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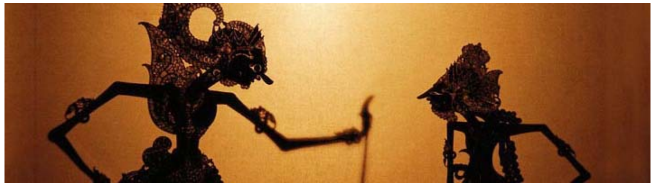
Coordinating Board

COMPLEMENTARITY BETWEEN THE ROLE OF CAPITAL MARKET AND INVESTMENT COORDINATING BOARD



Deputy Chairman for Investment Cooperation

ASEM Conference on Investment

Mumbai, December 16, 2010

A Brief About Indonesia

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- Biggest archipelagic country in the world
  - Islands : > 17,000
  - Lands : ± 2 million km^2
  - Sea : ± 5.8 million km^2
  - Coastal line : ± 81,000 km

  lies strategically in the intersection of the Pacific Ocean, along the Malacca Straits and the Indian Ocean
- Population 232 million people, hundreds of ethnics and more than 750 languages & dialects
- Abundances of natural resources such as coal, natural gas, oil, renewable energy, palm oil, cocoa and other minerals
- One of the biggest democratic countries with political condition remains remarkably stable

Foreign Business Perception on Indonesia[1)]

A.T. Kearney Survey

The 25 Most Attractive FDI Destination According to CEO

Country	2010 Rank	2007 Rank	Change
China	1	1	0
United States	2	3	+1
India	3	2	-1
Brazil	4	6	+2
Germany	5	10	+5
Poland	6	22	+16
Australia	7	11	+4
Mexico	8	19	+11
Canada	9	14	+5
United Kingdom	10	4	-6
United Arab Emirates	11	8	-3
Vietnam	12	12	0
France	13	13	0
Hong Kong	14	5	-9
Other Gulf States*)	15	17	+2
Romania	16	-	N/A
Czech Republic	17	25	-8
Russia	18	9	-9
Saudi Arabia	19	-	N/A
Indonesia	20	21	+1
Malaysia	21	16	-5
Chile	22	-	N/A
Turkey	23	20	-3
Singapore	24	7	-17
Egypt	25	-	N/A

*) *Includes Bahrain, Kuwait, Oman and Qatar*

Foreign Business Perception on Indonesia[2)]

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World Economic Forum (WEF)

Comparison of *Global Competitiveness Index/* GCI) *2009–2010* dan 2008–2009

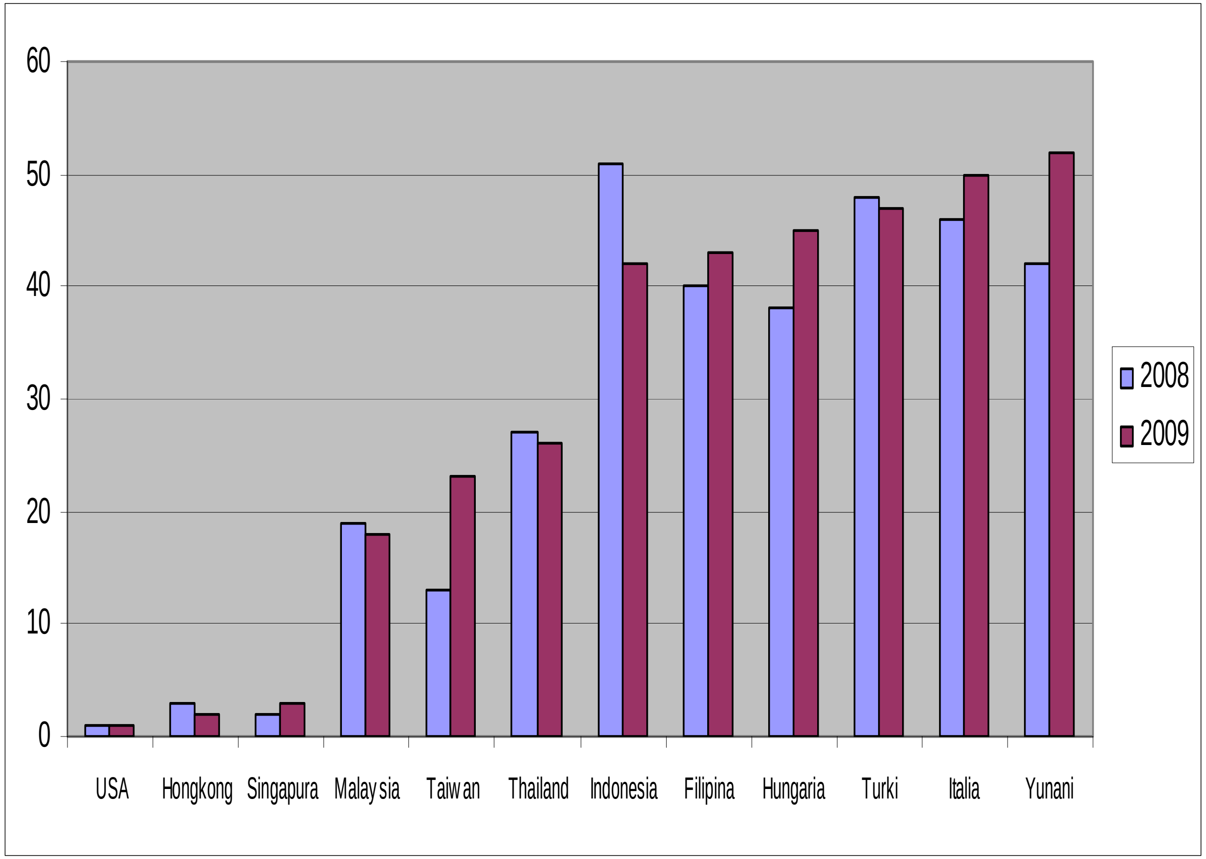
Country	2009-2010		2008-2009
	Rank	Score	Rank
Switzerland	1	5.60	2
United States	2	5.59	1
Singapore	3	5.55	5
Japan	8	5.37	9
Malaysia	24	4.87	21
Thailand	36	4.56	34
Indonesia	54	4.26	55
Russia	63	4.15	51
Vietnam	75	4.03	70
Philippine	87	3.90	71

This year GCI is followed by 133 countries. There are about 100 indicators used in the survey which are reflexed in 12 main pillars of competitiveness namely institution, infrastructures, macroeconomy, health and main education, high education and training, efficiency of goods and labour market, market size, efficient business, and innovations.

Source: The Global Competitiveness Report 2009–2010, World Economic Forum Geneva, Switzerland 2009

Foreign Business Perception on Indonesia[3)]

IMD World Competitiveness Yearbook

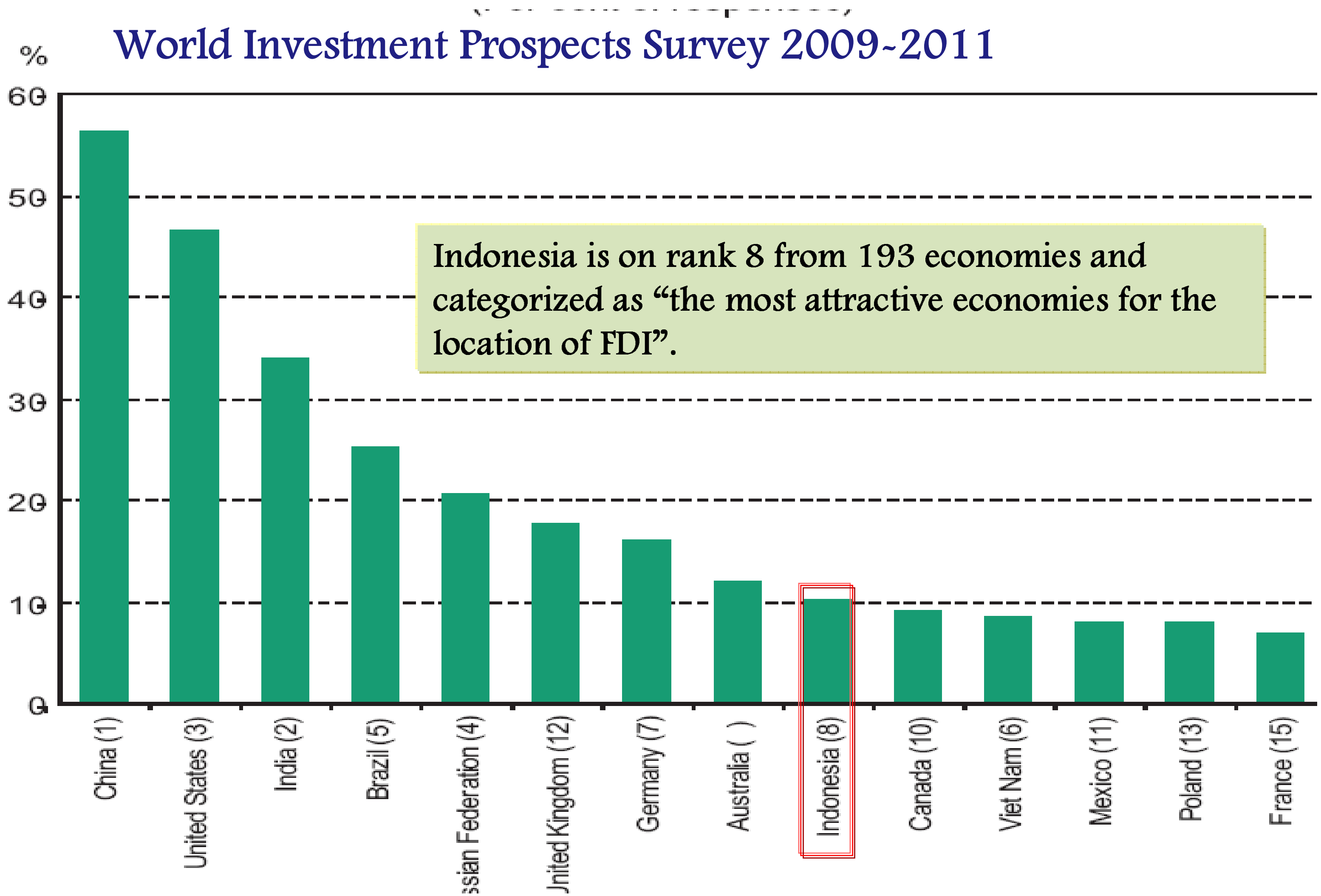


2008	Country	2009
1	United States	1
3	Hongkong	2
2	Singapore	3
19	Malaysia	18
13	Chinese Taipei	23
27	Thailand	26
51	Indonesia	42
40	Phiilippine	43
38	Hongaria	45
48	Turkey	47
46	Italia	50
42	Greece	52

Notes:
Measure the level of competitiveness of the country
In 2008 measures 55 countries and in 2009 measures 57 countries

Foreign Business Perception on Indonesia[4)]

World Investment Prospects Survey 2009-2011



Foreign Business Perception on Indonesia[5)]

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Fitch, S&P, and Moody's, 2010

Agency	Previous Rating	Rating 2010	
Fitch	BB	BB+	January 2010
Standar and Poor	BB	BB+	March 2010
Moody's	Ba2(stable)	Ba2(positive)	June 2010

Source: Fitch, S&P, and Moody's, 2010

Statistics on Investment Realization

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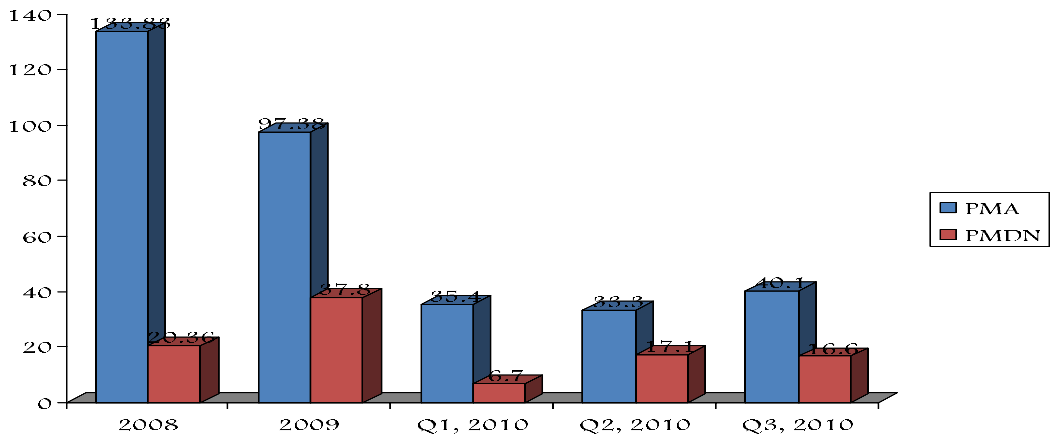
	Investment Realization				
	2008	2009	Q1, 2010	Q2, 2010	Q3, 2010
Domestic Company (PMDN)	Rp. 20,36 trillion (US$. 2.26 billion)	Rp. 37.80 trilion (US$. 4.2 billion)	Rp 6.7 trillion (US$ 0.74 billion)	Rp. 17,1 trillion (US$ 1.82 billion)	Rp. 16,6 trillion (US$ 1.77 billion)
Foreign Company (PMA)	Rp. 133.83 trillion (US$. 14.87 billion)	Rp. 97.38 trillion (US$. 10.82 billion)	Rp 35.4 trillion (US$ 3,8 billion)	Rp. 33,3 trillion (US$ 3.54 billion)	Rp. 40,1 trillion (US$ 4.27 billion)
TOTAL	Rp. 154.19 trillion (US$. 17.13 billion)	Rp. 135.18 trillion (US$. 15.02 billion)	Rp 42.1 trillion (Rp 4.7 billion)	Rp. 50,8 trillion (US$ 5.4 billion)	Rp. 56,7 trillion (US$ 6.03 billion)

Notes:
Exchange rate US$. 1,- = Rp 9.000,- in 2008 – 2009; and US$ 1= Rp. 9.400,- in 2010
Since 2010, data based on Investment Activity Reports LKPM) done by quarterly



Several Big Projects in 2010

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PROJECTS	INVESTMENT (US$ juta)	CONTRACTING AGENCY	CATEGORY/STATUS
OIL REFINERIES			
Bojonegara, BANTEN	~US$ 5.000	Pertamina	Capacity: 300 MBCD (plan)
Indramayu, WEST JAVA	~US$4.500		Capacity: 200 MBCD (plan)
Tuban, EAST JAVA	~US$4.500		Capacity: 200MBCD (plan)
INTEGRATED PORT			
Pelabuhan Tanjung Api-api, SOUTH SUMATRA	US$7.860	N/A	Potential
RAILWAYS			
Rel Dumai-Duri-Rantau Prapat, RIAU	US$3.580	N/A	252 km, Potential
Rel Muaraenim – Tanjung Api-api , SOUTH SUMATRA	~US$3.500	N/A	270 km, Potential
Rel KA, CENTRAL KALIMANTAN	~US$4.000- US$5.000	N/A	371 km, Potential
SMELTER			
Copper Smelter, KALTIM	US$1.000	N/A	~500 ribu ton, Potential
Iron Nickel (Fe-Ni), Halmahera, NORTH MALUKU	~US$1.700 (excl. power)	ANTAM	As Per February 2009, final draft of the Feasibility Study has been submitted Next action: 1. Mining Block Test 2. Industrial Test at Pomalaa Nickel Processing Plant
Integrated Alumina Project, Mempawah, WEST KALIMANTAN	~US$1.135		Construction period: 2010 – 2013 Commercial Production: Q4 2013
STEEL			
Integrated Stainless Steel Project Mawondu, SOUTH EAST SULAWESI	~US$1.049	ANTAM	Construction Period : 2010 – 2013 Commisioning : Q3 2013 Commercial Operation : Q4 2013

Source: Various Sources (2009 – 2010)

Investment Statistic: FDI Realization

Country Origin of FDI Source (1990 - 2009)

No.	Country	Investment Value (US$. Mio)	Amount of Project
1	Japan	21.600,8	1,907
2	Singapore	17.369,5	1,224
3	Mauritius	10.589,0	55
4	United Kingdom	8.796,7	554
5	United States	7.530,4	447
6	South Korea	5.320,4	1,365
7	Belanda	5.158,1	340
8	Chinese Taipei	3.923,6	568
9	Hongkong	3.801,6	350
10	Malaysia	1.781,1	395
11	Germany	1.494,4	245
12	Australia	1.419,0	324
13	France	1.234,4	156
14	Seychelles	973,9	13
15	Switzerland	865,8	126
..	.....	.....	.....
22	India	320,5	145

Source: BKPM, 2010

Investment Realization of India

Indian Direct Investment Realization by Sector (Top 6)

January 1990 – December 2009

No	SECTORS	Project	Investment Value (US$. million)
1	Trade & Reparation	316	138.552
2	Mining	73	123.717
3	Other Services	44	17.457
4	Metal Industry	15	2.817.413
5	Chemical & Pharmaceutical Ind	15	426.567
6	Textile industry	15	104.195

Description	2006	2007	2008	2009
Investment Realization (Permanent Licenses)	14	17	20	30
Investment Value (Million US$)	88,4	11,6	17,8	26,2

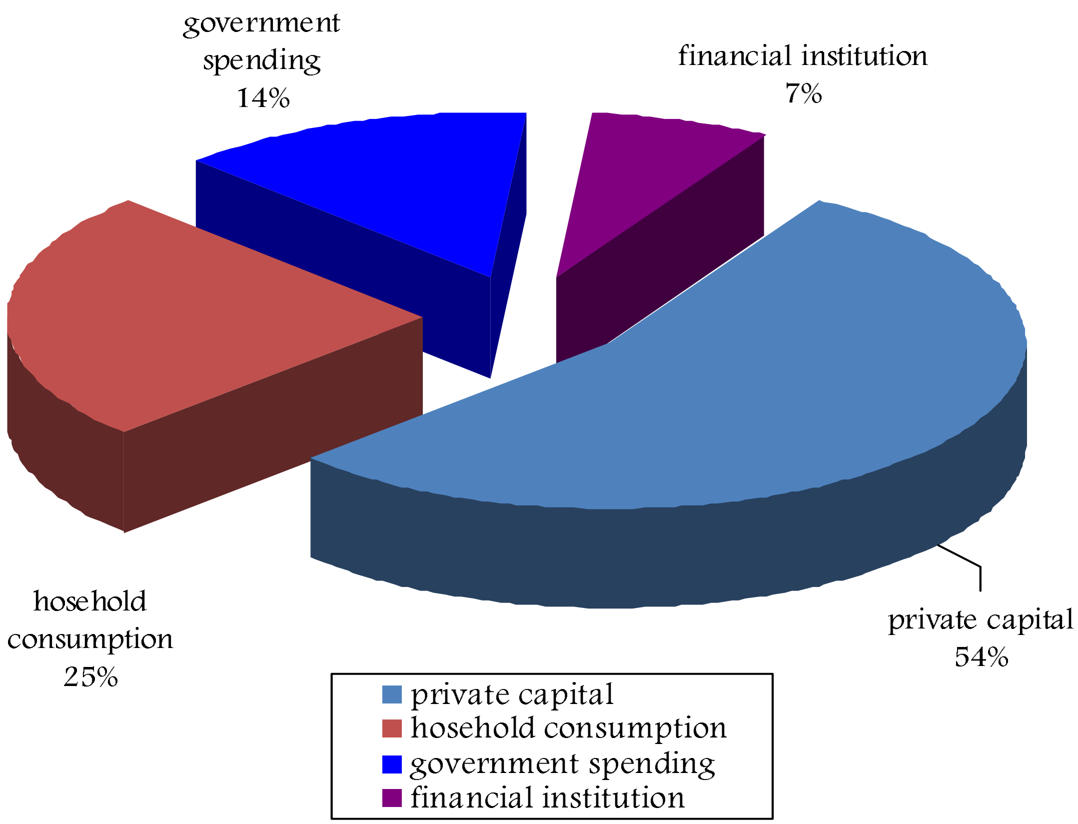
Source: BKPM, 2010

Target of Investment[1)]

	Projection				
	2010	2011	2012	2013	2014
Economic Growth (%)	5,5-5,6	6,0-6,3	6,4-6,9	6,7-7,4	7,0-7,7
Investment (%)	7,2-7,3	7,9-10,9	8,4-11,5	10,2-12,0	11,7-12,1
Investment Needs (Rp Trillion)	1,894.1	2,111.1 –2,144.5	2,348.8 - 2,465.0	2,619.9 - 2,788.4	2,939.2 - 3,168.0
Government	220.0	272.9 - 274.5	329.9 - 336.6	417.8 - 433.1	525.6 - 552.5
% from total investment needs	11.6	12.8 - 12.9	13.7 - 14.0	15.5 - 15.9	17,4 - 17.9
Private	1,674.1	1,838.2 - 1,870.0	2,019.0 - 2,128.4	2,202.1 - 2,355.3	2,413.6 - 2,615.5
% from total investment needs	88.4	87.1 - 87.2	86.0 - 86.3	84.1 - 84.5	82.1-82.6

Source: National Middle Term Development Planning (RPJMN) 2010-2014

Target of Investment[2)]



Investment Services

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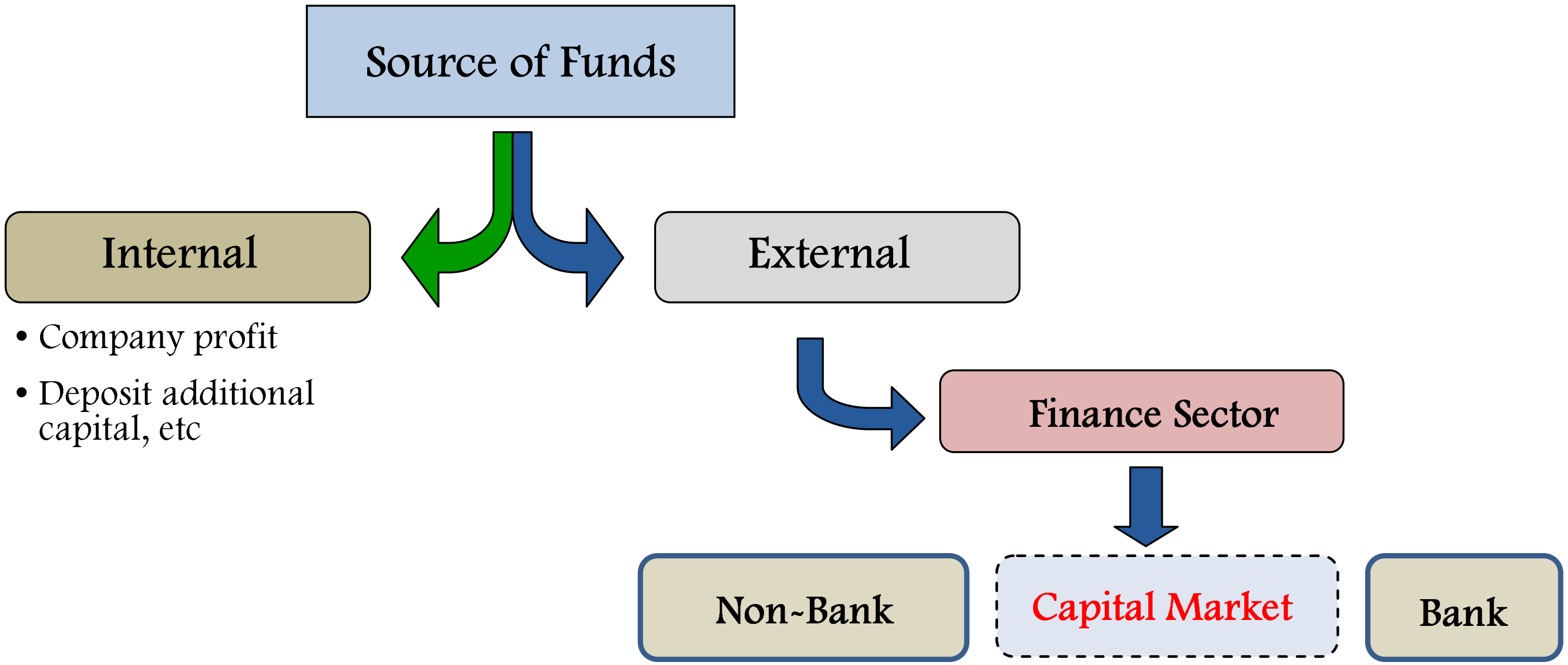
- Mandate to BKPM to coordinate investment related matters
- One-stop-shop at national, provincial and regency/city level
- Integrated system where investment-related information and services could available on line
- BKPM as the main interface
- Investor relations function

Company Source of Funds



Reason for seeking funding in Capital Market

- Increased paid-in capital
- Business diversification
- Business expansion
- Improve the capital structure of company

Indonesia Stock Exchange Statistic

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INDONESIA STOCK EXCHANGE STATISTICAL HIGHLIGHTS [1]

	2004	2005	2006	2007	2008	2009	2010 [2]
Composite Index	1,000.233	1,162.635	1,805.523	2,745.826	1,355.408	2,534.356	3,069.280
Number of Listed Issuers	331	336	344	385 [3]	398 [3]	400 [3]	410 [3]
Number of New Issuers	12	8	12	24 [3]	19	13	11
Delisted Companies	14	3	4	8	6	11	1
Market Capitalization (trill. Rp)	**679.9**	**801.3**	**1,249.1**	**1,988.3**	**1,076.5**	**2,019.4**	**2,539.9**
Market Capitalization (bill. US$)	**72.7**	**81.4**	**138.4**	**211.1**	**98.3**	**214.1**	**269.3**
Trading Volume (bill. shares)	411.8	401.9	436.9	1,039.5	787.8	1,467.7	698.5
Trading Value (trilliun Rp)	**247.0**	**406.0**	**445.7**	**1,050.2**	**1,064.5**	**975.1**	**604.7**
Trading Value (billion US$)	**26.4**	**41.3**	**49.4**	**114.93**	**112.57**	**96.20**	**66.04**
Number of Trades (thousand)	3,724	4,012	4,811	11,861	13,417	20,977	13,745
Number of Trading Days	241	243	242	246	240	241	145
Average Daily Trading:							
Volume (mill. shares)	1,708.6	1,653.8	1,805.5	4,225.8	3,282.7	6,089.9	4,817.3
Value (billion Rp)	**1,024.9**	**1,670.8**	**1,841.8**	**4,268.9**	**4,435.5**	**4,046.2**	**4,170.7**
Value (million. US$)	**109.6**	**169.8**	**204.1**	**467.2**	**469.1**	**399.2**	**455.4**
Number of Transaction	15,452	16,510	19,880	48,216	55,905	87,040	94,794
Funds Raised from:							
IPO (tril Rp)	2.14	3.55	3.00	16.87	24.39	3.85	5.36
Rights (tril Rp)	3.90	5.85	12.79	29.50	56.61	8.56	17.66
Warrant (tril Rp)	0.29	0.23	0.79	2.53	1.98	2.51	1.43
Total Fund Raised (tril Rp)	6.33	9.62	16.58	48.90	82.98	14.91	24.44

1 Equity Trading Only
2 Date : July 30, 2010
3 Includes : 2 ETFs

Indonesia Capital Inflows

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	Capital inflows (US$ millions)		
	2008	2009	2010*)
Net capital inflows	10,548	16,087	22,640
FDI	3,419	1,928	6,770
Portofolio	3,683	10,365	14,457
Equity	322	787	2,085
Bank Indonesia Short-term Securities (SBIs)	(1,980)	3,558	2,369
SUNs	5,341	6,020	10,003
Other	3,446	3,793	1,413

Notes: *) January – September 2010

Source: Jakarta Post, December 2, 2010

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Thank You

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