

MINISTRI OF FINANCE OF REPUBLIC OF INDONESIA  
CAPITAL MARKET SUPERVISORY AGENCY

DUPLICATE OF  
DECISION OF THE CHAIRMAN OF CAPITAL MARKET SUPERVISORY AGENCY  
NUMBER: KEP-35/PM/2003

CONCERNING

BONUS STOCK

CHAIRMAN OF INDONESIAN CAPITAL MARKET SUPERVISORY AGENCY

Considering : a. that issuing of bonus stock is a method to enhancing financial performance of issuer and public company which can be done without any loss suffered for the shareholders interest  
b. that currently, issuing of Bonus stock based on elucidation of Rule Number I.B.1, attachment of Bapepam Circular Letter Number SE-05/PM/1996 date 24 December 1996 Concerning Guideline regarding Statement and Disclosure on Bonus stock  
c. That in order to give stronger legal basis on issuing Bonus stock, without neglecting disclosure and protection principle to the investor, it is necessary to enact Decision of Chairman of Capital Market Supervisory Agency concerning Bonus stock.

In view of : 1. Law Number 8 of 1995 Concerning Capital Market (Statute Book Year 1995 Number 64, Supplement to the Statute Book Number 3608)  
2. Government Regulation Number 46 of 1995 Concerning Capital Market Organization (Statute Book Year 1995 Number 86, Supplement to Statute Book Number 3617).  
3. Government Regulation Number 45 of 1995 Concerning Capital Market Formal Investigative Procedures (Statute Book Year 1995 Number 87, Supplement to Statute Book Number 3618).  
4. President of Indonesia Decree Number 7/M of 2000

HAS DECIDED:

To Enact : Decision of the Chairman of Capital Market Supervisory Agency Concerning Bonus stock.

Article 1

Provisions concerning Bonus stock are regulated in Rule Number IX.D.5 as stipulated in the Attachment of this Decision.

Article 2

With the enactment of this Decision, elucidation of Rule Number I.B.1, attachment of Bapepam Circular Letter Number SE-05/PM/1996 date 24 December 1996 concerning Guideline Regarding Statement and Disclosure on Bonus stock is revoked and declared ineffective.

Article 3

This Decision shall become effective since the date of its promulgation.

Enacted in : Jakarta  
Date : 30 September 2003

Chairman of Capital Market Supervisory  
Agency

Signed

**Herwidayatmo**  
NIP 060065750

Attachment  
Decision of Chairman of Bapepam  
Number : Kep-35/PM/2003  
Date : September 30, 2003

### **Rule Number IX.D.5 : Bonus Stocks**

1. Definition
  - a. Additional paid in capital in excess of par is the difference of shareholder payment over nominal value in the case of shares issued with a nominal value.
  - b. Net Assets is the difference between total assets and total liabilities.
  - c. Retained Earning is the accumulation of periodic net income after considering the dividend allocation and correction of profit and loss in previous period.
  - d. Bonus Stock is shares distributed without any consideration to the shareholders based on the number of shares owned.
  - e. Stock Dividend is part of retained earning distributed to shareholders in form of shares
  - f. Cash Dividend is the part of retained earning distributed to shareholders in form of cash.
  - g. Asset Revaluation is the difference between the revaluation value with book value (recorded value) of fixed assets.
2. This rule applies to Issuer who has made the Equity Securities Public Offering, or Public Company
3. Distribution of Bonus Stocks must be proportional to the stock ownership of each shareholder.
4. Distribution of bonus stock must have been done no later than 45 (forty five) days after Shareholders' General Meeting approved the Bonus Shares distribution.
5. Issuer or Public Company must submit two copies of Bonus Stock allotment report to Bapepam no later than 14 (fourteen) days after the Bonus Stocks have been distributed. The report must be examined by the Accountant registered in Bapepam.
6. Bonus Stocks granted as Stock Dividend are derived from Retained Earning capitalization
7. Bonus Stocks granted not as Stock Dividend, are derived from the capitalization of:
  - a. Additional Paid in Capital in Excess of par,
  - b. Other elements of equity.
8. Number of shares distributed for Bonus Stocks as Stock Dividend is determined by the following:

- a. in the case of the closing price of the share on the day before the date of Shareholders' General Meeting is below its nominal value, the number of shares distributed is determined by, at least, its nominal value.
  - b. in the case of, the share market price is equal to or higher than its nominal value, the number of shares distributed is determined by the closing price on the day before the date of Shareholders' General Meeting.
9. Number of shares distributed in the Stock Bonus granted not as Stock Dividend is determined by its nominal value.
10. With regard to provision number 8 and number 9 of this rule, in case there are more than one nominal value, the value used as the basis for the Bonus Stock distribution is the lowest nominal value.
11. Distribution of Bonus Shares can only be implemented if the origin of Bonus Shares has been presented in the last Annual Financial Statement audited by the Accountant registered in Bapepam.
12. In case, the Bonus Shares derived from capitalization of Additional paid in capital in excess of par, the value that can be capitalized is the amount of additional paid in capital in excess of par's less the cost of the equity issuance cost.
13. Issuer or Public Company or other Capital Market participants, in dealing with investors, should not give misleading information regarding the plan of bonus stock distribution. The misleading information includes such as, :
  - a. Bonus Stock is replacement of Cash Dividend that has been pledge by Issuer or Public Company;
  - b. Bonus Stock derived from capitalization of additional paid in capital in excess of par and or other equity elements is an indication of Issuer or Public Company ability to generate profit;
  - c. Share price at the public offering decreases as a result of bonus stock distribution plan.
  - d. Distribution of Bonus Stock equals to the dividend (dividend yield), such as:
    - i. using Bonus Stock distribution in a such way as if it has the same result as the Cash Dividend;
    - ii. adding the percentage of bonus Stock distribution with dividen yield and stating it as dividend payments or as a return of the investment, and
    - iii. *dividend yield* does not change as a result of changing Cash Dividend into Stock Dividend.
14. Issuer or Public Company going to distribute Bonus Stock shall inform Bapepam-LK not later than 7 (seven) days before the announcement of Shareholders' General Meeting.

Information regarding distribution of the Bonus Stock shall be announced to the public not later than 28 (twenty eight) days before the Shareholders' General Meeting.

15. The information as stipulated in number 14 at least must include the following:
  - a. detailed explanation regarding the source of capitalization used for the distribution of Bonus Stock;
  - b. The value of each source of capitalization used for the distribution of Bonus Stock;
  - c. Ratio of Bonus Stock distribution;
  - d. Pricing base used as the basis of Bonus Stock distribution as stipulated in number 8, 9 and number 10 of this rule;
  - e. Explanation of tax treatment on the Bonus Stock and its impact on the shareholders or the company. If the tax on bonus shares is less favourable to shareholders than that of cash *dividends*, that fact must be disclosed and the reasons for not paying cash dividends must be explained, and
  - f. administrative procedure relating to the distribution of Bonus Stock
16. All the Capital Market participants that involve in the preparation of historical data regarding stock prices and per share financial information must adjust the information as a result of the Bonus Stock distribution and the methods used for the adjustment.
17. By no means undermining criminal stipulation in capital market, Bapepam LK may impose sanction on any violations of this rule, as well as any person that causes violations to occur.

Signed in Jakarta

on September 30, 2003

Chairman of the Capital Market Supervisory Agency

Signed

**Herwidayatmo**

NIP 060065750