

On the Road to IPO: Stop, Look and Leap

A Summary Guide for Companies to Listing on the Indonesia Stock Exchange

October 2012





Are you considering embarking on an Initial Public Offering (“IPO”) journey? As with any other journey, preparation is key. The IPO path could be long and winding, and you may find roadblocks, risks and hazards along the way. But with careful and rigorous planning, and taking with you companions, who have traversed the winding road before, you will certainly reach your destination.

We want to be your companion on your IPO journey. We start by publishing this first edition of *On The Road to IPO: Stop, Look and Leap (A Summary Guide for Companies to Listing on the Indonesia Stock Exchange)*, which lays out the key considerations, challenges and opportunities that must be considered when preparing for an IPO journey.

This summary guide also contains information that a company (also referred to as “Issuer”) will need when it debates whether to go public or to pursue alternate means to finance growth. The purpose of the summary guide is to help companies make informed decisions by addressing factors such as the advantages, disadvantages, costs and timing of going public. It also outlines the process of going public and discusses the registration and ongoing reporting requirements of a public company. We also share valuable tips and practical insights to help companies make their journey a success. Additionally, complementing this guide is an

insert that briefly outlines a number of accounting and reporting issues that are likely to be encountered in connection with a capital markets transaction in Indonesia. This publication is not intended to be exhaustive and should not be relied upon as a substitute for legal, tax, financial or other professional advice or services. Information provided herein relates to rules and guidance prevailing at the date of this publication.

We hope you find this summary guide a helpful and easy-to-use reference for planning and executing a successful IPO as you determine the best path for sustaining your company’s growth now and into the future. We encourage you to contact PwC Indonesia (PwC) to find out how our professionals can accompany you as you navigate and cut through the complexities of an IPO. Our capital market professionals will lay-out a roadmap for your company to have a safe, rewarding and successful IPO journey.

We wish you the best of luck!

Sincerely,

A handwritten signature in black ink, appearing to read "Irhoan Tanudiredja".

Irhoan Tanudiredja
Senior Partner

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(Indonesia, Singapore,
Hong Kong, London, US)

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**Insert – Current accounting
and reporting topics**

Executive summary

“Begin with the end in mind”

The ever-present global economic turmoil continues to contribute to market volatility causing great challenge to IPO aspirants forcing an open IPO window to close abruptly. While market timing is outside a company's control, preparation is not. If an IPO is in management's short-, medium, or long-term goals, discussions and planning sessions should begin early in the process. Careful thought, preparation and planning are key for a successful IPO. Rather than just asking if the markets are ready, the key question is “Are you prepared to deliver?”

We have prepared this summary guide to help you address the various matters of the IPO process including:

- The IPO process and an indicative execution timeline
- Preparation of the registration statement
- Going public team players
- The ongoing reporting requirements of a public company
- Tax planning, corporate governance, accounting and internal control considerations
- Common and complex accounting and reporting matters that a company may face as part of the IPO process
- Comparisons of various stock exchanges' (IDX, SGX, HKEx, London Main Market, NYSE and NASDAQ) key initial listing criteria and post-listing obligations

Key challenges

While going through the process, some of the key challenges you may face are as follows:

- Selecting and negotiating with investment bankers
- Selecting appropriate legal and accounting/tax advisors
- Structuring transactions in a tax-efficient manner
- Preparing financial statements that conform with Indonesian Financial Accounting Standards and BAPEPAM-LK reporting rules
- Managing the IPO process expeditiously among a crowded field of IPO candidates
- Building the personnel, controls, and systems infrastructure necessary to operate successfully as a public company

Our team will work through these challenges with you. We will help you plot and develop a roadmap and leverage our regulatory and industry specialists to deliver value to you throughout the IPO process and beyond.

How we deliver

Our critical role is that of a trusted business advisor, rather than only as auditor or tax advisor. It includes providing insight and experience on how to deal with the IPO process, what the systems / control needs are, and how to operate in the public market.

As your business advisor, we are committed to delivering value throughout the year. We will deliver this commitment through:

- A proven, responsive, and proactive engagement team
- A team that at all levels possess the deep knowledge and relationships to bring the best resources to address your opportunities and challenges
- Collaborative matter resolution

- A team with significant successful working relationships
- Knowledge of your strategy and familiarity with operations similar to yours
- A team with leadership in the industry you operate that is current on your issues
- Access to unparalleled resources locally, regionally and globally
- A service plan designed to address your needs
- An absolute commitment to service, audit quality and independence
- A resource for innovative ideas and business solutions

Our IPO professionals would be happy to meet with you to discuss the typical IPO process and your plans. You can rely on them to help you assess your overall readiness and provide a strategy/work plan for an IPO completion.

See Appendix C – PwC Indonesia IPO Centre contacts

“Preparing for an IPO is like training for a rowing race. The coxswain needs to steer a straight course for the rowers. Just as a boat is propelled by the rowers' physical & mental strength and synchronized strokes, the IPO consists of processes and players that are interdependent on one another. Every part of the company plays an important role, and each contribution must be coordinated and executed precisely. Strong leaders, careful planning and talented players can make the difference between a successful IPO and a failed attempt.”



Inquiries

We value your feedback. If you have any questions or need further information on any of the issues discussed in this publication, please contact:

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