DISCLOSURE OF INFORMATION  
IN CONNECTION WITH AFFILIATED TRANSACTION

This Disclosure of Information is important to be read and understood by the Shareholders of the Company regarding the Affiliated Transaction.

If you have any difficulty in understanding the information set out in this Disclosure of Information, you shall consult with a stock broker, investment manager, legal consultant, public accountant or other professional advisors.

PT KIMIA FARMA (PERSERO) Tbk  
(“Perseroan”)

Main Business Activities  
Operating in chemical industry, pharmaceuticals, biology, healthcare, food and beverages industry

Headquarter:  
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The Board of Directors and the Board of Commissioners of the Company, either separately or jointly, are fully responsible for the completeness and correctness for all material information or fact contains in this Disclosure of Information and confirm that the information published in this Disclosure of Information is true and there is no material fact is omitted which may cause the material information in this Disclosure of Information become incorrect and/or misleading.

This Disclosure of Information is made for the purpose to comply with Baepam and LK Rule No. KEP-614/BL/2011 dated 28 November 2011 on Material Transaction and Changes in Principal Activities (“Rule No.IX.E.2”) and Rule No.IX.E.1., Baepam and LK Rule No. KEP-412/BL/2009 dated 25 November 2009 on Affiliated Transaction and Conflict of Interest in Certain Transaction (“Rule No.IX.E.1”), in relation with the purchase transaction was signed by and between PT Kimia Farma (Persero) Tbk, PT Rajawali Nusantara, and PT Phapros Tbk for all shares of Seller in Phapros with total of 476,901,860 (four hundred seventy six million nine hundred one thousand eight hundred and sixty) shares, which constitute 56.77% (fifty six point seventy seven percent) of the issued and fully paid up capital of Phapros (“Shares Outstanding”).

This Disclosure of Information is published in Jakarta, March 28, 2019
BACKGROUND

A. On March 27, 2019, the Company, RNI, and Phapros signed a Share Sale and Purchase Deed between PT Rajawali Nusantara Indonesia (Persero) and PT Kimia Farma (Persero) Tbk as contained in Deed No. March 31, 2019 that was made before Utiek Rochmuljati Abdurachman, SH., MLI., MKn, Notary in Jakarta, in the context of the Sale of Shares ("Transactions") transaction, which was the implementation of the signing of the Conditional Share Sale and Purchase Agreement on February 13, 2019

B. This transaction is a transaction whose value meets the transaction value category of 20% (twenty percent) to 50% (fifty percent) of the Company's equity as stipulated in Regulation No.IX.E.2, therefore the Company is not required to obtain approval of the general meeting of shareholders. However, the Company is required to announce information related to the Transaction in accordance with Regulation No.IX.E.2. In relation to the Transaction, the Company has obtained approval from the Series A Shareholders and Board of Commissioners in order to meet the provisions of the Company's Articles of Association.

C. The transaction is an Affiliated Transaction as referred to Rule No.IX.E.1., Bapepam and LK Rule No. KEP-412/BL/2009 dated 25 November 2009 on Affiliated Transaction and Conflict of Interest in Certain Transaction ("Rule No.IX.E.1"), since the transaction plan will be executed by the Company and RNI where both are controlled directly or indirectly by the Republic of Indonesia.

DESCRIPTION OF THE TRANSACTION

A. Object and Value of Affiliated Transaction.
   Purchase by the Company of Shares Sold for Rp. 1.361.000.000.000,00 (one trillion three hundred and sixty one billion Rupiah)

B. Parties of Affiliated Transaction
   a. Phapros as the Object of Affiliated Transaction
   b. RNI as Seller
   c. The Company as Buyer

CONSIDERATION AND REASON FOR THE AFFILIATED TRANSACTION

A. Increase the market share of pharmaceutical Buyer. With this acquisition, the Buyer would have a pharmaceutical market share of more than 6%

B. Enrich the drug production portfolio which currently have not owned by the Buyer, in producing pharmaceutical dosage form (drugs, medicinal ingredients and traditional medicines) and medical devices

C. Accelerate the growth of Non-organic business of the Buyers, considering the growth of assets and profitability of Phapros is one of the best in the Pharmaceutical Industry

D. Cost efficiency in both marketing costs, research costs, and development costs, thus it increase the company’s profitability in the future.
SUMMARY OF INDEPENDENT ASSESSMENT REPORTS

A. Asset Assessment Report summary

Referring to the valuation and presentation guidelines of the property valuation report in Capital market No. VIII. C. 4 and taking into consideration all relevant information as well as observing the existing macroeconomic conditions of the Indonesian economy, KJPP RSR argues in accordance with the assumptions, conditions and/or certain restrictions, and KJPP RSR assumes that all data and information that KJPP RSR accept is true and accurate, here the following independent judge argues:

1. The market value of the Assets of PHAPROS on 30 September 2018 is Rp 471,495,000,000,- (four hundred seventy one million four hundred ninety five billion Rupiah).
2. The market value of the assets of Lucas Djaja on 30 September 2018 is Rp 144,407,100,000,- (one hundred fourty four million four hundred seven billion one hundred thousand Rupiah).
3. The market value of the asset of Marin Liza on 30 September 2018 is Rp 48,962,100,000,- (fourty eight million nine hundred sixty two billion one hundred thousand Rupiah).

B. Share Sell Assessment Report summary

Using the DCF-FCFF method of the revenue approach, GCM from the market approach, and ANAM from the asset approach then in the opinion of KJPP RSR, the fair market value 56, 77% of PHAPROS shares and subsidiaries MBKD on 30 September 2018, is Rp 1,361,770,000,000,- (one trillion three hundred sixty one million seven hundred seventy billion Rupiah).

C. Summary of the Fairness Opinion report

Considering the fairness analysis of the transaction plan conducted including qualitative analysis and quantitative analysis, the economic and financial aspects, according to the opinion of RSR KJPP, the plan of transaction is reasonable.

BOARD OF COMMISSIONERS & DIRECTORS’ STATEMENT

A. The disclosure of information submitted to OJK on 28 March 2019 is complete and complies with the requirements stated in Regulation No. IX. E. 2.

B. After careful and thorough research, we believe that the information disclosure Statement submitted does not contain statements or information or facts that are not true or misleading.

C. The company's directors stated transaction:
   1) does not contain conflicts of interest as referred to in regulation No. IX. E. 1.;
   2) an affiliate transaction as referred to in regulation No. IX. E.
INFORMATION REGARDING THE TRANSACTION

A. Relationship and nature of the affiliate relationship

The Republic of Indonesia is a holder of more than 90% (ninety percent) of series B shares and series A Dwi Warna shares in the Company, and is also a holder of 100% (one hundred percent) shares in RNI, thus the company and RNI are controlled Directly from the same party as the Republic of Indonesia.

Based on the explanation above, the implementation of the transaction does not result in the change of control in Phapros as referred to in POJK No. 9/POJK. 04/2018 concerning The Acquisition of Public Limited Liability Company.

B. Considerations and reasons if the transaction is performed with another party.

If the transaction is performed with another party there is a possibility that the transaction settlement time will be longer due to the negotiation of the price offered by the seller.

ADDITIONAL INFORMATION

The Shareholders who wish to obtain additional information about the transaction are welcome to contact the Company during business hours at:

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