



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE
October 29, 2008

PT Pabrik Kertas Tjiwi Kimia Tbk.

PEFINDO upgraded ratings for PT Pabrik Kertas Tjiwi Kimia Tbk. (TKIM or the Company) and the Company's Bond I/A amounting to IDR51.37 billion due in October 2014 and Bond I/B amounting to IDR100 billion due in October 2017 to "id~~BBB~~**BBB**" from "id~~BBB-~~**BBB-**". The outlook for the ratings is "**Stable**".

The ratings upgrade reflects the Company's strong business position as paper and stationary producer, vertically integrated operation within the group of companies and improving cash flow protection. However, the ratings are still constrained by the Company's highly leveraged capital structure, large amount of receivables to related companies, weakening paper demand in the medium term and longer credit term to new customer segment.

The Company produces a wide variety of papers, stationary and packaging that are mostly exported. TKIM is a member of Sinar Mas Group of companies that is engaged in diversified businesses, including property, financial services, agriculture, forestry, mining, pulp and paper. PT Purinusa Ekapersada (PTPE) owns about 59.6% of the Company's shares, while the remaining 40.4% is held by public. 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's operation activity is supported by 12 production facilities with total annual paper capacity of 1.14 million tons and a self-owned power plant with total capacity of 140 MW..

Rating Period: October 20, 2008 – October 1, 2009
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