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ENGLISH  
**VERSION**

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## PREFACE

### Sustainable, Profitable Growth

Link Net is laser focused on being the best in class by providing high quality service and an excellent product. We continually invest in our network to ensure that we're providing our customers with fast stable broadband and world class cable television. By delighting our customers we're making them advocates of our company and in turn they've become our greatest sales people.

We've continued to expand to prosperous cities in greater Jakarta, Surabaya, Bandung, Bali and surrounding areas and this year we commenced our rollout in Medan. We continue to solidify our leadership position as the highest quality broadband internet and cable television provider in Indonesia's highest GDP (Gross Domestic Bruto) zones.

We continued to innovate by investing in the quality of our hardware and expanding our product offering in 2016. This was greeted with great enthusiasm by both new and existing customers. We launched our first 1 Gbps broadband internet service through our fibre-to-the-home (FTTH) network. We've invested in new and high quality Set Top Box X1 using 4K technology. We successfully launched our OTT internet application FirstMediaX (FMX) which gives our subscribers access to their cable television content anywhere at any time. Continual investment in our product and service offering will ensure our subscribers have a highly satisfying customer experience.

Our enterprise business is poised to grow, driven by the productization of our services. We now have better and standardized enterprise products for our customers to choose from. This makes the process simpler for our customers. We've continued to extend our enterprise fiber network to more office buildings which significantly reduces time lag from when a customer signs up to when their business premises is connected. We'll continue to invest in value added services with our goal of becoming the favored internet partner for businesses' in Indonesia.

We will continue to be strategic and focus on highpotential areas when rolling out our network. We continue to adapt and invest in our

product ensuring that our customers are highly satisfied and advocates of our business. The fruit of our labor is strong subscriber growth, lower churn, rising penetration and a premium ARPU which leads to steady revenue growth. We are strategically placed to continue to give our shareholders sustainable and profitable growth into the foreseeable future.

### Link Net's Annual Report Overview

Link Net's Annual Report is the part of the company's compliance on OJK regulation No. 29/POJK.04/2016 concerning Annual Report of Issuers or Public Companies. This annual report is an annual report for the year ended on 31 December 2016 which were prepared in accordance with such regulation.

#### 2014

##### Link To The World

The Company's role as one of the contributors to building connectivity of data flows and communication in Indonesia. The Company's role is not limited to just building connectivity locally, but to building a path for access to the world. The Company has opened the gates for Indonesians to enjoy access to data and information exchange.

#### 2015

##### The Convergence Era

The Company develops the quality of service with the convergence of technologies. Such move was the Company's strategic moves to provide more benefits to the consumer to enjoy multimedia services.

#### 2016

##### Sustainable, Profitable Growth

We continue to be strategic and focus on high potential areas when rolling out our network. By continuing to adapt and invest in our product we keep our customers satisfied. The fruit of our labor is strong subscriber growth, lower churn, rising penetration and a premium ARPU which leads to sustainable and profitable growth for our share holders.



## FINANCIAL AND PERFORMANCE HIGHLIGHTS

### Business and Operational Highlights

Here is the scope of the Company's services until the end of 2016:

#### HomeCable

The subscription television service via cable airing various programs to up to 189 channels, of which 121 channels in SD quality and 68 channels come in HD quality.

#### FastNet

Super fast internet services for netizens who require seamless connection for accessing, downloading and uploading data and information, with speed up to 1 Gbps.

#### DataComm

Super fast data and communication services for corporations, with network present for 1.651 subscribers in Jakarta.

#### Fiber Optic

Fiber optic cable network which serves as the backbone for data and information connectivity and measures 10,744 kilometers in length.

#### Coaxial Cable

Copper-based cable network which is the main link for data and information to the residents or households and measures 13,522 kilometers in length.

#### Homes Passed

The HFC network (Hybrid Fiber-Coaxial) connects the Company to any dwelling or home which now numbers 1.83 million homes passed.

#### Table of Business and Operational Highlights

See table on page 16-17

#### Financial Highlights

See table on page 18-19

#### Share Performance Highlights

See table on page 20

### Dividend Highlights

In accordance with the resolution of the Second Agenda for the Annual General Meeting of Shareholders (AGMS) of the Company held on Friday, the 15th of April 2016 it was announced that a Cash Dividend will be paid for the Fiscal Year of 2015.

See table on page 22

### Procedure of Cash Dividend

1. Dividend will be paid to the registered shareholder in the Company's Shareholder Register ("DPS") or Recording Date on the 27th of April 2016 and/or to the shareholders who hold the Company's shares at the sub-securities account of PT Kustodian Sentral Efek Indonesia (KSEI) at the closing of trading on the Indonesian Stock Exchange on the 27th of April 2016.
2. For the shareholder whose shares are kept in collective custody at KSEI, the dividend payment will be distributed by KSEI to the account of its Securities Company and or Custodian Bank on the 19th May 2016. The dividend payment slip will be sent by KSEI to the shareholders through its Securities Company and or Custodian Bank where the shareholder opened their account. Whereas for the shareholder whose shares are not kept in the collective custody at KSEI, the dividend payment will be transferred to the shareholder's account.
3. The dividend payment will be subject to Withholding Tax ("WHT") in accordance with the prevailing tax regulation. Such WHT shall be borne by the entitled shareholders and will be deducted from the total cash dividend due to the entitled shareholder.
4. For the Indonesian Entity Tax Subject that has not submitted their Tax ID, they are requested to submit it to KSEI or to the Securities Administration Bureau/PT Sharestar Indonesia ("BAE") at BeritaSatu Plaza Lantai 7, Jl. Jend. Gatot Subroto Kavling 35-36, Jakarta 12950 at the latest by the 27th of April 2016 at 16.00 Western Indonesia Time. In the absence of the Tax ID Number, the dividend to be paid to that Indonesian Tax Subject shall be deducted by 30% WHT.
5. For shareholders who are subject to overseas tax, whose tax tariff is in accordance with the Double Tax Treaty Agreement, they are obliged to comply with Article 26 of the Tax Law No. 36 of the Year 2008 and to submit Form DGT-1 or DGT-2 which has been legalized by the Tax Office for Listed Companies to KSEI and BAE at the latest 27 April 2016, in the absence of completion of this form, the dividend will be deducted by WHT Article 26 at the rate of 20%.



## MANAGEMENT REPORT

### Message From The Board Of Commissioners

Dear Shareholders,

Praise to the Lord, the Almighty that by the end of 2016 all operational plans laid out in 2015 have been executed successfully. We are very proud of the Company's performance and our contribution to advancing Indonesia's communications and information technology industry. We've successfully added a variety of new services and made operational improvements in line with our Company's vision and mission statements. Internet use in Indonesia is surging with the number of internet users expected to grow from 88 millions in 2016 to an estimated 160 millions users by 2020. As the internet is increasingly plugged into our daily lives there is also a thirst for high bandwidth. In 2016 the average connection speed in Indonesia reached 6.4 Mbps which is an increase of 115% YoY. Low penetration and a rapidly growing demand for broadband internet provides our business with tremendous potential for sustainable and profitable growth.

#### **Business Prospect Overview**

2016 was a year of continued growth of Indonesia's e-commerce sector. At the end of 2015 Indonesia's e-commerce sector was estimated to be worth US\$18 billion and this is expected to grow to US\$130 billion by 2020. In 2016 there was an array of new e-commerce entrants including the likes of Ali Baba as well as continued growth of existing platforms like MatahariMall.com. Jakarta's leading demand driver for office space in 4Q2016 was from the e-commerce sector. Indonesian's spend on average 8.2 hours a day on the internet and they're the 4th largest users of Facebook and 3rd largest user of Twitter on the planet.

The central government is providing strong support for growth in broadband internet through its infrastructure policy 'National Broadband Plan.' The plan targets to have 70% of Indonesian households connected at 20Mbps, and to increase penetration of fixed broadband (2 Gbps) in office buildings to 100 percent by 2019.

The demographic situation in Jakarta, our largest market, is on a very favorable trajectory. According to one analyst estimates the percentage of Jakarta's population who make above US\$5,000 per

year will increase from 70% in 2016 to approximately 82% by 2020. Likewise the percentage of Jakarta's population making more than US\$15,000 per year will rise from 18.6% in 2016 to an estimated 27.2% by 2020.

Indonesia is experiencing a rapidly growing demand for broadband internet services, a surging e-commerce sector, a growing and aspirational middle class along with a central government highly supportive of broadband internet and the e-commerce sector. The market is ripe for growth and our company is perfectly placed to take advantage of the tremendous potential and growth of our sector in the coming years.

#### **Performance evaluation of the Board of Directors in 2016**

The Board of Commissioners consider the performance of the Board of Directors to have been outstanding in 2016. They continued our upward trajectory of positive financial performance from previous years which was reflected year-on-year growth of revenue by +15%, EBITDA +19% and net profit +28% in 2016.

Our business continued to invest in new technology to ensure that we remain as highest quality provider of next generation broadband internet and cable television. We launched new products in 2016 including FirstMediaX, 4K technology and 1 Gbps connection for home users. We continue to regularly engage with our customer's and adapt our product offerings to satisfy their needs.

The investment in our product offering and services was a strong contributor for this years operational performance. The Company had an increase of 134,000 Revenue Generating Units (RGUs), a further 153,000 homes passed by our network and churn decreased from 2.3% to 2.2%. The Company maintained a premium average revenue per user (ARPU) in 2016 of Rp 407,000.

All the achievements in 2016 were due to the hard work of the Board of Directors who successfully designed and executed a reliable business strategy. This along with prudent and effective financial management and a high performance culture instilled in staff by senior management lead to another successful year. We are proud and greatly appreciate the hard work of not only the Board of Directors but all employees that contributed to our strong performance in 2016.



## MANAGEMENT REPORT

### Corporate Governance

Part of the strength of our Company's performance is due to our development and execution of sound Good Corporate Governance. We continually review and adapt to meet the challenges of the times and the ever changing economic and regulatory environment. Good Corporate Governance is a central part of our Company's DNA and is essential to our Company's high performance and achieving our business targets.

In order to maintain Good Corporate Governance best practice, the Board of Commissioners is assisted by an independent Audit Committee. The Audit Committee assist with conducting supervision of financial information and internal controls. There is a regular review of management and financial reports prepared for the Board of Commissioners by the Audit Committee. The Board of Commissioners fully support the execution of and maintenance of strict Good Corporate Governance and it's being applied in all areas of our business. We are confident that there is a sound application of Good Corporate Governance and this ensures a sustainable and profitable business for the long term.

### Composition of The Board of Commissioners and The Board of Directors

There have been changes in the composition of the Board of Directors in 2016. The current composition of the Board of Commissioners and the Board of Directors is outlined below:

#### **Board of Commissioners**

President Commissioner	: Ali Chendra
Independent Commissioner	: Jonathan Limbong Parapak
Independent Commissioner	: Bintan Regen Saragih
Commissioner	: Edward Daniel Horowitz
Commissioner	: Lorne Rupert Somerville

#### **Board of Directors**

President Director	: Irwan Djaja
Independent Director	: Henry Jani Liando
Director	: Dicky Setiadi Moechtar
Director	: Henry Riady
Director	: Sigit Prasetya
Director	: Andy N. Purwohardono
Director	: Maria Clarissa F. Joesoep
Director	: Edward Sanusi

### Appreciation

I would like to take this opportunity to extend our gratitude to our honorable shareholders. We look forward to your continued support as we continue to invest and grow our business with the goal of becoming one of the strongest service networks and broadband internet providers in Indonesia. We look forward to continuing our contribution to Indonesian's economic advancement. We are privileged to be involved in an industry where we provide the tools of education, offer entertainment for millions and create a robust network for e-commerce.

On behalf of the Board of Commissioners, we wish to extend our sincere appreciation to the Board of Directors and all ranks of management and employees of the Company for their help in successfully achieving our goals in 2016. We also wish you all the best of luck in the execution of our goals in 2017.

For and behalf of the Board of Commissioners  
PT Link Net Tbk

Ali Chendra  
President Commissioner



## MANAGEMENT REPORT

### Reports From The Board Of Directors

We are proud to announce our results for 2016. The Company had a prosperous year with strong year-on-year increases in revenue by +15%, EBITDA +19% and net profit +28%.

We continued to invest in the operational quality and expansion of our network in Indonesia's most prosperous regions. We upgraded our product suite with the latest technology so our customers can continue to have a great experience. The improvements are reflected by strong operational results which saw the addition of 134,000 Revenue Generating Units (RGUs), passing a further 153,000 homes passed with our network, increasing our network penetration to 29% and maintaining a premium ARPU of Rp407,000.

The digital business and e-commerce sector in Indonesia is undergoing rapid growth. The e-commerce sector is projected to grow from US\$18 billion at the end of 2015 to US\$130 billion by 2020. Our enterprise business contributed 16% of our total revenue in 2016 and is strategically positioned to take advantage of the growth in the e-commerce sector.

We will continue to invest in our network, provide great customer service and further develop our product suite. Our continual innovation cements our position as premium provider of next generation broadband internet and cable television. This in addition to steady network expansion provides our investors with sustainable and profitable growth.

#### **Sustainable, Profitable Growth**

The theme of the 2016 annual report is sustainable and profitable growth. I'm very proud of my management team and the work they accomplished this year in what continues to be a fiercely competitive industry. The Company continued to strategically expand our network, by an additional 153,000 homes passed (+9.1% year-on-year), into areas that offer the highest return. We continued to focus on the quality of our product and providing great customer service. Our strategy of being a premium provider of Next Generation Broadband Internet and Cable TV continues to be rewarded with both strong customer growth, growing our revenue

generating units (RGUs) by +15.1% year-on-year, and maintaining a premium Average Revenue Per User (ARPU) of Rp407,000 in 2016. 2016 was a year of innovation for Link Net with a range of upgrades to our product suite and network. We launched our first 1 Gbps internet connection for retail subscribers. While this level of bandwidth is still well above the needs of the average user this niche market will expand rapidly in the coming years as the internet is increasingly plugged into our daily lives and technology continues to improve.

Indonesians now spend close to 5 hours a day on their mobile devices. To engage this generation of intensive mobile device users we launched FirstMediaX an Over-The-Top (OTT) application which subscribers can use to view their First Media tv channels anywhere they have an internet connection and a mobile device. FirstMediaX not only allows users to watch their tv channels live but also to use Video-on-Demand (VOD), catch up TV and Personal Video Recorder (PVR).

We are proud to be the first in Indonesia to offer our customers 4k Ultra HD channels via X1 4K Set Top Box (STB). 4K channels are four times the resolution of high definition and provide our customers with a high quality entertainment experiences.

We will continue to innovate and provide our customers with a high quality entertainment experience. We will also continue to roll out our network in Indonesia's most prosperous areas that provide the highest return on our investment. By providing great customer service, a high quality product and being strategic with our network expansion we will continue on the path of sustainable and profitable growth for our shareholders.



## GENERAL INFORMATION

### Appreciation

As a closing, I would like to extend my gratitude to the ranks of Board of Directors, Management and employees for their valuable contribution during this year. I would also like to thank all business partners and suppliers for their support, our customers for their continuous support, and shareholders for their trust and confidence in Link Net and the management. We are committed to continuously having your trust and are determined to keep the Company continuously moving forward.

For and behalf of the Board of Directors  
PT Link Net Tbk

Irwan Djaja  
President Director

### Company Profile

The Company was established under the name PT Seruling Indah Permai in 1996 and later changed its name to PT Link Net in 2000. The Company was initially engaged in trading of goods and services. In 2000, the Company's line of business was changed to focus on information technology and the provision of internet services.

In 2011 the company expanded its business lines and its activities now include providing a cable based fixed network, multimedia services, internet and business management consulting services.

Currently, the Company is a provider of high speed broadband internet services in Indonesia, cooperating with PT First Media Television in providing subscription television, and data communication services.

The Company operates a Hybrid Fiber Coaxial ("HFC") and Fiber To The Home ("FTTH") cable system with the latest technology and is able to provide two-way 870 MHz broadband services. As of 31 December 2016, the Company has a network of more than 1.83 million homes passed within Greater Jakarta, Bandung, Surabaya, and Medan.

In mid-2014, the Company undertook steps to list PT Link Net Tbk as a public company or Tbk (public company), and we carried out the Initial Public Offering (IPO) of its shares and listed on the Indonesian Stock Exchange on the 2 June 2014 with Company's stock code "LINK".

The Company is part of PT First Media Tbk or First Media Group. The Company operates an internet and multimedia business in line with the vision and mission of the First Media Group to become a mega media company in Indonesia.

## GENERAL INFORMATION



PT Link Net Tbk

Registered Office:

BeritaSatu Plaza Lantai 4

Jl. Jend. Gatot Subroto Kav. 35-36, Kuningan Timur, Setiabudi,

Jakarta Selatan 12950 Indonesia

Phone: (62-21) 5278811

Fax: (62-21) 5278833

Website:

[www.linknet.co.id](http://www.linknet.co.id)

Email:

[corporate.secretary@linknet.co.id](mailto:corporate.secretary@linknet.co.id)

(Corporate Secretary)

[ir@linknet.co.id](mailto:ir@linknet.co.id)

(Investor Relation)

### Milestone

- 1996 The Company was founded
- 2000 Change in Company name to PT Link Net.  
The launch of broadband internet services MyNet and Digital1
- 2007 Launch of high speed broadband internet service FastNet
- 2008 Acquisition by PT First Media Tbk
- 2011 Reorganization from PT First Media Tbk to the PT Link Net Tbk  
New Network Roll Out  
Launch of Video On Demand services
- 2012 Launching of Personal Video Recorder (PVR) features and Over the Top (OTT) services in the form of First Media Live application  
Investment in shares of PT Indonesia Media Televisi (BIG TV)
- 2013 Launch of FastNet service up to 100 Mbps  
Launch of new service area in Bandung  
Attainment of 1 million homes passed  
50 High Definition TV Channel
- 2014 Initial Public Offering (IPO)  
Rebranding of OTT service "First Media Live" into "First Media GO"  
Acquisition of PT Lynx Mitra Asia  
Private Placement

- 2015 Acquisition of PT First Media Television  
Launch of X1 service

- 2016 Rebranding of OTT service "First Media GO" into "FirstMediaX"  
Launch of FirstNet Service  
Launch of FastNet service up to 1 Gbps  
Launch of new service area in Medan

#### Awards and Certification

See on page 36-37

### Events Highlights 2016

#### January 2016

5 January 2016

Selling of "FirstNet" service with VSAT technology basis.

#### February 2016

19 February 2016

Signed an extension agreement of the provision of integrated network of capital market (JTJM) between the Company and PT Bursa Efek Indonesia (IDX), PT Kliring Penjaminan Efek Indonesia (KPEI), and PT Kustodian Sentral Efek Indonesia (KSEI).

#### March 2016

2 March 2016

The Company in cooperation with the Law Faculty of University of Pelita Harapan held a National Seminar by the theme of "Initiating The Ideal Arrangement of Information Technology and Communication Business in Indonesia In Order to ASEAN Economic Community".

#### April 2016

15 April 2016

The Company held AGMS and Annual Public Expose to present the Company's performance and financial report for year ended 31 December 2015 and appointed Mr. Irwan Djaja as President Director, Mr. Henry Riady, Mr. Edward Sanusi, and Mrs. Maria Clarissa F. Joesoep as Director.



**GENERAL  
INFORMATION****May 2016**

20 May 2016

The Company announced the new Corporate Secretary by appointing Mrs. Maria Clarissa F. Joesoep.

**June 2016**

13 June 2016

Expansion service area in Malang, West Java and launched Smart School program.

17 June 2016

The Company and First Media Group arranged a "Ngabuburit" and "Buka Puasa Bersama" event for our staff members who were fasting during Ramadhan. All staff members of multiple faiths then joined together for dinner to celebrate the breaking of the fast.

24-25 June 2016

The Company started the series of event roadshow "First Media Next Gen" at Lippo Mall Puri as a step of communication product and then continued with the agenda of New Android Smart Box X1 4K, Ultra HD Picture 4K, FirstMediaX mobile application, and super-high-speed internet FastNet 1 Gbps launching.

**July 2016**

1 July 2016

The Company announced the new Internal Audit Head by appoints Mr. Piter.

19 July 2016

The Company began to advertise job vacancies and accept job applications via Facebook and Twitter.

**August 2016**

12 August 2016

The Company cooperation with NBCUniversal held a program Nonton Bareng named firstCINEMA to watch Jason Bourne Movie.

20-21 August 2016

The Company continued the series of event roadshow "First Media Next Gen" at Pluit Village.

22 August 2016

The Company released a Press Release to announce the new Chief Financial Officer by appointing Mr. Timotius Max Sulaiman.

**September 2016**

27 September 2016

In cooperation with Narcotics National Agency (BNN) for drugs abuse prevention - STOP Narkoba campaign.

30 September 2016 – 2 October 2016

The Company continued the series of event roadshow "First Media Next Gen" at Tamini Square.

**October 2016**

7 October 2016

The Company announced the new Corporate Secretary by appointing Mr. Timotius Max Sulaiman.

**November 2016**

19-20 November 2016

The Company continued the series of event roadshow "First Media Next Gen" at Lippo Mall Kemang.

24 November 2016

The Company with its "First Media" brand was awarded with Top Telco 2016 by iTech Magazine at their Top IT & Telco 2016 awards event.

24 November 2016

The Company as a member of the First Media Group launched First Media Zone in several locations where our customers and potential customers can become subscribers, upgrade their package and interact with our customer service team.

29 November 2016

The Company in cooperation with the Bogor City Government began broadcasting programs on behalf of government to ensure that the citizens of Bogor are regularly informed and educated about government services. This is done through the Balai Kota Bogor Channel.

**December 2016**

5 December 2016

The Company cooperation with IDX Channel (subsidiaries of Indonesia Stock Exchange) launched IDX Channel with High Definition quality.

10-11 December 2016

The Company continued the series of event roadshow "First Media Next Gen" at MaxxBoss Lippo Village Karawaci and then continued with the agenda of Smart Living Produk and OVO finance application introduction.

## GENERAL INFORMATION



### Article of Association

The Company was established under the name of PT Seruling Indah Permai based by a Notarial Deed No. 93 dated 14 March 1996 of Dr. Misahardi Wilamarta, S.H., M.H., M.Kn, LL.M, Notary in Jakarta as amended by a Notarial Deed No. 304 dated 26 July 1996, which was drafted in front of Yuliandi Ermawanto, S.H., notary substitute of Misahardi Wilamarta, S.H., Notary in Jakarta. These Notarial Deeds have been approved by the Minister of Justice of the Republic based on a Decision Letter No. C2-8324 HT.01.01.Th.96 dated 7 August 1996 and has been registered in the Registry of Companies in accordance with the UUWDP with the Certificate of Company Registration No. 09851633872 in the Office Registration of the Company municipality of Central Jakarta under a letter No. 163/BH.09.05/XI/96 dated 4 November 1996, and has been published in the State Gazette of the Republic of Indonesia No. 96 dated 29 November 1996, Supplement No. 9456 ("the Deed of Establishment").

- Since the Company's establishment date, the Article of Association of the Company went through several changes, the most important ones are listed below:
- Based on a decision made at the Extraordinary General Meeting of Shareholders as published in the Deed of Statement of the Result of the Extraordinary General Meeting of Shareholders No. 35 dated 28 March 2000 drafted by Myra Yuwono, S.H., Notary in Jakarta, the Company's Articles of Association has been amended in relation to a change in the Company's name to PT Link Net. The Amendment of the Articles of Association has been reported to the Minister of Law through a Report of Changes of the Company's Articles of Association dated 13 April 2000 and was granted an approval by the Minister of Law through a Decree No. C-9118 HT.01.04.TH.2000 dated 20 April 2000 and has been registered in the Office Registration of the Company municipality of South Jakarta No. 793/RUB.09.03/VIII/2000 dated 14 August 2000 and has been published in the BNRI No. 84 dated 20 October 2000, Supplement No. 6296.
- Based on a Decision of the Extraordinary General Meeting of Shareholders as published in the Deed of Statement of Result of the Extraordinary General Meeting of Shareholders No. 29 dated

27 November 2008 drafted by Lindasari Bachroem ,S.H., Notary in Jakarta, the Company's Articles of Association amended and adjusted to comply with the Company Law No. 40/2007. This Deed was approved by the Minister of Law and Human Rights under his Decision Letter No. AHU-99920.AH.01.02.Tahun 2008, dated 24 December 2008 and has been registered on the Registry of Companies No. AHU-0125673.AH.01.09. Tahun 2008 dated 24 December 2008 and has been published in the BNRI No. 20 dated 9 March 2010, Supplement No. 2356

- Based on the decision made by shareholders outside the mechanism of the General Meeting of Shareholders as published in the Deed of Statement of Shareholders' Decision No. 107 dated 10 May 2011 drafted in front of Dr. Irawan Soerodjo,S.H., Notary in Jakarta, the Company has obtained an approval for its plan to restructures the Company and set up a network and subscription television business of PT First Media Tbk to the Company. The decision was stated in the Deed of Statement of Shareholders' decision No. 171 dated 16 June 2011, which was drafted in front of Dr. Irawan Soerodjo, S.H. a Notary in Jakarta, outlining the changes of the Company's Articles of Association in relations to the changes of the Company's status as a foreign capital investment company. The Amendment of the Articles of Association was approved by the Minister of Law and Human Rights under his Decision Letter No. AHU-32017.AH.01.02. Tahun 2011 dated 27 June 2011 and has been registered on the Registry of Companies No. AHU-0051788.AH.01.09. Tahun 2011 dated 27 June 2011.
- Due to an Initial Public Offering (IPO), the Company's Articles of Association was changed based on the Deed of Statement of Shareholders' Resolution No. 7 dated 25 February 2014 drafted by Rini Yulianti, S.H., Notary in East Jakarta, where the entirety of the Company's Articles of Association were adjusted to conform to the regulations related to the Indonesian Capital Market, including the change of the company's name to PT Link Net Tbk and the change in the Company's status as a public company. The Amendment of the Articles of Association was approved by the Minister of Law and Human Rights under his Decision Letter No. AHU-08381.AH.01.02. Tahun 2014 dated 27 February 2014 and has been registered on the Registry of Companies No. AHU-0015443.AH.01.09. Tahun 2014 dated 27 February 2014.

## GENERAL INFORMATION



- In the same year, The Company amended its Articles of Association regarding to the change of the Company's status, from a foreign investment company to a domestic investment company based on the Deed of Statement of Shareholders' Resolution No. 7, dated 8 October 2014 of Rini Yulianti, S.H. The Deed was approved by the Minister of Law and Human Rights under Decision Letter No. AHU-07759.40.21.2014 dated 24 October 2014.
- The latest amendment of the Company's Articles of Association as published in the Deed of Statement of Shareholders' Resolution No. 3 dated 3 June 2015, which was drafted in front of Rini Yulianti, S.H., Notary in East Jakarta, outlining the approval from shareholders on amendment of the Company's Articles of Association in regards to OJK Regulation No. 32/POJK.04/2014 and No. 33/POJK.04/2014. The changes in the Company's Articles of Association is accepted and recorded in the database of the Legal Entity Administration System of the Minister of Law and Human Rights administration system based on a letter No. AHU-AH.01.03.0938687 dated 9 June 2015, and has been registered on the Registry of Companies in accordance to the Law on Limited Liabilities Companies under a registration number No. AHU-3515407.AH.01.11.TAHUN 2015 dated 9 June 2015.
- The latest amendment to the structure of the Board of Commissioners and the Board of Directors was incorporated in the Deed of Statement of Shareholders' Resolution No. 13, dated 15 April 2016, of Rini Yulianti, S.H. This deed was received and registered in the database of the Legal Entity Administration System of the Minister of Law and Human Rights under Letter No. AHU-AH.01.03-0041036 dated 18 April 2016.

## Vision and Mission

### Vision

To be the first choice for broadband and media services

### Mission

We transform lives by providing innovative and exceptional broadband and media services and solutions

## Corporate Values

- Innovation - We develop new ideas to continuously grow
- Excellence - We deliver high quality services
- Urgency - We serve with a sense of urgency and with precision
- Integrity - We always do the right thing
- Ownership - We are proud of our work and provide additional services where needed
- Cooperation - We work together to achieve success
- Customer as Priority - Our customers (internal and external) are our top priority
- Spirit - We love what we do

## Business Strategy

Given the tremendous potential in Indonesia for broadband internet and cable television, the Company has put in place a strategy to set the business on a path of sustainable and profitable growth:

- Boost subs growth. The Company will accelerate the conversion of homes passed into paying customers and solidify our leadership as the premium provider for broadband internet and cable television in Indonesia's highest Gross Domestic Product (GDP) zones.
- Smart New Roll Out expansion. The Company has started forming strategic partnerships with selected businesses to roll out our network into new areas. This approach maintains low cost per homes passed while having a high impact on customer acquisition.

**GENERAL INFORMATION**



- Create best experience. The Company continuously engage and listen to our customers, by identifying their needs, we then invest in the quality of our product and service accordingly. By continuing to satisfy our customers we ensure they become advocates of our business.
- Amplify enterprise. We've productized our services to make it easier for our enterprise customers to get the best possible broadband internet service while keeping our business costs low.

**Link Net's Management**

**Board Of Commissioners And Board Of Directors**

Based on Annual General Meeting of Shareholders dated 15 April 2016, composition of the Board of Commissioners and the Board of Directors as follow:

**Board of Commissioners**

- President Commissioner : Ali Chendra
- Independent Commissioner : Jonathan Limbong Parapak
- Independent Commissioner : Bintan Regen Saragih
- Commissioner : Edward Daniel Horowitz
- Commissioner : Lorne Rupert Somerville

**Board of Directors**

- President Director : Irwan Djaja
- Director : Dicky Setiadi Moechtar
- Director : Henry Riady
- Director : Sigit Prasetya
- Director : Andy Nugroho Purwohardono
- Director : Edward Sanusi
- Director : Maria Clarissa Fernandez Joesoep
- Independent Director : Henry Jani Liando

**Organization Structure**

See on page 45

**Board of Commissioners' Profile**

**Ali Chendra**

President Commissioner

An Indonesian citizen, 55 years old, was born in Medan.

Mr. Chendra holds a Diploma degree in Computer Technology from Control Data Institute, Toronto.

He was appointed as the Company's President Commissioner since 2013. Mr. Chendra started his career as a Technical Staff member of PT Metrodata/Wang Komputer (1979-1983). He has held multiple director level position. He worked at and was appointed as a Director of PT Total Data (1983-1993), a Director of PT Telplus Digitalindo and PT Telepoint Nusantara (1993-1999), and held various positions in MNC Group (2001-2009), Group Managing Director at PT Infracom Telesarana (2009-2012) the President Commissioner of PT Skybee Tbk (2009-2012), President Director of PT Indonesia Media Televisi (2012-2014), and Commissioner of PT Matahari Putra Prima Tbk (2013-2015). He is Currently serving as a President Director of PT First Media Tbk (2013-present) Vice President Commissioner of PT Multipolar Technology Tbk (2014-present) and a President Commissioner of PT Indonesia Media Televisi (2015-present).

**Jonathan Limbong Parapak**

Independent Commissioner

An Indonesian citizen, 74 years old, was born in Toraja.

Mr. Parapak holds a Wibawa Seroja Nugraha degree from the Indonesian National Resilience/Defence Institute, a Master of Engineering Science degree and a Bachelor of Electrical Engineering Communications degree from the University of Tasmania.

He was appointed as an Independent Commissioner since 2013. Mr. Parapak served several positions as the President Director (1980-1991) and then as the President Commissioner (1991-2000) at PT Indosat Tbk, as the Secretary General of the Ministry of Tourism, Post and Telecommunication (1991-1998), a Commissioner of PT

## GENERAL INFORMATION



Siloam Health Care Grup Tbk. (2000-2004), a Commissioner of PT Bukit Sentul Tbk (2000-2004), a Commissioner of PT Pacific Utama Tbk (2000-2004), the President Commissioner of PT AsiaNet (2000-2009), the President Commissioner of PT First Media Tbk (2000-2009), a Director for Postgraduate at Pelita Harapan University (2003-2006) and an Independent Commissioner of PT Lippo Karawaci Tbk (2006-2013). He is now serving as a Rector of Pelita Harapan University (2006-present), an Independent Commissioner of PT Matahari Department Store Tbk (2009-present), an Independent Commissioner of PT Multipolar Tbk (2001-present) and an Independent Commissioner of PT Siloam International Hospitals Tbk (2014-present).

### **Bintan Regen Saragih** Independent Commissioner

An Indonesian citizen, 76 years old, was born in Sidamanik.

Mr. Saragih holds a Doctoral of Law from Padjajaran University and a Bachelor of Law from the University of Indonesia.

He was appointed as the Company's Independent Commissioner since 2013. Mr. Saragih started his career as a Lecturer at the University of Indonesia (1971-2006), an Advisor of Regional Autonomy for the Ministry of State Administration (1996-1997), an Advisor to the Management Team for the Evaluation and Assessment of Local Government Reform for the Ministry of Home Affairs (1999-2000), an Advisor to the Expert Team Formation and Draft Political Resolution for The Ministry of Home Affairs (2002-2003) and an Independent Expert to the Land Affairs Division of the Ministry of Home Affairs (2005-2006), and a President Commissioner of PT Lippo General Insurance Tbk (2013-2015) He is currently a Dean for the Law Faculty of Pelita Harapan University (2004-present) and a Independent Commissioner of PT Internux (2015-present).

### **Edward Daniel Horowitz** Commissioner

An American citizen, 69 years old, was born in New York.

Mr. Horowitz holds a Master of Business Administration from Columbia University and a Bachelor of Science degree in Physics from the City College of New York.

He was appointed as a Commissioner of the Company since 2011. Mr Horowitz started his career at Home Box Office (HBO) as Technical Director, then a regional Vice President for Sales and Marketing, then ultimately serving as the Senior Vice President for Network Operations and New Business Development at Home Box Office (1974-1989). He then held a position as the Chairman and CEO of Viacom New Media, Chairman and CEO of Viacom Broadcast and Senior Vice President of Technology and Operations of Viacom Inc. (1989-1997). He served as Executive Vice President of Citigroup as well as the Founder and Chairman of e-Citi Citigroup (1997-2000), the Founder and Chairman of EdsLink LLC (2000-2005), the President and CEO of SES Americom SES Luxembourg (2005-2008) and Co-CEO of Encompass Digital Media (2013-2014). He served as the Founding Investor and Director of The Tennis Channel (2009-2016). He is currently the Chairman of EdsLink LLC (2008-present), the Co-Founder and Director of US Space LCC (2009-present), the Chairman of Fairpoint Communications (2011-present), a Director of Globecom Systems (2014-present), and a Board Member of the First Responder Network Authority (FirstNet) (2015-Present).

### **Lorne Rupert Somerville** Commissioner

An English citizen, 53 years old, was born in London.

Mr. Somerville holds a Master of Business Administration from IMD in Switzerland and a Master of Arts in Computer Science from the University of Cambridge.

He was appointed as a Commissioner of the Company since 2011. Mr. Somerville worked at Swisscom AG, eventually as Head of Swisscom International (1997-2001). He later held a position as the Joint Global Head of Telecoms Media and Head of the European Communications Group at UBS AG (2001-2008), and as a Director of Hong Kong Broadband Network Limited (2012-2014). He is currently serving as a Partner and Head of Telecoms Media and Technology of CVC Capital Partners Limited (2008-present), a Director of Sunrise

## GENERAL INFORMATION



Communications AG (2010-present), and as a Director Avast Holding B.V. (2014-present).

### **Board Of Directors' Profile**

#### **Irwan Djaja**

President Director

Indonesian citizen, 45 years old was born in Banda Aceh.

He received his Economic Degree of Accounting Faculty from the Trisakti University and then his Master of Applied Finance from The University of Melbourne, Australia, and received his Doctor of Research Management from Bina Nusantara (Binus) University and lastly Doctor of Law from Pelita Harapan University (UPH), Indonesia.

Mr. Irwan Djaja has served as President Director since April 2016. At this time he also serves a Vice President Director of PT First Media Tbk Since April 2014. Mr. Irwan Djaja started his career as an accountant at PT Citra Dimensi Arthali in 1993, then joined with Public Accountant Prasetio Utomo & Co. (Arthur Andersen Co.SC) with his last position as supervisor. He joined KPMG in 1998 in the Financial Advisory Division and served as Corporate Finance Director from 2001 until 2006. Following this Mr. Irwan Djaja joined PT Clipan Finance Indonesia Tbk as director and deputy CEO in 2006 and worked there until 2008. PT Clipan Finance Indonesia Tbk is a multifinance company which operated in the Leasing and Consumer Financing business.

#### **Dicky Setiadi Moechtar**

Director

An Indonesian citizen, 57 years old, was born in Tasikmalaya.

Mr. Moechtar holds a Bachelor degree in Computer Science from the Universitas Des Saarlandes.

He was appointed as a Director of the Company since 2011. Mr. Moechtar started his career by serving in several positions, including as a Programmer (1984-1986), as a Manager Assistant and System Analyst (1986-1991) at PT Bank Pertiama Indonesia.

He also held positions in various departments (1993-1999) and then as the Managing Director for IT, Operations, General, Asset Administration and Financial Service Distribution (1999-2002) of PT Bank Lippo Tbk. He also served as a Director of PT Multipolar Corporation Tbk (2002-2008) and a Commissioner of PT Link Net (2009-2011). He is currently serving as a Director of PT First Media Tbk (2006-present), the President Director PT First Media Television (2012-present), a Commissioner of PT Delta Nusantara Networks (2012-present), a Director of PT Bintang Merah Perkasa Abadi (2013-present), a Commissioner PT First Media News (2008-present) and a Commissioner PT Margayu Vatri Chantika (2008-present), and a President Director of PT Internux (2015-present).

#### **Henry Riady**

Director

An Indonesian citizen, 27 years old, was born in Singapore.

Mr. Riady holds a Master of Communication Management, Media Management, Entertainment Communication, Media Policy from the University of Southern California and a Bachelor Degree in Media and Cinema Art from Biola University.

Mr. Riady joined the Company as a Director in 2016. Mr. Riady also holds several positions at First Media Group where he has worked since 2007. In addition, Mr. Riady works in film production and has been involved with several film titles, as Writer, Producer, and a Director of the film "Sepuluh" in 2016, and as Writer and Producer of the film "Blusukan Jakarta" in 2016.

#### **Sigit Prasetya**

Director

An Indonesian citizen, 48 years old, was born in Bandung.

Mr. Prasetya holds a Master of Business Administration from the University of New South Wales and a Bachelors degree in Math from the Bandung Institute of Technology.

He was appointed as the Company's Director since 2011. Mr. Prasetya started his career as the Assistant Manager of the Credit Card Division at Citibank (1991-1992). He served as a Sales Manager at Peregrine Sewu Securities (1995-1996), the

## GENERAL INFORMATION



Engagement Manager at Booz Allen Hamilton (1996-1999), an Executive Director and the Head of Investment Banking of Morgan Stanley in Indonesia (1999-2006), the Senior Principal and Head of Southeast Asia at Henderson Private Capital (2006-2007), a Director (2010-2014) and a Commissioner (2014-present) of PT Matahari Department Store Tbk. He is currently active as a Managing Partner at CVC Asia Pacific (Singapore) Pte. Ltd (2007-present), a Director of Magnum Berhad (2011-present) and a Director of QSR Brands (M) Holdings Sdn Bhd (2012-present).

### **Andy Nugroho Purwohardono** Director

An Indonesian citizen, 48 years old, was born in Jakarta.

Mr. Purwohardono holds a Master of Business Administration from the University of Texas and a Bachelor of Science in Industrial Engineering from Oregon State University.

He was appointed as the Company's Director since 2013. Mr. Purwohardono started his career as an Industrial Engineer at the Intel Corp in Oregon, United States (1991-1992). He later held a position as a Corporate Finance Officer of PT OCBC Sikap Securities (1994-1995), the Assistant Manager of PT Peregrine Securities (1995), the Director of Sales of PT SG Securities (1995-2002), the Senior Vice President of ABN Amro Bank (2002-2003), the President Director and the Head of Capital Market of PT Danareksa Sekuritas (2003-2009), and the President Director of PT Morgan Stanley Asia Indonesia (2009-2013), Managing Director of CVC Asia Pacific (Singapore) Pte. Ltd. (2013-2014), He is currently serving as the Managing Director of CVC Asia Pacific Limited's Indonesia Representative (2014-present), Director of Matahari Department Store Tbk (2014-present), and as a Director of MAP Aktif Adiperkasa (2015-present).

### **Edward Sanusi** Director

An Indonesian citizen, 43 years old, was born in Bandung.

Holds Bachelor of Science's degree from Bandung Institute of Technology in Industrial Engineering.

He joined the Company as a Director in April 2016 after serving as head of operations on the Board of Management (BOM) since 2010. His experience lies in managing various technology-related business models such as Software Development, System Integrator, ISP, Cable TV, Social Media. Mr Sanusi's career includes Managing Director at PT Plexis Erakarsa Pirantiniaga (Plasmedia – 1999-2009) and Electronic Settlement Manager at Citibank, N.A., Jakarta (1996-1999). He has been a guest Lecturer at UPH Business School since 2013. He also held lecturer positions at Indonesia Banking School for IT (2008-2009), and at Universitas Parahyangan in Bandung for Statistics (1996-1998).

### **Maria Clarissa Fernandez Joesoep** Director

A Filipino citizen, 47 years old, was born in Manila.

She is a qualified accountant and holds a CPA and MBA from the University of the Philippines.

She became a Director of the company in April 2016 after serving as the Company's Chief Financial Officer (CFO) from July 2015, a role she held until August 2016 later. She serves as a CFO of PT Matahari Department Store Tbk August 2016. She's also held senior positions as CFO of PT Indonesia Media Televisi and Finance and Administration Director at BBDO/OMD Indonesia. She has over 10 years experience in audit and consulting services with Ernst & Young, Arthur Andersen and KPMG in Indonesia as well as several publicly listed companies in the Philippines.

### **Henry Jani Liando** Independent Director

An Indonesian citizen, 53 years old, was born in Jakarta.

Mr. Liando holds a Master of Business Administration in Finance from Oregon State University and a Bachelor in Chemical Engineering from the Bandung Institute of Technology.

He was appointed the Company's Independent Director since 2013. Mr. Liando started his career as the Head of Planning of Bank Sumitomo Niaga (1990-1993) and later served as the Head of

## GENERAL INFORMATION



Finance at American Express TRS (1993-1996), Financial Controller (1996-2004) as well as the CFO and Treasurer of Citibank (2004-2008) and a Director of PT Matahari Putra Prima Tbk (2008-2010). Currently, he is serving as a Commissioner of PT Matahari Department Store Tbk (2010-present) and a Commissioner of PT First Media Television (2011-present).

### Audit Committee Profile

The Composition of Audit Committee based on the decision of the Board of Commissioners No. SK-002/LN/CSL/IV/14 dated 11 April 2014 as follow:

#### **Jonathan Limbong Parapak**

(Chairman/Independent Commissioner)

#### **Lim Kwang Tak**

(Member)

An Indonesian citizen, 59 years old, was born in Jakarta.

Mr. Lim Kwang Tak earned a Bachelor in Accounting from the Faculty of Economy of the University of Indonesia.

He has served as a member of the Company's Audit Committee since 2014. He started his career as a Management Consultant at Touche Ross Darmawan & Co (1981-1982) and a Management Consultant of Data Impact and Business Advisory (1983-1985). He previously held several positions at PT Trimex Sarana Trisula with the latest position of a Commissioner (1991-1999), at PT Southern Cross Textile Industry with the latest occupation as a Commissioner (1991-2012), as the President Commissioner of PT Chitose Indonesia Manufacturing (1992-2001), several positions at PT Trisenta Interior Manufacturing with the latest occupation as the President Commissioner (1992-2006), as a Commissioner of PT Nusantara Cemerlang (1997-2005), a Director of PT Trisula Corporation Pte Ltd (2000-2012), several positions at PT Trisula Textile Industries with the latest occupation as a Commissioner (since 2005), a Commissioner in PT Trisula Garment Manufacturing (2008-2016), a President Director of PT Trisula Insan Tiara (2011-2013). Served as a President Commissioner, Presiden Director, then Commissioner of PT Trimas Sarana Garment Industry (since 2010).

He is currently serving as a Senior Consultant at PT Bina Analisisdo Semesta (since 1985), the President Director at a Commissioner at PT Mido Indonesia (since 2011), a Commissioner of PT Trisula International Tbk (since 2011), a member of the Audit Committee of PT Multipolar Tbk (since 2013), a member of the Audit Committee of PT Siloam International Hospitals Tbk (since 2013), a Senior Advisor of PT Paramount Enterprise (since 2013), a Commissioner of PT Trisco Apparel Manufacturing (2015-2016), and became a Supervisor Member of Cikini Hospital Foundation – PGI (since May 2016).

#### **Herman Latief**

Member

An Indonesian citizen, 68 years old, was born in Bukit Tinggi.

Mr. Herman Latief earned a Diplom Ingenieur Architect (Dipl. Ing) from TFH, Hamburg, Germany.

He has been serving as a member of the Company's Audit Committee since 2014 to date. He started his career as an architect at PT Widya Pertiwi Engineering (1976-1978), a Director at a company under the Kalbe Farma group (1979-1988), held several positions at PT Lippo Cikarang Tbk with the latest occupation as the Vice President Commissioner (1989-2001), as a Commissioner at PT Lippo Land Development (2001-2004), a Commissioner at PT Bukit Sentul Tbk (2004-2005), a Director at PT East Jakarta Industrial Park (2004-2010), the Audit Committee at PT Pacific Utama Tbk (2005-2007), the Audit Committee at di PT Gowa Makassar (2005-2007), the Audit Committee at PT Multipolar Tbk (2007-2009), actively involved in the Board of Advisors of the Industrial Zone Association (HKI) (1995-2000) and the Vice Chairman of the Real Estate Indonesia (1999-2008). He is currently holding a position as a Vice Chairman of the Board of Advisors of HKI (since 2000), the Vice Chairman of the Committee for Industrial Zone Development of the Indonesia Chambers of Commerce (KADIN) (since 2008), the Audit Committee of PT Star Pacific Tbk (since 2010) and the Audit Committee of PT Lippo General Insurance Tbk (since 2012) and Director Member of PT Tjakra Tritunggal Perkasa (SPH Channel TV) sejak 2016.



**GENERAL  
INFORMATION****The Nomination and Remuneration Committee Profile**

The composition of the Nomination and Remuneration Committee based on the decision of the Board of Commissioners No. SK-001/LN/CSL/XI/15 dated 18 November 2015 as follow:

**Jonathan Limbong Parapak**

(Chairman/Independent Commissioner)

**Ali Chendra**

(Member/President Commissioner)

**Ishak Kurniawan**

(Member)

An Indonesian citizen, 60 years old, was born in Samarinda.

Mr. Ishak holds a Master of Business Administration from San Diego State University, California and Bachelor of Science in Civil Engineering from Petra Christian University, Surabaya.

He was appointed as a member of the Company's Nomination and Remuneration Committee since 2015. Mr. Ishak 12 years experience in the banking sector. He started his career as Senior Financial Analyst, Household Finance Corporation, Pomona, California, USA (1989-1990). In 1991, he was appointed as Assistant to the Customer Service Director, and also Head of Operation Support of Citibank Indonesia (1991-1993), until 2008 he served as Country Human Resources Officer of Citibank. He is currently holds the position of HR Director of PT Lippo Karawaci Tbk a position he has held since April 2008.

**The Board of Managements Profile****Poon Sui Meng**

Chief Technology Officer

A citizen of Singapore, 46 years old, was born in Singapore.

Holds a Bachelor of Applied Science degree in Computer Engineering and a Master of Applied Science in Computer Engineering degree from Nanyang Technological University. He also

holds a Master of Business Administration degree from the University of Surrey.

Joined the Company to take up the role of Chief Technology Officer in 2011. His career includes Director of PT Indonesia Media Televisi (2012-present), Manager and later Vice President of Home Solutions and Architecture at StarHub Ltd (1999-2011), Senior Research and Development Engineer (Team Leader) at the R&D Centre, JVC Asia Pte. Ltd (1996-1999), IT Management Executive at Neptune Orient Lines Ltd (1995-1996).

**Meena Kumari Adnani**

BOM Marketing and Content

An Indonesian citizen, 47 years old, was born in Jakarta.

Holds an LLB Honours from University of London. Qualified as a Solicitor in England and Wales and admitted to the New York Bar as an Attorney.

She joined First Media Group in 2013 as EVP, Content Development and Business Affairs before joining the Company's BOM as Marketing and Content in 2016. Her past experience includes as EVP, Business Development, Sales and Marketing/Director at Global Finance Investment (2011-2013), as Managing Director at YCAB Foundation (2008-2010), as SVP, Business Affair/Head of Channel at PT Adi Karya Visi (Astro Indonesia) (2006-2007), as Director/Deputy Legal Counsel, Business and Legal Affairs at MTV Asia LDC Singapore (2001-2005), as Associate at Morgan, Lewis & Bockius LLP London and Singapore (1997-1999), and as Associate at Makarim & Tairas S Indonesia (1994-1997).

**Ferliana Suminto**

BOM Corporate Resources

An Indonesian citizen, 46 years old, was born in Jakarta.

Holds a Bachelor of Business Administration degree from Eastern Michigan University, and a MBA degree from Oregon State University.

Joined the Company and was appointed as BOM of Corporate Resources in July 2016. She also serves as Chief Financial Officer of

**GENERAL  
INFORMATION**

PT Indonesia Media Televisi (2015-present). She also served as Vice President of Treasury and External Reporting of PT Matahari Putra Prima Tbk (2013-2015), served as Independent Commissioner of PT First Media Tbk (2006-2011), and served several positions of Yayasan Pendidikan Pelita Harapan and University of Pelita Harapan (1998-2013). She also experienced in several position of KPMG Sujendro Soesanto, Management Consultant (1993-1998).

**Agus Setiono**

BOM New Roll Out

An Indonesian citizen, 53 years old, was born in Balikpapan.

Holds a Bachelor of Science degree in Economics and Management from the University of Putra Bangsa.

Joined the Company and was appointed as the Company's BOM New Roll Out in 2011. His career includes Official Assistant of Credit Operations and later Vice President of Cards Marketing at Citibank (1989-2011), Sales Agent Coordinator at PT Asuransi Jiwasraya (1986-1987).

**Joseph Lembayung**

BOM Enterprise Sales

An Indonesian citizen, 39 years old, was born in Sukabumi.

Holds a Bachelor Degree, Major Electric Engineering from University of Tarumanagara.

Joined the Company as BOM Enterprise Sales in 2014.

Mr. Lembayung has 15 years experience in Information and Communication Technology, responsible for Sales, Accounts, Project, Channel and Marketing in Carrier, Enterprise and Corporate, and Regional Role. Previously held position as Country Manager at Microsoft Indonesia in Media and Telecommunications (2012-2014). He held position of Client Director in IBM (2010-2012). He was Deputy Director at HUAWEI (2005-2010). Earlier back in 1999, started his career in engineering and programming.

**Liryawati**

BOM Investor Relations

An Indonesian citizen, 41 years old, borned in Jakarta.

Holds a bachelor degree in Communication from University of Texas, at Austin.

Joined the Company as BOM Investor Relations Director in July 2015. Ms Liryawati's first appointment in Lippo Group was in early 2013 as Chief Marketing Officer of PT Internux to launch first wireless broadband 4G LTE product offering in Indonesia under brand name BOLT!. Her career experience has been concentrated in the areas of Marketing, Sales and Retail over the last 21 years; Held several key positions, both regional and local roles in Philip Morris for 8 years, 5 years in Coca-Cola responsible for Portfolio Management and JV Nestle business, 2 years in Samsung handling both Marketing and Retail Management for all Samsung Portfolio products, Not to mention some additional exposures in multi-national advertising agencies, pharmaceutical companies.

**Sutrisno Budidharma**

BOM Residential Sales

An Indonesian citizen, 50 years old, was born in Jakarta.

Holds a Bachelor of Petroleum Engineering from Trisakti University.

Joint with the Company as BOM of Business Development and Direct Sales West Java, East Java, and Bali. Since June 2015 serves as BOM of Residential Sales Jakarta, West Java, East Java, Bali and Medan. Currently he served as BOM of Residential Sales and Interim Enterprise Sales since June 2016. He Experienced served in several positions in Citibank Indonesia as Regional Business Manager of Java, Sumatera, and Bali (2005-2013), Regional SME Business Head of Indonesia (2005-2011). In addition, he also served in several positions in PT Bank International Indonesia (1989-2000) including as Regional Manager of Bandung, Semarang and Jakarta.

**GENERAL  
INFORMATION****The Corporate Secretary and Chief Financial Officer Profile****Timotius Max Sulaiman**

An Indonesian citizen, 42 years old, was born in Jakarta.

Holds a Bachelor of Commerce from Tarumanagara University, hold a Master of Business Administration from University of Indonesia Esa Unggul. He also holds Certified Public Accountant (CPA).

He was appointed as CFO and Corporate Secretary since October 2016. Mr Timotius started his career as Audit Supervisor of Hans Tuanakotta (member firm of Deloitte Touche Tohmatsu) (1996-2000), as Experiences Analyst of Deloitte Touche Tohmatsu, Sydney (2001-2002), then as Audit Manager of Osman Ramli Satrio & Partner (member firm of Deloitte Tohmatsu) (2002-2006). Served as Senior Vice President of PT Mobile-8 Telecom (2006-2010), served as Country Controller of PT Nokia Siemens Network (2010-2011). He also served in several companies as Director and Chief Financial Officer (CFO) including in PT Mega Entertainment Indonesia, PT Mega Media Indonesia, and PT Festival Citra Lestari (2011-2015). He currently holds position as Director and CFO of PT Internux (BOLT 4G LTE) since 2015

**The Head of Internal Audit Unit Profile****Piter**

An Indonesian citizen, 38 years old, was born in Jakarta.

He earned a Bachelor of Economics, majoring in Accounting from Institute of Economics Science Ibil.

He served as Head of Internal Audit Unit of the Company since July 2016. He has more than 8 (eight) years of experience in audit function, both external and internal. Started his career as auditor in Drs. Thomas, Trisno, Hendang & Rekan, Registered Public Accountants with last position as supervisor (2002-2007). He also had served as Internal Audit Department Head in PT Clipan Finance Indonesia Tbk (2007-2009). Then he joined in PT First Media Tbk (2010-2012) and PT Internux (2012-2014) as Accounting Department Head, respectively. His last position before joining in the Company was as Internal Audit Department Head in PT First Media Tbk (2015-2016).

**Products and Services**

The Company's initial activities focused on the trading of goods and services. In 2000, the Company's business activities changed to information technology, internet services and general services. In 2011 the Company expanded its services and currently engages in cable-based fixed network operations, multimedia, internet services and business management consulting services. In 2011, PT First Media Tbk ("FM") transferred and/or sold their assets and licenses to the Company including the transfer of a number of important agreements related to the reorganization of FM and its subsidiaries. Currently the Company conducts business activities as a provider of high speed internet broadband services (known with the business label FastNet), in cooperation with PT First Media Television ("FMTV") in providing Subscription Television Services (known with the business label HomeCable), and data communication service (known with the business label DataComm).

**Subsidiary and Associate****Subsidiaries Profile**

The Company has 1 (one) subsidiaries namely PT First Media Television and 1 (one) investment in shares of PT Indonesia Media Televisi.

**PT First Media Television ("FMTV")**

BeritaSatu Plaza Lantai 5  
Jl. Jend. Gatot Subroto Kav. 35 – 36  
Jakarta 12950– Indonesia

**Establishment and Line of Business**

FMTV was established in 2008 and cooperating with the Company in providing subscription television service.

**Share Ownership**

The Company has 99,992% shares in FMTV and 0,008% shares is owned by PT Citra Investama Andalan Terpadu.

**GENERAL  
INFORMATION****Board of Commissioners and Board of Directors**

President Commissioner	: Roberto F. Feliciano
Commissioner	: Henry Jani Liando
Commissioner	: Andy Nugroho Purwohardono
President Director	: Dicky Setiadi Moechtar
Director	: Ferliana Suminto
Director	: Agus Setiono
Director	: Richard Kidarsa
Director	: Tan Ting Luen

**PT Indonesia Media Televisi ("IMTV")**

BeritaSatu Plaza Lantai 5  
Jl. Jend. Gatot Subroto Kav. 35 – 36  
Jakarta 12950– Indonesia

**Establishment and Line of Business**

IMTV was established in 2007 with the line of business of subscription television service by satellite.

**Share Ownership**

Investment percentage of the Company in IMTV is equal to 15% shares, 44% shares is owned by PT Multipolar Multimedia Prima, 15% shares is owned by PT Tigayasa Multinasional, 5% shares is owned by Mitsui & Co. (Asia Pacific) Pte. Ltd, and 21% shares is owned by PT Graha Raya Ekatama Andalan Terpadu.

**Board of Commissioners and Board of Directors**

President Commissioner	: Ali Chendra
Independent Commissioner	: Nanan Soekarna
Independent Commissioner	: Didik Junaidi Rachbini
Commissioner	: Harijono Suwarno
President Director	: Johannes Tong
Independent Director	: Ferliana Suminto
Director	: Poon Sui Meng
Director	: Edward Sanusi

**Stock Overview****Shareholder Composition**

The Company has authorized capital consisting of 8.040.000.000 shares and authorized issued and paid up capital of 37,84% or 3.042.649.384 shares.

**Shareholder Composition**

See table on page 68-70

**Shareholdings Histories**

On the 25th February 2014, the Company's shareholders was made a resolution in lieu of a general meeting of shareholder as stated in a Circular Resolution of the Shareholders published in the Company's Deed No. 7 dated 25 February 2014, which approved the Company's plan to list via an Initial Public Offering. The Company's Deed obtained an approval from the Minister of Law and Human Rights under a Decree No. AHU-08381.AH.01.02. Tahun 2014 dated 27 February 2014 and has been registered in the Registry of Companies No. AHU-0015443.AH.01.09. Tahun 2014 dated 27 February 2014.

See table on page 70-72

**Employee Stock Ownership Program**

The Company does not currently have an active Employee Stock Ownership Program and/or Management Stock Ownership Program (ESOP/MSOP). The Company does not prohibit employees or management from acquiring shares in the Company. However the Company does have a system in place where we can monitor and report the share ownership of the Board of Commissioners and the Board of Directors, in accordance with the regulatory obligations.

**Share Buyback**

The Share Buyback is one of the strategy the Company to improve its shares price performance. The Company is planning to keep the shares that have been bought back as Treasury Stock. Nevertheless, while continuing to observe the provisions of prevailing laws and

## GENERAL INFORMATION



regulations, the Company may use the shares in Treasury Stock for other matters as could be necessary, such as selling back at the best price after the market conditions have improved.

The Company's Share Buyback shall be conducted with reference to the provisions as provided in the Regulation No. XI.B.2, Enclosure of the Decision of Chairman of Indonesian Capital Market and Financial Institution Supervisory Agency (Bapepam-LK) No. Kep-105/BL/2010 dated 13 April 2010 on the Share Buyback issued by an Issuer or Public Company.

A Share Buyback is planned to be implemented at the most 18 (eighteen) months after the Company obtains an approval from AGMS, namely during the period commencing 15 April 2016 to 14 October 2017. The cost to be expended for the Share Buyback shall be a maximum of Rp.1.5 trillion, including brokerage fees and other costs related to the Share Buyback. Total shares to be bought back are maximum 10% of paid-up capital of the Company or maximum 304.264.938 (three hundred four million two hundred sixty four thousand and nine hundred thirty eight) shares and the Company will limit the Share Buyback price to a maximum of Rp.5.000,- (five thousand rupiah) per share. The Share Buyback will be carried out either through the Stock Exchange or other methods.

On the 24th of June, 2016, the Company commenced the Share Buyback as approved during the 2016 AGMS and up to the 31st of December, 2016 the total number of shares bought under the arrangement was 83,963,800. As of the 31st of December, 2016, the results of the implementation of the Company's Share Buyback per month can be seen in the following table on page 73

## Capital Market Supporting Professional

### Public Accountant

In order to meet the provisions under the Regulation of the Finance Ministry of the Republic of Indonesia Number 17/PMK.01/2008 regarding the Public Accountant Services and the regulation of Bapepam-LK No. VIII.A.2 regarding the Independence of the Accountant giving Audit Services in the Capital Market, the Company's consolidated financial reports are audited by Public

Accountant Amir Abadi Jusuf, Aryanto, Mawar & Rekan.

Amir Abadi Jusuf, Aryanto, Mawar & Rekan  
RSM Indonesia  
Plaza ASIA 10th Floor  
Jl. Jend. Sudirman Kav.59,  
Jakarta 12190, Indonesia  
Telephone (62-21) 5140 1340  
Faximile (62-21) 5140 1350

### Stock Administration Bureau

Due to the fact the status of the Company as a public company with its stocks registered at the Indonesian Stock Exchange, the Company has appointed PT Sharestar Indonesia as the Stock Administration Bureau ("BAE"). PT Sharestar Indonesia is acting as a Stock Administration Bureau (BAE) having the following duties and responsibilities :

1. Keep and maintain Shareholder Register such as names, addresses, as well as other identities of shareholders in a complete manner.
2. Record any amendments in the Shareholder Register.
3. Sign correspondence addressed to the Shareholders and other parties in particular concerning matters related to the transfer of stocks and data amendment of shareholders according to the procedures and applicable laws and regulations.
4. Guarantee the confidentiality of any information provided by the Company.
5. Prepare and deliver the Shareholder Register as well as documentation that contains the full data of Shareholders upon a written request of the Company.

PT Sharestar Indonesia  
BeritaSatu Plaza Lantai 7  
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## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic and Industry Overview

The Indonesian Government is very enthusiastic in developing broadband network in Indonesia in the efforts to improve infrastructures in Indonesia. The Government announced "Indonesian Broadband Plan" that has the purpose to provide internet broadband up to 30% of the total Indonesian population in 2019. The other target set in this plan includes increasing internet broadband 20Mbps connectivity ratio to the households in Indonesia to 70% in 2019, and to increase penetration of fixed broadband (2 Gbps) in the buildings to 100%. Meanwhile, the penetration of mobile broadband is targeted to also improve to 100%. The Government plan presents an opportunity for the Company to continuously drive a significant growth of Company services. This is also supported by broadband internet penetration and cable television in Indonesia which is still very low.

The growth of the housing segment will be driven by the network expansion continuously done by the Company, increased penetration in the current covered area and further improvements to the product marketing strategies of the Company. The corporation segment growth will be driven by the increased number of corporation customers and stable contribution from advertising revenues.

The extensive and continuously developing Company customers will give a benefit to the Company in terms of economic scale. The Company focus on this operational efficiency will lead to the Company maintaining a high level of profitability that creates a strong cash flow that can be reinvested for a sustainable growth of the Company network.

In 2017, the Company will continuously make its best effort to maintain the market leadership in the premium segment and provide a sustainable and profitable growth for investors, namely by continuously expand the network and increase penetration in the service coverage area through various marketing activities, maintain profitability, provide diversification of innovative new product and service offer and promote satisfaction and comfort of customers.

The Company should remain focused, alert and anticipate an economic macro change in particular in the media and telecommunication sector. Therefore the Company will move forward by focusing on the customers, providing an even better service by making excellent products and services available, namely by providing high speed internet services, interesting content package and providing a speedy customer response service. In addition, the Company will also provide a more integrated, innovative services and having value added services namely by offering 68 HD channels; Smart Homes (Smart Living product) concept with the facilities of home surveillance, automation, wellness and energy management; further the FMX OTT service which is an OTG (on-the-go) entertainment for customers which is equipped with more than 150 channels live stream and premium VOD; as well as Smart Android X1 box Lolipop which allow customers to do google casting and catch up of TV broadcasting in all channels for the last 7 days. Other than such innovations, the Company is planning to conduct the administration of the businesses which are currently run by the Company together with its subsidiaries.

### Business Overview

The Company's vision and mission is to become the first choice for broadband and media services and to transform the lives of Indonesian consumers by providing innovative and exceptional broadband and media services solutions. To realize this vision and mission, the Company operates a two way HFC cable system, and FTTH cable system. Our high bandwidth broadband services are predominantly used for providing cable television and high speed internet. These cables provide rapid delivery of digital data that is used for a range of services including High Definition TV, 4K Definition TV, Video on Demand, Home Banking, Home Shopping and Interactive Games.

The Company splits its target market into two: the consumer market and the business market. For the consumer market, the Company offers services under the trade name FastNet, and pay television via cable under the trade name HomeCable. For the business market, the Company offers data communication services under the trade name DataComm, as well as other corporate



## MANAGEMENT DISCUSSION AND ANALYSIS

solutions such as Media Sales and Corporate TV for Hotels and hospitals.

The Company continues to grow and innovate by deploying the best efforts towards becoming the leading and most advanced provider of broadband and media services.

### Operational Overview by Segment

The Company has 5 (five) categories of products which are listed below:

1. FastNet, superfast internet services aimed at the consumer market segment.
2. HomeCable, interactive pay television services aimed at the consumer market segment.
3. DataComm, data services and communications for the business market segment.
4. FirstMediaX, this is a anywhere TV service for streaming content via smartphones, tablets, and notebooks
5. FirstNet, data services and communications for business market segment based on satellite dish.

#### **FastNet**

“Safety Internet with Unlimited Speed and Data”

FastNet is the Company's business unit that provides fast and safety internet services through Hybrid Fiber Coaxial (HFC) and Fiber To The Home (FTTH). Additionally, the Company has positioned FastNet as an internet service that is not only fast, but also safety.

The term safety is used by the Company to describe its commitment to continually providing an internet service that can be safely used by today's young generation. The Company imposes a strict configuration by blocking negative sites that may be harmful to today's young generation particularly those comprising of violent acts and pornography which reduces parents' and teachers' concerns regarding access to sites that can put the young generation at risk.

In 2016, the Company offered broadband internet services with speeds up to 1Gbps with unlimited download and upload capacity. Having access to stable and fast broadband internet gives our

subscribers a high quality browsing experience. They spend more of their time viewing the content they love and less time waiting for web pages to load.

FastNet has expanded its reach and can now be enjoyed in Bandung, Surabaya, Malang, dan Medan. There is an explosion in demand for high speed internet as people's lifestyles increasingly focus around online platforms and entertainment. FastNet is strategically placed to continue to take advantage of the surging demand for fast internet services.

#### **HomeCable**

“Interactive Pay TV”

HomeCable is the Company's Pay-TV (Cable TV) business. This business unit uses the broadband network to provide the subscribers with a wide range of TV Channels. Along with Standard Definition (SD) our subscribers are able to enjoy a range of High Definition (HD) TV channels as well as utilize interactive applications to enhance their content viewing experience.

HomeCable is shifting its position from being a dimensional Pay TV platform into a fully interactive Pay TV service. Our customers have access to our Smart Box X1 which is an Android based high definition Smart Box 4K. This enables subscribers to access Video On Demand (VOD), to record hours of programming, browse the web from their television and use the catch up TV function for programs they may have missed.

HomeCable provides a total of 121 SD channels and 68 HD channels to our subscribers. We offer more HD channels to our subscribers than any other provider in Indonesia and this cements our brand image as the highest quality pay TV provider in Indonesia. We have a wide variety of content including educational programs, entertainment, news, music, lifestyle, box office, sports and kids channels. HomeCable also provides high quality in house channels including J'Go, Dangdutz, Hi TV, MIX, Reformed 21, Foodie TV, Kairos TV, Karaoke TV, BeritaSatu, Comedy Network, TV Parlemen, SPH and Balaikota.

By offering our subscribers a fully interactive pay TV service along with a broad range of high quality and HD content, we ensure a delightful viewing experience for our customers.



## MANAGEMENT DISCUSSION AND ANALYSIS

### DataComm

“The Best Partner for Your Business”

DataComm is the Company's business unit focused on B2B corporate solutions and providing high speed data services. This business unit utilizes the Company's Fiber Optic cable network. DataComm has had a presence in Indonesia since 2001 operating as an internet service provider under the name Metro-Ethernet. The business caters to corporate customers who require high speed internet access. Including the use of Ethernet Leased-line's for point-to-point connections.

There is a need in the business community for hassle-free access to high speed internet, with the continued growth of e-commerce in Indonesia there is an increasingly growing demand for reliable business partners in this field. DataComm is a partner in business acceleration as a top tier network provider. DataComm is the provider for the integrated network of capital markets (JTPM) for the Indonesian Stock Exchange (IDX) one of the most important internet partnerships in Indonesia.

DataComm offers highly reliable services including high speed data transfer, disaster recovery, storage area networks, peering services, inter-branch connections and video streaming. DataComm prides itself on exceptional service and supports our clients 24 (twenty four) hours a day via our Corporate Help-Desk and Network Operation Center.

We see one of our key goals to become a partner for business acceleration and assist Indonesian businesses to develop and become more competitive in the global market place. 98 (ninety eight) office buildings are connected to DataComm's network and many spider networks have been installed so that our sales team can quickly respond to new business requests. As of the end of 2016 DataComm has a total number of 1.651 corporate.

### FirstMediaX (FMX)

FirstMediaX is a TV anywhere OTT (over-the-top) application, The Company launched this service in 2014 under the brand name “First Media GO”. In 2016, the Company enhanced the application and re-

branded the enhanced application under the name “FirstMediaX.” The new and improved application has many new features to enhance our subscribers viewing experience. Through FirstMediaX, people can now watch 110 Channels wherever they are with their mobile or tablet device. FirstMediaX allows subscribers to watch their pay TV channels, use their Video On Demand (VOD) service and use the 7-day catch up feature so that subscribers don't miss any of their favorite TV shows while they're on the run.

This service appeals to the younger generation's mobile intensive habits as well as those whose lifestyle and/or profession means they're often on the move. Despite the rigorous of day to day life FirstMediaX ensures that our subscribers can be entertained and informed wherever they are. This service appeals to many who live in Jakarta due to the amount of time spent sitting in traffic. We like to think that we contribute to our subscribers' happiness and satisfaction even when they're in the middle of a traffic jam.

### Set Top Box X1 4K

We've upgraded our technology in Set Top Box X1 to 4K technology. This Set Top Box uses an Android Lollipop for mobile operating systems developed by Google. This device enables customers to search for and view applications, games and entertainment via their high resolution televisions.

### Channel 4K

The Company introduced Indonesia's first 4K (Ultra HD) channel which is viewable on their Set Top Box X1 4K. This high resolution channel (4096x2160) provides an image sharpness which creates an exceptional viewing experience.

### FirstNet

FirstNet is the Company's satellite broadband service which subscribers can use to watch TV channels and for Internet access. FirstNet uses VSAT (Very Small Aperture Terminal) technology using 24 hour satellite with speeds between 2 Mbps – 20 Mbps through the Lippo Star-1 satellite. The service has a wide coverage area and can be used in remote and rural areas across Indonesia. With such wide coverage this service is ideal for companies operating in





## MANAGEMENT DISCUSSION AND ANALYSIS

remote areas of Indonesia and is an important tool for organizations such as hospitals and schools who may otherwise be without an internet connection. VSAT technology provides a stable connection which doesn't have outages due to fiber cuts or suffer from high congestion. The terminals can be installed in around 30 minutes and installation requires minimum expertise making it straightforward for self-installation by the user. This technology is highly useful in Indonesia who's geography doesn't always allow the easy connection to traditional broadband internet.

FirstNet is an effective and affordable solution for individuals and businesses to get access to high speed internet in remote and rural areas of Indonesia where traditional broadband internet is unavailable. It's also a highly effective backup risk management solution for those who require a continuous internet connection. FirstNet is a valuable partner for business growth, tourism, healthcare and education across remote parts of the nation.

### Marketing Strategy

#### Combo Package

To improve its services, the Company is aggressively perfecting its product services partly by introducing more appealing products to be offered to customers. The Combo Package is the Company's main attention. The package, which combines two services that are internet broadband and subscription television, become the Company's main ammunition to compete with competitions. The Combo Package is seen effective to be marketed particularly to urban and sub-urban area. This is also the Company's superb services to the society. The following are the packages offered by the Company to group customers which category are classified as light usage, medium usage and heavy usage in consuming digital entertainment services.

#### HFC COMBO PACKAGES

##### Combo D'Lite X1 HD

This package comes with internet services up to 10 Mbps in internet speed and as many as 117 channels of HomeCable consisting of 76 channels in standard definition and 42 in high definition.

##### Combo Elite X1 HD

This package comes with internet services of up to 18 Mbps in speed and as many as 139 channels of HomeCable consisting of 86 channels in standard definition and 53 in high definition.

##### Combo Supreme X1 HD

This package comes with internet services of up to 30 Mbps in speed and as many as 167 channels of HomeCable consisting of 100 channels in standard definition and 67 in high definition.

##### Combo Maxima X1HD

The package comes with internet services of up to 50 Mbps in speed and as many as 167 channels of HomeCable consisting of 100 channels in standard definition and 67 in high definition.

##### Combo Ultimate X1HD

The package comes with internet services of up to 100 Mbps in speed and as many as 167 channels of HomeCable consisting of 100 channels in standard definition and 67 in high definition.

##### Combo Infinite X1HD

The package comes with internet services of up to 200 Mbps in speed and as many as 167 channels of HomeCable consisting of 100 channels in standard definition and 67 in high definition.

#### FTTH COMBO PACKAGES

The package is introduced with different concept from the HFC Combo, where in FTTH Combo potential customer will receive Basic IPTV package and can select the internet speed based on customer needs.

Available FTTH Internet speed selections are up to 20 Mbps, 50 Mbps, 100 Mbps, 200 Mbps, 500 Mbps and 1 Gbps.

#### SMART LIVING PACKAGES

The package provides in starter pack dan additional device, where is the specification includes Indoor Camera, Home Controller, Door/Window Sensor, 4 in 1 Sensor, Siren and Strobe Alarm. And also for additional devices Outdoor Camera, Indoor Camera, Smart Plug Monitor, Door/Window Sensor, 4 in 1 Sensor, Siren and Strobe Alarm. This package introduced by the Company in December 2016 (soft launch).



## MANAGEMENT DISCUSSION AND ANALYSIS

### Enterprise Solution

Due to the significant growth in e-commerce there is a strong potential for our business to grow in the business to business (B2B) enterprise market especially with small to medium size businesses. Our Enterprise business, DataComm, provides a full suite of technology services including high-speed data transfer, disaster recovery, storage area networks, peering services, inter-branch connections and video streaming. The network and technology we use can provide our customers with up to 40 Gbps in bandwidth capacity.

To support our corporate customers we've developed a range of packages that cater from basic internet needs up until the most demanding and complicated IT projects.

#### Internet Services

This package is provided for corporate customers in need of fast data exchange and communication in doing business.

#### Dedicated Internet

We provide symmetrical and dedicated 1:1 bandwidth for upload and download usage to support your business.

#### Bandwith on Demand

For your interim and/or immediate business needs, we can provide dedicated internet services.

#### IP Transit

For direct redundant connection to several international POP with multiple Tier-1 providers and leading internet exchanges. We eliminate the difficulty in peering negotiations with providers worldwide.

### Television Services

The company also provide the television services package for the corporate customers, this package includes well known TV business and news channels worldwide.

#### HD Premium Optima

We have the best programming lineup for you at an affordable price. 41 High Definition Channels and 39 Standard Definition Channels available for making your public area TV spot better than before.

#### HD Ultimate

The most comprehensive channel offering for your business. Our 65 High Definition channels and 98 Standard Definition channels will bring the information and rich content directly to the TV in your working area.

### Ethernet Services (Lease Line Services)

This package is created for corporate customers which has more than one office. The service is aimed at corporate customers that want to integrate a connection in data exchange and communication from the central office to the branch offices.

#### Metro Lease Line

Metro lease line allows you to connect your business points in multiple location within the city. You can run your business communications and applications on our converged network, free from technical and resource burdens.

#### Intercity Lease Line

Intercity lease line allows you to connect your business points in multiple cities. You can run your business communications and applications on our converged network, free from technical and resource burdens.

#### International Lease Line

International lease line allows you to connect your business points in different countries. You can run your business communications and applications on our converged network, free from technical and resource burdens.

### Managed Services

This package is to provide the customer for end to end turn-key solution managed by the Company, in which the customer will enjoy the benefit of having faster time to market and guaranteed quality delivery.

#### MPLS VPN Solution

Based on the widely accepted multi-protocol label switching (MPLS) technology, our service empowers you to scale and manage your wide area network (WAN) according to your requirements, prioritize application traffic flow and protect your data.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Content Delivery Network (CDN)

Our CDN delivers the performance you need to deliver high quality content across your web presence to improve user loyalty, enhance brand perception and increase revenue.

### Value Added Services (VAS)

To complete our services, the Company also engaging with third party company to provide the solution required by the clients.

### Data Center Hosting

We own and operate a rate 4 data center in Indonesia, located in Cikarang. It supports a fully redundant dan reliable operation to suit your business need. We offer secure data center services such as colocation services, integration services, managed services and also IT consultancy services to support your requirements.

### Web Hosting

Our web hosting is suitable for corporate websites, e-commerce or online catalog. Our solution is connected with dedicated network and has a very large bandwidth capacity.

### IP Phone

We offer you a complete solution for telephony voice delivery globally using high quality and reliable carrier grade routes. This latest service enables you to deliver voice traffic at competitive market prices. It means more savings and therefore higher profitability to your organization.

### Clean Pipe

Our clean pipe provides protection against distributed denial of service (DDoS) attacks that can shut down servers, disrupt operations, render websites useless, and lead to unauthorized access and even corporate data theft.

### PaaS/IaaS

Our cloud offering delivers the flexibility, scalability and cost-efficiency your business is looking for. With our private, virtual private and hybrid solutions, you can stay agile in today's hyper-competitive marketplace by lowering costs and accelerating business growth.

### Hotel Television

This package is to provide various attractive TV channels in line with the most updated market trend.

#### HD Premium

We have the best programming lineup for you at an affordable price!

#### HD Ultimate

The most comprehensive channel offering for your business

### Hotel Dedicated Internet

This package offers the dedicated internet services and television channels for hotels.

#### Hotel Basic

Dedicated 10 Mbps, Recommended up to 50 rooms, ( IX + IIX ): 10 Mbps with 5 IP Static and Optional TV Channels.

#### Hotel Plus

Dedicated 25 Mbps, Recommended up to 100 rooms, ( IX + IIX ): 25 Mbps with 5 IP Static and Optional TV Channels.

#### Hotel Premium

Dedicated 50 Mbps, Recommended up to 250 rooms, ( IX + IIX ): 50 Mbps with 5 IP Static and Optional TV Channels.

#### Hotel International

Dedicated 100 Mbps, Recommended more than 250 rooms, ( IX + IIX ): 100 Mbps with 5 IP Static and Optional TV Channels.

### Office Internet Services

This package is provided for corporate customers who are in need of data speed that are in accordance in their needs. It is also an economical package. The specification is different from the Dedicated Service as the speed is not dedicated but a sharing bandwidth, which is also called up-to. The service is suitable for medium corporate that are in limited budget.

#### Office Lite

Broadband up to 5 Mbps with optional TV Channels

#### Office Plus

Broadband up to 10 Mbps with optional TV Channels



## MANAGEMENT DISCUSSION AND ANALYSIS

Office Max  
Broadband up to 20 Mbps with optional TV Channels  
Office Maxima  
Broadband up to 50 Mbps with optional TV Channels

### FirstNet Unlimited Package

To meet customer demands for broadcast TV and Internet services to customers who are not passed by a cable network, the Company provides subscription packages that can reach all corners of Indonesia through FirstNet services.

FirstNet provide a package of services that can customize the background of customer needs, such as the need for home, restaurants, office or SOHO (Small Office Home Office), and hotel.

Silver  
This package has the specification of internet speed up to 2 Mbps targeting residential customers.

Gold  
This package has the specification of internet speed up to 4 Mbps targeting restaurants customers.

Platinum  
This package has a specification speed internet up to 10 Mbps targeting office/SOHO customers.

Diamond  
This package has a specification speed internet up to 20 Mbps targeting hotel customers.

### Marketing Communication

We've invested a significant amount of development time and money to ensure that our product suite is best in class. So to maximize this investment it's essential that we have a highly effective marketing strategy.

It's critical that our message is distributed to and received by our target market. However once received it's essential that our message is persuasive and inspiring consumers to take action and use our products and services.

Our strategy includes using a broad marketing communications mix to spread our message include via electronic & non-electronic advertising, events & experiences and micro marketing.

### Advertising

To deliver our message to our target market we use social media, websites, radio, newspapers, magazines, billboards and advertise at special events. We carefully select our advertising partners to ensure that our message is reaching our target market. We also use brochures, flyers and point of sales material (POSM) to assist our direct sales team in promoting our product.

### Mall-to-Mall Event

During 2016, the Company held six exhibitions in shopping malls around Jakarta. The exhibitions, themed "First Media Next Gen" are a highly effective way to introduce our latest products and services to both new and existing customers. The First Media Next Gen exhibitions place us as a progressive and innovative brand that caters to the entertainment and technology needs of the modern urban community.

### Micro Marketing

The Company regularly conducts micro marketing events focused in areas where we've recently expanded our network. Micro Marketing involves setting up booths with sales people at small retail shops. The booths will be signed with a large bright banner and equipped with promotional materials. These booths enable our sales people to interact with potential customers in a friendly and relaxed environment. It also reinforces our brand to existing customers and provides them with a point of contact for service queries and product upgrades.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Customer Loyalty Program

To increase engagement between the Company and our customers we have a subscribers loyalty initiative called First Rewards. These value add programs maintain subscribers satisfaction and build loyalty to our brand. The three programs are as follows:

#### First Cinema

Subscribers are invited to watch a movie premiere, where they'll be pampered by getting a free movie ticket, food and drink and an extra ticket for their chosen friend. They'll also receive a special souvenir as a reminder of the event.

#### First Card

FirstCard is a loyalty card in cooperation with Cinemaxx, where the subscribers receives a 10% discount on the purchase of tickets to watch at any film during the 12-month program.

#### First Bonus

This program rewards subscribers with vouchers, tickets to shows, holidays and a range of great gifts.

### Customer Interaction Services

The Company is in a service industry thus its performance must be critically supported by its ability to fulfil any subscribers needs. The company's successful performance in subscribers service will depend on how it can satisfy existing and new subscribers, and also how to maintain all service qualities consistently. subscribers satisfaction is the main focus in every corporate strategy to be implemented.

The Company established a Contact Center Division to ensure all customers inquiries, requests and complaints to be served properly. The team members should be strongly trained on all aspects including soft-skills, system knowledge, product knowledge, cross departmental internal communication, and also analytical skill to diagnose customer's issues properly.

To ensure that customers receive consistent and high quality services, the Company implements following processes:

1. Responding through various interaction channels including phone calls, emails, lettering, social media such as Facebook and Twitters from subscribers to ensure standard quality is met starting from services delivery until the onsite installation at the subscribers places.
2. After a service visit, a phone call is conducted in sampling to ensure that subscribers need have been met and service disruption has been fully solved.
3. Periodic reviews on subscribers contract and on subscribers complaints, which would help the company to design initiative services for improvement.

Beside Contact Center, the Company established another team called Technical Support to manage deeper technical issues escalated by Contact Center teams. This technical support team provides its best effort to resolve any technical customers' complaints through phone calls and remotely.

Meanwhile, the Field Care team is in charge to handle problems complained by customers on-site. The Field Care will visit to customers' residence to solve the problems, such as cable or connectors damages, a replacement of customer's active equipments and other service settings needed for proper products and services to run properly.

Customer services cannot run perfectly without supports from other operational functions, such as the monitoring division, which is divided into two teams, namely Fiber Optic Network Maintenance and NOC (Network Operation Center). The key function of this division is to manage and to monitor network connectivity through supports from the software applications.

The team has a function in maintaining consistency sustainability and repairing any connection issues of data exchange in the HFC network. In supporting this monitoring division, the Company prepares Fiber Optic Network field-team, which has more field duties to maintain the HFC network.

The Company had implemented a company-wide program prioritizing service improvements for subscribers in network



## MANAGEMENT DISCUSSION AND ANALYSIS

infrastructure area. The program is run to make adjustments, improvements and intensive care as a whole. This program called Network Clean-up Project, a program of the Company's activities in improving, repairing and smoothing all network infrastructures in order to always operate properly and optimally.

The Network Clean-up Project Program is being implemented to not only on the aging network and those that need equipment upgrade, and on other network areas that are repeatedly experiencing quality issues.

The Company also added a new feature in Interactive-Voice-Response (IVR) system which can announce area network disruption notification automatically once subscribers account had been identified.

### Customer Service Applications

As a form to improved customer service, the Company had launched an application based for servicing subscribers via smartphones based on iOS and Android. This application (My FirstMedia) was created to enable subscribers to access information such as:

1. Showing the monthly bill and the subscribed package details.
2. The latest network condition in customer's area
3. Features credit card payments and other payment guidelines.
4. Features purchase additional packages (add-on).
5. Interactive feature for troubleshooting

In addition My FirstMedia app, the Company also provides Over-The-Top (OTT) streaming application that is called FirstMediaX. FirstMediaX allows subscribers to enjoy the display according to the package that can be accessed anytime and anywhere as long as subscribers have mobile data access. subscribers can enjoy viewing their channels with mobile device according to their subscribed packages. It also has several advanced features such as Video On-demand library and Catch-Up shows that are stored within seven-days earlier.

## Financial Overview

### Overview

Despite challenging macroeconomic conditions, the Company was able to record a profitable growth in 2016. It delivered a solid set of operational key performance indicators.

As a manifestation of the Company's commitment to long-term growth, the Company not only continued to deepen footprints in the 3 existing cities of greater Jakarta, Greater Surabaya (including Malang), and Bandung, but also entered into new area, i.e. Medan. Today the Company reported a net addition of 153 thousand homespassed in 2016, bringing a total 1.83 million homespassed at the end of 2016.

The Company continued to be responsive in an ever-changing dynamic environment and competitions, to be consumer-centric focus, product innovations and integrated value-adds services. Broadband revenue generating subscribers (RGUs) grew from 457 thousand to 521 thousand, while cable TV RGUs grew from 433 thousand\* to 503 thousand\* from 2015 to 2016. Majority of the Company's customers continue to originate from the Greater Jakarta area where the Company further increased its penetration while an increasing number are coming out of Surabaya and Bandung following the continued expansion and roll-out of the Company's network in these cities in 2016.

In 2016, the Company achieved strong revenue growth at 15% over the previous year while maintaining and improving profitability through operational excellence and financial discipline. The Company's EBITDA margin in 2016 of 58% remains among the highest in the industry.

The Company's strong cash generation from its existing operations allowed the Company to continue to expand its network rapidly in 2016. The Company also continues to maintain a strong balance sheet.

In 2014, the Company acquired 178,750 shares of or 65% share ownership in PT Lynx Mitra Asia amounting to Rp1,787 million. In



## MANAGEMENT DISCUSSION AND ANALYSIS

2016, the Company sold its ownerships to PT Graha Investasi Andalan Terpadu and PT Delta Nusantara Networks.

On 30 June, 2015, the Company acquired 6,375 shares of or 51% share ownership in PT First Media Television from PT First Media Tbk (3,875 shares), Asia Link Dewa Pte. Ltd. (2,375 shares) and Asia Link Company Ltd (125 shares).

On 19 November, 2015, the Company acquired 6,124 shares of or 48.99% share ownership in PT First Media Television from PT First Media Tbk.

As of 31 December, 2015, the total share ownership of the Company in PT First Media Television amounts to 12,499 shares or 99.99% and total transferred value for this acquisition amounted to Rp 19,215 million

Total assets of the Company are managed centrally and are not allocated. The Company operates and manages the business as a single segment which provides for integrated services, among others, high speed internet and distribution of television programs. A summary of the Company's financial statements for 2016 and 2015 can be found on page 18. The following discussion provides a description and analysis of certain line items in the Company's financial statements.

Note:

\*Excluding commercial RGUs

### Revenue

Revenue comprises the fair value of the consideration received or receivable for the services provided by the Company in the ordinary course of its activities.

See table on page 99

Revenue from monthly subscriptions fees and advertising is recognized when the services are rendered. Revenue from network lease is recognized on a straight-line basis over the lease term. Total revenue increased by Rp 389,846 million or 15% from Rp 2,564,315 million in 2015 to Rp 2,954,161 million in 2016. Additional residential RGUs and higher enterprise revenue accounted for major contribution to the total increases.

Total subscription fees from broadband internet and network services of Rp1,669,810 million in 2016 contributed the largest portion, i.e. 56% of total revenue, of which approximately 80% was derived from residential customers and the remainder are from enterprise clients.

Subscription fees from cable television in 2016 increased by 15% compared to previous year, in line with the increase in RGUs as explained in the foregoing and average revenue per user (ARPU). Subscription fees from cable television contributed 37% of total revenue in 2016 and 2015.

Other revenue mainly comprises advertising revenue, installation charges, sales of equipment and others. In 2016, the Other revenue increased by 21% compared to previous year.

As a market leader in broadband and cable TV in Indonesia, the Company not only relies its revenue growth on the existing products, but also continues to evolve. In 2016, the Company launched 1 Gbps services, 4K Ultra HD picture smart box and FMX TV Anywhere services.

### Cost of Revenue\*\*

Cost of revenue\*\* consists primarily of the costs of cable television content, mainly, costs of programming distribution and technical services as well as costs of broadband internet services, mainly, internet bandwidth costs as well as other bandwidth-related costs such as equipment rental, tower lease costs and internet access costs.

Table on page 101

Although the Company added number of TV programs and upgraded broadband internet speed to fulfill the residential customers's needs, total cost of revenue\*\* to total revenue have been stable at 22% for the last 3 years. This is attributable to the Company's ability to negotiate better cost per unit from both content and bandwidth providers. The Company was also able to turn some cost per subs based cost become fixed cost, which was more profitable for the Company when the RGUs increases.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Selling, General and Administrative Expenses

Selling expenses consist primarily of employee costs for sales staff, commissions and promotion expenses while general and administrative expenses consist primarily of employee costs for non-sales staff, trade receivable impairment charges, utilities and rental expenses.

Total selling expenses in 2016 of Rp 183,359 million increased by only 8% compared to previous year, whilst general and administrative expenses rose by 10% from Rp374,382 million in 2015 to Rp413,075 million in 2016. In overall, total selling, general and administrative expenses totaling Rp596,434 million in 2016 increased by 10% compared to previous years, which is lower than revenue increases as the Company was able to behold a discipline of prudent cost management.

### Depreciation and Amortization Expenses

Depreciation expenses comprise depreciation of property, plant and equipment while amortization expenses comprise amortization of intangible assets, mainly computer software.

Depreciation and amortization expenses totaled Rp576,884 million and Rp27,965 million, respectively in 2016, increasing over the previous year by Rp85,164 million and Rp4,594 million, respectively. These increases arose principally from the increased investment in property and equipment, mainly, the network cables, electronic head-end as well as Set Top Box and related customer premises equipment and investment in computer software needed to support the Company's expanded network and related information systems.

### Finance Costs and Income

Finance costs consist primarily of foreign exchange loss (gain) and interest on borrowings, mainly vendor loans denominated in US dollars. Finance income consists primarily of interest income on bank deposits.

Finance costs totaled Rp45,657 million in 2016, increasing by Rp27,327 million over the previous year, due mainly to appreciation of IDR against foreign currency in 2016.

Finance income amounted to Rp12,969 million in 2016,

representing a 16% drop from the previous year, due mainly to lower deposit interest rates from 8.25-12% in 2015 to 7.25-9.5% in 2016.

### Share in Loss of Associate

Share in loss of associate represents the Company's share in the losses of IMTV, a company that is 15%-owned by the Company and that has just commenced commercial operations at the end of 2013. This investment is accounted for by the Company under the equity method.

The Company's share in the losses of IMTV amounted to Rp20,867 million in 2015. The Company did not book the loss in 2016.

### Other Comprehensive Income

The Company's other comprehensive income arose from actuarial gain (loss) on employee benefit plan, net of the related income tax expenses. Other comprehensive loss of Rp8,640 million increased by Rp2,227 million compared to the loss in 2015 of Rp6,413 million.

### Profit for the Year and Total Comprehensive Income for the Year

Profit for 2016 amounted to Rp818,564 million, representing a growth of Rp178,892 million or 28% over 2015. Profit margin increased from 25% in 2015 to 28% in 2016. The growth can be largely attributed to the surge in revenue compared to increases in cost of revenue\*\* and selling, general and administrative expenses as well as minimum increase in finance costs. This is in line with the discipline of prudent cost management.

### Liquidity and Financial Condition

The Company's total assets increased by Rp 616,920 million or 14%, from Rp 4,438,116 million as of 31 Desember 2015 to Rp 5,055,036 million as of 31 December 2016, due to increases in current and non current assets.

Total current assets increased by Rp 302,369 million or 50% to Rp 907,163 million at the end of 2016, mainly due to increases in cash and cash equivalent and trade receivables of Rp 221,251 million and Rp 82,330 million, respectively.





## MANAGEMENT DISCUSSION AND ANALYSIS

Total non-current assets increased by Rp 314,551 million or 8% to Rp 4,147,883 million, largely due to Property, and Equipment (PE) increases. PE increased by Rp 314,586 million, of which Rp 289,073 million is network control assets, in line with homespassed additions in the Company's service coverage.

Total liabilities at the end of 2016 amounted to Rp 1,091,956 million, up Rp 321,163 million or 42% over last year.

The Company's current liabilities at the end of 2016 increased by 202,935 million, mainly due to the Company's strategy to negotiate better payment terms with a number of vendors.

The Company's long term liabilities comprises long term loan and long term employee benefit liabilities. As of 31 December 2016, long term liabilities increased by Rp 118,228 million compared to previous year, almost entirely attributable to long term loan increases. The Company has finance lease payable from PT Century Tolyo Leasing in 2016 and at the end of 2016, the payables amounted to US Dollar 11 million.

As of 31 December 2016, the Company had Rp 546,680 million in cash and equivalents and Rp 179,181 million of long-term debt or a net cash of Rp 367,499 million (defined as total cash and equivalents less long-term debt).

As of 31 December 2015, the Company had Rp 325,429 million of cash and equivalents and Rp 101,215 million of long-term debt or a net cash of Rp 224,214 million.

Net cash increased by Rp 143,285 million or 64% over the previous year due mainly to an increase in customer collections, a reduction in purchases of property & equipment and new finance lease payable facilities obtained in 2016, which were offset with dividend payments and buyback of the Company's shares in 2016.

The Company believes that cash generated by or available to the Company should be sufficient to fund its capital and liquidity needs for the foreseeable future. The Company's sources of cash include cash provided by operating activities, cash and cash equivalents on hand as well as finance lease payables.

### Cash Flows

Cash and cash equivalents at the end of 2016 Rp546.680 million, increase by Rp221.251 million compared to 2015.

Net cash flows from operating activities increased by Rp379,036 million, from Rp1,181,691 million in 2015 to Rp1,560,727 million in 2016. The decrease is primarily attributable to an increase in customer collections of Rp375,395 million.

Net cash flows used in investing activities decreased from Rp1,127,627 million in 2015 to Rp744,581 million in 2016, which is primarily due to decreases in capital expenditures.

Net cash flows used in financing activities increased from Rp486,221 million, from Rp104,632 million in 2015 to Rp590,853 million in 2016. This increase is mainly due to dividend payments totaling Rp127,791 million, as well as buy back of the Company's shares of Rp386,228 million in 2016.

The Company's equity as of 31 December 2016 increased by Rp 295,757 million, from Rp 3,667,323 million in 2015 to Rp 3,963,080 million in 2016. The increase in the Company's equity is attributable mainly to net profit increases, partially offset by payment of dividends and share buyback.

### **Capital Structure**

See table on page 105

### Capital Expenditures

In 2016, total capital expenditure of the Company amounted to Rp 1,028,398 million, which primarily comprises capital expenditure for expansion of the Company's network coverage, purchases of set-top boxes and cable model for installing in new subscribers' premises. All of the capital expenditure spent in 2016 is funded by the Company's operations and finance lease payables.

### Shares Buyback

During 2016, the Company repurchased 83,963,800 of its shares at a total cost of Rp386,228 million, which represent 2.76% of outstanding shares.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Dividend policy

The recommendation, amount and payment of dividends by the Board of Directors and the approval of dividends by the Board of Commissioners is at their discretion and will depend on a number of factors at the relevant time, including the Company's net profits, availability of reserves, capital expenditure requirements, results of operations, cash flows, the payment of cash dividends by the Company's subsidiaries, contractual restrictions and the Company's overall financial position. These, in turn, depend on a variety of factors, including successful implementation of the Company's business strategy, financial, competitive and regulatory considerations, general economic conditions and other factors that may be specific to the Company or its industry. Many of these factors are beyond the Company's control. The Company may also enter into financing arrangements that could restrict its ability to pay dividends.

The Company did not make any dividend payments in 2015. In 2016, the Company announced and paid final dividend of Rp127,791 million in respect of the 2015 financial year (representing 20% of net profit for the year) in compliance with the Company Law requirements for the distribution of dividends.

### Financial Risk Management

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

### Market Risk - Foreign Exchange Risk

The Company is exposed to foreign exchange risk arising from future commercial transactions and monetary assets and liabilities that are denominated in currencies other than the Rupiah, the Company's functional currency.

Monetary assets and liabilities that give rise to foreign exchange risk are cash and cash equivalents, trade receivables, trade payables, accruals and long-term debt in USD. Management has

established a policy requiring the Company to manage foreign exchange risk against the Rupiah arising from future commercial transactions and recognized assets and liabilities. The Company manages the foreign currency risk by monitoring the fluctuation in currency rates continuously so that it can undertake the appropriate action. In February 2015, the Company entered into a foreign exchange hedging facility agreement with PT Bank BNP Paribas Indonesia in connection with the Company's foreign exchange risk management strategy.

As of 31 December 2016, if Rupiah had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rp 12,005 million lower/higher. The impact on equity would have been the same as the impact on post-tax profit for year 2016.

### Credit Risk (Receivable Collectibility)

Credit risk arises primarily from cash in banks, time deposits, trade receivables, other current assets and non-trade receivables from related parties. The carrying amount of financial assets in the Company's statement of financial position represents the maximum credit risk exposure.

The Company manages credit risk from cash in banks and time deposits by monitoring the reputation and credit rating of the banks and limiting the aggregate risk to any individual bank. Cash in banks and short-term bank deposits are placed with highly reputable domestic banks.

In respect of the credit risk from trade receivables, the Company establishes general terms and conditions of credit to customers. The Company also has a credit policy under which each new corporate customer is analyzed individually for their creditworthiness before the Company's standard payment conditions are offered.

Collectibility of the Company's receivables is indicated by average collection period, which showed the average period required by the Company to collect its receivables. The Company's average collection period is 35 days in 2016 and 29 days in 2015.



## MANAGEMENT DISCUSSION AND ANALYSIS

### The aging analysis of the Company's receivables

See table on page 107

### Liquidity Risk (Solvency)

Ultimate responsibility for liquidity risk management rests with the Directors, who have put in place an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company intends to settle all liabilities at or around their contractual maturities. In order to meet such cash commitments, the Company expects to generate sufficient cash inflows. The Company has ample cash and cash equivalents to meet liquidity needs.

The table below analyzes the Company's financial liabilities at the reporting date and into relevant maturity groupings based on the remaining period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows including estimated interest payments.

Solvability ratio shows the Company's ability to pay out its liabilities, which can be seen from debt to equity ratio and debt to equity ratio. The Company's Debt to asset ratio as of 31 December 2016 is 0.22x and as of 31 December 2015 is 0.17x. whilst Debt to equity ratio is 0.28x as of 31 December 2016 and 0.21x as of 31 December 2015. These ratios are within the targets and reflected total assets and equity that are adequate to cover the entire liabilities.

See table on page 108

### Material Contract

The Company has significant commitments based on significant agreements in relation to the provision and installation of equipment, cable network and provision of the Company's TV programs.

The significant agreements entered into by the Company are as follows:

The Company has program distribution and technical service agreements with various TV program providers. The agreements are renewable and valid for periods ranging from 1 (one) to 3 (three) years. Certain agreements also allow the Company to broadcast commercials and require placement of security deposits with program providers. Furthermore, the agreements stipulate, among others, the fees to be paid for each type of subscribers serviced by the Company.

On 30 December 2010, PT First Media Tbk entered into an agreement worth USD20,000,000 with PT Nap Info Lintas Nusa. The agreement was novated to the Company on 23 May 2011. Based on the agreement, the Company can utilize IRU (Indefeasible Right of Use) 10 Gbps submarine cable transmission capacity of PT Nap Info Lintas Nusa for a period of 15 (fifteen) years since the date of activation SKKL services, which is on 1 Januari 2011.

On 27 June 2011, the Company entered into a Pay TV Agreement with PT First Media Television, whereby PT First Media Television grants exclusive authority to the Company to manage its TV business in the territory of the Republic of Indonesia for a period until 10 November 2020.

In February 2015, the Company entered into a foreign exchange hedging facility agreement with PT Bank BNP Paribas Indonesia in connection with the Company's foreign exchange risk management strategy.

Up to the date of the completion of these consolidated financial statements, the Company and Subsidiaries had no significant contingent liabilities.

### Material Information and Facts After Accountant Reporting Date

On 9 January 2017, the Company obtained Domestic Investment Extension Principle License No.1/1/IP-PL/PMDN/2017 issued by the Investment Coordinating Board, which was issued as the extension of the previous principle license that had expired.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Material Transactions of Conflict of Interest or transactions with affiliated parties

table on page 110

### Changes In Accounting Policy

The Company adopted standard improvements, interpretation and amendments, which are effective for period beginning on 1 January 2016.

The adoption did not have a material impact on the Company's consolidated financial statements.

The list of standard improvements, interpretation and amendments are as follows:

Improvements:

PSAK 5 "Operating Segment",  
 PSAK 7 "Related Party Disclosure",  
 PSAK 13 "Investment Property",  
 PSAK 16 "Fixed Assets",  
 PSAK 19 "Intangible Assets",  
 PSAK 22 "Business Combination",  
 PSAK 25 "Accounting Policies, Changes in Accounting Estimates and Errors",  
 PSAK 53 "Share-Based Payments", and  
 PSAK 68 "Fair Value Measurement".

Interpretation:

ISAK 30 "Levies".

Amendments:

PSAK 4 (Revised 2013) "Separate Financial Statements" about Equity Method in Separate Financial Statements,  
 PSAK 15 (Revised 2013) "Investments in Associates and Joint Ventures" about Investment Entities: Applying the Consolidation Exception,  
 PSAK 16 "Fixed Assets" about Clarification of Acceptable Methods of Depreciation and Amortization,  
 PSAK 19 "Intangible Asset" about Clarification of Acceptable Methods of Depreciation and Amortization,  
 PSAK 24 "Employee Benefits" about Defined Benefit Plans: Employee Contributions,  
 PSAK 65 "Consolidated Financial Statements" about Investment Entity: Exception to Consolidation,  
 PSAK 66 "Joint Arrangements" about Accounting for Acquisition of

Interest in Joint Operations, and  
 PSAK 67 "Disclosures of Interest in Other Entities" about Investment Entity : Exception to Consolidation.

### Realization of Fund Appropriation from the Initial Public Offering Proceeds

The Company has listed its shares in the Indonesian Stock Exchange on 2 June 2014. As disclosed in the Initial Public Offering Prospectus that issued on 21 May 2014, total shares offered during the Company's Initial Public Offering of 304,265,000 ordinary shares with nominal value of Rp100 each belongs to PT First Media Tbk (FM). Thus, all proceeds from the Public Offering were received by FM as the selling shareholder and the Company did not receive any proceeds from the Public Offering.

In relation to the above, as disclosed in our Prospectus, the Company has no obligation to report realization of the use of proceeds to the Indonesian Financial Services Authority, in accordance with Regulation Number X.K.4 Attachment to Decision of Chairman of Bapepam Number Kep-27/PM/2003 dated 17 July 2013 regarding Realization report of Use of Proceeds from Public Offering .

## Operational Overview

### Network Infrastructure Development

When the Company becomes a Public Company in 2014, the Company network is distributed in various areas in Indonesia specifically in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi), East Java and Bali, Bandung, as well as Medan. The fiber optic based cable network which is the backbone of the Company for data connectivity and information in 2015 reaching 10.118 Km and in 2016 reaching 10.744 Km. While for coaxial based cable network which becomes the connecting line in the residential area with data and information reaching 12.740 Km in 2015 and reaching 13.522 Km in 2016. In line with the increased number of both fiber optic and coaxial based cable network, the number of residence or homes that can be connected (homes passed) also experienced an increase amounting to 1,67 millions homes passed in 2015 and



## MANAGEMENT DISCUSSION AND ANALYSIS

1,83 millions homes passed in 2016.

### Coverage Area

table on page 113

### Licenses

To support the company's business, the Company has filed a number of licenses to the relevant agencies. On 3 October 1996, the Company obtained a principal permit from the Minister of Tourism, Post and Telecommunication of the Republic of Indonesia for the Establishment of Internet Services under a permit No. PT.102/5/6/MPPT-96. The Company obtained the Permit for the Establishment of Non-Basic Telecommunication Services on 15 April 1997 through a Decree of the Minister of Tourism, Post and Telecommunication No. KM.41/PT.102/MPPT-97. The services included are Basic Access (File Transfer, Electronic Mail, Remote Login), Data Retrieval Access (Gopher Service, World Wide Web, Database Service), and Interactive Access (Internet Relay Chat, Protokol Talk, Protokol Internet Phone).

The Company started to provide broadband internet services in 2000 through a product branded MyNet and Digital1. In September 2007, the Company provided the main product of a high speed broadband internet services named FastNet. FastNet is a retail product of a high speed broadband internet services network through cable for users in residential, such as residential and apartment with services speed of up to 100 Mbps.

On 27 July 2009, the Company obtained a Permit of the Establishment of Internet Service Provider from the Post and Telecommunication Director General as stated in a Decision Letter No. 176/DIRJEN/2009.

In 2011, PT First Media Tbk (FM) as a shareholder performed a re-organization to the Company through a Reorganization Agreement. Given the reorganization,

FM performed a transfer and/or a selling of assets, rights and license from FM to the Company, including transfers of several important agreements in relations to the re-organization. Therefore, since 2011 to date, the Company is engaged in fixed-based

operation of cable, multimedia services, internet and management consultation services. Thus, the Company can use the business brand of "First Media" with three main business units, namely HomeCable (the service of subscription television provided by PT First Media Television in cooperation with the Company), FastNet (the service of high speed broadband internet services), and DataComm (a high speed communication data for business).

In the reorganization, the Company obtained a Principal Permit of Foreign Capital Investment from the Investment Coordinating Board (BKPM) based on a permit No. 258/1/IP/I/PMA/2011 dated 27 April 2011 to perform fixedbased operation of cable, multimedia services, internet service provider and business management consulting services.

On 14 June 2011, the Company obtained a Letter for Proper Operation from the Directorate General of Post and Informatics from the Ministry of Communication and Informatics of the Republic of Indonesia No. 41/DJPPI/KOMINFO/6/2011, 42/DJPPI/KOMINFO/6/2011, 43/DJPPI/KOMINFO/6/2011, and 44/DJPPI/KOMINFO/6/2011 for Tangerang, West Jakarta, South Jakarta and Central Jakarta, as well as Cibubur area. The Letter for Proper Operation ruled that the development of infrastructure performed by the Company for the Local Fixed Services Based on Packet Switched has met requirements of a proper operation for telecommunication in accordance to the decision of the Director General for Post and Telecommunication No. 191/Dirjen/2009 regarding the Conduct of Proper Operation Test for Telecommunication Services.

On 27 June 2011, the Company obtained a permit for fixed-based services from the Minister of Communication and Informatics of the Republic of Indonesia No. 246/KEP/M.KOMINFO/06/2011 regarding the Permit of Local Fixed Services Based on Packet Switched. The permit was given to the Company for the local fixed services based on packet switched using the hybrid fiber optic and coaxial (HFC) cable based technology.

On 16 Agustus 2013, The Principal Permit for Foreign Capital Investment owned by the Company went through a change, through a Permit of Changes No. 722/1/IP-PB/PMA/2013. The changes are related to changes on the Company's data, including a change in the Company's address.



## MANAGEMENT DISCUSSION AND ANALYSIS

On 11 February 2014, the Company obtained a Letter for Proper Operation from the Directorate General of Post and Informatics of the Communication and Informatics from the Minister of the Republic of Indonesia No. 25/Kominfo/DJPPI/PI.02.05/02/2014, 26/Kominfo/DJPPI/PI.02.05/02/2014, 27/Kominfo/DJPPI/PI.02.05/02/2014, and 28/Kominfo/DJPPI/PI.02.05/02/2014 for Bekasi, Jakarta, Surabaya, and Singapore. The Letter for Proper Operation stated that the development of infrastructure by the Company for the Fixed-Closed Services has met requirements of a proper operation for telecommunication services in line with a Decision of the Director General of Post and Telecommunication No. 191/Dirjen/2009 regarding the Conduct of Proper Operation Test for Telecommunication Services.

On 24 March 2014, the Company obtained the Closed Fixed Network Provider License issued by the Minister Communication and Informatics No. 312 TAHUN 2014 regarding the Closed Fixed Provider License. This license was given to the Company to conduct the fixed-closed services for a national coverage.

The Principal permit for Foreign Capital Investment owned by the Company went through a change on 30 May 2014 through a Permit of Changes No. 1497/1/IP-PB/PMA/2014. The changes are related to changes on the Company's production capacity, investment value, sources of financing and total of employee

On 20 May 2014, the Company obtained an effective statement from the Financial Services Authority (Otoritas Jasa Keuangan) through a letter No. S-240/D.04/2014 to conduct an Initial Public Offering. On 2 June 2014, through the Indonesia Stock Exchange and the Company's stock code "LINK", the Company performed an Initial Public Offering by floating 304,265,000 shares priced at Rp 1,600 a share to the public. In relation to the Company's status as a public company, the Principal License of Foreign Capital Investment owned by the Company went through another change on 19 June 2014 through a Permit of Change No. 1729/1/IP-PB/PMA/2014.

On 8 October 2014, through the Company's Extraordinary General Meeting of Shareholders, the Company's status changed from a Foreign Capital Investment Company into a Domestic Capital Investment Company. Towards the Company's status changed, the Domestic Capital Investment License No. 232/1/IP/PMDN/2014 was issued dated 16 October 2014.

On November 2014, the Internet Service Provider License of the Company had five-annual evaluation by the Ministry of Communication and Informatics of the Republic Indonesia. The annual evaluation has been held on 18 November 2014 in Bekasi and 26 November 2014 in Jakarta which is entirely stated in the Minutes of Five-Annual Area Verification by the evaluation's team from Directorate General of Post and Informatics Ministry of Communication and Informatics of the Republic Indonesia.

On 14 January 2015, the Company has obtained a Letter for Proper Operation from the Directorate General of Post and Informatics of the Ministry Communication and Informatics of the Republic of Indonesia No. 10/KOMINFO/DJPPI/PI.02.05/01/2015 for Point of Presence location ("PoP") in BeritaSatu Plaza Building 4th floor Jl. Jend. Gatot Subroto Kav. 35-36 Jakarta 12950 and No. 11/KOMINFO/DJPPI/PI.02.05/01/2015 for PoP location in Lippo Cyber Park, Jl. Boulevard Gajah Mada No. 2170 Karawaci Tangerang, Banten. The Letter for Proper Operation establish that the result of facilities and infrastructure development implemented by the Company for the Network Access Point Provider has qualified the properness operation for telecommunication operation corresponding to the Decision of Directorate General of Post and Telecommunication No. 191/Dirjen/2009 regarding the Proper Test Procedures of the Operation of Telecommunication Provider.

On 27 January 2015, the Company obtained the Network Access Point Provider License from Ministry of Communication and Informatics of the Republic Indonesia based on the Decision of Directorate General of Post and Informatics No. 50 TAHUN 2015 regarding to the Network Access Point Provider License. Such license was given to the Company for the operation of network access point with the implementation of the national territory. Following the five-annual evaluation on 27 January 2015, the Company obtained the Internet Service Provider License by the Ministry of Communication and Informatics of the Republic Indonesia based on the Decision of Directorate General of Post and Informatics No. 51 TAHUN 2015 regarding to the Internet Service Provider License. Such license was given to the Company for the operation of internet service provider with the implementation of the national territory.



## MANAGEMENT DISCUSSION AND ANALYSIS

On the 13 May 2015, the Domestic Capital Investment License went through another change to the Principal of Change Permit No. 30/1/IP-PB/PMDN/2015 related to the changes of the data of Company, in between the change of Tax ID Number of Company. On the 4 November 2016, the Company obtain the Domestic Capital Investment License of Telecommunication Network Provider No. 57/1/IU/PMDN/2016 dated 4 November 2016 issued by the Investment Coordinating Board.

### Impact of Regulatory Changes to The Company

In running its business, the Company will always follows the prevailing regulations. The Company also follows the development of the regulations that may effect the Company's business. In 2016, the government issued and/or amended some Regulations among others:

#### 1. Business Field

To increase capital investment activities both domestically or overseas and as part of development acceleration, and to enhance competitiveness internationally, on the 12th May 2016 the President of the Republic of Indonesia has issued Regulation of the President of the Republic of Indonesia ("Perpres") No. 44 of 2016 on the List of Business Fields that are Closed to Investment and Business Fields that are Conditionally Open for Investment.

#### 2. Telecommunication Operation Right Fee and Universal Service Obligation Contribution

On the 26th of September 2016, the Minister of Communication and Informatics of the Republic of Indonesia issued the Regulation of Minister of Communication and Informatics ("Permenkominfo") No. 17 of 2016 on Implementing Guidelines of Tariff on Non-Tax State Revenues from the Collection of Telecommunication Operation Right Fee (BHP) and Universal Service Obligation Contribution (USO) which furthermore such regulation was amended on the 4 November 2016 by Permenkominfo No. 19 of 2016 on the Amendment to Permenkominfo No. 17 of 2016.

Such new regulations will become a reference for the Company to implement the payment of the BHP and USO for the Fiscal Year of 2016 and the following years.

#### 3. Annual Report

The Company deems the Annual Report not only as a form of accountability of management of the Board of Directors and supervision of the Board of Commissioners to the Shareholders, but also as an important source of information for domestic investors as well as foreign investors in making an investment decision on the Company.

On the 29th July 2016, the Financial Services Authority (OJK) issued OJK Regulation ("POJK") No. 29/POJK.04/2016 on Issuer or Public Company's Annual Report. This Regulation constitutes a refinement of regulation on Annual Report issued earlier. The Company finds the issuance of this Regulation is very helpful as it contains the details of the required content of the Annual Report and the content is already in line with Corporate Governance principle adopted by the Company and it is already covered in the ASEAN Corporate Governance Score Card. Such regulation has been implemented by the Company in the preparation of this 2016 Annual Report.

#### 4. Guidelines and Procedure for Capital Market Principle License

On the 6th of June 2016 the Chairman of the Investment Coordinating Board of the Republic of Indonesia ("BKPM") issued Regulation of Chairman of BKPM No. 6 of 2016 on Amendment to Regulation of the Chairman of BKPM No. 14 of 2015 on Guidelines and Procedures for Capital Market Principle License. This Regulation is issued to enhance licensed and non-licensed services on investment and to implement Article 81 of Government Regulation Number 96 of 2015 on Facilities and Ease in Special Economic Zones, Article 7 of Presidential Regulation Number 3 of 2016 on Acceleration of National Strategic Project Implementation, Article 19 of Presidential Regulation Number 4 of 2016 on Acceleration of Electricity Infrastructure Development, and the Fifth Item of Presidential Instruction Number 13 of 2015 on Inland Free Trade Arrangement, while it is necessary to make a refinement of the Regulation of the Head of Investment Coordinating Board Number 14 of 2015 on Guidelines and Procedure for Capital Investment Principle License.

Based on such regulation, on December 2016, the Company submitted to BKPM an application for Domestic Investment Expansion Principle License. This is made as an endeavor to have an expansion of Domestic Investment Principle License which already obtained by the Company.



## MANAGEMENT DISCUSSION AND ANALYSIS

Achieving positive results in an organization is not only measured by the size of revenue, the cost efficiency and the effectiveness of marketing programs, but also by the management practices in the development of the human resources that support the organization to achieve its goal and improve its values. Realizing the importance of human resources to the Company's financial goals, the Company made human resources a central part of the Company's strategy in 2016. An effective human resources strategy will increase the performance of a company, enabling it to grow market share through the effective use of its employees.

The Company believes that having employees who are both highly competent and possessing of a quality personal character is key to the Company's sustainable and profitable growth. To ensure that the Company continues to grow and meets its financial targets its essential that our human resources department maintains a high performance culture within the Company and recruits and retains high caliber employees. In recognition of the importance to our business our senior management has made human resources an important and strategic business partner.

### Human Resources

#### Human Resources Composition

At the end of 2015, the Company and its business units employs 736 employees. Out of the total 736 employees, as many as 666 people are permanent employees and 70 people are contracted employees. And at the end of 2016, the Company and its business units employ 689 employees. Out of the total 689 employees, as many as 663 people are permanent employees and 26 people are contracted employees.

#### Human Resources Composition

See table on page 119

#### The Activities of Human Resources Management

The Company's practice of human resources management is always aimed to make the Company an Employer of Choice among job seekers. To meet this goal, the Company carried out activities such as:

#### 1. Acquiring the best talents

Acquiring the best talents starts with an accurate analysis based on the Company's strategy and business goals while continuing to pay attention on competencies and quality. The minimum qualification requirements for potential new employees is high to ensure that we're attracting highly competent staff. The Company is thorough when searching for new talents to fill job vacancies. We seek recommendations from existing employees, we advertise online, we recruit from Indonesia's top universities and use social media.

#### 2. Talents Recruitment

Recruitment is performed based on the specification on vacant positions stipulated in the documents of the position description, which is available and always be updated based on the current situations and conditions so that it will always be able to answer challenges in the business world. Acquiring appropriate talents is performed in stages, starting from the administration selection, various competence tests and gradual interviews until the Company finds suitability between the candidates and the Company. The next process is recruitment of new employees.

#### 3. Employees Development

Every talents owned by the Company will be developed systematically and consistently so that they can give bigger contribution and give impacts to the growth of the Company. Development is also performed so that every talent can optimize all potentials they have so that they will have a high personal engagement to the Company.

In the development program, the Company also conducts the Performance Management process. The Performance Management Process is also carried out systematically starting from the performance planning, the performance assessment and the final performance appraisal.

Continuing the improvement on the Performance Management System from 2014, in 2016, the improvement focus of Performance Management was put on the coaching/guidance program implementation from superiors to their respective team members. A consistent and continuous coaching process ensures the performance and development target can be achieved to the final result which visions and missions of the Company can be properly





## MANAGEMENT DISCUSSION AND ANALYSIS

achieved as well. The Performance Management System developed by the Company has also connected the goals, visions, and missions of the organization to the employees so that every employee knows not only the directions and goals that the organization wants to achieve but also consciously takes part in the achievement of the goals through a personal performance.

This coaching process is done by one by one system. Any employee that has team members will do coaching to each of his respective team members. The result of the coaching will be input into the Performance Management System (PMS).

The appraisal by e-PMS is based on two matters, which are a target stipulated in the Key Business Objective (KBO) and Key Performance Indicator (KPI) as well as the employees' behavior stipulated in the Behavior Competencies (BC). The Appraisal for KBO has 70 percent in weight and BC has 30 percent in weight out of the maximum grade of 130 percent from the achievement. The score from KBO and BC are connected into certain range and then be formed into a rating.

To make the appraisal more equitable and objective, scores of employees in the same division will be compared each other. The process is called normalization, which is performed in 3 levels, starting from the section level, the department level and the division level. In the normalization process, it is possible that changes occur, up and down. However, there is also a possibility that no changes occur.

Every year, the e-PMS is always improved to be better. In 2016, Learning and Development team conducted analysis and assessment toward the BC effectiveness. From this, the team offered some improvements toward the competency models, competency dictionary and competency development model therefore the leadership and managerial competency can be improved maximum. The improvement results will be utilized into the Development and Performance Management Process in 2016.

#### 4. Compensation and Benefits

Compensation is a reward for the employees' contributions that are carried out regularly by an organization or a company. An appropriate compensation is very important and must be adjusted

with the situation of the manpower market so that the Company will be able to win a competition in acquiring the best talents. Beside compensation, the Company also gives other appreciations taking forms of financial or non financial awards that make talents are always motivated to give the best performance. Benefits or help are in various forms, such as health benefit, transportation and et cetera, and are in a measurable scale and right on targets. To support the government's benefit programs, all of the Company's employees are registered in the BPJS Kesehatan and BPJS Ketenagakerjaan programs which is effective from 2015.

#### The Human Resources Information System

The Human Resources Information System (HRIS) is developed with the support and cooperation of the information Technology Division since 2011. The implementation of Overtime Online System, e-Recruitment System and Exit Clearance Online System has been operating and are always be perfected. The system contributes to the biggest change in the activities and working process in the Human Resources Division and in the organization. The easy operation of the system has eased users to obtain latest information and to manage every stage of recruitment process. The management can obtain realtime and transparent information regarding data related to human resources. Time and costs spent can also be reduced compared to the manual human resources management.

#### Training and Development of Employees

Training and development is the planning of employees development through training conducted by the Company to all employees. The development is based on the competencies required in the field of their work. The Company provides equal opportunities to every employee. The method of the development by the Company splits in two, through training in the classroom (In Class) and outside the classroom (Non Class). The InClass Training Catalog 2016 is given to all employees by the Department of Learning and Development (LD) at the beginning of the year. The catalogue covers training programs among others, Leadership, Managerial, Technical, Contact Center, Sales, and Ad-Hoc. Each employee may submit a request for training that is of interest to them and that would develop expertise that's complimentary to their job.



## MANAGEMENT DISCUSSION AND ANALYSIS

For Methods outside of the classroom, LD also launched a training application with an online system named Knowledge Management System (KMS). With this application each employee may have a discussion in a forum, including blogging, follow the training schedules from LD, attend online test/assessment and obtain the latest update of training to be conducted and training which is currently being conducted.

For the training program the employees manager acts as the partner of LD in presenting the material and also as a mentor, who will help ensure the employee development process occurs after attending the training. The Company also conducts training for facilitators to run a variety of programs at its training program 'Leader's Forum: Facilitator Club' workshops and events. This development process is also one of the Company's commitments to improving the quality and competencies of all employees. The telecommunications business is fiercely competitive so it's essential that we continue to develop our staff to maintain our competitive edge and increase employee productivity.

See table on page 123

### **BEE (Brave-Emphaty-Excellence) Training**

In 2016, the program started with the "Service Excellence" training for all Call Center Officer's which amounted to 333 people. The program is intended to build the character of our Call Center Officer's. The training takes place both indoors and outdoors so participants not only learn the theory but apply the knowledge in a relaxed and fun environment.

### **Facilitator Club**

Uncertainty and unpredictable are still the main theme in business nowadays, where adaptive organization will take the advantage. A learning organization would be able to adapt to the unpredictable more quickly than competitors could. What else makes an organization becomes adaptive than the people/employees in it? The truth is, Learning & Development Department is not solely responsible on the employee development and regeneration, yet it was their superior who holds the key element on the employee's personal mastery. Considering that situation and to align with the

previous spirit in 2014 —"Sharing Session", Learning & Development has initiate Facilitator Club, as leaders forum to distribute knowledge to other potential leaders. The club consist of dozens of facilitators from various division/directorate and divided into several categories, that is:

1. **Leadership**  
Stepping Up  
Leadership Challenge
2. **Sales**  
Tele Sales Introduction  
Direct Sales Introduction
3. **Operation**  
Contact Center Introduction
4. **Technical**  
FTTH

The facilitators are ranging from supervisor until director level.

### **WHY WE DO WHAT WE DO?**

Learning organization is strongly influenced by the behavior of leaders. When leaders actively question and listen to employees—and thereby prompt dialogue and debate—people in the organization feel encouraged to learn. If leaders signal the importance of spending time on problem identification, knowledge transfer, and reflective post-training/project, these activities are likely to flourish. When people in power demonstrate through their own behavior a willingness to entertain alternative points of view and spare some of their times to facilitate, employees feel encourage to offer new ideas and options.

### **FURTHERMORE**

For maximum impact, knowledge must be shared in systematic and clearly defined ways. Sharing can take place among individuals, groups, or whole organizations. Knowledge can move laterally or vertically within an organization. Vertically & internally, the leaders will share their best practice of leadership (not just the theory) across department/ division/directorate. Alternatively, knowledge sharing can be externally oriented by a scheduled forums with subject-matter experts to gain their perspectives on the company's activities or challenges, which in these case we held a sharing session for facilitator with external speaker. For example, our first



## MANAGEMENT DISCUSSION AND ANALYSIS

external speaker was Mr Benny Bernardus as Associate Director of PT Matahari Putra Prima that discuss and share about the art of facilitation. Both of these concrete processes ensure that essential information moves quickly and efficiently into the hands and heads of those who need it.

### Creating – Acquiring – and Transferring knowledge. Technical Training

Quality is a key driver of progress for us and is an integral part of every process we undertake, from sales to network maintenance. Our service quality is constantly upgraded to meet and exceed our customer's expectations. Learning Development train regularly for our new employee and our contractor (vendor) new employee in network installation. Likewise for our existing employee, we are regularly conducting the technology update training or refreshment training. Even more, our LD team also conduct periodic inspections for our field installer to ensure the technique and standart learned are implemented.

### Sales Training

To accomodate the target achivement of the Company that is continuously improving from year to year, the Sales force or sales people hold a very crucial part. At this moment, the Company has got 1.83 million home passed within its coverage network that covers Jabodetabek, Bandung, Surabaya, Malang and Medan as well as 1.02 million customers that have subscribed for the Company services. Therefore, the success of the Company sales in the past and now can be a further determining factor on the number of New Roll Out homes passed to be applied in the new areas.

Since 2008, the Company has developed a department that has duties to provide comprehensive training to equip its frontliners to sell internet service and pay TV service with hard skill and soft skill needed to conduct good communication with people who are the customer prospects of the Company. The frontliners of the Company consist of officers from Direct Sales, Telesales, Contact Center, ABI (Apartment & Building Implementation) & Enterprise Sales. The training given covers Product Knowledge, Selling Skill, Technical Knowledge and Grooming that are necessary for interaction between the sales people with their prospects. This training is given in the form of in class training where the methods have got several significant improvements where it was previously

given just as a basic Product Knowledge training at least until 4 years before (2013). At this moment, this new method still cover a comprehensive basic Product Knowledge, but now the participants are given communiation techniques that emphasizes a skill to convince the prospects of the added value from the features & benefits of every technology items that is owned by Fast Net and Home Cable, especially by the presence of the X1 Home Cable since the beginning of 2015 that utilizes 16 technology features from the Company which most of them have not been provided by the competitor.

The training framework that is provided for the sales force is comprehensive in nature and covers the equipping the sales competencies for them since they joined with the company for the first time. Training is given in-class, with tandem and coaching in-field, therefore the efforts to strengthen the sales force, especially those who drop in performance to achieve their targets.

Performance Monitoring from this Training Department is also a main feature where trainers work cooperatively with Supervisors on the field to watch the target achievement process from each team member to give the expected results. By utilizing this new method, Company has seen the good results within these recent 2 years where the retention of the Sales force is improving in a good level, especially those who work in Direct Sales field. Every Sales training program which is given, the trainer utilizes a technique that is called as "Catching Golden Time from your prospects" to attract and maintain the prospect's interest until they want to buy the products which is increasing the opportunity of each sales person to go to the Sales Active closing process. The frontliners Sales (in-door & in-field) are also comprehensively equipped with Homepass data, therefor they will help the Company to accelerate the penetration process of Company's service into the customers or society. It will truly help the Company to determine on the size of its New Roll Out that will be built.

### LSD (Leadership and Sales Development) Program

The competency development program for the sales force is also done by using the approach of the CBHR concept (Competency Based Human Resources). As a breakthrough in 2016, the program LSD was held to meet the needs and competencies required in every sales division with supervisory and managerial functions in



## CORPORATE GOVERNANCE

retail product sales team, starting from Supervisor to Territory Manager. The material is adjusted to the role of each level, but broadly divided into two categories, namely Leadership and Strategic Sales. Through the LSD program it is expected that entire retail product sales supervisors have the competence equitable and capable in performing their duties to monitor and spur sales. With the improvement of the performance and service target of Company's products consistently, therefore the main target of The Company is to become the service provider of internet communication and information and entertainment will keep accelerating for now and ever.

### Employee Training Program 2016

See table on page 127

"Corporate governance is not only concentrating on a balance between economic and social, but also between the individual and society. The goal is to balance the best interests of individuals, companies and the public Company."

The implementation of corporate governance in a company is very important as a process to maintain long term business sustainability, which prioritize the interests of the Shareholders and Stakeholders. Considering the importance of the corporate governance, the Company sees the need to implement the Good Corporate Governance (GCG).

To be able to gain benefits from the implementation of the GCG, the Company is continuously in efforts to apply the GCG and develop it consistently and persistently. Given the consistent and persistent GCG implementation supported by integrity and high commitment as well as active participations of all of the Company's organs, the Company is expecting that GCG will not only become an obligation must be performed by the Company but also a part of the Company's culture to achieve business sustainability and security in the longer term, improve performance, and in the end give an added value for the Company for the interests of its Shareholders and Stakeholders, as well as the Company's service users. A top-down approach in the implementation of GCG with a consideration on the regulations and the Company's culture, is also expected to ease the GCG implementation and help the Company to obtain supports from all parties.

In line with the Company's commitment to implement of the GCG consistently and persistently, the Company has several supporting tools as guidance for GCG implementation, which are the Company's vision and mission as well as its values, the Company regulations, the Guidance on Ethics and Professional Responsibilities, as well as various Standard Operating Procedures that have been implemented. The implementation of GCG is also consistently improving the existing supporting tools to adjust with the Company's business development and competitions in the market.

The GCG implementation is also actively supported by the Company's Board of Commissioners and the Board of Directors. Certainty on the Board of Commissioners and the Board of



## CORPORATE GOVERNANCE

Directors' functions, the determination of the Company's strategic plan that is adjusted with the Company's Work Plan and Budget, the implementation of compliance and risk management functions, the establishment of a committee and a working unit overseeing and controlling the Company's internal affairs are the realization of the Board of Commissioners and Board of Directors' commitment in GCG implementation. The Company has also appointed several independent parties to sit in the Board of Commissioners and the Board of Directors as part of attempts to ensure the GCG implementation, which is not only a move to meet requirements as stated in the regulations.

### The Implementation of Good Corporate Governance Principle

In the implementation of GCG principle, the Company has followed the General Guidance of Good Corporate Governance stipulated by the National Committee for Governance Policies under the implementation of 5 fundamental pillars called TARIF, which are: transparency, accountability, responsibility, independency, and fairness.

The Company believes that the implementation of the 5 fundamental pillars is reliable instruments in regulating all business aspects conducted by the Company, the Board of Commissioners, the Board of Directors and all of employee can create a thorough balance in the Company's business operational. The balance in business operational covers all interests, both individual and collective interests and internal and external interests, so that the interests of the Company, the Shareholders, and Stakeholders will achieve an equilibrium point.

#### Transparency

As a public company, the Company continuously tries to maintain objectivity in performing its business by providing material and relevant information to Shareholders and Stakeholders and ensure that the information is delivered in time, proper, clear, accurate and accessible.

The Company continuously delivers routine reports obliged on public company, such as the interim financial reports, the midyear financial reports, the annual audited financial reports, the annual

reports and incidental reports, including reports related to corporate actions, affiliated transactions or material transactions, which all of them delivered in the public exposes through printed or electronic mass media. Besides, the Company also provides an official website ([www.linknet.co.id](http://www.linknet.co.id)) as an access for the public to obtain the Company's annual reports.

#### Accountability

The implementation of accountability pillar by the Company as a public company is a form of the Company's responsibility to Shareholders and Stakeholders so that the Company's management is conducted appropriately, measurable and in accordance with the Company's interests without ignoring the interests of Shareholders and Stakeholders.

Beside determining certainty on the functions, implementation and responsibilities of each organs, the Company also ensure that all organs in the Company and employees have the proper competence in line with their respective duties, responsibilities and role in the Company's business activities so that the Company can maintain its accountability. The Company gives a chance for every employee to take part in training programs and seminars, both inside and outside the Company, for the development of their competence. Furthermore, they are also asked to implement knowledge they obtained and disburse it to other employees for improvement and perfection in all aspects in the Company. The Company also applies a system, which is related to appreciation to employees having accomplishments and sanctions to employees disobeying regulations.

Beside a stress on the competence of each employee, the system of giving appreciation to employees with certain achievements and sanctions to disobedient employees gives a chance to the Company to objectively test its accountability. The Company has also a committee and a working unit overseeing and controlling its internal affairs. The committee and working unit are directly responsible to the Board of Commissioners and the Board of Directors to ensure that all organs in the Company perform their own roles and functions properly.



## CORPORATE GOVERNANCE

### Responsibility

Every company performing business activities has responsibilities to run their business activities in line with the regulations, including the Company. The benefits of obeying law and regulations will be experienced both by the Company's subscribers that will be able to enjoy the services comfortably and the Company itself for being able to perform its business activities easily and to reach long term sustainability. As part of attempts in the implementation of careful principle, the Company has a Corporate Secretary who is in cooperation with the Legal Corporate Division in ensuring the Company's compliance to the Articles of Association, the Company Regulations and other regulations in the capital market.

The Company is continuously in efforts to make its business existence give benefit not only to its subscribers by also overall society living near the location of its business activities. The benefits of the Company's existence for the society living near its business activities include not only on the creation of employment but also on various Corporate Social Responsibility (CSR) programs. Thus, the Company is expecting to have an acknowledgement as a good corporate citizen.

### Independence

The Company continuously ensures that the Company's management is conducted independently, non-dominant to each other, not influenced by certain interest and free from the conflict of interest. Thus, the decision making process is always objective and is expected to be able to give optimal output for the interests of Shareholders, Stakeholders and employees. As an example, the Board of Directors and the Board of Commissioners can have independent opinions in the decision making process, without lessening possibilities to have options or suggestions from the legal consultant, human resources consultants or other independent consultants.

As the realization of its independence, the Company has appointed several independent parties who are reputable to sit in the Board of Commissioners and the Board of Directors as well as has given a maximum role for the Company's Audit Committee in conducting supervision on the Company's business activities.

### Fairness

The Company applies the fairness principle for every party having interests to the Company. The Company always gives a fair chance to every party to be able to access the Company's information in accordance to the transparency principle in respective positions as well as in line with the benefits and contributions given by the capital market authority, the capital market community and the Stakeholders to the Company.

The Company also applies the fairness principle for each individual, who is competent, has a will and is highly dedicated, to work for the Company. The Company gives no distinction to career development of its employees based on their tribes, religions, races, groups, genders and physical conditions. The Company always maintains and pays attentions on the balance of employees' rights and obligations fairly.

## The Guidance of Corporate Governance

### Company Regulations

The implementation of good corporate governance is not only reflected by the visions, missions and values of the Company, but also by the Companies' efforts to obey regulations in achieving the visions, missions and values. The Company, as part of the good corporate citizen, realizes that regulations are needed to regulate not only the Company's external relations with the public but also the Company's internal relations with its organs and employees. Therefore, the Company arranges a series of rules applied as company regulations.

Link Net's Company Regulations are arranged in accordance with the philosophy of Pancasila and the National Development Program, where improvement in the economy and in the nation's living standard is in need of supports from all the nations. Thus, the Company desires to role in Indonesia's economic development not only by developing its business but also by developing and improve the competence of the human resources.



## CORPORATE GOVERNANCE

The Company has determined that the management of human resources is part of its strategic development plan, in this way, the Company will be able to easily and persistently improve its ability to compete with other companies in Indonesia. The Company always believe that human resources are important assets for the Company's sustainable growth and development for a long term. The Company's existence is also important for its employee.

The Company has considered various aspects so that it will be able to create a harmonious, save, steady, peaceful and dynamic relation between the Company and its employees. Among the aspects are certainty of duties, rights and obligations of all employees, attentions on employees' needs either healthy and unhealthy condition, also the atmosphere of working environment that support employees performance. Those aspects are expected to be able to increase employee's productivity and help in the creation of peacefulness and complacency for employees so that any problems that emerge can be solved amicably.

Link Net's Company Regulations has been approved through a Decree Letter of Ministry of Manpower of the Republic of Indonesia, the Director General for Industrial Relations Development and Manpower Social Guarantee Number: KEP.1423/PHIJSK-PK/PP/XI/2015 dated 8 December 2015 that will be valid until 30 April 2017. Generally, Link Net's Company Regulations contain the rights and obligations of employees and the company as well as rules aiming at the maintenance of harmonious, consistent and balance relations as part of attempts to increase efficiency, productivity and optimal achievements. Link Net's Company Regulations are expected to be able to realize the creation of conducive industrial relations between employees and the Company by paying attentions on the government's regulations and laws, including their adjustment in the future.

### The Structure of Corporate Governance

The Structure of Corporate Governance consists of the General Meeting of Shareholders, the Board of Commissioners and the Board of Directors, which are supported by the Audit Committee and the Nomination and Remuneration Committee that are

responsible to the Board of Commissioners, the Board of Managements, the Corporate Secretary and the Internal Audit Unit that is directly responsible to the President Director.

### The General Meeting of Shareholders

The General Meeting of Shareholders (GMS), either Annual General Meeting of Shareholders (AGMS) or Extraordinary General Meeting of Shareholders (EGMS) is an implementation tool in the company that holds the highest power and authority. The General Meeting of Shareholders' authority includes appointing and the dismissing members of the Board of Commissioners and the Board of Directors, evaluating of the performance of the Board of Commissioners and the Board of Directors, approve the changes of the Articles of Association, approve the annual report and determining the arrangement and the amount of remuneration for the Board of Commissioners and the Board of Directors.

#### The General Provisions and Procedures for Holding General Meeting of Shareholders

General rule for holding a GMS refers to the Regulation of the Indonesian Financial Services Authority (OJK) Number 32 POJK.04/2014 on Planning and Holding a General Meeting of Shareholders of Public Company, regulation of Capital Market and Financial Institutions Supervisory Board (BAPEPAM-LK) Number IX.J.1, annex Decision of the Head of Capital Market and Financial Institutions Supervisory Board Number KEP-179/BL/2008 of May 14, 2008 on the Company's Articles of Association Principles that exercise public offering on equity-stock and Public Company.

The mechanism of use of votes by the shareholders in AGMS and EGMS has been arranged in such a way that the shareholders can use their vote directly or through their representative.

AGMS is held at the latest six months after the end of financial year. In the AGMS, Board of Commissioners and members of Board of Directors presenting the following:

1. Annual Reporting;
2. Recommendation on the use of net profit of the Company;



## CORPORATE GOVERNANCE

3. Appointment of Public Accounting Firm to perform audit on Company financial reporting for the current financial year;
4. Determination of the composition of the Board of Commissioners and the Board of Directors of the Company;
5. Other matters that require approval from the shareholders in the GMS for the interest of the Company.

Generally, the stages of convening a GMS are as follows in table on page 136

In 2016, the Shareholders of the Company implement AGMS on 15 April 2016 (AGMS 2016).

Pursuant to the provision of Article 12 of Company's Articles of Association, the provisions of Article 81, Article 82 and Article 83 of Law No. 40 of 2007 on Limited Liability Company and Regulation of Financial Services Authority Number 32/POJK.04/2014, dated 8 December 2014 on the Plan and Organizing of General Meetings of Shareholders of Public Companies, in AGMS 2016, the Company's Board of Directors have carried out the following :

1. Submit a notification on the Agenda of AGMS to the Financial Services Authority by letter No. SB-022/CSL-LN/RUPS/III/16 dated 1 March 2016;
2. Advert in the daily newspaper "Investor Daily" on the 8th of March 2016 announcing the plan for Holding an AGMS and submit the proof of such advertisement to OJK by letter No. SB-025/CSL-LN/RUPS/III/16 dated 8 March 2016; and
3. Advert in the daily newspaper "Investor Daily" on the 24 March 2016 announcing the AGMS Invitation and submit the proof of such advertisement to OJK by letter No. SB-033/CSL-LN/RUPS/III/16 dated 24 March 2016.

AGMS 2016 was held on Friday, 15 April 2016 in Ballroom B, Hotel Aryaduta Tugu Tani, Jl. Prapatan 44-48, Jakarta and it reached the quorum as it was attended by shareholders representing 2.746.227.697 shares or 90,2578% of all shares with valid voting rights that have been issued by the Company, pursuant to the Company's Articles of Association.

Pursuant to the provision of Article 13 paragraph 1 of the Company's Articles of Association, the General Meeting of Shareholders shall be chaired by a Member of Board of

Commissioners who is appointed by the Board of Commissioners. In 2016, AGMS led by Mr. Ali Chendra as the Company's President Commissioner.

### The Order of General Meeting of Shareholders and the Decision Making Process

Before AGMS 2016 starts, the rules of GMS are read out to the Shareholders and proxies of Shareholders in which the following decision making process is contained:

1. The Meeting is held in Indonesian Language and chaired by a member of Company's Board of Commissioners.
2. The Leader/Chairman of the Meeting shall be entitled to ask those present to prove that they are authorized to attend this meeting.
3. Those entitled to be present or represented in this Meeting are the Company's Shareholders who on 23 March 2016 until 16.00 Western Indonesian Time, its names are recorded in the Company Shareholder Register and in the Account Holder Register in the Collective Custody of PT Kustodian Sentral Efek Indonesia/KSEI (Indonesia Central Securities Depository).
4. All agenda of the Meeting was discussed uninterruptedly.
5. After discussing about the agenda of the Meeting, the Shareholders or its Proxies shall be given an opportunity to ask questions, give opinions, proposals, or suggestions related to the Meeting agenda discussed.  
The Procedure is as follows:
  - a. Only Shareholders or its legitimate proxies may ask questions;
  - b. Shareholders or its Proxies that will ask questions are requested to raise their hands and our staff will hand out a form with questions that will have to be answered and handed back to our staff upon completion.
  - c. In the form, the followings should be written:
    - 1) Name of individual or the institution represented.
    - 2) Total shares owned and the question that will be asked.
6. The Chairman of the Meeting or a member of the Board of Directors appointed by the Chairman of the Meeting will answer or respond to the questions.
7. Only the legitimate Shareholders or Proxies shall be entitled to vote.





## CORPORATE GOVERNANCE

### 8. Decision Making

- a. Decision making is made by deliberations to achieve a consensus, if there are Shareholders or their Proxies who do not agree, the decisions will be taken by voting.
- b. If voting is conducted, the voting shall be conducted orally, by raising hands with the following Procedure:
  - 1) Those who OBJECTION will be asked to raise their hands;
  - 2) Those who are NEUTRAL will be asked to raise their hands;
  - 3) Those who do not raise their hands in the first stage and second stage shall be deemed to have given their approval to the proposal, therefore they are not going to be asked to raise their hands.

According to the provision of Article 14 paragraph 8 of Company's Articles of Association, NEUTRAL votes are deemed to be giving the same votes as the majority of Shareholders that give votes in the Meeting.

- c. The Chairman of the Meeting will ask the Notary to count the votes and announce the result of the voting.
  - d. For Proxies who are given the authority by the Shareholders to issue OBJECTION votes or NEUTRAL votes, but during the decision making by the Chairman of the Meeting did not raise the hands to issue OBJECTION votes or NEUTRAL votes, they will be deemed to have agreed with the proposal.
9. One Share give the right to it's holder to issue one vote; if a Shareholder has more than one share, he/she will be asked to issue one vote only and the vote shall represent the total amount of his/her shares.
  10. For Shareholders or their Proxies who come after registration is closed by the Stock Administration Bureau, though the Meeting is not opened the Shareholders or their Proxies shall not have the right to ask questions and shall not vote.
  11. A minutes of meeting shall be drawn up for anything discussed and decided in this Meeting and it will be made in the form of a Deed of Minutes of Meeting drawn up by the Notary.
  12. The Deed of Minutes of Meeting shall be a legal evidence for all Shareholders and third parties.

#### The Resolution of 2016's Annual General Meeting of Shareholder

table on page 139-146

### The Board of Commissioners

In accordance to the regulations, the Board of Commissioners is a company's organ that represent Shareholders to perform the supervisory function on the implementation of the Company's policies and strategies conducted by the Board of Directors and to give directions/suggestions to the Board of Directors regarding the Company's management under a goodwill, carefulness and responsibility as well as to perform a function of strengthening the company's image to the public and Shareholders.

#### Membership and Tenure

Formal and material requirements have been complied by all members of the Board of Commissioners. Formal requirements are general and in accordance with the legislation. While the material requirements are specific, tailored to the needs and nature of the company's business.

The requirements for membership of the Board of Commissioners are as follows:

- a. Has good character, morality and integrity;
- b. Competent in taking legal actions;
- c. Within 5 (five) years prior to the appointment and during the tenure:
  - 1) has never been declared bankrupt;
  - 2) has never held a position as a member of Board of Directors and/or a member of Board of Commissioners who are declared guilty of causing a company declared bankrupt;
  - 3) has never been sentenced for committing a criminal offense that has caused state financial loss and/or that is related to the financial sector; and
  - 4) has never held a position as a member of the Board of Directors and/or member of the Board of Commissioners who during the tenure :
    - a) has never convened an annual GMS
    - b) his/her accountability as a member of the Board of Directors and/or member of the Board of Commissioners was rejected by GMS or did not give his/her accountability as a member of the Board of Directors and/or member of Board of



## CORPORATE GOVERNANCE

- Commissioners to the GMS; and
- c) has caused the company that has obtained a permit, approval, or registration from the OJK did not fulfill its obligation to submit an annual report and/or financial report to the OJK.
- d. Has the commitment to comply with the laws and regulations; and
- e. Has the knowledge and/or expertise in the areas required by the Company.

Members of the Board of Commissioners are appointed and dismissed by the General Meeting of Shareholders for the period until the closing of third of the General Meeting of Shareholders since his appointment. The tenure of the Board of Commissioners will end when resigns, no longer meets the requirements, dies, or dismissed by the GMS.

### **Board of Commissioner Independence**

At least 30% (thirty percent) of the members of the Board of Commissioners should be Independent Commissioners, who hail from a party external to the Company and who are free from the influence of the other members of the Board of Commissioners and the Board of Directors and the main Shareholders of the Company. The Independent Commissioner is tasked to create an objective environment and to uphold fairness among various interests, including the interest of the company and the interests of stakeholders, as a key principle in the decision-making of the Board of Commissioners.

In addition to fulfilling the requirements for membership of the Board of Commissioners, Independent Commissioners shall fulfill the following requirements:

- a. Is not a person who is working or has an authority and responsibility to plan, lead, control, or supervise the Company's activities within the past 6 (six) months, except for a reappointment Independent Commissioner for the next period;
- b. Does not have shares either directly or indirectly in the Company;
- c. Does not have any affiliation with the Company, member of Board of Commissioners, member of Board of Directors, or the main Shareholders of the Company; and
- d. Does not have a business relationship either directly or indirectly

which are related to the Company business activities. Since the appointment as Independent Commissioners in 2013, both Independent Commissioners have signed a Statement Letter of Eligibility of Independent Commissioner and it has been submitted to the Indonesian Stock Exchange. The Statement Letter is an effort to fulfill the requirements as set forth in the provision III.1.4 of Regulation Number I-A on Registration of Shares and Equity Securities other than Shares issued by a Listed Company.

Independent Commissioners that have served for 2 (two) periods can be reappointed for the subsequent period, provided that they state their claim of independence from the Company before the GMS.

From 5 (five) members of the Company's Board of Commissioners, the Independent Commissioner is 2 (two) people, namely Jonathan Limbong Parapak and Bintan Regen Saragih. These two members of the Independent Commissioner have met all the terms and conditions of independence as defined in the rules of the OJK and IDX.

### **The Composition of the Board of Commissioners**

See table on page 149

All appointed members of the Board of Commissioners have signed the Statement Letter regarding to the fulfilment of membership requirements of the Board of Commissioners as mentioned in the OJK Regulation No. 33 / POJK.04 / 2014 and such Statement Letters has been documented by the Company.

### **Duties and Responsibilities**

The Board of Commissioners has an important role in the implementation of GCG principles in accordance to its supervisory function. Through the Board of Directors and Audit Committee reports, the Board of Commissioners monitors and evaluates the implementation of the Company's entire strategic policies, including the effectiveness of the implementation of risks management and internal control. Besides, the Board of Commissioners is also responsible in supervising the Company's operational management performed by the Directors and giving advises to the Board of



## CORPORATE GOVERNANCE

Directors if necessary and in accordance to provisions stipulated in the Articles of Association, in the decisions of the Company's GMS, regulations and laws. Related to the GMS, the Board of Commissioners has duties and responsibilities, among others, of giving opinions and suggestions about the Company's annual working plan and budget, reporting immediately any occurrence of a declining trend of the Company's performance, reviewing and signing Annual Reports as well as making a responsibility reports on the implementation of its duties to the GMS.

### **Board of Commissioners Charter**

The Board of Commissioners Charter has adopted on 1 June 2016 (Board of Commissioner Charter). The Board of Commissioners Charter arranged as guidelines and codes of conduct that apply to all members of the Board of Commissioners in order to carry out their duties and responsibilities optimally, transparently and in accordance with the legislation so can be accounted for and be accepted by the interested parties.

### **The Board of Commissioners Meeting**

The Board of Commissioners meeting can be held at least once every 2 (two) months or at any time if it is deemed necessary. Meeting held at the Company's domicile or at the domicile of the stock exchange where the Company's shares are listed. A meeting is considered valid and binding if 2 (two) or more members of the Board of Commissioners are present and are represented in the meeting. If deemed necessary, the Board of Commissioners may invite the Board of Directors.

Throughout 2016, the Board of Commissioners held 6 (six) Board of Commissioners' meetings. The following table contains information of the Board of Commissioners' attendance in the Board of Commissioners' meeting held during 2016 on page 150

### **Implementation of Board of Commissioners' Duties in 2016**

The supervisory tasks are performed by the Board of Commissioners through a variety of activities as follows:

1. Through a joint meeting of the the Board of Commissioners and the Board of Directors.
2. Through a meeting with the Board of Management.
3. Through field monitoring by visiting the field.

4. By receiving the reports which are strategic and relevant. Through a series of supervisory that has been carried out by the Board of Commissioners throughout the year of 2016, the Board of Commissioners came to the conclusion that the implementation of the management in 2016 has run very well. The Board of Commissioners found neither violations of the laws and regulations in the financial sector nor over other regulations related to the Company's business activities performed by the Company's management.

## **The Board of Directors**

The Board of Directors is the Company's organ who is fully responsible on the Company's management by always taking notice the interests of the Shareholders and Stakeholders. The Board of Directors represents the Company both in and outside the court in accordance to the Articles of Association, is a subject to the applied regulations towards a public company and adheres to the implementations of the Good Corporate Governance principles. Besides, the Board of Directors is responsible to perform internal supervision effectively and efficiently monitor the risks and manage them, preserves a conducive working climate so that productivity and professionalism improve, manage the employees and report the Company's performance completely to the Shareholders in the General Meeting of Shareholders.

### **Membership and Tenure**

The Board of Directors is under the supervision of the Board of Commissioners. All members of the Company's Board of Directors have met the applied formal and material requirements. The formal requirements are general and in accordance with the laws and regulations while the material requirements are specific and are adjusted to the Company's need and business type. Members of the Board of Directors are appointed and dismissed in the General Meeting of Shareholders for a certain period until the closing of the third General Meeting of Shareholders and can be re-appointed in accordance to decisions made in the General Meeting of Shareholders. The Board of Directors positions expire when the directors resign, no longer be able to meet requirements as stipulated by the laws, passed away, are dismissed by a decision of



## CORPORATE GOVERNANCE

the General meeting of Shareholders, are declared bankrupt or under clemency based on a court ruling.

The requirements for membership of the Board of Directors are as follows:

- a. Has good character, morality and integrity;
- b. Competent in taking legal actions;
- c. Within 5 (five) years prior to the appointment and during the tenure:
  - 1) has never been declared bankrupt;
  - 2) has never held a position as a member of Board of Directors and/or a member of Board of Commissioners who are declared guilty of causing a company declared bankrupt;
  - 3) has never been sentenced for committing a criminal offense that has caused state financial loss and/or that is related to the financial sector; and
  - 4) has never held a position as a member of the Board of Directors and/or member of the Board of Commissioners who during the tenure :
    - a) has never convened an annual GMS
    - b) his/her accountability as a member of the Board of Directors and/or member of the Board of Commissioners was rejected by GMS or did not give his/her accountability as a member of the Board of Directors and/or member of the Board of Commissioners to the GMS; and
    - c) has caused the company that has obtained a permit, approval, or registration from the Financial Services Authority did not fulfill its obligation to submit an annual report and/or financial report to the Financial Services Authority.
- d. Has the commitment to comply with the laws and regulations; and
- e. Has the knowledge and/or expertise in the areas required by the Company.

### **Board of Directors Independence**

At least 1 (one) person of the members of the Board of Directors should be Independent Director, who hail from a party external to the Company and who are free from the influence of the other members of the Board of Commissioners and the Board of Directors and the main Shareholders of the Company.

The Independent Director is tasked to create an objective environment and to uphold fairness among various interests, including the interest of the company and the interests of stakeholders, as a key principle in the decision-making of the Board of Directors.

In addition to fulfilling the requirements for membership of the Board of Directors, Independent Director shall fulfill the following requirements:

- a. Does not have any affiliation with the Company's Controlling Shareholder at least 6 (six) month prior the appointment as an Independent Director;
- b. Does not have any affiliation with the other Company's Board of Commissioners or Board of Directors;
- c. Does not working as the Board of Directors in other companies;
- d. Not being an Insider in the institution or capital market supporting professionals which services is widely used by the Company for 6 (six) months prior the appointment as a Director.
- e. Independent Director that have served for 2 (two) periods can be reappointed for the subsequent period, pursuant to the applicable regulation.

From 8 (eight) members of the Company's Board of Directors, the Independent Director is 1 (one) person, namely Henry Jani Liando. These Independent Director have met all the terms and condition of independence as defined in the regulation of OJK and Indonesia Stock Exchange (IDX).

### **The Composition the Board of Directors**

table on page 152

### **Duties and Responsibilities**

The Board of Directors is responsible on the management of the Company in a goodwill and responsibility. Every member of the Board of Directors are completely responsible either individually or collectively over the Company's losses if the respective members are found guilty or negligent. The Board of Directors is responsible over the Company's management through the risks management and the implementation of the Good Corporate Governance in all level of the organization. The Board of Directors responsibilities also cover the implementation of internal control structure, the



## CORPORATE GOVERNANCE

implementation of internal audit and the decision making of necessary acts based on findings from the Internal Audit in accordance with directions from the Board of Commissioners. The Board of Directors is obliged to establish business strategies, including work plan and budget as well as the application of accounting and bookkeeping practices in accordance with regulations regarding public companies. Moreover, the Board of Directors is also obliged to hold responsibility its duties to the Shareholders in the General Meeting of Shareholders. In the event the GMS does not determine the segregation of duties among the Directors, so the segregation will be determined based on the Board of Directors Charter as follows:

1. The Board of Directors shall be fully responsible in carrying out the duties for the interests of the Company in achieving the purpose and objectives of the Company.
2. The Board of Directors shall convene an annual GMS and other GMS as provided for under the prevailing laws and regulations and the Company's Articles of Association.
3. Each member of the Board of Directors shall, in good faith, with full of responsibility and prudence carrying out his/her duties in observance of the prevailing laws and regulations and the Company's Articles of Association.
4. The Board of Directors shall implement risk management and principles of Good Corporate Governance in any Company business activities at all levels of the organization.
5. The division of duties and authorities of each member of Board of Directors are defined by GMS, in the event that it is not defined by GMS, the division of duties and authorities of each member of the Board of Directors shall be determined based on the decision of Meeting of Board of Directors.
6. In the event the Company has an interest contrary to the personal interest of a member of Board of Directors, the Company shall be represented by another member of Board of Directors and in the event the Company has an interest contrary to the interests of all members of Board of Directors, then in this case the Company shall be represented by the Board of Commissioners, in observance with the prevailing laws and regulations.

The Board of Directors can use professional advisories at the Company's costs if they are absolutely necessary by considering the efficiency and effectiveness as well as avoiding conflict of interests.

### Board of Director Charter

The Company has issued the Board of Directors Charter approved by the Board of Directors of the Company on 1 June 2016 (Board of Directors Charter). The Board of Directors Charter is a working guidelines and codes of conduct that apply to all members of the Board of Directors in carrying out its duties and responsibilities in a transparent, accountable, responsible, self-sufficient and reasonable in efforts to achieve the objectives of the Company and provide the value expected by the interested parties.

### The Board of Directors Meeting

The Board of Directors Meeting periodically at least 1 (one) time in every month or whenever needed located at the Company's domicile or at the domicile of the Stock Exchange where the Company's shares are listed. The Board of Directors also participate in the Meetings of the Board of Commissioners to discuss the Company's general development. The Meetings of the Board of Directors are considered valid and are allowed to take binding decisions if 2 (two) or more members of the Board of Directors are present and are represented in the meeting.

Throughout 2016, the Board of Directors has held meeting of the Board of Directors of 14 (fourteen) times. The following table contains information about the attendance of the Board of Directors in the Meeting of the Board of Directors throughout 2016.

See table on page 154-155

### Segregation of Duties of The Board of Directors

In performing the duties and the responsibilities, the Board of Directors are work collegially. However, to be more effective and efficient in performing the duties and the responsibilities, there is segregation of duties of the Board of Directors according to their respective fields and competencies. Allocation of the duties does not eliminate the collegial responsibility of the Board of Directors in managing the Company.

The segregation to the Board of Directors are determined by GMS. However, GMS are not determined the segregation of the duties of



## CORPORATE GOVERNANCE

the Board of Directors, accordingly the segregation of the duties of the Board of Directors is assigned by the Resolution of the Board of Directors, as follows :

1. Irwan Djaja, President Director.  
Generally responsible to all of the Company's activities, including the division of Media Sales, Corporate Legal, Internal Audit, Corporate Secretary, and Investor Relation
2. Henry Jani Liando, Independent Director  
Responsible to supervise and give strategic guidelines to the Corporate Resources division, including division of Human Resources, General Affair, and Supply Chain Management.
3. Dicky Setiadi Moechtar, Director of Technology and Product  
Responsible to supervise and give strategic guidelines to the technology and product division, including the division of :
  - HFC Operation dan Engineering
  - Engineering dan Operation Support
  - Data Operation dan Engineering
  - Product Management
  - IT & Services
  - (L) I V E
4. Maria Clarissa F. Joesoep, Director of Finance  
Responsible to supervise and give strategic guidelines to the Finance division, including the division of Financial Management, Accounting and Tax, Cost Management, and Finance
5. Henry Riady, Director of Enterprise and Residential Sales  
Responsible to supervise and give strategic guidelines to the Enterprise and Residential Sales division, including the division of :
  - Telesales and Vertical Marketing
  - Sales Operation and Planning
  - Direct Sales
  - Branch of Surabaya, Bandung, and Medan
6. Edward Sanusi, Director of Operation  
Responsible to supervise and give strategic guidelines to the Operation division, including the division of :
  - Customer Care and quality
  - Operation Support

- Customer Interaction
- Network Extention Operation

7. Sigit Prasetya, Director of New Roll Out  
Responsible to supervise and give strategic guidelines to the New Roll Out division, including the division of Community Relation, Construction, dan NRO Strategic Development.
8. Andy Nugroho Purwohardono, Director of Content and Marketing  
Responsible to supervise and give strategic guidelines to the Content and Marketing division, including the division of :
  - Customer Relationship Management
  - Content Management
  - Marketing Communication
  - Customer Acquisition Partnership

### **The Joint Meeting of the Board of Commissioners and the Board of Directors**

The Board of Commissioners should conduct a joint meeting with the Board of Directors at least once in 4 (four) months. Throughout 2016, the Board of Commissioners held 4 (four) joint meetings. The Following table contains information of the Board of Commissioners and The Board of Directors attendance in the joint meeting held during 2016:

See table on page 155

### **Competence Enhancement Program of The Board of Directors**

See table on page 156

### **Diversity on The Board of Commissioners and Board of Directors**

The diversity of the composition of the Board of Commissioners and the Board of Directors are expected to provide an alternative solution to a problem faced by the Company than the members of the Board of Commissioners and the Board of Directors that are homogeneous, the resulting decision shall be the best decision after looking at various alternatives decision of the diversity of the existing of the Board of Commissioner and the Board of Directors. In 2016 the composition of the Board of Commissioners and the Board of Directors have been appoint by considering the needs and



## CORPORATE GOVERNANCE

purposes of the Company, including to notice the elements of diversity as reflected in the following:

See table on page 157

### **Affiliated Relations of The Board of Commissioners, the Board of Directors, and Controlling Shareholders**

The Members of the Board of Commissioners, the Board of Directors and Controlling Shareholders of the Company has an affiliate relationship related to the management of the companies affiliated with the Company. Disclosure of affiliation between the Board of Commissioners, the Board of Directors and Controlling Shareholders of the Company can be seen in the following:

See table on page 158

## **The Audit Committee**

In accordance to regulations issued by the OJK Number 55/POJK.04/2015, dated 23 December 2015 regarding Establishment and Implementation Guidelines for the Audit Committee Works, the establishment of the Audit Committee aims to ensure the implementation of corporate governance. The main duty of the Audit Committee is to encourage the implementation of good corporate governance, the establishment of proper internal control structure, the improvement of the quality of transparency and financial reports as well as review the public accountant's scope, accuracy, independency and objectivity. The Company's Audit Committee comprises of two members who are independent parties (beyond the Company) having competencies in accounting and finance sector, and is headed by the Independent Commissioner.

### **Audit Committee Charter**

Along with the establishment of the Audit Committee, the Company's Audit Committee Charter issued by the Decree of the Board of Commissioners Number SK-001/LN/CSL/III/14 dated 3 Maret 2014 (Audit Committee Charter). The Charter contains guidelines and procedures that govern the activities of the Audit Committee to implement the principles of good corporate governance (GCG), which covers aspects of transparency, accountability, responsibility, independence and fairness, justice and equality.

### **Membership and Tenure of Audit Committee**

The Board of Commissioners has established the Audit Committee, to assist the Board of Commissioners in performing their duties and obligations. The determination of the establishment of the Audit Committee is performed through a Decree Letter by the Board of Commissioners and is headed by one of the Independent Commissioners who are appointed by the Board of Commissioners. In exercising its authority, the Audit Committee is obliged to cooperate with other parties which are performing the Internal Audit function. The Audit Committee have 3 (three) members, comprising of 1 (one) Chairman who is also serves as the Independent Commissioner, and 2 (two) members who are independent. All members of the Audit Committee have met independence, skills, experiences and integrity criteria as required by the applicable regulations.

The Structure of the Audit Committee as of 11 April 2014 based on a decision of the Board of Commissioners Number SK-002/LN/CSL/IV/14 are:

#### **Chairman:**

Jonathan Limbong Parapak

#### **Independent Member:**

Lim Kwang Tak

Herman Latief

### **Duties and Responsibilities of Audit Committee**

The Audit Committee is responsible to the Board of Commissioners and assist the Board of Commissioners to perform duties below:

1. Performing review on financial information that will be issued by the Company, such as the financial statement, projections and other financial information.
2. Performing review on the Company's compliance on regulations and laws in the Capital Market and other regulations related to the Company's business activities.
3. Performing review on the audit implementation by the Internal Auditor.
4. Reporting to the Board of Commissioners the various risks faced by the Company and the implementation of risks management by the Board of Directors.
5. Performing other duties given by the Board of Commissioners to the extent the duties are in the scope of the Board of



## CORPORATE GOVERNANCE

Commissioners' duties and responsibilities according to the regulations and laws.

### The Audit Committee Meetings

Audit Committee meetings held periodically at least 1 (one) time in 3 (three) months. Audit Committee meetings can be conducted if attended by more than 2/3 of the Audit Committee members.

Decision of the Audit Committee meetings must be approved by more than ½ of the Audit Committee members who attends the meeting. The results of each meeting of the Audit Committee stated in the minutes of meetings, including if there is a difference of opinion (dissenting opinions), which was signed by all members of the Audit Committee were present and submitted to the Board of Commissioners.

Through out 2016, the Audit Committee has held meeting of the Audit Committee of 4 (four) times. The following table contains information of the Audit Committee attendance in the meeting held during 2016:

See table on page 160

## Nomination And Remuneration Committee

Nomination and Remuneration Committee is a committee established by and responsible to the Board of Commissioners, based on Indonesian OJK Regulation Number 34/POJK.04/2014 on Nomination and Remuneration Committee of Public Company dated on 8 December 2014 (POJK No.34). The establishment of the Nomination and Remuneration Committee is an integral part of the Company's efforts to implement the principles of Good Corporate Governance, which covers aspects of transparency, accountability, responsibility, independence and fairness, justice and equity.

### Nomination and Remuneration Committee Charter

On November 18, 2015 the Company has issued a Nomination and Remuneration Committee's Charter which contains guidelines and procedures that govern the activities of the Nomination and

Remuneration Committee. This charter has been drawn up and signed by all members of the Board of Commissioners and is an integral and inseparable part of the Decree of the Board of Commissioners Number SK-001/LN/CSL/XI/15 dated 18 November 2015 on the Establishment of Nomination and Remuneration Committee.

### Membership and Tenure of Nomination and Remuneration Committee

By the increasing complexity of the duties and functions of the Board of Commissioners in monitoring the Company, then the Board of Commissioners has established a Nomination and Remuneration Committee based on the decision of the Board of Commissioners of the Company Number SK-001/LN/CSL/XI/15 dated 18 November 2015.

Based on the Nomination and Remuneration Committee Charter, Nomination and Remuneration Committee members are appointed and dismissed by the Board of Commissioners meeting. Membership of Nomination and Remuneration Committee consist of at least 3 (three) members, consisting of at least 1 (one) member is the Independent Commissioner, acting as Chairman of the Nomination and Remuneration Committee. The appointment of Chairman and Member of the Nomination and Remuneration Committee of the Company as above mentioned dated 18 November 2015 until the closing date of the General Meeting of Shareholders of the Company for the financial year 2016, without prejudice to the right of the Board of Commissioners to dismiss them at any time in accordance with the applicable laws and regulations, including POJK No. 34.

### Duties and Responsibilities of Nomination and Remuneration Committee

In conducting its role, the Nomination and Remuneration Committee shall act independently in performing their duties. Nomination and Remuneration Committee has the duties and responsibilities are as follows:

1. In implementing the Nomination function, Nomination and Remuneration Committee has the duties and responsibilities are as follows:





## CORPORATE GOVERNANCE

- a. Make recommendations to the Board Of Commissioners on:
  - 1) The membership composition of the Board of Directors or the Board of Commissioners;
  - 2) Required policies and criteria for nomination procedure;
  - 3) Performance evaluation policies for Board of Directors or Board of Commissioners.
- b. Assist the Board of Commissioners in evaluating the performance of the Board of Directors or Board of Commissioners based on the prepared benchmarks;
- c. Make recommendations to the Board of Commissioners on programs for developing the capabilities of the Board of Directors and/or Board of Commissioners;
- d. Propose to the Board of Commissioners any candidate who might qualify as a member of the Board of Directors or Board of Commissioners to be submitted to a General Meeting of Shareholders of the relevant company.
- 2. In implementing the Remuneration function, Nomination and Remuneration Committee has the duties and responsibilities are as follows:
  - a. Make recommendations to the Board of Commissioners on:
    - 1) Remuneration structure may be in form of salary, honorarium, incentives and/or allowances;
    - 2) Policy on Remuneration; and
    - 3) Amount of Remuneration
  - b. Assist the Board of Commissioners in evaluating the performance of the Board of Directors and/or Board of Commissioners in accordance with their remunerations.

### Nomination and Remuneration Function Procedures

Refer to the Nomination and Remuneration Committee's Charter, the procedure of nomination and remuneration functions of the Nomination and Remuneration Committee are as follows:

- 1. In implementing the nomination function, Nomination and Remuneration Committee shall to implement procedure as follows :
  - a. Composing and nomination process of members of the Board of Directors and/or Board of Commissioners;
  - b. Develop policies and criteria required in the process of nomination of candidates for members of the Board of Directors and/or Board of Commissioners;
  - c. Assist the implementation of the evaluation of the performance

- of members of the Board of Directors and/or Board Of Commissioners;
- d. Develop capacity building programs of Board of Directors and/or Board of Commissioners;
- e. Examine and propose candidates who qualify as members of the Board Of Directors and/or Board Of Commissioners to be submitted to the General Meeting of Shareholders.
- 2. In implementing the remuneration function, Nomination and Remuneration Committee shall to implement procedure as follows:
  - a. Structuring the remuneration of the members of the Board of Directors and/or members of the Board of Commissioners;
  - b. Develop a policy on remuneration to the members of the Board of Directors and/or members of the Board of Commissioners;
  - c. Compiling the amount on remuneration for members of the Board of Directors and/or members of the Board of Commissioners.
- 3. Preparation of the structure, policies, and the amount of remuneration to be noticed:
  - a. The remuneration applicable at the industry in accordance with the issuer's business activities or similar public companies and the scale of business of the issuer or public company in its industry;
  - b. Duties, responsibilities, and authority of members of the Board of Directors and/or members of the Board of Commissioners is associated with the achievement of the objectives and performance of the issuer or public company;
  - c. Target performance or the performance of individual members of the Board of Directors and/or members of the Board of Commissioners;
  - d. Allowance balance between the fixed and variable nature.
- 4. Structure, policies, and remuneration should be evaluated by the Nomination and Remuneration Committee at least 1 (one) time in 1 (one) year.

### Nomination and Remuneration Committee Meeting

Nomination and Remuneration Committee meetings held periodically at least 1 (one) time in 4 (four) months. Nomination and Remuneration Committee meetings can be conducted if:

- 1. Attended by a majority of the members of the Nomination and Remuneration Committee; and
- 2. One of the majority of the members of the Nomination and



## CORPORATE GOVERNANCE

Remuneration Committee Chairman of the Nomination and Remuneration Committee.

Decision of the Nomination and Remuneration Committee meetings, prioritizing consensus. The results of each meeting of the Nomination and Remuneration Committee stated in the minutes of meetings, including if there is a difference of opinion (dissenting opinions), which was signed by all members of the Nomination and Remuneration Committee were present and submitted to the Board of Commissioners.

Throughout 2016, the Nomination and Remuneration Committee has held meeting of the Nomination and Remuneration Committee of 3 (three) times.

See table on page 163

### The Board of Management

The Company has the Board of Managements (BOM), acting for and on behalf of the Board of Directors in connection with the duties of managerial and certain authority. The BOM comprises 8 (eight) members: Chief Executive Officer, Chief Financial Officer, Chief Technology Officer, Corporate Resources, New Roll Out, Investor Relation, Enterprise Sales, Marketing and Content Channel, and Residensial Sales. The BOM is responsible for developing and implementing the Company's operational and strategic plans.

Through out 2016, the BOM has held meeting of the BOM of 48 (forty eight) times. The following table contains information about the attendance of the BOM to the BOM meetings throughout the year 2016:

See table on page 163

### The Corporate Secretary

Referring to the OJK Regulation Number 35/POJK.04/2014, the Company appoints a Corporate Secretary who has duties as a liaison officer between the Company and the Company's management and Shareholders. The Corporate Secretary is responsible to the Board of Directors and report its execution of duties to the Board of Commissioners.

Since the Company becomes a public company in 2014, the Company has appointed these names to be the Company's Corporate Secretary:  
See table on page 164

#### Duties and Responsibilities of the Corporate Secretary

Main duties of the Corporate Secretary are:

1. Monitoring the development in the Capital Market sector particularly regarding regulations applied in the Capital Market.
2. Providing inputs to the Board of Directors and Board of Commissioners of the Company in order to comply with laws and regulations in the Capital Market sector.
3. Assisting the Board of Directors and the Board of Commissioners in the implementation of Good Corporate Governance that includes:
  - a. Disclosure of information to the public, including the availability of information on the website of the Company;
  - b. Timely Submission of a report to the Financial Services Authority;
  - c. Organizing and documenting the General Meeting of Shareholders;
  - d. Organizing and documenting the meetings of the Board of Directors and/or Board of Commissioners; and
  - e. Organizing corporate orientation programs for the Board of Directors and/or Board of Commissioners.
4. as liaison between the Company and the Shareholders, OJK, and other Stakeholders.

#### Corporate Secretary's activities

The Corporate Secretary's activities throughout 2016 were:

1. Guiding the Company to always comply with the regulations on the capital market and monitoring the development of new regulations to ensure that the Company has implemented the regulations. The Company issued 4 (four) financial reports.
2. Performing correspondences with the capital market regulator (OJK and the Indonesia Stock Exchange (IDX)) and other supporting institutions such as KSEI (the Indonesian Central Securities Depository) and BAE (the Securities Administration Bureau). The correspondences were performed 63 times, which



## CORPORATE GOVERNANCE

are:

- a. The submission of Monthly Report of Securities Holder Registration of 12 times;
  - b. The submission of correspondence related Financial Reports of 6 times;
  - c. The submission of Annual Report of 1 time;
  - d. The submission of Public Disclosure and response to the Stock Exchange questions of 8 times;
  - e. The submission of Public Disclosure and response to OJK questions of 13 times ;
  - f. The submission of correspondence related to the General meeting of Shareholders of 8 times;
  - g. The submission of correspondence related to the Public Expose of 3 times;
  - h. The submission of report of company's data debt/liability in foreign exchange of 12 times.
3. Delivering the disclosures related to the Company delivered through reports, either regulated or not regulated, such as those taking forms of press releases and reports on the website, and serving every request for information related to the Company's situation.
  4. Coordinating the Annual General meeting of Shareholders
  5. Coordinating the implementation of public expose.

### The Internal Audit Unit

The establishment and guidelines for preparation of Charter of the Internal Audit Unit refers to OJK Regulation Number 56/POJK.04/2015 dated 29 December 2015 regarding the establishment and guidelines on the arrangement of the certificates for the internal audit unit. The internal Audit Unit has duties, among others, to test and evaluate the implementation of internal control and risks management system in accordance with the company's policies as well as performing examination and judgment over the efficiency and effectiveness in finance, accounting, operational, human resources, marketing, information technology and other activities. In performing the duties, the Internal Audit Unit will always in cooperation with the Audit Committee and is responsible to the President Director. The establishment of the Internal Audit Unit is a realization of the company's commitment to create the good and efficient corporate governance.

### Internal Audit Charter

The Board of Directors of the Company have established the Internal Audit Charter and have been approved by the Board of Commissioners through Decree Number SK-001/LN/VI/16 regarding the appointment of the Chairman of the Internal Audit Unit and establishment of Internal Audit Charter on 1 July 2016 (Internal Audit Charter). The Internal Audit Charter provides the structure, requirements, code of ethics, duties and responsibilities, accountability and reporting forms, authority, and functional independence.

### Scope of Activities

Internal Audit is a function or activity in the Company that provides services for examination and consultation (if required) in an independent and objective manner to enhance the added value, maintain assets, improve operational efficiency, risk management and internal control system.

The main scope of internal Audit activities is to determine whether risk management, control and governance process is sufficient and can function to ensure that :

1. Significant risks have been identified and managed appropriately;
2. Significant financial and operational information have been presented accurately, reliably and timely;
3. Resources have been obtained economically, used efficiently and maintained adequately;
4. Implementation of activities are in accordance with the policy, standards and procedures, and in accordance with the applicable regulations and laws.

The scope of Internal Audit activities shall also include carrying out a special duty as requested by the the Audit Committee or the Board of Commissioners or the Board of Directors.

### Duties and Responsibilities of Internal Audit

The purpose of Internal Audit is to help the management of the Company to achieve the goals set with a systematic approach to evaluate and improve the effectiveness of risk management, internal control and the processes of Corporate Governance of the



## CORPORATE GOVERNANCE

Company, along with provide suggestions/ recommendations to senior management in the field. To achieve these objectives, the Internal Audit Unit has duties and responsibilities as follows:

1. Composing and implementing the Activities Plan and Budget of the Annual Internal Audit based on the risks priority in accordance with the Company's goals;
2. Performing examination and judgment over the efficiency and effectiveness of all of the Company's business activities;
3. Testing and evaluating the implementation of the internal control and risks management system in accordance with the Company's policies;
4. Giving advises for improvement and objective information regarding activities that are examined in all management level and formulating written report on the audit results every month and delivering the reports to the President Director and the Board of Commissioners copied to the Audit Committee;
5. Monitorize, analyze and report the implementation of follow up of the the suggested improvement advises;
6. Cooperate and Communicate directly with the Audit Committee;
7. Composing programs to evaluate the quality of performed internal audit activities;
8. Performing special examination if necessary.

### Requirements and Membership of Internal Audit

In performing its function, Internal Audit should meet the requirements as set forth in the Internal Audit Charter as follows:

1. Has integrity and competency in its field either audit techniques, related laws and regulations, good corporate governance and risk management and the spirit of cooperation and behavior which is professional, independent, honest, and objective in carrying out the duties and is able to interact and communicate well both orally and in writing effectively.
2. Meet the professional standard issued by the Internal Audit Association and comply with the Internal Audit code of ethics;
3. Is able to keep information and/or Company data confidential related to the implementation of duties and responsibilities unless such disclosure is required by the laws and regulations or the court stipulation/decision;
4. Is prepared to enhance the knowledge, expertise and professional capability continuously;

Refer to the requirements, the Board of Directors of the Company together with the establishment of Internal Audit Charter, has appointed Mr. Piter as the Head of Internal Audit Unit and it has been approved by the Board of Commissioners by the Decree Letter Number SK-001/LN/VI/16 on 1 July 2016. The profile of the Head of Internal Audit Unit has been disclosed in the General Information section.

The Head of Internal Audit may form a team of professional auditors with adequate knowledge, capability, experience and professional qualification. The auditor sitting in the Internal Audit shall be directly responsible to the Head of Internal Audit. The Internal Audit is prohibited to concurrently carry out duties and at the same time hold a position implementing Company operational activities. Until the end of 2016, the Internal Audit unit has 7 (seven) personels.

### Internal Audit Activity

Throughout 2016, the Internal Audit conducted an audit consisting of regular auditing, monitoring, and special audit. Audit is conducted by using a Risk Based Audit Method.

Internal Audit also conducts audit monitoring to follow up the status of previous audit recommendations and ensure that the agreed action plan has been properly and timely conducted by the Business Process Owner and related Senior Management.

In 2016 the Company has been conducting an audit and consulting as follows:

See table on page 170

### External Audit

In line with existing procedures and taking into consideration the independence and qualifications of independent auditors, at our AGMS on April 15th, 2016 we appointed KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan a registered KAP with OJK, to perform the audit on our Consolidated Financial Statements for the fiscal year ended December 31, 2016 and on the effectiveness of internal control on Financial Reporting as of December 31st, 2015. The fee for the audit on the Consolidated Financial Statements for fiscal



## CORPORATE GOVERNANCE

year 2016 was agreed at Rp 520 million (excluding VAT).

Based on Bapepam-LK No.VIII. A. 2. on the Independence of Accountant Providing Audit Services in Capital Markets noted that the provision of services of general audit of the client's financial statements can only be done by a public accounting firm for as long as 6 (six) financial years in a row and by an accountant no later than 3 (three) fiscal years in a row. KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan is a public accountant firm since 2013.

In 2016, company's public accountant firm is Amir Abadi, Jusuf, Aryanto, Mawar & Rekan. Accountant who signed the Independent Auditors' Report for Fiscal Year 2015 was Hari Purwantono. KAP Amir Abadi Jusuf, Aryanto, Mawar & Rekan was also appointed to audit the Effectiveness of Internal Control over Financial Reporting financial year of 2016.

Public accounting firm that has audited Financial Statement of the Company for the last 5 years, are as follows:  
See table on page 171

### **Code Of Ethics And Professional Responsibilities**

The Company's commitment as a public company to obtain long term business sustainability is not only reflected on the Company's compliance to binding regulations. The Company always implements a standard ethics and professional responsibilities as one of benchmarks in its efforts to achieve balance in business. Besides obligation to comply with the regulations and laws, the Company also implements the standard ethics and professional responsibilities as part of its responsibilities to the public, customers, Shareholders and Stakeholders in doing its business. Code Of Ethics And Professional Responsibilities. The Company's commitment as a public company to obtain long term business sustainability is not only reflected on the Company's compliance to binding regulations. The Company always implements a standard ethics and professional responsibilities as one of benchmarks in its efforts to achieve balance in business. Besides obligation to comply with the regulations and laws, the Company also implements the standard ethics and professional responsibilities as part of its responsibilities to the public, customers, Shareholders and Stakeholders in doing its business.

Under the guidance of the international standard, commitment to always obey the regulations, the implementation of good corporate governance, it is fundamentally important for the Company to determine the Standard Ethics and Professional Responsibilities (Code of Ethics) that have been approved under a Resolution of the Board of Directors Number SK-021/LN/HR/VII/15 dated 30 July 2015. All management and employees are obliged to understand the Code of Ethics as the basis of implementation and behavior that regulate the relations between employees and the Company, among employees, customers, suppliers, shareholders, stakeholders, the government and the public. All management and employees are obliged to sign the standard code of ethics every 2 (two) years.

Treatment on misappropriation towards the Company Regulations as well as the Code of Ethics and Professional Responsibilities is performed in a thorough investigation, which is based on facts, while the decision is made and issued based on the impacts of the actions, the level of consciousness and motives of the actions. Through a meticulous and objective consideration, the Board of Directors will decide on sanctions in accordance with the level of irregularities and the organizational hierarchy (the employees' ranks or positions). Sanctions to employees include verbal reprimand, warning letters (I, II, III) as well as repudiation on wage increase, rank or bonuses, to the termination of employment. Specific on the termination of employment, an approval from the Directors need to be followed up by a request to the Manpower Department in line with regulations under the Law on Manpower of the Republic of Indonesia.

### **Policies On The Management Of Irregularities Complaints**

The Policies on the Management of Irregularities Complaints is a system that can be a tool for witnesses to deliver information regarding irregularities. Complaints that are obtained from the whistleblowing mechanism needs further attention and follow up, including on the proper punishment that can give a deterrent effect to the perpetrators and to those who are planning to.

The Policies on the Management of Irregularities Complaints is aimed to be the basis or guidance on the implementation of the management of Irregularities Complaints from the Stakeholders to ensure the implementation of an effective settlement mechanism in



## CORPORATE GOVERNANCE

an appropriate period. The final goal is an effort for the disclosure of various problems in the Company which are not in line with the Code of Ethics applied in the Company.

The Policies on the Management of Irregularities Complaints is applied to management and employees of the Company and its entire business units in the implementation of daily duties that are in line with the Good Corporate Governance.

### **General Provisions on the Handling of Irregularities Complaints**

The Company is obliged to accept irregularities complaints both from internal or external parties. The Company is obliged to accept and settle the irregularities complaints either when the informers' identities are revealed or when they are unspecified.

The Company provides two irregularities management process, which are through the Board of Directors if irregularities are allegedly performed by employees and through the Board of Commissioners if irregularities are allegedly conducted by the Board of Directors, the Board of Commissioners, supporting organs for the Board of Commissioners and the head of Business Units.

#### **A. The Process of Complaints Management**

1. The Management Team for Irregularities Complaints performs verifications over incoming reports. The team will decide the need for an investigation towards the complaints within 30 working days, which can be extended by another 30 working days.
2. If the verification results in incorrect complaints and no evidences to support the complaints, the process won't be continued.
3. If the verification results in indication of irregularities with sufficient evidences, the complaint will be processed to the investigation stage.
4. Regarding irregularities complaints involving employees that need investigation, the management Team for Irregularities Complaints at the Directors stage is obliged to follow up for investigations.
5. Regarding irregularities complaints involving the Board of Directors, Board of Commissioners, the supporting organs for the Board of Commissioners and the Head of Business Units that need investigation, the Management Team for Irregularities Complaints at the Board of Commissioners stage is obliged to

- follow up for investigations.
6. The actor of irregularities, who are proven guilty based on the investigations, will be processed in accordance to the regulations.
7. If investigations result in indiscipline irregularities by employees, a disciplinary trial can be held in accordance with the regulations where the Board of Directors will serve as the judges, the Internal Audit Division will serve as the prosecutors, the Human Resources Division or the Corporate Legal Divisions will serve as the defense attorney and related supervisors will give opinions or suggestions.
8. If the investigations result in criminal irregularities by employees, a legal process will be conducted by law enforcement agencies and the Board of Directors or other authorized person as officials in charge of the case.
9. All process of irregularities complaints are administered properly by the Management Team for Irregularities Complaints.

#### **B. Monitoring on Follow Up**

1. The monitoring on the follow up of the irregularities complaints is performed by the Management Team for Irregularities Complaints.
2. The Management Team for Irregularities Complaints has to inform the incoming irregularities complaints, the investigated complaints and the complaints that are considered to have been solved to the Board of Directors or the Board of Commissioners in any time needed.

#### **Number of Complaints Violation and Respond**

During 2016, the Company respond 5 (five) complaints received. However, after a review by team, 3 (three) among the complaints included in the criteria of complaints that need to be followed up. See table on page 174

#### **Protection and Appreciation**

The Company is committed to provides protection for whistleblowers while maintaining the confidentiality of the whistleblower and the reported party as well as before any further verification. The Company was also able to provide an appreciation to the whistleblower. Therefore, the Company has the provision of protection and appreciation as follows:



## CORPORATE GOVERNANCE

- A. Protections for the whistleblower and the Reported Party
1. The Company is obliged to protect the whistleblower. This is aimed to support courage to file reports on irregularities.
  2. Protections for the whistleblower cover:
    - a. Guarantee on the secrecy of the informers and the contents of the report.
    - b. Guarantee of security of the informers or their family.
    - c. Guarantee over any adverse treatments
  3. The Company guarantees the secrecy of informers' identities until a change in the status the reported party's investigation.
- B. Appreciation to the whistleblower
1. The Company could give appreciation to whistleblower for proven irregularities so that the Company's assets/finance can be secured.
  2. Appreciation is given based on the Board of Directors policies.

## Quality Management System

The Company has obtained a standard certification of International Standard Operation (ISO 9001:2008) in 2015 from the United Registrar of System Ltd (URS) as an acknowledgement of its Quality Management System related to the cable television and internet data services. The ISO 9001:2008 is relate to a documented procedure and standard practice for a management system that ensure appropriateness of a process and a product either goods or services to the needs or certain requirements determined or specified by customers and organizations.

### Standard Operating Procedure

To ensure that all operational activities run in line with the provisions, the Company established a detailed Standard Operating Procedure. This standard is also functioning as a benchmark in the audit process of quality conducted towards the Company.

### Legal Issues

The Company has always tried to take the best course of action to avoid possible sanctions that could cause materially due to both the Company and Shareholders. During 2016 the Company, the Members of the Board of Commissioners and the Board of Directors

did not face any material legal issues which may affect the Company's operational activities.

### **The Access of Public Information**

The public and investors may visit the website of the Company to obtain information about the Company's business activities, or can contact the Corporate Secretary by Corporate Secretary's email to obtain further information regarding the Company. As for the information and the data of the Company's share and investment opportunities, the public may contact the Company's Investor Relations by Investor Relations' email.

Corporate Secretary Email:

[corporate.secretary@linknet.co.id](mailto:corporate.secretary@linknet.co.id)

Investor Relations Email:

[ir@linknet.co.id](mailto:ir@linknet.co.id)

During 2016 the Company has issued a press release as well as the performance of the Company's quarterly performance in the mass media, idxNet, and the Company's website.

### **Progress of Information Disclosure**

See table on page 175

### **The Company's Website**

The public can obtain information and records of the Company by accessing the Company's website. Information that can be accessed include a profile of the Company, the Management of the Company, the Company's Business Unit, Corporate Governance, News and Events of the Company, Shares Information, and available Jobs Vacancies in the Company. All such information is already available in Bahasa and English. Company's website can be accessed at [www.linknet.co.id](http://www.linknet.co.id)

For information related to the Company's products and services (First Media), can be accessed through the website [www.firstmedia.com](http://www.firstmedia.com). With such website, public can check the coverage area locations of residential or office who wants to subscribe for the Company's products. In addition, people can also know the products offered by the Company and products to be released, monthly bills and payments online, as well as sales services and customer complaints.



## CORPORATE GOVERNANCE

### Website Traffic of www.firstmedia.com Based on Age

See on page 176

### Website Traffic of www.firstmedia.com Based on Gender

See on page 176

### **Publication Advertisement of Notice/Announcement**

During 2016, the Company has made 7 (seven) announcement on printed media as follows:

See table on page 177

### **Press Release**

Press release is one of the form of information disclosure of the Company. During 2016, the Company has published 5 (five) press releases through various electronic and printed media.

See table on page 177

### **Performance Presentation of the Year 2016**

the Performance Presentation is a medium for the Company to deliver performance results in a specified period in the form of a slide presentation. In 2016 the Company delivered 5 (five) performance presentations which one of them in the form of a Public Expose event.

The Company held a Public Expose in 2016 as a form to meet the Regulation I-E point V.2 Decision of the Board of Director of Jakarta Stock Exchange Number Kep-306/BEJ/07-2004, dated 19 July 2004, regarding the Obligation to Submit Information.

The Public Expose event held by the Company, as follows :

#### **1. Annual Public Expose was held on :**

Day/date	:	Friday, 15 April 2016
Time	:	10.30-11.30
Venue	:	Ballroom B Hotel Aryaduta Tugu Tani Jakarta, Jl. Prapatan 44-48 Jakarta 10110

#### **2. The Company's management were present :**

President Commissioner:

Ali Chendra

Director and Corporate Secretary:

Dicky Setiadi Moechtar

Director Maria Clarissa F. Joesoep

Board of Management – Investor Relation:

Liryawati

Division Head – Investor Relation:

Joel Munte

### **3. Public were present:**

The private financiers

Journalists from various mass media

2016 Link Net's Performance Presentation Table

See table on page 179

### **Social Media**

The Company is quite active in using social media to convey information to and receive information from the public. The information submitted may include information regarding the Company's products that have been released or will be released. The Company also issued information on job vacancies, which are accessible via social Media.

Social Media Accounts for the Company's Products and Services:

Facebook: FirstMedia.IND

Twitter: @FirstMediaCares | @FirstMediaWorld

Social Media Accounts for Job Vacancies:

Fcaebook: <https://www.facebook.com/linknetofficial>

Twitter: [https://twitter.com/linknet\\_career](https://twitter.com/linknet_career)

Facebook account fans graphic - FirstMediaIND until the end of year 2016

See on page 180

Twitter followers - @FirstMediaWorld until the end of year 2016

See on page 181

Youtube subscribers until the end of year 2016

See on page 181



# CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. Social responsibility is a commitment by the business to act ethically, operate legally and contribute to improving the employees' quality of life, along with the local and wider community.

The Company is committed to CSR best practice and we have a range of programs where we contribute including anti-drugs campaigning, the broadcasting of government television channels, scholarships, the building of houses of worship and blood donation. The following is a detailed overview of our specific CSR Program as follow:

## Corporate Social Responsibility Relates to Social and Community Development Program.

### STOP Drugs Campaign

Indonesia is the most populous country in South East Asia and international drug cartels may view it as a large target market for their contraband. According to data from the Indonesian National Narcotics Agency (Badan Narkotika Nasional (BNN)) there was a significant amount of drugs seized in 2015 including 1.9 tons of marijuana, 672,782 ecstasy tablets and 2.6 tons of methamphetamine. Despite these hauls of drugs its estimated that only 20% of drugs being imported are seized by police leaving a significant quantity on the streets.

There is an enormous social cost of illicit drugs including vast health problems, violent crime and the loss of productive members of society for a generation of drug users. Other than the enormous social costs of illicit drugs there is also a disastrous economic impact which was estimated at Rp63.1 trillion in 2014 alone. The members of our Company, seeing the scourge of drugs and the negative social and economic ramifications that result, were encouraged to partner with BNN to educate the community about the negative implications of illicit drugs. We do this by regularly airing advertisements on our tv channels that inform the public about the dangers of drugs and addiction, access to rehabilitation, how they can prevent their family and community being affected and how they can report drug related crimes. On 27 September 2016,

the Company as part of the First Media Group has formed a partnership with BNN titled "Drugs Abuse Prevention Campaign - STOP Drugs".

### Balai Kota Channel

The Company provides the availability of the governments tv station 'Balai Kota Channel'. This allows the government to educate and inform the public about government services in a format that is accurate and free from bias.

Broadcasts from the Balai Kota Channel include policy announcements, promotion of regional development and tourism. The Balai Kota Channel is evolving into a platform that Indonesians can use to convey their aspirations for their region and also give constructive criticism to the government. The goal of this tv station is to create an open line of communication between the government and their constituents which will hopefully lead to the faster resolution of problems and quicker implementation of government programs.

As of the end of 2016 the Company has a relationship in providing the Balai Kota Channel with 1 (one) provincial government, the Jakarta provincial government and the 3 (three) municipal governments of Bandung, Malang and Bogor. In 2017 the Company will expand our participation by establishing a relationship with the municipal governments of Medan and Batam. See table on page 186

### Scholarship

In 2016, the Company continued its commitment to providing scholarships for the Faculty of Nursing at the University of Pelita Harapan (UPH) which we began in 2015. We are proud to provide support for this scholarship program which will help pay for nursing students to receive professional training

Based on data from the Ministry of Health, the number of nurses in Indonesia is on the increase. For example in 2013, there were 288,405 nurses and in 2014 this number increased to 295,508. Despite the continuous increase there is still an insufficient number of professional nurses to address the significant health needs

# CORPORATE SOCIAL RESPONSIBILITY



throughout Indonesia.

Through this scholarship program, the Company contributes to improving the quality and competence of nursing professionals in Indonesia. The Company also hopes this scholarship program will increase young people's interest in becoming professional nurses to meet the health demands of Indonesians.

In the second year of the scholarship, funds donated by the Company amounted to Rp 3 billion and we commit to continuing this payment in 2017 so that the total amount of awarded scholarships will be Rp 9 billion. These scholarships cover tuition fees and accommodation.

### Construction of Houses of Worship

In 2016 the Company contributed Rp 300 million to the construction of HKBP Sudirman church. We are proud to support the building of stronger ties within the local community and to support houses of worship in their charitable work.

### Blood Donation

According to the Ministry of Health and the World Health Organization (WHO), the minimum requirement of blood reserves to maintain effective health services in Indonesia is about 5,1 million bags per year. Currently there is a shortage of approximately 500 thousand bags per year. In an effort to correct this shortage and to have a positive affect on the health of Indonesians the Company has been proactive in organizing blood donor programs in partnership with the Indonesian Red Cross. In addition, it will increase employee awareness of the importance of blood donation and the benefit they can have on society. In 2016 the Company started a Social Responsibility Program and organized 6 (six) blood donor events in Jakarta and Tangerang.

The Company held following blood donation events as follows:  
See table on page 187

## Corporate Social Responsibility Relates to Labor, Occupational Health and Safety Program Employment

In 2016 the Company implemented social responsibility programs to further strengthen the relationship between the Company and its employees. We believe that looking after the welfare of our employees is the foundation of building a trusting, productive and long term relationship. The Company's financial goals are entwined with the welfare of our employees.

### Employee Competency Development

To continually develop our staff the Company provides them with access to professional development in the form of courses, training and educational programs related to their field of work. This ensures the knowledge, expertise and technical ability of our staff is second to none in our industry.

The Following is as schedule of the training conducted by the Company over the past two years:  
See table on page 188

### Health Service

The Company ensures that all members of staff, their spouses and children are covered by health insurance. We are proud to make this investment in the health of our employees and their families. The good health of our employees is essential to maintaining a highly productive and satisfied workforce. To help our staff to maintain their health we provide periodical medical check ups.

The Company partners with Lippo Insurance as well as the Indonesian governments health program via the Social Security Organizing Body known as the "BPJS". The provisions, the procedures and the amount of allowances and/or healthcare facilities are provided separately by a decision letter of the Board of Directors guided by the prevailing laws and regulations.

The following is the total cost incurred by the Company for employees health care in the past two years:  
See table on page 187

# CORPORATE SOCIAL RESPONSIBILITY



## Pension Program

Every employee who retires will receive a Pension Plan of the Company. The pension amount is in accordance with statutory provisions, except for employees who follow the plan with premiums/contributions paid by the Company.

The following is the Company's total expenditure on the pension program in the past two years:  
See table on page 187

## **Other Employment Responsibility Policy**

In addition to the above policies, the Company will also provide benefits to employees who get married, employees and the direct families of employees who died and benefits for business travel. In the case of official travel to carry out tasks according to positions and functions, by training/seminar or other assignments as necessary, the Company provides the official travel costs. Work Safety and Occupational Health

We wish to have a workplace free from accidents and without occupation illness. Work safety is about performing work duties without accident by creating and maintaining a safe working environment.

Work safety can be related to machineries, tools, working equipment, materials, and working environment. Meanwhile, occupational health is the physical, mental and social conditions of the employees. We wish to protect our employees from diseases and health problems and be able to interact safely within its working environment.

## Occupational Health and Safety (OH&S) Program

The Company's occupational health and safety (OH&S) program is designed to train staff, vendors and contractors so they can perform their work activities using OH&S best practice. The OH&S programs are divided into the 'Link Net Employee Program' and the 'Link Net Company Working Partners Program.

The Link Net Employee Program trains employees in the importance of and best practice in job safety, awareness in ones workplace and how to use their tools and work materials correctly. The Link Net Company Working Partners Program focuses on installation and construction. The training given via these OH&S programs ensures we maintain best practice and most importantly a safe workplace for our employees.