

DISCLOSURE

In Compliance with the Regulation of the Capital Market and Financial Institution Supervisory Agency No. IX.E.1, Appendix to the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency No. KEP. 412/BL/2009 Dated 25 November 2009 concerning Affiliated Transactions and Conflicts of Interest in Certain Transactions

The Company's Board of Commissioners and Directors are fully responsible for the accuracy of the information or material facts contained in this Disclosure and declare that no material information and relevant facts are being withheld, that in so doing may result in the information or material fact 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:

The Company is engaged in the construction industry; fabrication industry; leasing services; agency services; investments; agro-industry; energy, renewable energy and energy conversion industry; railway operations; port operations; airport operations; logistics; trading; engineering, procurement, and construction; estate development and management; provision of services in construction capacity building; information technology; provision of services in engineering and planning; investments and/or business management in basic infrastructure to produce high quality and competitive goods and/or services in order to generate profit and increase the Company's value while observing the principles of a Perseroan Terbatas (Limited Liability Company)

A Legal Entity Domiciled in Jakarta, Indonesia

Head Office

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Disclosure of an Affiliated Transaction concerning the Proposed Capital Injection in PT Wijaya Karya Industri & Konstruksi

Disclosure published in Jakarta on 3 January 2019

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I. INTRODUCTION

A. Introduction

PT Wijaya Karya (Persero) Tbk. ("**Company**") is a State-owned Company established in accordance with the Government Regulation No. 64 Year 1961 dated 29 March 1961 on the Establishment of *Perusahaan Negara* (State-owned Company) Widjaja Karja with the corporate name of Perusahaan Negara Bangunan Widjaja Karja. Subsequently, the Government Regulation No. 40 of 1971 dated 22 July 1971 declared that the Perusahaan Negara Bangunan Widjaja Karja was to be dissolved and its business structure was to be converted into a *Perusahaan Perseroan* (Persero) (Limited Liability Company), in accordance with the Laws of the Republic of Indonesia, as prescribed in the Deed of Limited Liability Company No. 110 dated 20 December 1972, made before Dian Paramita Tamzil in lieu of Djojo Muljadi, S.H., a Notary in Jakarta, in conjunction with the Deed of Amendment No. 106 dated 17 April 1973, made before Kartini Muljadi, S.H., a Notary in Jakarta. The Deeds have been approved by the Minister of Justice of the Republic of Indonesia in the Minister's Decree No. Y.A.5/165/14 dated 8 May 1973 and have been registered at the District Court of Jakarta (*Pengadilan Negeri Jakarta*) under registrations Number 1723 and Number 1724 dated 16 May 1973 and have been announced in Supplement No. 683 of the State 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 the Perusahaan Perseroan (Persero) PT Wijaya Karya, the Company has conducted an initial public offering that was subsequently followed by a conversion of its business structure and name into PT Wijaya Karya (Persero) Tbk. The Company was officially listed on the Indonesia Stock Exchange on 29 October 2008 ("**Initial Public Offering**").

The Deed of Amendment of the Articles of Association of the Perusahaan Perseroan (Persero) PT Wijaya Karya Tbk. shall be abbreviated as PT WIKA (Persero) Tbk. ("**Company**"). The Company's Capital Structure is prescribed in Deed No. 05 dated 2 October 2018, made before Dina Chozie, S.H., in lieu of Notary Fathiah Helmi, SH. a Notary in Jakarta, and has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in the Minister's Decree No. AHU-0021053.AH.01.02 dated 9 October 2018 ("**Deed No. 05/2018**").

B. Business Activities

The Company is engaged in the construction industry; fabrication industry; leasing services; agency services; investments; agro-industry; energy, renewable energy and energy conversion industry; railway operations; port operations; airport operations; logistics; trading; engineering, procurement, and construction; estate development and management; services in construction capacity building; information technology; services in engineering and planning; investments and/or business management in basic infrastructure to produce high quality and competitive goods and/or services

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in order to generate profit and increase the Company's value while observing the principles of a Perseroan Terbatas (Limited Liability Company).

C. Capital and Shareholding Structures of the Company

Deed No. 05 dated 2 October 2018, made before Dina Chozie, S.H., in lieu of Notary Fathiah Helmi, SH. a Notary in Jakarta, and has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in the Minister's Decree No. AHU-0021053.AH.01.02 dated 9 October 2018. According to the records kept by the Company's Securities Administration Bureau (*Biro Administrasi Efek*), the Company's shareholding structure as at 30 November 2018 is as follows:

Description	Number of Shares	Nominal Value (Rp100) per share	%
Authorised Capital			
- Series A Dwiwarna Share	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 Share	1	100	
- Series B Shares	5,834,850,000	583,485,000,000	65.05
2. Shareholdings by the Company's Directors and Board of Commissioners			
- Agung Budi Waskito (Director of Operations I)	7,200	7,200	0.00008
- Novel Arsyad (Director of Human Capital and Development)	856,700	85,670,000	0.01
3. Shareholdings by Employees			
	59,454,082	5,945,408,200	0.66
4. Public with less than 5% Holdings			
	3,074,783,390	307,478,339,000	34.28
Total Fully Issued and Paid-up Capital	8,969,951,372	896,995,137,200	100.00
Total Unissued Shares	26,030,038,628	2,603,003,862,800	-

D. The Board of Commissioners and Directors of the Company

1. Board of Commissioners

Pursuant to Deed No. 94 dated 26 April 2018, made before Fathiah Helmi, SH., a Notary in Jakarta, whose notice has been recorded by the Minister of Law and Human Rights of the Republic of Indonesia as stated in the Receipt of the Notice of Change in Corporate Data No. AHU-AH.01.03-0209136 dated 24 May 2018, the Company's Commissioners as at the date of this Disclosure are as follows:

President Commissioner/	: Imam Santoso
Commissioner	: Liliek Mayasari
Commissioner	: Freddy R. Saragih

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Commissioner : Eddy Kristanto
Independent Commissioner : Imas Aan Ubudiah *)
Independent Commissioner : Achmad Hidayat

*) Under the provisions of Article 14 section 29 of the Company's Articles of Association, the Independent Commissioner named Imas Aan Ubudiah is no longer the Company's Independent Commissioner because such Commissioners are not permitted to concurrently hold another office such as leadership in a political party and/or candidates/members of the House of Representatives (*Dewan Perwakilan Rakyat*, DPR), House of Regional Representatives (*Dewan Perwakilan Daerah*, DPD), House of People's Regional Representatives (*Dewan Perwakilan Rakyat Daerah*, DPRD) of the First Instance and Second Instance, and/or candidates in regional elections.

2. Directors

Pursuant to Deed No. 94 dated 26 April 2018, made before Fathiah Helmi, SH., a Notary in Jakarta, whose notice has been recorded by the Minister of Law and Human Rights of the Republic of Indonesia as stated in the Receipt of the Notice of Change in Corporate Data No. AHU-AH.01.03-0209136 dated 24 May 2018, the Company's Directors as at the date of this Disclosure are as follows:

President Director : Tumiyana
Director of Finance : Antonius N. S. Kosasih
Director of Human Capital and
Development : Novel Arsyad
Director of Operation I : Agung Budi Waskito
Director of Operation II : Bambang Pramujo
Director of Operation III : Destiawan Soewardjono
Director of Quality, Health, Safety,
and Environment : Danu Prijambodo

E. Audit Committee

Pursuant to the Decree of the Board of Commissioners No. 117/DK/WIKA/2018 dated 22 October 2018, members of the Audit Committee on the date of this Disclosure are as follows:

Chairman/Member : Suryo Hapsoro Tri Utomo
Member : Freddy R. Saragih
Member : Muhammad Sjukrul Amien
Member : Nirsihing Asmoro
Member : Nanda A. Wijayanti

F. Corporate Secretary

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

Name : Puspita Anggraeni
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. INFORMATION CONCERNING THE PROPOSED TRANSACTION

Currently, the Company is the majority shareholder of PT Wijaya Karya Industri & Konstruksi (WIKON) with a stake of 97.22%. To support WIKON's growth as planned in the 2018-2023 Long-term Plan, the Company planned to inject a capital of Rp1,255,428,534,200 (one trillion two hundred fifty-five billion four hundred twenty-eight million five hundred thirty-four thousand two hundred Rupiah) in WIKON's working capital. The injection consists of a cash placement of Rp841,092,684,200 (eight hundred forty-one billion ninety-two million six hundred eighty-four thousand two hundred Rupiah) and non-cash asset placement (placement in-kind) of Rp414,335,850,000 (four hundred fourteen billion three hundred thirty-five million eight hundred fifty thousand Rupiah).

However, the Company's Board of Commissioners has approved to inject Rp1,080,432,534,154 (one trillion eighty billion four hundred thirty-two million five hundred thirty-four thousand one hundred fifty-four Rupiah); of which has received approval beforehand from the Dwiwarna Series A Shareholder. The injection consists of a cash placement of Rp666,096,684,154 (six hundred sixty-six billion ninety-six million six hundred eighty-four thousand one hundred fifty-four Rupiah) and non-cash asset placement (placement in-kind) of Rp414,335,850,000 (four hundred fourteen billion three hundred thirty-five million eight hundred fifty thousand Rupiah). The capital injection was carried out on 31 December 2018 and was based on the following considerations:

1. That the Company's Budget and Business Plan 2018 (*Rencana Kerja dan Anggaran Perusahaan, RKAP*) has been agreed, in principle, that WIKON's capital will be increased by Rp200 billion that will be used to meet WIKON's needs to develop WIKON's business activities.
2. The Company holds the view that WIKON has the competence and experience to further develop its industrial manufacturing business, such as steel fabrication, equipment management, and expansion of new business in tooling and vehicle assembly. The latter has been achieved through the incorporation of a joint venture engaged in the assembly of the GESITS electric motorcycle.
3. The Company has confidence in WIKON's proposal to further develop its steel fabrication segment by procuring land and constructing factories to meet increased market demand for, among others, bridges, box girders, industrial manufacturing. Demand for steelworks is expected to continue growing in the future.
4. The Company's injection of in-kind placement, i.e. equipment, and cash to procure equipment, land, and equipment pool are aimed to accelerate WIKON's business growth, particularly to support its business in construction. Furthermore, the capital injection can be used to establish a heavy equipment rental business to support one of the Government's core programmes, i.e. infrastructure development.

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5. That pursuant to the Resolution of WIKON's General Meeting of Shareholders, the capital injection exercised by WIKON's shareholders will be solely allocated to develop its business in steel fabrication, equipment maintenance, and vehicle assembly.

Given that the Company is the parent entity of WIKON and given the overlap between the Company's management and WIKON's, this Proposed Transaction is an affiliated transaction and contains a conflict of interest. Consequently, the Company is duly required to meet the provisions of the Regulation of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) No. IX.E.1 on "Affiliated Transaction and Conflicts of Interest in Certain Transactions" attached in the Appendix to the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) No. Kep-412/BL/2009 dated 25 November 2009 (hereinafter "**Regulation IX.E.1**").

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

In order to execute the Proposed Transaction and to satisfy the provisions prescribed in Regulation IX.E.1, the Company has appointed the Public Appraisal Firm Iskandar dan Rekan as an independent consultant to prepare a Fairness Opinion on the Proposed Transaction.

DESCRIPTION OF THE AFFILIATED TRANSACTION

The Company hereby informs of a Proposed Transaction to inject Rp1,080,432,534,154 (one trillion eighty billion four hundred thirty-two million five hundred thirty-four thousand one hundred fifty-four Rupiah) in WIKON's paid-in capital so as to increase its working capital. The capital injection will be exercised on 31 December 2018.

According to the Ex-Meeting Resolution of WIKON's Shareholders No. MJ.01.00/A.PS/00158/2018 dated 17 December 2018, the following matters were resolved:

1. Approved to issue 12,787,274,368 new shares with a nominal value of Rp100 per share or equivalent to Rp1,278,727,436,900 that will be pre-emptively offered to Shareholders in proportion to their holdings.
2. Approved to increase WIKON's paid-in and issued capital from the issuance of new shares. The amount of capital raised will correspond to the confirmation of offering from the Shareholders.

WIKON's shareholding structure immediately before and immediately after the proposed transaction is as follows:

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Table 1. WIKON's Shareholding Structure

Shareholder	IMMEDIATELY BEFORE			Capital Injection (Rp)	IMMEDIATELY AFTER		
	Share Volume	(Rp)	%		Share Volume	(Rp)	%
PT Wijaya Karya (Persero) Tbk.	2,041,148,918	204,114,891,800	97.22	1,255,428,534,200	14,595,434,260	1,459,543,426,000	97.22
Kooperasi Karya Mitra Satya (KKMS)	54,837,000	5,483,700,000	2.61	33,703,646,100	391,873,461	39,187,346,100	2.61
Yayasan Wijaya Karya	3,483,000	348,300,000	0.17	2,195,256,600	25,435,566	2,543,556,600	0.17
Total	2,099,468,918	209,946,891,800	100	1,291,327,436,900	15,012,743,287	1,501,274,328,700	100

The Company's capital injection of Rp1,255,428,534,200 will be allocated as follows:

Table 2. Proposed Transaction in WIKON

No	Description	(Rp)
a	Investment in joint venture company (WIMA)	57,000,000,000
b	Investment in steel fabrication factory	569,092,684,200
c	Procurement of assets from PT Bangun Sarana Baja	180,000,000,000
d	Assets in-kind	414,335,850,000
e	Procurement of land and workshop for equipment pool/procurement of new equipment	35,000,000,000
Total		1,255,428,534,200

III. BENEFITS OF THE TRANSACTION

BENEFITS OF THE TRANSACTION

The Proposed Transaction offers the following benefits:

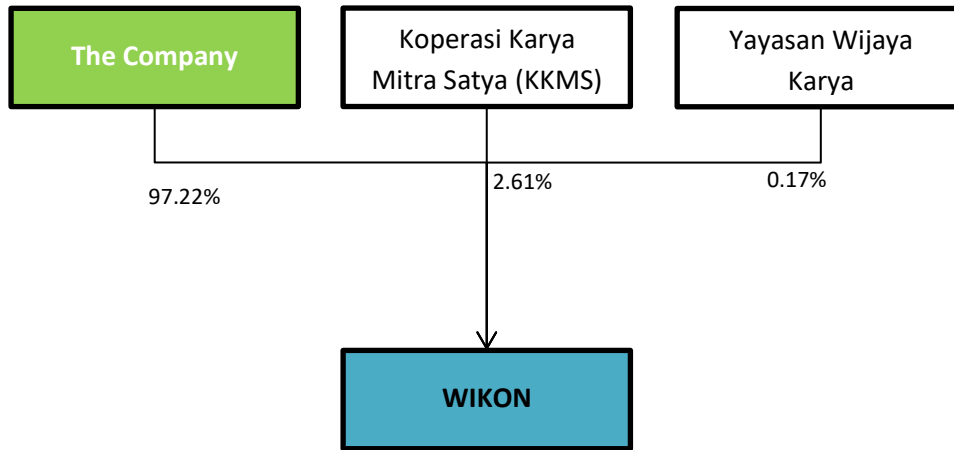
- WIKON's financial position becomes solvent and bankable.
- As WIKON's subsidiary, WIKON can expand its business in electric motorcycle assembly, steel fabrication, and develop a new equipment business. Both approaches will improve WIKON's sales and profit. On a consolidated basis, it will increase the Company's revenue and profit.
- Improving WIKON's financial performance through stronger revenue, profit, and financial position. By being bankable, WIKON will have access to financing from the banking industry.
- Improves the Company's financial performance on a consolidated basis will increase the Company's share value and offer added value for shareholders.

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IV. DESCRIPTION OF AFFILIATION

Affiliation by Ownership



Note:

WIKON is a subsidiary in which the Company holds a stake of 97.22%.

Affiliation by Management

There is an affiliate relationship by management. One of the Company’s Directors, Novel Arsyad, is currently the President Commissioner of WIKON.

V. INDEPENDENT PARTY AND SUMMARY OF ITS OPINION

The Company has appointed the Public Appraisal Firm (“KJPP”) Iskandar & Rekan as an independent appraiser to prepare a fairness opinion on the Transaction. The independent appraiser has declared that it has no affiliate relations, both directly and indirectly, with the Company as defined in the Capital Market Law.

The following is a summary of the Fairness Opinion on the Proposed Capital Injection in PT Wijaya Karya Industri & Konstruksi (hereinafter referred to as “WIKON”), the Company’s Subsidiary, as expressed in the Fairness Opinion Number 050.1/IDR/DO.2/BFO/XI/2018:

1. Affiliates in the Proposed Transaction

The affiliates in the proposed transaction are WIKA and WIKON, where WIKA is the shareholder that will exercise the capital injection; and WIKON as the recipient of such capital injection through issuance of new shares.

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2. Object of the Appraisal

The object of appraisal is WIKON's shares, where the transaction price per share is equal to the nominal share value of Rp100 per share. The second object of appraisal is WIKA's capital injection of Rp1,225,428,534,200 in WIKON, in the form of cash and non-cash asset placement (placement in-kind).

3. Purpose of Appraisal

The purpose of the appraisal is to provide a fairness opinion on the proposed transaction for the purpose of executing such transaction.

4. Assumptions

- The Fairness Opinion is a non-disclaimer opinion.
- The Appraiser has investigated the documents used in the appraisal process.
- Data and information are obtained from sources whose accuracy is trusted.
- Financial projections used are adjusted projections that reflect a reasonable financial projection made by the management in view of its fiduciary duty.
- The Appraiser is responsible for the appraisal and fairness of the financial projections.
- The Appraiser's Report is publicly accessible, except for confidential information that can affect the Company's operations.
- The Appraiser is responsible for the Fairness Opinion and conclusion of its Fair Value.
- The Appraiser has received information of the legal status of the Object of the Appraisal and assignor.

5. Approaches and Procedures of the Fairness Opinion

A fairness opinion is expressed after performing an analysis of the following:

- Value of the object being transacted.
- Financial impact of the transaction to the Company's interests.
- The management's business considerations in relation to the proposed transaction to the shareholders' interests.

The following analyses were performed to analyse the above:

- Analysis of the transaction.
- Qualitative analysis of the proposed transaction.
- Quantitative analysis of the proposed transaction.
- Fairness analysis of the transaction's value.

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VI. IMPACT OF THE TRANSACTION TO THE FINANCIAL POSITION OF THE COMPANY (PRO FORMA)

The following is the Company's pro forma financial statement immediately before and immediately after the transaction in accordance with the In-house Report on the Pro Forma Financial Statement that subsequently will be reviewed by the KAP.

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Uraian	Sebelum	Penyesuaian	Setelah
	Transaksi		Transaksi
	30-Jun-18		30-Jun-18
ASET			
Aset Lancar			
Kas dan setara kas	9.947.098	-	9.947.098
Piutang usaha	7.081.378	-	7.081.378
Piutang retensi	1.627.178	-	1.627.178
Tagihan bruto pemberi kerja	11.237.188	-	11.237.188
Piutang yang belum ditagih - bag lancar	1.061.873	-	1.061.873
Piutang lain-lain	382.799	-	382.799
Persediaan	2.032.696	-	2.032.696
Uang muka - bag lancar	2.182.951	-	2.182.951
Pajak dibayar dimuka	1.638.759	-	1.638.759
Biaya dibayar dimuka - bag lancar	1.074.730	-	1.074.730
Jaminan usaha - bag lancar	135.288	-	135.288
Aset real estate - bag lancar	2.276.782	-	2.276.782
Aset keuangan dari proyek konsesi - bag lancar	110.149	-	110.149
Jumlah Aset Lancar	40.788.867	-	40.788.867
Aset Tidak Lancar			
Investasi Pada Entitas Asosiasi	405.267	-	405.267
Piutang Usaha	2.973	-	2.973
Piutang Retensi	3.154.656	-	3.154.656
Piutang yang belum ditagih - bag tidak lancar	233.127	-	233.127
Uang muka - bag tidak lancar	247.858	-	247.858
Biaya dibayar dimuka - bag tidak lancar	363.562	-	363.562
Aset keuangan dari proyek konsesi - bag tidak lancar	3.371	-	3.371
Aset Real Estate - bag tidak lancar	347.222	-	347.222
Properti investasi	340.949	-	340.949
Aset Tetap	4.259.315	2.109	4.261.424
Investasi Pada Ventura Bersama	2.806.834	-	2.806.834
Goodwill	4.847	-	4.847
Jaminan usaha lainnya	-	-	-
Aset Keuangan Lainnya	298.384	-	298.384
Aset tak berwujud	204.291	-	204.291
Aset Lain-Lain	149.269	-	149.269
Aset Pajak Tangguhan	26.571	-	26.571
Jumlah Aset Tidak Lancar	13.253.694	2.109	13.255.804
JUMLAH ASET	54.042.562	2.109	54.044.671
LIABILITAS DAN EKUITAS			
Liabilitas Jangka Pendek			
Pinjaman Jangka Pendek	5.118.721	-	5.118.721
Utang Usaha	9.274.263	-	9.274.263
Utang lain-lain	56.766	-	56.766
Utang Pajak	330.922	-	330.922
Uang Muka Dari Pelanggan	1.284.613	-	1.284.613
Biaya Yang Masih Harus Dibayar	8.677.439	-	8.677.439
Pendapatan Yang Diterima Dimuka	212.547	-	212.547
Bag jangka pendek dari jangka panjang:			
Pinjaman Jangka Menengah	250.000	-	250.000
Pinjaman Jangka Panjang	117.950	-	117.950
Utang Sewa Pembiayaan	23.867	-	23.867
Jumlah Liabilitas Jangka Pendek	25.567.089	-	25.567.089
Liabilitas Jangka Panjang			
Liabilitas Imbalan Pasca Kerja	354.569	-	354.569
Liabilitas Pajak Tangguhan	46.887	-	46.887
Uang Muka Proyek Jangka Panjang	4.335.402	-	4.335.402
Utang lain-lain jangka panjang	92.390	-	92.390

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Beban ik pijs setelah dikurangi bg ik pndk			
Pinjaman Jangka Menengah	6.150.000	-	6.150.000
Pinjaman Jangka Panjang	2.380.011	-	2.380.011
Utang Sewa Pembiayaan	143.585	-	143.585
Jumlah Liabilitas Jangka Panjang	13.502.845	-	13.502.845
JUMLAH LIABILITAS	39.069.933	-	39.069.933
Ekuitas			
Modal saham	896.995	-	896.995
Modal saham diperoleh kembali	(10.272)	-	(10.272)
Tambahan modal disetor	6.555.721	-	6.555.721
Perubahan ekuitas pada Entitas Anak	1.330.851	-	1.330.851
Komponen ekuitas lainnya	(142.976)	-	(142.976)
Saldo laba	4.280.068	2.109	4.282.177
Kepentingan non pengendali	2.062.242	-	2.062.242
Jumlah Ekuitas	14.972.628	2.109	14.974.738
JUMLAH LIABILITAS DAN EKUITAS	54.042.562	2.109	54.044.671
Rasio Likuiditas dan Solvabilitas			
Current Ratio	159,54%		159,54%
Debt to Equity Ratio	260,94%		260,94%
Debt to Aset Ratio	72,29%		72,29%

PT WIJAYA KARYA (Persero) Tbk dan Entitas Anak
Laporan Laba Rugi (Rp juta)

Uraian	Sebelum Transaksi	Penyesuaian	Setelah Transaksi
	30-Jun-18		30-Jun-18
PENJUALAN	12.877.369	-	12.877.369
BEBAN POKOK PENJUALAN	(11.491.142)	-	(11.491.142)
LABA KOTOR	1.486.226	-	1.486.226
Beban penjualan	(3.279)	-	(3.279)
Beban administrasi dan umum	(398.105)	-	(398.105)
LABA (RUGI) USAHA	1.084.843	-	1.084.843
Beban keuangan (bunga)	(475.493)	-	(475.493)
Pendapatan (beban) lain-lain	78.567	2.109	80.676
LABA (RUGI) SEBELUM PAJAK	687.916	2.109	690.025
PAJAK	(55.393)	-	(55.393)
LABA (RUGI) BERSIH	632.523	2.109	634.632
Rasio Profitabilitas			
Margin Laba kotor	11,45%		11,45%
Margin Laba Usaha	8,36%		8,36%
Margin Laba Sebelum Pajak	5,30%		5,32%
Margin Laba Bersih	4,87%		4,89%

1. Fairness Analysis of the Value of the Proposed Transaction

a. Appraisal of the Object of the Transaction

The Object of the Transaction is WIKON's shares.

The Fairness Opinion of the Shares of PT Wijaya Karya Industri & Konstruksi File No. 046.1/IDR/DO.2/BS/X/2018 dated 10 October 2018 prepared by KJPP Iskandar dan Rekan found that the Fair Market Value of WIKON's shares, equivalent to 2,099,468,918 shares as at 30 June 2018, to be Rp210,497,000,000 with a nominal value of Rp100 per share.

b. Value of Transaction

The Company will execute the transaction at a price equal to WIKON's nominal share value, i.e. Rp100 per share.

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Given that the transaction value of the capital injection is Rp1,225,428,534,200, the Company will hold 12,554,285,342 shares in WIKON.

c. Fairness Analysis of the Transaction's Value

Given that the transaction is exercised at a value of Rp100 per share and the Fair Market Value of each share is Rp100, the transaction is executed on par with the Market Value. Accordingly, the transaction value is **fair**.

Given that the transaction value is Rp1,225,428,534,200 and the price per share is Rp100, the 12,554,285,342 shares thus held is **fair**.

d. Analysis on the Value Added from the Transaction

The analysis found that the capital injection transaction in WIKON offers added value, as follows:

- By executing the transaction, the Company will increase its shareholdings by 12,554,285,342 shares to 14,595,434,260 shares from 2,041,148,918 shares. The Company maintains its stake of 97.22%.
- The transaction, worth Rp1,255,428,534,200, was executed to improve WIKON's financial position and will raise WIKON's solvency to make it bankable. It also allows WIKON to better develop its business that will add value to the Company.
- For the Company, the capital injection's effects can be seen on its financial projections, i.e. higher profit and higher EBITDA, EBIT, EBT, and EAT in the next five years that will increase by Rp1,746,612 million, Rp1,272,554 million, Rp1,014,727 million, and Rp761,045 million, respectively.

2. Fairness Opinion of the Transaction

The value of the object of the transaction, i.e. WIKON's shares, the analysis has found that the transaction value is **fair** since its value is equal to its appraised Market Value.

Based on the analysis of financial impact of the transaction compared against the Company's interest, it is concluded that the transaction is aligned with the Company's goals and interests. The goal of the proposed transaction is to improve WIKON's financial position such that will improve WIKON's solvency to make it bankable. It also allows WIKON to better develop its business that will add value to the Company through higher revenue and profit based on the Company's financial projections for the next five years.

Based on the analysis of the management's business considerations in relation to the proposed transaction to the shareholders' interests, it is concluded that the transaction aligns with the Company's goals and shareholders' interests. The transaction is intended to increase the Company's revenue and profit, thus increasing the Company's share value.

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Based on the conclusions of the analyses above, we are in the opinion that the transaction is **fair** for both the Company and the Company's shareholders.

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VII. DECLARATION OF THE DIRECTORS AND COMMISSIONERS OF THE COMPANY

1. This Disclosure, submitted to the Financial Services Authority on 3 January 2019, 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 Decree 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 investigation, we reason to believe that this Disclosure does not contain statements or information or facts that are untrue or misleading;
3. Having conducted a prudent and careful investigation, we reason to believe that this Disclosure contains all information or material facts required for investors to arrive at a reasonable decision in relation to this Transaction;
4. The Transaction is not a Conflict of Interest as defined in Regulation No. IX.E.1 on Affiliated Transaction and Conflicts of Interest in Certain Transactions, Appendix to the Decree of the Chairman of the Bapepam-LK No. Kep-412/BL/2009 dated 25 November 2009 (hereinafter "Regulation IX.E.1")
5. The Transaction, executed by the Company to inject Rp1,080,432,534,154 (one trillion eighty billion four hundred thirty-two million five hundred thirty-four thousand one hundred fifty-four Rupiah) in WIKON's paid-in capital so as to increase its working capital, exercised on 31 December 2018, is not a material transaction as defined in Regulation IX.E.2, Appendix to the Decree of the Chairman of the Bapepam-LK No. Kep-614/BL/2011 dated 28 November 2011 on "Material Transactions and Changes in Primary Business Activity" given that the proposed transaction concerns 7.21% of the Company's total equity.

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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.

Corporate Secretary,

[Signed & Duty Stamped]

Puspita Anggraeni

Corporate Secretary

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