PT MITRA ADIPERKASA TBK

(Incorporated with limited liability under the laws of the Republic of Indonesia)

Offer of 500,000,000 shares at Rp625 per share

PT Mitra Adiperkasa Tbk (the "Company") is offering ordinary registered shares of the Company, which have a par value of Rp500 each (the "Shares"), in a global offering (the "Global Offering") of 500,000,000 Shares at Rp625 per Share (the "Offer Price"). The Global Offering consists of the placement of Shares to certain professional and institutional investors outside the United States (but including Indonesia) and a public offering of Shares for subscription in Indonesia. 500,000,000 Shares will be issued and sold by the Company in the Global Offering.

Currently, no public market exists for the Shares. The Company has applied to list the Shares on the Jakarta Stock Exchange (the "Stock Exchange").

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any other jurisdiction and are being offered outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"), and may not be offered or sold within the United States or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Shares are being offered concurrently (1) to professional and institutional investors in countries outside Indonesia and the United States, in reliance on Regulation S, by PT Mandiri Sekuritas ("Mandiri" or the "Managing Underwriter") and PT CIMB Niaga Securities (the "International Selling Agent"), (2) to professional and institutional investors in Indonesia by the Managing Underwriter and (3) to investors in Indonesia by the local underwriters (the "Local Underwriters", and together with the Managing Underwriter, the "Underwriters"), details of which are set out in the section entitled "Plan of distribution" in this International Offering Memorandum. For further details about the offering of the Shares, see the section entitled "Plan of distribution" set out in this International Offering Memorandum. The Global Offering is being made outside the United States to investors other than US persons in offshore transactions in reliance on Regulation S. For further details about eligible offerees and resale restrictions, see the section entitled "Transfer restrictions" set out in this International Offering Memorandum.

See the section entitled "Special risks for investors outside Indonesia" set out in this International Offering Memorandum and Chapter V (Risk factors) set out in the prospectus for the offering of Shares in Indonesia, a translation of which is included as part of this International Offering Memorandum (the "Prospectus"), for a discussion of certain factors to be considered by investors in connection with an investment in the Shares.

The Underwriters are severally underwriting the Shares being offered. The Underwriters expect to deliver the Shares through the Indonesian Central Securities Depository ("KSEI") in electronic book-entry form against payment on or around November 9, 2004. Listing and registration of the Shares on the Stock Exchange is expected on or around November 10, 2004.

Sole Global Coordinator, Sole Bookrunner and Managing Underwriter

MANDIRI SEKURITAS

International Selling Agent

CIMB NIAGA Securities

November 1, 2004

This International Offering Memorandum includes the Prospectus attached hereto and certain additional information. This International Offering Memorandum should be read in conjunction with the Prospectus and is qualified in its entirety by the more detailed information and statistical and economic information contained in the Prospectus. The Stock Exchange takes no responsibility for the contents of this International Offering Memorandum, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this International Offering Memorandum.

This International Offering Memorandum is confidential and is being furnished by the Company in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Shares. The Company and other sources identified herein have provided the information contained in this International Offering Memorandum. No representation or warranty, express or implied, is made by the Managing Underwriter or any of the Underwriters and the International Selling Agent as to the accuracy or completeness of such information, and nothing contained in this International Offering Memorandum, including for the avoidance of doubt, statements contained in the Prospectus is, or shall be relied upon as, a promise or representation by the Managing Underwriter or any of the Underwriters and the International Selling Agent. Any reproduction or distribution of this International Offering Memorandum, in whole or in part, or any disclosure of its contents or use of any information herein for any purpose other than consideration of an investment in the Shares is prohibited. Each offeree of the Shares, by accepting delivery of this International Offering Memorandum, agrees to the foregoing.

No person has been authorized in connection with this International Offering Memorandum to give any information or to make any representation not contained in this International Offering Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Company, the Managing Underwriter, the Underwriters and the International Selling Agent or any affiliate or representative thereof. This International Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy such securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such an offer or solicitation is not authorized or is unlawful. Neither the delivery of this International Offering Memorandum at any time nor the sale of any Shares hereunder shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to its date or that there has been no change in the affairs of the Company since the date hereof.

None of the Company, the Managing Underwriter, or any of the Underwriters and the International Selling Agent are making any representation to any purchaser regarding the legality of an investment in the Shares by such purchaser under any legal investment or similar laws or regulations. No information in this document should be considered to be legal, business or tax advice. Prospective investors should understand that they may be required to bear the financial risks of their investment for an indefinite period of time. Each prospective investor should consult their own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Shares.

The distribution of this International Offering Memorandum, the Global Offering and sale of the Shares in certain jurisdictions may be restricted by law. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that a copy of the complete Prospectus has been filed with the Capital Markets Supervisory Board ("BAPEPAM") in Indonesia. Persons into whose possession this International Offering Memorandum comes are required by the Company, the Managing Underwriter, the Underwriters and the International Selling Agent to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on the offering and sale of the Shares, see the sections entitled "Transfer restrictions" and "Plan of distribution" in this International Offering Memorandum. This International Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Shares in any jurisdiction in which such offer or invitation would be unlawful.

In particular, the Shares have not been and will not be registered under the Securities Act or any state securities law in the United States. Subject to certain exceptions, the Shares may not be offered or sold in the United States or to US persons.

Sellers of the Shares will be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Regulation S. The Shares offered hereby may not be transferred or resold except as permitted under applicable federal and state securities laws pursuant to a registration statement or an exemption from registration.

The securities offered hereby have not been registered with or recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

This International Offering Memorandum is submitted on a confidential basis to a limited number of institutional investors for informational use solely in connection with the consideration of the purchase of the Shares pursuant to an exemption from the registration provisions of the Securities Act. Its use for any other purpose is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is submitted.

Each prospective purchaser of the Shares offered hereby must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Shares offered hereby or possesses or distributes this International Offering Memorandum and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Company, the Managing Underwriter or any of the Underwriters and the International Selling Agent shall have any responsibility therefor.

Enforcement of civil liabilities

The Company is established with limited liability under the laws of the Republic of Indonesia. All of the directors, commissioners and officers of the Company reside outside the United States. All or a substantial portion of the assets of the directors, commissioners and officers of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on such persons or to enforce in the United States judgments obtained against such persons in the United States courts including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any State or territory of the United States. The Company has been advised by its Indonesian legal counsel, Makes & Partners, that civil liabilities predicated upon such securities laws may not be enforceable in original actions in Indonesia and that judgments of the United States courts are not directly enforceable in Indonesia.

Presentation of financial and other information

The consolidated financial statements of the Company presented in the Prospectus are prepared and presented in accordance with generally accepted accounting principles in Indonesia ("Indonesian GAAP") and reporting practices in Indonesia which differ in certain significant respects from United States generally accepted accounting principles ("US GAAP'') and International Financial Reporting Standards ("IFRS").

All references to the "Company" in this International Offering Memorandum are to PT Mitra Adiperkasa Tbk and its consolidated subsidiaries and all references to the "Group" herein are to the Company and its consolidated subsidiaries. Unless the context otherwise requires, references to "Management" are to the directors, executive officers and senior management team of the Company as at the date of this International Offering Memorandum, and statements in this International Offering Memorandum as to beliefs, expectations, estimates and opinions of the Company are those of the Company's Management.

As used in this International Offering Memorandum, all references to "Indonesia"' are references to the Republic of Indonesia. All references to the "Government" are references to the government of Indonesia. Capitalized terms used in this International Offering Memorandum, and not otherwise defined herein, shall have the respective meanings set forth in the Prospectus.

As used in this International Offering Memorandum, all references to “Rupiah’’ and “Rp’’ are to Indonesian Rupiah, the lawful currency of Indonesia, and all references to “USD” and “US Dollars’’ are to United States Dollars, the lawful currency of the United States of America. The Company maintains its accounts in Rupiah.

Market data and certain industry forecasts used throughout the International Offering Memorandum were obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Company, the Managing Underwriter, any of the Underwriters or the International Selling Agent make any representation as to the accuracy or completeness of this information.

Certain figures included in this International Offering Memorandum have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Prospective financial information included herein has been included in the Prospectus pursuant to BAPEPAM rules for offerings in Indonesia. The prospective financial information included herein should not be relied upon by investors outside Indonesia.

The information on the Group’s website or any website directly or indirectly linked to such website is not incorporated by reference into this International Offering Memorandum and should not be relied on.

Forward-looking statements

This International Offering Memorandum includes forward-looking statements. All statements other than statements of historical facts included in this International Offering Memorandum, including, without limitation, those regarding the Group’s financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Such forward-looking statements reflect Management’s current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast” or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- the Group’s future overall business development and economic performance;
- the Group’s estimated financial information regarding, and the future development and economic performance of, its business;
- the Group’s future earnings, cash flow and liquidity; and
- The Group’s financing plans, business strategy, competitive position and the effects of competition.

Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, including, without limitation:

- economic, social and political conditions in Indonesia and other countries in which the Group transacts business;
- increases in regulatory burdens in Indonesia and such countries;

- changes in the Group's relationship with the Government and regional government authorities in Indonesia; and
- changes in import or export controls, duties, levies or taxes, either in international markets or in Indonesia.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in "Special risks for investors outside Indonesia", and in Chapter IV (Management's discussion and analysis of financial condition and results of operations), Chapter V (Risk factors) and Chapter IX (Industry overview) as set out in the Prospectus. The Company cannot give any assurance that the forward-looking statements made in this International Offering Memorandum will be realized. Such forward-looking statements are made only as at the date of this International Offering Memorandum. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this International Offering Memorandum to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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SPECIAL RISKS FOR INVESTORS OUTSIDE INDONESIA

Before investing in the Shares, prospective investors should pay particular attention to the fact that the Group, and to a large extent its activities, are governed by the legal, regulatory and business environment in Indonesia, which differs from that which prevails in other countries. The business of the Group is subject to a number of factors, many of which are outside the control of the Group. Prior to making an investment decision, prospective investors should carefully consider, along with the other matters set forth herein, the risks and investment considerations set forth below, as well as the risks and investment considerations set forth in Chapter V (Risk factors) of the Prospectus, which are not an exhaustive list of the challenges currently facing the Group or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Group or the value of the Shares. If any of the risks and investment considerations develop into actual events, the Group, its business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of the Shares could decline and investors may lose all or part of their investment.

Risks relating to Indonesia

Substantially all of Group's assets and operations are located in Indonesia. The Group may be adversely affected by changes in the Government, Government policies, social instability or other political, economic, legal, regulatory or international developments in or affecting Indonesia which are not within the control of the Group, including those set forth below.

Political and social risks may adversely affect the Group

The Group's business is affected by various actions that may be undertaken by the Government, including, without limitation, responses to war and terrorist acts, renegotiation or nullification of existing concessions and contracts, changes in taxation policies, the imposition of foreign exchange restrictions or responses to international developments. In addition, the change in political power in October 2004 may result in a period of political and social uncertainty with regard to Indonesia, as both foreign and domestic investors may become cautious and scale down or postpone business activity while monitoring the political and social climate, and economic activity in Indonesia may be adversely affected.

Indonesia has from time to time experienced incidents of political and related social disturbance in the past, in both large urban areas as well as more remote areas demanding regional autonomy. There can be no assurance that further tensions will not surface or that future disturbances will not materially and adversely affect the Group.

Terrorist activities in Indonesia could adversely affect the Group and the market price of the Shares

Indonesia has experienced an increase in the number and seriousness of terrorist attacks. In the wake of the terrorist attacks in the United States on September 11, 2001 and the subsequent US military action in Afghanistan beginning in October 2001, violent demonstrations have taken place in Indonesia. Protestors critical of the US reaction to the September 11, 2001 attacks and the Indonesian Government's qualified support of the US anti-terrorism initiative have demonstrated outside the US Embassy and the Indonesian Parliament in Jakarta. Demonstrations have also taken place in Indonesia in response to subsequent US, British and Australian military action in Iraq. Bombings have occurred at churches, Government buildings, foreign diplomatic facilities, shopping malls, hotels, and business and financial centers, including the Jakarta Stock Exchange building, the Police Headquarters in Jakarta and Jakarta's Soekarno-Hatta International Airport.

On October 12, 2002, more than 200 people were killed in a bombing that took place outside a nightclub frequented by tourists in Bali, Indonesia. The Islamic militant group Jemaah Islamiyah ("JI") is alleged to have claimed responsibility for the bombing. On April 27, 2003, a bomb exploded in Jakarta's international airport, injuring 11 persons. There have been no claims of responsibility for this bombing so far. On August 5, 2003 a bomb exploded at the JW Marriott Hotel in Jakarta, killing at least 12 persons and injuring more than 140. Both Islamic militant groups Al-Qaeda and JI are alleged to have claimed responsibility for the bombing. On September 9, 2004, nine people were killed and more than 100 people were injured in a bomb blast in close proximity to the Australian Embassy in Jakarta. JI is alleged to have claimed responsibility for the bombing. There is and remains a heightened terrorist threat in Indonesia according to the US Department of State, the British Foreign and Commonwealth Office and the Australian Foreign Ministry, and US, British and Australian citizens have frequently been advised against all non-essential travel to Indonesia.

The Bali bombings, the resultant crackdown and the more recent series of bombings have had a material adverse effect on Indonesia's tourism industry and its foreign exchange revenues. It is unclear what effect these measures will have on the large Muslim population in Indonesia, the Indonesian economy in general or the political stability of President Susilo Bambang Yudhoyono's new Government in particular. As such, there can be no assurance that additional violence or political or social instability will not occur or materially and adversely affect the Group.

Separatist movements and clashes between religious and ethnic groups, demands of local governments and social unrest in Indonesia could adversely affect the Group and the market price of the Shares

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the province of Papua (formerly Irian Jaya), there have been numerous clashes between supporters of those separatist movements and the Indonesian military. In the province of Aceh, the separatist Free Aceh Movement (Gerakan Aceh Merdeka) has led calls for the independence of Aceh. The Government has attempted to resolve problems in these troubled regions with limited success. Hostilities resumed in May 2003 with the failure of the Government to withdraw troops to defensive positions and the failure of the rebels to give up their weapons. In response, the Government declared martial law and launched a military offensive in the province in May 2003, resulting in considerable violence, civil unrest and loss of lives. In the province of Maluku, clashes between religious groups have resulted in thousands of casualties and displaced persons over the past two years. In the province of Kalimantan, clashes between ethnic groups have produced fatalities and refugees over the past several years.

The previous Government had attempted to resolve problems in these troubled regions without success. There was a change in political power following parliamentary elections in April 2004 and presidential and run-off elections in July 2004 and September 2004, respectively. There can be no assurance that the new Government will be more successful in resolving such issues than the previous Government. Social and civil unrest could continue to have a materially adverse effect on business investment and confidence in the Indonesian economy. There can be no assurance that these occurrences will not increase in frequency or gravity in the future, which could have a material adverse effect on the operations of the Group. The Company cannot be certain that social and civil disturbances will not occur in the future. If further unrest, disturbances and violence do occur, this may result in further political and economic instability, which may materially and adversely affect the Group.

Labor activism and unrest could affect the Group's customers, suppliers and contractors and Indonesian companies in general, which in turn could adversely affect the Group's business

Laws permitting the formation of labor unions, combined with weak economic conditions, have resulted, and may continue to result, in labor unrest and activism in Indonesia. In 2000, the Ministry of Manpower issued regulations governing the termination of employees. Employees who voluntarily resign are entitled, under these regulations, to service and compensation payments, provided that such employees have worked for their employer for at least three years. These regulations also allow employees to unionize without the need for consent or other intervention from employers.

On February 25, 2003 the Parliament of the Republic of Indonesia passed a new labor law (the "Labor Law"), which increases the amount of severance payment payable to employees who are terminated. The President promulgated and ratified this law on March 25, 2003. The Government is currently implementing regulations under the Labor Law. The proposed text of these regulations has not been published yet. The new regulations that may be issued thereunder may substantively affect labor relations in Indonesia.

Labor unrest and activism could disrupt the operations of the Group, its customers, suppliers and contractors and is likely to adversely affect the financial condition of Indonesian companies in general, including the Group, depressing the value of the Rupiah relative to other currencies. In addition, these and future labor regulations and laws may make it more difficult for businesses, including the Group, to downsize or have flexible labor policies.

A slowdown in economic growth or negative growth in Indonesia could adversely affect the Group

The Group's performance is partly dependent on the health of the overall Indonesian economy. While Indonesia experienced rapid economic growth during most of the early to mid-1990s, a severe economic crisis in 1997 resulted in a significant decline in real GDP in 1998.

Indonesia experienced relatively low levels of growth between 1999 and 2002. The significant adverse economic developments at the time included significant depreciations in currency values against the US Dollar, reduced economic growth rates, high interest rates, low financial liquidity, increased bankruptcies and liquidations, cancellations or postponements of infrastructure projects, and declines in the market values of shares listed on stock exchanges. There can be no assurance that these adverse economic developments in Indonesia and the rest of the Asia-Pacific region will not return in the future, which could have a material adverse effect on the Group.

The Government continues to have a large fiscal deficit and high level of sovereign debt, its foreign currency reserves are modest, the Indonesian Rupiah continues to be volatile and has poor liquidity, and the banking sector is weak and suffers from high levels of non-performing loans. Inflation has also remained high, with an estimated annual inflation rate of 6.9% in 2003. The economic difficulties faced by Indonesia during the Asian economic crisis that began in 1997 resulted in, among other things, significant volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. A number of judicial decisions in Indonesia since the economic crisis that have been adverse to the interests of foreign investors have called into question the soundness of Indonesia's legal system. A loss of investor confidence in the financial or legal systems of emerging and other markets, or other factors, may cause increased volatility in the Indonesian financial markets and a slowdown in economic growth or negative economic growth in Indonesia. Any such increased volatility or slowdown or negative growth could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Movements in foreign currency exchange rates or interest rates could negatively affect the Group's operating results

Substantially all of the Group's revenues are denominated in Rupiah and a substantial portion of its costs, assets and liabilities are denominated in foreign currencies, particularly the US Dollar. As a result, the Group's operating results are generally adversely affected when the US Dollar strengthens against the Rupiah.

The Government's exchange rate policies and any future changes in the value of the Rupiah against the US Dollar and other currencies could adversely affect the financial condition of certain of the Group's suppliers and hence its financial condition. Since July 1997, the Rupiah has been subject to significant depreciation and volatility against the US Dollar and other currencies. The value of the Rupiah relative to the US Dollar declined from a high of Rp2,360 per US Dollar as of January 2, 1997 to a low of Rp16,950 per US Dollar as of June 17, 1998. As of October 12, 2004, April 30, 2004 and December 31, 2003, the exchange rates were Rp9,120, Rp8,705 and Rp8,420 per US Dollar, respectively.

There can be no assurance that the Rupiah will not be subject to depreciation and/or volatility, that the current exchange rate policy will remain the same, or that the Government will not act to devalue the Rupiah or will, or will be able to, act when necessary to stabilize, maintain or increase the value of the Rupiah or that any such action, if taken, will be successful.

From time to time in the future, the Group may implement currency hedges intended to reduce its exposure to changes in foreign currency exchange rates. However, its hedging strategies may not be successful, and any unhedged foreign exchange payment requirements will continue to be subject to market fluctuations. In addition, the Group's credit facilities are based on fluctuating interest rates. Accordingly, an increase in interest rates could adversely affect the Group.

Downgrades of credit ratings of Indonesia and/or Indonesian companies could adversely affect the Group and the market price of the Shares

Beginning in 1997, certain international credit rating agencies, including Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("S&P"), 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. The sovereign foreign currency long-term debt 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. As at October 12, 2004, Indonesia's sovereign foreign currency long-term debt is rated "B2" by Moody's, "B" by S&P and "B+" by Fitch IBCA, Duff & Phelps ("Fitch"), and its short-term foreign currency debt is rated "NP" by Moody's, "B" by S&P and "B" by Fitch. No assurance can be given that Moody's, S&P, Fitch or any other international credit rating agency will not downgrade the credit ratings of Indonesia or Indonesian companies. Any such downgrade would have an adverse impact on the ability of Indonesian companies, including the Group, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available, and could have a material adverse effect on the Group.

Indonesian accounting, corporate and other disclosure standards differ from those in other jurisdictions and changes are proposed to Indonesian GAAP

The consolidated financial statements of the Company are prepared in accordance with Indonesian GAAP, which differs in certain significant respects from US GAAP and IFRS. As a result, the Company's consolidated financial statements and reported earnings could be significantly different from those which would be reported under US GAAP or IFRS. This International Offering Memorandum does not contain a reconciliation of the Company's consolidated financial statements to US GAAP or IFRS, and there is no assurance that such a reconciliation would not reveal material differences.

Shareholders' rights under Indonesian law may differ from those in other jurisdictions

The corporate affairs of the Company are governed by Indonesian law and the Articles of Association of the Company, and certain principles of law applicable to the Company may differ from those found under the laws of other jurisdictions. In addition, the shareholders of the Company may have different rights protecting their interests under Indonesian law from those which they might have as shareholders of a corporation governed by the laws of other jurisdictions.

After completion of the Global Offering, PT Satya Mulia Gema Gemilang will directly own approximately 63.80% of the issued and paid-up capital of the Company. The obligations under Indonesian law of majority shareholders and directors in respect of minority shareholders may differ from those in certain other countries. Accordingly, the Company's minority shareholders may not be able to protect their interests under current Indonesian law to the same extent as elsewhere.

Further, there can be no assurance that actions by PT Satya Mulia Gema Gemilang as controlling shareholder will not adversely affect the Company, its business, operations, financial condition and prospects.

Shareholders may not be able to enforce a judgment of a foreign court against the Company or its directors

Judgments of US courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States, are not enforceable in Indonesian courts and there is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of the federal securities laws of the United States (see "Enforcement of civil liabilities"). As a result, holders of the Shares may be required to pursue claims against it in Indonesia under Indonesian law.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of investors in the same manner or to the same extent as would other courts. 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 of 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. Moreover, a number of judicial decisions in Indonesia since the economic crisis that have been adverse to the interests of foreign investors have called into question the soundness of Indonesia's legal system.

In addition, purchasers of the Company's shares may have more difficulty in protecting their interests against actions by its commissioners, directors or principal shareholders than they might have as investors in shares in a corporation established under the laws of the other jurisdictions.

The Group's actual results may vary significantly from the prospective information set forth in the Prospectus

In accordance with BAPEPAM rules for offerings in Indonesia, the Company has prepared for inclusion in the Prospectus certain prospective financial information for the year ending December 31, 2004. This prospective financial information is a summary of projections prepared by the Company. These projections were developed using a variety of management analyses, which consider certain historical trends, econometric models and other information. The prospective financial information is based on assumptions made by the Management of the Company and is presented on a basis consistent with the accounting policies adopted by the Company. Furthermore, it reflects the current judgment of the Company's Management regarding expected conditions and the Company's expected course of action, which is subject to change.

The prospective financial information is based on a number of assumptions which are inherently subject to significant uncertainty due to factors including, but not limited to, those identified in the paragraph headed "Forward-looking statements" set out in this International Offering Memorandum. Many of these factors are not within the Company's control and some of the assumptions with respect to future business decisions and strategies are subject to change. The Group's actual results will differ from such forecast and such differences may be material and may affect the market price of the Shares. Under no circumstances should the inclusion of the prospective financial information be regarded as a representation, warranty or prediction with respect to its accuracy or the accuracy of the underlying assumptions, or that the Group will achieve or is likely to achieve any particular result. There can be no assurance that the Group's actual results will not vary significantly from the prospective financial information set forth herein.

The prospective financial information was not prepared with a view to complying with the published guidelines of the US Securities and Exchange Commission or the American Institute of Certified Public Accountants ("AICPA") regarding projections or estimations or US GAAP and has not been examined or otherwise reported upon by the Company's independent auditors under the AICPA guidelines regarding estimates or projections.

The Company does not intend to provide any updated or otherwise revised prospective financial information. Prospective investors in the Company are cautioned to place no reliance on the prospective financial information. The profit forecast should be reviewed in conjunction with the description of the business, the historical financial information and the other material contained in the International Offering Memorandum, including the information set forth elsewhere in the section entitled "Special risks for investors outside Indonesia" set out in this International Offering Memorandum and Chapter V (Risk factors) set out in the Prospectus.

Risks relating to the Shares

The Company may not be able to pay dividends to its shareholders

The Company conducts a significant part of its operations through its subsidiaries. Accordingly, an important source of the Company's income, and consequently an important factor in the Company's ability to pay dividends on the Shares, is dividends and other distributions received from its subsidiaries. As the Company is a shareholder of its subsidiaries, its claims as such will generally rank junior to other creditors and claimants against its subsidiaries. In the event of a subsidiary's liquidation, there may not be sufficient assets for the Company to recoup its investment.

For a description of the Company's dividend policy, see Chapter XII (Dividends) set out in the Prospectus.

Investors in the Global Offering will suffer immediate dilution in net tangible assets

The global offering price per Share is higher than the net tangible assets per Share after the issuance of the new Shares pursuant to the Global Offering. Investors subscribing for Shares in the Global Offering will therefore incur immediate dilution on a net tangible asset basis. The issuance of further ordinary shares at prices lower than the then existing net tangible assets per Share would result in further dilution.

The sale or the possible sale of a substantial number of the Shares in the public market following this Global Offering could adversely affect the price of the Shares

Following the issue of 500,000,000 Shares pursuant to the Global Offering, the Company will have 1,660,000,000 issued and paid-up Shares, of which 500,000,000 Shares, or approximately 30.12%, will be held by investors participating in the Global Offering, and 1,160,000,000 Shares, or approximately 69.88%, will be held by the Company's existing shareholders. The Shares sold in the Global Offering will be tradable on the Main Board of the Stock Exchange without restriction following listing. Pursuant to BAPEPAM requirements, all of the Company's existing shareholders are subject to a mandatory lock-up period under which they will not transfer or dispose of, directly or indirectly, any Shares for a period of eight months, commencing from the Effective Date (as defined in the Prospectus). If existing shareholders of the Company sell or are perceived as intending to sell a substantial amount of Shares after this mandatory lock-up period, the market price for the Shares may be adversely affected.

SPECIAL RISKS FOR INVESTORS OUTSIDE INDONESIA

Prasetio, Utomo & Co., formerly independent public accountants and a member firm of Andersen Worldwide SC, the Group's former auditors, audited certain financial information, and in the event such financial information is later determined to contain false statements, Shareholders may be unable to recover damages from Prasetio, Utomo & Co.

Prasetio, Utomo & Co., formerly independent public accountants and a member firm of Andersen Worldwide SC, audited the Company's consolidated financial statements as at and for the years ended December 31, 2000 and December 31, 2001. With effect from August 26, 2002, the business license of Prasetio, Utomo & Co. was returned to the Indonesian Ministry of Finance. Since that date, Prasetio, Utomo & Co. has no longer operated as a public accounting firm. Accordingly, the Company is no longer able to obtain signed, reissued reports of Prasetio, Utomo & Co. for its consolidated financial statements as at and for the years ended December 31, 2000 and 2001.

The Company had no disagreements with Prasetio, Utomo & Co. on any matter of accounting principle or practice, financial statements disclosure or auditing scope or procedure.

Prasetio, Utomo & Co. and Andersen Worldwide SC have stopped conducting business and have limited assets available to satisfy the claims of creditors. As a result, Shareholders may be limited in their ability to recover damages from Prasetio, Utomo & Co. or Andersen Worldwide SC if it is later determined that there are false statements contained in this International Offering Memorandum relating to or contained in financial information audited by Prasetio, Utomo & Co.

TRANSFER RESTRICTIONS

Due to the following restrictions that apply to the Global Offering, investors are advised to consult their own legal counsel prior to making any offer, resale, pledge or other transfer of the Shares.

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Shares are not being offered or sold in the United States or to US persons.

The Shares will be offered by the Managing Underwriter on behalf of the Company outside the United States and Indonesia to non-US persons in offshore transactions in reliance on Regulation S.

Every person purchasing Shares outside the United States and Indonesia and each purchaser of such Shares in subsequent resales prior to the end of the 40-day distribution compliance period referred to below, by accepting delivery of this International Offering Memorandum and the Shares, will be deemed to have represented and agreed as follows:

1. it acknowledges (or if it is a broker-dealer, its customer has confirmed to it that such customer acknowledges) that such Shares have not been and will not be registered under the Securities Act;

2. it certifies that either (a) it is, or at the time the Shares are purchased will be, the beneficial owner of the Shares, and (i) it is not a US person (within the meaning of Regulation S) and it is located outside the United States and (ii) it is not an affiliate of the Company or a person acting on behalf of the Company or an affiliate of the Company, or (b) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Shares are purchased will be, the beneficial owner of the Shares, (ii) such customer is not a US person (within the meaning of Regulation S) and it is located outside the United States and (iii) is not an affiliate of the Company or a person acting on behalf of the Company or an affiliate of the Company;

3. it agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that prior to the expiration of the distribution compliance period with respect to the Shares, which is 40 days after the later of the commencement of the Global Offering and the latest closing date thereof, it (or such customer) will not offer, sell, pledge or otherwise transfer such Shares except to a person other than a US person purchasing Shares in an offshore transaction meeting the requirements of Regulation S; and

4. the Company and the Managing Underwriter will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognized by the Company.

General

Subject to the terms and conditions of the Underwriting Agreement, as made effective by the Addendums to the Underwriting Agreement dated October 27, 2004 and October 28, 2004, the Company has agreed to issue and sell to the Managing Underwriter and the Local Underwriters, and each of the Managing Underwriter and the Local Underwriters has severally agreed to purchase from the Company, 500,000,000 Shares at the Offer Price less a combined management, underwriting and selling commission of 3.0% pursuant to the Global Offering.

Pursuant to an engagement letter dated October 27, 2004 (the “International Selling Agency Agreement”) between the Managing Underwriter and PT CIMB Niaga Securities (“CIMB” or the “International Selling Agent”), the International Selling Agent has agreed, on a best efforts basis, to procure international investors for the International Placement, and to procure settlement underwriting in respect of the number of shares which are allocated to the international investors so procured by the International Selling Agent.

In addition, the Company has given consent pursuant to a consent letter dated October 20, 2004 to the International Selling Agent to:

- deposit the preliminary international offering memorandum dated October 15, 2004, and this International Offering Memorandum with the Securities Commission of Malaysia (the “SC”);
- prepare and submit the necessary applications on behalf of the Company to the SC to secure its approval of the Global Offering in Malaysia; and
- liaise with the SC on matters arising from the application pertaining to the Global Offering.

The Company has also agreed that it shall fully and effectually indemnify the International Selling Agent from and against any and all losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses and demands which the International Selling Agent may incur arising from or in connection with its appointment as International Selling Agent, where the same resulted from or was caused by (directly or indirectly) any default, omission or negligence of the Company and/or any of its employees, officers, servants or agents.

In addition, the Managing Underwriter has agreed to pay certain commissions in connection with the amount of shares placed and allocated to the International Selling Agent. The Company have agreed to reimburse the ISA for certain expenses and taxes in connection with the Global Offering.

The Underwriters and the International Selling Agent and their respective underwriting obligations pursuant to the Underwriting Agreement are set out in the table below:

PLAN OF DISTRIBUTION

	Underwriting Commitment (Number of Shares)	Percentage of Global Offering (%)
Managing Underwriter:		
PT Mandiri Sekuritas	380,492,500	76.10
Local Underwriters:		
PT CIMB Niaga Securities	81,000,000	16.20
PT Artha Securities Tbk	600,000	0.12
PT Asia Kapitalindo Securities	367,500	0.07
PT BNI Securities	500,000	0.10
PT Bumiputera Capital Indonesia	200,000	0.04
PT Ciptadana Sekuritas	2,100,000	0.42
PT Danatama Makmur	1,200,000	0.24
PT Danpac Sekuritas	300,000	0.06
PT Dongsuh Kolibindo Securities	120,000	0.02
PT Equity Development Securities	7,000,000	1.40
PT Financorpindo Nusa	300,000	0.06
PT Indokapital Securities	1,500,000	0.30
PT Kim Eng Securities	2,100,000	0.42
PT Macquarie Securities Indonesia	5,000,000	1.00
PT Madani Securities	600,000	0.12
PT Mahanusa Securities	200,000	0.04
PT Makinta Securities	100,000	0.02
PT Minna Padi Investama	300,000	0.06
PT Mitra Investdana Sekurindo	300,000	0.06
PT Panin Sekuritas	6,000,000	1.20
PT Sarijaya Permana Sekuritas	100,000	0.02
PT Sinarmas Sekuritas	1,200,000	0.24
PT Sucorinvest Central Gani	900,000	0.18
PT Transpacific Securindo	220,000	0.04
PT Trimegah Securities	7,000,000	1.40
PT Victoria Sekuritas	300,000	0.06
Total	500,000,000	100.0

PLAN OF DISTRIBUTION

Prior to the Global Offering, there has been no trading market for the Shares. The Offer Price was determined by negotiations between the Company and the Managing Underwriter. Among the factors considered in determining the Offer Price was the Company's results of operations and certain other financial and operating information of the Company in recent periods, the future prospects of the Company and the prospects for its industry in general, the general conditions of the securities markets at the time of the Global Offering and certain ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company. There can be no assurance that an active trading market will develop for the Shares or that the Shares will trade in the public market subsequent to the Global Offering at or above the Offer Price in Indonesia.

The obligations of the Managing Underwriter under the Underwriting Agreement are subject to termination if certain events, including force majeure, occur at any time prior to November 9, 2004.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to fully indemnify the Managing Underwriter and/or the Local Underwriters from all obligations arising from a claim filed against the Managing Underwriter and/or the Local Underwriters, and pay compensation to the Managing Underwriter and/or the Local Underwriters for the loss, claim, lawsuit, cost, fees and expenses in relation to a violation by the Company of a provision of law or regulation, Government's or Ministry's order or decree, decree or circular letter issued by the Stock Exchange or other authorized parties in Indonesia in relation to conducting a public offering.

The Shares are being offered concurrently (1) by the Managing Underwriter and the International Selling Agent to professional and institutional investors who are not US persons in countries outside the United States and Indonesia pursuant to Regulation S, (2) by the Managing Underwriter to professional and institutional investors in Indonesia and (3) by the Local Underwriters to investors in Indonesia.

The Shares have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Resales and other transfers of the Shares are restricted as described in the section entitled "Transfer restrictions'' in this International Offering Memorandum.

Restriction on sales of securities

Pursuant to (i) BAPEPAM Regulation No. 1X.A.6, which restricts existing shareholders from selling Shares until eight months after the Registration Statement becomes effective; and (ii) the provisions of the Law of the Republic of Indonesia No. 8 of 1995 dated November 10, 1995 on the Capital Markets, Statute Book of the Republic of Indonesia No. 64 of 1995, Supplement No. 3608 (the "Capital Markets Law''), the Company's existing shareholders are subject to a mandatory lock-up period under which they will not transfer or dispose of, directly or indirectly, any Shares for a period of eight months, commencing from the Effective Date (as defined in the Prospectus).

Stamp taxes and duties

Purchasers of Shares offered by this International Offering Memorandum may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price. See the section entitled "Taxation'' set out in this International Offering Memorandum and Chapter XIII (Taxation) set out in the Prospectus.

Trading markets

Application has been made for the listing and registration of the Shares on the Stock Exchange.

PLAN OF DISTRIBUTION

No public offering

No action has been or will be taken in any jurisdiction, other than Indonesia, that would permit a public offering of the Shares, or the possession, circulation or distribution of this International Offering Memorandum or any other offering or publicity material relating to the Company or the Shares in any country or jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this International Offering Memorandum nor any other offering material or advertisements in connection with the Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Selling restrictions

With respect to each of the following jurisdictions, each of the Managing Underwriter and the International Selling Agent has, to the extent applicable, represented and agreed as follows:

General

No action has been taken or will be taken by the Managing Underwriter or the International Selling Agent in any jurisdiction that would permit a public offering of Shares outside Indonesia or possession or distribution of any offering documents or any amendment or supplement thereto or any other offering or publicity material relating to the Shares in any country or jurisdiction where action for that purpose is required.

United States

The Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Each of the Managing Underwriter and the International Selling Agent has acknowledged and agreed that, except as permitted by the Underwriting Agreement, it will not offer or sell the Shares, (a) as part of its distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the Global Offering and the closing date thereof, within the United States or to, or for the account or benefit of, US persons, and that it will have sent to each dealer to which it sells, during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meaning given to them by Regulation S. Resales of the Shares are restricted as described under “Transfer restrictions”.

In addition, until the expiration of 40 days after commencement of the Global Offering, an offer or sale of the Shares within the United States by any dealer (even if not participating in the Global Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act. It is not anticipated that Rule 144A will be available to dealers or any other persons as such an exemption. See the section entitled “Transfer restrictions’’ in this International Offering Memorandum.

Canada

It has not offered or sold, and will not offer or sell, any Shares directly or indirectly in any province or territory of Canada, or to or for the benefit of, any resident of any province or territory of Canada, except in accordance with applicable Canadian securities laws pursuant to an exemption from the prospectus filing requirement and an exemption from the dealer registration requirement, or where a dealer registration exemption is not available, offer or sales shall be made only by a registered dealer, in the relevant province or territory in Canada where such offer or sale is made.

United Kingdom

- It has not offered or sold, and, prior to the expiry of six months from the closing date, will not offer or sell any Shares to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which do not constitute an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- It has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) received by it in connection with the issue or sale of any ordinary shares in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply to it; and
- It has complied with, and will comply with, all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

Hong Kong

- It has not offered or sold and will not offer or sell or permit to be offered or sold in the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong''), by means of any document, any Shares other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agents, or otherwise in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong); and
- It has not issued or had in its possession for the purpose of any issue, and will not issue any invitation or have in its possession for the purpose of any issue, any invitation, advertisement or document relating to the Shares in Hong Kong, except if permitted to do so under the securities laws of Hong Kong, other than with respect to the Shares intended to be disposed of outside Hong Kong, or to be disposed of in Hong Kong only to persons whose business involves the acquisition, disposition or holding of securities, whether as principal or as agent.

Singapore

This International Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this International Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a sophisticated investor, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Japan

Each of the Managing Underwriter and the International Selling Agent understands that the Global Offering has not been and will not be registered under the Securities and Exchange Law of Japan. The Shares which are being offered pursuant to the Global Offering may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (including Japanese corporations) except by the Managing Underwriter, the International Selling Agent and/or their affiliates and sub-agents only (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan, and (ii) in compliance with other applicable requirements of Japanese law.

Australia

The Prospectus and the International Offering Memorandum have not been, and will not be, lodged with the Australian Securities and Investments Commission as disclosure documents for the purposes of Australia's Corporations Law. Accordingly, Australian residents (or persons otherwise receiving this document in Australia) are not eligible to participate in the Global Offering unless they satisfy one or more of the descriptions set out in section 708(8), (10) or (11) of Australia's Corporations Law.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase, the Shares is meant to qualify as an "excluded offer or excluded invitation" within the meaning of Section 38 of the Securities Commission Act, 1993. Each of the Managing Underwriter and the International Selling Agent has severally represented, warranted or agreed that the Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or persons specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

TAXATION

This summary contains a description of the Indonesian tax considerations relevant to prospective investors who are not resident in Indonesia for tax purposes. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Shares. Prospective investors are urged to consult their tax advisors concerning the implications of the purchase, ownership and disposition of the shares in light of such investors' circumstances under the laws to which they are subject.

Indonesian taxation

The following is a summary of the principal Indonesian tax consequences of the ownership and disposition of Shares for a non-resident individual or non-resident entity that holds Shares (a "Non-Indonesian Holder''). As used in the preceding sentence, a "non-resident individual'' is a foreign national who is not physically present in Indonesia for 183 days or more during any twelve month period or present for any period with the intent of residing in Indonesia, and a "non-resident entity'' is a corporation or non-corporate body that is established under the laws of a jurisdiction other than Indonesia and does not have a fixed place of business or other permanent establishment in Indonesia during an Indonesian tax year in which such non-Indonesian entity receives income in respect of the ownership or disposition of Shares.

Taxation of dividends

Dividends declared by the Company out of retained earnings and distributed to a Non-Indonesian Holder in respect of Shares are subject to Indonesian withholding tax, currently at the rate of 20%, on the amount of the distribution (in the case of cash dividends) or on the shareholders' proportional share of the value of the distribution (normally par value in the case of stock dividends). A lower rate provided under double taxation treaties may be applicable provided that, among other things, the recipient is the beneficial owner of the dividend. The recipient must provide the original Certificate of Tax Residence issued by the competent authority, or its designee, of the jurisdiction where the recipient is domiciled ("Certificate of Tax Residence'') to the Company and submit a copy to the Indonesian Tax Office that has jurisdiction over the Company.

Taxation on the disposition of shares

Under the Indonesian Income Tax Law (last amended by Law Number 17 of 2000) income from the sale of unlisted shares received by a Non-Indonesian Holder that has no permanent establishment in Indonesia is subject to Indonesian withholding tax, currently at the rate of 20%, on the estimated net income. Effective August 24, 1999, the estimated net income from the sale of unlisted shares is 25% of the sale price, resulting in an effective withholding tax rate of 5% of the sale price. This is a final withholding tax and the obligation to pay lies with the buyer (if it is an Indonesian taxpayer) or the Company (if the buyer is a non-resident taxpayer). Exemption from withholding tax on income from the sale of unlisted shares may be available to non-resident sellers of shares depending on the provisions of the relevant double taxation treaty. In order to benefit from the exemption under the relevant double taxation treaty, the non-resident seller must provide an original Certificate of Tax Residence to the buyer or the Company (if the buyer is a non-resident taxpayer) and to the Indonesian Tax Office that has jurisdiction over the buyer or the Company (if the buyer is a non-resident taxpayer).

Pursuant to Government Regulation No. 41 of 1994 regarding Withholding Tax on Income from Share Trading Transactions on the Stock Exchange, dated December 23, 1994, and its amendments contained in Government Regulation No. 14 of 1997, dated May 29, 1997, the sale or transfer of shares that are listed on the stock exchange is subject to final withholding tax at the rate of 0.1% (applied to the gross amount of the sale transaction and withheld by the broker handling the transaction). An additional 0.5% final tax (amounting to a total tax of 0.6%) is imposed on the share value for the holding of the founder shares. The 0.5% withholding tax will be imposed at the time of the initial public offering for shares traded on the stock exchange on or after January 1, 1997. The imposition of the 0.5% withholding tax on the founder shares is not compulsory. The tax regulations provide an option for the taxpayer to elect to substitute the 0.5% additional final tax with the taxation of gains (if any) resulting from the sale of the founder shares against the normal tax rates (progressive rate with a maximum of 30% for corporate taxpayers and 35% for individual taxpayers). Technically, this withholding tax is subject to provision in the applicable double taxation treaty. However, currently, there is no mechanism in place for a non-resident to claim an exemption or reduction on the final withholding tax under a double taxation treaty. The Indonesian tax authority has indicated that it will consider individual applications for double taxation treaty relief on a case-by-case basis.

Taxation of preemptive rights

Distributions of statutory rights for the Shares in compliance with Indonesian Law ("Preemptive Rights'') should not be subject to Indonesian tax. Income from the sale of Preemptive Rights received by a Non-Indonesian Holder is subject to Indonesian withholding tax, currently at the rate of 20%, on the amount of the estimated net income (the implementing regulations determining the applicable estimated net income have yet to be issued). Exemption from withholding tax provided under double taxation treaties may be applicable, subject to a suitable Certificate of Tax Residence being provided by the seller to the Indonesian Tax Office, which has jurisdiction over the buyer or the company (if the buyer is a non-resident taxpayer).

Stamp duty

Under Government Regulation No. 24 of 2000, a document for the sale of Indonesian shares, which will be used as evidence in Indonesia, is subject to a stamp duty of Rp6,000. Generally, the stamp duty is due at the time the document is executed.

Tax treaties

The applicable tax treaty may also affect the tax treatment on Non-Indonesian Holders. Indonesia has concluded double taxation treaties with a number of countries including Australia, Austria, Belgium, Bulgaria, Canada, the Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Italy, Japan, Jordan, Luxembourg, Malaysia, Mauritius (which will terminate on December 31, 2004), New Zealand, Norway, Pakistan, the Philippines, Poland, Romania, Seychelles, the Netherlands, Singapore, Slovakia, Spain, South Africa, Sri Lanka, Sudan, Sweden, Switzerland, Syria, Taiwan, Thailand, Tunisia, Turkey, the United Arab Emirates, Ukraine, the United Kingdom, the United States of America, Uzbekistan, Venezuela and Vietnam.

Prospective purchasers of Shares in this Global Offering are advised to consult with their respective tax consultants with respect to any tax consequences which might arise from any purchase or sale of Shares purchased through this Global Offering.

INDONESIAN CAPITAL MARKETS

The following information has been derived from various publicly available information and has not been independently verified by the Company, the Managing Underwriter, any of the Underwriters and the International Selling Agent or any of their respective advisers.

Background and development

In 1976, the Government established a regulatory agency, the Capital Markets Operations Board (or Badan Pelaksana Pasar Modal), and a national investment trust company, PT Danareksa, to reactivate and promote the development of a securities market in Indonesia. The first share issue listed on the Stock Exchange took place in August 1977. Up until the end of 1988, the shares of 24 companies were listed on the Stock Exchange and the volume of shares traded was relatively low.

Over the last 15 years, however, a number of reform measures affecting the Indonesian capital markets have been announced. These have led to the privatization of the Stock Exchange and its establishment as a limited liability company, incorporating 162 securities trading companies as its shareholders. The operational transfer of the Stock Exchange from BAPEPAM to PT Bursa Efek Jakarta commenced effectively as of April 16, 1992. BAPEPAM is now operating under its new name, the Capital Markets Supervisory Board, or "BAPEPAM", with its principal function being to ensure the orderly and fair operation of the securities exchanges in Indonesia.

The various reforms over the past several years have sought to strengthen the operational and supervisory framework of the Indonesian securities market and to improve the Indonesian securities market's trading environment. The measures also established an over-the-counter market (the "Bursa Paralel'') and private stock exchanges outside Jakarta, the first of which was established in Surabaya and is called the Surabaya Stock Exchange. In July 1995, the Bursa Paralel and the Surabaya Stock Exchange merged to form a single exchange intended to focus on small and medium-sized companies. A company may elect to list on the Stock Exchange, the Surabaya Stock Exchange or both.

Other reforms were also introduced to provide increased protection for minority shareholders, to improve disclosure requirements and clarify listing procedures. As of December 31, 2003, there were 333 companies listed on the Stock Exchange with a market capitalization of Rp460 trillion, compared to 24 listed companies with a capitalization of approximately Rp100 billion as of December 31, 1987, just prior to the introduction of the capital market reform measures. As of December 31, 2003, 210 firms were listed on the Surabaya Stock Exchange, with a market capitalization of Rp405 trillion.

Overview of the Stock Exchange

As of December 31, 2003, the Stock Exchange comprised 158 members. Of these 158 members, the top 20 most active members in total trading volume handled transactions for 245 billion shares in 2003, about 52.36% of total shares traded on the Stock Exchange during that year. In trading value, the top 20 most active members accounted for Rp167 trillion in trading, or about 66.71% of the overall value of buying and selling transactions on the Stock Exchange during 2003.

Trading rules on the Stock Exchange are, at present, generated in the form of decisions by the Stock Exchange. There are currently two daily trading sessions from Monday to Thursday, a morning session from 9:30 am to 12:00 noon and an afternoon session from 1:30 pm to 4:00 pm. On Fridays, trading hours are from 9:30 am to 11:30 am and 2:00 pm to 4:00 pm.

Trading is divided into two market segments — "regular market'' and "non-regular market''. The regular market is the mechanism for trading stock in standard lots on a continuous auction market during the exchange hours. Regular market trading is generally carried out in unit lots of 500 shares for stocks and 5000 shares for rights issues and warrants. The JATS (Jakarta Automated Trading System) is used on the Stock Exchange. Auctioning takes place according to price priority and time priority. Price priority gives priority to buying orders at a higher price or selling orders at a lower price. If buying or selling orders are placed at the same price, priority is given to the buying or selling order placed first (i.e. time priority). The opening price then will be determined by the best price created.

Price movements should be in multiples of the following:

Share price	Spread of
up to Rp495	Rp5
Rp500 to Rp4,975	Rp25
above Rp5,000	Rp50

Auto rejection goes into effect when the price of a stock exceeds a certain parameter, but the stock will not be suspended from the exchange. The relevant parameters are as follows:

Price ranging from	Percent for auto rejection
Rp5 to Rp95	50% from previous price
Rp100 to Rp495	35% from previous price
Rp500 to Rp2,475	30% from previous price
Rp2,500 to Rp4,950	25% from previous price
Rp5,000 and above	20% from previous price

The non-regular market trading consists of (a) negotiated transactions; (b) cash market transactions resulting from a delay/default in settlement and conducted by means of direct negotiation on cash and carry terms; and (c) crossing transactions by an exchange member receiving buying and selling orders for the same number of shares at the same price agreed by both parties. Odd lots may be traded as negotiated transactions or internally crossed transactions. Odd lots may not be internally crossed more than 30% above or below the latest price on the regular market. With respect to newly listed or newly traded shares which have yet to establish a market price, the benchmark price is the initial public offering price.

Transactions on the Stock Exchange’s regular and non-regular markets are required to be settled no later than the third trading day (T+3), except for transactions in the cash market where settlement occurs on the same day (T+0). An exchange member defaulting/delaying in delivery of scrip (physical settlement) must pay the following penalty charges and the broker may be suspended until delivery is complete:

Days	Penalty charges
T+4 to T+5	0.25% of gross amount
T+6 to T+8	0.5% of gross amount
T+9	broker is suspended until delivery is completed

For scripless shares, at noon on T+3 an ACS (Alternative Cash Settlement) will automatically be charged, which amount is calculated as 125% of the value of shares transacted multiplied by the highest price traded within the settlement dates (T+1 to T+4).

An exchange member defaulting in payment is liable to pay his counter party a fine based on the following scheme:

- physical settlement — 0.25% for the first two days will be imposed. The penalty will be increased to 0.5% from the third day onwards for each calendar day of delay; and
- scripless settlement — suspension will first be stipulated and a penalty of 0.25% of the debit balance will be imposed.

All transactions involving shares listed only on the Stock Exchange which use the services of brokers must be conducted on the Stock Exchange. In order for a trade to be crossed on the Stock Exchange, both the cash and securities settlement must be conducted through the facilities of the Stock Exchange. Engaging in short selling is prohibited under the applicable regulations. Furthermore, the Stock Exchange's Board of Directors may cancel a transaction if proof exists of fraud, manipulation or the use of insider information. The Stock Exchange may also suspend trading if there are indications of fraudulent transactions or artificial inflation of share prices, misleading information, use of insider information, counterfeit securities or securities blocked from trading or for the occurrence of any other material event. For transactions involving shares listed on both the Stock Exchange and the Surabaya Stock Exchange, either exchange may be used to effect the trade.

Exchange members charge a brokerage fee for their services, based on agreement with their client, up to a maximum of 1% of the transaction value. When conducting share transactions on the Stock Exchange, exchange members are required to pay the following charges and pass on the costs to their clients:

- levy of 0.04% (subject to a minimum fee of Rp250,000 a month) of transactions for shares and other regional securities;
- VAT at 10% of brokerage fee (commission) and transaction levy; and
- withholding sales tax at 0.1% (0.5% for founder shares) of total transaction value.

Shareholders or their appointees may request the issuer or a securities administration bureau appointed by the issuer of such shares at any time during working hours to register their shares in the issuer's registry of shareholders. Reporting of share ownership to BAPEPAM is mandatory for shareholders whose ownership has reached 5% or more of issued and fully paid up capital, upon meeting such share ownership level.

The following table sets forth key figures for the Stock Exchange for the years 1999 to 2003.

Stock Exchange	**1999**	**2000**	**2001**	**2002**	**2003**
Market capitalization (Rp trillion)(1)	452	260	239	268	460
Trading volume (billion shares)	178	135	146	171	234
Average daily trading volume (million shares) .	723	563	603	699	967
Trading value (Rp trillion)	148	123	976	121	125
Average daily trading value (Rp billion)	599	514	396	493	518
Number of listed companies(1)	277	287	316	331	333

Source: 1999 BAPEPAM Annual Report, 2003 Jakarta Stock Exchange statistics, Bank Indonesia Financial Statistics and 2003 JSX Annual Report.

Note:

(1) End-of-period figures for trading on the Stock Exchange.

For 2003 approximately 28.1% of the trading value consisted of trades involving foreign investors.

The board of commissioners of the Stock Exchange recently announced that it had appointed external auditors to carry out an investigative audit of the Stock Exchange management.

Foreign equity ownership restrictions

Direct investment by foreigners in the shares of a company is generally regulated by Law No.1 of 1967 on Foreign Capital Investment, as amended, and its implementing regulations under the rulings and policies of the Capital Investment Coordinating Board, Badan Koordinasi Penanaman Modal (the “BKPM’’), which is the regulatory authority for foreign investment. The restrictions on the foreign ownership of listed equity securities, which are regulated by the Minister of Finance’s Decree No. 1055/KMK.013/1989, were revoked by the Minister of Finance’s Decree No. 455/KMK.01/1997 dated September 4, 1997. Under BAPEPAM’s Letter No. S-2105/PM/97 dated September 8, 1997, Notice of Jakarta Stock Exchange No. Peng-1176/BEJ/1.1/1997 dated September 9, 1997 and Bank Indonesia Regulation No. 2/27/PBI/2000 dated December 15, 2000 regarding Public Banks, foreign investors are now permitted to purchase up to 100% of shares offered in a public offering and up to 100% of the publicly listed shares of all Indonesian listed companies; however, for Indonesian listed banks only 99% of the listed shares may be purchased by foreigners or publicly listed (the remaining 1% which is not publicly listed must be held by an Indonesian investor).

Offering, listing and reporting regulations

BAPEPAM, on behalf of the Minister of Finance, regulates and monitors securities issues which are publicly offered or listed in Indonesia. Initial securities offerings are generally conducted as underwritten public offers for sale by subscription. BAPEPAM regulates offering and allocation procedures.

Unless waived, companies are required to meet certain historical financial requirements in order to become listed on the Stock Exchange. Requirements for the listing on the Stock Exchange were changed by certain rules issued in June 2000.

Listed companies are required to submit to BAPEPAM and each applicable stock exchange the following documents:

(a) financial statements, consisting of:

  (i) an annual report audited by an accountant registered with BAPEPAM, to be submitted not later than 120 days after the end of each fiscal year;

  (ii) any of the following mid-year reports: (i) an unaudited mid-year report submitted not later than 60 days from the end of the fiscal mid-year, (ii) an audited report submitted not later than 90 days from the end of fiscal mid-year, or (iii) financial statements accompanied by an unqualified opinion submitted not later than 120 days from the end of fiscal mid-year; and

  (iii) quarterly reports, which must be submitted not later than 60 days from the end of the fiscal quarter;

(b) information that is important and relevant according to BAPEPAM regulations and which may affect the value of the security or investment decisions, such as a merger, acquisition, consolidation, stock split, stock dividend, change in management, replacement of public accountant, replacement of trustee, material legal claims and other important information possibly affecting share prices on the exchange;

(c) a copy of any amendment to the company’s articles of association;

(d) notice of any change in the composition of the company’s board of directors or board of commissioners;

(e) notice of any material deviation from projections published by such companies; and

(f) in the case of an investment fund company, a monthly report, containing, among other information, its net asset value, prior to or on the fifth business day of each month.

Insider trading, fraud and manipulation of securities are prohibited by the Capital Markets Law. In such circumstances, BAPEPAM may cancel a transaction and suspend or revoke the license of the capital market supporting institution and supporting professionals involved. A party engaging in (i) misleading conduct, fraud or falsification in connection with the sale of securities, (ii) other actions to mislead the public regarding trading activities, market conditions or price or (iii) insider trading, is liable for the loss incurred and faces a fine of up to Rp15 billion and imprisonment of up to ten years.

Recent developments

Scripless trading and share immobilization

Pursuant to the Capital Markets Law, in 1997 a private limited company, KSEI, was established to serve as the central securities clearing house. On November 11, 1998, KSEI obtained a license from BAPEPAM to act as an approved central securities depositary and settlement institution. The shareholders of KSEI comprise 32 securities firms, 15 custodian banks, the Surabaya Stock Exchange, the Stock Exchange and the Indonesian Stock Clearing and Guarantee Company, PT Kliring dan Penjaminan Efek Indonesia (“KPEI’’).

In 1997, BAPEPAM implemented regulations to provide for a scripless trading system. Under the scripless system, a member broker, sub-broker or local custodian (a “KSEI Participant’’) may deposit certificates in respect of securities with KSEI which becomes the registered holder of the securities. Any institution becoming a KSEI Participant is required to open at least one account with KSEI for deposit, withdrawal or transfer of securities. After KSEI has accepted a deposit of any securities, it will hold such securities on behalf of its participants or participants’ clients and as such, rather than as “direct owners’’, investors will obtain a beneficial interest in the shares which is convertible into a physical share certificate at the direction of the investor. In addition, each KSEI Participant is obliged to maintain a list of owners of the securities deposited with it for the purpose of establishing ownership rights to the securities and any other shareholder rights. Sales and purchases of securities are settled by offsetting the relevant securities deposit accounts by way of a computer system and at the end of each trading day, KSEI delivers a statement showing the balance of securities held for each participant.

Transfers of shares

Transfers of listed shares, whether made on or off the Jakarta Stock Exchange, are currently governed by Law No.1 of 1995 on Limited Liability Companies (the “Company Law’’). Under the Company Law, as a general matter, ownership of shares is based on physical share certificates and registered ownership in the relevant company’s share register. A transfer of listed shares in certificated form is valid between the transferor and the transferee by delivery of the endorsed certificate representing the shares transferred to the purchaser or its broker. To be valid against the issuing company, a request for an entry of the transfer into a share registry must be received by the company. To be valid against a third party, the entry of the transfer must actually be made in the share register.

Transfers of scripless shares are made by way of appropriate instructions to the relevant brokers, sub-brokers or custodians with whom the transferor and the transferee involved maintain securities accounts in accordance with the individual arrangements with such brokers, sub-brokers or custodians. Upon receipt of such instructions, the relevant brokers, sub-brokers or custodians will, in accordance with such arrangements, effect the relevant changes in the register that they are required to maintain for rights and entitlements purposes.

Prior to the implementation of the C-BEST system, the “immobilization’’ of the issued shares refers to the process whereby all of the shares on issue will be collected and replaced with a single “jumbo certificate’’ registered in the share register of the issuer and in the name of KSEI. It should be noted that share immobilization is an interim solution to overcome, among other things, the problems of printing, administration and the high custody costs associated with the use of large numbers of share certificates that are typically required, particularly in the context of any large public offering.

Once a company's shares are registered with KSEI, only shares remaining in KSEI (and which have not been pledged, foreclosed upon based on a court order or seized for the purpose of criminal proceedings) may be traded on the Jakarta Stock Exchange.

KSEI

KSEI is a self-regulating organization under the Capital Markets Law and is licensed and regulated by BAPEPAM. Under KSEI's rules, only brokers, securities companies or custodian banks fulfilling certain criteria and authorized by BAPEPAM may become KSEI participants. The principal shareholders of KSEI are large custodian banks, broker-dealers, transfer agents, the securities exchanges and KPEI. In the scripless system, the role of KSEI is to settle the transfer and receipt of securities, while fund settlement is conducted by KPEI.

KSEI is managed by a Board of Directors as supervised by a Board of Commissioners, who are subject to the provisions of the Company Law. KSEI is also a member of several international associations that are related to securities depositories, including the Association of National Numbering Agencies, the International Society of Securities Administrators, the Society for World Bank Interbank Financial Telecommunication ("SWIFT") and the Asia Pacific Central Depositories Group.

BAPEPAM sets standards for the internal controls of KSEI. Each day, KSEI and KSEI participants that have securities deposited with it, are required to reconcile the balances in their accounts, security by security. The rules also call for daily reconciliation of account balances between KSEI and the issuers that hold securities in the name of KSEI. This daily reconciliation is required to be verified continuously by the head of the audit unit of KSEI, who must report this verification to the Board of Directors of KSEI. Each KSEI participant has the right to send auditors to KSEI to verify the reconciliation of its accounts with those of KSEI, including the right of the KSEI participants to send auditors to verify the registry of the securities on the books of the issuer.

The internal control systems of KSEI are required to be audited annually by an independent auditor with international experience and reputation, to include a review of the protections against fraud, embezzlement, natural disruptions and electronic damage. This report is to be sent to all KSEI shareholders along with the annual report.

The regulations call for a number of fundamental security measures to ensure the integrity of KSEI:

(a) access to data processing functions, record-keeping functions and customer account services areas of KSEI is required to be restricted;

(b) KSEI must have a primary computer and back-up computer at different locations that allow continued processing within two hours of a breakdown of the primary computer;

(c) duplicate electronic records are required to be maintained in repositories that are at least 30 kilometers from each other;

(d) software development and maintenance are required to be segregated from data processing operations; and

(e) a special security division of KSEI's own funds is required to be segregated from data processing operations, and all debits and credits to securities accounts must be based on instructions of account holders and controlled by a division that is separate from the data processing division.

IN ADDITION TO OVERSIGHT OF INTERNAL CONTROLS AND SPECIFIC REGULATIONS REGARDING RECOVERY AND SECURITY, THE LEGAL BASIS FOR SECURITIES ACCOUNTS PERMITS RECOVERY OF AN INVESTOR'S ASSETS EVEN IN THE EVENT OF DESTRUCTION OF ALL RECORDS OF KSEI. THIS IS DONE BASED ON INVESTORS' CONFIRMATIONS AND STATEMENTS AND RECORDS OF THE COMPANY, ALL OF WHICH ARE MAINTAINED

INDEPENDENTLY FROM RECORDS OF KSEI. WITH DAILY RECONCILIATION OF KEY RECORDS, STRONG INTERNAL CONTROL SUPERVISION BY MAJOR BANKS, SPECIAL SECURITY MEASURES, AND LEGAL SAFEGUARDS, RECOVERY IS POSSIBLE EVEN IF THERE IS A CATASTROPHIC OCCURRENCE.

EXCHANGE RATE INFORMATION

Prior to August 14, 1997, Bank Indonesia maintained the value of the Rupiah based on a basket of currencies of Indonesia's main trading partners. In July 1997 the exchange rate band was widened, and on August 14, 1997, Bank Indonesia announced it would no longer intervene to maintain the exchange rate at any particular level, if at all.

Fluctuations in the exchange rate between the Rupiah and other currencies will affect the foreign currency equivalent of the Rupiah price of the Shares on the Stock Exchange. Such fluctuations will also affect the amount in foreign currency received upon conversion of cash dividends or other distributions paid in Rupiah by the Group on, and the Rupiah proceeds received from any sales of, the Shares. See the section entitled "Special risks for investors outside Indonesia — Risks relating to Indonesia — Movements in foreign currency exchange rates or interest rates could negatively affect the Group's operating results'' set out in this International Offering Memorandum.

The following table shows the exchange rate of Rupiah for US Dollars based on the exchange rates taken from Bloomberg L.P. No representation is made that the Rupiah or US Dollar amounts referred to herein could have been or could be converted into US Dollars or Rupiah, as the case may be, at any particular rate or at all.

	At period end	**Average**	**High**	**Low**
	(Rupiah per USD1.00)			
1997	5,403	2,890	5,953	2,362
1998	8,000	10,224	16,650	5,403
First quarter	8,550	9,439	12,950	5,403
Second quarter	14,950	10,754	16,650	7,550
Third quarter	10,850	12,597	15,450	10,650
Fourth quarter	8,000	8,066	10,900	7,175
1999	7,100	7,848	9,450	6,575
First quarter	8,725	8,736	9,450	7,825
Second quarter	6,705	7,978	8,770	6,575
Third quarter	8,300	7,501	8,850	6,640
Fourth quarter	7,100	7,205	8,250	6,685
2000	9,675	8,405	9,675	7,040
First quarter	7,580	7,394	7,685	7,040
Second quarter	8,760	8,259	8,760	7,595
Third quarter	8,775	8,731	9,510	8,125
Fourth quarter	9,675	9,238	9,675	8,775
2001	10,400	10,256	12,000	8,485
First quarter	10,425	9,779	10,500	9,350
Second quarter	11,390	11,228	12,000	10,430
Third quarter	9,715	9,718	11,365	8,485
Fourth quarter	10,400	10,301	10,925	9,740

EXCHANGE RATE INFORMATION

	At period end	Average	High	Low
		(Rupiah per USD1.00)		
2002	8,950	9,316	10,435	8,545
First quarter	9,825	10,179	10,435	9,575
Second quarter	8,713	9,120	9,803	8,545
Third quarter	9,000	8,952	9,250	8,700
Fourth quarter	8,950	9,041	9,345	8,815
2003	8,420	8,570	9,088	8,175
First quarter	8,902	8,901	9,088	8,830
Second quarter	8,275	8,592	9,088	8,175
Third quarter	8,395	8,431	8,625	8,177
Fourth quarter	8,420	8,474	8,580	8,362
2004	9,155	8,876	8,317	9,440
First quarter	8,564	8,471	8,663	8,317
Second quarter	9,400	8,891	9,440	8,465
Third quarter	9,155	9,153	9,370	8,800

Source: Bloomberg

Currently, no exchange control restrictions exist in Indonesia. Foreign currency is freely transferable within or from Indonesia. However, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or plan to be domiciled, in Indonesia for at least one year. According to Bank Indonesia Regulation No. 1/9/PBI/99, the Company is obliged to report all of the information and data concerning its foreign exchange activities to Bank Indonesia.

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PROSPECTUS

THIS DOCUMENT HAS BEEN TRANSLATED FROM THE ORIGINAL BAHASA INDONESIA LANGUAGE DOCUMENT THAT FORMS PART OF THE REGISTRATION STATEMENT WHICH WAS DECLARED EFFECTIVE BY BAPEPAM ON OCTOBER 29, 2004

PT MITRA ADIPERKASA TBK

Effective Date	:	October 29, 2004	Date of Refunds	:	November 9, 2004
Offer Period	:	November 2-4, 2004	Date of Electronic Share Distribution	:	November 9, 2004
Allotment Date	:	November 8, 2004	Date of Listing on the Jakarta Stock Exchange	:	November 10, 2004

BAPEPAM HAS NEITHER APPROVED NOR DISAPPROVED THE OFFERING OF THESE SECURITIES, NOR HAS IT ACKNOWLEDGED THE ACCURACY OR SUFFICIENCY OF THIS PROSPECTUS. ANY STATEMENT TO THE CONTRARY IS A VIOLATION OF THE LAW.

PT MITRA ADIPERKASA TBK. AND PT MANDIRI SEKURITAS ASSUME FULL RESPONSIBILITY WITH REGARDS TO THE ACCURACY OF ALL INFORMATION OR MATERIAL FACTS AND THE TRUTHFULNESS OF OPINIONS STATED IN THIS PROSPECTUS.

PROSPECTUS

PT MITRA ADIPERKASA TBK

LINES OF BUSINESS

General trading, including retailing, cafe and restaurant businesses, as well as the provision of services as agent and/or distributor for other local, as well as foreign, companies and agencies

Domiciled in Jakarta, Indonesia

Head Office

Wisma 46 Lt. 8, Kota BNI,
Jl. Jend. Sudirman Kav. 1, Jakarta 10220, Indonesia
Phone: (62-21) 574 5808; Fax: (62-21) 574 5810
Email: corporate.secretary@map.co.id
Website: http://www.map-indonesia.com

GLOBAL OFFERING

500,000,000 (five hundred million) Shares through a Global Offering, each Share bearing a par value of Rp500, with an Offer Price of Rp625 per Share, to be paid in full upon submission of the Subscription Form.

The Underwriters named below have agreed to underwrite the Global Offering on the basis of a full commitment.

MANAGING UNDERWRITER

PT MANDIRI SEKURITAS

INTERNATIONAL SELLING AGENT

PT CIMB NIAGA SECURITIES

LOCAL UNDERWRITERS

PT Artha Securities Tbk, PT Asia Kapitalindo Securities, PT BNI Securities, PT Bumiputera Capital Indonesia, PT CIMB Niaga Securities, PT Ciptadana Sekuritas, PT Danatama Makmur, PT Danpac Sekuritas, PT Dongsuh Kolibindo Securities, PT Equity Development Securities, PT Financorpindo Nusa, PT Indokapital Securities, PT Kim Eng Securities, PT Madani Securities, PT Mahanusa Securities, PT Makinta Securities, PT Minna Padi Investama, PT Mitra Investdana Sekurindo, PT Panin Sekuritas, PT Sarijaya Permana Sekuritas, PT Sinarmas Sekuritas, PT Sucorinvest Central Gani, PT Transpacific Securindo, PT Trimegah Securities, PT Victoria Sekuritas

THE MAJOR RISKS FACING THE COMPANY ARE CHANGES IN: (I) SENTIMENT IN THE RETAIL INDUSTRY, (II) CONSUMER PREFERENCES OR (III) SPENDING TRENDS.

RISKS RELATED TO THE COMPANY AND ITS SUBSIDIARIES ARE SET OUT IN CHAPTER V (RISK FACTORS) OF THIS PROSPECTUS.

PT MITRA ADIPERKASA TBK WILL NOT ISSUE COLLECTIVE CERTIFICATES FOR SHARES OFFERED IN THIS GLOBAL OFFERING. THE SHARES ARE TO BE DISTRIBUTED ELECTRONICALLY AND THE ADMINISTRATION OF THE SHARES IS TO BE CONDUCTED BY A COLLECTIVE CUSTODIAN, PT KUSTODIAN SENTRAL EFEK INDONESIA.

All of the shares offered in this Global Offering will be listed on the Jakarta Stock Exchange.

This Prospectus is issued in Jakarta on November 1, 2004

PT Mitra Adiperkasa Tbk. (hereinafter referred to as the "Company") submitted a Registration Statement in relation to the Global Offering to the Chairman of BAPEPAM in Jakarta under No. L04518/MA-IX/MS on September 8, 2004, in compliance with the requirements stipulated by the Capital Markets Law and its implementing regulations.

The Shares offered hereunder are planned to be listed on the Jakarta Stock Exchange (the "Stock Exchange") in accordance with the Preliminary Listing Agreement entered into between the Company and the Stock Exchange on October 13, 2004 upon the fulfillment of the requirements of the Stock Exchange. In the event that the requirements of the Stock Exchange are not fulfilled, the Global Offering shall be cancelled and payment of subscription monies shall be refunded to the respective subscribers pursuant to the Capital Markets Law and its implementing regulations.

The Company, the Managing Underwriter, and each of the Capital Markets Supporting Entities and Professionals involved in this Global Offering shall be fully responsible for the truth of all data, sincerity of opinions, disclosure and reports presented in this Prospectus, based on their respective areas of duty and in accordance with the prevailing laws within the jurisdiction of the Republic of Indonesia, as well as their respective codes of ethics, norms and the standards of their respective professions.

In relation to the Global Offering, no affiliated parties (as defined in the Capital Markets Law) will be allowed to make any disclosures and/or statements regarding any matter whatsoever not otherwise disclosed in this Prospectus, unless prior written consent has been given by the Company and the Managing Underwriter.

The Managing Underwriter, the Local Underwriters and the Capital Markets Supporting Entities and Professionals hereby expressly declare that they are not in any way affiliated with the Company, whether directly or indirectly, in the manner that the term "affiliation" is defined in the Capital Markets Law and its implementing regulations.

THIS PROSPECTUS HAS NOT BEEN REGISTERED IN ANY JURISDICTION OUTSIDE THE REPUBLIC OF INDONESIA. IN THE CASE OF ANY PARTY OUTSIDE THE JURISDICTION OF THE REPUBLIC OF INDONESIA READING THIS PROSPECTUS, THIS PROSPECTUS IS NOT MEANT TO SERVE AS AN OFFER TO PURCHASE SHARES, UNLESS ANY SUCH OFFER AND SUBSEQUENT PURCHASE OF SHARES ARE NOT IN CONTRAVENTION OF ANY OF THE LAWS AND REGULATIONS PREVAILING IN SUCH COUNTRY.

THE COMPANY HAS DISCLOSED IN THIS PROSPECTUS ALL INFORMATION THAT IS REQUIRED TO BE DISCLOSED TO THE PUBLIC AND THERE IS NO OTHER INFORMATION THAT IS NOT DISCLOSED, THE ABSENCE OF WHICH WOULD OTHERWISE MISLEAD THE PUBLIC.

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DEFINITIONS AND GLOSSARY

The terms and expressions used in this Prospectus shall have the meanings as defined below:

Abridged Prospectus	:	A summary of this prospectus, which was issued by the Company, and published in Bisnis Indonesia newspaper, dated September 10, 2004
AI	:	PT Adipuri Intisatya
Allotment Confirmation Date	:	November 9, 2004
Allotment Date	:	November 8, 2004
Allotment Manager	:	Mandiri
Addendum to the Underwriting Agreement	:	The addendums to the Underwriting Agreement dated October 27, 2004 and October 28, 2004, respectively, as described in Chapter XIV (Securities Underwriting) of this Prospectus, which set out, among other things, the terms and conditions of underwriting for the Global Offering
Banking Day	:	Days when Indonesian banks are open to perform clearing transactions
BAPEPAM	:	*Badan Pengawas Pasar Modal* (The Capital Markets Supervisory Board)
BSM	:	PT Bahtera Sinar Mulia
CAGR	:	Compound Annual Growth Rate
Calendar Day	:	A day, including Saturday and Sunday
Capital Markets Law	:	Law of the Republic of Indonesia No. 8 of 1995 dated November 10, 1995 on the Capital Markets, State Gazette No. 64 of 1995, Supplement No. 3608
Capital Markets Supporting Entities and Professionals	:	Those supporting entities involved in the Global Offering, further details of which are set out in Chapter XV (Capital Markets Supporting Entities and Professionals) of this Prospectus
Closing Date	:	November 10, 2004
Collective Certificate	:	A certificate issued by the Company under the name of KSEI on behalf of the Company's shareholders in accordance with prevailing capital market and KSEI's regulations.
Collective Custodian	:	Custodian of securities held by more than one party and represented by KSEI
Company	:	PT Mitra Adiperkasa Tbk
DPPS	:	*Daftar Pemesanan Pembelian Saham* or, the Share Subscription List
Effective Date	:	October 29, 2004, the date on which the Registration Statement is declared effective

Effective Statement	:	A statement issued by BAPEPAM that declares the Registration Statement effective on or before the 45th day following the submission of the Registration Statement, following which the Company, through the Underwriters, may carry out the Global Offering
EUR	:	Euro, the lawful currency of the European Union
FKP	:	*Formulir Konfirmasi Penjatahan* — The allotment confirmation form
GBP	:	Pound sterling, the lawful currency of Great Britain
GDP	:	Gross Domestic Product
Global Offering	:	An offering of Shares to certain professional and institutional investors outside the United States (including Indonesia) and a domestic offering of Shares for subscription in Indonesia
Government	:	The Government of the Republic of Indonesia
Group	:	The Company and its consolidated Subsidiaries:
International Selling Agent	:	PT CIMB Niaga Securities, the international selling agent of the Global Offering, further details of which are set out in the section entitled “Information on the securities underwriting” in Chapter XIV (Securities Underwriting) of this Prospectus
Jamsostek	:	PT Jamsostek (Persero)
KSEI	:	PT Kustodian Sentral Efek Indonesia — The Indonesian Central Securities Depository
Listing Date	:	November 10, 2004, the date of listing of the Shares on the Stock Exchange
Local Underwriters	:	The local underwriters of the Global Offering within Indonesia, other than the Managing Underwriter, further details of which are set out in the section entitled “Information on the Securities Underwriting” in Chapter XIV (Securities Underwriting) of this Prospectus
m^2	:	Square meters
Managing Underwriter	:	Mandiri
Mandiri	:	PT Mandiri Sekuritas
Multi-branded retail outlet	:	Outlets offering a variety of products of differing brands
Offer Period	:	The offering period for the Global Offering within Indonesia, between November 2-4, 2004
Offer Price	:	Rp625 per Share

Principal	:	License or brand owner for which the Group acts as the manufacturer, distributor and/or retailer under license or other form of agreement
Prospectus	:	This prospectus dated November 1, 2004, relating to the Global Offering within Indonesia
PUMA	:	PT Prima Utama Mitra Abadi
Refund Date	:	November 9, 2004
Registrar	:	PT Datindo Entrycom
Registration Statement	:	The Company's application for listing submitted to BAPEPAM on September 8, 2004 in connection with the Global Offering, comprising this Prospectus and supporting documentation
SBI	:	*Sertifikat Bank Indonesia* — Bank Indonesia debt certificates
SGD	:	Singapore Dollar, the lawful currency of the Republic of Singapore
Share	:	Ordinary registered share of the Company with a par value of Rp500 per share
Shop-in-shop	:	An outlet which is located within a larger retail outlet or department store (also known as a concessionaire)
SIN	:	PT Sari Inti Nusantara
Single-branded retail outlet	:	Outlet offering products under a single brand
Stand-alone stores	:	Outlets operated by the Group, which do not form part of a larger retail outlet or department store
Stock Exchange	:	PT Bursa Efek Jakarta — The Jakarta Stock Exchange
Subscription Form	:	*Formulir Pemesanan Pembelian Saham* — the allotment subscription form
Subsidiary	:	Any company of which more than 50% of the total issued and paid-up capital is owned, directly or indirectly, by the Company
Underwriters	:	The Managing Underwriter and the Local Underwriters
Underwriting Agreement	:	The agreement No. 13, dated September 8, 2004 entered into between the Company and the Managing Underwriter, as amended by the Addendum to the Underwriting Agreement
USD	:	United States Dollar, the lawful currency of the United States of America

DEFINITIONS AND GLOSSARY

ABBREVIATIONS OF SUBSIDIARIES OF THE COMPANY

BHL	PT Benua Hamparan Luas
JR	PT Java Retailindo
KB	PT Kinokunia Bukindo
MGI	PT Mitra Gaya Indah
MGP	PT Mitra Garindo Perkasa
MSS	PT Mitra Selaras Sempurna
PBL	PT Panen Boga Lestari
PCI	PT Premier Capital Investment
PLI	PT Panen Lestari Internusa
SCI	PT Sari Coffee Indonesia

EXECUTIVE SUMMARY

This executive summary contains facts and considerations that the Company considers to be important and forms an integral part of this Prospectus. It must be read in conjunction with other information contained in this Prospectus, particularly Chapter V (Risk factors), Chapter X (Financial highlights) and Chapter XVII (Independent Auditors' Report and the Company's consolidated financial statements). All information regarding the Company's consolidated financial statements is stated in Rupiah and is in accordance with Indonesian GAAP.

OVERVIEW

The Company, which was duly incorporated in January 23, 1995 is principally engaged in general trading, including retailing, cafe and restaurant businesses, as well as the provision of services as agent and/or distributor for other local, as well as foreign, companies and agencies through its subsidiaries. The Group's business is primarily focused on operating retail outlets, which currently comprise department stores and specialty stores. The Group operates department stores under the SOGO, Lotus and Debenhams brands. Specialty stores consist of retail outlets that can be classified into the Group's five core business segments, namely sports, fashion and lifestyle, children's fashion and toys, food and beverage and others. The Group also owns and operates a garment manufacturing facility which supports its retailing business. Currently the Group owns rights (including licensing, distribution, retail and franchising rights) to over 50 middle- to high-end internationally established brands.

Based on the consolidated financial statements of the Company, for the four months ended April 30, 2004 and the restated consolidated financial statements of the Company for the year ended December 31, 2003, the Group had total assets of Rp1,323,696 million and Rp1,244,984 million, respectively. Over the same periods, the Group's net income was Rp12,301 million and Rp74,171 million, respectively.

BUSINESS PROSPECTS

The Group's primary objective is to become the leading retailer and distributor of internationally-recognized brands in Indonesia, by providing to consumers, through its network of department stores and specialty stores, the latest and most innovative products that are within or complementary to its core business segments. The Group seeks to take advantage of its competitive advantages and consistently implement strategies to enhance its business prospects.

The Group considers the following to be its principal strengths:

- A portfolio of leading international brands;
- Established track record as an anchor tenant in luxury retail complexes;
- Well-established in-house brands sold in multi-product retail outlets;
- A solid blend of local knowledge and international experience;
- Integrated back office with in-house manufacturing, distribution, advertising and promotion facilities and a project design team; and
- State-of-the-art technology.

The Group intends to achieve its objectives by adopting the following strategies:

- Continue seeking to secure and expand its international brands;
- Increase presence in existing and new retail complexes throughout Indonesia;
- Broaden target customer base;
- Offer additional complementary products to existing core businesses;
- Develop existing and launch additional proprietary products; and
- Optimizing operations to exploit synergies.

Information concerning the business prospects of the Group are set out in Chapter VIII (Business activities and prospects) of this Prospectus.

RISK FACTORS

While all lines of business have their own risks associated with them, there are a number of risks particularly associated with the lines of business of the Group including, among others, the following:

- Changes in sentiment in the retail industry, consumer preferences or spending trends in the markets that the Group operates in could significantly decrease the demand for its products
- The Group may not be successful in implementing its growth strategy
- Inventory obsolescence may have a material adverse effect on the Group's business
- The Group's business depends on its ability to retain existing and secure new distribution or licensing agreements and its relationship with its Principals
- Non-renewal of leases or substantial increases in rent for the Group's retail stores may have a material adverse effect on the Group
- Expansion into new product markets may present additional risks that could adversely affect the success of the Group's business activities
- Several of the Group's key licenses contain a prohibition on a change of control in the Group's shareholding
- The retail industry is intensely competitive with limited barriers to entry
- Infringement of the Group's trademarks and other intellectual property rights would have a material adverse effect on the Group's business
- The value of the Group's trademarks and other intellectual property rights may be damaged or diluted by others
- The Group may be subject to restrictions imposed by its Principals
- The Group's business activities are subject to seasonality and timing
- Control by principal shareholder
- The Group depends on the efforts of its key management
- Revenue from the Group's SOGO stores accounts for a substantial percentage of the Group's revenue and, as a result, the Group's business and results of operations depends on the success of SOGO
- The Group may incur a significant amount of debt in the future to finance expansion plans
- There has been no prior market for the Shares

For further information regarding risks associated with the Group, its business and its Shares, see Chapter V (Risk factors) of this Prospectus.

THE GLOBAL OFFERING

The Underwriters are offering 500,000,000 Shares through the Global Offering, each Share carrying a par value of Rp500, with an offer price of Rp625 per Share, to be paid in full upon submission of the Subscription Form.

The Underwriters will provide full underwriting commitment to this Global Offering.

If all the Shares offered in this Global Offering are fully subscribed the structure of shareholders in the Company prior to and immediately following the Global Offering shall be as follows:

	Before the Global Offering			After the Global Offering		
Item	Total Shares	Total par value (Rp)	Percentage of total issued and paid-up capital (%)	Total Shares	Total par value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	4,000,000,000	2,000,000,000,000		4,000,000,000	2,000,000,000,000	
Issued and paid-up capital:						
PT Satya Mulia Gema Gemilang	1,059,130,435	529,565,217,500	91.30	1,059,130,435	529,565,217,500	63.80
PT Map Premier Indonesia	100,869,565	50,434,782,500	8.70	100,869,565	50,434,782,500	6.08
Public	—	—	—	500,000,000	250,000,000,000	30.12
Total issued and paid-up capital	**1,160,000,000**	**580,000,000,000**	**100.00**	**1,660,000,000**	**830,000,000,000**	**100.00**
Total shares remaining in portfolio	2,840,000,000	1,420,000,000,000	—	2,340,000,000	1,170,000,000,000	—

USE OF PROCEEDS

The Company will use the net proceeds from the Global Offering, after deduction of underwriting commissions and estimated transaction expenses, for the following purposes:

1. approximately 50% to fund the planned business expansion of the Company and its Subsidiaries;

2. approximately 30% to repay a portion of the Group's indebtedness to third parties;

3. approximately 10% to develop infrastructure and other supporting facilities including but not limited to information technology facilities, a distribution warehouse and communication networks; and

4. the remainder for the Company's general working capital purposes.

Further information on the Company's intended use of proceeds is set out in Chapter II (Use of proceeds) of this Prospectus.

ALLOTMENT OF SHARES

The allotment of Shares shall be carried out by the Allotment Managers using a system of pooling and fixed allotment in accordance with Regulation Number IX.A.7 concerning the responsibilities of the allotment manager in the framework of share subscriptions and allotment of shares in public offerings and the attachment to the Decision of the Chairman of BAPEPAM No. Kep-45/PM/2000 dated October 27, 2000.

Information regarding the proposed allotment of shares is set out in the Chapter XIX (Subscription requirements) of this Prospectus.

DIVIDEND POLICY

As set out in Chapter XII (Dividend policy) of this Prospectus, it is the intention of the current management to distribute cash dividends for the fiscal year ended 2004 and forwards based on the following criteria, subject to the considerations set out in Chapter XII (Dividend policy) of this Prospectus:

Net profit after tax	Cash dividend as a percentage of net profit after tax
Up to Rp100 billion	10%—15%
More than Rp100 billion	16%—20%

FINANCIAL HIGHLIGHTS

The following table sets out the financial highlights of the Group for the four months ended April 30, 2004 and the years ended December 31, 2003, 2002, 2001, 2000 and 1999. The consolidated financial statements of the Company for the four months ended April 30, 2004 and the year ended December 31, 2003 have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim with an unqualified opinion. The consolidated financial statements of the Company before restatement, for the year ended December 31, 2002 has been audited by the public accounting firm of Prasetio, Sarwoko & Sandjaja with an unqualified opinion, for the years ended December 31, 2001 and 2000 were audited by the public accounting firm of Prasetio, Utomo & Co. with an unqualified opinion, and for the year ended December 31, 1999 were audited by the public accounting firm of Paul Hadiwinata, Hidajat & Rekan with an unqualified opinion.

In March 2004, the Company and PCI acquired the entire share capital of PLI which was regarded as a transaction among entities under common control. In relation to the acquisition, the Company has restated the Company's consolidated financial statements for the years ended December 31, 2003, 2002, 2001, 2000 and 1999 to reflect the retroactive effect of PLI's acquisition that was accounted for using the pooling of interest method, assuming PLI has been a consolidated subsidiary of the Company for all periods and as at all dates following January 1, 1999. The adjustments to restate the consolidated financial statements of the Company for the years ended December 31, 2003, 2002, and 2001 have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim, and in their opinion, such adjustments are appropriate and have been properly applied.

EXECUTIVE SUMMARY

Consolidated balance sheet

	As at April 30,	As at December 31,				
	2004	2003(1)	2002(1)	2001(1)	2000(2)	1999(2)
		(million Rupiah)				
Total assets	1,323,696	1,244,984	994,342	920,449	620,803	384,905
Total liabilities	691,904	611,395	420,128	361,400	246,488	184,417
Total equity(3)	631,782	633,533	572,195	558,966	374,077	200,488

Notes:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

(2) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company. These restatement adjustments are unaudited.

(3) Total assets less total liabilities does not equate to total equity as set out in the audited consolidated financial statement due to a minority interest in net assets of subsidiaries for the four months ended April 30, 2004 and for the years ended December 31, 2003, 2002, 2001 and 2000 which amounted to Rp10 million, Rp56 million, Rp2,020 million, Rp83 million, and Rp238 million, respectively.

Consolidated statement of income

	Four months ended April 30,	12 months ended December 31,				
	2004	2003(1)	2002(1)	2001(1)	2000(2)	1999(2)
		(million Rupiah)				
Net sales	656,887	2,014,108	1,807,435	1,505,419	1,072,582	664,170
Cost of sales	410,284	1,242,795	1,202,883	1,040,530	754,064	474,699
Gross profit	246,603	771,314	604,552	464,888	318,518	189,471
Operating expenses	216,394	648,404	583,336	407,404	282,041	156,493
Income from operations	30,209	122,910	21,216	57,485	36,477	32,978
Net income	12,301	74,171	44,624	54,334	45,062	43,944

Notes:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

(2) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company. These restatement adjustments are unaudited.

Brief information on the Company and its Subsidiaries

Below is a list of the Company's Subsidiaries, the business segments within which they operate and the outlets that they operate:

	Company	Effective Shareholding (%)	Business segment	Outlets
1.	PT Mitra Adiperkasa Tbk	—	Specialty store — Sports including golf	The Athlete's Foot, Planet Sports, Sports Station, Royal Sporting House, Sports Warehouse, Foot Gear, Reebok, Rockport, Golf House
			Specialty store — Fashion and lifestyle	Lacoste, Next, Nautica, Morgan, Nine West, Springfield, Women's Secret, Sole Effect
			Specialty store — Children's fashion and toys	Kidz Station, Osh Kosh B'Gosh, Sweets From Heaven
2.	PT Mitra Selaras Sempurna	99.99	Specialty store — Fashion and lifestyle	Marks & Spencer
3.	PT Sari Coffee Indonesia	99.99	Specialty store — Cafe	Starbucks Coffee
4.	PT Java Retailindo	99.99	Department store	Lotus
5.	PT Mitra Garindo Perkasa	99.99	Garment manufacturing	—
6.	PT Kinokunia Bukindo	99.99	Specialty store — Bookstores	Kinokuniya Bookstore
7.	PT Mitra Gaya Indah	99.99	Specialty store — Others	Warwick Purser Lifestyle
8.	PT Premier Capital Investment	99.99	Investments	—
9.	PT Panen Lestari Internusa	99.99	Department store	SOGO
10.	PT Benua Hamparan Luas	99.99	Department store	Debenhams
11.	PT Panen Boga Lestari	99.99	Specialty store — Cafes and restaurants	Courtyard, Chatterbox, Spice Garden, Sogo Bakery

I. THE GLOBAL OFFERING

On behalf of the Company, the Underwriters are offering 500,000,000 Shares through the Global Offering, each Share carrying a par value of Rp500, with an offer price of Rp625 per Share, to be paid in full upon submission of the Subscription Form.

The Underwriters have agreed to underwrite the Global Offering on the basis of a full commitment.

PT MITRA ADIPERKASA TBK

Lines of Business:

General trading, including retailing, cafe and restaurant businesses, as well as the provision of services as agent and/or distributor for other local, as well as foreign, companies and agencies

Domiciled in Jakarta, Indonesia

Head Office

Wisma 46 Lt. 8, Kota BNI,
Jl. Jend. Sudirman Kav. 1, Jakarta 10220, Indonesia
Phone: (62-21) 574 5808; Fax: (62-21) 574 5810
Email: corporate.secretary@map.co.id
Website: http://www.map-indonesia.com

THE MAJOR RISKS FACING THE COMPANY ARE CHANGES IN (I) SENTIMENTS IN THE RETAIL INDUSTRY, (II) CONSUMER PREFERENCES OR (III) SPENDING TRENDS

RISKS RELATED TO THE GROUP ARE SET OUT IN CHAPTER V (RISK FACTORS) OF THIS PROSPECTUS

The Company, which is headquartered in Jakarta, was duly incorporated in Jakarta by virtue of Establishment Deed No. 105 dated January 23, 1995, drawn up before Julia Mensana, SH, Notary in Jakarta. The deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No. C2-9243.HT.01.01.TH.95 dated July 31, 1995, registered at the District Court of South Jakarta under No.1247/A.PT/HKM/1995/PN.JAK.SEL dated August 31, 1995, and published in the State Gazette of the Republic of Indonesia No. 80 dated October 6, 1995, Supplement No. 8287.

Pursuant to Law of the Republic of Indonesia No. 1 of 1995 regarding the limited liability companies, the articles of association of the Company was entirely amended by virtue of the Deed on the Minutes of the Company No. 198 dated December 24, 1996, drawn up by Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta. The amendment to the articles of association of the Company was approved by the Minister of Justice of the Republic of Indonesia under his decree No.C2-3.705HT.01.04 TH.97 dated May 12, 1997 and the data report of the amendment to the articles of association (clause 15 verse 2 of Law of the Republic of Indonesia No. 1 of 1995) was received and recorded by the Civic Director of Directorate General Law of the Ministry of Justice of the Republic of Indonesia on September 3, 1997 under No. C2-8.988HT.01.04.TH.97, and registered in the Company Register at the Companies Registry in South Jakarta Municipality No. 1119/BH.09.03/VII/97 dated July 16, 1997 and published in the State Gazette of the Republic of Indonesia No. 74 dated September 16, 1997, Supplement No. 4197.

The Company's articles of association have been amended several times and most recently in anticipation of the Global Offering, the entire structure of the articles of the association was amended by virtue of the Deed on the Minutes of the Extraordinary General Meeting of Shareholders No. 19 dated August 27, 2004, drawn up by Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, relating to the amendment in the capital structure and status change of the Company from a private company to a public company. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-21990HT.01.04 TH.2004 dated September 1, 2004.

Details of the Company's share capital as at the date of this Prospectus are set out below:

	Total Shares	**Total par value (Rp)**
Authorized capital	4,000,000,000	2,000,000,000,000
Issued and paid-up capital	1,160,000,000	580,000,000,000

According to the BAPEPAM Chairman's Letter No. 3354/PM/2004 dated October 29, 2004, the Registration Statement filed by the Company has become effective for a public offering of a total of 500,000,000 Shares.

If all the Shares offered in this Global Offering are fully subscribed, the structure of shareholders in the Company prior to and immediately following the Global Offering shall be as follows:

	Before the Global Offering			After the Global Offering		
Item	Total Shares	Total par value (Rp)	Percentage of total issued and paid-up capital (%)	Total Shares	Total par value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	4,000,000,000	2,000,000,000,000		4,000,000,000	2,000,000,000,000	
Issued and paid-up capital:						
PT Satya Mulia Gema Gemilang	1,059,130,435	529,565,217,500	91.30	1,059,130,435	529,565,217,500	63.80
PT Map Premier Indonesia	100,869,565	50,434,782,500	8.70	100,869,565	50,434,782,500	6.08
Public	—	—	—	500,000,000	250,000,000,000	30.12
Total issued and paid-up capital	**1,160,000,000**	**580,000,000,000**	**100.00**	**1,660,000,000**	**830,000,000,000**	**100.00**
Total shares remaining in portfolio	2,840,000,000	1,420,000,000,000	—	2,340,000,000	1,170,000,000,000	—

Currently the Company has no plan to issue or list shares and/or other securities that may be converted to the Company's equity within twelve months after the Registration Statement has become effective. In the event that the Company should decide to do otherwise, the Company shall comply with all the required regulations.

Employee stock allocation plan

The Company's employee stock allocation plan must comply with BAPEPAM regulations which permit a maximum of 10.00% of the shares being offered to the public in the Global Offering to be reserved on a preferential basis for the Company's employees. The objective of the Company's employee stock allocation plan is to provide an opportunity for the Company's employees and management to own the shares of the Company.

Eligible employees and management of the Company have the right to subscribe to the Shares at a discount of 10.00% (which the Company would top-up) of the price of the shares offered in the Global Offering. Pursuant to the terms of the plan, the shares purchased under the plan will be subject to a lock-up period of six months from the Listing Date.

In the event that the demand for the Company's eligible employees and management exceeds 10.00% of the shares being offered to the public in the Global Offering, such excess shall form part of the Global Offering.

II. USE OF PROCEEDS

The Company will use the net proceeds from the Global Offering, after deduction of underwriting commissions and estimated transaction expenses, for the following purposes:

1. Approximately 50% to fund the planned business expansion of the Company and its Subsidiaries, including but not limited to:

   - the opening of new retail outlets, both for existing and new brands, in 2005 by the Group ;
   - renovation of existing retail outlets; and
   - expansion of production facilities of MGP.

2. Approximately 30% to repay a portion of the Groups' indebtedness to third parties. As at April 30, 2004, this indebtedness included:

   - The Company's working capital facility from PT Bank Mandiri (Persero) Tbk with an outstanding amount of approximately Rp169.3 billion, which will be due on February 13, 2005;
   - The Company's working capital facility from PT Bank Niaga Tbk with an outstanding amount of approximately Rp25.0 billion, which will be due on June 24, 2005;
   - Promissory notes issued to PT Equity Development Securities amounting to approximately Rp60.7 billion and Reksadana Prima amounting to approximately Rp16 billion;

     Such promissory notes to PT Equity Development Securities consisted of the Company's promissory notes amounted to Rp20 billion, PLI's promissory notes amounted to Rp37.5 billion and PBL's promissory notes amounted to Rp3.2 billion, while promissory notes to Reksadana Prima represented the Company's promissory notes;

     The repayment of the liabilities of PLI and PBL shall be conducted by increasing the Company's paid up capital at PLI;

   - The Company's lease liabilities from PT Equity Development Finance amounting to approximately Rp6.5 billion; and
   - The Company's working capital facility from East Asia Americas Capital Finance Limited, Hong Kong, with an outstanding amount of approximately Rp41 billion.

   The amount of indebtedness to be repaid to the Groups' creditors will be determined pursuant to negotiations between the Group and the relevant creditor.

3. Approximately 10% to develop infrastructure and other supporting facilities including but not limited to information technology facilities, a distribution warehouse and communication networks.

4. The remainder for the Company's general working capital purposes.

Pursuant to the Decision of BAPEPAM No. Kep-27/PM/2003 dated July 17, 2003, Regulation No. X.K.4 concerning the use of proceeds, the Company will regularly report its use of proceeds to BAPEPAM.

In the event that the Company intends to modify the above mentioned use of proceeds, the Company will report such intention to BAPEPAM as well as forward supporting arguments and rationales for the amendments and such modification must be approved by the Company's shareholders at a general meeting.

III. STATEMENT OF INDEBTEDNESS

As at April 30, 2004 and based on the consolidated financial statements which have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim with an unqualified opinion, the Group had current and long term liabilities totaling Rp691,904 million. The details of such liabilities are as follows:

Description	(million Rupiah)
Current Liabilities	
Short term loan	240,213
Notes payable	76,700
Trade accounts payable:	
Third parties	160,138
Related parties	2,265
Other accounts payable to third parties	37,334
Taxes payable	46,165
Accrued expenses	39,076
Unearned revenue	15,131
Current maturities of long term liabilities:	
Liability for the purchase of property and equipment	133
Lease liabilities	6,181
Others	4,330
Total Current Liabilities	**627,666**
Non Current Liabilities	
Accounts payable to related parties	31,623
Deferred tax liabilities — net	7,242
Long term liabilities — net of current maturities:	
Liability for the purchase of property and equipment	199
Lease liabilities	3,702
Security deposits	311
Employee benefit obligations	20,780
Deferred gain on sale and leaseback	380
Total Non-Current Liabilities	**64,238**
Total Liabilities	**691,904**

STATEMENT OF INDEBTEDNESS

Current liabilities

As at April 30, 2004, the Group had current liabilities amounting to Rp627,666 million, comprising:

1. Short term loan

Description	**(million Rupiah)**
Denominated in Rupiah	
PT Bank Mandiri	169,253
PT Bank Niaga	25,000
PT Bank Internasional Indonesia	5,000
Denominated in US Dollars	
East Asia Americas Capital Finance Limited, Hong Kong	40,960
Total	**240,213**

Interest rate:	
Rupiah(1)	14% — 18%
US Dollars(2)	1.5% + US prime rate

Notes:

(1) For the four month period ended April 30, 2004, the interest rate range applicable to the Rupiah − denominated short term loans.

(2) For the four month period ended April 30, 2004, the interest rate applicable to the US Dollar − denominated short term loan.

PT Bank Mandiri

The Company has secured a working capital facility loan from PT Bank Mandiri Tbk, with a maximum credit of Rp170,000 million. The loan is secured against the Company's inventories amounting to Rp233,005 million, trade receivables amounting to Rp10,000 million, land (in Tangerang) belonging to the Company, land (in Bogor) belonging to SIN, land (in North Jakarta) belonging to PT Daya Indria Permai and 39,622,000 shares in the issued share capital of PT Plaza Indonesia Realty Tbk, which is currently held by PCI. The loan, which matured on February 13, 2004, has been extended to mature on February 13, 2005.

The loan agreement with PT Bank Mandiri contains covenants relating to, among others, the maintenance of a current ratio of not less than 1.2:1, a debt to equity ratio of not more than 2.33:1, and a minimum average sales target of Rp101,938 million per month.

PT Bank Niaga

The Company has secured a working capital loan from PT Bank Niaga, with a maximum credit of Rp25,000 million, which shall mature on June 24, 2005. The loan is secured against the Company's cash and cash equivalents which are deposited with PT Bank Niaga, trade receivables and inventories amounting to Rp1,000 million, Rp10,000 million and Rp52,500 million, respectively, machinery from a related party to the Group, SIN, amounting to Rp2,000 million, certain of the Company's outlet fixtures amounting to Rp30,000 million and a corporate guarantee from the Company's controlling shareholder, PT Satya Mulia Gema Gemilang, amounting to Rp25,000 million.

The loan agreement with PT Bank Niaga contains covenants relating to, among others, the maintenance of a current ratio of not less than 1:1 and a debt to equity ratio of not more than 2:1.

PT Bank Internasional Indonesia

The Company has secured a loan from PT Bank Internasional Indonesia Tbk, with a maximum credit of Rp5,000 million. This loan is secured against the Company's land and buildings located at Jalan Kompleks Ruko, Kuta Square, Kuta, Bali, trade receivables amounting to Rp20,000 million and furniture and fixtures amounting to Rp10,000 million. This loan will mature on April 9, 2005.

The loan agreement contains covenants relating to, among others, the maintenance of a current ratio of not less than 1:1 and a debt to equity ratio of not more than 1:1.

East Asia Americas Capital Finance Limited, Hong Kong

The Company has secured a revolving loan and a term loan from East Asia Americas Capital Finance Limited, Hong Kong amounting to USD 4.21 million and USD 1 million, respectively. The loans matured on July 8, 2004 and the Company is still in the process of extending such loans.

2. Notes payable

Description	**(million Rupiah)**
The Company — Reksadana Prima	16,000
— PT Equity Development Securities	20,000
Subsidiary — PT Equity Development Securities (formerly PT GT Investama Securities)	40,700
Total	**76,700**
Interest rate(1)	17.0% — 19.6%

Note:

(1) For the four month period ended April 30, 2004, the interest rate range applicable to the notes payable.

The notes payable issued by the Company to Reksadana Prima matured between May 21, 2004 and June 30, 2004 and have been extended until November 22, 2004.

The notes payable issued by PLI and PBL will mature between October 19, 2004 and November 5, 2004. These notes payable are unsecured.

3. Trade accounts payable

Description	(million Rupiah)
By creditor:	
Related parties	2,265
Third parties:	
Local suppliers	135,972
Foreign suppliers	24,166
Total	**162,403**
By currency:	
Rupiah	135,686
Pounds sterling	17,395
US Dollars	7,504
Singapore Dollars	1,784
Hong Kong Dollars	34
Total	**162,403**

Trade accounts payable represent payables to suppliers for goods purchased and consigned. Direct purchases, both from local and foreign suppliers, typically have credit terms of 15 to 90 days.

4. Other accounts payable to third parties

Payable to	(million Rupiah)
PT Adipuri Intisatya	13,134
Starbucks Coffee International Inc., USA	3,972
Contract payable	1,626
PT Intermas Pasifik Industrindo	1,512
Others (below Rp900 million each)	17,090
Total	**37,334**

5. Taxes payable

Description	(million Rupiah)
Income taxes:	
Article 21	872
Article 23	1,108
Article 25	996
Article 26	3,448
Article 29	26,697
Article 4 (2)	1,244
Value Added Tax - net	10,771
Local government tax I	1,029
Total	**46,165**

6. Accrued expenses

Description	(million Rupiah)
Royalties	11,695
Rent and insurance	8,339
Salaries and allowance	5,423
Interest	4,642
Electricity and telephone	1,803
Professional fee	1,758
Freight and transportation	387
Selling promotion	37
Others	4,991
Total	**39,076**

7. Unearned revenue

Unearned revenue amounting to Rp15,131 million represents revenue from sales of vouchers of PLI, which have not been used by customers.

8. Current maturities of long-term liabilities

Liability for the purchase of property and equipment

Current maturities of long-term liabilities for the purchase of property and equipment as at April 30, 2004, amounted to Rp133 million, and represents liabilities to the Company arising from the purchase of vehicles.

Lease liabilities

Current maturities of lease liabilities as at April 30, 2004 amounted to Rp6,181 million, and represents liabilities for the purchase of office furniture and fixtures and operation vehicles.

Others

Others represents payables of SCI due to Starbucks Coffee International Inc., USA, amounting to Rp4,330 million for development fees as at April 30, 2004.

Non-current liabilities

As at April 30, 2004, the Company had non-current liabilities, amounting to Rp64,238 million, comprising:

1. Accounts payable to related parties

Description	(million Rupiah)
BSM	16,329
PUMA	9,810
Virendra Prakash Sharma	2,728
PT Sari Inti Nusantara	2,702
Others	53
Total	**31,623**

Accounts payable to BSM represented payables of the Company arising from the purchase of shares previously beneficially owned by BSM.

Accounts payable to PUMA represented a loan granted to the Company.

Payables to other related parties were derived from advance payment of expenses by related parties of the Group.

All payables due to related parties are not subject to interest, are unsecured and have no fixed terms of repayment.

2. Deferred tax liabilities — net

As at April 30, 2004, deferred tax liabilities - net, amounted to Rp7,242 million, which represented the timing differences between the carrying amounts for assets stated in the Company's consolidated financial statements and their respective tax bases.

3. Long term liabilities — net of current maturities

Liability for the purchase of property and equipment

As at April 30, 2004, liabilities for the purchase of property and equipment, net of current maturities, amounted to Rp199 million.

Lease liabilities

Description	(million Rupiah)
a. Details of obligations under capital leases based on their respective due date are as follows:	
Due in:	
2004	4,330
2005	5,023
2006	2,469
2007	260
Minimum rental payments	12,081
Interest	(2,198)
Present value of minimum lease payments	9,883
Current maturities	**(6,181)**
Long-term portion — net	**3,702**
b. Details of the obligations under capital leases by lessor:	
PT Equity Development Finance (formerly PT Gajah Surya Finance)	6,542
PT Orix Indonesia Finance	2,744
PT Bumiputera — BOT Finance	302
PT Elbatama Finance	295
Total obligations under capital leases by lessor	**9,883**

The Company's policy is to procure fixtures, furniture and motor vehicles through capital leases. The lease terms range from two to four years and bear effective interest rates of between 9.0813% and 27.391% per annum. All of these obligations are denominated in Rupiah and paid as a fixed amount per month. These capital lease obligations are secured by the leased assets to which they relate. Gains incurred from sale and lease back transactions are deferred and amortized.

4. Security deposits

As at April 30, 2004, security deposits amounted to Rp311 million, representing security deposits received by PLI from tenants relating to rental and telephone.

5. Employee benefit obligations

The Group calculates and records employee benefit obligations based on Labor Law No. 13/2003 dated March 25, 2003 regarding Employment. No funding of benefits has been made to date by the Group. The number of the Group's employees entitled to employee benefits as at April 30, 2004 was 5,109.

Employee benefits for the four month period ended April 30, 2004 which were determined based on a calculation prepared by an independent actuary, were as follows:

Description	(million Rupiah)
Beginning balance	17,481
Employee benefits cost during the four month period	4,591
Employee benefits paid during the four month period	(1,292)
Total	**20,780**

6. Deferred gain on sale and leaseback

Deferred gain on sale and leaseback as at April 30, 2004, amounting to Rp380 million, represented a gain on deferred lease net of accumulated amortization.

Between the balance sheet date and the date of the Independent Auditor's Report, the Company and its Subsidiaries had not entered into and/or withdrawn any loan other than those disclosed in the audited consolidated financial statements. There shall be no new liabilities (except those related to the operating activities) between the date of the Independent Auditor's Report and the date of the Effective Statement.

The Company does not have any other liabilities outstanding other than those disclosed in this section of the Prospectus and in the Company's consolidated financial statements which are set out in Chapter XVII (Independent Auditors' Report and the Company's consolidated financial statements) of this Prospectus.

With a systematic management of assets and liabilities as well as the increase in operating results of the Company, the management believes that the Company will have the ability to meet all its liabilities in due course.

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

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the audited consolidated financial statements of the Company for the four months ended April 30, 2004 and the audited restated consolidated financial statements for the three years ended December 31, 2003, 2002 and 2001, together in each case with the related notes thereto, set out in Chapter XVII (Independent Auditors' Report and the Company's consolidated financial statements) of this Prospectus. This discussion and analysis contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in Chapter V (Risk factors) of this Prospectus.

The consolidated financial statements of the Company for the four months ended April 30, 2004 and the year ended December 31, 2003 have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim with an unqualified opinion. The consolidated financial statements of the Company, before restatement, for the year ended December 31, 2002 has been audited by the public accounting firm of Prasetio, Sarwoko & Sandjaja with an unqualified opinion, and for the year ended December 31, 2001 has been audited by the public accounting firm of Prasetio, Utomo & Co. with an unqualified opinion. In March 2004, the Company and PCI acquired the entire share capital of PLI, which was regarded as a transaction among entities under common control. In relation to the acquisition, the Company has restated the Company's consolidated financial statements for the years ended December 31, 2003, 2002, and 2001 to reflect the retroactive effect of PLI's acquisitions that was accounted for using the pooling of interest method, assuming PLI has been a consolidated subsidiary of the Company for all periods and as at all dates following January 1, 2001. The adjustments to restate the Company's consolidated financial statements for the years ended December 31, 2003, 2002, and 2001 have been audited by the public accounting firm of Hans Tuanakotta Mustofa & Halim, and in their opinion, such adjustments are appropriate and have been properly applied.

OVERVIEW

The Group's business is primarily focused on operating retail outlets, which currently comprise department stores and specialty stores. The Group operates department stores under the SOGO, Lotus and Debenhams brands. Specialty stores consist of retail outlets that can be classified into the Group's five core business segments, namely sports, fashion and lifestyle, children's fashion and toys, food and beverage and others. The Group also owns and operates a garment manufacturing facility which supports its retailing business. Currently the Groups owns rights (including licensing, distribution, retail and franchising rights) of over 50 middle- to high-end internationally established brands. The Group also owns and operates a garment manufacturing facility which supports its retailing business.

The Group's rights to sell the branded products that it distributes are derived from four principal sources:

- **Exclusive licensing and distribution rights** — The Group has entered into arrangements with brands such as Reebok, Spalding, Ellesse, Speedo, OshKosh B'Gosh and Barbie which give it exclusive rights to manufacture and distribute products throughout Indonesia. Depending on the terms of these arrangements with the respective Principal, the Group may either manufacture or outsource the manufacture of products in accordance with detailed specifications set out by the relevant Principal, or it may develop its own designs;
- **Exclusive distribution and retail rights** — The Group has secured exclusive distribution and retail rights for the distribution and retail, throughout Indonesia, of more than 50

international brands that it sells in its retail outlets throughout Indonesia, including NEXT, Nautica, Nine West, Mizuno and Wilson;

- **Franchising arrangements** — The Group has entered into exclusive franchising arrangements with several international brands, including SOGO, Debenhams, Marks & Spencer, Starbucks Coffee and Kinokuniya Bookstore, which gives it the right to open and operate stores, as well as market and distribute products under the relevant brand name, throughout Indonesia; and
- **Proprietary brands** — The Group has developed and is the proprietor of certain trademarks in Indonesia thereby giving it the exclusive right to use these trademarks in Indonesia. These include retail store brands such as Kidz Station, Planet Sports and Sole Effect. The Group is also the proprietor of certain trademarks in Indonesia such as Royal Sporting House, Golf House, and Sports Station. In addition, the Group designs its own footwear and accessories under the brand Diorucci, that it distributes through its multi-branded footwear retail outlets. The Group has the exclusive right to use these trademarks in Indonesia.

The Group acquired PLI, which holds the franchising rights to the SOGO brand in Indonesia, in March 2004. As at April 30, 2004 the Group operated five SOGO stores, which serve as anchor tenants in certain of Indonesia's leading shopping malls. The SOGO stores carry more than 900 brands covering a wide range of products, including a number of brands which are sold exclusively by SOGO.

The Group also holds the franchising rights to operate Starbucks Coffee in Indonesia and as at April 30, 2004 operated 22 Starbucks Coffee outlets. The Group also operates Chatterbox and Courtyard restaurants, as well as six Spice Garden food courts as at April 30, 2004.

In addition to retailing products across Indonesia, the Group owns and operates a garment manufacturing factory in Gunung Putri, Bogor, Indonesia, which manufactures certain branded woven and knit garments for the Group, either pursuant to the Group's licensing rights or for its proprietary brands, as well as for third parties (see Chapter VIII (Business activities and prospects of the Group — Garment manufacturing)) of this Prospectus.

The Company, which is headquartered in Jakarta, was duly incorporated in Jakarta by virtue of Establishment Deed No. 105 dated January 23,1995. The Company's articles of association have been amended several times and most recently in anticipation of the Global Offering, the entire structure of the articles of the association was amended by virtue of the Deed on Minutes of Extraordinary General Meeting of Shareholders No. 19 dated August 27, 2004, drawn up by Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, relating to the amendment in the capital structure and status change of the Company from a private company to a public company. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-21990HT.01.04 TH.2004 dated September 1, 2004.

The Company is headquartered at 8th Floor, Wisma 46, Kota BNI, Jl. Jend. Sudirman Kav. 1, Jakarta 10220, Indonesia.

The following table sets forth certain information regarding the retail outlets within each of the Group's core business segments as at April 30, 2004.

Segment	Total number of retail outlets	Floor space area (m^2)
Department stores:		
Sogo	5	100,500
Lotus	5	27,937
Sports (including Golf)	225	26,182
Fashion and lifestyle	89	13,180
Children's fashion and toys	62	16,974
Food and beverage[(1)]	38	11,962
Others[(2)]	5	839
Total	**429**	**197,574**

Note:

(1) Includes 22 Starbucks Coffee outlets.

(2) Others consist of, among others, bookstores (including Kinokuniya Bookstores) and the Group's beauty and personal care outlets.

RESULTS OF OPERATIONS

The following table sets out certain income and expense items from the Company's consolidated financial statements for the periods indicated.

	Four months ended April 30,	12 months ended December 31,		
	2004	2003[(1)]	2002[(1)]	2001[(1)]
		(million Rupiah)		
Net sales	656,887	2,014,108	1,807,435	1,505,419
Cost of sales	410,284	1,242,795	1,202,883	1,040,530
Gross profit	246,603	771,314	604,552	464,888
Operating expenses				
Selling	178,588	519,755	471,306	315,945
General and administrative	37,806	128,648	112,030	91,458
Income from operations	30,209	122,910	21,216	57,485
Other income (Charges) — Net	(13,253)	(15,499)	28,200	5,657
Income before tax expense	16,958	107,411	49,417	63,144
Tax expenses	4,657	33,249	4,787	8,813
Net income	12,301	74,171	44,624	54,334

Note:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

Net sales overview

The Group's net sales comprise net sales from its department stores and five core businesses, namely sports, fashion and lifestyle, children's fashion and toys, food and beverage and others, as well as from its manufacturing business. The table below sets out the net sales of each of the Group's business segments, in Rupiah amounts and expressed as a percentage of the Group's total net sales, for the periods indicated:

	Four months ended April 30,		12 months ended December 31,					
	2004		2003		2002		2001	
	Total net sales (million Rupiah)	Percentage of total net sales (%)	Total net sales[(1)] (million Rupiah)	Percentage of total net sales (%)	Total net sales[(1)] (million Rupiah)	Percentage of total net sales (%)	Total net sales[(1)] (million Rupiah)	Percentage of total net sales (%)
Department stores	322,065	49.03	954,903	47.41	868,896	48.07	728,025	48.36
Sports	142,302	21.66	468,714	23.27	446,889	24.73	440,090	29.23
Fashion and lifestyle	83,180	12.66	236,864	11.76	207,651	11.49	159,312	10.58
Children's fashion and toys	57,932	8.82	193,495	9.61	178,453	9.87	123,512	8.20
Food and beverage	38,692	5.89	123,279	6.12	79,691	4.41	32,537	2.16
Others[(2)]	6,839	1.04	24,760	1.23	20,492	1.13	19,004	1.26
Manufacturing	5,877	0.89	12,093	0.60	5,363	0.30	2,939	0.20
Total	**656,887**	**100.00**	**2,014,108**	**100.00**	**1,807,435**	**100.00**	**1,505,419**	**100.00**

Note:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

(2) Others consist of net sales derived from, among others, bookstores (including Kinokuniya Bookstores) and the Group's beauty and personal care outlets.

Net sales derived from cash sales of merchandise inventories (other than sales based on delivery) are recognized when the goods are paid at the sales counter. Net sales from cash sales based on delivery are recognized when the goods are delivered to customers. Revenues from consignment sales are recognized upon the sale of consignment goods to customers.

The Group's net sales are affected by the following principal factors:

Number, size and location of stores

The Group's net sales are affected by the number of stores in operation. Since January 1, 2001, the Group has expanded its operations by increasing the number of stores in operation which has resulted in higher net sales. In addition, the size of the Group's stores, and the location of such stores, has an impact on net sales. Larger stores, and stores located in shopping complexes which have a high throughput of customers and/or which cater to more affluent customers, have a greater impact on net sales than other stores.

Merchandise mix and brand diversification

The Group monitors its portfolio of brands to maximize the contribution of each brand. In this regard, it seeks to add new brands to its portfolio when it believes that such brands will perform well in the Indonesian market, and discontinues brands that do not meet expectations. Such additions and discontinuations can affect the Group's net sales. In addition, the Group's portfolio is diversified to address a wide range of market segments, which the Company believes makes the Group's net sales less vulnerable to changes affecting a single brand or market segment.

Economic, political and social conditions

The Group's net sales are affected by economic, political and social conditions within Indonesia. The Group's net sales have increased since January 1, 2001 as such conditions have generally improved. However, any significant deterioration of such conditions could adversely affect the Group's net sales.

Cost of sales overview

The Group's cost of sales consists primarily of the cost of goods purchased from suppliers including Principals for resale, and in relation to its manufacturing business, manufacturing costs and cost of goods manufactured. The table below sets out the cost of sales of the Group's business segments, in Rupiah amounts and expressed as a percentage of the Group's total cost of sales, for the periods indicated:

	Four months ended April 30,		12 months ended December 31,					
	2004		2003		2002		2001	
	Cost of Sales (million Rupiah)	Percentage of total cost of sales (%)	Cost of Sales[(1)] (million Rupiah)	Percentage of total cost of sales (%)	Cost of Sales[(1)] (million Rupiah)	Percentage of total cost of sales (%)	Cost of Sales[(1)] (million Rupiah)	Percentage of total cost of sales (%)
Department stores	212,410	51.77	661,286	53.21	640,793	53.27	511,732	49.18
Sports	77,773	18.96	243,452	19.59	260,713	21.67	299,958	28.83
Fashion and lifestyle	46,576	11.35	126,340	10.17	123,136	10.24	103,470	9.94
Children's fashion and toys	37,965	9.25	116,739	9.39	108,323	9.01	81,397	7.82
Food and beverage	17,896	4.36	50,770	4.09	36,477	3.03	21,368	2.05
Others[(2)]	4,984	1.21	16,831	1.35	14,177	1.18	12,487	1.20
Manufacturing	12,680	3.09	27,377	2.20	19,264	1.60	10,118	0.97
Total	**410,284**	**100.00**	**1,242,795**	**100.00**	**1,202,883**	**100.00**	**1,040,530**	**100.00**

Note:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

(2) Others consist of cost of sales derived from, among others, bookstores (including Kinokuniya Bookstores) and the Group's beauty and personal care outlets.

Foreign exchange fluctuations

Substantially all of the Group's revenues are denominated in Rupiah, and its reporting currency is Rupiah. However, a significant portion of the Group's cost of sales, principally relating to the purchase of imported goods for its fashion and lifestyle and children's fashion and toys segments, is denominated in currencies other than the Rupiah, primarily the Pound sterling, Euro, US Dollar and Yen. Any weakening of the Rupiah against these currencies would increase the Group's cost of sales in Rupiah terms, and vice versa. As at the date of this Prospectus, the Group does not hedge any of its foreign exchange exposures. In the future, the Group may implement currency hedges to reduce its exposure to changes in foreign currency exchange rates.

Pricing policies of Principals

The prices that Principals and other third parties set for the goods that the Group purchases from them has a direct impact on the Group's cost of sales. In this regard, most of the brands in the Group's portfolio are international brands, and the pricing policies extended to the Group for such brands may be adversely affected by developments in markets outside of Indonesia.

Selling expenses overview

Selling expenses consist primarily of shop rental expenses, salaries, allowances and incentives of sales staff, depreciation of property and equipment, marketing and promotion expenses, store utilities costs and costs of credit card administration. These expenses are generally correlated to the number, size and location of the Group's stores. Shop rental expenses are also affected by the terms of the leases entered into by the Group, which are generally affected by the state of the Indonesian economy and by the US Dollar-Rupiah exchange rate in general, and the state of the Indonesian retail real estate property market in particular. The Group pays its sales staff salaries above the minimum wage established by Indonesian labor laws, but pegs increments in these salaries to any increments in the minimum wage established by Indonesian labor laws. During the years ended December 31, 2003, 2002 and 2001, the minimum wage set by Indonesian labor laws has increased and as such, the salaries paid to the Group's sales staff has increased correspondingly.

General and administrative expenses overview

General and administrative expenses consist primarily of salaries, other benefits accruing to administrative staff, depreciation of office fixtures and equipment, professional fees and office rental expenses. These expenses are generally correlated to the scope and nature of the Group's operations.

Tax expenses overview

The Group's tax expenses are comprised of current taxes and deferred taxes. Deferred taxes are computed based on the effect of timing differences between the carrying amounts of assets and their respective tax bases as stated in the Company's consolidated financial statements. The Group's effective tax rate for the years ended December 31, 2003, 2002 and 2001 was approximately 30%.

Recent developments — four months ended April 30, 2004

The Group's results of operations for the four month period ended April 30, 2004 are not necessarily indicative of its results of operations for the year ending December 31, 2004.

Net sales

The Group's net sales was Rp656,887 million for the four months ended April 30, 2004.

	Net sales (million Rupiah)	Percentage of total net sales (%)
Department stores	322,065	49.03
Sports	142,302	21.66
Fashion and lifestyle	83,180	12.66
Children's fashion and toys	57,932	8.82
Food and beverage	38,692	5.89
Others(1)	6,839	1.04
Manufacturing	5,877	0.89
Total	**656,887**	**100.00**

Note:

(1) Others consist of net sales derived from, among others, bookstores (including Kinokuniya Bookstores) and the Group's beauty and personal care outlets.

During the four months ended April 30, 2004, the Group's net sales were positively affected by the opening of its new SOGO store in Medan as well as several other new stores. These increases were partially offset by the partial closure of the SOGO store in Plaza Indonesia for its conversion to the Group's first Debenhams store.

Cost of sales

The Group's cost of sales was Rp410,284 million for the four months ended April 30, 2004.

	Cost of Sales (million Rupiah)	Percentage of total cost of sales (%)
Department stores	212,410	51.77
Sports	77,773	18.96
Fashion and lifestyle	46,576	11.35
Children's fashion and toys	37,965	9.25
Food and beverage	17,896	4.36
Others(1)	4,984	1.21
Manufacturing	12,680	3.09
Total	**410,284**	100.00

Note:

(1) Others consist of cost of sales derived from, among others, bookstores (including Kinokuniya Bookstores) and the Group's beauty and personal care outlets.

During the four months ended April 30, 2004, the Group’s cost of sales were affected primarily by increased net sales.

Gross profit

As a result of the foregoing, the Group’s gross profit for the four months ended April 30, 2004 amounted to Rp246,603 million.

Selling expenses

The Group’s selling expenses amounted to Rp178,588 million for the four months ended April 30, 2004. During this period, the Group’s selling expenses were affected primarily by additional expenses incurred in connection with the opening of new stores.

General and administrative expenses

The Company’s general and administrative expenses amounted to Rp37,806 million for the four months ended April 30, 2004.

Other income/(charges) — net

Other income/(charges) — net amounted to a charge of Rp13,253 million for the four months ended April 30, 2004. The Group’s other income/(charges) — net were affected primarily by the interest expenses paid on short term loans and notes payable.

Income before tax expense

As a result of the foregoing, the Group’s income before tax amounted to Rp16,958 million for the four months ended April 30, 2004.

Tax expenses

The Group’s income tax expenses amounted to Rp4,657 million for the four months ended April 30, 2004.

Net income

As a result of the foregoing, the Group’s net income for the four months ended April 30, 2004 amounted to Rp12,301 million.

Year ended December 31, 2003 compared to year ended December 31, 2002

Net sales

The Group’s net sales increased by 11.43% from Rp1,807,435 million in 2002 to Rp2,014,108 million in 2003, primarily due to increases in net sales from the Group’s department stores and food and beverage segments.

Net sales from the Group’s department stores increased by 9.90% from Rp868,896 million in 2002 to Rp954,903 million in 2003, primarily due to additional space that was added to the SOGO store at Kelapa Gading Mall in 2002 which became fully operational in 2003, the opening of one Lotus store in Pontianak, and growth in same store sales for both SOGO and Lotus.

Net sales from the Group's sports segment increased by 4.88% from Rp446,889 million in 2002 to Rp468,714 million in 2003. The increase was primarily due to the addition of new brands in 2003, as well as increases in sales of existing stores.

Net sales from the Group's fashion and lifestyle segment increased by 14.07% from Rp207,651 million in 2002 to Rp236,864 million in 2003. The increase was primarily due to the opening of a new Marks & Spencer in Kelapa Gading, the addition of the Morgan brand, and same store growth for most of the Group's fashion and lifestyle and stores.

Net sales from the Group's children's fashion and toys segment increased by 8.43% from Rp178,453 million in 2002 to Rp193,495 million in 2003. The increase was primarily due to the opening of three new stores and additional wholesale distribution sales.

Net sales from the Group's food and beverage segment increased by 54.70% from Rp79,691 million in 2002 to Rp123,279 million in 2003. The increase was primarily due to the opening of nine new Starbucks Coffee outlets in 2003.

Net sales from the Group's others segment increased by 20.83% from Rp20,492 million in 2002 to Rp24,760 million in 2003, primarily due to growth in same store sales for bookstores.

Net sales from the Group's manufacturing segment increased by 125.49% from Rp5,363 million in 2002 to Rp12,093 million in 2003, primarily as a result of new garment production for the Group as well as for the export market.

Cost of sales

The Group's cost of sales increased by 3.32% from Rp1,202,883 million in 2002 to Rp1,242,795 million in 2003. The main reason for this increase was increases in cost of sales for the Group's department stores and food and beverage segments, which were partially offset by a decrease in cost of sales for the sports segment.

Cost of sales from the Group's department stores increased by 3.20% from Rp640,793 million in 2002 to Rp661,286 million in 2003, primarily due to an increase in net sales of department stores as well as increased direct purchases for the SOGO stores.

Cost of sales from the Group's sports segment decreased by 6.62% from Rp260,713 million in 2002 to Rp243,452 million in 2003. The decrease was primarily due to the increased purchase of goods produced domestically in Indonesia.

Cost of sales from the Group's fashion and lifestyle segment increased by 2.60% from Rp123,136 million in 2002 to Rp126,340 million in 2003. The increase was primarily due to increases in net sales for the Group's lifestyle and fashion stores.

Cost of sales from the Group's children's fashion and toys segment increased by 7.77% from Rp108,323 million in 2002 to Rp116,739 million in 2003. The increase was primarily due to increases in net sales at the Group's children's fashion and toys stores.

Cost of sales from the Group's food and beverage segment increased by 39.18% from Rp36,477 million in 2002 to Rp50,770 million in 2003. The increase was primarily due to increases in net sales for the Group's food and beverage segment.

Cost of sales from the Group's others segment increased by 18.72% from Rp14,177 million in 2002 to Rp16,831 million in 2003. The increase was primarily due to increased net sales.

Cost of sales from the Group's manufacturing segment increased by 42.11% from Rp19,264 million in 2002 to Rp27,377 million in 2003, primarily as a result of additional garment production.

Gross profit

As a result of the foregoing, the Group's gross profit increased by 27.58% from Rp604,552 million in 2002 to Rp771,314 million in 2003.

Selling expenses

The Group's selling expenses increased by 10.28% from Rp471,306 million in 2002 to Rp519,755 million in 2003. The increase was mainly attributable to increases in expenses incurred from shop rental and salaries and allowances, which were partially offset by a decrease in marketing and promotion expenses.

Expenses incurred from shop rental increased by 24.67% from Rp172,970 million in 2002 to Rp215,634 million in 2003, primarily as a result of the effect of currency exchange rate clauses in the Group's lease agreements which increased the US Dollar-Rupiah exchange rate stipulated by the leases to more closely approximate the actual US Dollar-Rupiah exchange rate during the year, as well as more square meters under lease. Expenses incurred from salaries and allowances increased by 10.60% from Rp104,067 million in 2002 to Rp115,100 million in 2003, primarily as a result of the effect of an increase in the minimum wage mandated by Indonesian labor laws, as well as increased staff.

Marketing and promotion expenses decreased by 28.87% from Rp47,246 million in 2002 to Rp33,607 million in 2003. The decrease was primarily attributable to the successful launch of co-branding promotions with credit card issuers and other advertising partners pursuant to which these third parties shared the Group's advertising expenditures, as well as the launch of several marketing initiatives by SOGO in 2002 that were not repeated in 2003.

General and administrative expenses

The Group's general and administrative expenses increased by 14.83% from Rp112,030 million in 2002 to Rp128,648 million in 2003. The increase was mainly attributable to increases in expenses incurred from salaries and allowances and employee benefits, which were partially offset by decreases in expenses incurred from management fees (from Rp1,637 million in 2002 to Rp501 million in 2003), professional fees (from Rp10,700 million in 2002 to Rp9,390 million in 2003), office rental (from Rp9,434 million in 2002 to Rp8,695 million in 2003) and insurance (from Rp1,571 million in 2002 to Rp576 million in 2003).

Expenses incurred from salaries and allowances increased by 22.63% from Rp54,597 million in 2002 to Rp66,955 million in 2003, primarily as a result of increased staff and employee benefits. Expenses incurred from employee benefits increased by 88.59% from Rp5,888 million in 2002 to Rp11,104 million in 2003, primarily as a result of increased reserves set aside by the Group in accordance with Indonesian labor law requirements.

Other income/(charges) — net

The Group's other income/(charges) — net decreased by reversing from a gain of Rp28,200 million in 2002 to a charge of Rp15,500 million in 2003. The reverse was mainly attributable to an increase in interest expenses and a decrease on foreign exchange gains, which were partially offset by an increase in interest income.

Interest expenses increased by 265.48% from Rp11,103 million in 2002 to Rp40,579 million in 2003, primarily due to additional debt incurred under the PT Bank Mandiri Tbk credit facility in 2003. Net foreign exchange gains decreased by 97.01% from a gain of Rp18,022 million in 2002 to a gain of Rp539 million in 2003, mainly due to a strengthening of the Rupiah against foreign currencies in 2002.

Interest income increased by 48.85% from Rp7,145 million in 2002 to Rp10,635 million in 2003, primarily due to interest earned on loans made to certain of the Group's related parties.

Income before tax expense

As a result of the foregoing, the Group's income before tax increased by 117.36% from Rp49,417 million in 2002 to Rp107,411 million in 2003.

Tax expenses

The Group's income tax expenses increased by 594.57% from Rp4,787 million in 2002 to Rp33,249 million in 2003. The increase was primarily due to an increase of the tax expense of certain of the Subsidiaries, which reversed from a credit of Rp9,189 million in 2002 to an expense of Rp11,591 million in 2003, as well as an increase in the tax expense of the Company from Rp13,976 million in 2002 to Rp21,658 million in 2003.

The increase in tax expense of certain of the Subsidiaries was attributable to an increase in deferred tax expense, which reversed from a credit of Rp10,591 million in 2002 to an expense of Rp6,923 million in 2003, due to the fiscal loss of PLI in 2002, which resulted in a reverse from a tax credit of Rp10,835 million in 2002 to a tax expense in 2003, as well as an increase in current tax expense from Rp1.402 million in 2002 to Rp4.668 million in 2003, as a result of increase in profits of certain of the Subsidiaries.

The increase in tax expense of the Company was attributable to an increase in current tax expense from Rp13,194 million in 2002 to Rp23,990 million in 2003, as a result of an increase in profit of the Company, which was partially offset by a decrease in deferred tax expense, which reversed from an expense of Rp782 million in 2002 to a credit of Rp2,332 million in 2003, as a result of tax depreciation which exceeded accounting depreciation in 2002, as opposed to 2003 when the accounting depreciation exceeded tax depreciation.

Net income

As a result of the foregoing, the Group's net income increased by 66.21% from Rp44,624 million in 2002 to Rp74,171 million in 2003.

Year ended December 31, 2002 compared to year ended December 31, 2001

Net sales

The Group's net sales increased by 20.06% from Rp1,505,418 million in 2001 to Rp1,807,435 million in 2002, primarily due to increases in net sales from the Group's department stores and its children's fashion and toys business segment.

Net sales from the Group's department stores increased by 19.35% from Rp728,025 million in 2001 to Rp868,896 million in 2002, primarily due to the opening of a new SOGO store in Surabaya and the opening of a new Lotus store in Djakarta Theatre, the resumption of normal operations for the SOGO store at Plaza Indonesia in 2002 following its renovation in 2001, and growth in same store sales for most SOGO and Lotus stores, which were partially offset by decreased sales at the SOGO store at Kelapa Gading, which was renovated in 2002.

Net sales from the Group's sports segment increased by 1.54% from Rp440,090 million in 2001 to Rp446,889 million in 2002. The increase was primarily due to the opening of 34 new sports outlets in late 2002.

Net sales from the Group's fashion and lifestyle segment increased by 30.34% from Rp159,312 million in 2001 to Rp207,651 million in 2002. The increase was primarily due to the opening of 30 new stores in late 2002. Net sales also increased due to generally higher same store sales.

Net sales from the Group's children's fashion and toys segment increased by 44.48% from Rp123,511 million in 2001 to Rp178,453 million in 2002. The increase was primarily due to increased wholesale distribution sales.

Net sales from the Group's food and beverage segment increased by 144.92% from Rp32,537 million in 2001 to Rp79,691 million in 2002, as the Group opened its first 10 Starbucks Coffee stores in 2002.

Net sales from the Group's others segment increased by 7.83% from Rp19,004 million in 2001 to Rp20,492 million in 2002. The increase was primarily due to an increase of floor space at the Kinokuniya Bookstore at Plaza Indonesia at the end of 2001.

Net sales from the Group's manufacturing segment increased by 82.48% from Rp2,939 million in 2001 to Rp5,363 million in 2002, primarily due to the commencement of the Group's garment manufacturing operations in June 2001 and a full year of those operations in 2002.

Cost of sales

The Group's cost of sales increased by 15.60% from Rp1,040,530 million in 2001 to Rp1,202,883 million in 2002. The main reason for this increase was increases in cost of sales for the Group's department stores, children's fashion and toys and fashion and lifestyle segments, which were partially offset by a decrease in cost of sales in the sports segment.

Cost of sales from the Group's department stores increased by 25.22% from Rp511,732 million in 2001 to Rp640,793 million in 2002, primarily due to increases in net sales for the Group's department stores.

Cost of sales from the Group's sports segment decreased by 13.08% from Rp299,958 million in 2001 to Rp260,713 million in 2002. The decrease was primarily due to the increased purchase of goods produced in Indonesia, better terms from Principals and suppliers and foreign exchange gains on imported goods as a result of the strengthening of the Rupiah in 2002.

Cost of sales from the Group's fashion and lifestyle segment increased by 19.01% from Rp103,470 million in 2001 to Rp123,136 million in 2002. The increase was primarily due to increases in net sales for the Group's fashion and lifestyle stores, the impact of which was partially offset by foreign exchange gains on imported goods as a result of the strengthening of the Rupiah in 2002.

Cost of sales from the Group's children's fashion and toys segment increased by 33.08% from Rp81,397 million in 2001 to Rp108,323 million in 2002. The increase was primarily due to increases in net sales for the Group's children's fashion and toys stores.

Cost of sales from the Group's food and beverage segment increased by 70.71% from Rp21,368 million in 2001 to Rp36,477 million in 2002. The increase was primarily due to increases in net sales for the Group's food and beverage segment.

Cost of sales from the Group's others segment increased by 13.53% from Rp12,487 million in 2001 to Rp14,177 million in 2002. The increase was primarily due to increased net sales for the Group's others segment.

Cost of sales from the Group's manufacturing segment increased by 90.39% from Rp10,118 million in 2001 to Rp19,264 million in 2002, primarily as a result of additional garment production.

Gross profit

As a result of the foregoing, the Group's gross profit increased by 30.04% from Rp464,888 million in 2001 to Rp604,552 million in 2002.

Selling expenses

The Group's selling expenses increased by 49.17% from Rp315,945 million in 2001 to Rp471,306 million in 2002. The increase was mainly attributable to increases in expenses incurred for shop rental, salaries and allowances, depreciation and increased utilities costs.

Expenses incurred for shop rental increased by 48.77% from Rp116,268 million in 2001 to Rp172,970 million in 2002, primarily as a result of the effect of currency exchange rate clauses in the Group's lease agreements which increased the US Dollar-Rupiah exchange rate stipulated by the leases to more closely approximate the actual US Dollar-Rupiah exchange rate during the year. Expenses incurred from salaries and allowances increased by 55.78% from Rp66,803 million in 2001 to Rp104,067 million in 2002, primarily as a result of increased staff due to the increased numbers of stores operated by the Group, as well as the effect of an increase in the minimum wage mandated by Indonesian labor laws. Expenses incurred from depreciation increased by 63.78% from Rp33,254 million in 2001 to Rp54,464 million in 2002 and water and electricity costs increased by 70.00% from Rp14,163 million in 2001 to Rp24,078 million in 2002 mainly due to the increased number of stores.

General and administrative expenses

The Group's general and administrative expenses increased by 22.49% from Rp91,458 million in 2001 to Rp112,030 million in 2002. The increase was mainly attributable to increases in expenses incurred for salaries and allowances, office rental and employee benefits, which were partially offset by decreases in tax, license and legal expenses (from Rp3,190 million in 2001 to Rp1,069 million in 2002), stationery and printing expenses (from Rp6,926 million in 2001 to Rp5,226 million in 2002) and repair and maintenance expenses (from Rp3,381 million in 2001 to Rp2,202 million in 2002).

Expenses incurred for salaries and allowances increased by 39.09% from Rp39,254 million in 2001 to Rp54,597 million in 2002, primarily as a result of increased staff and the effect of an increase in the minimum wage mandated by Indonesian labor laws. Expenses incurred from office rental increased by 21.93% from Rp7,737 million in 2001 to Rp9,434 million in 2002 mainly due to additional office space under lease. Expenses incurred from employee benefits increased by 233.79% from Rp1,764 million in 2001 to Rp5,888 million in 2002, primarily as a result of increased reserves set aside by the Group in accordance with Indonesian labor law requirements.

Other income/(charges) — net

The Group's other income/(charges) — net increased by 398.50% from a gain of Rp5,657 million in 2001 to a gain of Rp28,200 million in 2002. The increase was mainly attributable to an increase in foreign exchange gains and others — net, which were partially offset by an increase in interest expense.

Net foreign exchange gains increased by 1,873.93% from a gain of Rp913 million in 2001 to a gain of Rp18,022 million in 2002, mainly due to the strengthening of the Rupiah against major currencies in 2002, as well as the adjustment of US Dollar-Rupiah exchange rate of lease deposits on rented premises in 2002.

Others — net increased by reversing from a charge of Rp104 million in 2001 to income of Rp12,714 million in 2002, primarily due to the receipt of penalty income from concessionaires in the Group's department stores as a result of new policies implemented by the Group.

Interest expenses increased by 189.67% from Rp3,833 million in 2001 to Rp11,103 million in 2002, primarily due to an additional credit facility granted to the Company by East Asia Americas Capital Finance Limited, Hong Kong in 2002.

Income before tax expense

As a result of the foregoing, the Group's income before tax decreased by 21.74% from Rp63,144 million in 2001 to Rp49,417 million in 2002.

Tax expenses

The Group's income tax expenses decreased by 45.68% from Rp8,813 million in 2001 to Rp4,787 million in 2002. The decrease was primarily due to a decrease in the tax expense of the Subsidiaries, which reversed from an expense of Rp3,185 million in 2001 to a credit of Rp9,189 million in 2002, which was partially offset by an increase in the tax expense of the Company, which increased from Rp5,627 million in 2001 to Rp13,976 million in 2002.

The decrease in tax expenses of the Subsidiaries was attributable to an increase in deferred tax credit, which increased from a credit of Rp435 million in 2001 to a credit of Rp10,591 million in 2002, as a result of fiscal losses by PLI in 2002 which decreased the current tax expenses from Rp3,620 million in 2001 to Rp1,402 million in 2002.

The increase in tax expenses of the Group was attributable to an increase in current tax expense from Rp4,230 million in 2001 to Rp13,194 million in 2002, as a result of increase in income of the Group, which was partially offset by a decrease in deferred tax expenses, which decreased from a charge of Rp1,398 million in 2001 to a credit of Rp782 million in 2002, as a result of a positive correction on the depreciation of leasing property and equipment as well as gains on sale of fixed assets in 2002 which exceeded those in 2001.

Net income

As a result of the foregoing, the Group's net income decreased by 17.87% from Rp54,334 million in 2001 to Rp44,624 million in 2002.

MOVEMENTS IN ASSETS, LIABILITIES AND EQUITY OF THE GROUP

Based on the audited consolidated financial statements of the Company, the following table sets out the total assets, liabilities and equity of the Group for the periods indicated.

	As at April 30, 2004	As at December 31,		
		2003(1)	2002(1)	2001(1)
		(million Rupiah)		
Total Assets	1,323,696	1,244,984	994,342	920,449
Total Liabilities	691,904	611,395	420,128	361,400
Total Equity(2)	631,782	633,533	572,195	558,966

Notes:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

(2) Total assets less total liabilities does not equate to total equity as set out in the audited consolidated financial statement due to a minority interest in net assets of subsidiaries for the four months ended April 30, 2004 and for the years ended December 31, 2003, 2002, and 2001 which amounted to Rp10 million, Rp56 million, Rp2,020 million and Rp83 million, respectively.

Assets

As at April 30, 2004, the Group had total assets of Rp1,323,696 million, principally consisting of inventories, property, plant and equipment and an investment in shares. Total assets increased from Rp994,342 million as at December 31, 2002 to Rp1,244,984 million as at December 31, 2003, representing an increase of approximately 25.21%. Total assets increased from Rp920,449 million as at December 31, 2001 to Rp994,342 million as at December 31, 2002, representing an increase of approximately 8.03%.

Liabilities

As at April 30, 2004, the Group had total liabilities of Rp691,904 million, principally consisting of short term loans, trade accounts payable and notes payable. Total liabilities increased from Rp420,128 million as at December 31, 2002 to Rp611,395 million as at December 31, 2003, representing an increase of approximately 45.53%. Total liabilities increased from Rp361,400 million as at December 31, 2001 to Rp420,128 million as at December 31, 2002, representing an increase of approximately 16.25%.

Equity

The Company's share capital comprised 460,000 issued and fully paid up shares of Rp1,000,000 par value each at April 30, 2004. On August 27, 2004, the Company's articles of association were amended in anticipation of the Global Offering, whereby the par value of the Company's shares was amended from Rp1,000,000 to Rp500 each.

Liquidity and capital resources

The Group's principal sources of liquidity have been cash flows from its financing activities and operating activities.

Cash flows from operating activities

Net cash used in operating activities was Rp46,479 million for the four months ended April 30, 2004, and was affected primarily by the seasonality of sales in the first quarter of 2004. Net cash provided by operating activities amounted to Rp108 million, Rp11,740 million and Rp69,539 million for the years ended December 31, 2003, 2002 and 2001, respectively. The year-on-year decreases were primarily due to decreases in cash generated from operations, which occurred as a result of increases in operating expenses.

Cash flows from investing activities

For the four months ended April 30, 2004, net cash used in investing activities was Rp44,654 million, and was affected primarily by capital expenditures relating to the acquisition of property, plant and equipment. Net cash used in investing activities was Rp176,671 million, Rp82,504 million and Rp225,895 million for the years ended December 31, 2003, 2002 and 2001, respectively. Such net cash used in investing activities was primarily related to capital expenditures relating to acquisition of property, plant and equipment for new stores as well as proceeds from investments in 2001 and interest received in 2003.

Cash flows from financing activities

Net cash provided by financing activities was Rp57,628 million for the four months ended April 30, 2004, and was affected primarily by the proceeds from notes payable. Net cash provided by financing activities was Rp143,324 million, Rp82,698 million and Rp133,916 million for the years ended December 31, 2003, 2002 and 2001, respectively. Such net cash provided by financing activities was primarily attributable to additional paid-in capital and bank loans.

Indebtedness

The Group has a significant amount of outstanding indebtedness, and a substantial portion of the Group's indebtedness which matures prior to December 31, 2004 has been extended for a further year. The Company intends to repay a portion of the indebtedness of the Group to third parties with approximately 30% of the proceeds of the Global Offering after deduction of underwriting and estimated transaction expenses.

Capital expenditures

In the four months ended April 30, 2004 and the years ended December 31, 2003, 2002 and 2001, the Group's capital expenditures on an accrual basis were Rp50,238 million, Rp80,303 million, Rp104,402 million and Rp183,443 million, respectively, and related primarily to the renovation of new and existing stores and furniture and fixtures for such stores. Such capital expenditures were funded primarily from bank loans and the Group's profit. The Company intends to use approximately 50% of the proceeds of the Global Offering after deduction of underwriting and estimated transaction expenses to fund future expansion.

Market risks

The Group is exposed to foreign exchange risk as a result of its purchase of imported goods primarily for its fashion and lifestyle and children's clothing and toys business segments that are denominated in currencies other than the Rupiah. The Group does not hedge such risk and does not intend to do so in the near future. The Group is also exposed to interest rate risk as substantially all of its indebtedness bears interest at floating rates. The Company believes that the Group does not have any significant exposures to credit risk or commodity price fluctuations.

Seasonality

The Group's results are affected by seasonal patterns, which typically cause increased net sales during June and July before the start of the school year, and during the November and December religious holiday season.

Inflation

The Company does not believe that inflation has had a significant impact on the Group's results in recent years.

BUSINESS PROSPECTS

The Group's primary objective is to become the leading retailer and distributor of internationally recognized brands in Indonesia, by providing to consumers, through its network of department stores and retail outlets, the latest and most innovative products that are within or complementary to its core business segments.

The Group considers the following to be its principal strengths:

- A portfolio of leading international brands;
- Established track record as an anchor tenant in luxury retail complexes;
- Well-established in-house brands sold in multi-product retail outlets;
- A solid blend of local knowledge and international experience;
- Integrated back office with in-house manufacturing, distribution, advertising and promotion facilities and project design team; and
- State-of-the-art technology.

The Group intends to achieve its objectives by adopting the following strategies:

- Continue seeking to secure and expand international brands;
- Increase presence in existing and new retail complexes throughout Indonesia;
- Broaden target customer base;
- Offer additional complementary products to existing core businesses;
- Develop existing and launch additional proprietary products; and
- Optimizing operations to exploit synergies.

Information concerning the business prospects of the Group are set out in Chapter VIII (Business activities and prospects) of this Prospectus.

IMPACT OF MOVEMENT IN FOREIGN EXCHANGE

As at April 30, 2004, the Group had monetary assets and liabilities in foreign currencies and its Rupiah equivalent converted at an average exchange rate between the buying and selling exchange rate from the Bank of Indonesia as follows:

Description	Foreign Currency (in respective foreign currency)		Rupiah equivalent (million Rupiah)
Assets			
Cash and cash equivalents	USD	71,704	621
	SGD	3,141	16
Temporary investments	USD	427,605	3,703
	SGD	116,713	593
Other accounts receivable to third parties	USD	103,514	896
	SGD	1,031,814	5,243
Refundable deposits	USD	1,443,084	12,499
Others	GBP	100,000	1,538
Total Assets			**25,109**
Liabilities			
Short — term loan	USD	4,729,270	40,960
Trade accounts payable	USD	866,418	7,504
	SGD	351,024	1,784
	GBP	1,131,062	17,395
	HKD	31,116	35
Other accounts payable to third parties	USD	473,533	4,101
	GBP	1,250	127
Payable to related parties	USD	315,000	2,728
Accrued expenses	USD	156,045	1,352
	SGD	15,468	78
Current maturities of long term liabilities	USD	500,000	4,330
Total Liabilities			**80,394**
Liabilities — net			**55,285**

Other than such liabilities in foreign currency amounting to an equivalent of Rp80,394 million, the Group had assets in foreign currency amounting to an equivalent of Rp25,109 million. As a result, the Group had a net position of foreign currency amounting to an equivalent of Rp55,285 million. The Company believes that the amount does not represent a significant amount and as such the Group does not intend to hedge its position. A significant portion of liabilities in foreign currency represents a short term loan from East Asia Americas Capital Finance Ltd, Hong Kong.

MARKETING

The Group's marketing strategy is an important part of its business' activities and is tailored to fit each brand that the Group represents in the markets in which it operates. The objective of the Group's brand marketing is to build up strong brand recognition and market acceptance by its customers.

For the brands that the Group represents, a brand manager is tasked with the responsibility of ensuring that brand exposure is optimized by working with the Principals' and the Group's in-house advertising and promotion team.

The Group's in-house advertising and promotion team employs a comprehensive mix of media to communicate brand identities to its customers. The media mix varies from brand to brand, depending on the marketing requirements of the respective brand. The various media used by the Group include:

- **Above-the-line advertising**. Advertisements are placed by the Group in various widely-distributed newspapers, fashion and lifestyle magazines, billboards, television and radio.
- **Below-the-line advertising**. In-store visual displays, in-store events and promotions, including gift-with-purchase and purchase-with-purchase promotions, fashion shows and product launches, are ongoing in the Group's stores.
- **Product and event sponsorships**. The Group sponsors and participates in various fashion shows, beauty contests and sporting events.

For the four months ended April 30, 2004 and for the years ended December 31, 2003, 2002 and 2001, the Company incurred marketing and promotion expenses amounting to Rp8,959 million, Rp33,607 million, Rp47,246 million and Rp42,020 million, respectively.

ENVIRONMENTAL ISSUES

The Group's business activities do not have a significant impact with respect to environmental issues. Nevertheless, the Group selects locations for its stores in retailing complexes that have been developed taking environmental issues into account.

The manufacturing facility of MGP, is located on a 33,000 square meter plot of land in Gunung Putri, Bogor. The business activities of MGP do not have a significant impact with respect to environmental issues. However, by virtue of Indonesian environmental law, MGP is required to submit an environmental management effort document, known as an *Upaya Pengelolaan Lingkungan (UKL)* and an environmental control effort document, known as an *Upaya Pemantauan Lingkungan (UPL)*. As at the date of this Prospectus, MGP is in the process of finalizing its UKL and UPL.

V. RISK FACTORS

Before investing in the Company's shares, prospective investors should pay particular attention to the fact that the Group and its business are subject to a number of factors, many of which are outside the control of the Group. Prior to making an investment decision, prospective investors should carefully consider, along with the other matters set forth herein, the risks and investment considerations set forth below, which are not an exhaustive list of the challenges currently facing the Group or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Group or the value of the Shares. If any of the risks and investment considerations develop into actual events, the Group, its business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of the Shares could decline and investors may lose all or part of their investment.

Changes in sentiment in the retail industry, consumer preferences or spending trends in the markets that the Group operates in could significantly decrease the demand for its products

Demand for the Group's products depends to a significant extent on Indonesian consumer preferences and spending trends. The sentiments of the Indonesian retail industry, consumer preferences and spending patterns are influenced by external factors including, among others, the state of the Indonesian economy and its political environment, the disposable income of Indonesian consumers and the market's demographic profile. In particular, consumer preferences for sports, lifestyle and fashion, and children's fashion and toys, which make up three of the Group's five core business segments, are rapidly evolving and difficult to forecast. A change in consumer preferences or spending trends may have a material adverse impact on the success of the Group's marketing strategies and the sales of the products that it distributes and/or retails.

While the Group regularly conducts market research to forecast changes in consumer preferences, and reviews the performance and viability of its portfolio of brands to ensure continued market acceptance, there is no assurance that its efforts can prepare it adequately to meet changing consumer preferences or spending habits. An inaccurate assessment of, or an untimely response to, changing consumer preferences could have a material adverse effect on the Group's financial condition and results of operation.

The Group may not be successful in implementing its growth strategy

The Group intends to expand its retail network as part of its growth strategy. Complementing this growth, the Group intends to expand its manufacturing and distribution operations. There can be no assurance that this strategy will be successful. The number and type of retail outlets to be opened, the expansion of the Group's manufacturing and distribution operations and the success of such expansion will be dependent upon a number of factors, including the Group's ability to manage such expansion and to hire and train sufficiently qualified staff, the availability of suitable storage, manufacturing and distribution facilities and the successful negotiation of terms for new retail outlets acceptable to the Group. There is no assurance that the Group will be able to expand manufacturing and distribution facilities, open and operate new retail outlets on a timely basis and/or operate the business on a profitable basis.

In addition, as part of this growth strategy, the Group seeks to extend its brand recognition, increase product lines and consider further agreements with selected Principals. Management of the Group's growth will require continued development of its operating and financial controls and may place strains on its resources. If the Group is unable to manage its growth and development successfully, its financial condition and results of operations could be materially and adversely affected.

Inventory obsolescence may have a material adverse effect on the Group's business

Given that the demands of customers in the retail industry are ever-changing, the Group may encounter the risk of inventory obsolescence, particularly in relation to its lifestyle and fashion and children's toys and fashion business segments which can affect production, planning and profitability. As an indication, the Group recorded provisions for obsolete inventories of Rp2,590 million, Rp2,059 million, Rp530 million and Rp385 million for the four months ended April 30, 2004 and the three years ended December 31, 2003, 2002 and 2001 respectively.

The Group's business depends on its ability to retain existing and secure new distribution or licensing agreements and its relationship with its Principals

The Group is dependent on its ability to retain existing, as well as secure new distribution rights of internationally-recognized brands. The Group enters into distribution agreements with its principals which contain conditions relating to, among other things, the expiry and renewal periods of its distribution agreements as well as those circumstances which may lead to the termination of its rights prior to the stipulated expiry or renewal date. Certain of the Group's licensing or distribution agreements do not provide for automatic renewal or extension of agreements. The failure to renew or extend any exclusive license to manufacture and market, or exclusive distributorships for certain key international brands, such as Reebok and Wilson or a significant adverse change in the relationships between the Group and such key principals could have a material adverse impact on its financial condition and results of operation. Likewise, the Group's market share may also be reduced if it is unable to secure distribution rights to new internationally recognized brands, which could have a material adverse effect on the Group's business.

Non-renewal of leases or substantial increases in rent for the Group's retail stores may have a material adverse effect on the Group

All of the Group's retail stores are leased from independent third parties. There is no assurance that each of these leases will be renewed upon expiry or on terms and conditions that are acceptable to the Group. If such leases cannot be extended or renewed, the Group will have to find other appropriate premises and this may have a material adverse effect on the business, financial condition and results of operation of the Group if the new premises are not as appropriate as the existing leased premises. Alternatively, if the existing leases can only be renewed on less favorable terms, this will increase the Group's operating expenses and thus the Group's business, financial condition and results of operation may be materially and adversely affected.

Expansion into new product markets may present additional risks that could adversely affect the success of the Group's business activities

The Group expects to adopt a policy of continuous business expansion, including entering into new product markets. The Group may have little or no operating experience in these new product markets. It faces challenges in entering new markets, including consumers' lack of awareness of the brands that it carries and problems related to its unfamiliarity with the new target's demographics. New markets may also have different competitive conditions, consumer tastes and discretionary spending patterns than the Group's existing markets. Any failure to recognize or respond to these differences may adversely affect the success of the Group's business units, which could have a material adverse effect on the Group's operating results.

Several of the Group's key licenses contain a prohibition on a change of control in the Group's shareholding

In the event of a change of control, such as the Global Offering, the Group may have its licensing or distribution arrangements with several key principals terminated if the latter do not provide consent to such change of control. The loss of these key licensing or distribution arrangements could have a material adverse effect on the Group's financial condition and results of operation.

The retail industry is intensely competitive with limited barriers to entry

There are few barriers to prevent a new player who is ready to invest the time and resources required from entering the retail industry. If an existing or new competitor in the market is successful in developing and marketing a retail concept that is comparable or more acceptable to the market, the Group's market share in the relevant market segment will decline and this may result in the Group's future turnover and profitability being adversely affected.

While the Group has exclusive distributorship terms to most of the brands which it represents, parallel importers may be able to offer products under the brands represented by it at more competitive prices than the prices the Group offers to its customers. Under such circumstances, its market share, future turnover and profitability may be affected, which may have a material adverse effect on the Group's business.

Infringement of the Group's trademarks and other intellectual property rights would have a material adverse effect on the Group's business

The Group relies on trademarks to establish and protect its brand names and logos. The Company believes that the trademarks and its other intellectual property rights are important to its success and its competitive position. There can be no assurance that the actions the Group has taken will be adequate to prevent brand and product imitation by others or to prevent others from seeking to block sales of the Group's products as a violation of their own trademarks and other intellectual property rights. In addition, there can be no assurance that others will not assert rights in, or ownership of, the trademarks and other intellectual property rights. The Group's business, financial condition and results of operations may be materially and adversely affected by trademarks infringement or trade mark disputes with others.

As a number of the brands that the Group sells are offered under distribution or licensing agreements, ownership of the underlying trademark and the ability to enforce against infringements rests with the Principals. In the event of an infringement, the Group may not be able to take action, or ensure that its Principal takes action, to prevent further breaches or to remedy existing breaches and, as a result, the Group's business, financial condition and results of operation may be materially and adversely affected.

The value of the Group's trademarks and other intellectual property rights may be damaged or diluted by others

The Group and its Principals are mutually dependent on the actions of each other to enhance and protect the global value and credibility of its brands. The use of licensed trademarks by the Group is subject to the restriction that the goods or products must conform to the quality and design standards prescribed by its Principals. The use of trademarks identical to the Group's trademarks outside Indonesia is controlled by the Group's Principals, and is not controlled by the Group.

Use or development of the Group's brands outside Indonesia in ways or forms that are inconsistent with the Group's use of its trademarks may damage the value of the trademarks.

The Group may be subject to restrictions imposed by its Principals

The licensed products manufactured or produced by or for the Group in Indonesia are subject to the high quality and design standards prescribed by its Principals. Furthermore, in many cases, the Group is only entitled to notice from its Principals as soon as practicable if the standards set by them are to be varied to a substantial extent. Certain of the Group's licensing, distribution and franchising arrangements contain restrictions and conditions relating to, among others, minimum guaranteed sales, fixed advertising and promotions budgets and restrictions on supply of products and raw materials, which may prove to be onerous to the Group and may adversely and materially affect the Group's business, financial condition and results of operations.

Pursuant to certain of the Group's licensing and/or distribution agreements, the Group is not allowed to sell products constituting competition to the products already marketed or sold by the Group. Such a breach of agreement may result in the termination of certain agreements which may adversely affect the Group's business, financial conditions or results of operations.

The Group's business activities are subject to seasonality and timing

The Group experiences seasonal fluctuations in its turnover and operating income and generally records higher turnover from October to January, due to traditionally higher consumer spending around the Lebaran and Christmas seasons.

As a result of these fluctuations, comparisons of sales and operating results between different periods within a single financial year, or between different periods in different financial years, are not necessarily meaningful and cannot be relied on as indicators of the Group's financial and operating performance. Any seasonal fluctuations reported in the future may not match the expectations of investors. This could cause the trading price of the Shares to fluctuate.

Since the Group operates largely on a seasonal cycle, if the Group is unsuccessful in selecting the right product mix for a particular season, sales for that entire season could be significantly affected. In addition, any consequent reputational damage could have a negative impact on the Group's sales in future seasons.

The results of operations of the Group may also fluctuate significantly as a result of a number of other factors, including, but not limited to, the timing of opening of new stores, merchandise mix and the timing of advertising and promotional campaigns.

Control by principal shareholder

Upon the completion of the Global Offering, PT Satya Mulia Gema Gemilang will own 1,059,130,435 Shares, representing approximately 63.80% of the issued and paid-up share capital of the Company. By virtue of its shareholding in the Company, PT Satya Mulia Gema Gemilang will have the ability to directly exercise control over the Company, its affairs and business, including the election of directors and the approval of most actions requiring the approval of its shareholders. Although principal shareholders in many jurisdictions are subject to fiduciary duties, principal shareholders in Indonesian corporations are not subject to such duties. The interests of PT Satya Mulia Gema Gemilang may differ from or conflict with the interests of other shareholders of the Company.

The Group depends on the efforts of its key management

The Group's success to a certain extent depends on the continued services of its key management which has extensive experience in the retail industry in general and in the Group's core retail business segments in particular. The unavailability of the continuing services of any member of the key management or the failure to recruit suitable or comparable replacements, could have a material adverse effect on the Group's business.

Revenue from the Group's SOGO stores accounts for a substantial percentage of the Group's revenue and, as a result, the Group's business and results of operations depends on the success of SOGO

The Group, through PLI, which it acquired in March 2004, operates five SOGO stores. Net sales from the Group's SOGO stores accounts for a substantial percentage of the Group's net sales. For the four months ended April 30, 2004, and the years ended December 31, 2003, 2002 and 2001, the Group's SOGO stores accounted for 47.55%, 46.59%, 47.37% and 47.04%, respectively, of the Group's net sales.

There is no assurance that the Group's SOGO stores will continue to operate profitably or will be successfully integrated into the Group and its existing businesses. A reduction in the profitability of the Group's SOGO stores would have a material adverse effect on the Group's business and results of operations.

The success of the Group's SOGO stores may be affected by the reputation of the SOGO trademark. As such, any negative publicity concerning SOGO stores located in countries other than Indonesia may have a material adverse effect on the business of the Group's SOGO stores. The SOGO group of companies in Japan filed for legal protection from creditors (court-supervised bankruptcy reorganization) under Japan's Civil Rehabilitation Laws in July 2000, completed legal rehabilitation procedures in January 2003, and has since reported increasing profits. Should a similar event occur again, it may adversely affect the SOGO brand, which may have a material and adverse effect on the business of the Group's SOGO stores and, consequently, the Group's business and results of operations.

The Group may incur a significant amount of debt in the future to finance expansion plans

The actual amount of the Group's future financing requirements will depend on its future performance, market conditions and other factors, many of which are beyond the Group's control and cannot be predicted with certainty. The Group may need to raise additional funds to finance more rapid expansion, meet unanticipated operating cash flow requirements, develop new or enhanced products or services, respond to competitive or brand pressures, invest in or acquire businesses or technologies or respond to unanticipated requirements or developments.

There is no assurance that the Group will be able to obtain financing on favorable terms. The Group may also seek such additional funds, if necessary, through new issues of shares. If additional funds are raised through the issue of shares, dilution of its shareholder's interests may result. If, in all events, insufficient funds are available to meet the Group's needs, then the Group may not be able to expand, introduce new products or services or compete effectively, any of which could materially adversely affect the Group's financial condition and results of operations.

Should financing be secured through banks' credit facilities and/or the issuance of instruments of indebtedness, the Group may have to create security interests over its assets and the Group's creditors may also limit its operating and financing activities. The Group's ability to meet its payment obligations and to fund planned capital expenditures will depend on the success of its business strategy and its ability to generate sufficient revenues to satisfy its obligations, which are subject to many uncertainties and contingencies beyond its control.

There has been no prior market for the Shares

The Shares offered in the Global Offering are comprised of a new issue of securities for which there was previously no public market. There can be no assurance as to the liquidity of any market that may develop for the Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. The Company has made an application to list the Shares on the main board of the Stock Exchange. There can be no assurance that the Shares will be accepted for listing and trading.

The Shares could trade at prices that may be lower than the Issue Price depending on many factors, including, but not limited to:

- differences between the Group's factual financial and operating results and those expected by investors and analysts;
- announcements made by the Group or its competitors;
- changes in securities analysts' recommendations on the shares of the Company and perception of the Group;
- developments in the department store and retail industries;
- changes in pricing made by the Group, its competitors or providers of alternative products and services;
- liquidity and volatility of the market for the Shares; and
- general economic, political and social factors;

The Company and the Underwriters have no obligation to make a market in the Shares or to maintain the listing of the Shares on the Main Board of the Stock Exchange.

VI. MATERIAL POST-BALANCE SHEET EVENTS

There has been no material post-balance sheet event that is significant or sufficiently relevant to require disclosure in this Prospectus.

VII. INFORMATION ON THE COMPANY

BRIEF HISTORY OF THE COMPANY

The Company, which is headquartered in Jakarta, was duly incorporated in Jakarta by virtue of Establishment Deed No. 105 dated January 23, 1995, drawn up before Julia Mensana, SH, Notary in Jakarta. The deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No. C2-9243.HT.01.01.TH.95 dated July 31, 1995, registered at the District Court of South Jakarta under No.1247/A.PT/HKM/1995/PN.JAK.SEL dated August 31, 1995, and published in the State Gazette of the Republic of Indonesia No. 80 dated October 6, 1995, Supplement No. 8287.

Pursuant to Law of the Republic of Indonesia No. 1 of 1995 regarding the Limited Liability Company, the articles of association of the Company was entirely amended by virtue of the Deed on the Minutes of the Company No. 198 dated December 24, 1996, drawn up by Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta. The amendment to the articles of association of the Company was approved by the Minister of Justice of the Republic of Indonesia under his decree No.C2-3.705HT.01.04 TH.97 dated May 12, 1997 and the data report of the amendment to the articles of association (clause 15 verse 2 of Law of the Republic of Indonesia No. 1 of 1995) was received and recorded by the Civic Director of Directorate General Law of the Ministry of Justice of the Republic of Indonesia on September 3, 1997 under No. C2-8.988HT.01.04.TH.97, and registered in the Company Register at the Companies Registry in South Jakarta Municipality No. 1119/BH.09.03/VII/97 dated July 16, 1997 and published in the State Gazette of Republic of Indonesia No. 74 dated September 16, 1997, Supplement No. 4197.

The Company's articles of association have been amended several times and most recently, in anticipation of the Global Offering, the entire structure of the articles of the association was amended by virtue of the Deed on the Minutes of the Extraordinary General Meeting of Shareholders No. 19 dated August 27, 2004, drawn up by Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, relating to the amendment in the capital structure and status change of the Company from a private company to a public company. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-21990HT.01.04 TH.2004 dated September 1, 2004.

The Group's business is primarily focused on operating retail outlets, which currently comprise department stores and specialty stores. The Group operates department stores under the SOGO, Lotus and Debenhams brands. Specialty stores consist of retail outlets that can be classified into the Group's five core business segments, namely sports, fashion and lifestyle, children's fashion and toys, food and beverage and others. The Group also owns and operates a garment manufacturing facility which supports its retailing business. Currently the Group owns rights (including licensing, distribution, retail and franchising rights) to over 50 middle- to high-end internationally established brands. The Group also owns and operates a garment manufacturing facility which supports its retailing business.

As at the date of this Prospectus, the Group owns the following fixed assets with ownership status and insurance coverage as set forth in the following table:

Type of Fixed Assets	Owner	Ownership Status	Area and Location	Type of Insurance coverage	Insurance Company
Land and building	Company	Right of building	62 m^2 (Badung, Bali)	Property all risk, terrorism and sabotage	PT Asuransi Dayin Mitra Tbk
Land and building	Company	Right of building	3,990 m^2 (Tangerang, Banten)	Property all risk, terorism and sabotage	PT Asuransi Dayin Mitra Tbk
Land and building	Company	Right of building	33,000 m^2 (Bogor, West Java)	Property all risk	PT Asuransi Dayin Mitra Tbk
Vehicles	Company	Right of ownership	—	Total loss only	PT Asuransi Dayin Mitra Tbk
Vehicles	Company	Lease	—	All risk and riot, strike and civil commotion	PT Asuransi Dayin Mitra Tbk PT Asuransi AIU Indonesia PT Asuransi Multi Artha Guna

SHARE OWNERSHIP HISTORY

1995

By virtue of Establishment Deed No. 105 dated January 23, 1995 drawn up before Julia Mensana, SH, Notary in Jakarta, which Deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No. C2-9243.HT.01.01.TH.95 dated July 31, 1995, registered at the District Court of South Jakarta under No.1247/A.PT/HKM/1995/PN.JAK.SEL dated August 31, 1995, and published in the State Gazette of the Republic of Indonesia No. 80 dated October 6, 1995, Supplement No. 8287, the capital structure and composition of share ownership of the Company were as follows:

Authorized Capital:
Rp10,000,000,000.00 (ten billion Rupiah), which was divided into 10,000 (ten thousand) shares each carrying a par value of Rp1,000,000.00 (one million Rupiah);

Issued Capital:
Rp4,000,000,000.00 (four billion Rupiah) which was divided into 4,000 (four thousand) shares; and

Paid-up Capital:
Rp4,000,000,000.00 (four billion Rupiah).

The share subscription above was made in cash by the shareholders. The capital structure and the composition of share ownership as at the date of establishment of the Company were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	10,000	10,000,000,000	
Issued and paid-up capital:			
Sarkawi	800	800,000,000	20.00
Benny Gozali	800	800,000,000	20.00
Sintia Golonas	800	800,000,000	20.00
Marisa Kolonas	800	800,000,000	20.00
Muljani Gozali	800	800,000,000	20.00
Total issued and paid-up capital	4,000	4,000,000,000	100.00
Total shares remaining in portfolio	6,000	6,000,000,000	

1996–1997

By virtue of the Deed on Sale and Purchase of Shares No. 196 dated December 24, 1996, drawn up before Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta, 800 (eight hundred) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah) of the shareholder Benny Gozali, were sold to Sarkawi and 400 (four hundred) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah) of shareholder Sintia Kolonas, were sold to Sarkawi. By virtue of the Deed on Sale and Purchase of Shares No. 197 dated December 24, 1996, drawn up before Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta, 400 (four hundred) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah) of shareholder Sintia Kolonas, were sold to PLI and 800 (eight hundred) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah) of shareholder Marisa Kolonas, were sold to PLI and 800 (eight hundred) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah) of shareholder Muljani Gozali, were sold to PLI. Such sale and purchase of shares was approved by virtue of the Deed on Minutes of the Extraordinary General Meeting of Shareholders No. 195 dated December 24, 1996, drawn up by Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta. After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	10,000	10,000,000,000	
Issued and paid-up capital:			
Sarkawi	2,000	2,000,000,000	50.00
PT Panen Lestari Internusa	2,000	2,000,000,000	50.00
Total issued and paid-up capital	4,000	4,000,000,000	100.00
Total shares remaining in portfolio	6,000	6,000,000,000	

By virtue of the Deed on the Minutes of the Company No. 198 dated December 24, 1996, drawn up before the same Notary above, the authorized capital of the Company was increased from Rp10,000,000,000.00 (ten billion Rupiah) to Rp40,000,000,000.00 (forty billion Rupiah) and the subscribed and paid-up capital of the Company was increased from Rp4,000,000,000.00 (four billion Rupiah) to Rp40,000,000,000.00 (forty billion Rupiah). The above Deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No.C2-3.705HT.01.04 TH.97 dated May 12, 1997 and registered in the Company Register at the Companies Registry in South Jakarta Municipality under No. 1119/BH.09.03/VII/97 dated July 16, 1997 and published in the State Gazette of Republic of Indonesia No. 74 dated September 16, 1997, Supplement No. 4197, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	40,000	40,000,000,000	
Issued and paid-up capital:			
Sarkawi	20,000	20,000,000,000	50.00
PT Panen Lestari Internusa	20,000	20,000,000,000	50.00
Total issued and paid-up capital	40,000	40,000,000,000	100.00
Total shares remaining in portfolio	—	—	

1998

By virtue of the Deed on Sale and Purchase of Shares No. 73 dated May 29, 1998, drawn up before Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta, Maria Marisa Sarkawi acting as the beneficiary of shareholder Sarkawi, deceased, and PLI, who together owned an aggregate 40,000 (forty thousand) shares of the Company sold and submitted 39,000 (thirty nine thousand) shares to PT Argadhana Sentosa and 1,000 (one thousand) shares to Budiman Nursalim. Such sale of shares was approved by the shareholders based on an Extraordinary General Meeting of the Shareholders held on May 29, 1998, by virtue of the Deed on the Minutes of the Company No. 72, dated May 29, 1998, drawn up by the same Notary above. After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	40,000	40,000,000,000	
Issued and paid-up capital:			
PT Argadhana Sentosa	39,000	39,000,000,000	97.50
Budiman Nursalim	1,000	1,000,000,000	2.50
Total issued and paid-up capital	40,000	40,000,000,000	100.00
Total shares remaining in portfolio	—	—	

2001

By virtue of the Deed on Sale and Purchase of Shares No. 32 dated November 23, 2001, drawn up before Erly Soehandjojo, SH, Notary in Jakarta, 1,000 (one thousand) shares of the Company held by then shareholder, Budiman Nursalim, were sold and submitted to PT Satya Mulia Gema Gemilang. Such sale and purchase of shares was approved by an Extraordinary General Meeting of the Shareholders held on November 23, 2001, by virtue of the Deed on the Minutes of the Company No. 31 dated November 23, 2001, drawn up by the same Notary above. After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	40,000	40,000,000,000	
Issued and paid-up capital:			
PT Argadhana Sentosa	39,000	39,000,000,000	97.50
PT Satya Mulia Gema Gemilang	1,000	1,000,000,000	2.50
Total issued and paid-up capital	40,000	40,000,000,000	100.00
Total shares remaining in portfolio	—	—	

In the same year, by virtue of the Deed on the Minutes of the Company No. 33 dated November 23, 2001, drawn up by Erly Soehandjojo, SH, Notary in Jakarta, under which the authorized capital of the Company was increased from Rp40,000,000,000.00 (forty billion Rupiah) to Rp1,000,000,000,000.00 (one trillion Rupiah) and the subscribed and paid up capital was increased from Rp40,000,000,000.00 (forty billion Rupiah) to Rp250,000,000,000.00 (two hundred fifty billion Rupiah). The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-15591 HT.01.04.TH.2001 dated December 12, 2001 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090315119352 in the Companies Registry of South Jakarta Municipality under No. 637/RUB.09 03/V/2002 dated May 22, 2002 and published in the State Gazette of the Republic of Indonesia No. 71, dated September 3, 2002, Supplement No. 10076.

The share subscription above was made in cash by the respective shareholders.

After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	1,000,000	1,000,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang[(1)]	210,000	210,000,000,000	84.00
PT Argadhana Sentosa	40,000	40,000,000,000	16.00
Total issued and paid-up capital	250,000	250,000,000,000	100.00
Total shares remaining in portfolio	750,000	750,000,000,000	

Note:

(1) By virtue of an Extraordinary General Meeting of Shareholders held on December 27, 2001, the Company issued a total of 110,000 (one hundred ten thousand) shares from its portfolio, each carrying a par value of Rp1,000,000.00 (one million Rupiah), which was entirely subscribed by PT Satya Mulia Gema Gemilang, after which the subscribed and paid up capital of the Company was increased from Rp250,000,000,000.00 (two hundred fifty billion Rupiah) to become Rp360,000,000,000.00 (three hundred sixty billion Rupiah).

2002

By virtue of the Deed on Statement of Resolutions of the Company No. 89 dated January 31, 2002, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, of which was the resolutions of a General Meeting of the Shareholders of the Company held on December 27, 2001, under which the Company issued a total of 110,000 (one hundred ten thousand) shares from its portfolio, each carrying a par value of Rp1,000,000.00 (one million Rupiah), which was entirely subscribed by PT Satya Mulia Gema Gemilang, after which the subscribed and paid up capital of the Company was increased from Rp 250,000,000,000.00 (two hundred fifty billion Rupiah) to become Rp 360,000,000,000.00 (three hundred sixty billion Rupiah). Such amendment to the articles of association of the Company relating to the increase of subscribed and paid up capital was received and recorded in the Database of Directorate General Administration of General Law of the Ministry of Justice and Human Rights of the Republic of Indonesia under his decree No. C-03840 HT.01.04.TH.2002 dated March 8, 2002 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090315119352 at the Companies Registry in South Jakarta Municipality No. 637/RUB-09.03/V/2002 dated May 22, 2002 and published in the State Gazette of the Republic of Indonesia No. 6 dated January 21, 2003, Supplement No. 52.

The share subscription above was made in cash by the respective shareholders.

After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	1,000,000	1,000,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang	320,000	320,000,000,000	88.88
PT Argadhana Sentosa	40,000	40,000,000,000	11.12
Total issued and paid-up capital	360,000	360,000,000,000	100.00
Total shares remaining in portfolio	640,000	640,000,000,000	

2003

By virtue of the Deed on the Minutes of the Company No. 69 dated November 14, 2002, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, a total of 100,000 (one hundred thousand) shares was issued from the portfolio of the Company and subscribed by PT Satya Mulia Gema Gemilang, as a result of which the subscribed and paid up capital was increased from Rp360,000,000,000.00 (three hundred sixty billion Rupiah) to Rp460,000,000,000.00 (four hundred sixty billion Rupiah). Such amendment to the articles of association relating to the increase of subscribed and paid up capital was received and recorded in the Database of Directorate General Administration of General Law of the Ministry of Justice and Human Rights of the Republic of Indonesia under No. C-03043 HT.01.04.TH.2003 dated February 13, 2003, and registered in the Company Register pursuant to Law of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090315119352 at the Companies Registry in South Jakarta Municipality No. 310/RUB 09.03/III/2003, dated March 13, 2003.

The share subscription above was made in cash by the respective shareholders.

After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	1,000,000	1,000,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang	420,000	420,000,000,000	91.30
PT Argadhana Sentosa	40,000	40,000,000,000	8.70
Total issued and paid-up capital	460,000	460,000,000,000	100.00
Total shares remaining in portfolio	540,000	540,000,000,000	

By virtue of the unnotarized Deed on Sale and Purchase of Shares dated November 25, 2002 as stated in the Deed of Custody of Letter No. 22 dated February 6, 2003, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, 40,000 (forty thousand) shares of the Company of shareholder PT Argadhana Sentosa, were sold and submitted to F. X. Boyke Gozali. The above Deed was approved by an Extraordinary General Meeting of Shareholders held on November 25, 2002, as stated in the Deed on Statement of Resolutions of the Company No. 21 dated February 6, 2003, drawn up before the same Notary above. After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	1,000,000	1,000,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang	420,000	420,000,000,000	91.30
F. X. Boyke Gozali	40,000	40,000,000,000	8.70
Total issued and paid-up capital	460,000	460,000,000,000	100.00
Total shares remaining in portfolio	540,000	540,000,000,000	

2004

By virtue of the Deed on Sale and Purchase of Shares No. 61 dated August 13, 2004 drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, 40,000 (forty thousand) shares of the Company of shareholder F.X. Boyke Gozali were sold and submitted to PT Map Premier Indonesia. After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	1,000,000	1,000,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang	420,000	420,000,000,000	91.30
PT Map Premier Indonesia	40,000	40,000,000,000	8.70
Total issued and paid-up capital	460,000	460,000,000,000	100.00
Total shares remaining in portfolio	540,000	540,000,000,000	

For the purpose of the Initial Public Offering, the capital structure of the Company was amended by virtue of the Deed on the Minutes of the Company No. 19 dated August 27, 2004, drawn up by Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, which Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-21990HT.01.04 TH.2004 dated September 1, 2004. As at the date of this Prospectus, the publication of the amendments on the articles of association of the Company in the State Gazette of the Republic of Indonesia are still being processed. The amendments of capital structure by virtue of such Deed were as follows:

(i) Increase of authorized capital of the Company from Rp1,000,000,000,000.00 (one trillion Rupiah) to Rp2,000,000,000,000.00 (two trillion Rupiah);

(ii) Change in par value of the shares of the Company from Rp1,000,000.00 (one million Rupiah) per share to Rp500,00 (five hundred Rupiah) per share;

(iii) Increase of issued and paid up capital of the Company from Rp460,000,000,000.00 (four hundred sixty billion Rupiah) to Rp580,000,000,000.00 (five hundred eighty billion Rupiah). The increase of the subscribed and paid up capital was derived from capitalization of retained earnings of the Company amounting to Rp120,000,000,000.00 (one hundred twenty billion Rupiah) as paid up capital of the Company.

After this transaction had been effected, the capital structure and composition of share ownership of the Company were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	4,000,000,000	2,000,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang	1,059,130,435	529,565,217,500	91.30
PT Map Premier Indonesia	100,869,565	50,434,782,500	8.70
Total issued and paid-up capital	1,160,000,000	580,000,000,000	100.00
Total shares remaining in portfolio	2,840,000,000	1,420,000,000,000	

BRIEF DESCRIPTIONS OF SHAREHOLDERS OF THE COMPANY WHICH ARE LIMITED LIABILITY COMPANIES

PT Satya Mulia Gema Gemilang

History of establishment

PT Satya Mulia Gema Gemilang ("SATYA"), which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of SATYA No. 266 dated June 30, 1997, drawn up before Erly Soehandjojo, SH, Notary in Jakarta as amended by virtue of the Deed on Amendment of Establishment Deed of SATYA No. 31 dated January 25, 1999, drawn up before Wiwiek Widjajanti, SH, Notary Candidate, as substitute for Erly Soehandjojo, SH, Notary in Jakarta. The above Deeds were approved by the Minister of Justice of the Republic of Indonesia under his decree No. C-8937 HT.01.01.Th.99 dated May 24, 1999.

Objective and purpose

SATYA is engaged in development/construction, trading, transportation, warehousing, agriculture, plantation, forestry, fishery, agriculture, mining, and service/consulting.

Capital structure and composition of share ownership

The capital structure and composition of share ownership of SATYA as stated in the Deed on the Minutes of SATYA No. 6 dated April 5, 2002, drawn up by Retno Indah Handayani, SH, as substitute for Erly Soehandjojo, SH, Notary in Jakarta, were as follows:

Authorized Capital:
Rp500,000,000,000.00 (five hundred billion Rupiah), which is divided into 500,000 (five hundred thousand) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah);

Issued Capital:
Rp210,000,000,000.00 (two hundred ten billion Rupiah), which is divided into 210,000 (two hundred and ten thousand) shares; and

Paid-up Capital:
Rp210,000,000,000.00 (two hundred ten billion Rupiah).

By virtue of the Deed on Statement of Resolutions of SATYA No. 10 dated February 27, 2003, drawn up before Hannywati Gunawan, SH, Notary in Jakarta, which was received and recorded under the Database Directorate General of Administration of General Law of the Ministry of Justice and Human Rights of the Republic of Indonesia under No. C-UM.02.01.16408 dated November 3, 2003, the capital structure and composition of share ownership of SATYA were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	**500,000**	**500,000,000,000**	
Issued and paid-up capital:			
PT Mitralestari Adiperkasa	209,990	209,990,000,000	99.99
F. X. Boyke Gozali	10	10,000,000	0.01
Total issued and paid-up capital	210,000	210,000,000,000	100.000
Total shares remaining in portfolio	290,000	290,000,000,000	

Management and supervision

The composition of members of the Commissioner and Directors of Satya as stated in the Deed on the Minutes of SATYA No. 143 dated August 30, 2004, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, are as follows:

Commissioners

President Commissioner	:	H.B.L. Mantiri
Commissioner	:	Mien Sugandhi
Commissioner	:	Juliani Gozali
Commissioner	:	Kentjana Indriawati
Commissioner	:	Arie Yandi Taswar

Directors

President Director	:	F. X. Boyke Gozali
Director	:	Susiana Latif
Director	:	Handaka Santosa
Director	:	Indrawana Widjaja

PT Map Premier Indonesia

History of establishment

PT Map Premier Indonesia ("MPI"), which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws of the Republic of Indonesia, by virtue of the Establishment Deed of MPI No. 6 dated October 15, 2003, drawn up before Merry Susanti Siaril, SH, Notary in Jakarta. The above Deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No. C-07449 HT.01.01.TH.2004 dated March 26, 2004.

Objective and purpose

MPI is engaged in trading, construction, mining, land transportation, agriculture, printing and service rendering other than in legal matters and taxation.

Capital structure and composition of share ownership

The capital structure of MPI as stated in the Establishment Deed of Limited Liability Company of MPI No. 6 dated October 15, 2003, drawn up before Merry Susanti Siaril, SH, Notary in Jakarta, is as follows:

Authorized Capital :
Rp5,000,000,000.00 (five billion Rupiah), which is divided into 5,000 (five thousand) shares, each carrying a par value of Rp1,000,000.00 (one million Rupiah);

Issued Capital :
Rp5,000,000,000.00 (five billion Rupiah), which is divided into 5,000 (five thousand) shares;

Paid-up Capital :
Rp5,000,000,000.00 (five billion Rupiah).

By virtue of Clause 4 verse 3 of the Establishment Deed of Limited Liability Company of MPI No. 6 dated October 15, 2003, drawn up before Merry Susanti Siaril, SH, Notary in Jakarta, 100% (one hundred percent) of the entire subscribed capital above, which amounted to Rp5,000,000,000.00 (five billion Rupiah), was paid in cash to MPI by the respective shareholders. After this transaction had been effected, the capital structure and composition of share ownership were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	10,000	10,000,000,000	
Issued and paid-up capital:			
PT Satya Mulia Gema Gemilang	4,999	4,999,000,000	99.98
F. X. Boyke Gozali	1	1,000,000	0.02
Total issued and paid-up capital	5,000	5,000,000,000	100.000
Total shares remaining in portfolio	5,000	5,000,000,000	

Management and supervision

The composition of members of the Commissioners and Directors of MPI as stated in the Establishment Deed of Limited Liability Company of MPI No. 6 dated October 15, 2003, drawn up before Merry Susanti Siaril, SH, Notary in Jakarta, which Deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No. C-07449 HT.01.01.TH.2004 dated March 26, 2004, are as follows:

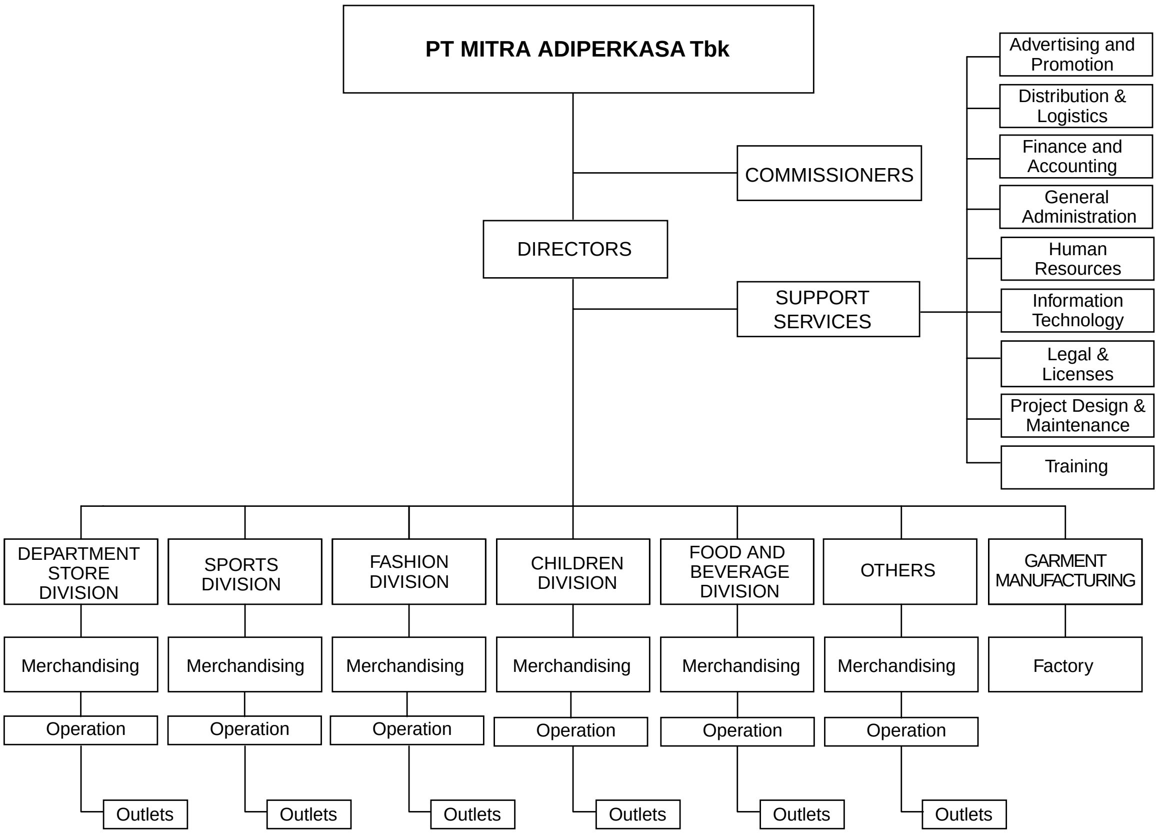
Commissioners

President Commissioner	:	H. B. L. Mantiri
Commissioner	:	Karel Patipeilohy
Commissioner	:	Hendra Latif

Directors

President Director	:	F.X. Boyke Gozali
Director	:	Susiana Latif
Director	:	Indrawana Widjaja

ORGANIZATIONAL STRUCTURE



MANAGEMENT AND SUPERVISION OF THE COMPANY

By virtue of the Deed on the Minutes of the Company No. 4 dated September 6, 2004, drawn up before Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, the composition of the Commissioners and Directors of the Company are as follows:

Commissioners

President Commissioner	:	Mien Sugandhi
Vice President Commissioner	:	F. X. Boyke Gozali
Independent Commissioner	:	Bambang Handoyo
Independent Commissioner	:	Johannes K. Budiman
Commissioner	:	Juliani Gozali
Commissioner	:	Kentjana Indriawati

Directors

President Director	:	H. B. L. Mantiri
Vice President Director	:	V. P. Sharma
Non-Affiliated Director	:	Sjeniwati Gusman
Director	:	Susiana Latif
Director	:	Indrawana Widjaja
Director	:	Handaka Santosa

Set forth below is a brief description of the curriculum vitae of each of the Company's Commissioners and Directors:

Commissioners

Mien Sugandhi
President Commissioner

Indonesian citizen, born in 1934. Mdm Sugandhi has served as President Commissioner of the Company since 2004 and as President Commissioner of PLI since 2000. Prior to that, she served as the State Minister of Women Affairs from 1993 to 1998 and was an active member of the People's Consultative Assembly *(Majelis Permusyawaratan Rakyat/MPR)*, and the House of People's Representative *(Dewan Perwakilan Rakyat/DPR)* from 1977 to 1993. Mdm Sugandhi attended the Short Course XIX held by the National Resiliency Institute *(Lembaga Pertahanan Nasional/Lemhanas)* in 2003 and earned her Doctorate from Northern California Global University, USA, in 2001.

F.X. Boyke Gozali
Vice President Commissioner

Indonesian citizen, born in 1957. Mr Gozali has served as Vice President Commissioner of the Company since 2004, and as President Director from 2001 to 2004. He also currently serves as President Commissioner of BHL (since 2004), President Director of MGP (since 2003), Commissioner of PCI (since 2003), President Director of SCI (since 2001), President Director of PT Map Premier Indonesia (since 2003), President Commissioner of PT Indonesian Paradise Island (since 2003), Director of PT Plaza Nusantara Realty (since 1996), and as Vice President Director of PT Plaza Indonesia Realty Tbk (since 1992). In addition, Mr Gozali served at PT Schneider Ometraco (from 1988 to 2000), with his most recent position being President Commissioner, and at PT Ometraco Group (from 1982 to 1998), with his most recent position being President Director. He earned his Master of Public Administration degree from the University of Southern California, USA, in 1983 and his Bachelor degree of Business Administration from the Pepperdine University, USA, in 1982.

Bambang Handoyo
Independent Commissioner

Indonesian citizen, born in 1958. Mr Handoyo has served as one of the Independent Commissioners of the Company since 2004 and he also currently serves at PT Omedata Electronics with his most recent position being President Director (since 1999). He served at PT Bank Dagang Nasional Indonesia Tbk with his most recent position being the Regional Manager from 1994 to 1998 and at PT Bank Central Asia as Head of Corporate Credit Bureau from 1990 to 1994. He was also a member of the teaching staff in the Faculty of Economics at the University of Indonesia from 1981 to 1990. Mr Handoyo earned his Master of Arts in Economics from the Northwestern University, USA, in 1990 and his Bachelor degree in Economics from the University of Indonesia, Jakarta, in 1983.

Johannes K. Budiman
Independent Commissioner

Indonesian citizen, born in 1943. Mr Budiman has served as one of the Independent Commissioners of the Company since 2004. Prior to that, he served at PT Bali Turtle Island Development with his most recent position being Director from 2000 to 2004. Prior to that, he served at PT Ometraco Realty/PT Indonesia Prima Property with his most recent position being Project Manager Company Head (from 1989 to 1997), Head of Construction Development Division at PT Seafer Intermaco (from 1988 to 1989), Assistant to President 2 of Widya Kartika University (from 1986 to 1988), Chief of Superintendent at PT Surabaya Delta Plaza (from 1984 to 1986), and Director at PT Pemira (from 1983 to 1984). Mr Budiman earned his Masters degree from Delft University, Netherlands, in 1983.

Juliani Gozali
Commissioner

Indonesian citizen, born in 1952. Mdm Gozali has served as one of the Commissioners of the Company since 2004. In addition, she is also currently serving as President Director of each of PLI (since 2003) and BHL (since 2004), and as Commissioner of each of KB (since 1999), JR (since 2004), and MGP (since 2004). She has also served at PT Dipasena Citra Darmaja since 2000 with her most recent position being Director and as President Director at PT Meshindo Alloy Wheel Corporation since 1998. Prior to that, Mdm Gozali served as General Manager at PT Lotus Pertiwi from 1987 to 1989, and as Director at PLI from 1989 to 1997. She also served at PT Indonesia Prima Property Tbk from 1999 to 2002 with her most recent position being President Director, and as General Manager at PT Manning Development from 1985 to 1987. Mdm Gozali started her career at PT Gajah Tunggal Tbk from 1973 to 1985 with her most recent position being Senior Manager General Administration and she earned her bachelor degree in Social Politics from Jayabaya University, Jakarta, in 1986.

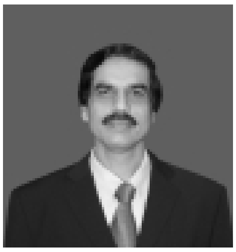
Kentjana Indriawati
Commissioner

Indonesian citizen, born in 1949. Mdm Indriawati has served as one of the Commissioners of the Company since 2004. She is also currently serving as President Commissioner of KB (since 2004), President Commissioner of JR (since 2004), Commissioner of each of PLI (since 1990), MGP (since 2004), PCI (since 2004) and PBL (since 1999). Prior to that, she served as a Director of PT Lotus Pertiwi from 1988 to 1990 and as General Manager of PT Nitto Indonesia from 1987 to 1988. Mdm Indriawati started her career at PT Gajah Tunggal from 1984 to 1987 with her most recent position being General Manager and she earned her Master of Business Administration degree from the American World University, USA, in 1999.

Directors

H.B. L. Mantiri
President Director

Indonesian citizen, born in 1939. Mr Mantiri has served as President Director of the Company since 2004. He joined the Group in 2001 as President Commissioner of SCI, and he is also currently President Commissioner of PCI (since 2003) and President Commissioner of PT Map Premier Indonesia (since 2003). Prior to that, Mr Mantiri served as the Ambassador of the Republic of Indonesia in the Republic of Singapore from 1996 to 1999 and he was in active military service from 1963 to 1995, with his most recent position being the General Chief of Staff of the Indonesian Armed Forces. Mr Mantiri attended various military education and training facilities from 1959 to 1986, including the Short Course XI held by National Resiliency Institute *(Lembaga Pertahanan Nasional/Lemhanas)* in 1986.



V.P. Sharma
Vice President Director

Indian citizen, born in 1958. Mr Sharma joined the Company in 1995 and he has served as Vice President Director of the Company since 2004. Prior to that, he served as advisor of PT Mitra Prima from 1989 to 1995. Mr Sharma started his career at UCO Bank, India, where he served from 1977 to 1989. He earned his Master of Business Administration from Hull University, England (in 1996), his Bachelor of Law from Rajasthan University, India (in 1980) and his Bachelor of Commerce from Rajasthan University, India (in 1977). In addition, Mr Sharma earned his Certified Associate of Indian Institute of Bankers, India, in 1982.

Sjeniwati Gusman
Non-Affiliated Director

Indonesian citizen, born in 1958. Mdm Gusman has served as Non-Affiliated Director of the Company since 2004. Prior to that, served at PT Dipasena Citra Darmaja from 1993 to 2003 with her most recent position being General Manager of Internal Audit and also served at PT Wachyuni Mandira from 2002 to 2003 as General Manager of Finance and Accounting. Prior to that, served as Finance and Accounting Manager at PT Surya Adhi Sakti from 1983 to 1993 and also as Assistant to Accounting Manager at PT Anggada Perkasa from 1980 to 1982. Earned her Bachelor of Economics from Atmajaya University, Jakarta, in 1983.

Susiana Latif
Director

Indonesian citizen, born in 1958. Mdm Latif has served as one of the Directors of the Company since 1995. She also serves in the Subsidiaries, as Commissioner of MGI (since 1999), Director of each of MSS, PCI and PBL (since 1999), Director of SCI (since 2001) and as Director of PT Map Premier Indonesia (since 2003). Prior to that, Mdm Latif served as Finance Director of PT Mitra Prima from 1990 to 1995, and as Finance and Accounting Manager of PT Bahana Tugu Mas from 1988 to 1990. She started her career at PT Dayin Prima Paint from 1982 to 1988 with her most recent position being Accounting Manager. Mdm Latif earned her degree of Masters of Business Administration from Hull University, United Kingdom, in 1996 and her Bachelor in Accounting from Atmajaya University, Jakarta, in 1981.

Indrawana Widjaja
Director

Indonesian citizen, born in 1965. Mr Widjaja has served as one of the Directors of the Company since 2001. He also serves as President Director of MSS and PCI (both since 2004), Director of SCI (since 2001), Director of MGP (since 2003), Commissioner of BHL (since 2004), and as Director of PT Satya Mulia Gema Gemilang and PT Map Premier Indonesia (both since 2003). Prior to that, he served as Senior Manager of PT Tunas Sepadan Cemerlang Manajemen from 1998 to 2001. Mr Widjaja started his career in PT Bank Dagang Nasional Indonesia Tbk from 1988 to 1998 with his most recent position being Branch Manager. He earned his Magisterial Management degree from the University of Atmajaya, Jakarta, in 1999 and his bachelor degree in Agricultural Technology from the Bogor Agricultural University, Bogor, in 1987.

Handaka Santosa
Director

Indonesian citizen, born in 1956. Mr Santosa has served as one of the Directors of the Company since 2004. He also served as President Director of JR (since 2004), Commissioner of BHL (since 2004), Director of PCI (since 2004), Director of MGI (since 2003), Commissioner of SCI (since 2003), President Director of KB (since 2002), Director of MSS (since 1999), and Director of PBL (since 1999). Mr Santosa joined PLI in 1990, the last position held there was as a Director of PLI. Prior to that, he served as Assistant General Manager of Lotus Department Store from 1988 to 1990. He started his career at PT Arta Buana Sakti from 1981 to 1988, and the last position he held there was as a Director. Mr Santosa earned his bachelor degree in Civil Engineering from University of Diponegoro, Semarang, in 1981.

HUMAN RESOURCES

As at April 30, 2004, the Group employed a total of 7,590 employees, including the Directors.

Employee composition based on educational level

	Company		Subsidiaries	
Educational Level	**Number of employees**	**Percentage of total number of employees (%)**	**Number of employees**	**Percentage of total number of employees (%)**
Bachelors, Masters and Doctorate	346	9.99	330	8.00
Diploma	399	11.52	424	10.27
SMU	2,678	77.33	3,309	80.18
SMP/SD	40	1.16	64	1.55
Total	3,463	100.00	4,127	100.00

As at April 30, 2004, the composition of employees of the Group by management level was as follows:

Employee Composition Based on Management Level

	Company		Subsidiaries	
Management Level	**Number of employees**	**Percentage of total number of employees (%)**	**Number of employees**	**Percentage of total number of employees (%)**
Directors and General Managers	9	0.26	13	0.31
Senior Managers	11	0.32	19	0.46
Managers	46	1.33	39	0.94
Assistant Managers	33	0.95	77	1.87
Supervisors	65	1.88	362	8.77
Senior Staff	925	26.71	164	3.97
Staff	2,374	68.55	3,453	83.67
Total	3,463	100.00	4,127	100.00

As at April 30, 2004, the composition of employees of the Group based on age was as follows:

Employee composition based on age

	Company		Subsidiaries	
Age	**Number of employees**	**Percentage of total number of employees (%)**	**Number of employees**	**Percentage of total number of employees (%)**
> 44 years	37	1.07	82	1.99
35–44 years	277	8.00	727	17.62
25–34 years	1,390	40.14	1,886	45.70
< 25 years	1,759	50.79	1,432	34.70
Total	3,463	100.00	4,127	100.00

As at April 30, 2004, the composition of the Group's employees by company was as follows:

Employee composition by company

	Number of employees
Company	3,463
BHL	3
JR	319
KB	72
MGI	14
MGP	101
MSS	217
PBL	671
PCI	3
PLI	2,401
SCI	332
Total	7,596(1)

Note:

(1) Including employees who hold two or more positions simultaneously within the Group.

Training

With more than 7,000 employees across Indonesia, the Group operates a staff training facility to ensure that its sales personnel are properly trained, with particular emphasis on customer service, communication skills and product knowledge. Upon commencing employment with the Group, employees undergo a "Greet and Sell" training program which aims to educate the Group's employees in areas of personal greetings, to improve the employee's ability to attend to specific customer needs, basic product knowledge and general sales skills. After placement within one of the Group's core businesses or department stores, the Group's employees undergo further training programs relating to matters such as personal grooming and product knowledge, ability to adequately attend to customer queries and potential complaints, English language development, leadership programs and personal development programs. The Group recognizes the need for its employees to be trained to the highest standard and to ensure that such standards are met, "mystery shoppers" are sent to the Group's retail stores to test the quality of service provided by sales personnel. Senior executives are also trained in order to develop, among other things, their communication, negotiation skills and leadership qualities.

Facilities, allowances, and other benefits

As part of the Group's endeavors to improve the well-being of its employees, the Group provides the following:

- Wages which are above the mandatory regional minimum wage;
- Social security program (Jamsostek);
- Reimbursement for medical expenses and hospitalization for permanent employees with certain maximum amount;
- Employee Cooperatives;
- Discount offer for employee's shopping at retail outlets operated by the Group; and
- Birthday voucher gifts.

Expatriates

As at April 30, 2004, the Company employs a total of 17 expatriates as follows:

No.	Name	Company/ Subsidiary	Position	Citizenship	IKTA No.	Expiry Date
1	V.P. Sharma	Company	*Vice President*	India	1533/IKTA/V/04	30.04.2005
2	Michael David Capper	Company	*General Manager*	United Kingdom	6908/MEN/B/IKTA/2004	31.12.2004
3	Law Cher Khiam	Company	*T.A. for Quality Control*	Singapore	KEP/6199/MEN/B/IKTA/2004	28.06.2005
4	Margaret Kan Siew Lian	Company	*T.A. for Marketing*	Singapore	6872/MEN/B/IKTA/2004	30.04.2005
5	Mehdi Zafar Zaidi	Company	*T.A for Quality Control*	India	1768/IKTA/V/04	30.04.2005
6	Anthony Cottan	SCI	*T.A for Marketing*(1)	United Kingdom	3046/IKTA/IX/04	30.08.2005
7	R. Liwaliw Winston	MGP	*Production Manager*	Philippines	10035/MEN/B/IKTA/2003	20.10.2004
8	Minor Crispin Villagracia	MGP	*Q C Technician*	Philippines	569/10-91/DISOSTEK/PNP	26.06.2005
9	Masui Akiko	KB	*QC*	Japan	614/IKTA/II/2004	31.01.2005
10	Elena Alava Rodriguez	PLI	*T.A. for Marketing/ Marketing Manager*	Philippines	KEP/6635/MEN/B/IKTA/2004	30.06.2005
11	Mitsuyanagi Norikazu	PLI	*In House Training Instructor*	Japan	6201/MEN/B/IKTA/2004	26.06.2005
12	Thierry Andre Claude Brocard	PLI	*Marketing Manager*	France	3452/IMTA/X/2004	25.09.2005
13	Alan Thomson	PLI	*Marketing Director*	United Kingdom	1639/IKTA/V/2004	19.05.2005
14	Wong Chee Keong Terence Joshua	PLI	*T.A. Design*	Singapore	1559/IKTA/V/04	30.04.2005
15	Ong Ah Saa	PBL	*Executive Chief*	Singapore	343/IKTA/I/2004	31.12.2004
16	Yim Ying Tat	PBL	*Chef*	Singapore	1978/IKTA/VI/2004	15.05.2005
17	Ng Soon Hoe	PBL	*Special Cook*	Singapore	310/IKTA/I/2004	31.12.2004

Note:

(1) The change in position as stipulated in the IKTA to be a Director is being processed by the respective Subsidiary.

BRIEF DESCRIPTIONS OF THE SUBSIDIARIES

As at April 30, 2004, the Company has 10 subsidiaries through direct and indirect investments with effective interests as set forth in the following table:

	Name	Main line of business	Effective interest (%)
1.	PT Mitra Selaras Sempurna	Retailing	99.99
2.	PT Sari Coffee Indonesia	Cafe	99.99
3.	PT Java Retailindo	Department store	99.99
4.	PT Mitra Garindo Perkasa	Garment manufacturing	99.99
5.	PT Kinokunia Bukindo	Bookstore	99.99
6.	PT Mitra Gaya Indah	Retailing	99.99
7.	PT Premier Capital Investment	Trading	99.99
8.	PT Panen Lestari Internusa	Department store and supermarket	99.99
9.	PT Benua Hamparan Luas	Department store	99.99
10.	PT Panen Boga Lestari	Cafe and restaurant	99.99

PT Mitra Selaras Sempurna

History of establishment

PT Mitra Selaras Sempurna, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of MSS No. 110 dated October 29, 1999, drawn up before Singgih Susilo, SH, Notary in Jakarta. The above Deed was approved by the Minister of Justice and Human Rights under his decree No. C-10631 HT.01.01.TH.2000 dated May 23, 2000, and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090515140587 at the Companies Registry in Central Jakarta Municipality under No. 331/BH.09.05/III/2001 dated March 9, 2001. As at the date of this Prospectus, the publication of the articles of association of MSS in the State Gazette of the Republic of Indonesia is still being processed.

Lines of business

MSS is engaged in general trading and retail through the operation of Marks & Spencer outlets.

Capital structure and composition of share ownership

By virtue of the Statement of Resolutions No. 97, 98 and 99, all dated April 20, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of MSS were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	60,000	60,000,000,000	
Issued and paid-up capital:			
Company	47,499	47,499,000,000	99.99
PCI	1	1,000,000	0.01
Total issued and paid-up capital	47,500	47,500,000,000	100.000
Total shares remaining in portfolio	12,500	12,500,000,000	

Management and supervision

By virtue of the Deed on the Minutes of MSS No. 97 dated April 20, 2004, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was received and recorded in the Database of Directorate General Administration of General Law of the Ministry of Justice and Human Rights of the Republic of Indonesia as stated in the Receipt Letter of Amendment Notice of Shareholders and Directors/Commissioners of MSS No. C-UM.02.01.5137 dated May 6, 2004, the composition of the members of Commissioners and Directors of MSS are as follows:

Commissioners

President Commissioner	:	Arie Yandi Taswar
Commissioner	:	Bustomi Usman
Commissioner	:	Havid Abdul Gani

Directors

President Director	:	Indrawana Widjaja
Director	:	Handaka Santosa
Director	:	Susiana Latif

Financial highlights

The following table sets out the financial highlights of MSS for the four month period ended April 30, 2004 and for the year ended December 31, 2003 whose numbers are based on financial statements of MSS which have been audited by public accountant firm of Hans Tuanakotta Mustofa & Halim with an unqualified opinion.

Financial highlights of MSS for the year ended December 31, 2002 are based on financial statements of MSS which have been audited by Public Accountant Firm of Prasetio, Sarwoko & Sandjaja with an unqualified opinion and for the year ended December 31, 2001 are based on financial statements of MSS which have been audited by Public Accountant Firm of Prasetio, Utomo & Co. with an unqualified opinion.

	As at April 30,	As at December 31,		
	2004	2003	2002[1]	2001[1]
		(million Rupiah)		
Balance sheet				
Current asset	43,501	50,297	39,681	41,368
Property and equipment — net	9,660	9,825	12,103	11,155
Other assets	40,731	23,679	5,974	1,780
Total assets	93,892	83,801	57,758	54,303
Total current liabilities	24,186	15,516	7,117	11,673
Total long term liabilities	2,385	2,447	2,177	10,793
Total liabilities	26,571	17,963	9,294	22,466
Total equity	67,321	65,838	48,464	31,837
Total liabilities and equity	93,892	83,801	57,758	54,303

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002[1]	2001[1]
		(million Rupiah)		
Income statement				
Net sales	36,345	114,897	103,213	76,294
Gross profit	13,408	50,540	39,974	27,449
Operating income	2,010	13,558	5,962	3,290
Net income	1,482	9,875	3,626	2,983

Note:

(1) Certain reclassifications were made to conform with the December 31, 2003 and April 30, 2004 presentation of accounts.

Management's discussion and analysis of material changes in financial condition and results of operations of MSS

Total assets increased by Rp26.04 billion, or 45.09%, as at December 31, 2003 compared to December 31, 2002. This increase was primarily due to an increase in merchandise inventory from Rp24.37 billion to Rp29.56 billion as at December 31, 2002 and 2003, respectively, an increase in receivables from related parties from Rp3.30 billion to Rp18.06 billion as at December 31, 2002 and 2003, respectively, and an increase in cash and cash equivalents from Rp1.42 billion to Rp4.81 billion as at December 31, 2002 and 2003, respectively.

Total liabilities increased by Rp8.67 billion, or 93.28%, as at December 31, 2003 compared to December 31, 2002. This increase was primarily due to an increase in trade accounts payable to third parties from Rp2.70 billion to Rp9.07 billion as at December 31, 2002 and 2003, respectively, and an increase in taxes payable from Rp1.66 billion to Rp4.47 billion, as at December 31, 2002 and 2003, respectively.

Total liabilities decreased by Rp13.17 billion, or 58.63%, as at December 31, 2002 compared to December 31, 2001. This decrease was primarily due to a decrease in other accounts payable from Rp7.78 billion to Rp1.28 billion as at December 31, 2001 and 2002, respectively, and a decrease in accounts payable to related parties from Rp8.81 billion to Rp0.14 billion, as at December 31, 2001 and 2002, respectively.

Total equity increased by Rp17.37 billion, or 35.85%, as at December 31, 2003 compared to December 31, 2002. This increase was primarily due to a Rp7.5 billion increase in advances for paid-up capital as at December 31, 2003 compared to December 31, 2002, and a Rp9.88 billion increase in retained earnings as at December 31, 2003 compared to December 31, 2002.

Total equity increased by Rp16.63 billion, or 52.23%, as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to a Rp13 billion increase in advances for paid-up capital as at December 31, 2002 compared to December 31, 2001, and a Rp3.63 billion increase in retained earnings as at December 31, 2002 compared to December 31, 2001.

Net income increased by Rp6.25 billion, or 172.29%, in 2003 compared to 2002. This increase was in line with an increase in operating income by Rp7.60 billion, or 127.42%, in 2003 compared to 2002.

PT Sari Coffee Indonesia

History of establishment

PT Sari Coffee Indonesia, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of SCI No. 30 dated December 7, 2001 as amended by the Deed on Amendment of Establishment Deed of SCI No. 50 dated December 12, 2001, both drawn up before Eliwaty Tjitra, SH, Notary in Jakarta. The above Deeds were approved by the Ministry of Justice and Human Rights of the Republic of Indonesia under his decree No. C-15763 HT.01.01.TH.2001 dated December 14, 2001, and registered in the Company Register pursuant to Law of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090515142609 at the Companies Registry in Central Jakarta Municipality under No. 3066/BH.09.05/II/2002 dated February 21, 2002 and published in the State Gazette of the Republic of Indonesia No. 42 dated May 24, 2002, Supplement No. 5026.

Lines of business

SCI is engaged in the cafe business through its operation of Starbucks Coffee outlets.

Capital structure and composition of share ownership

By virtue of the Establishment Deed of SCI No. 30 dated December 7, 2001 and the Deed of Statement of Resolutions of SCI No. 109 dated February 27, 2004, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of SCI were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	100,000	100,000,000,000	
Issued and paid-up capital:			
Company	43,459	43,459,000,000	99.99
PCI	1	1,000,000	0.01
Total issued and paid-up capital	43,460	43,460,000,000	100.00
Total shares remaining in portfolio	56,540	56,540,000,000	

Management and supervision

By virtue of the Deed on Statement of Resolutions of SCI No. 109 dated February 27, 2004, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, the composition of the members of Commissioners and Directors of SCI are as follows:

Commissioners

President Commissioner	:	H.B.L. Mantiri
Commissioner	:	Matheus Rukmasaleh Arif
Commissioner	:	Hendra Latif
Commissioner	:	Karel Patipeilohy
Commissioner	:	Handaka Santosa

Directors

President Director	:	F. X. Boyke Gozali
Director	:	Susiana Latif
Director	:	Indrawana Widjaja
Director	:	Anthony Cottan

Financial highlights

The following table sets forth the financial highlights of SCI for the four month period ended April 30, 2004 and for the year ended December 31, 2003 whose numbers are based on the financial statements which have been audited by public accountant firm Hans Tuanakotta Mustofa & Halim respectively with an unqualified opinion.

Financial highlights of SCI for the year ended December 31, 2002 are based on financial statement of SCI, which have been audited by public accountant firm Prasetio, Sarwoko & Sandjaja with an unqualified opinion. Financial highlights for the year ended December 31, 2001 are based on unaudited financial statements of SCI.

	As at April 30,	As at December 31,		
	2004	2003	2002[(1)]	2001[(2)]
		(million Rupiah)		
Balance sheet				
Current assets	13,427	13,564	13,355	8,872
Property and equipment — net	34,037	31,869	20,060	5
Other assets	20,725	21,440	13,642	23,251
Total assets	68,189	66,873	47,057	32,128
Total current liabilities	18,479	20,843	13,730	—
Total long term liabilities	12,276	8,530	5,203	5,209
Total liabilities	30,755	29,373	18,933	5,209
Total equity	37,434	37,500	28,124	26,919
Total liabilities and equity	68,189	66,873	47,057	32,128

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002[(1)]	2001[(2)]
		(million Rupiah)		
Income statement				
Net sales	21,802	48,307	15,171	—
Gross profit	13,114	26,458	7,659	—
Operating income/(loss)	(51)	(3,194)	(4,968)	(74)
Net income/(loss)	(65)	(1,975)	(3,905)	(81)

Notes:

(1) Certain reclassifications were made to conform with the December 31, 2003 and April 30, 2004 presentation of accounts.

(2) Unaudited.

Management's discussion and analysis of material changes in financial condition and results of operations of SCI

Total assets increased by Rp19.82 billion, or 42.11%, as at December 31, 2003 compared to December 31, 2002. This increase was primarily due to an increase in prepaid expenses from Rp1.86 billion to Rp4.28 billion as at December 31, 2002 and 2003, respectively, and an increase in fixed assets from Rp20.06 billion to Rp31.87 billion, as at December 31, 2002 and 2003, respectively.

Total liabilities increased by Rp10.44 billion, or 55.14%, as at December 31, 2003 compared to December 31, 2002. This increase was primarily due to an increase in accounts payable to related parties from Rp0.68 billion to Rp8.32 billion as at December 31, 2002 and 2003.

Total equity increased by Rp9.37 billion, or 33.34%, as at December 31, 2003 compared to December 31, 2002. This increase was primarily due to a Rp11.35 billion increase in advances for paid-up capital as at December 31, 2003 compared to December 31, 2002.

PT Java Retailindo

History of establishment

PT Java Retailindo, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, under the name of PT Lotus Retailindo, by virtue of the Establishment Deed of JR No. 42 dated July 14, 2000, drawn up before Erly Soehandjojo, SH, Notary in Jakarta. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-01243 HT.01.01.TH.2001 dated May 28, 2001 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090515141493 at the Companies Registry in Central Jakarta Municipality under No. 1425/BH.09.05/VIII/2001 dated August 23, 2001 and published in the State Gazette of the Republic of Indonesia No. 7 dated January 22, 2002, Supplement No. 764. By virtue of the Deed on the Minutes of “PT Lotus Retailindo” No. 12 dated August 3, 2004, which was drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the name of the company was changed from PT Lotus Retailindo to become PT Java Retailindo.

Lines of business

JR is engaged in general trading and retail through its operation of Lotus department stores.

Capital structure and composition of share ownership

By virtue of the Deed on Statement of Resolutions of JR No. 146 dated March 31, 2004 drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of JR were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	30,000	30,000,000,000	
Issued and paid-up capital:			
Company	9,990	9,990,000,000	99.90
PCI	10	10,000,000	0.10
Total issued and paid-up capital	10,000	10,000,000,000	100.00
Total shares remaining in portfolio	20,000	20,000,000,000	

Management and supervision

By virtue of the Deed on Minutes of JR No. 146 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was received and recorded in the Database of Directorate General Administration of General Law of Ministry of Justice and Human Rights of the Republic of Indonesia as stated in the Receipt Letter of Notice of Amendments of Shareholders and Directors/Commissioner of JR No. C-UM.02.01.5139 dated May 6, 2004, the composition of members of Commissioners and Directors of JR are as follows:

Commissioners

President Commissioner	:	Kentjana Indriawati
Commissioner	:	Juliani Gozali
Commissioner	:	Arie Yandi Taswar

Directors

President Director	:	Handaka Santosa
Director	:	Ellen Sie
Director	:	Wiwi Chitra

Financial highlights

The following table sets forth the financial highlights of JR for the four month period ended April 30, 2004 and for the year ended December 31, 2003 whose numbers are based on financial statements of JR which have been audited by public accounting firm Hans Tuanakotta Mustofa & Halim with an unqualified opinion.

Financial highlights of JR for the year ended December 31, 2002 are based on financial statements of JR which have been audited by public accounting firm Prasetio, Sarwoko & Sandjaja with unqualified opinion and for the year ended December 31, 2001 are based on financial statements of JR which have been audited by public accounting firm Prasetio, Utomo & Co. with an unqualified opinion.

	As at April 30, 2004	As at December 31,		
		2003	2002(1)	2001(1)
		(million Rupiah)		
Balance sheet				
Current assets	16,328	20,290	11,844	10,579
Property and equipment — net	14,466	15,992	19,328	16,844
Other assets	7,066	6,220	6,193	5,009
Total assets	37,860	42,502	37,365	32,432
Total current liabilities	13,082	17,264	25,316	18,428
Total long term liabilities	19,188	19,020	6,590	3,656
Total liabilities	32,270	36,285	31,906	22,084
Total equity	5,590	6,218	5,459	10,348
Total liabilities and equity	37,860	42,502	37,365	32,432

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Income statement				
Net sales	30,557	93,685	79,344	52,463
Gross profit	8,381	24,831	20,866	13,808
Operating income (loss)	(3,210)	(11,019)	(10,471)	(2,858)
Net income (loss)	(628)	759	(4,889)	351

Note:

(1) Certain reclassifications were made to conform with the December 31, 2003 and April 30, 2004 presentation of accounts.

Management's discussion and analysis of material changes in financial condition and results of operations of JR

Total liabilities increased by Rp9.8 billion, or 44.48%, as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to an increase in accounts payable to third parties from Rp10.55 billion to Rp13.56 billion as at December 31, 2001 and 2002, respectively, and an increase in accounts payable to related parties from Rp3.56 billion to Rp5.61 billion, as at December 31, 2002 and 2003, respectively.

Total equity decreased by Rp4.89 billion, or 47.25%, as at December 31, 2002 compared to December 31, 2001. This decrease was primarily due to the net loss of Rp4.89 billion as at December 31, 2002.

Net income increased by 115.52% in 2003 compared to 2002. This was primarily due to a net loss of Rp4.89 billion in 2002 compared to a net income of Rp0.76 billion in 2003.

PT Mitra Garindo Perkasa

History of establishment

PT Mitra Garindo Perkasa, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, under the name of PT Mitra Kapita Utama, by virtue of the Establishment Deed of No. 34, dated April 28, 2000, which was amended by virtue of the Deed on Amendment of Establishment Deed of MGP No. 96 dated December 22, 2000, both drawn up before Erly Soehandjojo, SH, Notary in Jakarta. The above Deeds were approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-01245 HT.01.01.TH.2001, dated May 28, 2001 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090515141492 at the Companies Registry in Central Jakarta Municipality under No. 1426/BH.09.05/VIII/2001 dated August 23, 2001 and published in the State Gazette of the Republic of Indonesia No. 7 dated January 22, 2002, Supplement No. 765.

By virtue of the Deed on Minutes of "PT Mitra Kapita Utama" No. 21, dated December 4, 2003, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the name of the company was changed from PT Mitra Kapita Utama to PT Mitra Garindo Perkasa. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-29293 HT.01.04.TH.2003 dated December 16, 2003 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090515141492 at the Companies Registry in Central Jakarta Municipality under No. 1074/RUB.09.05/V/2004 dated May 11, 2004. As at the date of this Prospectus, the publication of the amendment of the articles of association of MGP in the State Gazette of the Republic of Indonesia is still being processed.

Lines of business

MGP is engaged in general trading and garment manufacturing.

Capital structure and composition of share ownership

By virtue of the Establishment Deed of MGP No. 34 dated April 28, 2000, which was amended by virtue of the Deed of Amendment of the Establishment Deed of MGP No. 96 dated December 22, 2000, both drawn up before Erly Soehandjojo, SH, Notary in Jakarta, and the Deed on the Minutes of MGP No. 142 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of MGP were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	25,000	25,000,000,000	
Issued and paid-up capital:			
Company	6,990	6,990,000,000	99.86
PCI	10	10,000,000	0.14
Total issued and paid-up capital	7,000	7,000,000,000	100.00
Total shares remaining in portfolio	18,000	18,000,000,000	

Management and supervision

By virtue of the Deed on the Minutes of MGP No. 142 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was received and recorded in the Database of Directorate General Administration of General Law of Ministry of Justice and Human Rights of the Republic of Indonesia No. C-UM.02.01.5138 dated May 6, 2004, the composition of the members of Commissioners and Directors of MGP are as follows:

Commissioners

President Commissioner	:	Arie Yandi Taswar
Commissioner	:	Kentjana Indriawati
Commissioner	:	Juliani Gozali

Directors

President Director	:	F.X. Boyke Gozali
Director	:	Hendra Latif
Director	:	Indrawana Widjaja

Financial highlights

The following table sets forth the financial highlights of MGP for the four month period ended April 30, 2004 and for the year ended December 31, 2003 whose numbers are based on financial statements of MGP which have been audited by public accounting firm Hans Tuanakotta Mustofa & Halim with an unqualified opinion. Financial highlights of MGP for the years ended December 31, 2002 and 2001 are based on unaudited financial statements of MGP.

	As at April 30,	As at December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Balance sheet				
Current assets	16,076	—	2	—
Property and equipment — net	26	—	—	—
Other assets	4,574	15,774	6,358	6,549
Total assets	20,676	15,774	6,360	6,549
Total current liabilities	3,534	—	—	4
Total long term liabilities	9,812	9,416	—	—
Total liabilities	13,346	9,416	—	4
Total equity	7,330	6,358	6,360	6,545
Total liabilities and equity	20,676	15,774	6,360	6,549

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Income statement				
Net sales	14,991	—	—	1,266
Gross profit	2,311	—	—	(498)
Operating income (loss)	948	—	—	(680)
Net income (loss)	972	(2)	(185)	(227)

Note:

(1) Unaudited.

PT Kinokunia Bukindo

History of establishment

PT Kinokunia Bukindo, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of KB No. 41 dated March 9, 1999 drawn up before Singgih Susilo, SH, Notary in Jakarta. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-20079 HT.01.01.Th.99 dated December 15, 1999, and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090515139925 at the Companies Registry in Central Jakarta Municipality No. 2384/BH.09.05/XI/2000 dated November 7, 2000, and published in the State Gazette of the Republic of Indonesia No. 43 dated May 28, 2002, Supplement No. 5171.

The articles of association of KB were most recently changed by virtue of the Deed on the Minutes of KB No. 148 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, concerning the amendment of composition of shareholders and members of the Directors of KB.

Lines of business

KB is engaged in general trading and retail through its operation of Kinokuniya Bookstore outlets.

Capital structure and composition of share ownership

The capital structure and composition of share ownership of KB as stated in the Deed on the Minutes of KB No. 148 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	8,000	8,000,000,000	
Issued and paid-up capital:			
Company	6,905	6,905,000,000	99.86
PCI	10	10,000,000	0.14
Total issued and paid-up capital	6,915	6,915,000,000	100.00
Total shares remaining in portfolio	1,085	1,085,000,000	

Management and supervision

By virtue of the Deed on the Minutes of KB No. 148, dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was received and recorded in the Database of Directorate General Administration of General Law of Ministry of Justice and Human Rights of the Republic of Indonesia under No. C.UM.02.01.5161 dated May 7, 2004, the composition of members of Commissioners and Directors of KB are as follows:

Commissioners

President Commissioner	:	Kentjana Indriawati
Commissioner	:	Arie Yandi Taswar
Commissioner	:	Juliani Gozali

Directors

President Director	:	Handaka Santosa
Director	:	Bong Welly Swandana
Director	:	Paulus Adalbertus Tandagi

Financial highlights

The following table sets forth the financial highlights of KB for the four month period ended April 30, 2004 and for the year ended December 31, 2003 whose numbers are based on financial statements of KB which have been audited by public accounting firm Hans Tuanakotta Mustofa & Halim respectively with an unqualified opinion.

Financial highlights of KB for the year ended December 31, 2002 are based on the financial statements, which have been audited by public accounting firm Prasetio, Sarwoko & Sandjaja with an unqualified opinion. Financial highlights of KB for the year ended December 31, 2001 are based on unaudited financial statements of KB.

	As at April 30,	As at December 31,		
	2004	2003	2002[(1)]	2001[(2)]
		(million Rupiah)		
Balance sheet				
Current assets	16,166	11,541	10,927	7,581
Property and equipment — net	2,636	539	622	936
Other assets	72	58	29	14
Total assets	18,874	12,138	11,578	8,531
Total current liabilities	8,629	4,451	4,217	2,841
Total long term liabilities	2,672	142	47	—
Total liabilities	11,301	4,593	4,264	2,841
Total equity	7,573	7,545	7,314	5,690
Total liabilities and equity	18,874	12,138	11,578	8,531

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002[(1)]	2001[(2)]
		(million Rupiah)		
Income statement				
Net sales	6,622	23,390	20,492	17,727
Gross profit	1,765	7,120	6,315	5,240
Operating income (loss)	(15)	120	205	160
Net income (loss)	28	231	124	138

Notes:

(1) Certain reclassifications were made to conform with the December 31, 2003 and April 30, 2004 presentation of accounts.

(2) Unaudited.

Management's discussion and analysis of material changes in financial condition and results of operations of KB

Total assets increased by Rp3.05 billion, or 35.72%, as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to an increase in cash and cash equivalents from Rp0.51 billion to Rp2.05 billion as at December 31, 2001 and 2002, respectively, and an increase in inventory from Rp5.14 billion to Rp6.52 billion, as at December 31, 2001 and 2002, respectively.

Total liabilities increased by Rp1.42 billion, or 50.09%, as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to an increase in trade accounts payable to third parties from Rp2.35 billion to Rp3.57 billion as at December 31, 2001 and 2002, respectively.

Operating income decreased by Rp0.085 billion, or 41.47%, in 2003 compared to 2002. This decrease was primarily due to an increase of operating expenses from Rp6.11 billion in 2002 to Rp7 billion in 2003.

Net income increased by Rp0.11 billion, or 86.71%, in 2003 compared to 2002. This increase was primarily due to the increase of net sales by Rp2.90 billion, or 14.14%, in 2003 compared to 2002.

PT Mitra Gaya Indah

History of establishment

PT Mitra Gaya Indah, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of MGI No. 137 dated December 29, 1999 drawn up before Singgih Susilo, SH, Notary in Jakarta. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-07198 HT.01.01.TH.2002 dated April 26, 2002, and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP.090515143467 at the Companies Registry in Central Jakarta Municipality No. 4285/BH.09.05/VI/2002 dated June 13, 2002 and published in the State Gazette of the Republic of Indonesia No. 72 dated September 6, 2002, Supplement No. 10339.

Lines of business

MGI is engaged in general trading, and retailing in particular, through its operation of Warwick Purser Lifestyle outlets.

Capital structure and composition of share ownership

By virtue of the Deed on the Minutes of MGI No.144 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was reported and received by the Directorate General Administration of General Law of the Ministry of Justice and Human Rights dated May 6, 2004 under No. C-UM.02.01.5147, the capital structure and composition of share ownership of MGI were as follows:

	Number of shares	**Par Value (Rp)**	**Percentage of total issued and paid-up capital (%)**
Authorized capital	2,000	2,000,000,000	
Issued and paid-up capital:			
Company	490	490,000,000	98.00
PCI	10	10,000,000	2.00
Total issued and paid-up capital	500	500,000,000	100.00
Total shares remaining in portfolio	1,500	1,500,000,000	

Management and supervision

By virtue of Deed on the Minutes of MGI No. 81 dated June 23, 2003, drawn up before Eliwaty Tjitra, SH, Notary in Jakarta, which was received and recorded in the Database of Directorate General Administration of General Law of the Ministry of Justice and Human Rights of the Republic of Indonesia under No. C-UM.02.01.11008 dated July 3, 2003 and Notice of Amendment other than Clause 15 verse (2) and verse (3) of Laws of the Republic of Indonesia No. 1 of 1995 regarding Limited Liability Companies which was received on October 8, 2003 by the Head of Sub-Division of the Industry and Trade in Central Jakarta Municipality as Head of Office of Companies Registry in Municipal II, the composition of the members of Commissioners and Directors of MGI is as follows:

Commissioners

President Commissioner	:	Prakoso Eko Setyawan Himawan
Commissioner	:	Susiana Latif
Commissioner	:	Eri Ratnawaty Djong

Directors

President Director	:	Arie Yandi Taswar
Director	:	Handaka Santosa
Director	:	Veronica Fausta Wiliasari Sucianto

Financial highlights

The following table sets forth the financial highlights of MGI for the four month period ended April 30, 2004 and for the year ended December 31, 2003, whose number are based on financial statements of MGI which have been audited by the public accounting firm Hans Tuanakotta Mustofa & Halim respectively with an unqualified opinion.

Financial highlights of MGI for the years ended December 31, 2002 and 2001 are based on unaudited financial statements of MGI.

	As at April 30,	**As at December 31,**		
	2004	**2003 (million Rupiah)**	**2002[1]**	**2001[1]**
Balance sheet				
Current assets	633	843	227	1,275
Property and equipment — net	241	248	—	491
Other assets	563	552	4,045	96
Total assets	1,437	1,643	4,272	1,862
Total current liabilities	1,250	1,431	3,904	863
Total long term liabilities	10	6	—	724
Total liabilities	1,260	1,437	3,904	1,587
Total equity	177	206	368	275
Total liabilities and equity	1,437	1,643	4,272	1,862

	Four months ended April 30,	**12 months ended December 31,**		
	2004	**2003 (million Rupiah)**	**2002[1]**	**2001[1]**
Income statement				
Net sales	217	955	2,404	5,091
Gross profit	91	395	547	1,407
Operating income (loss)	(99)	(197)	(276)	(334)
Net income (loss)	(28)	(163)	93	(226)

Note:

(1) Unaudited.

Management's discussion and analysis of material changes in financial condition and results of operations of MGI

Total assets decreased by Rp2.63 billion, or 61.54%, as at December 31, 2003 compared to December 31, 2002. This decrease was primarily due to a decrease in accounts receivable from related parties from Rp3.99 billion to Rp0.42 billion as at December 31, 2002 and 2003, respectively.

Total asset increased by Rp2.41 billion or 129.43% as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to an increase in accounts receivable from related parties from Rp0 billion to Rp3.99 billion as at December 31, 2001 and 2002, respectively.

Total liabilities decreased by Rp2.47 billion, or 63.19%, as at December 31, 2003 compared to December 31, 2002. The main reason for this decrease was a decrease in other liabilities from Rp3.90 billion to Rp0.46 billion as at December 31, 2002 and 2003, respectively.

Total liabilities increased by Rp2.32 billion or 146.00% as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to an increase in other payables from Rp0.80 billion to Rp3.90 billion as at December 31, 2001 and 2002, respectively.

Total equity increased by Rp0.093 billion, or 33.82%, as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to a net loss in 2001 compared to a net income in 2002.

PT Premier Capital Investment

History of establishment

PT Premier Capital Investment which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, under the name of PT Mitra Sentra Investisindo, by virtue of the Establishment Deed of PT Mitra Sentra Investisindo No. 111 dated October 29, 1999, which was amended by virtue of the Deed of Amendment of the Establishment Deed of PT Mitra Sentra Investisindo No. 231 dated July 9, 2002, both drawn up before Singgih Susilo, SH, Notary in Jakarta. The above Deeds were approved by the Minister of Justice and Human Rights under his decree No. C-15782 HT.01.01.TH.2002, dated August 21, 2002 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 090315237275 at the Companies Registry in South Jakarta Municipality under No. 2050/BH.09.03/X/2002 dated October 2, 2002 and published in the State Gazette of the Republic of Indonesia No. 95 dated November 26, 2002, Supplement No. 14362.

By virtue of the Deed on the Minutes of PT Mitra Sentra Investisindo No. 20 dated February 6, 2003, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the name of the company was changed from PT Mitra Sentra Investisindo to become PT Premier Capital Investment. The above Deed was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia under his decree No. C-10530 HT.01.04.TH.2003, dated May 12, 2003.

The articles of association of PCI have been amended several times most recently by virtue of the Deed on Minutes of the Extraordinary General Meeting of shareholders of PCI No. 150 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was approved by the Minister of Justice and Human Rights under his decree No. C-UM.02.01.5162 dated May 7, 2004, relating to the increase of authorized capital, subscribed and paid up capital of PCI.

Lines of business

PCI is engaged in general trading. Currently, PCI is a minority shareholder of most of the Company's subsidiaries.

Capital structure and composition of share ownership

By virtue of the Deed on the Minutes of PCI No. 150 dated March 31, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of PCI were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	160,000	160,000,000,000	
Issued and paid-up capital:			
Company	150,990	150,990,000,000	99.99
PT Map Premier Indonesia	10	10,000,000	0.01
Total issued and paid-up capital	151,000	151,000,000,000	100.00
Total shares remaining in portfolio	9,000	9,000,000,000	

Management and supervision

By virtue of the Deed on the Minutes of PCI No. 150 dated March 31, 2004 drawn up before Eliwaty Tjitra, SH., Notary in Jakarta, which Deed was received and recorded in the Database of Directorate General Administration of General Law Ministry of Justice and Human Rights of the Republic of Indonesia under his decree No. C-UM.02.01.5162 dated May 7, 2004, the composition of members of the Commissioners and Directors of PCI is as follows:

Commissioners

President Commissioner : H. B. L. Mantiri
Commissioner : F. X. Boyke Gozali
Commissioner : Kentjana Indriawati

Directors

President Director : Indrawana Widjaja
Director : Handaka Santosa
Director : Susiana Latif

Financial highlights

The following table sets forth the financial highlights of PCI for the four month period ended April 30, 2004 and for the year ended December 31, 2003 based on financial statements of PCI which have been audited by the public accounting firm Hans Tuanakotta Mustofa & Halim respectively with an unqualified opinion. Financial highlights of PCI for the years ended December 31, 2002 and 2001 are based on the unaudited financial statements due to the commencement of operations of PCI only in 2003.

	As at April 30,	As at December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Balance Sheet				
Current assets	38	38	291	2
Other assets	239,925	214,950	710	1,000
Total assets	239,963	214,988	1,001	1,002
Total current liabilities	1,281	59	11	11
Total equity	238,682	214,929	990	991
Total liabilities and equity	239,963	214,988	1,001	1,002

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Income statement				
Net sales	—	—	—	—
Gross profit	—	—	—	—
Operating income (loss)	(20)	(127)	(1)	(9)
Net income (loss)	(20)	(20)	(1)	(9)

Note:

(1) Unaudited.

PT Panen Lestari Internusa

History of establishment

PT Panen Lestari Internusa, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of PLI No. 168 dated April 15, 1989 drawn up before Rachmat Santoso, SH, Notary in Jakarta, which was amended by virtue of the Deed on Amendments No. 233 dated December 29, 1989 drawn up before Wirjono Djojosudarmo, SH, as substitute for Rachmat Santoso, SH, Notary in Jakarta and amended by virtue of the Deed of Amendment No. 169 dated February 20, 1990 drawn up before Rachmat Santoso, SH, Notary in Jakarta. The above Deeds were approved by the Minister of Justice of the Republic of Indonesia under his decree No. C2-1009.HT.01.01.TH.90 dated February 26, 1990, and registered in the District Court of Central Jakarta, under each of No. 485/1990, No. 486/1990, No. 487/1990 all dated February 27, 1990, and published in the State Gazette of the Republic of Indonesia No. 51 dated June 26, 1990, Supplement No. 2260.

Lines of business

PLI is engaged in general trading through its operation of SOGO department stores.

Capital structure and composition of share ownership

By virtue of the Deed on the Minutes of PLI No. 34 dated March 30, 2004, drawn up by Fenny Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of PLI were follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	200,000	200,000,000,000	
Issued and paid-up capital:			
Company	113,850	113,850,000,000	99.00
PCI	1,150	1,150,000,000	1.00
Total issued and paid-up capital	115,000	115,000,000,000	100.00
Total shares remaining in portfolio	85,000	85,000,000,000	

Management and supervision

By virtue of the Deed on the Minutes No. 167 dated October 31, 2003, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which was received and recorded in the Database of Directorate General Administration of General Law of the Ministry of Justice and Human Rights of the Republic of Indonesia No. C-UM.02.01.17381 dated December 5, 2003 and registered in the Company Register pursuant to Law of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP at the Companies Registry in Central Jakarta Municipality dated February 6, 2004, the composition of members of the Commissioners and Directors of PLI is as follows:

Commissioners

President Commissioner	:	Mien Sugandhi
Commissioner	:	Kentjana Indriawati
Commissioner	:	Matheus Rukmasaleh Arif
Commissioner	:	H. Sutrisno

Directors

President Director	:	Juliani Gozali
Director	:	Thomson Alan George
Director	:	Bong Welly Swandana
Director	:	Handaka Santosa

Financial highlights

The following table sets forth the financial highlights of PLI for the four month period ended April 30, 2004 and for the year ended December 31, 2003 whose numbers are based on financial statements of PLI, which have been audited by public accounting firm Hans Tuanakotta Mustofa & Halim, respectively with an unqualified opinion.

Financial highlights for the years ended December 31, 2002 and 2001 are based on financial statements of PLI, which have been audited respectively by public accounting firms, Drs Arsyad and Rodi Kartamulja & Budiman, each with an unqualified opinion.

	As at April 30,	As at December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Balance sheet				
Current assets	98,943	104,677	105,705	91,661
Property and equipment — net	158,037	145,825	171,050	175,837
Other assets	50,221	42,109	91,788	61,353
Total assets	307,201	292,611	368,543	328,851
Total current liabilities	160,055	153,552	187,094	171,854
Total long term liabilities	24,095	22,818	7,404	—
Total liabilities	184,150	176,370	194,498	171,854
Total equity	123,037	116,226	172,081	156,962
Total liabilities and equity	307,201	292,611	368,543	328,851

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Income statement				
Net sales	312,381	938,321	856,162	708,110
Gross profit	97,754	316,006	255,140	214,817
Operating income (loss)	1,793	2,222	(44,478)	12,652
Net income (loss)	6,812	20,936	15,119	37,579

Note:

(1) Certain reclassifications were made to conform with the December 31, 2003 and April 30, 2004 presentation of accounts.

Management's discussion and analysis of material changes in financial condition and results of operations of PLI

Total equity decreased by Rp55.86 billion, or 32.46% as at December 31, 2003 compared to December 31, 2002. This decrease was primarily due to a payment of dividend in 2003.

Net income increased by Rp5.82 billion, or 38.47%, in 2003 compared to 2002. This increase was primarily due to an increase in net sales.

Net income decreased by Rp22.46 billion, or 59.77%, in 2002 compared to 2001. This decrease was primarily due to an increase in rental and service charges from Rp52.95 billion in 2001 to Rp79.53 billion in 2002, depreciation from Rp16.78 billion in 2001 to Rp28.63 billion in 2002, and an increase in advertising and promotion expenses from Rp14.25 billion in 2001 to Rp26.79 billion in 2002.

PT Benua Hamparan Luas

History of establishment

PT Benua Hamparan Luas, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of BHL No. 1, dated March 5, 2004, drawn up before Merry Susanti Siaril, SH, Notary in Jakarta. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No.C-07518 HT.01.01.TH.2004, dated March 29, 2004 and registered in the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under TDP No. 090515148234 in the Companies Registry in Central Jakarta Municipality under No.0929/BH.09.05/IV/2004 dated April 26, 2004. As at the date of this Prospectus, the publication of the articles of association of BHL in the State Gazette of Republic of Indonesia is still being processed.

Lines of business

BHL is engaged in general trading and retail and operates Debenhams department stores.

Capital structure and composition of share ownership

By virtue of the Deed on Minutes of the Extraordinary General Meeting of Shareholders of BHL No. 7 dated April 20, 2004, drawn up by Merry Susanti Siaril, SH, Notary in Jakarta, the capital structure and composition of share ownership of BHL were as follows:

	Number of shares	Par Value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	80,000	80,000,000,000	
Issued and paid-up capital:			
Company	19,999	19,999,000,000	99.99
PCI	1	1,000,000	0.01
Total issued and paid-up capital	20,000	20,000,000,000	100.00
Total shares remaining in portfolio	60,000	60,000,000,000	

Management and supervision

By virtue of the Deed on Minutes of the Extraordinary General Meeting of Shareholders of BHL No. 4 dated April 20, 2004, drawn up by Merry Susanti Siaril, SH, Notary in Jakarta, the composition of members of Commissioners and Directors of BHL is as follows:

Commissioners

President Commissioner	:	F.X. Boyke Gozali
Commissioner	:	Indrawana Widjaja
Commissioner	:	Handaka Santosa

Directors

President Director	:	Juliani Gozali
Director	:	Bong Welly Swandana
Director	:	Hestiawati Muliani

Financial highlights

The following table sets forth the financial highlights of BHL for the four month period ended April 30, 2004 based on financial statements of BHL which have been audited by the public accounting firm, Hans Tuanakotta Mustofa & Halim with an unqualified opinion. Financial highlights of BHL for the years ended December 31, 2003, 2002, and 2001 are not available due to the establishment of BHL only in 2004.

	As at April 30, 2004 (million Rupiah)
Balance sheet	
Current assets	500
Property and equipment — net	—
Other assets	—
Total assets	500
Total current liabilities	—
Total long term liabilities	—
Total liabilities	—
Total equity	500
Total liabilities and equity	500

	Four months ended April 30, 2004 (million Rupiah)
Income statement	
Net sales	—
Gross profit	—
Operating income (loss)	—
Net income (loss)	—

PT Panen Boga Lestari

History of establishment

PT Panen Boga Lestari, which is headquartered in Jakarta, is a limited liability company duly incorporated in Jakarta, established under and by the governing laws in the Republic of Indonesia, by virtue of the Establishment Deed of PBL No. 282 dated June 30, 1997, as amended by virtue of the Deed of Amendment of the Establishment Deed of PBL No. 12 dated February 24, 1999, both drawn up before Erly Soehandjojo, SH, Notary in Jakarta. The above Deeds were approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-317 HT.01.01.TH.2002 dated February 1, 2002 and registered at the Company Register pursuant to Laws of the Republic of Indonesia No. 3 of 1982 regarding the Mandatory Company Register under No. TDP 09051554427 in the Companies Registry in Central Jakarta Municipality under No. 5335/BH.09.05/IX/2002 dated September 20, 2002. As at the date of this Prospectus, the publication of the articles of association of PBL in the State Gazette of the Republic of Indonesia is still being processed.

The articles of association of PBL were most recently amended by virtue of the Deed on the Minutes of PBL No. 100 dated April 20, 2004 drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, which Deed was received and recorded in the Database of Directorate General Administration Law of the Ministry of Justice and Human Rights of the Republic of Indonesia under No.C-11168 HT.01.04 TH.2004 dated May 6, 2004.

Objective and purpose

PBL is engaged in the restaurant, food and beverage business, as well as operating retail malls and service/consulting.

Capital structure and composition of share ownership

By virtue of the Establishment Deed of PBL No. 282 dated June 30, 1997, as amended by the Deed of Amendment of Establishment Deed of PBL No. 12 dated February 24, 1999, both drawn up before Erly Soehandjojo, SH, Notary in Jakarta, and by virtue of the Deed of Statement of Meeting Resolutions of PBL No. 92 dated November 30, 2002, drawn up before Doktor Haji Teddy Anwar, SH, Notary Specialist, Notary in Jakarta and the Deed on the Minutes of PBL No. 100 dated April 20, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the capital structure and composition of share ownership of PBL were as follows:

	Number of shares	Par value (Rp)	Percentage of total issued and paid-up capital (%)
Authorized capital	10,000	10,000,000,000	
Issued and paid-up capital:			
PLI	5,894	5,894,000,000	99.83
PCI	10	10,000,000	0.17
Total issued and paid-up capital	5,904	5,904,000,000	100.00
Total shares remaining in portfolio	4,096	4,096,000,000	

Management and supervision

By virtue of the Deed on the Minutes of PBL No. 24 dated September 2, 2004, drawn up by Eliwaty Tjitra, SH, Notary in Jakarta, the composition of members of the Commissioners and Directors of PBL is as follows:

Commissioners

Commissioner	:	Juliani Gozali
Commissioner	:	Kentjana Indriawati
Commissioner	:	Matheus Rukmasaleh Arif
Commissioner	:	Arie Yandi Taswar

Directors

Director	:	Susiana Latif
Director	:	Bong Welly Swandana
Director	:	Handaka Santosa

Financial highlights

The following table sets forth the financial highlights of PBL for the four month period ended April 30, 2004 whose numbers are based on financial statements PBL which have been audited by the public accounting firm of Drs Arsyad with an unqualified opinion.

Financial highlights of PBL for the year ended December 31, 2003 are based on financial statements of PBL which have been audited by public accounting firm Drs Arsyad with an unqualified opinion while the financial highlights for the years ended December 31, 2002 and 2001 are based on unaudited financial statements of PBL.

	As at April 30,	As at December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Balance sheet				
Current assets	2,456	2,766	6,423	15,883
Property and equipment — net	20,632	19,680	23,385	8,265
Other assets	1,845	2,170	2,040	—
Total assets	24,933	24,616	31,848	24,148
Total current liabilities	14,230	16,422	23,066	20,056
Total long term liabilities	3,674	1,174	3,242	—
Total liabilities	17,904	17,596	26,308	20,056
Total equity	7,029	7,020	5,540	4,092
Total liabilities and equity	24,933	24,616	31,848	24,148

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002(1)	2001(1)
		(million Rupiah)		
Income statement				
Net sales	21,292	74,973	69,832	43,887
Gross profit	12,085	46,051	40,867	22,519
Operating income (loss)	125	(9,171)	(964)	(138)
Net income (loss)	8	(1,924)	1,852	169

Note:

(1) Unaudited.

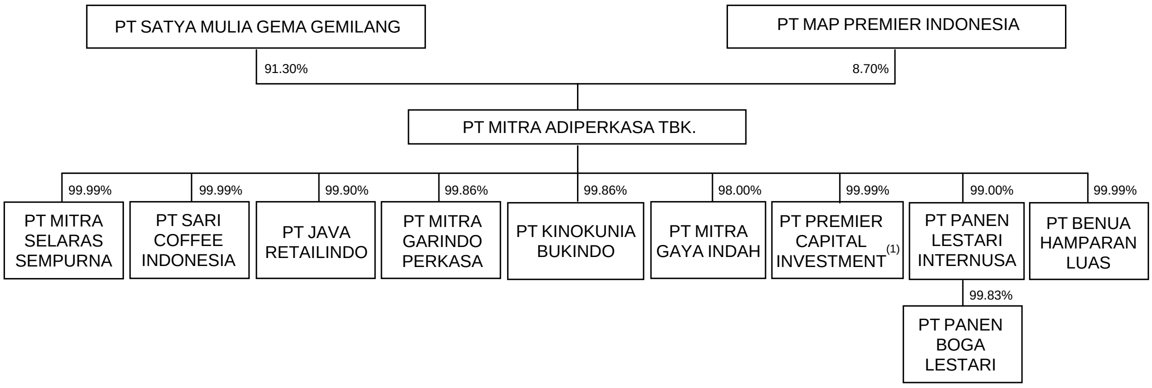
Management's discussion and analysis of material changes in financial condition and results of operations of PBL

Total assets increased by Rp7.70 billion, or 31.89%, as at December 31, 2002 compared to December 31, 2001. This increase was primarily due to an increase in fixed assets — net by Rp15.12 billion, or 182.94%, as at December 31, 2002 compared to December 31, 2001, and an increase in other assets by Rp2.04 billion, or 100%, in line with the opening of five restaurants in Surabaya and Jakarta in 2002.

Net income increased by Rp1.68 billion, or 995.86%, in 2002 compared to 2001. This increase was primarily due to an increase in net sales by Rp25.95 billion, or 59.12%, in 2002 compared to 2001, and an increase in gross profit by Rp18.35 billion, or 81.48%, in 2002 compared to 2001, as a result of the opening of five restaurants in 2002.

Operating loss in 2003 was primarily due to increased expenses from shop rentals, salaries and allowance and depreciation.

RELATIONSHIPS AMONG THE COMPANY, THE SUBSIDIARIES AND THE SHAREHOLDERS OF THE COMPANY



Note:

(1) PT Premier Capital Investment is the minority shareholder of all of the Company's subsidiaries (except for PT Premier Capital Investment itself).

INFORMATION ON THE COMPANY

RELATIONSHIPS AMONG DIRECTORS, COMMISSIONERS, SUBSIDIARIES AND SHAREHOLDERS OF THE COMPANY WHICH ARE LIMITED LIABILITY COMPANIES

	Commissioners						Directors					
	Mien Sugandhi	**F. X. Boyke Gozali**	**Johannes Koenardi Budiman**	**Bambang Handoyo**	**Juliani Gozali**	**Kentjana Indriawati**	**H. B. L. Mantiri**	**V. P. Sharma**	**Sjeniwati Gusman**	**Susiana Latif**	**Indrawana Widjaja**	**Handaka Santosa**
PT Satya Mulia Gema Gemilang	C	PD	—	—	C	C	PC	—	—	D	D	D
PT Map Premier Indonesia	—	PD	—	—	—	—	PC	—	—	D	D	—
Company	PC	VPC	IC	IC	C	C	PD	VPD	NAD	D	D	D
MSS	—	—	—	—	—	—	—	—	—	D	PD	D
SCI	—	PD	—	—	—	—	PC	—	—	D	D	C
JR	—	—	—	—	C	PC	—	—	—	—	—	PD
MGP	—	PD	—	—	C	C	—	—	—	—	D	—
KB	—	—	—	—	C	PC	—	—	—	—	—	PD
MGI	—	—	—	—	—	—	—	—	—	C	—	D
PCI	—	C	—	—	—	C	PC	—	—	D	PD	D
PLI	PC	—	—	—	PD	C	—	—	—	—	—	D
BHL	—	PC	—	—	PD	—	—	—	—	—	C	C
PBL	—	—	—	—	C	C	—	—	—	D	—	D

Note:

PC : President Commissioner
VPC : Vice President Commissioner
IC : Independent Commissioner
C : Commissioner
PD : President Director
VPD : Vice President Director
NAD : Non-Affiliated Director
D : Director

RELATED PARTY TRANSACTIONS

The nature of related party

(a) A company whose management team is, completely or partially similar to the management team of the Company and its Subsidiaries:

- PT Bahtera Sinar Mulia
- PT Sari Inti Nusantara
- PT Lotus Pertiwi
- PT Prima Utama Mitra Abadi
- TS Lifestyle Ltd., Thailand
- PT Map Premier Indonesia
- MAP Holding Inc., Philippines
- Bellestar Pte. Ltd., Singapore
- Planet Sport & Trading Joint Stock Co., Vietnam

(b) PT Buana Mega Bimasakti has been a related party to the Company since 2003 as a result of a management service contract.

(c) Virendra Prakash Sharma is one of the key employees of the Company and Pradeep S. Sekhawat is a close relative of one of the key employees of the Company.

Related party transactions

During its normal course of business, the Company and its Subsidiaries are engaged in transactions with related parties as follows:

(a) Sales to related parties

Approximately 0.20%, 0.46%, 0.07% and 0.40% of total net sales, respectively for the four month period ended April 30, 2004, and for the years ended December 31, 2003, 2002 and 2001, represent sales to related parties, which according to Management, were made on similar terms and conditions as those entered into with third parties. At the balance sheet date, the receivables from these sales were presented as trade accounts receivable, which constituted 0.20% and 1.43% of the total assets, respectively as at April 30, 2004 and for the year ended December 31 2001.

The following is a breakdown of sales to related parties:

	Four months ended April 30,	12 months ended December 31,		
	2004	2003	2002	2001
		(million Rupiah)		
TSI Lifestyle Ltd., Thailand	1,015	1,768	1,067	357
PT Buana Mega Bimasakti	261	7,297	—	—
Planet Sports & Trading Joint Stocks Co., Vietnam	30	149	125	1,096
Pradeep S. Sekhawat	—	32	33	3,770
Others (each below Rp500 million)	—	—	35	741
Total	**1,306**	**9,246**	**1,260**	**5,964**

(b) Approximately 5.14% and 3.11% of total net purchases, respectively for the four month period ended April 30, 2004 and for the year ended December 31, 2003, represent purchases from related parties, which according to management, were made on similar terms and conditions as those entered into with third parties. At the balance sheet date, the liabilities were recorded as trade account payables, which constituted 0.33% and 1.78% of the total liabilities respectively as at April 30, 2004 and December 31, 2003.

The break down of purchases from related parties is as follows:

	Four months ended April 30,	**12 months ended December 31,**
	2004	**2003**
	(million Rupiah)	
PT Buana Mega Bimasakti	10,837	33,550
PT Map Indonesia	9,112	7,284
Total	**19,949**	**40,834**

(c) MGP rents property and equipment from PT Sari Inti Nusantara at a total rent expense of Rp129,600,000 per month.

(d) The Company provides technical and administrative management services to PT Buana Mega Bimasakti. The monthly management fee is Rp300 million.

(e) Receivables from related parties

	Four months ended April 30,	**12 months ended December 31,**		
	2004	**2003**	**2002**	**2001**
		(million Rupiah)		
PT Map Premier Indonesia	9,999	—	—	—
PT Buana Mega Bimasakti	5,575	—	—	—
PT Bahtera Sinar Mulia	4,365	4,365	—	—
PT Sari Inti Nusantara	4,349	4,521	—	—
V. P. Sharma	230	—	—	19,910
Employees	67	115	1,578	1,650
Pradeep S. Sekhawat	—	—	—	9,510
Bellestar Pte. Ltd., Singapore	—	—	—	2,876
MAP Holding Inc., Philippines	—	—	—	28,974
TS Lifestyle Ltd., Thailand	—	—	—	3,765
Others (each below Rp850 million)	960	359	222	1,663
Total	**25,545**	**9,360**	**1,800**	**68,348**

Receivables from PT Map Premier Indonesia represent receivables from the sale of PT Prima Utama Mitra Abadi.

Receivables from PT Buana Mega Bimasakti represent receivables incurred from an excess payment by the Company on the purchase of merchandise inventories.

Receivables from PT Bahtera Sinar Mulia ("BSM") represent receivables of PLI for a loan due on December 23, 2006.

Receivables from SIN, which amounted to Rp4,349 million in 2003, represent receivables incurred from the transfer of assets and liabilities of MGP to SIN, while the remaining balance represents prepayment on related parties expenses by MGP. These receivables pay no interest, are unsecured security and without a fixed due date.

Receivables of the Company from Bellestar Pte. Ltd., Singapore, TS Lifestyle Ltd., Thailand and MAP Holding Inc., Philippines represent receivables from a loan which incurs interest of 2% per annum.

Receivables of the Company from MAP Holding Inc., Philippines, are secured against 935,585 shares of Planet Sports Inc., Philippines, which are owned by MAP Holding Inc., Philippines.

On December 30, 2002, the Company, BSM, and AI entered into an agreement for the transfer of receivables in which the Company agreed to transfer its trade receivables and its related parties receivables to BSM and AI as on advance payment for the purchase of shares of PLI totaling Rp131,396 million. The receivables, which have been transferred, are receivables from Pradeep S. Sekhawat, Bellestar Pte. Ltd., Singapore, Virendra Prakash Sharma, TS Lifestyle Ltd, Thailand, Planet Sport & Trading Joint Stock Co., Vietnam, Planet Sport Inc., Philippines, MAP Holding Inc., Philippines and Planet Sport Ltd., China.

Receivables to related parties — others mainly represent a loan for operating expenses of related parties and prepayment granted by the Company and its Subsidiaries to related parties. These receivables are pay no interest, are unsecured and without a fixed due date.

Based on the analysis on the financial condition of the related parties, management concludes that the receivables from related parties are entirely collectible, such that no allowance for bad debt is deemed necessary.

(f) Payables to Related Parties

	As at April 30,	As at December 31,		
	2004	2003	2002	2001
		(million Rupiah)		
PT Bahtera Sinar Mulia	16,330	—	—	—
PT Prima Utama Mitra Abadi	9,810	—	—	—
Virendra Prakash Sharma	2,728	2,464	—	—
PT Sari Inti Nusantara	2,702	—	—	—
PT Lotus Pertiwi	—	—	3,457	3,563
Others	53	49	—	477
Total	**31,623**	**2,513**	**3,457**	**4,040**

Payables to BSM represent payables of the Company for the purchase of shares of PLI previously owned by BSM.

Payables to PT Prima Utama Mitra Abadi represent a loan received by the Company.

Payables of JR to PT Lotus Pertiwi represent payables incurred from the purchase of assets. In 2003, such payables were written off and recorded as other income.

Payables to related parties — others mainly represent expenses of the Company and its Subsidiaries, which have been prepaid by the related parties.

All payables to related parties are provided with no interest, guarantee, or due date.

LEGAL PROCEEDINGS

As at the date of this Prospectus, the Company is not engaged in any material litigation of any claim which is criminal or civil in nature, bankruptcy, state administration, or arbitrage proceeding at the Indonesian National Arbitration Body (BANI), labor claim at the Federal or Local Labor Discrepancy Settlement Committee (Panitia Penyelesaian Perselisihan Perburuhan Pusat/ Daerah (P4P)/(P4D)) or taxation.

MATERIAL CONTRACTS

The following information should be read in conjunction with the audited restated consolidated financial statements of the Company together in each case with the related notes thereto, included in Chapter XVII (Independent Auditors' Report and the Company's consolidated financial statements) of this Prospectus.

The following table sets forth the material contracts owned by the Group:

Principal/License holder	Remarks
The Athlete's Foot Marketing Associates, Inc., USA	Right to open, operate, and sell the franchise of brand license and operating system of "The Athlete's Foot" retail outlets in Indonesia.
Reebok International Limited, United Kingdom	Right to use the trademark, design, produce, distribute, and sell Reebok products in Indonesia.
GRI Asia Ltd., Hong Kong	Right to sell Nine West products in Indonesia.
Kinokuniya Books Stores of Singapore Pte. Ltd.	Right to open and operate bookstore under the name of "Kinokuniya".
Sogo Inc., Japan(1)	Right to use SOGO trademark.
Sanctuary Green Pte., Ltd., Singapore	Franchising right to operate retail business under the trademark of Marks & Spencer in Indonesia.
Starbucks Corporation, USA and its affiliates	Right to open and operate Starbucks Coffee retail outlets.

Note:

(1) Now called Millennium Retailing, Inc.

In addition, the Company has entered into a number of distribution and licensing agreements with various Principals which give the Company rights to sell products under the following brands:

Principal/License holder	Brands
Wilson Sporting Goods (M) Sdn Bhd, Malaysia	Wilson
Ellesse International Ltd, London	Ellesse & Semipalla
Spalding Sports Worldwide, Inc.	Spalding
Speedo International Ltd., United Kingdom	Speedo
Deckers Outdoor Corp., Delaware, USA	Teva
Seattle Pacific Industries, Inc., USA	Union Bay
Babolat VS, France	Babolat
Skechers, S.A.R.L, Switzerland	Skechers
Thor.Lo, Inc., USA	Thorlo
Kipling Belgium NV, Belgium	Kipling
Morgan S.A & Jugephanie S.A., France	Morgan
Global Brand Marketing Inc., USA	XOXO Footwear Nautica Footwear
Lush Ltd., United Kingdom	Lush
Women's Secret S.A., Spain	Women's Secret
Quiral, SA, Spain	Springfield
Bandai (H.K.) Co., Ltd., Hongkong	Bandai
LeapFrog Enterprises, Inc., USA	LeapFrog
Sweet From Heaven U.S.A, LP, Nevada, USA	Sweet From Heaven
Oshkosh B'Gosh, Inc., USA	Oshkosh B'Gosh
Nikko (Asia) Toy Pte Ltd	Nikko

Other than the above mentioned brands, the Company also owns rights to NEXT, Acupuncture, Rockport, Nautica, Lacoste, Barbie and Smoby.

VIII. BUSINESS ACTIVITIES AND PROSPECTS OF THE GROUP

OVERVIEW

The Group's business primarily focused on operating retail outlets, which currently comprise department stores and specialty stores. The Group operates department stores under the SOGO, Lotus and Debenhams brands. Specialty stores consist of retail outlets that can be classified into the Group's five core business segments, namely sports, fashion and lifestyle, children's fashion and toys, food and beverage and others. Currently the Group owns rights (including licensing, distribution, retail and franchising rights) of over 50 middle- to high-end, internationally established brands. The Group also owns and operates a garment manufacturing facility which supports its retailing business.

These products are distributed through the Group's network of department stores and retail outlets which it operates throughout Indonesia and through other third party retailers. Apart from its food and beverage operations, the Company believes that in the middle to high-end retail market, it is the largest multi-brand retailer within its core businesses in Indonesia in terms of number of outlets and revenue.

The Group's rights to sell the branded products that it distributes are derived from four principal sources:

- **Exclusive licensing and distribution rights** — The Group has entered into arrangements with brands such as Reebok, Spalding, Ellesse, Speedo, OshKosh B'Gosh and Barbie which give it exclusive rights to manufacture and distribute products throughout Indonesia. Depending on the terms of these arrangements with the respective Principal, the Group may either manufacture or outsource the manufacture of products in accordance with detailed specifications set out by the relevant Principal, or it may develop its own designs;
- **Exclusive distribution and retail rights** — The Group has secured exclusive distribution and retail rights for the distribution and retail, throughout Indonesia, of more than 50 international brands that it sells in its retail outlets, including NEXT, Nautica, Nine West, Mizuno, and Wilson;
- **Franchising arrangements** — The Group has entered into exclusive franchising arrangements with several international brands, including SOGO, Debenhams, Marks & Spencer, Starbucks Coffee and Kinokuniya Bookstore, which gives it the right to open and operate stores, as well as market and distribute products under the relevant brand name, throughout Indonesia; and
- **Proprietary brands** — The Group has developed and is the proprietor of certain trademarks in Indonesia thereby giving it the exclusive right to use these trademarks in Indonesia. These include retail store brands such as Kidz Station, Planet Sports and Sole Effect. The Group is also the proprietor of certain trademarks in Indonesia such as Royal Sporting House, Golf House, and Sports Station. In addition, the Group designs its own footwear and accessories brand, Diorucci, that it distributes through its multi-brand footwear retail outlets. The Group has the exclusive right to use these trademarks in Indonesia.

The Group acquired PLI, which holds the franchising rights to the SOGO brand in Indonesia, in March 2004. As at April 30, 2004, the Group operated five SOGO stores, which serve as anchor tenants in certain of Indonesia's leading shopping malls. The SOGO stores carry more than 900 brands covering a wide range of products, including a number of brands which are sold exclusively by SOGO.

The Group also holds the franchising rights to operate Starbucks Coffee in Indonesia and as at April 30, 2004 operated 22 Starbucks Coffee outlets. The Group also operates Chatterbox and Courtyard restaurants, as well as six Spice Garden food courts as at April 30, 2004.

In addition to retailing products across Indonesia, the Group owns and operates a garment manufacturing factory in Gunung Putri, Bogor, Indonesia, which manufactures certain branded woven and knit garments for the Group, either pursuant to the Group's licensing rights or for its proprietary brands, as well as for third parties (see Chapter VIII (Business activities and prospects of the Group — Garment manufacturing) of this Prospectus).

For the four months ended April 30, 2004 and the years ended December 31, 2003, 2002 and 2001, on a restated basis, the Group had net sales of Rp656,887 million, Rp2,014,108 million, Rp1,807,435 million and Rp1,505,419 million, respectively. Over the same periods, the Group's net income, on a restated basis, was Rp12,301 million, Rp74,171 million, Rp44,624 million and Rp54,334 million, respectively. On a restated basis, approximately 96.37%, 95.95%, 98.55% and 97.91% of the Group's net sales was attributable to its retailing activities for the four months ended April 30, 2004, and the years ended December 31, 2003, 2002 and 2001, respectively.

HISTORY AND DEVELOPMENT

The Company, which is headquartered in Jakarta, was duly incorporated in Jakarta by virtue of Establishment Deed No. 105 dated January 23, 1995, drawn up before Julia Mensana, SH, Notary in Jakarta. The deed was approved by the Minister of Justice of the Republic of Indonesia under his decree No. C2-9243.HT.01.01.TH.95 dated July 31, 1995, registered at the District Court of South Jakarta under No.1247/A.PT/HKM/1995/PN.JAK.SEL dated August 31, 1995, and published in the State Gazette of the Republic Indonesia No. 80 dated October 6, 1995, Supplement No. 8287.

The Company's articles of association have been amended several times and most recently, in anticipation of the Global Offering, the entire structure of the articles of the association was amended by virtue of the Deed on Minutes of Extraordinary General Meeting of Shareholders No. 19 dated August 27, 2004, drawn up by Isyana Wisnuwardhani Sadjarwo, SH, Notary in Jakarta, relating to the amendment in the capital structure and status of the Company from a private to a public company. The above Deed was approved by the Minister of Justice and Human Rights of the Republic of Indonesia under his decree No. C-21990HT.01.04 TH.2004 dated September 1, 2004. As of the date of this Prospectus, the publication of the latest amendment to the articles of association of the Company in the State Gazette of Republic of Indonesia is being processed.

The Group, which was established in 1995 has since enhanced its portfolio of brands and conducted the following during the course of its development:

1995
- Incorporation of the Company
- Launch of sports business and introduction of multi-branded retail outlets such as Sports Station, Golf House and Royal Sporting House
- Launch of fashion business with NEXT and Lacoste stores

1997
- Launch of children's fashion and toys business with introduction of Kidz Station stores

1998
- Obtained franchising rights to the "The Athlete's Foot" and acquired 26 stores and concessionaires

1999
- Entered into license arrangements with Reebok and launched first Reebok concept store
- Launch of Planet Sports stores

2000
- Entered into franchise arrangements with Marks & Spencer
- Acquired PT Lotus Pertiwi, which operated Lotus department store

2001
- Opened garment manufacturing facility in Gunung Putri, Bogor, Indonesia
- Entered into franchising with Starbucks Coffee International, Inc.

2002
- Entered into personal care and beauty business with the launch of LUSH

2004
- Acquired PLI, which owned franchising rights to, among other things, SOGO department stores and various food and beverage outlets including Chatterbox and Spice Garden
- Launched Sole Effect, the Group's multi-branded footwear and accessories outlet

Awards and accolades

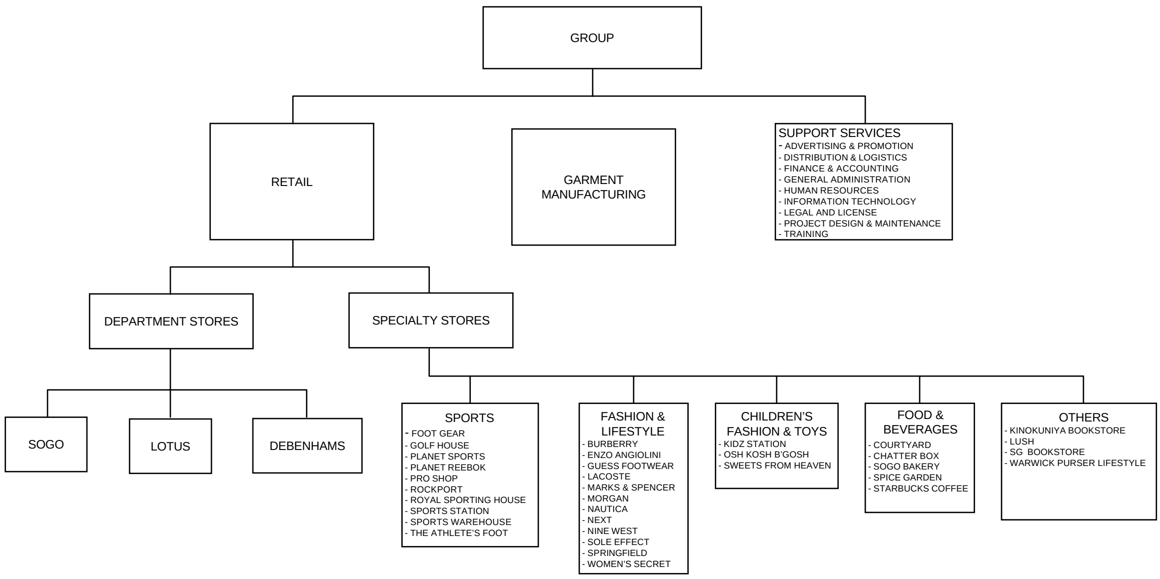
The Group has received a number of awards from its Principals and many independent institutions, many of whom operate globally, including the following:

- 1997 Best Reebok DMX Launch, Global Marketing Award in recognition of the "Best Execution of the DMX Launch"
- 2001 Reebok "Alf Shrubb" Global Award for the Group's outstanding achievement among Reebok distributors worldwide
- 2003 Reebok Distributor of the Year in recognition of the Group's outstanding marketing efforts and retail presence
- 2004 Best Retail Development by OshKosh B'Gosh in recognition of professionalism and brand development

SOGO was awarded "Superbrand" status by the Indonesian Superbrands Council in 2004

Group structure

The following diagram sets forth the Group structure by business segment as at the date of this Prospectus:



The following table set forth is a list of the Group's subsidiaries, the business segments within which they operate and the outlets that they operate:

Company		Business segment	Outlets
1.	PT Mitra Adiperkasa Tbk	Specialty Store — Sports including golf	The Athlete's Foot, Planet Sports, Sports Station, Royal Sporting House, Sports Warehouse, Foot Gear, Reebok, Rockport, Golf House
		Specialty Store — Fashion and lifestyle	Lacoste, Next, Nautica, Morgan, Nine West, Springfield, Women's Secret, Sole Effect
		Specialty Store — Children's fashion toys	Kidz Station, Osh Kosh B'Gosh, Sweets From Heaven
2.	PT Mitra Selaras Sempurna	Specialty Store — Fashion and lifestyle	Marks & Spencer
3.	PT Sari Coffee Indonesia	Specialty Store — Cafe	Starbucks Coffee
4.	PT Java Retailindo	Department store	Lotus
5.	PT Mitra Garindo Perkasa	Garment Manufacturing	—
6.	PT Kinokunia Bukindo	Specialty Store — Bookstores	Kinokuniya Bookstore
7.	PT Mitra Gaya Indah	Specialty Store — Others	Warwick Purser Lifestyle
8.	PT Premier Capital Investment	Investments	—
9.	PT Panen Lestari Internusa	Department store	SOGO
10.	PT Benua Hamparan Luas	Department store	Debenhams
11.	PT Panen Boga Lestari	Specialty Store — Cafes and restaurants	Courtyard, Chatterbox, Spice Garden, Sogo Bakery

The table below sets out the net sales of each of the Group's business segments, in Rupiah amounts and expressed as a percentage of the Group's total net sales, for the periods indicated:

	Four months ended April 30,		12 months ended December 31,									
	2004		2003		2002		2001		2000		1999	
	Total net sales (million Rupiah)	Percentage of total net sales (%)	Total net sales(1) (million Rupiah)	Percentage of total net sales (%)	Total net sales(1) (million Rupiah)	Percentage of total net sales (%)	Total net sales(1) (million Rupiah)	Percentage of total net sales (%)	Total net sales(2) (million Rupiah)	Percentage of total net sales (%)	Total net sales(2) (million Rupiah)	Percentage of total net sales (%)
Department stores	322,065	49.03	954,903	47.41	868,896	48.07	728,025	48.36	556,934	52.86	348,393	52.46
Sports	142,382	21.66	468,714	23.27	446,889	24.73	440,090	29.23	369,475	34.45	264,352	39.80
Fashion and lifestyle	83,180	12.66	236,864	11.76	207,651	11.49	159,312	10.58	77,430	7.22	39,826	6.00
Children's fashion and toys	57,932	8.82	193,495	9.61	178,453	9.87	123,511	8.20	58,743	5.48	11,599	1.75
Food and beverages	38,692	5.89	123,279	6.12	79,691	4.41	32,537	2.16	—	—	—	—
Others(3)	6,839	1.04	24,760	1.23	20,492	1.13	19,004	1.26	—	—	—	—
Manufacturing	5,877	0.89	12,093	0.60	5,363	0.30	2,939	0.20	—	—	—	—
Total	**656,887**	**100.00**	**2,014,108**	**100.00**	**1,807,435**	**100.00**	**1,505,418**	**100.00**	**1,072,582**	**100.00**	**664,170**	**100.00**

Note:

(1) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company.

(2) The audited consolidated financial statements have been restated to include PLI as a consolidated subsidiary of the Company. These restatement adjustments are unaudited.

(3) Others consist of, among others, bookstores (including Kinokuniya Bookstore), and the Group's beauty and personal care outlets.

Retail operations

As at April 30, 2004, the Group operated 429 retail outlets and department stores in 22 cities throughout Indonesia. The following table sets forth the Group's distribution of retail outlets throughout Indonesia as at April 30, 2004:

	Department stores	Sports	Fashion and lifestyle	Children's fashion and toys	Food and beverage	Others
Java:						
Jakarta	6	118	53	31	31	5
Cirebon	—	2	—	—	—	—
Bandung	—	13	5	5	—	—
Semarang	—	6	—	1	—	—
Solo	—	2	—	—	—	—
Salatiga	—	1	—	—	—	—
Surabaya	1	16	16	8	5	—
Yogyakarta	—	7	1	1	—	—
Malang	—	2	—	—	—	—
Sumatra:						
Medan	1	12	11	6	1	—
Pekanbaru	—	4	—	1	—	—
Palembang	—	3	—	—	—	—
Jambi	—	1	—	—	—	—
Lampung	—	1	—	—	—	—
Sulawesi:						
Makassar	1	6	1	3	—	—
Manado	—	3	—	1	—	—
Kalimantan:						
Balikpapan	—	5	—	1	—	—
Banjarmasin	—	3	—	—	—	—
Samarinda	—	4	—	—	—	—
Pontianak	1	2	—	2	—	—
Others:						
Bali	—	10	2	2	1	—
Batam	—	4	—	—	—	—
Total	**10**	**225**	**89**	**62**	**38**	**5**

The following table sets forth certain information regarding the number of retail outlets and total floor space within each of the Group's core business segments as at April 30, 2004:

	Total number of outlets	Floor space (m^2)
Department stores:		
SOGO	5	100,500
Lotus	5	27,937
Sports (including Golf)	225	26,182
Fashion and lifestyle	89	13,180
Children's fashion and toys	62	16,974
Food and beverage[(1)]	38	11,962
Others[(2)]	5	839
Total	**429**	**197,574**

Notes:

(1) Including 22 Starbucks Coffee outlets.

(2) Others consist of, among others, bookstores (including Kinokuniya Bookstores) and the Group's beauty and personal care outlets.

Department Stores

The Group operates department stores in major cities throughout Indonesia under two long-standing and widely-recognized trade names, namely SOGO and Lotus. In addition, the Group has recently opened its first Debenhams store in October 2004, a third department store chain.

SOGO Department Stores

The Group, through PLI, which it acquired in March 2004, operates five SOGO stores. The franchise agreement entered into between PLI and Millennium Retailing, Inc. (formerly SOGO Inc.) grants PLI exclusive rights to use the SOGO trademark in Indonesia. The Group's SOGO stores serve as anchor tenants in five of Indonesia's leading shopping malls. SOGO is an up market department store located in luxury retail complexes, which caters to middle and higher income earning Indonesians and expatriates. SOGO is designed and managed to create an attractive department store environment to maximize operating efficiencies as well as make shopping convenient for customers and the Company believes that each SOGO is the leading shopping destination for its target customers in each geographical market in which it is located. The following table sets forth certain information regarding the Group's SOGO stores:

	Retail center opening date	Floor space (m^2)	Proportion of total floor space in shopping mall (%)
SOGO Plaza Indonesia, Jakarta	March 1990	16,000	38
SOGO Mal Kelapa Gading, Jakarta	July 1995	17,500	13
SOGO Plaza Senayan, Jakarta	October 1999	27,500	31
SOGO Tunjungan Plaza IV, Surabaya	November 2001	22,000	65
SOGO Sun Plaza, Medan	March 2004	17,500	24
Total		**100,500**	

The first SOGO store, which was opened in Plaza Indonesia in March 1990, was Indonesia's first international foreign brand department store. The five stores carry more than 900 brands (excluding the Group's exclusive lines), covering a wide range of products, including cosmetics, menswear, ladies wear, children's toys and fashion, home and lifestyle products, books, electrical goods and food and beverages. More than 15 brands carried in the Group's SOGO stores are sold exclusively by SOGO. The Company estimates that for the four months ended April 30, 2004, more than 500,000 customers visited its five SOGO stores in aggregate per month on average.

Sales by SOGO are conducted by way of direct sales, consignment sales, and concessionaire sales. Direct sales consist of the sale of products that are sourced, bought and sold by SOGO. Revenue generated from direct and consignment sales are recognized as SOGO's revenue. Revenue generated from concessionaire sales are recognized as other income. Concessionaire sales consist of the sale of products by third party concessionaires, also known as "shop in shop". Concessionaires typically enter into arrangements that require them to be responsible for fitting out their counters at their own cost, and employing their own staff. Concessionaires are charged a commission for space occupied. Such commissions are based on the percentage of sales made and are subject to minimum sales revenue or guaranteed minimum payments. For the four month period ended April 30, 2004, approximately 73% of the revenue of SOGO are derived from consignment sales, while the remaining 27% are from direct sales.

The following table sets forth the percentage contribution to SOGO's total net sales by department for the four month period ended April 30, 2004 and the year ended December 31, 2003:

	Percentage contribution to SOGO's total net sales (%)	
	Four months ended April 30, 2004	**12 months ended December 31, 2003**
Men's wear and ladies' wear	47.85	48.17
Supermarket and food and beverage	23.97	23.00
Cosmetics	17.31	17.03
Children's fashion and toys	5.48	8.25
Home and lifestyle	3.78	2.35
Books and others	1.61	1.20
Total	**100.00**	**100.00**

In 2004, SOGO launched a number of exclusive brands for ladies wear and menswear, including FCUK, Waipai, Energie and Miss Sixty, for which it has exclusive distribution rights.

Each SOGO store has a supermarket and a food court which contains restaurants, cafés and bakeries and Kinokuniya Bookstores or SOGO Bookstores. In addition to offering generally available food products, SOGO's practice is to carry goods which are hard to find and of popular brands.

SOGO is widely recognized in Indonesia for its extensive selection of cosmetics and it exclusively carries a number of lines, including Anna Sui, Shu Uemura and SKII. When a new cosmetic line is launched by SOGO, the release will generally be subject to a period of exclusivity subsequent to its launch, typically between six to 18 months. The Group seeks, where possible, to negotiate exclusive licenses to these new lines upon the expiry of the exclusivity period in order to ensure that it has ongoing control over the franchising of these lines.

The Group plans to open a new SOGO store at Pondok Indah Mall II, Jakarta, which it intends to launch by the middle of 2005. This new SOGO store will have a floor space of approximately 19,500 square meters.

Lotus department stores

The Group owns and operates five Lotus stores through one of its subsidiaries, JR. The Group acquired its first Lotus store at Mal Ratu Indah, Makassar, in November 2000. The Group has since taken over one Lotus store and opened three new Lotus stores. Details of the Group's Lotus Stores are set out below:

	Opening date	**Floor space (m^2)**	**Estimated proportion of floor space in shopping mall (%)**
Mal Ratu Indah, Makassar	November 2000	8,597	35
Mal Sunter, Jakarta	June 2001	5,322	30
Mal Ciputra, Jakarta(1)	July 2001	2,009	5
Djakarta Theatre, Jakarta	November 2001	6,387	65
Mal Gajahmada, Pontianak	June 2003	5,622	40
Total		**27,937**	

Note:

(1) This is referred to as a "studio" store as it is smaller than typical Lotus stores and only carries sports and ladies' and men's apparel.

The Group intends to rebrand its Lotus stores under the new name, "Java Department Store", by the end of February 2005. The Group intends to open a new department store which will be the first to carry the Java Department Store name at Mal Artha Gading by the end of October 2004. It will occupy an area of approximately 7,274 square meters, accounting for approximately 7.7% of the total floor space at Mal Artha Gading. This new store is intended to replace the Lotus store at Mal Sunter which the Group plans to close by December 2004.

Lotus targets middle income market segments, offering a wide range of merchandise, including men's, women's and children's apparel and accessories, cosmetics, home furnishings and other consumer goods. The product offerings between stores vary based on a number of factors including size of store, merchandising characteristics and nature of the community served. For the four month period ended April 30, 2004, approximately 88.90% of Lotus' net sales was derived from consignment sales while the remaining 11.10% was from direct sales.

The following table sets forth the percentage contribution to Lotus' total net sales, excluding concessionaires sales, by department for the four months ended April 30, 2004 and the year ended December 31, 2003:

	Percentage contribution to Lotus' total net sales (%)	
	Four months ended April 30, 2004	**12 months ended December 31, 2003**
Ladies' wear	32.24	31.00
Men's wear	24.25	26.00
Children' fashion and toys	13.29	14.00
Cosmetics	25.62	24.90
Others	4.60	4.10
Total	**100.00**	**100.00**

Debenhams department stores

In May 2004, the Group through its subsidiary BHL, entered into a franchising arrangement which grants it the exclusive right to use the Debenhams trademark in Indonesia. Debenhams, which is a leading department store in the United Kingdom, will offer more than 25 exclusive brands as well as its own house brands. The Group opened its first Debenhams department store in October 2004 at Plaza Indonesia, Jakarta.

Sports

The Group operates multi-branded sports retail outlets and concept stores which it sub-classifies into two categories:

- **sports apparel and footwear —** the Group holds licensing and/or exclusive distribution and retailing rights to 13 brands, which it offers at its multi-branded retail outlets and single-branded stores. The Group also offers brands that it does not hold exclusive rights to at its multi-branded retail outlets. The majority of the Group's net sales is derived from brands exclusively distributed and retailed by the Group, such as Reebok, Speedo, and Wilson; and
- **golf clothing, footwear and equipment —**the Group holds exclusive distribution and retailing rights to 10 brands, as well as offering a number of brands that it does not hold exclusive rights to distribute and retail, which it offers at its Golf House and Pro Shop stores. The majority of the Group's net sales from golf clothing, footwear and equipment is derived from brands exclusively distributed and retailed by the Group, such as Greg Norman, Mizuno and Wilson.

Multi-branded and single-branded sports retail outlets

As at April 30, 2004, the Group's multi-branded and single-branded retail outlets had an aggregate retail gross floor area of approximately 22,183 square meters. The following table sets forth a summary of the sports multi-branded and single-branded retail outlets operated by the Company as at April 30, 2004:

	Month/Year first store opened	Target market segment	Aggregate floor space (m^2)	Number of stores
Multi-branded retail outlets:				
The Athlete's Foot	June 1998(1)	Technical	2,303	28
Royal Sporting House	November 1995	General	1,051	5
Planet Sports	November 1999	Luxury	6,357	20
Sports Station	February 1995	Value	9,698	82
Sports Warehouse	September 2003	Discount	408	2
Foot Gear	April 2003	Casual/dress	869	13
Single-branded retail outlets:				
Reebok	October 1993	Specialist	1,187	14
Rockport	June 1995	Specialist	37	1
Others			273	10
Total			**22,183**	**175**

Note:

(1) The Company acquired the exclusive franchising right to use "The Athlete's Foot" trademark and the right to open and operate stores identified by this trademark in Indonesia in October 1998.

The Group has six different types of multi-branded sports retail outlets. Each of the Group's stores has a distinct retail concept and store identity targeted at different consumer groups, which have been developed after taking into account the store location, the demographic profile of shoppers in that location and the store size. Each retail outlet carries a comprehensive but varying range of branded sports and active lifestyle products, depending on the target market segment of each retail store. Brands carried in these retail stores include those with which the Group holds exclusive licensing and/or distribution and retailing rights to, as well as brands distributed by third parties, including Nike, Adidas and Fila.

The retail concept developed for each retail store consequently determines the interior design, variety of brands and products carried, the display layout, the selling price range and the range of services provided.

The Company commenced exclusive use of The Athlete's Foot trademark in 1998, under which it opened a series of multi-branded sports retail outlets targeted at the middle to high income market segment offering a wide range of shoes of leading sports brands.

The Group began operating Royal Sporting House retail outlets in 1995 which is targeted at the middle to high income market segment. Royal Sporting House is one of the Group's proprietary brands and offers a wide selection of general sporting equipment, footwear, apparel and accessories of leading sports brands.

Planet Sports, launched in 1999, is the Company's own multi-branded sports retail outlet. These stores offer a range of sports apparel and equipment. The products carried in these stores fall within the middle to higher price categories.

The Group acquired the Sports Station brand in 1995 which is targeted at the middle-income market segment. Sports Station stores carry a wide range of competitively priced branded sports products. The stores are promoted as budget sports retail chains.

Sports Warehouse stores aim to capture customers from the lower to middle income market segment who seek high quality, branded sports products. As such, all Sports Warehouse stores operate a "no frills" retail concept. Slow-moving inventory stock from the Group's sports retail and specialty stores are sold in its Sports Warehouse stores. The Group intends to register the Sports Warehouse name as a trademark by the end of 2004.

The Group launched its first Foot Gear store in April 2003, which is targeted at the middle to higher income market segment. Foot Gear stores carry a diverse selection of casual and dress footwear for adults.

The Group's single branded stores are stores which target a niche market segment and retail individual brands of sports and active lifestyle products, such as Reebok and Rockport. As these stores are dedicated solely to a particular brand, they carry a wider range of merchandise as compared to those available at the multi-branded sports retail stores, which generally stock a wider range of brands but not as wide a range of merchandise for each individual brand.

As at April 30, 2004, substantially all of the inventory in the Company's sports multi-branded retail outlets and single branded stores were purchased directly.

The Group intends to open approximately 10 multi-branded sports outlets in various cities throughout Indonesia by the end of 2005.

Sports Apparel and Footwear Brands

The Group's 13 sports apparel and footwear brands are distributed through the Group's 175 multi branded and single-branded sports retail outlets throughout Indonesia as well as through independent retailers.

The following table sets forth a summary of the sports brands for which the Group held licensing, distribution and retail rights as at April 30, 2004:

	Sports Brands	**Products**
Exclusive licensing, distribution and retail rights	Ellesse	Footwear, apparel and accessories from "Sportivo" and "Tempo Libero" categories
	Spalding	Athletic footwear and active wear apparel(1)
Non-exclusive licensing, exclusive distribution and retail rights	Speedo	Swimwear, sports and leisure clothing
	Reebok	Footwear, apparel, bags and certain sportswear accessories
Exclusive distribution and retail rights	Speedo	Other specified water sports gear and equipment(2)
	Teva	Footwear, clothing and accessories
	Union Bay	Apparel and related products

	Sports Brands	Products
	Babolat	Badminton, squash and tennis rackets and related accessories(3)
	Skechers	Footwear
	Thorlo	Sports specified products and apparel
	Wilson	Catalogue sporting goods equipment covering golf, tennis and American team sport
	Ellesse	Sports and leisure footwear, clothing and hold alls
	Rockport	Footwear (excluding golf footwear)
	Jansport	Alpine packs, daypacks, luggage and travel accessories
	Dr. Martens	Footwear
Non-exclusive distribution and retail rights	Rockport	Apparel and accessories

Notes:

(1) The Group also holds licensing, distribution and retail rights in connection with Spalding sports bags in Singapore, Malaysia, Vietnam, Philippines, and India.

(2) Swim caps, non-optical goggles, ear plugs, nose clips, kickboards, armbands, swim aids, training paddles, swimming fins, floats, pool shoes, sandals, bags, swim socks, water shorts, sports and leisure clothing (excluding underwear and socks), hats and caps.

(3) Includes natural gut and synthetic strings for tennis, squash and badminton rackets, stringing machines and tools for stringing and any related and complementary actions.

Reebok

Reebok provides the most significant contribution to the sports division's revenue. The Group has secured exclusive distribution rights in Indonesia and the non-exclusive right to manufacture with respect to Reebok footwear, apparel, bags and certain sportswear accessories.

Since the Group secured the Reebok licensing rights, the Group has made significant efforts to build the brand in Indonesia, through initiatives such as the Group's sponsorship of popular sporting events like the Indonesian Professional Football League between 1997 and 1999 and the Indonesian Basketball League in 2004. In January 2000, the Group established the Reebok University, which is a non-profit organization dedicated to providing quality and proven fitness programs to assist people in achieving their fitness goals.

Other brands

After Reebok, the Company's next largest contributors to the sports division in terms of revenue are Wilson and Speedo. The Company has secured exclusive distribution and retailing rights with respect to Wilson sports equipment. The Company has also secured non-exclusive licensing rights and exclusive distribution and retailing rights with respect to certain Speedo swimwear, sports and leisure clothing and holds exclusive distribution and retailing rights with respect to other specified water sports gear and equipment. In March 2004, the Company secured exclusive distribution and retailing rights with respect to Ellesse sports and leisure footwear, clothing and bags in Indonesia. The exclusivity extends to other countries in the region including Thailand, Vietnam, Philippines, Singapore and Malaysia.

Golf

The Group operates 50 golf retail outlets throughout Indonesia, under its proprietary Golf House brand throughout Indonesia, including Pro Shops which are located in golf course and country clubs in Indonesia, either as stand-alone stores or 'shop-in-shops'. The Group also holds exclusive distribution and retailing rights to 10 brands which are offered within these stores. In addition, the Group offers a wide selection of golfing products from brands in which the Group does not hold the exclusive distribution and/or retailing rights.

The following table sets forth the number of golf retail outlets that the Group operated as at April 30, 2004.

	Number of Outlets
Greater Jakarta:	
Golf House stores	10
Pro Shop	20
Outside of Greater Jakarta:	
Golf House stores	18
Pro Shop	2
Total	**50**

The Group opened a new Pro Shop at the Imperial Golf & Country Club on July 28, 2004.

As at April 30, 2004, the majority of inventory in the Group's golf retail outlets was purchased directly.

The Group operates 28 Golf House stores, 12 of which are stand alone stores. Some of the Group's Golf House stores have a lounge area and are equipped with an indoor driving area and a putting green to allow golfers to try out golf clubs. The Golf House stores are staffed by a team of experienced sales staff, many of whom are golfers themselves.

Since 2002, the Group has collaborated with Mizuno, one of the brands to which it holds exclusive distribution rights, to host the annual amateur Mizuno Golf Tournament in Indonesia.

The Group manages, under the Golf House brand, 22 Pro Shop outlets in premier golf and country clubs across Indonesia, including Pondok Indah Golf and Country Club, Emeralda Golf Club, Damai Indah Golf and Country Club (Bumi Serpong Damai & Pantai Indah Kapuk) and Gading Raya Golf Club. As they are located within golf clubs, the Pro Shops offer golfers the convenience of shopping for their requirements either before or after their games. The Group uses these pro-shops as a platform for its golf marketing activities, such as new product launches and product trials, as well as to promote awareness of its Golf House stores.

The Group intends to open four Golf House and Pro Shop stores throughout Indonesia by the end of 2005.

Fashion and lifestyle

As at April 30, 2004, the Group operated more than 80 fashion outlets throughout Indonesia, and held exclusive distribution and retailing rights to several brands, including NEXT, Nautica/ Nautica Jeans Collections, Nine West/Enzo Angiolini, Morgan and Lacoste, as well as exclusive franchising rights for Women's Secret, Springfield and Marks & Spencer.

The following table sets forth the breakdown of the Group's lifestyle and fashion outlets as at April 30, 2004:

	Number of outlets
Benetton	5[1]
Lacoste	8
Marks & Spencer	13
Morgan	7
Nautica/Nautica Jeans Collections	12
NEXT	11
Nine West/Enzo Angiolini	18
Sole Effect	6
Springfield	1
Women's Secret	8
Total	**89**

Note:

(1) As at the date of this Prospectus, the Group has closed all of its five Benetton stores.

As at April 30, 2004, all of the inventory in the Group's fashion & lifestyle outlets was purchased directly from the Group's Principals.

The Group opened its first NEXT store in Plaza Senayan in December 1995. These stores offer NEXT-branded clothes, shoes and accessories for children and adults, designed by NEXT Plc. As at April 30, 2004, the Group operated 11 NEXT stores and one NEXT children's wear concessionaire within one of its SOGO stores.

Nautica Jeans Collection and Morgan offers apparel, footwear, bags and fashion accessories targeted at the younger market segment, while Nautica and Lacoste targets the working professionals market segment. Nine West and Enzo Angiolini specialize in ladies' footwear and handbags, and Women's Secret offers lingerie. In March 2004, the Group acquired exclusive franchising rights to open Springfield stores in Indonesia. Springfield specializes in men's casual wear. The Springfield flagship store was opened in March 2004 at Plaza Indonesia. More recently, in August 2004, the Group acquired exclusive franchising rights to open Oasis and Principles stores in Indonesia, which offer apparel and fashion accessories. The Group opened Oasis and Principles shop-in-shops within its Debenhams store in October 2004.

The Group intends to open specialty stores for Miss Sixty, Energie, FCUK, Waipai and Strandbags, which are currently being sold exclusively in its SOGO stores, by the end of 2005.

Marks & Spencer

In July 2000, the Group through one of its subsidiaries, MSS, obtained exclusive franchising rights to operate Marks & Spencer stores in Indonesia. Marks & Spencer is the Group's most significant lifestyle and fashion brand in terms of revenue contribution. Marks & Spencer stores are a family lifestyle concept that offer a variety of self-branded products ranging from clothing to food products. The Group opened its first store at Plaza Senayan in July 2000, and has, since then, expanded its Marks & Spencer franchise to 13 stores throughout Indonesia, of which seven are stand-alone stores.

The Group's Marks & Spencer stores at Plaza Senayan, Jakarta and Plaza Indonesia, Jakarta completed their refurbishment in September 2004.

Although the Marks & Spencer franchising arrangements do not require the Group to pay royalties or commissions, it requires the Group to maintain minimum advertising expenditure annually.

The Group intends to open two additional Marks & Spencer stores, one in Pondok Indah Mall II and one in Forum Mall, both in Jakarta, by the end of 2005.

Sole Effect

In February 2004, the Group opened its first Sole Effect store, a multi-branded fashion footwear, handbags and accessories retail store offering brands that the Group holds exclusive distribution rights to, including Nine West and XOXO. The Group also sells its in-house brand, Diorucci in its Sole Effect store. As at April 30, 2004, the Group has expanded its Sole Effect chain and has a stand-alone store and five concessionaires, which are located within each of the Group's five SOGO stores. By the end of 2004, the Group intends to open two additional Sole Effect stand-alone stores and concessionaires in department stores and malls in Surabaya and Bali.

Children's fashion and toys

The Group operates 27 Kidz Station outlets, 20 OshKosh B'Gosh outlets and seven Sweets From Heaven franchise outlets, and holds licensing and/or exclusive or non-exclusive distribution and retailing rights to more than 20 brands. The following table sets forth a summary of the lines in which the Group holds licensing and either exclusive or non-exclusive distribution and retail rights:

Exclusive licensing(1) and distribution rights	Exclusive distribution rights
OshKosh B'Gosh (apparel, bag, and accessories)	Bandai

Non-exclusive licensing(1) and non-exclusive distribution	Non-exclusive distribution and retail rights	
Baby Looney Tunes of Warner Bros. (Baby foot wear and accessories)	LeapFrog	Takara
	Mega Bloks	Tomy
Barbie of Mattel (Apparel, foot wear, bags and accessories)	MGA Entertainment	Toybiz
	Nikko	Wild Planet
Batman and Superman of Warner Bros. (Apparel, foot wear, bags and accessories)	Smoby	

Note:

(1) Licensing rights only give the Group the right to manufacture the relevant products.

Children's multi-branded and single-branded retail outlets

The Company designed and owns the "Kidz Station" brand, under which its 27 stores have been positioned as specialty retailing stores, offering a wide range of products including toys, apparel, footwear and bags for children. Kidz Station stores are typically divided into different departments, such as hobby craft and collectibles, cartoon favorites, television action heroes, doll-house concepts and first steps for toddlers. As at April 30, 2004, approximately 65% of Kidz Station's inventory was purchased on consignment, with the remainder being purchased directly.

The Group intends to open five Kidz Station stores by the end of 2005.

OshKosh B'Gosh boutiques carry apparel, footwear, bags and accessories for children. In addition to traditional advertising and promotion initiatives, the Company creates brand awareness by sponsoring, through the OshKosh B'Gosh brand, annual children model search contests and fashion shows, and encourages customer loyalty with its membership programs. The Company intends to open approximately five OshKosh B'Gosh boutiques by the end of 2005.

Sweets From Heaven markets novelty and branded confectionery, snack market products, varieties of popcorn, toys, gifts and novelties, in an “experiential retailing” format in terms of layout and merchandising. As at April 30, 2004, approximately 60% of Sweets From Heaven’s inventory was purchased directly, while approximately 40% was on consignment.

Retail consignment and wholesale

As at April 30, 2004, the Company distributes its children’s toys and fashion lines (other than confectionery) on consignment to 159 stores throughout Indonesia and wholesale to 36 stores in Indonesia, including department stores such as SOGO, Metro, Rimo and Matahari, as well as specialty stores such as Toys City and Kiddy Land, and hypermarkets such as Carrefour.

Food and beverage

Starbucks Coffee

In December 2001, the Group through SCI, entered into a franchise agreement with Starbucks Coffee International, Inc., which is a subsidiary of Starbucks Corporation. The franchise agreement grants the Group the right to exclusively operate Starbucks Coffee throughout Indonesia.

Starbucks Coffee outlet is an upmarket, designer café, serving, among other things, coffee, Italian-style espresso beverages, iced blended beverages, a variety of complementary food items, coffee-related accessories and equipment and a selection of premium teas.

As at April 30, 2004, the Group operates 22 Starbucks Coffee outlets in five major cities throughout Indonesia, all of which are located in high-traffic, high-visibility locations in retail centers and office buildings. The product offerings are generally identical from store to store.

The Group intends to consolidate its position in each of the five key cities in Indonesia in which it is currently present and will open at least ten new Starbucks Coffee outlets by the end of 2005.

Under the terms of its franchise arrangement, Starbucks Coffee International, Inc. and its affiliates receives license fees and royalties from the Group. In addition, employees working in Starbucks Coffee are required to follow the principal’s detailed store operating procedures and attend training classes similar to those given to store managers and staff at Starbucks Coffee International, Inc.

The Group’s net sales from its Starbucks Coffee franchise operations was approximately 39.19% and 56.35% of its net sales from its food and beverages business segment in the four months ended April 30, 2004 and the year ended December 31, 2003, respectively.

Restaurants, cafés and bakeries

As at April 30, 2004, the Group operated five Chatterbox Restaurants, a Courtyard Restaurant, one Palem Café, six Spice Garden food courts, and two SOGO bakeries. The Group intends to close down its SOGO bakeries by the end of 2005 and focus on its restaurants and cafes business.

Chatterbox has been in operation for over 12 years in Jakarta and most of the outlets are located within the Group’s SOGO stores. The Chatterbox brand and store design has been updated and was recently successfully launched in Plaza Senayan, Jakarta. The Group plans to carry out similar renovation works on the remaining Chatterbox outlets by the end of 2004.

Spice Garden is an Asian style food court, which is located in areas adjoining SOGO supermarkets, and which provides fast and reasonably-priced Asian food.

Courtyard is a Chinese restaurant specializing in dim sum and Chinese food. There are currently a Courtyard, in Plaza Indonesia, Jakarta and a newly opened second Courtyard in Plaza Senayan, which opened in early October 2004 and which replaced the Group's Palem Cafe outlet.

The Group's net sales from its restaurants, café and bakeries was 55.03% and 60.82% of the Group's net sales from its food and beverage business segment in the four month period ended April 30, 2004 and the year ended December 31, 2003, respectively.

Others

Books

In 1999, the Group, through its subsidiary KB, operated two Kinokuniya Bookstores within SOGO Plaza Senayan and Plaza Indonesia, Jakarta, pursuant to a memorandum of understanding with the Principal. In March 2004, the Group obtained exclusive franchising rights to operate Kinokuniya Bookstores throughout Indonesia. The Group expanded its outlet within SOGO Plaza Senayan, Jakarta to become a flagship store in May 2004. Each Kinokuniya Bookstore carries a wide selection of English, Japanese, Mandarin and Indonesian books. The Principal assists in selecting the range of books to be sold in the Group's Kinokuniya Bookstores, which are purchased from the respective publishers, approximately 10% to 20% of which may be exchanged for a credit note within six months of purchase.

The Group intends to open another Kinokuniya Bookstore at Pondok Indah Mall II, Jakarta, by mid 2005.

The Group through its subsidiary PLI, also wholly-owns three SG Bookstores at its SOGO department stores at Kelapa Gading Mall, Jakarta, Tunjungan Plaza IV, Surabaya and Sun Plaza, Medan. Books offered for sale in SG Bookstores are purchased from the respective publishers, but may also be exchanged for a credit note within six months of purchase. The Group intends to convert these SG Bookstores into Kinokuniya Bookstores by the end of 2005.

Personal care and beauty

The Company owns the exclusive right to operate LUSH outlets in SOGO Plaza Senayan, Kelapa Gading Mall and SOGO Plaza Indonesia. The Company intends to open a further LUSH store in Pondok Indah Mall II in Jakarta by mid-2005.

GARMENT MANUFACTURING

The Group through its subsidiary MGP, owns and operates a garment factory in Gunung Putri, Bogor, Indonesia which is located on a 33,000 square meter plot of land. As at April 30, 2004, the garment factory housed 350 machines with an aggregate production capacity of 100,000 pieces of woven and knit garments per month. The garment factory commenced operations in January 2001 and primarily manufactures apparel for the Group, including apparel for its licensed brands, such as Reebok, Speedo, Union Bay, Barbie, and OshKosh B'Gosh. Approximately 20% of the garments that it manufactures are for third parties. The set-up and operations of the factory adhere to strict international human rights codes of practice. After each stage of the production process, a variety of control procedures are performed prior to moving onto the next production phase. Its quality control team checks goods released for delivery for quality and workmanship.

The Group plans to increase the production capacity at its factory by more than 50% in terms of machinery by the end of 2005, which will accommodate the Group's and third parties' increasing demand for its garment manufacturing services.

The principal raw materials used in the manufacture of garments are knit and woven materials, which the Group procures from various local suppliers. As of April 30, 2004, approximately 20% of the Group's raw material purchases for its garment manufacturing were imported from overseas countries, while approximately 80% of raw material purchases were sourced directly in Indonesia. MGP procures its raw materials from over 30 local suppliers as well as from Hong Kong, Taiwan and India. MGP does not rely on any one supplier for its raw materials.

Having its own manufacturing facility enables the Group to benefit from cost efficiencies, flexibility over timing and control over the quality of the products it sells through its stores.

Investment

PCI is a wholly-owned subsidiary of the Company and was established in Jakarta in 1999. As at the date of this Prospectus, the Company owns 99.99% of PCI's issued share capital. PCI owns approximately 11.16% of the issued share capital of PT Plaza Indonesia Realty Tbk, a public company listed on the Jakarta Stock Exchange, whose principal asset is Plaza Indonesia.

In addition to its interest in PT Plaza Indonesia Realty Tbk, PCI also holds nominal equity interests in a number of the Company's Subsidiaries.

Support services

Project design and maintenance

The Group has established an in-house store design capability whose function is to design new stores for the Group and to refurbish existing stores. Where the Group operates under an exclusive license, distribution and retail rights, or franchising arrangement, the store design team works directly with the Group's Principals to design the new retail outlet or to refurbish existing stores.

Distribution and logistics

Since June 2004, the Company has outsourced its distribution and logistics functions to PT Exel Indonesia, a third party logistics service provider with international reputation which operates the Group's supply chain management system. This is expected to increase the efficiency of the Group's operations, which span more than 400 stores over 22 cities in Indonesia, in a number of ways, including improved cycle times to meet customers' demands, more reliable deliveries and a reduction in warehousing, regional transportation and other operating costs.

Advertising and promotion

The Group's marketing strategy is tailored to fit each brand that the Group represents in the markets in which it operates. The objective of the Group's brand marketing is to build up brand recognition and market acceptance by its customers. As brand management and marketing is key to the Group's ability to command better margins for its products by leveraging on strong brand recognition, the Group collates and analyzes information on targeted consumer groups and their sensitivity to pricing in order to achieve the desired marketing and pricing objectives.

In order to capture market share for its brands, the Group seeks to maximize its brands exposure by making them available in a large number of retail stores, including those of third party retailers in certain cases, to create strong retail awareness and brand loyalty. The single branded retail outlet concept is also employed to further convey and enhance the unique identity of the Group's key brands.

For the brands that the Group represents, a brand manager is tasked with the responsibility of ensuring that brand exposure is optimized by working with the Principals' and the Group's in-house advertising and promotion team.

The Group's in-house advertising and promotion team works with the brand manager of each product to derive the creative input required to advertise and promote the Group's brands. The brand managers and the in-house team are able to further the Group's various objectives with respect to each particular brand that it sells, while at the same time ensuring that promotions are complementary in order to minimize unnecessary and negative competition among the Group's brands.

The Group's in-house advertising and promotion team employs a comprehensive mix of media to communicate brand identities to its customers. The media mix varies from brand to brand, depending on the marketing requirements of the respective brand. The various media used by the Group include:

- **Above-the-line advertising**. Advertisements are placed by the Group in various widely-distributed newspapers, fashion and lifestyle magazines, billboards, television and radio.
- **Below-the-line advertising**. In-store visual displays, in-store events and promotions, including gift-with-purchase and purchase-with-purchase promotions, fashion shows and product launches, are ongoing in the Group's stores.
- **Product and event sponsorships**. The Group sponsors and participates in various fashion shows, beauty contests and sporting events.

Moreover, most of the Group's licensing and/or distribution and retail arrangements impose an annual minimum advertising expenditure requirement on the Group to ensure that the principal's brands are promoted in the markets in which the Group distributes the products.

As well as advertising individual brands, the Group seeks to develop the brands that it offers in its multi-brand retail outlets, as well as its proprietary brands Planet Sports, Sports Station, Sole Effect and Kidz Station, through advertising and promotion. These brands are owned by the Group and the Group's in-house advertising and promotion team has developed each concept and has been responsible for creating brand awareness and loyalty as the Group considers these outlets to play a key role in launching new brands, be it the Group's own brands or otherwise.

Information technology

The Group has strong back-end support as well as an integrated supply chain. It is currently in the process of upgrading its entire network to use SAP and POS software by the end of 2004. The integrated reporting systems between the Group's head office and each retail outlet enables the Group to get real-time visibility of its entire enterprise, enabling it to streamline its supply chain, bring products to market more quickly, get more out of procurement and eliminate duplication of effort. SAP was launched in SOGO department stores, Marks & Spencer outlets and the Company in September 2002, April 2004 and June 2004, respectively.

The Group also intends to enhance its warehousing system by the end of 2005 in order to better coordinate the demand from customers with the warehousing activities.

BRAND DEVELOPMENT

In its search for new products and services, the Group studies the customer profile at each of its department stores and retail outlets and searches for appropriate products and services to fit such profiles, while at the same time seeking to secure market position in the product line or service that it chooses by negotiating exclusive terms.

The Group creates brand awareness by holding regular promotions and road shows and encourages customer loyalty with membership programs such as the "Kidz Station Club". Customers who spend a certain minimum amount in one transaction are qualified for enrollment in the Kidz Station Club. Kidz Station Club members are entitled to a 5% to 10% discount, as well as various privileges from the Group's cross-promotional partners, including discounted entry fees at Sea World, Jakarta.

As of the date of this Prospectus, there are approximately 30,000 members participating in the Group's membership programs.

COMPETITION

The Company believes that no direct competitors exist which operate in all of its five core businesses and which also distribute products through a portfolio of their own department stores and stand-alone retail outlets, as well as wholesale to third party retailers. In addition, apart from its food and beverage operations, the Company believes that within the middle- to high-end retail market segment, it is the largest multi-branded retailer within its core businesses in Indonesia in terms of number of outlets and revenue.

The Group however faces competition from third parties within each of its five core business segments and its stable of department stores. The Group's primary competitors in Indonesia are retail outlets that distribute international brands other than the Group's, and seek to appeal to similar customers. The Group also faces indirect competition from other department stores throughout Indonesia which offer products that seek to appeal to similar target customers (see "Industry Overview").

Despite the competition within each of the Group's core business segments and department stores in Indonesia, the Company believes that it offers significant advantages over its competitors and appeals to both the property developers in which its outlets are located and with its customers.

The Group's ability to offer a broad range of established international retail brands that appeal to middle to high-end customers and, where its department stores are concerned, to provide an anchor tenant in various shopping malls, means that it provide operators of retail complexes with a "one-stop" solution to occupying retail outlets within its complexes and assists the Group in securing sought-after retail space at competitive rates.

While the Group may compete with a number of stand-alone brands within its core businesses, there are very few multi-branded retail outlets within Indonesia that offer as broad product range and that targets similar or competing demographics. The Company believes that the wide range of products offered in the Group's outlets appeal to its target customers, in turn making the outlets attractive to the operators in the retail complexes where they are located.

The Company believes that its products appeal to customers for several reasons. The Group's brands are carefully selected to ensure that the quality, range and mix of the products appeal to its target customers. The Company believes that it provides significant advantages to its customers and is supported by the convenience afforded by being located at prime locations.

The Company realizes that competition in the Indonesian retail industry will continue to exist. However, the Group will continue to seek to minimize the negative impact on each of its core businesses through diversification of brand portfolio and revenue streams in each of its core businesses. Moreover, the Group will strive to expand its consumer targets and market segments.

INSURANCE

All of the Group's significant assets are insured. As at April 30, 2004, the Group had insured its significant assets against physical loss or damage for a total coverage which the Company believes is adequate to cover the possibility of losses arising in relation to its premises. The Group has obtained insurance coverage for its operations, covering risks such as property all risk, business interruption, money in safe and money in transit, retail outlet, terrorism and vehicles and public liability, and third party liability insurance for its properties.

The Company believes that it is adequately insured for all material insurable risks relating to its business.

INTELLECTUAL PROPERTY RIGHTS

The Group is dependent on the maintenance and protection of its trademarks, as well as those of its Principals whose marks and brands the Group is licensed to use under the relevant trademark and license agreements.

As of the date of this Prospectus, the Group is the registered owner in Indonesia, of a number of trademarks, including:

(a) Chatterbox;

(b) Golf House;

(c) Kidz Station;

(d) Palem Cafe;

(e) Planet Sports;

(f) Royal Sporting House;

(g) Spice Garden; and

(h) Sports Station.

In addition to that, the Group has applied for the registration of, among others, Diorucci, Foot Gear, Girls Talk, Sole Effect, Courtyard and Java department stores.

COMPETITIVE STRENGTHS

The Group considers the following to be its principal strengths:

- **A portfolio of leading international brands** — Within its core retail businesses of sports, lifestyle and fashion, children's fashion and toys, food and beverage and others, the Group has managed to secure exclusive arrangements with more than 50 internationally recognized brands, including SOGO, Marks & Spencer, Starbucks Coffee, Reebok, NEXT, Mizuno and Wilson. In particular, the Group's SOGO chain of stores is internationally-recognized as a leading department store brand name.
- **Established track record as an anchor tenant in luxury retail complexes** — The Group has established itself as anchor tenant in luxury shopping malls in Jakarta and other key cities across Indonesia. Its ability to exclusively provide a diversified range of retail outlets, from department stores such as SOGO and Lotus, to stand-alone fashion outlets such as NEXT, to food and beverage venues such as Starbucks Coffee, appeals to developers of new and existing retail complexes. This has enabled the Group to secure highly sought after retail space on favorable terms and in turn strengthens the Group's position in appealing to international brands looking to develop and/or establish a presence in Indonesia.
- **Well-established in-house brands sold in multi-product retail outlets** — The Company has been successful in aggregating products under its own developed brands, including Planet Sports for sporting goods, Kidz Station for children's toys and fashion and Sole Effect for ladies shoes and fashion accessories. These multi-product retail outlets have generated their own significant brand awareness and provide a launch pad for the Group to introduce new retail brands, both its own and franchised brands before considering the suitability of establishing standalone retail outlets.
- **A solid blend of local knowledge and international experience** — In addition to its local knowledge of the Indonesian market, a number of senior management and key employees have international experience in their respective fields. The Company believes that this is particularly important when dealing with global brands that operate with international business practices which may not be standard amongst domestic Indonesian retailers. In

addition, the Group ensures that its staff regularly attend major international fairs and trade shows to keep aware of current international trends and to attract and secure new franchising and licensing arrangements.

- **Integrated back office with in-house manufacturing, distribution, advertising and promotion facilities and a project design team** — The Group has developed an integrated back office, whereby its retail business is supported by its manufacturing, logistics and distribution operations. In particular, the Group owns and operates a garment manufacturing factory which enables it to manufacture products for its own licensed and proprietary brands as well as for independent third parties. In addition to providing cost efficiencies and flexibility, this provides the Group with significant control over timing and quality of the products that it acquires. The Group has recently entered into an outsourcing arrangement with PT Exel Indonesia, a third party logistics service provider, that operates the Group's supply chain management systems, with which the Company intends to increase the efficiency of the Group's operations.

  The Company operates its own in-house advertising and promotion agency which provides creative input to advertising and promoting the Group's proprietary and licensed brands. The Group has also established an in-house project design and maintenance capability whose function is to design new stores and refurbish existing stores for the Group. In addition to reducing costs, the Company believes that these teams enable the Group to meet advertising, promotion and design needs more efficiently than by using external agencies.

- **State-of-the-art technology** — The Group has adopted information systems and technology that utilize SAP and POS applications to support the management's decision-making process. As a result, information is updated daily across all of the Group's retail outlets, which has improved the Group's speed to market and management of its inventory management. In this respect, the Company believes that the Group's information systems and technology are of an international standard and are more advanced than those systems generally adopted by its local competitors.

BUSINESS PROSPECTS AND STRATEGY

The Group's primary objective is to become the leading retailer and distributor of internationally recognized brands in Indonesia, by providing to consumers, through its network of department stores and retail outlets, the latest and most innovative products through its department stores and specialty stores.

The Group intends to achieve its objectives by adopting the following strategies:

- **Continue seeking to secure and expand its international brands** — The Group plans to continue seeking to secure and expand its international brands within its core business segments that will enhance its reputation and appeal to both customers and operators of the retail complexes within which its stores are located. As appropriate, the Group will look to establish stand-alone stores for particular brands or to sell products through its department stores or multi-brand retail outlets.

- **Increase presence in existing and new retail complexes throughout Indonesia** — The Group intends to increase its presence in existing retail complexes where it currently has a presence, as well as other locations, if it considers such locations beneficial to improving the profile and financial performance of the Group. In addition, the Group will continue to work with developers of new complexes to seek opportunities to secure prime retail locations as an anchor tenant or otherwise.

- **Broaden target customer base** — While its core brands seek to appeal to the middle to high market segment, the Group intends to seek to increase the demographic to which its products appeal by expanding the product ranges that it offers within its core businesses and its network of department stores. It plans to do this initially through its multi-brand retail outlets, where it will launch new international brands and its own brands within its existing core businesses at more competitive prices than current brands in order to appeal to the middle and lower-middle end market segments. This concept has historically proven to be successful with the launch of the Group's Sport's Station and Sports Warehouse retail outlets.

- **Offer additional complementary products to existing core businesses** — The range of products and brands that the Group currently offers through its various retail stores encompass a wide range of products that are designed to appeal to its target consumer group. The Group is considering the introduction of new products that are different but complementary to its existing core business segments, such as cosmetics, personal care and home ware products.
- **Develop existing and launch additional proprietary products** — The Group has used its multi-branded retail outlets to successfully launch its own brands. While historically this has principally been in footwear and accessories, with brands such as Diorucci, the Group is considering launching brands within certain of its other core business segments. In addition to offering potentially higher profit margins, the Company believes that this strategy will enable the Group to launch products that are more competitively priced for the Indonesian market.
- **Optimizing operations to exploit synergies** — The Group has and intends to continue its successful strategy of 'right-sizing' its operations. The Group considers the brand represented, the location and staffing requirements of each retail outlet and seeks to utilize the optimum number of staff and most suitable brand to maximize contribution to the Group's overall performance. Further, the Group's support services division provides a number of back office functions, including finance and accounting, legal, information technology and training services to all of the Group's core businesses thereby avoiding unnecessary duplication of resources.

OTHERS

The Company has received its tax clearance from the Directorate General of Taxation through its letter No. SR74/WPJ.04/BD. 03/2004 dated September 22, 2004.

In the letter issued by the office of Directorate General of Tax (the "Letter"), the taxable earnings of the Company for 2002 and 2003 differ from the amounts indicated in the audited financial statement of the Company. The differences are primarily caused by the following:

Earnings for 2002

The fiscal earnings for 2002 as stated in the Letter is the same amount as that indicated in the Company's annual tax filings (otherwise known as "Surat Pemberitahuan Pajak Tahunan" or "SPT"). The SPT was based on the Company's unaudited financial statement. The Company did not make any adjustment to the SPT to conform with its audited financial statement. The Company subsequently received notice from the tax office that an additional amount of tax was still outstanding. This amount has been paid by the Company.

Earnings for 2003

The fiscal earnings for 2003 as stated in the Letter is the same amount as that indicated in the Company's temporary annual tax filings (otherwise known as "Surat Pemberitahuan Pajak Tahunan Sementara" or "SPT-Y"), which was submitted by the Company in March 2004. The Company was not allowed to change its SPT-Y filing after the completion of its financial audit as it was undergoing a tax review for that period. This is consistent with Indonesian tax regulations which does not allow an entity to make adjustments to its tax filing during a tax review.

The Company has paid in full all of its tax obligations in accordance with its audited financials.