



PEFINDO CREDIT RATING INDONESIA

PRESS RELEASE

October 12, 2010

PT Pabrik Kertas Tjiwi Kimia Tbk

PEFINDO reaffirmed the corporate rating of PT Pabrik Kertas Tjiwi Kimia Tbk (TKIM or the Company) at “**idSD**” due to continued payment suspension to its international creditors that participated in Master Restructuring Agreement (MRA). PEFINDO also maintained the Company’s IDR Bond I/A amounting to IDR13.32 billion due in October 2014 and IDR Bond I/B amounting to IDR100.0 billion due in October 2017 at “**idBBB**”. The outlook is still “**Negative**” to reflect potential negative impact from the litigation by Export-Import Bank of United States (EXIM-US) to the Company’s business and financial profiles.

The rating reflects the Company’s strong business position as one of the largest paper and stationary producer, its vertically integrated operation within the Group and above average cash flow protection. The rating is constrained by risk related to litigation or claim from MRA’s non-participating creditor, the Company’s highly leveraged capital structure, long credit-term to certain customers and large amount of receivables to related companies.

TKIM is paper, stationary and packaging producer. TKIM is a member of Asia Pulp & Paper (APP or the Group), a pulp and paper division of Sinar Mas Group. PT Purinusa Ekapersada (PTPE) and public respectively own 59.6% and 40.4% of TKIM’s shares.

Rating Period: October 8, 2010 – October 1, 2011
Contact Analyst: Ronald Hertanto & Vonny Widjaja
ronald.hertanto@pefindo.co.id & vonny.widjaja@pefindo.co.id

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Phone : (62-21) 521 0077
Fax : (62-21) 521 0078
PEFINDO Website: <http://www.pefindo.com>