



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE

October 6, 2011

PT Pabrik Kertas Tjiwi Kimia Tbk.

PEFINDO affirmed its corporate rating of PT Pabrik Kertas Tjiwi Kimia Tbk. (TKIM or the Company) at “**idSD**” due to continued payment suspension to the Company’s international creditors that participated in Master Restructuring Agreement (MRA) since April 2009. However, as the creditors signed Confirmation and Amendment Letter VII (CAL VII) in April 2011 which stated that the non-payment condition due to Temporary Restraining Order by US Authority shall not be regarded as an Event of Default, there is less concern on the effect of the non-payment condition to the Company’s ongoing business and debt repayment to other creditors.

At the same time, PEFINDO affirmed the rating of TKIM’s IDR Bond I/B at “**idBBB**”. The rating reflects TKIM’s strong business position as one of the largest paper and stationery producers, its vertically integrated operation within the Group, as well as above average interest coverage ratio and sufficient liquidity. The rating is constrained by risk related to litigation or claim from non-participants in MRA, its highly leveraged capital structure, long credit-term to certain customers, and large amount of receivables to related companies. TKIM is a paper, stationery and packaging producer. The Company is a member of Asia Pulp & Paper (APP or the Group), a pulp and paper division of Sinar Mas Group. As of June 30, 2011, PT Purinusa Ekapersada owned 60% of TKIM’s shares while public had 40%.

Rating Period: September 30, 2011 – October 1, 2012
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