

Winter 2011

NomAd

The world is our adventure

 MAZARS



Indonesia

moving towards
sustainable growth

POPULATION
243 million
inhabitants

AVERAGE AGE

27.9 years

(66% of the population is
between 15 and 64 years old)

POPULATION GROWTH:

1.09%

BIRTH RATE

18.45 births/
1,000 inhabitants

FERTILITY RATE:

2.28 births/woman

(OECD countries:
1.8 birth/woman)

LIFE EXPECTANCY:

Men: **68.53** years

Women: **73.59** years

LITERACY RATE:

90.4%

RELIGIONS

Muslim 86.1%

*Indonesia is the world's largest
Muslim country,*

Protestant 5.7%,

Roman Catholic 3%,

Hindu 1.8%, other 3.4%

LANGUAGES:

Bahasa Indonesia

*(the official language
derived from Malay),*

Local languages:

Javanese

(most commonly spoken),

English, Dutch



Where worlds come together

With its 17,500 islands, Indonesia is the world's largest archipelago. Its immense territory extends from the southern extremities of mainland Asia almost to within sight of the northern coastline of Australia. Proximity with these two continents has endowed the islands of Java, Sumatra, Sulawesi, Kalimantan and Papua with exceptional natural resources. Also the world's fourth most populous nation, throughout the international economic and financial crisis, Indonesia has proven itself to be a major economic power at the heart of a region whose dynamism is driving international growth today. In fact, together with neighboring India and China, the country is one of the few that have not suffered a brutal drop in economic activity over the past few years. Indonesia is also included as part of a group of seven emerging economies named the E7 that are predicted to

NOMAD, the Mazars

group's magazine for its clients and partners, offers a voyage of discovery to one of the countries around the globe where Mazars is expanding its business.

Mazars is an international, integrated and independent organization, specialized in audit, accountancy, tax, legal and advisory services.

www.mazars.com

Cover photo : Betawi dancers performing during a parade marking the anniversary of Jakarta.



Political organization, geography and climate



Political regime

Indonesia is a democratic republic.

Head of State and of the government

Susilo Bambang YUDHOYONO (re-elected in 2009).

Political and administrative organization

Indonesia is a democratic republic. It is divided into 33 provinces, of which three – Aceh, Papua and West Papua – have been assigned Special Status with greater legislative autonomy from the central government. It is a presidential system.

Independence: declared on 17 August 1945, recognised on 27 December 1949 by the Netherlands.

Geography and climate

Capital: Jakarta (8.8 million inhabitants).

Surface area: 1,904,569sq km
Indonesia comprises 17,508 islands, of which only 6,000 are inhabited, and extends from the equator in both directions.

The five largest islands are Java, Sumatra, Sulawesi, Kalimantan (Indonesian section of Borneo) and Papua (shared with Papua New Guinea). Indonesia shares land borders with Malaysia, Papua New Guinea, and East Timor, and maritime borders with Singapore, Thailand, Palau, Malaysia, the Philippines and northern Australia. The capital city of Jakarta is located on the island of Java. It is the largest city in the country, followed by Surabaya, Bandung, Medan, and Semarang. Indonesia experiences very strong

volcanic activity and frequent earthquakes. The country has at least 150 active volcanoes, including Krakatoa and Tambora, both famous for their devastating 19th century eruptions. Indonesia also recently had to contend with major natural catastrophes including the 2004 tsunami, estimated to have killed 167,736 people in Sumatra, and the Yogyakarta earthquake of 2004. Volcanic ash has greatly enhanced the quality of the soil, an advantage for agriculture, particularly on the densely populated islands of Java and Bali. Indonesian climate zones are either tropical, with alternating monsoon and dry seasons, or equatorial with the same temperature, rainfall and humidity throughout the year. The average temperature varies little over the year. For example, the average daily temperature in Jakarta ranges between 26 and 30 °C.

Economy

GDP
USD 695 billion (2010 estimation)

Distribution by sector

Agriculture: 14.9%
Industry: 46.8%
Services: 38.3%

GDP growth

2008: 6%
2009: 4.5%
2010: 6%

Per capita GDP

USD 2,230 (2009 estimation)

Working population

114.9 million (fifth largest in the world)
Agriculture: 42.1%
Industry: 18.6%
Services: 39.3%

Export volume

USD 146.3 billion

Import volume

USD 111.1 billion

Major trade partners

Singapore, Japan, China, the United States, Republic of Korea

Unemployment rate

7.1%

Inflation rate

5.2%

Agricultural production

Rice, tapioca, peanuts, rubber, cocoa, palm oil, poultry, beef, pork, eggs

Industrial products

Oil and natural gas, textiles, mining resources, cement, chemical fertilizers, balsa, food products, tourism

Currency

Indonesian Rupiah (IDR)
1 USD = 9,000 IDR

have much larger economies than the G7 countries by 2050.* For Mazars, which has made the Asia-Pacific zone a priority for its international development strategy, establishing itself in Indonesia was an obvious step, first accomplished in Jakarta at the end of 2008 and expanded more recently with the opening of the Bali office. Founding member of the Association of Southeast Asian Nations (ASEAN) and its current chair, Indonesia will host this year the

18th ASEAN Summit in Jakarta in May, followed by the 19th Summit in Bali in October, to which will be invited for the first time the presidents of most of the major industrialised countries. Playing an active role in international affairs through its participation in ASEAN and the G20, Indonesia is without doubt one of the key players in the new multipolar world that is taking shape.

Enjoy reading!

* E7: China, India, Brazil, Mexico, Russia, Indonesia and Turkey.

An archipelago united in **democracy** and **growth**

Considered to be one of the South-East Asian “tigers” in the 1980’s, Indonesia is clearly a major regional leader today. A democratic republic guaranteeing freedom of religion in its constitution, the archipelago with its 17,500 islands is a significant player in a zone that is progressively becoming one of the major international centers of business and finance.



stage, with the 1955 Bandung Conference at which developing countries declared the principles of non-alignment and independence. Domestically, the country was still unstable, with rising tensions between conservatives and members of PKI, the powerful Communist Party of Indonesia that had rebuilt itself since being crushed in the Madiun affair of 1949. In 1966, General Suharto took over the government after ordering the dissolution of the PKI. He was to lead the country for 32 years before resigning in 1998, following riots initially brought on by the financial crisis that was then gripping the Asian continent.

The authoritarian dictatorship established by Suharto did coincide with dynamic economic growth, thanks primarily to the discovery of significant oil reserves in the 1970s. As a major oil producer and exporter, Indonesia benefited strongly from the 1973 and 1979 hikes in crude oil prices. However, the oil boom lost momentum a few years later when prices dropped in 1986. Indonesia then initiated economic restructuring based on World Bank and International Monetary Fund recommendations. This resulted in the development of export industries, a drastic reduction in government spending, financial sector deregulation and a wave of privatizations. Private investment was also encouraged, as well as foreign capital, which rose significantly. These measures led to unprecedented growth of the industrial sector from 1986 to 1994, the share of manufactured products in export income rising from 18% to 52%, while oil dropped from an 80% share in 1980 to 15% twenty years later. This spectacular plunge continued, and the country became a net importer of oil in 2005.

Although independence had been declared in the Dutch Indies by Sukarno and Mohammad Hatta in 1945, it was not until December 27, 1949 that the Dutch finally gave in to international pressure and recognized the Republic of the United States of Indonesia as an independent state. The RUSI was an unwieldy federation of 16 entities, but by May of the following year all the federal states had been absorbed into the unitary Republic of Indonesia with Jakarta as its capital. Its early history was punctuated by regional rebellions, especially after Sukarno established his “Guided Democracy” regime in 1957. However, the 1950s also witnessed Indonesia’s rise on the world

The shock of the 1997 economic crisis

The boom in the Indonesian economy of the 1990s was brutally interrupted by the 1997 Asian financial crisis. In 1998, GDP dropped by 13.1%. Resulting popular discontent and the riots that shook Jakarta led to Suharto’s resignation and replacement by his vice president, B.J. Habibie. The country’s first democratic elections since 1955 took place the following year, bringing Abdurrahman Wahid to power, from which he was subsequently deposed in 2001. His vice president Megawati Sukarnoputri, Sukarno’s daughter, took over the presidency.



In 1999, East Timor seceded from the country, following its citizens' overwhelming vote in favor of independence after 25 years of Indonesian occupation. Placed under UN administration on 25 October 1999, East Timor officially became independent in 2002, becoming known as Timor-Leste.

Over the same period, after a timid return to growth in 1999, the Indonesian economy regained some of its vigor, with 3.3% average annual GDP growth through 2003, though this was less spectacular than the results of its Malay, Thai or Philippine neighbors, whose economies grew by over 4% per year.

A resilient economy with a dynamic domestic market

Today, while most Western countries and Japan are striving to emerge from the 2008 financial crisis, Indonesia has an enviable healthy economy. The strength of its domestic consumption, which accounts for 70% of GDP, has allowed it to come through the recent economic upheavals without major damage. Despite a significant drop in activity in 2009, the country returned to 6% growth in 2010, higher than that of its neighbors. Together with India and China, Indonesia is one of the only G20 countries today that has not been in recession. Indonesia can rely on the dynamism of its manufacturing industry, even in the face of Chinese competition, and on the efforts undertaken by the government of President Susilo Bambang Yudhoyono to increase the competitiveness of local producers. USD 6.1 billion recovery plan was rolled out in 2009, primarily comprising of tax reductions for companies and households and investments in infrastructure.

Finally, with more than 6 million visitors every year, Indonesia is a major tourism destination, and this sector is the country's third-largest source of revenue after wood and wood products, and textiles. While

Key dates in Indonesian history

1511: The Portuguese viceroy of India took Malacca and colonists settled in Maluku.

1602: The Dutch Parliament granted a monopoly for Indonesian trade and colonization to the Dutch East-India Company (VOC). The Portuguese remained in East Timor.

1619: The VOC conquered the city of Jayakarta, in western Java, and founded Batavia (today's Jakarta). It gained control of the spice trade in the archipelago and used the divisions between small Javanese kingdoms to gain a permanent foothold in what would become one of the richest colonial possessions in the world.

1800: The VOC was declared bankrupt and dissolved. From 1808 to 1811, Herman Willem Daendels was made Governor-General of the Dutch East Indies, appointed by king of the Netherlands Louis Bonaparte, and reformed the colonial government.

1820-1825: The Java War opposed the colonial government and Javanese aristocracy led by Prince Diponegoro. It came to an end with Diponegoro's arrest. The Dutch were then able to implement *cultuurstelsel*, a system of forced cultivation directed towards trade.

1901: The Dutch adopted their so-called Ethical Policy of minor political reforms and education for indigenous populations.

1908: The conquest of Bali completed the formation of the Dutch Indies.

A group of young Javanese nobles created the Budi Utomo, considered to be the first Indonesian nationalist movement.

1942: The Japanese army occupied the Dutch Indies.

17 August 1945: Sukarno and Mohammad Hatta proclaimed the country's independence.

The Netherlands attempted to regain power. There followed an armed conflict and diplomatic effort known as Revolusi which resulted in the creation of the Republic of the United States of Indonesia on 27 December 1949.

1955: Indonesia's first parliamentary elections took place. Sukarno dissolved the Parliament two years later and established his "Guided Democracy" regime.

1966: General Suharto took over the government after the uprising of 30 September 1965, in which he led the repression of the primarily communist militants. He stayed in power until 1998.

1999: East Timor seceded.

2004: The first presidential elections under universal suffrage took place in Indonesia. Susilo Bambang Yudhoyono was elected president.

2009: Susilo Bambang Yudhoyono was elected for a second term.



tourism took a hit from the terrorist attacks in Bali in 2002 and Jakarta in 2005, and from the tsunami that hit the region in late 2004, the sector appears to have returned to health today.

Sharp environmental focus

With its size, tropical climate and many islands, Indonesia is the second most biodiverse region of the world after Brazil. The forests that cover 60% of the land surface are home to a very rich plant and animal life. Most of the large Asian species – elephants, rhinoceroses, tigers, leopards, orangutans – as well as species of Australasian origin such as the famous Komodo dragon, can be found in the archipelago. There are more than 1,500 species of birds, of which 600 are solely found in Papua, and 515 mammal species. In addition to these varied land dwellers, there is a huge variety of marine ecosystems off the country's 50,000 kilometres of coastline.

Over the decades, the country's agricultural and industrial development and rapid urbanization have brought damage to this natural wealth. Massive deforestation (26% of primary forest since the



1990's), particularly due to logging, mining and clearing for palm oil plantations, as well as overuse of marine resources, air pollution, chaotic waste management and inadequate waste water treatment, have led to significant environmental damage: 140 species of mammals are considered to be threatened, and 15 endangered, some critically so.

The Indonesian government has reacted strongly to this environmental threat in recent years, with the support of international organizations. In particular,

The heart of ASEAN

ASEAN, the Association of South-East Asian Nations, is headquartered in Jakarta. Founded in Bangkok in 1967, the organization numbers ten member countries and aims to strengthen cooperation and mutual assistance among its members, provide a forum for resolving regional issues and act together in international negotiations.

ASEAN's founding members are the Philippines, Indonesia, Malaysia, Singapore and Thailand.

Brunei joined on 8 January 1984, one week after declaring its independence from the United Kingdom. Vietnam joined in 1995, followed by Laos and Myanmar on 23 July 1997 and Cambodia on 30 April 1999.

ASEAN represents around 10% of the global population, with cumulative GDP of more than USD 1,800 billion.


A strong growth region, it is considering greater integration today, similar to that accomplished by the European Union. Philippe Zeller, French Ambassador to Indonesia (read Mr. Zeller's full interview on page 7) points out that *"the modalities of this process will be at the center of discussions between ASEAN members when they meet next May in Jakarta under the Indonesian chairmanship"*.

A second summit will take place in October 2011 in Bali. In addition to the ASEAN countries, China, South Korea, Japan, Australia, India and New Zealand will meet for bilateral and then multilateral negotiations over a three-day period. The United States and Russia will then join them. *"The goal of this East Asian Summit will be to foster discussions between countries whose bilateral relations are sometimes difficult. ASEAN, with Indonesia "in the driver seat," intends to play a formative role in creating a true area of cooperation and growth along the eastern and southern flanks of the Asian continent"*, concludes Philippe Zeller.

fifty national parks have been created to offer protection to plant and animal species although these are not a panacea in themselves.

Indonesia also benefits from the REDD+ program (Reducing emissions from deforestation and forest degradation) launched by the UN (read page 10 about Mazars' offering within the program). With a USD 1 billion loan from Norway and the assistance of numerous NGOs and private partners, the country began implementing a very ambitious policy to preserve and restore its natural wealth in August 2010. The goal is to allow Indonesia to maintain its status as the second-largest reserve of biodiversity on the planet, without compromising its continued economic development.

By reconciling preservation of environmental wealth and growth of manufacturing, Indonesia continues to ensure its ability to grow from regional power to first-rank international player in the coming years. ●



“Indonesia is actively contributing to **rebuilding** the international economic system”

As Indonesia presides ASEAN and France takes the presidency of the G20, **Philippe Zeller, French Ambassador to Jakarta**, discusses the state of French-Indonesian relations, the strengths and weaknesses of the archipelago’s economy, and its expanding role in international affairs.

How would you describe the state of French-Indonesian relations today?

Relations between France and Indonesia are expanding rapidly compared with their situation a decade ago. Indonesia at that time was just emerging from a severe economic crisis, as well as experiencing political instability related to the departure of President Suharto and the diplomatic difficulties created by the East Timor conflict.

The situation has changed now. Today Indonesia is a stable democratic partner. Indonesia in 2011 is also an emerging economic power, with GDP growth close to 6% last year and an annual goal of 7% between now and 2014. And finally, Indonesia is a sizable player in the international community: It is a member of the G20 and participates in certain UN-mandated peacekeeping operations. The country has also made a strong commitment to preventing climate change by accepting a reduction of its CO₂ emissions of between 26% and 41% by 2014.

For all these reasons, bilateral relations between our two countries have been expanding in recent years. During Indonesian President Susilo Bambang

Yudhoyono’s visit to France in December 2010, French President Nicolas Sarkozy proposed elevating France-Indonesia relations to the status of a “strategic partnership” such as the one France maintains with Brazil.

How well has Indonesia withstood the economic and financial crisis of the past few years?

Without any real damage. Indonesia maintained 4.5% economic growth in 2009 thanks to two factors in particular: The limited involvement of the country and its banking institutions in the American and European markets, and the fact that its growth is primarily driven by domestic demand. Today, 60 or 80 million Indonesians are estimated to have purchasing power comparable to our own. They are particularly avid consumers of household appliances and electronic and entertainment devices.

I would add that, even if it did not suffer from the recent turmoil, Indonesia is actively contributing to rebuilding the international economic system. The country is particularly interested in issues related to raw material price fluctuations, prevention of global climate change, and new world governance.

What are the Indonesian economy’s strongest assets today?

In addition to the strength of its domestic market, Indonesia has developed a competitive industrial infrastructure and has many natural resources, which include coal and palm oil. There is also a very strong entrepreneurial culture in the country, supported by legislation that is favourable to new businesses.

Still, the Indonesian economy suffers from some remaining inadequacies, particularly in terms of highway and telecommunications infrastructures. We should also mention the sizable disparities between the western part of the country and the eastern islands. However, the risk of “Balkanization” of the country, very real ten years ago, is no longer a concern.

What do you see as the defining features of contemporary Indonesian society?

I think that Indonesian society is characterized above all by the harmonious coexistence of tradition and modernity. Indonesia is certainly a country of many traditions. In terms of language, for example, in addition to the “lingua franca”, the Bahasa Indonesia, there are an estimated 700 languages spoken on the archipelago, or fully one fifth of all languages actually spoken today around the world. In terms of culture, Indonesian identity is expressed in its crafts, dance, and music above all. And the country has six “official” religions.

A very strong push towards modernization has developed in recent years, without threat to or from these areas of traditional Indonesian culture. Tourism and leisure activities, Indonesians’ marked interest in new information technologies, the significant rise in the number of students – from four million today to eight million by 2015 – and increased trade with Asian and Western markets are indisputable signs of this development.

A partner for every development

Mazars entered Indonesia at the end of 2008 by combining with Moores Rowland, which had established itself on the archipelago in 1991. Today, with two offices in Jakarta and Bali and 500 professionals, Mazars has become a major audit and advisory player in the country.

For Mazars, deploying in the Asia-Pacific zone was an obvious decision, as the area benefits from a persistent growth rate close to nearly 6.5% and takes an ever increasing role in world trade. From a few small offices in 2005, Mazars developed an ambitious strategy to become a major player, whose 2,000 professionals operate in 11 integrated countries and offer their expertise in each of the Group's business lines.

Marzuki Usman, Senior Advisor for Mazars in Indonesia and former Chairman of the Indonesian Capital Market and Financial Institution Supervisory Agency says, "It is indeed a pleasure to be part of Mazars. As a former regulator, I believe there is a risk in having global finance concentrated in the hands of only a few players. Clearly, more players are needed to provide stability to the world's financial markets. Given its blue chip origin, Mazars is one of the very few organizations that can step up and play in the premier league of large worldwide firms."

Indonesia is no exception to the usual rule: In every country where the company has developed its business, Mazars caters to all members of the business community, whatever their size or sector of activity. "This truly is one of the specificities of our international partnership, explains James Kallman, Senior Partner for Mazars in Indonesia. And it is perfectly reflected in Indonesia, where our clients include large local listed companies – 16% of listed companies in Indonesia are audited by Mazars – SMEs and subsidiaries of large foreign companies, numerous NGOs, governmental bodies, as well as institutional lessors."

Mazars in Indonesia relies on teams of highly qualified professionals from widely varied backgrounds to offer all its clients the quality of service they deserve. "In our two offices in Jakarta and Bali, we have professionals from Indonesia, of course, but also from Belgium, the United States, France, Japan, Malaysia, the Philippines and the United Kingdom, says François Monville, Managing Partner. This melting pot reflects diversity, one of Mazars' core values, which also appears in Indonesia's motto, "Unity in Diversity." It also represents high added-value in terms of expertise, and is a major asset for our development."

Mazars in Indonesia intends to achieve such development by building long-term relationships with its clients. Each new assignment is seen as an opportunity to strengthen existing ties and to intensify interpersonal relations. "We don't believe in imposing pre-defined solutions, says Mr. Monville. On the contrary, we prefer to collaborate with our clients. And we can count on the support and resources of our integrated partnership. This is a huge advantage for us and especially for our clients. The Indonesian companies that turn to us for assistance in international business benefit most particularly. We are well acquainted with the main partners operating in Mazars' offices all around the world and can recommend them without hesitation."

A very broad service portfolio

In Indonesia as elsewhere, audit is Mazars' core profession. In this field, based on a strict approach and the desire to spare our clients any unnecessary expenses, the Jakarta and Bali offices are able to carry out financial audits that meet the requirements of Indonesian accounting standards (PSAK), IFRS or US accounting regulations (US GAAP).

Contractual auditing is also offered for internal control before an acquisition or a listing, as well as financial statement conversions to IFRS. Finally, and this is one of the outstanding features of Mazars in Indonesia, specific expertise has been developed for social and human rights audits and Corporate Social Responsibility (CSR) reporting.

In the Asia-Pacific zone, Mazars has also built a very effective outsourcing platform that allows it to offer services tailored to the specific needs of each client. Whether to help companies reduce their costs, or to allow them to focus on their core business, the Mazars in Indonesia outsourcing department connects its clients with certified accountancy, payroll management, administrative and human resources outsourcing services.



Key figures

MAZARS IN INDONESIA

2009/10 turnover
€ 7.6 Million

Number of professionals:
500 professionals in 2 offices in Jakarta and Bali

5 major areas of business:
audit, accountancy, tax, legal and advisory services.

Main clients
Asia Development Bank, Agence Française de Développement, Air France-KLM, Air Liquide, ANTV, Aqua Danone, Arutmin, Asia Pulp Paper, AXA, Bakrie Telekom, Bank Commonwealth, Berau Coal, Bumi Resources, Colas, Crédit Suisse, Delta/Buma, Edenred, Energi Mega Persada, Essilor, European Union, Henkel, Hutchinson Telecom, Indo Pacific/Edelman, Kaltim Prima Coal, L'Oréal, McCann Erickson, Marsh, Mega Insurance, Michelin, Microfin Sejahtera, Mizuho Bank, NEC, Nichias, Novartis, Onduline, Reckitt Benkiser, Sagem, Sanofi Aventis, Schneider, Schindengen, Sodexo, Solvay Pharma, Taisho, Tata, Thales, tvOne, US Aid, Vivaneus, World Bank

Website
www.mazars.co.id





Mazars' third main business line on the archipelago is tax advisory services. The range of services that Mazars specialists offer their clients comprises transfer pricing, local and international tax planning, tax audits and expatriation consulting.

Finally, in the legal arena, Mazars has solid experience in supporting foreign companies that want to enter Indonesia. The services offered include advice for establishing a business locally, determining the most appropriate structures, obtaining permits and licenses, and compliance with the country's legal requirements.

In recent years, Mazars has also developed its ability to manage corporate finance, due diligence and public listing preparation projects for prestigious clients. This client list includes some of the largest Indonesian firms, such as Bumi and Berau (Read p.11 to find out more about Mazars' work with these clients in the "Success story" section of Nomad).

Full speed ahead for sustainable development and social responsibility

As the Group strengthens its consulting offer, the Bali and Jakarta offices have developed widely respected expertise in CSR consulting. The first pillar, sustainable development audits, aims to determine to what extent companies integrate international standards of sustainable development to every aspect of the company's day-to-day operations. The analysis takes into account environmental as well as social and risk management dimensions, to allow Mazars to support companies comprehensively in developing and implementing sustainable growth strategies that are not measured by mere financial performance.

In today's Indonesia, where the environment is a crucial concern, this high value-added service offer is a significant advantage, particularly as it is backed by extensive experience in cooperating with numerous international development assistance agencies. Mazars has managed more than 50 major projects in Indonesia in recent years, notably for the Asian Development Bank, various United Nations agencies, the World Bank and the French Development Agency. *"We are convinced that the emergence of new players is decisive in shaping the world today, says Mr. Kallman. Indonesia is clearly one of these rising powers, and its influence will continue to grow in the coming years. Our goal is to contribute our experience and skills to this evolution."*



Mazars contributes to restoring the Indonesian forest

In partnership with the NGO Conservation International, Mazars in Indonesia has participated in reforesting the Mount Gede national park on the island of Java, replanting trees on five hectares of surface area to contribute to the rehabilitation of the Patiwel forest. This program mobilized many professionals from the Jakarta office on the symbolic date of 22 April 2010 – Earth Day – indicating Mazars's commitment to preserving the archipelago's natural environment.

It is part of a Mazars Group global policy of offsetting 50% of the carbon footprint calculated at the International Annual Partners' Conference in London in December 2009, as well as illustrating Mazars's support for the Indonesian government's stated goal of reducing CO₂ emissions by 26%. Mazars in Indonesia is also committed to becoming a "paper neutral" company by planting enough trees each year to equal the volume of paper used annually.



Mazars makes sustainable development its business

At a time when large international groups are beginning to view social and environmental issues as strategic in nature, Mazars in Indonesia has developed specific expertise that allows it to offer a broad range of services to its local and foreign clients in the areas of sustainable development and human rights.

“As an international audit and advisory services group, it is our responsibility to inform our clients of the importance of exemplary sustainable business practices in today’s changing world by being in compliance with social, environmental and human rights values in their business operations,” explains James Kallman, Senior Partner for Mazars in Indonesia.

For several years, Mazars in Indonesia has been developing a range of audit and advisory services aimed at helping companies meet the markets’ rising expectations in the areas of social, environmental and human rights.

Senior Advisor for Mazars and Marccus Partners in Indonesia and expert on human rights, Marzuki Darusman notes, “An increasing number of corporations worldwide are rebalancing and adjusting the way they do business to be more sustainable. Mazars has the expertise to carry out social and human rights audits and consulting for clients to manage any risks that may compromise the long-term sustainability of their businesses and to certify their company’s compliance with international standards.”

“Our resources and experts allow us to support our clients in defining their commitments, assessing their practices with regard to the laws and regulations in effect, building their social, environmental and human rights policies, and applying these policies into concrete strategies and programs. In addition, we are also able to help clients communicate their efforts to their stakeholders, build their internal capacity in managing and evaluating sustainability projects, and report the companies’ sustainability efforts,” added Mr. Kallman.

Identify risks, implement procedures, evaluate impacts

Mazars’ approach is one of advance risk identification. It involves fully inventorying and mapping existing risks before implementing policies, programs and procedures to prevent or eliminate them. In the area of human rights, for example, Mazars assesses the client’s practices in terms of working conditions, non-discrimination (ethnic, religious and gender, in particular), freedom of association, respect for the human and social environment, and relations with

suppliers. “This approach allows us to gain in-depth knowledge of our clients and the environment in which they do business, explains Mr. Kallman, and to design the most targeted and effective solutions with them. We use an identical approach when carrying out an audit: It is by creating a precise risk mapping that we can define the best evaluation methods.”

Despite its relative youth, Mazars in Indonesia’s Corporate Social Responsibility offer has already attracted several companies. “We are convinced that this field is of major significance, concludes Mr. Kallman. As the demands of their clients, investors and the markets expand, their companies can no longer allow themselves to focus exclusively on economic and financial factors. The movement has begun, in Indonesia and the rest of Asia, and we intend to be in the vanguard.”

The Mazars offering within the REDD+ program

Launched by the United Nations in 2008, the REDD program (Reducing emissions from deforestation and forest degradation) aims to help emerging countries reduce their greenhouse gas emissions from deforestation by providing solutions for sustainable forest use and operations. Mazars is developing a dedicated offering at its Bali office, directed towards companies and foundations that want to support the program as well as local public entities and companies, and the international agencies that finance and implement them.

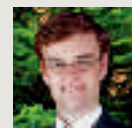
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Baudouin Coomans

Partner (Owner Managed Businesses)

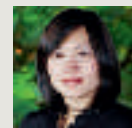
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Backing up the creation of a London-listed coal champion

Bumi and Berau, respectively the first- and fifth-largest coal producers in the country, are among the large Indonesian companies whose accounts are certified by Mazars. They recently entered an equity alliance that created a “titan” of the Indonesian mining industry that is to be listed on the London Stock Exchange. Mazars took part in the adventure...

With close to 25% of national production, Bumi is the top coal producer in the country today. The Group operates two concessions of 90,960 and 70,153 hectares in Kalimantan on the island of Borneo, through its KPC and Arutmin subsidiaries. Currently listed on the Indonesia Stock Exchange, Bumi posts market capitalisation of around USD 6 billion.

Berau operates one concession, also in Kalimantan, with estimated coal reserves of almost 350 million tons at Lati, Binungan and Samarata mine sites. In recent years the Group has expanded considerably beyond Indonesia's borders, with 60% of its sales revenue today generated from continental China, Hong Kong, India, Japan, the Republic of Korea, Taiwan and Thailand.

Creating an Indonesian “titan” listed in London

The uniting of these two behemoths was an initiative of Vallar plc, an investment fund founded in 2010 by Nathaniel Rothschild and specialized in the mining industry, which acquired 75% of Berau and 25% of Bumi's equity for a total of USD 3 billion. The newly created entity, which will be renamed Bumi plc, is destined to become a world leader in coal by acquiring operating sites in various regions of the world. The pooling of resources between the two companies will give Bumi plc greater standing in a region where demand – particularly from China and India, but also in Indonesia itself – has been rising steadily for many years.

To ensure that it has the necessary financing for its development, Bumi plc will soon become a London-listed Indonesian coal champion. “This will allow us to internationalize our image, and give us the resources we need to accomplish our organic growth. We will be perfectly situated to reach our objectives and create value for our shareholders,” explains Indra Bakrie, who will head up Bumi plc's Board of Directors together with Nathaniel Rothschild. The management estimate that Bumi plc will qualify for membership on the FTSE – 100 stock index.

Extensive support from Mazars

Preparing for this project required massive efforts by the teams of both companies and of those who have been serving them for several years. “Before

Jakarta, a rising financial centre

One sign of the country's good financial health – its rating was recently raised by the three major international rating agencies – the Indonesia Stock Exchange is becoming a flagship market on the Asian continent. At end 2010, its global capitalization was 3.1 trillion rupiahs*, for a total

of 421 listed companies. Of these, 26% are majority-owned by the government, including Telkom, the country's largest listed company valued at 161.2** billion rupiahs.

* equal to USD 340.3 billion

** equal to USD 17.7 billion



Mazars' position on the market of local listed companies (LQ 45 Index– 45 main companies among 421 listed companies listed on the Indonesia Stock Exchange).

Based on Number of Plc LQ45 Audited:

1. EY = **36%**
2. PWC = **22%**
3. Mazars = **16%**
4. Deloitte = **11%**
5. KPMG = **4%**
6. Others = **11%**

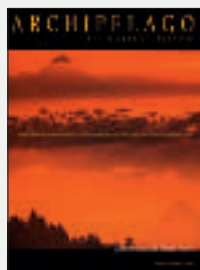
Source: Berpikir Kritis dalam AUDITING
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the uniting and listing on the London exchange, we had to accomplish the major task of reviewing the conversion of both companies' accounts to IFRS, for the past three fiscal years, explains François Monville, Managing Partner for Mazars in Indonesia. The team has gathered specialists from Mazars offices in Indonesia, Singapore, France and Thailand under the coordination of Pascal Jauffret, Head of Mazars' IFRS Desk in Asia Pacific.” The assignment started in November 2010 and is still on going as of today, the conversion of the accounts for the past three fiscal years has been almost finalized and the team is now focusing on the conversion of the 2010 accounts (the project is expected to be completed in April 2011).



Indonesia: Peoples and Histories

Jean Gelman Taylor
2004, Yale University Press
Indonesia past and present, through the communities and cultures that compose it.



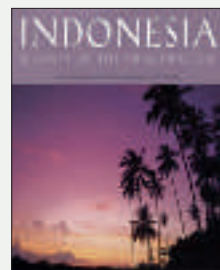
Archipelago: Islands of Indonesia

Gavan Daws
1999, University of California Press
An exploration of the islands that make up the Indonesian archipelago. A richly illustrated ode to biodiversity.



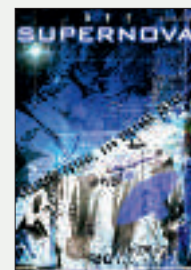
Culture and Customs of Indonesia

Jill Forshee
2006, Greenwood
An introduction to contemporary Indonesia, through its people, cultures, religions and territories.



Indonesia: Islands of the Imagination

Michael Vatikiotis
2006, Periplus Editions
The multifaceted reality of today's Indonesia in portraits and landscapes.



Supernova

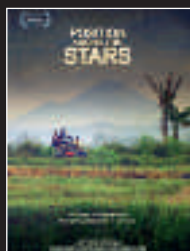
Dewi Lestari
2001
The debut novel of an Indonesian singing star. An evocation of modern, urban Indonesia, self-published by the author with remarkable commercial success.

Cinema



ANDREA HIRATA
The Rainbow Troops

2005
First in a series of four novels that describe a young professor's battle for the right to education on an island rife with poverty and discrimination. The best selling novel in the history of Indonesian literature. *The Rainbow Troops* was adapted to the silver screen and received numerous awards at festivals in Indonesia, Asia and Europe.



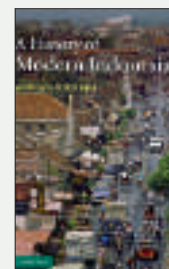
LEONARD RETEL HELMRICH
Position Among the Stars

2010
Third instalment in a documentary trilogy, *Position Among the Stars* continues the story of the Shamsuddin family, emblematic of a nation undergoing rapid change, torn between slums and belief in modern progress, and among many religions. This third instalment followed in the footsteps of its predecessor at the Sundance Festival, which had won the Grand Jury Award in 2005, by receiving the festival's 2011 Special Grand Jury Prize.



Understanding Islam in Indonesia: Politics and Diversity

Robert Pringle
2010, University of Hawaii Press
An essential reference for understanding how Islam developed and is practised today in the world's largest Muslim country.



A History of Modern Indonesia

Adrian Vickers
2005, Cambridge University Press
The history of Indonesia since the beginning of the 20th century, from the colonial era to independence, from Suharto to the return to democracy. A reference book.

Internet resources

<http://www.indonesia.go.id/en>
The official English-language portal of the Republic of Indonesia.
<https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>
A wealth of information in English including statistics on Indonesia's economy, political system, geography and administrative organisation.

Offices in Indonesia

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