

DISCLOSURE

To Comply with the Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.E.1, Appendix to the Decision of the Chairman of the Capital Market and Financial Institution Supervisory Agency No. KEP. 412/BI/2009 dated 25 November 2009 on Affiliated Transactions and Conflicts of Interest in Certain Transactions

The Company's Board of Commissioners and Directors are fully responsible for the accuracy of information or material facts stated in this Disclosure and emphasise that no material information and relevant facts are being withheld, that in so doing may result in the material information contained in this Disclosure to become false and/or misleading.



PT WIJAYA KARYA (Persero) Tbk

PERUSAHAAN PERSEROAN (PERSERO) PT WIJAYA KARYA TBK.

Primary Business Activities:

Construction industry, fabrication industry, leasing services, agency services, investments, agroindustry, energy industry, renewable energy and energy conversion, railway operation, port operation, airport operation, logistics, trade, engineering, procurement, and construction, estate development and management, construction, information technology, engineering and planning services

Domiciled in Jakarta, Indonesia

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Disclosure of an Affiliated and Material Transaction concerning the Proposed Transaction to Provide a Loan to PT Pilar Sinergi BUMN Indonesia

Disclosure published in Jakarta on 13 April 2018

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I. INTRODUCTION

A. Introduction

The Company was a *Perusahaan Negara* (State-owned Company) incorporated pursuant to the Government Regulation No. 64 Year 1961 dated 29 March 1961 on the Incorporation of *Perusahaan Negara Widjaja Karja* with the corporate name *Perusahaan Negara Bangunan Widjaja Karja*. Subsequently, pursuant to the Government Regulation No. 40 of 1971 dated 22 July 1971, the *Perusahaan Negara Bangunan Widjaja Karja* was declared dissolved and its status was converted into a *Perusahaan Perseroan* (Persero) (Limited Liability Company), incorporated under the Laws of the Republic of Indonesia, as prescribed in the Deed of Limited Liability Company (*Akta Perseroan Terbatas*) No. 110 dated 20 December 1972, made before Dian Paramita Tamzil, delegate of Djojo Muljadi, S.H., a Notary in Jakarta, in conjunction with (*juncto*) the Deed of Amendment (*Akta Perubahan*) No. 106 dated 17 April 1973, made before Kartini Muljadi, S.H., a Notary in Jakarta, and has been approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. Y.A.5/165/14 dated 8 May 1973, and has been registered at the District Court of Jakarta, Number 1723 and Number 1724 dated 16 May 1973, and has been announced in Supplement No. 683 of the Official Gazette of the Republic of Indonesia No. 76 dated 21 September 1973 (“**Deed of Establishment**”).

Pursuant to the Government Regulation No. 53 Year 2007 on Change in Shareholding Structure of the State through Issuance and Offering of New Shares in *Perusahaan Perseroan* (Persero) PT Wijaya Karya, the Company has executed an initial public offering and subsequently converted its status and changed its name to PT Wijaya Karya (Persero) Tbk. and was officially listed in the Indonesia Stock Exchange on 29 October 2008 (“**Initial Public Offering**”).

Under the Deed of Amendment of the Articles of Association (*Akta Perubahan Anggaran Dasar*) of *Perusahaan Perseroan* (Persero) PT Wijaya Karya Tbk., the Company’s short name is PT WIKA (Persero) Tbk. (“**Company**”). The Capital Structure of the Company is prescribed in Deed No. 07 dated 7 April 2017, made before Ashoya Ratam, SH., M.KN, a Notary in Jakarta, and has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decree No. AHU-0010171.AH.01.02 dated 06 May 2017 (“**Deed No. 07/2017**”).

B. Scope of Business

In accordance with Article 3 of the Company’s Articles of Association, its objectives and purpose is to conduct business in the following areas: construction industry, fabrication industry, leasing services, agency services, investment, agro-industry, energy, renewable energy and energy conversion industry, railway operations, port operations, airport operations, logistics, trade, engineering procurement construction, estate development and management, services in capacity building in construction, information technology, services in engineering and planning,

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for the production of high quality and competitive goods and/or services in order to record profit to increase the Company's valuation in accordance with the principles of Limited Liability Companies.

C. Capital and Shareholding Structure of the Company

The Capital Structure of the Company is prescribed in Deed No. 07 dated 7 April 2017, made before Ashoya Ratam, SH., M.KN, a Notary in Jakarta, and has been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0010171.AH.01.02 dated 06 May 2017. Pursuant to the statement from the Company's Securities Administration Bureau, the shareholding structure of the Company as at 31 March 2018 is as follows:

Description	Number of Shares	Nominal Value (Rp100) per share	%
Authorised Capital			-
- Series A Dwiwarna Shares	1	100	
- Series B Shares	34,999,999,999	3,499,999,999,900	
	35,000,000,000	3,500,000,000,000	
Issued and Paid-up Capital:			
1. Government of the Republic of Indonesia			
- Series A Dwiwarna Shares	1	100	
- Series B Shares	5,834,850,000	583,485,000,000	65.05
2. Shareholdings by the Directors and Board of Commissioners of the Company			
- Bintang Perbowo (President Director)	4,251,068	425,106,800	0.05
- Novel Arsyad (Director of Human Capital and Systems Development)	856,700	85,670,000	0.01
3. Shareholdings by Employees	59,943,482	5,994,348,200	0.67
4. Public with less than 5% Holdings	3,129,993,604	312,999,360,400	34.22
Total Issued and Paid-up Capital	8,969,951,372	896,995,137,200	100.00
Total Unissued Shares	26,030,048,628	2,603,004,862,800	-

D. The Board of Commissioners and Directors of the Company

1. Board of Commissioners

According to Deed No. 39 dated 23 March 2017, made before Ashoya Ratam, SH., M.KN, a Notary in Jakarta, whose notice has been recorded by the Ministry of Law and Human Rights of the Republic of Indonesia as stated in its Receipt of the Notice of Change in Corporate Data No. AHU-AH.01.03-0127318 dated 13 April 2017, the Company's Commissioners as at the date of this Disclosure is as follows:

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President Commissioner/	: Ir. Imam Santoso. M.Sc
Commissioner	: Liliek Mayasari, SE
Commissioner	: Drs. Freddy R. Saragih, MPAcc
Commissioner	: Eddy Kristanto
Independent Commissioner	: Ir. Nurrachman, ST, MM
Independent Commissioner	: Imas Aan Ubudiah, S.Pd, M.Si

2. Directors

According to Deed No. 39 dated 23 March 2017, drawn before Ashoya Ratam, SH., M.KN, a Notary in Jakarta, whose notice has been recorded by the Ministry of Law and Human Rights of the Republic of Indonesia as stated in its Receipt of the Notice of Change in Corporate Data No. AHU-AH.01.03-0127318 dated 13 April 2017, the Company's Directors as at the date of this Disclosure is as follows:

President Director	: Bintang Perbowo, SE, MM
Director of Finance	: Antonius Nicholas Stephanus Kosasih. SE, MM-FI
Director of Human Capital and Development	: Ir. Novel Arsyad, MM
Director of Operation I	: Ir. Chandra Dwiputra, MMT
Director of Operation II	: Ir. Bambang Pramujo, MT
Director of Operation III	: Ir. Destiawan Soewardjono, MM

E. Audit Committee

According to the Decree of the Board of Commissioners No. 56/DK/PT.WIKA/2017 dated 22 June 2017, members of the Audit Committee as at the date of this Disclosure is as follows:

Chairman/Member	: Ir. Nurrachman, ST, MM
Member	: Dra. Waluyati Supriyantini, CA, QIA, MM
Member	: Ir. Muhammad Sjukrul Amien, MM
Member	: Dr. Ac. Dr. Ed. Darsono P, SE, SF, MA, MM

F. Corporate Secretary

According to the Decree of the Directors No. SK.02.01/A.DIR.7124/2017 dated 9 June 2017, the Corporate Secretary as at the date of this Disclosure is as follows:

Name	: Puspita Anggraeni, ST, MM
Office Address	: Jl. D.I. Panjaitan Kav. 9-10 Jakarta 13340, Indonesia
Phone Number	: (021) 8067 9200
Fax Number	: (021) 2289 3830
Email	: puspita@wikamail.id

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II. DESCRIPTION OF THE PROPOSED TRANSACTION

PT Wijaya Karya (Persero) Tbk., hereinafter referred to as “**Company**,” is a shareholder with a 38% stake in PT Pilar Sinergi BUMN Indonesia, hereinafter referred to as “**PSBI**,” a consortium of State-owned Enterprises (BUMN) that holds shares in PT Kereta Cepat Indonesia-China (hereinafter referred to as “**KCIC**”) that is engaged in the High Speed Railway (HSR) project between Jakarta and Bandung as well as estate development in a number of transit locations (Transit Oriented Development, TOD), hereinafter referred to as “**HSR Project**.”

The Company has obtained approval from the General Meeting of Shareholders for a placement of Rp4.0 trillion in PSBI to carry out the objectives of Regulation of the President No. 107 Year 2015 dated 6 October 2015 on Acceleration of Construction of the Infrastructure and Facilities of the High Speed Railway between Jakarta and Bandung.

The aforementioned placement will be made in stages from 2016 to 2018 where the Company holds 38% of the shares, as follows:

No	Year	Percentage	Placement in Thousands Rupiah
1	2016	18%	737,350,000
2	2017	36%	1,489,070,000
3	2018	46%	1,811,000,000
			3,984,340,851

In practice, such placement is yet to be exercised since one of the PSBI’s shareholders (PTPN VIII) will exercise a capital participation in-kind, thus requiring some time to process the administration of the *inbreng* (contribution in-kind). Up until this date, the Company exercises its placement in PSBI by way of shareholder loan pursuant to a letter of request from PSBI; the same is also exercised by other existing shareholders.

In order to support PSBI’s growth and facilitate the HSR Project, the Ex-Meeting Decision of Directors No. 15A/KLR-DIR/III/2018 dated 12 March 2018 stated that the Company’s Directors has agreed to the proposed shareholders’ loan for a sum of Rp625,000,000,000 to PSBI (hereinafter “**Proposed Transaction**”) in April 2018.

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The additional loan is part of previous loan disbursements according to the Loan Agreement between the Company and PSBI, as follows:

Date of Transaction	Description	Sum of Transaction (Rupiah)
12 December 2015	Disbursement of Shareholder Loan 1	285,000,000,000
01 February 2017	Disbursement of Shareholder Loan 2	440,012,309,000
02 October 2017	Disbursement of Shareholder Loan 3	486,400,000,000
15 January 2018	Disbursement of Shareholder Loan 4	5,253,541,724
06 February 2018	Disbursement of Shareholder Loan 5	940,000,000,000
March 2018 – Phase 1	Disbursement of Shareholder Loan 6	373,000,000,000
Total Disbursed Loan		2,529,665,850,724

Thus, the Proposed Transaction, including the Total Disbursed Loan, is Rp3,154,665,850,724, which does not exceed 50% of the Company's equity and therefore does not require approval from the General Meeting of Shareholders as referred to in OJK Regulation IX.E.2.

Referring to Regulation of the Capital Market Supervisory Agency No. IX.E.1, Appendix to the Decision of the Chairman of the Capital Market Supervisory Agency No. Kep-412/BL/2009 dated 25 November 2009 on Affiliated Transaction and Conflicts of Interest in Certain Transactions (Bapepam-LK Regulation No. IX.E.1) as well as Bapepam-LK Regulation No. IX.E.2, Appendix to the Decision of the Chairman of the Capital Market Supervisory Agency No. Kep-614/BL/2011 dated 28 November 2011 on Material Transactions and Change of Primary Business Activity (Bapepam-LK Regulation No. IX.E.2), the Company's Management is in the opinion that this Proposed Transaction is:

1. an Affiliated Transaction because the Company is a shareholder in PSBI with a holdings of 38%.
2. a Material Transaction, if the Proposed Transaction including the Total Disbursed Loans is Rp3,154,665,850,724, or 21.56% of the Company's Equity of Rp14,631,824,613,000 as at 31 December 2017.

The Company's Board of Commissioners and Directors, both individually and collectively, are fully responsible for the completeness and correctness of the information presented in this Disclosure, and having held satisfactory examination and verification, to the extent to which the facts are known and can be established, underlines that the information contained in this Disclosure is true and no material facts are concealed nor withheld, that in so doing may cause or result in such information or material facts to become false and/or misleading.

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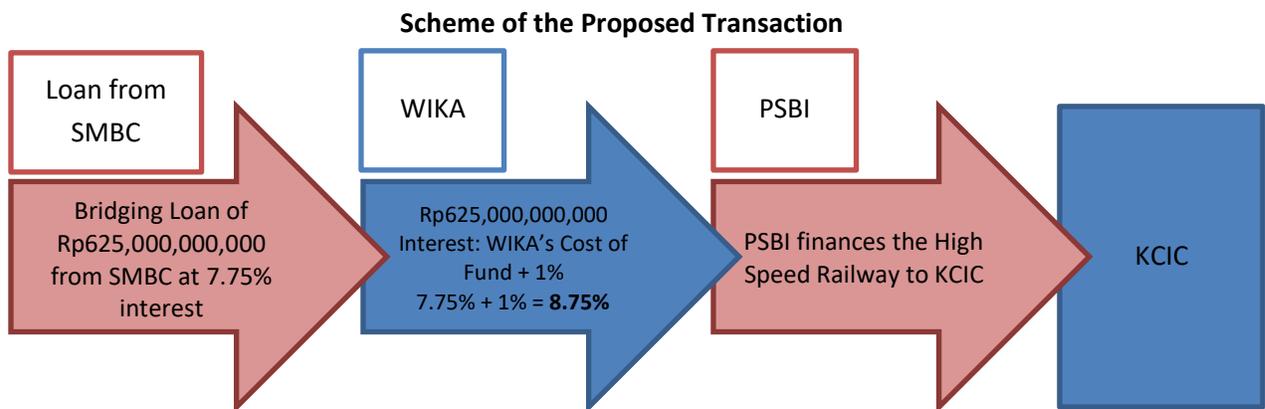
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DESCRIPTION OF THE PROPOSED TRANSACTION

Based on the information that we obtained from the Company's Management, i.e. the Ex-Meeting Decision of Directors No. 15A/KLR-DIR/III/2018, the Proposed Transaction is intended to provide a loan of Rp625,000,000 (six hundred and twenty-five billion) to PSBI, hereinafter referred to as Principal Sum. PSBI will then use the loan to increase its capital placement in KCIC to undertake the HSR Project. The Company's Management has also stated that all other shareholders of PSBI will exercise the same in proportion to their respective holdings, pursuant to the Commitment Letter on capital placement signed by all shareholders of PSBI in June 2016.

The source of funds for the Proposed Transaction is a Bank Loan from the Sumitomo Mitsui Banking Corporation (SMBC) with an interest rate of 7.75% due on 2 June 2018 and may be extended.

Based on information obtained from the Company's Management, the Bank Interest from SMBC is 7.75% per annum. Given Company's Cost of Fund based on SMBC's interest rate of 7.75% per annum, the interest charged to PSBI is thus $7.75\% + 1\% = 8.75\%$.



Source: The Company

III. BENEFITS OF THE TRANSACTION

Benefits of the Transaction

The Company will increase its capital placement, while PSBI, as an Associated Entity receiving the loan, will be able to place capital in KCIC to undertake the HSR project. The Proposed Transaction, i.e. loan to PSBI, is expected to provide added-value for the HSR project by ensuring its timely completion and operation that in turn offers dividend yields to all of PSBI's shareholders.

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IV. DESCRIPTION OF THE AFFILIATED TRANSACTION

Affiliation by Ownership

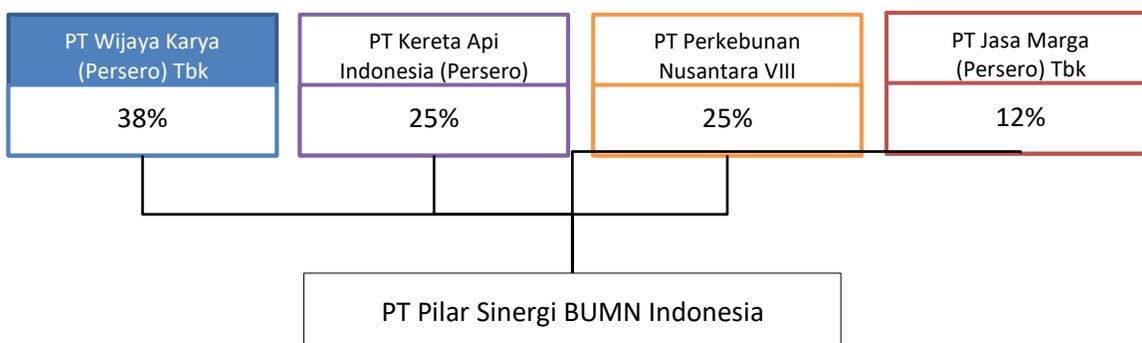
The shareholding structure of PSBI before and after the proposed transaction is as follows:

Shareholding Structure, PT Pilar Sinergi BUMN Indonesia				
PSBI's Shareholders	Total Shares			
	Before Transaction		After Transaction	
	Dec 2017	(%)	Mar 2018	(%)
- PT Wijaya Karya (Persero) Tbk.	1,710	38%	1,710	38%
- PT Kereta Api Indonesia (Persero)	1,125	25%	1,125	25%
- PT Perkebunan Nusantara VIII	1,125	25%	1,125	25%
- PT Jasa Marga (Persero) Tbk.	540	12%	540	12%
Total Paid-in and Issued Shares	4,500	100%	4,500	100%

Source: The Company

Shareholding Structure of PSBI

Before Transaction



Source: The Company

V. INDEPENDENT PARTY AND SUMMARY OF ITS OPINION

The Company has appointed the Public Appraisal Firm (*Kantor Jasa Penilai Publik, KJPP*) Sukardi Israr & Rekan (hereinafter “**KJPP SIS**”) as the independent appraiser to issue a fairness opinion on the Transaction. The Independent Appraiser has declared that it is not affiliated, both directly and indirectly, to the Company as defined in the Capital Market Law.

The following is a summary of the Fairness Opinion on the Proposed Loan from PT Wijaya Karya (Persero) Tbk. to PT Pilar Sinergi BUMN Indonesia as stated in the Fairness Opinion Report Number:

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007/L-SHM/IV/2018 dated 2 April 2018 on Fairness Opinion of the Proposed Loan from PT Wijaya Karya (Persero) Tbk. to PT Pilar Sinergi BUMN Indonesia.

1. Affiliates in the Proposed Transaction

The affiliates in the proposed transaction are the Company as the lender and PSBI as lessee.

2. Object of the Appraisal

The object of appraisal in the Proposed Transaction is a shareholder loan to PSBI of Rp625,000,000,000 in accordance with the Ex-Meeting Decision of Directors No. 15A/KLR-DIR/III/2018 on 12 March 2018.

3. Purpose of Appraisal

The purpose of the appraisal is to provide a fairness opinion on the proposed transaction in order to execute the transaction and to satisfy the Regulation of the Financial Services Authority (formerly BAPEPAM-LK) No. IX.E.1 on Affiliated Transaction and Conflicts of Interest in Certain Transactions and Regulation No. IX.E.2 on Material Transactions and Change of Primary Business Activity.

4. Primary Assumptions and Limiting Conditions:

Primary Assumptions

The Fairness Opinion on the Proposed Transaction is prepared to make certain that the Transaction was executed in accordance with the arm's length principle that is generally accepted in commercial practices and does not damage the interests of the Company and its shareholders. KJPP SIS adopts the following assumptions, among others:

1. KJPP SIS assumes that since the date of publication of its fairness opinion up to the date of execution of the Proposed Transaction, there are no amendments that will materially affect the Proposed Transaction;
2. This Fairness Opinion is a comprehensive analysis whose constituents as a whole are inseparable. Analysis and discussion of parts of this Fairness Opinion by an incompetent party, without due consideration to analysis and discussion of other parts of this Fairness Opinion as a whole, may result in a deviation of the conclusion reached in this Fairness Opinion.

KJPP SIS bears no responsibility to restate or redress its opinion due to events occurring after the date of this letter.

5. Limiting Conditions

This fairness opinion was prepared based on, among others, the principle of integrity of available information. KJPP SIS prepares this Fairness Opinion based on the information and

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data as supplied by the Company's management, which by the nature of fairness is deemed to be true, complete, reliable, and not misleading. KJPP SIS did not audit or verify such information and data.

As the basis in carrying out the analysis and preparing the Fairness Opinion on the Proposed Transaction, KJPP SIS uses the data as attached in the Sources of Data section above for the basis of its considerations.

Any change to such data mentioned above may result in material deviations to the opinion issued by KJPP SIS. Consequently, KJPP SIS bears no responsibility for the possibility of any different conclusions that were reached as a result of the changes to the data mentioned above.

KJPP SIS assumes that the Company's management has supplied all of the significant and relevant information pertaining to the Proposed Transaction and that to the extent known by the Company's management, there is no other undisclosed data and material information that may cause misleads.

KJPP SIS hereby wishes to state that the scope of its engagement does not include the analysis of other transactions, with the exception of the Proposed Transaction, that may be executed by the Company and the effects of those transactions to the Proposed Transaction.

In accordance with the aim of engagement of issuing a Fairness Opinion, this report was prepared for internal use by the Company's Management and consequently may not be used to pursue concerns in the Capital Market or for the Financial Services Authority (*Otoritas Jasa Keuangan, OJK*).

KJPP SIS wishes to hereby states that the results of the analysis and research by KJPP SIS are explicitly limited to the appraisal of the transaction, without due regard to taxation and legislation, given that those aspects are beyond the scope of KJPP SIS' engagement.

6. Approaches and Procedures of the Fairness Opinion

In evaluating the fairness of the Proposed Transaction, KJPP SIS performs analysis in the following stages:

1. Analysis of the Proposed Transaction, consisting of analysis of the affiliates in the Proposed Transaction and requirements of the Proposed Transaction.
2. Qualitative Analysis, consisting of a general overview of the industries pertaining to the Company's business activities and industry prospects.
3. Qualitative and Quantitative Analysis, consisting of a fairness analysis of the Proposed Transaction, and incremental analysis of the Proposed Transaction for the Company.

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VI. IMPACT OF THE TRANSACTION ON THE COMPANY'S FINANCIAL POSITION (PRO FORMA)

The following is the Company's pro forma financial statement before and after the transaction according to the Review on Pro Forma Financial Statement No. 04/Rev118-SLR dated 22 March 2018 conducted by Slamet, Riyanto & Rekan.

Table 2. Company's Pro Forma

(In Thousands of Rupiah)

Description	WIKA	IMPACT OF TRANSACTION		WIKA
	(before additional placement in PSBI)	DEBIT	CREDIT	(after additional placement in PSBI)
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	11,253,778,215	625,000,000	625,000,000	11,253,778,215
Restricted deposits	20,100,000			20,100,000
Net trade receivables				
Related Parties	3,000,643,116			3,000,643,116
Third Parties	979,998,517			979,998,517
Net retention receivables				
Related Parties	348,167,986			348,167,986
Third Parties	979,998,517			979,998,517
Net due				
Related Parties	5,826,664,921			5,826,664,921
Third Parties	3,434,294,927			3,434,294,927
Accrued income	592,563,302			592,563,302
Other receivables				
Related Parties	170,978,921			170,978,921
Third Parties	133,988,030			133,988,030
Inventories	1,663,036,012			1,663,036,012
Advance	1,180,612,848			1,180,612,848
Prepaid tax	1,298,271,722			1,298,271,722
Prepaid expense	702,804,644			702,804,644
Business guarantee	88,042,632			88,042,632
Real estate assets	2,176,504,289			2,176,504,289
Financial assets from concession projects	110,148,921			110,148,921

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Total Current Assets	34,910,108,265	625,000,000	625,000,000	34,910,108,265
Numbers don't add up	33,960,597,520	625,000,000	625,000,000	33,960,597,520
Description	WIKA	IMPACT OF TRANSACTION		WIKA
	(before additional placement in PSBI)	DEBIT	CREDIT	(after additional placement in PSBI)
NON-CURRENT ASSETS				
Investment in associates	396,918,845			396,918,845
Trade account receivables from third parties	4,657,606			4,657,606
Other receivables				
Related Parties	1,211,412,309	666,015,625		1,877,427,934
Third Parties	5,324,891			5,324,891
Unbilled receivables	114,576,313			114,576,313
Advance	247,857,941			247,857,941
Prepaid expense	354,297,694			354,297,694
Financial assets from concession projects	58,645,244			58,645,244
Real estate assets	512,182,215			512,182,215
Investment property	538,548,500			538,548,500
Fixed assets	3,932,108,696			3,932,108,696
Investment in joint venture	2,812,600,560			2,812,600,560
Goodwill	4,847,052			4,847,052
Business guarantee	172,513,482			172,513,482
Other financial assets	116,658,458			116,658,458
Intangible assets	139,077,296			139,077,296
Other assets	125,739,132			125,739,132
Deferred tax assets	25,699,803			25,699,803
Total Non-current Assets	10,773,666,037	666,015,625	-	11,439,681,662
TOTAL ASSETS	45,683,774,302	1,291,015,625	625,000,000	46,349,789,927
Description	WIKA	IMPACT OF TRANSACTION		WIKA

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	(before additional placement in PSBI)	DEBIT	CREDIT	(after additional placement in PSBI)
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITY				
Short term loans				
Related Parties	2,974,410,303			2,974,410,303
Third Parties	3,449,443,672			3,449,443,672
Trade payables				
Related Parties	139,182,504			139,182,504
Third Parties	8,785,803,858			8,785,803,858
Other payables				
Related Parties	16,879,560			16,879,560
Third Parties	248,574,924			248,574,924
Tax payable	441,631,879			441,631,879
Advance from customers	1,442,187,701			1,442,187,701
Accrued expenses	7,805,962,536			7,805,962,536
Unearned revenue	188,856,055			188,856,055
Short term liabilities due in one year				
Medium term loan	175,000,000			175,000,000
Lease payables	41,259,887			41,259,887
Long term loan	266,424,418			266,424,418
Total Current Liabilities	25,975,617,297	-	-	25,975,617,297
NON-CURRENT LIABILITY				
Employee benefits liabilities	337,172,202			337,172,202
Deferred tax liabilities	45,890,326			45,890,326
Advance for long term projects	2,477,316,688			2,477,316,688
Other payables to third parties	107,894,953			107,894,953
Non-current liabilities				
Medium term loan	1,000,000,000		625,000,000	1,625,000,000
Lease payables	96,849,868			96,849,868
Long term loan	1,011,208,355			1,011,208,355
Total Non-current Liabilities	5,076,332,392	-	625,000,000	5,701,332,392

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TOTAL LIABILITIES	31,051,949,689	-	625,000,000	31,676,949,689
Description	WIKA	IMPACT OF TRANSACTION		WIKA
	(before additional placement in PSBI)	DEBIT	CREDIT	(after additional placement in PSBI)
<u>EQUITY</u>				
Share capital				
Authorized Capital 35,000,000,000 shares, par value of Rp100 (full amount) per share as at 31 December 2017				
Issued and paid up capital are 8,969,951,372 shares as at 31 December 2017	896,995,137			896,995,137
Treasury stock	(10,272,110)			(10,272,110)
Additional paid-in capital	6,555,720,677			6,555,720,677
Change of equity in subsidiary company	1,330,850,680			1,330,850,680
Other equity components				
Re-measurement of defined benefits	(142,975,925)			(142,975,925)
Retained earnings	4,003,197,889		41,015,625	4,044,213,514
Equity attributable to owner of parent entity	12,663,516,348		41,015,625	12,704,531,973
Non-controlling Interest	1,998,308,265		-	1,998,308,265
Total Equity	14,631,824,613		41,015,625	14,672,840,238
TOTAL LIABILITIES AND EQUITY	45,683,774,302		666,015,625	46,349,789,927

Source: The Company

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Pro Forma Profit and Loss Statement

(In Thousands of Rupiah)

Description	PT Wijaya Karya (Persero) Tbk Consolidated Financial Statement	Pro Forma Remeasurement from Shareholder Loan to PSBI		Remeasur ment After Pro Forma
		DEBIT	CREDIT	
NET REVENUES	26,176,403,026			26,176,403,026
COST OF REVENUES	(23,300,168,938)			(23,300,168,938)
GROSS PROFIT	2,876,234,088			2,876,234,088
Sales expenses	(9,958,720)			(9,958,720)
General and administrative expenses	(666,714,155)			(666,714,155)
Share in profit from joint ventures	572,700,749			572,700,749
Interest income	241,823,299		41,015,625	282,838,924
Increase in fair value of investment properties	61,907,287			61,907,287
Gain on bargain purchase	32,306,608			32,306,608
Gain (loss) from foreign exchange rate	766,143			766,143
Allowance for impairment	(106,899,705)			(106,899,705)
Loss from associated entity - net	(123,644,382)			(123,644,382)
Final income tax expense	(629,479,208)			(629,479,208)
Funding expense	(677,973,460)	36,328,125		(714,301,585)
Others - net	(108,677,186)			(108,677,186)
PROFIT BEFORE INCOME TAX	1,462,391,358	36,328,125	41,015,625	1,467,078,858
Income tax expense	(106,275,869)	1,171,875		(107,447,744)
NET INCOME FOR THE PERIOD	1,356,115,489	37,500,000	41,015,625	1,359,631,114
OTHER COMPREHENSIVE INCOME AFTER TAXES				

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Posts that will not be reclassified to profit or loss: Actuarial loss of defined benefit plan	(47,649,429)			(47,649,429)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,308,466,060	37,500,000	41,015,625	1,311,981,685
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:				
PARENT ENTITY OWNER	1,202,069,175	37,500,000	41,015,625	1,243,084,800
NON-CONTROLLING INTEREST	154,046,314			154,046,314
TOTAL	1,356,115,489			1,397,131,114
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
PARENT ENTITY OWNER	1,158,684,399	37,500,000	41,015,625	1,117,668,774
NON-CONTROLLING INTEREST	149,781,661		-	149,781,661
TOTAL	1,308,466,060			1,267,450,435

Pro Forma Cash Flow Statement

(In Thousands of Rupiah)

Description	PT Wijaya Karya (Persero) Tbk Consolidated Financial Statement	Pro Forma Remeasurement from Shareholder Loan to PSBI		Remeasurement After Pro Forma
		DEBIT	CREDIT	
CASH FLOW FROM OPERATING ACTIVITIES				
Received from customers	19,893,353,206			19,893,353,206
Payment to suppliers	(15,712,412,482)			(15,712,412,482)
Payment to directors and employees	(1,129,902,318)			(1,129,902,318)
Interest receipt	161,892,298			161,892,298

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Payment for financial expenses	(677,973,460)			(677,973,460)
Receipt from tax refunds	29,703,766			29,703,766
Payment of final income taxes	(610,203,006)			(610,203,006)
Payment of income taxes	(69,205,838)			(69,205,838)
Net Cash Provided by (Used for) Operating Activities	1,885,252,166			1,885,252,166
CASH FLOWS FROM INVESTING ACTIVITIES				
Cost of fixed assets	(996,772,993)			(996,772,993)
Increase in investment in joint ventures	(125,340,804)			(125,340,804)
Increase in long-term loans from associated entities	(926,412,309)		625,000,000	(1,551,412,309)
Increase in restricted deposits	(20,100,000)			(20,100,000)
Investment in associated entities	(241,265,600)			(241,265,600)
Increase in advance for land procurement	(123,181,277)			(123,181,277)
Net cash outflow from acquisition of subsidiary entity	(74,927,036)			(74,927,036)
Increase in business guarantees	(48,159,741)			(48,159,741)
Addition of other financial assets	(27,207,663)			(27,207,663)
Cost of investment properties	(15,455,962)			(15,455,962)
Cost of intangible assets	(13,074,442)			(13,074,442)
Addition of other assets	(25,650,428)			(25,650,428)
Net Cash Used for Investment Activities	(2,637,548,255)		625,000,000	(3,262,548,255)
CASH FLOW FROM FINANCING ACTIVITIES				

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Short-term loans				
Received from loans	11,566,717,053			11,566,717,053
Payment of loans	(9,854,689,597)			(9,854,689,597)
Medium-term loans				
Received from loans	750,000,000	625,000,000		1,375,000,000
Payment of loans	(800,000,000)			(800,000,000)
Long-term loans				
Received from loans	1,100,715,239			1,100,715,239
Payment of loans	(560,725,578)			(560,725,578)
Payment of lease liabilities	(50,289,813)			(50,289,813)
Cost proceeds	920,749,214			920,749,214
Issue of capital stock	-			-
Payment of dividends	(344,653,064)			(344,653,064)
Net Cash Provided by Financing Activities	2,727,823,454	625,000,000	-	3,352,823,454
Description	PT Wijaya Karya (Persero) Tbk Consolidated Financial Statement	Pro Forma Remeasurement from Shareholder Loan to PSBI		Remeasurement After Pro Forma
		DEBIT	CREDIT	
NET INCREASE OF CASH AND CASH EQUIVALENTS	1,975,527,365	625,000,000	625,000,000	1,975,527,365
IMPACT OF FOREIGN EXCHANGE RATE	8,251,266		-	8,251,266
BALANCE OF CASH AND CASH EQUIVALENTS AT START OF YEAR	9,269,999,584			9,269,999,584
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	11,253,778,215	625,000,000	625,000,000	11,253,778,215

1. Statement of Financial Position

The impact of the Proposed Transaction, assumed due to be executed on 31 December 2017, on the Company's financial performance and position is as follows:

- a) Other Receivables – Related Party

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Other Receivables will increase by Rp41,015,625,000, which is an unearned interest income from PSBI in the nine month period in 2018 (April-December 2018) plus Rp625,000,000,000, which is the sum lent to PSBI.

b) Non-current Liabilities – Medium-term Loans

Non-current liabilities will increase by Rp625,000,000,000, which is a sum borrowed from SMBC.

c) Equity

Equity will increase by Rp41,015,625,000 that amounts to Rp4,044,213,514,000 after the transaction.

2. Summary of the Fairness Opinion on the Proposed Transaction

Fairness Analysis of the Value of the Proposed Transaction

- **Fairness Analysis of the Proposed Transaction**

Fairness of the Proposed Transaction is determined by analysing its benefits or gains; value of the proposed transaction; analysis of PSBI's equities after receipt of loan from the Company; and value-added analysis of the Proposed Transaction. The transaction benefits the Company as it will increase its capital placement, while PSBI, as an Associated Entity receiving the loan, will be able to exercise a capital placement in KCIC to undertake the HSR Project.

Pursuant the Ex-Meeting Decision of Directors No. 15A/KLR-DIR/III/2018 dated 12 March 2018, the Company's Directors have agreed to a shareholder loan to PSBI conducted in two phases. Phase I of the loan disburses a sum of Rp373,000,000,000 (exercised) and phase II will disburse a sum of Rp625,000,000,000 obtained through a bridging loan from SMBC.

PSBI will be charged an interest calculated based on the Company's Cost of Fund + 1% on the Loan and will be charged with an administrative fee of 0.25% for each drawdown. The Company's Cost of Fund is equivalent to the interest rate of 7.75% charged by SMBC, thus the interest rate charged on PSBI is 8.75%. If PSBI is not yet able to settle its dues until the due date, the Company is entitled to the full principal sum, prior to which will be drawn in an acknowledgement of indebtedness for conversion into additional capital placement in PSBI.

This agreement has been approved by other shareholders of PSBI as stated in the minutes of agreement of existing shareholders made on 15 March 2018. Based on the aforementioned facts, the proposed loan transaction from the Company to PSBI is deemed to be Fair.

- **Fairness Analysis of the Interest Rate**

The draft Loan Agreement between the Company and PSBI states that the Company charges PSBI with an interest rate of 8.75%, of which is 1% higher than that of 7.75% per annum imposed by SMBC on the Company.

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The market data on bond yields issued by the Company's peers are based on bonds issued by PT Waskita Karya, PT Sarana Multi Infrastruktur, and PT Hutama Karya for trading transactions from 1-5 January 2018, as follows:

Yields of Bonds on Market		
Description	YTM	Note
Bonds		
Waskita Karya Shelf-registration Bonds II	8.01%	Phase I Year 2016
Sarana Multi Infrastruktur Shelf-registration Bonds I	6.57%	Phase II Year 2017
Hutama Karya Shelf-registration Bonds I	7.24%	Phase III Year 2017 Series A
Hutama Karya Shelf-registration Bonds I	8.21%	Phase III Year 2017 Series B

Source: Danareksa Sekuritas

The average yield of bonds issued by Waskita Karya, Sarana Multi Infrastruktur, and Hutama Karya is 7.51%. The interest rate that the Company charges to PT PSBI is 1% higher than the interest rate that SMBC charges on the Company (the Company incurs an interest of 7.75% from SMBC). This means that the interest rate is still above market rate.

Fairness Analysis of the Value of the Proposed Transaction

Based on the information that KJPP SIS received from the Company's management and from the Ex-Meeting Decision of Directors No. 15A/KLR-DIR/III/2018, the Proposed Transaction is intended to provide a loan of Rp625,000,000,000 (six hundred twenty-five billion Rupiah) to PSBI, hereinafter referred to as Principal Sum. PSBI will then use the loan as additional capital placement in KCIC to undertake the HSR Project. The Company's management has informed that all other shareholders of PSBI will exercise the same in proportion to their holdings. This is in accordance with the Commitment Letter on capital placement signed by all shareholders of PSBI on 15 March 2018.

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The additional loan is part of a series of previous loans according to the Loan Agreement between the Company and PSBI, as follows:

Date of Transaction	Sum of Transaction (Rupiah)
12 December 2015	285,000,000,000
01 February 2017	440,012,309,000
02 October 2017	486,400,000,000
15 January 2018	5,253,541,724
06 February 2018	940,000,000,000
March 2018 – Phase 1	373,000,000,000
Total Disbursed Loans	2,529,665,850,724

The sum in the Proposed Transaction including the Total Disbursed Loans is Rp3,154,665,850,724. If the amount is to include capital of Rp1,710,000,000 that has been placed in PSBI by the Company as at 31 December 2017, the resulting sum is Rp3,156,375,850,724. Nonetheless, the total does not exceed Rp4 trillion as approved in the General Meeting of Shareholders.

Consequently, the Proposed Transaction of lending to PSBI by the Company is deemed to be **fair**, since it is an exercise of the commitment on capital placement in PSBI. Other shareholders of PSBI will execute the same corporate action in proportion to their holdings.

3. Opinion on Fairness of the Transaction

Based on the fairness analyses of the Proposed Transaction, i.e. analysis of the Proposed Transaction as well as qualitative and quantitative analysis, the KJPP SIS is in the opinion that from an economic and financial point of view, the Proposed Transaction, as a whole, is **fair** to both the Company and its shareholders.

4. Distribution of This Fairness Opinion

This Fairness Opinion on the Transaction must be considered as a whole and the use of parts of its analysis and information without due consideration to the full information and analysis may result in a misleading view.

KJPP SIS bears no responsibility to restate or redress its opinion due to events occurring after the date of this letter.

This Fairness Opinion is issued under the prevailing economic conditions and the legislations in effect at the time it was prepared. KJPP SIS bears no responsibility to update or redress its Fairness Opinion due to events occurring after the date of this Fairness Opinion. This Fairness Opinion will not be valid unless signed by a competent official of KJPP Sukardi Israr & Rekan.

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VII. STATEMENT OF THE COMPANY'S DIRECTORS AND COMMISSIONERS

1. This Disclosure, submitted to the Financial Services Authority on 9 April 2018, is complete and meets the requirements prescribed in Regulation No. IX.E.1 on Affiliated Transaction and Conflicts of Interest in Certain Transactions, Appendix to the Decision of the Chairman of the Bapepam-LK No. Kep-412/BL/2009 dated 25 November 2009 (hereinafter "Regulation IX.E.1");
2. Having conducted prudent and careful examination, we believe that this submitted Disclosure does not contain statements or information or facts that are incorrect or misleading;
3. Having conducted a prudent and careful examination, we believe that investors have all the necessary information or material facts required to arrive at a decision in relation to the Transaction;
4. The Transaction is not a Conflict of Interest as referred to in Regulation No. IX.E. on Affiliated Transaction and Conflicts of Interest in Certain Transactions, Appendix to the Decision of the Chairman of the Bapepam-LK No. Kep-412/BL/2009 dated 25 November 2009 (hereinafter "Regulation IX.E.1")
5. The proposed transaction to provide a shareholder loan of Rp625,000,000,000 to PSBI in April 2018 is a material transaction as referred to in Regulation No. IX.E.2, Appendix to the Decision of the Chairman of the Bapepam-LK No. Kep-614/BL/2011 dated 28 November 2011 on "Material Transaction and Change of Primary Business Activity" since this Proposed Transaction, including the Total Disbursed Loans, is carries a value of Rp3,154,665,850,724 or 21.56% of the Company's Equity of Rp14,631,824,613,000 as at 31 December 2017.

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VIII. ADDITIONAL INFORMATION

For further information concerning this transaction, please contact the Company during business hours at the following address:

Corporate Secretary

PT Wijaya Karya (Persero) Tbk.

Jl. D.I. Panjaitan Kav. 9-10

Jakarta, 13340, Indonesia

Phone : (021) 9067-9200

Fax : (021) 2289-3830

Email : investor.relations@wika.co.id

Website : www.wika.co.id

Sincerely Yours,
PT Wijaya Karya (Persero) Tbk.
Directors,

[Signed & Duty Stamped]

Bintang Perbowo
President Director

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