
ENGLISH VERSION



1. ABOUT US

INTRODUCTION



Internet Trends

The digital way of life has become a common phenomenon in today's society. Digital has become somewhat fundamental or a basic necessity among communities, especially with the advent of internet connection becoming an essential in day-to-day life.

The perception of the internet being a basic human need has been confirmed by a global survey conducted by Cisco Connected World Technology. Said survey found the internet to be a basic human requirement. The survey had as respondents students and young professionals aged 30 years and under from more than 14 countries. The findings of Cisco World revealed, firstly, that one out of three students and employees surveyed (33%) believes that internet is a fundamental human need (ranking in the same order of importance as air, water, food and shelter).

Besides the internet, today's society requires interesting content, content in this case not limited to videos but also to applications such as instant messaging, games, social networking, online news, online banking, online shopping, and video streaming. Interesting applications have led people into expending excessive volumes of volumes of data. No wonder this has resulted in rising consumption of data volume each year.

A research by Ericsson cited that the explosion of internet data traffic will be driven by the use of smartphones, laptops, and tablet PCs. In 2013, total data bandwidth consumption per month averaged 3.3 GB for laptops, 1 GB for tablet PCs, and 600 MB for smartphones. By 2019, the average data traffic will be greater in terms of consumption of data. Consumption of data per month will reach an average of 13 GB for laptops, about 4.5 GB for tablet PCs, and 2.2 GB for smartphones. This study also shows that online video has the largest contribution to volume of data traffic, at 25% of the total smartphone traffic and 40% of the total tablet traffic.

Following the surge in data traffic, three trends will alter consumer behavior in the coming years. First, content will change people's lifestyles as human interaction will be more towards machines or content. Second, the demand for internet access will be widespread. And third, the growth in businesses will accelerate particularly those engaged in e-commerce and development

Link to the World

Internet users in Indonesia grew to 74 million in 2013. This number

translates into internet penetration of only 28% of the total population of Indonesia amounting to 248 million people. At this rate, Indonesia is falling behind its goal of 50% internet literacy by 2015 in support of the Millennium Development Goals (MDGs) and as also agreed with the International Telecom Union (ITU).

There is still one more year to pursue the 50% internet penetration in Indonesia. Going after the 50% is not just a mere quest for being on par with other developing countries, but rather, a pursuit of its implications on Indonesia’s economic growth. In 2012, the contribution of internet access in Indonesia accounted for 1.6% of the Gross Domestic Product (“GDP”) of Indonesia (equivalent to Rp 115 trillion) and is expected to be 2.5% of GDP in 2016. It can be ascertained that the growth in internet access will have implications on the economic growth of Indonesia.

Realizing said growth cannot be isolated from the contribution of internet connectivity in Indonesia. Internet connectivity is also an important factor in the growth of the creative economy of Indonesia. It is hoped that when this materializes that the growth of the economic indicators and GDP in Indonesia will accelerate. The Company is well positioned to take part in realizing the government’s vision of developing connectivity for economic development.

In this 2014 annual report, the Company has embraced the main theme “Link to the World”. This theme articulates 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.

With the opening of access to the world, Indonesians can absorb more information. This will enable Indonesians to more easily and quickly develop a variety of businesses, such as e-commerce, creation of content/local applications, trading of handicrafts as well as other local products. In other words, the existence of Indonesian products and local businesses can very well be promoted to the outside world.

KEY COMPANY HIGHLIGHTS IN 2014

HomeCable

The subscription television service via cable airing various programs to up to 188 channels, of which 67 channels come in HD quality.

HD Channel : 67 channels



DataComm

Super fast data and communication services for corporations, with network present in 98 office buildings in Jakarta. DataComm is an ideal partner for corporations.

Spider Building Network : 98 buildings

Fiber Optic

Fiber optic cable network which serves as the backbone for data and information connectivity and measures 8,505 kilometers in length.

Distance : 8,505 Km

FastNet

Super fast internet services for netizens who require seamless connection for accessing, downloading and uploading data and information, with speed up to 100 Mbps

Speed : 100 Mbps

Coaxial Cable

Copper-based cable network which is the main link for data and information to the residents or households and measures 11,184 kilometers in length.

Distance : 11,184 Km

Homes Passed

The HFC network (Hybrid Fiber-Coaxial) connects the Company to any dwelling or home which now numbers 1.4 million homes passed.

Numbers : 1.4 million homes passed



FINANCIAL HIGHLIGHTS, SHARE PERFORMANCE HIGHLIGHTS AND SHAREHOLDER'S STRUCTURE

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COMPANY PROFILE

Background

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 become information technology and the provision of internet and services in general.

In 2011, there were additional business activities, such that the scope of the Company's business until the present time encompasses providing 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”) cable system with the latest technology and is able to provide two-way 860 MHz broadband services. As of 31 December 2014, the Company has a network of more than 1.4 million homes passed within Greater Jakarta, Bandung, Surabaya and Bali. In mid-2014, the Company undertook steps to register PT Link Net Tbk as a public company or Tbk (public company), carried out the Initial Public Offering (IPO) of its shares and listed on the Indonesian Stock Exchange on 2 June 2014.

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

Lines of Business

The Company aims to become the first choice for broadband and media services and to transform the lives of Indonesia consumers by providing innovative and exceptional broadband and media services and solutions. To realize this vision and mission, the Company operates a two-way HFC cable system, a technology that uses fiber optic and coaxial cables that can be used as a medium for broadcasting TV programs and as a medium for large bandwidth that can be used not only for internet services, but also for delivery of digital data, such as High Definition TV, 3D High 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 names FastNet internet, and HomeCable cable TV subscription. For the business market, the Company offers data communication services under the trade name DataComm, as well as other corporate solutions such as Media Sales and Corporate TV for Hotels.

In its pursuit of continuous growth and innovation in its field, the Company continues to exert its best efforts towards becoming the leading and most advanced provider of broadband and media services.

COVERAGE AREA

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VISION, MISSION, CORPORATE VALUES AND BUSINESS STRATEGY

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 and prospect in the subscription television and broadband internet service industries, the Company has put in place strategies that can support its business activities in the future, among others:

- Reinforce the subscription television model to the general public
- Introduce the concept of entertainment and education through the internet
- Expand the cable network
- Increase market penetration through active marketing
- Increase the number of new product package offerings and improve services



BRIEF HISTORY

- 1996** Company establishment
- 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 Company
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

2014 AWARDS & CERTIFICATION

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THE COMPANY AT A GLANCE

The Company was established under the name of PT Seruling Indah Permai based on 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., a notary substitute of Misahardi Wilamarta, S.H., Notary in Jakarta. These Notarial Deeds have been approved by the Minister of Justice of Republic of 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 TDP 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, among important ones are:

- Based on decisions made in 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 relations to a change in the Company's name into PT Link Net. The Amendment of the Articles of Association has been reported to the Law Minister through a Report of Changes of the Company's Articles of Association dated 13 April 2000 and was granted an approval by the Law Minister 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 made in 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 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 Directory 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 conduct re-organization in the implementation of 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 Directory 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' decision No. 7 dated 25 February 2014 drafted by Rini Yulianti, S.H., Notary in East Jakarta, where the entire of the Company's Articles of Association were adjusted to conform the regulations related to the Indonesian Capital Market, including a change to the company's name into PT Link Net Tbk and a 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 Directory of Companies No. AHU-0015443.AH.01.09. Tahun 2014 dated 27 February 2014.

- The Company's Articles of Association went through changes as published in the Deed of Statement of Shareholders' Decision No. 16 dated 11 April 2014, 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 the Board of Directors and Board of Commissioners term of office. The changes in the Company's Articles of Association is accepted and recorded in the database of the Law and Human Rights Ministry's administration system based on a letter No. AHU-00408.40.21.2014 dated 14 April 2014, and has been registered on the Registry of Companies in accordance to the Law on Limited Liabilities Companies under a registration number No. AHU-00408.40.21.2014 dated 14 April 2014.
- The latest changes were published in the Deed of Statement of the Meeting's Decision No. 7 dated 8 October 2014, which was drafted in front of Rini Yulianti, S.H., Notary in East Jakarta, outlining among others that the Company's Extraordinary General Meeting of Shareholders has approved a change in the Company's status from a foreign capital investment company into a national investment company and the changes on the Company's Articles of Association regarding the Board of Directors and Board of Commissioners. The changes have been accepted and recorded by the Law and Human Rights Minister under a letter No. AHU-07759.40.21.2014 dated 24 October 2014 and has been registered on the Directory of Companies with a registration number No. AHU-0110570.40.80.2014 dated 24 October 2014.

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 Tourism, Post and Telecommunication Minister 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 re-organization, 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 fixed-based 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 Minister Communication and Informatics of the Republic 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.

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 a permit for fixed-closed services from the Minister Communication and Informatics No. 312 Tahun 2014 regarding the Permit of Fixed-Closed Services. The permit 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 firm, a principal Permit 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 National Capital Investment Company. Towards the Company's status changed, a Principal Permit for National Capital Investment No. 232/1/IP/PMDN/2014 was issued dated 16 October 2014.

SHAREHOLDINGS

On 25 February 2014, the Company's shareholders 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 decided to approve the Company's plan to perform an Initial Public Offering. The Company's Deed has obtained an approval from 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 Directory of Companies No. AHU-0015443.AH.01.09. Tahun 2014 dated 27 February 2014.



On 2 June 2014, the Company's shares were registered and listed on the Indonesia Stock Exchange with shareholdings structure as follows:

Details	Ordinary Shares Nominal Value Rp 100 per share		
	Number of Shares	Nominal Value	%
Authorized Capital	8,040,000,000	804,000,000,000	
Issued and Paid-Up Capital	3,042,649,384	304,264,938,400	100.00
Shareholders with ownership of \geq 5%			
PT First Media Tbk	1,247,486,186	124,748,618,600	41.00
Asia Link Dewa Pte Ltd	1,490,898,198	149,089,819,800	49.00
Shareholders with ownership < 5%	304,265,000	30,426,500,000	10.00

On 3 November 2014, a private placement was occurred, causing the shareholding structure as follows:

Details	Ordinary Shares Nominal Value Rp 100 per share		
	Number of Shares	Nominal Value	%
Authorized Capital	8,040,000,000	804,000,000,000	
Issued and Paid-Up Capital	3,042,649,384	304,264,938,400	100.00
Shareholders with ownership of \geq 5%			
PT First Media Tbk	1,020,809,186	102,080,918,600	33.55
Asia Link Dewa Pte Ltd	1,017,766,198	101,776,619,800	33.45
Shareholders with ownership < 5%	1,004,074,000	100,407,400,000	33.00

As of 31 December 2014, the Company's shareholding structure based on the Register of Shareholders issued by PT Sharestar Indonesia as the Company's stock Administration Bureau as follows:

Details	Ordinary Shares Nominal Value Rp 100 per share		
	Number of Shares	Nominal Value	%
Authorized Capital	8,040,000,000	804,000,000,000	
Issued and Paid-Up Capital	3,042,649,384	304,264,938,400	100.00
Shareholders with ownership of \geq 5%			
PT First Media Tbk	1,029,079,186	102,907,918,600	33.82
Asia Link Dewa Pte Ltd	1,017,766,198	101,776,619,800	33.45
Shareholders with ownership < 5%	995,804,000	99,580,400,000	32.73

INFORMATION ABOUT THE COMPANY AND SUBSIDIARY

PT Link Net Tbk

BeritaSatu Plaza Building Lantai 4
Jl. Jend. Gatot Subroto Kav. 35-36
Jakarta 12950 – Indonesia



Establishment and Lines of Business

The Company was established in 1996 engaged in cable-based fixed network, multimedia services, internet and business management consulting services.

Investment in Shares

The Company has 1 (one) subsidiary namely PT Lynx Mitra Asia and 1 (one) investment in shares of PT Indonesia Media Televisi

Public Accountant

Aryanto, Amir, Jusuf, Mawar & Saptoto

Plaza ASIA Lantai 10 & 11
Jl. Jend. Sudirman Kav.59, Jakarta 12190, Indonesia
Telephone (62-21) 5140 1340, Faximile (62-21) 5140 1350

Stock Administration Bureau

PT Sharestar Indonesia

BeritaSatu Plaza Building Lantai 7
Jl. Jend. Gatot Subroto Kav.35-36, Jakarta 12950, Indonesia
Telephone (62-21) 527 7966, Faximile (62-21) 527 7967

Company's Stock Code on the Indonesia Stock Exchange

LINK

Share Ownership

PT First Media Tbk has 33.82% of shares, Asia Link Dewa Pte. Ltd. has 33.45% shares and 32.73% of shares owned by public in Link Net.

Board of Commissioners and Directors

President Commissioner	: Ali Chendra
Independent Commissioner	: Bintan Regen Saragih
Independent Commissioner	: Jonathan Limbong Parapak
Commissioner	: Edward Daniel Horowitz
Commissioner	: Lorne Rupert Somerville
President Director	: Roberto Fernandez Feliciano
Independent Director	: Henry Jani Liando
Director	: Dicky Setiadi Moechtar
Director	: Sigit Prasetya
Director	: Andy Nugroho Purwohardono



PT INDONESIA MEDIA TELEVISI

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2. GREETINGS FROM THE BOARD OF COMMISSIONERS

Dear valued Shareholders,



Our highest gratitude to the One Almighty God, that in 2014 we could do better than an expectation of our operational performance. Through a hard work and dedicated deeds, the Company could finish business competition for one year. In June 2014, Link Net has been successfully performed an Initial Public Offering (IPO). The IPO offering is part of a positive communication to the public by the Company, which is always committed to continuously help the government to develop Indonesia through the information and communication technology network (ICT).

We are also grateful that in October 2014 the country's seventh President Mr. Joko Widodo and Vice President Mr. Jusuf Kalla have been inaugurated as a leader of Republic of Indonesia. We are hopeful that the new leader of Republic of Indonesia will improve the economic, social and political atmosphere and create a conducive both macro and micro economic environment. We hope that investment performance and economic welfare shall be achieved as the Indonesian people desire.

A Trend in Internet Technology

The Pyramid Theory states that there are five levels in human needs. The lowest level, according to Abraham Maslow, is human's basic need called the psychological needs such as food, beverage and breathing. Human will always look for the basic needs, of which without they will not be able to increase to the next level. If we correlate the theory in this current digital era, the internet has become part of human's basic needs accompanying food, beverage and breathing. We concluded that it is fair to say that internet has currently become a part of human's life. Internet has been similar to staple foods used to support human's life.

Description of the theory is confirmed by an international survey conducted by the Cisco World Technology. The survey involved students and young

professional of no more than 30-years-old in more than 14 countries. The survey showed that one of every three students and employees surveyed (33%) believed that internet has become human's basic needs (as important as air, water, food and a living quarter).

The availability of internet connection in human's life encourages the development of internet technology itself. The development is seen clearly in the transition of the IPv4 internet protocol to IPv6. Other thing related to the development of internet is the presence of cloud computing, which use internet and distant server to maintain or process data and applications. By using the cloud computing, consumers and business players can use applications without having to perform installations and access their private files everywhere. The technology increases efficiency by centralize the storage, memory, processing and bandwidth. The technology also utilizes the computation sources connected globally through the internet cloud and a central remote server to manage data and applications.

Beside the cloud computing, the trend of online application usage such as instant messaging services, games, social network services, online news portals, online banking services, online shopping services and video streaming services will be increasingly very popular in the Netizens' daily life. We concluded that the trend of internet technology has combined the speed of connection and contents. Thus, it is not surprising if the Netizens will be very extravagant in data consumption and their behavior is controlled by applications in social interactions.

Facts on the outburst of data volume consumption were studied by Ericsson in 2013. The study found that the average bandwidth consumption of laptops computer reached 3.3 GB per month, tablet computers 1 GB and smartphones 600 MB. By 2019, the average figures are estimated to grow, reaching 13 GB for laptops, 4.5 GB for tablet computers and 2.2 GB for smartphones. The study also showed that accesses to online video contributed the most to the data traffic volume, specifically 25% of total traffic of data usage by smartphones and 40% of total traffic of tablet computers usage.

Link Net for the Indonesia's development

The purpose of a nation is to improve its people quality of life. One way to achieve the prosperity is, by realizing a high productivity level that continues to increase across the economic sectors.

If a country can support the productivity through improvement in skills and technology, then the prosperity will increase. On the other side, if there are obstacles in the improvement of productivity, the country's economy will be stagnant or will be in a setback. The government has an important role in the development of productive economy. However, the private sector also has a fundamental role. In this way, every economy needs a balancing and a re-thinking of the role of the government and the private sector.

Referring to the Masterplan of the Acceleration and Expansion of Indonesia's

Economic Development (MP3EI), one of elements in the Management of Mobility for National Connectivity is information, including the mobilization of information for regional development which is now related to the mastery in information technology and communication. That is a proof for the need of the infrastructure of information technology and communication in the development of a prosperous economy and an integrated system.

In this matter, the Company is a private firm that takes part in the development of Indonesia's economy through the implementation of internet platform network. The Company's participation to develop Indonesia is a sincere desire.

Performance in 2014 and the Corporate Governance

Throughout 2014, the Company managed to develop its business in accordance to its vision and mission. The business development in information technology and communication was seen in the expansion of Hybrid Fiber Coaxial (HFC) cable network in greater Jakarta, Bandung, Surabaya and Bali area. Doubled with marketing programs offering attractive products, the Company managed to create a leading value proposition against the competitors.

All achievements in 2014 were result of the Board of Directors' hard work in formulating a reliable strategy and organize the human resources by establishing the value of synergy. We are proud and should appreciate all directors and employees for their work in 2014.

On the other side, the Company managed to improve its performance by developing a Good Corporate Governance (GCG) practice, which is continuously adjusted by new challenges and changes. The implementation of a good corporate governance can support the Company's performance to meet the targets.

The Board of Commissioners fully supports all efforts to ensure the practice of good corporate governance in all aspects of the Company's activities. We are sure that the implementation of good corporate governance is a process that has to be performed to ensure the sustainability of business for a long term prospect.

The Composition of the Board of Commissioners and the Board of Directors

The Company's shareholders, through a decision taken by shareholders outside the mechanism of annual general meeting in April 11, 2014, has installed 5 (five) members of the Board of Commissioners, namely: Ali Chendra as the President Commissioner, Jonathan Limbong Parapak as an Independent Commissioner, Bintan Regen Saragih as an Independent Commissioner, Edward Daniel Horowitz as a Commissioner and Lorne Rupert Somerville as a Commissioner.

Meanwhile, 5 (five) people were also installed as members of the Board of Directors, namely Roberto Fernandez Feliciano as the President Director, Henry Jani Liando as an Independent Director, Dicky Setiadi Moechtar as a

director, Sigit Prasetya as a director and Andy Nugroho Purwohardono as a director.

Prospects in 2015

The increasing trend of Indonesia's economy and improving political balance will be able to support the growth in investment and productivity in the country. The conducive macro-economic situation will be able to give positive stimulus to the Company's business growth in 2015. Moreover, the Company is one of companies standing in the front row to develop connection in Indonesia for the country's victorious economy in the future. The Company's success will be part of the Indonesia's Economic Pillar in the future.

Appreciation

In this occasion, we would also like to convey gratitude to our valued shareholders. We continue to expect your support so that the Company can be a power in the internet and broadband service provider in the country, will be able to move forward and contribute to Indonesia's economic development, and provide broadband internet services as a tool to encourage education, entertainment and trade for the nation's improvement.

On behalf of the Board of Commissioners, I convey a sincere appreciation to the Directors, management, and the employees for achievements and accomplishments in 2014. Concurrently, we wish a good work for 2015 plans.

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

Ali Chendra

President Commissioner

BOARD OF COMMISSIONERS' PROFILE

Ali Chendra
President Commissioner

He was appointed as the Company's President Commissioner in 2013. Mr. Chendra started his career as a Technical Staff of PT Metrodata / Wang Komputer (1979-1983). He later seized a position as a Director of PT Total Data (1983 - 1993), a Director of PT Telplus Digitalindo and PT Telepoint Nusantara (1993 - 1999), hold a various positions in MNC Group (2001 - 2009), Group Managing Director at PT Infracom Telesarana (2009 - 2012) and the President Commissioner of PT Skybee Tbk (2009-2012). He is currently serving as the President Director of PT Indonesia Media Televisi (2012 - now), a Commissioner of PT Matahari Putra Prima Tbk (2013 - now),



a President Director of PT First Media Tbk (2013- now) and Vice President Commissioner of PT Multipolar Technology Tbk (2014 - now). Mr. Chendra holds a Diploma degree in Computer Technology from Control Data Institute, Toronto.

Bintan Regen Saragih Independent Commissioner

He was appointed as the Company's Independent Commissioner in 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). He is currently a Dean for Law Faculty of Pelita Harapan University (2004 - now) and the President Commissioner of PT Lippo General Insurance Tbk (2013 - now). Mr. Saragih holds a Doctoral of Law from Padjajaran University and a Bachelor of Law from the University of Indonesia.

Jonathan Limbong Parapak Independent Commissioner

He was appointed as an Independent Commissioner in 2013. Mr. Parapak served several positions as the President Director (1980-1991) and then as the President Commissioners (1991 - 2000) at PT Indosat Tbk, as the Secretary General of the Ministry of Tourism, Post and Telecommunication (1991 - 1998), a Commissioner of PT 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 - now), an Independent Commissioner of PT Matahari Department Store Tbk (2009 - now), an Independent Commissioner of PT Multipolar Tbk (2001 - now) and an Independent Commissioner of PT Siloam International Hospitals Tbk (2014 - now). 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.

Edward Daniel Horowitz Commissioner

He was appointed as a Commissioner of the Company in 2011. Mr Horowitz started his career as the Technical Director, the Vice President for Sales and Marketing of Central Region and the latest as the Senior Vice President for Network Operation 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 Viacom Broadcast and Senior Vice President of Technology and Operations of Viacom Inc. (1989 - 1997). He served as the 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 is currently the Founder and Chairman of EdsLink LLC (2008 - now), the Founding Investor and Director of The Tennis Channel (2009 - now), the Co-Founder and Director of US Space LCC (2009 - now), a Director of Encompass Digital Media (2010 - now) and the Chairman of Fairpoint Communications (2011 - now). Mr. Horowitz holds a Master of Business Administration from the Columbia University and a Bachelor of Science degree in Physics from the City College of New York.

Lorne Rupert Somerville **Commissioner**

He was appointed as a Commissioner of the Company in 2011. Mr. Somerville started his career at Swisscom AG as the Head of Swisscom International (1996-2001). 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), a Partner and Head of Telecoms Media and Technology of CVC Capital Partners Limited (2008 - now), a Director of Sunrise Communications AG (2010 - now) and a Director of Hong Kong Broadband Network Limited (2012 - now). Mr. Somerville holds a Master of Business Administration from IMD in Swiss and a Master of Arts in Computer Science from the University of Cambridge.



3. REPORTS FROM THE BOARD OF DIRECTORS

Greetings from Link Net,

I am pleased to report that our Company continued to make significant improvements in revenues, profitability, and operational strength in 2014.

As competition in the industry intensified, so did our efforts to maintain market leadership and financial strength. Link Net's performance in 2014 is proof of the company's continued commitment to provide every subscriber superior customer service, backed by a program of network upgrades, better market penetration, world-class content providers, and new and innovative products and services. We will continue to improve to better serve the growing digital appetite of the Indonesian consumer.

Link to the World

"Link to the World" is the guiding theme of the 2014 report, as Link Net strives to provide every Indonesian a world-class broadband internet network, second to none.

Until recently, the number of internet users compared to the total population in Indonesia was small in comparison to others. In 2013, Internet users in Indonesia reached 71.19 million people, accounting for only 28% of the entire country's population. Taken in the context of the Millennium Development Goals (MDGs) of the International Telecom Union (ITU), at least 50% of the country's population should be internet literate by 2015. Clearly, there is still more 22% or 52 million people that will be covered to meet the demands. With a network that continues to grow in reach and strength, Link Net will strive to capture the lion's share of the remaining 22%, of this ambitious target.

As a means to boost economic growth in Indonesia, both the government and private sector are determined to build the country's information and communication technology (ICT) infrastructure. These efforts would allow everyone greater access to the promise that the Internet may provide. In addition to promoting trade and commerce, the Internet has also proven to be a viable medium to provide education, health, and entertainment across borders and time zones.

Operational Performance 2014

Business Development

The Company continued to widen its network and reach in 2014. Link Net's Hybrid Fiber Coaxial (HFC) cable network grew from 1.2 million homes passed in 2013 to approximately 1.4 million homes passed.

In addition to residential customers, the Company also increased the number

of corporate customers among office buildings in Jakarta. Aimed specifically at corporate customers, Link Net launched the Metro Ethernet MPLS (Multiprotocol Label Switching) network. To date, this program has successfully secured 98 office buildings in Jakarta's Golden Triangle office district. With this new network, Link Net is broadening its market mix and introducing office users to the unparalleled speed and quality of service that each one may also enjoy in the comfort of their homes.

Human Resources Management

Every company's hardware is only as good as the software that operates it. Hence, Link Net has always given much importance to improving its human resources. Aside from building professional competency, the Company's efforts are also designed to encourage every employee to contribute more in the workplace.

Link Net operates in a highly competitive industry. To stay ahead, the Company seeks to develop a work culture that promotes high productivity and professionalism in every employee. Training programs include professional development and technical skills improvement courses, among others.

Every employee is evaluated annually and their career path is monitored for opportunities for advancement in the Company. Link Net's human resources policies are designed to ensure equal opportunities for advancement are given, and are always based on individual merit.

Financial Performance

In 2014, the Company achieved Revenues of Rp. 2,135,958 million, which is an increase of 28.3% from the previous year. The number of our internet subscribers had increased from 333 thousand in 2013 to 392 thousand in 2014.

The Total Comprehensive Income for the year has increased from Rp 362,169 million in 2013 to Rp 557,887 million in 2014. Total Assets as of year end 2014 amounted to Rp 3,742,005 million, representing an increase of 16.0% compared to the previous year.

The Company's Total Equity as of 2014 amounted to Rp 3,034,758 million, equivalent to an increase of Rp 515,690 million or 20.5% compared to 2013. This increase is due to the value of the Company's Comprehensive Income Earnings in 2014.

Corporate Governance

Link Net firmly believes that adherence to the highest standards of corporate governance is integral to the creation of shareholder value and employee satisfaction over the long-term.

Determined to become one of the most respected companies in the country, we are committed to good and transparent governance, while always maintaining the best interests of all our other stakeholders.

Link Net's corporate governance practices are principally contained in our Articles of Incorporation and By-Laws and their amendments. We will continue to uphold our commitment to integrity, transparency, a well-functioning Board and management team committed to the equitable treatment of all shareholders, and the interests of our various stakeholders.

In addition, we have a legal department within the company, Corporate Legal Division, which works to ensure compliance with all applicable regulations.

Appreciation

In closing, I wish to thank our Board of Directors, the management team, and our employees for their individual contributions this past year. I also thank all our business partners and suppliers for their support, our subscribers for their continued patronage, and our fellow shareholders for their trust and confidence in Link Net and the management. We hope to continue to always deserve your trust and we are determined to keep the Company moving forward.

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

Roberto Fernandez Feliciano

President Director

BOARD OF DIRECTORS' PROFILE

Roberto Fernandez Feliciano **President Director**

He was appointed as the Company's director in 2011. Mr. Feliciano started his career as a trainee at the OESCO International in Manila (1976-1977). He later served as a Project Assistant (1977 - 1978) at M Kruger Ltd. He served as the Country Head Representatives in Bangkok, Thailand for the Hanover Trust Bank (1980-1991). He served as the Associate Director of Corporate Finance of PT Lippo Securities Tbk (1992 - 1995), a Director of PT Lippo Pacific Finance (1995 - 1999), a Director of Lippo Life (Non Board) (1999 - 2000), a Commissioner of PT Lippo General Insurance Tbk (2000 - 2005), a Director of PT Lippo E-Net Tbk (2000 - 2005), a Director of PT Bank Lippo Tbk (Non Board) (2005), CEO and President Director of PT First Media Tbk (2006-2008), the Group Director of Siloam Hospitals (2008 - 2009) and a director of PT Lippo Karawaci Tbk (2010-2014). He is currently serving as the President Commissioner of PT First Media Television (2011 - now). Mr. Feliciano holds a Master of Business Administration from the Babson College and a Bachelor of Science in Business Administration from Ateneo De Manila University.



Dicky Setiadi Moechtar **Director**

He was appointed as the Company's Director in 2011. Mr. Moechtar started his career by serving for several positions, including as a Programmer (1984-1986) as well as a Manager Assistant and System Analyst (1986-1991) of PT Bank Pertiaga Indonesia. He also held several positions in several departments (1993 - 1999) and then as the Managing Director for IT, Operation, 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 - now), the President Director PT First Media Television (2012 - now), a Commissioner of PT Delta Nusantara Networks (2012 - now), a Director of PT Bintang Merah Perkasa Abadi (2013 - now), a Commissioner PT First Media News (2008 - now) and a Commissioner PT Margayu Vatri Chantika (2008 - now). Mr. Moechtar holds a Bachelor degree in Computer Science from the Universitas Des Saarlandes.

Henry Jani Liando **Independent Director**

He was appointed the Company's Independent Director in 2013. Mr. Liando started his career as the Head of Planning of Bank Sumitomo Niaga (1990-1993) and later served as the Head of Finance 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 - now) and a Commissioner of PT First Media Television (2011 - now). 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.

Sigit Prasetya **Director**

He was appointed as the Company's Director in 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 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 - now) of PT Matahari Department Store Ltd. He is currently active as a Managing Partner CVC Asia Pacific (Singapore) Pte. Ltd (2007 - now), a Director of Amtek Engineering Ltd (2007 - now), a Director of Magnum Berhad (2011 - now) and a Director of QSR Brands (M) Holdings Sdn Bhd (2012 - now). Mr. Prasetya holds a Master of Business Administration from University of New South Wales and a Bachelor degree in Math from the Bandung Institute of Technology.

Andy Nugroho Purwohardono **Director**

He was appointed as the Company's Director in 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), the President Director of PT Morgan Stanley Asia Indonesia (2009 - 2013) and the 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 - now), and Director of Matahari Department Store Tbk (2014 - now). 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.

4. MANAGEMENT DISCUSSION AND ANALYSIS



Overview

2014 was another year of record growth and profitability for the Company. It maintained its position as the leading operator of scale in the quality broadband and cable television markets in Indonesia, providing high-speed internet, television and media services through its technologically advanced hybrid fibre-coaxial cable systems.

The Company markets its services primarily in bundled packages of multiple services. As of 31 December 2014, the Company served mostly residential customers who subscribed to one or more of the Company's two primary subscription services—broadband and television—yielding approximately 755 thousand revenue-generating units (RGUs). As of 31 December 2014, approximately 93% of the Company's residential customers subscribed to both primary services.

Broadband RGUs grew from 333 thousand to 392 thousand while cable TV RGUs grew from 304 thousand to 363 thousand from 2013 to 2014. 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 2014.

In 2014, the Company achieved strong revenue growth at 28% over the previous year while maintaining and improving profitability through operational excellence and financial discipline. The Company's adjusted EBITDA margin in 2014 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 2014. The Company also continues to maintain a strong balance sheet.

On 30 June, 2014, the Company acquired 178,750 shares of or 65% share ownership in PT Lynx Mitra Asia (Subsidiary) amounting to Rp1,787 million.

A summary of the Company's financial statements for 2014 and 2013 can be found on page 12. The following discussion provides a description and analysis of certain line items in the Company's financial statements.

Note:

*Excluding commercial RGUs

The image shows a preview of the report's content. On the left, there is a table of contents with sections like 'OVERVIEW', 'OPERATIONAL PERFORMANCE', and 'FINANCIAL PERFORMANCE'. On the right, there is a section titled 'RATIO FINANCIAL KEHARUKAN' which lists various financial ratios and their values for 2014 and 2013.

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.

The following table sets out the breakdown of the Company's revenue by category:

<i>(In million Rupiah)</i>	2014		2013	
	Total	%	Total	%
Subscription fees from:				
Broadband internet services -residential	941,042	44%	762,550	46%
Broadband and network services - Corporate	255,751	12%	190,538	11%
Cable television	794,836	37%	552,521	33%
Total subscription fees	1,991,629	93%	1,505,609	90%
Advertising	91,849	4%	94,301	6%
Others	52,480	3%	64,691	4%
Total revenue	2,135,958	100%	1,664,601	100%

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.

During 2014, the Company generated total revenue of Rp 2,135,958 million, an increase of Rp 471,357 million over the previous year. The increase is primarily attributable to additional residential RGUs as well as higher enterprise revenue.

Total subscription fees in 2014 amounted to Rp 1,991,629 million, an increase of 32% over the previous year. Subscription fees from internet and network services accounted for 56% of total revenue, of which 44% are from residential customers and the remainder are from enterprise clients. Subscription fees from cable television contributed 37% of total revenue.

Broadband internet revenue from residential clients in 2014 of Rp 941,042 million represents an increase of 23% over the previous year due mainly to the growth in RGUs while broadband revenue from enterprise clients reached Rp 255,751 million in 2014, an increase of 34% over the previous year, primarily due to growth in the number of enterprise clients.

Cable television revenue grew 44% in 2014 to reach Rp 794,836 million in line with the increased RGUs and ARPU as explained in the foregoing.

The Company continued to sell advertising to a variety of advertisers, resulting in advertising revenue of Rp 91,849 million during 2014 accounting for about 4% of the Company's total revenue.

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.

The following table sets out the breakdown of the Company's cost of revenue** by category:

(In million Rupiah)	2014	2013
Cable television content	254,266	188,150
Broadband internet	123,988	116,100
Others	96,156	49,056
Total cost of revenue**	474,410	353,306
Cost of revenue** as a percentage of revenue	22%	21%

Cost of revenue** is expensed as incurred on an accrual basis.

During 2014, the Company booked total cost of revenue** of Rp 474,410 million, an increase of 34% over the previous year. Cost of revenue** grew more quickly than revenue due to increased content and broadband costs in line with the Company's expansion as well as due to foreign exchange effects on the Company's content and broadband costs which are denominated predominantly in US dollars. The Rupiah had weakened by about 13% in 2014 compared to the previous year based on average exchange rates throughout the year.

As a percentage of revenue, cost of revenue** was 22% in 2014, increasing slightly over 2013's 21%.

Note:

***Excluding depreciation of property, plant and equipment and amortization of intangible assets*

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.

Operating expenses totaled Rp 430,418 million in 2014, declining by Rp 6,092 million from the previous year. The decline is mainly attributable to lower general and administrative expenses resulting from operational efficiencies. General and administrative expenses totaled Rp 286,084 million or Rp 8,117 million lower than last year. Selling expenses totaled Rp 144,334 million in 2014, climbing Rp 2,025 million or 1% over the previous year, mainly due to higher costs brought about by an expanded sales force to cover the Company's increased network penetration and coverage as well as minimum wage

increases.

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 Rp 377,240 million and Rp 16,172 million, respectively, in 2014, increasing over the previous year by Rp 106,033 million and Rp 6,913 million, respectively. These increases arose principally from the increased investment in property, plant and equipment, mainly, the network cables as well as set-top boxes 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 losses and interest on borrowings, mainly vendor loans denominated in US dollars as well as a bank credit facility. Finance income consists primarily of interest income on bank deposits.

Finance costs totaled Rp 55,728 million in 2014, declining by Rp 65,075 million or 54% over the previous year, due mainly to lower foreign exchange losses in 2014, quarterly repayments on the vendor loans as well as repayment of the bank credit facility at the end of 2014.

Finance income amounted to Rp 17,605 million in 2014, representing a 28% drop from the previous year, due mainly to more cash held in current accounts that yielded lower returns.

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 Rp 43,228 million and Rp 10,016 million in 2014 and 2013, respectively.

Profit for the Year and Total Comprehensive Income for the Year

Profit for the year/total comprehensive income for 2014 amounted to Rp 557,887 million, representing a growth of Rp 195,717 million or 54% over the previous year. This growth can be largely attributed to the surge in revenue partially offset by increases in costs and expenses related to the expansion of the Company's network and customer base as described in the foregoing. Profit margin improved from 22% in 2013 to 26% in 2014.

Liquidity and Financial Condition

The Company's total assets amounted to Rp3,742,005 million as of 31 December 2014, up Rp 516,801 million or 16% from the previous year due

mainly to increases in net property, plant and equipment. Total additions to net property, plant and equipment amounted to Rp 398,561 million, of which Rp 298,475 million relate to network service control points.

Total current assets amounted to Rp 574,906 million as of 31 December 2014, up Rp 12,527 million or 2% over last year due in part to a decline in prepaid value added taxes (VAT). At the end of 2014, the Company had a net VAT payable.

Total liabilities amounted to Rp 707,247 million as of 31 December 2014, substantially on the same level as last year.

As of 31 December 2014, the Company had Rp 358,658 million of cash and equivalents and Rp 181,925 million of long-term debt or a net cash of Rp 176,733 million (defined as total cash and equivalents less long-term debt).

As of 31 December 2013, the Company had Rp 370,020 million of cash and equivalents and Rp 276,458 million of long-term debt or a net cash of Rp 93,562 million.

Net cash increased by Rp 83,171 million or 89% over the previous year due mainly to a reduction in long-term debt.

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 borrowing capacity under its revolving credit facilities.

Cash Flows

Cash and cash equivalents decreased by Rp 11,362 million in 2014 compared to the previous year due mainly to increased investing cash flows, particularly capital expenditures, which grew by Rp 96,689 million over the previous year.

Net cash flows from operating activities increased from Rp 741,603 million in 2013 to Rp 1,148,581 million in 2014. This increase is primarily attributable to higher receipts from customers which amounted to Rp 2,111,367 million in 2014, offset in part by higher employee and supplier payments (as explained in the foregoing).

Net cash flows used in investing activities increased from Rp 864,532 million in 2013 to Rp 1,005,654 million in 2014. This increase is primarily due to increased capital expenditures and additional investment in the associate company in 2014. Capital expenditures comprised mainly network-related CAPEX as well as purchases of customer premises equipment which totaled Rp 953,154 million in 2014.

Net cash flows used in financing activities decreased from Rp 325,107 million in 2013 to Rp 155,936 million in 2014. This decrease is mainly due to less utilization of credit facilities and repayment of loans primarily out of operating cash flows. Proceeds from borrowings amounted to Rp 83,237 million in 2014 while debt repayment amounted to Rp 178,778 million.

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. As of 31 December 2014, the Company has not entered into hedging transactions to manage its foreign exchange risk but is in the process of evaluating the same in the light of new regulations that are expected to take effect in 2015.

As of 31 December 2014, 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 9,619 million lower/higher. The impact on equity would have been the same as the impact on post-tax profit for the year 2014.

Credit Risk

Credit risk arises primarily from cash in banks, time deposits, and trade receivables. 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, credit rating 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.

Liquidity Risk

Liquidity risk arises in situations where the Company has difficulties in obtaining funding. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Company manages liquidity risk by

continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

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 date. The amounts disclosed in the table are the contractual undiscounted cash flows including estimated interest payments.

<i>(In million Rupiah)</i>	Within one year	Between one And two years	Between two and three years	Beyond three years	Total undiscounted cash flows
Trade payables	112,746	-	-	-	112,746
Non-trade payables	1,611	-	-	-	1,611
Accruals	169,668	-	-	-	169,668
Long-term debt	97,330	67,227	29,517	-	194,074
Total	381,355	67,227	29,517	-	478,099

Outlook

The Company's market leadership and operational performance will continue to drive its future growth. The broadband and pay TV penetration of Indonesian households remains extremely low and the Company views this as a significant growth opportunity. Residential growth will be driven by continued expansion of the Company's network, increased penetration in its existing coverage areas and further improvements in its product strategy. Enterprise growth will be driven mainly by an increase in the number of enterprise clients as well as steady contribution from media sales. While the Company will continue to focus on its core coverage areas over the medium-term, it also continues to evaluate new cities based on the demographics of the city and potential financial return profile.

The Company's large and growing customer base will enable the Company to benefit from economies of scale. This focus on operational efficiency will allow the Company to maintain its high levels of profitability and generate strong cash flows that can be reinvested towards continued growth of its network.

POTENTIAL MARKET

The Company believes that internet and subscribed television business has a bright proepsect due to various factors supporting progress of the business, among others are:

1. Indonesia is the fourth largest country in Asia after China, India and Japan in terms of the number of internet users with total users of 55 million as of June 2012. However, the penetration of internet services in Indonesia



compared to its total's population remains low, at 22.1% as of 30 June 2012, compared to other neighboring Asian countries such as Malaysia, Singapore and Brunei Darussalam whose penetration ranging from 60% to 78% (source: Internet World Statistic 30 June 2012). Despite the figures, Indonesia's internet infrastructure is developing and improving and its internet users have grown from around 8 million as of 31 December 2003 to 63 million as of 31 December 2012 (source: statistic Asosiasi Pengguna Jasa Internet Indonesia/the Indonesian Association of the Users o Internet Services/ APJII). APJII projected that Indonesia will grow with a compounded annual growth rate at 30.18% during 2012 to 2015 period. The Company believes on a bright potential due to the projections.

2. Internet growth in the future will also be influenced by demand on social media networks as well as online applications and contents. Instant messaging services are popular online application, followed by social media networks and games. Among other Asian countries, Indonesia has the biggest Facebook users after India (source: Internet World Statistic 30 June 2012). The penetration level of fixed broadband usage and mobile broadband usage in Indonesia, compared to the number of houses, remains low at around 5% and 6% respectively in 2013. (source: MediaRoute26, Issue 124, 20 February 2014).
3. Indonesia is one of subscribed television markets with the highest growth in the Asia Pacific region, however, the overall penetration level remains low at around 7% in 2012, 9% in 2013 and is estimated to reach 12% in 2014. MPA estimates that subscription television customers will grow quickly during the next four years driven by price competitions and aggressive marketing activities. The average revenue per user (ARPU) in Indonesia has dropped from US\$13 in 2012 to US\$12 in 2013 and MPA estimates that the figure will stay at US\$12 in 2014. Meanwhile, the number of subscribed television customers has grown from 2.4 million to around 3.4 million during 2012 to 2014 period and is estimated to continue growing to 4.4 million in 2014 (source: MediaRoute26, Issue 124, 20 February 2014).
4. The development of digital technology also gives a good prospect for the Company. The applied HFC technology helps the Company to be able to accommodate the technology development with its new products, such as the High Definition TV, 3D High Definition TV, Home Banking, Home Shopping, Video on Demand and Interactive Games. The Company believes that the new products can be applied quickly in Indonesia and in turn will increase revenue for the Company.

5. OPERATIONAL OVERVIEW

NETWORK TOPOLOGY

Picture on page 74

FASTNET

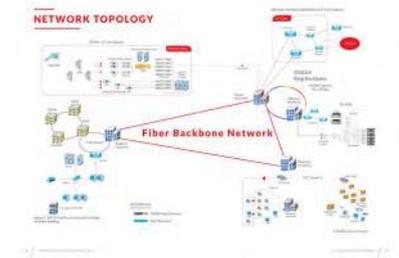
“Fast and Healthy Internet for Indonesia”

FastNet is an internet service using cable network that has existed in Indonesia since 2007. FastNet exists in Indonesia as the first to give fast and inexpensive internet services with only 99.000,- for 384 Kbps in speed.

Up to 2014, FastNet remained consumers' first choice for internet services. Based on internet network configuration, FastNet adopts Hybrid Fiber Coaxial (HFC) concept in which main network uses fiber optic and later be converted into Coaxial cables located in residential areas. The HFC network has a frequency of up to 870 Mhz. The HFC network owned by FastNet is able to deliver large bandwidth to consumers in Indonesia, particularly in the capital city Jakarta and its surrounding.

Through Fastnet, consumers can improve its digital lifestyle by utilizing services to access web pages, download and upload photos as well as watching live streaming video without hurdles. Not only due to its large bandwidth that makes FastNest become a favorite among consumers, but also due to its secure internet access. In February 2010, FastNet implemented an automatic system configuration to filter and blockade unnecessary sites, particularly those comprising of violent acts and pornography. FastNet reduces parents' and teachers' concerns regarding access to sites that can put children at risks. This is part of FastNet's social responsibility to the society even before the issuance of regulations regarding limitations of internet access to sites that are not in accordance with the nation's values and moral principles.

The increase of demand over fast and inexpensive internet services has encouraged FastNet to greet other cities. Currently, FastNet can be accessed not only in the capital city Jakarta but also in Bandung and Surabaya, where FastNet has expanded its HFC network. FastNet's strong presence in Jakarta has brought impact to other cities. We hope that FastNet can create an ease in communication for customers in accessing data and information.



HOMECABLE

“Subscription television services with High Definition (HD) quality”

The service of subscribed television called HomeCable is subscribed television services using cable as the medium. Based on the configuration, HomeCable broadcast network adopts the HFC (Hybrid Fiber Coaxial) concept where main network uses fiber optic and later be converted into Coaxial located in residential areas. The Hybrid Fiber Coaxial has a frequency of up to 870 Mhz.

HomeCable makes possible subscribers of the television services to share various broadcasts with four different television sets only by adding a Set-Top-Box (“STB”) for each additional television set. Broadcasted programs delivered by HomeCable are various, starting from education, entertainment, news, music, lifestyle, movies to sports. HomeCable also provide programs for kids. Moreover, HomeCable doesn't only provide overseas programs but it has 9 (nine) in-house channels such as J'Go, Dangdutz, Hi TV, MIX, Reformed 21, Foodie TV, Kairos TV, Karaoke TV dan BeritaSatu. The nine in-house channels are HomeCable's creativity channels to encourage attentions on Indonesian contents.

An optimum television programs doesn't only depend on the number of broadcast's variation but also on the quality, features and applications. Regarding the broadcast quality, HomeCable provides 67 (sixty seven) channels with High Definition quality. Meanwhile, HomeCable's features and applications through STB provide optimum television programs to the society. STB is not only created to be a receiving tool or content delivery but it is accompanied by a high end technology called MHP (Multimedia Home Platform). With the technology, users can run various appealing applications, such as Quiz Application, Football Application, PVR (personal video recording), and VOD (video on demand), etc.



DATA COMM SERVICES

“Data communication services for business acceleration”

DataComm is a service provider for high speed communication through Fiber Optic networks used for business and other commercial needs. DataComm has existed in Indonesia since 2001 with internet services targeting corporate clients. The service is also called Metro-Ethernet, which needs high speed internet access and Ethernet Leased-line for a point-to-point connection. By using the fiber optic infrastructure network, DataComm provides data services to corporate clients in various industry and business lines.

DataComm services are at its most optimum in current industrial situation of a “perfect competition”. The business world is currently on the peak of competition pressures, where players compete each other to be the best

in respective industry. To support their business, a number of corporations implement a concept called the information system. In current digital era, every company has utilized information system to structure information needed in running their business. Almost all companies have implemented the integrated business application for every department, ranging from financial, purchasing, marketing to human resources department. Those are aimed to accelerate their business process so that the companies can balance the pressures of competition.

Given current situation, a number of corporations need a free highway to access reliable information to support the integrated business application. DataComm's services promise a stable data connection to companies so that they can do their business optimally. DataComm can support the corporate process on the support of powerful infrastructure called Metropolitan or Metro-Ethernet. For configuration, DataComm's services are equipped with a smart network technology called MPLS (Multiprotocol Label Switching).

DataComm provides various high speed data transfer services, such as disaster recovery, storage area network, peering services, inter-branch connection and video streaming. Meanwhile, the routing system adopts the BGP Best-Path Route method in Global Internet network through Shortest Path Technique.

The technology availability is prepared to be able to host bandwidth capacity of 40 Gbps. DataComm is able to provide services features including point-to-point connection network between two locations to be used in various applications in accordance to the industrial sector and the business lines. DataComm is a network provider with availability and reliability level reaching more than 99.5% and is supported by the Network Operation Center 24 (twenty four) hours and Corporate Helpdesk forces.

DataComm's services can be enjoyed by a number of corporations in the golden triangle area in Jakarta. There are currently around 98 (ninety eight) offices building with DataComm's communication network or Spider Building have been installed DKI Jakarta. The availability of the Spider network will ease and accelerate DataComm's services to corporate clients who wanted to increase the access to information and data exchanges as well as acceleration on the business.

MARKETING STRATEGY

Concept of a Strategy

The Company believes that the availability of a brand is not only an identifier or a fixed identity. A brand is the soul of a business. Building a brand is the only way to balance a tight business competition.

In 2014, the Company maintained the brand value by evaluating every plan o marketing programs and did let a marketing program created made the brand to be worst. The Company believes that current competition eta is very tight



and can no longer apply traditional ways relying only on features & benefit in creating a marketing strategy. The Company's breakthrough in 2014 was the implementation of an experiential marketing as a marketing strategy to achieve description or perception of "superb services" in the market's mind. The Company livens up a brand to be not only a marker or a fixed identity but to be an "Experience Providers".

In 2014, the Company created a marketing strategy under a 5 C concept, which comprised of connections, content HD, combo package, customer relationship, and customer interactive features, or is called "Next Generation Broadband". The five variables are the derivatives of the experience providers to achieve a "superb services".

1. **Connections** is speaking about bandwidth capacity of up to 100 Mbps that can be delivered to the market.
2. **Content HD** is focusing on the improvement of the quality of subscription television services through additions of more high definition channels.
3. **Combo Package** is a perfect package for digital services. It combines internet services and subscribed television services.
4. **Customer Relationship** is a function of marketing to maintain good relations between sellers and buyers. The form of relationship marketing is created through a strengthening move on the 24 hour customer services and promotion programs that created customers' satisfaction.
5. **Customer Interactive Features** is the Company's activity to create an interactive service technology to enrich the value of subscription television services' value.

Combo Package

To improve its services, the Company is aggressively perfecting its product services partly by re-structure more appealing products to be offered to customers. The Combo Package is the Company's main attention in 2014. 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.

1. Family Combo HD

The package is created for customers who are modest in their enjoyment for entertainment. This group of customers has a characteristic of being fond of social media and digital broadcasts. The Company presents this package in 1 Mbps in internet speed and as many as 86 channels of HomeCable subscription television services consisting of 62 channels in standard definition and 24 in high definition.

2. D'Lite Combo HD

This package is created for a group of customers who are newcomers in digital entertainment services. This group of customers comprises of those

who are in trials and incline to avoid confusion in choosing products. The Company offers this package with up to 6 Mbps in internet speed and as many as 104 channels of HomeCable subscription television services consisting of 71 in standard definition and 33 in high definition.

3. Elite Combo HD

This package is offered to a group of customers who are medium usage in digital entertainment services. They are regular users of internet and subscription television services. Therefore, this package comes with sufficient specification with up to 10 Mbps in internet speed and as many as 128 channels of HomeCable consisting of 81 channels in standard definition and 47 in high definition.

4. Supreme Combo HD

This package is aimed at a group of customers desiring a full entertainment packages. As the customers are heavy usage in digital entertainment services, this package comes with internet services of up to 16 Mbps in speed and as many as 156 channels of HomeCable consisting of 95 channels in standard definition and 61 in high definition.

5. Maxima HD

This package is aimed at a group of super heavy usage customers. Therefore, the package comes with internet services of up to 32 Mbps in speed and as many as 157 channels of HomeCable consisting of 96 channels in standard definition and 61 in high definition.

67 Channels High Definition

This year, the Company is actively adding several programs particularly the HD (High Definition) broadcasts. In total, the Company has collected 67 HD channels, ranging from news channels, music programs, entertainments, sports to movies. For the Company, additional HD content is an absolute way to sharpen the concept of “experiential marketing ” and that television services must be improved by addition of channels with better video quality. Superb Services won't be perfect if we don't insert a strong differentiation value. Therefore, the company also develops in-house contents to be able to strengthen its positioning on the market and against the competitor.

Interactive HD TV Cable services

Marketing of combo packages is not enough. To be able to satisfy further the customers, the Company creates interactive services as value-added services from HomeCable. HomeCable's interactive feature services comprise of:

1. HomeCable on Demand

The first interactive service branded HomeCable on Demand is an interactive services giving flexibility to customers in enjoying their subscription television services. We pamper customers by let them choosing their favorite broadcasts, which range from movies, music video clips and mini-series.

2. HomeCable Digital Recording

The second interactive service is branded HomeCable Digital Recording, which

is an interactive service giving coziness to customers to watch all HomeCable programs. The feature offered is ability to record favorite programs. To be able run this feature, customers will be given an external HDD as temporary storage equipment.

3. First Media Page

The third interactive service is branded First Media Page, which comes with an interactive service through a Java-based application called MHP (Multimedia Home Platform). The application is planted inside the Set-Top-Box and is functioning to display various information, such as weather conditions, news, traffics, stocks and games. To be able to use the service, customers will only need to select MIX channel (channel 1) or MIX HD channel (channel 302) and the programs will be automatically display the First Media Page application.

Anywhere TV services

The over the top (OTT) services, or usually called the convergence service, is the Company's latest service in 2014. The interactive services branded First Media GO is an interactive service for content streaming. By concept, First Media GO communicates a brand positioning as "a new way to watch your favorite programs". It means that currently we no longer need to watch programs through television but we can also enjoy the programs through desktop PC, tablet PC, Phablet and Smartphone. To be able to enjoy the service, customers will only need to download applications at Google Play Store and Apple App Store.

The service is aimed to optimize digital lifestyle of young generation and executive people who are in high mobility. The Company desires the society to be able to enjoy their life although they are rushing in activities. Moreover, the classical traffic problem in the capital city has become a nightmare for everyone because their time to get entertainment is disrupted when they get home late.

Fast and Healthy Internet Services

In 2014, the Company positions its FastNet for fast and healthy internet services. The sentence implies that internet services currently has to be not only fast in connection but also give additional value by preserving contents from negative matters such as violence and pornography.

FastNet has four choices in speed:

1. FastNet Infinite

FastNet Infinite service presents super fast speed with 100 Mbps in capacity. This package is prepared for Netizens who are heavy users in bandwidth usage.

2. FastNet Ultimate

FastNet Ultimate service presents super fast speed with 30 Mbps in capacity. This package is prepared for Netizens who are categorized as medium-to-heavy usage in bandwidth usage.

3. FastNet SOHO

FastNet SOHO presents internet speed with 15 Mbps in capacity. This

package is prepared for young businessmen who are running start-up business with 30 to 50 employees.

4. **FastNet Commerce**

FastNet Commerce presents internet service with 10 Mbps in speed capacity. This package is prepared for young businessmen running start-up business with 10 to 30 employees.

Data & Communication Services

The Company is not only focusing on B2C (business-to-consumer) marketing through FastNet and HomeCable. The B2B (business-to-business) services to corporate clients is also a potential market due to the growth of industries particularly in the small and medium enterprises sector.

DataComm gives various high-speed data transfer services, such as disaster recovery, storage area network, peering services, inter-branch connection and video streaming. Meanwhile, routing system, it adopts the method of BGP (Best-Path Route) in Global Internet network through the Shortest Path Technique. The technology is prepared to be able to receive 40 Gbps in bandwidth capacity.

DataComm provides 3 (three) services to support business process of its corporate clients. The offered packages are Internet Services (Dedicated), Business Broadband (Non-Dedicated) dan Point-to-Point (Lease Line Services).

1. **Internet Services (Dedicated)**

This package is provided for corporate clients in need of fast data exchange and communication in doing business. The connection speed in the international bandwidth and local bandwidth (IIX) is a dedicated access with 1:1 in ratio of symmetrical downstream and upstream. Customers also get other features such as bandwidth utilization report, bandwidth on-demand, free 8 static IP address and fiber conversion equipment to ethernet connector RJ-45.

2. **Business Broadband (Non-Dedicated)**

This package is provided for corporate clients who are in need of data speed that are in accordance in their needs. It is also an economical package. The Basic Broadband's specification is different from the Super Internet's 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.

3. **Point-to-Point (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.

Marketing Communication

The formulation of product development strategy is an absolute for the Company to face business competition. A strategic product development won't be optimum if it has no strategy in communicating with the society. A strategic communication is not only related to intensified promotions in various mass



media but also an optimum integrated marketing communication by choosing suitable communication move, which is executed under a synergy principle.

In 2014, the Company utilized marketing communication mix such as electronic & non-electronic advertising, event & experiences, and micro marketing as part of its public communication activities.

1. Java Jazz & Java Sounds Fair Festival 2014

Indonesia biggest music event Java Jazz and Sounds Fair are the Company's favorite sites in marketing its products and services every year. This year is the third year that HomeCable, FastNet and TV Anywhere jointly present amid the crowd of Java Jazz and Sounds Fair visitors. Being different slightly from a concept applied a year earlier, a booth concept in every music festival is adjusted with the theme of music at play.

2. Advertising

The Company performed communication activities by utilizing several communication media, such as social media, websites, radios, newspapers, magazines, billboards and several events. For printed media, the company chose several well-known outlets such as Kompas newspaper, *Suara Pembaruan*, Investor Daily, Jakarta Globe and several other magazines. The Company also used other printed methods such as brochure, fliers and POSM (Point of Sales Material).

3. Mall-to-Mall Event

This year, the Company performed several exhibitions in shopping centers or malls. The exhibitions are held in malls as methods for product communications and to look for upper-middle class people or the urban lifestyle society. Moreover, penetration through malls usually has bigger probability for a chance to the introduction of the concept of "Next Generation Broadband" to the public.

4. Micro Marketing

In other communication activities, the Company held a micro marketing in several areas in Jakarta and greater Jakarta (jabodetabek -Jakarta Bogor Depok Tangerang Bekasi), which is in line with the Company's cable network expansion. Micro marketing is performed to draw near the Company's brand identity to the society. In the micro marketing event, the Company invited many children and youth generation to take part and take picture near the Company's booth. Taking picture together is a way to effectively introduce a brand to children and young generation. Why children? Because they are potential market in the future. If the Company's brand has been introduced to the children, there is a likely that they will continue remembering the Company when they become adults.

Customer Contact Services

The formulation of product development strategy is an The Company is engaged in service sector and therefore its performance and marketing absolutely must be supported by customer services. The success of services to customers is a form of building good relationship marketing. This is very

important to maintain customers' satisfaction to the Company's services.

The Company deployed a contact center team to ensure the service provided, including product information, registration for subscription, installation schedule and the handling of impairment, are accurately reaching all customers. Beside contact center, the Company established a customer handling division, which is divided into 2 (two) teams to manage problems complained by customers. The technical support team handles customers' complaining through phone calls to the contact center and solve customers' problems through the system. Meanwhile, the Field Care team is in charge to handle problems complained by customers in the field. The Field Care will come to customers' residence to solve the problems, such as cable damages, a replacement of STB and other services needed for products' installment.

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 division has a managerial function to handle network connectivity through supports from the software applications. The team has a function in maintaining consistency sustainability and repairing the connection of data exchange in the HFC network. Therefore, the Company prepares Fiber Optic Network team, which has more field duties to maintain the HFC network.

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

1. Greet phone calls and emails from new customers to ensure standard quality starting from services delivery until the onsite installation at the customers' places.
2. After a service visit, a phone call was conducted in sampling to ensure that customers' need have been met and every disturbance has been fully solved.
3. Periodic reviews on customers' contract and on customers' complaints, which would help the company to design initiative services for improvement.

BIG TV

"Satellite Pay TV Service for Indonesian families"

BIG TV is the company's business unit in Pay TV service, delivered via satellite (direct-to-home). Satellite technology becomes its infrastructure, allows the company to broadcast the programs(channels) to all Indonesians. In contrast to the limitations of traditional wired network deployments, satellite transmissions can reach all parts of Indonesia. Therefore,the company has



the capability and opportunity to deliver the best entertainment services to Indonesians.

BIG TV services utilize the capacity of 9 (nine) transponders from the satellite to deliver 184 (one hundred and eighty four) channels with the composition of 30 (thirty) High Definition channels. Each 1 (one) transponder can broadcast 25 (twenty five) to 32 (thirty-two) Standard Definition channels, or 6 (six) to 8 (eight) High Definition channels. The satellites high power delivers a strong signal throughout Indonesia, allowing BIG TV to support sharper image quality of 576p for standard and 1080i for Full high definition. The ability to deliver this service is achieved using KU Band, operating at a specific frequency, which is free of terrestrial bandsharing such as 4G, Wimax, etc. in accordance with the world's international telecommunication rules as drafted by International Telecommunication Union (ITU).

BIG TV offers 5 (five) basic packages for postpaid subscribers and 5 (five) premium packages for prepaid subscribers. BIG TV has an extensive distribution and marketing network, in various locations within Indonesia. BIG TV also collaborates with a variety of shops, hotels, and agents that are spread throughout Indonesia to market its services.

BIG TV positions its brand as a subscription television brand that encourages Indonesians to promote their country. The focus on Indonesia will be the company's primary concern as the penetration of foreign content in Indonesia is high, which position the penetration of local content less than foreign content. Public will slowly forget the local contents that are actually as good as foreign contents.

On the other hand, local content can be a strategic marketing tool from company's perspective due to the low penetration of subscription television services in Indonesia. The low penetration of these services is caused by lack of understanding in the markets about the subscription television services, and its benefits. This is a promotional gap that can be utilized by the Company. In addition to introducing what subscription television services are, the Company can better promote local contents. And the Company believes that local contents can be accepted by the new adopter market group, rather than foreign contents.

The company's greatest expectation for BIG TV is the public can be well entertained while increasing local knowledge and information. The company's future plan through BIG TV is to continue providing local content to Indonesians, typically covering culinary, culture, and tourist attractions throughout the country, so that BIG TV can be a Pay TV for Indonesian families.

6. CORPORATE GOVERNANCE

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 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 corporate governance 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 Corporate Rules, 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. Certainly on the Board of Commissioners and the Board of Directors' functions, the determination of the Company's strategic plan that is adjusted with the Company's Work Plan and Budget (RKAP), 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 (GCG) 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 (KNKG) under the implementation of 5 fundamental pillars called TARIF, which are: transparency, accountability, responsibility, independency, 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 firm, 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 firms, such as the interim financial reports, the mid-year 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 both through the public exposes or through printed and electronic mass media. Besides, the Company also provides an official website (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 public firm 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.

Responsibility

The Company, as every firm performing business activities, has responsibilities to run their business activities in line with the regulations include the Company. The benefits of obeying law and regulations will be experienced both by the Company's customers 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 Corporate Regulations and other regulations in the capital market.

The Company completely understands stand its business existence will not only benefit the Company's customers but also the overall society living near the location of the Company's business activities. The Company is continuously in efforts to make its business existence give benefit not only to its customers 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

Corporate 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 corporate regulations.

The Company's corporate 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.

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 entire employee. Among the aspects are certainty of duties, rights and obligations of all employees, attentions on employees' needs during healthy and illness, and creation of working atmosphere supporting working environment. 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.

The Corporate Regulations has been approved through a Decision Letter of the Manpower and Transmigration Ministry of the Republic of Indonesia, the Director General for Industrial Relations Development and Manpower Social Guarantee Number: 583/PHIJSK-PKKAD/PP/VII/2013 dated 9 July 2013 that will be valid until 30 April 2015. Generally, the Corporate 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. The Corporate 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.

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 No: SK-004/LN/CSL/VIII/13 dated 30 June 2013. 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 society. All management and employees are obliged to sign the standard code of ethics every two year.

Treatment on misappropriation towards the Corporate 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 (KP3) 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.

KP3 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 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.

KP3 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 Directors if irregularities are allegedly performed by employees and through the Board of Commissioners if irregularities are allegedly conducted by the 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 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 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 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 of 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 Directors or the Board of Commissioners in any time needed.

Protection and Appreciation

A. Protections for the Informer and the Perpetrator

1. The Company is obliged to protect the informer. This is aimed to support courage to file reports on irregularities.
2. Protections for the informers 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 of the people under investigation.

B. Appreciation to the Informers

1. The Company could give appreciation to informer for proven irregularities so that the Company's assets/finance can be secured.
2. Appreciation is given based on the Directors policies.

QUALITY MANAGEMENT SYSTEM

The Company has obtained a standard certification of ISO 9001:2008 in 2013 from the United Registrar of System Ltd (URS) as an acknowledgement of its Quality Management System related to the subscribed 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.

Work Safety and Occupational Health

Work safety is an effort to exercise duties without accident, to give a safe working environment and to achieve advantageous results and free from accidents or occupational illness. Work safety is related to machineries/tools/working equipment/materials/working environment.

Meanwhile, occupational health is a physical, mental and social condition of the manpower, who are protected from diseases or health problems and are able to interact with its working environment. The protections are:

1. Employees' Health Examination
 - a. New employees (initial health condition)
 - b. Experienced employees (health monitoring every 6 months or 1 year)
 - c. Employees with accident in works (Special Examination)
2. Working Environment
 - a. Dust: disruptions to respiratory
 - b. Noise: disruptions on auditory function
 - c. Lighting: disruptions on eyesight
 - d. Vibration: disruptions on joint function
 - e. Toxic/dangerous gases which are deadly to human
3. Ergonomics:
 - a. Seats
 - b. Working tools
 - c. Working place dimension

Work safety and health (K3) is an effort or thought in the guarantee for the integrity and perfection of physical and spiritual conditions on specifically human and manpower in general.

K3 principles:

1. All occupational accidents and illness can be avoided
2. K3 is an integral part of the Company's culture, values and operations.
3. The management has to determine a policy, prepare infrastructure and guarantee the implementation of K3
4. K3 is an integral part of behavior, responsibilities and roles of every workers
5. Every worker has to have a sense of belonging in the Company's operations
6. Every worker has to lead and organize themselves as well as correct each other.
7. Every potential of danger must be identified and controlled
8. All insufficiency must be corrected
9. K3 accountability must be determined, its performance is measured and identified

The goals of K3 are:

- Avoiding/performing preventing efforts so that employee are not injured/wounded/dead
- No loss/damage on equipment/materials/productions
- Efforts on the supervision of 4 M, namely mankind, materials, machineries, methods of work, which can give a safe and comfort working environment so that no accidents occur.

In the implementation of K3, the Company applies K3 Performance Standard, as follows:

- Recruitment of workers is conducted in accordance with the procedure. The workers will get trainings and briefings and will be assigned according to their abilities
- All dangerous actions and conditions are reported, recorded and followed up
- All employees get accurate working instructions
- All employees get K3 indoctrination and perform periodic communication and consultation
- All employees understand and practice K3
- All employees understand the benefits, the usage, maintenance and storage of APD (self protection equipment)
- Every accident is investigated, analyzed and reported
- Every manager's actions and behavior are reflections of attentions towards K3
- Disciplines in implementations lead to the development of K3 character and culture
- All equipment, appliances, dangerous materials, dangerous installations have permits and have completed periodic testing
- All equipment, appliances, dangerous materials, dangerous installations have completed identification/risks assessment and both administrative

and technical control

- All equipment, appliances, dangerous materials, dangerous installations are served by qualified and competence operators
- All risky works must complete appraisals and have standard operations for work safety
- The conditions of working environment are measured and assessed to obtain certain parameters



ORGANIZATIONAL STRUCTURE

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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 that are responsible to the Board of Commissioners, 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 (RUPS) 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, approving changes in the Articles of Association, approving the annual report and determining the arrangement and the amount of remuneration for the Board of Commissioners and the Board of Directors. In 2014, Shareholders of the Company made decisions in an Extraordinary Meeting of Shareholders on 10 October 2014.

The Decisions of the Extraordinary Meeting of Shareholders on 10 October 2014

Decisions:

1. Approve a change of the Company's status from a foreign capital investment company into a national capital investment company.
2. Approve a change in the Article 2 of the Company's Articles of Association related to a change in the Company's status from a foreign investment company into a national investment company.
3. Approve a change in the Article 15 paragraph 1, paragraph 9 and paragraph 14 of the Company's Articles of Association regarding the Board of Directors as well as Article 18 paragraph 1, paragraph 8 and paragraph 13 of the Articles of Association regarding the Board of Commissioners.

4. Give an approval, authority and a full power to the Company's Board of Directors with the substitute rights to perform all actions needed regarding the implementation of decisions made in the Meeting and for the legitimacy, effectiveness and/or the implementation of decisions made in the Meeting, including but not limited to:
 - (a) formulate, request for a formulation, hold, sign, hand over, deliver, propose, register and/or perform all deeds, agreements, forms, applications, statements, certificates and/or other documents ("Documents") or every change, extension, addition, replacement, update, diversion, innovation and/or the termination of the Documents;
 - (b) change and re-organize partly or entirely the Company's Articles of Association;
 - (c) re-state partly or entirely all decisions made in the Meeting into one or more notary deeds;
 - (d) present before the authorized parties/officials include but not limited to Notary, the Minister of Law and Human Rights of the Republic of Indonesia and the Investment Coordinating Board;
 - (e) propose an appeal to the authorized parties/officials to obtain approvals or to deliver reports or information to the authorized parties/officials as well as to publish on the State Gazette in accordance to the regulations and laws; and
 - (f) perform all actions considered proper by the Company's Board of Directors for one other things without exceptions.
5. Ratify and validate all actions that have been or will be conducted by every member of the Board of Directors related to matters decided in the First Agenda and the Second Agenda of the Meeting.

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 Directors and to give directions/suggestions to the 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.

Requirements, Membership and Tenure

The formal and material requirements applied have been met by all members of the Company's Board of Commissioners. The formal requirements are general and in accordance to the regulations and laws while material requirements are specific and adjusted to the Company's need and business type.

The Company's Board of Commissioners consists of 5 (five) members, i.e.: 1 (one) President Commissioner, 2 (two) Commissioners and 2 (two) Independent Commissioners. The members of the Board of Commissioners are appointed and dismissed in the General meeting of Shareholders for a certain period until the closing of the third Annual General Meeting of Shareholders. Positions in



the Board of Commissioners will expire if members tender their resignations, no longer meet requirements, pass away or dismissed by a decision at the General Meeting of Shareholders.

The structure of the Board of Commissioners as of 31 December 2014:

Commissioner	Position	Since
Ali Chendra	President Commissioner	2013
Edward Daniel Horowitz	Commissioner	2011
Lorne Rupert Somerville	Commissioner	2011
Jonathan Limbong Parapak	Independent Commissioner	2013
Bintan Regen Saragih	Independent Commissioner	2013

Duties, Responsibilities and Obligations

The Board of Commissioners has an important role in the implementation of GCG principles in accordance to its supervisory function. Through the 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 Directors if necessary and in accordance to provisions stipulated in the Articles of Association, in the decisions of the Company's General Meeting of Shareholders, regulations and laws. Related to the General Meeting of Shareholders, 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 General meeting of Shareholders.

Throughout 2014, 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 Commissioners meeting

The Board of Commissioners meeting can be held any time in a year located at the Company's headquarters or at the location of its business activities, or through possible electronic medium. A meeting is considered valid and binding if more than 50% (fifty percent) of the members present and are represented in the meeting.

The Directors always attend the Board of Commissioners' meetings to report the Company's business development and performance.

The following table contains information of the Board of Commissioners' attendance in the Board of Commissioners' meeting held during 2014.

The Attendance of the Board of Commissioners

Commissioner	% of Meeting Attendance
Ali Chendra	100
Edward Daniel Horowitz	100
Lorne Rupert Somerville	100
Jonathan Limbong Parapak	100
Bintan Regen Saragih	100

The Audit Committee

In accordance to regulations issued by the Capital market and Financial Institution Supervisory Agency (Bapepam-LK) Number IX.1.5 regarding the Establishment and Guidance of the Audit Committee, 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 Audit Committee comprises of two members, who are independent parties having competence in accounting and finance, and is headed by the Independent Commissioner.

The Board of Commissioners has established the Audit Committee as a supporter in performing its duties and obligations. The determination of the establishment of the Audit Committee is performed through a Decision Letter by the Board of Commissioners and is headed by one of the Independent Commissioners who are appointed by the Board of Commissioners.

The Audit Committee is responsible to the Board of Commissioners and helps 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 report, 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 examination of 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 Directors.
5. Performing other duties given by the Board of Commissioners as long as the duties are in the scope of the Board of Commissioners' duties and responsibilities in accordance to the regulations and laws.

In exercising its authority, the Audit Committee is obliged to cooperate with other parties which are performing the Internal Audit function. The Audit Committee has 3 (three) members, comprising of 1 (one) Chairman, who is also serving 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 regulations.

The Structure of the Audit Committee as of April 11, 2014 based on a decision of the Board of Commissioners No. SK-002/LN/CSL/IV/14 is:

1. Jonathan Limbong Parapak (Chairman/Independent Commissioner)
2. Lim Kwang Tak (Member/Independent)
3. Herman Latief (Member/Independent)

Jonathan Limbong Parapak – Chairman

He earned a title of Wibawa Seroja Nugraha from the National Resilience Institute (Lemhanas) in Jakarta in 1984, a Master of Engineering Science from University of Tasmania in Australia in 1968 and a Bachelor of Electrical Engineering Communications from the University of Tasmania in Australia in 1966. He has been serving as the Company's Independent Commissioner since 2013. He also previously served several important positions, which are the President Director of PT Indosat Tbk (1980-1991), Sekretaris Jenderal di Departemen Parpostal (1991-1998), the General Secretary at the Tourism, Arts and Culture Department (1998-1999), the President Commissioner of PT Indosat Tbk (1991-2000), a Commissioner of PT Siloam Health Care Group (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), the Director for Postgraduate Study at Pelita Harapan University (2003-2006), the Rector of Pelita Harapan University (2006-now) and an Independent Commissioner of PT Matahari Department Store Tbk (2009-now).

Lim Kwang Tak – Member/Independent

He earned a Bachelor in Accounting from the Faculty of Economy of the University of Indonesia in 1980. He served as a member of the Company's audit committee since 2014 to date. He started his career as a Management Consultant of 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 (2005-2013), a Commissioner in PT Trisula Garment Manufacturing (2008-2013), a Commissioner of PT Trisula Textile Industries (2011-2013), the President Commissioner of PT Trimas Sarana Garment Industry (2010-2011) and the President Director of PT Trisula Insan Tiara (2011-2013). He is currently serving as a Senior Consultant at PT Bina Analisisindo Semesta (since 1985), the President Director at PT Trimas Sarana Garment Industry (since 2011), 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 Matahari Putra Prima Tbk (since 2012), a member of the Audit Committee of PT Matahari Departemen Store Tbk (since 2012), a member of the Audit Committee of PT Siloam International Hospitals Tbk (since 2013) and a Commissioner of PT Paramount Land Development (since 2013).

Herman Latief – Member/Independent

He earned a Diplom Ingenieur Architect (Dipl. Ing) from TFH, Hamburg, Jerman in 1976. 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).

The Attendance of the Audit Committee

Audit Committee	% of attendance
Jonathan Limbong Parapak	100
Lim Kwang Tak	100
Herman Latief	100

The Board of Directors

The Board of Directors is the Company’s organ 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 firm 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.



Requirements, Membership and Tenure

The Board of Directors is under the supervision of the Board of Commissioners. 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. 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. The Company's Board of Directors comprises of 5 (five) people, i.e. 1 (one) serves as the President Director, 3 (three) as Directors, and 1 (one) as the Independent Director. All members of the Board of Directors reside in Indonesia and are appointed by the General Meeting of Shareholders for a certain period starting from a date determine by the General Meeting of Shareholders that appoint them until the closing of the third General Meeting of Shareholders after the their appointment 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 the General meeting of Shareholders, are declared bankrupt or under clemency based on a court ruling.

The Structure of the Board of Directors as of 31 December 2014 is:

President Director	: Roberto Fernandez Feliciano
Director	: Dicky Setiadi Moechtar
Director	: Sigit Prasetya
Director	: Andy Nugroho Purwohardono
Independent Director	: Henry Jani Liando

Responsibilities and Duties

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 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 case that the General Meeting of Shareholders does not determine the division of duties among the Directors, the division of duties is determined based on the Directors' decision as follows:

1. Roberto Fernandez Feliciano (President Director) is generally responsible to all of the Company's activities;

2. Dicky Setiadi Moechtar (Director) is responsible to supervise and give strategic guidelines to the Company's management team, particularly the Operational and Technical Division;
3. Sigit Prasetya (Director) is responsible to supervise and give strategic guidelines to the Company's management team, particularly the New Network Development Division;
4. Andy Nugroho Purwohardono (Director) is responsible to supervise and give strategic guidelines to the Company's management team, particularly the Sales and Corporate Sales Division;
5. Henry Jani Liando (Independent Director) is responsible to supervise and give strategic guidelines to the Company's management team, particularly the Financial and Human Resources Division.

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.

The Meeting of Board of Directors

The Board of Directors hold meeting at a minimum of one time in two weeks or any time needed located in the Company's headquarters or the Company's business activities location. The Board of Directors also present 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 as many as more than 50% (fifty percent) of the total members of the Board of Directors attend or be represented in the meeting.

The Attendance of the Board of Directors

Directors	% Attendance
Roberto Fernandez Feliciano	100
Dicky Setiadi Moechtar	100
Sigit Prasetya	100
Andy Nugroho Purwohardono	100
Henry Jani Liando	100

Corporate Secretary

Referring to the Regulation of Bapepam-LK No. IX.1.4 and the Regulation of Indonesia Stock Exchange (IDX) No. I-A, the Company appoints a Corporate Secretary who has duties as a liaison officer between the Company and the Company's management and stakeholders. The Corporate Secretary is responsible to the Board of Directors and report its execution of duties to the Board of Commissioners.

Main duties of the Corporate Secretary are:

1. Monitoring the development in the Capital Market particularly regarding regulations applied in the Capital Market.
2. Providing services to the public for information needed by investors that are related to the Company's situations.

3. Providing inputs to the Company's Board of Directors to comply with the provisions under the Law No.8 year 2005 regarding the Capital Market and its implementing regulations.
4. Serving as the liaison officer between the Company and Bapepam-LK and the public.

The Corporate Secretary's activities throughout 2014 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 3 (three) Financial Reports.
2. Performing correspondences with the capital market regulator (the Financial Services Authority (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 26 times, which are:
 - a. The submission of prospectus of 1 time;
 - b. The submission of Financial Reports of 3 times;
 - c. The submission of Public Disclosure and response to the Stock Exchange questions of 10 times;
 - d. The submission of correspondence related to the General meeting of Shareholders of 4 times;
 - e. The submission of Monthly Report of Securities Holder Registration of 7 times;
 - f. The submission of the Realization Report of the Usage of the Funding Obtained from the Initial Public Offering of 1 time;
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 Extraordinary General meeting of Shareholders
5. Coordinating the implementation of public expose.

Profile of the Corporate Secretary

Dicky Setiadi Moechtar

He obtained a Bachelor degree in Computer Studies from the Universitaet Des Saarlandes, Germany, in 1984. He served as the Company's Director since 2011, be responsible to supervise and give strategic guidance to the Company's management team, particularly the Operational and Technical Division. He started a career at the Bank Pertiagaan Indonesia, held several position at the PT Bank Pertiagaan Indonesia with the latest position as the Assistant Manager, System Analyst (1984-1991), held several positions at PT Bank Lippo Tbk with the latest position as the Managing Director IT, Operation, General Affair, Asset Administration, Distribution Financial Services (1993-2002), served as a Director at PT Multipolar Corporation Tbk (2002-

2008), a Commissioner at PT Link Net (2009-2011) and a Director at PT First Media Tbk (2006-now).

The Access of Public Information

The public and investors can visit the Company's website at www.linknet.co.id to obtain information regarding the Company's business activities or are able to contact the Corporate Secretary through Email: corporate.secretary@linknet.co.id to obtain further information regarding the Company.

The Internal Audit Unit

The establishment of the Internal Audit Unit refers to a regulation of Bapepam-LK No. IX.I.7 Attachment on the Decision of the Head of Bapepam-LK No. Kep-496/BL/2008 regarding the establishment and guidelines on the arrangement of the certificates for the internal audit unit. The internal Audit Unit has tasks, 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.

The Company's Board of Directors appointed Giatrycks Sianipar as the head of Internal Audit Unit. The appointment has been approved by the Board of Commissioners under a Decision of the Appointment of the Head of the Internal Audit Unit and the Internal Audit Certificate dated 3 June 2013. 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. Monitoring, analyzing and reporting the implementation of follow up of the the suggested improvement advises;
6. Cooperating and Communicating directly with the Audit Committee;
7. Composing programs to evaluate the quality of performed internal audit activities;
8. Performing special examination if necessary.

Independent Auditor

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 Aryanto Amir Jusuf Mawar & Saptoto.



7. HUMAN RESOURCES

A positive achievement in an organization is not only judged by the number of revenue, the cost efficiency and the effectiveness of marketing programs, but also by the management practice and the development of human resources that supports the organization to achieve its goal and improve its values. Realizing the matter, the Company in 2014 integrated the strategy of human resources management into the Company's strategy. An appropriate human resources strategy will increase the ability of a company or an organization to win and control the market through its manpower.

For conclusion, the Company believes that human resources having appropriate competence and good personal quality are a key for the Company's sustainable growth. To ensure the achievement, the Company has harmonized the focus of human resources with its moves. The Company has placed the function of human resources management as the Company's Strategic Business Partner.

The Activities of Human Resources Management

The Company's practice of human resources management is always aimed to make the Company as the first Employer of Choice among talents in the manpower bourse. To meet the goal, the Company carried out activities of:

1. Acquiring the best talents

Acquiring the best talents is started with an accurate analysis based on the Company's strategy and business goals while continue to pay attention on competence and quality. The next stage is performing determination of needed talents' sources. At this moment, the Company utilizes various sources such as reference from current employee, advertisement on job vacancy sites and at the best universities as well as other sources

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 a 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.

The Performance Management in the Company has been carried out electronically and therefore it is called the Electronic Performance Management System (E-PMS). 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.

The E-PMS has made the appraisal system more equitable, objective, and comprehensive in terms of the appraisal aspects, which are the target and behavior. The E-PMS concept is established based on the Management by Objectives (MBO) approach introduced by Peter Drucker.

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.

One of appraisal elements included in KBO is a Coaching. Every employee having team members will automatically have a KBO coaching. This is

aimed to develop a coaching culture in the Company. The coaching is expected to help employees to achieve their targets and to be able to solve their problems.

The coaching process is a one by one process. An employee having team members will coach the team members. Then, the result of the coaching, the employee will input the data into PMS.

Every year, the E-PMS is always improved to be better. In 2014, E-PMS performs changes in the dimensions of the Behavior Competencies by using different approaches. The changes are aimed to minimize the subjectivity level. Every dimension consists of 5 questions so that there are 30 questions. The dimensions comprise of: Discipline and Control, Leadership and Support, Communication, Achievement, Self-Development, Challenge and Problem Solving.

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 that will effectively started in 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 real-time and transparent information regarding data related to human resources. Time and costs spent can also be reduced compared to the manual human resources management.

Human Resources Composition

At the end of 2014, the Company and its business units employ 668 employees. Out of the total 668 employees, as many as 600 people are permanent employees and 68 people are contracted employees. (See on page 118)

Learning & Development



Human Resources are the most valuable assets in the Company. Without human, the Company will be not able to generate profits and meet business targets. The Company realizes that the human resources management is based on a concept that every employee is a human, not a machine or a static production tool, but a human that needs refreshers in material, status, social and psychological side as well as in respective fields of knowledge. In the refreshers function for knowledge side, the Company formed a Learning & Development division as a part of the strategy of human resources management to improve the employees' competence in knowledge.

To achieve its main duty, the Learning & Development division composes an arrangement of a learning program for various divisions in the Company based on the needs of each division and is adjusted with the Company's business needs, either in short term or long term prospects. The composition of the learning program considers not only the development of hard-skill and soft-skill, but also the needs of each and various level of employees.

Sales Training Department

As one of the Company's front-liner, sales officers have an important role in the Company's sales performance. It drives the Company, since the early 2011, to establish a Sales Training Department, as a place for the sales team development. By establishing the Sales Training Department, the Company aims to be more focus on the development of the competence of every sales officers in line with the increase in the number of the sales officers to produce competent sales officers in order to increase the Company's product sales and help the Company to establish a good image in the society.

In the competence development program for the sales officers, the Company carries out an approach having a concept of Competency Based Human Resources (CBHR). The main idea of the concept is the development of competence that is need in the execution of duties. The sales officer development program is created by the Sales Training Department and is focusing on the competence development of sales officers for retail products, including sales officers for New Roll-Out (NRO), direct sales called Customer Relation Officer (CRO), Telesales, Retention and Technical Retention Service (TRS).

English Training for Employee

Considering the development of business climate in Indonesia that gets better and the increasing number of global scale companies investing in Indonesia, the importance of the ability to communicate in English is not doubted. The Increasing confidence towards the Company's products by global scale companies in Indonesia causes to the increase of intensity of relations between the Company and the global scale firms. Thus, communication is conducted in English. To improve the ability to communicate in English, the Learning and Development division started to develop a program called English Training for Employee in 2012. The English training program is arranged to not only developing employees' ability in English for daily usage but also in accordance to their respective sector.



8. CORPORATE SOCIAL RESPONSIBILITY



Introduction

The concept of social sustainability emerges as the continuation of the concept of economic sustainability and environmental sustainability. The three concepts are pillars for the Corporate Social Responsibility (CSR) concept. Social Responsibility is a commitment in business to act based on ethics, operate legally and contribute to improve employees' quality of life, local community and wider community. The concept of social responsibility involves active and dynamic responsibilities among the government, the company and the society.

Activities for social responsibilities have become important activities for every company in doing business. Generally, the social responsibility activities are ways to establish business strength, which needs a balance in the wellbeing of the economy, the market and the community. Social Responsibility must be underlined as a way to establish economic prosperity. It means that the Company is not only continuously looking for a large economic scale but it has to particularly the society.

The Company sees a social responsibility as a way to support the government in achieving prosperity. The Company observes that social responsibility is not an indirect-branding concept that only aims at promotions of goods and services but a responsibility that is performed sincerely for the development of the environment and the society.

As the Company's guidance in formulating social responsibility programs, the Company adopts the concept of Carrol Pyramid, which highlights 4 (four) layers of responsibilities in doing business. The foundation layer is related to the Company's responsibilities to maintain its businesses stability by improvement in the cash inflows. In the second layer, the Company has to perform its business obediently to the regulations and to the applied government regulations. In the third layer, the Company is responsible in maintaining ethics while doing business. The ethics refer to moral values, justice and human rights. The upper layer is the Company's responsibility in participating for the improvement of the society's welfare, through donations as well as supports on culture, education, health and et cetera.

Social Responsibility Programs

In 2014, the Company performed 6 (six) corporate social responsibility programs in Jakarta and Tangerang. Among the programs are blood donation programs in cooperation with the Indonesian Red Cross (PMI). According to PMI chairman Mr. Jusuf Kalla, Indonesia needs 5 million blood bags every year, which is equal to needs for two percent of the total population. The facts encourage the Company to actively hold blood donation programs as a part of efforts to help the government and PMI specifically. Moreover, the Company also encourage its employees to understand the necessity of donating blood.

Below is the Company's schedule of blood donation programs:

Date	Location	Participant
13 March 2014	Lippo Cyber Park Bulevar Gajah Mada No. 2170 Lippo Karawaci, Tangerang 15811 - Indonesia	127
18 March 2014	BeritaSatu Plaza Building Jl.Jend. Gatot Subroto Kav.35-36 Jakarta 12950 - Indonesia	141
12 June 2014	Lippo Cyber Park Bulevar Gajah Mada No. 2170 Lippo Karawaci, Tangerang 15811 - Indonesia	152
11 September 2014	Lippo Cyber Park Bulevar Gajah Mada No. 2170 Lippo Karawaci, Tangerang 15811 - Indonesia	158
15 October 2014	BeritaSatu Plaza Building Jl.Jend. Gatot Subroto Kav.35-36 Jakarta 12950 - Indonesia	139
16 December 2014	Lippo Cyber Park Bulevar Gajah Mada No. 2170 Lippo Karawaci, Tangerang 15811 - Indonesia	125

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