

Consolidated Financial Statements of

**PT Riau Andalan Pulp & Paper
and Subsidiary**

For the years ended 31 December 1997 and 1996

with Independent Auditors' Report thereon

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Independent Auditors' Report

No. R.591/98

To the Directors and Stockholders
PT Riau Andalan Pulp & Paper:

We have audited the accompanying consolidated balance sheets of **PT Riau Andalan Pulp & Paper and Subsidiary** (the "Company") as of 31 December 1997 and 1996, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years ended 31 December 1997 and 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of **PT Riau Andalan Pulp & Paper and Subsidiary** as of 31 December 1997 and 1996, and the results of their operations and their cash flows for the years ended 31 December 1997 and 1996, in conformity with generally accepted accounting principles.

Note 19 includes a summary of the effects of adverse economic conditions in Indonesia on the Company, as well as measures the Company has implemented or plans to implement in response to these economic conditions. The accompanying financial statements as of 31 December 1997, include the effects of these economic conditions to the extent they can be determined and estimated.



20 March 1998

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PT Riau Andalan Pulp & Paper and Subsidiary
Consolidated Balance Sheets

As of 31 December 1997 and 1996

(Stated in thousands of United States Dollars)

	Note	1997	1996
Assets			
Current assets			
Cash and cash equivalents		7,093	53,282
Time deposits	3	128,896	-
Trade accounts receivable	4	18,827	11,702
Other accounts receivable	5	24,878	31,957
Inventories	6	42,966	71,148
Other current assets	7	11,114	18,964
Total current assets		233,774	187,053
Property, plant, and equipment - net	8	1,285,546	1,270,392
Immature plantations	9	48,979	31,948
Deferred charges and other assets		7,527	16,846
Total assets		1,575,826	1,506,239

See the accompanying notes to the consolidated financial statements.

PT Riau Andalan Pulp & Paper and Subsidiary
Consolidated Balance Sheets (continued)

As of 31 December 1997 and 1996

(Stated in thousands of United States Dollars)

	Note	1997	1996
Liabilities and stockholders' equity			
Current liabilities			
Trade accounts payable		20,620	17,103
Notes payable	10	169,270	127,635
Current portion of long-term debt	11	108,620	69,440
Current portion of lease obligations	12	19,386	20,117
Current portion of due to affiliates	13	5,877	35,268
Accruals and other current liabilities		64,304	40,549
Total current liabilities		388,077	310,112
Long-term debt, net of current portion	11	361,915	498,932
Lease obligations, net of current portion	12	10,888	29,340
Due to affiliates, net of current portion	13	50,425	46,668
Advance for share capital	14	113,137	-
Deferred gain on sale and leaseback		5,129	7,148
Total liabilities		929,571	892,200
Stockholders' equity			
Share capital: Rp 1 million par value per share			
Authorized capital: 2 million shares			
Issued and paid up capital: 1,641,165 shares			
in 1997 and 1,417,500 shares in 1996	15	744,433	657,570
Additional paid-in capital		16,528	16,528
Cumulative translation adjustment		(49,920)	(49,920)
Accumulated losses		(64,786)	(10,139)
Total stockholders' equity		646,255	614,039
Total liabilities and stockholders' equity		1,575,826	1,506,239

See the accompanying notes to the consolidated financial statements.

PT Riau Andalan Pulp & Paper and Subsidiary
Consolidated Statements of Operations

For the years ended 31 December 1997 and 1996

(Stated in thousands of United States Dollars)

	Note	1997	1996
Net sales		268,201	218,163
Cost of sales		191,398	170,604
Gross profit		76,803	47,559
Operating expenses:			
Selling expenses		33,271	26,780
General and administrative expenses		14,514	11,472
Total operating expenses		47,785	38,252
Operating profit		29,018	9,307
Other income(expenses):			
Gain/(loss) on foreign exchange – net		23,524	(3,867)
Loss on forward currency contracts and options		(37,348)	-
Interest expense and other financing charges		(54,344)	(79,687)
Gain on sale of assets – related parties		-	43,833
Other – net		10,653	3,888
Total other income(expense) – net		(57,515)	(35,833)
Loss before income taxes and extraordinary item		(28,497)	(26,526)
Extraordinary item	11	(26,150)	-
Loss before income taxes		(54,647)	(26,526)
Income taxes	2p	-	-
Net loss		(54,647)	(26,526)
Net loss per share		(38.55)	(18.71)
Weighted average number of shares outstanding (in thousand)		1,418	1,418

See the accompanying notes to the consolidated financial statements.

PT Riau Andalan Pulp & Paper and Subsidiary
Consolidated Statement of Changes in Stockholders' Equity

For the years ended 31 December 1997 and 1996

(Stated in thousands of United States Dollars)

	Capital stock	Additional paid-in capital	Excess value of transaction	Cummulative translation adjustment	Retained earnings (accumul- ted losses)	Total stockholders' equity
Balance, 31 December 1995	657,570	16,528		(49,920)	16,387	640,565
Net loss	-	-	-	-	(26,526)	(26,526)
Balance, 31 December 1996	657,570	16,528		(49,920)	(10,139)	614,039
Stock issued and paid-up	86,863	-	-	-	-	86,863
Net loss	-	-	-	-	(54,647)	(54,647)
Excess value of transaction with entity under common control	-	-	3,376	-	-	3,376
Balance, 31 December 1997	744,433	16,528	3,376	(49,920)	(64,786)	649,631

See the accompanying notes to the consolidated financial statements.

PT Riau Andalan Pulp & Paper and Subsidiary
Consolidated Statements of Cash Flows (continued)

For the years ended 31 December 1997 and 1996

(Stated in thousands of United States Dollars)

	1997	1996
Cash flows from financing activities		
Proceeds from notes payable, net	41,635	41,479
Proceeds from long-term debt, net	62,311	155,482
Proceeds from facilities under usance letter of credit - net	-	28,971
Repayment of Secured Notes	(293,650)	-
Repayment of lease obligations	(20,390)	(18,824)
Proceeds from advance for share capital	113,137	-
Proceeds from issuance of share capital	86,863	-
Repayment on other debt and liabilities	-	(95,178)
Due to affiliates, net	(31,003)	(74,170)
	(41,097)	37,760
Extraordinary item:		
Loss on extinguishments of debt	(26,150)	-
Net cash flows from (used in) financing activities	(67,247)	37,760
Increase (decrease) in cash and cash equivalents	(46,189)	48,164
Cash and cash equivalents at the beginning of the year	53,282	4,115
Effect of exchange rate changes on cash	-	1,003
Cash and cash equivalents at the end of the year	7,093	53,282

Supplemental disclosures of non-cash investing and financing activities

Property, plant and equipment acquired under capital leases	1,207	27,482
Property, plant and equipment acquired through facilities under usance letters of credit	133,502	-
Property, plant and equipment acquired through contracts payable	5,369	-
Depreciation expense capitalized to immature plantations and construction in progress	2,932	-
Receivables from sale of property, plant and equipment	-	20,950

See the accompanying notes to the consolidated financial statements.

1. General

P.T. Riau Andalan Pulp & Paper (collectively with its subsidiary, "the Company") was established based on notarial deed No. 76 dated 15 May 1989, of Arikanti Natakusuma SH, as amended by deed No. 244, dated 20 July 1989, of the same notary. The articles of association were approved by the Minister of Justice of the Republic of Indonesia in his decree No. C2-4561.HT.01.01.TH.91, dated 12 September 1991. The Company's articles of association have been amended several times. An amendment concerning the increase in authorized subscribed and paid-up capital has been approved by the Minister of Justice of the Republic of Indonesia in his decree No. C2-16001.HT.01.04.TH.94 dated 25 October 1994.

According to article 2 of the Company's articles of association, the scope of its activities is to engage mainly in the pulp and paper industry and in the production of chemicals to support such industry.

The Company has concession rights for timber plantations ("HTI") in Riau, Indonesia, covering a total area of more or less 280,500 hectares based on the letters of approval from the Director General of Forest Utilization No. 122/IV-RPH/1994 dated 17 January 1994 and No. 1547/MENHUT-IV/1996 dated 5 November 1996.

In February 1995, the Company commenced production and sales of pulp.

The Company owns 100% of the shares of RAPP International Finance Company BV, Netherlands, ("RAPP Finance"), which was incorporated on 9 September 1994. The subsidiary is a single purpose entity created to issue debt securities and loan the proceeds to the Company (see Note 11).

In February 1995, Asia Pacific Resources International Holdings Ltd. ("APRIL") acquired through a series of transactions, an effective ownership in the Company of approximately 98.9% (the "Reorganization"). Such Reorganization did not affect the carrying values of the Company's net assets, as such Reorganization was accounted for as a reorganization of entities under common control (see Note 15).

In December 1997, the Company increased issued and paid-up capital which affect effective ownership of APRIL became 98.2% (see note 15).

2. Summary of significant accounting policies

a) Basis for preparation of the consolidated financial statements

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles in Indonesia ("Indonesia GAAP"), based on the historical cost concept. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

All figures presented in the notes to the consolidated financial statements are stated in thousands of United States Dollars, except where indicated.

b) Consolidated financial statement presentation

The consolidated financial statements include the accounts of the Company and its subsidiary. All material inter-company accounts and transactions have been eliminated in consolidation. Certain amounts in the 1996 financial statements were reclassified to conform to the 1997 financial statements presentation.

c) Liquidity

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company is in the process completing pulp line 2 (PL2). The completion of PL2 is dependent upon the Company receiving additional financing. If not successful or if the economic uncertainty surrounding Indonesia does not dissipate, the Company would defer completion of the PL2. The Company had a working capital deficiency of \$154 million at 31 December 1997. Management believes that its future working capital needs will be met through refinancing certain existing short-term indebtedness, future financing, and working capital generated from pulp sales. The Company and its existing lenders are actively negotiating the restructuring of certain of the Company's short-term indebtedness. If necessary, the Company may obtain additional funds from APRIL. Although the Company does not have any formal agreement with APRIL with respect to obtaining funds, APRIL has advised the Company that it would provide funds to the Company to satisfy short-term liquidity requirements.

d) Change in functional and reporting currency

Effective 1 January 1996, the Company changed its functional currency from the Indonesian Rupiah to the US Dollar ("US\$"). Significant changes in economic facts and circumstances necessitated such a change including: (i) the structure of APRIL has resulted in greater interdependencies among APRIL's operating units, including the Company; (ii) the cash flows of APRIL and the Company directly affect each other as the level of US\$ denominated inter-company transactions and interrelationships become more extensive; (iii) an increase in the volume of transactions denominated in US\$; and (iv) ongoing changes to the capital structure of the Company utilizing US\$ denominated obligations.

d) Change in functional and reporting currency (continued)

In connection with the change in the Company's functional currency to the US\$, which enabled financial results and relationships to be measured with more relevance and reliability, the Company's reporting currency also was changed from the Indonesian Rupiah to the US\$. Accordingly, the consolidated financial statements for prior years were restated to the new reporting currency of US\$.

The change in functional currency effective 1 January 1996 was recognized through the US\$ translated amounts of the non-monetary assets at 31 December 1995 becoming the accounting basis for these assets at 1 January 1996 and for subsequent periods. Additionally, through 31 December 1995, a cumulative translation adjustment has been included as a separate component of shareholders' equity reflecting the translation of the Indonesian Rupiah functional currency consolidated financial statements to the newly adopted and retroactively applied US\$ reporting currency. This cumulative translation adjustment will remain as a separate component of shareholders' equity.

e) Foreign currency transactions

Transactions during the year in currencies other than United States Dollar are recorded at rates approximate to the actual exchange rate at the date of the transaction. At year-end, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at that date. Rupiah denominated assets and liabilities are translated at the rate of Rp 4,650 per US\$ 1 at 31 December 1997. Exchange gains or losses arising from foreign currency translations are recognized in the statements of operation.

f) Related parties

Related parties are defined as:

- (i) enterprises that directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with the reporting enterprise: this includes holding companies, subsidiaries and fellow subsidiaries;
- (ii) associated enterprises;
- (iii) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individual;
- (iv) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including directors and officers of companies and close members of the families of such individuals; and
- (v) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such a person is able to exercise significant influence; this includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

All material transactions with related parties are disclosed in the consolidated financial statements.

g) Cash and cash equivalents

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

h) Receivables

An allowance for doubtful accounts is provided, if necessary, based on a review of the status of the individual receivable accounts at the end of the period.

i) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is based on weighted-average method and includes expenditures incurred in acquiring the inventories and bringing them to their present condition and location. Finished goods and raw materials logs include an appropriate portion of fixed and variable overhead costs in addition to materials cost and direct labor.

j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Plant and machinery	30
Infrastructure	25
Factory buildings	20
Office buildings and houses	20
Heavy equipment	5
Motor equipment	5
Furniture and fixtures	5
Office equipment	5
Communication equipment	5
Others	5

Cost of maintenance and repairs are charged to current operations as incurred; significant renewals and betterment were capitalized. When assets are retired or otherwise disposed of, the carrying value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements of operations.

k) Leases

Lease transactions under which the criteria for a capital lease are met, are recognized in the balance sheet by recording an asset and liability equal to the present value of minimum lease payments at the inception of the lease. Capitalized leased assets are depreciated in accordance with the depreciation policy stated in note 2.j. Lease obligations are reduced by repayments of principal, while the finance charges component is charged directly to operations.

l) Construction in progress

Construction in progress represents the accumulation of direct costs associated with the construction of facilities and preparation of assets for their intended use, including interest. Capitalization of these costs ceases when the constructed facilities or equipment are completed and ready for their intended use.

m) Forestry resources

Immature plantations. Immature plantations represent the accumulation of costs associated with field preparation, planting, fertilizers, purchase of materials, equipment and maintenance including interest. These costs include an appropriate portion of fixed and variable overhead costs. Once the plantations have matured and harvesting begins, depletion will be determined on the units of production basis. Immature plantations are stated at the lower of historical cost or recoverable amounts.

Forest concessions. Costs incurred to obtain the rights to forest concessions are amortized on a straight-line basis over the life of the rights.

Land rights. The acquisition costs of land rights consist of legal fees, land rights certificates, resettlement costs and miscellaneous other costs. Under its land rights, the Company has the right to utilize the land for a fixed duration as it sees fit. These costs are not amortized.

n) Pre-operating costs

Through 31 December 1994, expenses incurred prior to the start of commercial operations were capitalized. Total net costs deferred as pre-operating costs through 31 December 1994 were \$3.4 million. Effective 1 January 1995, Indonesian GAAP requires the amortization of the cumulative amount of these costs incurred up to 31 December 1994 over a period not to exceed three years. Any pre-operating costs incurred subsequent to 1 January 1995 must be expensed as incurred, unless their deferral can be justified by identifiable future benefits. The unamortized balance of pre-operating costs at 31 December 1994 has been fully amortized at 31 December 1997 on a straight-line basis. Amortization of approximately \$1.1 million has been charged to operations during the years ended 31 December 1997 and 1996.

o) Debt issuance costs

Expenses incurred in connection with the issuance of debt are deferred and amortized over the life of the debt.

p) Forward transactions

The Company uses forward currency contracts and options to minimize its exposure to fluctuations in exchange rates. The Company only hedges currency risks when it believes the transaction costs of doing so are lower the potential costs and risks associated with not hedging.

p) Forward transactions (continued)

Gain and losses related to qualifying hedges of firm foreign currency commitments are deferred and recognized in results of operations or as adjustments of carrying amounts when the hedged transaction occurs. For those contracts or options that do not qualify as a hedge of a foreign currency commitment, gains and losses associated with changes in the market value of the open position are recognized in results of operations as incurred.

q) Taxation

The Company follows the taxes payable method in computing income tax expense. Under this method, income tax expense is an estimate of the income tax liability, if any, arising in the period from the Company's operations.

r) Employee pension, post retirement and post employment benefits

Under Indonesian law, the Company must contribute to Perum ASTEK, a Government owned company which provides workers with a defined benefit plan, or may establish a separate pension plan. Contributions to Perum ASTEK are compulsory and defined by statutes and, since the Company has made all required contributions, the Company is not exposed to funding liabilities with respect to prior periods. The Company contributed to Perum ASTEK approximately, \$0.6 million, and \$0.5 million for the years ended 31 December 1997 and 1996, respectively.

s) Revenue recognition

Revenue from sales is recognized when the risks associated with ownership are transferred to the customer. For export sales, transfer of ownership generally occurs at the shipping point. For domestic sales, transfer of ownership is based on evidence of delivery in accordance with sales contracts.

t) Loss per share

Loss per share is calculated by dividing net loss by the weighted average number of issued shares during the year.

u) Recent changes in Indonesia generally accepted accounting principle

The Company adopted Statement of Financial Accounting Standards No. 38, "Accounting for Restructuring of Entity Under Common Control" issued by the Indonesian Financial Accounting Standard Committee in 1997. The standard requires excess of consideration over book value of assets sold to entity under common control should be recognized as "excess value of transaction with entity under common control" account and presented as part of equity. Previously such excess was recognized as gain or loss in operations. No retroactive adjustment is required as a result of application the standard.

PT Riau Andalan Pulp & Paper and Subsidiary
Notes to the Consolidated Financial Statements (continued)

	1997	1996
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3. Time deposits

Time deposits are pledged as collateral for certain of the Company's indebtedness (see Note 11).

4. Trade accounts receivable

Affiliates	18,671	6,581
Third parties	156	5,121
	18,827	11,702

Trade receivables arise from sales of pulp. These receivables are pledged as collateral for certain of the Company's indebtedness (see Notes 10 and 11). As of 31 December 1997 and 1996, there were no doubtful trade receivables outstanding nor did management consider it necessary to establish a general provision.

5. Other accounts receivable

Affiliates	22,348	30,976
Third parties	2,530	981
	24,878	31,957

Other accounts receivable from affiliates at 31 December 1997 mainly arose from the sales of logs of \$ 12.04 million and promissory notes from sale of certain land and improvements of \$6.45 million. The promissory notes bear interest at 17 % and have an original term of 12 months.

Other accounts receivable from third parties represent non-interest bearing receivables from suppliers and contractors for expenses paid in advance by the Company.

6. Inventories

Finished goods	2,975	11,665
Raw materials	17,150	32,954
Spare parts and maintenance supplies	22,841	26,529
	42,966	71,148

Inventories are pledged as collateral for certain of the Company's indebtedness (see Note 10).

PT Riau Andalan Pulp & Paper and Subsidiary
Notes to the Consolidated Financial Statements (continued)

	1997	1996
7. Other current assets		
Value added tax	7,014	13,672
Other	4,100	5,292
	11,114	18,964

8. Property, plant and equipment

a) Balances and movements of property, plant and equipment:

At cost					
	Opening balance 1 January 1997	Additions	Disposal	Others	Ending balance 31 December 1997
Land	3,224	-	(20)	14	3,218
Buildings and site facilities	104,947	4,199	(23,956)	5,055	90,245
Plant and machinery	1,129,030	393	(260,339)	-	869,084
Heavy equipment	7,394	1,688	(365)	106	8,823
Transportation equipment	14,736	2,517	(1,124)	58	16,187
Furniture, fixture other	11,136	1,831	(201)	1,606	14,372
	1,270,467	10,628	(286,005)	6,839	1,001,929
Lease assets	74,107	1,207	(117)	-	75,197
	1,344,574	11,835	(286,122)	6,839	1,077,126
Construction in progress	32,186	325,729	-	(6,825)	351,090
	1,376,760	337,564	(286,122)	14	1,428,216

PT Riau Andalan Pulp & Paper and Subsidiary
Notes to the Consolidated Financial Statements (continued)

	1997	1996
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8. Property, plant and equipment (continued)

	Accumulated depreciation				
	Opening balance 1 January 1997	Additions	Disposal	Others	Ending balance 31 December 1997
Buildings and site facilities	6,842	5,309	(2,311)	-	9,840
Plant and machinery	68,006	33,379	(20,694)	-	80,691
Heavy equipment	1,743	1,514	(123)	-	3,134
Transportation equipment	3,991	3,289	(368)	-	6,912
Furniture, fixture other	4,248	2,269	(87)	-	6,430
	84,830	45,760	(23,583)	-	107,007
Lease assets	21,538	14,190	(65)	-	35,663
	106,368	59,950	(23,648)	-	142,670
Net book value	1,270,392				1,285,546

b) Liens

Property, plant and equipment are pledged as collateral for the Company's indebtedness (see Notes 9 and 10).

c) Disposal of property, plant and equipment

During 1997 the Company sold certain assets to a related party which is treated as a transaction with an entity under common control. There was no material excess value arising from the transaction.

In 1996, the Company sold certain land and improvements to related parties considered to be under common control. The excess value arising from the transaction of \$43,833 thousand was recognized as a gain.

PT Riau Andalan Pulp & Paper and Subsidiary
Notes to the Consolidated Financial Statements (continued)

	1997	1996
9. Immature plantations		
Land clearing	11,537	8,489
Nursery stock	770	428
Planting	6,774	4,231
Maintenance	5,667	3,988
Interest charges	7,701	3,599
Overhead	16,530	11,213
	<u>48,979</u>	<u>31,948</u>

As of 31 December 1997, no harvesting of the plantations had occurred. In 1997 and 1996, depreciation expense of \$ 1.1 million and \$0.5 million, respectively, was charged to immature plantations.

10. Notes payable

Commercial paper	40,000	103,000
Working capital facilities	129,270	24,635
	<u>169,270</u>	<u>127,635</u>

The Company issued various commercial papers during 1997 and 1996. The weighted average interest rate of the outstanding commercial paper at 31 December 1997 was 14.5% (1996: 8.8%) with maturity dates between February to April 1998. The Company's commercial paper is denominated in US dollar.

The Company has various working capital facilities denominated in US Dollars and Rupiah which are renewable on an annual basis. Certain Rupiah working capital facilities are secured by the Company's lands, moveable assets relating to pulp production process, inventories, receivables, insurance claim, contract rights, a personal guarantee from a Company officer and corporate guarantees from affiliates. The weighted average interest rate of these working capital facilities at 31 December 1997 was 12.8% (1996: 9.6%).

11. Long-term debt

Usance letters of credit	161,785	28,971
Term loan	219,862	239,401
Secured notes	6,350	300,000
Other loan	82,538	-
	<u>470,535</u>	<u>568,372</u>
Less : current portion	<u>108,620</u>	<u>69,440</u>
	<u>361,915</u>	<u>498,932</u>

	1997	1996
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11. Long-term debt (continued)

Usance letters of credit - Usance letters of credit are used for the importation of machinery and equipment and have maturity dates of between one year to two years. \$116 million of usance letter of credits maturing in 1998 are classified as long-term debt since the Company, under its credit agreement, has the ability and intend to maintain these obligations for period longer than one year. Usance letters of credit are substantially collateralized by cash deposits.

Term Loan - The Company entered into an investment credit facility agreement dated 1 September 1994 ("Term Loan") with a syndicate of state banks for a revised maximum of Rp. 750,778 million. During 1996, the Company converted the Term Loan from a rupiah denominated loan to a United States dollar denominated loan. Subsequent to the latest amendment of the Term Loan, borrowings are denominated in United States dollars, principal payments are required to be paid in installments through 2000 and interest is payable quarterly at a market rate as advised by the bank. The weighted average interest rate at 31 December 1997 was 12.5% (1996: 11%). The Term Loan is collateralized by certain of the Company's landrights, moveable assets, receivables and contract rights, a personal guarantee from a Company officer and corporate guarantees from an affiliate and a stockholder of the Company. Pursuant to the covenants of the debt agreements, the lenders may step in to control the management of the Company in the event of default or breach of the covenants by the Company.

Secured Notes - Secured Notes of \$300 million were issued by RAPP Finance in December 1995 and guaranteed by the Company. The secured notes were secured by substantially all the assets of the Company, excluding inventory, trade receivables and certain forestry equipment.

The Company redeemed, pursuant to a tender offer in August 1997, \$95.7 million of the \$100 million secured notes due 2000 at \$1,014 per \$1,000 principal amount and \$198.0 million of the \$200 million secured notes due 2005 at \$1,050 per \$1,000 principal amount. The purchase of the secured notes included an additional amount of \$20 per \$1,000 principal amount for consents given by the notes holders for certain amendments to the indenture under which the secured notes were issued. The redemptions were financed by a bridging facility from a syndication of state banks for an initial facility of US\$230 million. A loss incurred related to the early debt extinguishments of \$26.1 million has been charged to current operations as an extraordinary item.

Other loan - The outstanding loan at 31 December 1997 represents a bridging loan facility of \$26.1 million which was obtained to finance the Secured Notes redemption offering (see discussion of Secured Notes above) and additional transferable term loan facilities in the maximum aggregate of \$50 million and Rp 30 billion (\$6.4 million) which are intended to be used as working capital. The loan facilities are secured by corporate guarantee of affiliate. The remaining bridging loan facility bears interest at a rate of 13% per annum. The \$50 million and Rp 30 billion loans bear interest at a rate of 11% and cost of fund + 2%, respectively and are due on January 1999.

PT Riau Andalan Pulp & Paper and Subsidiary
Notes to the Consolidated Financial Statements (continued)

	1997	1996
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12. Lease obligations

The Company leases transportation and heavy equipments under non-cancelable leases (refer note 8a). The leases are subject to interest at rates 3.5% above SIBOR per annum, over the leases period of April 1995 through December 2000. The net present value of future minimum lease payments under the leases is \$30,274 thousand (1996: \$49,457 thousand).

The capital lease payments both principal and finance charges, are payable as follows:

Not later than one year	21,577	23,978
Between one and two years	8,295	21,180
Later than two years	3,406	10,922
Total minimum lease payments	33,278	56,080
Less: Amount representing future interest charge	3,004	6,623
Net present value of minimum lease payments	30,274	49,457
Less: current portion	19,386	20,117
Long-term lease obligations	10,888	29,340

Lease obligations are collateralized by the leased assets and corporate guarantee from an affiliated company.

13. Due to affiliates

Usance letters of credit	-	8,413
Note payable to APRIL	30,769	34,440
Other	25,533	39,083
	56,302	81,936
Less: current portion	5,877	35,268
	50,425	46,668

The note payable to APRIL is a three-year note renewable on an annual basis and bears interest at 2.25% per annum.

Other amounts due to affiliates at 31 December 1997 are primarily comprised of payables to affiliates for construction of second pulpline amounts due to APRIL and its affiliates. These amounts are non-interest bearing. Amounts due to APRIL and its affiliates have no fixed term for repayment.

	1997	1996
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14. Advance for share capital

The Company has received advances from shareholders are intended to be used for the payment of share capital when it is issued.

15. Capital stock

Based on notarial deed No. 295 dated 30 December 1993, of Rachmat Santoso, SH, the Company's subscribed capital was increased from Rp. 100,000 or 100,000 shares to Rp. 280,000 million or 280,000 shares while paid-up capital was increased from Rp. 10,000 million or 10,000 shares to Rp. 126,000 million or 126,000 shares.

Based on the extraordinary stockholders' meeting on 23 June 1994 as stated in notarial deed No. 231 of Rachmat Santoso, SH, the stockholders' increased the authorized capital from Rp. 500,000 million or 500,000 shares to Rp. 2,000,000 million or 2,000,000 shares and the subscribed and paid-up capital to Rp. 1,417,500 million or 1,417,500 shares. This increase was approved by the Minister of Justice of the Republic of Indonesia on 25 October 1994.

Based on notarial deed No. 152 dated 10 February 1995, of Buntario Tigris Dermawa NC, SH, the following stockholders approved the transfer of their shares to APRIL:

- Brilliant Holdings Limited, Cayman Islands, transferred 425,250 shares.
- Myra Trade & Finance Limited, British Virgin Islands, transferred 340,200 shares.
- Shirley Investments S.A., British Virgin Islands, transferred 340,200 shares.

As described in note 1, in February 1995, APRIL acquired, through a series of transactions, an effective ownership in the Company of approximately 98.9% (see Note 1).

Based on notarial deed No. 147 dated 30 December 1997 of Yulia, SH, the stockholders decided to increase paid-up capital from 1,417,500 shares or Rp. 1,417,500 million to 1,641,165 shares or Rp. 1,641,165 million. Effective ownership of APRIL in the Company became 98.2% after increasing in paid-up capital.

16. Derivative transactions

As of 31 December 1997, the Company had outstanding forward currency contracts and options to buy Indonesian Rupiah and sell United States Dollars in an aggregate amount of US\$60 million at a weighted average rate of Rp. 2,517.77 = US\$1.00. As a result of the rupiah devaluation against US\$, the contracts became ineffective to minimize exposure to exchange rate charges. The contracts matured and the options exercised by counter parties in January 1998. The Company recorded a loss amounting to approximately \$37.4 million in connection with the difference between the contracted value and the fair value of the outstanding forward currency contracts and options at 31 December 1997.

	1997	1996
17. Related party transactions		
The following table describes certain related party transactions not otherwise disclosed as of and for the years ended 31 December 1997 and 1996		
Transactions conducted:		
Purchases and capital expenditures	374,440	18,332
Log sales	30,889	7,986
Pulp sales	191,641	109,163
Sales of certain assets and improvements		
Cash consideration received	266,000	48,328
Receivables	-	20,950
Management fees	2,962	2,266
Interest income	344	804
Interest expense	437	409
Balances outstanding (at year end):		
Cash held	4,464	14,203

In June 1997, The Company sold its power generation facilities to PT Riau Prima Energi ("RPE"), an affiliate, for purchase price consideration of \$266 million. RPE purchased all of the assets associated with the Company's energy complex at the mill, including the chemical recovery boiler, bark boiler, turbines and generating equipment, real property on which the energy complex assets are located and all other assets necessary for the ownership, operation and maintenance of the energy complex.

In accordance with the term of a 25 year energy sales agreement entered into between the Company and RPE, RPE will operate and maintain the energy complex and provide energy, steam and green liquor produced by the energy complex to the Company at specified charges, less a discount for goods and services provided to the energy complex by the Company.

There were no other material related party transactions, other than compensation paid to management of the Company, expense allowances and other similar items in the ordinary course of business.

18. Commitments and contingencies

As of 31 December 1997, the Company had entered into the engineering, design and construction contract for second pulpline milling machine with affiliate companies. The total amount of the agreement was approximately \$500 million.

19. Economic environment

Many Asia Pacific countries, including Indonesia are experiencing adverse economic conditions mainly resulting from currency devaluation in the region. The principal consequences of which have been an extreme lack of liquidity and highly volatile exchange and interest rates. The crisis has also involved declining shares listed in the Indonesia Stock Exchanges, tightening of available credit, cessation or postponement of certain construction projects, and a growing oversupply of real estate property.

Although the ongoing crises had affected many areas of the Indonesian economy, the Company as an export oriented company with US\$ denominated sales, is insulated from the full impact of the crisis. The Company receives some benefits from the weaker Rupiah given that a substantial percentage of its operating costs, such as wood, labor and overhead are Rupiah denominated.

The inability of Indonesian banks to provide and maintain dollar loans has led to some liquidity pressures on the Company. The Company maintains close rapport with its bankers in order to better manage its portfolio of loans, and continues to seek way to hedge its loans whenever appropriate.

The accompanying financial statements reflect management's current assessment of the possible impact of this economic situation on the financial position of the Company. Actual results could differ significantly from management's current assessment. In addition, the effect on the Company's financial position of future developments and access to further financial information concerning the Company's customers, suppliers, financiers and others and their ability to continue to transact with the Company cannot be determined with certainty.

Resolution of adverse economic conditions are dependent on the fiscal and monetary measures that will be taken by the government, actions which are beyond the Company's control, to achieve economic recovery. It is not possible to determine with certainty the future effect a continuation of the adverse economic condition may have on the Company's liquidity and earnings, including the effect flowing through from the Company's investors, customers, and suppliers.

20. Subsequent events

In accordance with its goal of achieving two million tonnes of pulp capacity in the medium term, management has announced a revised expansion and capital expenditure program. The mill will be expanded in stages through progressive debottlenecking programs and line expansions. This plan will allow the Company to maximize return from its investment in the expansion thus far while acknowledging the ongoing liquidity issues in the Indonesian banking sector.



TINJAUAN SISTEM PENYIMPANAN DESENTRALISASI REKAM MEDIS RAWAT JALAN DALAM MEWUJUDKAN KESINAMBUNGAN INFORMASI DI RSU UKI JAKARTA

**Karya Tulis Ilmiah Disusun Untuk Memenuhi
Persyaratan Dalam Menyelesaikan Studi Pada
Program D - III Administrasi Rekam Medis**

Oleh :

YUNILDA DARWIS
N. I. M : 44/III/91

**UNIVERSITAS IEU - INDONUSA ESA UNGGUL
DEPARTEMENT OF HEALTH ADMINISTRATION
PROGRAM D - III ADMINISTRASI REKAM MEDIS
JAKARTA, 1994.**

LEMBAR PERSETUJUAN

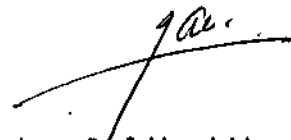
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16 Maret 1995

PEMBIMBING MATERI,



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16 Maret 1995

UNIVERSITAS I E U

PROGRAM ADMINISTRASI REKAM MEDIS

PEJABAT DIREKTUR,



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16 Maret 1995

M O T T O

**TUHAN MENOLONG MEREKA YANG
MENOLONG DIRINYA SENDIRI**

KATA PENGANTAR

Dengan mengucapkan puji dan syukur kehadiran Allah SWT, atas segala rahmad dan karunia-Nya maka pada akhirnya penulis dapat menyelesaikan Karya Tulis Ilmiah ini dengan baik.

Karya Tulis Ilmiah dengan judul **"TINJAUAN SISTEM PENYIMPANAN DESENTRALISASI REKAM MEDIS RAWAT JALAN DALAM MEWUJUDKAN KESINAMBUNGAN INFORMASI DI RSU UKI JAKARTA"** ini, disusun sebagai salah satu syarat untuk menyelesaikan pendidikan Diploma III Administrasi Rekam Medis di IEU Institute of Management Jakarta.

Dengan keterbatasan kemampuan dan pengetahuan yang dimiliki, maka penulis menyadari akan segala kekurangan dalam penyusunan Karya Tulis Ilmiah ini. Walaupun demikian penulis merasa yakin bahwa karya tulis ilmiah ini tidak mungkin dapat terselesaikan tanpa adanya bimbingan, dorongan, nasehat serta bantuan dari berbagai pihak dalam proses penyusunannya. Oleh karena itu pada kesempatan ini penulis mengucapkan terima kasih yang tak terhingga kepada :

1. dr. Jan Takasihaeng, sebagai Direktur Ketua RSU UKI Jakarta.
2. R. Kusumapradja, MHA, sebagai Pejabat Koordinator

Program Administrasi Rekam Medis Universitas IEU.

3. dr. Salihuddin, MPH, sebagai Dosen Pembimbing Materi.
4. Drs. Mulyo Wiharto, sebagai Dosen Pembimbing Teknik.
5. dr. Dadi Tirtono, selaku Kepala Bidang Administrasi dan Umum RSU UKI Jakarta.
6. Petugas bagian pencatatan medik RSU UKI Jakarta.
7. Para dosen pengajar pada Program Administrasi Rekam Medis Universitas IEU.
8. Rekan mahasiswa Program Administrasi Rekam Medis.
9. Semua pihak yang membantu yang tidak dapat disebutkan satu persatu.

Dengan tulus dan ikhlas penulis menyampaikan terima kasih kepada Ibunda dan Ayahanda yang telah memberika dorongan semangat belajar dan bimbingan kepada penulis.

Akhirnya penulis harapkan semoga Karya Tulis Ilmiah ini dapat bermanfaat bagi yang membutuhkannya, terutama di bidang rekam medis.

Jakarta, Januari 1995

Penulis

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UPF	: Unit Pelaksana Fungsional
BKIA	: Balai Kesejahteraan Ibu dan Anak
UGD	: Unit Gawat Darurat
USG	: Ultrasonografi
ICU	: Intensif Care Unit (Unit Perawatan Intensif)
Askes	: Asuransi Kesehatan
SOP	: Standard Operasional Prosedure
SDM	: Sumber Daya Manusia
RSU UKI	: Rumah Sakit Umum Universitas Kristen Indonesia