



BroadbandUnited

English Version

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INTRODUCTION **Welcoming The Future**

The journey to the future requires a good, wide and free ways. The future necessary to accelerates in making goals and achieving the future. The future forms that will be achieved in the Company's business area is the convergence of technology, digital broadcasting, cloud computing and IPv6. This is the future trend that the Company is eager to pursue.

Shaping The Future

The convergence of technology, digital broadcasting, cloud computing, and implementation of IPv6 is the future trend to be achieved by the Company. Etymologically, convergence means moving toward a uniformity. In practice, convergence refers to the unification of the various services and technologies. Technology, which was separated between voice, data, and video can now be unified and interact with one another thus creating an efficient synergy. At this time, the synergy among Internet technology with broadcasting and telecommunications is an example of the convergence trend that can be perceived directly.

The next future trend is cloud computing. This technology utilizes the internet and remote servers to manage data and run applications. By using cloud computing, users can use applications without performing installation process and access their personal files at any computer through Internet access. This technology improves the efficiency of resource use by the centralizing the media storage, memory, processing and bandwidth. This technology utilizes computing resources that are connected globally through the Internet networks (Internet cloud) and central remote servers to manage data and applications.

The third trend is that digital broadcasting. This trend is triggered by the development of digital broadcasting technology innovations in equipment, networks, and broadcasting services. Innovations in the field of broadcasting technology has led to the transition from analog to digital broadcasting method and the transition from broadcast TV to broadband TV. Nonetheless broadband TV does not become entirely a substitute, but rather becoming an additional way to watch the show through modern devices or commonly known as 'gadgets' such as tablets and smartphones.

A trend that must be anticipated is an internet migration of version 4 to the Internet Protocol version 6. Internet protocol is a network addressing resources. Internet protocol itself is a unique numbering system that indicates the addressing of nodes in a network. With the increase of networks especially the growth of internet users, the need for the allocation of Internet protocol in the world has also increased therefore the allocation of internet protocol is getting more limited and rare. Currently, the internet protocol limitations require a re-designing process, which drives the inventing of the new Internet protocol concept of IPv6. With that new concept, it is projected that the ipv6 will be able to accommodate more unique addresses than the IPv4.

This four future technology trends is the objective of the company. If the four trends can be implemented, the company has contributed to the growth of technology, including enhancing the growth of Indonesia's economy.

Welcoming The Future

Like a freeway, the Company has entered the gates of the future. To meet this goal, the company is gradually preparing the development of several supporting components in order to welcome the future trend rightly. The Company is currently preparing two (2) priority components, namely the development of cable networks and infrastructure as well as the development of content production.

In 2013, the Company commenced the network expansion and configuration changes to DOCSIS 3.0 in order to deliver greater bandwidth capacity. Large capacity enables the company to deliver bandwidth up to 100 Mbps. Fast lane and freeway which was developed by the company can be the foundation or the incentives towards the future. However, a fast speed internet access is not enough to encourage service improvements so that expansion of the network that runs in a linear fashion is necessary so that people can enjoy a fast connection to access the information. In 2013, the Company has reached 1 million or one million households whose residences or homes have been passed by the company's cable network.

Having the power of a network is also not a sole key to the future. The power of the network should be equipped with the ability to creatively utilize network services to enable it to become a service that can drives a better community society. Therefore, the company has gradually created several creative services such as VOD (Video on Demand), PVR (Personal Video Recording), OTT (Over the Top), and MHP (Multimedia Home Platform), along with the smart set-top-box. But this creative services will be optimized when it is supported by a qualified and varied content.

Content development has also become a major focus of the Company in addition to its development on network and infrastructure. The Company believes that by producing content independently, the Company is able to create a room service differentiation as well as encouraging the growth of the content industry in Indonesia to be more aggressive. We have recorded that approximately 70 % of internet and broadcast content in Indonesia are dominated by foreign. This condition causes the Indonesian market becoming a market for the foreign content providers. Ironically, they do not intend to build infrastructure in Indonesia, they only open sales representative offices.

Based on this data, the Company through its subsidiary, has created a number of independent content productions which are ranging from music, lifestyle, religious, Indonesian movies, and FTV (TV short films). By producing contents independently, the company aims to restore the content composition into 70% Indonesian local content and 30% foreign content. With more and more contents produced independently, the company can provide creative services such as VOD, OTT, PVR, and MHP with lower cost and thus eventually be able to provide the best service to its subscribers.



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SUMMARY HIGHLIGHTS

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FINANCIAL HIGHLIGHTS

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COMPANY PROFILE

The Company is the first provider of integrated telecommunications and multimedia services in Indonesia. With TriplePlay concept, the Company provides integrated services comprising of pay-TV services (“HomeCable”), high speed broadband internet (“FastNet”) and data communication services through digital telecommunication network (“DataComm”).

Started from 1994, PT Safira Ananda was established. Along the way PT Safira Ananda has changes into several names, until finally in 2007 as PT First Media Tbk. The Company registered as a public company in 2000 and did the first listing of share in Surabaya Stock Exchange (which later merged with the Jakarta Stock Exchange and became Indonesia Stock Exchange).



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In 1998, the Company obtained principle license to operate cable TV business from the Ministry of Information of Republic of Indonesia. In accordance with such license, the Company starts to develop the subscription television business under the tradename of “Kabelvision” and secured the Operation License for Cable Subscription Television Broadcasting in 1999.

Since 2001 the Company started to establish a fixed local network upon obtaining Operation License of Packet-Switch Fixed Local Network from the Minister of Transportation. Since the establishment, the Company has been appointed by various corporations to support their business activities, among others is Jakarta Stock Exchange (which later merged with the Surabaya Stock Exchange, and became Indonesia Stock Exchange) which appointed the Company to provide JATS Remote Trading Service since 2002.

The Company made a radical business repositioning in 2007, by becoming the first to provide an integrated telecommunication and multimedia service in Indonesia. The integrated service known as the TriplePlay concept, where the Company provides integrated service which comprises of pay-TV service (“HomeCable”), high-speed broadband internet service (“FastNet”), and data communication service through digital telecommunication network (“DataComm”).

The TriplePlay services from the Company is supported by the two-ways Hybrid Fiber Coaxial (HFC) cable network technology on 870 Mhz frequency owned and operated by the Company. Such digitalization technology enables a more efficient data compression that increases the cable capacity to transmit data in high speed. With such technology, the Company is able to transmit more than 100 TV channels and high-speed internet simultaneously.

By the end of 2013, the Company’s cable network had covered areas in Jakarta, Bogor, Depok, Tangerang, Bekasi (Jabodetabek), Surabaya and Bali.

In 2009, the Company began developing its wireless service upon obtaining the license to establish a packet-switched fix local network using VSAT (Very Small Aperture Terminal), hybrid fibre optic and coaxial cable, and 2.3 GHz radio frequency band for the purpose of wireless broadband services (wireless broadband) on the 2360 MHz – 2375 MHz radio frequency band for Zone 1 (Northern Sumatra) and Zone 4 (Banten, Jakarta, Bogor, Depok, Tangerang, Bekasi). For the utilization of 2.3 GHz radio frequency band, the Company has obtained the Radio Frequency Band License for Zone 4 and Zone 1, respectively under Block 13 frequency band (2360 MHz – 2375 MHz).

In accordance with its commitment to be the first and anticipate the rapid development of the technology, the Company starts to develop its wireless network based on Long Term Evolution (LTE) technology. The wireless service completed the TriplePlay businesses which developed by the Company and targeted for high mobility users.

In 2010, the Company’s subsidiary, PT First Media Television (“FMTV”) has been granted, by the Ministry of Communication and Informatics of the Republic of Indonesia, the Operation License for Broadcasting by Subscription Broadcasting Entity for Television Broadcasting Service. The Operation License of FMTV supersedes the Operation License of Cable Subscription Television owned by the Company to comply with Law No. 32 Year 2002 regarding Broadcasting juncto Government Regulation No. 52 Year 2005 regarding Broadcasting Operation By Subscription Broadcasting Entity.

The Company is well-known as the pioneer of high-speed internet service with affordable price. After introducing the internet service up to 10 Mbps on 2009 and 30 Mbps on 2012, in 2013 the Company provides internet service up to 100Mbps with DOCSYS 3.0 technology. The Company also known as the first pay-TV company providing channels in High Definition (HD). The HD channels in HomeCable keep increasing, from 2 channels in 2010 to 50 channels in 2013. Those innovations from the Company bring through a new experience to subscribers to enjoy a high-quality telecommunication and multimedia service.

Besides developing TriplePlay services which focusing on infrastructure and services, the Company also developing its business by investing in various fields, including developing content services. News content services are developed by the Company through its subsidiary PT First Media News ("FMN"), among others BeritaSatu News Channel, BeritaSatu World, and Jakarta Globe Channel. BeritaSatu News Channel is the first news content service in Indonesia which delivers news in HD quality. Information and entertainment content services are developed by the Company through PT First Media Production ("FMP"), among others Hil!, MiX, Dangdut Channel, J'Go, Reformed 21, and several FTVs.

With continuous innovation, the Company has maintain its position as the leader in integrated telecommunication and multimedia service in Indonesia.

COVERAGE AREA

Picture on page 20



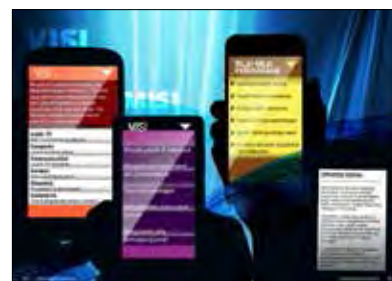
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VISION

To become the premier integrated Megamedia services company in Indonesia that capitalizing on the advancement in Internet Broadband Technology platform in order to deliver superior value to stakeholders.

Our vision encompasses the integrated Six-C service platform of:

- Cable TV – Multi-Channels Interactive Television
- Computer – Broadband Internet Service
- Communication – Data Communication Services
- Content – Content on Internet and TV
- Channels – In-House Channel Production
- Commerce – TV Home Shopping and Internet E-Commerce



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MISSION

- To be the leader in its field
- To emphasize on competence and professionalism
- To focus on customer centric
- To become prime employer of choice
- To participate in social corporate citizenship

CORPORATE VALUES

- Passionate in our work
- Discipline in our execution
- Quality in our service
- Innovative in our development
- Aggressive in our market penetration
- Care for our community and environment

BUSINESS STRATEGIES

Utilizing the advances in communications technology - especially the high-speed digital broadband Internet technology - to provide the integrated Megamedia services at affordable prices in Indonesia.



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Consistently become the first in Indonesia to adopt the latest technological breakthrough, in an effort to quantum leap, and deliver superior products and services to customers.

Continuously achieve business efficiency to be the provider of high quality Megamedia services with effective and competitive costs.

MILESTONES

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AWARDS

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COMPANY OVERVIEW



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The Company is a limited liability company established in accordance with the laws of Republic of Indonesia by name PT Safira Ananda, domiciled in Jakarta, pursuant to Company Deed of Establishment No. 37, dated 6 January 1994, drawn up before Siti Safariyah, S.H., Candidate Notary, substitute of Bandoro Raden Ayu Mahyastoeti Notonagoro S.H., notary in Jakarta. The Company Deed of Establishment had been ratified by the Minister of Justice of the Republic of Indonesia as stipulated under the Decree of Minister of Justice of Republic of Indonesia (currently Minister of Law and Human Rights of the Republic of Indonesia) No. C2-1.446HT.01.01.Th.95, dated 1 February 1995 and has been registered in the register book at the Office of Central Jakarta District Court No. 549/III/1995, dated 30 March 1995, and has been announced in the Supplement No. 6613, State Gazette of Republic of Indonesia No. 81, dated 8 October 1999.

The Articles of Association of the Company has been amended several times, which the substantial amendment among others are as follows:

- For the purpose of Initial Public Offering for the public, the Article of Association of the Company was amended pursuant to the Deed of Minutes No. 1 dated 2 December 1999 drawn up by Chairul Bachtiar S.H., notary in Jakarta, which all the Article of Association of the Company was adjusted in accordance with the Law No. 8 Year 1995 regarding Capital Market, including the change of Company name to PT Tanjung Bangunsemesta Tbk, and Company status to a public company. The deed for amendment of Article of Association has obtained the approval of the Minister of Justice of Republic of Indonesia under decree No. C-19466.HT.01.04. TH 1999 dated 3 December 1999, and has been registered under the Company Registration in the Company Registration Office of West Jakarta No. 2940/RUB.09.02/VI/1999 dated 9 December 1999 and announced in the Supplement No. 3630 of State Gazette of Republic of Indonesia No. 55 dated 11 July 2000.
- Pursuant to the resolution of Company Extraordinary General Meeting of Shareholders dated 27 April 2000, which was further stated in the Deed of Statement of the Company Meeting Resolution No. 31 dated 28 April 2000, drawn up before Chairul Bachtiar S.H., Notary in Jakarta, Article of Association of the Company was amended in regard to the change of status of the Company to a domestic investment company (PMDN) in accordance with the Law No. 6 Year 1968, change of name of the Company to PT Broadband Multimedia Tbk, and increment of the authorized capital of the Company. The amendment of the Article of Association of the Company has obtained approval from the Minister of Justice and Human Rights of Republic of Indonesia under the decree No. C-10263.HT.01.04.TH.2000 dated 15 May 2000, and has been registered

under the Company Registration in the Company Registration Office of West Jakarta No. 0533/BH.09.02/VI/2000 dated 2 June 2000 and announced in the Supplement No. 7129/2000 of State Gazette of Republic Indonesia No. 93 dated 21 November 2000.

- For the purpose of Limited Public Offering I, the provision of the Article 4 paragraph (2) of the Article of Association was amended pursuant to the resolution of Company Extraordinary General Meeting of Shareholders dated 29 December 2006 as stipulated under the Deed of Minutes of Meeting of the Extraordinary General Meeting of Shareholders of the Company No. 85 dated 29 December 2006 drawn up before Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta, juncto the Deed of Statement of Minutes of Meeting No. 8 dated 5 March 2007, drawn up before Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta. Report of the amendment of the Article of Association was received and recorded in the Database of Legal Entity Administration System (Sisminbakum) of the Ministry of Law and Human Rights of Republik Indonesia No. W7-HT.01.04-6246 dated 3 May 2007 and was registered in the Company Registration Office of South Jakarta No. 25/RUB 09 03/IV/2009 dated 3 April 2009 and announced in the Supplement No. 322/2009 of State Gazette of Republic of Indonesia No. 36 dated 5 May 2009.
- Pursuant to the resolution of the Company Extraordinary General Meeting of Shareholders as stipulated under the Deed of Minutes of Extraordinary General Meeting of Shareholders No. 37 dated 25 May 2007 drawn up before Tintin Surtini S.H., M.H., M.Kn, substitute of Surjadi S.H., Notary in Jakarta, the Article of Association of the Company was amended for the change of name of the Company to PT First Media Tbk. The deed of amendment of the Article of Association has obtained approval from the Minister of Law and Human Rights of Republic of Indonesia under the decree No. W7-06790.HT.01.04-TH.2007 dated 19 June 2007 and was registered in the Company Registration Office of South Jakarta No. 635/RUB.09.03/VIII/2008 dated 1 August 2007.
- Pursuant to the resolution of the Company Extraordinary General Meeting of Shareholders as stipulated under Deed of Minutes of Meeting No. 15 dated 19 March 2008 drawn up before Lindasari Bachroem S.H., Notary in Jakarta, which was further stated under the Deed of Statement of Meeting Resolution No. 42 dated 15 August 2008 drawn up before Lindasari Bachroem S.H., Notary in Jakarta, the Article of Association of the Company has been amended in regard to adjustment and reformation of all the Article of Association of the Company to be made in accordance to the Law No. 40 Year 2007 regarding Limited Liability Company. The deed of amendment of the Article of Association has obtained approval from Minister of Law and Human Rights of Republic of Indonesia under decree No. AHU-74501. AH.01.02.Tahun 2008 dated 16 October 2008 and was registered in the Company Registration No. AHU-0097027 dated 16 October 2008 and announced under Supplement No. 26917/2009 of State Gazette No. 90 dated 10 November 2009.
- For the purpose of Limited Public Offering II, the provision under Article 4 paragraph (2) of the Article of Association was amended pursuant to the resolution of the Extraordinary General Meeting of Shareholders of the Company dated 19 April 2010 as stipulated under the Deed of Minutes of Meeting No. 21 dated 19 April 2010 drawn up before Lindasari Bachroem S.H., Notary in Jakarta, juncto Deed of Statement of the Minutes of Meeting No.7 dated 20 Juli 2010, drawn up before Lindasari Bachroem S.H., Notary in Jakarta. Report on the amendment of the Article of Association was received and recorded in the Database of Legal Entity Administration System (Sisminbakum) of the Ministry of Law and Human Rights of Republik Indonesia No. AHU-AH.01.10-21071 dated 18 August 2010 and registered in the Company Register No. AHU-0061543.AH.01.09.Tahun 2010 dated 18 August 2010.
- Pursuant to the resolution of Extraordinary General Meeting of Shareholders dated 10 May 2011 as stipulated under Deed of Minutes of Extraordinary General

Meeting of Shareholders of Limited Liability Company dated 10 May 2011 drawn up before Dr. Irawan Soerodjo S.H., Notary in Jakarta, the Company had obtained approval on the transaction plan, inter alia, issuance of bonds, granting call option to purchase the shares of Company in PT Link Net, implementing reorganization for the purpose of operating network and subscribed television business, disbursement of loans to PT Link Net, amendment of authorized capital and paid-up capital of the Company. The resolution was further stated under the Deed of Resolution of Minutes of Meeting No. 16 dated 3 June 2011 drawn up before Dr. Irawan Soerodjo S.H., Notary in Jakarta and had obtained approval of the Minister of Law and Human Rights of Republic of Indonesia under decree No. AHU-36144.AH.01.02.Tahun 2011 dated 19 July 2011 and registered under Company Registration No. AHU-0058857.AH.01.09.Tahun 2011 dated 19 July 2011.

- Pursuant to resolution of Extraordinary General Meeting of Shareholders of the Company as stipulated under Deed of Minutes of Meeting No. 6 dated 21 October 2011 drawn up before Lindasari Bachroem S.H., Notary in Jakarta, the increment of paid-up capital of the Company had been approved to a total of 1,741,896,978 shares with total nominal value amounting Rp.870,948,489,000 and amendment of Article 4 paragraph (2) and Article 13 of the Article of Association of the Company, which has been notified and accepted by the Ministry of Law and Human Rights under letter No. AHU-AH.01.10-39994 dated 9 December 2011.

In accordance with the Limited Public Offering II and issuance of Warrant Series II, the provision under Article 4 paragraph (2) of the Article of Association was amended pursuant to the Deed of Statement of Meeting Resolution No. 7 dated 22 August 2013 made before Rini Yulianti, SH, notary in Jakarta, for the increase of paid-up capital of the Company. The amendment was reported to and received by the Ministry of Law and Human Rights of Republic of Indonesia under letter no. AHU-AH.01.10-35144 dated 26 August 2013.

In February 2000, the Company conducted an Initial Public Offering by offering 20,000,000 shares to public with the exercise price of Rp.500 each share and at the same time the founders' shares amounting to 354,300,000 were recorded in the Surabaya Stock Exchange on 25 February 2000. Until the end of 2011, the total shares recorded in Indonesia Stock Exchange were 1,741,896,978 shares.

On 9 December 1998, the Company obtained a Principle Permit from the Ministry of Information of Republic of Indonesia to operate cable television business and the Company obtained operation license to operate subscription cable television broadcasting business (permanent license) on 23 August 1999. By obtaining the Permanent License for the Operation of Subscription Television Broadcasting through Cable, the Company also has domestic capital investment (PMDN) facility pursuant to the letter of the State Minister of Investment/BKPM No. 41/I/PMDN/1999 dated 30 June 1999 to provide subscription television and multimedia service through cable. The Company started its operational activities on 1 March 1999 using "Kabelvision" as its business label. On 19 June 2007, the Company started to use "First Media" as its business label with three main business units, namely: HomeCable (pay television service), FastNet (high speed broadband internet service), and DataComm (high speed communication data for business purposes).

On 26 September 2001 the Company obtained implementation license for fixed network from the Minister of Information as stipulated under the Decree of the Information Minister No. No.KP.227 Tahun 2001 regarding Company's Implementation License of Local Packet-Switch Fixed Network.

On 3 September 2004, the Company obtained license from the Directorate General of Post and Telecommunication as stipulated under the Decree of Director General of Post and Telecommunication – Department of Information No.256/Dirjen/2004, which granting license to operate Pay Television Service with national coverage. To comply with the Law No. 32 Year 2002 regarding Broadcasting and Government Regulation No.52 Year 2005 regarding Broadcasting Operation by Subscription

Broadcasting Body, on 11 November 2010, a subsidiary of the Company, PT First Media Television obtained Operation License of Broadcasting by Subscription Broadcasting Body for Television Broadcasting Service from Ministry of Communication and Informatics of Republic of Indonesia as stipulated under the Decree of the Minister of Communication and Informatics of Republic of Indonesia No.393/KEP/M.KOMINFO/11/2010, replacing the Permanent License for the Operation of Subscription Television Broadcasting through Cable owned by the Company. Until the end of 2011, the Company through its subsidiary has been operating cable television business in Jakarta, Depok, Tangerang, Bekasi (Greater Area of Jakarta), Surabaya, and Bali.

On 29 August 2009, the Company obtained 18 Radio Station Licenses from the Director General of Post and Telecommunication.

On 6 November 2009, the Company obtained implementation license for fixed network from Minister of Communication and Informatics under the Decree of Minister of Communication and Informatics No. 420/KEP/M.KOMINFO/11/2009 regarding License to Implement Fixed Local Packet-Switched Based Network. This license granted to the Company to operate Packet-Switched based fixed local network by using VSAT (Very Small Aperture Terminal), hybrid fiber optic cable and coaxial, and radio frequency band of 2.3 GHz for broadband wireless service with radio frequency band of 2360 MHz- 2375 MHz for Zone 1 (northern part of Sumatra) and Zone 4 (Banten, Jakarta, Bogor, Depok, Tangerang, Bekasi).

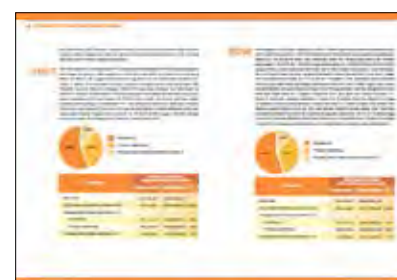
On 18 November 2009, the Company obtained License of Radio Frequency Band No: 2011G/DJPT.4/KOMINFO/11/2009 and No: 2011F/DJPT.4/KOMINFO/11/2009 from Minister of Communication and Informatics for service area of Zone 4 Banten and Greater Area of Jakarta and Zone 1 northern part of Sumatra with frequency band Block 13 (2360-2375 MHz). This license issued on 18 November 2009 and will expire on 18 November 2019.

On 28 June 2010, the Company had obtained Operation Feasible Statement Letter No: 1475/DJPT.1/KOMINFO/6/2010, from Directorate General of Post and Telecommunication, Ministry of Communication and Informatics of Republic of Indonesia, enacting that the development of facilities and infrastructure by the Company for the operation of Fixed Local Packet-Switched Based Network using Radio Frequency Band 2,3 GHz for the Wireless Broadband Service in Zone 4 (Greater Area of Jakarta and Banten) had met the requirement of operation feasibility for the telecommunication operation in accordance with the Decree of Director General of Post and Telecommunication No: 191/Dirjen/2009 regarding Procedures on the Implementation of Operation Feasibility Test for Telecommunication Operation.

Relating to the issuance of Regulation of Minister of Communication and Informatics of Republic of Indonesia No.19/PER/M.KOMINFO/09/2011 regarding Utilization of Radio Frequency Band 2,3 GHz for Neutral-Technology-Based Wireless Broadband Service on 31 January 2012, the Company had obtained Operation Feasible Statement Letter No: 30/DJPPI/KOMINFO/1/2012 from Directorate General of Operation of Post and Informatics of the Ministry of Communication and Informatics of Republic of Indonesia, enacting that the development of facilities and infrastructure by the Company for the operation of Fixed Local Packet-Switched Based Network using Radio Frequency Band 2,3 GHz for the Wireless Broadband Service in Jakarta had met the requirement of operation feasibility for the telecommunication operation in accordance with the Decree of Director General of Post and Telecommunication No: 191/Dirjen/2009 regarding Procedures on the Implementation of Operation Feasibility Test for Telecommunication Operation.

CHRONOLOGY OF SHARES OWNERSHIP

In February 2000, the Company conducted an Initial Public Offering which listed on Surabaya Stock Exchange. After the merger of Jakarta Stock Exchange and Surabaya Stock Exchange in 2007, the chronology of Company's shares ownership is as follows:



2007

In year of 2007 (After Limited Public Offering I – “PUT I”) as the result of PUT I, which was decided pursuant to Extraordinary General Meeting of Shareholders convened on the 29 December 2006 as stipulated under Deed of Minutes of Meeting of Extraordinary General Meeting of Shareholders No. 85, dated 29 December 2006, drawn up before Mrs. Poerbaningsih Adi Warsito S.H., Notary in Jakarta, as pursuant to the resolution of shareholders stipulated under Deed of Meeting Resolution No. 8 dated 5 March 2007 drawn up before Mrs. Poerbaningsih Adi Warsito S.H., Notary di Jakarta, the Company increased the issued and paid-up capital in respect of the issuance of new shares in amount of 441,674,000 shares with a total nominal value of Rp 220,837,000,000 as the result of the exercise of PUT I. The deed has been accepted and recorded in the Database of Administrative System for Legal Entities (“Sisminbakum”) in the Department of Law and Human Rights of the Republic of Indonesia, based on the receipt of Report of Deed of Amendment of Company Articles of Association No. W7-HT.01.04-6246 dated 3 May 2007, therefore the structure of capital and shareholders of the Company is as follows:

56.02% = AcrossAsia Ltd
 32.67% = PT Reksa Puspita Karya
 11.31% = Shareholders with ownership below 5%

2008

On 26 June 2008 and 30 June 2008, PT Reksa Puspita Karya exercised their Warrant Series I each in amount of 13,000,000 warrants and 500,000 warrants with exercise price of Rp 1,000 per warrant. Fund from the exercise of Warrant Serie I was received by the Company on 27 June 2008 and 1 July 2008, each in amount of Rp 13,000,000,000 and Rp 500,000,000. Therefore, after the exercised of Warrant Serie I by PT Reksa Puspita Karya, the issued and paid-up capital of the Company increased to become 829,474,000 shares, with total nominal value of Rp 414,737,000,000. The increase of issued and paid-up capital of Company due to the exercise of Warrant Series I by PT Reksa Puspita Karya was ratified under the resolution of Extraordinary General Meeting of Shareholders as stipulated under Deed of Minutes of Meeting No. 4 dated 13 November 2009, drawn up by Lindasari Bachroem S.H., Notary in Jakarta and further stated in the Deed of Meeting Resolution No. 5 dated 13 November 2009 drawn up before Lindasari Bachroem S.H., Notary in Jakarta. The deed was reported to the Minister of Law and Human Rights of the Republic of Indonesia with Letter of Acceptance of the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-00269 dated 6 January 2010 and has been registered in the Company Register No. AHU-0000833. AH.01.09.Tahun 2010 dated 6 January 2010, thus the structure of capital and shareholders of the Company is as follows:

55.11% = AcrossAsia Ltd
 33.77% = PT Reksa Puspita Karya
 11.12% = Shareholders with ownership below 5%

2010

On 18 March 2010, the Company had increased its authorized capital to become Rp 1,650,000,000,000, divided into 3,300,000,000 shares pursuant to the resolution of Extraordinary General Meeting of Shareholders dated 4 March 2010 stipulated under Deed of Minutes of Meeting No. 6 dated 4 March 2010, drawn up by Lindasari Bachroem S.H., Notary in Jakarta, and further stipulated under Deed of Meeting Resolution No. 7 dated 4 March 2010 drawn up before Lindasari Bachroem S.H., Notary in Jakarta. The Deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia by Decree No. 13941.AH.01.02.Tahun AHU-2010 dated 18 March 2010, therefore the structure of capital and shareholders of the Company is as follows:

55.11% = AcrossAsia Ltd
 33.77% = PT Reksa Puspita Karya
 11.12% = Shareholders with ownership below 5%

Pursuant to resolution of Extraordinary General Meeting of Shareholders dated 19 April 2010 as stipulated under Deed of Minutes of Meeting No. 21 dated 19 April 2010 drawn up before Lindasari Bachroem, S.H., notary in Jakarta, and pursuant to resolution of shareholders stipulated under Deed of Resolution Meeting No. 7 dated 20 July 2010 drawn up before Lindasari Bachroem, S.H., notary in Jakarta, the Company has obtained approval to conducted Limited Public Offering II in connection to Issuance of Pre-emptive rights ("PUT II") and to increase issued and paid up capital in connection to the issuance of new shares in amount of 912,421,400 shares with total values of Rp 456,210,700,000 as the result of the exercise of PUT II. The mentioned deed has been received and registered in Database of Administrative System for Legal Entities ("Sisminbakum") in Department of Law and Human Rights of Republic of Indonesia pursuant to the acceptance registration of Deed of Amendment of Article of Association of the Company No. AHU-AH.01.10-21071 dated 18 August 2010, therefore the structure of capital and shareholders of Company is as follows:

55.11% = AcrossAsia Ltd
 33.77% = PT Reksa Puspita Karya
 11.12% = Shareholders with ownership below 5%

2011

Pursuant to resolution of Extraordinary of General Shareholders of the Company stipulated under Deed of Resolution Meeting No. 16 dated 3 June 2011, drawn up before Dr. Irawan Soerodjo S.H., M.Si., notary in Jakarta, which has obtained approval from Minister of Law and Human Rights of Republic of Indonesia under decree No. AHU-36144.AH.01.02.Tahun 2011 dated 19 July 2011, the Company had increased its authorized capital into Rp 3,483,793,800,000 divided into 6,967,587,600 shares and increased the issued and paid-up capital in accordance with the exercise of Warrant Serie II, therefore the structure of capital and shareholders of the Company is as follows:

55.11% = AcrossAsia Ltd
 33.77% = PT Reksa Puspita Karya
 11.12% = Shareholders with ownership below 5%

On 5 October 2011, the Company's shareholder who from public already exercised Warrant Serie II and fund from the exercise of Warrant Serie II already fully received by the Company. Pursuant the exercise of Warrant Serie II, the increment of issued and paid-up capital of the Company has been ratified by the resolution of Extraordinary General Meeting of the Company dated 21 October 2011, stipulated under Deed of Minutes of Meeting No. 6 dated 21 October 2011 drawn up before Lindasari Bachroem S.H., notary in Jakarta, therefore the issued and paid-up capital of the Company shall become 1,741,896,978 shares with total nominal value of Rp 870,948,489,000 with structure of capital and shareholders of the Company is as follows:

55.11% = AcrossAsia Ltd
 33.77% = PT Reksa Puspita Karya
 11.12% = Public and Ownership below 5%

2012

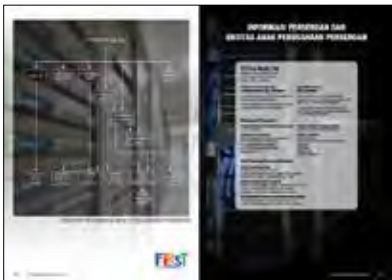
Pursuant to the Register of Shareholders of the Company, issued by PT Sharestar Indonesia, for the shares ownership of more than 5% (five percent) per 31 December 2012, the composition of Company Shareholders shall be as follows:

55.11% = AcrossAsia Ltd
 33.77% = PT Reksa Puspita Karya
 11.12% = Shareholders with ownership below 5%

2013

On 22 August 2013, the shareholders of the Company had converted their Warrant Series II into shares. The conversion of the Warrant Series II had increase the Paid

Up Capital as stipulated in the Deed of Statement of Minutes of Meeting drawn up before Rini Yulianti, SH, notary in Jakarta, therefore the Paid Up Capital of the Company become 1.742.167.907 shares with nominal value of Rp871,083,953,500. The Deed was reported and recorded in the database of Administrative System for Legal Entities (Sisminbakum) of Ministry of Law and Human Rights of Republic of Indonesia with Letter of Acceptance No. AHU-AH.01.10-35144 dated 26 August 2013, thus the structure of capital and shareholders of the Company is as follows:



- 55.10% = AcrossAsia Ltd
- 33.76% = PT Reksa Puspita Karya
- 11.14% = Shareholders with ownership below 5%

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COMPANY INFORMATION

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MESSAGE FROM THE BOARD OF COMMISSIONERS

Dear Shareholders,

During 2013 we have witnessed a significant advancement of the business of PT First Media Tbk and all its business units. The development is not only in terms of quantity, but also quality of the products. The data shows, in the Multimedia sector, First Media, BeritaSatu, BIG TV and Internet and 4G LTE, is continuing to develop its business. All of this is a hard work and professional cooperation of all employees and the management of the company. Therefore, we express our great appreciation and thanks to all Leader, Management and Employees of First Media and the entire Business Unit. By saying this, we do not intend to be arrogant as vanity is not in accordance with our character. In our view, the Board of Directors has been successfully maintaining cooperation in all levels of the Company and directs the Company with the right strategies to promote organizational and operational activities in all areas of its business. We also saw the continuing efforts being made to improve the competency of our human resources.

Through this occasion, we also convey our gratitude to our honorable shareholders and stakeholders. We are still hoping for your support to keep First Media able to continue and contribute to the economic progress of Indonesia, as well as providing network and broadband internet services, informative television services, educational materials, and entertainment, a qualified and enriched news content providers. A megamedia vision to build Indonesia's future.

Through the lag of Indonesia's economic growth we need to work smart and strengthen our cooperation to improve our weaknesses, achieving our business targets and encouraging potential business activities to become a growing and profitable company. The greater the profits of a company, the greater the tax paid, thus the greater the company's contribution to the Country. Let's remain to be optimistic and look up for future business opportunities.

Corporate Governance

The Board of Commissioners fully supports our efforts to ensure the implementation of good corporate governance in all aspects of business activities of First Media. We believe that the application of corporate governance is a process that must be

implemented to achieve long-term sustainability.

Changes in Composition of the Board of Commissioners and Board of Directors

The Board of Commissioners, representing the entire Leaders, Management and Employees of First Media and its entire business units would like to thank Mr. Peter F. Gontha that during his tenure as the President Commissioner has implemented good values for the development of First Media to be one of the strongest network service providers and multimedia in Indonesia. Our hope that wherever he is, his work will continue to make real contribution to the wealth of Indonesia.

Similarly, many words of thanks delivered to Mr. Irwan Djaja who have contributed to First Media during his tenure as President Director, we also congratulate him in his new endeavour.

The Board of Commissioners welcomed the appointment of Mr. Theo L. Sambuaga in his new position as President Commissioner of the Company, at the same time we also congratulate Mr Muladi and Mr. Ito Sumardi as Independent Commissioner and Mr. Markus Parmadi as Commissioner to strengthen the ranks of members of the Board of Commissioners along with Mr. Rizal Ramli and Mr. Didik J. Rachbini.

At the Board of Directors, in this occasion, we congratulate the appointment of Mr. Ali Chendra, Mr. Johannes Tong and Mr. Danrivanto Budhijanto, each as Director. Congratulations in leading First Media along with Mr. Dicky Moechtar, Mr. Harianda Noerlan and Mr. Larry Ridwan. The Board of Commissioners believes that leadership of the Board of Directors of First Media will bring First Media reaching a more glorious achievement again in the coming year.

Notes On The Indonesian Economy In 2013

Indonesia's economic growth in 2013 reached 5.8 percent, still lower than the expected target and economic growth is slower than the previous year. The government itself, the House and the actual economic observers regret the economic slowdown because of the potential of economic growth in Indonesia is not less than 7 percent. However, the growth rate still puts Indonesia in the ranks of countries that have a relatively high growth rate to other countries. There are still a lot of foreign investors who are interested to invest in Indonesia because of the high potential growth and the large potential market. The Country itself is a constraint factor in the dynamics of the Indonesian economy at the moment, although democracy goes well, its direct contribution to economic productivity is not maximized.

In addition to the above factor, the biggest challenge of Indonesia's economy, which actually has grown quite high, is the weakness in itself that is the weakness in the supply side. Indonesia is a large market with a middle class consumerist of up to 100 million people that cannot be furnished by the national production, as a result, imports of capital goods, raw materials, and consumer goods in large quantities are inevitable. This condition is quite vulnerable because it creates pressure on the trade balance, the services balance and at the same time, the current account. Examination of the national economic resilience occurred in 2013 with participating depressed rupiah weakened to 20 percent. Bank Indonesia liquidity tightening measures taking by increasing the benchmark of the interest rate with the risk of slowing the economic growth and the business. The results shown in the improvement of the exchange rate, controlled inflation and simultaneously the improved of stock market index. This policy was relatively successful and not pulling the Indonesian economy into crisis as in the last 2008.

How Does The Economy in 2014?

The 2014 economic projections will be influenced by a political economy. Indonesia will execute the fourth election in an open democratic system in 2014. The experience of the last three times election has very successfully delivering Indonesia to be the third largest democracy in the world. From the perspective of economics business, which heats up the tension leading up to and during the campaign would affect at least on the productivity and distribution, but is not expected to have a broad impact. It is predicted that there will be a potential increase in business and economic growth from spending by the election participants, the public, and government through the Election Commission / Regional Election Commission.

Politics is expected to be conducive like the last three elections. Meanwhile, the economic factors that support the projection of economic growth in 2014 is the large national export activities. Indonesia's natural resources such as oil and gas, coal and other mineral mining, oil palm, rubber, cocoa and fisheries are exported goods that will compete in the international market and that are potential for a high foreign exchange. Industrialization to the export goods will create an added values, exports and even a greater foreign exchange results. Indonesia will become an exporter and a major player in the international market. Market factors and domestic consumption will continue to grow along with the dynamics of investment that are also promising. Thus, the 2014 economic growth projection is optimistic will be at least achieving the current growth rates. The then 2015 economic growth forecasts will be able to be managed by a government that is responsive to the business needs.

Business Prospects

To welcome 2014, as the change of government in a democracy of course will create new expectations to be better than before. This new expectation is expected to be able to trigger higher investment dynamics. We are optimistic that the political and economic factors will continue in favor of First Media and its business units' business development. In anticipation of this, several strategic measures have been prepared to take advantage of the momentum of growth in the coming years.

For and on behalf of the Board of Commissioners
PT First Media Tbk

Theo L. Sambuaga
President Commissioner



BRIEF PROFILES OF THE BOARD OF COMMISSIONERS

Theo L. Sambuaga
President Commissioner

Serve as Commissioner of PT First Media Tbk since 2011. On 24 September 2013 he serve as President Commissioner of PT First Media Tbk. Theo Leo Sambuaga is President Commissioner of PT Lippo Karawaci Tbk (since 2010), President of Lippo Group since 2010 until now. He is also general manager of Suara Pembaruan daily and President of BeritaSatu Media Holding, and had opportunity to serve as President of Globe Media Group (2010-2011).

Theo Leo Sambuaga had served as member of House of Representative of Republic of Indonesia representing Youth Faction (1982-1998), member of People's Consultative Assembly of Republic of Indonesia (1982-2009), Minister of Labor of Republic of Indonesia (1998), State Minister of Public Housing Affair of Republic of Indonesia (1998-1999). Since 2009, he serve as Vice Chairman of Central Bank of Executive (DPP) of Golkar Party until now.

Theo Leo Sambuaga was born in Manado in 1949. He earned his Master degree in International Public Policy in School of Advanced International Studies, John Hopkins University, United States of America, in 1989.

Prof. DR. H. Muladi, SH

Independent Commissioner

Muladi started his office as the Commisioner for PT First Media Tbk since September 2013.

Starting his career as a lecturer at the University of Diponegoro, he then became the Rector and Professor at the same university. He was once the chairman of Indonesian delegation at the Congress on Crime Prevention and Criminal Justice Prime (ECOSOC) (1991-1998), Member of the National Commission on Human Rights (1993-1998), Member of Indonesian People's Consultative Assembly (MPR), Fraction of Regional Representatives (1997-1999), Minister of Justice (from 1998 until the period of Development Reform Cabinet concurrently as the Secretary of State (1998-1999), Chairman of the Institute for Democracy and Human Rights at the Habibie Center (1999-2002), Chief Justice of the Republic of Indonesia (2000-2001), Governor of Defense (2005 - 2011), The Chairman of Central Executive Board at Golkar Party in its Legal Affairs and Human Rights department (2009-2014).

Muladi was born in Solo in 1943. He was a Law graduate of the University of Diponegoro in 1968, and next he took his Post Graduate Degree of Law with honors cum laude from the University of Padjadjaran, Bandung in 1984, and KSA III Lemhanas in 1993.

Prof. Dr. Didik J. Rachbini

Independent Commissioner

Serve as Independent Commissioner of PT First Media Tbk since 2006. Didik J. Rachbini is founder of INDEF (Institute for Development of Economics and Finance).

The career path of Didik J. Rachbini, whom born in 1960, mostly in education and research. He starts his career as Assistant Lecturer at Institut Pertanian Bogor (IPB) in 1982, and in the following year, upon earning his Engineering degree, he served as Lecturer at his alma mater until 1985. Onwards, he become researcher and Head of LP3ES Research Program (1985-1992), Director of PT Insan Selaras (1991-1994), Lecturer at Universitas Nasional (1993-1994), Consultant to FAO and UNDP (1990-1995), become Economic Director of consultant body which he established, PT Konsultan INDEF (1995-2000), Dean of Faculty of Economy of Universitas Mercu Buana (1995-1997), Rector Assistant I of Universitas Mercu Buana 1997-2005), Commissioner of PT Angkasa Pura I (1998-2000), and served as member of House of Representative of Republic of Indonesia (2004-2009).

Didik J. Rachbini earned his degree of Master of Science (1988) and Ph.D (1991) from Central Luzon State University, Philippine.

Dr. Rizal Ramli*Independent Commissioner*

Served as Independent Commissioner of PT First Media Tbk since 2008. Rizal Ramli is member of United Nation Development Programme Advisory Panel for community development.

Rizal Ramli is founder of ECONIT Advisory Group and served as Chairman from 1994 to 2004. He served as Chairman of Logistic Agency (BULOG) from April to August 2000, Coordinator Minister of Economic of Republic of Indonesia (August 2000–June 2001), Chairman of the Committee of Financial Sector Policy (August 2000–June 2001), head of Keppres 133 (August 2000–June 2001), and served as President Commissioner of PT Semen Gresik Tbk (2006–2008).

Rizal Ramli born in Padang in 1954, earned his Ph.D in Economic from Boston University, United States of America, on 1990.

DR. Drs. Ito Sumardi DS, SH, MBA, MM*Independent Commissioner*

Ito Sumardi began his position as a Commissioner of PT First Media Tbk in September 2013.

Ito Sumardi is a retiree of Senior Official (Pejabat Tinggi) of Indonesian National Police (Kepolisian Republik Indonesia) with the latest rank of Commissioner General. He started his duty in KORES 811 in Serang, Banten region (1978-1980), and then in Polwil 15.3 East Timor (1979-1980), Deputy Aide for Chief of Police / WAKAPOLRI (Deputy Chief (1980-1982), in Metro 701 (1982-1985), in PTIK (1986-1989), in the Traffic Police Department (1989-1996). He had served in several regional operational units such as Special Police Operations in East Timor, Aceh, Papua, and then as Deputy Chief Aide, Garuda XIV/11 contingent commander, Task Force Commander of the Aceh tsunami rescue and AMM, and most recently serving as the Head of criminal Investigation for Indonesian National Police and currently is entrusted to serve as Indonesia ambassador to the Republic of the Union of Myanmar.

Born in Bogor in 1953, Ito Sumardi was a graduate of The Academy of the Armed Forces of the Republic of Indonesia (AKABRI) in 1977, he continued his continuing education PTIK (University of Police Science) in 1986, and then graduated from Law degree in 1996, his Master's Degree in Business Administration (1997), Post Graduate in Human Resource Management in 1999, the Graduate of Criminal Law Degree in 2004, and the latest one took his Doctorate in Criminal Law from University of Padjadjaran, Bandung in 2005.

Markus Permadi*Commissioner*

Starting his tenure with PT First Media Tbk as a commissioner by 24 April 2013.

He commenced his career as a Vice President for Citibank N.A. (1971 – 1983), and then move to PT Bank Central Asia and holding position as Director (1983 – 1990), and from 1990 to 1998, joining with PT Bank Lippo as the President Director. Besides, he was also holding responsibilities as the Deputy Minister for Public Utilities and Resources Industries and Deputy Minister for Finance and Other Services for the State Ministry of State-owned Enterprises/Agency (1998 – 2000), and he once worked for PT Bank Mandiri as its commissioner from 1998 to 2003. Afterward, he worked for PT Citra Marga Nusaphala Persada Tbk as the commissioner from 1999 to 2000 and as the Independent Commissioner from June 2001 to May 2007, and also held the position as Vice Chairman/Independent Commissioner for PT Bank Mandiri (Persero)

Tbk from September 2003 to May 2005, then working as the Commissioner for the Indonesia's Deposit Insurance Corporation (October 2005–September 2008), and then he returned to PT. Broadband Multimedia as the Commissioner (2006–2007).

His career journey did not end just there, yet during 2006–2007, he held the office of President Commissioner for PT Ciptadana Multifinance, and then to be the Commissioner for PT Media Interaksi Utama (January 2007–January 2011), and then to be the Non-Executive Director for Bowspirit Capital Corporation Ltd. (September 2007–3 May 2012), a President Commissioner for PT Start Pacific Tbk (April 2009–26 April 2013), Secretary for Yayasan Pendidikan Pelita Harapan (1993–now) and as a Commissioner for PT Bank National NOBU (8 March 2012–now).

Markus received his Undergraduate degree with Faculty of Technology of University of Indonesia, and then took his Graduate degree from Faculty of Economics of University of Indonesia

THE BOARD OF DIRECTORS' REPORT

To continue in becoming the first in the business of broadband internet and pay-TV services providers, is a challenge that we happily underwent.

Greetings from First Media,

Entering 2013, with high optimism, we are encountered the challenge to maximize the utilization of the internet that requires extensive and stable broadband network, which had become the concern of the Indonesian Government in the effort to develop Indonesia as stipulated in the "Master Plan for Acceleration and Expansion of Indonesian Economic Development 2011-2025".

In this challenging year, along with the rising of the inflation rate during the last mid-year that accompanied the government to reduce the oil subsidy and the depreciation of the Rupiah against U.S. Dollar, as well as the tighter liquidity conditions, First Media and its business units during 2013 generally are showing a rapid growth. The consolidated performance of the Company has increased compared to 2012. Compelled with a great spirit and determination, the Company continuously forwarding its strategy to realize its vision to be a leading Megamedia services provider in Indonesia utilizing broadband technology to create added value for the Stakeholders, which resulted an increase of the Company's revenue of 32.6% and growth of assets by 21.7% compared to 2012.

Performance In 2013

The Company's operating revenue in 2013 was derived from the revenue of the subscription television service which contributes 31.5%, internet service contributes 46.4% of the total revenue. The remainder of 22.1% of the total revenue contributed from data communication services, media advertising, and other revenues.

Internet service revenues in 2013 were increasing 31.8% compared to total revenue in 2012. The Internet service subscribers by the end of 2013 were increased by 15%, compared to 2012. This achievement is accomplished due to the effective marketing strategy adopted by the Company, such as providing the options of Internet speed with competitive price and bundling package options with subscription television services.

The operating expenses in 2013 also were increased by 23.1% compared to the operating expenses in 2012. The increase is associated among others by the development of subscription television services and the increase of bandwidth capacity. Generally, the ratio of the cost of services to revenue improved to 27% in 2013 compared to 29.1% in 2012.



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The Company posted a gross profit margin of 73.0% in 2013, which is higher than the gross profit margin of 70.9% in 2012, mainly due to the increase in revenue of the Company.

The profit for the year 2013 amounting Rp 19,937 million, which increased by 90.4% compared to the profit for the year 2012 amounting Rp 10,470 million. The increase in the profit in 2013 was primarily due to the increase of the operating income of the Company as mentioned above.

Total assets as of December 31, 2013 amounting Rp 5,242,465 million, which increased by 21.7% compared to total assets as of December 31, 2012.

The total equity as of December 31, 2013 is amounting Rp 2,436,754 million, increasing of Rp. 20,153 million or 0.8 % compared to total equity as of December 31, 2012, amounting Rp 2,416,601 million. This increase is due to the value of the Company's comprehensive income earned in 2013.

Human Capital Development

First Media is aware of the importance of Human Resources' role in the operations and always pays attention to the human resources development. We regards our employees as one of the core competencies that made the difference. Employees with high dedication and competent in the field is believed to bring the Company to a higher stage of growth in the future. That belief has always pushed the Company to develop its employees in order to be a differentiating factor in winning the competition. In the past two years, the Human Resources (HR) Division has gradually increased its function in line with the operation of several business units of First Media. The HR Division is actively enhancing its involvement in the process of preparing the Company's business strategy so as to align with the organization and existing business development.

The biggest challenges felt by the Company in 2013 also appeared in the aspects of Human Resources where there is tight competition in fulfillment of the requirements of resources that has the best talent and expertise.

Recognizing this, the Company, on an integrated basis is ensuring the availability of personnel that has a high commitment and sense of involvement, innovation and competencies, as well as high performance and comply with the Company's core values. In this case, the HR Division has increased its function to be a strategic partner with the Company. In addition, the Human Resources Division also developed a Human Resource Information System ("HRIS") for corporate and business units to simplify and accelerate its access to HR information services accurately.

Corporate Governance

First Media, a company that is committed to continuously improving the implementation of Corporate Governance - Good Governance corporate ("GCG"), gradually equips itself with a variety of supporting tools for GCG. In addition to the vision, mission and values of the Company that have been established for a long time, First Media has its Company Regulations, Guidelines for the Code of Ethics and Professional Responsibility, as well as the various Standard Operating Procedures. The principles of Good Corporate Governance and employees' Code of Ethics which have been evolving in all employees and management are to be maintained and shall become the guidance in carrying out all activities of the Company. The GCG in 2013 is focusing on the effort for consolidation and improvement of internal communication in addition to mapping the organization as well as carrying out a review to meet customers' expectations of the Company's service. In addition, First Media has a legal department within the Company, the Corporate Legal Division to ensure compliance to applicable regulations in Indonesia. First Media divides its legal team into operational and projects department. Having that, we believe that GCG regulations can be implemented properly. All of this is a unified system that

support the achievement of the successful implementation of GCG in First Media. First Media uses a top-down approach GCG, with attending to the legislation in force, best practices, and corporate culture. Thus, it is expected that GCG implementation will run smoothly and be supported by all parties.

Awards

We highly appreciate the awards awarded to First Media and its business units. The awards awarded by external parties is a motivation for us to do better for the interest of the subscribers and the stakeholders. In 2013 we are awarded for "Recognition of Outstanding Achievement in Building the Top Brand Fastnet products" for FastNet in the category of Internet Service Providers from Frontier Consulting Group and Marketing Magazine; "Word of Mouth Marketing, the First Recommended Brand 2013, First Winner in Fixed Internet Provider Category"; appreciation from the Police Chief of Republic of Indonesia for Internet Network Provision to support the launching and operationalization of Distance Education of STIK-PTIK; and winner of 6 Vidia Cups in Indonesian Film Festival in 2013 for various categories over the television film produced by First Media Production.

Changes In The Company's Management

The Board of Directors would like to thank Mr. Peter F. Gontha that during his tenure as President Commissioner has instilled good values for the development of First Media to be one of the potential network and multimedia service providers in Indonesia. We hope, wherever Mr. Peter F. Gontha forward his work, he keeps continuing to make a real contribution for the glory of Indonesia.

The Board of Directors also convey many thanks to Mr. Irwan Djaja who has contributed to First Media during his tenure as President Director, and congratulate him for his tasks in the new position.

The Board of Directors greets the appointment of Mr. Theo L. Sambuaga on his new position as President Commissioners of the Company, and also congratulate Mr Muladi and Mr. Ito Sumardi as the Independent Commissioners and Mr. Markus Parmadi as Commissioner. We also convey our greetings for the appointment of Mr. Ali Chendra, Mr. Johannes Tong, Mr. Danrivanto Budhijanto, each as Director of First Media. Good luck for directing First Media to achieve wonderful accomplishment in the coming year.

Litigation Case

For the litigation case with Astro, the Singapore Court of Appeal has granted resounding success to the Company for its litigation in Singapore under Civil Appeal No. 150 and 151 of 2012 against Astro, through its judgment issued on October 31, 2013.

An effect from Singapore Court of Appeal's judgment is that out of collective sum of over USD250 million which previously ordered to be paid by the Respondent by SIAC Awards, only USD608,176.54, GBP22,500 and S\$ 65,000 will be enforceable against the Company and PT Prima Mitra Ayunda jointly and severally, in Singapore. The remaining of the sum (approximately 99%) that the Respondent had previously been ordered to pay to Astro is not enforceable and no need to be paid by the Company and/or each Respondent.

The Company believes that the above sum (which amounts less than USD700,000), which is equivalent to less than 1% of the original amount awarded to Astro will be offset by the substantial legal cost that will have to paid to the Company by Astro for the Company's successful appeal and the various earlier court proceedings in Singapore, leading up to the appeal. However, the Company has paid its portion of payment obligation before the Company demand the legal cost payment to Astro as mentioned above.

For this litigation case, we have reported it in a separate section. The Singapore Court of Appeal is the highest court in Singapore and its judgment is final and binding; there can be no review or appeal by Astro.

Welcoming The Future

The journey to the future does requires good, wide and freeways road. These good, wide and freeway road is needed to be able to accelerate in welcoming the future. Form of the future to be achieved in the Company's business is the convergence of technology, digital broadcasting, cloud computing and IPv6. This is the future trend that the Company is eager to pursue.

To develop a more robust foundation for welcoming the future, currently the Company and its business units have broadband service using cable (fiber optic) and wireless technology which make a good combination of each technology. This combination makes the Company as an integrated broadband network provider (Broadband United). The Company continues to achieve success through Internet services using cable or wireless technology, Pay TV using cable and satellite technology, creative & production houses and news content for TV channel which provide access to the public for information, education, development of creativity, lifestyle and entertainment. A strength to welcome the future of Indonesia. We hope this will improve the customer experience and customer satisfaction. Once again, the Company make real action to become a leader (Be the First) to empower the community, consistent with its motto "Empowering You".

Appreciation

The Board of Directors would like to say thanks to all of Management and employees who have worked with full dedication, as well as to the Board, shareholders, investors, creditors, business partners, government agencies, the public capital markets, mass media, and the public who have been supporting First Media's performance. All this relentless supports have given us the strength to be able to realize the Company's targets and plans the future, and continues to increase its presence for the public benefit. Finally, we greatfully thank to all the customers for their trust, support, and loyalty to us. We hope that success always belongs to all of us with the cooperation which have existed.

We always strive to be the first. We do not claim to be the best, but it is the society who will determine who is the best. Obviously we always strive to be the leader.

For and On Behalf of the Board of Directors
PT First Media Tbk

Dicky Setiadi Moechtar
Director

Harianda Noerlan
Director

Ali Chendra
Director

Larry Ridwan
Director

Johannes Tong
Director

Danrivanto Budhijanto
Director

BRIEF PROFILES OF THE BOARD OF DIRECTORS

Ali Chendra

Director

Ali Chendra has served as one of the Directors in PT First Media Tbk. by April 24, 2013. In 2003, Ali Chendra founded APMI (Indonesian Multimedia Providers Association) with the position of Vice Chairman and earned his Undergraduate Degree from Control Data Institute, Toronto, Canada.

Starting his career as a technical staff at PT METRODATA/Wang Computer (1979-1983), then in the following year he took a position as the Director of PT Total Data (1983-1993), afterward he served as Director for several companies, namely PT Telepoint Nusantara (1993-1999), PT Telplus Digitalindo (1993-1999), PT Infracom Telesarana (2009-2012), PT First Media Tbk (2013-now).

Besides serving as a Director, Ali Chendra also served as a President Director for several companies, such as: PT Media Televisi Indonesia (2012-present), Infokom Elektrindo, PT Datakom Primary, PT MLC/Indovision, PT MCI/Indostar. Later he served as a member of the BOC and BOD in some Bhakti-owned companies/MNC Group: Linktone-Nasdag Listed (member of BOD), PT Bhakti Investama Tbk (member of BOD), PT Agis Tbk (member of BOD), PT Metrosel (member of BOC), PT Mobile 8 Telecom Tbk (member of BOC).

Harianda Noerlan

Director

Serve the Company since 2006 as Corporate Services Director and Corporate Secretary.

Started his professional career in banking industry since 1990, namely in PT Bank Niaga Tbk. His latest position in the mentioned bank was as Head of International Banking Division – Capital Market Group in 2000. He then joined Indonesian Bank Restructuring Agency – IBRA with the latest position at 2002 as Vice President, Group Head at Bank Restructuring Unit. From January 2002 until May 2006, he joined PT Bank Lippo Tbk. The positions held among others are, Managing Director of Compliance, Director of Distribution Financial Services and Senior Vice President of Channels & Alliances Group Head.

Harianda Noerlan was obtained degree in Mechanical Engineering from Trisakti University, Jakarta, Indonesia.

Dicky Setiadi Moechtar

Director

Join the Company in 2006 as Commercial Director. Recently, Dicky S. Moechtar is served as Director of Strategic Business Development.

His career began in banking industry when served as Programmer at Bank Perniagaan in 1984. His career began to rise when appointed as Assistant Manager System Analyst (1986-1991). He served in PT Bank Lippo Tbk with the latest position as Managing Director IT, Operation, General Affair, Asset Administration, Distribution Financial Services (1999-2002). He, then joined PT Multipolar Corporation Tbk as Director (2002-2008)

Dicky S. Moechtar was graduated from The Control Data Institute, University Des Saarlandes, German for Computer Studies.



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Larry Ridwan*Director*

In April 2012, Larry Ridwan started as Finance Director of the Company.

He started working at the United States as a Manager at McDonalds (1997-1999), then worked as Java and Cobol Consultant (2000-2001) at the university where he was studying. He return to Indonesia, then joined Citibank, NA Jakarta, starting from a position as a Management Associate (2000 - 2003), Assistant Manager at Cards Business Planning Analyst (2003 - 2004), then promoted as a Manager (2004 -2005). In 2005, he served as Assistant Vice President in Product Manager - Clear and Choice. Promoted become Vice President in Product Manager - Gold and Vice President Portfolio Management Head (2007-2009). His last position at Citibank was a Vice President Mass Market Segment Head (2009-2010).

Larry Ridwan was graduated from Ohio State University - Columbus, United States in 2001, majoring on Management Information Systems.

Danrivanto Budhijanto*Director*

Danrivanto Budhijanto joined with PT First Media Tbk., on April 24 2013 as the Director of Wireless Business Development. His career was not only related the corporate field, yet he also spent his time in the field of education, legislation and research.

Starting his professional career as an associate lawyer for Makes & Partners particularly in business law, Capital Market Law and Telecommunications Law (1995-1997); then served as the Associate Director for Aviacom-Indonesian Center of Telecommunications Law Studies (2000-2009); and then served as Comissioner for the Indonesian Telecommunications Regulatory Committee (Indonesian Telecommunications Regulatory Agency), Ministry of Communication and Information of Indonesia (2009-2012); besides, he was also listed as an arbitrator for the Indonesian National Arbitration Board.

In the field of education, he has numerous experiences as a Lecturer in the Graduate University of Padjadjaran, Bandung (2003-present) for the Master Program of Notary and The Doctoral Degree of Legal Study; and later as a Lecturer at the Faculty of Law, University of Padjadjaran, Bandung for Electronic Commerce Law course, International Law, International Contract Proficiency, International Dispute Settlement Law, Telecommunication Law, Cyberlaw, and Media Law; He also served in the Faculty of Law of University of Padjadjaran, Bandung (2007-2010) as the Secretary of the Law Department of Information and Communication Technology; Chairman of the Legal Department of Information and Communication Technology of Faculty of Law in University of Padjadjaran (2010 - present); then besides in Legal field, Danrivanto has been experienced as a lecturer in the Management field for the Master Degree of Management at Sekolah Manajemen dan Bisnis of Institut Teknologi Bandung (2007 - 2008) as well as teaching in the Telecommunication Master of Management Program in Institut Manajemen Telkom (2005 - 2008).

Johannes Tong*Director*

Johannes Tong has served the office of Corporate Director since April 24 2013, and he received his degree in physics, mathematics and business administration from the Azusa Pacific University and California State University, Los Angeles, also holds the position of Commercial Managing Director in several subsidiaries of PT First Media News (2008–currently), PT First Media Production (2008–currently) and PT Media Sinema Indonesia (2010–currently) as well as a Director for the Art Department of Universitas Pelita Harapan.

His professional tenure includes a Loan Officer for Bank of America, Area Manager for TIMS, a General Manager for PT Sopanusa Paper Mill & Converting, General Manager for PT Tjagrindo Mas Steel Industry, General Manager for PT Plasma Plastic Industry, General Manager for PT Indonesia Performing Arts, and a General Manager for PT Melodia.



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MANAGEMENT DISCUSSION AND ANALYSIS

Business Unit Performance

Generally, the performance of the business units of the Company in the year 2013 is quite favorable, by which the consolidated performance of the Company has increased compared to prior year. The Company's revenue has increased by 32.6% from Rp 1,322,439 million to Rp 1,754,102 million and assets have grown by 21.7%. The Company had actualized its objective to be a leading company in the multimedia business in Indonesia.

This success is achieved through the focus established by the Company in improving the quality of service to its customers, such as customer contact services, connection stability, and impairment recovery. Improved service quality is also supported by innovative marketing and strategies in delivering Fastnet, HomeCable and DataComm to the public. We also believe that our core value is in the service excellent, hence, customer satisfaction is very important. Therefore, in 2013 one of the main focuses of the Company is on human resource development, especially in the areas of customer communication, skills and knowledge on network technology and broadcasting.

At the end of 2013, the number of Internet subscribers has increased and reached 330,000 subscribers and the television service subscribers has increased and reached 320,000 subscribers. This achievement is accomplished as a result of successful strategy to offer several new attractive subscription packages as well as adding new channels.

The Company's financial statements summary of Year 2013 and Year 2012 is as follows on page 61.

Highlights

On a consolidated basis, the Company's revenue in 2013 shows a significant increase, for the internet service subscription that provide the biggest contribution to the Company in 2013. The Company continues to make investments and capital expenditures in order to improve the product and service quality, network expansion and equipment, including subscription television content and content production. Management continues to implement prudent financial policy and discipline in all activities of the Company.

Operating Revenues

In 2013, the Company reaches a revenue of Rp 1,754,102 million, which shows an increase of Rp 431,663 million or 32.6% compared to prior year. Subscription of television services contributes 31.5%, Internet services contributes for 46.4% of revenues, and the rest of 22.1% is obtained through data communication services, media advertising, and others.

In 2013, the Internet service revenue amounting to Rp 813,699 million, which shows an increase of Rp 196,440 million or 31.8% compared to prior year. This revenue increase is achieved from both sales to existing customers as well as to the new customers addition during the year. Internet service subscribers by the end of 2013 increased by 43,000 or 15% of the number of subscribers in 2012. This achievement

is accomplished due to the effective marketing strategy adopted by the Company, such as providing the options of Internet speed with competitive price and bundling package options with television services subscription.

The Company's revenue composition of Year 2013 and Year 2012 is as follows on page 62.

Cost Of Services

The cost of services of the Company consists of the following:

- Cable television programs distribution cost.
- Internet services cost that comprises of Internet bandwidth, rental of Internet equipment, tower lease cost, and other Internet access cost.
- Data communication services cost, which comprises of installation and equipment fees.
- Media advertising production cost.
- Fees on other related services.

Cost of services in 2013 amounting Rp 474,114 million, an increase of Rp 88,987 million or 23.1% compared to cost of services in 2012 which amounting Rp 385,127 million. Such increase derived from the additional cable television channels, larger bandwidth capacity, increase of programming distribution and technical services in 2013.

Generally, in 2013, the ratio of cost of services to revenue improves to 27% compared to 29.1% in 2012.

Gross Profit

The Company posted a gross profit margin of 73.0% in 2013, which is higher than the gross profit margin of 70.9% in 2012, mainly due to the increase in revenue of the Company.

Operating Expenses

Operating expenses comprises of selling expenses and general and administrative expenses. Operating expenses increased by Rp 50,143 million to Rp 718,015 million in 2013. This increase is primarily related to higher cost of sales, increase in marketing and sales activities, and also associated with general and administrative expenses such as the development of subscription television services and Internet services, administrative costs and other expenses. The Increase in operating expenses is in line with the expansion of new cable networks in 2013 of 261,000 home-passes for a total coverage reaching 1.19 million home-passes. This additional network coverage has also contributed positively to the revenue growth.

Profit For The Year

Profit for the year 2013 amounting Rp 19,937 million which increases by 90.4% compared to previous year of Rp 10,470 million. The increase in earnings of 2013 primarily due to an increase of operating income of the Company as outlined above.

Comprehensive Profit

Comprehensive income for the year in 2013 amounting Rp 19,937 million, which increase approximately by Rp 9,467 million compared to the comprehensive income in 2012 which amounted to Rp 10,470 million.

Income Attributable

Income attributable to equity holders of parent entity in 2013 is a loss amounting Rp 103,375 million, compared to a loss amounting Rp 105,162 million in 2012. Income attributable to non-controlling interests in 2013 is a profit amounting Rp 123,312 million, increases by Rp 7,680 million or 6.6% compared to a profit amounting Rp 115,632 million in 2012. It was contributed from profit increase of internet services and pay television services in 2013.

Asset Growth

Total assets as of December 31, 2013 amounting Rp 5,242,465 million, increasing Rp 935,889 million or 21.7% compared to total assets as of December 31, 2012, amounting Rp 4,306,576 million. The Company's current assets increasing Rp 85,267 million from Rp 1,138,314 million as of December 31, 2012 to Rp 1,223,581 million as of December 31, 2013. Company's non-current assets increasing Rp 850,622 million from Rp 3,168,262 million as of December 31, 2012 to Rp 4,018,884 million as of December 31, 2013.

Liability Position

Total liabilities as of December 31, 2013 amounting Rp 2,805,711 million, increasing Rp 915,736 million or 48.5% compared to total liabilities of Rp 1,889,975 million as of December 31, 2012. Total current liabilities increasing Rp 777,664 million from Rp 828,543 million as of December 31, 2012 to Rp 1,606,207 million as of December 31, 2013. The increase in current liabilities is due to the addition of bank loan and obligation under finance lease, and other short-term liabilities in 2013. Company's non-current liabilities increasing Rp 138,072 million from Rp 1,061,432 million as at December 31, 2012 to Rp 1,199,504 million as of December 31, 2013. The increase was primarily due to the addition of loan and capital lease in 2013.

Equity Growth

Total equity as of December 31, 2013 amounting Rp 2,436,754 million, increasing Rp 20,153 million or 0.8% compared to total equity as of December 31, 2012, amounting Rp 2,416,601 million. This increase is due to the value of the Company's comprehensive income earned in 2013.

Liquidity And Financial Sources

The Company's net cash flow from operating activities in 2013 amounting Rp 385,172 million, decreasing Rp 51,262 million compared to the year 2012 in which the net cash flow from operating activities amounting Rp 436,434 million. This is primarily due to an increase in cash receipts from subscribers amounting Rp 697,725 million and increment in cash payments to suppliers Rp 215,624 million and an increase in payments for operating expenses of Rp 241,280 million. Net cash used in investing activities was Rp 1,049,885 million in 2013, increasing Rp 440,859 million or 72.4% from Rp 609.026 million in 2012. In 2013, the Company still investing and capital expenditures in order to improve the quality, network expansion and equipment associated with the development of products and services, including subscription television content, content production and so on. Biggest cash outlay in investing activities in 2013 was the acquisition of fixed assets amounting to Rp 1,034,212 million.

In 2013, net cash flows provided by financing activities amounting Rp 208,310 million, decreasing Rp 119 million or 0.06% compared to the year 2012.

Financial Risk Management

The major financial risks faced by the Company are credit risk, currency risk, interest rate risk, and liquidity risk. Through a risk management approach, the Company has been trying to minimize the potential negative impact of the above risks.

Credit Risk

Credit risk is the risk that one party of a financial instrument will fail to meet its liability and cause the other party to suffer financial losses. The Company's financial instruments which have the potential for credit risk consist of cash and cash equivalents at the bank, accounts receivable and other receivables. Total exposure of maximum credit risk is equal to the carrying value of these accounts. For credit risk associated with banks, only reputable banks is chosen. In addition, the Company policy is not to limit exposure only to one particular institution, so the Company has cash and cash equivalents in various banks.

Currency Risk

Currency risk is the fluctuation risk of the value of financial instruments due to changes of foreign currency exchange rate. The Company conducts transactions using foreign currencies, among others to finance the working capital, thus the Company must convert Rupiah to foreign currency, mainly US Dollars, to fulfill the obligations denominated in foreign currencies at maturity date. Fluctuations in currency exchange rate of Rupiah against the US Dollar may impact the Company financial condition. The Company manages currency risk by continuously monitoring the fluctuation of currency exchange rate so it could perform appropriate actions such as the use of appropriate hedging transactions to mitigate foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to the changes in market interest rate. The Company has exposure against interest rate risk mainly due to the loans with floating interest rate. The Company monitors the impact of interest rate movement to minimize negative impact to the Company.

Liquidity Risk

Liquidity risk is the risk in which the Company could experience difficulties in acquiring funds to meet commitments associated with financial instruments. The Company manages the liquidity risk by maintaining sufficient cash and cash equivalents to enable the Company to meet its commitment to the normal operation of the Company. In addition, the Company also continuously monitors its cash flow projections and actual cash flow, and monitors the maturity date of assets and financial liabilities.

Subsequent Event

On January 7, 2014 and March 3, 2014, the Company drawdowned funds from Bank Permata's Invoice Financing loan facility amounting Rp. 59,827 million and Rp 12,493 million, respectively. The financing effective period is 180 (one hundred eighty) days.

Future Outlook

The Company is looking forward for a promising future, especially in the middle-class consumer. The company is looking forward for the attractive mid-market segment, which is based on observations from several survey institutions for a significant growth in middle market segment. There are approximately 134 million people in Indonesia who are capable to spend US\$ 2-20 per day for living expenses. In terms of behavior, current consumers tend to use content streaming application via pc tablet, personal computer, and smartphone. The consumption growth of digital products lead to a positive increase of the data volume usage, which stimulates high demand for internet connection.

According to the conditions above, in 2014 the Company will focus on the development of HFC networks (Hybrid Fiber Coaxial) in Bandung and Surabaya. Referring to the data survey released by APJII in 2012, Bandung has an internet penetration of 22.1% from the 2.6 million people, while Surabaya has internet penetration of 31.6% from 3,025 million people. Considering that both cities have high market potential for Internet service, these cities accordingly will be the Company's focus in the year 2014.

In addition to expanding the HFC network, in 2014 the Company will also focus on developing products that are value-added services, especially in the Over The Top (OTT) product category. This will be pursued through the First Media Go entity, as well as the development of interactive applications MHP (Multi Home Platform) through First Page entity. To enrich the television services subscriptions, the Company will continue to increase the quality of high definition channels as well as adding in-house channel produced by PT First Media Production for the competitive advantage in television subscription.

In order to optimize the multimedia home services, the Company will continue to publish the tagline "First Media Comfort Services" through a combo package deal that combines internet and subscription television service. The Company will also develop an online payment service through First Media-Selfcare. This publication is a brand positioning of First Media services as a digital service provider with leading-edge, easy, and affordable attributes.

For the corporate services, the Company through DataComm services will continue to expand the network of Multi Protocol Layer Switching (MPLS) network in the business district area of the Jakarta office (Spider Building). Currently there are 92 office buildings connected to DataComm network. The Company believed that the addition of DataComm network is effective to accelerate the installation and maintenance services. The other corporate services that will be developed include the advertising slots sales for both in-house and international channels. This services need to be developed considering the bigger allocation of advertising slots provided by the content provider. Moreover, the television subscription for corporate clients will continue to be developed, especially the distribution of high definition channels via analog network.

OPERATIONAL REVIEW

Operational activities of the Company is to direct the organization's systems to become more efficient and effective to improve the welfare for the sake of the business profitability until the future time.

First Media Network Topology

Picture on page 70



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HomeCable

Television today is one of the most popular electronic means and demand. Television is no longer hard to get as back in the era of the 1950s where communication devices are rare and only certain peoples or individuals could afford it. Nowadays television has reached more than 90 percent of the population in developing countries. Televisions that previously can only be consumed by certain people, now can be enjoyed by all people without any age limit.

Television broadcasts will indulge people in their moments of leisure, holidays, after work and even at work, people are still taking the time to watch television.

The development of television technology was also followed by the development of content, ranging from news to entertainment. Treats varied and interesting events make people honored for taking the time to sit in front of the television. Television entertainment becoming one of important concentration to the Company, For the Company, the role of the television is more or less the same as the role of Internet technology in people's lives. Especially for the middle class that is growing, they need to be entertained a qualified and comfortable to watch entertainment. Their side of the entertainment they need is that could enriched information and those that could enhanced the digital lifestyle.

An optimal television entertainment is not only determined by the number of broadcast variations, but also its quality, features, and applications that made an important factor in optimizing entertainment through television. The HomeCable is the Company's way of care to the society who needed a desirable television entertainment. Through a device called a Set - Top - Box (STB), the Company is able to provide optimal services to the broadcast television medium communities. The Company uses an Set Top Box (STB) which is created not just for a receiver or content conductors but also as a Multimedia Home Platform (MHP), through high technology STB, a variety of interesting applications can be run, such as Quiz app, Football app, Personal Video Recording (PVR), and Video On Demand (VOD).

This year the Company through HomeCable has collected a total of 32 channels of High Definition broadcasts consisting of various genres. In July 2013 the company officially received the English Premier League broadcasting rights for 3 (three) years. Not only the English league, the company also obtain the right to broadcast of more than 5 (five) football league matches from different parts of the world such as Europe, United States, and Latin America. With the increasing number of broadcasts, the Company believes that the cable TV service can win the market and supports the Company 's vision to achieve a "superb services".

For HomeCable product package, the Company conducted a significant changes to the package. Last year, the HomeCable package is divided into three (3) options, plus an additional package or add-on for HD service. But in 2013, the Company rushed to simplify all the packages into 2 (two) options, each package has been provided a HD broadcasts. In the future, the Company will standardized its products to a full HD HomeCable.

Up to the end of the year, the Company has 320.000 customers, this is considered a good result, and HD broadcast has become a factor in building purchase intention to the market. In the future the Company will be heavily promoting the multiscreen technology, as well as additional features such as Application information " First Media Page ", Full PVR with double tuner, as well as the development of VOD and catch-up TV.



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FastNet

One of the America's leading psychology expert, Abraham Maslow defines the pyramid theory of the human needs, where human has five (5) levels of needs. The lowest level

as the most basic human needs is psychological needs that is among others are, food, drink, and sleep. This basic needs will always be sought by human. Without completing this basic level, humans will not climb to the next level of needs.

If this theory is associated with today's digital age, the Internet has entered into the very basic of human needs accompanying food, drink, and sleep. It can be concluded that the Internet has become a natural thing part of the peoples life today. Internet has become a primary needs where people cannot live without.

This fact is evident from the survey of the Cisco Connected World Technology global report, the results of the survey found some facts that the Internet is human basic needs. The survey respondents involve students and young professionals aged 30 years and under in more than 14 countries. The findings of the Cisco World reveals, firstly, from the survey of one in three college students and employees, (33%) believes that the Internet is the basic of human needs, it positioned as important as air, water, food and shelter.

Nearly half (49% of students and 47% of employees) consider that the Internet occupies a position which is almost as important as the basic needs. Four out of five college students and young professionals considers the Internet combined is a very important part in life. Secondly, more than half of respondents (55% of students and 62% of employees) said they could not live without the Internet and they called Internet as the most important part of their life. Thirdly, if they are forced to choose one among the others, the majority of students, approximately two out of three people (64%) would choose the Internet instead of car.

The Company believes that the FastNet product will remain rapidly growing. The company's belief is supported by the reposition of Internet from being considered as premium to being the basic of the peoples needs. This year FastNet still become the consumers first choice of brand to enjoy access to the virtual world. Not only because of the huge bandwidth provided, but also Internet safety is one of the reason of the peoples choice. FastNet grown well in the 2013 due to the increasing optical and coaxial cable network in Jakarta and surrounding residential areas. Currently the number of FastNet's customers are around 330.000 customers.

The increase number of customers is contributed by the network expansion as well as by simplifying the product package into 4 (four) choices of FastNet Express, FastNet Premium, and Ultimate FastNet and FastNet Infinite. Each package of the products already being standardized for a speed of above 3 Mbps. Customers from small and medium enterprise is offered by the FastNet Commerce and FastNet SOHO as a support of their businesses.

DataComm

To support the business, a number of corporations apply the concept of information system in their companies, Nowadays every company in the digital era are utilizing the information systems to structure all information needed to run a business enterprise.

The right words to business industry today is "perfect competition", the business is now at the peak of competition pressure, competing to be the best in their respective industry. More than one company has offered the same product category, each are competing so that the market will absorbed their products. The growing of the business competition could not be separated from economic growth as well as information technology, especially at the emergence of the Internet, the business became very freely to access the information. This access to information is what drives the increased level of knowledge and encourages people to do business and establish an entity.

To support the business, a number of corporations implementing a concept called information system, every company in the digital age is now utilizing information systems to structure all information needed to run a business enterprise. To put it in a



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simpler way, almost all companies has implemented an integrated business application in each of their departments form finance, purchasing, marketing, to human resources. This is to accelerate their business processes in order to balance the pressure of competition.

Looking at the needs and condition of many companies these days, they needed a reliable information access that could support an integrated business application. Through Datacomm, the company provides a stable data connection for companies in running their business. DataComm is able to support corporate processes supported by a solid infrastructure, Metropolitan or Metro-Ethernet and MPLS (Multiprotocol Label Switching) for its connection configuration.

DataComm provides a variety high speed of data transfer services, such as disaster recovery, storage area network, peering services, inter-branch connection and video streaming. While switching system or routing system is adopting the method of network BGP Best - Path Route in Global Internet network through Shortest Path Technique. This technology is prepared to accommodate the bandwidth capacity of 40 Gbps.

DataComm provides three (3) package of services to support the business processes of its corporate customers, namely broadband internet service, corporate internet sharing and high capacity fiber optic leased lines.

HDIPA (High Dedicated Internet Protocol Access)

This package is provided for corporate customers who requires rapid data and communication exchange in its business processes. The connection speed on local bandwidth and international bandwidth (IIX) in the form of dedicated access by a ratio of 1:1 symmetrical downstream and upstream. Customers also gain features such as bandwidth utilization report, bandwidth-on-demand, free 8 static IP address as well as the conversion of fiber to Ethernet RJ-45 connector.

CIS (Corporate Internet Sharing)

This package is provided for corporate customers who requires data rates according to the needs of the corporation or saving service pack. Specifications vary with HDIPA package with “up to” speed. This service is suitable for medium-sized corporations with limited budget.

Leased Line Services (FO-LINK)

This package is created for corporate customers that has more than 1 (one) office. services is aimed to corporate customers who wants to have an integrated data exchange and communication connections from head office to branch offices.

These services packages has been well developed for years. Ever since the Company is serving the Indonesian Stock Exchange’s trading network with remote trading technology, many other corporations are seeking to obtain our DataComm connection services. Until now, our DataComm customers has reached 1,153 customers with the total number of links served of approximately 1,732 links. In 2013, the Company has succeeded in connecting new fiber optic connections to 92 buildings in Jakarta.

In the next few years, the Company believes that its DataComm services will continue to be chosen by all scale corporation, large, medium, and small corporations coming from the creative industries. Datacomm services will be updated with some features that could accelerate all business processes of a company. Not only that, the vision of DataComm itself is to support and promote the industries in Indonesia, as well as to facilitate the Indonesian government programs in growing every sector of the industry to increase the rate of economic development of Indonesia.



BeritaSatu

BeritaSatu shall serve its viewers with programs which presented objectively, impartial, balance, critical and sharp, comprehensive, in-depth, investigative, and non-partisan.

BeritaSatu is the realization of the Company's effort to achieve one of its vision, the Channels. With the presence of BeritaSatu News Channel, public will have broader option to enjoy a more intelligent, fresh, attractive, and mature news channel.

Since its launch in September 2011, BeritaSatu eventually becomes the first news channel in Indonesia that broadcasts in High Definition quality. In HomeCable service, BeritaSatu is accessible in Channel 6 (Standard Definition) and Channel 301 (High Definition). Not only the quality of the show provided, BeritaSatu defines the concept or position as a news channel that provides information to the public with a high journalistic standards and uphold the values of integrity, objectivity, impartiality, and accuracy.

By upholding those values, BeritaSatu expects its viewers to obtain information that is presented objectively, impartial, balanced, critical, incisive, comprehensive, in-depth and investigative as well as non-partisan.

Through this concept, BeritaSatu is trying to implement TV programs with a strong editorial vision. BeritaSatu has featured a number of television programs. BeritaSatu programs are classified into 2 types of programs, a program that broadcasts the latest news and program that broadcasts current affairs programs that provide information and wider insights to the viewers.

In addition to presenting in TV footage form, BeritaSatu also presents some news online through its website www.beritasatu.com with high journalistic standards and values of integrity, objectivity, impartiality and accuracy. Its footage is intended to expand access to information for public. In the future the Company will continue to expand BeritaSatu coverage, improving the quality and quantity of its human resources and developing the operational infrastructure for news broadcasting purposes.

In 2013, BeritaSatu started broadcasting newscasts for 24 hours, with the composition of the broadcast time is 16 hours of live broadcast and the remaining 8 hours rebroadcast. Currently BeritaSatu could be accessed by viewers through the subscription television service HomeCable, Aora TV, and Skynindo. In addition, BeritaSatu News Channel can also be accessed directly through smartphone and tablet devices by downloading First Media Live application.

BeritaSatu program also can be accessed by through several regional TV operators, such as Manado TV, Riau Channel, Duta TV, Beruang TV, dan Sarana TV. BeritaSatu will continue to expand the coverage area by establishing partnership with other parties in various regions of Indonesia, to provide better services for public. In addition, public will have easier access to see BeritaSatu programs with its complement shows which provide a more complete perspective on existing situation in the world surround us.

First Media Production

Content becomes an important factor in megamedia business, because content is the object that is delivered through television and internet networks. Content is one of the cornerstones of the Company's vision, that comprise: Cable TV, Computer, Communication, Content, Channels, and Commerce.

Based on that situation, in February 2008, First Media Production (FMP) was established to be a content provider. Through content the Company may develop various beneficial information for public, not only to entertain but to educate as well, and strengthen the unity.

FMP has three production groups that consist of Creative, Production House and Post-production divisions, which all of them are oriented on creativity and impacting enhancement. FMP started its work in the creative industries through movie production,



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entitled 'SEPULUH', released on February 2009. The film became the initial foundation for FMP to continue their work in the creative industries.

In addition to movie production, FMP also expands its business in advertisement production. Until now, FMP has been producing dozens of advertisements and company profile from various brands such as Matahari Department Store, Ministry of Fisheries and Maritime Affairs, Ministry of Communication and Informatics, Siloam Hospitals, Partai Persatuan Pembangunan, Nutrifood, Herbal Wahida, Nutrindo, Lippo Village and others.

FMP roles in creative industries continues. In 2011, FMP began its first shooting of Film Television (FTV) that goes up to now. Until 2013, the FMP has produced 31 FTV in collaboration with many reputable production house. In January 2013, FMP produced another wide screen movie, entitled "MIKA".

In the same year, FMP provides four television channels, which most of the programs were independently produced. The four channels are Hi!, J'Go, Dangdut and Mix. Hi! is a channel that can be enjoyed by a broad types of audience Indonesian culinary, tourism, music, movies and documentaries. Next is J'Go, the channel that broadcast the Indonesian movies, that features both cinema films and film television. Then there is 'Dangdut', a channel that accomodate dangdut music producers and quench dangdut music fans for 24-hours a day. Then another one is the 'MiX' channel, a channel that broadcasts music and lifestyle program, in addition to its video clip and general television programs. MiX also broadcast live music concerts in Jakarta, such as Java SoulNation, Java Rockin'Land, Java Jazz, and many others.

With the development of creative industries as well as the growing of public needs of varous entertainment for 24-hour a day, FMP with its eperience in various creative industries shall be able to continuously creates various works to entertain public.



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BiGTV

By implementing the state-of-the art technology, BIGTV market its product to new users which have not been using satellite subscription television. To reach the market, BIGTV provides 50 free-to-air channels. Those channels are provided for the new adopters to experience the pleasure of subscription television service with proven quality of pictures.

Constraints of the limitations of wired networks have become a major problem for the Company in delivering pay-TV service in Indonesia. To date, the subscription cable TV companies just reached several regions, such as: Greater Area of Jakarta, Surabaya, and Bali, yet the market is still widely open for outside of Java Island and other provinces in Indonesia that are classified as potential markets. The Company awares of these limitations, therefore, to be able to touch the market outside of Java Island, the only way is to be add a medium that can embrace the entire territory of Indonesia.

The Company have been operating a Ku-Band satellite with a capacity of 12 transponders. Satellite is a great solution to cover all areas of Indonesia. Through its subsidiary, PT Indonesia Media Televisi, the Company can expand its market penetration. This year IMTV using its trademark BIG TV, has been doing sales operations in seven major cities in Indonesia. BIG TV is utilizing the capacity of 7 transponders to carry HD and SD channels, as many as 153 channels. With large number of channels, the Company believes that BIGTV will become a favorite operator in Indonesia.

With the new technology, BIGTV market its products to the consumers whom never use a satellite subscription TV. To reach the market, BIGTV provides 50 free - to-air channels for the new adopters to experience the pleasure of subscription television service with proven quality of pictures. By content composition, BIGTV provides

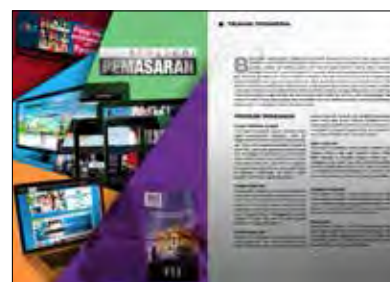
80% premium foreign channels, and the remaining are local and free-to-air channels. The BIGTV customer premise equipment or set-top-box equipped with HDMI port, MHP Application, and USB port for PVR (Personal Video Recording).

BIGTV product package provides five basic packages for postpaid subscribers and prepaid subscribers are offered six packages. For its distribution, BIGTV COOPERATES WITH hypermarket chain store spread throughout Indonesia. This distribution mean is relatively reliable to increase the availability of BIGTV products in the market. Not only hypermarket, BIGTV is cooperating with local dealers to increase the sales.

In the future, BIGTV would lead in-house and sport contents. It is believed that it could be the best value proposition in the context of pay TV competition. For in-house content, BIGTV will provide Indonesian contents, starting with culinary, culture, and tourism sites throughout Indonesia. By carrying local content, BIGTV would like to deliver the importance of adoring local contents.

Marketing Strategy

The term “Superb services” has become the marketing target of the Company in 2013. That phrase is defined by the Company as an integrated and optimal services it gives to the customer with the spirit of loyalty, integrity and quality of the service itself. This keyword became the guideline of the Company to run its Pay-TV and internet broadband business in 2013. The word “service” is the keyword that reminded the Company to not only be focused on developing the product leadership element, yet also to get focused on the other elements such as operational excellence and customer intimacy. These three elements are certainly the subject of enhancement every year, considering the aggressiveness of market changes. To accommodate the complexity of the market, the Company expanded its HFC (Hybrid Fiber Coaxial) cable network into 1 million home-passes, which is equal to 1 million homes has been covered by the Company’s cable infrastructure. With this expansion, the Company has the opportunity to increase its Pay-TV and internet broadband services.



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Marketing Programs

Combo Packages

To increase the quality of the services, the Company has always been aggressively enhancing its services, by restructuring all the packages it has to be more attractive. In 2013, combo packages which consist of combination of 2 services, Pay-TV and internet services, has become the main strategy of the Company to compete with its competitors. Combo packages are very effective to be marketed in urban and suburban area. These Combo Packages are delivered by the Company as “superb services” to public.

Family Combo HD

This package was designed for a group of consumers whom relish minimum digital entertainment service. This group of consumers likes social media and digital programs. The Company offers a up-to 1 Mbps internet service and 72 channels of HomeCable service that consist of 56 Standard Definition (SD) and 16 High Definition (HD) channels.

D'Lite Combo HD

This package was designed for a group of consumers which are new in adopting digital entertainment service. They tend to try and avoid perplexity in deciding the product package. The Company offers up-to 3 Mbps internet connection combined with 94 channels of HomeCable service that consist of 67 Standard Definition (SD) and 27 High Definition (HD) channels.

Elite Combo HD

This package was designed for a group of consumers with medium usage of digital entertainment service. This group of consumers regularly utilizing Pay-TV and internet services. The Company offers up-to 5 Mbps internet service combined with 114 channels of HomeCable service which consist of 79 Standard Definition (SD) and 35 High Definition (HD) channels.

Supreme Combo HD

This package was designed for a group of consumers with heavy usage of digital entertainment service. The Company offers up-to 8 Mbps internet connection combined with 142 channels of HomeCable service which consist of 95 Standard Definition (SD) and 47 High Definition (HD) channels.

Maxima HD

This package was designed for a group of consumers with super heavy usage of digital entertainment service. The Company offers up-to 16 Mbps internet service combined with 143 channels of HomeCable service which consist of 96 Standard Definition (SD) and 47 High Definition (HD) channels.

Marketing Communication

One of the marketing experts, Jack Trout said that a brand must be instilled well into customers' mind. To get exposed in the mind of prospects, a brand must have a strong, unique, and favorable attributes to stay in the semantic system of human brain. To get exposed into human mind, a brand needs unique attributes that are suitable with the customer's expectation, and to accelerate this process the unique attributes must be conveyed with a proper message of communication, not just a creative campaign.

Through Jack Trout statement, the Company realizes that building a good brand cannot be done instantly. A successful brand campaign needs an integrated marketing program. One of the aspects is using effective communication method that consist of electronic and non-electronic advertising, events and experiences activities, social media and marketing public relations.

The Company performs its marketing communication activities using several means such as social media, websites, radios, newspaper, magazines, billboard and several events. For printed media, the Company chose to use well-known media such as Kompas, Suara Pembaruan, Investor Daily, Jakarta Globe and other media from MRA Group. Despite utilizing well-known media, the Company also used other printed media such as brochures, fliers and Point of Sales Material.

Simultaneously with the expansion of its cable network, the Company also performs micro marketing activities in several area within Greater Area of Jakarta. Micro marketing was performed to strengthen the Company's brand to society, specifically by increasing the participation of children and teenagers in the Company's marketing events within the Company's booth area. Photo event was also an effective tool to communicate brand for children and teenager. Why focusing on children? Because children are considered as the future market, and if the Company's brand is exposed in the children's mind, there will be a chance that these children would remember the Company's brand in the future.

Music events such as Java Jazz, Java Rockinland and Java SoulNation are favorite events for the Company to market its services. In 2013, the Company's products, HomeCable and Fastnet, were put in the events. Similar to the previous year, the Company's booth always adjusted to the particular theme of every music event.

FastNet 100 Mbps

FastNet service, which was launched in 2007, always associated with image branding of fast, affordable and simple internet service. Those core identities have always been enhanced every year including in 2013. The gradual increase of bandwidth capacity has become major aspect for the Company to enhance its FastNet every year, and it's always in line with the increase of bandwidth necessity. Subscribers nowadays are always hungry for high-speed internet services. Therefore, the Company believes that the subscribers, especially in urban area shall be provided with excellent internet service.

In 2013, the Company launched its new internet product. This newcomer product is called FastNet 100 Mbps. This high-speed internet was introduced within Jakarta Greater Area to support digital life style. This product is designated to subscribers, for instance the gamers community and photographers community who regularly upload high resolution photos to the internet, and users of devices such as Apple TV or other streaming media.

FastNet 100Mbps was launched on 5 September 2013 at TGI Friday Café, Kemang Village. The launching event was attended by several media partners and accompanied with the demonstration of speed test. The Company wish that this FastNet 100 Mbps shall become a major tool to communicate "superb services" to the public.

50 Channel High Definition

In 2013, the Company actively adding numbers of High Definition (HD) Channels. In total, currently there are 50 HD channels within the Company's Pay-TV services, comprising news, music, entertainment, sports and box office movies channels. For the Company, this increase of HD Channel is a requirement to achieve the "superb services". The service of Pay-TV has to be improved by providing excellent video quality. "Superb services" will not be complete without strong differential position, therefore the Company has developed in-house content to strengthen the positioning of the Company in the market and within the competitor.

Football Content And Interactive Application

Pay-TV has become a favorite product in urban society, especially in Greater Area of Jakarta. Since HomeCable brand launched in 2007, the brand has become a perfect solution for household in subject of home entertainment through television. Beside easy installation and weather proof superiority, HomeCable consistently upgrading its channels with High Definition quality contents. The attributes of excellent picture quality, simple and friendly content, has become a favorable attributes for HomeCable in compiling the marketing program.

In August 2013, the Company officially granted the license to broadcast English Premier League and other bona fide European leagues. By adding this sport channels, especially the English football channel, it has made the Company more confident in offering its Pay-TV products in Greater Area of Jakarta. The Company believes that sport content, specifically football, still attracts a great attention from Indonesian market. Through this fact, the Company believes that its HomeCable service increase the numbers of subscribers significantly.

Besides being aggressive in adding a numbers of channels, the Company also developed an interactive application in its HomeCable service, which is named "Multimedia Home Platform" (MHP) with Java-based programming, embedded in the Set-Top-Box ("STB"). This MHP application is a foundation for developing another application to enhance its value proposition, such as weather information, stock exchange, games, and traffic monitoring system. The objective of developing the application is to provide added value for HomeCable subscribers.

In 2013, the Company creates an interactive application for football channels, called “Football Super League Application”. The application was designed for boosting the football channel promotion through beIN Sport 1 and beIN Sport 2 channel. This application will appear when subscribers press the red button on the remote control while watching these two sport channels. This application will provide any information about football from league table, schedule, match result, and formation line-up each squad. Not only that the application has interactive Football Quiz everyday. Subscribers can participate in the quiz through its Twitter account to respond or make answer.

First Media Self-Care

In 2013, the Company has developed a new feature to improve quality service for its subscribers. The new feature is called “First Media Selfcare”, which was designed to facilitate subscribers in transaction process and access for billing statement, billing payment, log payment, and detail subscription package through Company’s website. The Company believes that this feature is a good tool for subscribers to avoid any possibility of fraud, double billing, and fault calculation. To access this feature subscribers’ needs to create account called “First ID” through www.firstmedia.com.

Social Media

Social media is a tool for monitoring market activities toward the existing product. For the Company, social media can be deemed as a forecaster, also a second alternative method to conduct market research. Social media can provide a real time information that gives positive input for the organization, instead of conducting a conventional research activities that requires several weeks to accomplish. However, the Company does not leave the conventional research altogether, instead it observes the conventional research as final method to gain more information after monitoring social media activities. Social media is used to obtain preliminary source to be utilized in conducting conventional research.

Other benefit from social media is, the Company can monitor and evaluate subscriber’s conversation, which is very valuable to gain new information. It is very clear that Facebook, Twitter, and blogs have gained big influence to encourage subscribers to make decision to purchase a product. The conversation in social media can give insight of subscribers’ expectation, feeling, and identity toward existing product brand. This insight could clearly aware the attributes, features, and benefits sought by its subscribers. By always monitoring all the conversation, the Company can have a right strategy to position their product, and also to develop new product.

Based on the Company’s perspective, social media is a great tool to define trend projection about a brand in the future. When a brand has many positive responses, subscribers will be more than willing to give recommendation, and in the end it will be easier to predict whether a brand would generate a positive impact in the future. In 2013, the Company utilized several social media accounts such as, Facebook and Twitter, and from these two accounts, Twitter became the main tool to evaluate all subscribers or followers conversation. Until the end of 2013, the Company has collected 35.503 Twitter followers, and this could give good opportunities for the Company to generate creative and benefit promotion, and also chance to incorporate various conversation topics related to the Company’s latest service.

BeritaSatu News Channel Goes to Campus

The Company’s mission in media business is not only to gain profit and sustainable economic scale, but also to contribute for the society. Therefore in 2013, the Company, through FMN held a journalistic seminar for university students. In 18 November 2013 the Company brought BeritaSatu News Channel to visit Universitas Budi Luhur to give journalistic seminar, Meet the Presenter program, opening casting, and recruitment.

The theme of the particular event was “Jadi Reporter? Siapa Takut!” (Become a Reporter? Who’s afraid?), which became a big message for the Company to share and enlightened the students about TV broadcasting industry.

In the event, senior presenters such as Rike Amru, Ellyza Hasan, Awis Mrrani, and Donny de Keizer became the main speakers for Budi Luhur’s students. These four presenters explained about the prospect of broadcasting industry, as well as their work experience as TV presenters. To bring more transparency, BeritaSatu News Channel gave all students opportunities to join Live report competition, which at the same time it became an open casting and recruitment process.

The presence of BeritaSatu News Channel eventually corresponded with the expectation of Budi Luhur University. One of the factors was, as an education institute, Budi Luhur has desire to improve their students on knowledge of industry, in which the combination between theory and implementation must run together. So through the event, BeritaSatu News Channel was supporting the advancement of education quality in Indonesia, especially in television broadcasting industry.

Market Potential

Nowadays, the competition landscape has changed into a more complicated form, that each industry has been filled with many enterprises confronting to get attention from the targeted market. Based on market survey, the penetration of Pay-TV in Indonesia is still in low category. Out of 44 million of Indonesian’s household, only 5% of it that subscribe to Pay-TV product, either cable or satellite technology. Low market penetration has made a great open competition between pay-tv operator, indeed various pay-tv company are soaring aggressively to penetrate the untapped market.

From the Company’s point of view, this industry belongs to a solid and crowded competition, and will lead to unfair competition, particularly price competition. The Company evaluates this situation that the competition is not merely focusing on price, but the essence of competition is the unique content. The terms of content does not solely foreign channels, but also in-house channels production that can open a new distinction. Through in-house contents production, the Company can open another revenue stream for the Company, such as media or adversiting sales (TV commercial). The Company assess that internet market is still appealing. Eventhough the number of netizens has reached 74 million, but the root problem is still same, the market still cannot find a fast and affordable internet services. This root problem triggers the Company to increase the quality and expand its network coverage along with bandwidth capacity.

On the other side, in 2013 the Company perceives a shifting in market situation, especially the customer’s behavior in Indonesia. The change in market situation has been observed by MarkPlus, that Indonesian market is shifting into the rise of middle-income customers. Based on World Bank’s data, Indonesia has increase numbers of people with SES (socio economic status), which is around 134 million people Indonesia can spend USD 2-20 per day.

The rise of buying power by middle-level consumer, is because the middle household generates double income every month, from both husband and wife who have job or work and obtain double salary every month. With this double income, the middle household has more opportunities to spend their money. From psychographic aspect, this middle family has a willingness to spend fund for branded shopping goods. If this is associated with internet and TV product, middle family has been categorized savvy in communicate via the internet. It is proven that if such households are seeking products they need, they usually look for information through internet. This middle-income family assess that TV is a great tools for home entertainment.

The rise of middle-level consumers is a good prospect, and overall, Indonesian market has experienced positive increase in standard of living. Indeed, the influence of economics, politics, education, and technology, has become major contribution for market to achieve better standard of living. The Company evaluates this as a

good opportunity to offer internet and Pay-TV product, moreover these two product categories could become a basic needs in the society.

When there are opportunities, there are competitions. The competition & growth of middle-level market lead the Company to a view that it gives the Company a great opportunity yet a threat. As well as the Company, competitors also pursuing the growth of middle-level market in Indonesia. The Company is in view that competition is common and it triggers the Company to strategically map out its marketing programs. Not only building an excessive promotion, but the Company depends more to brand equity approach to gather market interest.



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CORPORATE GOVERNANCE

The implementation of corporate governance in a company is very important as one of the processes to maintain the company's sustainability in the long term that put the priority of shareholders' and stakeholders' interests. Taking into consideration the importance of corporate governance, the company saw the need of the implementation of Good Corporate Governance (GCG).

To benefit from GCG implementation, the company is continuously working on implementing and developing it consistently and continuously. By doing it consistently and continuously and supported by high integrity and commitment as well as active role of the various parties in the company, GCG will become not merely an obligation that must be carried out, yet also become the part of corporate culture to achieve sustainability and survival of the company in the long term, to improve the company's performance, and eventually to give added value for the benefit of shareholders and stakeholders, including the users and customers of the services of the company. Top-down approach in the implementation of GCG is done by observing the existing laws and culture of the company which is expected to facilitate the implementation of GCG and gain support from each party.

In accordance to the Company's commitment to implement a consistent and sustainable corporate governance, First Media has received some supporting tools as a guiding implementation, such as, Vision, Mission and Values, Regulations, Guidelines for the Code of Ethics and Professional Responsibility, as well as various Standard Operational Procedures that have long been established, besides equipping the supporting tools for GCG implementation, yet also consistently developing the existing supporting devices to be adapted to the development of company's business and competitive conditions in the market.

The implementation of GCG by the Company is actively supported by the Board of Commissioners and the Board of Directors. The clarity of each task implementation of the Board of Commissioners and Board of Directors, the determining of the Company's strategic plans which are tailored to the Work Plan and Budget (CBP), the implementation of compliance and risk management functions, and the formation of committees and work units that supervise and internal controls of the Company, is the embodiment of commitment Board of Commissioners and Board of Directors in a GCG implementation. To ensure the implementation of corporate governance, not merely to satisfy the requirements based on state laws, some independent party appointed by the Company to serve on the Board of Commissioners and Board of Directors.

The Implementation Of Good Corporate Governance Principle

In implementing the GCG principles, First Media observes a good Corporate Governance Guidelines set by the National Committee on Governance (NCG) with application rates, as the 5 basic pillars of corporate governance, namely: Transparency, Accountability, Responsibility, Independency, and Fairness.

The Company believes that the application of the 5 (five) basic pillars can be a reliable instrument in managing all aspects of the business carried by the Company, either by the Board of Commissioners, Board of Directors, and all employees of the Company, which is expected to create a balance in the business operation as a whole. The balance in business operations to be achieved include all forms of interests, both individuals and groups, both internal and external, therefore the interests of the company, shareholders, and stakeholders will reach the equilibrium point.

Transparency

As a public company, the company has always tried to maintain objectivity in carrying out its business activities by providing relevant and material information to the shareholders and stakeholders, as well as ensuring that the information is provided in a timely, adequate, clear, accurate, and easily accessible.

The Company continues to deliver a various regular reports that are required for public companies, including interim financial statements, mid-annual financial statements and audited annual financial statements, annual reports, and incidental statements which include items related to corporate actions, affiliate transactions, and transaction material, wholly either in public exposure or through print and electronic media. In addition, the company also provides the official website (www.firstmedia.com) as a mean of access for the general public to acquire the Company's annual report.

Accountability

The implementation of the pillars of accountability as a public company is a form of accountability to the shareholders and stakeholders in order to make the managing process of the company is carried out correctly, measurable, and in accordance with the interests of the company without putting aside the interests of shareholders and stakeholders.

To maintain its accountability, the Company is setting the clarity of function, execution and accountability in each of its section, besides ensuring that all parts within its body and the employees possess sufficient competencies in accordance with their duties, responsibilities, and role in their business activities. Every employee is given opportunity to participate in training programs and seminars, both from internal and external of the company, for the development of competencies. Not only stop there, the results of the development are implemented and deployed to other employees, therefore there is always an increase and improvement in every aspect in the company. The system implementation by the Company in connection with the award for outstanding employees and sanctions for employees who violate rules also provide an opportunity for the Company to objectively test its accountability.

Besides emphasizing on the competency of each employee, there is a reward system for employees who perform good achievements, and sanctions for employees who violate the rules. It will give opportunity for company to objectively test its accountability. The company also has committees and work unites that oversee and control its internal departments, and responsible directly to the Board of Commissioners and Board of Directors to ensure that every part within the company carry out its roles and functions well.

Responsibility

Any company that is conducting business has a responsibility to conduct its process in accordance with the legislation in force, and ours is no exception. The benefits of complying to these laws and regulations will not only be benefited by its customers that can enjoy our service conveniently, but also for the company to run its operations smoothly and achieve sustainability in the long term. One of the company's efforts in implementing this precautionary principle is to utilize a Company Secretary in cooperation with Corporate Legal division to ensure compliance with the Company's Articles of Association, the Company's Rules and regulations in the field of capital markets.

The company is fully aware that the existence of its business is not only beneficial for the subscribers or customers, but also for the people who live in the surrounding areas of company's business premises. The company constantly seeks to not only the existence of the business benefit to the customers, but also for the people that are around the place its business activities. Company's benefits for the communities where the Company's does its business activities is not only in providing of employment, but also by conducting various social responsibility programs (Corporate Social Responsibility/CSR). It is expected that the Company can gain recognition as a good corporate citizen.

Independency

The company continues to ensure that the management carried out their work independently, not dominate the other, unaffected by special interests, and free from conflicts of interest. Thus the decision will always be objective and is expected to provide the optimum output for the benefit of shareholders, stakeholders, and employees. For example, the Board of Directors and Board of Commissioners may have an independent opinion for decision making, of course, without prejudice to the possibility to obtain an independent opinion or advice from legal counsel, human resources, and other independent consultants.

As a form of independence, the Company has appointed some highly reputable independent parties to sit on the Board of Commissioners and the Board of Directors and provide the maximum role of the Audit Committee in overseeing the activities of the Company's business.

Equality and Fairness

The principle of equality and fairness is applied by the company for any interested party to the Company. The company continues to provide a reasonable opportunity for each party to be able to access the information of the Company in accordance with the principles of transparency within the scope of the position, respectively, in accordance with the benefits and contributions made by the authority of the capital market, capital markets community, and stakeholders to the Company.

The equality principle is also applied by the Company to any individual who is competent and dedicated and willing to work for the Company. Career development of each of the company's employees is not differentiated by ethnicity, religion, race, class, gender, and physical condition. The company continues to maintain and pay attention to the balance between the rights and obligations of employees is fair and reasonable.

Corporate Governance Guidance

Company Regulation

Implementation of good corporate governance is not solely reflected in the vision, mission, and values of the company, but also explaining how a company complies with applicable regulations to achieve the vision, mission, and values. The Company, as part of a good corporate citizen, realizes that regulation is necessary not merely to regulate the company's external relations with the public, but also the internal regulations that are governing the company's relationship with its employees. For that purpose, the Company is constructing a set of rules that are set as company rules.

The Company's regulations are prepared in line with the philosophy of Pancasila and the National Development Program, where economic recovery and improvement in the lives of the nation should be supported jointly by all the people of Indonesia. In this regard, the Company intends to not only participate in the development of the Indonesian economy by developing its business activities, but also to develop human resources, improve competition and competence of human resources.

Management of human resources has been established as one part in the development of the Company's strategic plan, because in this way the Company can be smoothly and continuously improve its ability to compete with other companies in Indonesia.

The Company continues to believe that human resource is an asset that is essential for the sustainability of the growth and development of the Company and the Company's long-term existence is also important for its employees. Various aspects are considered by the Company in order to create a harmonious relationship, safe, steady, serene, and the dynamic between the Company and all its employees, including about clarity in the duties, rights, and obligations of everyday employees, attention to the needs of life in a healthy condition and pain, as well as atmospheric work environment that supports employee performance. These aspects are expected to enhance employee productivity and help create peace and satisfaction of employees in the work that will greatly help resolve issues that may arise in discussion.

Company's regulations was approved by Decree of the Ministry of Manpower and Transmigration of the Republic of Indonesia, Directorate General of Industrial Relations Labor and Social Security Number: 249/PHIJSK-PKKAD/PP/IV/2013 dated 22 April 2013 which is valid until April 21, 2015. In general, the Company's regulations indicate the rights and obligations of employees and the company, as well as provisions aimed at fostering relationships are harmonious and balanced in order to increase efficiency, productivity and optimum performance. It is expected that the Company's regulations to realize the creation of a conducive industrial relations between the employees and the Company, taking into account legislation and government regulation, including adjustment in the future.

Code Of Ethics And Professional Responsibility

The Company's commitment as a public company to obtain long-term sustainability is not only reflected in the Company's compliance with the rules that are binding. The Company also continues to implement a standard code of ethics and professional responsibility as one of the benchmarks in its efforts to achieve a balance of the Company's business operations. In addition the Company is obliged to meet the requirements of all applicable legislation, the Company implement a code of ethics and standards of professional responsibility as a responsibility of the Company to the public, customers, shareholders and other stakeholders in carrying out its business activities.

In line with international standards, a commitment to always comply with applicable regulations, and the application of the principles of good corporate governance, it is fundamentally important for the Company to establish the Code of Ethics and Standards of Professional Responsibility (the Code) which has been ratified by Decree Number of Directors: SK-008/DIR/X/10, dated October 19, 2010. The entire management and employees must understand the standards of this code as a basis for the application of the act that governs the relationship between the employee and the Company, fellow employees, customers, suppliers, shareholders, stakeholders, governments and society. The entire management and employees are required to sign a standard code of conduct every two years.

Treatment of the above irregularities Company Regulations and Code of Ethics and Professional Responsibility conducted through in-depth investigation and based on the facts, while the decision was made and given due consideration by the action, the degree of intent and motive. Through careful and objective consideration, the Board of Directors decides the type of sanctions that are tailored to weight deviations and organizational hierarchy (rank or office employees). Sanctions to employees can form an oral reprimand, warning letters (I,II, III), was not given a raise, promotion or bonus, up to termination of employment (FLE). Especially for termination, after approval by the Board, followed by the submission of permit application to the Department of Labor in accordance Labor Law of the Republic of Indonesia.

Complaints Management Policy Violations

Kebijakan Pengelolaan Pengaduan Pelanggaran (KP3) is a system that can be used as media for reporting witness to convey information about the violations that is indicated has occurred. Reports obtained from infringement complaint mechanism

(whistleblowing) needs to get attention and follow-up, including the imposition of appropriate penalties in order to provide a deterrent for offenders and also for those who intend to do so.

KP3 is intended as a basic guideline for the implementation or handling of Violation Complaint stakeholders to ensure the implementation of mechanisms for resolving complaints of violations are effective in sufficient time. The end goal is an attempt to disclosure in the Company's various problems that are not in accordance with the Code of Conduct in force in the Company.

KP3 is applied to the management and employees of the Company and all its business units in performing everyday tasks in accordance with the principles of good corporate governance.

General Rules Violation Complaint Handling

The Company shall receive complaints of violations of internal and external parties. The Company shall receive and resolve complaints of violations, both of which include the identity of the reporting or not.

The Company provides two channels of complaint management, namely through the Board of Directors when the offense allegedly committed by the employee, and the path of the Commissioners if violations allegedly committed by the Board of Directors, the Board of Commissioners, the organ supporting the Board of Commissioners and Chief of the Unit of Work in accordance with the level of the offender.

A. Complaint Management Process

1. Violation Complaint Management Team verified the reports received by the team record. Abuse Complaint Management Team will decide whether or not to do an investigation into complaints of violations within 30 days and can be extended for a maximum of 30 working days.
2. If the verification result shows that the complaint is not true and there is no evidence it will not be processed further.
3. If the verification result is an indication of a violation that accompanied the evidence is sufficient, then the complaint can be processed to the stage of investigation.
4. About complaints that involve violations that require investigation unscrupulous employees, shall be acted upon by the Management Team Board of Directors level Violation Complaint for investigation.
5. Related complaints involving violations of Directors, the Board of Commissioners, the organ supporting the Board of Commissioners and Chief of the Unit of Work that requires investigation, shall be acted upon by the Management Team BOC rate Violation Complaint for investigation.
6. Offenders who have been proven based on the results of the investigation, will be processed in accordance with applicable regulations.
7. If the results of the investigation proved the existence of breaches of discipline by the employee, it can be acted upon in accordance with the disciplinary hearing with the Board of Directors as a judge applies, Internal Audit Division as a prosecutor, Division of Human Resources or the Corporate Legal Division as a defender and opinions or input from the relevant supervisor.
8. If the investigation results of an infringement by an employee that leads to criminal acts, then the process can be followed applicable law to law enforcement agencies by the Board of Directors or duly authorized for that as the official in charge of the case.
9. The whole process complaints of violations administered either by the Violation Complaint Management Team.

B. Follow-Up Monitoring Of Complaints Of Violations

1. Follow-up monitoring of complaints of violations committed by Violation Complaint Management Team.

2. Abuse Complaint Management Team must inform violation complaints received, investigated, and which is considered completed and the Board of Directors or Board of Commissioners at any time needed.

Protection And Appreciation

- A. Protection Reporting and Reported
 1. The Company 's obligation to protect the complainant intended to encourage the courage to report violations.
 2. Protection of the reporting include:
 - a. Guarantee of anonymity of the reporting and content of the report.
 - b. Guarantee the safety of the complainant or his family.
 - c. Guarantee of protection against adverse treatment.
 3. The Company provides guarantees anonymity reported to the examinee status change
- B. Appreciation to the Reporting Party
 1. The Company may gives rewards to the reporting party for any breach which can be proven so that the asset/financial of the Company can be saved.
 2. The rewards will be given through Board of Directors policy.

Quality Management System

The Company has obtained the ISO 9001:2000 standard certification on January 6, 2004 from the United Registrar of Systems Ltd (URS) in recognition of the organization's Quality System in accordance with ISO 9001:2000. Activities covered by the ISO 9001:2000 certification is for Cable TV and Internet data.

URS conduct surveillance audits on a regular basis (twice a year) to ascertain whether the Company is able to meet the requirements to maintain certification to ISO 9001:2000. Since 2004, the Company has been able to maintain such certification and have never experienced a significant constraint.

In May 2009, there is a conversion of the status of ISO 9001:2000 to ISO 9001:2008. The Company has received recommendation to register the conversion of the status of ISO 9001:2000 to ISO 9001:2008 surveillance audit results based on 13 to 14 May 2009. In February 2010, the Company obtained the ISO 9001:2008 standard certification.

Standard Operation Procedure

To ensure that all operations run according to the provisions that have been made, the Company is preparing Standard Operating Procedures in detail. This standard also serves as a reference in quality audit process undertaken to the Company.

Corporate Governance Structure

Corporate Governance Structure of Company consists of General Meeting of Shareholders, Board of Commissioners and Board of Directors, which are supported by the Audit Committee who is responsible to the Board of Commissioners, Corporate Secretary and Internal Audit Unit who is directly responsible to the President Director. The Corporate structure is a main contribution for implement Good Corporate Governance, this structure is doing the function as on applicable laws, article of association, and other requirements. Each structure has independency on duty, function, and responsibility for Company's interest.

General Meeting Of Shareholders

General Meeting of Shareholders (GMS) is corporate executive who holds the highest power and authority. The authorities of General Meeting of Shareholders are, among

others, to appoint and to remove member of Board of Commissioners and Board of Directors, to evaluate the performance of Board of Commissioners and Board of Directors, to approve the amendment of Article of Association, to approve the annual report, and to determine the form and amount of remuneration of the member of Board of Commissioners and Board of Directors. In 2013, company held 1 (one) Annual General Meeting of Shareholders (AGMS) on 25 April 2013, and 1 (one) Extraordinary General Meeting of Shareholders (EGMS) on 24 September 2013.

AGMS Dated 25 April 2013

The Decisions of the AGMS:

1. a. Accepting and approving the Annual Report of the Company for financial year ended on December 31, 2012 along with the Company's business and development plan.
- b. Approving the Balance Sheet and the Profit and Loss Statement of the Company for the financial year ending on December 31, 2012 and to fully release and discharge all members of the Board of Directors and the Board of Commissioner (acquit et de charge) for any management actions and supervision carried out by them during the financial year ending on December 31, 2012.
2. Approving Company's decision not to distribute dividends to the shareholders for financial year ending on December 31, 2012.
3. Approving the grant of Power of Attorney to the Board of Directors and/or the Board of Commissioners of the Company to appoint Public Accountant Office which is registered at the OTORITAS JASA KEUANGAN and which fulfills the international standard as the Company's Public Accountant to audit Balance Sheet, Profit and Loss Calculation and other parts of the Financial Report of the Company's for the 2013 financial year as well as to delegate authority to the Board of Directors of the Company to determine honorarium and other requirement for the appointment of the Public Accountant.

4. a. Appoint members of the Board of Commissioners and Board of Directors, as follows:

President Commissioner	: Peter Frans Gontha
Independent Commissioner	: Didik Junaidi Rachbini
Independent Commissioner	: Rizal Ramli
Commissioner	: Theo Leo Sambuaga
Commissioner	: Markus Permadi
President Director	: Irwan Djaja
Director	: Dicky Setiadi Moechtar
Director	: Harianda Noerlan
Director	: Larry Ridwan
Director	: Ali Chendra
Director	: Johannes Tong
Director	: Danrivanto Budhijanto

For the term of office calculated from the closing of the Meeting until the first Annual General Meeting of Shareholders since its appointment.

- b. Grant the Power of Attorney to the President Commissioner to determine the amount of honorarium, allowance, salary, bonus, and/or other remuneration of the members of the Board of Directors and members of the Board of Commissioners.

EGMS Dated 24 September 2013

The Decisions of the EGMS:

1. Approved the amendment of Article 3 of the Articles of Association relating to the intent and purpose as well as business activities; Thus for the next Article 3 of the Articles of Association to read as follows:

The Aims And Purposes Of Business Activities

Article 3

1. The aims and objectives of the Company is engaged in the telecommunications and content providers.
2. To achieve the objectives mentioned above the Company may carry out business activities, among other:
 - a. As telecommunication networks through wired and wireless, both fixed line and mobile networks, among others: local fixed network, fixed network of long-distance and international calls, remains closed networks, terrestrial mobile networks, cellular, satellite, and development;
 - b. As telecom service providers, both wired and wirelessly, including basic telephony services, value-added telephony services, multimedia services; antarlain, telephone service, facsimile, telex, telegraph, internet access (internet service provider), the Internet interconnection services (network access point/NAP), internet telephony services for public purposes and data communications services, and development;
 - c. As a provider, aggregator, and distributor of content, including information content, entertainment, multimedia, television and radio broadcasts, an application (software), and online video streaming, either directly or online.

To support the business activities of the above, the Company may carry on business in the provision and/or management of IP routing and transit, providers and/or management information service center (including call centers, SMS center, and the site user services), managing billing system, premium call, calling card, virtual phone numbers (virtual private phone number), telephone records to the public and stores as well as forward, and the provision of content services through mobile cellular network operator or the wireless fixed local network without wires.

2. a. Receive and approve the resignation of Peter Frans Gontha as President Commissioner and Irwan Djaja as President Director of the Company, as of the closing of the General Meeting of Shareholders, as well as providing full release and discharge (acquitt et de charge) for the actions of management and/or monitoring that has been done by the concerned during his tenure, to the extent such actions are reflected in the Annual Report and Financial Statements of the Company.
- b. Approved the appointment of Leo Theo Sambuaga as President Commissioner of the Company, and the appointment of Prof. DR. H. Muladi, SH as Independent Commissioner, as well as the appointment of Drs. Ito Sumardi DS, SH, MBA, MM as Independent Commissioner of the conclusion of the AGM until the closing of the first Annual General Meeting of Shareholders since its appointment.

Thus the complete composition of the Board of Commissioners and Board of Directors including the Independent Commissioner for a term commencing from the closing of the Meeting until the conclusion of the Annual General Meeting of Shareholders of the first after this appointment, is as follows:

Board of Commisioners

President Commissioner	: Drs. Theo Leo Sambuaga
Independent Commissioner	: Prof. Didik Junaidi Rachbini
Independent Commissioner	: DR. Rizal Ramli
Independent Commissioner	: Prof. DR. H. Muladi, SH
Independent Commissioner	: Drs. Ito Sumardi, DS, SH, MBA, MM
Commissioner	: Markus Permadi

Board of Directors

President Director	: To Be Determined Later
Director	: Dicky Setiadi Moechtar
Non-Affiliated Director	: Harianda Noerlan
Director	: Ali Chendra
Director	: Larry Ridwan
Director	: Johannes Tong
Director	: Danrivanto Budhijanto

3. Approve and authorize the Board of Directors to carry out all necessary actions relating to the decisions mentioned above, including but not limited to restate the decision of this meeting into a notarial deed, make or request made of all deeds, letters as well as the required documents, appearing before the party/competent authority for approval or report or notify the parties/officials, and announced in the Official Gazette in accordance with the legislation in force.

Organization Structure

Picture on page 105

Board Of Commissioners

In accordance with the applicable laws, the Board of Commissioners is the organ of company who represent the shareholders to do the monitoring function on the policy and strategy implementation done by the Board of Directors and to give direction/advice to the Board of Directors in managing the Company in good faith, prudential and responsibility, and to run the function of strengthening the Company's image in the community and all shareholders.

Requirement, Membership And Tenure

The applicable formal and material requirements have been fulfilled by all of the members of Board of Commissioners of First Media. The formal requirement is general, in accordance with the applicable laws, and the material requirement is specific, in line with the Company's needs and nature of business.

Board of Commissioners of First Media consist of 6 (six) members: 1 (one) President Commissioner, 1 (one) Commissioners and 4 (four) Independent Commissioners. The member of Board of Commissioners is appointed and removed in the General Meeting of Shareholders for the period until the closing of the first Annual General Meeting of Shareholders since its appointment. The position of the member of Board of Commissioners is expired if he/she resign, no longer meets the requirements, dead, or removed based on the decision of GMS. In 2013, The Board of Commissioners held 5 (five) meetings.

The composition of Board of Commissioners per 31 December 2012 are as follows:

Commissioner	Position	Member Since
Theo Leo Sambuaga	President Commissioner	2010
Didik Junaidi Rachbini	Independent Commissioner	2006
Rizal Ramli	Independent Commissioner	2008
H. Muladi	Independent Commissioner	2013
Ito Sumardi DS	Independent Commissionoiner	2013
Markus Permadi	Commissioner	2013

Duty, Responsibility And Obligation

The Board of Commissioners plays a significant role in implementing the GCG principles in accordance with its monitoring function. Through the Board of Directors and Audit Committee report, the Board of Commissioners monitor and evaluate the implementation of all Company's strategic policy, including the efectivity of risk management and internal control implementation. In addition, the Board of Commissioners also responsible to monitor the operational management of First Media which conducted by the Board of Directors and giving advice to the Board of Directors if necessary, in accordance with the provision in the Article of Association, the Company's GMS decision, applicable rules and regulations. In connection with the GMS, the Board of Commissioners have a duty and responsibility, among others, to give advice and opinion on the Working Plan and Company's Annual Budget, to report as soon as possible on any decrease on the performance of the Company, to review and sign the Annual Report and to be accountable for it in the GMS. Theo Leo Sambuaga replace Peter Frans Gontha since 24 September 2013.

During 2013, the Board of Commissioners have not found any breach of laws and regulations in business sector or of regulations relating to the business conducted by the Company's management.

Board Of Commissioners Meeting

The Board of Commissioners meeting may be held anytime in a year at the Company's domicile or the place of its business activities, or through electronic media. The meeting is valid and binding if more than 50% (fifty percent) of its member is present or represented.

The following table contains informations on the attendance of Board of Commissioners in the meeting of Board of Commissioners during 2013.

Attendance Of Board Of Commissioners

Commissioners	BOC Meeting
	Attendance %
Peter Frans Gontha	100*
Theo Leo Sambuaga	100
Didik Junaidi Rachbini	100
Rizal Ramli	100
H. Muladi	100**
Ito Sumardi DS	100**
Markus Permadi	100

* until September 2013

** since September 2013

Board of Commissioners' meeting is always attended by the Board of Directors for the report of Company's development and performance.

Audit Committee

In accordance with the regulation issued by Capital Market an Financial Institution Supervisory Agency (Bapepam-LK) Number IX.1.5 regarding the Guidelines on Establishment and Working Implementation of Audit Committee, the main objective on the establishment of Audit Committee is to encourage the implementation of good corporate governance, to establish sufficient internal control, to improve the quality of financial report and disclosure and to assess the scope, accuracy, independency and objectivity of public accountant. The Audit Committee consist of two members who are independent parties capable in finance and accounting field and chaired by Independent Commissioner.

Board of Commissioners have established Audit Committee as a support in carrying its duties and obligations. The establishment of Audit Committee is done through Board of Commissioners' Decree and chaired by one of the independent commissioner appointed by the Board of Commissioners

The Audit Committee is responsible to the Board of Commissioners and helping Board of Commissioners by doing the following duties:

1. Conducting review on financial information issued by the Company such as financial report, projection, and other financial information.
2. Conducting review on the Company's compliance to the rules and regulations in Capital Market which connected to the business activity of the Company.
3. Conducting review on the audit conducted by the Internal Audit.
4. Reporting to the Board of Commissioners any risk faced by the Company and the implementation of risk management by Board of Directors.
5. Conducting other duties given by the Board of Commissioners as long the duties is covered in the scope of duties and obligations of Board of Commissioners based on the applicable rules and regulations.

In carrying out its authorities, the Audit Committee must cooperate with the Internal Audit. Audit Committee consist of 3 (three) members, 1 (one) chairman who is also

Independent Commissioners and 2 (two) independent member. All members of Audit Committee have fulfilled the independency, expertise, experience and integrity criteria which are required in various applicable rules. During 2013, the Audit Committee held 4 times meetings.

The composition of Audit Committee per 31 December 2013 are as follows:

1. Didik Junaidi Rachbini (Chairman/Independent Commissioners).
2. Herman Latief (Member/Independent)
3. R. Hikmat Kartadjoemena (Member/Independent)

Prof. DR. Didik Junaidi Rachbini

Chairman

He earned his Ph.D and M.Sc degree in Development Studies from the Central Luzon State University, Philippines. Served as Independent Commissioner of First Media since 2006. He has served in various positions at several institutions including members of the Assembly, members of Parliament, Commissioner of KPPU, Commissioner of PT Angkasa Pura I and still serving as Chairman of PT Humanika Consulting.

Herman Latief

Member/Independent

An Indonesian citizen, He has served as Member of the Audit Committee since January 2013. Vice Chairman of the Permanent Committee for Industrial Estate Development, Chamber of Commerce (KADIN) (since 2008); and Vice President of the Board of Advisory of Indonesian Industrial Estate Association (HKI) (since 2000). He graduated from TFH, Hamburg, Germany, with Diplom Ingenieur Architect (Dipl. Ing) in 1976. In the past he had worked as Architect at PT Widya Pertiwi Engineering (1976-1978), Director at a Kalbe Farma Group company (1979-1988), President Director of PT Lippo Cikarang Tbk. (1989-1999), Vice President Commissioner of PT Lippo Cikarang Tbk. (1999- 2001), Commissioner of PT Lippo Land Development (2001- 2004), Commissioner of PT Bukit Sentul Tbk. (2004-2005), Director of PT East Jakarta Industrial Park (2004-2010), on the Audit Committee of PT Pacific Utama Tbk. (2005-2007), Audit Committee of PT Gowa Makassar (2005-2007), and Audit Committee of PT Multi Polar Tbk. (2007-2009). He was also involved in the Board of Advisory of Indonesian Industrial Estate Association (HKI) (1995-2000) and as Vice President of Real Estate Indonesia (1999- 2008).

R. Hikmat Kartadjoemena

Member/Independent

An Indonesian citizen, born in Semarang in 1947, he graduated from City University, New York, USA. He has lots of extensive experience in the Indonesian banking. He started his career as an Assistant Representative in New York for Indonesia Export Import Bank in 1970 to 1975, he was then appointed atby Chemical Bank New York. to become its Chief Representative of Chemical Bank at Jakarta Office in 1983 to 1987. Subsequently he had served as Vice President Director of Unibank and Director of Corporate Banking of Bank Pacific. He served as Commissioner of PT Inti Indorayon Utama Tbk in 1990 – 1997. He also had served as Advisor for Indonesia for Newbridge Capital (Singapore) Pte Ltd and as a Commissioner of Saratoga Capital in 1997 to 2008, then he served as Senior Advisor in Indonesia for Imprimis (Singapore) Pte Ltd and Khronos Advisory Limited presently. He joined the Company as a Member of the Audit Committee since January 2013.

Meetings Agenda and Audit Committee Attendance

Audit Committee	BOC Meeting
	Attendance %
Didik Junaidi Rachbini	100
Herman Latief	100
R. Hikmat Kartadjoemena	100

Board Of Directors

Board of Directors is an organ of company which fully responsible for the management of the company with full consideration to the interest and objectives of company and its business unit and to consider the interest of all the shareholders and stakeholders. The Board of Directors represents the company inside and outside of court in accordance with the Article of Association, and subject to all applicable rules for Public Company and the Good Corporate Governance Principles. In addition, the Board of Directors is responsible for the effective and efficient internal monitoring; risk monitor and management, to maintain a conducive working environment for a better productivity and professionalism, employee management and overall report of company's performance to the shareholders in the General Meeting of Shareholders.

Requirement, Membership and Tenure

The Board of Directors is under supervision of Board of Commissioners. The member of Board of Directors is appointed and removed in the General Meeting of Shareholders for the period until the closing of the first Annual General Meeting of Shareholders since its appointment. All the member of the Board of Directors have fulfilled the applicable formal and material requirements. The formal requirement is general, in accordance with the applicable laws, and the material requirement is specific, in line with the Company's needs and nature of business. Board of Directors of company consist of 6 (six) person, 6 (six) Directors. All member of the Board of Directors are domiciled in Indonesia and appointed by GMS for the period since the date determined in the GMS until the closing of the first Annual General Meeting of Shareholders since its appointment and may be re-appointed in accordance with the decision of the GMS. The position of the Director is ended if he/she resigned, no longer meets the requirement based on the laws, dead, removed based on the decision of GMS, declared insolvent or placed under guardianship based on court decision.

The composition of Board of Directors per 31 December 2013 are as follows:

President Director	: To Be Determined Later
Director	: Dicky Setiadi Moechtar
Director	: Harianda Noerlan
Director	: Larry Ridwan
Director	: Ali Chendra
Director	: Johannes Tong
Director	: Danrivanto Budhijanto

Responsibility and Duty

The Board of Directors is responsible for the management of Company in good faith and full accountability. Each member of Board of Directors is fully responsible, either personally or jointly and severally, for any loss of the Company, if such member is proven guilty or negligent. The Board of Directors is responsible for the management of company through risk management and the implementation of good corporate governance in all organization level. The responsibility of Board of Directors also includes the implementation of internal control structure, implementation of internal audit function, decision taking based on the findings of Internal Audit in accordance with the direction from Board of Commissioners. The Board of Directors must formulate a business strategy, including the working plan, budget and the implementation of accounting and bookkeeping practice in accordance with the regulation for public company. The Board of Directors also have to take account for its duties to the shareholders through the General Meeting of Shareholders. In the event that the GMS did not determine the classification of Board of Directors' duties, then the classification of Board of Directors' duties is determined based on the Board of Directors' decision as follows:

1. Irwan Djaja (President Director) since early 2013 until extraordinary generals meeting shareholders on 24 September 2013, generally responsible for all Company's activities in;
2. Dicky Setiadi Moechtar (Director) responsible for Operational and Business Development Division;

3. Harianda Noerlan (Director) responsible in the field of Corporate Services and also serves as Corporate Secretary;
4. Larry Ridwan (Director) responsible in the field of finance.
5. Ali Chendra (Director) responsible in field of development subsidiary company.
6. Johannes Tong (Director) responsible in field of development subsidiary company.
7. Danrivanto Budhijanto (Director) responsible in field of wireless business development.

The Board of Directors may use professional advice at the Company's expense if necessary and by considering the efficiency, effectivity and the conflict of interest.

Board of Directors Meeting

Board of Directors meeting may be held minimum once in two weeks or anytime necessary, at the Company's domicile or the place of its business activities. Board of Directors also participate in the Board of Commissioners meeting to discuss the general progress of company. Board of Directors meeting is valid and authorized to give binding decision if more than 50% (fifty percent) of the Board of Directors member is present or represented in the meeting. During 2013, Board of Directors held 16 (sixteen) meetings.

Director	BOC Meeting Attendance %	BOD Meeting Attendance %
Irwan Djaja	100*	100*
Dicky Setiadi Moechtar	100	100
Harianda Noerlan	100	100
Larry Ridwan	100	100
Ali Chendra	100**	100**
Johannes Tong	100**	100**

* until September 2013

** since September 2013

Corporate Secretary

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

Main duties of the Corporate Secretary are as follows:

1. To follow up on the development of capital market, especially on applicable regulation in capital market.
2. To provide service to public for any information required by the investor in regards to the Company.
3. To advice the Company's Board of Directors to comply with Law No.8 Year 2005 regarding Capital Market and its implementation regulations.
4. To liaise between the Company and OJK and public.

The Activities of Corporate Secretary during 2013 are as follows:

1. To guide the Company to comply with the capital market regulation from time to time, and line up on the new regulation and ensure that the Company implementing such regulation. The Company had issued 4 (four) Financial Report and 1 (one) Annual Report.
2. To communicate with the capital market regulator Otoritas Jasa Keuangan and Bursa Efek Indonesia (IDX) or any other supporting institutions such as KSEI, BAE and trustee agent. The Company had 74 (seventy four) times correspondences as follow:
 - a. Submission of Financial Statements for 11 (eleven) times;
 - b. Submission of Annual Report for 1 (one) time;

- c. Submission of Disclosure of Information to the Public and Responses to the question of IDX for 10 (ten) times;
 - d. Submission of correspondence related to the GMS (Agenda to Bapepam-LK, Notification of GMS, Invitation of GMS, and Result of GMS and proof of advertisement) for 17 (seventeen) times;
 - e. Submission of correspondence related to Public Expose for 6 (six) times;
 - f. Submission of Monthly Report of Registration of Shareholders for 12 (twelve) times;
 - g. Submission of Report of Payable Data/Liabilities in foreign currencies for 13 (thirteen) times.
 - h. Submission of Report of Realization use of funds - warrant for 2 (two) times.
 - i. Submission of Report Registered Company in 1 (one) group for 2 (two) times.
3. To convey information disclosure related to the Company through a report, either regulated or not regulated, in the form of press release, website, and to provide service regarding any information required in relation to the Company.
 4. To coordinate the arrangement of Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders (EGMS).
 5. To coordinate the arrangement of Annual Public Expose.

Corporate Secretary Profile

Harianda Noerlan, Indonesian citizen, 51 years. Served as Director in Corporate Services division and also served as Corporate Secretary since June 2006. Started his professional career in the banking field since 1990 in PT Bank Niaga Tbk, with the latest position as Head of International Banking Division – Capital Market Group. In 2000, he joined the Indonesian Bank Restructuring Agency (IBRA) with the latest position as Vice President, Group Head in Bank Restructuring Unit. Since January 2002 until May 2006 joined PT Bank Lippo Tbk. Positions held during his service in PT Bank Lippo Tbk, among others, are Managing Director, Compliance Director, Distribution Financial Services, and Senior Vice President, Channels & Alliances Group Head. He obtained his bachelor degree in Mechanical Engineering from Universitas Trisakti, Jakarta, Indonesia.

Access of Public Information

Public and investors may visit the Company's website at www.firstmedia.com to gain information the Company's business, or may contact the Corporate Secretary by email: corporate.secretary@firstmedia.com for further information of the Company.

Internal Audit Unit

The establishment of Internal Audit Unit was based on Bapepam-LK regulation No. IX.I.7, Decree of Bapepam-LK Chairman No. Kep-496/BL/2008 regarding the establishment and guidelines of Internal Audit Unit Charter. Internal Audit Unit has the responsibility to evaluate the implementation of internal control and risk management in accordance with company policy, and to evaluate the efficiency and effectiveness in finance, accounting, operational, human resources, marketing, information technology and other activities. In performing its responsibility, the Internal Audit Unit will always cooperate with the Audit Committee and shall be responsible directly to the President Director. The establishment of Internal Audit Unit is the manifestation of Company's commitment to create a good and efficient corporate governance.

Internal Audit Charter

Backgrounds

Internal Audit Charter of PT First Media Tbk was made to meet the Chairman of the Indonesia Capital Market and Financial Institution Supervisory Agency ("Bapepam-LK") Number: KEP-496/BL/2008 dated 28 November 2008 on the Establishment and Guidelines for Preparation of Internal Audit Charter.

Vision

Becoming an internal audit provider with risk-based management by applying the principles of good corporate governance (GCG).

Mision

Providing a professional internal audit service to ensure the fulfillment of a healthy company which can develop naturally and eventually support national economic development which is in the interest of the stakeholders as well.

The Definition of Internal Audit

Internal Audit is an activity that provides assurance and consulting that is independent and objective in nature. It is aimed to increase the value and improve the operation activities of the company, through a systematic approach, by evaluating and improving the effectiveness of risk management, control, and corporate governance processes.

Internal Audit Unit

The Internal Audit Unit is a unit that is independent, objective and act as a consultant, which was formed in PT First Media Tbk (“hereinafter referred to as First Media”) to add value and improve operations, including its subsidiaries. The Internal Audit Unit is not an extension, or replacement of management. Responsibility for operational control rests entirely to the operational management should ensure that appropriate management and adequate controls have been implemented properly.

The Internal Audit Unit in carrying out the internal audit functions provide assurance services, consulting, and investigation of fraud cases are independently and objectively to add value and improve the operations of First Media both at headquarters and branch.

Assurance Services

An objective assessment through an examination of evidence with the aim of providing an independent assessment of the implementation of risk management, control and governance processes within the operational system of First Media.

Consulting Services

The activities of consulting services provided related to efforts to improve the effectiveness of risk management, control and governance processes. Consulting services provided are not binding and without prejudice to the principle of independence, so that the responsibility for the follow-up of the results of the consultation remains the auditee.

Investigation Services For Fraud Case

Internal Audit Unit is proactively assisting the management in identifying, detecting, and investigating the audit investigation toward all First Media operational that is suspected having fraud aspects.

Key Success Factor

Optimizing the utilization of technology, the application of the best method and organization are effective and efficient and supported by competent human resources and always uphold the ethics of the profession, through the work process:

1. Focus on business processes and services to stakeholders
2. Being proactive, responsive, reliable and objective
3. Communicate effectively both orally and in writing
4. Being able to find the root causes and early detection
5. Able to present the findings in an objective
6. Able to deliver effective recommendations and implementif

Position

Internal Audit Unit has the following position:

1. Led by a Head of Internal Audit Unit are appointed and dismissed by the Board of Directors with the approval of the Board of Commissioners and reported to the Chairman of Bapepam-LK
2. Head of Internal Audit Unit is responsible directly to the President Director and can communicate directly with the Chairman/Committee to inform the matters relating to the audit.
3. Disclosure of information relating to the audit to the Board shall be reported to the President Director.

4. The Internal Audit Unit can act as a consultant to internal parties in need, especially things related to their tasks, as well as strategic.

Scope

The Internal Audit Unit to help the company in achieving its goals through

1. Using a systematic method for evaluating and improving the effectiveness of risk management, control and governance processes.
2. Ensure that the control system and adequate risk management, work efficiently and economically, and to function effectively in achieving the goals and objectives of the organization or program that has been launched.
3. Carry out special assignments that are relevant to the scope of work, such as evaluation, investigation and disclosure of irregularities, fraud and waste.
4. The Internal Audit Unit maintain, improve and create value for stakeholders by aligning internal audit activities with business objectives First Media, the main target is to ensure that:
 - a. Risks are identified and managed appropriately.
 - b. The information critical financial, managerial and operational has been presented in an accurate, reliable and timely.
 - c. All activities are in accordance with the First Media statutes, policies, standards, procedures and regulations and/or applicable law.
 - d. Programs, plans and goals can be achieved effectively and efficiently.
 - e. Quality and continuous improvement are always maintained with due regard to the internal control system aspects.
 - f. The means to maintain and protect the property and reputation of the First Media has been fulfilled.

Roles And Responsibilities

First Media Internal Audit has duties and is responsible to:

1. Assist the President and the Board of Commissioners, in particular the Audit Committee, independently, under the supervision operationally describe how good the planning, implementation and monitoring of the results of the audit.
2. Monitor the adequacy and effectiveness of the organization's management control systems in the field of financial, operational and information systems.
3. Provide an objective assessment and recommendations for the activities and operations in achieving its goals more effectively, efficiently and economically in the form of submission of monthly and annual reports periodically.
4. Attention leads to the emergence of risk management operations caused by changes in the operating environment/emerging business and other matters that affect the results and performance.
5. Ensure that operational management has done his duty in developing control systems and risk management in order to achieve the goals and objectives of the organization.
6. Provides information on the development and implementation of the results of the annual audit plan and the adequacy of resources and membership audits.

Authority

President Director has authorized the Internal Audit in executing their duties to do things as follow:

1. To see and examine all documents and records, to request information from each member of the Board of Directors and employees are obliged to help provide the information required by the Internal Audit within a reasonable time, making it possible to perform the functions efficiently and effectively.
2. Allocate resources to audit, determine the focus, scope and schedule of the audit, as well as applying techniques that are necessary to achieve the objectives of the audit. If deemed necessary, in carrying out its function of Internal Audit has the authority to obtain advice and counsel of professionals (experts) are required.
3. Submit a report of the audit and consulting directly with the President Director.
4. Have full and free access to the Audit Committee and the Board of Commissioners if necessary.

Independence and Objectivity

1. The Internal Audit Unit is responsible directly to the President and the duty to report to the President and the Board (through the Audit Committee). To preserve independence and maintain objectivity, the Internal Audit Unit is not involved directly and do not have direct responsibility or authority over the daily transaction processing and other transaction activities on the unit inspected.
2. In carrying out the task, guided by the Internal Audit Code of Ethics and Code First Media Internal Audit is an integral attachment of the Internal Audit Charter.

Standard Of Work Implementation

In carrying out its functions, by referring to the Internal Audit and to various regulations and internal regulations and guidelines that are contained in a variety of professional internal auditing standards, namely:

1. Standard Operating Procedures Internal Audit as well as the update.
2. All government regulations that have been enacted by First Media management.
3. Auditing Standards and Code of Ethics of The Institute of Internal Auditors Inc., as has been endorsed by the President.

Reporting

1. Follow-up audit reports, both internal and external, is the responsibility of each unit is inspected for repair work at the discretion of First Media and also become one of the factors for the company to assess the performance of the work units. In the implementation of monitoring/control, the Board of Directors related to ensuring that any examination or inspection will be and has been followed up by the units inspected.
2. Internal Audit should monitor and report on progress in implementing the improvements that have been made Auditee. Follow-up includes :
 - a. Monitoring of the implementation of the follow-up.
Monitoring of the implementation of the follow-up to be done, in order to know its development and can be reminded to auditee if auditee has not been able to carry out the commitment towards the improvement or until the promised deadline.
 - b. Analysis of the adequacy of follow-up.
From the results of the follow-up monitoring, analyzing the adequacy of the realization of the promise of improvements that have been implemented Auditee. Further follow-up re-checking needs to be done if there are any difficulties or obstacles that lead to follow-up can not be done properly.
 - c. Follow-up reporting.
In terms of the implementation of the follow-up was not carried out by the auditee, the Internal Audit provide a written report to the President Director and the Board (through the Audit Committee), for further action.

Internal Audit Charter of PT First Media Tbk

Stipulated in : Jakarta

Dated : 20 January 2011

Hengkie Liwanto
President Director

Harianda Noerlan
Director

Independent Auditor

To comply with the Regulation of Minister of Finance of Republic Indonesia number 17/PMK.01/2008 regarding Public Accountant Service and Bapepam-LK Rule Number VIII.A.2 regarding Independence of Accountant Who Is Giving Audit Services In Capital Market, since 2009 the consolidated financial report of First Media is audited by public accountant Aryanto Amir Jusuf Mawar & Saptoto, with Didik Wahyudiyanto as the auditor.

Litigation

Arbitration

On September 3, 2008, APM (formerly was a subsidiary of the Company), had filed a lawsuit to the District Court of South Jakarta against Astro All Asia Networks PLC (Defendant I), Measat Broadcast Network System SDN BHD (Defendant II), All Asia Multimedia Networks FZ LLC (Defendant III), Measat Satellite Systems SDN BHD (Defendant IV), Ralph Marshall (Defendant V), Sean Dent (Defendant VI), Nelia Concap Cion Molato (Defendant VII), Liza Tjondro (Defendant VIII), PT Adi Karya Visi (Defendant IX), Tara Agus Sosrowardoyo (Defendant X), PT Karyamegah Adijaya (Defendant XI), PT Abadi Berkah (Defendant XII) and PT Direct Vision (Co-Defendant) with Register Number, No:1100/Pdt.G/2008/PN.JKT SEL dated September 3, 2008. The Company is not a party in this lawsuit. APM filed the said lawsuit to claim for a total amount of USD 1,500,000,000 ("Indonesian Proceedings").

An interim decision was ordered on May 13, 2009, with respect to the Indonesian Proceedings which rejected the challenges submitted by the Defendants I, II, III and V and held that the said court is competent and has the jurisdictional powers to hear the matter ("Interim Decision"). Over such Interim Decision, the relevant defendant has made an appeal to Jakarta District Court on May 22, 2009, Defendant I, II, III and V.

Further on September 17, 2009, the District Court of South Jakarta has issued the decision with respect to the Indonesian Proceedings in the principle case. APM made an appeal against the said principle case decision at the Jakarta High Court on September 28, 2009. Against for both Petition for Appeal, the High Court of Jakarta has issued a Decision No: 587/PDT/2010/PT.DKI dated September 8, 2011.

Whereas towards Jakarta High Court Decision, the Defendant I, II, III and V has made petition for cassation on the appeal decision on the Interim Injunction to Supreme Court on June 11, 2012 and APM has made petition for cassation on the appeal decision on the principal of the case to Supreme Court on October 25, 2013.

On October 6, 2008, (i) Astro Nusantara International B.V., (ii) Astro Nusantara Holdings B.V., (iii) Astro Multimedia Corporation N.V., (iv) Astro Multimedia N.V., (v) Astro Overseas Limited (formerly known as AAAN (Bermuda) Limited), (vi) Astro All Asia Networks PLC, (vii) Measat Broadcast Network Systems SDN BHD and (viii) All Asia Multimedia Networks FZ LLC ("Astro Group") filed a Notice of Arbitration against APM, the Company and PT Direct Vision ("DV") under the rules of Singapore International Arbitration Centre ("SIAC") in Singapore. The Notice of Arbitration, dated October 6, 2008 filed by Astro Group claimed payment of the sum of USD 250,000,000 by way of restitution and/or quantum merit by APM, the Company and DV pursuant to the Subscription and Shareholders Agreement dated March 11, 2005 ("SSA"), as well as damages for breach of Clause 17.6 of the SSA arising out of the Indonesian Proceedings.

On May 7, 2009, SIAC issued an Award on Preliminary Issues of Jurisdiction, Interim Anti-Suit Injunction and Joinder ARB No. 062 of 2008 ("Interim Arbitration Award"). Astro Group has applied for the enforcement of the Interim Arbitration Award to the Chairperson of the District Court of Central Jakarta. On the said application, APM and DV submitted cancellation request to the District Court of Central Jakarta to decline the enforcement of Interim Arbitration Award. In the request, APM and DV stated: (i) that the disputes under the arbitration proceeding were only commenced at the SIAC by Astro Group on the October 6, 2008, which is after APM has filed the Indonesian Proceedings against the Defendant at District Court of South Jakarta on September 3, 2008; (ii) that the disputes in the arbitration proceeding are not commercial disputes as stipulated in paragraph b of Article 66 the Arbitration Law No. 30 year 1999; (iii) that the Interim Arbitration Award intervenes the rules of the Civil Procedure Regulation in Indonesia, and such Interim Arbitral Award cannot be enforced by the District Court of Central Jakarta.

On October 28, 2009, the Chairperson of the District Court of Central Jakarta held that the Interim Arbitration Award is beyond the authority and has intervened the Indonesian

Proceedings, and ordered that the Interim Arbitration Award is non executable (Non Executorial), i.e. cannot be executed in Indonesia. The Non Executorial stipulation was later affirmed by the Supreme Court on February 24, 2010 with registration No.01 K/Pdt.Sus/2010 and APM has received a copy of the certified decision of the Supreme Court in October 2010.

On February 16, 2010, SIAC issued the Interim Final Award ARB No. 062 of 2008 (registered at SIAC Registry of Award as Award No. 7 of 2010 on February 18, 2010) ("Interim Final Award") and ordered that APM, the Company and DV are jointly and severally liable in restitution, for the following amounts:

- a. to Astro All Asia Network PLC, the sum of RM 103,334,546;
- b. to Measat Broadcast Network Systems SDN BHD, the sum of USD 5,773,134; and
- c. to All Asia Multimedia Networks FZ-LLC, the sum of USD 59,327,055.

Further, in relation to the claims arising out of the Indonesian Proceedings, the Tribunal ordered that APM and the Company shall pay damages to Astro Nusantara International BV and Astro Nusantara Holdings BV in the amounts of USD 608,176,54 GBP 22,500 and SGD 65,000.

The Interim Final Award has been amended as stipulated in the Memorandum of Correction Pursuant to Rule 28.1 of The SIAC Rules 2007 dated March 23, 2010 (registered at SIAC Registry of Award as Award No. 14 of 2010 on April 12, 2010) in which, inter alia, the amount of restitution awarded to All Asia Multimedia Networks FZ-LLC has been amended from USD 59,327,055 to USD 59,459,258 ("Amendment of Interim Final Award").

On February 5, 2010, SIAC issued a Further Partial Award and SIAC Award on Cost for the Preliminary Hearing from April 20 to 24, 2009 (registered at SIAC Registry Award as Award No.06 of 2010 dated February 10, 2010) in which APM, the Company and DV were ordered to pay the Cost for the Preliminary Hearing from April 20 to 24, 2009 in the amount of (if converted to the USD) approximately USD 600 ("Partial Costs Award").

On August 3, 2010, the arbitral tribunal of SIAC further issued a Final Award on Interests and Costs (registered at SIAC Registry Award as Award No. 41 of 2010 dated August 5, 2010) ("Final Costs Award") whereby APM, the Company and DV were held jointly and severally to:

- a. pay interest to Astro All Asia Network PLC in the amount of RM 35,947,386;
- b. pay interest to Measat Broadcast Network Systems SDN BHD in the amount of USD 1,397,493; and
- c. pay interest to All Asia Multimedia Networks FZ-LLC in the amount of USD 14,531,934.

The Final Cost Award apportioned the costs of arbitration and held APM, the Company and DV jointly and severally liable and paid to the SIAC the deposit in the amount of SGD 617,217,48 and the amount of SGD 151,708 in regard with the hearing in London in September 2009. The legal costs and disbursements in which APM, the Company and DV were jointly and severally liable are in the amount of GBP 730,024 SGD 2,881,245 RM 63,328 and USD 35,547.

The Company's legal advisor, MR & Partners Law Firm, stated that the Company's obligation to pay under the Interim Final Award, the Partial Costs Award and the Final Costs Award are subject to enforcement in accordance with the relevant applicable laws and regulations in Indonesia within the jurisdiction of the Indonesian courts, as stipulated under the Article V of the New York Convention and paragraph c of Article 66, Article 70 and paragraph 18 General Explanation of Arbitration Law No. 30 year 1999. Since the object of the SSA, all the Company's assets and the execution are governed by the laws of Indonesia, the enforcement of the Interim Final Award,

the Partial Costs Award and the Final Costs Award shall comply with the laws and regulations of Indonesia.

The Arbitration Law stipulates that for the recognition and enforcement of an International Arbitral Award in Indonesia, it shall fulfill the provisions of the Arbitration Law, and the parties can request to have an arbitral award annulled upon the existence of certain conditions as set out in the Articles and Explanation of the Arbitration Law.

On June 23, 2010, APM and DV had filed the annulment claim toward the Arbitration Final Award, Partial Costs Award and The Correction of The Interim Final Award to the District Court of Central Jakarta with Case Register Number: 300/PDT.G/2010/PN.Jkt.Pst ("Case No.300"), provided that such Arbitration Awards have contravened with public policy, therefore those such Arbitration Awards shall not be enforced in Indonesia.

The Defendant party in the Case No. 300 is Astro Group.

Toward the Case No. 300, the Council of Judges has issued a court injunction, which mainly rules that the District Court of Central Jakarta is not authorized to examine the claim toward the Arbitration Final Award, Partial Costs Award and The Correction of The Interim Final Award, where it had been appealed to the Supreme Court of Republic of Indonesia on May 19, 2011, as stated under the Minute of Appeal Application Number 113/SRT.PDT.BDG/2011/ PN.JKT.PST jo Number 300/PDT.G/2010/ PN.JKT. PST. Up until this moment, the Supreme Court has not issued any official decision regarding to such appeal.

Other than the Case No. 300, DV has also filed a claim toward Astro Group regarding "The Refusal to Issue The Executorial Toward The Final Arbitration Award" in Central Jakarta District Court with Case Register Number: 301/PDT.G/2010/PN.Jkt.Pst ("Case No. 301"), on 23 June 2010.

On August 25, 2011, the Central Jakarta District Court has issued the Decision on Case No. 301, which mainly ruled that the DV Claim could not be accepted.

In one of the legal considerations given by the panel of judges in its decision has stated that the DV claim could not be accepted because it was considered premature (imperfect time of submission) by the revocation of Letter of Application for Executorial Injunction of Final Arbitration Award Related to the SIAC Arbitration Case No. 062/08 dated June 9, 2010 by Astro Group (Further Partial Award dated October 3, 2009, Partial Costs Award, Interim Final Award, Amendment of Interim Final Award) through their revocation letter dated August 26, 2010.

On September 9, 2011, through the letter No. Ref.: 1000/SWH-0907/L/IX/PMH-AMP-LS, DV has submitted the memory of appeal toward Central Jakarta District Court Decision dated August 26, 2011, as stated in the Letter of Appeal Application No.67/Srt.Pdt.Kas/2011/PN.JKT.PST. jo Number: 301/PDT.G/2010/PN.JKT.PST.

Currently, there is no formal written decision issued by the Supreme Court and already formally notified by Central Jakarta District Court to DV (and/or its lawyer), which stated that the Supreme Court has already rejected DV's appeal against Central Jakarta District Court Decision on case No. 301/PDT.G/2010/PN.JKT.PST

It is necessary to be noted that up until today, there are no order for the executorial (order to enforce an award) toward Further Partial Award dated October 3, 2009, Partial Costs Award, Interim Final Award, Amendment of Interim Final Award, that has been issued by the Head of District Court of Central Jakarta in Indonesia, as such order for executorial requirements is stipulated by Article 66 (d) of Arbitration Law.

Whereas on September 11, 2012, the Central Jakarta District Court has rendered an Order on International Arbitration Award based on No. 32 year 2009 jo No. 16 year 2010 jo No. 07 year 2010 jo No. 14 year 2010 jo No. 41 year 2010 states that SIAC

Award dated October 3, 2009 (Further Partial Award), Partial Cost Award, Interim Final Award, Amendment of Interim Final Award, and Final Cost Award (all referred to as SIAC Awards) cannot be executed (Non Exequator) in Indonesia.

Based on legal consideration given by the Central Jakarta District Court, the said SIAC Awards cannot be enforced or executed because such SIAC Awards were in the form of intervention by the foreign jurisdiction (international arbitration) to the judicial jurisdiction in Indonesia, which obviously forbid by prevailing laws and regulations in Indonesia (vide Article 3 paragraph (2) Law No. 48 of 2009 concerning on Judicial Power violating the procedural law principles in Indonesia (principle of “Poin’t de Interest Poin’t de action”), and violating the principle of “Audi et Alteram Partem”, therefore the said SIAC Awards can be considered against the public order.

Against the Order of Non Executorial dated September 11, 2012, Astro Group has submitted a petition for Cassation to the Supreme Court on 25 September 2012. Toward the petition, on 26 March 2013 the Supreme Court has rendered a Decision No: 877 K/Pdt.Sus/2012 that refused the petition for Cassation of Astro Group.

The management is of the opinion that based on the Company’s legal advisor’s advice, the Interim Final Award, the Partial Costs Award and the Final Costs Award are a continuance of the Interim Arbitral Award. The Company’s legal advisor, MR & Partners Law Firm has concluded that the Interim Final Award, the Partial Costs Award and the Final Costs Award could not be enforced in Indonesia, and moreover, the Company is not legally liable for the execution of the Interim Final Award, the Partial Costs Award and the Final Costs Award under the applicable laws of Indonesia.

On 5 August 2010 and 3 September 2010 the High Court of Singapore had upon the Astro Group’s ex-parte application previously issued enforcement orders for the execution of five SIAC Awards which consist of the Preliminary Award dated 7 May 2009, Further Partial Award dated 3 October 2009, Partial Cost Award dated 5 February 2010, Interim Final Award dated 16 February 2010, and Final Cost Award dated 3 August 2010. On March 24, 2011, the Astro Group entered the SIAC Awards in Singapore.

On May 3, 2011, the Company’s lawyers in Singapore applied to set aside the Judgments obtained by the Astro Group. The Company’s applications were successful; the Singapore High Court set aside the Judgments and at the same time, allowed the Company to file its applications to challenge the enforcement of the SIAC Awards in Singapore. The Company filed the further applications on 12 September 2011. The Astro Group also appealed against the setting aside of the Judgments. Both the Astro Group’s appeals and the Company’s applications in relation to the enforcement of the SIAC Awards were heard in the Singapore High Court on July, 23, 24 & 25, 2012.

On October 23, 2012, the Singapore High Court released its decision (i) dismissing the Astro Group’s Appeals and (ii) dismissing the Company’s Singapore Applications. The Company then filed an appeal to the Singapore Court of Appeal. That appeal was heard from April 10 to 12, 2013. The Company and the Astro Group was represented by their respective Queen’s Counsel and Singapore lawyers.

In a judgment released in the evening of 31 October 2013, the Singapore Court of Appeal held that the five SIAC Awards previously made against PT Ayunda Prima Mitra, the Company and PT Direct Vision, respectively (“Respondent Parties”) in Singapore International Arbitration Centre (“SIAC”) Arbitration No. 62 of 2008 were not enforceable in Singapore by the 6th to 8th of the Astro Parties above i.e. Astro All Asia Networks PLC, Measat Broadcast Network Systems Sdn Bhd and All Asia Multimedia Networks FZ-LLC (the “Added Astro Companies”). The Added Astro Companies were not parties to the arbitration agreement with the Respondent Parties (including the Company) but were nonetheless joined to the arbitration by the Arbitral Tribunal purporting to invoke its powers under Rule 24(b) of the 2007 SIAC Rules, against the repeated protests of the Company.

The practical effect of the Singapore Court of Appeal's judgment is that out of the collective sum of over USD 250,000,000 previously ordered to be paid by the Respondent Parties under the SIAC Awards, only the sums of USD 608,176.54, GBP 22,500 and S\$ 65,000 (the "Enforcement Sums") enforceable against the Company, in Singapore. The Company has paid the Enforceable Sums to the 1st to 5th of the Astro Parties. The Company takes the position that the Final Cost Award (which relate to matters involving the Added Astro Companies) cannot be served and cannot be enforced in Singapore. Therefore, The remainder (over 99%) of the sum that the Respondent Parties had previously been ordered to pay to the Astro Parties is not enforceable, and need not be paid by the Company, or either of the other Respondent Parties.

On July 8, 2011, the High Court of Singapore issued an Injunction Prohibiting Disposal of Assets Worldwide Order ("Injunction"), limiting the Company's dealings with assets up to the amount stated in the Injunction. One important exception to the Injunction is that the Company is not prohibited from dealing with or disposing of any of its assets in its ordinary and proper course of business. On 20 January 2014, the High Court declared that the injunction ceased to be operative with effect from the date of the Judgment dated 31 October 2013. As such, the Company is free to deal with its assets

In July 2012, the Astro Group applied to vary the Injunction, in relation to an Option between the Company and Asia Link Dewa Ltd (the "Option"). On August 1, 2012, the High Court of Singapore made an interim order, without prejudice to the Company's rights to contest the application, for the payment of any monies from the exercise of the Option into the Company's bank account in Singapore, if the Option is indeed exercised. The substantive hearing of the Astro Group's application to vary the Injunction was adjourned. The Astro Companies have since applied to withdraw their applications. The hearing is currently scheduled for 14 April 2014.

On August 3, 2010, September 9, 2010 and December 9, 2010, upon the Astro group's applications for the executorial of SIAC Awards in Hong Kong, the High Court of Hong Kong has issued orders for the execution of SIAC Awards which consist of Interim Final Award, SIAC Award on Further Partial Award dated October 3, 2009, Amendment of Interim Final Award, and Final Cost Award (the "HK Orders"). Judgment was subsequently entered in terms of the HK Orders on December 9, 2010 ("HK Judgment"). The Company has appointed Solicitor in Hong Kong in order to file an application to set aside the said order.

On July 25, 2011, the Company's Shareholders, i.e. Across Asia Limited (AAL), holder of 55.11% of shares in the Company, domiciled at Hong Kong, has received the Garnishee Order To Show Cause from the High Court of Hong Kong. As stated in the AAL's Information Disclosure dated July 26, 2011 in Hong Kong Stock Exchange, the Garnishee Order To Show Cause ordered that all AAL's existing debts or in due date shall not be paid to the Company ("Debts"). Furthermore, based on the Garnishee Order To Show Cause, on August 17, 2011, AAL was scheduled to attend before the court in the application hearing by Astro Group. In the said hearing, Astro Group requested that AAL shall pay the Debts, or part of the Debts to Astro Group up to the amount of the Company's Debts to Astro Group, including all cost related with the Garnishee Order To Show Cause.

Based on Hong Kong Court Decision made by Deputy High Court Judge Lok dated March 21, 2012, it orders that AAL needs to pay the Loan into the Court pending the resolution of the Hong Kong proceedings ("Payment Into Court Order").

AAL has lodged an appeal to the Court of Appeal against the Payment Into Court Order and the appeal hearing took place on August 3, 2012. Such appeal was unsuccessful, and therefore on September 7, 2012, AAL took out a further application for leave to appeal to the Court of Final Appeal. The leave application was heard on October 31, 2012.

Due to the BANI Award, on September 24, 2012, AAL made an application to the Court for an order to discharge the Payment Into Court Order and also another application for an order to lift the stay of the Garnishee Proceedings and to discharge the Garnishee Order To Show Cause. The said applications were heard on September 27, 2012, during which Deputy High Court Judge Lok ordered that the stay in respect of the Garnishee Proceedings be lifted (to expedite the hearing). At this hearing, the Astro Group requested the Court to fix a timetable for AAL to comply with the Payment into Court Order, but the Court did not impose a timetable in light of the then recent developments. As to the other applications made by AAL, the hearing was fixed for September 9 to 13, 2013.

Due to the BANI Award, AAL's application for leave to the Court of Final Appeal in relation to the Payment Into Court Order has also been adjourned sine die with liberty to restore.

On January 24, 2013, the Astro Group applied and obtained an anti-suit injunction against AAL and the Company to restrain them from taking further steps in the PKPU proceedings (referred to in section 2(e) below) without the Court's permission.

On February 4, 2013, the Court laid down a timetable for AAL to comply with the Payment into Court Order, and ordered AAL to make the payment within 14 days (i.e. by February 18, 2013). Subsequently, this deadline was extended to March 7, 2013.

On January 18, 2012, the Company made applications seeking, inter alia, to set aside the HK Orders and the HK Judgment (the "HK Setting Aside Application").

In the meantime, however, the Astro Group has made a further application seeking to stay the hearing of the HK Setting Aside Application pending resolution of the matter in Singapore. Such application was granted on March 15, 2012.

At the hearing on September 27, 2012, the Astro Group proposed that the HK Setting Aside Application be dealt with and heard together with the Garnishee Proceedings. Deputy High Court Judge Lok was reluctant to direct a composite hearing before receiving a final judgment from the Singapore Courts, preferring that the garnishee proceedings be heard first. The Hong Kong Court proposed to re-visit this issue at the direction hearing held on 11 March 2013 with a view to deciding whether the HK Setting Aside Application should also be heard at the substantive hearing of the garnishee proceedings. At the hearing on 11 March 2012, the Hong Kong Court dealt with the hearing of the garnishee proceedings and did not deal with the proposed timing for hearing of the HK Setting Aside Application. Similarly, at the directions hearing on 13 June 2013, the Hong Kong Court extended the time for the hearing of the garnishee proceedings from 5 to 8 days (that is from 9 to 18 September 2013) as well as making consequential orders for the garnishee proceedings but did not deal with the hearing of the HK Setting Aside Application. The garnishee proceedings were heard from 9 to 19 September 2013.

On 31 October 2013, the High Court of Hong Kong delivered its decision in respect of the garnishee proceedings ("Garnishee Judgment"). In the Garnishee Judgment, the High Court of Hong Kong ordered that the garnishee order nisi be made absolute. On 28 November 2013, The Company served a Notice of Appeal against the Garnishee Judgment on the other parties and filed the Notice of Appeal in the High Court of Hong Kong. No date has yet been set for the hearing of the appeal. On 29 November 2013, as a result of the Singapore Court of Appeal Judgment referred to above, The Company filed an application in the High Court of Hong Kong seeking an order that pending determination of the HK Setting Aside Application, there be a stay of execution of the garnishee order absolute. The application was set down for hearing on 23 January 2014. The hearing took place before the Honourable Mimmie Chan J on 23 and 24 January 2014, and at the conclusion of the hearing, Chan J acceded to the Company's application and ordered that there be a stay of execution of the garnishee order absolute pending determination of the HK Setting Aside Application. No conditions were imposed on the stay of execution

and Chan J stated that on the basis of the matters raised in the hearing before her, she believed that the Company had good prospects of success in the HK Setting Aside Application.

On 7 February 2014, Astro issued a summons applying for leave to appeal the order of Chan J. The leave to appeal application is set down to be heard by Chan J on 21 March 2014. In the meantime, the Company is progressing with the HK Setting Aside Application and expects to file and serve relevant documents shortly.

The Company's legal advisor, MR & Partners Law Firm, stated, as follows:

- a. the service of all documents from the High Court of Hong Kong and Singapore are not valid since not served by the Bailiff in the domicile of the Company (vide Article 388 par. (2) and Article 290 of Herzeine Indonesisch Reglement/HIR). The said opinion has been affirmed by the General Explanation issued by the Supreme Court of the Republic of Indonesia dated September 26, 2011;
- b. Based on Article 436 par. 1 of Reglemen op de Rechtsvordering (Rv), the High Court of Singapore and Hong Kong Orders could not be enforced in Indonesia;
- c. The Garnishee Order To Show Cause as issued by the High Court of Hong Kong had not influenced to the AAL's obligation to pay all Debts to the Company.

Others

- (a) On December 22, 2011, PT Mustika Memadata has registered a lawsuit in District Court of South Jakarta with registration No. 684/Pdt.G/2011/PN.Jkt.Sel (Case No. 684) against PT Direct Vision as the First Defendant, which involved the Company as the Third Defendant. The civil lawsuit is regarding breach of contract, whereas the First Defendant has not paid its obligations to the Plaintiff for a total amount of the claim is USD 90,033,01. On January 15, 2013, the District Court of South Jakarta has rendered a Decision No. 684/Pdt.G/2012/PN.Jkt.Sel which in essence stating that the lawsuit of the Plaintiff against the Defendant II, III, IV, V, VI, and VII could not be accepted, the Defendant I is in default, and punishing the Defendant I to pay all the obligations to the Plaintiff for a total amount is USD 90,033,01 to the Plaintiff. Toward the Decision No. 684/Pdt.G/2012/PN.Jkt. Sel, the Plaintiff has filled an appeal on January 28, 2013, while the First Defendant has filled an appeal on January 16, 2013. Furthermore, on 25 September 2013 the Company has registered a Cassation Counter Brief against the Cassation Brief filled by the Plaintiff.
- (b) On May 24, 2012, PT Innova Sejahtera has registered a lawsuit in District Court of South Jakarta with registration No. 308/Pdt.G/2012/PN.Jkt.Sel (Case No. 308) against PT Direct Vision as the First Defendant, which involved the Company as the Second Defendant. The civil lawsuit is regarding breach of contract, whereas the First Defendant has not paid its obligations to the Plaintiff for in total amount of is IDR 428.482.227,10 On October 30, 2012, the District Court of South Jakarta has rendered a Decision Number 308/Pdt.G/2012/PN.Jkt.Sel which in essence stating that the lawsuit of the Plaintiff against the Defendant II, III, IV, V, and VI could not be accepted, the Defendant I is in default, and punishing the Defendant I to pay all the obligations to the Plaintiff for a total amount is IDR 428.482.227,10 toward the Decision No. 308/Pdt.G/2012/PN.Jkt.Sel, the Party did not file an appeal within the allotted time.
- (c) On August 30, 2012, the Company has submitted petition of arbitration against AcrossAsia Limited (AAL) in respect of the execution of the Facility Agreement dated 30 June 2011 through Indonesian National Board of Arbitration (BANI) with Case Number: 474/VIII/ARB-BANI/2012 ("BANI Case").

With regard to BANI Case, on September 12, 2012, the Arbitral Tribunal has issued a final Award ("BANI Award") states the following "Punishing AAL to pay only to FM the principal amount of USD 46,774,403 and make such payment in the Republic of Indonesia only to Company at the latest 45 (forty five) days after the award is pronounced".

The BANI Award has been registered at the Registry Office of Central Jakarta District Court as per Deed of Registration Number: 26/WASIT/2012/PN.JKT.PST dated September 13, 2012.

On September 24, 2012, the Company has filled an Application for an official warning (Aanmaning) to execute the Award of Indonesian National Board of Arbitration (BANI) Case Number: 474/VIII/ARB-BANI/2012 dated September 12, 2012, at the Central Jakarta District Court. The Company kindly request the Chief Judge of Central Jakarta District Court to issue an official warning (aanmaning) on the enforcement of the BANI Award by ordering AAL to make payment of the principal amount of indebtedness with the interest in the amount of USD 46,774,403 only to the Company (PT First Media Tbk) at the latest on October 25, 2012 and the payment shall be made in the Republic of Indonesia.

Whereas the Central Jakarta District Court has rendered a Court Order Number: 089/2012/Eks dated September 26, 2012 stating that the BANI Award may be enforced and a Court Order Number: 089/2012/Eks dated September 27, 2012 ordering the Registrar of the Central Jakarta District Court to officially summon AAL to come to appear the Chief Judge of Central Jakarta District Court on October 16, 2012.

On October 16, 2012, the Central Jakarta District Court during the hearing issued second warning to appear before the Chief of Judge of Central Jakarta District Court on October 30, 2012.

On October 30, 2012, the Central Jakarta District Court issued the third warning to AAL. AAL responded to such warning was; that AAL would like to pay (to FM) and AAL has submitted a letter to court October 16, 2012 regarding the objection to execute the decision due to Garnishee Order to Show Cause. AAL also requested to postpone the enforcement of the execution of BANI Award due to double jeopardy.

On November 27, 2012, the Company and AAL appeared before the Central Jakarta District Court. AAL repeated its request as previously state during hearing dated October 30, 2012, which AAL would like to pay to FM and requested to postpone the enforcement of the execution of BANI Award. However, the Company informed the court that the Company was insisted to enforce the BANI Award; since what happen in Hong Kong was not related to BANI case in Indonesia.

Further the head of the Central Jakarta District Court declared that the warning (aanmaning process) has been completed and instructed AAL voluntarily to comply with its obligation within 8 days after this aanmaning.

- (d). On December 26, 2012, the Company filed a Petition for Suspension of Obligation for Payment of Debts (PKPU) against AcrossAsia Limited (AAL) through the Commercial Court at the Central Jakarta District Court. The PKPU Petition was filed in connection with AAL's indebtedness that has been due and payable based on Facility Agreement dated June 30, 2011 which was supported by the Award of Indonesian National Board of Arbitration (BANI) Case Number: 474/VIII/ARB-BANI/2012 dated September 12, 2012, Order of Central Jakarta District Court Case No. 089/2012.EKS jo No. 474/VIII/ARB-BANI/2012 dated September 24, 2012, and Order of Central Jakarta District Court Case No. 089/2012.EKS jo No. 474/VIII/ARB-BANI/2012 dated September 27, 2012.

Whereas on January 15, 2013, the Panel of Judges has rendered a Decision No. 64/PKPU/2012/PN.NIAGA.JKT.PST stating that the Panel of Judges granting the PKPU Petition as filed by the Company and stipulating the Temporary PKPU shall be at the most 45 (forty five) days as of the a quo Decision was pronounced.

Furthermore, pursuant to the Order No. 64/PKPU/2012/PN.NIAGA.JKT.PST dated January 21, 2013, the Supervisory Judge has determined the First Meeting of the

Creditors, the deadline for filling any claims for the Creditors of AAL (in PKPU), the Debt Verification / Adjustment Meeting against the Creditors of AAL (in PKPU), and the Judge Deliberation Hearing.

On Februari 15, 2013, the Supervisory Judge has rendered an Order No. 64/PKPU/2012/PN.NIAGA.JKT.PST which in essence order all parties related to AAL's PKPU process to comply with the ongoing AAL's PKPU process in the Commercial Court at the Central Jakarta District Court, prohibit the Debtor/ AAL (in PKPU) to make a payment to any parties, the Creditor and/or third parties through the High Court of Hong Kong and/or another courts, and prohibit the Debtor/ AAL (in PKPU) to perform acts related to management of assets, ownership/transfer of assets, banking transactions/finance, payments, loans, guaranteeing the shares owned by AAL and other transactions without an approval letter from the Administrator Team.

Whereas AAL then submitted a petition for PKPU extension time on February 26, 2013.

On March 5, 2013, the Panel of Judges of the Commercial Court of Central Jakarta District Court has rendered a Decision No. 64/PKPU/2012/PN.NIAGA.JKT.PST which in essence declaring that the PKPU Petitionee AAL is bankrupt with all its legal consequences.

Furthermore, pursuant to Order No. 64/PKPU/2012/PN.NIAGA.JKT.PST dated March 7, 2013, the Supervisory Judge has determined the first Creditors meeting, the deadline for submission for the claims of tax and Creditors, and the Verification Meeting of Creditors of AAL.

On March 13, 2013, AAL submitted a Petition for Cassation and a Cassation Brief againsts the Decision No. 64/PKPU/2012/PN.NIAGA.JKT.PST dated March 5, 2013. AAL requested the Honorable Panel of Justices at the Cassation Level to cancel the Decision No. 64/PKPU/2012/PN.NIAGA.JKT.PST and declare the bankruptcy of AAL to be revoked / annulled. Further, on March 22, 2013 the Company then filed a Cassation Counter Brief against the Petition for Cassation and a Cassation Brief.

Based on Supreme Court Decision No. 214 K/Pdt.Sus-PKPU/2013 dated July 31, 2013; the Supreme Court refused AAL's cassation petition. Based on AAL's announcement dated 8th August 2013, AAL will file of judicial review against such decision.

CORPORATE SOCIAL RESPONSIBILITY

Social responsibility has become an important activity for any company in running their business. In general, social responsibility of business is to build strength, which requires a healthy balance of economic, market, and community.

Based on a survey conducted by Ernst & Young, 94% of companies believe that social responsibility activities can have a positive impact for the Company in business. However, in reality only 11% of companies that experience a significant change after undergoing social activities with strategic responsibilities. Other findings from a research, social responsibility programs run by public companies can increase the probability of 70% for the purchase or consume the products and services sold by the Company.

The results of this feasibility study shows that social responsibility is a way of maintaining good relations with the public, meaning the Company does not continue to pursue the large economies of scale in maintaining the resilience of the business, yet it must be concerned about especially the environmental balance.

By looking at the Company's exposure to the study also believe that social responsibility is an important activity to improve the smooth flow of business. As a guide in formulating



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the Company's social responsibility program, the company adopted the concept of pyramid carrol.

Picture on page 124.

Exposure studies from Carroll Pyramid states that every company has four pyramid responsibility in business. The most basic layer or foundation, it is definitely the responsibility of maintaining the stability of the company at the beginning of their business through increased cash inflows. The second layer, companies must undergo an effort to comply with the regulations or applicable government regulations.

The third layer, the Company responsible for running the business while maintaining ethics, ethics in this study refers to the moral values, justice, and human rights (human rights). Topmost layer is the responsibility of the participating companies to improve the welfare of society, such as donations, will support cultural, educational, health, and so on.

With reference to "Carrol", the Company realized that the attention or care about the welfare of the community should be considered. However the community is part of the contributing factor in the economic development of Indonesia. In 2013, the Company has three main programs of social responsibility, namely:

1. Blood Donation Program.
2. Cash grants Lentera Harapan School Lampung.
3. Installation of internet connections in the Islamic School Darrutaubah.

Of the three programs is the responsibility of the Company's theme this year is health and smoothness of the educational process. Blood donor program implemented at the beginning of the year just in the month of February to December, there are numbers of participants approximately 600 people donated blood for the needs of the wider community who need blood. At the same time the Company gives cash grants to the Lentera Harapan School Lampung to smooth the process of education. Cash assistance program to the Lentera Harapan School Lampung was implemented in 2012, but the Company is committed to helping the school for two years.

Company's social responsibility program at the close of the year 2013 was held at Islamic School Darrutaubah, Bekasi. As a form of improving the quality of education and knowledge of the students, especially the Internet world, the company is building a network of Internet connection in the computer lab for free for one year. Internet-connected network programs, especially in schools is paramount for the Company to improve the welfare of society. The Company expects that with the internet, students of the Integrated Islamic School Darrutaubah can add insight to the development of technology and information.



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HUMAN RESOURCES

The Company realize the importance of Human Resources in its business and always look forward to observing the development of the Human Resources. The Company has always considered employees as one of the distinctive core competencies. Employees with high dedication and strong competence in its field surely could bring the Company to grow robustly in the future. The sort of faith has driven the Company to continuously develop its employees to be distinguishing factor to win the competition.

Improvement for HR function has been carried out since 2010 which is in line with the development of existing businesses. HR Division with its Information System (HRIS) for corporations, has increased its function to be a strategic partner with the corporate that can align corporate and business unit needs to simplify and speed up access to information about HR services accurately and the most currently.

Human Resources Information System (HRIS)

Human Resource Information Systems (HRIS) has grown with the support of IT Division since 2011. Overtime Application of Online System, the e-Recruitment System and

Exit Clearance Online System have been running and are constantly refined. This system contributes to the biggest changes in the activities and work processes that occur in the HR Division and the organization. The simple operating procedure, has made users to get the latest information practically, and easy to manage every stage in the recruitment process. Management can obtain real-time and transparent information on HR-related data. Time and costs incurred can be reduced compared to when HR management was executed manually.

HR Composition

At the end of 2013, the Company and business unit employed 1,333 employees, it was an increase of 251 headcounts over the previous year (2012). This event occurred in line with the company's requirements to develop its business. Out of the 1,333 employees, there are 911 permanent employees and 433 contract workers.

Graphic & Table on page 128, 129.

Learning and Development

The Company has Learning & Development Division, used to known as LD, as learning center of the Company. As learning center of the Company, the main objective of LD is to continually increase the quality of the Company's human resources to support the Company's business and its development, which leading the Company to win business competition in the market.

To achieve its main objective, LD has develop learning program for many of the Company's division based each division's need as in accordance with the need of the Company's business, either for short term or long terms purpose. The development of learning program not only based on the development of hard skill and soft skill, but also for the need of human resource in every stage.



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Sales Training Department

As one of the front liner of the Company, sales force has important role to generate sales of the Company's product. This is the reason for the Company, since in the beginning of 2012, to establish Sales Training Department as tool to develop sales force team. Sales Training Department is focusing to enhance the competency of each sales force along with the increment of Company's sales force number, causing competent sales force to increase the sales number of Company's product and help to make good reputation in the society.

Competency development program for sales force is conducted using Competency Based Human Resources (CBHR) approach. The main aspect on this approach is to develop competency needed to do the job. This sales force development program was made by Sales Training Department focusing the development of competency of sales force for retail product, including sales force for New Roll-Out (NRO), direct sales force, knows as Customer Relation Officer (CRO), Tele Sales, Retention and Technical Retention Service (TRS).

English Training For Employee

Seeing that business prospect in Indonesia is going better as reflected in the increase of world wide scale companies investing in Indonesia, no doubt that communication skill in English as one of the international languages as has been an important aspect.

For the Company, the increase of Company's product used by world wide scale companies in Indonesia has led to the increase of cooperation between the Company and world wide scale companies. And of course, the communication for such cooperation mostly made in English.

To increase the competency to communicate in English, LD has developed English Training for Employee since 2010. English Training for Employee is developed not only to increase the skill to communicate in English on daily activity but also in within the scope of work on the each relevant employee.

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