



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE September 21, 2006

PT Pabrik Kertas Tjiwi Kimia Tbk.

PEFINDO assigned “**idBBB-**” ratings for PT Pabrik Kertas Tjiwi Kimia Tbk. (TKIM or the Company) and the Company's Bond I/A amounting to IDR80.38 billion due in October 2014 and Bond I/B amounting to IDR100 billion due in October 2017. The Company's domestic bonds have been restructured along with other debts through Master Restructuring Agreement (MRA), which was effective since April 2005. The ratings reflect good demand for paper products, the Company's sustainable sales and productivity as well as strengthened cash flow protection. However, the ratings are mitigated by the Company's aggressive capital structure, high receivables to related companies and possible claim from non participants of MRA. The Company produces a wide variety of papers, stationary and packaging that are mostly sold to the export market. TKIM is a member company of Sinar Mas Group that is engaged in diversified businesses, including property, financial services, agriculture, forestry, mining, pulp and paper. PT Purinusa Ekapersada (PTPE) posses about 63.4% of the Company's shares, while the remaining are held by public (36.6%). PTPE also owns PT Pindo Deli Pulp & Paper Mills (PDPP), PT Indah Kiat Pulp & Paper Corp. (INKP) and PT Lontar Papyrus Pulp & Paper Industry (LOPA). TKIM employs directly 13,600 people to run its business and operate 12 production facilities with total annual paper capacity of 1.13 million tons.

Rating Period: September 6, 2006 – October 1, 2007

Contact Analyst: Salyadi Saputra & Ronald Hertanto

salyadi.saputra@pefindo.co.id & ronald.hertanto@pefindo.co.id