

## INFORMATION TO SHAREHOLDERS IN CONNECTION WITH THE LIMITED PUBLIC OFFERING II FOR ADDITIONAL CAPITAL BY WAY OF ISSUANCE OF PREEMPTIVE RIGHTS ("PUT II")

THIS INFORMATION IS SUBJECT TO ADDITIONS AND/OR CHANGES THE SECURITIES REGISTRATION STATEMENT HAS BEEN SUBMITTED TO THE FINANCIAL SERVICES AUTHORITY ("FSA"), HOWEVER, THE EFFECTIVE STATEMENT FROM THE FSA HAS NOT BEEN OBTAINED. THE SECURITIES SHALL NOT BE TRADABLE UNTIL THE REGISTRATION STATEMENT SUBMITTED TO THE FSA HAS BECOME EFFECTIVE. THE SUBSCRIPTION OF SECURITIES SHALL BE CONDUCTED SOLELY AFTER THE PROSPECTIVE BUYERS OR SUBSCRIBERS HAVE RECEIVED OR HAVE THE OPPORTUNITY TO READ THE PROSPECTUS.

THE FINANCIAL SERVICES AUTHORITY (OTORITAS JASA KEUANGAN, "OJK") NEITHER GIVES ITS APPROVAL OR DISAPPROVAL ON THE SECURITIES, NOR DOES THE OJK CONFIRM THE ACCURACY OR COMPLETENESS OF THE CONTENT OF THIS PROSPECTUS ANY STATEMENT IN CONTRARY TO THE ABOVE SHALL CONSTITUTE AN UNLAWFUL ACT.

PT BARITO PACIFIC Tbk ("THE COMPANY") SHALL BE FULLY RESPONSIBLE FOR THE ACCURACY OF ALL MATERIAL INFORMATION OR FACTS, AND THE TRUTHFULNESS OF OPINIONS STATED IN THIS PROSPECTUS.



### PT BARITO PACIFIC Tbk

#### Main Business Activities:

Engaged in the Forestry Plantation, Mining, Manufacturing, Property, Trade, Renewable Energy and Transportation Sectors

Domiciling in West Jakarta, Indonesia

#### OFFICE

Wisma Barito Pacific, Tower B, 8<sup>th</sup> Floor  
Jl. Let. Jend. S. Parman Kav. 62 – 63  
Jakarta 11410  
Tel : (021) 5306711  
Fax : (021) 5306680  
Website : [www.barito-pacific.com](http://www.barito-pacific.com)  
Email : [corpsec@barito.co.id](mailto:corpsec@barito.co.id)

#### PLANT

Jelapat, Banjarmasin  
Jl. Kuin Selatan RT 007 No. 44  
Kuin Cerucuk Sub-District,  
Banjar Barat District  
Banjarmasin, South Kalimantan  
Tel : (0511) 4368757  
Fax : (0511) 4366879

#### PLANT ADMINISTRATIVE OFFICE

Jl. Kapten Piere Tendean No. 99  
Banjarmasin 70231  
South Kalimantan  
Tel : (0511) 3253384  
Fax : (0511) 3350243

### LIMITED PUBLIC OFFERING II FOR ADDITIONAL CAPITAL WITH PREEMPTIVE RIGHTS ("PUT II") TO THE COMPANY'S SHAREHOLDERS

The Company shall offer a maximum of 5,600,000,000 (five billion six hundred million) New Shares with a nominal value of Rp500 (five hundred Rupiah) per share ("Right Shares"). Each holder of 5 (five) shares whose name is registered in the Company's Shareholder Register ("SR") as of May 31, 2018, at 16.00 Western Indonesian Time shall be entitled to 2 (two) Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holder with the right to subscribe 1 (one) New Share at an Exercise price ranging from Rp2,300 (two thousand three hundred Rupiah) – Rp3,300 (three thousand three hundred Rupiah), which shall be fully paid upon submission of the application to exercise the Preemptive Rights. The estimated total proceeds to be received by the Company from the PUT II shall be up to Rp18,480,000,000,000 (eighteen trillion four hundred eighty billion Rupiah).

The total shares offered in the PUT II by way of issuance of Preemptive Rights shall be the maximum number of shares to be entirely issued from portfolio and shall be listed on the IDX with due considerations to the prevailing laws and regulations. The New Shares from the Exercise of Preemptive Rights shall have the same and equal rights in all matters with the Company's other issued and fully paid-up shares, namely the rights related to shares, including the right to cast vote in a General Meeting of Shareholders ("GMS"), the right to receive dividend distribution and bonus share distributions and preemptive rights. Every Preemptive Right in fractional form shall be rounded down. In accordance with the provisions of FSA Regulation No. 32/POJK.04/2015 dated December 22, 2015, concerning the Form and Content of Prospectus in connection with Additional Capital of Public Companies with Preemptive Rights ("FSAR No. 32/2015"), in the event that shareholders own Preemptive Rights in fractional form, the rights over such fraction of securities must be sold by the Company, and the proceeds of such sales shall be deposited to the Company's account.

Prajogo Pangestu, as the Company's majority shareholder shall exercise a portion of Preemptive Rights to which he is entitled to in this PUT II, and the remaining Preemptive Rights owned by him shall be sold to domestic and foreign investors in a limited public offering.

If the New Shares offered in the PUT II are not entirely subscribed/purchased by the Preemptive Right Holders, the remaining shall be allocated to other Preemptive Right holders that have submitted additional subscriptions in addition to their entitlement, as stated on the Preemptive Right Certificates of Additional Share Subscription Form, in proportion to the exercised rights.

Simultaneously with the PUT II, the Company shall issue a maximum of 1,400,000,000 (one billion four hundred million) Series I Warrants, which represent 10.0% (ten percent) of the total issued and paid-up capital as of the submission of the registration statement and based on the assumption that the Series I Warrant would be issued prior to the PUT II. Every 4 (four) Right Shares shall be accompanied by 1 (one) Series I Warrant for the Preemptive Right holders exercising their rights. Each holder of 1 (one) Series I Warrant shall be entitled to purchase 1 (one) share of the Company, and each Series I Warrant may be exercised in accordance with the following conditions:

- The Exercise Window I shall commence from July 1, 2019, until June 30, 2020, with the Exercise Price for the Warrant Exercise Window I ranging from Rp1,840 (one thousand eight hundred forty Rupiah) per share to Rp2,640 (two thousand six hundred forty Rupiah) per share;
- The Exercise Window II shall commence from July 1, 2020, until June 30, 2021, with the Exercise Price for the Warrant Exercise Window II ranging from Rp2,300 (two thousand three hundred Rupiah) per share to Rp3,300 (three thousand three hundred Rupiah) per share.

Therefore, the maximum value of Series I Warrants shall be Rp4,620,000,000,000 (four trillion six hundred twenty billion Rupiah).

In the event that the Series I Warrants are not exercised until the end of Exercise Window II, such Series I warrants shall be expired, without value and void. The shares issued from the exercise of Preemptive Rights and the Series I Warrants offered in PUT II shall entirely consist of shares issued from the Company's portfolio and shall be listed on the Indonesia Stock Exchange. The shares to be issued in connection with the issuance of Series I Warrants shall have the same and equal rights in all matters with the Company's other issued and fully paid-up shares, namely the rights related to shares, including the right to cast vote in a General Meeting of Shareholders ("GMS"), the right to receive dividend distribution and bonus share distributions and preemptive rights.

**THE PUT II SHALL BE EFFECTIVE UPON APPROVAL OF THE COMPANY'S EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS HELD ON APRIL 11, 2018, AND THE ISSUANCE OF EFFECTIVE STATEMENT BY THE FSA WHICH IS EXPECTED TO BE ON OR AROUND MAY 18, 2018.**

**THE PREEMPTIVE RIGHTS SHALL BE LISTED ON PT BURSA EFEK INDONESIA ("IDX"). THE PREEMPTIVE RIGHTS SHALL BE TRADABLE ON OR OUTSIDE THE IDX FOR A PERIOD OF NO LESS THAN 5 (FIVE) BUSINESS DAYS FROM JUNE 5, 2018, UP TO JUNE 11, 2018. THE RIGHT SHARES SHALL BE LISTED ON THE IDX ON JUNE 5, 2018. THE LAST DATE TO EXERCISE THE PREEMPTIVE RIGHTS SHALL BE JUNE 11, 2018. PREEMPTIVE RIGHTS THAT ARE NOT EXERCISED ON SUCH DATE SHALL BE NULL AND VOID.**

#### IMPORTANT NOTICE TO SHAREHOLDERS

**THE PERCENTAGE OF SHARE OWNERSHIP OF EXISTING SHAREHOLDERS WHO DO NOT EXERCISE THEIR RIGHTS TO PURCHASE THE NEW SHARES OFFERED IN THE PUT II SHALL BE SUBJECT TO A MAXIMUM DILUTION OF 28.63% (TWENTY EIGHT POINT SIXTY THREE PERCENT).**

**THE COMPANY'S MAIN RISK EXPOSURE IS CORRELATED WITH ITS SUBSIDIARIES' MAIN RISK, NAMELY THE CYCLICAL NATURE OF PETROCHEMICAL INDUSTRY THAT MAY MATERIALLY AFFECT THE COMPANY'S PROFITABILITY AND SUBJECT THE COMPANY TO LOSSES. OTHER RISK THAT SHAREHOLDERS MAY BE EXPOSED TO IS THE RISK OF PRICE AND ILLIQUIDITY OF THE COMPANY'S SHARES. FURTHER INFORMATION CONSIDERING BUSINESS RISK IS AVAILABLE IN CHAPTER V OF THE PROSPECTUS.**

**THE COMPANY SHALL NOT ISSUE A COLLECTIVE SHARE CERTIFICATE IN THIS PUT II, HOWEVER, THE SHARES SHALL BE ELECTRONICALLY DISTRIBUTED AND ADMINISTERED IN THE COLLECTIVE DEPOSITORY OF PT KUSTODIAN SENTRAL EFEK INDONESIA ("KSEI").**

This Information to Shareholder is issued in Jakarta on April 12, 2018

## INDICATIVE SCHEDULE

Effective Date of the Registration Statement	May 18, 2018
Last Trading Date of Shares with Preemptive Rights (Cum-Right) on:	
- Regular and Negotiated Market	May 25, 2018
- Money market	May 31, 2018
Last Trading Date of Shares without Preemptive Rights (Ex-Right) on:	
- Regular and Negotiated Market	May 28, 2018
- Money market	June 4, 2018
Recording Date	May 31, 2018
Preemptive Right Distribution Date	June 4, 2018
Listing Date of New Right Shares on the IDX	June 5, 2018
Preemptive Right Trading Date	June 5-11, 2018
Preemptive Right Exercise Date	June 5-11, 2018
Delivery of Shares from Exercised Preemptive Rights	June 7-20, 2018
Last date of payment of Additional Share subscriptions	Wednesday, June 20, 2018
Allotment Date of Additional Share subscriptions	Thursday, June 21, 2018
Refund Date of unfulfilled Additional Share subscriptions	Monday, June 25, 2018
Series I Warrant Trading Period on:	
- Regular and Negotiated Market	June 5, 2018 - August 26, 2020
- Money market	June 5, 2018 - August 31, 2020
Series I Warrant Exercise Period	July 1, 2019 - June 30, 2020 and July 1, 2020 - June 30, 2021

## LIMITED PUBLIC OFFERING II ("PUT II")

In connection with the PUT II, the Company's shareholders have approved the proposed increase of capital by way of issuance of Preemptive Rights in the Extraordinary General Meeting of Shareholders ("EGMS") dated April 11, 2018, which adopted the resolution to increase the Company's issued and paid-up capital through the PUT II by issuing Preemptive Rights in a maximum sum of 5,600,000,000 (five billion six hundred million) ordinary shares and the issuance of Warrants in a maximum sum of 1,400,000,000 (one billion four hundred million) ordinary shares with a nominal value of Rp500 (five hundred Rupiah) per share. The resolutions of such EGMSs have been announced on the Company's website ([www.barito-pacific.com](http://www.barito-pacific.com)) and the IDX' website on April 12, 2018 in accordance with FSAR No. 32/2014.

The Board of Directors, on behalf of the Company, shall offer a maximum of 5,600,000,000 (five billion six hundred million) New Shares with a nominal value of Rp500 (five hundred Rupiah) per share ("**Right Shares**"). Each holder of 5 (five) shares whose name is registered in the Company's Shareholder Register ("SR") as of May 31, 2018, at 16.00 Western Indonesian Time shall be entitled to 2 (two) Preemptive Rights, where every 1 (one) Preemptive Right shall provide the holder with the right to subscribe 1 (one) New Share at an Exercise price ranging from Rp2,300 (two thousand three hundred Rupiah) – Rp3,300 (three thousand three hundred Rupiah), which shall be fully paid upon submission of the application to exercise the Preemptive Rights. The estimated total proceeds to be received by the Company from the PUT II shall be up to Rp18,480,000,000,000 (eighteen trillion four hundred eighty billion Rupiah).

The total shares offered in the PUT II by way of issuance of Preemptive Rights shall be the maximum number of shares to be entirely issued from portfolio and shall be listed on the IDX with due considerations to the prevailing laws and regulations. The New Shares from the Exercise of Preemptive Rights shall have the same and equal rights in all matters with the Company's other issued and fully paid-up shares, including the rights to receive dividends. Every Preemptive Right in fractional form shall be rounded down. In accordance with the provisions of FSA Regulation No. 32/POJK.04/2015 dated December 22, 2015, concerning the Form and Content of Prospectus in connection with Additional Capital of Public Companies with Preemptive Rights ("**FSAR No. 32/2015**"), in the event that shareholders own Preemptive Rights in fractional form, the rights over such fraction of securities must be sold by the Company, and the proceeds of such sales shall be deposited to the Company's account.

Prajogo Pangestu, as the Company's majority shareholder shall exercise a portion of Preemptive Rights to which he is entitled to in this PUT II, and a portion of such Preemptive Rights shall be sold to domestic and foreign investors in a limited public offering.

If the New Shares offered in the PUT II are not entirely subscribed/purchased by the Preemptive Right Holders, the remaining shall be allocated to other Preemptive Right holders that have submitted additional subscriptions in addition to their entitlement, as stated on the Preemptive Right Certificates of Additional Share Subscription Form, in proportion to the exercised rights.

Simultaneously with the PUT II, the Company shall issue a maximum of 1,400,000,000 (one billion four hundred million) Series I Warrants, which represent 10.0% (ten percent) of the total issued and paid-up capital as of the submission of the registration statement and based on the assumption that the Series I Warrant would be issued prior to the PUT II. Every 4 (four) Right Shares shall be accompanied by 1 (one) Series I Warrant for the Preemptive Right holders exercising their rights. Each holder of 1 (one) Series I Warrant shall be entitled to purchase 1 (one) share of the Company, and each Series I Warrant may be exercised in accordance with the following conditions:

- The Exercise Window I shall commence from July 1, 2019, until June 30, 2020, with the Exercise Price for the Warrant Exercise Window I ranging from Rp1,840 (one thousand eight hundred forty Rupiah) per share to Rp2,640 (two thousand six hundred forty Rupiah) per share;
- The Exercise Window II shall commence from July 1, 2020, until June 30, 2021, with the Exercise Price for the Warrant Exercise Window II ranging from Rp2,300 (two thousand three hundred Rupiah) per share to Rp3,300 (three thousand three hundred Rupiah) per share.

Therefore, the maximum value of Series I Warrants shall be Rp4,620,000,000,000 (four trillion six hundred twenty billion Rupiah).

In the event that the Series I Warrants are not exercised until the end of the Exercise Window II, such Series I warrants shall be expired, without value and void. The shares issued from the exercise of Preemptive Rights and the Series I Warrants offered in PUT II shall entirely consist of shares issued from the Company's portfolio and shall be listed on the Indonesia Stock Exchange. The shares to be issued in connection with the issuance of Series I Warrants shall have the same and equal rights in all matters with the Company's other issued and fully paid-up shares, namely the rights related to shares, including the right to cast vote in a General Meeting of Shareholders ("GMS"), the right to receive dividend distribution and bonus share distributions and preemptive rights.

### The Company's Capital Structure and Shareholder Composition

The Company's capital structure and shareholder composition based on the Shareholder Register as of March 31, 2018, issued by PT Sirca Datapro Perdana as the Securities Administration Bureau appointed by the Company are as follows:

Description and Information	Nominal Value of Rp500 per share		(%)
	Total Shares	Total Nominal Value (Rp)	
<b>Authorized Capital</b>	<b>55,800,000,000</b>	<b>27,900,000,000,000</b>	
Issued and Paid-Up Capital			
Prajogo Pangestu	9,937,554,806	4,968,777,403,000	71.19
PT Barito Pacific Lumber	202,293,800	101,146,900,000	1.45
PT Tunggal Setia Pratama	64,120,000	32,060,000,000	0.46
Agus Salim Pangestu	74,666	37,333,000	0.00
Others < 5%	3,663,611,096	1,831,805,548,000	26.24
<b>Sub-total</b>	<b>13,867,654,368</b>	<b>6,933,827,184,000</b>	<b>99.34</b>
Treasury Stock	92,131,200	46,065,600,000	0.66
Total Issued and Paid-Up Capital	13,959,785,568	6,979,892,784,000	100.00
Shares in Portfolio	41,840,214,432	20,920,107,216,000	

Assuming that all of the Company's shareholders exercise their Preemptive Rights in this PUT II, the Company's proforma capital structure and shareholder composition prior and subsequent to the PUT II would be as follows:

Description and Information	Prior to PUT II			Subsequent to PUT II		
	Nominal Value of Rp500 per share			Nominal Value of Rp500 per share		
	Total Shares	Total Nominal Value (Rp)	(%)	Total Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>55,800,000,000</b>	<b>27,900,000,000,000</b>		<b>55,800,000,000</b>	<b>27,900,000,000,000</b>	
Issued and Paid-Up Capital						
Prajogo Pangestu	9,937,554,806	4,968,777,403,000	71.19	13,950,512,256	6,975,256,128,000	71.32
PT Barito Pacific Lumber	202,293,800	101,146,900,000	1.45	283,983,554	141,991,777,000	1.45
PT Tunggal Setia Pratama	64,120,000	32,060,000,000	0.46	90,012,771	45,006,385,500	0.46
Agus Salim Pangestu	74,666	37,333,000	0.00	104,817	52,408,500	0.00
Others < 5%	3,663,611,096	1,831,805,548,000	26.24	5,143,040,970	2,571,520,485,000	26.29
<b>Sub-total</b>	<b>13,867,654,368</b>	<b>6,933,827,184,000</b>	<b>99.34</b>	<b>19,467,654,368</b>	<b>9,733,827,184,000</b>	<b>99.53</b>
Treasury Stock	92,131,200	46,065,600,000	0.66	92,131,200	46,065,600,000	0.47
Total Issued and Paid-Up Capital	13,959,785,568	6,979,892,784,000	100.00	19,559,785,568	9,779,892,784,000	100.00
Shares in Portfolio	41,840,214,432	20,920,107,216,000		36,240,214,432	18,120,107,216,000	

In the event (i) that the PUT II is completed and the public shareholders exercise the Preemptive Rights for which they are entitled to, and (ii) the acquisition price of Star Energy Group Holdings Pte. Ltd. (“SEGHPL”) is adjusted and paid in the form of the Company’s shares that would be issued without Preemptive Rights, the Company’s proforma capital structure and shareholder composition subsequent to the price adjustment would be as follows:

Description and Information	Prior to price adjustment			Subsequent to price adjustment		
	Nominal Value of Rp500 per share			Nominal Value of Rp500 per share		
	Total Shares	Total Nominal Value (Rp)	(%)	Total Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>55,800,000,000</b>	<b>27,900,000,000,000</b>		<b>55,800,000,000</b>	<b>27,900,000,000,000</b>	
Issued and Paid-Up Capital						
Prajogo Pangestu	13,950,512,256	6,975,256,128,000	71.32	15,906,490,813	7,953,245,406,500	73.93
PT Barito Pacific Lumber	283,983,554	141,991,777,000	1.45	283,983,554	141,991,777,000	1.32
PT Tunggal Setia Pratama	90,012,771	45,006,385,500	0.46	90,012,771	45,006,385,500	0.42
Agus Salim Pangestu	104,817	52,408,500	0.00	104,817	52,408,500	0.00
Others < 5%	5,143,040,970	2,571,520,485,000	26.29	5,143,040,970	2,571,520,485,000	23.90
<b>Sub-total</b>	<b>19,467,654,369</b>	<b>9,733,827,184,000</b>	<b>99.53</b>	<b>21,423,632,926</b>	<b>10,711,816,462,500</b>	<b>99.57</b>
Treasury Stock	92,131,200	46,065,600,000	0.47	92,131,200	46,065,600,000	0.43
Total Issued and Paid-Up Capital	19,559,785,569	9,779,892,784,000	100.00	21,515,764,126	10,757,882,062,500	100.00
Shares in Portfolio	36,240,214,431	18,120,107,216,000		32,284,235,874	17,142,117,937,500	

Simultaneously with the PUT II, the Company shall issue a maximum of 1,400,000,000 (one billion four hundred million) Series I Warrants, which represent 10.0% (ten percent) of the total issued and paid-up capital as of the submission of the registration statement and based on the assumption that the Series I Warrant would be issued prior to the PUT II. Every 4 (four) Right Shares shall be accompanied by 1 (one) Series I Warrant for the Preemptive Right holders exercising their rights. Each holder of 1 (one) Series I Warrant shall be entitled to purchase 1 (one) share of the Company, and each Series I Warrant may be exercised in accordance with the following conditions:

- The Exercise Window I shall commence from July 1, 2019, until June 30, 2020, with the Exercise Price for the Warrant Exercise Window I ranging from Rp1,840 (one thousand eight hundred forty Rupiah) per share to Rp2,640 (two thousand six hundred forty Rupiah) per share;
- The Exercise Window II shall commence from July 1, 2020, until June 30, 2021, with the Exercise Price for the Warrant Exercise Window II ranging from Rp2,300 (two thousand three hundred Rupiah) per share to Rp3,300 (three thousand three hundred Rupiah) per share.

Therefore, the maximum value of Series I Warrants shall be Rp4,620,000,000,000 (four trillion six hundred twenty billion Rupiah).

In the event that the Series I Warrants are not exercised until the end of the exercise period, such Series I warrants shall be expired, without value and void. The shares issued from the exercise of Preemptive Rights and the Series I Warrants offered in PUT II shall entirely consist of shares issued from the Company’s portfolio and shall be listed on the Indonesia Stock Exchange. The shares to be issued in connection with the issuance of Series I Warrants shall have the same and equal rights in all matters with the Company’s other issued and fully paid-up shares, namely the rights related to shares, including the right to cast vote in a General Meeting of Shareholders (“GMS”), the right to receive dividend distribution and bonus share distributions and preemptive rights.

Assuming that the Preemptive Rights offered in this PUT II are entirely exercised by the Company’s shareholders and assuming that the Series I Warrants are entirely exercised by the holders of Series I Warrants, the Company’s proforma capital structure and shareholder composition prior and subsequent to the PUT II and subsequent to the exercise of the Series I Warrants shall be as follows:

Description and Information	Prior to Series I Warrants			Subsequent to Series I Warrants		
	Nominal Value of Rp500 per share			Nominal Value of Rp500 per share		
	Total Shares	Total Nominal Value (Rp)	(%)	Total Shares	Total Nominal Value (Rp)	(%)
<b>Authorized Capital</b>	<b>55,800,000,000</b>	<b>27,900,000,000,000</b>		<b>55,800,000,000</b>	<b>27,900,000,000,000</b>	
Issued and Paid-Up Capital						
Prajogo Pangestu	13,950,512,256	6,975,256,128,000	71.32	14,953,751,619	7,476,875,809,500	71.34
PT Barito Pacific Lumber	283,983,554	141,991,777,000	1.45	304,405,993	152,202,996,500	1.45
PT Tunggal Setia Pratama	90,012,771	45,006,385,500	0.46	96,485,964	48,242,982,000	0.46
Agus Salim Pangestu	104,817	52,408,500	0.00	112,355	56,177,500	0.00
Others < 5%	5,143,040,970	2,571,520,485,000	26.29	5,512,898,438	2,756,449,219,000	26.30
<b>Sub-total</b>	<b>19,467,654,369</b>	<b>9,733,827,184,000</b>	<b>99.53</b>	<b>20,867,654,369</b>	<b>10,433,827,184,500</b>	<b>99.56</b>
Treasury Stock	92,131,200	46,065,600,000	0.47	92,131,200	46,065,600,000	0.44

Description and Information	Prior to Series I Warrants			Subsequent to Series I Warrants		
	Nominal Value of Rp500 per share			Nominal Value of Rp500 per share		
	Total Shares	Total Nominal Value (Rp)	(%)	Total Shares	Total Nominal Value (Rp)	(%)
Total Issued and Paid-Up Capital	19,559,785,569	9,779,892,784,000	100.00	20,959,785,569	6,979,892,784,000	100.00
Shares in Portfolio	36,240,214,431	18,120,107,216,000		34,840,214,431	20,920,107,216,000	

The percentage of share ownership of shareholders who do not exercise their rights in the PUT II shall be subject to a maximum dilution of 28.63% (twenty eight point sixty three percent) subsequent to the PUT II and prior to the exercise of Series I Warrants and 33.40% (thirty three point forty percent) subsequent to the PUT II and the exercise of Series I Warrants.

### **Non-Cash Capital Contributions**

Preemptive Rights shall be exercised by depositing a sum of money in exchange for the shares to be issued. Payment of such shares may be made in other forms than cash. Pursuant to FSAR 32/2015, non-cash capital contribution shall be subject to the following conditions:

- a. Directly related to the planned use of proceeds; and
- b. Using an appraiser to determine the fair value of non-cash articles used as payment of shares and the fairness of such non-cash capital contribution, where in accordance with the provisions of Article 9 paragraph (2) of FSAR 32/2015, the period between the appraisal date and the date of non-cash capital contribution shall be no longer than 6 (six) months.

With respect to non-cash capital contribution, Prajogo Pangestu's paid-in capital for the increase in the Company's capital shall be made in the form of 66.67% shares of SEGHPL.

### **INFORMATION ON THE COMPANY'S SHARES**

The following table presents the historical performance of the Company's shares on the Indonesia Stock Exchange, including the monthly highest price, lowest price, and trade volume for the last 12 (twelve) months, i.e., from April 2017 to March 2018:

No.	Month	Highest Price (Rp/share)	Lowest Price (Rp/share)	Total Trade Volume
1	March 2018	2,610	2,310	595,830,000
2	February 2018	2,700	2,340	493,480,000
3	January 2018	2,640	2,050	666,854,200
4	December 2017	2,440	2,240	506,275,300
5	November 2017	2,270	2,010	635,150,400
6	October 2017	2,040	1,840	788,544,800
7	September 2017	2,290	1,995	737,513,700
8	August 2017	1,980	1,740	802,550,700
9	July 2017	1,695	1,470	657,599,400
10	June 2017	1,665	1,410	615,143,600
11	May 2017	1,710	1,495	1,012,103,800
12	April 2017	1,835	1,560	974,794,000

Source: Bloomberg

### **ESTIMATED USE OF PROCEEDS FROM PUT II**

All net proceeds received by the Company from PUT II, net of commissions, costs, and expenditures incurred in connection with the PUT II shall be used as follows:

1. Approximately 52% shall be used to pay the outstanding purchase price, i.e., amounting to approximately USD520,687,193 in connection with the Acquisition Plan (as defined below) through the issuance of the Company's shares that shall be subscribed by Prajogo Pangestu through the delivery of his remaining interest in SEGHPL shares (non-cash capital contributions or *inbreng*); and
2. Any remaining proceeds available shall be used to finance the Company's and/or its Subsidiaries' working capital, where the provision of working capital by the Company to its Subsidiaries may be made in the form of loans or investment in shares of the respective Subsidiaries.

Whereas the proceeds from the exercise of Series I Warrants, net of share issuance costs, shall be used to finance the Company's and/or its Subsidiaries working capital.

In accordance with the FSAR No. 32/2015, the Company shall report the realization of use of proceeds from the PUT II by no later than the 15th (fifteenth) of the following month after the report date until the entire proceeds from the PUT II have been realized, and shall report such use of proceeds to the Company's Annual GMS. The realization of use of proceeds report to be submitted to the FSA shall be prepared on a periodical basis, i.e., every 6 (six) months, dated June 30 and December 31.

If the Company intends to change the planned use of proceeds from the PUT II in the future, the Company shall first report such plan to the FSA by stating the reasons and considerations thereof, and such change of use of proceeds shall first obtain the approval of the Company's shareholders in a GMS.

## ACQUISITION PLAN

In line with the Company's mission to strengthen its foothold in the resource-oriented renewable energy sectors with upstream to downstream growth through diversification and integration in the energy sector for future development, particularly in renewable energy, the Company intends to acquire SEGHPL, a company engaged in renewable energy investment sector ("Acquisition Plan"). SEGHPL has a number of subsidiaries that are engaged in renewable energy and have secured a number of material contracts, including, among others: (i) Joint Operation Contract (JOC) for Wayang Windu Project entered into by PT Pertamina Geothermal Energy and Star Energy Geothermal (Wayang Windu) Ltd. ("SEGWW"), (ii) *Energy Sales Contract* ("ESC") for Wayang Windu Project entered into by PT PLN (Persero), PT Pertamina Geothermal Energy and SEGWW, (iii) JOC for Salak Project entered into by PT Pertamina Geothermal Energy, Star Energy Geothermal Salak Pratama Ltd. ("SEGSPL") dan Star Energy Geothermal Salak Ltd. ("SEGSL"), (iv) ESC for Salak Project entered into by PT PLN (Persero), PT Pertamina Geothermal Energy, SEGSPL and SEGSL, (v) JOC for Darajat Project entered into between by PT Pertamina Geothermal Energy, Star Energy Geothermal Darajat I Limited ("SEGDI"), Star Energy Geothermal Darajat II Limited ("SEGDI"), PT Darajat Geothermal Indonesia ("DGI") and (vi) ESC for Darajat Project entered into by PT PLN (Persero), PT Pertamina Geothermal Energy, SEGDI, SEGDI and DGI.

Based on Conditional Sale and Purchase Agreement signed by the Company and Prajogo Pangestu on 12 December 2017 ("CSPA") as amended by Amendment to CSPA signed on 2 March 2018 in connection with the Acquisition Plan, the acquisition price of SEGHPL will be adjusted if between the period of 1 July 2018 - 30 June 2019, the aggregate three-month net monthly income exceeds the aggregate of the comparison net income plus US\$2,500,000 ("Adjustment Price").

The Adjustment Price will be paid by the Company in cash or shares issued by the Company without preemptive rights or any other form as agreed by the parties computed based on Bank Indonesia's middle rate on the payment date. In case the Adjustment Price is paid in the form of shares issued by the Company, (i) the value of such shares shall be Rp 200 above the average closing price of the shares of the Company for the last 25 market days prior to the announcement of the Company's GMS approving the increase of the Company's issued and paid up capital; (ii) such shares shall not exceed 10% of the total issued and paid up capital of the Company at that time.

Further information of the Acquisition Plan is available in the information disclosure issued by the Company on April 9, 2018.

## TARGET COMPANY BUSINESS OVERVIEW

Star Energy operates geothermal energy business through its Wayang Windu, Salak and Darajat Geothermal Operations.

Upon completion of the Star Energy Acquisition, the Company will acquire Star Energy's geothermal energy operations. Star Energy manages and operates three geothermal operations, the Wayang Windu Geothermal Operations, the Salak Geothermal Operations and the Darajat Geothermal Operations, and has also completed preliminary surveys in the Hamiding and Sekincau prospects. Star Energy acquired the Salak Geothermal Operations and the Darajat Geothermal Operations on March 31, 2017 from subsidiaries and affiliates of Chevron for an aggregate consideration of US\$2.0 billion. The Salak Geothermal Operations and the Darajat Geothermal Operations are referred to in the prospectus as the "**Salak and Darajat Assets.**"

The table below sets forth certain financial information with respect to each of the Wayang Windu Geothermal Operations, Salak Geothermal Operations and Darajat Geothermal Operations:

	<b>For the years ended December 31,</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(US\$ in millions, unless otherwise stated)</i>		
<b>Wayang Windu Geothermal Operations<sup>(1)</sup></b>			
Revenue.....	68.9	165.1	181.8
Operating cost.....	44.4	50.2	57.2
Capital expenditure .....	36.3	56.6	0.6
EBITDA .....	50.1	142.3	152.4
<b>Salak Geothermal Operations<sup>(1)</sup></b>			
Revenue.....	198.5	189.0	145.3
Operating cost.....	82.2	67.8	38.3
Capital expenditure .....	12.3	1.7	7.9
EBITDA .....	138.1	137.1	115.6
<b>Darajat Geothermal Operations<sup>(1)</sup></b>			
Revenue.....	130.7	133.2	97.4
Operating cost.....	64.1	53.4	28.7
Capital expenditure .....	6.3	7.5	7.6
EBITDA .....	74.5	89.6	76.0

<sup>(1)</sup> While the financial information of Wayang Windu Geothermal Operations above have been prepared on the basis of IFRS, the financial information of Salak Geothermal Operations and Darajat Geothermal Operations for the respective periods above have been prepared on the basis of accounting principles promulgated under the Salak JOC and Darajat JOC, respectively and may not be directly comparable. Financial information pertaining to the Salak Geothermal Operations and Darajat Geothermal Operations for the nine-months ended December 31, 2017 was prepared based on Indonesian FAS, which was consolidated with Star Energy's audited financial statement for the year ended December 31, 2017 as a result of Star Energy's acquisition of Salak and Darajat Assets on March 31, 2017, see "Management's Discussion and Analysis of Financial Condition and Results of Operations of Star Energy."

### Wayang Windu Geothermal Operations

The Wayang Windu Geothermal Operations are located in Bandung Regency in West Java, Indonesia. As of the date of this Offering Circular, the Wayang Windu Geothermal Operations consist of two units owned and operated by Star Energy, which are capable of producing 110MW and 117MW, respectively, from heated steam drawn from geothermal wells drilled in the Wayang Windu contract area. The Wayang Windu Geothermal Operations were acquired by Star Energy in 2000.

#### Assets Overview

The following table sets forth the key facility metrics for the Wayang Windu Geothermal Operations:

	<b>Unit 1</b>	<b>Unit 2</b>
Installed Capacity (MW).....	110	117
Commercial Operation Date ("COD").....	June 2000	March 2009
Ownership.....	Star Energy	
Type of operation by Star Energy.....	Integrated geothermal power generation	

### Salak Geothermal Operations

The Salak Geothermal Operations are located in Sukabumi Regency and Bogor Regency in West Java, Indonesia. As of the date of this Offering Circular, the Salak Geothermal Operations consist of field facilities and electricity generating facilities comprising (i) three units owned and operated by Salak Contractor, each unit of which has an installed capacity of 65.6MW of each unit, and (ii) three units owned and operated by PLN, with a gross installed generation capacity of 55MW of each unit. The Salak Geothermal Operations have a total gross installed capacity of 377MW.

Power development projects for the Salak Geothermal Operations include (i) the Salak binary plant, which is expected to have a capacity of 15MW and (ii) Salak Unit 7, which is expected to have a gross installed generation capacity of 55MW. As of the date of the prospectus, Salak Contractor is conducting feasibility studies for both projects. Salak Contractor intends for the Salak binary power plant and Salak Unit 7 to commence operations in 2021 and 2023, respectively.

The Salak Geothermal Operations were the first Indonesian private geothermal contract and was awarded to Union Geothermal of Indonesia, Ltd., a subsidiary of the Union Oil Company of California (“UNOCAL”), in 1982. Chevron acquired UNOCAL and, in turn, Salak Geothermal Operations, in 2005, and Star Energy later acquired the Salak Geothermal Operations from Chevron on March 31, 2017.

#### Assets Overview

The following table sets forth the key facility metrics for the Salak Geothermal Operations.

	<u>Unit 1</u>	<u>Unit 2</u>	<u>Unit 3</u>	<u>Unit 4</u>	<u>Unit 5</u>	<u>Unit 6</u>
Installed Capacity (MW) .....	60 <sup>(1)</sup>	60 <sup>(1)</sup>	60 <sup>(1)</sup>	65.6	65.6	65.6
COD .....	March 1994	June 1994	July 1997	October 1997	November 1997	November 1997
Ownership .....	PLN	PLN	PLN	Star Energy	Star Energy	Star Energy
Type of operation by Star Energy .....		Steam supply		Integrated geothermal power generation		

<sup>(1)</sup> While contractual capacity is 55MW, Star Energy generally provides steam flow up to 60MW.

#### Darajat Geothermal Operations

The Darajat Geothermal Operations are located in Garut Regency and Bandung Regency in West Java, Indonesia. As of the date of this Offering Circular, the Darajat Geothermal Operations include field facilities and electricity generating facilities comprising (i) one unit owned and operated by PLN, with a gross installed capacity of 55MW, and (ii) two units owned and operated by Darajat Contractor, with gross installed capacities of 95MW and 121MW, respectively. The Darajat Geothermal Operations have a total gross installed capacity of 271MW.

Chevron was the owner of UNOCAL and, in turn, the Darajat Geothermal Operations, in 2005, and Star Energy later acquired it from Chevron on March 31, 2017.

#### Assets Overview

The following table sets forth the key facility metrics for the Darajat Geothermal Operations.

	<u>Unit 1</u>	<u>Unit 2</u>	<u>Unit 3</u>
Installed Capacity (MW) .....	55	95	121
COD .....	October 1994	June 2000	May 2007
Ownership .....	PLN	Star Energy	
Type of operation by Star Energy .....	Steam supply	Integrated geothermal power generation	

### MANAGEMENT’S DISCUSSION AND ANALYSIS

*The management discussion and analysis of the Company’s financial condition and results of operations presented in this section must be read in conjunction with the key financial highlights, the Company’s and its Subsidiaries’ consolidated financial statements and notes to the consolidated financial statements presented in the Prospectus.*

*The consolidated financial statements of the Company and its Subsidiaries for the years ended December 31, 2017, and 2016, have been audited by the Registered Public Accountant Satrio Bing Eny & Rekan (member of Deloitte Touche Tohmatsu Limited), which expressed an unmodified opinion in its report signed by Bing Harianto, SE (Public Accountant Registration No. 0558).*

*The consolidated financial statements of the Company and its Subsidiaries for the years ended December 31, 2015, and 2016, have been audited by the Registered Public Accountant Osman Satrio Bing Eny & Rekan (member of Deloitte Touche Tohmatsu Limited), which expressed an unmodified opinion with emphasis of a matter paragraph on the implementation of new SFAS in its report signed by Bing Harianto, SE (Public Accountant Registration No. 0558).*

*The following discussion contains forward looking statements that reflect the Company’s current view of future events and financial performance, and the Company’s actual results may materially differ as a result of certain factors, including but not limited to, those described in Chapter V on Risk Factors.*

*Unless otherwise stated, all reference to the “Company” in this chapter shall mean PT Barito Pacific Tbk and its Subsidiaries.*



## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in millions of US\$)

DESCRIPTION	The year ended December 31,		
	2017	2016	2015
Net Revenues	2,452.8	1,961.3	1,406.1
Cost of Revenues and Direct Costs	1,913.2	1,473.9	1,267.0
<b>Gross Profit</b>	<b>539.6</b>	<b>487.4</b>	<b>139.1</b>
Selling expenses	(44.2)	(44.5)	(43.7)
General and administrative expenses	(50.4)	(34.7)	(30.8)
Finance costs	(59.7)	(38.2)	(28.5)
Loss on foreign exchange - net	(2.7)	(1.3)	(10.3)
Share in loss of associates and joint venture - net	(8.5)	(5.4)	(4.5)
Other gains and losses - net	11.3	16.7	13.5
<b>Profit Before Tax</b>	<b>385.4</b>	<b>380.0</b>	<b>34.7</b>
Income Tax Expense - Net	(105.5)	(100.2)	(29.7)
<b>PROFIT FOR THE YEAR</b>	<b>279.9</b>	<b>279.8</b>	<b>5.1</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation, net of tax	(1.7)	(1.9)	0.4
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustments	2.1	(1.8)	(5.2)
Unrealized loss on available-for-sale securities	(0.0)	(0.0)	(0.1)
Total other comprehensive income (loss) for the year	0.4	(3.7)	(4.9)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>280.3</b>	<b>276.1</b>	<b>0.2</b>
<b>Profit (loss) for the year</b>			
<b>attributable to:</b>			
Owners of the Company	118.1	131.7	(5.4)
Non-controlling interest	161.8	148.1	10.4
<b>Profit for the year</b>	<b>279.9</b>	<b>279.8</b>	<b>5.1</b>
<b>Total comprehensive income for the year</b>			
<b>attributable to:</b>			
Owners of the Company	119.3	128.8	(9.9)
Non-controlling interest	161.0	147.3	10.1
<b>Total comprehensive income for the year</b>	<b>280.3</b>	<b>276.1</b>	<b>0.2</b>
<b>Basic Earnings Per Share *) (in full US\$)</b>	<b>0.009</b>	<b>0.009</b>	<b>(0.000)</b>

\*) Adjusted in connection with nominal stock split from Rp1,000 to Rp500 per share, which was applied retrospectively.

### 2017 compared with 2016

#### Net revenues

Net revenues increased by 25.1% to US\$2,452.8 million in 2017, compared with US\$1,961.3 million in 2016. Net revenues attributable to each of the Company's main businesses are set forth below.

- Petrochemical. In 2017, net revenues from petrochemical business through PT Chandra Asri Petrochemical ("CAP") increased by 25.3% to US\$2,418.5 million, compared with US\$1,930.3 million in 2016, reflecting a growth in sales by an increase in the average sale price for CAP's products in 2017. The higher sales volume for 2017 was primarily due to higher levels of production due to a period of ramp-up in the first quarter of 2016 following successful completion of CAP's cracker expansion project in December 2015.
- Others. Net revenues from other businesses increased by 10.9% to US\$34.3 million in 2017, compared with US\$31.0 million in 2016, due to increase in net revenues from plantation business.

The net sales attributable to each of our main petrochemical products for the respective periods are set forth below.

#### *Olefins (ethylene, propylene, pygas and mixed C<sub>4</sub>).*

Net sales increased by 28.5% to US\$783.5 million in 2017 compared with US\$609.8 million in 2016, primarily attributable to the successful completion of CAP's cracker expansion project in December 2015 and lower production in the first quarter of 2016 due to a ramp-up period.

*Polyolefin (polyethylene and polypropylene).*

Net polyolefin sales increased by 6.6% to US\$942.8 million in 2017 compared with US\$884.6 million in 2016, primarily reflecting an increase in sales volume.

*Styrene monomer and by-products.*

Net sales of styrene monomer and by-products increased by 49.7% to US\$432.8 million in 2017 compared with US\$289.2 million in 2016. This was largely due to a 28.6% increase in sales volumes of styrene monomer and its by-products to 363.4 KT in 2017 compared with 282.5 KT in 2016 and a 16.3% increase in the average sales price per ton of styrene monomer to US\$1,191.0/MT in 2017 compared with US\$1,023.7/MT in 2016.

*Butadiene and by-products.*

Net sales of butadiene and by-products increased by 80.9% to US\$252.0 million in 2017 compared with US\$139.3 million in 2016. This was largely due to a 34.5% increase in sales volumes of butadiene and its by-products to 271.4 KT in 2017 from 201.9 KT in 2016 and an increase in the average sales price per ton of butadiene to US\$1,407.6/MT in 2017 compared with US\$1,015.2/MT in 2016.

### **Cost of revenues**

Cost of revenues increased by 29.8% in 2017 to US\$1,913.2 million, as compared with US\$1,473.9 million in 2016. A description of the cost of revenues by each of the Company's main businesses is given below.

- Petrochemical. In 2017, cost of revenues from petrochemical business through CAP increased by 30.1% to US\$1,876.7 million, compared with US\$1,442.1 million in 2016, due to CAP's increased consumption of naphtha, which is its primary raw material, due to higher production as a result of. The average cost of naphtha per ton, which is linked to Brent crude prices, increased by 22.0% to US\$500/MT, compared with US\$410/MT in 2016.
- Others. Cost of other businesses increased by 14.9% to US\$36.5 million in 2017 compared with US\$31.8 million in 2016 due to the increase in plantation assets' revenue in 2017.

The cost of revenues attributable to each of the Company's main petrochemical products for the respective periods are set forth below.

*Olefins (ethylene, propylene, pygas and mixed C<sub>4</sub>).*

Cost of revenues of olefins increased by 28.8% to US\$872.3 million in 2017 compared with US\$627.6 million in 2016, primarily reflecting higher production levels compared with 2016, with the ramp-up period of CAP's naphtha cracker after completion of CAP's cracker expansion project in December 2015, as well as higher raw material costs, primarily naphtha, and a 12.8% increase in CAP's olefins sales volume to 907.0 KT in 2017 compared with 803.8 KT in 2016.

*Polyolefins (polyethylene and polypropylene).*

Cost of revenues of polyolefins increased to US\$693.7 million in 2017 compared with US\$601.8 million in 2016, primarily reflecting an increase in the price of raw materials.

*Styrene monomer and by-products.*

Cost of revenues of styrene monomer and its by-products increased by 47.7% to US\$392.0 million in 2017 compared with US\$265.9 million in 2016, primarily reflecting higher production from improving plant performance and market conditions as well as an increase in the price of benzene. Sales volumes increased by 28.6% to 363.4 KT in 2017 compared with 282.5 KT in 2016.

*Butadiene and by-products.*

Cost of revenues of butadiene and its by-products increased by 74.0% to US\$215.6 million in 2017 compared with US\$123.9 million in 2016, primarily reflecting higher production, with more feedstock being available for use following the completion of CAP's cracker expansion project. Sales volumes increased by 34.5% to 271.4 KT in 2017 compared with 201.8 KT in 2016.

### **Gross profit**

As a result of the foregoing factors, primarily due to higher volumes from increased production and higher product margins, the company's gross profit increased by 10.7% in 2017 to US\$539.6 million, compared with US\$487.5 million in 2016. Most of the increase is mostly attributable to the Company's petrochemical business through CAP.

## Operating expenses

Operating expenses primarily included selling expenses, general and administrative expenses, finance costs, and other income (expenses). Selling expenses remained stable at US\$42.4 million in 2017 compared with US\$42.6 million. General and administrative expenses increased by 37.2% to US\$38.3 million in 2017, compared with US\$27.9 million in 2016, primarily due to higher salaries, allowances and employee benefits. In 2017, other income was US\$8.6 million compared with other expenses of US\$3.7 million, primarily due to higher loss on foreign exchange, lower other gains and higher share in net loss of an associate.

## Finance costs

Finance costs increased by 56.3% to US\$59.7 million in 2017 compared with US\$38.2 million in 2016, primarily as a result of an increase in interest expenses from bank loans and bonds and bank charges.

## Income tax expense (net)

Income tax expense (net) as a percentage of profit before tax (effective tax rates) was 27.4% in 2017. Our income tax expense increased by 5.3% to US\$105.5 million in 2017, compared with US\$100.2 million in 2016, primarily due to higher profit before tax in 2017 as compared with 2016.

## Profit (loss) for the year

For the foregoing reasons, net profit for the year amounted to US\$279.9 million in 2017 which is not significantly different from US\$279.8 million in 2016. Our profit for the year attributable to owners of the company amounted to US\$118.1 million in 2017, compared with US\$131.7 million in 2016. Our net profit for the year attributable to non-controlling interests of PT Redeco Petrolin Utama ("RPU"), a subsidiary of PT Styrimdo Mono Indonesia ("SMI"), amounted to US\$161.8 million, compared with US\$148.1 million in 2016.

## 2016 compared with 2015

### Net revenues

Net revenues increased by 39.5% to US\$1,961.3 million in 2016, compared with US\$1,406.1 million in 2015. Net revenues attributable to each of our main businesses are set forth below.

- Petrochemical. In 2016, net revenues from petrochemical sales through CAP increased by 40.1% to US\$1,930.3 million in 2016, compared with US\$1,377.6 million in 2015. The increase in net revenues reflected a 64% growth in sales volume partially offset by a 14.7% decrease in the average sale price for CAP's products in 2016. The higher sales volume for 2016 was primarily due to higher levels of production following the successful completion of CAP's cracker expansion project, which CAP completed in December 2015.
- Others. Net revenues from other businesses increased by 8.4% to US\$31.0 million in 2016, compared with US\$28.5 million in 2015, due to partial completion of the Cikupa project through our subsidiary.

The net sales attributable to each of our main petrochemical products for the respective periods are set forth below.

### *Olefins (ethylene, propylene, pygas and mixed C<sub>4</sub>).*

In 2016, CAP's net olefin sales increased by 256.4% to US\$609.8 million compared with US\$171.1 million in 2015, primarily attributable to the successful completion of CAP's cracker expansion project in December 2015.

### *Polyolefin (polyethylene and polypropylene).*

CAP's net polyolefin sales increased by 1.8% to US\$884.6 million in 2016 compared with US\$869.0 million in 2015, primarily reflecting the results of CAP's cracker expansion project, which we completed in December 2015.

### *Styrene monomer and by-products.*

CAP's net sales of styrene monomer and by-products increased by 13.1% to US\$289.2 million in 2016 compared with US\$255.8 million in 2015. This was largely due to a 20.0% increase in sales volumes of styrene monomer and by-products to 282.5 KT in 2016 compared with 235.5 KT in 2015 mainly due to improved plant performance and market conditions. The average sales price per ton of styrene monomer decreased by 5.7% at US\$1,031.8/MT in 2016 compared with US\$1,094.7/MT in 2015, in part reflecting lower feedstock costs.

### *Butadiene and by-products.*

CAP's net sales of butadiene and by-products increased by 78.8% to US\$139.3 million in 2016 compared with US\$77.9 million in 2015. This was largely due to a 90.9% increase in sales volumes of butadiene and by-products to 201.8 KT in 2016 from 105.7 KT in 2015 as a result of higher production, which was possibly due to more feedstock

being available for use as a result of increased capacity after the 85-day shutdown for TAM and CAP cracker expansion project. The average sales price per ton of butadiene increased by 7.9% to US\$1,015.2/MT in 2016 compared with US\$941.2/MT in 2015.

### **Cost of revenues**

Our cost of revenues and direct costs increased by 16.3 % in 2016 to US\$1,473.9 million, as compared with US\$1,267.0 million in 2015. A description of our cost of revenues by each of our main businesses is given below.

- **Petrochemical.** In 2016, CAP's cost of revenues from our petrochemical business increased by 16.5% to US\$1,442.1 million, compared with US\$1,238.1 million in 2015, due to CAP's increased consumption of naphtha, which is CAP's primary raw material, due to higher production as a result of the expanded ethylene capacity after the completion of TAM and expansion tie-in works in December 2015. The average cost of naphtha per ton, which is linked to Brent crude prices, decreased by 25.6% to US\$410/MT, compared with US\$551/MT in 2015.
- **Others.** Our cost of other businesses increased by 10.0% to US\$31.8 million in 2016 compared with US\$28.9 million in 2015 due to partial completion of Cikupa project through the Company's subsidiary.

The cost of revenues attributable to each of the Company's main petrochemical products for the respective periods are set forth below.

#### *Olefins (ethylene, propylene, pygas and mixed C<sub>4</sub>).*

In 2016, Cost of revenues of olefins increased by 157.0% to US\$443.9 million compared with US\$172.7 million in 2015, primarily reflecting higher production as a result of the increased name-plate capacity of CAP's naphtha cracker after the completion of CAP's cracker expansion project, which we completed in December 2015, as well as an increase in our olefins sales volume, which increased by 263.9% to 803.8 KT in 2016 compared with 220.9 KT in 2015.

#### *Polyolefin (polyethylene and polypropylene).*

Cost of revenues of polyolefin decreased by 17.8% to US\$601.8 million in 2016 compared with US\$732.1 million in 2015, primarily reflecting higher production as a result of CAP's cracker expansion project, which CAP completed in December 2015, despite an increase in our polyolefin sales volume, which increased by 9.9% at 742.7 KT in 2016 compared with 676.0 KT in 2015.

#### *Styrene monomer and by-products.*

Cost of revenues of styrene monomer and by-products increased by 8.6% to US\$264.1 million in 2016 compared with US\$243.1 million in 2015, primarily reflecting higher production from the improvement of plant performance and market conditions. Sales volumes increased by 20.0% to 282.5 KT in 2016 compared with 235.5 KT in 2015.

#### *Butadiene and by-products.*

Cost of revenues of butadiene and by-products increased by 51.3% to US\$123.9 million in 2016 compared with US\$81.9 million in 2015, primarily reflecting higher production, which was possible with more feedstock being available for use after the 85-day shutdown for TAM and CAP's cracker expansion project. Sales volumes increased by 90.9% to 201.8 KT in 2016 compared with 105.7 KT in 2015.

### **Gross profit**

As a result of the foregoing factors, namely higher production as made possible with a 43% increase in CAP's increased production capacity, higher gross profit margins reflecting an upward trend in the industry and low crude oil prices, our gross profit increased by 250.5% in 2016 to US\$487.5 million, compared with US\$139.1 million in 2015.

### **Operating expenses**

Operating expenses decreased by 8.7% to US\$69.2 million in 2016 compared with US\$75.8 million in 2015, primarily due to lower exchange loss, partially offset by higher salaries expense with the completion of CAP's cracker expansion project.

### **Finance costs**

Finance cost increased by 33.9% to US\$38.2 million compared with US\$28.5 million for in 2016, primarily as a result of an increase interest expenses on bank loans.

### Income tax expense (net)

Income tax expense (net) as a percentage of profit before tax (effective tax rates) was 26.4% in 2016. Our income tax expense increased to US\$100.2 million in 2016 compared with US\$29.7 million in 2015, primarily due to higher profit before tax in 2016, as compared with 2015.

### Profit (loss) for the year

For the foregoing reasons, profit for the year amounted to US\$279.8 million in 2016 as compared with US\$5.1 million in 2015. Our profit for the year attributable to owners of the company amounted to US\$131.7 million in 2016, compared with a loss of US\$5.4 million in 2015. Our profit for the year attributable to non-controlling interests of RPU amounted to US\$148.1 million in 2016, compared with US\$10.4 million in 2015.

### CAPITAL EXPENDITURE

Substantially all of the Company's capital expenditures is related to petrochemical operation through CAP and, in particular for 2017, the expenditure in connection with our acquisition of Star Energy. For the year ended December 31, 2017, we spent US\$214.5 million in capital expenditures, including for CAP's various debottlenecking and downstream expansion projects and plant improvements, and our deposit payments in connection with the acquisition of Star energy.

The table below shows our actual capital expenditures for the periods indicated:

	For the year ended December 31,		
	2015	2016	2017
		(US\$ millions)	
<i>Petrochemical Business</i>			
Debottlenecking and expansion projects .....	124.9	22.2	187.4
Plant improvement and others.....	53.0	43.2	36.1
TAM .....	45.9	7.9	-
<i>Star Energy Acquisition</i>			
First deposit payment .....	-	58.6	-
Second deposit payment.....	-	-	175.7
<b>Total capital expenditures .....</b>	<b>223.8</b>	<b>131.9</b>	<b>399.2</b>

## DESCRIPTION OF THE PREEMPTIVE RIGHTS

### 1. Eligible Preemptive Right Holders

Shareholders eligible to obtain Preemptive Rights are the shareholders whose names are registered in the Company's SR as of May 31, 2018, at 16.00 Western Indonesian Time.

### 2. Legitimate Preemptive Right Holders

Legitimate Preemptive Right Holders are shareholders whose names are registered in the SR or those who own the Company's shares in the Securities Accounts of Securities Companies/Custodian Bank on May 31, 2018, up to 16.00 Western Indonesian Time whose Preemptive Rights are not sold; or the last buyers/holders of Preemptive Right Certificates whose names are stated on the endorsement column of the Preemptive Rights Certificate; or the holders of Preemptive Rights administered in the collective depository of KSE until the closing date of the Preemptive Right trading period.

### 3. Preemptive Right Trading

The Preemptive Right holders may trade their Preemptive Rights during the Preemptive Right trading period, i.e., from June 5, 2018 up to June 11, 2018.

The trading of Preemptive Rights shall duly observe the prevailing laws and regulations in the Republic of Indonesia, including but not limited to, tax regulations and the capital market regulations, including the regulations of the stock exchange where such Preemptive Rights are traded, namely the IDX, and KSEI regulations. Should the Preemptive Right holders have any doubt on the appropriate decisions to be made, they are advised to consult their investment advisors or other professional advisors.

Preemptive Rights administered in the Collective Depository at KSEI shall be traded on the IDX, whereas Preemptive Rights in the form of Preemptive Right Certificates may solely be traded off-exchange. Settlement of Preemptive Right off-exchange trading shall be made by way of book-entry settlements of securities accounts under the name of Custodian Banks or Securities Companies at KSEI. All costs and taxes that may arise from the trading and transfer of Preemptive Rights shall be the responsibilities and expense of the Preemptive Right holders or prospective Preemptive Right holders.

Pursuant to the Decision of the Board of Directors of PT Bursa Efek Indonesia No. Kep-00071/BEI/11-2013 concerning The Change of Unit of Trading and Price Fraction, one unit of trading of Preemptive Rights is determined to be 100 (one hundred) Preemptive Rights. Trading of Preemptive Rights in the amount other than the unit of trading shall be carried out on the Negotiated Market with reference to the Preemptive Right price formed. The Preemptive Right trading shall be conducted on every exchange day from 09.30 until 12.00 of the Jakarta Automated Trading System ("JATS"), except for Friday, where trading shall be conducted from 09.30 until 11.30 of JATS. The settlement of exchange transactions of Preemptive Rights shall be conducted on the same exchange day on which the exchange transaction takes place (T+0), by no later than 16.00 Western Indonesian Time.

The Preemptive Rights holders intending to transfer their Preemptive Rights may do so through the Members of the Stock Exchange/Custodian Banks.

#### **4. Types of Preemptive Right Certificates**

The Company shall issue 2 (two) types of Preemptive Rights, namely:

- For the Company's shareholders whose shares are not administered in the Collective Depository at KSEI, the Company shall issue Preemptive Rights Certificates that state the name and address of the Preemptive Right Holders, the number of shares held, total Preemptive Rights available to subscribe Right Shares, total Right Shares to be subscribed, total price to be paid, total additional Right Share subscription, endorsement column and other necessary information; and
- For Shareholders whose shares are administered in the Collective Depository system at KSEI, the Company shall not issue any Preemptive Right Certificate, but shall credit the Preemptive Rights to the Securities Accounts under the name of the Custodian Bank or Member of the Stock Exchange appointed by each shareholder at KSEI.

#### **5. Preemptive Right Certificate Split Request**

Holders of Preemptive Right Certificates intending to sell or transfer a portion of the amount stated on their respective Preemptive Right Certificates may prepare an application to split the Preemptive Right Certificates and submit the same to the Company's SAB to obtain the Preemptive Right Certificates with the desired denomination, subject to the satisfaction of the requirements stipulated by the Company's SAB. Preemptive Right Holders may submit such Preemptive Right Certificate Split Request from June 5, 2018, until June 8, 2018.

#### **6. Preemptive Right Value**

The value of Preemptive Rights offered by the legitimate Preemptive Right holders may differ from one Preemptive Right to another, based on the existing market demand and supply upon offering.

The example of Preemptive Right value presented below is one of the methods to calculate Preemptive Right value, however, it does not guarantee that the result shall necessarily be the actual Preemptive Right value applicable in the market. The following explanation is intended to provide a general overview of Preemptive Right value calculation.

**Assumptions:**

Market price per share	Rpa
Price of shares offered in the PUT:	Rpr
Total outstanding shares prior to the PUT:	A
Total shares offered in the PUT II:	R
Total outstanding shares subsequent to the PUT:	A + R
Theoretical Price of Ex-Right Shares:	

$$\frac{(Rpa \times A) + (Rpr \times R)}{(A + R)} = RpX$$

Preemptive Right value shall be = RpX - Rpr

**7. Use of Preemptive Right Certificates**

Preemptive Right Certificates are the evidence of rights granted by the Company to the holders to subscribe to the New Shares. Preemptive Right Certificates shall be issued solely for shareholders who have not converted their shares and shall be used to subscribe to the Right Shares. The Preemptive Right Certificates cannot be exchanged with cash or any other items to the Company, and cannot be traded in the form of photocopies. The Preemptive Right ownership evidence for holders of Preemptive Rights in the Collective Custody of KSEI shall be provided by KSEI through their respective Members of IDX or Custodian Banks.

**8. Fraction of Preemptive Rights**

Pursuant to the FSAR No. 32/2015 dated December 16, 2015, in the event that shareholders own Preemptive Rights in the form of a fraction, the rights over such fraction of securities shall not be delivered to the shareholders, but shall be collected to be sold by the Company in a full amount of Preemptive Rights, and the proceeds of such sales shall be deposited to the Company's account.

**9. Others**

All costs incurred in connection with the transfer of Preemptive Rights shall be borne by the Preemptive Right Certificate Holders or prospective holders of Preemptive Rights.

**DISTRIBUTION OF PROSPECTUS AND PREEMPTIVE RIGHT CERTIFICATES**

1. For Shareholders whose shares are administered in the Collective Depository system at KSEI, the Preemptive Rights shall be distributed electronically to the Securities Accounts of their respective Members of the Stock Exchange or Custodian Banks at KSEI by no later than 1 (one) Business Day after the registration date in the PUT II SR, which shall be June 4, 2018. The prospectus and implementation guidelines are available at the Company's SAB.
2. For shareholders whose shares are not administered in the Collective Depository at KSEI, the Company shall issue Preemptive Right Certificates under the name of such shareholders, and such shareholders may collect the Preemptive Right Certificates, Prospectus, Additional SSF, and other forms, from June 4, 2018, by presenting the original valid identification (Resident Identity Card (KTP)/Passport/Temporary Stay Permit Card (KITAS) and submit the photocopies thereof, and the original Power of Attorney for those unable to obtain the documents referred to above by themselves to the Company's SAB:

**PT Sirca Datapro Perdana**  
**Wisma Sirca**  
**Jl. Johar No.18, Menteng**  
**Central Jakarta 10340**  
**Indonesia**  
**Tel: (021) 3905920**

In the event that the Company's shareholders whose names are registered in the Shareholder Register on May 31, 2018, at 16.00 Western Indonesian Time have not obtained the Prospectus and Preemptive Rights Certificates and do not contact PT Sirca Datapro Perdana as the Company's SAB up to June 11, 2018, then all risks of losses shall not be the responsibility of PT Sirca Datapro Perdana or the Company, but shall remain as the responsibility of the concerned shareholder.