
 ' G E N E R A L '

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Government Regulation of the Republic of Indonesia
 Number 36 Year 1986 dated August 23, 1986

R E

STATE FOREST PUBLIC COMPANY
 (PERUM PERHUTANI)

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering** : a. that with the promulgation of Government Regulation Number 3 Year 1983 re Promotion and Supervision Procedure of Departmental Companies (PERJAN), State Public Companies (PERUM), State Limited Liability Companies (PERSERO) as already amended by virtue of Government Regulation Number 28 Year 1983, the coordination of the State Forest Public Company (Perum Perhutani) established by Government Regulation Number 15 Year 1972 re State Forest Public Company and Government Regulation Number 2 Year 1978 re Addition of Production Units of a State Forest Public Company, should be adjusted ;
- b. that in connection with the matter mentioned in letter a above, it is considered necessary to rearrange said State Forest Public Company (PERUM PERHUTANI) ;

- In view of** : 1. Article 5 paragraph (2) of the 1945 Constitution ;
2. Law Number 19 in lieu of Law Year 1960 re State Owned Companies (State Gazette Year 1960 Number 59, Supplement to State Gazette Number 1989) ;
3. Law Number 5 Year 1967 re Principle Provisions on Forestry (State Gazette Year 1967 Number 8, Supplement to State Gazette Number 2823) ;
4. Law Number 9 Year 1969 re Stipulation of Government Regulation In Lieu of Law Number 1 Year 1969 (State Gazette Year 1969 Number 16, Supplement to State Gazette Number 2890) re Forms of State Owned Companies as Law (State Gazette year 1969 Number 40, Supplement to State Gazette Number 2904) ;
5. Government Regulation Number 35 Year 1963 re Transfer of Exploitation of certain Forests to the State Owned Companies ;

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6. Government Regulation Number 3 Year 1983 re Promotion and Supervision Procedure of Departmental Companies (PERJAN), State Public Companies (PERUM) and State Limited Liability Companies (PERSERO) (State Gazette Number 3, Supplement to State Gazette Number 3246) as already amended by virtue of Government Regulation Number 28 Year 1983 (State Gazette Year 1983 Number 37).

HAS DECIDED :

To stipulate : GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
RE STATE FOREST PUBLIC COMPANY (PERUM PERHUTANI)

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation meant by :

1. Government shall be the Government of the Republic of Indonesia;
2. President shall be the President of the Republic of Indonesia ;
3. Minister shall be the Minister responsible for the field of forestry ;
4. Director General shall be the Director General responsible for the field of forestry ;
5. Supervisory Board shall be the Supervisory Board of the Forest Public Company ;
6. Company shall be the State Forest Public Company, abbreviated to Perum Perhutani ;
7. Board of Directors shall be the Board of Directors of Perum Perhutani ;
8. President Director shall be the President Director of Perum Perhutani ;
9. Employee shall be employee of Perum Perhutani ;
10. Promotion shall be activities of giving guidance to companies in planning, execution and control with the purpose that the companies can execute their tasks and functions effectively and efficiently and can develop properly ;
11. Supervision shall be the entire process of evaluating activities toward Companies with the objective that the companies shall implement their functions properly and successfully achieve the already stipulated objectives ;
12. Auditing shall be activities of evaluating companies by way of comparing the true condition with the condition which must be conducted, both in the field of finance and/or in the field of technical operations ;
13. Management shall be activities of planning, organizing, execution and controlling the companies pursuant to the promotion outlined by the Minister ;

CHAPTER II ...

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CHAPTER II
ESTABLISHMENT OF COMPANY

Article 2

the establishment and the activities of the Perum Perhutani established by Government Regulation Number 15 Year 1972 as already amended by virtue of Government Regulation Number 2 Year 1978, shall be continued based on the provisions of this Government Regulation.

CHAPTER III
COMPANY'S ARTICLES OF ASSOCIATION

First Part
General

Article 3

- (1) The company as referred to in Article 2 shall be a state owned undertaking body assigned with the tasks and competence to implement planning, management, exploitation and protection of forests in the work territory thereof ;
- (2) The company shall perform its operation based on the provisions in this Government Regulation and the prevailing legislative regulations ;
- (3) Without prejudice to the provisions as contained in this Government Regulation, Indonesian Laws shall be applicable to this Company.

Second Part
Domicile

Article 4

- (1) The company shall have its domicile and head office in Jakarta.
- (2) A change of company's domicile and head office shall be stipulated by the President at the proposal of the Minister.
- (3) Within the framework of development, the Company can establish an implementing organizational unit stipulated by the Board of Directors after having obtained the approval from the Minister.

Third Part
Nature, Aims and Objectives

Article 5

- (1) The nature of the Company's undertaking shall be rendering services for the public benefit and simultaneously accumulating profits based on Company's management principles.
- (2) The aims and objectives of the company shall be implementing a forestry undertaking constituting goods and services of good quality and appropriate for fulfilling the community's requirements and actively executing and supporting the implementation of the government policy and programs in the economic field and development in general.

Fourth

Fourth Part

Work Territory and Undertaking Field

Article 6

- (1) The Company's work territory shall cover all State Forests available in the Ist Grade Regions of West Java, Central Java and East Java except the Natural Reservations, Tourist Forests and National Parks.
- (2) The Company's work territory shall be divided into the following work territory units :
 - a. Work territory unit of Central Java, hereinafter referred to as Central Java Unit I.
 - b. Work territory unit of East Java, hereinafter referred to as East Java Unit II.
 - c. Work territory unit of West Java, hereinafter referred to as West Java Unit III.
- (3) The division of the work territory units into the forest management units, shall be stipulated by the Minister at the proposal of the Board of Directors.

Article 7

By observing the economic and preservative principles and to ensure the safety of the State property, the Company shall execute/ implement the following operations :

- a. forest exploitation covering activities of planting, maintenance product collection, processing and marketing.
- b. other undertakings which can support the achievement of the Company's objectives with the approval of the Minister.

Fifth Part

Capital

Article 8

- (1) The Company's capital shall be the State assets separated from the State Budget and divided into shares.
- (2) The amount of the Company's capital shall be equal to the entire value of the State assets invested in the Company as referred to in Article 2, based on the stipulation of the Minister of Finance in accordance with the calculation conducted jointly by the Ministry of Finance and the Ministry of Forestry.
- (3) Any addition or deduction of capital originating from the separated State assets, shall be conducted by a Government Regulation.
- (4) The company can increase its capital with the fund formed and accumulated intervally according to the provision of article 54.
- (5) The company shall not keep a silent nor secret reserve.

(6) All

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- (6) All liquide equipment which are not immediately required by the Company shall be kept in the state owned banks approved by the Minister.

Article 9

- (1) The expenditures for investment conducted by the Company can originate from :
 - a. Company's internal fund ;
 - b. State delivery through the State Budget ;
 - c. Domestic or foreign loans ;
 - d. Other legal sources.
- (2) The investment budget shall be forwarded in the Company's budge whereas if the investment budget is submitted in the relative fiscal year, the investment budget shall be submitted together with the additional budget or Company's budget amendment of which the submission is conducted pursuant to the procedure as referred to in Article 21.

Article 10

- (1) The company can obtain and utilize the funds obtained to develop its business through the issuance of bonds or the other legal means.
- (2) The issuance of bonds or other legal means as referred to in paragraph (1) including the provisions related thereto, shall be regulated in a Government Regulation.

Article 11

Any activity of delivery, transfer, imposition, writing-off of fixed assets, receipt of medium/long term loans, granting of loans of whatever form and way, not to collect anymore and writing-off of receivables and goods stock from the account, can be conducted by the Board of Directors with the permit of the Minister after the Minister has obtained previous approval from the Minister of Finance.

Article 12

The assignment of additional tasks to the Company besides its main task causing financial consequences to the Company's budget shall be stipulated by the Minister after having obtained approval from the Minister of Finance.

Sixth Part

Management, Promotion and Execution

Article 13

The company shall be administrated and managed by a Board of Directors consisting of a President Director and maximally 4 Directors in accordance with their respective business fields.

Article 14.

- (1) The promotion toward the company shall be conducted by the Minister in which implementation shall be assisted by the Director General based on the provisions further stipulated by the Minister.

(2) The

- (2) The Board of Directors or the President Director for and on behalf of the Board of Directors shall receive directives from and be responsible to the Minister on the general policy for performing the Company's main tasks and other matters considered necessary.
- (3) The functional administrative responsibility implementation of the Company as a state owned undertaking body to the Government, in this case the Minister and the Minister of Finance shall be conducted by the President Director on behalf of the Board of Directors.

Article 15

The tasks and competence of the Board of Directors shall be as follows :

- a. to lead, administer, and manage the company pursuant to the Company's objectives and aims by always endeavouring to increase the Company's efficiency and effectiveness.
- b. to control, maintain and administer the Company's assets.
- c. to represent the Company inside and outside the court.
- d. to implement the general policy in administrating the company already outlined by the Minister.
- e. to stipulate the company's policy in accordance with the general policy stipulated by the Minister ;
- f. to prepare timely the company's annual work plan complete with the financial budget ;
- g. to conduct and maintain a Company's accounting and administration in accordance with the prevailing normal practice for a company.
- h. to prepare the company's organizational composition complete with its job specification ;
- i. to appoint and dismiss company's employees pursuant to the prevailing personnel regulations for companies.
- j. to determine salary, pension/old age allowance and other income for the company's employees and to regulate all other personnel affairs in accordance with the prevailing legislative regulations ;
- k. to provide all information on the company's condition and operation, both in the form of annual report and periodical reports pursuant to the procedure and time stipulated in this Government Regulation and each time requested by the Minister.
- l. to perform other obligations based on the Minister's directives.

Article 16

- (1) In performing the company's main tasks :
 - a. The President Director shall have the right and authority to act on behalf of the Board of Directors ;
 - b. The Directors shall have the right and competence to act on behalf of the Board of Directors, respectively for his field and within the limits determined in the regulation on orderliness and procedures of implementing the Board of Director's work.

(2) If the

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- (2) If the President Director permanently cannot perform his tasks or if said function becomes vacant and his substitute has not yet been appointed or has not yet held his tasks, the post of the President Director shall be held by the oldest Director in the service period based on the provisional appointment by the Minister, and if said Director is unavailable or permanently cannot hold the position either, said position shall be held by another Director based on provisional assignment by the Minister, both with the authority and competence of the President Director.
- (3) If all members of the Board of Directors permanently cannot perform their tasks or the posts of the Board of Directors are entirely vacant and their substitutes have not yet been appointed or have not yet held their posts, for the time being the Company's administration and management shall be conducted by an Acting Director appointed by the Minister.
- (4) If performing its tasks and competence as referred to in article 15 letter c, the Board of Directors can implement it - self or delegate its authority to :
 - a. one or several members of the Board of Directors, or
 - b. one or several Company's employees both individually and jointly, or
 - c. other person or body.
especially appointed for said purpose.
- (5) The orderliness and work procedures of the Board of Directors as referred to in paragraph (1), shall be regulated in regulation to be stipulated by the Board of Directors with the approval of the Minister.
- (6) The salaries, allowances, emoluments and other income of the Board of Directors members shall be stipulated by the Minister by observing the prevailing provisions.

Article 17

- (1) The members of the Board of Directors shall be appointed and dismissed by the President at the proposal of the Minister after hearing the consideration of the Minister of Finance.
- (2) The members of the Board of Directors shall be appointed for a period/term of 5 (five) years and after the termination of his term of office he can be re appointed.
- (3) In the cases mentioned hereunder, the President at the proposal of the Minister can dismiss all or one of the members of the Board of Directors, despite the term of office as referred to in paragraph (2) has not yet been terminated due to :
 - a. the mutation of function for the interest of the Company and the State.
 - b. his own request.
 - c. committing actions or attitude harming the Company.
 - d. committing actions or attitude in contradiction with the interest of the State.

c. physically

- e. physically or mentally disability causing him to be unable to perform his duty.
 - f. a decease.
 - g. incapability default.
 - h. not implementing the provisions of the Company's articles of association.
- (4) The dismissal due to the reasons as referred to in paragraph (3) letters c and d, if they are violations against the criminal code shall constitute a dishonourable dismissal.
 - (5) Before the dismissal due to the reasons as referred to in paragraph (3) letters c and d is conducted, the relative member of the Board of Directors, shall be given the opportunity to defend himself in writing addressed to the Minister, to be conducted within the period of 1 (one) month after the relative member of the Board of Directors has been notified by the Minister on said dismissal plan.
 - (6) As long as the matter as referred to in paragraph (5) has not yet been decided the Minister can temporarily suspend the relative member of the Board of Directors. If within the period of 2 (two) months after the dismissal of the relative member of the Board of Directors based on the provision of paragraph (4), no decision has been obtained on the dismissal of said member of the Board of Directors, said suspension shall become null and void and the relative member of the Board of Directors can immediately reassume his post, except if for the decision on said dismissal, a Court judgment is required and this matter should be notified to the person concerned.

Article 18

- (1) The members of the Board of Directors shall be Indonesian Nationals.
- (2) The members of the Board of Directors shall be appointed based on the requirements of capability and expertise in the field of Company management, having the knowledge and experience required to manage a Company operating in the field of forestry, having good character and moral and possessing other requirements to support the progress of the company managed by him.
- (3) The Board of Directors shall fully devote its dedication and capability to the tasks, obligations and the achievement of the Company's objectives.

Article 19

- (1) Among the members of the Board of Directors there shall be no family relation up to the third degree both on vertical line of descent and on horizontal line including in laws unless permitted by the President.
If after the appointment, they become related in the forbidden degree, then a permit in writing from the President shall be required for continuance in office.

(2) The

- (2) The members of the Board of Directors shall not be allowed to have direct or indirect personal interest in another association/enterprise operating/aiming at seeking profits.
- (3) The members of the Board of Directors shall not be justified to concurrently hold another office as referred to hereunder:
 - a. The President Director or Director at another state owned undertaking body, or another private enterprise or another function related to the management of the Company ;
 - b. Another structural or functional in the Agency/Institution of the Central Government or Regional Administration.
 - c. Other functions based on the prevailing legislative regulations.

Article 20

- (1) Each Unit as referred to in Article 6 paragraph (2) shall be managed by a Unit manager consisting of one Unit Head and one Deputy Unit Head, respectively appointed by the Minister at the proposal of the President Director.
- (2) The Unit Head shall be responsible to the Board of Directors and the Deputy Unit Head shall be responsible to the Unit Head.

Seventh Part

Work Plan and Company's Budget

Article 21

- (1) At the latest 3 (three) months before the effectiveness of the fiscal year, the Board of Directors shall submit a work plan and a Company's budget covering the investment and exploitation budgets to the Minister for ratification based on the joint evaluation by the Minister and the Minister of Finance.
- (2) Except if the Minister forwards his objection in writing or rejects the activities inserted in the work plan and in the Company's budget before entering the new fiscal year, then said budget shall fully remain effective.
- (3) The work plan and/or additional budget or budget amendment inserted in the relative fiscal year shall first be submitted to the Minister according to the procedure and time stipulated by the Minister for his ratification based on the joint evaluation by the Minister and the Minister of Finance.
- (4) If within the period of 3 (three) months after submitting the application for the approval as referred to in paragraph (3), the Minister does not give any objection in writing, the amendment on said work plan and budget shall be considered as already ratified.

(5) The

- (5) The Company's work plan and/or budget already ratified shall constitute a work basis and shall become the tasks of the Board of Directors to perform activities as inserted therein.

Article 22

- (1) All financing in the framework of implementing the tasks of the Internal Supervisory Unit, Supervisory Board and the experts, shall be charged to the Company and shall obviously be budgetted in the Company's budget.
- (2) The Company shall be prohibited to finance the expenditures conducted by the Ministry/Agency promoting and supervising the company in the framework of promoting and supervising the company.

Eighth Part

Accounting System

Article 23

The Company's Fiscal Year shall be the calendar year, unless otherwise provided by the Minister.

Article 24

- (1) Any change, both caused by a transaction and by events in the Company affecting the assets, debts, capital, costs and revenues shall be accounted on the basis of one liable accounting system.
- (2) The accounting system as referred to in paragraph (1) shall be composed and implemented by the Board of Directors in order that it will run properly based on the internal control principles, especially the separation of function of administration, recording, storage and supervision.
- (3) In the framework of auditing, the Financial and Development Supervisory Board shall evaluate the stipulated system as referred to in paragraph (2) and if necessary shall give directives and recommendations for the improvement.

Ninth Part

Supervision

Article 25

- (1) The Minister shall conduct general supervision on the Company's operations.
- (2) At the company a Supervisory Board shall be established, responsible to Minister.
- (3) The Supervisory Board shall have the task to implement supervision on the company's management, including the execution of the company's work plan and budget.
- (4) The Supervisory Board shall implement its tasks, competence and responsibility in accordance with the prevailing provisions to the Company and shall implement the decisions and directives of the Minister.

Article 26
(to be continued)

Article 26

The Supervisory Board shall in implementing its tasks be under obligation :

- a. to submit opinions and recommendations to the Minister through the Director General with respect to the work plan design and Company's budget as well as the amendments/additions thereof and other reports from the Board of Directors.
- b. to supervise the implementation of the Company's work plan and budget and to submit the result of its evaluation to the Minister with copies to the Board of Directors and the Director General ;
- c. to monitor the Company's activities and in case the Company shows an indicator of backwardness to forthwith report to the Minister with copies to the Director General accompanied with the recommendations on the improvement steps to be taken.
- d. to submit opinions and recommendations to the Minister with copies to the Director General and the Board of Directors on any other matters considered urgent for the Company's management ;
- e. to perform other supervisory tasks stipulated by the Minister;
- f. to periodically submit reports to the Minister and the Minister of Finance (quarterly and yearly) and at any time required on the Company's development and the result of the task implementation of the Supervisory Board.

Article 27

In implementing the supervisory tasks as referred to in Article 25, the Supervisory Board shall be under obligation to observe :

- a. the guidelines and directives of the Minister and to always observe the Company's efficiency ;
- b. the provisions in the Company's establishment regulation and the provisions of the prevailing legislative regulations ;
- c. the separation of the supervisory task from the Company's managerial task constituting the task and liability of the Board of Directors.

Article 28...

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Article 28

In implementing its tasks and obligations, the Supervisory Board shall have the following competence :

- a. to inspect the books, correspondence and other documents, to inspect the cash condition (for the purpose of verification) and to audit the Company's assets ;
- b. to enter the yards, buildings and offices used by the Company;
- c. to request elucidations from the Company's management on all matters involving Company's management ;
- d. to request the Board of Directors and/or other officials with the knowledge of the Board of Directors to attend the Supervisory Board's meeting ;
- e. to attend the Board of Directors' meeting and to give opinion on the matters discussed ;
- f. other matters considered necessary as arranged in the Company's establishment regulation.

Article 29

- (1) The Supervisory Board shall hold a meeting minimally once every 3 (three) months and at any time if required.
- (2) In the meeting as referred to in paragraph (1) any matters related to the company, pursuant to the main tasks, functions, rights and its obligations shall be discussed ;
- (3) The decision of the Supervisory Board's meeting shall be made on the basis of consultations to reach an agreement.
- (4) For each meeting, minutes shall be drawn-up.

Article 30

To facilitate the Supervisory Board's task implementation, the Minister can appoint a Secretary on the account of the Company.

Article 31

- (1) The Supervisory Board as referred to in Article 25 shall consist of elements of functionaries of the Ministry of Forestry, Ministry of Finance, and other Ministries/Agencies of which their activities are related to the company or other officials proposed by the Minister by observing the consideration of the Minister of Finance.
- (2) One of the members of the Supervisory Board shall be appointed as Chairman of said Board.

Article 32

- (1) The members of the Supervisory Board shall be appointed from the manpower having dedication, capability and ability to execute the Minister's policy on the promotion and supervision of the Company.

(2) Apart

- (2) Apart from the conditions as referred to in paragraph (1), the members of the Supervisory Board shall not be authorized to have interest in contradiction with or harmful to the Company's interests.

Article 33

- (1) The members of the Supervisory Board shall be minimally 2 (two) persons and maximally 5 (five) persons consisting of Chairman and Board's members.
- (2) The Chairman of the Supervisory Board coordinating the Supervisory Board's members shall be responsible for the supervision implementation to the Minister and/or the Minister of Finance.

Article 34

- (1) The functional period of the Chairman and the members of the Supervisory Board shall be 3 (three) years ;
- (2) The members of the Supervisory Board after the termination of his/her functional period as referred to in paragraph (1), can be reappointed by constantly observing the provision as referred to in Article 35 paragraph (2).

Article 35

- (1) The appointment and dismissal of the members of the Supervisory Board shall be conducted by the President at the proposal of the Minister after hearing the consideration of the Minister of Finance.
- (2) If the Minister is of the opinion that the members or one of the members of the Supervisory Board after holding their/his functions/function for some period apparently cannot or incapable to perform their/his tasks properly, the Minister can propose their/his dismissal to the President.

Article 36

If considered necessary the Supervisory Board in implementing its tasks can obtain the assistance of an expert.

Article 37

The members of the Supervisory Board shall not be justified to simultaneously have other function at a private undertaking body which can cause contradictive interests directly or indirectly with the Company's interests.

Article 38

- (1) The Company's internal supervision shall be conducted by an Internal Supervisory Unit.
- (2) The Internal Supervisory Unit shall be managed by a Head who is responsible to the President Director.

Article 39 ...

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Article 39

- (1) The Internal Supervisory Unit shall have the task to assist the President Director in conducting an evaluation on the management control system and the implementation thereof in the Company and to provide recommendations for the improvement thereof.
- (2) The Board of Directors shall utilize the opinion and recommendation of the Internal Supervisory Unit as material for conducting a good and liable Company's management improvement.

Article 40

In implementing its tasks, the Internal Supervisory Unit shall be under obligation to maintain the smoothness of the task in implementation of the other organizational units in the Company in accordance with their respective tasks and responsibilities.

Article 41

The Internal Supervisory Unit may obtain the assistance of an expert.

Article 42

The Executive of the Internal Supervisory Unit shall have an adequate and/or profession to meet the requirements as an internal supervisor, objective with high dedication, education

Article 43

The Head of the Internal Supervisory Unit shall be appointed and dismissed by the Board of Directors.

Article 44

- (1) The Head of the Financial and Development Supervisory Board shall conduct an accounting audit on the Company's annual financial report.
- (2) The audit as referred to in paragraph (1) can also be conducted by a Public Accountant with the provision that the audit result thereof shall be approved by the Head of Financial and Development Supervisory Board.
- (3) In implementing the provision as referred to in paragraph (1) an operational audit can also be conducted to the Company.

Article 45

The result of the supervisory task audit as referred to in Article 42, shall also be submitted to the Minister, Minister of Finance, Board of Directors and the Supervisory Board.

Article 46

Without prejudice to the supervision competence as referred to in the articles of this Part, each Organizational Unit Head in the Company shall be responsible for strict supervision within his tasks.

Tenth

Tenth Part

Personnel

Article 47

- (1) To smoothen the Company's objectives, it is necessary to create a work safety and tranquility in the Company by giving a fair appreciation to all employees and a work spirit in the Company.
- (2) The legal status, functional composition, ranks, dismissals, salaries, pensions and allowances for the Company's employees shall be regulated based on the prevailing legislative regulations.
- (3) Other income of the Company's employees shall be separately regulated by the Board of Directors after having approval from the Minister.

Article 48

The Board of Directors shall appoint and dismiss the Company's employees/workers based on the prevailing legislative regulations.

Article 49

- (1) A pension shall be provided to the Company's employees based on the prevailing regulations for Company's employees.
- (2) Besides the pension, other old age allowances can be provided to the Company's employees to be regulated by the Board of Directors after having approval from the Minister.

Eleventh Part

Employees' Responsibility and
Claim for Indemnification

Article 50

- (1) All Company's employees/personnel including members of the Board of Directors in their functions as such, not assigned with the keeping of money, valuable documents, supply goods, who due to illegal actions or due to negligence of obligations and tasks assigned to them, directly or indirectly have caused a loss to the company, shall be obligated to pay indemnification for such a loss.
- (2) The provisions on indemnification applied to the civil servants shall be fully applicable to the Company's employees.
- (3) All Company's employees assigned with the task of saving, payment and delivery of money and Company's valuable documents and Company's supply goods stored in the storehouse or special store place and merely used for said purpose, shall be responsible for the task implementation thereof to the State Financial Audit Board.
- (4) The employees as referred to in paragraph (3) shall not be obligated to submit the accountability on the method of its management to the State Financial Audit Board. The claim to said employees shall be conducted pursuant to the provision stipulated for the Treasurer's who by the State Financial

Audit

Audit Board, shall be exempted from the obligation of accountability on the method of management thereof.

- (5) All evidence and other documents of whatever nature belonging to the Company's accountancy and administration, shall be kept at the Company's domicile or other places appointed by the Minister except if for the time being they are moved to the Financial Auditive Board when it is considered necessary for the purpose of auditing.
- (6) For the purpose of auditing related to the tax assessment and accounting auditing in general the evidence and other documents as referred to in paragraph (5) for the time being can be moved to the Ministry of Finance and/or the Financial and Development Supervisory Board.

Twelfth Part

Reporting

Article 51

- (1) For each fiscal year, the Board of Directors shall draw up an annual accountability consisting of a balance sheet and profit and loss account. Said balance sheet and profit and loss account shall be submitted to the Minister with copies to the Minister of Finance, State Financial Audit Board, Financial and Development Supervisory Board, Director General, and the Supervisory Council at the latest 6 (six) months after the fiscal year according to the method stipulated by the Minister.
- (2) The method of items evaluation in the annual account should be mentioned.
- (3) If within 3 (three) months after receiving said annual account no objection in writing has been submitted by the Minister, then said annual account shall be considered as already ratified.
- (4) The annual account shall be ratified by the Minister after having been evaluated jointly by the Minister and the Minister of Finance based on the audit result of the Financial and Development Supervisory Board or an appointed Agency. Said ratification shall grant an acquittal to the Board of Directors from all matters inserted in said annual account.
- (5) The President Director shall be under obligation to submit a quarterly report and other periodical reports in accordance with the stipulated time limit, together with the other reports pursuant to the provisions of the Articles of Association and the provisions of the legislative regulations, to the Functionaries/Agencies as referred to in paragraph (1).

Article 52

The evaluation result on the quarterly and annual financial reports and other reports of the Company conducted by the Director General shall be submitted to the Minister and the Minister of Finance within the period of at the latest 2 (two) months after receiving the report from the President Director.

Article 53 ...

Article 53

- (1) The reports as referred to in Articles 51 and 52 shall be timely submitted.
- (2) The form of the task implementation report as referred to in paragraph (1) shall be stipulated by the Minister of Finance after hearing the considerations of the Minister.

Thirteenth Part

Utilization of Profit

Article 54

- (1) Of the nett profit already ratified according to Article 51 shall be set aside for :
 - a. The Overall Development Fund amounting to 55% (fifty five percent).
 - b. The general reserve amounting to 20% (twenty percent) until said general reserve shall achieve the amount of twice as much as the Company's capital ;
 - c. The objective reserve amounting to 5% (five percent).
 - d. The remaining profit amounting to 20% (twenty percent) shall be used for social fund, education, production bonus and pension fund contribution of which the distribution ratio specification shall be further stipulated by the Minister.
- (2) If the amount of the general reserve as referred to in paragraph (1) letter b has been achieved, the amount of the nett profit part destined for accumulating said general reserve can further be utilized for accumulating the fund for financing the Company's capacity expansion. Before said general reserve shall achieve the amount of twice as much as the Company's capital, with the approval of the Minister of Finance at the Minister's proposal, the Board of Directors can utilize said general reserve fund for financing the Company's capacity expansion.
- (3) The objective reserve as referred to in paragraph (1) letter c shall among others be utilized for accumulating the fund for financing the Company's capacity expansion.

Fourteenth Part

Dissolution of Company

- (1) The dissolution of the Company and the appointment of its liquidator shall be stipulated in a Government Regulation.
- (2) All Company's assets after the liquidation shall become the State assets.
- (3) The liquidation accountability by the liquidator shall be submitted to the Minister granting acquittal and discharge of responsibility on the work it has already completed.

CHAPTER IV...

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CHAPTER IV
TRANSITIONAL PROVISION

Article 56

By the effectiveness of this Government Regulation, then the implementation provisions issued based on Government Regulations Number 15 year 1972 and Number 2 year 1978 shall remain applicable as long as they are not contradictory nor replaced by the new provisions issued based on this Government Regulation.

CHAPTER V
CONCLUDING PROVISION

Article 57

By the effectiveness of this Government Regulation, then Government Regulations Number 15 Year 1972 and Number 2 Year 1978 shall be declared as null and void.

Article 58

This Government Regulation shall come into force as from the date of promulgation.

For the public knowledge, it is instructed to promulgate this Government Regulation by inserting it in the State Gazette of the Republic of Indonesia.

Stipulated in : Jakarta
On : August 23, 1986

THE PRESIDENT OF THE REPUBLIC
OF INDONESIA
signed

S O E H A R T O

Promulgated in Jakarta
On August 23, 1986

THE MINISTER/STATE SECRETARY OF
THE REPUBLIC OF INDONESIA
signed

SUDHARMONO, Master-of-Laws

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 1986 NUMBER 52.

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