under third rank mortgage for DB Trustees (Hong Kong) Limited, domiciled in Hongkong pursuant to the Deed of Granting of *Hak Tanggungan* No. 407/2012 dated 8 October 2012, drawn before Hapendi Harahap, S.H., Land Deed Official in Cilegon Municipal and *Hak Tanggungan* Certificate No. 1666/2012 dated 17 October 2012 issued by the Head of Cilegon Municipal Land Office. (1)

Notes:

(1) Pursuant to Letter from DB (Trustees) Hongkong Limited dated 7 December 2012, the first and second rank mortgage have been released.

In addition to the above, the Company also has 7 plots of land which are located in Surabaya, Cilegon, and Serang under the name of PT Tri Polyta Indonesia Tbk, which are as follows:

No.	Type, Number, Issuer, and Date of the Certificate	Land Area (m2)	Situation Map/Delineation Certificate	Expiry Date
1.	Right to Build Certificate No. 5, issued by the Head of Surabaya Municipal Land Office, dated 6 November 1995	4,002	Situation Map No. 5101/1994 dated 24 May 1994	24 September 2025
2.	Right to Build Certificate No. 6, issued by the Head of Surabaya Municipal Land Office, dated 6 November 1995	4,000	Situation Map No. 5102/1994 dated 24 May 1994	24 September 2025

No.	Type, Number, Issuer, and Date of the Certificate	Land Area (m2)	Situation Map/Delineation Certificate	Expiry Date
3.	Right to Build Certificate No. 49, issued by the Head of Cilegon Municipal Land Office, dated 14 December 2007	5,260	Delineation Certificate No. 761/Gunung Sugih/2007 dated 7 December 2007	24 June 2019
4.	Right to Build Certificate No. 51, issued by the Head of Serang Regency Land Office, dated 30 October 1995	5,560	Situation Map No. 7524/1995 dated 27 October 1995	24 June 2019
5.	Right to Build Certificate No. 72, issued by the Head of Serang Regency Land Office, date 29 January 1997	10,628	Situation Map No. 10320/1996 dated 26 December 1996	24 June 2019
6.	Right to Build Certificate No. 73, issued by the Head of Serang Regency Land Office, dated 29 January 1997	32,917	Situation Map No. 49/1997 dated 29 January 1997	24 June 2019
7.	Right to Build Certificate No. 74, issued by the Head of Cilegon Municipal Land Office, dated 14 December 2007	8,335	Delineation Certificate No. 760/Gunung Sugih/2007 dated 7 December 2007	24 June 2019

On the date of the issuance of this Prospectus, the Company has the following trademarks:

No.	Trademark Name	Trademark Registration Number	Class	Registration Date	Trademarks Protection Period
1	"Asrene"	IDM000015428	01	27 August 2004	10 years since the receipt of the application, which is 5 October 2004
2	"Trilene"	IDM000159259	01	16 April 2008	10 years since the receipt of the application, which is 24 August 2006
3	"Grene"	IDM000389324	01	27 April 2011	10 years since the receipt of the application, which is 10 June 2011

8. Insurance

The Company carries insurance for our operations against property damage and consequent business interruption through "all risks" policies. The insurance is underwritten by Indonesian insurance companies and is, in turn, reinsured by major international insurance companies. The existing "all risks" policies are in force until 20 June 2014 and are renewed annually.

The "all risks" coverage has a maximum indemnification limit of approximately US$2.87 billion, representing the combined value at risk for property damages and business interruption. This coverage has a limit of liability of US$1.0 billion per occurrence cap for combined property damage and business interruption, and a cap of US$1.0 billion per occurrence and in annual aggregate in respect of earthquake, volcanic eruption, tsunami, windstorm and flood including fire and explosion resulting from such events.

This insurance carriers have created exclusions from "all risks" insurance policies for losses resulting from terrorism, war and certain other events. While separate terrorism insurance coverage is available, premiums for such coverage are expensive, especially for chemical facilities, and the policies are subject to high deductibles. Available insurance coverage typically excludes coverage for losses from acts of foreign governments as well as nuclear, biological and chemical attacks. The management has determined that it is not economically prudent to obtain additional terrorism insurance, especially given the significant risks that are not covered by such insurance.

The Company also has a third party liability insurance policy, which covers losses caused to third parties from the Company's operations, up to a limit of US$75 million per loss or occurrence. In addition to these policies, the Company also maintains other insurance policies for specified risks, including marine cargo and transport insurance and other kinds of coverage that are not included in this "all risks" policies.

The Company believes that the insurance coverage is in accordance with petrochemical industry standards in Indonesia and in the region.

9. Description of the Subsidiaries

On the date of the issuance of this Prospectus, the Company owns the following subsidiaries:

No.	Subsidiaries	Domicile	Business Activities	Establishment	Ownership	Subscription Year	Operational Status
1.	PT Styrindo Mono Indonesia*)	West Jakarta	*styrene monomer* and *ethylbenzene* Industry	1990	99.99%	2007	Operating
2.	Altus Capital Pte. Ltd.*)	Singapore	Finance	2009	100.00%	2009	Operating
3.	PT Petrokimia Butadiene Indonesia*)	West Jakarta	Industry	2010	99.97%	2010	Operating
4.	PT Redeco Petrolin Utama**)	Central Jakarta	Tank lease and jetty management services	1986	50.75% through SMI	2007	Operating

Notes:

*) Such Subsidiaries are previously owned by PT Chandra Asri. After the merger of PT Chandra Asri into the Company took effect in January 2011, those three Subsidiaries became the Subsidiaries of the Company.

**) Prior to the Merger, 34% of RPU shares was owned by SMI which is the Subsidiary of PT Chandra Asri. Therefore after the Merger, RPU is an associated company of the Company. Subsequently, based on the Deed of Acquisition No. 8 dated 10 September 2012, drawn before Jose Dima Satria, S.H., M.kn., Notary in South Jakarta Administrative Municipality, Leisuretivity Pte Ltd sold and transferred its 3,090 shares in RPU to SMI.

Information on the Subsidiaries

9.1. SMI

Corporate History

SMI was established pursuant to the Deed No. 388 dated 23 June 1990 as amended by Deed No. 226 dated 19 February 1991, both of which were drawn before Benny Kristianto, S.H., Notary in Jakarta, which have been ratified by MOLHR pursuant to its Decree No. 02-850.HT.01.01-TH.91 dated 14 March 1991, registered in the register book at West Jakarta District Court on 12 April 1991 under No. 674/1991 and announced in the Supplement No. 9292 to the State Gazette of the Republic of Indonesia No. 90 dated 10 November 1995.

The latest amendment to the Articles of Association of SMI is as stipulated in the Deed of Statement of Shareholders' Resolution on the Amendment to the Articles of Association No. 167 dated 15 August 2008, drawn before Sutjipto, S.H., Notary in Jakarta, which has been approved by MOLHR pursuant to its Decree No. AHU-94522. AH.01.02.Tahun 2008 dated 10 December 2008, registered in the Company Register under No. AHU-0119453.AH.01.09.Tahun 2008 dated 10 December 2008, and announced in the Supplement No. 27571 to the State Gazette of the Republic of Indonesia No. 94 dated 24 November 2009.

The main office of SMI is located in Jakarta at Wisma Barito Pacific Tower A, 7th Floor, Jl. Letjen S. Parman Kav 62-63, Slipi, West Jakarta 11410. SMI's plant is located in Desa Mangunreja, Kecamatan Pulo Ampel, Kabupaten Serang, Banten.

Business Activities

SMI is a styrene monomer producer. Styrene monomer is an aromatic hydrocarbon which, under normal conditions, is a clear, colorless, and flammable liquid. Styrene monomer can be produced by the alkylation of benzene with ethylene and then through dehydrogenation process. The derivative products of styrene monomer are styrene-based polymer, plastic and elastomers, as well as polystyrene, acrylonitrile butadiene styrene, styrene-acrylonitrile, styrene butadiene rubber ("SBR"), unsaturated polyester resins and styrene butadiene lattices. Common end-uses for these products include disposable cups, containers and high impact plastics such as cassettes and toys.

SMI operates two styrene monomer plants with a combined capacity of 340 kt per annum.

Capital Structure and Shareholding Composition

Pursuant to the Deed of Statement of Resolution of the General Meeting of Shareholders No. 171 dated 31 July 2007, drawn before AuliaTaufani, S.H., substitute of Sutjipto, S.H., Notary in Jakarta, which has been approved by MOLHR pursuant to its Decree No. C-02503 HT.01.04-TH.2007 dated 7 November 2007 and announced in the Supplement No. 21256 to the State Gazette of the Republic of Indonesia No. 86 dated 24 October 2008, the capital structure and shareholding composition of SMI is as follows:

	Nominal Value of Rp.1,737,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Capital	**363,820**	**631,955,340,000**	
Issued and Paid Up Capital			
- PT Chandra Asri	323,815	562,466,655,000	99.99
- PT Semesta Cipta Abadi	5	8,685,000	0.01
Total Issued and Paid Up Capital	**323,820**	**562,475,340,000**	**100.00**
Shares in Portfolio	**40,000**	**69,480,000,000**	

Pursuant to the Deed of Statement of Shareholders' Resolutions No. 23 dated 7 February 2011, drawn before Sutjipto, S.H., Notary in Jakarta, the shareholders of SMI have acknowledged the change of name of CA into PT Chandra Asri Petrochemical Tbk in relation to the merger between CA and TPI, and thus the capital structure and shareholding composition of the SMI is as follows:

	Nominal Value of Rp.1,737,000 per share		
	Total Shares	Total Nominal Value (Rp)	%
Authorized Capital	**363,820**	**631,955,340,000**	
Issued and Paid Up Capital			
- PT Chandra Asri Petrochemical Tbk	323,815	562,466,655,000	99.99
- PT Semesta Cipta Abadi	5	8,685,000	0.01
Total Issued and Paid Up Capital	**323,820**	**562,475,340,000**	**100.00**
Shares in Portfolio	**40,000**	**69,480,000,000**	

Supervision and Management

Pursuant to the Deed of Statement of the Resolution of Shareholder No. 65 dated 27 September 2013, drawn before Jose Dima Satria, S.H., Notary in South Jakarta, the composition of the Board of Commissioners and the Board of Directors of SMI are as follows:

The Board of Commissioners
President Commissioner : Lim Chong Thian
Commissioner : Suryandi

The Board of Directors
President Director : Erwin Ciputra
Vice President Director : Paramate Nisagornsen
Director : Paisan Lekskulchai
Director : Raymond Budhin
Director : Baritono Pangestu

The composition of the Board of Commissioners and Board of Directors of SMI above is valid for 3 years from 17 September 2013 until 16 September 2016.

Summary of Important Financial Data

The following tables present the summary of important financial data of SMI for the years ended 31 December 2010, 2011 which were audited by Public Accounting Firm, Osman Bing Satrio & Rekan (member firm of Deloitte Touche Tohmatsu Limited) with unqualified opinion, and taken from the financial statements of SMI for the year ended 31 December 2012 and the six-month period ended 30 June 2013, which were audited by Public Accounting Firm, Osman Bing Satrio & Eny (member firm of Deloitte Touche Tohmatsu Limited) with unqualified opinion.

Consolidated Statements of Financial Position

	31 Dec 2010	31 Dec 2011	31 Dec 2012	30 June 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Consolidated Statements of Financial Position:				
Current assets	96,653	104,689	108,063	123,004
Non-current assets	149,804	146,760	148,077	150,432
Total assets	246,457	251,449	256,140	273,436
Current Liabilities	36,660	37,253	33,294	41,829
Non-current liabilities	16,939	21,074	20,375	22,605
Total Liabilities	53,599	58,327	53,669	64,434
Total Equity	192,858	193,122	202,471	209,002

Consolidated Statements of Comprehensive Income

	For the years ended:			For the six-months period ended	For the six-months period ended:
	31 Dec 2010	31 Dec 2011	31 Dec 2012	30 June 2012	30 June 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*	*US$ '000*
Consolidated Statements of Comprehensive Income:					
Net Revenue	313,339	451,465	448,073	235,159	257,821
Gross Profit	2,694	12,980	4,417	1,770	13,465
Profit (Loss) before tax	(1,115)	4,033	(849)	(3,258)	9,221
Net Profit (Loss)	(2,185)	264	(1,026)	(3,377)	6,919

<u>Brief analysis of significant changes:</u>

For the six months period ended 30 June 2013 compared to the six months period ended 30 June 2012.

Gross profit of SMI for six months period ended 30 June 2013 is US$257.8 million, representing an increase of US$11.7 million or 660.6% compared to the gross profit of SMI for the six months period ended 30 June 2012 of US$1.8 million. This increase was due to the increase of net income of SMI of US$22,662 million compare to the six months period ended 30 June 2013 even though it is followed by the increase of cost of revenues of SMI of US$11.0 million for the six months period ended 30 June 2012.

Total profit (loss) before tax of SMI for the six months period ended 30 June 2013 is US$9.2 million, representing an increase of US$12.5 million or 383.0% compared to the loss before tax of SMI for the six months period ended 30 June 2012 of US$3.3 million. This increase was due to the increase of gross profit of SMI of US$11.7 million and followed with the decrease of selling expenses of SMI of US$0.4 million, the decrease of the loss on foreign exchange of SMI of US$0.7 million and the decrease of finance cost of SMI of US$0.4 million compared to the six months period ended 30 June 2012.

For the year ended on 31 December 2012 compared to the year ended on 31 December 2011.

Total gross profit of SMI as of 31 December 2012 is US$4.4 million, representing a decrese of US$8.6 million or 66.0% compared to the gross profit of SMI as of 31 December 2011 which is US$13.0 million. The decrease was due to the decrease of net revenues of SMI of US$3.4 million compared to 31 December 2011 and the increase of cost of revenues of SMI of US$5.2 million compared to 31 December 2011.

Total profit (loss) before tax of SMI as of 31 December 2012 is US$0.8 million, representing loss of US$4.9 million or 121,0% compared to profit before tax of SMI as of 31 December 2011, which is US$4.0 million. This decrease was due to the decrease of gross profit of SMI of US$8.6 million and followed with the increase of loss on foreign exchange of SMI of US$0.9 million compared to 31 December 2011.

9.2. Altus

Altus is established under the law of Singapore on 14 October 2009 as evidenced with the Deed of Establishment and Articles of Association of Altus Capital Pte.Ltd (which cover all amendments to the articles of associations up to 26 October 2009) and certified by the Accounting and Corporate Regulatory Authority (ACRA) under the confirmation no. 200919215M dated 15 October 2009. The registered office of Altus is located at One Marina Boulevard #28-00, Singapore 018989.

Business Activity

Altus is a Subsidiary used for financing purpose of the Company.

Capital Structure and Shareholders.

The shares capital issued by Altus is US$1,00 consists of one ordinary share issued with the nominal value of US$1,00. All ordinary shares registered and Altus is 100,0% owned by the Company.

The Management and Supervision

On the date of the issuance of this Prospectus, the composition of the Board of Directors of Altus is as follows:

Board of Directors:

Director: Erwin Ciputra.

Director: Lim Chong Thian

Director: Yap Chian Heng

9.3. PBI

Corporate History

PT Petrokimia Butadiene Indonesia ("PBI"), domiciled in West Jakarta, was established pursuant to Deed of Establishment No. 49 dated 24 August 2010, drawn before Benny Kristianto, S.H., Notary in Jakarta, with its status as Foreign Investment Company based on the Law No. 25 of 2007 regarding Investment ("Deed of Establishment of PBI"), which has been ratified by MOLHR pursuant to its Decree No. AHU-43670.AH.01.01.Tahun 2010 dated 6 September 2010, registered in the Company Register under No. AHU-0066715.AH.01.09.Tahun 2010 dated 6 September 2010, registered in the Company Register at West Jakarta Company Registration Office on 26 April 2011 under Company Registration Certificate No. 09.02.1.20.40460 and announced in the Supplement No. 2478 to the State Gazette of the Republic of Indonesia No. 15, dated 21 February 2012.

The latest amendment to the Articles of Association of PBI is as stipulated in the Deed of Statement of Shareholders' Resolutions on the Amendment to the Articles of Association No. 36 dated 21 June 2013, drawn before Jose Dima Satria, S.H., M.Kn., Notary in Jakarta, which has been notified to MOLHR based on the Notification Letter on the Amendment to the Articles of Association No. AHU-AH.01.10-32401 dated 1 August 2013 and registered in the Company Register under No. AHU-0074497.AH.01.09.Tahun 2013 dated 1 August 2013 ("Deed No. 36/2013"). According to the Deed No. 36/2013, the shareholders of PBI approved to increase the issued and paid-up capital of PBI and therefore amend Article 4(2) of Articles of Association of PBI.

Business Activities

PBI is engaged in industry. To achieve such purposes and objects, PBI may conduct business activities in organic chemical base industry which is sourced from petroleum, natural gas and coal, and marketing and selling products resulting from such business activities, either within Indonesia or outside of Indonesia.

Capital Structure and Shareholding Composition

Pursuant to the Deed No. 36/2013, the capital structure and shareholding composition of PBI is as follows:

	Nominal Value of Rp.9,055 per share		
	Total Shares	**Total Nominal Value (Rp)**	**%**
Authorized Capital	**40,000,000**	**362,200,000,000**	
Issued and Paid Up Capital			
- PT Chandra Asri Petrochemical Tbk	29,990,000	271,559,450,000	99.97
- Suhat Miyarso	10,000	90,550,000	0.03
Total Issued and Paid Up Capital	**30,000,000**	**271,650,000,000**	**100.00**
Shares in Portfolio	**10,000,000**	**90,550,000,000**	

Management and Supervision

Pursuant to the Deed of Statement of Shareholders' Resolutions No. 64 dated 27 September 2013, drawn before Jose Dima Satria, S.H., M.Kn., Notary in South Jakarta, the composition of the Board of Commissioners and the Board of Directors of PBI is as follows:

The Board of Commissioners

President Commissioner	: Raymond Budhin
Commissioner	: Baritono Pangestu

The Board of Directors

President Director	: Erwin Ciputra
Vice President Director	: Paramate Nisagornsen
Director	: Suhat Miyarso
Director	: Lim Chong Thian
Director	: Suryandi

The composition of the Board of Directors and the Board of Commissioners of PBI above is valid for 3 years from 17 September 2013 until 16 September 2016.

Summary of Important Financial Data

The following tables present the summary of important financial data of PBI taken from the financial statements of PBI for the year ended 31 December 2011 which were audited by Public Accounting Firm, Osman Bing Satrio & Rekan, (member firm of Deloitte Touche Tohmatsu Limited), with unqualified opinion, and the financial statements of PBI for the year ended 31 December 2012 and the six-month period ended 30 June 2013, which were audited by Public Accounting Firm, Osman Bing Satrio & Eny (member firm of Deloitte Touche Tohmatsu Limited), with unqualified opinion.

Statements of Financial Position

	31 Dec 2011	31 Dec 2012	30 June 2013
	US$ '000	*US$ '000*	*US$ '000*
Statements of Financial Position			
Current assets	4,034	5,781	7,392
Non-current assets	9,402	84,125	113,944
Total assets	13,436	89,906	121,336
Current Liabilities	1,502	9,181	28,874
Non-current liabilities	-	69,512	63,982
Total Liabilities	1,502	78,693	92,856
Total Equity	11,934	11,213	28,480

	31 Dec 2011	31 Dec 2012	30 June 2013

Statements of Comprehensive Income

	One Year period ended:		Six months period ended:	Six months period ended:
	31 Dec 2011	31 Dec 2012	30 June 2012	30 June 2013
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Statements of Comprehensive Income				
Net Revenue	-		-	
Gross Profit	-		-	
Profit (Loss) Before Tax	(66)	(721)	(144)	(732)
Net Profit (Loss)	(66)	(721)	(144)	(732)

Brief analysis of significant changes

Six months period ended 30 June 2013 compared to the six months period ended 30 June 2012.

Total loss before tax of PBI for the six months period ended 30 June 2013 is US$0.7 million, representing an increase of US$0.6 million or 407.11% compared to the loss before tax of PBI for the period of six months ended 30 June 2012 of US$0.1 million. This is due to the increase of general and administrative expensen of PBI of US$0.7 million compared to the six months period ended 30 June 2012.

Total loss before tax of PBI for the six months period ended 30 June 2013 may be decreased due to the increase of profit on foreign exchange of PBI of US$0.1 million compared to the six months period ended 30 June 2012.

Year ended 31 December 2012 compared to the year ended 31 December 2011.

Total current assets of PBI as of 31 December 2012 is US$5.8 million, representing an increase of US$1.7 million or 43.3% compared to the current assets of PBI as of 31 December 2011 of US$4.0 million. This is due to the increase of prepaid taxes by US$4.6 million, even though the cash in banks of PBI was decreased by US$2,9 million compared to 31 December 2011.

Total non-current assets of PBI as of 31 December 2012 is US$9.2 million, representing an increase of US$7.7 million or 511.0% compared to the non-current assets of PBI as of 31 December 2011, which is US$1.5 million. This is due to the increase of fixed assets in development of PBI consists of Butadine Extraction Plant by US$74.7 million compared to 31 December 2011.

Total current liabilities of PBI as of 31 December 2012 is US$ 9,2 million, representing an increase of US$7.7 million or 511.0% compared to current liabilities of PBI as of 31 December 2011, which is US$1.5 million. This is due to the increase of other debts to related parties of PBI by US$7.6 million.

Total non-current liabilities of PBI as of 31 December 2012 is US$69.5 million due to the occurence of long term other debts to related parties.

Total loss before tax of PBI as of 31 December 2012 is US$0.7 million, representing an increase of loss of US$0.6 million or 407.1% compared to loss before tax of PBI as of 31 December 2011, which is US$0.1 million. This is due to the increase of general and administrative expenses by US$0.8 million eventhough PBI gains profit on foreign exchange in the amount of US$0.1 million compared to 31 December 2011.

9.4. RPU

Company History

PT Redeco Petrolin Utama ("RPU"), domicilied in Central Jakarta, was established under the name of PT Redeco Petrolin Utama Inc., pursuant to the Deed of Establishment No. 96 dated 29 November 1980, drawn before Raden Sudibio Djojopranoto, S.H., Notary in Jakarta, as amended by Deed No. 37 dated 13 October 1982, drawn before Liliani Handjawati Tamzil, S.H., Notary in Jakarta and Deed No. 7 dated 6 January 1983, drawn before Liliani Handajawati Tamzil, S.H., Notary in Jakarta ("Deed of Establishment of RPU"), all of which have been ratified by MOLHR pursuant to its Decree No. C2-5303.HT.01.01.TH83 dated 30 July 1983, registered in the registry book at Central Jakarta District Court under No. 3372/1983, No. 3373/1983 and No. 3374/1983 dated 10 August 1983, and have been announced in the Supplement No. 882 to the State Gazette of the Republic of Indonesia No. 96 dated 10 August 1983.

The latest amendment to the Articles of Association of RPU is as stipulated in the Deed of Statement of Shareholders' Resolutions No. 75 dated 15 August 2008, drawn before Agnes Angelika, S.H., M.Kn., Notary in Jakarta, which has been approved by MOLHR pursuant to its Decree No. AHU-91215.AH.01.02.Tahun 2008 dated 28 November 2008, registered in Company Register under No. AHU-0115628.AH.01.09.Tahun 2008 dated 28 November 2008, and published in Supplement No. 17626 to the State Gazette No. 54 dated 7 July 2009 ("Deed No.75/2008").

Pursuant to the Deed No. 75/2008, the shareholders of RPU agreed to amend the Articles of Association of RPU entirely to be in line with the Company Law.

Business Activities

RPU is engaged in storage service, transportation service with pipe and jetty management service. To achieve such purposes and objects, RPU may conduct the following business activities:

a. providing storage tank services for liquid chemical material including but not limited to fuel gas, oil, petroleum and other petrochemical products;
b. providing pipeline transportation services for liquid chemical material including but not limited to fuel gas, oil, petroleum and other petrochemical products; and
c. jetty management services in relation to the above services.

Capital Structure and Shareholder Composition

Pursuant to the Deed No. 75/2008 and the Deed of Statement of Shareholders' Resolution No. 7 dated 10 September 2012, drawn before Jose Dima Satria S.H., M.Kn, Notary in South Jakarta, which has been notified to MOLHR pursuant to the Notification Letter No. AHU-AH.01.10-35088 dated 27 September 2012 and registered in Company Register under No. AHU-0085718.AH.01.09.Tahun 2012 dated 27 September 2012, the capital structure and shareholding composition of RPU is as follows:

	Nominal Value of Rp.500,000 per share		
	Total Shares	**Total Nominal Value (Rp)**	**%**
Authorized Capital	**24,000**	**12,000,000,000**	
Issued and Paid Up Capital			
- PT Salim Chemicals Corpora	6,089	3,044,500,000	33.00
- PT Styrindo Mono Indonesia	9,364	4,682,000,000	50.75
- Leisuretivity Pte. Ltd.	2,999	1,499,500,000	16.25
Total Issued and Paid Up Capital	**18,452**	**9,226,000,000**	**100.00**
Shares in Portfolio	**5,548**	**2,774,000,000**	

Management and Supervision

Pursuant to Deed of Statement of Circular Resolution of Shareholders No. 28 dated 27 August 2013, drawn before Popie Savitri Martosuhardjo Pharmanto, S.H., Notary in Jakarta, the composition of the Board of Directors and the Board of Commissioners of RPU is as follows:

The Board of Commissioners

President Commissioner : Paramate Nisagomsen
Vice President Commissioner : Andi Hartandi

The Board of Directors

President Director : Hadi Fernandes
Vice President Director : Muntalip Santoo
Director : Salikim
Director : Adli Nurtjahja

The composition of the Board of Directors and the Board of Commissioners of RPU as mentioned above is valid until 22 March 2015.

Summary of Important Financial Data

The following tables present the summary of important financial data taken from the financial statements of RPU for the year ended 31 December 2012 and the six-month period ended 30 June 2013 which were audited by Public Accounting Firm, Hendrawinata Eddy & Siddharta (member of Kreston International), with unqualified opinion and for the year ended 31 December 2011 which was audited by the Public Accounting Fim Tanubrata Sutanto Fahmi & Rekan (member of BDO International Limited).

Statements of Financial Position

	31 Dec 2011	31 Dec 2012	30 June 2013
		Rp million	*Rp million*
Statements of Financial Position:			
Current Assets	42,055	58,734	73,679
Non-Current Assets	64,444	61,571	59,646
Total Assets	106,499	120,305	133,325
Current Liabilities	4,985	5,248	5,910
Non-Current Liabilities	8,897	9,717	10,606
Total Liabilities	13,882	14,965	16,516
Total Equity	92,617	105,340	116,809

Statements of Comprehensive Income

	One Year Period Ended:	One Year Period Ended:	Six months period ended:	Six months period ended:
	31 Dec 2011	31 Dec 2012	30 June 2012	30 June 2013
		Rp million		*Rp million*
Statements of Comprehensive Income:				
Net Revenues	45,666	47,253	22,880	25,782
Gross Profit	29,042	30,152	14,803	17,462
Operating Income before Tax	18,023	22,079	10,768	14,050
Net Profit	13,365	17,253	8,485	11,469

Brief analysis of significant changes

Six months period ended 30 June 2013 compared to the six months period ended 30 June 2013.

Total operating income before tax of RPU for six-months period ended 30 June 2013 is Rp.14,050 million, representing an increase of Rp.3,282 million or 30.48% compared to operating income before tax of RPU for the six-months period ended 30 June 2012 of Rp.10,768 million. This is due to the increase of net income of RPU by Rp.2,902 million and the finance income of RPU by Rp.842 million compared to the six-months period ended 30 June 2012.

Total net profit of RPU for six-months period ended 30 June 2013 is Rp. 11,469 million, representing an increase of Rp.2,984 million or 35.17% compared to the net profit of RPU for six months period ended 30 June 2012, which is Rp8,485 million. This is due to the increase of income before tax of RPU for six-months period ended 30 June 2013 by Rp.14,050 million, compared to the six months period ended 30 June 2012.

10. Information on Shareholders

10.1. Barito Pacific

Corporate History

Barito Pacific, domiciled in Banjarmasin, South Kalimantan, was established under the name of "PT Bumi Raya Pura Mas Kalimantan", based on Deed of Establishment No. 8 dated 4 April 1979, drawn before Kartini Muljadi, S.H., Notary in Jakarta, which has been ratified by MOLHR pursuant to its Decree No. Y.A.5/195/8 dated 23 July 1979 and has been registered n the register book at Jakarta District Court dated 3 August 1979 under No. 364, and has been published in the Supplement No. 624 to the State Gazette of the Republic of Indonesia No. 84 dated 19 October 1979 ("Deed of Establishment").

The Articles of Association as stipulated in the Deed of Establishment has been amended severally with the last amendment as stated in the Deed of Statement of Resolutions No. 19 dated 12 May 2011, drawn before Benny Kristianto, S.H., Notary in Jakarta, which has been approved by MOLHR pursuant to its Decree No. AHU-27243.AH.01.02.Tahun 2011 on 30 May 2011, registered in Company Register No. AHU-0043567.h.01.09.Tahun 2011 dated 30 May 2011 and published in the Supplement No. 48191 to the State Gazette of No. 73 dated 11 September 2012 ("Deed No. 19/2011"). Pursuant to the Deed No. 19/2011, the shareholders of Barito Pacific agreed on the changes of Article 3 of the Articles of Association of Barito Pacific with regard to the purposes and objectives of business activities of Barito Pacific.

Business Activities
Based on Article 3 of Articles of Association of Barito Pacific, the purposes and objectives of Barito Pacific is in forestry, plantation, mining, industry, property, trading, renewable energy, and transportation.

Capital Structure and Shares Ownership

Based on the Shareholders Register of Barito Pacific as of 31 August 2013, issued by PT Sirca Datapro Perdana, as the share registrar appointed by Barito Pacific, is as follows:

Remarks	Nominal Value Rp1.000 per share		
	Total Shares	Total Nominal Value (Rp)	(%)
Authorized Capital	**27,900,000,000**	**27,900,000,000,000**	
Issued and Paid Up Capital			
- Magna Resources Corporation Pte. Ltd.	3,638,494,330	3,638,494,330,000	52.13
- DZ Privatbank S.A. A. Singapore Ltd	549,713,623	549,713,623,000	7.88
- PT Barito Pacific Lumber	255,702,400	255,702,400,000	3.66
- PT Tunggal Setia Pratama	246,060,000	246,060,000,000	3.53
- Prajogo Pangestu	83,463,150	83,463,150,000	1.20
- PT Muktilestari Kencana	16,207,800	16,207,800,000	0.23
- Public (respectively less than 5%)	2,190,251,481	2,190,251,481,000	31.37
Total Issued and Paid Up Capital	**6,979,892,784**	**6,979,892,784,000**	**100.00**
Total Shares in Portfolio	**20,920,107,216**	**20,920,107,216,000**	

Management and Supervision

Based on the Deed of Statement of Resolutions No. 116 dated 30 May 2013, drawn before Kumala Tjahjani Widodo S.H., M.H., substitute of Benny Kristianto S.H., Notary in Jakarta, the composition of the Board of Commissioners and the Board of Directors of Barito Pacific is as follows:

Board of Commissioners

President Commissioner : Prajogo Pangestu
Commissioner : Harlina Tjandinegara
Independent Commissioner : Didi Achdijat

Board of Directors

President Director : Agus Salim Pangestu
Director : Henky Susanto
Director : Salwati Agustina

10.2. SCG Chemicals

Brief History

SCG Chemicals, is established under the law of Thailand in 1995 under the name of Cementhai Chemicals Company Limited. SCG Chemicals has a main office at No. 1 Siam Cement Road, Bangsue, Bangkok.

Business Activity

SCG Chemicals is a Subsidiary of Siam Cement Group ("SCG") and engage in one of those 5 main activities of SCG. SCG has engaged in chemical industry since 1989 and currently, produces and provides various petrochemical products, such as upstream petrochemical product, for instance, Olefins, intermediary petrochemical products, for instance, styrene monomer, purified terephtalic acid (PTA) and methyl methacrylate (MMA), up to downstream petrochemical product such as polyethylene, polypropylene, polyvinyl chloride and polystyrene resins.

Currently, SCG Chemicals is one of the biggest integrated petrochemical company in Thailand and has become the leader in this industry in Asia Pacific. SCG is the biggest industrial group in Thailand and one of the leader of chemical producer in Asia with substantial experience and skill in petrochemical. SCG is listed on Thailand Stock Exchange.

Management and Supervision

On the date of the issuance of this Prospectus, SCG Chemicals has 6 directors, as follows:

Director: Kan Trakulhoon
Director: Chaovalit Ekabut
Director: Cholanat Yanaranop
Director: Somchai Wangwattanapanich
Director: Roongrote Rangsiyopash
Director: Aree Chavalitcheewingul

11. Related Party Transaction

The Company and its Subsidiaries, in conducting its business activities, conduct transactions with its affiliated parties such as:

SCG Chemicals

A. Propylene Sale and Purchase Agreement

On 1 January 2013, the Company entered into propylene sale and purchase agreement with SCG Chemicals, one of its majority shareholders. Pursuant to the agreement, SCG will sell up to 5,000 MT per month of propylene product to the Company for one year from 1 January 2013 to 31 December 2013. The Company and SCG Chemicals agreed that the product price will be determined in US Dollar per metric ton based on the Bill of Lading based on certain formula. Based on this agreement, the Company shall maintan an insurance for products, including but not limited to marine insurance. The parties may terminate this agreement by notifying another party in writing in the event that such another party breached this agreement.

B. Naphtha Sale and Purchase Contract

On 1 March 2013, the Company entered into 3 naphtha sale and purchase agreements with SCG Chemicals, whereby SCG Chemicals will supply Light Naphtha, Full Range Naphtha and other grades of Naphtha to the Company. These agreements will expire between December 2013 and February 2014. Such supplies will be delivered monthly in 1 (one) cargo containing 27,000 – 33,000 MT whereas SCG Chemicals may request that the shipping in conducted in greater to the extent that does not exceed the loading limitation of the ship, subject to agreement with the Company. The price will be determined in US Dollar per metric ton based on the Bill of Lading at CFR safe port/one safe berth in Anyer, Indonesia. Either party shall not transfer, either all or part of, its rights or obligations under these agreements, unless agreed by another party.

C. Benzene Sale and Purchase Contract

On 1 January 2013, SMI entered into benzene sale and purchase agreement with SCG Chemicals, whereby SCG Chemicals will sell benzene to SMI to meet SMI's needs for 1 year, since 1 January 2013 until 31 December 2013 and can be extended based on agreement of both parties. The price is determined based on quantity as stated in Bill of Lading per MT and will be calculated in US Dollar based on certain formulas.

GI

A. On 1 August 2012, the Company entered into lease agreement with GI, a Subsidiary of the Company's majority shareholder, Barito Pacific, for rental of office space on the 5th floor of Tower A in Wisma Barito Pacific in Jakarta for 1 year which will expire on 30 September 2013. On 16 September 2013, both parties agreed to extend the term of this agreement until 30 September 2015.

B. On 18 January 2012, the Company entered into lease agreement with GI for rental of office space on the 2nd floor of Tower A in Wisma Barito Pacific in Jakarta, from 1 April 2012 until 31 March 2014.

C. On 24 April 2012, the Company entered into lease agreement with GI for rental of office space on the 7th floor of Tower A in Wisma Barito Pacific in Jakarta for 24 months from 1 June 2013 until 31 May 2015.

D. On 24 April 2012, the Company entered into lease agreement with GI for rental of office space on the 2nd floor of Tower B in Wisma Barito Pacific in Jakarta for 2 years from 15 June 2013 until 14 June 2015.

RPU

A. Tank lease, jetty, pipe and facilities placement lease agreement (benzene)

In June 2006, SMI entered into an agreement with RPU, a Subsidiary of SMI, for the utilization of certain parts of RPU's terminal and facilities (including storage tanks, jetties and pipelines) in Serang, Banten, together with the provision of associated services for benzene products. The agreement will expire on 31 December 2021, after which it will be automatically extended by successive periods of one year unless terminated by one of the parties with a written notice. In consideration for the utilization of the facilities and the provision of the services, SMI pays RPU an agreed lease rate based upon utilization.

B. Jetty and pipe lease agreement (styrene monomer and ethylene)

In June 2006, SMI entered into an agreement with RPU for the utilization of RPU's terminal and facilities (including jetties and pipelines) in Serang, Banten, together with the provision of associated services for styrene monomer and ethylene owned by SMI or other parties as approved by SMI and RPU. The agreement will expire on 31 December 2021, after which it will be automatically extended by successive periods of one year unless terminated by one of the parties with a written notice. In consideration for the utilization of the facilities and the provision of the services, SMI pays RPU an agreed lease rate based upon utilization.

C. Placement Facility Agreement

In June 2006, SMI entered into a placement facility agreement with RPU. Based on this agreement, RPU owns and operates a terminal in Merak, Banten together with its jetty to load and unload fuel oil and chemicals material from and to the ship ("Terminal"), and RPU agreed to provide a placement facility at such Terminal to SMI. This agreement is valid from 1 January 2006 until 31 December 2021, after which it will be automatically extended by successive period of one year, unless terminated by one of the parties with a written notice to another party at least 3 years prior to the termination of the extension of this agreement.

SMI

A. Sub Lease Agreement

On 1 October 2012, the Company entered into sub-lease agreement with SMI, one of its Subsidiaries. Pursuant to the agreement, the Company intends to sub-lease certain areas of its office to SMI, which are located in (i) Wisma Barito Pacific Tower A, 7th Floor, (ii) Wisma Barito Pacific Tower A, 2nd Floor, and (iii) Wisma Barito Pacific Tower B, 2nd Floor. The agreement is valid from 1 October 2012 until 1 September 2013. On 1 September 2013, the agreement will be automatically extended for 1 year, unless terminated by no less than three months notice prior to the termination of the agreement. SMI pays the Company an agreed lease rate based upon the area leased by SMI and overtime cost, if any.

B. Ethylene Sale and Purchase Agreement

On 2 January 2013, the Company entered into an ethylene sale and purchase agreement with SMI, whereby the Company would sell ethylene to SMI to meet SMI's demand for 7 months from 1 June 2013 until 31 December 2013 with total quantity which is proportionally divided monthly, i.e. for Train 1 in the amount of 3,000 MT per month and for Train 2 in the amount of 6,000 MT per month. SMI shall pay in accordance with the agreed formula and the payment shall be done in US Dollar. Either party may terminate the agreement by sending notifying another party in writing in the event that such another party does not perform its obligations under this agreement.

PBI

A. Sub Lease Agreement

On 7January 2013, the Company entered into sub-lease agreement with PBI, one of its Subsidiares. Pursuant to the agreement, the Company intends to sub-lease its office at Wisma Barito Pacific Tower A, 7th Floor, to PBI. The agreement is valid until 7 July 2013. On 11 June 2013, this agreement has been extended until 6 January 2014. PBI pays the Company an agreed lease rate based upon the area leased by PBI and an overtime cost, if any.

B. Land Rental Agreement

On 27 December 2011, the Company entered into a land rental agreement with PBI. According to the agreement, the Company will rent and give rights to PBI to utilize the Company's land to construct PBI's butadiene plant. The total area rented by PBI is 40,000 m^2 and located at Jl. Raya Anyer KM 123, Ciwandan, Gunung Sugih, Cilegon, Banten. This rental agreement is valid until 27 December 2021.

C. Intercompany Loan Agreement

On 25 January 2012, the Company entered into an intercompany loan agreement with PBI, whereby the Company provides loan to PBI in the total of US$120,000,000. Such loan will be used by PBI for its C$4 Derivative project, including for construction of Butadiene extraction plant and Butene-1 extraction plant in Cilegon, Banten, Indonesia. The loan can be drawn in either US dollars or Rupiah tranches and provides for floating interest rates that are calculated using LIBOR and JIBOR, respectively, in addition to the applicable margin of 4.8% per annum, depending on the drawdown currency. The loan shall be repaid in 12 semi-annual installments. On 19 November 2012, such agreement has been amended whereby the loan shall be repaid in 12 semi-annual installments commencing from 21 November 2013.

D. Crude C4 Sale and Purchase Agreement

On 1 July 2013, the Company entered into a Crude C4 sale and purchase agreement with PBI, whereby the Company agreed to sell Crude C4 to PBI. This agreement is valid since 1 July 2013 until 31 December 2013. The Parties agreed that the sell and purchase price is calculated in US Dollar based on certain formula and the price may be amended from time to time as agreed by both parties. The Parties may terminate this agreement with prior written notice to another party in the event that such another party breached this agreement.

SRI

A. Butadiene Sale and Purchase Agreement

On 17 June 2013, PBI entered into a butadiene sale and purchase agreement with SRI, whereby PBI will sell and/or supply *butadiene* to SRI in non exclusive basis. This agreement would continue to be valid unless terminated by the parties based on agreement thereof. Based on this agreement, SRI has a priority right to purchase *butadiene* from PBI until the production demand of SRI is met. In another hand, SRI is not permitted to resell *butadiene* which is supplied by PBI to other parties without written approval from PBI. Both parties agreed that *butadiene* price per MT would be calculated in US Dollar with certain agreed formula based on market price.

B. Styrene Monomer Sale and Purchase Agreement

On 17 June 2013, SMI entered into a styrene monomer sale and purchase agreement with SRI, whereby SMI will sell and/or supply *styrene monomer* in non exclusive basis to SRI. The Agreement would continue to be valid unless terminated by the parties or if *joint venture agreement* by and between PBI and Michelin terminates. SRI has a priority right to purchase *styrene monomer* from SMI until the production demand of SRI is met. Both parties agreed that the product price per MT would be calculated in US Dollar with certain agreed formula based on market price.

C. Sub Lease Agreement

On 1 April 2013, The Company entered into a sublease agreement with SRI. Based on this agreement, the Company intends to sublease its office which is located at Wisma Barito Pacific Tower A, 7th floor to SRI. This agreement is valid since 1 April 2013 until 31 March 2014 and will be extended automatically for a succesive period of one year continuously, unless terminated by the parties with at least 1 month notice prior to the termination of this agreement. SRI pays the Company an agreed lease rate based upon the area leased by SRI and an overtime cost, if any.

D. Joint Utilization of Utility and Facility Service Agreement

On 17 June 2013, the Company, PBI and SRI entered into a joint utilization of utility and facility service agreement, whereby the Company and PBI will share facility and provide services for SRI to support its business activities and operations, consists of among others, HP Steam, jetty and storage tank, waste disposal, infrastructure access, and others. This agreement would continue to be valid unless it is terminated by parties upon agreement of both parties. Upon such facility and service, SRI would pay in US Dollar based on certain formula calculated for each facilities and services.

E. Condition Sales and Purchase Agreement of Land

On 17 June 2013, the Company entered into a conditional sales and purchase agreement of land with SRI whereby the Company agreed to deliver and transfer part of its land located in Gunung Sugih, Ciwanda, Cilegon, Banten to SRI with a price of US$ 2.000.000 per hectare. This sales and purchase of land shall be completed no later than 31 July 2014. This agreement may be terminated by SRI in the event that the Company fails to deliver the concession over the land to SRI at the latest on 31 January 2014 and the execution of the deed of sales and purchase agreement of land at the latest on 31 January 2014.

All material transactions with parties which have an affiliation relationship will be conducted in arm's lengths basis and will have the same terms and conditions applied in the event that such transaction is conducted with a third party.

12. Importannt Agreements and Contractual Arrangement with Third Party

<u>Credit Facility Agreements</u>

a. PT Bank Negara Indonesia (Persero) Tbk. ("BNI")

On 17 March 2008, the Company obtained Import L/C facility from BNI consisting of Sight L/C, Usance L/C and Trust Receipt Post Financing and with maximum credit limit of US$15,000,000. This facility is secured with inventories and accounts receivables on paripassu with credit facilities from other banks. On 18 March 2013, the facility was extended until 16 March 2014. Interest under the facility is calculated based on interest rate applied in BNI, except for Trust Receipt Post Financing with an interest calculated based on 3 months SIBOR in addition to the applicable margin of 3.75% per annum. The term of facility contains certain limitations that require BNI's approval prior or upon the Company (i) invests with a project cost more than US$10,000,000, (ii) obtains credit facilities from BNI or other financial institutions, and (iii) changes the composition of its Board of Directors and majority shareholders.

b. PT Bank Danamon Indonesia Tbk. ("Danamon")

On 28 August 2007, the Company obtained Omnibus Trade Finance facility from Danamon, consisting of Sight/Usance Import L/C, Sight/Usance Local L/C, Trust Receipt, Open Account Financing, Standby L/C and Shipping Guarantee and with maximum credit limit of US$47,000,000. On 28 September 2012, the facilities were extended until 28 September 2013. The Trust Receipt Facility and Open Account Financing Facility provide for interest rate which is calculated based on the applicable one month Cost of Fund in Danamon in addition to a margin of 3.50% per annum. The term of facility contains certain limitations that restrict certain amendment to the Company's Articles of Association, financing activities and certain corporate actions, such as merger, consolidation and dissolution without prior written approval of Danamon. This facility is secured with inventories and accounts receivables on paripassu with credit facilities from other banks.

c. PT Bank DBS Indonesia ("DBSI")

On 28 October 2009, the Company obtained Import L/C and Local L/C Facilities with maximum credit limit of US$65,000,000. The facilities is valid until 27 October 2013. The facilities provides for interest rate which is calculated based on SIBOR in addition to a margin of 1.50% per annum. The terms of the facility contain certain limitations that restrict any provision of security and guarantee, change in capital structure, material alteration in business activities, and financing activities without prior written approval of DBSI. This facility is secured with inventories and accounts receivables on paripassu with credit facilities from other banks.

d. DBS Bank Ltd. ("DBS")

In April 2006, the Company obtained a Trade Finance Facility and Revolving Credit Facility from DBS amounted to US$142,000,000 and US$25,000,000, respectively. These facilities were extended until November 2013. The facilities provides for floating interest rate which is calculated based on SIBOR in addition to a margin of 2.75% per annum. The terms of the facility contain certain limitations that restrict any provision of security and guarantee, disposal of assets, amendment to the Company's Articles of Association, and corporate restructuring activities without prior written approval of DBS. This facility is secured with inventories and accounts receivables on paripassu with credit facilities from other banks.

e. The Hongkong and Shanghai Banking Corporation Limited ("HSBC")

On 30 June 2010, the Company and SMI entered into Corporate Facility Agreement with HSBC, which has been amended several times with last amendment with Corporate Facility Agreement dated 26 June 2013. The facility consists of import facility and guarantee issuance with combined limit of US$148,000,000. These facilities were extended until 30 June 2014. The terms of the facility contain certain obligations that require the Company to notify HSBC prior to obtaining new credit facilities, altering the composition of the Board of Directors, Board of Commissioners, shareholding composition, and amending its Articles of Association. This facility is secured with inventories and accounts receivables on paripassu with credit facilities from other banks.

f. PT Bank Central Asia Tbk. ("BCA")

In December 2004, the Company entered into a credit agreement with BCA with a credit limit of US$26,000,000. In 2012, this facility was amended to include issuance of Usance Payable at Sight L/C and Usance Payable at Usance L/C facilities and to increase the credit limit into US$50,000,000. The facility has been extended until 27 October 2013. This facility is secured with inventories and accounts receivables on paripassu with credit facilities from other banks.

g. Up To US$150 million Term Loan Facility Agreement

The Company has entered into an up to US$150 million term loan facility agreement dated 21 November 2011 as amended and restated with the amendment and restated agreement dated 3 October 2012 which is entered into by and between (i) the Company as the Debtor, (ii) PBI, SMI, and Altus as Guarantors, (iii) DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank, as *Joint Bookrunners*, (iv) DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, PT Bank Danamon Indonesia Tbk., PT Bank DBS Indonesia, as *Mandated Lead Arrangers*, (v) DBS Bank Ltd., PT Bank Danamon Indonesia Tbk., PT Bank DBS Indonesia, Standard Chartered Bank, Singapore branch and The Hongkong and Shanghai Banking Corporation Limited, Jakarta branch, as the Creditors, (vi) PT Bank DBS Indonesia, as the facility agent, and (vii) DB Trustees (Hong Kong) Limited, as the Security Agent.

This facility is used by the Company to finance the expenditure in relation to (i) construction of butadiene extraction plant of 100,000 MT and butene-1 extraction plant of 27,500 MT, and (ii) construction of import terminal for liquefied petroleum gas – LPG with capacity of 2 x 40,000 MT, both are located in Cilegon, Banten, Indonesia. The term loan facility bears an interest rate which is calculated based on LIBOR in addition to a margin ranging between 4.35% to 4.80% per annum and is due to be repaid 84 months since 21 November 2011. The payment of the term loan facility is conducted within 12 semi-annual installment commencing from the 18th month from 21 November 2011.

This facility is secured with, among others: (i) fiducia security on insurance claim, (ii) fiducia security on movable assets, (iii) land mortgage, (iv) pledge over the Company's bank account, (v) assignment of intercompany loan, and (vi) pledge over the Company's shares in PBI and Altus. Such securites is given on pari passu with the US$220 million single currency term facility agreement dated 29 September 2012. This facility agreement also contains certain limitation to the business activities, funding activities and corporate actions such as negative pledge, asset disposal, merger or consolidation, changes of business activity and obtaining loan.

h. US$220 million Single Currency Term Facility Agreement

The Company has entered into a US$220 million single currency term facility agreement dated 29 September 2012 by and between: (i) the Company, as Debtor, (ii) PBI, SMI and Altus as Guarantors, (iii) Bangkok Bank Public Company Limited, Jakarta branch and The Siam Commercial Bank Public Company Limited, as the Arrangers and Creditors and (iv) Bangkok Bank Public Company Limited, as Agent.

The Facility is used by the Company to prepay (i) the Company's indebtedness to Altus whereby Altus give loan to the Company on the proceeds from the notes issuance and (ii) part of the facility under up to US$150 million term loan facility agreement dated 21 November 2011. This loan bears an interest rate that are calculated using LIBOR, in addition to the applicable margin of 4.10% per annum and is due to be repaid within 7 years since and including 29 September 2012. This facility shall be repaid in 11 semi-annual installments commencing from the 18th months since 29 September 2012.

This facility is secured with, among others: (i) fiducia security on insurance claim, (ii) fiduciary securities on movable assets, (iii) land mortgage, (iv) pledge over the Company's bank account, (v) assignment of intercompany loan, and (vi) pledge over Company's shares in PBI and Altus. Such securities is given on pari passu with the up to US$150 million term loan facility agreement dated 21 November 2011.

This facility agreement also contains certain limitation to the business activities, funding activities and corporate actions such as negative pledge, asset disposal, merger or consolidation, changes of business activity and obtaining loan.

i. Up to US$20 million Revolving Credit Facility Agreement

On 12 September 2013, the Company has entered into an up to US$20 million revolving credit facility agreement by and between (i) the Company as Debtor, (ii) PBI and SMI as Guarantors, and (iii) Deutsche Bank AG, Singapore branch, as Creditor.

The Company shall apply the credit facility for working capital and general corporate purposes. This credit facility would be due within 12 months since 12 September 2013 and bears rate which is calculated using LIBOR, in addition to the applicable margin of (i) 5.25% per annum for periode since and including 12 September 2013 until 11 March 2014; (ii) 5.75% per annum for periode since and including 12 March 2014 until 11 June 2014; and (iii) 6.25% per annum for the period since and including 12 June 2014 until the due date of this credit facility.

This credit facility agreement also contain certain limitation to the business activities, funding activities and corporate actions such as negative pledge, asset disposal, merger or consolidation, changes of business activity and obtaining loan. This credit facility is secured with corporate guarantee from PT Petrokimia Butadiene Indonesia and PT Styrindo Mono Indonesia, both of which are the Subsidiary of the Company.

Operational Agreement

a. Gas Sale and Purchase Agreement

On 21 June 2004, the Company entered into a gas sale and purchase agreement with PT Banten Inti Gasindo ("BIG"). Based on that agreement, BIG agreed to supply gas to the Company for industrial use in Cilegon, Banten. This agreement is valid since 2005 for 10 years. This agreement may be terminated with a 30 days prior written notice to another party.

b. Nitrogen Sale and Purchase Agreement

On 1 February 2007,the Company entered into a nitrogen sale and purchase nitrogen with PT Air Liquide Indonesia ("Alindo") whereby Alindo will supply nitrogen to the Company through pipeline. This agreement is valid for 10 years since its effective date, i.e 1 February 2007. The Company pays Alindo an agreed price based upon the utilization by the Company.

On 1 August 2010, the Company has also entered into a nitrogen sale and purchase agreement with Alindo, whereby Alindo will supply nitrogen to the Company through pipeline. This agreement is valid since 1 August 2010 until 30 June 2015. The Company pays Alindo an agreed price based upon the utilization by the Company.

c. Ethylene Tank Utilization Agreement

On 8 April 1997, SMI entered into an Ethylene Tank Utilization Agreement with PT Sulfindo Adiusaha ("SAU") for unlimited period or until such time that both parties agree to terminate this agreement. Based on this agreement, SAU would build an ethylene tank to be used together with SMI. For such joint right to utilize such tank, SMI pays US$4,000,000 to SAU. If the said tank is sold or leased, SMI is entitled to receive proportionally the proceeds from the sale or lease of the tank, after being deducted with any related cost incurred by SAU for the sale or lease of the tank.

d. Ethylene Tank Agreement

On 3 May1998, SMI entered into an Ethylene Tank Agreement with PT Showa Esterindo Indonesia ("SEI"), whereby SMI agreed to lease a tank, located at SMI's plant, to SEI, with a maximum capacity of 20,000 MT per year. This agreement has expired. As of the date of the issuance of this Prospectus, SMI is still in negotiation to extend this Agreement.

e. Licensing Agreement

(i) ABB Lummus Crest Inc

The Company (previously CA) has entered into a licensing agreement for olefins plant with ABB Lummus Crest Inc ("LCI") whereas LCI would give a non exclusive right to utilize technical information of LCI and its patent for olefin process. This agreement is valid for 15 years since 8 September 1990 and would be automatically extend for the period of 1 year.

SMI has entered into a process licensing agreement for ethylenebenzene/styrene monomer with LCI whereby SMI intends to obtain a license of styrene monomer and ethylenebenzene process from LCI to design, build, operate and run the ethylenebenzene and styrene monomer integrated plant with a capacity of 240,000 MT per year with 8,000 hours per yearly operations which is located in West Java. This agreement is valid for 15 year, since 17 January 1997. Based on information from SMI, until the date of this Prospektus is issued, the licensing agreement between SMI and LCI is still valid.

(ii) Union Carbide Chemicals and Plastics Company Inc.

The Company (previously CA) has signed a patent license agreement with Union Carbide Chemicals and Plastics Company Inc for the production of polyethylene dated 1 March 1993. This agreemet is valid for 20 years since ths Start Up Date whereby the Company insert ethylene at the polyethylene plant owned by the Company for the first time, which is in 1995.

(iii) Lummus Technology Inc

On 19 April 2010, the Company has entered into a licensing agreement for butadiene extraction plant whereby LTI agreed to give a non exclusive right to the Company to use technical information and patent right of LTI for production purpose of 100,000 MTA of butadiene at the Company's plant in Anyer, West Java. On 16 September 2011, The Company, LTI and PBI signed a novation agreement which transfer the obligations of the Company under this licensing agreement and LTI agreed such transfer provided that PBI would assume the Company's obligations under such licensing agreement.

(iv) Showa Denko K.K.

The Company has entered into a patent licensing agreement with Showa Denko K.K for polyethylene production with high level of density. This agreement is valid for 10 years and continues to be valid until 20 years since the effective date of this agreement which is 7 May 1993. For such license, the Company shall pay royalty to Showa Denko K.K.

f. On-Shore Contract

On 1 June 2011, PBI has entered into On-Shore Contract for BDE Project 100,000 MTA Butadiene Extraction Unit in Anyer, Banten, Indonesia with Toyo Engineering Korea Limited. Based on this agreement, TEKL will provide the detail of design, equipment procurement, construction, pre-commissioning and working preparation for 100.000 MTA extraction unit of butadiene project located in Banten with total contract value of US$ 33,000,000. Prior to 1 June 2011, TEKL shall give to PBI a performance guarantee in the amount of US$ 3,300,000. Performance guarantee would be null and void in 12 months after the Plant Acceptance, which is on 30 April 2013 ("Guarantee Period"). 50% of the performance guarantee would be refunded 50% on the issuance of the Plant Acceptance Certificate and the remaining 50% would be refunded after the end of the Guarantee Period.

g. Off-Shore Contract

On 1 June 2011, PBI has entered into an Off-Shore Contract for BDE Project 100.000 MTA Butadiene Extraction Unit in Anyer, Banten, Indonesia with Toyo Engineering Corporation, Japan. Based on this agreement, TEC would supply equipment and material for 100.000 MTA extraction unit of butadiene project located in Banten with total value of US$ 47,500,000. Prior to 1 June 2011, TEC shall give to PBI a performance guarantee in the amount of US$ 4,750,000. Performance guarantee would be null and void in 12 months after the Plant Acceptance, which is on 1 May 2013 ("Guarantee Period"). 50% of the performance guarantee would be refunded on the issuance of the Plant Acceptance Certificate and the remaining 50% would be refunded after the end of the Guarantee Period.

h. Joint Venture Agreement

On 17 June 2013, the Company and PBI signed Joint Venture Agreement ("**JVA**") with SRI and Michelin regarding the establishment of SRI. Based on the said JVA, percentage of share ownership of Michelin must be 55% from total share issued by SRI and percentage of share ownership of PBI must be 45% from total share issued by SRI. The purposes and objectives of the Company in entereing into this JVA is to create a vertical integration which provides more benefit to the Company. Share participation in this JVA will use part of proceeds from this LPO I.

13. Material Cases In process and in connection to the Company

Until the issuance date of this Prospectus, the Company is not a party to any legal proceedings which would have a material effect on the Company.

VIII. Business Activities

1. General Overview

According to Nexant' report, currently the Company is the only ethylene and styrene monomer producer in Indonesia, which also operates the worldwide level of an integrated steam cracker facility. The Company is also the country's largest ethylene, styrene monomer and polypropylene producer in Indonesia. It is recently formed through the Merger between CA and TPI, which was effective on 1 January 2011. The Company produces olefins (ethylene, propylene and by-products, such as pygas and mixed C_4), ethylene derivative products such as polyethylene, styrene monomer and by-products such as ethyl benzene, toluene and benzene toluene mixture, and polypropylene as a propylene derivative product. The Company is the only domestic producer of ethylene and styrene monomer, and one of only two domestic producers of propylene and polyethylene in Indonesia. The Company's products are fundamental to the production of many diverse consumer and industrial products. In 2012, the Company produced 531 kt of ethylene, 291 kt of propylene, 209 kt of pygas, 198 kt of mixed C_4, 337 kt of polyethylene, 461 kt of polypropylene and 302 kt of styrene monomer. For the six-month period ended 30 June 2013, the Company produced 288 kt of ethylene, 160 kt of propylene, 105 kt of pygas, 106 kt of mixed C_4, 160 kt of polyethylene, 232 kt of polypropylene and 148 kt of styrene monomer.

The Company operates an integrated petrochemical complex located in Ciwandan, Cilegon in Banten Province of Indonesia, comprised of one naphtha cracker, two polyethylene trains and three polypropylene trains. The strategic location of the Company's integrated petrochemical complex provides us with convenient access to the Company's domestic customers who are directly connected to the Company's production facilities in Cilegon by pipelines owned by the Company for ethylene customers. The integrated petrochemical complex also includes two styrene monomer plants, as the only styrene monomer plants in Indonesia, directly connected to the Company's main petrochemical complex in Cilegon by pipelines. The said styrene monomer plants are located in Serang in Banten Province of Indonesia approximately 40 km from the petrochemical complex in Cilegon. The Company's petrochemical complex has integrated supporting facilities including, among others, pipelines, power generators, boilers, water treatment facility, storage tanks and jetty facilities.

TPI was incorporated in 1984 and had its incorporation ratified by the Ministry of Justice in 1988. It commenced commercial operations of Its polypropylene plant with capacity of 160 kt per annum in 1992. CA was incorporated in 1989 and had its incorporation ratified by the Ministry of Justice in 1990. It commenced commercial operations of its naphtha cracking plant in 1995. It produced olefins (ethylene, propylene and by-products, such as pygas and mixed C_4), as well as other ethylene derivative products such as polyethylene and styrene monomer and by-products such as ethyl benzene, toluene and benzene toluene mixture.

As of 31 December 2012, the Company's plant had capacity of 600 kt per annum of ethylene, 320 kt per annum of propylene, 280 kt per annum of pygas, 220 kt per annum of mixed-C4, 336 kt per annum of polyethylene, 480 kt per annumm of polypropylene and 340 kt per annum of styrene monomers.

In 2012, sales of ethylene, polyethylene, polypropylene and styrene monomer and by-products accounted for 6.9%, 21.2%, 31.0% and 19.6% of the Company's net revenues, respectively, with domestic revenues contributing 69.6% of total net revenues for that period. For the year ended 31 December 2012, the Company generated net revenues of US$2,285.2 million and Adjusted EBITDA of US$21.2 million.

For the six-month period ended 30 June 2013, the sales of ethylene, polyethylene, polypropylene and styrene monomer products and by-products accounted for 10.9%, 19.6%, 32.0% and 21.0% of the Company' total net revenues, respectively, with domestic revenues contributing 75.6% of the Company's total net revenues for that period. For the six-month period ended 30 June 2013, the Company reported total net revenues of US$1,217.9 million and Adjusted EBITDA of US$46.8 million.

2. Competitive Strengths

The Company believes that its principal competitive strengths are:

- ***Well-positioned to benefit from attractive fundamentals in Indonesia's petrochemical industry***

  Indonesia has experienced solid economic growth in the past few years. The country's real GDP is expected to grow on average by 6.0% from 2013 to 2015 yearly (according to EIU statistics). This strong economic fundamental will continue to drive growth in domestic petrochemical consumption going forward. In fact, according to Nexant, Indonesia is expected to continue to be a major net importer of petrochemicals (olefin and olefin derivatives) in Southeast Asia throughout the forecast period of 2013-2019, due to the strong demand growth of plastic across a variety of different applications including packaging, construction materials, agricultural products, household products and automotive components that are readily consumed in the local Indonesian market. Demand for petrochemical products in Asia, particularly in Indonesia, will experience strong demand growth driven by a combination of non-cyclical factors including wider scale investments in the manufacturing industry, substitution of basic materials, rising income levels and a growing population base. The Company also believes that there will be limited competition from domestic producers of polypropylene and polyethylene, and no domestic competition for styrene monomer and butadiene production. As such, the Company expects to maintain its "preferred supplier" status with its domestic customer base, and the Company believes that it is strongly placed to take advantage of any positive demand growth for petrochemicals in Indonesia.

- ***Indonesia's leading petrochemical producer***

The Company is the largest integrated petrochemical producer in Indonesia. It is the only domestic producer of ethylene and styrene monomer in Indonesia. With the commencement of commercial operation of its butadiene plant, the Company will also be the only domestic producer of butadiene in Indonesia. Additionally, it is one of the only two domestic producers of propylene and polyethylene. It is also the largest polypropylene producer in Indonesia.

According to Nexant, in 2012, the Company was the sole producer of ethylene in Indonesia and had a market supply share of approximately 44%, 31%, 29%, and 100% of olefin, polyethylene, polypropylene, and styrene monomer domestic market respectively.

In September 2013, the Company expects to commence operation following the completion of the Company's newly-constructed butadiene plant. The 100 kt per annum facility will be the only butadiene plant in Indonesia. The Company expects to continue extending the Company's leadership position in Indonesia's petrochemical industry through further increases its production capacity in both existing and new products.

- ***High degree of operational integration to optimize production efficiency, flexibility and cost-savings***

The Company benefits from a high degree of integration within its production facilities and across the polyolefins value chain, from the intake of feedstock to the production of downstream products. This allows the Company to take advantage of efficiencies in its production operations, minimizing both logistics costs and product wastage in between each step of the production chain. Its high degree of integration also permits the Company to maximize economies of scale of its facilities and reduces its fixed costs per product unit. The production facilities comprise a naphtha cracker, two polyethylene trains, three polypropylene trains, two styrene monomer plants and a butadiene plant, which when operated on an integrated basis allow the Company to consume on average between 50% and 60% of the ethylene produced by the Company as feedstock for its polyethylene plant and styrene monomer plant. The Company also consumes the majority of the propylene produced by its naphtha cracker as feedstock for the Company's three polypropylene trains. The pygas and mixed C_4 production are mainly sold to the export markets and other by-products produced are either used internally as fuel to power the co-generation plants and boilers, or sold in the open market. Upon the completion of the new butadiene plant, majority of the Company's mixed C_4 production will be internally consumed as raw material for the production of butadiene.

The integration of the Company's plant is further enhanced by the presence of extensive infrastructure and auxiliary facilities, such as storage tanks and warehouses, power generation utilities, process and utility pipelines, jetties and transport facilities, a water treatment plant, cooling water and seawater systems, air systems and process control rooms, which the Company believes that it will enhance its competitive position. The Company believes that its extensive infrastructure and auxiliary facilities would minimize its capital expenditure for future debottlenecking or capacity expansion projects. It also has a 45 km long pipeline network that is used in transporting ethylene feedstock. This pipeline adds significant value to the Company's operation as it enables the Company to supply ethylene in an efficient and cost-competitive manner to the customers.

The modular set-up of the Company's plant allows the two polyethylene trains, three polypropylene trains, two styrene monomer plants and butadiene plant to operate independently from each other as well as independently from the naphtha cracker, thereby minimizing production disruptions despite the integration of its plants.

- ***Strategic location close to key customers in Indonesia***

The Company believes that the strategic location of its production facilities, combined with Company's leadership position in the Indonesian petrochemical market, positions it favourably to take advantage of the positive outlook for demand for petrochemical products in Indonesia and further grow Company's business.

The Company's production facilities are integrated with five of its ethylene and propylene customers' facilities through the Company's dedicated 45 km pipeline network. The dedicated pipeline links allow the Company to maintain a captive customer base, as the Company is the only supplier which able to deliver ethylene or propylene directly to these customers through pipeline networks. Due to those dedicated pipeline links and the close proximity of its production facilities to those key customers, the Company believes that it can deliver the products more cost-effectively compared to other competing petrochemical producers (many of which are primarily importers), thereby giving the Company a strong competitive advantage. The ability to supply some loyal customers through dedicated pipeline linkages, and others with smaller volume deliveries on a more regular basis also reduces customers' storage requirements and therefore reducing their working capital and inventory requirements. This results in cost savings for customers when they obtain supplies from the Company as opposed to alternative suppliers without dedicated pipeline linkages.

The strategic location of the Company's storage facilities in a number of locations in Indonesia facilitates efficient distribution and transport to the Company's customers both in Indonesia as well as to other countries. Its production facilities benefits from ready access to rail, road and marine networks to other major industrial areas of Indonesia and international locations.

- ***Diverse product mix facilitating margin optimization***

The Company produces and sells a broad range of olefin and polyolefin products. Its product sales was 6.9% ethylene, 31.0% polypropylene, 21.2% polyethylene, 19.6% styrene monomer, 10.9% mixed C_4, 9.4% pygas and 0.7% propylene for the year ended 31 December 2012. For the six-month period ended 30 June 2013, the product sales mix was 10.9% ethylene, 32.0% polypropylene, 19.6% polyethylene, 21.0% styrene monomer, 6.9% mixed C_4, 9.1% pygas and 0.3% propylene. This product diversity gives the Company some flexibility to manage against changes in the market and maximize profit through adjusting the Company's sales mix depending on the relative economics of each product. For example, the Company has the option to sell ethylene to external markets if the spread between polyethylene and ethylene is not attractive. Furthermore, the Company has constructed the first and only butadiene plant in Indonesia that will have 100 kt per annum of capacity aiming to supply to domestic and export market. The Company is moving into higher value added products such as synthetic butadiene rubber under a joint venture with renowned tire maker Michelin, which will allow the Company to expand into downstream product and customers, and captively consume butadiene.

The diversified product portfolio combined with operational flexibility from the integration of Company's plant helps mitigate the effects of cyclicality of any single product. Moreover, because the Company offers a wide range of products to customers, the Company is able to cater to existing customers' needs as well as attract new customers.

- ***Loyal and broad client base supported by aggressive marketing and distribution platform***

The Company has developed a strong marketing and distribution platform with a wide network serving over 300 customers throughout Indonesia. The combination of this marketing platform with strategic location, established pipeline network, and logistical capabilities allows the Company to deliver products in a short lead time and to command a pricing premium over historical ICIS, the Southeast Asian benchmark price for propylene, polyethylene and styrene monomer.

It enjoys strong, long-standing relationships with a broad customer base. Many of those top customers have been buying from the Company for over ten years. Its top ten customers made up only to 38% of Company's total net revenues for the year ended 31 December 2012, each accounting for between 2% to 7% of total net revenues for the year ended 31 December 2012. For the six-month period ended 30 June 2013, those top ten customers made up only 38% of the Company's total net revenues. The Company believes that broad customer base allows the Company to mitigate the impact of losing one significant customer, and enhances the pricing power in negotiations with Company's major international and domestic customers.

- ***Diverse and stable sources of feedstock***

The Company's steam cracker is able to operate with a flexible feedstock slate; up to 30% of the Company's feedsctock can be LPG and condensate in addition to naphtha. This allows the Company to take advantage of changes in relative pricing between naphtha, LPG and condensate, thereby it is stabilizing Company' revenues and margins.

It enjoys stable long-term relationships with a diverse set of international producers and high-quality traders who supply various grades of naphtha, LPG, and condensate from Southeast Asia and the Middle East.

The Company typically has one-year supply agreements with suppliers to purchase up to 70% of the Company's feedstock requirements, with the remaining balance of the Company's requirements purchased on a spot basis. The Company believes that this combination of supply agreements and open market purchases allows the Company the flexibility to take advantage of varying feedstock price trends. In addition, all contracts and spot purchases are done through a tender process that enhances transparency internally and improves competition among suppliers, allowing it to buy the best quality feedstock at competitive prices. The Company has not faced any material interruptions to the deliveries of its feedstock over the last five years.

- ***Strong shareholder support***

The Company derives substantial support from its principal shareholders, Barito Pacific and SCG Chemicals. These shareholders have guided the Company by putting in place a highly professional and capable management team who has implemented a strict set of corporate governance standards and conservative financial policies. Barito Pacific is an Indonesia-based diversified resources group and is listed on the Indonesia Stock Exchange. SCG Chemicals is Asia's leading chemical producer and a subsidiary of SCG, Thailand's largest industrial conglomerate.

- ***Highly experienced management team with proven track record of success***

  The Company is managed by experienced professionals who have the requisite industry, international, and local knowledge to manage a highly complex business like the Company's business. Its senior management team has, on average, over 18 years of industry experience and the Company's workforce has, on average, over 12 years of working experience. The Company is also well supported by the Company's shareholder, SCG Chemicals, and its management team.

  The senior management team has demonstrated track record of managing the business and delivering performance. Operationally, the Company continues to achieve high capacity utilization rates over the last three years, with its polyethylene plants and polypropylene trains registering utilization rates of 100.2% and 96.0%, respectively, for the year ended 31 December 2012. The utilization rates of the Company's polyethylene plants and polypropylene trains were 95.5% and 96.5%, respectively, for the six-month period ended 30 June 2013.

  This senior management team of the Company also has a proven track record in implementing project execution. Examples of projects implemented by its senior management team include the acquisition of SMI in 2007, the construction of a 25 km ethylene pipeline extension to Bojonegara in 2007, the addition of an 80 kt per annum extra furnace in the Company's naphtha cracker in 2007, debottlenecking project to increase capacity of polypropylene plant by 120 kt per annum in April 2011 and debottlenecking of its Polyethylene Showa Denko plant to 136 kt per annum in December 2011. The Company has also successfully completed the construction of a butadiene plant which will commence operation commercially in September 2013.

3. Business Strategies

The strategic objective of the Company is to maximize the Company's shareholder value by maintaining the leading position of the Company in the Indonesian petrochemical industry, and to become a world-class petrochemical company in Indonesia. The Company seeks to achieve this by executing the following strategies:

- ***Increase the Company's capacity and build on its dominant market position to capture strong Indonesian petrochemicals growth.***

  The Company aims to retain and bolster its dominant market position in the Indonesian petrochemical industry through an integrated and cost-efficient capacity expansion program. The Company believes that this program will allow the Company to realize further economies of scale, and is in line with the Company's ongoing efforts to optimize utilization rates and operational efficiency. The Company also believes that the near-term and longer-term expansion strategies will allow the Company to meet growth in domestic demand. In 2011, the Company expanded its polypropylene capacity by 120 kt per annum and polyethylene capacity by 16 kt per annum through debottlenecking activities or increase of production capacity. The Company believes that increasing its capacity through debottlenecking or increase or production capacity is significantly more cost efficient than investing in new facilities due to the use of shared facilities and existing infrastructure, and the Company expects that these debottlenecking activities provide significant near-term benefits to the Company.

  In September 2013, the Company expects to commence operation following the completion of the butadiene extraction plant project. The 100 kt per annum of butadiene plant will be the first and only butadiene plant in Indonesia. The Company expects to continue extending the Company's leadership position in Indonesia's petrochemical industry through further expansion into higher value-added products and to optimize integration along the petrochemical value chain. The Company has also entered into a joint venture agreement with Michelin to build a synthetic butadiene rubber plant on the Company's existing site that is scheduled to enter commercial operation in 2017.

  The Company intends to increase further the capacity of the the Company's ethylene production facilities in the medium to longer term by expanding the capacity of its cracker from 600 kt per annum up to 860 kt per annum. The Company currently expects to complete this project by the end of 2015. The additional capacity resulting from these expansion plans will allow the Company to meet the growing demand for ethylene-based products domestically, to strengthen profitability of Polypropylene portfolio and to leverage its butadiene extraction plant capacity.

- ***Maintain and further improve best-in-class operating standards and cost efficiency.***

  In the capital-intensive petrochemical industry, cost efficiency is the key to success. The Company will continue to identify and implement cost-saving initiatives to maintain and further improve its competitive position. Furthermore, the Company aims to continue with other cost-saving initiatives such as the energy, yield and efficiency improvements in 2012 which resulted in approximately US$30 million in realized savings, and the implementation of industry best practices in production optimization with the adoption of the *Optience* system in 2012. Following SCG Chemicals' investment, the Company and SCG Chemicals have started to exchange operational best practices to improve efficiency and reduce costs. The operational improvement program is an ongoing effort that will continue to identify and implement new improvement initiatives to optimize the Company's business performance and reduce production costs.

- ***Expand the Company's product offerings and further optimize integration along the petrochemical value chain.***

The Company intends to further diversify its revenue base and to further improve the value of its products by expanding the product offerings through downstream integration. The Company is actively evaluating a number of projects which would allow it to utilize the by-products of the cracker and produce products further down the value chain, such as intermediates and differentiated derivative products. As of the date of this prospectus, the Company has just completed the construction of a butadiene extraction plant to produce butadiene from mixed C_4 (which the Company currently exported) and expect to commence commercial operation of this plant in September 2013. The Company plans to sell butadiene extracted from the butadiene extraction plant as feedstock for synthetic butadiene rubber. In June 2013, the Company has entered into a joint venture agreement with Michelin to build a synthetic butadiene rubber plant, which is expected to commence commercial operation by 2017.

In addition, the Company will also continue to evaluate selective acquisition opportunities to integrate the downstream businesses. The Company considers each investment opportunity carefully, and any investment decision would undergo extensive evaluation procedures to ensure that such transaction would be synergistic with the existing operation and beneficial to the business of the Company as a whole.

- ***Continue to leverage the Company's infrastructure and customer service to maintain premium relationships.***

The Company seeks to continue to improve its products offering, its sales and marketing networks, facilities and services to its customers. In achieving these operational objectives, the Company intends to, inter alia, leverage the unique pipeline distribution network, the proximity to core customers and key transport links, and the Company's in-depth understanding of its long-standing customers. By consistently addressing the Company's customers' business needs, such as reliability of supply, in-time delivery via pipeline, or smaller supply sizes via truck delivery, the Company believes that its products and services will continue to represent premium value to the customers.

4. Business activities

4.1. Products

The Company produces olefins, such as ethylene and propylene and by-products of ethylene, such as pygas and mixed C_4, ethylene derivative products (such as polyethylene), styrene monomer and its by-products (such as ethyl benzene, toluene and benzene toluene mixture), propylene derivative products (polypropylene) and mixed C_4 derivative products (butadiene).

The following table sets forth the production volume, and proportion of such production to the Company's total production volume, for the periods indicated.

	one-year period ended:				six-month period ended			
	31 DeC 2011		31 Dec 2012		30 June 2012		30 June 2013	
	kt	%	kt	%	kt	%	kt	%
Olefin and by-products								
Ethylene	468	22.6	531	22.8	260	22.4	288	24.0
Propylene	255	12.3	291	12.5	140	12.0	160	13.3
Pygas	178	8.6	209	9.0	109	9.4	105	8.8
Mixed C_4	166	8.0	198	8.5	95	8.2	106	8.8
Polyolefins								
Polyethylene	284	13.7	337	14.5	170	14.6	160	13.4
Polypropylene	416	20.1	461	19.8	226	19.5	232	19.3
Styrene monomer								
Styrene monomer	305	14.7	302	13.0	161	13.9	148	12.4
Total production	2,073	100.0	2,329	100.0	1,162	100.0	1,199	100.0

4.1.1. Olefins and by-products

The Company operates a modern naphtha cracker, using technology licensed from Lummus. The key products produced by the naphtha cracker are ethylene and propylene, also known as monomers. During the course of olefin production, naphtha cracker also creates by-products, including pygas and mixed C_4. Ethylene is used as a raw material for polyethylene, polypropylene and a number of other chemical intermediaries, such as styrene monomer, ethylene oxide, acetic acid, ethyl benzene and vinyl chloride monomer used for the manufacture of polyvinyl chloride ("PVC"). The Company uses a significant portion of its ethylene production as feedstock for its production of polyethylene and styrene monomer. The Company sells the remainder of ethylene to domestic industrial customers.

Propylene is used as a raw material for polypropylene and a number of other chemical intermediaries, such as acrylonitrile, oxo-alcohols, propylene oxide and cymene. This company uses substantially all of its propylene production as feedstock for its production of polypropylene. It sells the remainder of propylene to domestic industrial customers. The Company's pipelines directly connect its olefin complex and its polypropylene trains. The Company is also connected via pipelines to all of its ethylene and propylene customers.

Pygas can be used for motor gasoline blending or benzene extraction, which is a raw material for styrene and specialty chemical products. Mixed C_4 will be used as a feedstock for butadiene, which is used for producing synthetic rubber. The Company exports all of its pygas production directly and via international traders. Prior to the commencement of the butadiene plant's operation, the Company exports all of its mixed C_4 to various petrochemical companies in Asia, including Korea, Singapore, Japan, Thailand and Malaysia. After the commencement of the butadiene's plant's operation, the Company is expected to use up most of its mixed C_4 in the production of butadiene.

4.1.2. Polyethylene

This Company operates two polyethylene trains using technology licensed from Union Carbide Corporation ("Union Carbide") and Showa Denko. The train licensed by Union Carbide has a capacity of 200 kt per annum and produces both Linear Low Density Polyethylene ("LLDPE") and High Density Polyethylene ("HDPE"), whereas the Showa Denko train has a capacity of 136 kt per annum of HDPE. The reason for employing two different technologies is that each type is better-suited for particular end-product applications so the Company can meet its customers' demands and requirements. Polyethylene is the world's most widely-consumed thermoplastic. Polyethylene has the simplest chemical structure of all commercial polymers and is a very versatile material. Polyethylene is used to manufacture a wide variety of products, including a wide variety of packaging films, blow molding for household and industrial containers, extruded pipes and conduits.

HDPE resins are one of the most important polyethylene resins in the world by volume and are characterized by greater toughness and by its superior mechanical strength, coupled with higher service temperature limits. Most HDPE resins are further processed by blow molding, injection molding and variations of the extrusion process.

LLDPE resins are easy to process and have good strength and clarity. They are usually further processed to plastic products by blow film or cast film extrusion. LLDPE resins offer improved strength, chemical resistance and a higher melting point, making them suitable for high film strength applications such as shrink and stretch wraps.

The Company offers different grades of polyethylene according to the demands of its customers. It markets its polyethylene products under the name "Asrene®", which was registered as a trademark with the Directorate of Trademark of the Directorate General of Intellectual Property Rights of the Indonesian Ministry of Law and Human Rights (previously known as the Ministry of Justice) in October 1994 in the name of the Company. The trademark registration expires on 5 October 2014 which the Company plans to renew prior to expiration. For the years ended 31 December 2011 and 31 December 2012 as well as the six-month periods ended 30 June 2012 and 30 June 2013, it sold 293 kt, 330 kt,166 kt and 151 kt of polyethylene, respectively, under various grades.

4.1.3. Polypropylene

The Company operates three polypropylene trains using technology licensed from Union Carbide with a combined capacity of 480 kt per annum. Each of the trains produces homopolymers, random copolymers and impact copolymers, respectively. Polypropylene is used in a wide range of consumer products to manufacture food packaging, house wares, woven sacks, automotive parts, electronics appliances and other applications.

Homopolymers are made by polymerized propylene monomers. This type of polypropylene is characterized by great stiffness, glossiness and translucence. Homopolymers can be used to produce rigid and flexible food packaging, garments, fabric bags, paper laminations, adhesive tapes and house wares.

Random copolymers are produced by polymerized propylene monomers with the insertion of ethylene comonomers. This type of polypropylene is characterized by high clarity and flexibility and is used to produce mainly clear containers, flip-top caps and other packaging. Random copolymers have lower melting temperatures compared to homopolymers and, thus, may also be used as a laminate (extrusion coating) for woven bags.

Impact copolymers (also known as polypropylene block copolymers) are the least breakable among the types of polypropylene and can withstand low temperatures. Its natural color is milky white. Impact copolymers are used as raw material for plastic pails, pallets, electronic and automotive.

The Company produces a wide variety of polypropylene products, enabling it to reach out to a large variety of customers, including both consumer and industrial segments, resulting in both diversification in products, clientele and polypropylene grades. It currently sells substantially all of its polypropylene products within Indonesia due to robust domestic demand in Indonesia, which continues to be a net importer of polypropylene. All of those polypropylene products are marketed under the brand name of Trilene®, which was registered as a trademark with the Directorate of Trademark of the Directorate General of Intellectual Property Rights of the Indonesian Ministry of Law and Human Rights in the name of the Company. The trademark registration expires on 24 August 2016 which the Company plans to renew prior to expiration. For the years ended 31 December 2011, 2012 and the six-month periods ending 30 June 2012 and 30 June 2013, it sold 410 kt, 458 kt, 227 kt and 240 kt of polypropylene, respectively, under various grades.

4.1.4. *Styrene monomer and by-products*

The Company operates two plants using technology licensed by Lummus with a combined capacity of 340 ktpa. Styrene monomer is an aromatic hydrocarbon which, under normal conditions, is a clear, colorless and flammable liquid. It can be produced by the alkylation of benzene with ethylene. The derivatives of styrene monomer are styrene-based polymers. They are used in the manufacture of plastics and rubber products, including polystyrene, acrylonitrile butadiene styrene, styrene-acrylonitrile, SBR, unsaturated polyester resins and styrene butadiene lattices. Common end-uses for these products include disposable cups and containers and high impact plastics such as cassettes and toys.

4.1.5. Butadiene

The Company's butadiene plant will commence commercial operation in September 2013. This butadiene plant will be the first and only butadiene plant in Indonesia and is equipped with BASF technology licensed from Lummus with a combined capacity of 100 ktpa. Butadiene can be processed further into, among others, SBR, Acrylonitrile Butadiene Styrene ("ABS") and Styrene Butadiene Latex ("SBL"). SBR is primarily used in the production of tires, footwear and other consumer goods. So far, Indonesia's automotive industry has been importing all of its butadiene need from mainly Japan and Korea.

4.2. Feedstock and Raw Materials

The table below shows a breakdown of the Company's cost of goods sold for raw materials used for the periods presented.

	one-year period ended:						**six-month period ended**:					
	31 Dec 2011			31 Dec 2012			30 June 2012			30 June 2013		
	US$ '000	*%*	*kt*	*US$ '000*	*%*	*kt*	*US$ '000*	*%*	*kt*	*US$ '000*	*%*	*kt*
Raw Material Used												
Naphtha	1,260,928	81.9	1,330	1,484,582	84.1	1,526	768,826	83.9	761	755,900	83.0	789
Benzene	278,768	18.1	234	281,505	15.9	246	147,311	16.1	129	155,234	17.0	113
Total	1,539,696	100.0	1,564	1,766,087	100.0	1,772	916,137	100.0	890	911,134	100.0	902

The primary feedstock used in the petrochemical production processes are (i) naphtha, used as feedstock in the upstream naphtha cracker; (ii) ethylene, used as feedstock in the two downstream polyethylene plants and the two styrene monomer plants; (iii) propylene, used as feedstock in the three polypropylene trains and (iv) benzene, used as feedstock in two styrene monomer plants; and (v) C4, used as feedstock in the butadiene plant. The Company can also use LPG and/or condensate as feedstock for the naphtha cracker for up to 30% of its feedstock requirements, which can act as a means of protecting the Company's business from the consequences of high naphtha feedstock prices. The Company intends to only use LPG and/or condensate as a feedstock at such times as their prices make it more competitive source of feedstock than naphtha. Specifically, LPG is used extensively as a heating fuel, demand and prices of which tends to fluctuate and is seasonal as demand increases during the winter months. In addition, it has a condensate preparation unit which allows the Company to utilize condensate as feedstock if market conditions for condensate are more favorable.

4.2.1. Naphtha

Naphtha is the Company's principal raw material. During production at full capacity, naphtha cracker will use approximately 1,700 ktpa of naphtha. During the year ended 31 December 2011, and 31 December 2012 and six-month periods ended 30 June 2012 and 30 June 2013, naphtha represented approximately 71.2%, 72.9%, 73.6% and 71.2% of the Company's cost of goods manufaactured, respectively. Naphtha is graded according to its composition and density. The relative production quantities of ethylene, propylene, pygas and fuel oil by-products streams depend upon both the grade of the naphtha used and process conditions in the cracking furnaces. Naphtha that is heavier requires higher number of naphtha consumption per unit of ethylene and propylene production, but generates more pygas and by-products fuels under equivalent conditions. The combination of ultra-light, light, heavy and full-range naphtha which the Company use is determined primarily by-product prices and the relative economic advantages the Company expects to receive by producing one product over another. The Company typically selects a lighter grade of naphtha to optimize its ethylene, propylene and by-products output.

The Company externally sources 100% of the naphtha, LPG and/or condensate that is used as feedstock in its naphtha cracker. For the year ended 31 December 2012 and the six-month period ended 30 June 2013, the Company consumed 1,526 kt and 789 kt of naphtha/LPG as feedstock, respectively.

The Company imports naphtha using a jetty located near the Company's production factory. This jetty can discharge cargos of up to 80 kt. This provides the Company with significant advantages in terms of freight rates and shipping schedules. The naphtha imports may be on a FOB or CFR basis. Delivery from the jetty to the on-site storage facility is via pipeline. That naphtha storage facility consists of four floating roof storage tanks with a working capacity of 140 kt, or approximately for 22 days of supply.

The Company uses a specialized software system designed to help the Company determines the relative value of specified ranges of feedstock. This software system, which considers variables such as product prices, freight, product yield of naphtha and naphtha price, allows the Company to determine the most optimal combination of different naphtha grades to deliver the best margins to the Company.

The Company's supply of naphtha is provided through a combination of naphtha purchase agreements and purchases on the spot market. The Company currently purchases naphtha from local and international sources mostly through naphtha purchase agreements with periods that range from six months to one year typically renewable upon agreement of both parties. For the years ended 31 December 2011 and 31 December 2012 as well as six-month periods ended 30 June 2012 and 30 June 2013, the Company purchased 70.5%, 71.2%, 65.8% and 74.0%, respectively, of its naphtha pursuant to naphtha purchase agreements with major oil trading companies and the remaining requirements on the spot market. For most sales contract, pricing is based on the average of the mean of Platts Japan for five consecutive days. Pricing can also be determined by Mean of Platts Arab Gulf or Mean of Platts Singapore. Pricing for the Company's spot market purchases is determined through negotiations and is typically CFR on safe port/berth which is Anyer.

The Company regularly reviews its supplier portfolio to ensure that it is able to secure supply of its principal raw materials at competitive prices. As such, the Company tries to avoid dependence on any single supplier.

The following table sets forth the Company's naphtha suppliers for the year ended 31 December 2012.

	Naphtha Purchases	
	US$ '000	*%*
Supplier Name		
Supplier 1	693,295	48.7
Supplier 2	211,154	14.8
Supplier 3	203,390	14.3
Supplier 4	117,726	8.3
Supplier 5	108,910	7.6
Total	1,334,475	93.7

The following table sets forth the Company's naphtha suppliers for the six-month period ended 30 June 2013
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	Naphtha Purchase	
	US$ '000	*%*
Supplier Name		
Supplier A	288,269	37.9
Supplier B	275,091	36.1
Supplier C	116,939	15.4
Supplier D	51,306	6.7
SupplierE	27,518	3.6
Total	**760,023**	**99.7**

4.2.2. *Ethylene feedstock*

Ethylene, the basic raw material used in the Company's both polyethylene plants and styrene monomer plants, constitutes the principal raw material in the production of polyethylene and styrene monomer. The Company obtains all of its ethylene feedstock from the ethylene produced in the Company's naphtha cracker, which has generally reduced the effects of fluctuations in the prices of imported ethylene on costs of production of polyethylene.

In the years ended 31 December 2011 and 31 December 2012 as well as the six-month periods ended 30 June 2012 and 30 June 2013, the Company produced 468 kt, 531 kt, 260 kt and 288 kt, respectively, of ethylene. During the respective periods, the Company's two polyethylene trains combined consumed approximately 265 kt, 325 kt, 163 kt and 155 kt, respectively, of ethylene, and the remaining balance was either sold to domestic customers or exported. In the event of a shutdown of the naphtha cracker and a resulting shortfall in

Company's ethylene production, it has capability to continue operation of the polyethylene plants through the use of imported ethylene. The jetty facilities are equipped to berth 10,000 DWT ethylene vessels, from which imported ethylene can be delivered by pipeline into the 11 kt capacity ethylene storage tank. The Company can store sufficient quantities of liquid ethylene to sustain approximately 7 days of production of polyethylene at current production rates in the event of an interruption in ethylene supply from the Company's naphtha cracker.

4.2.3 Propylene feedstock

Propylene, the raw material used in the Company's polypropylene trains, constitutes the principal raw material in the production of polypropylene. For the years ended 31 December 2011 and 31 December 2012 as well as the six-month periods ended 30 June 2012 and 30 June 2013, the Company produced 255 kt, 291 kt, 140 kt and 160 kt, respectively, of propylene. Propylene is delivered from the Company's propylene plants to its polypropylene trains via pipelines. In the event of a shutdown of the Company's propylene plant, and a resulting shortfall in its propylene production, the Company has the capability to continue operation of the polypropylene trains through the use of imported propylene.

4.2.4. Other raw materials, consumable chemicals and supplies

Other raw materials, chemicals and supplies consumed in the Company' production operations includes nitrogen, hydrogen, water, water treatment chemicals, polyethylene film for bagging and high activity special catalysts and additives for the polyethylene and polypropylene production process. In addition, as is described below, those production plants also require the use of significant quantities of electricity.

The naphtha cracker and two polyethylene trains consume between 26 and 30 million normal cubic meters of nitrogen per year. The Company entered into a nitrogen supply agreement with ALI which will expire in 30 June 2015. The Company currently derives sufficient nitrogen under this arrangement to supply all of the nitrogen requirements.

The Company requires fuel to start up its naphtha cracker and, on an on-going basis, to back up and balance the requirements of the gas and steam turbines. The Company has a supply agreement with PT Banten Inti Gasindo that will expire in February 2016 and PT Perusahaan Gas Negara (Persero) Tbk that will expire in March 2018 with respect to the supply of natural gas by pipeline.

The Company also produces enough hydrogen, as a by-product of the cracking process, to satisfy the Company' olefins production requirements. In addition, the Company buys a wide range of chemicals, additives and catalyst for the production of ethylene, polyethylene, propylene and styrene monomers from various suppliers. The styrene monomers manufacturing facility also requires benzene as feedstock next to ethylene. For years ended 31 December 2011 and 31 December 2012 as well as six-month period ended 30 June 2012 and 30 June 2013, the Company consumed approximately 239 kt, 241 kt, 127 kt, and 114 kt of benzene, respectively.

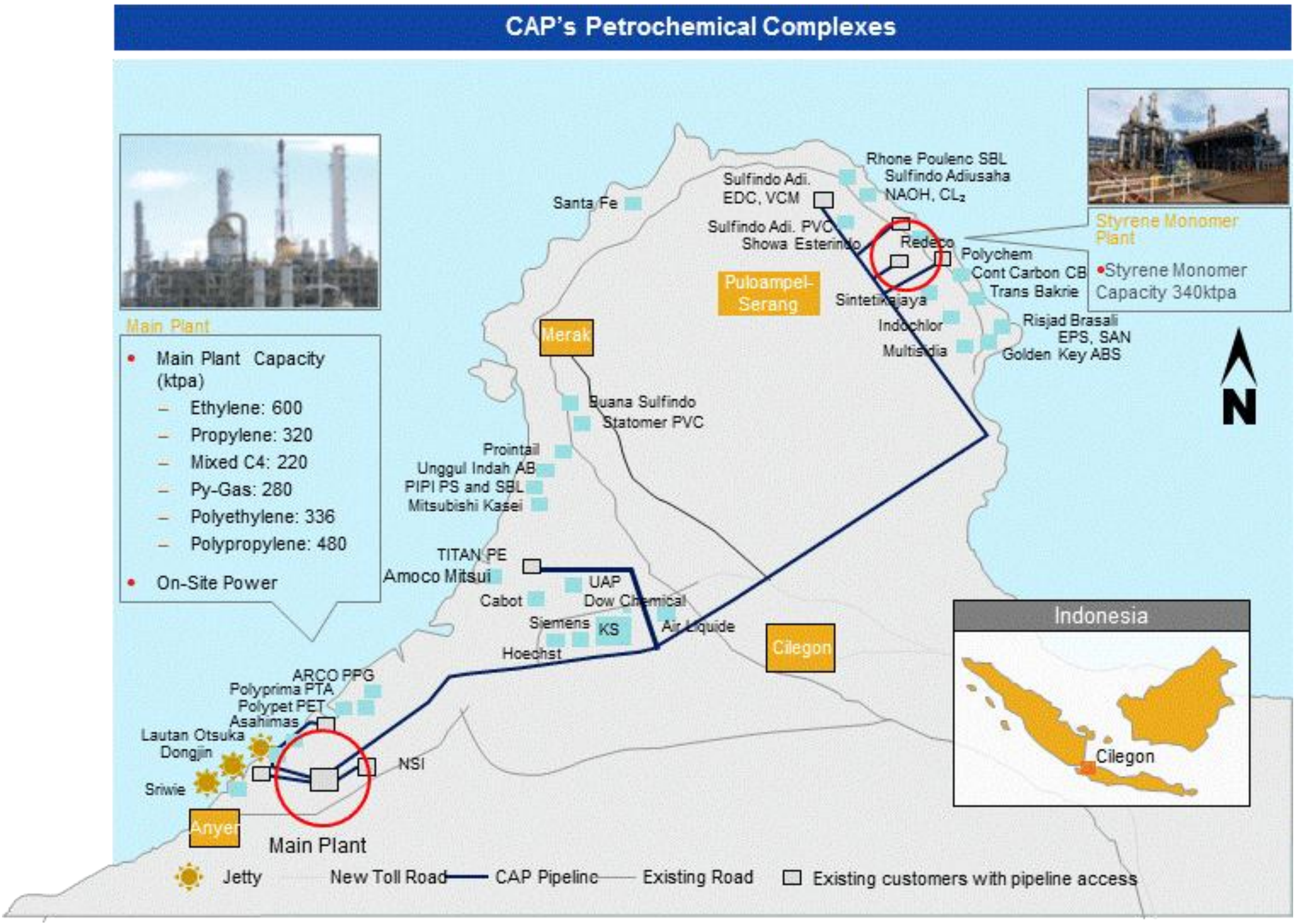
4.3. Production Factories

Company's production plants include a naphtha cracker, a polyethylene plant consisting of two polyethylene lines of production, a polypropylene plant consisting of three production lines, a styrene monomer plants consisting of two production lines and a butadiene plant. It also own and operate various additional and supporting facilities. The major production plants are located in Ciwandan, Cilegon and Serang in Banten Province. The integrated petrochemical complex in Cilegon is where to produce ethylene, polyethylene, polypropylene and butadiene products, is approximately 123 km west of Jakarta on a site of approximately 135 hectares. Company' styrene monomer plants are located approximately 40 km away from the main petrochemical complex on a site of approximately 14 hectares in Bojonegara, Serang, West Java. It also owns the land where those production plants were built pursuant to certificates of right to build which expiration dates ranging from 2014 to 2031. The Company expects to renew these certificates upon their expiration. Certain parcels of land have been mortgaged to secure the respective obligations of the Company in respect of the term loans.

The Company believes that its production facilities are strategically located because the facilities are close to its principal customers for ethylene substances, which usually it is costly to transport. Monomer products are delivered through pipelines to customers located in the region or are shipped from the Anyer port. Polymer products are transported by trucks and containers managed by PT Richland Logistics Indonesia ("RLI"). RLI also manages its polyethylene and polypropylene warehouses and logistics under an arrangement that expired in February 28, 2015. The logistics for Company' styrene monomer products are also managed by RLI.

Company benefits from a significant degree of operational integration. The integrated nature of the Company's ethylene, polyethylene, polypropylene and styrene monomer production enables the Company to take advantage of operational savings and synergies and provides the Company with the flexibility to respond to changes in the prices of its key products. In addition, plants are supported by an infrastructure which includes storage tanks and warehouses, power utilities, pipelines, jetties and transport facilities, a waste water treatment facility, cooling water and seawater systems, boiler facility, air systems, laboratories and process control rooms.

The map below shows the location of the Company's production facilities in Banten Province, Indonesia.



4.3.1. Naphtha Cracker

Company' naphtha cracker is the only naphtha cracker in Indonesia and is also able to process LPG and other feedstock. It uses technology licensed from Lummus with a current design capacity of 600 kt annually. The license fees for this technology have been fully paid. The naphtha cracker commenced operations in April 1995. In September 1995, the polyethylene plants (which comprised of two polyethylene production lines) became fully integrated with the naphtha cracker allowing the two polyethylene production lines to consume ethylene as its basic materials, as produced by the naphtha cracke.

4.3.2. Polyethylene plant

At Company' polyethylene plant, it operates an integrated production system, which allows it to improve its basic materials' efficiency and lower its unit cost of production. In addition to utilizing the ethylene produced as basic materials for the production of polyethylene, plants are supported by infrastructure which includes storage tanks and warehouses, power plants, process and utility pipelines, jetties and transport facilities, a water treatment facilities, cooling water and seawater systems, air systems, nitrogen system, laboratories and process control rooms. Both polyethylene lines are situated adjacent to the naphtha cracker. Each factory has its own processing license from Showa Denko and Union Carbide.

The first polyethylene line, which commenced its production on April 1995, is having the capacity of 200 ktpa. Since it is a swing plant, this polyethylene plant allows the Company to produce both LLDPE and HDPE and has the flexibility to optimize the product mixture between these two products with the objective of enhancing Company' margins. The line uses Union Carbide gas phase technology. All due royalty have been fully paid.

The second polyethylene factory commenced operation in July 1995 and uses technology licensed from Showa Denko that allows the Company to produce HDPE. It currently has a capacity of 136 ktpa and consists of a loop reactor system, which can be operated in a monomodal or bimodal configuration. The Showa Denko royalty was fully paid by the Company in 2010.

Except for the shared control room and raw materials, purification and utility systems, each polyethylene line operates independently from the other and independently from the Company's naphtha cracker. In the event of a shutdown of the naphtha cracker resulting in a cessation in the delivery of ethylene, as a short-term measure the Company could import ethylene and operate the two polyethylene lines using power co-generated by STG units or with electricity provided by public utilities.

4.3.3. Polypropylene plant

Company' polypropylene consists of three lines with a combined capacity of 480 ktpa. The polypropylene plant uses technology licensed from Union Carbide. All related royalties and licenses have been fully paid. The polypropylene factory commenced operations in 1992 and is supported by infrastructure, which includes a jetty, raw material storage facilities, three production reactors that provide flexibility in manufacturing various types of polypropylene grades, and two finished product storage facilities with one facility located in Cilegon and the other facility located in Surabaya.

4.3.4. Styrene monomer plants

The Company has two factories producing styrene monomer with a combined capacity of 340 ktpa. These plants use technology licensed from Lummus. The Company's licensing fees for this technology have been fully paid. The Company's styrene monomer plants are connected by pipelines and are supported by infrastructure which includes storage tanks and warehouses, power utilities, pipelines, jetties and transport facilities, a freshwater facility, boiler facility, air systems, laboratories, nitrogen system and processing control rooms.

4.3.5. Butadiene plant

Company's butadiene plant owns a capacity of 100 ktpa. It is scheduled for start-up in September 2013. The factory uses BASF technology licensed from Lummus. This butadiene plant is connected by pipelines with cracker for mixed C_4 supply. The plant is also supported by infrastructure which includes three storage tanks with a total capacity of 6 kt, power utilities from PLN grid, process control room and transport facilities.

4.4. Support Facilities

4.4.1. Storage tanks and warehouses

Ethylene. The Company typically maintains an inventory from 4 kt to 10 kt of ethylene. Company has one ethylene storage tank which can store up to 10 kt of ethylene, which is sufficient for approximately seven days of average production, in low-pressure liquid form. This form is a more economical to store and transfer than ethylene in high-pressure liquid form. It also maintains two high-pressure ethylene tanks from which the polyethylene plant normally keep its basic materials. It chills part of ethylene output from the naphtha cracker and delivers the rest of the ethylene in gaseous form to two polyethylene lines, as well as to its customers who take delivery by pipeline from the naphtha cracker.

Propylene. The Company has propylene storage facilities that can hold up to 31 kt of propylene, consisting of two low-pressure tanks, each with capacity of 12 kt, and three high-pressure tanks, each with capacity of 2 kt, 2 kt and 3 kt, or approximately equal to 27 days of the Company's production of propylene. Company' production cycle takes about 60 days, starting from the placement of orders and procurement of raw materials to product delivery and payment by customers. While the Company has no specific stocking or inventory policy, Company maintains an average of two weeks' worth of raw materials for polypropylene. The raw material inventory level varies from time to time as it pursues opportunistic spot purchases depending on the price and availability of goods. Stocking of other materials, such as catalysts and additives, is planned based on production needs.

Polyethylene and polypropylene. Company owns three finished product storage facilities, two of which are located in Cilegon and one of which is located in Surabaya, and one warehouse located in Solo is leased from a third party. The storage facilities have a total storage capacity of 75 kt, representing approximately 25 days of the Company's polymer sales volume. It has a polyethylene warehouse for storing polyethylene on the plant site, which can hold up to 45 kt of polyethylene (which represents approximately 45 days of polyethylene sales volume), a polypropylene warehouse only for storing polypropylene on the plant site (which can hold up to 20 days' worth of polypropylene sales volume), and two satellite warehouses in Solo and Surabaya that can store both polyethylene and polypropylene. These storage facilities represent approximately 25 days of the Company's polymer sales volume.

Styrene monomer. Company has two tanks for storing styrene monomer. The warehouses can hold up to 27 kt of styrene monomer, which represents approximately 21 days of sales volume.

Basic Materials and by-products. Company also has storage facilities for basic materials and by-products, fuel oil, diesel, LPG and other raw materials. Naphtha is stored in four tanks of 35,000 tons each, sufficient for approximately 15 to 17 days at full capacity operation. Pygas is stored in three tanks of 8,000 tons each with a combined capacity for approximately 40 days of production. Miscellaneous tanks provide storage for fuel oils, diesel oil, LPG (used as fuel) and other raw materials and by-products.

4.4.2. Power Plant

As of 30 June 2013, the full production facilities at Cilegon and Serang in Banten Province required 60 MW of power during normal operations. In the naphtha cracker factory, it has an on-site co-generation facilities, including a 33 MW GTG and a 20 MW STG. Steam required for heaters and electricity co-generation at the naphtha cracker plant is generated principally by the naphtha cracking furnaces and two utility boilers fired by methane, natural gas and fuel oil. A new 150 kV grid connection from the state-owned power company PLN has recently been installed at the olefin complex. Since June 2013, the GTG and STG facilities have been integrated and synergized with PLN's 150 kV so that they can support one another in times of disruption. The olefin complex and the polyethylene plants intend to operate using 50% power input and 50% load supplied by the GTG with the STG providing back up power in the event of loss of power from the grid to ensure reliability and cost efficiency.

All of the electric power used for the operation of the polypropylene facilities is supplied by PLN. The styrene monomer plants obtain power from PLN. As a back-up source of power for key facilities, the styrene monomer plants have two emergency generators, but those are insufficient to maintain production therefore the styrene monomer plants also operate three steam boilers and two coal-fired boilers.

All of the electric power used for the operation of the butadiene plant is completely supplied by PLN.

4.4.3 Pipelines

A network of pipelines connects the production plants to the tank farms and jetty facilities. These pipelines deliver certain materials, including naphtha, benzene and co-monomers, to that storage tanks and production plants, as well as certain finished products for sale to storage tanks and to the jetty facilities. The Company also has a 45 km ethylene pipeline connecting its production facilities in Cilegon to all of its ethylene customers concentrated in three areas: Anyer, Merak and Bojonegara and a 2 km pipeline directly connecting its propylene production factory to its polypropylene factory.

The Company has obtained rights to construct and operate the pipelines through those land owned by third parties, namely PT Krakatau Steel, PT Kereta Api, PT Krakatau Bandar Samudera, PT Krakatau Tirta Industri and PT Krakatau Industrial Estate Cilegon, and governmental agencies for specific periods of time, typically for periods of six to fifteen years, subject to renewal. Some of the rental fees are paid for annually and others are paid for six-year terms

4.4.4. Jetties and transport facilities

The Company owns three jetties that is used for importing naphtha and other basic materials and for exporting ethylene, pygas, mixed C_4 and, as and when required, for exporting propylene or other products. Jetties A and B have registered capacities to berth 80,000 DWT vessels and 6,000 DWT vessels, respectively. Jetty C has capacity to berth 10,000 DWT vessels. The jetties are connected by pipelines to the storage tanks at plant sites. At Company' facilities in Serang, Banten Province, it leases one jetty from RPU, one of Company' subsidiaries, with two berths capable of importing ethylene and benzene and exporting styrene monomer.

4.4.5. Other support facilities

Water treatment plant. The Company has a water treatment plant at sites with the capacity to treat 5,760 tons of water per day including boiler feed water, highly-purified water for use in circulating cooling systems and general utility water. In addition, it has a desalination plant at the sites.

Cooling water and seawater systems. Company' facility has two cooling water systems for the polyethylene and the ethylene production lines. The systems use seawater, to pass through heat exchangers to cool the water. The cooling water is a closed system to minimize the risk of water losses. Seawater is typically delivered at a rate of 70 kt/hour to cool 40 kt of processing cooling water. The Company obtains raw fresh water by pipeline from PT Krakatau Tirta Industri, approximately 10 km from the production factories, under a long-term supply agreement.

Company' styrene monomer plant receives fresh water through a pipeline from PT Sauhbatera Samodra, located in Banten Lama, in Banten Province. It also has a desalination unit with a production capacity of 35 cubic meters of demineralized water per hour.

Plant air system and instrument air system. The Company has five air compressors installed at the Cilegon site. The compressed air is used for the instrument air system, factories' air system, and for cracking furnace decoking. Typically, only three compressors are in use. It has two two-stage screw compressors installed at the Serang site.

Nitrogen system. Nitrogen is supplied to the Company under contract with ALI. The naphtha cracker and two polyethylene production lines consume between 26 and 31 million cubic meters of nitrogen a year. It is believed that ALI has adequate liquid nitrogen storage and vaporization capacity to handle any of emergency situation of the Company. In addition, it has a connection to the nitrogen facility as a back-up to Company' commercial supplier.

Laboratory. Company' laboratory is fully integrated into its quality control, factories' operations and reliability processes. Each shipment of raw material received is analyzed upon arrival. In the factory's process, the lab performs routine analysis of various streams and maintains Company' onstream analyzers as part of the process. Products from ethylene plant are continually monitored for quality, including those used in downstream processes. It also verifies its liquid products by tank analysis prior to loading or shipping them.

The laboratory verifies and certifies each lot of polyethylene product as it enters the product warehouse. Polyethylene shipments cannot leave the plant site prior to undergoing quality certification by the laboratory. In addition, Company also has a full customer service facility to assist customers. The laboratory incorporates film, blow moulding, and other equipments that the Company use to test the course of the production, develop new products, as well as to assist the customers to improve their performance.

Company' laboratory has a complete water testing facility. It is used to monitor water at various stages from the incoming raw water to the highest purity water used in Company's boilers. In addition, the laboratory monitors the Company's facility's effluent water.

It also has a full oil analysis laboratory. The laboratory is used to monitor oil quality in rotating equipment so that the Company can predict and prevent any potential problems. The oil laboratory is used for maintaining and improving factories' reliability.

Process control rooms. The Company has two main process control rooms for both the ethylene and the polyethylene factories. In addition, Company has a secondary control room for monitoring and controlling the utilities systems. The main process control rooms have fully-integrated computer control systems, using programs that Company has developed as well as programs developed by the licensors of the polyethylene plants and cracking furnaces. As a further aid to operations, the Company owns a system of closed-circuit television cameras strategically placed throughout the facility. The styrene monomer plants have two control rooms.

Head offices.
The Company leases executive and administrative offices in Jakarta from a related party and occupies approximately 3,012 square meters.

4.5. Production Processes

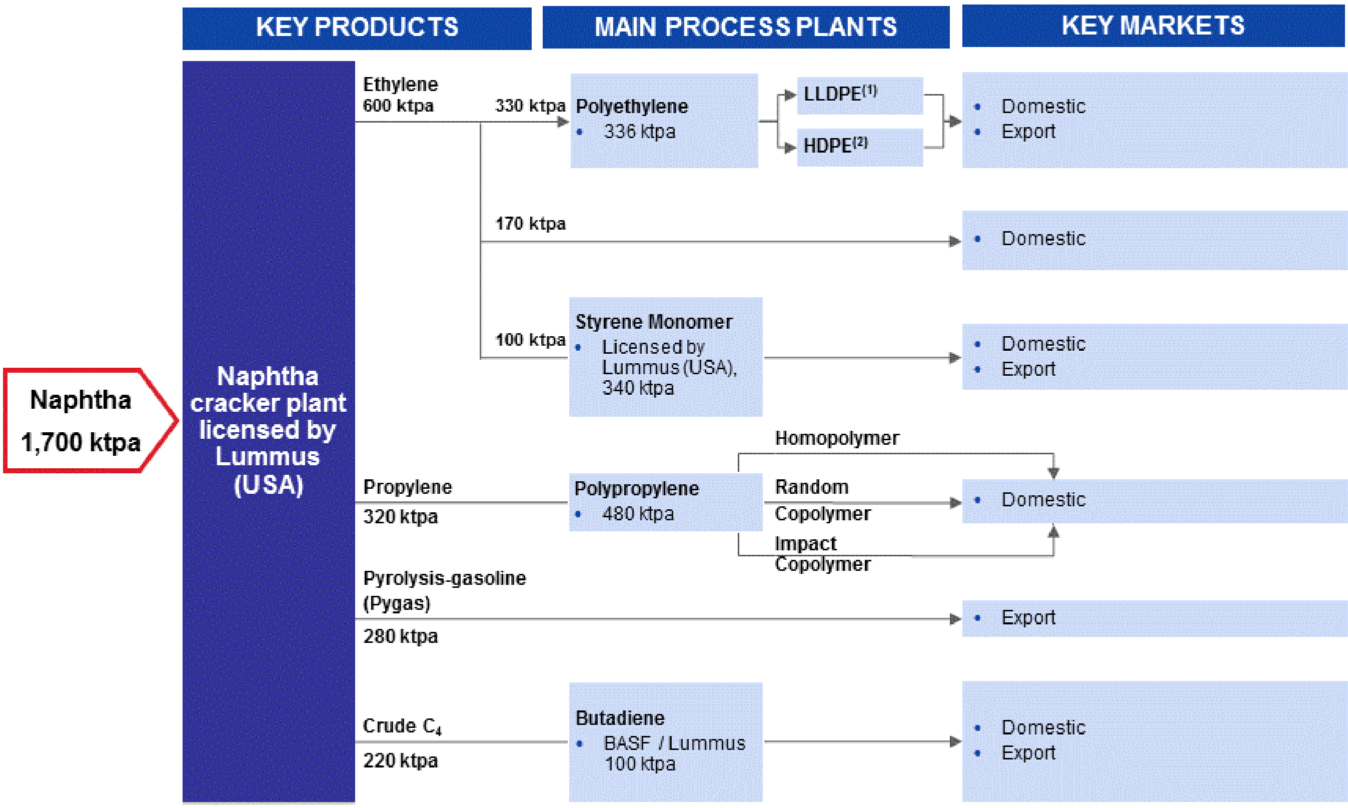
4.5.1. Olefins production process and by-products

The Company' naphtha cracker can convert hydrocarbon basic materials, such as light naphtha, heavy naphtha, certain condensate and LPG, into ethylene, propylene and other by-products in a two-stage processes.

In the first stage, the basic material is preheated and pumped through furnaces containing many tubes heated to approximately 800 degrees Celsius (approximately 1,470 degrees Fahrenheit). Under such conditions, the basic material is "cracked" into ethylene, propylene and various by-products. One of these by-products is carbon, which is deposited on the surface of the tubes as coke and lowers the performance of the furnace. To reduce coke formation in the tubes, steam is injected into the tubes, together with the basic materials. Build-up of coke is removed by burning it off in a controlled mixture of air and steam. The process of removing coke from furnace tubes is called de-coking.

During the second stage, the resultant mixture of products produced by the cracking furnace are subject to various cooling, compressing and separating processes to achieve the level of purity required for its products. During this process, impurities are removed and products are cooled to a level suitable for storage in tanks, some of which are maintained at cryogenic temperatures. Some by-products, such as mixed C_4 can be, and are, recycled to the furnace as feedstock in case the Company views that the market is less favorable to absorp the by-products. Recycled hydrogen is used in the both polyethylene and polypropylene production process. Other by-products, such as methane, hydrogen and heavy oil, are used internally as fuel.

The following chart illustrates the production process and key markets for olefins and by-products used in the naphtha cracker as of the date of this prospectus.



Catatan:
(1) LLDPE : *Linear low density polyethylene*
(2) HDPE : *High Density Polyethylene*

4.5.2. Polyethylene production process

The raw materials used in polyethylene production are ethylene, butene-1 and hexane. First, the raw materials are treated to remove impurities that affect the he catalysts function used in the process. The mixture forms long chains of ethylene in the reactor under elevated temperature and in the presence of catalysts. This process is called polymerization. The product leaving the reactor is a resin which is mixed with product-specific additives then palletized and bagged for storage.

The Company has two polyethylene lines, one using UNIPOLtm technology and the other using Showa Denko technology. The UNIPOLtm line makes either LLDPE or certain type of HDPE. The reaction takes place in a fluidized bed vessel. The Showa Denko line makes conventional or enhanced HDPE, depending on production set-up. The polymerization occurs in the loop reactor in a slurry state and the resulting resin is mixed with product specific additives, palletized and bagged in a woven bag for storage. By varying the operating conditions and catalyst used, the Company is able to make a variety of grades for its customers.

Both of Company' polyethylene plants share one bagging and warehouse system. The warehouse has a capacity for 45 kt of product, which is believed is more than adequate for handling normal customer requirements.

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4.5.3. Polypropylene production process

The main raw material used in polypropylene production is propylene. The Company uses UNIPOLtm gas phase technology, which is a process developed by Union Carbide and Shell Chemical Company, to produce polypropylene. First, the raw materials are fed to the reactor, is propylene together with catalyst, hydrogen and some other compounds added to determine molecular weight. A series of steps is used to separate the product. The mixture is discharged into a resin degassing system to split it into solid and gas materials. The product in powder solid is sent to the pelleter to make pellets. Gas is sent to a recovery system and then sent back to the reactor. Any small amount of liquid in the recovery system is vaporized and sent to the boiler as gas fuel.

4.5.4. Styrene monomer production process

The styrene monomer production process consists of two stages. In the alkylation stage, ethylene and benzene are reacted in a fixed bed catalytic reactor to produce ethyl benzene. Ethyl benzene is purified and separated from unreacted benzene and its by- product in a form of series of distillation columns. To improve production efficiency, di-ethyl benzene, by-products, is reconverted back into ethyl benzene in a transalkylation reactor. In the dehydrogenation reaction stage, ethyl benzene is dehydrogenated in a fixed bed catalytic reactor to produce styrene monomer. Since the reaction is reversible with a smaller coefficient to reactant, reaction is carried under vacuum conditions and reactor feeds are diluted with steam to improve conversion. The reactor effluent is separated and purified in a series of distillation columns, from which hydrogen is recovered and used as fuel. In the intermediate distillation process, polymer inhibitor is injected to prevent polymerization of styrene monomer as styrene monomer has a tendency to polymerise in elevated temperatures.

4.5.5. Butadiene production process

The basic materials used in Company' butadiene extraction factory is mixed C_4. The factory has a nameplate capacity of 100 ktpa and uses BASF n-methyl-pyrrolidone ("NMP")-based technology licensed from Lummus.

In the butadiene production process, the C_4 feed is first sent into the extractive distillation section where it is vaporized and separated using extractive distillation columns. The overhead product from the first column consists of a mixture of butenes and butanes and is designated as raffinate-1 that is the by-product of the process. Rich solvent is removed from the bottom of the second column and sent to the solvent degassing system which feed C_4 vapor back to the extractive distillation section. The overhead from the third column is a crude butadiene product which is sent to the conventional distillation system for further purification.

Crude butadiene from the third column is then fed into the propyne column, which is the first of two columns in the conventional distillation section. Propyne is removed as overhead from this column and its bottoms is sent to the butadiene column. The final butadiene product is then withdrawn from the top of this butadiene column while the C_5s as well as the 1,2-butadiene are rejected in the bottom.

4.6. Plant Performance

The Company continues to enhance its production and augment its plant performance. The table below sets forth the capacity utilization rates of the Company.

	For one year ended:		**For 6 months ended**:	
	31 Des 2011	31 Des 2012	30 Jun 2012	30 Jun 2013
	%	%	%	%
Capacity Utlization rates by-product:				
Naphtha Crackers	77,9[1]	88,5	86,7	96,0
Polyethylene	88,7	100,2	101,1	95,5
Polypropylene	90,4	96,0	94,4	96,5
Styrene monomer	89,8	88,9	94,9	87,1[2]

Notes:
(1) The Company conducted a regular maintenance that lasted 45 days from October to November 2011
(2) The Company conducted a regular maintenance that lasted 30 days from February to March 2013

4.6.1 Quality control

Company maintains a quality control unit and two laboratories at the production facilities to monitor feedstock and other materials and products to ensure that those are in line with contract specifications.

Company generally relies on the product quality history of its long-term naphtha suppliers. Each naphtha shipment is typically accompanied by a certificate of analysis and tested prior unloading. For long-term suppliers with established records, certain testing requirements may be reduced, such as trace contaminant testing.

All in-process and finished products are tested and graded according to specifications. A product release slip is issued for products stating quality and grade, prior the product is out for sale. A non-compliance note is issued for products which do not meet specifications.

Company' regular maintenance program ensures factories availability and quality controls are guided by International Organization for Standardization ("ISO") guidelines. The table below shows some of the key accreditations for the Company's products and management systems.

Accreditation	**Application**
Product Certificate "Halal" for all polypropylene products	In January 2012, The *Fatwa Majelis Ulama Indonesia* ("MUI") council certified all Company's polypropylene products as"*Halal,*" the certificate is valid until 10 January 2016.
Product Certificate "Halal" for all polyethylene products	In January 2012, The MUI council certified all of Company's polyethylene products as "Halal;" the certificate is valid until 10 January 2016.

Accreditation	Application
Lloyd's Register:	
ISO 9001:2008 (valid until July 2015)	Quality management systems, received by SMI with respect to the production of styrene monomer.
. ISO 9001:2008 (valid until 10 October 2015)	Quality management system, received by RPU with respect to the storage of oil and chemical.
ISO 14001:2004 (valid until November 2013)	Environmental management systems, received by SMI with respect to the production of styrene monomer
SGS's Register:	
ISO 9001:2008 (valid until 30 October 2013)(1)	Quality management systems, received by the Company with respect to its olefin and polyolefin plants.
ISO 14001:2004 (valid until 4 February 2014)(1)	Environmental management systems received by Company with respect to its olefin and polyolefin plants.

4.6.2 Maintenance

Company expects to shut down its plant periodically for scheduled TAM and occasionally for unscheduled corrective maintenance, as the Company has done in the past. A TAM occurs every three to four years and includes major repair and scheduled for maintenance of main machinery, major scheduled renewals for main engines and a compliance with statutory requirements. This activity involves a plant shutdown for a period of up to 45 days for the Company. In October and November of 2011, Company conducted TAM over a period of 45 days on ethylene production plants and 33 days on polyethylene production plants, during which production ceased. Following the TAM in 2011, the next TAM is expected to be conducted in 2015.

Company has two styrene monomer plants. Each requires SDM for a period of around 30 days once every two years, to replace the catalysts which on average have a useful life for two years. In February and March 2013, Company conducted a scheduled SDM on one of the styrene monomer factories for 30 days. Company intentionally alternates this SDM requirement so that it has to shut down only one plant per year for such period of time. Furthermore, the Company conducted regular inspections, reparation work and catalyst replacement and it is expected to continue doing so going forward.

Company expects to shut down its polyethylene plants for approximately two weeks during the TAM of the cracker and the power generating facilities, since operation of the polyethylene plants depends on the availability of electricity and steam, as Company has done in the past. Company also conducts preventive and corrective maintenance during brief stops in the operation of the polyethylene production lines that occur concurrently with grade changes.

No major scheduled downtime is required for Company's polypropylene lines. Maintenance is done during brief stages in the operation of the plants for grade changes.

4.6.3. Capacity and Plant Improvements

Perseroan berfokus pada debottlenecking atau peningkatan kapasitas dan perluasan pabrik produksi Perseroan dengan tujuan untuk Company is focusing on the debottlenecking and expansion of production plants with the goal of increasing production capacity, reducing cost of production, enhancing profit margins and creating a balance between the production capacity of the Company's upstream and downstream production facilities.

Company intends to develop projects that will allow it to produce additional and higher value-added downstream products, such as building a new butadiene extraction unit. C_4 products are currently being exported to key markets such as Korea, Japan and Thailand and, with the completion and commencement of operations of the new factory of butadiene it is expected to be able to utilize the majority of Company' C_4 production.

The table below sets forth the total estimated cost and estimated completion dates of Company major debottlenecking or expansion projects in the last three years, as well as the production capacity of the Company's plants before and after the completion of the projects in respect of its existing facilities and proposed facilities.

Plant name	Total Estimated Cost (US$m)	Completion year / Estimated year of completion	Name Plate Capacity Current:	After:
Current plants:				
Polypropylene UNIPOL™	30,0	2011	360 ktpa of *polypropylene*	480 ktpa[(1)]
Polyethylene Showa Denko	5,5	2011	120 ktpa of HDPE	136 ktpa[(2)(3)]
New butadiene extraction plant[(4)]	120,0	2013	-	100 ktpa
Naphtha cracker[(5)]	380,0	2015	600 ktpa of *ethylene* 320 ktpa of *propylene* 280 ktpa of *pygas* 220 ktpa of mixed C_4	860 ktpa 470 ktpa 400 ktpa 315 ktpa

Notes:
(1) The debottlenecking of train 1 and train 2 of this plant increased the Company's polypropylene plant capacity to 480 ktpa from 360 ktpa. The Company installed two palletizer systems, as well as their auxiliary and silo systems. Work commenced prior to the merger in 2010 and the Company completed the project on 1 April 2011.
(2) With the further expanded production capacity of the Company's polyethylene plants, the Company intends to optimize the use of excess ethylene produced by its naphtha cracker.
(3) The debottlenecking to increase the capacity of its polyethylene plant licensed by Showa Denko to 136 ktpa. Work completed by end of 2011.
(4) The Company has commenced the development and construction of a new butadiene plant in 2011. As of July 2013, the mechanical work has been completed. The commissioning work is in progress and the plant is scheduled for start-up by end of September 2013.
(5) The Company is planning to expand the capacity of its naphtha cracker from 600 ktpa of ethylene to 860 ktpa of ethylene, with the production of all associated products such as propylene, mixed C4 and pygas expected to increase proportionally. The Company believes that the expanded capacity will enable us to optimize feed and yield to improve its naphtha cracker to be completed by the end of 2015 and to commence commercial operations by 2016.

Polypropylene UNIPOLtm Debottlenecking Project ™

The capacity of line 1 and line 2 of Company polypropylene plant has been increased through debottlenecking by installation of two palletizer systems, as well as an improvement of their auxiliary and silo systems. Work commenced prior to the merger in 2010 and completed on 1 April 2011. After the debottlenecking, the capacity of the Company's polypropylene plant increased from 360 ktpa to 480 ktpa. The total projected cost for the debottlenecking project is US$30.0 million.

Polyethylene Showa Denko Debottlenecking Project

The capacity of Company' second polyethylene plant has been expanded through changes in the LCM systems, the installation of additional bag filters, additional condensers, increase in motor capacity, improvements in the discharge valves system and its related accessories. Work commenced in 2010 and was completed in 2011. With the completion of the debottlenecking project relating to Company' second polyethylene factory, it increases the capacity of its plant from 120 ktpa to 136 ktpa by the end of 2011. The total projected cost for this debottlenecking project is US$5.5 million

New Butadiene Extraction Plant

As part of Company efforts to produce higher value-added downstream products, Company has developed and constructed a new butadiene extraction unit in its existing petrochemical complex in Cilegon. The new butadiene plant will be completed and is expected to commence commercial operations in September 2013 with capacity to produce 100 ktpa of butadiene.

Naphtha Cracker Expansion Project

Company is planning to expand the capacity of its naphtha cracker from 600 ktpa of ethylene to 860 ktpa of ethylene, with the production of all associated products such as propylene, mixed C4 and pygas, which also expected to increase proportionally. Based on a preliminary analysis conducted by the licensor of the Company's naphtha cracker, it is expected that the replacement of all main compressors on the foundation (footprint) and the upgrade and/or addition of equipment, will cost a total estimated amount of approximately US$380 million. It is expected the expansion to be completed in 2015.

Licenses and Trademarks

The following table sets forth certain information in respect of the licenses used in connection with Company' production plants.

Plant	Capacity	Establishment date	Licensor	Contractor
Naphtha cracker	Ethylene — 600 ktpa Propylene — 320 ktpa Pygas — 280 ktpa Mixed C_4 — 220 ktpa	1995	Lummus	Toyo Engineering
Polyethylene Unipol™(1)	LL/HDPE — 200 ktpa	1995	Union Carbide	Toyo Engineering
Polyethylene Showa Denko(1)	HDPE — 136 ktpa	1995	Showa Denko	Toyo Engineering
Polypropylene(2)	480 ktpa	1992 — Train 1 & 2 1995 — Train 3	Union Carbide	Toyo Engineering
Butadiene plant	100 ktpa	2011	BASF/ Lummus	Toyo Engineering
Styrene monomer	340 ktpa	1992 — Plant 1 1999 — Plant 2	Lummus	Toyo Engineering Mitsubishi Heavy Industry

Plant	Capacity	Establishment date	Licensor	Contractor
Naphtha cracker	Ethylene — 600 ktpa Propylene — 320 ktpa Pygas — 280 ktpa Mixed C_4 — 220 ktpa	1995	Lummus	Toyo Engineering
Polyethylene Unipol™(1)	LL/HDPE — 200 ktpa	1995	Union Carbide	Toyo Engineering
Polyethylene Showa Denko(1)	HDPE — 136 ktpa	1995	Showa Denko	Toyo Engineering
Polypropylene(2)	480 ktpa	1992 — Train 1 & 2 1995 — Train 3	Union Carbide	Toyo Engineering
Butadiene plant	100 ktpa	2011	BASF/ Lummus	Toyo Engineering

Notes:
(1) The Company markets its polyethylene products under the name "Asrene®," its registered trademark.
(2) The Company market its polypropylene products under the name "Trilene®," its registered trademark.

Company signed the license agreement with ABB Lummus Crest Inc. ("LCI") pursuant to which LCI provides non-exclusive rights for the Company for the use of technical information and patents in connection with olefins processing. The agreement is valid for a period of 15 years from 1990 and is automatically extended for a period of one year.

SMI signed a license agreement with LCI pursuant to which LCI provides non-exclusive rights for LCI for the use of technical information and patents in connection with styrene monomer processing. The agreement is valid for a period of 15 years from 1997. Based on the information from SMI, until the date of this Prospectus issuance, the license agreement by and between SMI and LCI is still valid.

The Company has signed a patent license agreement with Showa Denko K.K for the use of technical information and patents in connection with the production of polyethylene. The agreement shall be valid until 20 years from its effectiveness in 1993.

The Company has signed a patent license agreement with Union Carbide Corporation for the use of technical information and patents in connection with the production of polyethylene. The agreement is valid for period of 20 years from the date when the Company first supplied ethylene to its polyethylene plant in 1995.

The Company has signed a license agreement with Lummus for butadiene extraction factory, whereas Lummus will provide non- exclusive rights to the Company to utilize technical information and patents in relation to the butadiene production process. On the year 2011, the Company has novated this agreement to PBI, so that PBI took over the Company' responsibility based on that license agreement.

4.7. Sales, Marketing and Customers

The Company's products are sold as key raw materials for the production of a wide variety of consumer and industrial products. The Company sells olefins and by-products and polyethylene in either to the domestic and export markets, and polypropylene in the domestic market. For the six-month period ended June 30, 2013, 75.6% of the Company total net revenues that was derived from domestic sales and the remaining was derived from export sales. For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June, 30 2013, which respectively 28.5%, 22.8%, 20.6% and 40.5%, of olefins revenue that was derived from sales to customers in Indonesia and the remaining was derived from export sales. For the years ended December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013, respectively 96.3%, 96.4%, 96.4% and 98.3%, of the Company's polyethylene revenue was derived from sales to customers in Indonesia and the remaining was derived from export sales. During the same periods, the Company sold almost all of the Company's polypropylene products domestically due to robust domestic demand as Indonesia continues to be a polypropylene importer.

The Company has sold styrene monomer in both the domestic and export markets. For the years ended on December 31, 2011 and December 31, 2012 as well as the six-month periods ended June 30, 2012 and June 30, 2013, 55.7%, 61.1%, 59.2% and 63.8% of the

Company's styrene monomer revenue was derived from sales to customers in Indonesia and the remaining was derived from export sales. The Company sells styrene monomer by-products in the domestic market.

The Company has separate divisions to support the sale of olefins and polyethylene. Olefins sales division comprises of six personnel and responsible for the marketing and sale of ethylene, pygas and mixed C_4. Polyethylene sales division comprises of 21 personnel and responsible for negotiating agreements with distributors and direct sales to customers

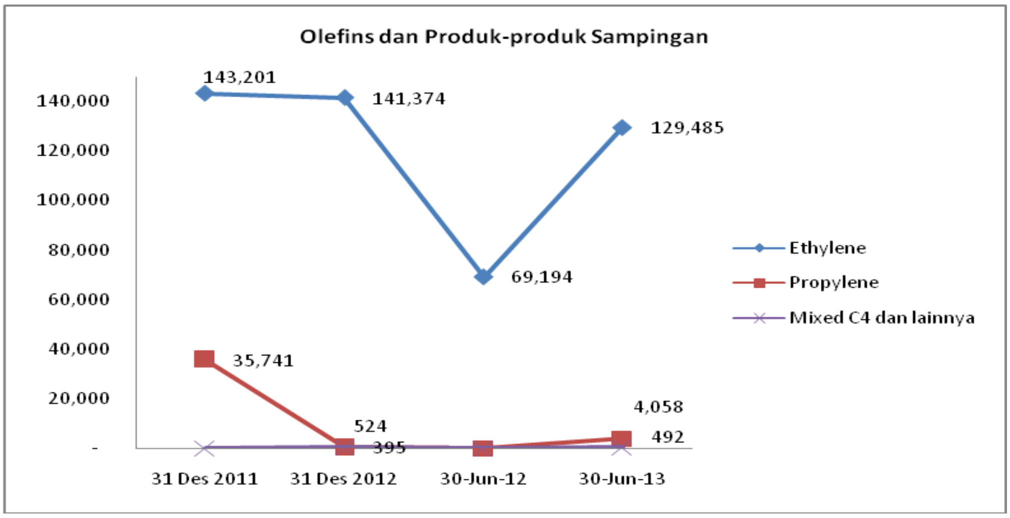
Styrene monomer division of comprises of four personnel who are responsible for domestic and export sales. This division also conducts the procurement of raw materials, resources and other chemicals, as well as the required energy for the production of the Company styrene monomer. Promotional activities conducted by the Company, including organizing customer meetings, seminars and participated in the exhibition.

The Company has a technical team that will observe the products which do not meet the specifications standard. If found products that do not meet the specification standard, the Company will withdraw the product, as long as has not been processed by the customer.

4.7.1. Sales

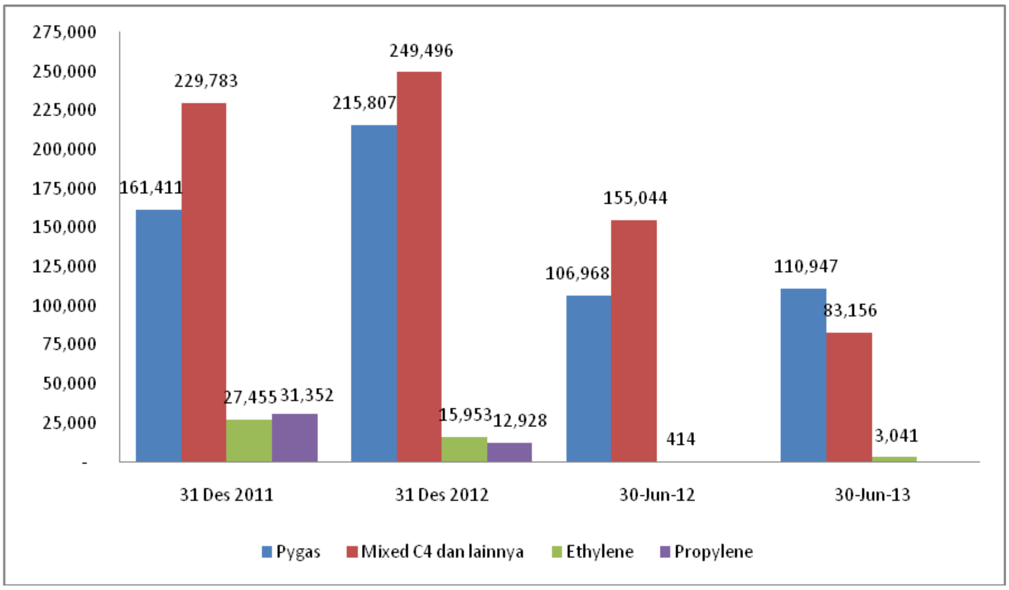
a. Olefins and by-product

The following is a net income table from the Company's Olefins local sales and by-products in a year in U.S. Dollar:



Source: The Company

The following is a net export income table from Company's Olefins and by-product sales in thousands U.S. Dollar:



Source: The Company

i. Ethylene

The Company utilises the majority of its production of ethylene for both Company's polyethylene production lines and a small portion for the Company's styrene monomer plants. Ethylene production residue is sold primarily to customers' local industry and sometimes sold on the spot market. Company at certain times exports ethylene products to other countries such as Singapore, Japan , Korea , and Thailand. The Company has the ethylene supply contracts with major customers, which majority are domestic customers. Supply contracts with the Company's major customers are revised on a quarterly basis. While the remaining is revised annually. The contract provides a provision that the Company will receive payment in U.S. dollars in accordance with the pricing formula based on the cost plus the spot price.

All of the Company's ethylene domestic sales, respectively in 2011 and 2012 and the six months periods ended June 30, 2013 were delivered through a pipeline.

ii. Propylene

The Company utilizes almost all of the Company's propylene that is produced by the Company from olefins complex as raw material for the Company's polypropylene products. Propylene transported directly from the Company's olefin complex to the Company's polypropylene plant, enabling the Company to supply integrated upstream and downstream petrochemical products. Company at certain times exports propylene products to other countries including Japan and Singapore.

iii. Pygas

The Company sells majority of its pygas to foreign traders and foreign end-customer pursuant to the supply agreements that are reviewed semi-annual or annually. The Company exports the pygas to other countries such as Korea, Singapore, Japan, Thailand, and Malaysia. Sales of pygas are generally carried out monthly. Prices are determined against the relevant global benchmark, which are quoted in U.S. dollars and are generally adjusted on a monthly basis. Customers are quoted, invoiced and required to pay in U.S. dollars.

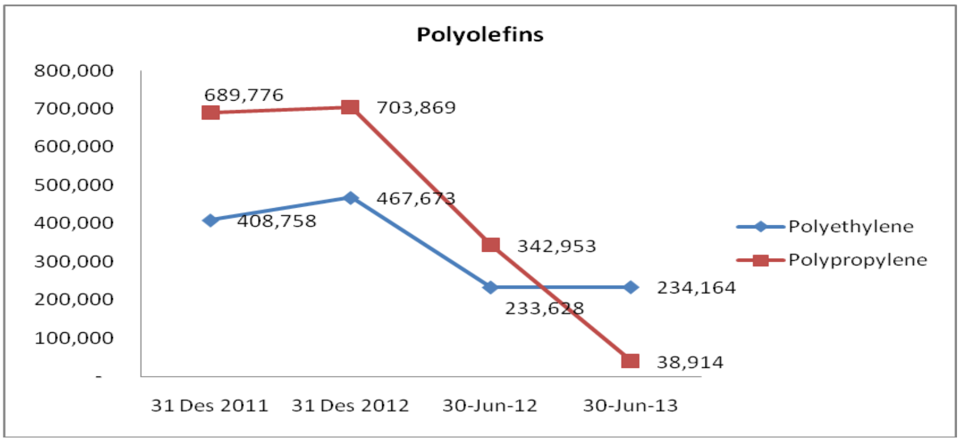
iv. Mixed C4

The Company sells the majority of its mixed C4 to customers in Thailand and Korea based on supply contracts and also engages in some spot sales. Supply contracts contain provision that the Company is paid in U.S. Dollars in accordance with the pricing formula linked to butadiene prices and MOPJ (CFR Japan naphtha quoted in Platts) + alpha or premium.

The Company will continue to sell mixed C4in the open market sales provided that it is more profitable for the Company rather than using it as a recycle stream. With the commencement of butadiene plant operation, the entire production of mixed C4 will be used as feedstock to produce butadiene, which is where this is a plus for the mixed C4 products. The said butadiene will be sold domestically and exported.

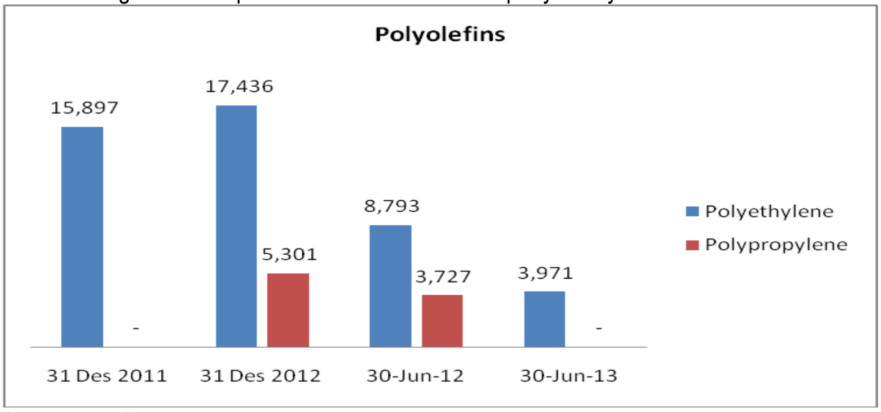
b. Polyolefins

The following is a net domestic income table from Company's Polyolefins in thousands U.S. Dollar:



Source: The Company

The following is a net export income table from Company's Polyolefins in thousands U.S. Dollar:



Source : The Company

i. **Polyethylene**

The Company sells polyethylene domestically, mainly through local distributor as well as local distributors. Marketing is conducted both directly through sales staff and indirectly through independent distributors. Substantially all of the Company's customers paid in U.S. dollars.

The company sets polyethylene price based on the CFR SEA spot market price plus a premium, which reflects applicable import tariffs as well as exemptions from tariffs available to the Company's customers and inventory levels at distributors and direct customers. The Company sets domestic polyethylene prices in U.S. dollars. The prices fluctuate according to international as well as domestic market conditions. Customers are charged with the list price, subject to a quantity discount, in effect at the time the order is placed. The Company delivers the products, in accordance with the Company's customers' delivery schedule for the month in which The Company receive their order.

Through the Company sales and technical services networks, the Company maintains regular contact with end-users of the Company polyethylene products. Personnel from this networks meet directly with end-users to discuss their needs and the Company polyethylene products and respond to customer feedback.

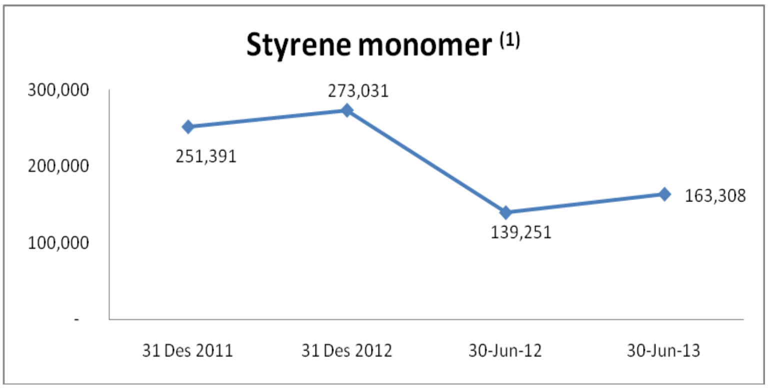
As part of quality control process, the technical department analyzes the Company polyethylene products prior to packaging and distribution with respect to, inter alia, their melt index, density, additive content, color, odor and impurities.

ii. **Polypropylene**

The Company sells substantially all of the Company polypropylene products within Indonesia due to robust domestic demand in Indonesia, which is an importer country of polypropylene. For the year ended December 31, 2012, the Company sold 454 kt, or 99.1%, of the polypropylene that was produced to domestic customers. For the six-month period ended June 30, 2013, the Company sold 100% of the polypropylene that the Company produced to domestic customers. Pricing is based on the highest CFR SEA polypropylene prices published by ICIS, plus a premium. Most of the Company transactions are completed in U.S. dollars. The Company engages local transporters to deliver all of the Company's domestic sales volume. The Company makes offer and agree on tariff rate charges for delivery with some price adjustments every two years.

c. **Styrene monomer dan produk-produk sampingannya**

The following is a net domestic sales income table from Company's Styrene monomer and it by-product in thousands U.S. Dollar:

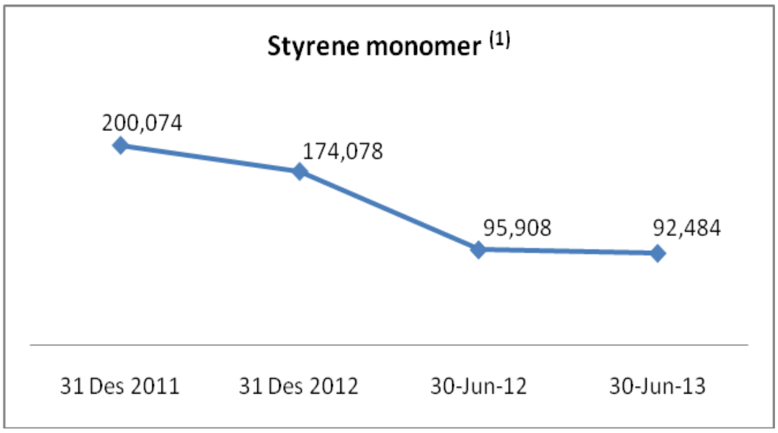


Source: The Company

Note (1)

(1) Including ethyl benzene, toluene and benzene toluene mixture

The following is a net domestic sales income table from Company's Styrene monomer and it by-product in thousands U.S. Dollar:



Source: The Company
Note [(1)]
(1) Including ethyl benzene, toluene and benzene toluene mixture

The Company sells styrene monomer in both the domestic and export markets. For the year ended 31 December 2012, the Company sold 188 kt, or 60.8%, of monomer, or 39.2%, to export customers. For the six-month period ended 30 June 2013, the Company sold 95 kt, or 62.5%, of styrene monomer and its by-products to domestic customers and 57 kt, or 37.5%, to export customers. Domestic sales are completed mainly through contract supply agreements lasting for periods of one year. Major customers include domestic end users. Pricing is based on the average of the mean for CFR SEA and CFR China spot prices published by ICIS LOR, plus a premium, for the whole month of delivery. Transactions are done in U.S. dollars. Delivery is contracted to a logistic company in Indonesia, PT Richland Logistics Indonesia.

For the Company export business, the Company uses a combination of contract and spot transactions. For the year ended 31 December 2012, the Company sold 75 kt of styrene monomer to export customers by contract and 47 kt by spot transaction. For the six-month periods ended June 30, 2013, the Company sold all, 20 kt, of styrene monomer to export market by contract. The Company export customers include customers located in Thailand, Singapore, Japan, Hong Kong and China. For contract sales, pricing is based on the average CFR China spot prices published by ICIS LOR and Platts for one month of delivery and prices are set and paid in U.S. dollars. For spot sales, pricing is determined through negotiations with the customers. Delivery is arranged by the Company for the Company's certain customers while others are arranged by the buyers.

4.7.2. Major Customers

Majority of the Company's customers are in Indonesia. The Company sells its product to various customers. By selling to various customers, the Company confident that the Company's reliance on a certain customer will be limited. The table below shows the Company's net sales to top 10 customers that represent 38% of total net revenue for the year ended December 31, 2012.

Customers	Products	Percentage of net Sales	Customers since	Location
Customer 1	Mixed C_4 & Pygas	6%	2003	Korea
Customer 2	Pygas	6%	2011	Thailand
Customer 3	Styrene Monomer	5%	2004	Indonesia
Customer 4	Polypropylene & Polyethylene	5%	1995	Indonesia
Customer 5	Polypropylene & Polyethylene	4%	1995	Indonesia
Customer 6	Mixed C4	3%	2004	Korea
Customer 7	Styrene Monomer	3%	2003	Jepang
Customer 8	Ethylene	2%	1995	Indonesia
Customer 9	Ethylene	2%	2007	Indonesia
Customer 10	Styrene Monomer	2%	1994	Indonesia
Top Ten Customers in % of Net Revenue		38%		

The table below describes the Company's net sales to the Company's top ten customer for six months period ended June 30, 2013:

Customers	Product	Percentage of Net Sales	Customers Since	Location
Customer A	Mixed C_4 & Pygas	7%	2011	Thailand
Customer B	Styrene Monomer	6%	2004	Indonesia
Customer C	Mixed C4 & Pygas	5%	2003	Korea
Customer D	Polypropylene & Polyethylene	4%	1995	Indonesia
Customer E	Polypropylene & Polyethylene	4%	1995	Indonesia
Customer F	Ethylene	4%	1995	Indonesia
Customer G	Ethylene	3%	2007	Indonesia
Customer H	Styrene Monomer	2%	2003	Jepang
Customer I	Styrene Monomer	2%	1994	Indonesia
Customer n J	Ethylene	2%	2005	Indonesia
Top Ten Customers in % of Net Revenue		38%		

4.7.3. Competition

The Company competes with other petrochemical producers on the basis of price, service, product quality, timely deliveries and overall customer service. The Company's competitors include some of the world's largest chemical companies and major integrated oil companies, many of whom have greater financial resources and also are more vertically integrated with their own raw material resources. The Company believes that some of the keys to competition in this industry among others include customer relations, market position, the scale of production facilities, low cost feedstock and differentiated products and process technologies.

Prices of petrochemical products are determined by market factors such as supply/demand balances and feedstock costs that are beyond the Company's control. Generally, the Company sells these products at current market price as the competitors do but occasionally the Company negotiates the price.

The Company anticipates competition that may come from countries in the Middle East such as Iran, Kuwait, Qatar, Saudi Arabia and countries in Asia such as Malaysia, Singapore, Taiwan, Thailand, South Korea and Japan. These companies may be Japanese intermediary such as Marubeni Corporation, Mitsui & Co. and other more integrated oil and petrochemical companies such as Exxon Mobil, Petroleum Authority of Thailand (PTT) and Sabic.

4.7.4. Environmental Compliance

The Company are subject to the laws and regulations of Indonesian and the regional government of Cilegon City, that govern the use, storage, transportation and disposal of toxic and hazardous materials, including the disposal of effluents and emissions into the environment and other laws and regulations relating to the environment protection. The Company's operations are supervised by several governmental entities, such as the Department of Industry, the State Ministry of Environment, the Environmental Impact Management Agency, the Directorate General of Sea Transportation of the Department of Transportation and the regional government of Cilegon City, who are responsible for implementing and monitoring Indonesia's pollution control regulations and policies in the petrochemical industry.

Indonesian law requires those companies, including manufacturers, whose business activities are estimated to have a potential significant impact on the environment, to prepare an environmental impact assessment, environmental monitoring plan and environmental management plan in connection with certain operations that are considered to have an impact on the environment. Before the construction of a facility, the environmental impact assessment report shall be submitted to a commission consisting of representatives of various national and local government agencies and non-governmental organizations. Once the commission approves the environmental impact assessment report, which describes various compliance standards and other obligations, amendments to the environmental impact assessment report shall be provided to a similar commission in connection with the commencement of the Company's operational activities. For the original facilities, the Company has completed all appropriate environmental requirements. Along with the Company's efforts to improve the Company's facilities, the Company are submitting the necessary environmental applications. The Company are using a third party contractor to prepare the required documentation for submission to national and local governments and non-governmental organizations.

The Company received certifications and awards for its efforts to ensure product quality and environmental-friendly production processes. The company has awarded an ISO 9001 quality management certificate and ISO 14001 environmental compliance certificate, an international standard for environmental management system from SGS S.A. (was Société Générale de Surveillance), an internationally-recognized auditing body. The Company's ISO 9001 certificate is valid through October 2013 while its ISO 14001 is valid through February 2014. In addition, from October 2004 to April 2005, 2010, and 2012, the Ministry of Environment awarded the Company a "green" rating, that means "beyond compliance". The Company also received Green Industry Charter from the Ministry of Industry on December 2012.

The Company is confident that the Company's operational activities in all material aspects are in compliance with prevailing environmental laws and regulations. The Company has not had any environmental violation/incident that caused damage and/or claims. The Company has allocated an annual budget for environmental control for, inter alia, waste management, laboratory analysis, permits and environmental equipment. All of the Company's environmental licenses and permits are in full force and effect. In addition, the Company has signed an agreement for waste management with PT Holcim Indonesia, which is effective from January 1, 2011 until December 31, 2012. The Company also signed an agreement for waste management with PT Prasadha Pamunah Limbah Industri, which is effective from 1 September 2010 until 31 August 2012. As of the prospectus date, the Company are still in the process of extending both agreements.

The Company's waste water treatment complies with the decree of State Minister of Environment, while waste disposal (toxic and hazardous) is disposed with a government body, namely Waste Management Indonesia.

4.7.5. Health and Safety

The Company's health and safety policies are focusing on the guiding principle that each employee is responsible not only for his or her own safety, but also for the safety of their co-worker. The Company has ongoing training programs for all phases of the safety system from plant site equipment and its usage, to safety permitting and material safety data. All levels of the organization in the plant are included in a monthly safety awareness meeting. The Company also conducts walk-through inspections to verify safety conditions, employee activities and housekeeping. Pursuant to prevailing regulation, the Company submits a monthly safety meeting report to the Office of Social and Manpower, a local governing body.

The Company believes that its health and safety activities will establish a strong sense of safety awareness in the Company's employees. As of June 30, 2013, the Company's production facilities had completed over 8.6 million man-hours without any lost time because of accidents. As of the date of this Prospectus, the Company is nearly achieving its first 10 million work hours without lost time because of accident after it achieved 6 million man-hours without any lost time because of accidents on August 31, 2013. On February 18, 2013, the Company received a zero accident award from the Banten Province Governor in recognition for its accomplishment in safety and health. The Company has not experienced any major incidents in its operations following the merger and continue to maintain a sound safety record with no major incidents or accidents at its production plants.

At the plant, the Company has various qualified inspectors to maintain plant integrity. The Company does routine inspections of static equipment by various methods. The Company's static equipment inspectors are responsible for its compliance with local and national regulations regarding pressure vessels and fire equipment. The Company also has inspectors for all rotating equipment. The Company inspection teams help the Company to ensure that the plant is kept in a safe condition. The results of its pressure vessel inspections are reported and registered to the national agency, the Department of Manpower.

The Company maintains compliance with health, safety and environmental regulations promulgated by local and national governing bodies. For instant, the Company takes a sample of effluent wastewater on a daily basis at its olefin and polyolefin plants, except at polypropylene where sample effluent wastewater on a weakly basis. The Company also checks such things as pH, temperature, turbidity, oil content, suspended solids, chemical oxygen demand and bio-chemical oxygen demand. Generally, the results received by the Company are within the required specification. The Company reports this data on a monthly basis to the local regulatory office, the Office of Environment, Mine and Energy, and the State Ministry of Environment.

For compliance for stack emissions, heat stress, and noise surveys, the Company rely on third party analyses. These analyses are conducted on a quarterly basis and reported to the State Ministry of Environment.

Local government regulations require a quarterly check of the seawater outfall from the cooling water system exchangers. The Company completes the analysis using a third party and locally report this information to the relevant local regulator.

The Company believes the Company is in compliance with all relevant Indonesian safety regulations promulgated.

4.8. Corporate Social Responsibility (CSR)

In conducting its business operations, the Company is committed to continually consider, prevent, mitigate, and manage the impacts of operations and business through corporate social responsibility activities. The Company also contributes in sustainable development, working with employees, employees' families, local communities, and the public as well as Stakeholders in order to improve their quality of life. As proof of its commitment, the Company received several awards, such as, Silver Award from Corporate Forum for Community Development (CFCD) in 2011 and 3rd rank in the CSR competition that was organized by SGS Indonesia in 2010. SGS Indonesia is of the opinion that the Company's CSR concept, execution and reporting has been very well managed and has benefitted the public, especially in regions where the Company operates in.

The Company's CSR activities including:

a. Health program – the Company conducts "*Ayo ke Posyandu*" Program to increase the awareness of mothers in the area of Cilegon and Anyer of their toddlers' health. As a result of this program, 80%-90% of the toddlers in the areas targeted by this program regularly visit *Posyandu* (an local health care facility) with their mothers for health checks and the mortality rates of these toddlers and their mothers have dropped to 0%

b. Education Program – the Company provides scholarship to outstanding students in Institute Teknologi Bandung (ITB) and University of Tirtayasa. Additionally, the Company has donated hundreds of free textbooks to three schools around the working area with the theme of "Berbagi Buku Jendela Dunia".

c. Social Assistance Program – the Company conducts conservation of arid area in Cilegon in collaboration with the Environment Agency of Cilegon by planting 4,000 saplings and facilitated the demonstration garden.

d. Economic Improvement Program **–** the Company provides interest-free loan to 160 small merchants and also the opportunity for breeders to grow their business by donating livestock.

4.9 Good Corporate Governance

Commitment to Good Corporate Governance

The legal basis of Good Corporate Governance (GCG) implementation in Indonesia is referring to the Law No. 40 of 2007 on Limited Liability Companies that accommodates several corporate governance principles such as the principle of fairness between the Corporate structures. It explains clearly the rights and obligations of Board of Commissioners and Board of Directors; collectively principle of Board of Commissioners, and also regulates the existence of independent commissioners as well as the representative commissioners.

Understanding the importance of implementing GCG, Board of Commissioners and Board of Directors have made GCG as a part of the Company's management through the implementation of a system that reflects the principles of disclosure, accountability, fairness and responsibility. GCG principles implementation is able to create a competitive advantage for the Company in facing the competition and giving added value to the Stakeholders.

The Company is committed to implement GCG as an effort to create a successful business in order to provide optimal benefits for Shareholders ethically, legally, continuity and considering the interests and equality for other Stakeholders.

The objectives of GCG implementation in the Company:

1. To direct and control the working relationship between the Company Structure namely the General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors;
2. To improve the Company's management accountability to the Shareholders by taking into account to the interests of the Stakeholders;
3. To create a working relationship between the Company and Stakeholders;
4. To encourage and support business development, resource management and risk management more effectively to enhance the Company's values;
5. To direct the achievement of Company's vision and corporate strategy;
6. To enhance professionalism of human resources;
7. Become the basis for the implementation and development of Corporate Culture.

The Company also received an Internal Audit Charter as a guideline for the Company's Internal Audit Unit whose responsible for providing assurance and consulting services that are independent and objective, with the aim to increase the value and improve the operations of the Company, through a systematic approach, by evaluating and improving the effectiveness of risk management, control and governance processes. Under this Charter, Internal Audit Unit is responsible for:

1. Develop and implement an annual internal audit plan;
2. Assess and evaluate the implementation of the internal control and risk management systems in accordance with the Company policy ;
3. Inspect and assess of the efficiency and effectiveness in finance, accounting, operational, human resources, marketing, information technology and other activities, as well as perform special inspections as necessary ;
4. Provide suggestions and improvements and objective information on examined activities at all levels of management;
5. Make an audit report and submit the report to the President and Board of Commissioners by the President Director;
6. Monitor, analyze and report the implementation of the improvements that have been suggested;
7. Cooperate with the Audit Committee ;
8. arrange a program to evaluate the quality of internal audit activities.

The Corporate Governance Principles

Transparency

The Company provides information as much as possible to the public and Shareholders, in accordance with applicable regulations through reports that are published periodically and on time in two languages (Indonesian and English)

Accountability

The Company applies the principles of accountability through Director's report to Board of Commissioners as a way to address the issues arising from division of authority between structures in the Company.

Responsibility

The Company ensures that management is conducted by following the rules and regulations as a reflection of corporate responsibility as a good corporate citizen.

Independency
The Company tries to manage the company in a professional manner without any conflict of interest and influence/pressure from any party that is not in accordance with the prevailing laws and good corporate principles.

Fairness
The Company guarantees a fair treatment to all Stakeholders in every activity performed and always help the related parties to understand their rights and obligations in accordance with the prevailing laws.

5. Business outlook

Petrochemical is a chemical product that is derived from oil or other hydrocarbons. In 2012, the total revenue of the global industry is approximately US$3 trillion. The main utility of petrochemical products is as raw material to the plastic industry. Considering its varied used, the petrochemical industry has an integral role in both manufacturing and consumer sector. Due to the limited availability of economical substitutes, the Petrochemical industry is an important component in the world economy. The end-use market of this industry includes transportation, packaging, construction, agriculture, textile, consumer product and electronics.

The table below sets forth the outlook of the petrochemical products and polymers in 2012 and the expected CAGR from 2013-2019.:

			Global		ASEAN		Indonesia	
Basic shaped	Derivative	Main Application	2012 Demand	CAGR	2012 Demand	CAGR	2012 Demand	CAGR
			kt	(2013-2019)F	kt	(2013-2019)F	kt	(2013-2019)F
Ethylene	Polyethylene	Packaging, agriculture, automotive, construction	78.579	4,6	5.264	4,6	973	5,0
	EG	Texrile, packaging, automotive	22.838	5,5	1.754	5,8	592	4,5
	Styrene	Packaging, electronic, automotive, construction	27.544	3,0	1.439	2,5	162	5,6
	PVC	Construction, packaging	38.681	5,2	1.821	5,3	382	7,2
Propylene	Polypropylene	Packaging, textile, automotive, construction Self-care, automotive, construction	52.231	4,7	4.497	5,1	1.100	5,1
	Acrylic Acid	Tyre, hose and pipe, seals, foot wear Tyre, automotive, impact modifiers	4.706	5,1	204	2,7	31	8,8
Butadiene	SB Rubber	Appliances, electronics (TVs), automotive pipe and fittings	4.642	3,6	461	5,7	172	6,5
	Butadiene Rubeer	Construction, packaging	3.000	3,1	218	5,2	71	4,3
	ABS	Packaging, textile, automotive, construction	6.646	4,8	506	8,4	119	7,9

Note: F = Forecast
Source: Nexant, September 2013

6. Kebijakan pengelolaan risiko

The financial risk management policies of the Company and its subsidiaries aim to ensure that there is sufficient financial resources for the development of the Company and its subsidiaries by managing the foreign currency exchange rate risk, interest rate risk, liquidity risk and credit risk. The financial risk management policies of the Companies and its subsidiaries are as follow:

a. Foreign currency exchange rate risk
Majority of the Company's revenues, expenses and loans are held or transacted in US dollar. However, as the Company operates in Indonesia, there are circumstances in which the Company may be affected by the fluctuation of the exchange rate between Indonesian Rupiah and US dollar especially in relation to the taxes paid in Indonesian Rupiah. Currently, the Company does not use any derivatives or hedging instruments to mitigate this risk.

b. Interest rate risk
The Company believes that the Company currently is in stable position and thus the Company believes that this risk on interest expenses is not high as the Company considers the optimum balance between fixed and floating interest debt upfront. Additionally, the Company could enter into an interest swap agreement to swap between floating and fixed interest rates if it is felt that the interest rate is going out of the reasonable range.

Approvals from the Board of Directors and Board of Commissioners must be obtained before the Company commits to any instruments to manage the interest rate exposure.

c. Liquidity risk

Most of the Company's liquidity risk comes from the Company's cash, cash generated from operation, trade finance facilities, short-term loans, subordinated loans and secured and senior bonds. The Company's capital and its subsidiaries are mainly for the financing of working capital, capital expenditure and loan repayment. On June 30, 2013, the Company and its subsidiaries have US$122.2 million of cash and cash equivalents and US$343.9 million of borrowings. The use of the Company's capitals can change and is contingent on a number of factors. If the Company requires additional funding to support their working capital requirement or any other capital requirements, it is able to raise additional funding from either public or private sources.

d. Credit risk

The Company recognizes that, while the sale of products is best done through cash or letter of credit, however, credit sale is a common practice in the industry and its availability is an important factor in the customers' purchasing decision. Due to the reason hereinabove, the Company allows credit sale. However, to mitigate the risk that arises from this practice, the Company has established a credit committee which is responsible for the overall management and control of credit risk

IX. Regulation

Related Regulation in Indonesia
The petrochemical industry in Indonesia is regulated, licensed and monitored by BKPM, the Ministry of Industry, the State Ministry of Environment, the Environmental Impact Management Agency, the Ministry of Communications, and the Ministry of Manpower. Since our factory is located in Cilegon, therefore we are subject to the local regulations issued by the local government of the city of Cilegon.

Investment Regulations
On 26 April 2007, the Government issued Law No. 25/2007 regarding Investment ("Law No. 25/2007"). Law No. 25/2007 states that all business sectors or business types are open to foreign investment, except those over which the Government has expressly prohibited or restricted foreign investment, subject to certain conditions. Under Law No. 25/2007 and the Presidential Regulation No. 36/2010, the our business activity is open to foreign investment up to a level of 100% of our outstanding shares.

The principal license required for PMA (foreign investment) or PMDN (domestic investment) companies involved in petrochemical industry in Indonesia is issued by BKPM. The merger between PT Chandra Asri and PT Tri Polyta Indonesia Tbk obtained written merger approval from BKPM on 31 December 2010 (the "Merger Approval"), which grants the Company the license to produce ethylene, propylene, pyrolysis gasoline, polyethylene, crude C4 and polypropylene.

Moreover, in accordance with the Merger Approval, the Company is obligated to submit capital investment activity report to BKPM on a semi-annual basis.

Manpower Regulations
Pursuant to Indonesian manpower regulations, the Company prepare annual reports or manpower obligatory reports regarding our manpower conditions and provide such reports to the relevant regional office. The Company is also required to obtain approvals for utilization plans of foreign workers.

Tariffs
Tariffs are imposed on certain imports of petrochemical products into Indonesia.

Jetty Management
Since the issuance of Law No. 17/2008 regarding Shipping ("Law No. 17/2008"), the rules on port management have been amended. According to Law No. 17/2008, the Port Authority has main authority to regulate and monitor commercially operating ports, and will assist the Government in giving concession in the form of Port Business Entity (Badan Usaha Pelabuhan or "BUP") to conduct business activities in the port. Pursuant to Law No. 17/2008, since a small portion of our operations involve commercial activities, we are required to form a BUP.

As a port manager, a BUP is obliged to:
a. provide and maintain the feasibility of port facilities;
b. provide services to port users in accordance with service standards determined by the Government;
c. maintain the security, safety and order of the operated port facilities under operation;
d. participate in maintaining the security, safety and order of water transportation at the port;
e. maintain the environmental sustainability at the port;
f. fulfill its obligations in accordance with the concession which are stipulated in the agreement with the Port Authority; and
g. comply with the prevailing international and national laws and regulations.

In relation with our non-commercial port management business activities, we had previously obtained Approval from the Minister of Transportation for Jetty T Type and Jetty Dolphin Type in Banten Port and continue to conduct commercial port management business activities based on the Sea Transportation Directorate General Letter No. PU.60/6/17/DP-09 dated 30 April 2009.

Government Regulation No. 61/2009 regarding Port ("GR No. 61/2009") regulates that a BUP can conduct management activities in one or more terminals located within one port. In order to obtain a business license as a BUP, the following requirements must be fulfilled by the applicant:

a. provide a tax registration number (Nomor Pokok Wajib Pajak or "NPWP");
b. the applicant must be in the form of a state-owned company, regional government-owned company or a limited liability company with a purpose of engaging in port business activities;
c. owned its Deed of Establishment; and
d. provide a domicile letter of the company.

A port which operates based on a concession shall be given through an auction mechanism where the time period of the concession can vary depending on the BUP's ability to recompense the investment fund and obtain a proper profit.

GR No. 61/2009 also provides that a concession agreement must at least regulates the management scope, management concession time period, preliminary tariff and the formula thereof, rights and obligations of each party, including risks borne by the parties whereas the risk allocation shall be based on efficient and fair risk allocation principle, service performance standard and complaint handling procedure, sanctions in case the parties breach the concession agreement, dispute settlement, termination of the concession agreement, legal system applied to the concession agreement is Indonesian law, force majeure and the possibility of amendments.

Electricity Supply

On 23 September 2009, a new electricity law, namely Law No. 30/2009 on Electricity ("Law No. 30/2009") entered into force, revoking and replacing the provisions of the previous electricity law, namely Law No. 15/1985 on Electricity ("Law No. 15/1985"). According to Law No. 30/2009, the implementing regulations of the Law No. 15/1985 shall remain in effect as long as do not conflict with or has not been replaced by Law No. 30/2009.

Law No. 30/2009 was designed to encourage greater private sector participation in the electricity industry. Under Law No. 30/2009, electricity supply is controlled by the state and managed by the central Government and regional Government (as relevant), through state-owned company such as PLN, and regional government-owned company. Law No. 30/2009 further provides that, in addition to PLN, private businesses, cooperatives and non-governmental enterprises may participate in the electricity supply business, with state-owned companies having the first priority for rights to supply electricity to the public before such rights are granted to other business entities.

Law No. 30/2009 divides the electricity industry into two main sectors, namely the electricity supply business and the electricity supporting business. The electricity supply business is divided into electricity supply business for public interest and electricity supply business for self-usage, and covers electricity generation, transmission, distribution and sales. The electricity supporting business is divided into electricity supporting services business and electricity supporting industry business.

Previously, under the Law No. 15/1985, the electricity supply business license was issued in the form of: (i) an electricity business license for public use (Izin Usaha Kelistrikan Umum or "IUKU"), (ii) an electricity business license for self-usage (Izin Usaha Kelistrikan Sendiri or "IUKS"), or (iii) a holder of authority on electricity business (Pemegang Kuasa Usaha Kelistrikan or "PKUK"). Under Law No. 15/1985, PLN is deemed as a PKUK holder.

Government Regulation No. 10/1989 regarding Electricity Supply and Utilization as amended by Government Regulation No. 3/2005 and Government Regulation No. 26/2006 ("GR No. 10/1989") provides that IUKU is given to cooperatives or private business entities to conduct business activity in the electricity supply for public interest while IUKS is given to cooperatives, private business entities, or state-owned companies or any other Government institution to conduct electricity supply business activity for self-usage. IUKS is required only for entities which conduct electricity business supply for self-usage that generate electricity of more than 200 kVA. IUKS is given in accordance with the characteristic of the usage, namely for: (i) main usage, (ii) reserve usage, (iii) emergency usage, and (iv) temporary usage.

Under Law No. 30/2009, the IUKU, IUKS and PKUK are no longer recognized, and the electricity supply business license will be issued in the form of: (i) an Electricity Supply Business License (Izin Usaha Penyediaan Tenaga Listrik or "IUPTL") for the purpose of supplying electricity for public use, or (ii) an Operational License (Izin Operasional or "IO"), for the purpose of supplying electricity for private use. Law No. 30/2009 also stipulates that IO is required for the power generator with certain capacity, which will be further regulated under Minister of Energy and Mineral Resources Regulation.

Environmental Regulations

In Indonesia, environmental protection is governed by various laws, regulations and decrees, among others:

a. Law No. 32/2009 regarding Environmental Protection and Management ("Environmental Law");
b. Government Regulation No. 27 of 2012 regarding Environmental Permit;
c. State Minister of Environmental Affairs Regulation No. 5 of 2012 regarding Type of Businesses and/or Action Plans which are Required to Obtain Environmental Impact Analysis (Analisis Mengenai Dampak Lingkungan Hidup or "AMDAL") ("Minister Regulation No. 5/2012"); and
d. State Minister of Environmental Affairs Regulation No. 3 of 2013 regarding Environmental Audit ("Minister Regulation No. 3/2013").

Environmental Law regulates several provisions as follows:

- A new Environmental Permit (Izin Lingkungan), which shall be obtained by a company which is required to obtain an AMDAL or an UKL/UPL. The Environmental Permit is a prerequisite for a company to obtain other business licenses and if the environmental permit is revoked, the business license which already obtained by the company will no longer be valid as well. Environmental Law requires all existing environmental licenses relating to environmental management to be integrated into an Environmental Permit within one year as of the enactment of Environmental Law;

- An environmental audit is required for (i) business sector that should has but has not obtained the AMDAL, (ii) business sectors and/or activities which are high-risk for the environment or (iii) companies which have not fulfill its obligations in relation with the environmental laws and its implementing regulations. Although Minister Regulation No. 3/2013 is valid, such regulation does not regulate any provisions on how the audit shall be performed;

- All holders of Environmental Permit shall provide a guarantee fund which deposited in a designated state owned-bank in order to ensure that the recovery of environmental functions is performed;

- Any business which potentially has significant impact to the environment is required to perform environmental risk analysis;

- A company that disposes waste shall obtain a license to perform such activities in specified locations determined by the Minister of Environmental Affairs;

- Remedial and preventive measures and sanctions (such as the obligation to rehabilitate polluted areas, the imposition of criminal sanction and fines and the revocation of approvals) are imposed in order to remedy or prevent pollution which caused by operational activities; and

- A criminal sanctions of a maximum of 15 years imprisonment will be imposed to any person causing environmental pollution or environmental damage and/or fines in the amount of Rp 500 million up to Rp 15 billion. The imprisonment and fines imposed will be increased by one-third (1/3) if such criminal action is conducted on behalf of a company. A monetary penalty may be imposed in lieu of performance of the obligation to rehabilitate the damaged areas.

Minister Regulation No. 5/2012 stipulates, among other matters, that companies who are engaged in upstream petrochemical industry and whose operations have a material environmental or social impact are required to prepare and obtain AMDAL document which consists of Terms of Reference of Environmental Impact Study (Kerangka Acuan ANDAL), Environmental Impact Study (Analisis Dampak Lingkungan or "ANDAL"), Environmental Management Plan (Rencana Pengelolaan Lingkungan or "RKL") and Environmental Monitoring Plan (Rencana Pemantauan Lingkungan or "RPL").

Prior to the merger, CA's operations fell within the definition of a company required to prepare and maintain AMDAL. Based on letter No. 660/4053-BAPEDAL/2006 dated 6 October 2006 issued by Banten Governor, CA's ANDAL, Environment Feasibility and RKL/RPL in the Construction Plan for Pine Gas Lane of Ciwandan-Bojonegara-Puloampel Cilegon City have been approved. The RKL/RPL document will be inspected once every five years and can be revised in the event of the accurrence of any material business development/activity which will affect the level of environmental support and environmental capacity.

Prior to the merger, TPI was not required to prepare and maintain AMDAL and instead was required to maintain UKL/UPL. Based on Statement Letter No. 660/402/UKL&UPL-PDL/2007 dated 12 July 2007 issued by Environmental, Mining and Energy Agency of Cilegon and Statement Letter No. 660/177/APPL dated 18 February 2011 issued by Environmental Agency of Cilegon, TPI's UKL/UPL documents have been approved.

The Company has obtained several environmental protection and management licenses, such as Cilegon Mayor Decree No. 658.31/Kep.432-BLH/2011 dated 24 August 2011 regarding Industrial Waste Production Permit which is valid from 24 August 2011 until 24 August 2013. Such permit shall be renewed 3 months prior to its expiry date.

The Company also has obtained several environmental protection and management licenses under TPI's name, which are as follows:
a. Decree of the State Minister of Environment No. 21 of 2011 regarding Permit to Dispose Waste Water into the Sea, which is valid from 11 February 2011 until 11 February 2016 and may be extended;
b. Decree of Cilegon Mayor No. 658.31/Kep.231-BLH/2010 dated 23 June 2010 regarding Permit to Store Hazardous and Toxic Material Waste, which is valid for 5 years since 23 June 2010; and
c. Decree of Cilegon Mayor No. 658.31/Kep.265-BLH/2010 dated 19 July 2010 regarding Permit to Store Hazardous and Toxic Material Waste, which is valid for 5 years since 19 July 2010.

Waste water disposal is regulated under Government Regulation No. 82 of 2001 regarding Water Quality Management and Water Pollution Control ("GR No. 82/2001"). GR No. 82/2001 requires responsible parties, including petrochemical companies, to submit reports regarding their disposal of waste water elaborating their compliance with the relevant regulations. Such reports shall be submitted on a quarterly basis to the relevant mayor or regent, with a copy provided to the Minister of Environmental Affairs.

The Regulation of the Minister of Environmental Affairs No. 8 of 2007 regarding Waste Water Quality Standard for Upstream Petrochemical Business and/or Activity ("Minister Regulation No. 8") regulates the petrochemical companies' treatment of waste water. The Minister Regulation No. 8 requires petrochemical companies to, among others (i) manage their waste water; (ii) utilize watertight waste water pipeline to avoid the leaking of waste water to the environment; (iii) install disharge gauge devices or waste water flow and record daily discharge of waste water; (iv) do not dilute the waste water; (v) record the actual monthly usage of raw materials; (vi) separate the waste water pipeline from the rainwater runoff channel; (vii) conduct daily monitoring on the levels of waste water quality parameters, for pH and COD parameters;

(viii) determine compliance point for test sampling; and (ix) examine the level of waste water quality parameters periodically once a month to an accredited laboratory. Pursuant to Minister Regulation No. 8, petrochemical companies must comply with all requirements stipulated in their respective licenses regarding disposal of waste water and submit an analysis of the waste water and daily water flow rate on a quarterly basis to the relevant regent or mayor, with copies to the Governor and the Minister of Environmental Affairs and other related government institutions.

Petrochemical companies must also comply with other regulations, including Government Regulation No. 18/1999, as amended by Government Regulation No. 85 of 1999 regarding Management of Hazardous and Toxic Materials Waste, and Government Regulation No. 74 of 2001 regarding Management of Hazardous and Toxic Materials (Bahan Berbahaya dan Beracun), relating to the management of certain materials and waste. Flammable, poisonous or hazardous waste from petrochemical operational activitis are subject to these regulations, unless the Company can prove scientifically that its waste fall outside the categories set forth in such regulations. These regulations require a company which uses such materials or produces such waste to obtain a permit to store, collect, utilize, manage and accumulate such waste. This permit may be revoked and the operations may be required to be ceased if the company violates the relevant regulations.

Stack Emission

In relation to the stack emission, Government Regulation No. 41 of 1999 regarding Air Pollution Control divided source of emissions into movable sources, specific movable sources, immovable sources, and specific immovable sources. Specific immovable source is further elaborate as immovable source which derived from waste or forest fire. On the other hand, immovable source is defined as source originating from specific location. Minister of Environment Regulation No. 13 of 1995 regarding Stack Emission of Immovable Source, which was subsequently amended by Minister of Environment Affairs Regulation No. 7 of 2007 ("Minister Regulation No. 13/1995 as amended"), stipulates that any party having immovable source stack emission is under the obligations to:

- Construct gas emission through a smokestack furnished with supporting and safety facilities;
- Initiate emission test for a smokestack that has been operating for at least or more than six months at least twice during operation period each year;
- Initiate emission test for steam kettle that has been operating for at least or more than six months at least once during operation period each year;
- Utilize an accredited laboratory in conducting an emission test; and
- Install monitoring measuring instrument which cover quantity and traffic volume, as well as direction and wind speed on each stack emission.

These regulations apply to the Company, and require the Company to submit reports to the regent of Serang/mayor of Cilegon with copies to the Governor of Banten and State Minister of Environmental Affairs at least once every 6 (six) months, as well as reports to the regent of Serang/mayor of Cilegon with copies to the Governor of Banten and State Minister of Environmental Affairs in the event of any unusual event or emergency event which may cause over-emission and the details of the control of such situation, pursuant to the requirements stipulated in Minister Regulation No. 13/1995 as amended.

X. Summary of Financial Statement

The following data of significant financial tables taken from or calculated based on the Consolidated Financial Statements of the Company and its Subsidiaries for six-month period ended 30 June 2013 and the year ended 31 December 2012 which were audited by Public Accounting Firm, Osman Bing Satrio & Eny, (member firm of Deloitte Touche Tohmatsu Limited), and Accountant Tenly Wijaya with Unqualified Opinion and the Consolidated Financial Statements of the Company and its Subsidiaries for the year ended 31 December 2010 and 2011 which were audited by Public Accounting Firm, Osman Bing Satrio & Eny (member firm of Deloitte Touche Tohmatsu Limited) and Accountant Bing Harianto, S.E., with Unqualified Opinion.

Consolidated Statements of Financial Position

	30 Jun 2013	31 Des 2012	31 Des 2011	31 Des 2010
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	122,224	123,393	54,703	173,212
Trade accounts receivable				
Related party	20,329	25,603	2,326	-
Third parties – net	155,905	128,886	129,807	112,760
Other accounts receivable	8,312	3,117	1,821	1,474
Inventories – net	272,128	275,744	281,079	215,993
Advances	14,886	12,459	23,236	11,434
Prepaid expenses	1,368	3,819	3,366	2,671
Prepaid Taxes	98,075	121,828	155,469	107,636
Total Current Assets	693,227	694,849	651,807	625,180
NONCURRENT ASSETS				
Investment in an associate	-	-	5,706	5,192
Advances for property, plant and equipment	3,279	3,279	2,025	25
Property, plant, and equipment – net	990,909	971,833	928,200	836,732
Restricted cash in banks	13,244	14,323	14,854	14,838
Derivative financial instruments	1,868	-	-	-
Other noncurrent assets	5,122	2,831	2,330	4,530
Total Noncurrent assets	1,014,422	992,266	953,115	861,317
Total ASSETS	**1,707,649**	**1,687,115**	**1,604,922**	**1,486,497**
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Bank loans	25,000	5,000	25,000	-
Trade accounts payable				
Related parties	97,067	115,644	8,026	-
Third parties	337,290	329,996	314,479	266,258
Other accounts payable	13,458	3,113	3,293	1,509
Taxes payable	1,196	983	1,788	4,077
Accrued expenses	5,693	6,852	14,210	18,332
Customer advances	7,518	2,645	3,471	1,945
Current maturities of long-term liabilities:				
Bank loans	33,210	20,010	-	-
Financing lease obligation	65	62	95	82
Total Current Liabilities	520,497	484,305	370,362	292,203

	30 Jun 2013	31 Des 2012	31 Des 2011	31 Des 2010
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
NONCURRENT LIABILITIES				
Deferred tax liabilities – net	130,248	129,541	153,094	167,106
Long-term liabilities-net of current maturities:				
Bank loans	310,233	331,351	62,338	-
Senior secured guaranteed notes – net	-	-	202,725	218,095
Financing lease obligation	88	122	2,222	2,317
Derivative financial instruments	267	1,091	-	951
Post – employment benefits obligation	19,005	17,905	14,623	9,608
Decommissioning cost	1,876	1,970	1,889	1,555
Total Noncurrent Liabilities	461,717	481,980	436,891	399,632
EQUITY				
Equity attributable to the owners of the Company				
Capital stock	341,030	341,030	341,030	81,015
Additional paid in capital	-	-	-	121,499
Other equity component	(255)	(59)	-	591,689
Retained earnings (deficit)				
Appropriated	3,939	3,939	3,339	2,177
Unappropriated	369,830	365,309	453,300	(1,718)
Total equity attributable to the owners of the Company	714,544	710,219	797,669	794,662
Non-controlling interests	10,891	10,611	-	-
Total Equity	725,435	720,830	797,669	794,662
TOTAL LIABILITIES AND EQUITY	**1,707,649**	**1,687,115**	**1,604,922**	**1,486,497**

Consolidated Statements of Comprehensive Profit and Loss

	For the six months period ended:	For the year ended 31 December :		
	30 Jun 2013	31 Des 2012	31 Des 2011	31 Des 2010
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Net Revenues	1,217,903	2,285,158	2,197,484	1,858,170
Cost of Revenues	1,180,131	2,262,369	2,092,868	1,724,687
Gross Profit	37,772	22,789	104,616	133,483
Selling Expenses	(20,155)	(35,942)	(27,634)	(20,151)
General and administrative expenses	(11,988)	(26,725)	(30,715)	(25,480)
Financing Cost	(11,328)	(45,936)	(48,688)	(47,228)
Gain(loss) on derivative financial instruments	2,335	(1,306)	-	-
Gain(loss) on foreign exchange – net	1,978	(10,508)	(2,258)	4,394
Loss on notes redemption	-	(14,626)	-	-
Equity in net income of subsidiaries	-	455	514	420
Other gains and losses – net	8,882	1,161	2,034	(1,927)
Income (Loss) Before Tax	7,496	(110,638)	(2,131)	43,511
Tax Benefit (Expense)	(2,504)	23,425	10,138	(94,653)
NETINCOME (LOSS) FOR THE PERIOD	4,992	(87,213)	8,007	(51,142)
Other comprehensive income	(387)	(116)	-	(25)
TOTAL COMPREHENSIVE INCOME	4,605	(87,329)	8,007	(51,167)
NET INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the Company	4,521	(87,391)	8,007	(51,142)
Non-controlling interest	471	178	-	-
Net income (loss) for the period	4,992	(87,213)	8,007	(51,142)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	4,325	(84,450)	8,007	(51,142)
Non-controlling interest	280	121	-	-
Total comprehensive income	4,605	(87,329)	8,007	(51,142)

Significant Ratios

	For the six months period ended:	For the year ended 31 December :		
	30 Jun 2013	31 Des 2012	31 Des 2011	31 Des 2010
	US$ '000	*US$ '000*	*US$ '000*	*US$ '000*
Growth Ratio				
Net Income (%)	*)	4.0%	18.3%	*)
Cost of Revenues (%)	*)	8.1%	21.3%	*)
Gross Profit (%)	*)	-78.2%	-21.6%	*)
Income (Loss) before Tax (%)	*)	-5.091.8%	-104.9%	*)
Net Income (Loss) (%)	*)	-1.189.2%	-115.7%	*)
Total Asset (%)	1.2%	5.1%	8.0%	*)
Total Liabilities (%)	1.6%	19.7%	16.7%	*)
Total Equities (%)	0.6%	-9.6%	0.4%	*)
Business Ratio				
Total Comprehensive Income Against Net Revenues (%)	0.38%	-3.82%	0.36%	-2.8%
Days in Receivables (day)	24.4	22.6	20.1	*)
Days in Payables (day)	67.1	61.1	50.6	*)
Days in Inventories (day)	41.8	44.3	42.8	*)
Financial Ratio				
Liquidity Ratio	133.2%	143.5%	176.0%	214.0%
Return on Asset (ROA)	0.3%	-5.3%	0.5%	*)
Return on Equity (ROE)	0.7%	-11.5%	1.0%	*)
Total Liabilities against Total Equity	135.4%	134.1%	101.2%	87.1%
Total Loans against Liabilities ratio	32.0%	33.0%	27.0%	22.0%
Interest Service Coverage Ratio	3.1	3.9	*)	*)
Fixed Charge Coverage Ratio	*)	*)	2.2	2.2

*) unable to compare.

XI. Equity

The table below indicates the Company's equity position for the years ended 31 December 2011 and 2012 as well as the six-month period ended 30 June 2013.

	31 Dec 2011	31 Dec 2012	30 June 2013
	US$ '000	*US$ '000*	*US$ '000*
Issued and Paid Up Capital	**341,030**	**341,030**	**341,030**
Additional paid up capital	-	-	-
Other equity components	-	(59)	(255)
Retained Earnings			
Appropriated	3,339	3,939	3,939
Unappropriated	453,300	365,309	369,830
Total Equity attributable to parent entity	**797,669**	**710,219**	**714,544**
Non-controlling interest	**-**	**10,611**	**10,891**
Total Equity	**797,669**	**720,830**	**725,435**

Pro forma Equity Table

In relation to this LPO I, pursuant to Undertaking to Exercise the Rights and Subscribe for the New Shares dated 8 October 2013, SCG Chemical stated that SCG Chemicals will not sell its HMETD to the third party and will exercise its HMETD according to its entitlement. Pursuant to the statement letter of Barito Pacific dated 17 October 2013, it is stated that Barito Pacific will not exercise its HMETD.

If SCG Chemicals, Marigold Resources and public subscribe all of their HMETD, the capital structure and shareholders composition of the Company prior to and after LPO I on a pro forma basis shall be as follows:

Description	Before LPO I			After LPO I		
	Nominal Value Rp1,000 per share			Nominal Value Rp1,000 per share		
	Number of Shares	Nominal Value (Rp)	(%)	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**		**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid-Up Capital						
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35	1,819,769,755	1,819,769,755,000	55.36
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12	989,932,960	989,932,960,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52	181,556,263	181,556,263,000	5.52
- Public (respectively below 5%)	153,619,550	153,619,550,000	5.01	164,680,158	164,680,158,000	5.01
- Magna Recources Corporation Pte. Ltd.	-	-	-	131,023,422	131,023,422,000	3.99
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**	**3,286,962,558**	**3,286,962,558,000**	**100.00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**		**8,977,823,106**	**8,977,823,106,000**	

If Barito Pacific, Marigold Recources and public do not exercise all of their HMETD, the capital structure and shareholders composition of the Company prior to and after LPO I on a pro forma shall be as follows:

Description	Before LPO I			After LPO I		
	Nominal Value Rp1,000 per share			Nominal Value Rp1,000 per share		
	Number of Shares	Nominal Value (Rp)	(%)	Number of Shares	Nominal Value (Rp)	(%)
Authorized Capital	**12,264,785,664**	**12,264,785,664,000**		**12,264,785,664**	**12,264,785,664,000**	
Issued and Paid Up Capital						
- PT Barito Pacific Tbk.	1,819,769,755	1,819,769,755,000	59.35	1,819,769,755	1,819,769,755,000	55.36
- SCG Chemicals Co., Ltd.	923,444,925	923,444,925,000	30.12	989,932,960	989,932,960,000	30.12
- Marigold Resources Pte. Ltd.	169,362,186	169,362,186,000	5.52	169,362,186	169,362,186,000	5.15
- Magna Recources Corporation Pte. Ltd.	-	-	-	154,278,107	154,278,107,000	4.69
- Public (respectively below 5%)	153,619,550	153,619,550,000	5.01	153,619,550	153,619,550,000	4.67
Total Issued and Paid Up Capital	**3,066,196,416**	**3,066,196,416,000**	**100.00**	**3,286,962,558**	**3,286,962,558,000**	**100.00**
Total Shares in Portfolio	**9,198,589,248**	**9,198,589,248,000**		**8,977,823,106**	**8,977,823,106,000**	

XII. Dividend Policy

Subject to the limitations and considerations described in this section, current dividend policy of the Company is to pay dividends to its shareholders in the amount of approximately 30% of the Company's net income. The dividends will be subject to the Company's cash flow and investment plans, as well as requirements imposed by the Company's indebtedness, regulatory restrictions and other requirements.

Under Indonesian law, the decision with regards to dividends is made by a resolution of the shareholders at the Annual General Meeting of Shareholders upon the recommendation of the Board of Directors. The Company may declare dividends in any year if the Company has positive retained earnings and after deduction of reserves fund.

The recommendation, amount and payment of dividends by the Board of Directors of the Company and the approval of dividends by the Board of Commissioners of the Company is at their discretion and will depend on a number of factors including the Company's net profits, availability of mandatory reserves, capital expenditure requirements, results of operations, and cash flows. These, in turn, depend on a variety of factors including successful implementation of the Company's business strategy, financial, competitive and regulatory considerations, general economic conditions and other factors that may be specific to the Company and its industry. May of these factors are beyond the Company's control.

Prior to the end of a financial year, an interim dividend may be distributed so long as it is permitted under the Company's Articles of Association and provided that the interim dividend does not result in its net assets becoming less than the total issued and paid up capital and the compulsory reserves. Such distribution is determined by the Board of Directors after first being approved by the Board of Commissioners. If, after the end of the relevant financial year, the Company suffers losses, the distributed interim dividend must be returned by the shareholders to the Company, and the Board of Directors and Board of Commissioners will be jointly and severally responsible if the interim dividend is not returned.

To the extent a decision is made to declare dividends, dividends will be paid in Indonesian Rupiah. Shareholders on the applicable recording date will be entitled to the full amount of dividends approved, subject to any Indonesian withholding tax imposed. Dividends received by a non-Indonesian shareholders will be subject to 20% Indonesian withholding tax.

An investor acquiring shares in the LPO I will be entitled to the same and equal rights as the existing shareholders, including the right to receive dividends.

The Company's dividend policy is a statement of present intention and not legally binding as it is subject to any changes by the Board of Directors' and shareholders' approval at a general meeting of shareholders.

XIII. Taxation

Income tax attached to equity dividend is imposed as stipulated under the prevailing regulations. Based on Article 4 (3) f of Law No. 36 year 2008 regarding the Income Tax (effective on 1 January 2009) regarding the Forth Amendment of the Law No. 7 year 1983 regarding Income Tax ("UUPPh"), the dividend recipient or profit sharing received by a limited liability company as the domestic taxpayer, cooperation, state owned company or local government owned company, equity inclusion towards the company established and domiciled in Indonesia, not included as the income tax' object as far as the below requirements are met:

1. Dividend is taken from the retained earnings and,
2. For Limited Company, state-owned company and local government owned company that receive dividend, share ownership for the company that contribute dividend at least 25% from the issued capital.

Based on Article 17 (2) Law PPh No. 36 year 2008 and Government Regulation No. 19 year 2009 regarding Tax Income upon Received Dividend or obtained by Tax Payer of Domestic Individual, the income in the form of dividend which received or earned by Tax Payer of Domestic Individual would be charged with Income Tax of 10% from gross amount and final in nature. As stipulated under Article 2 Minister of Finance Regulation No.111/PMK.03/2010 regarding the Procedure to Impose, Deposit and Report of Income Tax upon Dividend or Received by the Tax Payer of Domestic Individual, this Income Tax imposed is final at 10% as mentioned above, is conducted via deduction by the payer or other party appointed as dividend payer at the time dividend is made available.

Article 23(1) of Law PPh No. 36 year 2008 states that upon paid dividend or made available to be paid, or mature towards the Tax Payer – domestic or institutions, are still deducted with Income Tax of Article 23 of 15% from gross amount of dividend by the obliged party (Company). In case the Tax Payer who receive or earn dividend does not own Tax Payer Number, the tariff deducted would be higher 100% than the normal one or 30% from gross dividend.

Tax deduction as regulated under Article 23(1a) of the PPh Law No. 36 year 2008 above inter alia would not apply for dividend provided to Tax Payer as mentioned under Article 4 (3) f PPh Law No. 36 year 2008 (as abovementioned) and the received dividend by individual as stipulated under Article 17 (2c) PPh Law No. 36 year 2008.

As regulated in the Minister of Finance Regulation No. PMK 234/PMK.03/2009 dated 29 December 2009 regarding the Specific Sector for Investment that Provide Income to the Exempted Pension Fund as Income Tax Object, the dividend from such share received or earned by pension fund which its establishment is legalized by the Minister of Finance on the limited liability company listed at IDX is exempted from the Income Tax Object.

Based on Article 26(1a) PPh Law No. 36 year 2008, dividend paid, or made available to be paid, or due for its payment by the Company to the Foreign Tax Payer (WPLN), is deducted with the Income Tax 20% of gross income by the Company, or lower tariff in case the payment is transferred to the citizen of a country which has signed the Avoidance of Double Taxation Agreement (P3B) with Indonesia.

In order that the stipulation as in P3B applied to WPLN, therefore in accordance with Regulation of Directorate General of Taxation (DJP) No. PER-24/PJ/2010 dated 30 April 2010 regarding Amendment to DJP Regulation No. PER-61/PJ/2009 regarding the Procedure of Application on Approval of Avoidance for Double Taxation, WPLN is required to attach certificate of Domicile for Non Resident for Indonesia Tax Withholding, the followings:

i. Form DGT 1 for other than WPLN as mentioned under no.2.
ii. Form DGT 2 for WPLN bank; WPLN who receives or earns income via Custodian with regard to the income derived from transfer share transaction or mutual fund transaction or reported in Indonesian capital market aside from interest and dividend; and WPLN in the form of pension fund which its establishment is in accordance with the laws in Indonesia' P3B partners and is a taxation subject in Indonesia's P3B partners.
iii. SKD Form which is common to be legalized or issued by Indonesia's P3B partner can be utilized in case there is an authorized person in partner's country is not willing to sign Form-DGT 1/Form-DGT 2. SKD Form is issued in English and must meet other requirement as mentioned under Article 4(4) PER-24/PJ/2010. DGT 1 Form/DGT-2 Form should be signed WPLN who receives income which is attached on SKD Form of P3B country's partner.

Aside from requirements of Form DGT-1 or Form DGT-2 or SKD Form of P3B country's partner, as in line with DJP Regulation No. PER-25/PJ/2010 dated 30 April 2010 regarding Amendment of DJP Regulation No. PER-62/PJ/2009 regarding Prevention on Misuse of Approval of Double Tax Avoidance, WPLN dividend receiver shall meet the beneficial owner requirement, as follows:

i. Company establishment or structure management/transaction scheme is not merely addressed for P3B utilization; and
ii. Business activity runs by its own management which has sufficient authority to conduct transaction; and
iii. Company has employee; and
iv. Own an active activity or business; and
v. Income from Indonesia with tax payable in the receiver's country; and

vi. Not using more than 50% of its total income to meet its obligation to other party in the form of : interest, royalty, or other reward to the employee which is given properly in relation to the working relationship and other expenses normally disbursed in running its business and profit share in form of dividend to the shareholders.

Fulfillment of Taxation Obligation

As the Tax Payer, the Company shall own a taxation obligation and Company shall fulfill its taxation obligation as in line with the prevailing laws and regulations. The Company has also conveyed Yearly SPPT for the year 2011 and 2010, each on the date 30 April 2012 and 30 April 2011. Until the date of this Prospectus is issued, the Company does not have any tax payable.

POTENTIAL BUYER IN THIS PUT I IS EXPECTED TO CONSULT WITH EACH OF ITS TAXATION CONSULTATION WITH REGARD TO THE IMPACT OF TAXATION APPLIED AS THE RESULT OF PURCHASE, OWNERSHIP, OR SALE OF SHARE PURCHASE VIA PUT I.

XIV. Capital Market Supporting Institutions and Professionals

The Capital Market Supporting Institutions and Professionals engaged in this LPO I are as follows:

Independent Auditor

Osman Bing Satrio & Eny
Registered Public Accountants
(member of Deloitte Touche Tohmatsu Limited)
The Plaza Office Tower 32nd Floor
Jl. M.H. Thamrin Kav. 28-30
Jakarta 10350, Indonesia

Telephone	: (62 21) 231 2879, 231 2955
Facsimile	: (62 21) 381 0649, 231 3325

No. STTD	: 197/BL/STTD-AP/2002
No.IAPI	: 1913
Working Guidance	: Standar Profesional Akuntan Publik (SPAP)

Appointment by the Company via engagement letter No. 398/06/2013/GA/TW dated 18 June 2013.
Appointment by SMI via engagement letter No. 399/06/2013/GA/TW dated 18 June 2013.
Appointment by PBI via engagement letter No. 400/06/2013/GA/TW dated 18 June 2013.

Scope of work of the Public accountant in this LPO I is to perform an audit in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that public accountant plans and performs the audit so that the public accountant obtains adequate assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a testing basis, evidences that supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimation was made by management, as well as evaluating the overall financial statement presentation.

Legal Consultant

Assegaf Hamzah & Partners Law Firm
Menara Rajawali, 16th Floor
Jl. Mega Kuningan Lot #5.1
Mega Kuningan Distric
Jakarta 12950, Indonesia

Telephone	: (62 21) 2555 7800
Facsimile	: (62 21) 2555 7899

Name's Partner	: Ahmaf Fikri Assegaf, S.H., LL.M.
No. STTD	: 343/PM/STTD-KH/2000 dated 29 December 2000
Association	: Membership of Capital Market Legal Consultant Association (HKHPM) No. 200101
Working Guideline	: Professional Standard of Capital Market Legal Consultant

The scope of work of the Legal Consultant in this LPO I is to provide on its best effort, a due diligence and research on the facts of the Company from the legal point of view and other information related thereto as submitted by the Company. Legal due diligence report as its result has been set out in the Legal Due Diligence Report that serves as the basis from legal point of view which has been provided objectively and independently and also to observe information as stated in this Prospectus to the extent that the information is related to legal matters. The task and function of the Legal Consultant described here is inline with Professional Standard and prevailing Capital Market regulations to implement disclosure principle.

Notary	**Notary Office Fathiah Helmi, SH** Graha Irama, Lantai 6, Room 6 C Jl. HR Rasuna Said X-1 Kav 1&2, Kuningan South Jakarta 12950 Telephone : (6221) 5290 7304 - 06 Facsimile : (6221) 526 1136

No. STTD : 02/STTD-N/PM/1996 dated 12 February 1996
Association : Indonesian Notary Association (INI) No. 011.003.027.260958
Working Guideline : Statement of Law No. 30 of 2004 on Notary Function' Regulations and Notary's Code of Ethics

The scope of work of the Notary as supporting professional in this LPO I is to, among others, attend meetings regarding the discussion of all aspects in order of the Limited Public Offering I, except meetings regarding financial aspects and price determination, as well as marketing strategy, to prepare and draw up deeds for LPO I purpose, i.e. to draw up Shares Administrative Management Agreement.

Share Registrar

PT Raya Saham Registra
Plaza Sentral Building, 2nd Floor
Jl. Jend. Sudirman Kav. 47-48
Jakarta 12930, Indonesia
Telephone : (62 21) 252 5666
Facsimile : (62 21) 252 5028

No. STTD : Capital Market Supporting Professional under Decree of Head Capital Market Supervisory Board No. KEP-79/PM/1991 dated 18 September 1991
Association : Member of Indonesian Share Registrar Association (ABI) No. ABI/IV/2011 – 004 dated 6 April 2011
Working Guideline : Capital Market and Capital Market and Financial Institutions Supervisory Board (BAPEPAM LK) Regulations

The Share Registrar's duties and responsible in this LPO I, in accordance with applicable Professional Standard and Capital Market regulations, are, among others, to prepare the Shareholder Registry used to determine who are entitled to HMETD, to distribute the HMETD Certificate of Proof in electronic form into the collective custody of KSEI, to receive the application to exercise of HMETD and reconciliation of funds for the payment of the application with designated bank appointed by issuers, to publish and distribute shares both in script and scriptless shares into collective custody at KSEI and to perform refund process of shares subscription.

The Capital Market Supporting Institutions and Professionals hereby state that they have no affiliation with the Company, whether directly or indirectly, as defined in the Capital Market Law and its implementing regulations.

XV. Information on HMETD

The Shares offered in the LPO I will be issued based on the HMETD which can be traded during the specific trading period and costitutes as one of the requirements for shares purchase. The New Shares from the HMETD offered in this LPO I can be traded during the trading period.

Several conditions that shall be considered in relation to the HMETD are as follows:

1. Parties who are Entitled to Receive HMETD Certificate

The Shareholders of the Company whose names are registered in the Shareholders Register of the Company on 13 November 2013 until 16.00 WIB, are entitled to purchase shares provided that for every holder of 500 (five hundred) Existing Shares is entitled to 36 (thirty six) HMETD, where 1 (one) HMETD entitles its holder to purchase 1 (one) New Shares in the Company at an Exercise Price of Rp6,750 (six thousand seven hundred and fifty Rupiahs).

2. Legitimate HMETD Certificate Holders

The legitimate HMETD holders are:

a. The Shareholders of the Company whose names are registered in the Shareholder Register of the Company on 13 November 2013 until 16.00 WIB are entitled to receive HMETD and whose HMETD Certificate has not been sold until the end of trading period of HMETD; or
b. The last purchasers/holders of HMETD whose names are stated on the endorsement column on the HMETD Certificate until the end of trading period of HMETD; or
c. HMETD holders in Collective Depository at KSEI until the last date of the trading period of HMETD.

3. Trading of HMETD Certificate

Holders of HMETD may trade their HMETD Certificate during the Trading Period commencing from 15 November 2013 until 21 November 2013.

The trading of HMETD must comply with the prevailing laws and regulations in the Republic of Indonesia, including but not limited to, taxation and capital market regulations including the IDX regulations, and KSEI regulations. If holders of HMETD are in doubt in taking decision as to any such regulations, they are advised to consult with their investment advisors, investment managers or other professional advisors.

HMETD which is in the Collective Depository at KSEI are traded at IDX, whereas HMETD in the form of HMETD Certificate may only be traded outside the stock exchange. The settlement for HMETD trading conducted through stock exchange shall be by way of book entry settlement of Securities Account under the name of the Member of Stock Exchange or Custodian Banks at KSEI.

All expenses and taxes which may be incurred with respect to the trading and transfer of HMETD shall be borne by HMETD holders or the transferees of such HMETD.

In accordance with the Circular Letter of PT Bursa Efek Jakarta No. SE-006/BEJ/1998, the HMETD are tradable in multiples of 500 (five hundred). Trading in odd lots of Rights can only be carried out in the negotiated market referring to the negotiated prices. HMETD can be traded on every Exchange Day from 9:00 am to 12:00 Jakarta Automated Trading System (JATS) time, except for Friday, when they can be traded from 9:00 am to 11:30 am JATS time. Settlement for the transfer of HMETD will be effected on the same Exchange Day as the transaction (T+0) no later than 16.00 WIB.

HMETD holder who intends to transfer its HMETD may effect such transfer through a Member of Stock Exchange and/or Custodian Banks.

4. Forms of HMETD Certificate

HMETD issued by the Company will be available in two forms:

a. For the entitled shareholders who has deposited their shares electronically through KSEI, the Company would not issue a HMETD Certificate, instead it will credit HMETD to the securities account in the name of Custodian Bank or Securities Company appointed by each of shareholder at KSEI.

b. For those shareholders who has not deposited their shares electronically through KSEI, the HMETD will be issued in the form of HMETD Certificate which will state the name and address of the HMETD holder, the total number of shares held, number of HMETD which may be exercised to purchase shares, number of shares to be purchased, the exercise price that shall be paid, number of additional shares purchase, endorsement column and other required information.

5. Value of HMETD

The value of the HMETD Certificate offered by the holder of HMETD Certificate would be different one from another, based on the request and offer at the market.

For example, the calculation of the value of HMETD as set out below is one of ways to calculate the value of HMETD Certificate, but it does not guarantee that the result of calculation of the value of HMETD will represent the actual value of HMETD applied in the market. The explanation below is expected to provide a general description to calculate the value of HMETD Certificate:

Assumption:

Assumed Market Price per share	= Rpa
Exercise Price	= Rpb
Outstanding Shares prior to the LPO I	= A
Offered Shares in the LPO I	= B
Theoretical Value of New Shares Ex-HMETD	$= \dfrac{(Rpa \times A) + (Rpb \times B)}{(A + B)} = RpX$
Value of HMETD per share	= RpX – Rpb

6. Use of HMETD Certificate

The HMETD Certificate is evidence of HMETD granted by the Company to the HMETD holders to subscribe for the New Shares. The HMETD Certificate will only be issued to the shareholders who have not converted their shares into scripless form and it shall be used to subscribe for New Shares. Copies of HMETD Certificate will not be valid. HMETD Certificate may not be converted unti cash or any other maneer and other forms of securities of the Company. HMETD Certificate for HMETD holders in collective depository at KSEI will be provided by KSEI through a Member of Stock Exchange or Custodian Bank.

7. Fractional HMETD

In accordance with Rule No. IX.D.1, in the event that a shareholder is entitled to a number of HMETD, which includes a fraction of HMETD, such fractional HMETD would not be delivered to the shareholder, but would be aggregated by the Company to be sold so that the Company will issue HMETD in a whole number, and subsequently the proceeds would be deposited into the Company's account.

8. Others

The terms and conditions of HMETD are governed and subject to applicable laws in the Republic of Indonesia. All expenses incurred in the transfer of HMETD shall be borne by the HMETD Certificate Holders or the potential holder of HMETD. For further information regarding the HMETD, the investor may contact the Share Registrar for this LPO I.

XVI. Information on Standby Buyer

Based on Standby Purchase Agreement of Shares of PT Chandra Asri Petrochemical Tbk dated 25 September 2013, as amended and restated by the Deed of Addendum and Restatement of Standby Purchase Agreement of Shares No. 31 dated 16 October 2013, drawn before Fathiah Helmi, S.H., Notary in Jakarta ("Standby Purchase Agreement"), Magna Resources Pte., Ltd shall act as standby buyer will subscribe all of the remining shares offered which are not subscribe by the HMETD Holders in this LPO I ("Rump Shares").

The obligations of the Standby Buyer under the Standby Purchase Agreement are conditional on the following conditions precedent having been satisfied or waived in writing by the Standby Buyer at the latest prior to the EGMS:

a. the Company's representations and warranties, as contained herein are accurate and correct on the date of the signing of this Standby Purchase Agreement, and on the date where the Registration Statement becomes effective and the Company has complied with the provisions under the Standby Purchse Agreement;
b. obtain a letter from OJK stating that OJK does not require any additional information and does not have any further written comments on the Registration Statement that has been submitted to OJK;
c. (i) the Standby Purchase Agreement is still valid, (ii) the Company and the Standby Buyer neither violate nor fail to meet their obligations under the Standby Purchase Agreement, and (iii) the condition precedents have been satisfied or waived;
d. The Company shall have delivered a legal opinion issued by Assegaf Hamzah & Partners, legal consultant of the Company, addressed to the Company as required by OJK in relation to LPO I, to the Standby Buyer no later than 2 Business Days prior to the date EGMS.

This agreement shall be effective upon the signing of this Agreement and will be automatically terminated in the event that:

(i) approval from the EGMS is not obtained; or
(ii) All of the obligation of the Company and Standby Buyer has been met.

This agreement may be terminated by either party no later than 2 Business Days prior to the EGMS in the event that:

(i) After the date of this Agreement, any of the following occur: (a) any changes in the political or economic conditions in Indonesia or international which has a negative impact to the Company, or (b) any material suspension or restriction on the trading of securitie on IDX, or (c) any disruption in securities transaction settlement in Indonesia or clearing service in Indonesia, or (d) any war or national disaster in Indonesia which has a direct adverse impact to the LPO I; or
(ii) One of the Parties fails to meet the terms and conditions of the Standby Purchase Agreement and such breach is not remedied within no later than 2 (two) Business Days prior to EGMS.

Based on the Statement Letter from Magna Resources Corporation Pte. Ltd dated 27 September 2013 regarding the Sufficiency of Fund with regard to the Limited Public Offering I to the Shareholders of PT Chandra Asri Petrochemical Tbk with HMETD, Magna Resources stated that with regard to this LPO I, Magna Resources has agreed to act as a standby buyer to subscribe all remaining shares which is issued in this LPO I, which are not subscribed by the existing shareholders, and Magna Resources has sufficient fund and therefore able to purchase and subscribe all of the remaining shares issued in LPO I.

Magne Resources is affiliated with the Company whereas Magna Resources is an indirect controller of the Company (through PT Barito Pacific Tbk as the majority shareholder of the Company).

Information on Standby Buyer:
Magna Resources is a company under the law of Singapore, having its address at 1 Raffles Place, # 39-01, One Raffles Place, Singapore 048616. Magna Resources is wholly owned by Thelveton Global Asset Limited.

Business Activies
The business activities of Magna Resources, among others, is to operate as a holding company.

On the date of the issuance of this Prospectus, the member of the Board of Directors of Magna Resources is:
Director: Prajogo Pangestu
Director: Nancy Pangestu Tabardel
Director: Goh Hui Chen (Wu Huizhen).

Summary of Financial Statement

	31 Dec 2012	31 Dec 2011
	US$ '000	US$ '000
Total Assets	2,206,511	2,174,493
Total Liabilities	1,111,322	938,869
Total Equity	1,095,188	1,235,624
Revenues	2,295,023	2,207,131
Cost of Revenues	2,282,248	2,104,760
Net Profit	(275,349)	5,412

XVII. Share Subscription Terms and Condition

The Company has appointed PT Raya Saham Registra to manage the Shares Administration Management and as the Execution Agent of LPO I pursuant to the Deed of Agreement on Shares Administration Management and Execution Agent of LPO I of the Company No. 36 dated 20 September 2013, drawn before Fathiah Helmi, S.H., Notary in Jakarta.

1. Entitled Subscribers

Shareholders whose names are registered in the Shareholders Register of the Company on 13 November 2013 at 16.00 WIB are entitled to purchase shares provided that each holder of 500 (five hundred) of Existing Shares is entitled to (thirty six) HMETD, whereas one HMETD shall entitle its holder to purchase 1 (one) New Share at an Exercise Price of Rp. 6,750 (six thousand seven hundred and fifty rupiahs). Any fractional shares from HMETD would be rounded down and such fraction will be aggregated and sold by the Company and the proceeds from such sale shall be credited to the Company's account.

A subscriber who is entitled to purchase the New Shares is the legal holder of HMETD, namely a Shareholder who have not sold its HMETD or the last HMETD buyer/ holder whose name is registered in the HMETD Certificate or in the endorsement column on the HMETD Certificate or List of HMETD Holders issued by KSEI. A subscriber may be an Indonesian and/or foreign individual and/or institution or legal entity as stipulated in Capital Market Law and its implementing regulations.

2. Distribution of HMETD Certificate

Shareholders who holds Existing Shares through the Collective Depository of KSEI, will receive their Rights electronically through securities accounts of the Member of Stock Exchange and/or Custodian Bank in KSEI at the latest 1 (one) Exchange Day after the Recording Date, dated 14 November 2013. The Prospectus, additional FFPS and other forms will be distributed by the Share Registrar to KSEI and may also be obtained by shareholders through their respective Securities Company or Custodian Bank.

Shareholders who do not hold its shares through the Collective Depository of KSEI, will receive HMETD Certificate in the name of such shareholders. Shareholders or their proxies may collect such HMETD Certificate during working hours on any Business Day starting from 14 November 2013 at the Share Registrar's office by presenting the following documents:

a. A copy of shareholder's valid identification document (for individual shareholders) or a copy of its articles of association (for institutional/legal entity shareholders). Such shareholders will also be required to present the originals of such documents;
b. An original power of attorney (if the shareholder is not present) with a copy of a valid identification document of such shareholder and its proxy (the original shall also be presented).

3. Procedures for the HMETD Exercise

HMETD may be exercised from 15 November 2013 until 21 November 2013.

A. Procedures for exercising HMETD held through Collective Depository of KSEI
   1. A HMETD holder instructing the member of IDX and/or its Custodian Bank to exercise its HMETD, and pay the Exercise Price into the designated account by KSEI;
   2. On the same Exchange Day as the submission of the instruction for the exercise of HMETD by the member of IDX or Custodian Bank to KSEI, subsequently:
      a. KSEI will debit the exercised Rights from each sub-account of such HMETD holders instructing the exercise of HMETD to KSEI's account using C-BEST facility;
      b. Immediately after the Exercise Price of the HMETD is received in the bank account designated by KSEI, KSEI will transfer the Exercise Price of HMETD from the bank account designated by KSEI to the bank account designated by the Company on the same day.
   3. 1 (one) Exchange Day after KSEI receives an instruction to exercise the HMETD, KSEI will furnish to the Share Registrar the following documents:
      a. Detailed list of instructions for the exercise of the HMETD received by KSEI, together with detailed information on the HMETD holders who have exercised their HMETD (including identity numbers, names, addresses, status of citizenship and domicile);
      b. A letter or evidence certifying that the Exercise Price for the relevant exercised Rights has been transferred from the bank account designated by KSEI to the special bank account; and
      c. Instructions for a number of New Shares from the Exercise of HMETD to be transferred to a special account designated by KSEI.
   4. Immediately after the Share Registrar receives the documents listed in point A.3. above from KSEI, the Share Registrar will review each supporting document of the Instruction to Exercise HMETD, fund transfer evidence of Exercise Price of HMETD to the special bank account based on its data, and instruction to deposit a number of New Shares from HMETD.
   5. At the latest two Exchange Days after an application to Exercise HMETD is received from KSEI and the Exercise Price for the HMETD is received in good funds in the special bank account designated by the Company, the Share Registrar will issue or deposit a number of New Shares from the HMETD to the special account designated by KSEI, and KSEI will directly distribute such New

Shares to the shareholders through the C-BEST facility. Furthermore, upon the distribution of the New Shares, then KSEI will report the results of the distribution of the New Shares to the Company and the Share Registrar.

B. Procedures for the Exercise of HMETD not held through the Collective Depository of KSEI

1. The registration for the exercise of HMETD shall be made at the head office of Share Registrar.
2. The HMETD holders that are not registered in the Collective Depository who intend to exercise the HMETD shall pay the Exercise Price of HMETD into a special bank account and deliver the following documents:
   a. Original HMETD Certificate duly signed and completed.
   b. Original receipt of payment of the Exercise Price.
   c. A copy of valid identification document of the HMETD holder (for individual) who will exercise the HMETD (identity card/Passport/Limited Stay Permit) or a copy of the articles of association enclosed with the current composition of the Board of Directors/management of the HMETD holder (for institution/legal entity) which would exercise the HMETD.
   d. Original Power of Attorney, if the exercise of HMETD is conducted by the HMETD holder through its proxy, and enclosed with a copy of valid identification document of both HMETD holder and its proxy (identity card/Passport/ Limited Stay Permit)
   e. If the HMETD holders wishes the New Share to be deposited in the Collective Depository, then the instruction to exercise HMETD to the Share Registrar shall be submitted through Member of Stock Exchange/Custodian Bank appointed by submitting the following additional documents:
      - Original power of attorney of HMETD Holder to Member of Stock Exchange or Custodian Bank to submit the instruction to exercise the HMETD and manage the New Shares in the Collective Depository of KSEI in the name of the authorizer;
      - Original form of securities deposit, issued by KSEI, duly completed and signed;
      - For such conversion process, an amount of Rp. 1,650 per HMETD Certificate or a minimum of Rp. 25,000 plus 10% VAT will be charged.
3. The Share Registrar will review each supporting document for the Exercise of HMETD as specified at point B.2. above.
4. At the latest two Exchange Days after the instruction to Exercise HMETD is received by the Share Registrar and the Exercise Price of HMETD has been paid in good funds into the special bank account, the Share Registrar will issue a number of New Share in the form of Share Collective Certificate in the script form, if the HMETD holders do not wish to deposit the New Shares to be deposited in the Collective Depository.

4. Application for Additional Shares

Shareholders who do not wish to sell their HMETD or buyer/holder of HMETD whose name are stated in the HMETD Certificate or HMETD holder in the Collective Depository of KSEI may apply for additional shares in addition to their allocated rights by completing the additional shares application column and/or the available Additional FPPS..

HMETD holders in Collective Depository of KSEI and HMETD holders in a script form /HMETD Certificate who wish to have their allocated shares in electronic form, shall submit an application to the Share Registrar of the Company through the Member of Stock Exchange or Custodian Bank. Whereas HMETD holders in a script form and still wish that their alloted shares to remain in the script form/Shares Collective Certificate, such HMETD holders shall submit the application to the Share Registrar.

The HMETD Holder in a script form/HMETD Certificate who wish to have their alloted shares in electronic form shall submit its application to the Share Registrar of the Company through the Member of Stock Exchange or Custodian Bank by submitting the following documents:

1. Original of Additional FPPS which has been duly and properly completed.
2. Original of power of attorney from HMETD holder to the Member of Stock Exchange or Custodian Bank to submit an application for additional shares and manage securities over the New Shares in the Collective Depository of KSEI and other authorizations as may be required in connection with the application for additional shares on behalf of the authorizer.
3. Copy of valid identity card/Passport/Limited Stay Permit (for individual) or copy of Articles of Association and the current composition of the Board of Directors/management (for institution/legal entity).
4. Original payment receipt by transfer/book entry settlement/giro/cheque/cash to Company's account from the bank where the payment is made.
5. Original Form of Share Deposit issued by KSEI which has been duly completed for the purpose of distribution of shares purpose from the execution by the Share Registrar.
6. For such conversion process, an amount of Rp.1,650 per HMETD Certificate or a minimum of Rp. 25,000 plus 10% VAT will be charged.

For HMETD holders in Collective Depository of KSEI, to complete and deliver Additional FPPS which has been distributed by enclosing the followings documents:

1. Original exercise instruction which has been successfully settled through the C-BEST system under the said HMETD holders (applicable only for HMETD holder in the Collective Depository of KSEI who has exercised its rights through the C-BEST system)
2. Original form of securities deposit, issued by KSEI, duly signed and completed for the purpose of distribution by the Share Registrar;
3. Original payment receipt by transfer /book entry settlement/giro/cheque/cash to Company's account from the bank where payment is made.

4. For such process, an amount of Rp. 1,650,- per Additional FPPS or a minimum of Rp. 25,000,- plus 10% VAT will be charged.

HMETD holders in a script form/HMETD Certificate who wish for their allotted shares to be in script form/ physically form of Collective Shares Certificate shall submit an application to the Share Registrar by submitting the following documents:
1. Original Additional FPPS which has been duly and properly completed;
2. Copy of valid identity card/passport/limited stay permit (for individuals), or copy of the articles of association and the current composition of the Board of Directors/management (for institution/legal entity);
3. Original power of attorney (if so authorized) stamped with Rp. 6,000 stamp duty enclosed with copy of the identity card/passport/limited stay permit of the authorizer and its proxy;
4. Original payment receipt by transfer/book entry settlement/giro/cheque/cash to the Company's account from the bank where the payment is made.

Payment of such additional application can be made and must be received in the Company's special bank account in good funds no later than 25 November 2013. The applicants who do not comply with the instructions and terms of the application for could have their application rejected.

5. Allotment for Subscription of Additional Shares

The allotment for subscription of additional shares will be made on 26 November 2013 in accordance with the following conditions:
a. If the number of shares subscribed, including order for additional shares, does not exceed the total number of shares offered in this LPO I, then all orders of additional shares shall be fulfilled.
b. If the number of shares subscribed, including order for additional shares, exceeds the total number of shares offered in this LPO I, then a proportional allotment system based on the total of HMETD which has been exercised by such shareholder who ordered additional shares, will be applied.

The Allotment Manager will submit the review report of the accountant appointed to OJK with respect to the fairness of the allotment in accordance with Bapepam and LK Regulation No. VIII.G.12 regarding the Guidelines for Audit by with respect to Subscription and Allotment of Securities or Distribution of Bonus Shares and also Bapepam and LK Regulation No. IX.A.7 regarding the Responsibility of Allotment Manager in relation to Subscription and Allotment of Securities in a Public Offering, no later than 30 days after the Allotment Date.

6. Terms of Payment

Payments for shares subscription in this LPO I by direct order to the Share Registrar shall be made in good funds in Rupiah or US Dollar upon submission of the application in cash, cheque, giro or transfer by specifying the HMETD Certificate number or Additional FPPS number and the payment shall be made to the following bank account of the Company:

Rupiah Currency Account:	US$ Currency Account:
PT Bank DBS Indonesia	PT Bank DBS Indonesia
Branch: Ciputra World 1	Branch: Ciputra World 1
Account Number: 3320018568	Account Number: 3320018577
In the name of: PT Chandra Asri Petrochemical Tbk.	In the name of: PT Chandra Asri Petrochemical Tbk

Payment in US Dollar will be translated into Rupiah amount, based on middle exchange rate announced by Bank Indonesia on the Recording Date. For payment in Rupiah denomination, the Company will convert it into US Dollar immediately after the refund date.

All cheques and bank notes issued for the purposes of such payment shall be cashed upon receipt. If any cheque or bank note is rejected by the relevant bank, the exercise of HMETD shall be deemed as cancelled. If the payment is made by cheque or book entry settlement or transfer or bank draft, the date of payment shall be counted upon the date of receipt of such cheque/transfer/bank draft in good funds in the Company's account abovementioned.

For subscription of additional shares, payment must be made on the order date and must be made in good funds in Company's account no later than 25 November 2013.

All incurred fees which may be incurred from the share purchase in this LPO I shall be borne by the subscriber. Any share subscription failing to meet the payment requirements shall be cancelled.

7. Receipt for Shares Subscription Applications

The Company, through Share Registrar appointed by the Company will receive the submitted application to exercise the HMETD, will provide receipt for share application duly stamped and signes as evidence of application at the collection of shares and refund for unfulfilled order.

The HMETD holders registered in the Collective Depository at KSEI will receive confirmation of the instruction to exercise the HMETD from C-BEST through the KSEI Account Holder.

8. Rejection of Exercise of HMETD

The Company reserves the right to reject an exercise of HMETD, in whole or in part, in accordance with the prevailing terms and conditions. Notification of such rejection will be announced together with the announcement of allotment.

The following may result in a rejection of an exercise of HMETD, among others:

a. the HMETD Certificate or Additional FPPS are not completed in accordance with the instructions/conditions for subscription of shares as stipulated in the HMETD Certificate and this Prospectus;
b. Failure to fulfill the terms of payment; and
c. Failure to fulfill the requirements for completion of application documents.

9. Refund

If an application for additional shares is not fulfilled in whole or in part, or in the event of a cancellation of subscription of shares, a refund will be paid by the Company no later than 28 November 2013. In the event of a delay in the payment of a refund, the amount to be refunded will bear interest calculated from the third day after the allotment date or after the announcement of the cancellation of LPO I until the date of refund by taking into account the clearing account interest rate applied to the Company on the refund date, unless the delay results from the failure of the subscriber to collect re refund amount at the determined time. The refund shall be paid in Rupiah by using cheque or a book entry settlement to the subscriber's account.

The refund which is paid in cheque may be collected at:

PT Raya Saham Registra
Plaza Sentral Building, 2nd Floor
Jl. Jend Sudirman Kav 47-48
Jakarta 12930
Tel: (62 21) 252 5666
Fax: (62 21) 252 5028

by presenting valid original identity card or any other identification document (for individuals), copy of the articles of association and power of attorney (for legal entities/institutions) and submitting the original receipt of shares subscription application and copy of identity card or any other identification documents. The subscribers will not be imposed with any bank charges or transfer fees for such refunded amount.

10. Delivery of Shares from the Exercise of HMETD and Its Credit to Securities Account

New Shares for subscriber who has exercised its HMETD in accordance with its entitlement through KSEI will be credited to the securities account within 2 (two) Business Days after the application to exercise the HMETD is received from KSEI and the exercise price for such shares are paid in good funds to the Company' account.

New Shares for HMETD holder in script form who has exercise its HMETD in accordance with its entitlement will receive Shares Collective Certificate or shares in the script form at the latest 2 (two) Business Days after the request is received by the Company's Share Registrar and the exercise price for such shares are paid in good funds to the Company's account.

The New Shares from the alloted Additional Shares will be available to be collected in the form of Shares Collective Certificate or will be distributed electronically in the collective depository at KSEI by no later than 2 (two) Business Days after the allotment date. The collection may be made at the office of the Share Registrar as appointed by the Company by presenting/submitting the following documents:

a. An original Identification Document (for individual subscribers);
b. A copy of its articles of association and the current composition of its Board of Directors or Board of Commissioners of management (for institutions/legal entity);
c. An original lawful power of attorney (for institution/legal entity or individual so authorized) bearing a Rp. 6,000 stamp duty enclosed with copy of identity card/passport/KITAS of the shareholder and the proxy;
d. Original receipt of subscription of shares.

11. Allocation of Unexercised HMETD

In the event that the new shares offered in this LPO I are not fully subscribed by the HMETD holders, the remaining shares shall be allocated to other public Shareholders who have applied for additional shares, as indicated in the HMETD Certificate or Additional FPPS proportionally to its exercised HMETD.

If after such allotment there are still remaining new shares, then Magna Resources pursuant to the Standby Purchase Agreement will subscribe all remaining shares offered and are not subscribed by public in this LPO Iat an exercise price of Rp. 6,750 (six thousand seven hundred and fifty rupiahs).

12. Registration of HMETD Certificate

Registration may be conducted by the shareholders themselves or through an authorized party by submitting the following documents at:

PT Raya Saham Registra
Plaza Sentral Building, 2nd Floor
Jl. Jend Sudirman Kav 47-48
Jakarta 12930
Telephone: (62 21) 252 5666
Facsimile: (62 21) 252 5028

by submitting:

a. Original HMETD Certificate duly signed and completed;
b. Original bank receipt in the form of transfer receipt/cheque/cash from the bank;
c. Copy of valid identity card (for individuals), copy of Articles of Association (for institutions or legal entities);
d. Power of Attorney (if authorized) bearing a Rp. 6,000 revenue stampe along with copy of identity card of the shareholder and its proxy. For foreign subscriber, in addition to state the complete name and address of the shareholder, is required to state their legal name and legal domicile overseas of the shareholder, in a complete and clear manner (original identity of the shareholder and the proxy shall be presented).

XVIII. Distribution and Rights Certificate

Prospectus, HMETD Certificate, Additional FPPS and Application to Split HMETD Certificate,can be directly collected by the Shareholder whose name is registered in the Shareholders Register dated 13 November 2013 at 16.00 WIB at the following address:

PT Raya Saham Registra
Plaza Sentral Building, 2nd Floor
Jl. Jend Sudirman Kav 47-48
Jakarta 12930
Telephone: (62 21) 252 5666
Facsimile: (62 21) 252 5028

If until 21 November 2013 the Company's shareholder whose name is registered in the Shareholders Register on 13 November 2013 at 16.00 WIB, does not collect the Prospectus and HMETD Certificate and does not contact the Share Registrar, then any losses arising will no be borne by the Share Registrar or the Company, but the responsibility rests at the relevant Shareholder.

XIX. Additional Information

If there is any unclear matter from this Prospectus or if the Shareholder request for more information with regard to this LPO I, then the said shareholder shall contact the following:

PT Chandra Asri Petrochemical Tbk

Head Office:
Wisma Barito Pacific Tower A, 7th Floor
Jl. Letjen S Parman Kav 62-63, Jakarta 11410

Telephone: (62-21) 530 7950
Facsimile: (62-21) 530 7943
Attn.: *Corporate Secretary*
Website: http://www.chandra-asri.com