



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE

January 3, 2012

PT Pupuk Sriwidjaja Palembang

PEFINDO assigned its “**idAA**” rating on PT Pupuk Sriwidjaja Palembang (PPSR or the Company). The outlook for the rating is “**Stable**”. The rating reflects the strategic importance of fertilizer industry for the country resulting in strong support from the government, the Company's strong position in the fertilizer industry, and strong liquidity in the short term. However, the rating is constrained by the Company's less conservative capital structure in the future in relation with the Company's plan to revitalize its plants and increase its production capacity, and high gas consumption ratio of urea plants.

The Company is one of the state-owned urea fertilizer producers in Indonesia with production facilities located in Palembang, South Sumatera. The annual production capacities are 2.3 million tons of urea and 1.5 million tons of ammonia. In December 2010, the Company was spun off from PT Pupuk Sriwidjaja (Persero), the state-owned holding company for fertilizer sector. At the end of September 2011, PT Pupuk Sriwidjaja (Persero) owned 99.99% of the Company's shares.

Rating Period: December 12, 2011 – December 1, 2012

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