

ATTACHMENT

Decision of the Chairman of
Capital Market Supervisory Agency
Number : Kep-17/PM/2004
Date : April 13, 2004

**RULE NUMBER VIII.G.12: AUDIT GUIDELINES FOR ACCOUNTANT
REGARDING SUBSCRIPTIONS AND
ALLOTMENTS OF SECURITIES OR
DISTRIBUTION OF BONUS SHARES**

1. GENERAL

- a. This rule sets guidelines for auditing procedure that must be followed by appointed Accountants to conduct compliance audit on Allotment Manager regarding subscriptions and allotments of securities with respect to Public Offering, Pre-Emptive Rights, Tender Offer, or to conduct compliance audit for Issuers/Public Company with respect to distribution of Bonus Shares
- b. Accountant's report of Allotment Manager or Issuers/Public Company compliance as referred to in letter a must be prepared according to this rule.
- c. Other matters regarding auditing procedure that is not specifically stated in this rule must follow provisions set in Public Accountant Professional Standard issued by Indonesian Accountants Association.

2. GUIDELINES FOR AUDITING AND REPORTING OF SUBSCRIPTIONS AND ALLOTMENTS OF SECURITIES IN PUBLIC OFFERING

- a. In establishing auditing procedures for Allotment Manager's compliance in Public Offering, accountants must focus on subscriptions, allotments and delivery of securities and subscription refunds, and transfer of funds from public offering to the issuer.
 - 1) In setting auditing procedure for securities subscriptions, accountants must conduct an audit with the aim of identifying:
 - a) That securities subscription form is in accordance with the provision of subscription form stipulated in Rule Number IX.A.7 regarding Responsibilities of Underwriters with respect to Subscriptions, and Allotments of Securities in Public Offering;
 - b) The authenticity of securities subscriptions as stated in Term for Orders to Purchase Securities in Prospectus.
 - c) Whether the applicant is an Indonesian or foreign party, and whether there is any other rule that limit ownership for foreign investors.
 - d) Whether there is an applicant affiliated with the Issuers and Underwriters, or Selling Agent according to the subscription form referred to in Rule Number IX.A.7 regarding Responsibilities of Underwriters with respect to Subscriptions, and Allotments of Securities in Public Offering;

- e) Whether there is an applicant who made an agreement with other party to purchase shares in the public offering in any way, directly or indirectly, that results in some other party becoming a beneficial owner;
 - f) Whether there is an applicant who has contracts with a Securities Company according to the provision of contracts with clients concerning opening Securities accounts referred to in Rule Number V.D.3 regarding Internal Control and Bookkeeping of Securities Companies, and whether that Securities Companies is acting as a Selling Agent with regards to the application in question;
 - g) Whether there is an employee of the issuers who make a subscription
 - h) Whether there is an applicant who make two or more subscriptions, directly or indirectly, and those subscriptions have been cancelled by Allotment Manager; and
 - i) Whether subscription fund has been paid by applicant and received by Selling Agent (if any), Underwriter (if any), and put into Allotment Manager
- 2) In setting auditing procedure for securities allotment, audit objectives for:
- a) Party receiving fixed allotment are:
 - (1) Identifying if there is a book building process implemented by Issuers
 - (2) Identifying if parties receiving fixed allotment are in conformity with the criteria set by allotment manager
 - (3) Identifying if securities allotment to subscriber receiving fixed allotment is in line with the subscription the subscriber has made; and
 - (4) In the event of over-subscription, identifying if there is Selling Agent, Underwriter or affiliated Party from Selling Agent and Underwriter that received fixed allotment.
 - b) Party receiving pooling allotment are:
 - (1) Identifying the amount of over-subscription
 - (2) In the event of securities offered are greater than the subscription from party unaffiliated with the issuers, underwriters or selling agent, identifying if:
 - 1. Subscriber unaffiliated with the issuers, underwriters or selling agent has received the allotment according to the subscription; and
 - 2. Subscriber affiliated with the issuers, underwriters or selling agent has received allotment of remaining securities proportionally after allotment to subscribers unaffiliated with the issuers, underwriters or selling agent, in accordance with allotment to affiliated parties referred to in Rule Number IX.A.7 regarding Responsibilities of Underwriters with respect to Subscriptions, and Allotments of Securities in Public Offering.
 - (3) In the event of securities offered is less than the subscription from party unaffiliated with the issuers, underwriters or selling agent,

identifying if the allotment is in accordance with the allotment provision when remaining securities is less than the amount subscribed stipulated in Rule Number IX.A.7 regarding Responsibilities of Underwriters with respect to Subscriptions, and Allotments of Securities in Public Offering.

- c) Employee of the issuer are to identify whether:
 - (1) The percentage of the allotment to the employee of the issuer is not greater than 10% (ten percent) of the securities offered.
 - (2) The legitimate status of the employee; and
 - (3) The securities allotment to the employee is in accordance with the allotment method described in the prospectus.
- 3) In establishing auditing procedure for subscription refund and delivery of the securities, Accountant must audit with the aim of identifying whether:
 - a) Subscriber has received subscriber refund with the right amount in time.
 - b) Securities delivered to the subscriber is accordingly distributed in time and with the right amount; and
 - c) Names of the subscribers receiving allotment are on the list of owners of the company, in the event of securities offered is registered securities.
- 4) In establishing auditing procedure for transfer of funds from public offering from underwriter to issuer, Accountant must audit with the aim of identifying whether:
 - a) Funds from public offering has been transferred by underwriter to issuer with the right amount in time
 - b) During subscription period there were no withdrawal of funds from public offering through underwriter by issuer; and
 - c) Funds from public offering, both resulted from subscribers and from underwriter (if any), has been put into issuer's escrow account in its bank with the right amount in time
- 5) Report of audit of subscription and allotment of securities in public offering must include at least of the following:
 - a) Accountant's report with the form and content according to Form Number VIII.G.12-1 attachment of this rule;
 - b) Data of securities offered, number of subscribers, number of securities subscribed, number of securities allocated, allotment procedure; and
 - c) Attachments of copies of:
 - (1) List of subscribers from each selling agent with their subscription forms, proof of identity, proof of money transferred for subscription and confirmation from appointed bank, which are considered representatives of the whole documents and support Accountant's Report;
 - (2) List of employee making subscriptions, supported by reference letter from Issuer with respect to the list;
 - (3) List of subscribers having fixed allotment;
 - (4) List of party receiving securities and subscription refund with the checking account in the appointed bank;

- (5) List of holders of securities after public offering; and
- (6) Other supporting evidence.

3. GUIDELINES FOR AUDITING AND REPORTING OF SUBSCRIPTIONS AND ALLOTMENTS OF SECURITIES WITH RESPECT TO PRE-EMPTIVE RIGHTS

In establishing auditing procedures for Allotment Manager's compliance in the implementation of securities allotment with respect to pre-emptive rights, Accountants must focus on subscriptions, allotments, delivery of securities and subscription refunds, and admittance of funds from allotment manager and or standby buyer (if any) to Issuer or Public Company.

- a. In setting audit procedure for pre-emptive rights, accountants must conduct an audit with the aim of identifying whether:
 - 1) List of shareholders having pre-emptive rights is the same with the result of The General Meeting of Shareholders which gave consent to Capital Increases with Pre-Emptive Rights
 - 2) Shareholders have received proof of pre-emptive rights proportionally with his/her ownership.
 - 3) Subscribers have legitimate proof of pre-emptive rights; and
 - 4) Subscription fund or payment of securities has been received by issuer or public company from allotment manager and or standby buyer
- b. In setting auditing procedure for securities allotment, accountants must conduct an audit with the aim of identifying:
 - 1) Whether new securities has been received by legitimate subscriber according to distribution of securities stipulated in Rule Number IX.D.1 regarding Pre-Emptive Rights
 - 2) Whether there were new shares which were not taken by holders of pre-emptive rights and whether there were holders of pre-emptive rights that subscribe additional shares.
 - 3) In the event of holders of pre-emptive rights ordered additional shares, if:
 - a) Remaining shares are still sufficient, whether they have been allocated according to the additional subscription; or
 - b) Remaining shares are not sufficient, whether those remaining shares have been proportionally distributed according to the allotment of securities referred to in Rule Number IX.D.1 regarding Pre-Emptive Rights
 - 4) In establishing auditing procedure for refund of additional subscriptions, accountants must audit with the aim of identifying whether:
 - a) Payment of additional subscriptions has been made according to payment of additional subscriptions stipulated in Rule Number IX.D.1 regarding Pre-Emptive Rights; and
 - b) Subscription refund has been implemented according to subscription refund stipulated in Rule Number IX.D.1 regarding Pre-Emptive Rights.
 - 5) In the event of payment of new securities was made by standby buyer then the aim of the audit is to identify whether issuer or public company has received payment from standby buyer for the remaining securities which was not subscribed by holders of pre-emptive rights or in accordance with the agreement with standby buyer.

- 6) Report of pre-emptive rights allotment must include at least the following:
 - a) Accountant's report with form and content according to Form Number VIII.G.12-2 attachment of this rule;
 - b) Data of securities offered, number of subscribers, number of securities subscribed, number of securities allocated, allotment procedure; and
 - c) Attachments of copies of:
 - (1) List of shareholders that entitle to pre-emptive rights
 - (2) List of subscription of proof of pre-emptive rights with subscription form, identity card and proof of funds transferred or proof of payment from appointed bank;
 - (3) List of securities received and subscription refund of additional shares subscribed.
 - (4) List of shareholders after implementation of pre-emptive rights.
 - (5) List of securities holder other than shareholders after the implementation of pre-emptive rights (if any); and
 - (6) Other supporting evidence.

4. GUIDELINES FOR AUDITING AND REPORTING OF SECURITIES ALLOTMENTS WITH RESPECT TO TENDER OFFER

- a. In establishing auditing procedures for Allotment Manager's compliance with regard to tender offer, Accountants must focus on allotments, delivery of funds, exchange of securities, and the return of securities.
 - 1) In setting auditing procedure for allotment of securities, accountants must conduct an audit with the aim of identifying whether:
 - a) The amount of securities offered for sale or exchange are greater than the amount of securities specified in tender offer;
 - b) Proof of securities offered for sale or exchange has been given to custodian appointed by Person wishing to conduct tender offer in accordance with tender offer period;
 - c) Allotment is proportionally implemented according to Persons making a tender offer;
 - d) Persons making a tender Offer engage in prohibited transaction stipulated in Rule Number IX.F.1 regarding Tender Offer; and
 - e) Number of securities holder of the subject securities after allotment meets listing requirements on a Securities Exchange.
 - 2) In identifying Allotment Manager's compliance with regard to the return of securities, funds or securities deliverance to tender offer participants, accountants must conduct an audit with the aim of identifying whether:
 - a) Persons making a Tender Offer have submitted funds or other securities in exchange to securities received to seller or party making an exchange stipulated in Rule Number IX.F.1 regarding Tender Offer;
 - b) The Price construction of a Tender Offer meets provision of Price of a Tender Offer referred in Rule Number IX.F.1 regarding Tender Offer;
 - c) Securities which is not allotted for purchase or exchange has been returned to parties making a tender offer according to provision of return of securities stipulated in Rule Number IX.F.1 regarding Tender Offer; and

- d) Source of fund and securities exchanged is from Persons making a Tender Offer.
 - 3) Report of tender offer allotment must at least include the following:
 - a) Accountant's report with form and content according to Form Number VIII.G.12-3 attachment of this rule;
 - b) Amount of securities purchased or exchanged, number of Tender Offer participants, amount of securities offered and allotment with securities allotment procedure in Tender Offer; and
 - c) Attachment of copies of:
 - (1) Tender Offer form with proof of delivery of securities from custodian, legitimate proof of identity, and confirmation of securities acceptance from Persons making a Tender Offer;
 - (2) List of securities holder submitting their securities to Custodian;
 - (3) List of the return of securities and delivery of funds or securities exchanged; and
 - (4) Other supporting evidence.
5. GUIDELINES FOR AUDITING AND REPORTING OF DISTRIBUTION OF BONUS SHARES
- a. In establishing auditing procedures for Allotment Manager's compliance with regard to distribution of bonus shares, Accountants must focus on auditing procedure that identify whether:
 - 1) Distribution of bonus shares suits the result of The General Meeting of Shareholders which gave consent to distribution of bonus shares;
 - 2) Source of bonus shares distributed meets with Rule Number IX.D.5 regarding Bonus Shares;
 - 3) Establishment of number of shares distributed as bonus shares has met with Rule Number IX.D.5 regarding Bonus Shares;
 - 4) Parties entitling to receive Bonus Shares are in accordance with list of shareholders set in The General Meeting of Shareholders;
 - 5) Bonus Shares have been distributed proportionally with amount of ownership of each shareholders
 - 6) Admittance of Bonus Shares has been listed on customer securities account of shareholders (if any); and
 - 7) Admittance of Bonus Shares has been listed on List of Issuer's or Public Company's Shareholders after the distribution.
 - b. Allotment Report sent to Bapepam must at least include the following:
 - 1) Accountant's report with form and content according to Form Number VIII.G.12-4 attachment of this rule;
 - 2) Source and number of Bonus Shares distributed with bonus shares distribution procedure; and
 - 3) Attachment of copies of:
 - a) List of shareholders entitle Bonus Shares;
 - b) List of shareholders after the implementation of Bonus Shares; and
 - c) Other supporting evidence

6. By no means undermining criminal stipulation in capital market, Bapepam may impose sanctions on any violations of this rule, as well as on any Person that causes the violation to occur.

Enacted in : Jakarta
Date : April 13, 2004

Chairman of Capital Market Supervisory Agency

Signed

Herwidayatmo
NIP 060065750

Based on the original document
Executive Secretary

Pande Putu Raka
NIP 060034443