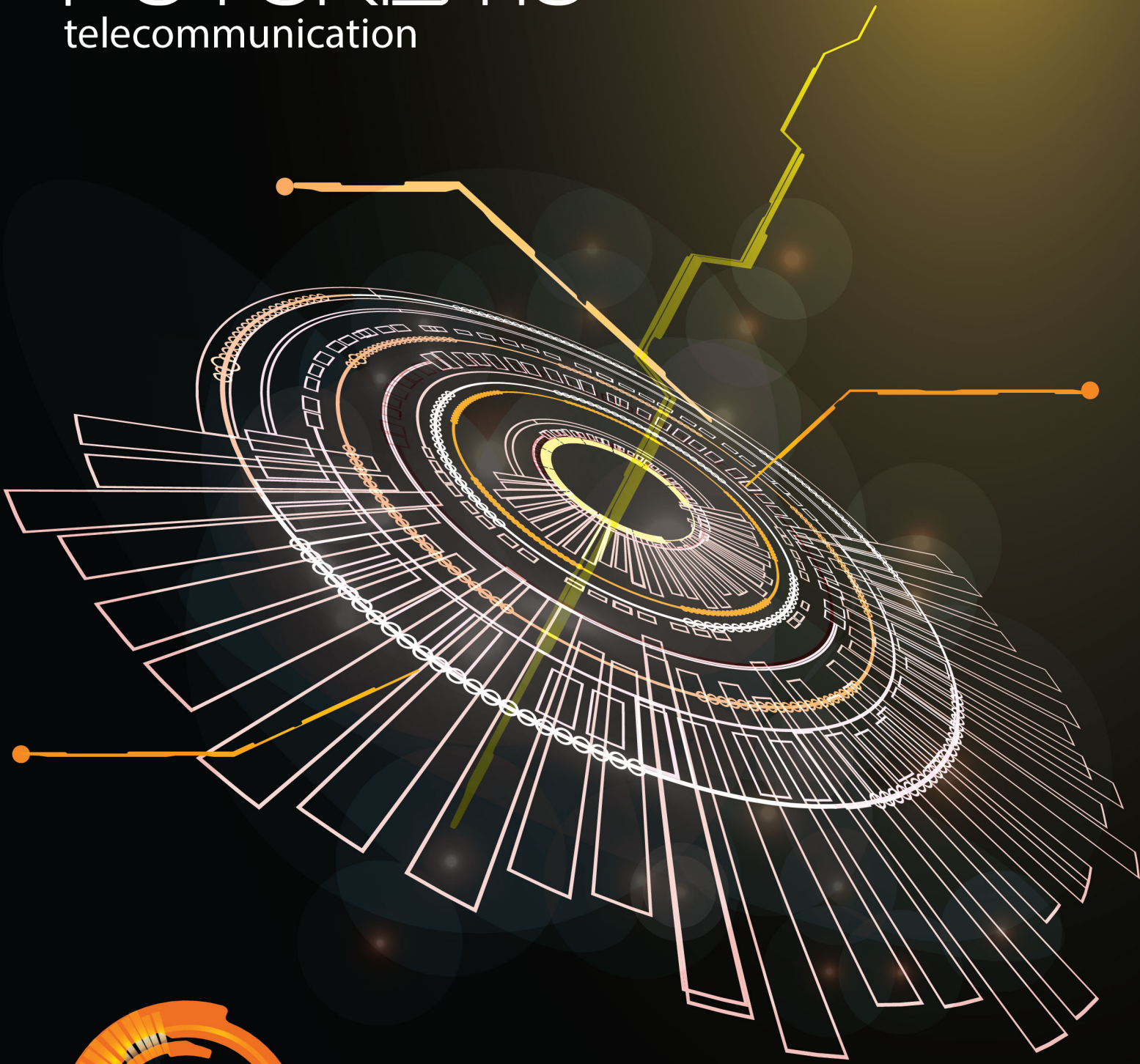


# FUTURISTIC

telecommunication



*Annual Report*

# TABLE OF CONTENT

Financial Highlights	03
Company Profile	13
Report from The Board of Commissioner	31
Key Management Profiles	43
37 Report from The Board of Director	
57 Management Analysis on The Company Performance in 2014	
81 Good Corporate Governance	
93 Human Resources	
101 Corporate Social Responsibility	





**110**

Management's Statement For The  
2014 Annual Report

**112** The Company And  
Its Subsidiaries Addresses

Consolidated Financial Statements Of  
PT Erajaya Swasembada Tbk  
And Its Subsidiaries

**115**



0700027>>>037  
745700070X0770  
708503702027507  
70700700700707

42200100100001

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Share Highlights

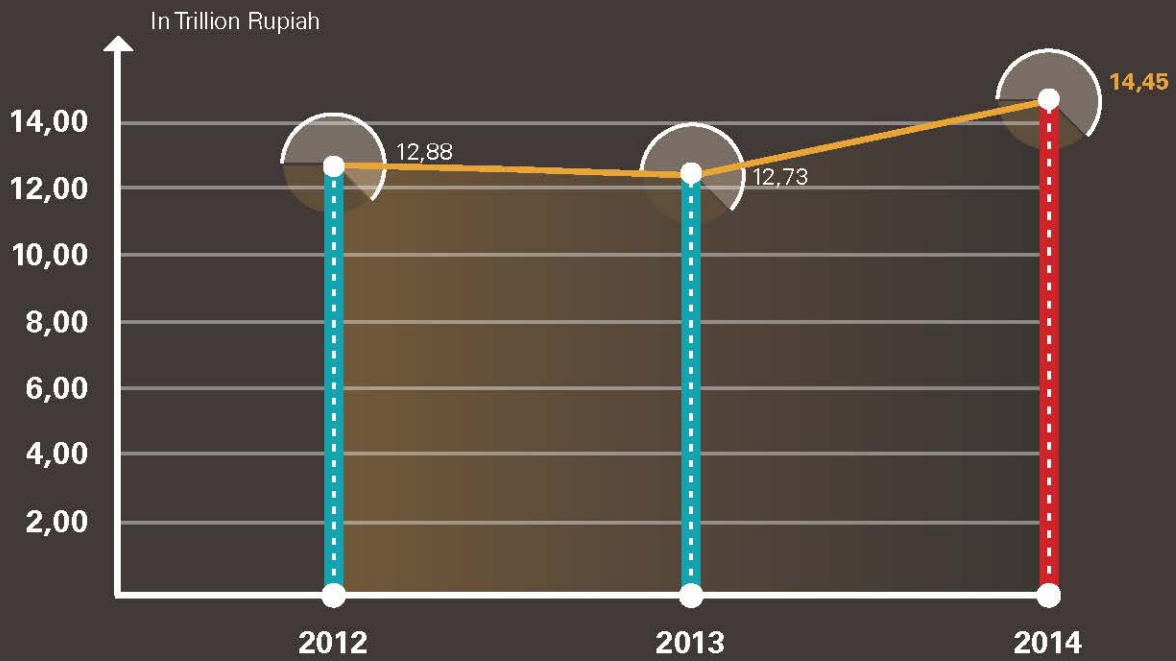


# FINANCIAL HIGHLIGHTS

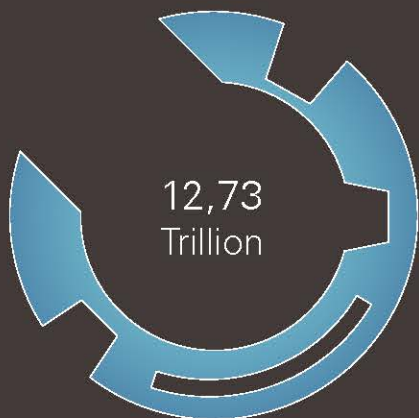


# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## NET SALES

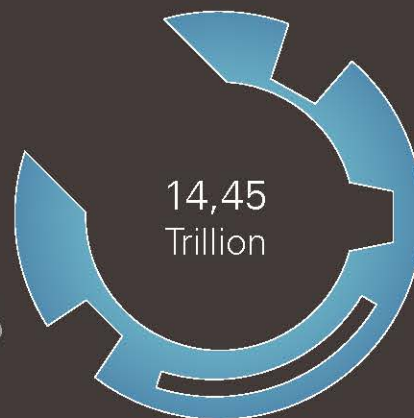


### NET SALES 2013



≡  
+13,55%

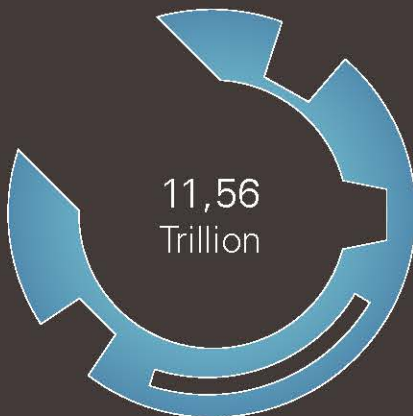
### NET SALES 2014



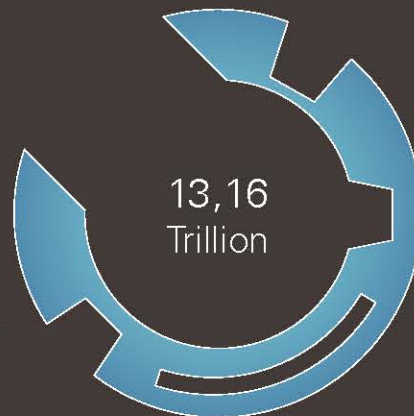
## COST OF GOODS SOLD



### COST OF GOODS SOLD 2013



### COST OF GOODS SOLD 2014

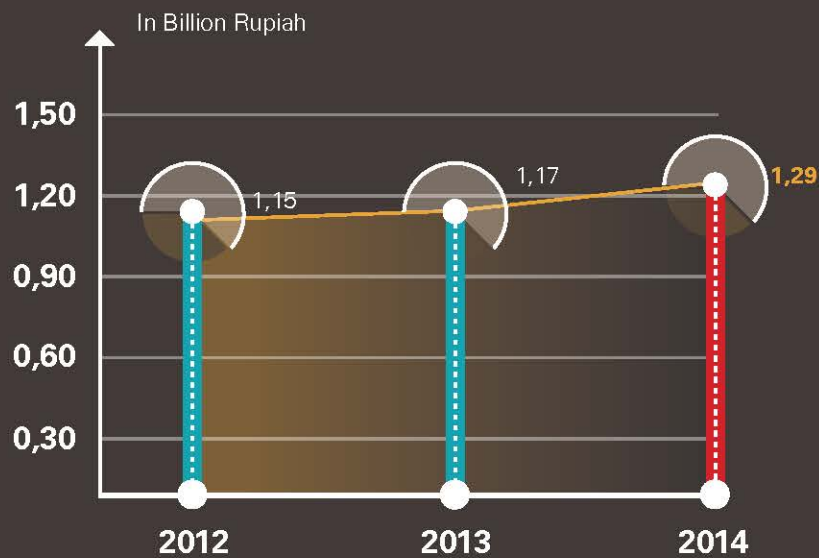


+13,88%



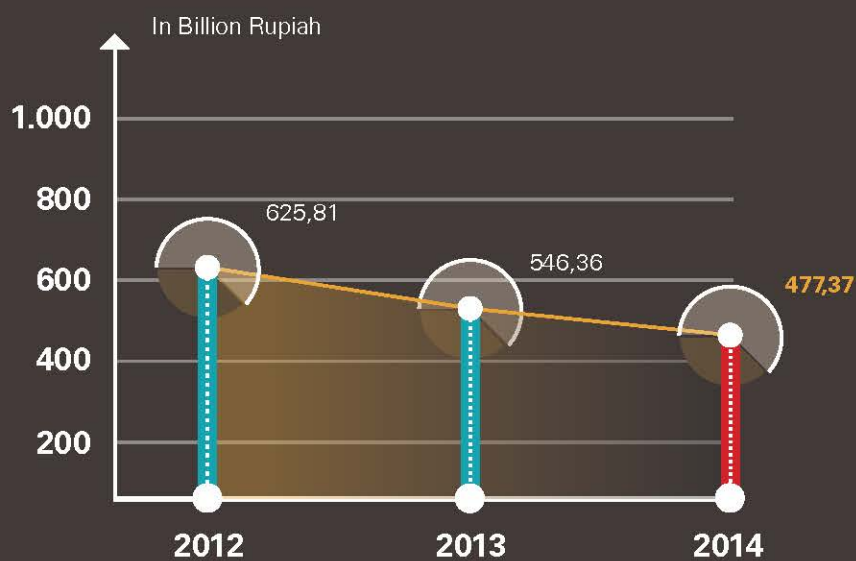
# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## GROSS PROFIT



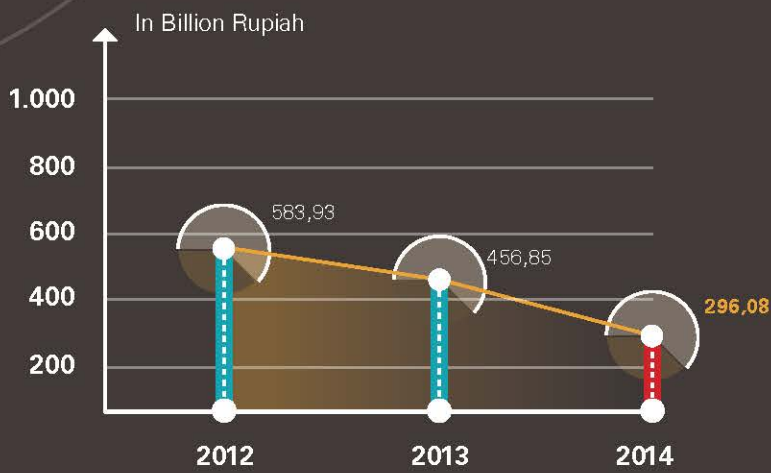
+10,27%

## INCOME FROM OPERATIONS



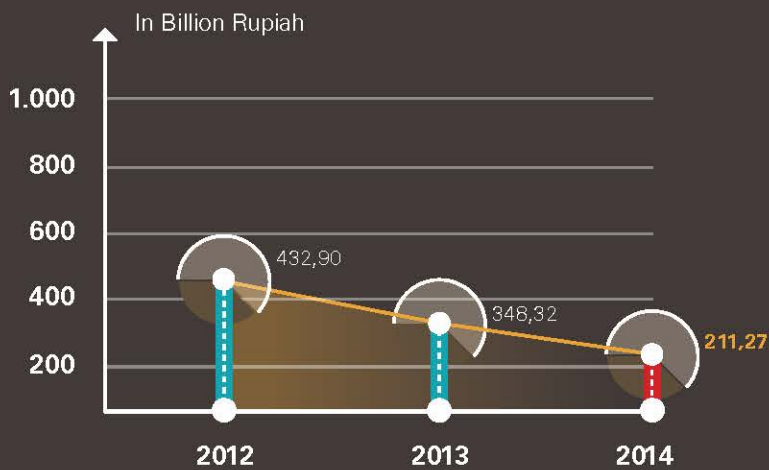
-12,63%

## INCOME BEFORE INCOME TAX



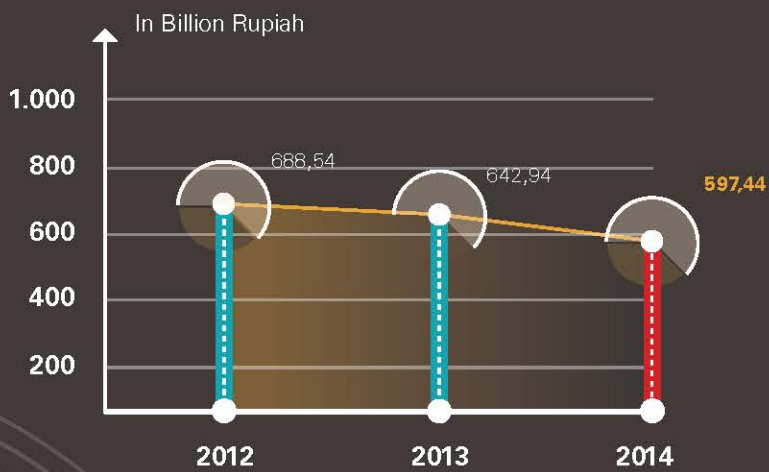
-35,19%

## INCOME FOR THE YEAR



-39,33%

## EBITDA



-7,08%

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Billion Rupiah

Consolidated Statement of Financial Position	2014	Growth	2013	2012
Current Assets	4.318,61	14,32%	3.777,77	2.839,54
Non - Current Assets	1.801,70	47,21%	1.223,86	1.047,88
Total Assets	6.120,31	22,37%	5.001,63	3.887,42
Current Liabilities	2.913,60	32,53%	2.198,49	1.269,98
Non - Current Liabilities	192,92	287,36%	49,80	38,42
Total Liabilities	3.106,52	38,17%	2.248,29	1.308,40
Equity	3.013,79	9,46%	2.753,34	2.579,02
Total Liabilities & Equity	6.120,31	22,37%	5.001,63	3.887,42
Net Working Capital	1.405,00	-11,04%	1.579,28	1.569,56

FINANCIAL RATIO	2014	Growth	2013	2012
Total Liabilities / Total Equity	1.03	26,23%	0.82	0.51
Total Liabilities / Total Assets	0.51	12,92%	0.45	0.34
Current Assets / Current Liabilities	1.48	-13,74%	1.72	2.24



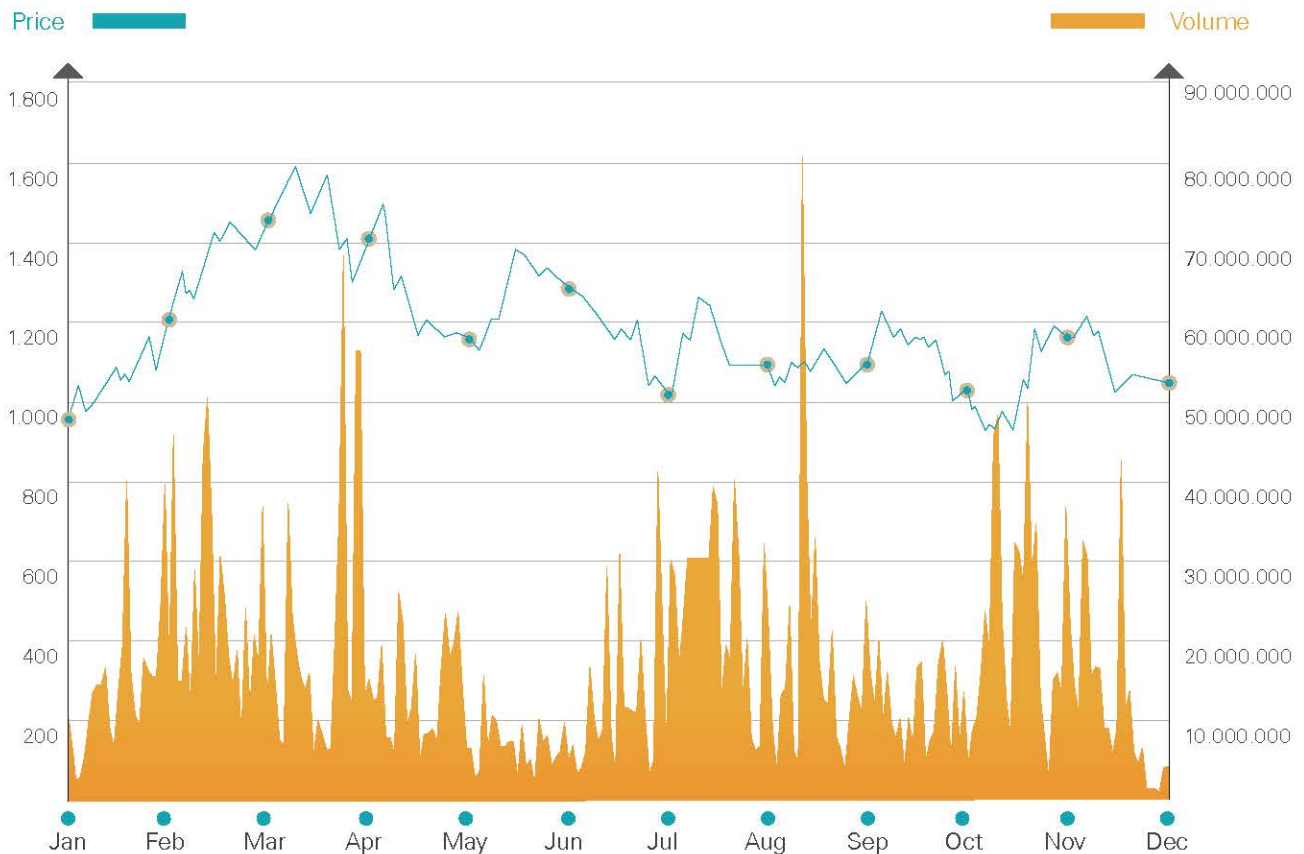
BUSINESS RATIO	2014	Growth		2013	2012
	Income from Operations / Total Net Sales	0.03	⚡	-23.05%	0.04
Income for the Year / Total Net Sales	0.01	⚡	-46.83%	0.03	0.03
Income from Operations / Total Assets	0.08	⚡	-28.60%	0.11	0.16
Income for the Year / Total Assets	0.03	⚡	-50.66%	0.07	0.11
Income from Operations / Total Equity	0.16	⚡	-20.18%	0.20	0.24
Income for the Year / Total Equity	0.07	⚡	-44.84%	0.13	0.17
Income for the Year / Total Shares	0.07	⚡	-39.62%	0.12	0.15
Price - Earnings Ratio	14.93	⬆️	79.18%	8.33	19.80

## SUMMARY OF DIVIDEND PAYMENTS

Financial Year	Interim / Final	Dividend per Share	Total Dividends (Rp)	Payment Date	Dividend Payout Ratio
2013	-	-	-	-	-
2012	Final	60	174.000.000.000	12 July 2013	40,19%

# SHARE HIGHLIGHTS

## SHARE PRICE PERFORMANCE JANUARY - DECEMBER 2014



Quarter	Year	Volume	Highest Price (Rp)	Lowest Price (Rp)	Last Price (Rp)	Number of Shares	Market Capitalization (Rp - Million)
I	2013	397,785,000	3,425	2,525	3,400	2,900,000,000	9,860,000
	2014	1,106,343,100	1,665	1,010	1,370	2,900,000,000	3,973,000
II	2013	533,735,000	3,500	2,500	3,050	2,900,000,000	8,845,000
	2014	787,161,700	1,615	1,045	1,080	2,900,000,000	3,132,000
III	2013	1,356,963,000	3,125	940	1,430	2,900,000,000	4,147,000
	2014	1,121,916,600	1,375	1,010	1,060	2,900,000,000	3,074,000
IV	2013	1,111,523,000	1,540	960	1,000	2,900,000,000	2,900,000
	2014	1,029,736,300	1,280	950	1,090	2,900,000,000	3,161,000

Source : Bloomberg

## SHARE LISTING CHRONOLOGY

No	Recording Date	Notes	Change in Number of Shares			
			Before		After	
			Number of Shares	Nominal (Rp)	Number of Shares	Nominal (Rp)
1	October 8, 1996	Establishment	-	-	5.000	5.000.000
2	April 12, 1997	Additional shares issued and fully paid	5.000	5.000.000	1.000.000	1.000.000.000
3	October 25, 1999	Additional Shares Issued and Fully Paid	1.000.000	1.000.000.000	2.000.000	2.000.000.000
4	December 17, 2009	Additional Shares Issued and Fully Paid, and Stock Split from Rp1,000 per share to Rp1,000,000 per share.	2.000.000	2.000.000.000	500.000	500.000.000.000
5	August 3, 2011	Additional Shares Issued and Fully Paid, and Stock Split from Rp1,000,000 per share to Rp500 per share.	500.000	500.000.000.000	1.980.000.000	990.000.000.000
6	December 14, 2011	Initial Public Offering ("IPO"). Additional Shares Issued and Fully Paid.	1.980.000.000	990.000.000.000	2.900.000.000	1.450.000.000.000

\*) Based on Erajaya Notarial Deed and IDX Issuer Corporate Actions





# COMPANY PROFILE



motion sensor solution

```
000000000001
000000000001
000000000001
000000000001
000000000001
```



## Vision

To Provide mobile products and solutions to improve the quality and lifestyle

## Mission

Becoming a leading distribution company with integrated direct access to consumers and retailers that offer a complete range of mobile products and solutions

## Corporate Core Values

### **Integrity**

Honest, accountable and responsibility.

### **Dynamic and Innovative**

Quickly adapt and seek for creative solutions.

### **Respect Others**

Respect, cooperativeness and good environment

### **Customer Oriented**

Providing the best service for customer satisfaction

### **Learning without limits**

Continuously learning to develop ourselves



## VISION, MISSION AND CORPORATE CORE VALUES



# COMPANY PROFILE

## ERAJAYA IN BRIEF

---



In its daily activity, Erajaya Group engages in the distribution and retail of mobile telecommunication devices such as mobile phones and tablets, subscriber identity module card (SIM Card), mobile network operator voucher top-up, accessories, and gadgets such as computers and other electronic devices.

Established in 1996, Erajaya Group is one of the largest and most trusted company engaging in an integrated business of the distribution and retail of mobile telecommunications equipment.

In its daily activity, Erajaya Group engages in the distribution and retail of mobile telecommunication devices such as mobile phones and tablets, subscriber identity module card (SIM Card), mobile network operator voucher top-up, accessories, and gadgets such as computers and other electronic devices.

Erajaya Group is at the leading company in the field of the distribution and retail of mobile phones. This achievement cannot be separated from the distribution and retail strategy developed by Erajaya Group. The strategy undertaken by the Group in 2014 can be described as: obtaining distribution license for the brand Xiaomi and ASUS, began to expand its business to regional level with the acquisition of CG Computer (Apple Reseller), a company based in Malaysia, expanding Erafone Megastore outlets, opening the Asia's largest outlet of iBox, through a joint venture with PT Sat Nusa Persada to produce

its own brand mobile phone (Venera), and introduces a new format that focused on selling products accessories without removing handset sales-Eraplus Concept.

In 2014, Erajaya Group has 80 points of distribution allowing the Group to reach more areas and resellers in Indonesia. In addition, Erajaya Group also managed to open 114 retail outlets while closing 82 unproductive retail outlets (business joint cooperation). With the net addition of 32 retail outlets.

Erajaya Group also develops platform- or operating-system based concept store. In collaboration with Google, in July 2012 Erajaya Group introduces AndroidNation, the world's first retail outlet based on Android operating system. Until the end of 2014, AndroidNation continues to grow, and reached 6 outlets in Jakarta, Tangerang, Semarang and Surabaya.

Tracing back in 2011, Erajaya Group acquired PT Teletama Artha Mandiri ("TAM"). The acquisition has successfully generated income from investment for the portfolio of Erajaya Group as well as TAM as subsidiaries.

At the end of 2011, Erajaya Group conducted an IPO, selling 31.7% of its shares. With the stock code ERAA, Erajaya Group officially listed on the Indonesia Stock Exchange.

Another strategy undertook by Erajaya Group is to develop electronic- based selling ("e-commerce") through [www.erafone.com](http://www.erafone.com) in early 2012. E-commerce achieved a great success, and Erajaya Group is trusted by a number of principal as launching partner for a wide

range of flagship products and recorded outstanding sales result with a variety of new products. At the end of 2014, the Group relaunching Erajaya [www.erafone.com](http://www.erafone.com) website.

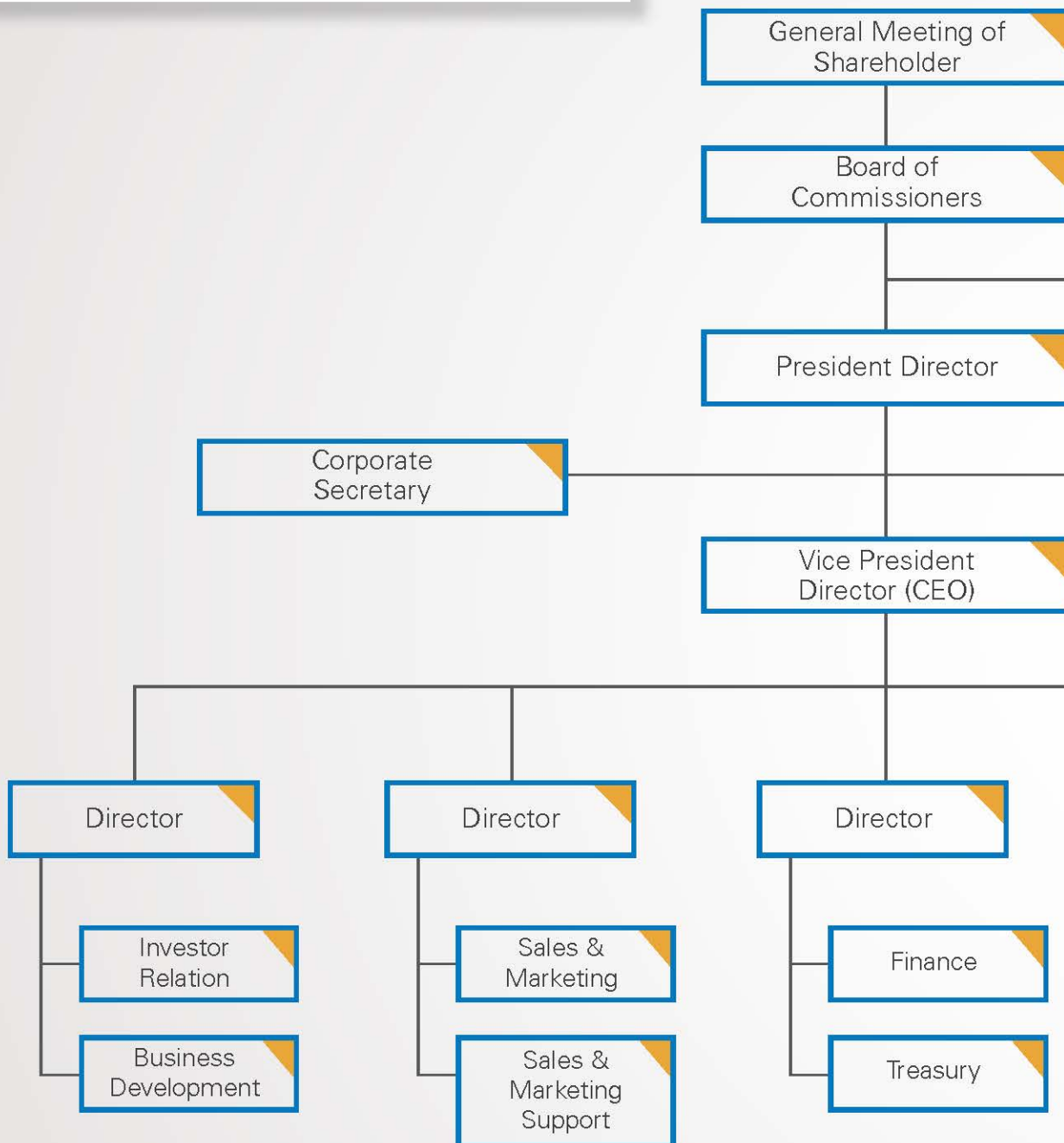
In August 2012, Erajaya Group through one of its subsidiaries, namely PT Data Citra Mandiri ("DCM") acquired the rights of iBox brand and retail business. iBox is a specialty retail outlets for Apple brand leading products. This acquisition is a strategic move from Erajaya Group to further broaden its portfolio and to expand its retail network.

In September 2012, PT Eralink International, the majority shareholder of Erajaya Group again sold 8.3% of its shares, bringing the total shares released to public as of the end of 2012 amounted to 40.03% thereby reducing the tax incentive of 25% to 20 %.

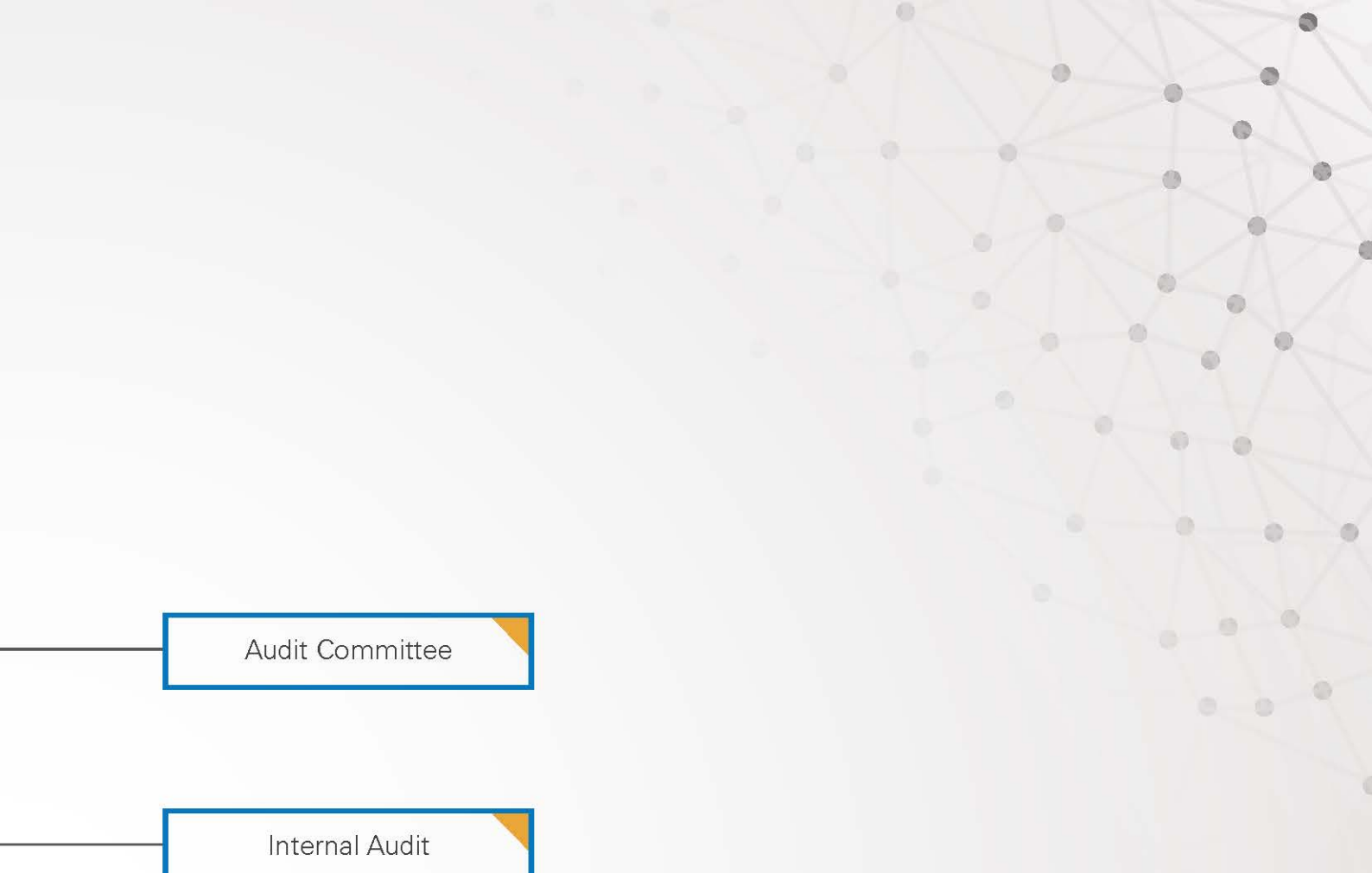
As the business evolving, Erajaya Group entered into strategic partnership with 14 well-known global brands, including Acer, Apple, Asus, BlackBerry, Dell, HTC, Huawei, Lenovo, LG, Motorola, Nokia, Samsung, Sony, and Xiaomi. The Company also markets its own products, under the name of Venera. In addition, Erajaya Group also collaborates with mobile network operators to distribute their products, namely Telkomsel, Indosat and XL.



# ORGANIZATIONAL STRUCTURE







Audit Committee

Internal Audit

Director

Independent Director

Accounting

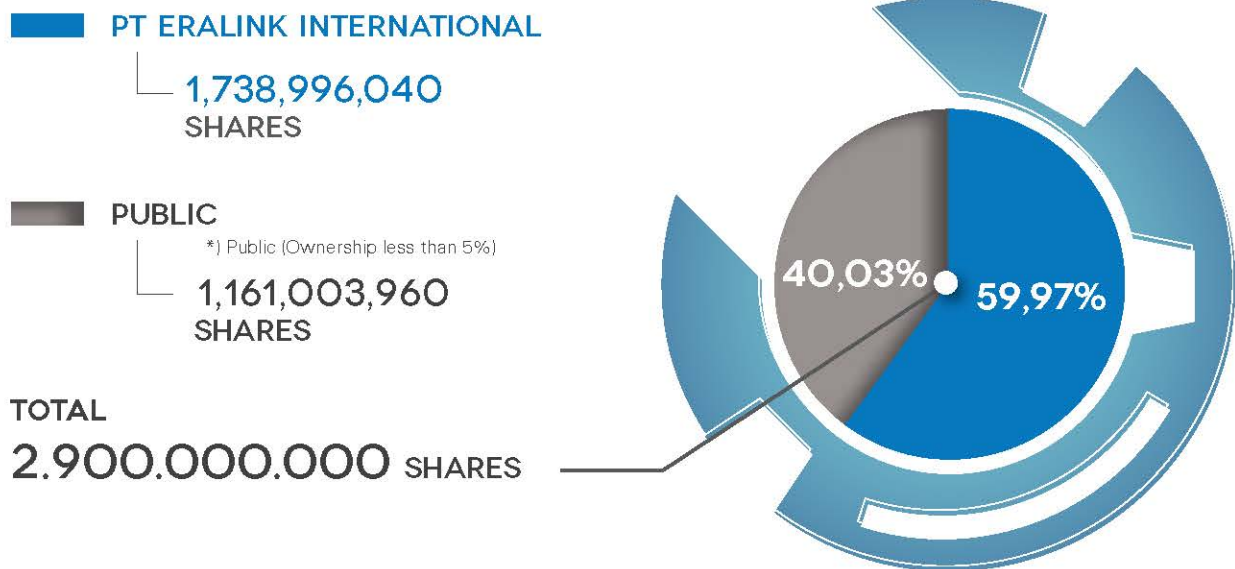
Legal

General Affair

Human Resources

# SHAREHOLDERS COMPOSITION

## AS OF DECEMBER 31, 2014



### COMPOSITION OF SHAREHOLDERS OF FOREIGN AND NATIONAL INVESTOR

Shareholder	Number of shares	Ownership
<b>Foreign Investors</b>		
Companies	12.179.500	0,42%
Individuals	466.242.525	16,08%
<b>Total Foreign Investors</b>	<b>478.422.025</b>	<b>16,50%</b>
<b>National Investors</b>		
Individuals	229.575.454	7,92%
Limited Company	1.775.545.121	61,23%
Insurance	48.208.800	1,66%
Foundation	68.998.200	2,38%
Cooperative	1.759.400	0,06%
Other	297.491.000	10,26%
<b>Total National Investors</b>	<b>2.421.577.975</b>	<b>83,50%</b>
<b>TOTAL</b>	<b>2.900.000.000</b>	<b>100,00%</b>

## COMPOSITION OF SHAREHOLDERS LESS THAN 5%

Shareholders	Number of Shares	Ownership
<b>Foreign Investors</b>		
Foreign Companies	12,179,500	0.42%
Foreign Individuals	466,242,525	16.08%
<b>Total Foreign Investors</b>	<b>478,422,025</b>	<b>16.50%</b>
<b>National Investors</b>		
Individuals	229,575,454	7.92%
Limited Company	36,549,081	1.26%
Insurance	48,208,800	1.66%
Foundation	68,998,200	2.38%
Cooperative	1,759,400	0.06%
Others	297,491,000	10.26%
<b>Total National Investors</b>	<b>682,581,935</b>	<b>23.54%</b>
<b>TOTAL</b>	<b>1,161,003,960</b>	<b>40.03%</b>

## COMPOSITION OF SHARES OWNED BY THE BOARD OF COMMISSIONERS AND DIRECTORS

Shareholders	Position	Number of Shares	Ownership
Ardy Hady Wijaya	President Commissioner	1,253,960	0,04%
Richard Halim Kusuma	Commissioner	1,250,000	0,04%
Budiarto Halim	President Director	1,250,000	0,04%
Hasan Aula	Vice President Director (CEO)	1,250,000	0,04%
Sintawati Halim	Director	1,250,000	0,05%
Andreas Harun Djumadi	Director	1,500,000	0,04%
Sim Chee Ping	Director	1,250,000	0,04%
Djohan Sutanto	Director	1,200,000	0,04%

# SUBSIDIARIES

Subsidiary	Domicile	Year of Operation	Ownership Percentage 2013	Total Aset 2014 (Rp)
<b>PT. Teletama Artha Mandiri ("TAM")</b>	Jakarta	2005	99,99 %	2.919.548.074.943
<b>PT. Erafone Artha Retailindo ("EAR")</b>	Jakarta	2003	99,31 %	800.410.100.349
<b>PT. Sinar Eka Selaras ("SES")</b>	Jakarta	2011	99,50 %	301.567.321.692
<b>PT. Nusa Gemilang Abadi ("NGA")</b>	Jakarta	2006	99,99 %	132.790.628.992
<b>PT. Data Citra Mandiri ("DCM")</b>	British Virgin Island	2006	99,98 %	356.644.033.314
<b>PT. Era Sukses Abadi ("ESA")</b>	Jakarta	2011	99,90 %	126.090.409.497
<b>PT. Azec Indonesia Management Service ("AIMS")</b>	Jakarta	2011	99,99 %	5.864.785.605
<b>West Swan Overseas LTD ("WSO")</b>	Jakarta	2011	99,99 %	6.653.844.800

## Indirect Ownership through EAR

<b>PT. Multi Media Selular ("MMS")</b>	Jakarta	2004	80,00 %	73.098.872.098
<b>PT. Data Media Telekomunikasi ("DMT")</b>	Jakarta	2003	98,00 %	15.366.296.578
<b>PT. Prakarsa Prima Sentosa ("PPS")</b>	Jakarta	2010	80,00 %	26.161.512.337
<b>PT. Erafone Dotcom ("EDC")</b>	Jakarta	2009	99,00 %	2.543.250.143
<b>CG Computers Sdn. Bhd. ("CG")</b>	Malaysia	1995	49,00%	150.495.074.833



### Indirect Ownership through CG

<b>Switch Concept Sdn. Bhd.</b>	Malaysia	2007	100,00%	4.860.321.064
<b>JKK Software Sdn. Bhd.</b>	Malaysia	2014	70,00%	183.635.756
<b>CG Computer (Central) Sdn. Bhd.</b>	Malaysia	2012	100,00%	414.398.318
<b>Urban Republic Sdn. Bhd.</b>	Malaysia	2013	100,00%	1.455.046

# AWARDS

## 2006

- The Best Sell Out N-Series Volume, Nov-Dec 2005, Jan 2006 KRP from Nokia Mobile Phones Indonesia.
- Great Achievement and Contribution from Nokia Mobile Phones Indonesia.
- The Best Sell Mobile Phone Volume, Nov-Dec 2005, Jan 2006 The Best Mobile Entry Mix from Nokia Mobile Phones Indonesia
- The Best Sell Mobile Phone Volume, Nov-Dec 2005, Jan 2006 The Best Expression / Youth / Active / Music Product from Nokia Mobile Phones Indonesia

## 2008

- Strong Commitment & Great Achievement from Nokia Mobile Phones Indonesia.
- Best Overall 2008 from Nokia Mobile Phones Indonesia
- Best Revenue & Volume devices 2008 from Nokia mobile Phones Indonesia
- Best Overall Achievement 2008 from Nokia Mobile Phones Indonesia
- Piagam 4 Juta Konsumen di DKI Jakarta dan Banten from PT. Bakrie Telecom
- Best Point Service Centre in Asia Pasific

## 2007

- Great Achievement and Contribution from Nokia Mobile Phones Indonesia
- Excellent Award-Winner Nokia Formula for Success Contest, Nokia Sales Summit, Asia Pasific from Nokia Mobile Phones Indonesia
- Mitra Harapan Kesejahteraan Bersama' Award from Samsung
- Best Handset Volume Growth 2007 Asia Pasific from Sony Ericsson

## 2011

- Best SWE Growth 2011: DMT Tasikmalaya and Ciamis, from XL Asia
- The Lowest Cross Region Ratio: DMT Bandung, from Esia
- Distribution Region Competition 2011 West Java, III Champion: DMT Bandung, from Axis (PT. DATA MEDIA TELEKOMUNIKASI)

● **PT. ERAJAYA SWASEMBADA**

● **PT. DATA CITRA MANDIRI**

● **PT. TELETAMA ARTHA MANDIRI**

● **PT. DATA MEDIA TELEKOMUNIKASI**

## 2012

- Ernst & Young Entrepreneur of the Year 2012.
- Asiamoney, Corporate Governance Poll 2012, The 4th Best for Shareholder's Rights and Equitable Treatment.



## 2014

- Most Admired Companies 2014 – The Third Winner in Trade, Services, and Investment Industry dari Fortune Indonesia.
- Authorized Dealer Reward 2014 – 3rd Best Area Performance Area Sumatra dari Telkomsel.
- Authorized Dealer Reward 2014 – 1st Outlet Productivity Region Sumatra Bagian Selatan dari Telkomsel.
- Authorized Dealer Reward 2014 – 1st Broadband Penetration Region Sumatra Bagian Selatan dari Telkomsel.



## 2013

- Best of the Best World Entrepreneur of the Year Hall of Fame – Honored June 8, 2013
- Awards 2013 – The Top 50 Companies for 2013 from Forbes
- Indonesia Excellence Awards – Mobile Phone Distributor of The Year 2013 from Forst & Sullivan – Frost & Sullivan
- The Best Distribution Partner 2013 PT Teletama Artha Mandiri from BlackBerry
- Investor Magazine – Best Listed Company 2013
- The Indonesian Telecommunications Industry from Forsel Magazine - Kompas Gramedia [to celebrate the 8th years of Forsel Magazine and 20th years of mobile industry in Indonesia]



# MILESTONES



## January 1, 2014

The Company is Appointed as Distributor for ASUS Products

The Company is appointed as distributor of ASUS products by ASUS Global Pte. Ltd. Upon this appointment, ASUS products become integrated in the chain of distribution and retail networks of Erajaya Group



## March 28, 2014

The Opening of Erafone Megastore in Binataro Jaya Xchange Mall, Tangerang

PT Erafone Artha Rataindo ("Erafone"), one of the subsidiaries of the Company, opened Erafone Megastore outlet in Bintaro Jaya Xchange Mall, Tangerang. Erafone Megastore is a one-stop-shopping outlet that offers the most complete selection of products and brand, and it expands the space for accessories and other supporting products. Erafone Megastore provides effectiveness and efficiency of productivity regarding the utilization of retail space, human resources and structured management. By the end of 2014 Erafone has opened two other outlets of Erafone Megastore in Tangerang and Palembang.

## May 26, 2014

General Meeting of Shareholders

The Company held a General Meeting of Shareholders ("AGM") on May 26, 2014, at the Seminar Room of Indonesia Stock Exchange, Jl. Kav.42-53 Gen. Sudirman, Jakarta.

## May 26, 2014

Annual Public Expose

With due observance to Listing Rules of Jakarta Stock Exchange Number IE concerning the Obligation to Submit Information, which among others requires listed companies to hold Public Expose, the Company held its Public Expose on May 26, 2014, following the Company's Annual General Meeting of Shareholders.





#### June 17, 2014

#### Tecprotec Launched "Ponsel Proteksi" for Erafone

To anticipate the increasing demand for insurance protection on gadgets and smartphones, Tecprotec launched Ponsel Proteksi, additional protection for mobile devices, especially cell phones that are marketed through the network of retail outlets of PT Erafone Artha Retailindo (Erafone), one of the subsidiaries of the Company.



#### August 27, 2014

#### Erajaya Group is Appointed as Xiaomi Business Partner

Xiaomi has appointed Erajaya Group as its business partner, including PT Erajaya Swasembada Tbk as importer and PT Teletama Artha Mandiri (a subsidiary of the Company) as authorized distributor.

Upon this appointment, Xiaomi products become integrated in the chain of distribution and retail networks of Erajaya Group

#### September 17, 2014

#### Signing of Agreement on the Acquisition of CG Computers Sdn BHD Shares by PT Erafone Artha Retailindo

PT Erafone Artha Retailindo, one of the subsidiaries of the Company has entered into Share Purchase Agreement with Terms with Li Chau Ging, in connection with the acquisition of a number of 600,000 shares, representing 60% of the total issued and fully paid-up shares on CG Computers Sdn Bhd, a company incorporated under the laws of the Kingdom of Malaysia, with a transaction value of RM14,000,000 or equal to Rp.51,870,000,000 (assuming USD vs RM of Rp.3,705).

#### November 4, 2014

#### A Collaboration on Electronic Manufacturing Services ("EMS") For Venera Mobile Phones

Erajaya Swasembada Tbk PT. through its subsidiary, namely PT Teletama Artha Mandiri (TAM), has officially started the local production of Venera mobile phone (HP) at PT Sat Nusapersada Tbk. in Batam.



**November 6, 2014**

The Opening of Largest iBox Apple Premium Reseller Flagship Store in Indonesia

PT. Data Citra Mandiri ("DCM"), one of the subsidiaries of the Company, owner and manager of the network outlets iBox.the Company held the Grand Opening of iBoxApple Premium Reseller (APR) Flagship Store, the biggest in South East Asia.

Located at Mal Kelapa Gading 3, iBox Flagship Store is the largestApple Premium Reseller and the only one that is equipped with an Apple Authorized Training Center and Apple Authorised Service Provider in one outlet locations.

Throughout 2014, the Company also has opened five iBox stores in several major cities, such as Jakarta, Surabaya, Palembang and Bali.



**November 12, 2014**

Samsung and Erafone open Samsung Experience Store (SES) New Concept , the First in Indonesia

PT Samsung Electronics Indonesia and PT Erafone Artha Retailindo (a subsidiary of the Company) officially opened Samsung Experience Store (SES) New Concept in Gandaria City, South Jakarta. SES is the first New Concept Store in Indonesia, introduced by Samsung, proving the commitment of Samsung and Erafone to continue to innovateits services and bring Samsung products and technologies closer to consumers.

**December 8, 2014**

Opening GO Erajaya Office in East Java

GO Erajaya Office in East Java is the representative office of the Company, opened in East Java and around. The opening of a representative office is a form of the Company's commitment and efforts to improve the effectiveness of the Company's operations in East Java and around.



**December 12, 2014**

LG Mobile Brand Shop is  
Opened at Gandaria City

The opening of LG Mobile Brand Shop is a result of collaboration between LG and PT Erafone Artha Retailindo, one of the subsidiaries of the Company, a leading retailer with a nationwide network of retail outlets. All this time, all LG mobile products have been marketed through a network of Erafone's multi-brand outlets, and its market share shows a promising growth trend year by year. It is expected with the opening of LG Mobile Brand Shop, the contribution of LG products in Erafone sales will rise significantly.





# REPORT FROM THE BOARD OF COMMISSIONERS







# REPORT FROM THE BOARD OF COMMISSIONERS

Dear Shareholders,

First of all, we would like to thank God, the Almighty for His blessing. And hereby, we also would like to report you the encouraging achievement made by PT Erajaya Swasembada Tbk ("Perseroan") in the year that full of challenges such as 2014.

As we all know, 2014 was another challenging year for business practitioners in Indonesia. On the one hand, public enthusiasm in welcoming the Presidential election as party of democracy seems so festive this particular time, but on the other hand, it also instills concern that prompted the market to wait and see, in mid of the year. The value of rupiah against the US dollar continues to decline from Rp12.300, - to Rp12.500, - by the end of 2014. At the same time, Bank Indonesia tried best to anticipate the rate of inflation by raising interest rates from 7,50% to 7,75%. The increase in the percentage of income tax from 2,5% to 7,5% and discourse of the implementation of PPnBM have also resulted in a not so conducive market situation for mobile phone industry. All the things above resulted in a slowing of national economy and declining purchasing power of the people of Indonesia.

Concerning the business of telecommunication devices, a tighter competition occurred and the emerging of new brands in the market forces the producers to ceaselessly innovate and come up with increasingly sophisticated gadgets yet offered at a more affordable prices in a short course of time. Consumer loyalty significantly declines, adding to the shortening life cycle of products.

In the midst of such a challenging situation, all elements of the Company have demonstrated their determination and dedication so that the Company was able to maintain its market share of 32% by the end of 2014.

## Assessment on the Performance of Board of Directors

Throughout 2014, the Board of Directors and the management have shown determination, dedication and excellent performance in the face of various challenges, that is evident in many things, among others: the increase in net sales, the increase in unit sales volume of mobile phones and accessories, the increase in Average Selling Price ("ASP"), as well as the new concept and strategy to embrace customers.

Therefore, the Board of Commissioners, on behalf of shareholders, greatly appreciates the hard work and effort of the Board of Directors and the management in maintaining the Company's business growth and recording many commendable achievements in the midst of challenges in 2014.

## Improving the Quality of Corporate Governance

Good corporate governance is a set of rules or system governing the relationship between shareholder in the company, management, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations. Implementation of Good Corporate Governance can help increasing the Company's values - the values of the Company are professional, transparent and efficient.

Throughout 2014, the Company continues to improve the quality of corporate governance with refer to the principles of good corporate governance, namely: transparency, accountability, responsibility and fairness.

Efforts to improve the corporate governance are undertaken by the Board of Commissioners, and is evident from the joint meetings held by the Board of

Commissioners and the Board of Directors and Audit Committee, on quarterly basis. During this meeting, the Board of Commissioners obtains input from the Audit Committee in order to improve the performance of the Company and provides guidance to the Board of Directors and all levels of management of the Company to continue to apply good corporate governance in running their business operations.

### Business Prospects in 2015

In 2015, the Indonesian economy is expected to rise again, following the decline in 2014. In general, the rupiah value against US dollar will be increased and inflation will be controlled, and bring positive impact on consumer purchasing power. With various improvements and innovations in infrastructure, transportation and distribution of goods, Indonesia is expected to overcome the impact of the increasing prices of fuel oil. Government policy to encourage local investment is expected to absorb more labor, stabilize the currency and improve the competitiveness of domestic products in domestic and international markets. The rapid advancement of e-commerce channel in Indonesia will change the behavior patterns of consumption and create a tighter and healthy competition.

BOC is optimistic with the policies and strategies adopted by the Board of Directors and their staffs in managing risks and financial appropriately, in improving human resources management, as well as the implementation of culture of good corporate governance, to support the Company in facing the challenges and seizing the opportunities in order to maintain profitability and meet the expectations of stakeholders.

Finally, on behalf of the Board of Commissioners, I would like to express my gratitude for the support and trust that bestowed upon us by the shareholders,

customers, partners, suppliers and other stakeholders of the Company. This sincere appreciation goes to the Board of Directors and all employees as well, who have been working sincerely and in full dedication in creating the best achievement of Erajaya Group in 2014. We believe that the Company will still be able and excel to meet the challenges in the future and to provide quality of telecommunication devices with best services to its customers.

Sincerely,

Ardy Hady Wijaya  
President Commissioner







# REPORT FROM THE BOARD OF DIRECTORS







# REPORT FROM THE BOARD OF DIRECTORS

Dear shareholders,

First and foremost, we would like to thank God for His blessing, so that we can achieve a commendable achievement in a challenging year, such as 2014.

The Indonesian economy in 2014 has to face a series of challenges, such as the increase in lending rates, fuel prices, income tax, the discourse on the PPnBM implementation and the weakening of Rupiah against US dollar. Such challenges impacted the consumption behavior of our very conservative society. In the sector of telecommunications device business, the weakening rupiah has a very pronounced impact, due to the fact that almost all telecommunications devices are imported or locally produced using imported components.

The expectation that the economy will soon be improved following the presidential election of 2014, is another factor that make consumers put their purchase on hold, especially for stuff that is not of an urgent nature, including telecommunications devices.

Answering the above challenges, the Company has implemented several strategies, among others: (1) Integrating Xiaomi and ASUS products into our distribution and retail network, bringing the total brand distributed by the Company to 15. With the addition of this brand, Erajaya Group can would be able to maintain its performance even if a change of brand preference is occurred in the market. (2) Focusing on retail business throughout 2014 as evident by the increase in the contribution of retail sales from 32% to 38% of the total sales of the Company, and also with the expansion of the Company's retail network to a net opening of 32 retail outlets, (3) And as part of the Company's long-term strategy, the Company also develops its business through e-commerce ([www.erafone.com](http://www.erafone.com)).

## COMPANY PERFORMANCE 2014

Against the backdrop of such a less conducive condition in Indonesia's economy and its telecommunications industry in 2014, the Company managed to maintain its market share by 32%, owing to the hard work and cooperation of all management and employees of the Company throughout 2014.

In 2014 the Company increased the efficiency of its distribution, among others by closing a number of distribution points, so that as of the end of the year, the Company has 80 distribution points. With the number of distribution points owned by the Company, it allows the Company to be able to reach out and serve approximately 19,000 resellers in Indonesia.

To improve its customers services, especially in the field of telecom products retail, the Company introduced Eraplus, a new retail formats developed based on the previous format (Gadget Store) which focuses on selling products accessories while still selling handset. As for the opening of new retail outlets, the Company has opened 32 retail outlets and closed 82 non-performing retail outlets (joint business), and hence it comes to an addition of 32 retail outlets.

The Company's commitment to expanding its business in the regional market is evident with the acquisition of CG Computers Sdn Hhd, a company incorporated under the laws of the Republic of Malaysia. With the acquisition, the Company has added and expand its retail network in Malaysia. CG Computers Sdn Hhd, through its trademark Switch is one of Premium Reseller for Apple and Apple Authorised Reseller in Malaysia. The total number of outlets owned by the Switch at the end of 2014 was 23 retail outlets.

In 2014, the Company recorded a sales of Rp14.45 trillion, an increase of 13.55% compared to the previous year's sales which amounted to Rp12.73 trillion. This increase was attributable to several factors, namely: (1) integrating Xiaomi and ASUS brands into our distribution and retail network, (2) expanding our retail outlets, in the form of store or Erafone Megastore, (3) acquiring overseas retail company (CG Computer Sdn Bhd), and (4) additional cluster for operator. The largest contribution came from the sales of mobile phone products and tablets, which amounted to Rp12.30 trillion, or about 85.10% of the total sales.

The Company recorded an Operating Income of Rp477.37 billion in 2014, down by 12.63% compared to 2013 of Rp546.35 billion. Meanwhile, the Company's comprehensive Current Year Earning is amounted to Rp211.27 billion, down 39.35% from the previous year of Rp348.32 billion. The decrease was due to a number of factors, such as (1) The increase in salary expenses caused by the expansion and the addition of retail outlets, (2) The increase in cost of rental and service charge due to additional outlets in order to strengthen the Company's retail business, (3) The increase in expenses from credit card sales program, resulted from the increasing use of credit cards as payment mode and installment programs throughout 2014.

By the end of 2014, the Company has entered into a strategic partnership with principals of leading global brands such as Acer, Apple, Asus, Blackberry, Dell, HTC, Huawei, Lenovo, LG, Motorola, Nokia, Samsung, Sony, and Xiaomi. The Company also markets its own brand, Venera. The Company also works together with leading mobile network operators, such as Telkomsel, Indosat and XL.

## PROSPECTS IN 2015

A recovery is looking to be likely in the economic conditions in 2015, with strengthening of rupiah

against dollar, more controllable inflation, which lead to the increase in customers purchasing power. The development of infrastructure and transportation systems to counter weight the impact of rising fuel prices. The government's policy in encouraging local investment will absorb a lot of energy and stabilize the rupiah against the dollar. E-commerce will grow rapidly in Indonesia and will change the behavior of private consumption, and therefore we are confident that the telecommunications sector in Indonesia will remain promising in 2015.

Although the telecommunications sector is expected to remain promising in 2015, the Company has decided to set a "not-too-ambitious" target, just to give a space and time for the market to really recover. The Company will focus on the development of retail sector, emphasising more on quality of service and productivity compared with the increase in the number of retail outlets.

Finally, allow me on behalf of the entire Board of Directors to convey our deepest appreciation to the Shareholders, the Board of Commissioners, customers, business partners, government and other stakeholders for their support and confidence.

I would also like to thank the management team and all employees for showing a solid dedication and hard work so that we can through a tough year. I am sure, with the support of all parties, the Company will continue to progress and develop in a sustainable manner so as to increase value for shareholders and provide a useful contribution to the state and society.

Sincerely,

Budiarto Halim  
President Director





07007077>>>077  
745700070X0770  
70850770207507  
70700700700707

42200700700707

- Profile of the Board of Commissioners
- Profile of the Board of Directors
- Group of the Board of Commissioners and Directors



# KEY MANAGEMENT PROFILES





# PROFILE OF THE BOARD OF COMMISSIONERS

*Ardy Hady Wijaya*  
President Commissioner

Ardy Hady Wijaya is the founder of the Company. He serves as President Commissioner of the Company since 1998.

Currently, he also serves as President Commissioner of PT Data Citra Mandiri (2004 - present), PT Teletama Artha Mandiri (2004 - present), PT Erafone Artha Retailindo (2008-present), PT Multi Media Seluler (2009-present), PT Sinar Eka Selaras (2011-present), PT Data Media Telecommunications (2011-present), and PT Prakarsa Prima Sentosa (2011-present).

In addition, he also served as Commissioner of PT Nusa Gemilang Abadi (2006-present), PT Era Sukses Abadi (2011-present) and PT Eralink International (2011-present). Prior to founding the Company, he was a manager of a family-owned department store in Indonesia.







Richard Halim Kusuma  
Commissioner

Richard Halim Kusuma serves as Commissioner of the Company since 2011. In addition, he also serves as a Commissioner of PT Star Mobile Group (2010-present) and Director of PT Erafone Artha Retailindo (2010-present).

Before appointed as Commissioner, he served as Director of the Company (2006-2011), Director of PT Elang Perdana (2004-2006), and Director of PT KIA Mobil Indonesia (2002-2004). He studied at Northeastern University in Boston, Massachusetts from 1998 to 2004.





Lim Bing Tjay (BT Lim)  
Independent Commissioner

BT Lim serves as Independent Commissioner of the Company since 2011. Previously, he served as Deputy CEO of PT Smart Telecom (2008- 2011), CEO of PT Mobile-8 Telecom (2005-2008), CEO of Hewlett-Packard PT Indonesia (2002-2004), CEO of PT Compaq Computer Indonesia (1998-2001), CEO of PT Digital Equipment Corporation, Indonesia (1995-1998), Chief Executive of Astra International / PSO and Managing Director of PT Multi France Motor (Astra Cars group) and Managing Director of PT Astra Graphia Information Technology (1990 - 1995), Managing Director of PT Metrodata Indonesia (1985 - 1990), and the Chief for Information System for the Government of the Netherlands (1979-1985).

He once served as Chief System Development of University Of Nijmegen, the Netherlands (1971-1979). He graduated from the School of Informatics NOVI, Amsterdam in the Netherlands in 1971.



# PROFILE OF THE BOARD OF DIRECTORS



**Budiarto Halim**  
President Director

Mr. Budiarto Halim is appointed as President Director in 2005. Currently, he also serves as Director of PT Era Sukses Abadi (2011-present), President Director of PT Sinar Eka Selaras (2011-present), Commissioner of PT Data Citra Mandiri (2010-present), Commissioner of PT Mobile World Indonesia (2010-present) and Commissioner of PT Mega Mulia Servindo (2010-present).

Previously, he served as Director of PT Erafone Artha Retailindo (2008-2012), Commissioner of PT Data Media Telekomunikasi (2010-July 2011), Director of PT MultiMedia Selular (2010-2011), CEO of PT KIAMobil Indonesia (2000-2005), and Director of PTP uspita Bisnispuri (1997-2000).

In 2012, he was awarded the Ernst & Young's Indonesian Entrepreneur of the Year 2012. He holds a Bachelor's degree in Business Administration from San Francisco State University, USA in 1990.



**Hasan Aula**  
Vice President Director (CEO)

Mr. Hasan Aula serves as Vice Director of the Company since 2012. Currently, he also serves as Director of PT Teletama Artha Mandiri since 2010. Previously, he serves for 12 years as Country Manager, Executive Advisor and Director of Nokia Mobile Phones Indonesia. He has more than 18 years of experience in the field of sales and marketing.

During his career, he received many prestigious awards and recognition, such as LIFETIME Achievement Award during the 2008 Indonesia Cellular Show in, and named as one of the best CEOs based on SWA survey on Leadership in 2003-2004.

Graduated with an Engineering degree in Food Technology from Bogor Agricultural University in 1987. He also holds a Master of Business Administration degree from the Indonesian Institute of Management Development in 1990.





**Sintawati Halim**  
Director

Ms. Sintawati Halim has served as the Director of the Company since 2008. Currently, she also serves as Commissioner of PT Sinar Eka Selaras (2011-present), PT Erafone Artha Retailindo (2010-present), PT Prakarsa Prima Sentosa (2011-present), PT Data Media Telekomunikasi (2011-present), and PT Multi Media Selular (2010-present).

Previously, she also served as Senior VP of Finance of PT Mobile-8Telecom (2003-2008), Director of Industry Standard Servers (Enterprise Systems Group) of Hewlett-Packard Indonesia (2002-2003), and Director of Finance and Administration of Compaq Computer Indonesia (2001- 2002).

Graduated with a Master of Business Administration degree in Finance / International Business from New York University, Leonard N. Stern School of Business, USA in 1989 and a Bachelor of Science degree (Cum Laude with honors) Department of Computers Application and Information System from the College of Business and Public Administration, New York University, USA in 1985.



**Andreas Harun Djumadi**  
Director

Andreas Harun Djumadi serves a Director of the Company since 2011. Currently, he also serves as a Commissioner of PT Erafone Artha Retailindo (2010-present) and PT Prima Pesona Prakarsa (2010-present), President Commissioner of PT KIA Mobil Indonesia (2008-present), and PT KIA Indonesia Motor (2008-present).

Previously, he served as Commissioner of PT Erajaya Swasembada (2010-2011), Director of Finance & Accounting of PT KIA Mobil Indonesia (2000-2008), and PT KIA Indonesia Motor (2000-2008). He received a Bachelor's degree in Accounting from the University of Indonesia in 1980.

## PROFILE OF THE BOARD OF DIRECTORS



**Sim Chee Ping**  
Director

Sim Chee Ping serves as Director of the Company since 2011. Currently, he also serves as President Director of Prakarsa Prima Sentosa (2011-present), PT Data Media Telekomunikasi (2011-present), and PT Multi Media. He also serves as Director of PT Prima Pesona Prakarsa (2010-present).

Previously, he served as Executive Director of PT AZEC Indonesia Management Service (2000-2010) and various positions at Arthur Andersen Singapore and Indonesia, from Consultant at Arthur Andersen Singapore to Director of Business Consulting at Arthur Andersen Indonesia focusing on Telecommunications and Information Technology (1992-2000). He holds a Bachelor's degree in Accounting from the National University of Singapore in 1992.



**Djohan Sutanto**  
Director

Djohan Sutanto serves as Director of the Company since 2014. Currently, he also serves as Director of PT Teletama Artha Mandiri (2012-present). Previously, he served as a Senior Marketing Manager of PT Pangung Electric Citrabuana (1993 - 1998), and Director of Sales of Trikonsel Oke (1998-2010). He received his Bachelor's degree from the University of Tarumanagara in 1994.



**Jody Rasjidgandha**  
Independent Director

Jody Rasjidgandha serves as Independent Director of the Company since 2011.

Previously, he served as Director of PT Multimarilyn Permata Nusantara (2009-2011), and Director of PT Raga Unggul Selaras (2006-2009).



3  
4  
fone

Beautiful  
technology





## GROUP PHOTOS OF THE BOARD OF COMMISSIONERS AND DIRECTORS





## ► Operational Review

- Overview
- Business Model
- Business Strategy
- Business Prospect
- Product Portfolio
- Distribution of Business
- Retail Business
- Acquisition and Investment

## ► Performance Financial Review of 2014 compared to 2013



Management

Analysis on

**The Company Performance  
in 2014**



# OPERATIONAL REVIEW

## GENERAL DESCRIPTION

Erajaya Group is one of the largest and integrated distributors and retailers of mobile telecommunications products, as well as the most trusted one in Indonesia.

The Company has officially listed its shares on the Indonesia Stock Exchange (“IDX”) at the end of 2011, and in fact the the Company’s growth became the essential part of the development of telecommunications and information technology industry in Indonesia.

Erajaya Group has entered into strategic partnerships with 14 leading global brands, namely Acer, Apple, Asus, BlackBerry, Dell, HTC, Huawei, Lenovo, LG, Motorola, Nokia, Samsung, Sony and Xiaomi, and its own brand, namely Venera. In addition, Erajaya Group has also established partnerships with mobile network operators who have solid track record in the mobile network sector in Indonesia.

Erajaya Group has built an extensive distribution network under its own management that has become one of the Company’s major strength. To date, Erajaya Group already has a network of 80 distribution points and approximately 19,000 third-party reseller partners throughout the country. In like manner, the retail chain owned by Erajaya Group has extensively grown in 2014, with the opening of 114 retail new outlets, while discontinuing the operation of 82 non-performing outlets (joint operation). Hence, the net number of additional outlets is 32 retail outlets. As of the end of 2014, Erajaya Group has owned and managed 489 retail outlets across Indonesia.

Through its distribution and retail network, Erajaya Group provides a wide range of mobile phone products and accessories from its brand principals, along with

SIM card, prepaid recharge voucher from its mobile network operators partner in Indonesia. Erajaya Group also offers a well-established platform for principal brands and mobile network operators to distribute their products in Indonesia.

In 2014, to comply with the Regulation of the Minister of Trade of the Republic of Indonesia Number: 38/M-DAG/PER/8/2013 on Changes in the Regulation of the Minister of Trade No. 82/M-DAG/PER/12/2012 on the Provisions on Imported Cell Phones, Handheld Computers, and Tablet Computer, Erajaya Group has entered into a joint venture agreement with PT Sat Nusa Persada (“PTSN”) to produce its own mobile phones brand under the name of Venera.

The Company has received numerous awards from the brand principals and service providers for its performance as a distributor, both at regional and national levels.

## BUSINESS MODEL

Erajaya Group distributes mobile telecommunication products and services, which include mobile phones, smartphones, tablets, SIM card, recharge vouchers, accessories, and other IT products and other support services. Erajaya Group is also leading in e-commerce services provided for online-based retail consumer, as well as corporate.

Erajaya Group maintains solid partnership with global brands principals, provider of telecommunications devices, including Acer, Apple, Asus, BlackBerry, Dell, HTC, Huawei, Lenovo, LG, Motorola, Nokia, Samsung, Sony, and Xiaomi, as well as the major cellular operators in Indonesia, such as Esia, Exelcomindo, Indosat and Telkomsel. In addition, the Company is also developing its own brand, namely Venera, integrated in the chain of distribution and retail.



Erajaya Group's distribution network has reached all major markets in Indonesia, including the matured one such as Java, Sumatra and Bali, as well as the emerging market such as eastern Indonesia, Sulawesi, Kalimantan and Papua. The expansion of our retail distribution network that aimed at the eastern part of Indonesia on the ground that new demand for telecommunication products and services will rise and grow from this region.

Erajaya Group has two business models of distribution, namely dealers and third parties retailer (resellers). Erajaya Group distributes its products through Master Dealer and Sub-Dealers and also has expanded its reach to cover key markets, and implement direct distribution system to many resellers.

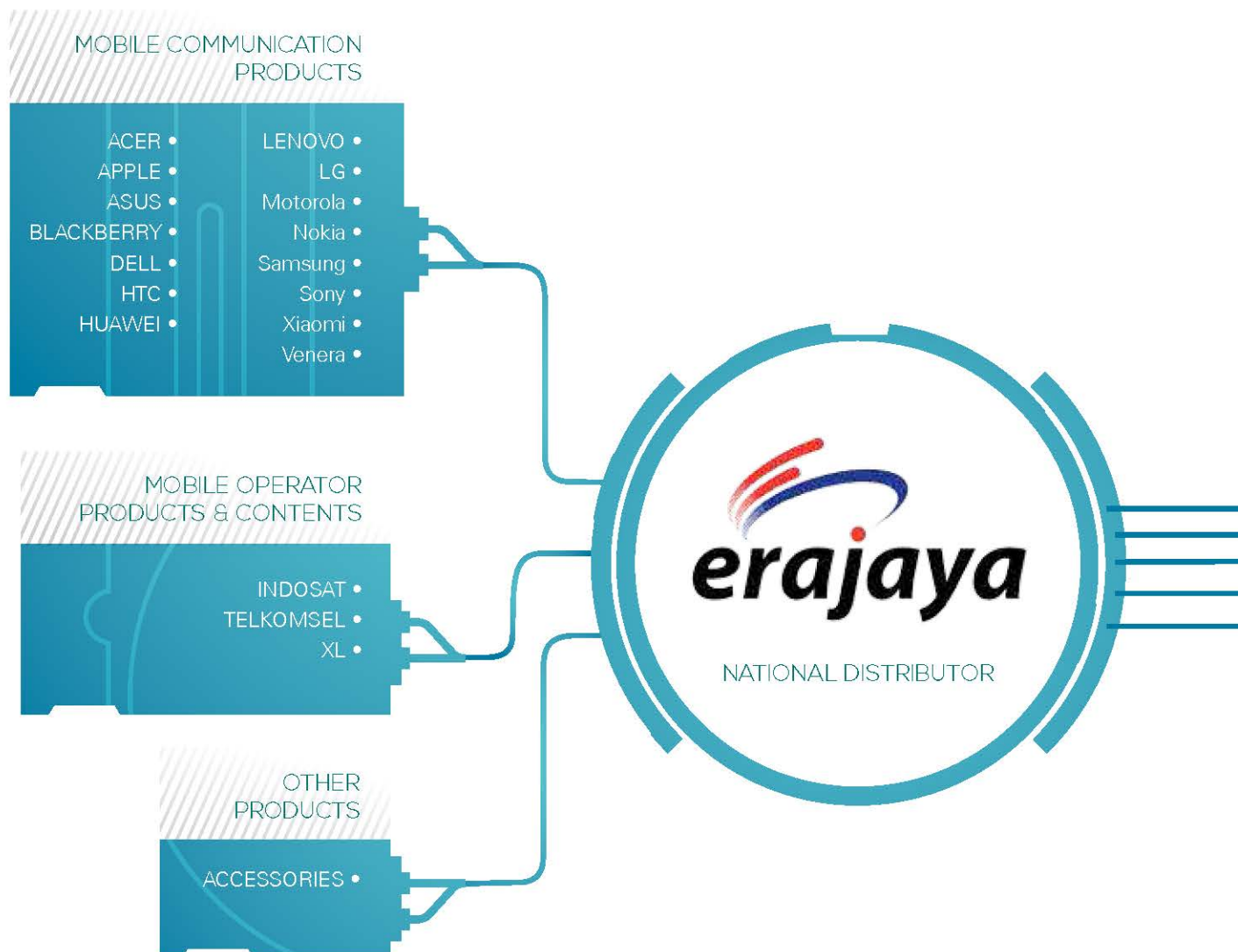
Erajaya Group also has built key distribution points in cities that fall into the category of tier-1 and tier-2, through a retail network owned by Erafone. In running its operation, Erajaya Group has a variety of retail formats including branded retail outlets, multibrand, megastore, OS-Store and small retail outlets to reach more locations in Indonesia.

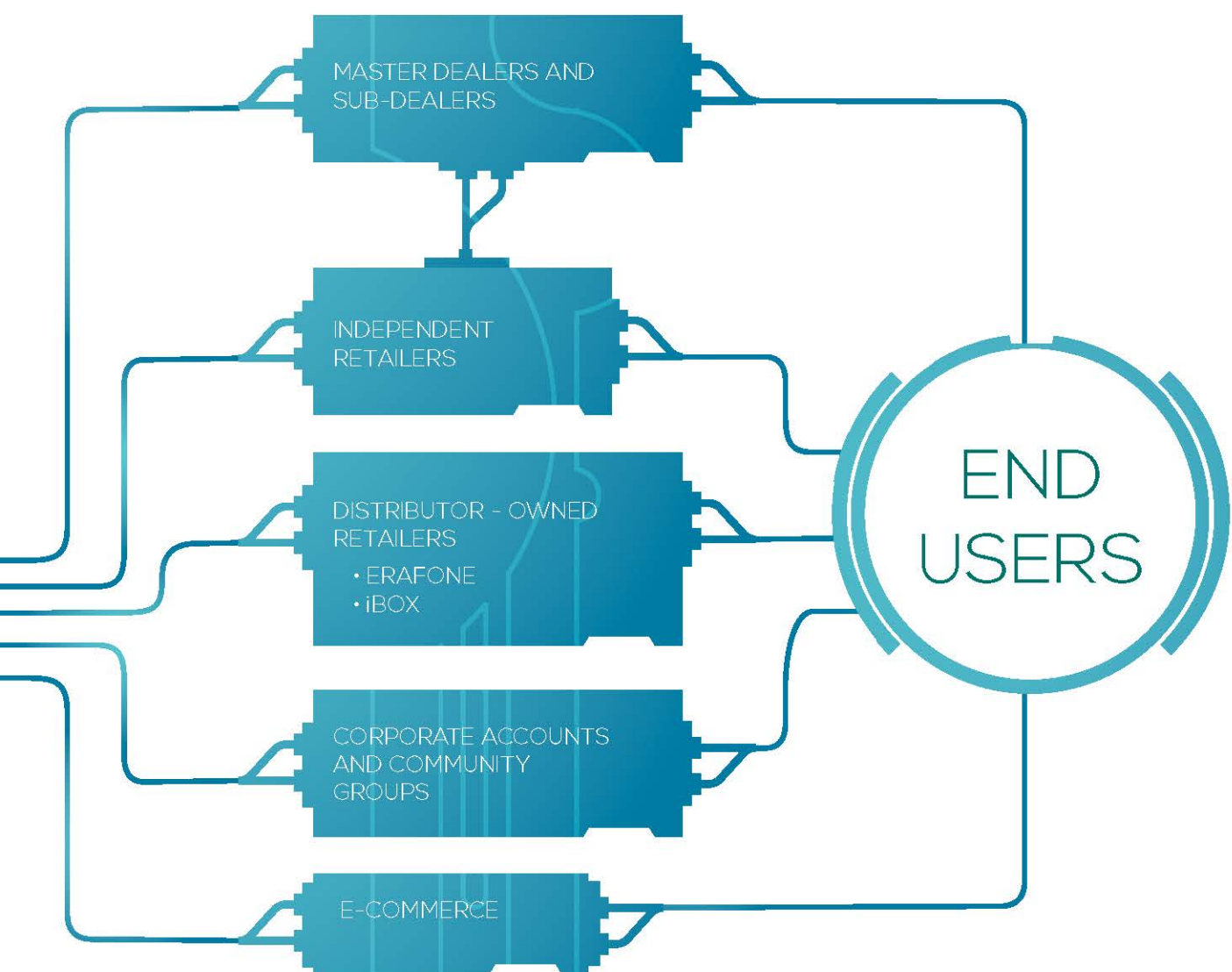
In 2014, Erajaya Group introduced Eraplus, a new retail format that focuses on selling products accessories, while still selling handset. In the field of distribution, Erajaya Group has 80 distribution points in 2014 which allows Erajaya Group to reach many areas and resellers in Indonesia.

Based on data from the Central Bureau of Statistics ("BPS"), Indonesia's economic growth in 2014 reached 5.02%, lower than that of the previous year. However, telecommunications users in Indonesia is still growing rapidly. In the midst of less favorable economic conditions, Erajaya Group remains at the forefront of their line of business.

# OPERATIONAL REVIEW

The following diagram gives an overview of the distribution chain and retail network of Erajaya Group, related to products and cellular telecommunication network operators in Indonesia.







# OPERATIONAL REVIEW

Erajaya Group's distribution network nationwide and regionalwide provides added value for the brand principals and service providers alike in expanding their outreach.

By the end of 2014, the retail distribution network of Erajaya Group has included around 19,000 third-party reseller partners and 489 retail outlets, while the nationwide distribution network consist of 80 distribution points and is committed to continuing to develop new distribution points. The strength of this distribution network allows the Company to offer extensive, strategic, effective and efficient access to the brand principal and mobile operators.

Erajaya Group always tries to maintain good relationship and cooperation with the global brand principals that lead to promote public confidence toward Erajaya Group as the leading and most complete distributor and retail company in Indonesia.

In 2014, Erajaya Group dominated the market shares of mobile phone in Indonesia by 32%. In addition, the network operator partners of Erajaya Group is also the operator that dominates the largest market share in Indonesia. Erajaya Group has also developed a distribution for accessories and other supporting products, in line with the development of the orientation and the increase in market demand for telecommunications support devices.

Erajaya Group maintains the loyalty of its customers by offering a wide range of mobile products and comprehensive service provider. In addition, Erajaya Group also collaborates with its principals and mobile network operators partners to offer a promotional package of mobile phone and SIM card.

Erajaya Group also understand the importance of being reputable with its portfolio of various products in enhancing the loyalty of dealers and resellers. It also improves the coverage and quality of the distribution network of Erajaya Group.

The achievements that Erajaya Group gained during 2014 can not be separated from the strength of Erajaya Group, in terms of distribution network development, marketing strategy and retail expansion, up to management and human resources management that can sustain Erajaya Group encouraging performance.

## BUSINESS STRATEGY

Erajaya Group has made various efforts to develop its distribution network, including by improving information technology platform to enhance the technical capabilities of logistics network and improvement of the quality of its human resources.

Erajaya Group remains committed to improving its distribution and retail network by forming synergic partnership with dealers, third-party resellers, corporate clients, and joint business. With this partnership, Erajaya Group continues to expand its distribution network coverage, to deepen its market penetration and to increase the revenue base for Erajaya Group, and to enhance the attractiveness of the Group's distribution network in the eye of the principal.

Erajaya Group also develops a platform for e-commerce and m-commerce in its distribution channel. In addition, Erajaya Group continues to develop Erafone Megastore, retail outlets that have a greater space capacity so as to provide convenience for customers with a more varied selection of products.

In addition to the above strategy, Erajaya Group also has a strategy to strengthen its business platform by forging strategic partnership with brand principal of mobile devices, mobile network service providers, and other supporting products to expand its portfolio of products. This strategy has been pursued since Erajaya Group was established and continues to be developed in line with the characteristics and market demand in Indonesia. Through this strategy, Erajaya Group can maintain its market share, both distribution and users, through retail network, as well as strengthening Erajaya Group's brand as the leading distributor and retail services in Indonesia.

The strategy for expanding its product portfolio also gives Erajaya Group the advantage of performing a complementary synergy in the sales of its product. By entering into a partnership agreement, Erajaya Group seizes greater opportunities to perform 'upselling' and 'cross-selling', such as 'pre-loading' of content services in the products distributed and sold in retail and as 'bundling' complementary products.

The method of 'up-selling' and 'cross-selling' is expected to further enhance the attractiveness Erajaya Group's distribution network for the principal when they want to offer a more comprehensive package of products to customers.

Erajaya Group continues to improve and to modify its information technology platform that integrate sales and warehousing management, procurement, and financial reporting systems.

Erajaya Group has built a sales force management system using GPS that allows the Company to track the movement of sales team and checking inventory and tracking sales in real-time. By using this system, Erajaya Group will be more responsive and efficient in monitoring the performance of its business.

In conducting its business, Erajaya Group continues to increase its brand profile and brand equity, including those belong to its subsidiaries, namely EAR, TAM, SES, DCM, NGA, MMS, DMT, PPS and AIMS. With the increase of the brand equity, Erajaya Group will increasingly gain recognition, from public, shareholders, dealers, resellers, and customers.

To integrate the importation strategy with the distribution and retail expansion strategy, Erajaya Group emphasizes the focus of brand introduction and development strategy through its four brands of importation, distribution and retail, namely PT Erajaya Swasembada Tbk (importers), TAM (distribution), Erafone (retail multibrand), and iBox (apple retail).

## BUSINESS PROSPECTS

With a population of over 250 million people, Indonesia is among the world's five largest countries by population. Indonesia is at number 4 competing with Brazil in number 5. Indonesian middle class grows very significantly, which also means the purchasing power of people in Indonesia is also growing rapidly. This supports the prospect of distribution and retail industry of telecommunication products, as they were expected to continue grow.

In 2014, Erajaya Group recorded that the sales of mobile phones and tablets was 85.10% of the total sales. Looking ahead, this trend will continue to grow, particularly regarding the use of internet through network operators and wireless connections, which also driven by the ever-expanding networks and the less expensive services from the operators.

In addition, Indonesia's vast geographical area provides opportunities for mobile telecommunications distributors to continue to grow. Erajaya Group also provides retail distribution channels through either third-party resellers or directly through retail point owned by Erajaya Group. Owing to this integrated access, Erajaya Group's businesses platform will enjoy the prospect of being in demand by principals who want to develop their products in Indonesia.

In line with the growth of household consumption and the innovation of information technology, the concept of modern retail will also be improved. A modern retail concept should be in support of the modern lifestyle of middle class, especially those living in urban, by providing a wide range of products and information, as well as ease of payment system. This concept has been realized by the Company through a series of retail strategy of Branded Store, Erafone, AndroidNation, iBox and outlets in partnership with the principal. In 2014, the Company increased the number of its retail outlets to 114 while closing 82 unproductive retail outlets (a joint cooperation) so that the net of newly opened outlet is 32.

### Product Portfolio Mobile Telecommunications Products

Erajaya Group is a distributor and retailer of leading mobile telecommunications products in Indonesia, which includes Acer, Asus, Apple, BlackBerry, Dell, HTC, Huawei, LG, Motorola, Nokia, Samsung, Sony, and Xiaomi, as well as its own brand, Venera.

With such a diverse portfolio of brands owned by Erajaya Group, the Group can swiftly respond to changes, in terms of brand preference, in the mobile telecommunications market in Indonesia. The Company's product portfolio includes smartphones, feature phones, basic phones and tablets with a product

mix designed to meet the needs of professional use, lifestyle and basic needs.

Tablet is a complete portable computer using a flat touch screen. The main characteristic of a tablet is the use of its screen as the input device using a fingertip, stylus, or digital pen. In addition, tablet's size is relatively small when compared with PC or laptop. Usually, it has a slit for SIM card or Wi-Fi capability to allow customers to access the internet and other forms of communication such as social networks.

Smartphone is a mobile phone with features resembles a computer, offering a more advanced connectivity than regular mobile phone. Smartphone combines the functions contained in the personal digital assistants and mobile phones in general, such as portable media player, high resolution touch screen camera, GPS navigation, Wi-Fi and mobile broadband access.

Feature phone is a mobile phone device that is not intended to serve as a smart phone device. That is the most minimal feature a phone has, with the main function for telecommunication.

### Product Operator

Erajaya Group also runs a distribution and retail business for operator products such Subscriber Identity Module (SIM) and its refill vouchers from major Indonesian mobile network operators such as Indosat, Telkomsel and XL.

Prepaid SIM card package includes a SIM card that is connected to one of the mobile network provider and is connected with a mobile phone number. Recharge voucher allows customers to top up their SIM card credit.



Erajaya Group purchase SIM card and refill vouchers package from mobile network operators and resell them to customers and third party resellers. Erajaya Group has also expanded the capacity of the system for recharging voucher online.

### Other Product

Erajaya Group operates retail and distribution business of various accessories for mobile phones, such as cell phone cases, bluetooth headset, charger, powerbank and many more. Additionally, Erajaya Group also distributes and sells 3G USB modem (also known as "dongle" or "Internet stick") that allows computer users to access the internet via a mobile phone network.

Through its subsidiary, DCM (iBox), Erajaya Group sells computer and telecommunications products by Apple, such as PC (Personal Computer) desktops, notebooks, tablet, accessories and other supporting products. Through the development of e-commerce retail lines, Erajaya Group also develops m-commerce selling products and services for mobile content such as games, applications and music via mobile devices.

## BUSINESS DISTRIBUTION

### Customers

Erajaya Group lists the ownership of the product and receives it at the central warehouse before arranging the delivery to, or taken directly by the third-party resellers, 80 distribution network points owned by Erajaya Group throughout Indonesia. Erajaya Group distribution business has dealers and third party resellers as its largest customer base.

In general, third-party resellers is a family business that controls most of the independent retail market for mobile telecommunications equipment and products provider in Indonesia. Independent retailers generally defined as a retailer who only has one outlet and is different from the retailers as organized as Erafone, which has two or more outlets. Most of small third-party resellers do not keep inventory, but accept orders from customers and directly order products from Erajaya Group.

To educate its customers, Erajaya Group organizes training on products for third party resellers. Erajaya Group also sells its products to master dealers to supply to areas where Erajaya Group does not have a direct relationship with independent retailers. Master dealers then sell these products to independent retailers.

Erajaya Group's customer base includes more than 200 corporate customers who order products directly to Erajaya Group for the needs of their business operations. Additionally, Erajaya Group also foster and maintain relationships with a network of third-party reseller community. Erajaya Group requires the third-party resellers to pay by cash on delivery and offers credit, especially to third party resellers who already have good relationship with Erajaya Group with repayment periods of 14 to 21 days.

## Distribution Network

Erajaya Group has well-placed distribution points throughout Indonesia. In addition to provide service as temporary area warehouse, the distribution points also have back office staff and sales force to support the operations in the region. Most of the premises for distribution points generally is hired at a moderate cost of renovation so as to provide flexibility for Erajaya Group to develop and relocate the distribution points to be able to accommodate changes in the demand patterns.

## Supply Chain

Erajaya Group's imported products formed a major part of the whole mobile telecommunications products sold by the Company, which are generally shipped from China, India and Korea, through Soekarno-Hatta International Airport or Port of Tanjung Priok in Jakarta. Erajaya Group are responsible for ensuring those products can pass the custom inspection by outsourcing it to third party clearance agent, and sends it to Erajaya Group warehouse in Jakarta.

Erajaya Group's central warehouse is located at Taman Palem, Jakarta, at an area of over 6,000 square meters with a building area of 3,000 square meters. This new warehouse facility can accommodate up to 1.6 million units and from which Erajaya Group receives orders from third party resellers and retailers through integrated information technology systems and fulfill the orders by sending it to third-party reseller or retailers, either directly or through distribution points located throughout Indonesia.

It takes about a month for the products to get to the Erajaya Group's central warehouse after filing orders to the brand principal. Then, one to two days until the product can be transferred from the warehouse to the distribution point, though it can take up to five days

to reach the distribution points in far more remote areas, such as Papua. Erajaya Group sends its products through third-party logistics service providers. The distribution network of Erajaya Group also handles the return products from third-party resellers and outlets based on reasons such as defect, or outdated.

## RETAIL BUSINESS

### Service at Points of Sales

Through its direct channel to customers, namely at Erafone outlets, principal's brand outlets, AndroidNation outlets and iBox outlets, Erajaya Group is committed to provide any material information needed for customers to make the right decision. The Group translates these services through two aspects, namely informative services using store props, informative services provided by employee on duty. The Group has prepared competent human resources, through a well planned management, training programs on e-DNA Center, and briefing conducted by the principal to employees who are assigned to master product knowledge of the principal's brand.

### After Sales Service

Through its network of after-sales services, the Group provides software upgrade services, modification of device settings, live demonstrations and download services. For mobile phone and accessories repair services, Erajaya Group provides repair service to a certain level in accordance with the agreements with each principal brands. Moreover, in each retail outlets of Erafone Megastore, the Group has placed service desk for telephone network operators and insurance services.

### Third Party Financing

Erajaya Group provides financing for retail customers through third party. Such financing is provided through credit card issued by third party bank, which generally provide interest-free installment for the repayment period of 6-12 months. Until now, Erajaya Group has established partnerships with 13 banks to provide payment services using debit and credit cards. With this agreement, Erajaya Group is safe from credit risk default from its customers and therefore is secured from bad debt.

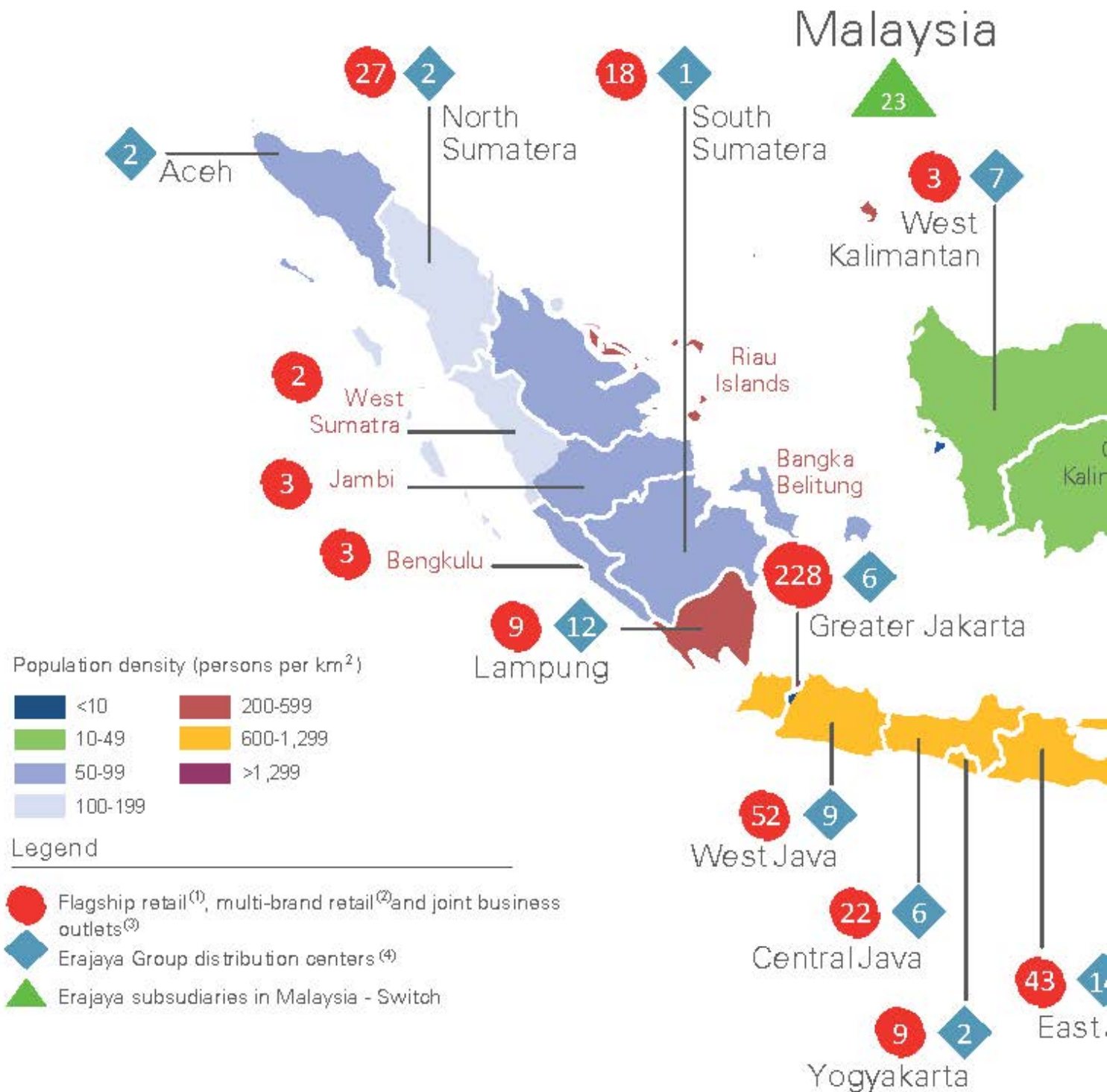
Erajaya Group believes that third-party financing brings positive impact on the sales of mobile phones and other IT products because it allows customers with lower incomes to buy it.





# Company Overview

Deep and nationwide distribution & retail network

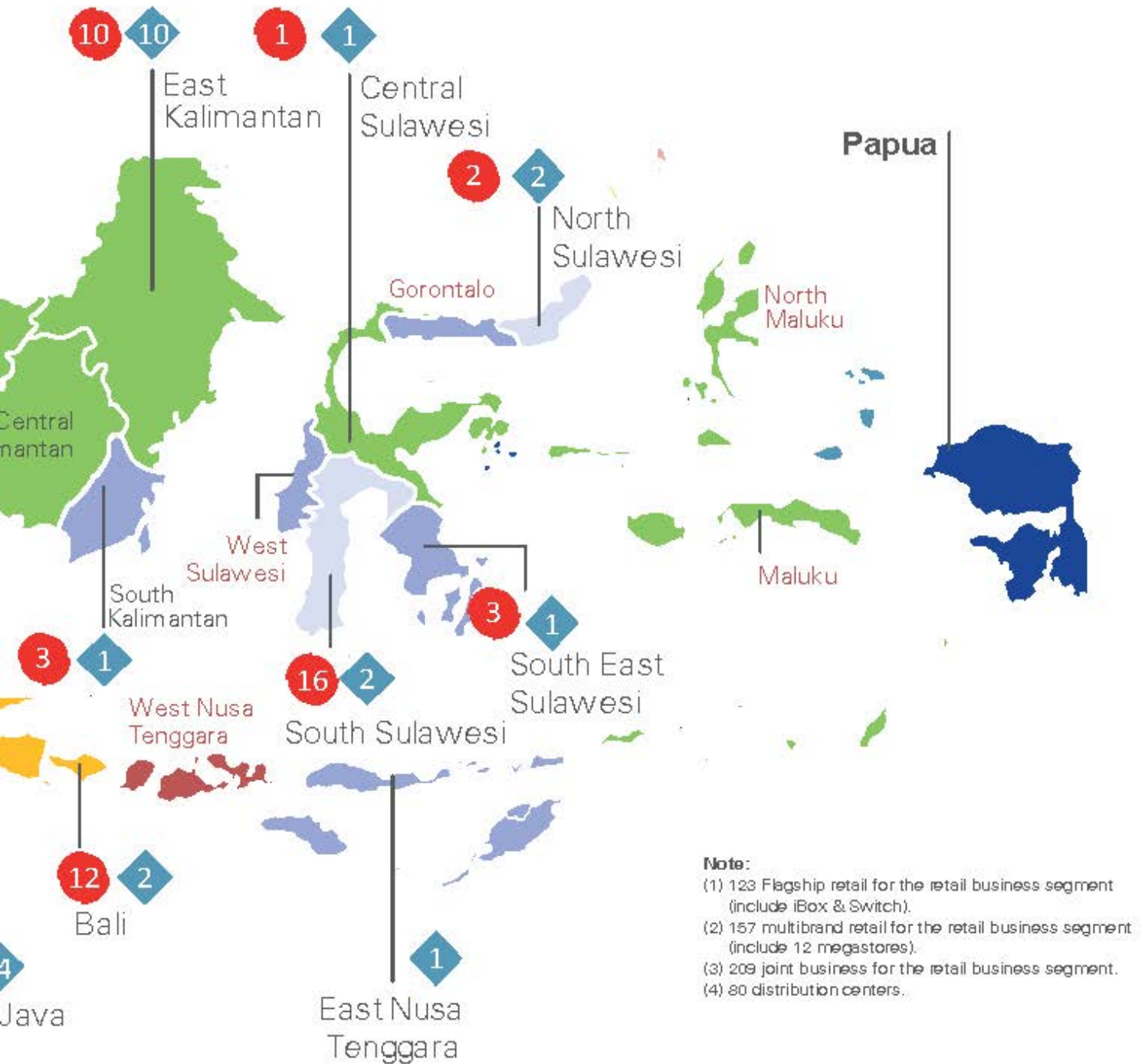


Source: Company information; Indonesia Statistics Board (2010 Population Census Data by Province).

★ 80 distribution centers

★ 489 owned retail outlets

★ +/- 19,000+ 3<sup>rd</sup> party billed outlets



# OPERATIONAL REVIEW

## RETAIL FORMAT

### Branded Store

Branded Store is a retail outlet that sells only principal brands partnering with Erajaya Group. Generally these outlets measuring approximately 57 square meters and displays the brand stand outstandingly at every store. The brand's principal usually pay part of the installation and operation costs of these outlets. Throughout 2014, Erajaya Group has added 10 branded stores to a total of 61 branded stores, which include the BlackBerry Store, Nokia Store, LG Store, Samsung Store and Sony Store.

### Modern Channel Joint Distribution

Modern Joint Distribution Channel is the outlet operated by Erajaya Group as part of larger retail outlets, such as consumer electronics stores or major retail stores, including Carrefour, Giant, Lottemart, Hypermart, and Electronic City. Based on a consignment agreement, Erajaya Group pays no rent to the owner of the store but should pay commission for what is sold. By the end of 2014, the Group operates 209 modern channel joint businesses.

### Eraplus

In 2014, the Group introduced Eraplus, a retail formats developed from the previous format (Gadget Store) which focuses on the sales of accessories products while still selling handset. By the end of 2014 Erajaya Group already has 2 outlets in Emporium Pluit Mall Jakarta, and Grand Park Bekasi.

### Erafone Multibrand Store

Under the brand of Erafone Multibrand Store, Erajaya Group offers all of its principals brand, including accessories. Erafone Multibrand Store has a capacity

of 50-60 square meters and in average is operated by six employees. It has a total of 132 with the addition of 13 outlets.

### Erafone Megastore

In 2011, Erajaya Group introduced the concept of one-stop-shopping outlets, Erafone Megastore. This concept is adopted by Erjaya Group to expand its outlet space and IT product range, such as gadgets, tablets, notebooks, netbooks, e-books and accessories with the goal of providing the concept of a one-stop-shopping outlet for its customers.

Erafone's concept of Megastore is aimed to establish a more controlled distribution system. Acting as a regional hub within the distribution network with attached warehouse capacity, Erajaya Group continues to seek partners for Erafone Megastore to complete its portfolio of information technology products, so Erajaya Group can develop a revenue base from each Erafone Megastore outlets. Agreement with business partners generally is in the form of sales commission agreement, although Erajaya Group also plans to lease space in Erafone Megastore network operator as sales and service functions.

In addition, Erafone Megastore outlets is the Group strategy to boost productivity, from sales as well as from cost efficiency and effectiveness of managerial control. Erafone Megastore stands at an area of 200 square meters to 1,000 square meters, with capacity large enough to increase the number of product variants offered. Erafone Megastore is operated by approximately 30 trained employees and easily controlled through Regional Head Operation. Cost efficiency is also obtained, in particular through space rental with larger capacity that will provide efficiency ratio of 30-40% in comparison with the cost of space leasing of Erafone Multibrand Store. Greater capacity



can also push up the sales volume of products accessories and other supporting products, to which Erajaya Store thought will see a growing demand in the future.

Throughout 2014, Erafone Megastore added the number of outlets in three strategic points, ie, Palembang, Bintaro and Balikpapan. By the end of 2014, Erajaya Group has a total of 13 outlets Erafone Megastore.



# OPERATIONAL REVIEW

## AndroidNation

The strength of Erajaya Group retail distribution network and brand portfolio has caught the interest of Google, an American based internet search engine service providers and owner of Android operating system. Android operating system has a modification system that allows users to be creative in a mobile device and provide ease of application through an integrated network owned by Google.

AndroidNation is an embodiment of strategic partnership between Erajaya Group and Google, in which the outlet provides only Android based mobile products. AndroidNation outlets offer visitors the convenience to get information and direct experience of the demo units in the outlets. In addition, customers can update its operating system or adding new applications on their device.

Android Nation stores also sell complete phone device accessories that will help users maximize the functionality of their devices. Partnership agreement which includes Google's product knowledge training to AndroidNation team is one of the strengths in providing the best services to consumer users.

The concept of Android based retail outlets is the first in the world, and is designed and built by translating Android corporate identity that has been well known globally and has its own community network.

By the end of 2014, Erajaya Group already has six outlets in Senayan City, Jakarta, Paragon Citymall Semarang, Tunjungan Plaza Surabaya, Grand Indonesia, Jakarta, Pacific Place Jakarta, Alam Sutera Mall, Tangerang

## iBox

iBox is a premium retailer offering mobile devices, information technology products and accessories from Apple. Referring to the Apple brand, iBox is built by adopting the feel of the Apple brand identity and attract customers living in the cities, especially those of the middle class that live a digital lifestyle. IBox outlets provide complete information about the Apple brand with the assistance of trained employees. Product knowledge training for employees is provided by Apple Inc. as a form of partnership with Erajaya Group. By the end of 2014, Erajaya Group has 39 iBox outlets.



## E-Commerce

Retail sales to customers also conducted through electronic sales channels or e-commerce, namely [www.erafone.com](http://www.erafone.com). Overall, [www.erafone.com](http://www.erafone.com) contains technical data and information from a wide range of products, sales promotion, online membership panel, online sales and information service payment mechanism, as well as customer care services.

As an electronic site that serve mobile telecommunications product sales, [www.erafone.com](http://www.erafone.com) is supported with convenience for users. Consumers may order product by registering first, then follow the process all the way through to the shopping cart. After going through a series of verification conducted by private e-mail, the product will be sent by courier.



In collaboration with 13 banks, Erajaya Group provides its customers with ease of payment using non-cash transactions. Besides its practicality, this method provides principals with low cost retail network. Erajaya Group guarantees the security of the entire system of ordering and payment made through an integral system that was developed by Erajaya Group's IT center.

## MARKETING

Erajaya Group uses several marketing strategies to increase its customer base and its retail brand profile, ie through Erafone and iBox. Erajaya Group conducts marketing activities through print ads, radio commercials, billboards, pamphlets and catalogues. Erajaya Group also advertises through social networking services such as Line, Twitter and Facebook. The agreement between the brand principal and Erajaya Group gave the Group a non-exclusive rights to use these brands in advertising and marketing promotion of the principal's product sales and after-sales service related.

The marketing for products distributed by PT Teletama Artha Mandiri ("TAM") is conducted by Erajaya Group through TAM logo placement on the cardboard, for products sold in stores supplied by TAM. The marketing of TAM is also conducted through BlackBerry products, in which TAM logo is placed on the signage of BlackBerry outlets, as well as the BlackBerry-related ads such as pamphlets, newspaper ad and television commercials.

Erajaya Group's marketing strategy is done either by Erajaya Group itself or by the principal using various kinds of promotional activities. The program includes rebates, 0% interest installment in collaboration with more than 13 well-known bank in Indonesia, the launch of the product and the opening of new outlets, special products bundling, contests, as well as the



# OPERATIONAL REVIEW

inclusion of advertising material from other products of Erajaya Group on the package of a particular product distributed and sold. In addition, Erajaya Group also build relationships with a network of public media as part of the media exposure on Erajaya Group's business activities. Activities in public media networks is done through press conference in special event both for marketing and corporate programs.

## INFORMATION TECHNOLOGY INFRASTRUCTURE

Erajaya Group operates a wide network of information technology to support their business activities. Information technology platform used by Erajaya Group includes inventory management and revenue tracking system, a system that is integrated with the mobile network operators for the sale of electronic vouchers and business support network standard.

Erajaya Group has developed an Oracle-based information technology platform for the major part of its business. This platform integrates the sales and warehouse management, as well as the provision of integrated financial reporting capabilities. Information technology system also allows Erajaya Group to produce key performance indicators report related to sales volume, as required by some of the principal brands.

Erajaya Group has also developed a sales force management system, which allows tracking of the sales team via the Global Positioning System (GPS), as well as checking and tracking mobile phone stock directly (real time).

## CONTROL AND QUALITY ASSURANCE

Erajaya Group has a layered quality control process that is reliable and integrated with the network provider.

Erajaya Group's quality control personnel to verify the contents of each packet received at the warehouse and conduct random testing on the functionality of the devices. The same process is repeated before transported from the warehouse.

Erajaya Group also employs mystery shoppers, employee disguised as buyer, to conduct an evaluation of its retail outlets and provides information center (call center) to provide assistance and receive feedback from the customers. Erajaya Group has an internal audit team to ensure that the various processes and internal procedures with respect to quality assurance has been complied.

Before reaching supply agreements with third parties for their own brand products, such as Venera that belongs to Erajaya Group, a member of the management team will conduct an inspection on the relevant third party manufacturer to conduct a review of operational and process quality control of such third parties.

## ACQUISITION AND INVESTMENT

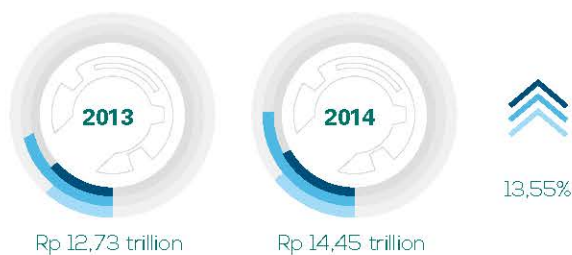
In 2014, PT Erafone Artha Retailindo, one of the subsidiaries of Erajaya Group signed a Share Purchase Agreement of 490,000 shares which constitute a 49% of the total shares issued and fully paid on CG Computers Sdn Hhd, a company incorporated under the laws of the Republic Malaysia. It is one of the commitments of Erajaya Group to expand in the regional market.

With this acquisition, Erajaya Group can expand its retail network to Malaysia, among others through Switch, a subsidiary of CG Computers Sdn Hhd which is an Apple Premium Reseller in Malaysia. The total number of outlets owned by Switch at the end of 2014 was 23 retail outlets.



# PERFORMANCE FINANCIAL REVIEW OF 2014 COMPARED TO 2013

## Net Sales



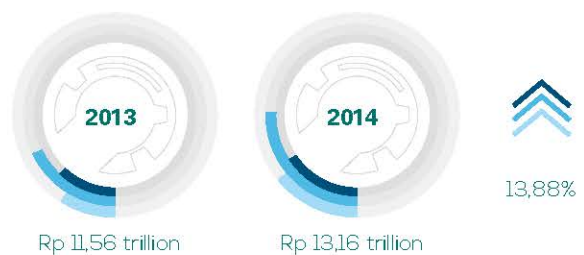
The Company's net sales increased by 13.5% to Rp14,45 trillion as of December 31, 2014, from net sales of December 31, 2013 of Rp12,73 trillion. The increase in sales is attributable to the following factors:

- Addition of retail outlets, either store or megastore, especially Erafone;
- Overseas retail acquisitions (CG Computer);
- Addition of cluster for operator.

The Sales of Cell Phones and Tablets segment as of December 31, 2014 stood at 85.1% of Net Sales of the Company amounted to Rp12,30 trillion. Voucher Top Up segment stood at 10.5% of net sales amounted to Rp1.52 trillion, due to the increase in market demand. Computer & Other Electronic Equipment segment recorded at 2.2% of Net Sales of Rp297,84 billion. While the segment of Accessories and Miscellaneous recorded 2.3% of Net Sales of Rp336,22 billion.

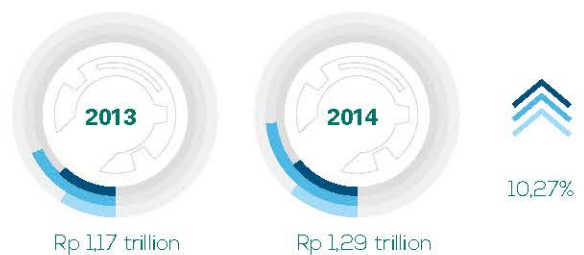
The sales volume of mobile phone rose to 10.5 million as of December 31, 2014 from 10.3 million as of December 31, 2013. The average selling price for all brands of mobile phones rose to Rp1,168,119 as of December 31, 2014, from Rp1,080,748 per December 31, 2013.

## Cost of Goods Sold



Cost of Goods Sold grew 13.9% to Rp13.16 trillion as of December 31, 2014, when compared to the Cost of Goods Sold as of December 31, 2013, amounted to Rp11.56 trillion. The increase is attributable to the increasing competition caused by the increasing discount program for customers.

## Gross Income and Gross Margin

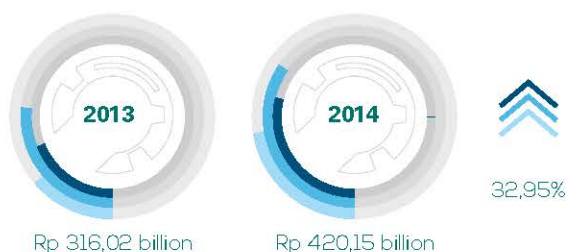


As of December 31, 2014, Gross income amounted to Rp1.29 trillion, grew 10.3% from Rp1.17 trillion as of December 31, 2013. Gross Margin decreased to 8,9% as of December 31 from previously 9,2% as of December 31, 2013.



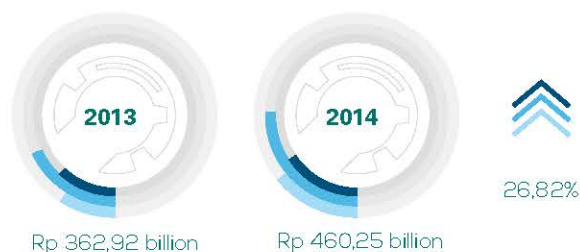
## Sales and Distribution Expenses, General and Administration, Other Incomes and Other Expenses

### Sales and Distribution Expenses



As of December 31, 2014 Sales and Distribution Expenses grew 33.0% to Rp420.15 billion, from previously Rp316.02 billion as of December 31, 2013. In general, largest increase was recorded by rental cost & service charge that grew 47.5% to Rp96.24 billion as of December 31, 2014. The increase in rental cost & service charge was attributable to the expansion of the Company's retail outlet aimed at strengthening the business retail. The second largest increase was recorded by the credit card sales program expenses, which grew 33.1%, to Rp91.67 billion as of December 31, 2014 from previously Rp68.85 billion as of December 31, 2013. The increase in credit card sales program expenses was due to the large payment made using credit card and fixed installment program in 2014. The third largest increase was recorded by the increase in salaries, which rose by 36.2% to Rp79.75 billion as of December 31, 2014, from the previous Rp58.56 billion as of December 31, 2013. While the fourth largest increase was recorded by the increase in sales commission expenses, which grew 181.2% to Rp29.80 billion as of December 31, 2014.

### General and Administration Expenses

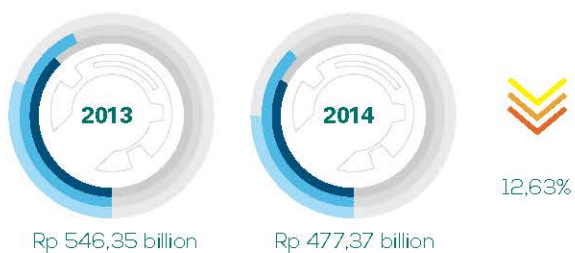


The General and Administration Expenses increased by 26.8% from Rp362.92 billion to Rp460.25 billion as of December 31, 2014. The largest increase was recorded by General and Administration Expenses was contributed by the increase in salaries and employee benefits, which grew 23.3% from Rp239.65 billion at December 31, 2013 to Rp295.39 billion at December 31, 2014. The number of permanent employees of the Company per December 31, 2014 rose to 2,205 employees compared to the number of permanent employees at December 31, 2013 which was 2,250.

As of December 31, 2014, Other Income increased by 29.6% to Rp78.79 billion from Rp56.95 billion as of December 31, 2013.

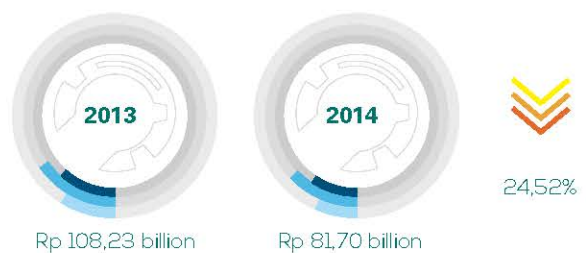
Other Expenses as of December 31, 2014 rose to Rp5,26 billion, from Rp823,00 million at December 31, 2013. This was primarily due to a net loss on foreign exchange purchases due to exchange difference in 2014.

### Operating Income



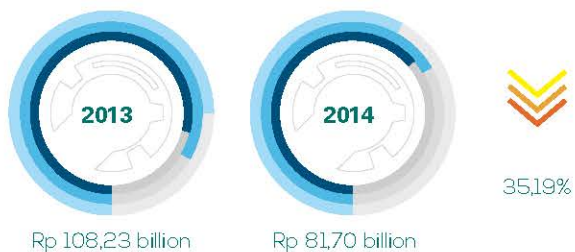
Per 31 December 2014, Laba Usaha Perseroan turun sebesar 12,6% menjadi sebesar Rp477,37 billion, dibandingkan dengan Laba Usaha Perseroan per 31 December 2013 sebesar Rp546,35 billion. Penurunan ini terjadi karena beberapa hal yang telah dijelaskan di atas.

### Income Tax Expenses - Nett



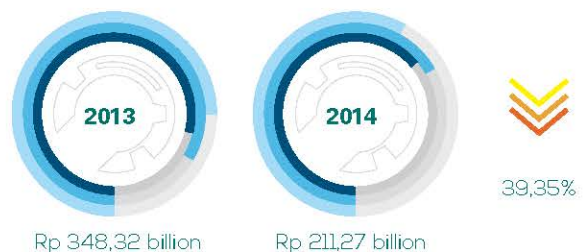
As of December 31, 2014, the Company's Income Tax Expenses down by 24.5% to Rp81.70 billion, from the position of 31 December 2013 of Rp108.23 billion, due to the decrease in Profit Before Income Tax as of December 31, 2014.

### Profit Before Income Tax



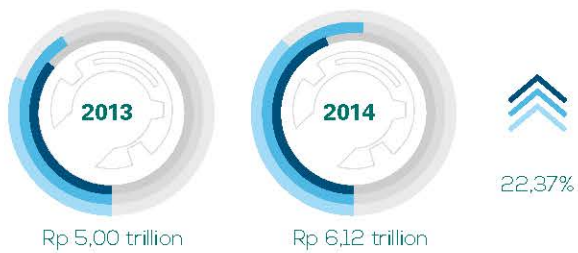
The Company recorded a 35.2% decrease in profit before income tax as of December 31, 2014, to Rp 296.08 billion, from previous year's Rp456.85 billion, due to factors mentioned above.

### Net Income



Due to the things mentioned above, the Net Income as of December 31, 2014 fell 39.3% to Rp211.27 billion from Rp 348,32 billion as of December 31, 2013.

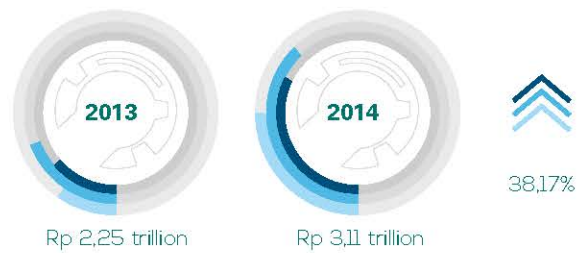
## Asset



The Company recorded an increase in Total assets by 22.4% from the previous Rp5,00 trillion at December 31, 2013 to Rp6,12 trillion as of December 31, 2014.

The increase in the value of total assets due to the replenishment of inventories of merchandise associated with changes in the structure of sales of the Samsung brand in PT Teletama Artha Mandiri (Subsidiary-TAM) in becoming Master Dealer (MD), opening of new Megastore Erafone, the increase in other receivables to the principle, purchase of building and also due to the estimated tax refund claims soon to be received.

## Liabilities



Total liabilities of the Company as at 31 December 2014 amounted to Rp3,11 trillion, an increase of 38.2% compared to the total liabilities of the Company per December 31, 2013 amounted to Rp 2.25 trillion. The increase in total liabilities due to an increase in short-term liabilities per December 31, 2014 related to the use of funds for the Company's operations and an increase in current trade payables, as well as long-term payables for ownership of the building.





# GOOD CORPORATE GOVERNANCE



# GOOD CORPORATE GOVERNANCE

## YEAR 2014

Corporate governance is a set of rules, or a system, that defines the relationship between shareholders, managers, creditors, the government, employees and other internal and external stakeholders, in respect to their rights and responsibilities. Through the implementation of Good Corporate Governance, the Company can enhance its values as a professional, transparent and efficient company.

Throughout 2014, PT Erajaya Swasembada Tbk ("Perseroan") continues to apply the principles of good corporate governance, namely: transparency, accountability, responsibility, independence and fairness.

### STRUCTURE OF GCG

In sequential order, in the Company's corporate governance structure is the General Meeting of Shareholders ("AGM"), the Board of Commissioners, and the Board of Directors. The Company's organ that holds the highest authority and as the main decision-making forum is the Annual General Meeting, held once a year, and the Extraordinary General Meeting, to be held if deemed necessary.

### GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders ("GMS") is the Company's organ vested with the highest level of authority, that cannot be delegated the Board of Commissioners or Board of Directors, within the limits specified in the Law of Limited Liability Company and/or the Articles of Association. Annual General Meeting is a forum where the Board of Commissioners and Board of Directors report and account for the performance of the Company, to the shareholders.

In 2014, the Company held a General Meeting of Shareholders ("GMS") on June 26, 2014 at the Seminar

Room of Indonesia Stock Exchange, Jakarta.

The AGMS reached the following resolutions:

#### Agenda I

1. To approve and duly accept the Annual Report of the Company for the fiscal year 2013, including BOD report and Supervisory Task Report of the Board of Commissioners;
2. To approve and ratify the Company's Annual Report for the Fiscal Year of 2013, as audited by Public Accounting Firm Purwantono, Suherman & Surja in their report Nomor RPC-5217/PSS/2014, dated 25-03-2014 with Unqualified Opinion. Thus, granting ranting full release and discharge (acquit et decharge) to the Board of Directors from the management actions and to the Board of Commissioners from the supervisory actions carried out for the financial year 2013.

#### Agenda II

Approved the appropriation of net income to be used for:

1. A sum of Rp.1.000.000.000 (one billion rupiah) will be used as mandatory reserves, in order to comply with the provisions of Article 70 of Law No. 40 Year 2007 on Limited Liability Company which will be used in accordance with the article 23 of the Articles of Association of the Company;
2. The balance of Rp.347.651.732.970 (three hundred and forty-seven billion, six hundred and fifty-one million seven hundred and thirty-two thousand nine hundred and seventy Rupiah) will be recorded as retained earnings to support the development of the Company's business.



### Agenda III

Approved to grant the power and authority to the Board of Directors with approval of the Board of Commissioners to appoint Public Accountant registered with the FSA as a public accountant of the Company, to audit the books of the Company for the financial year ended on 31-12-2014 (thirty-first of December two thousand and four twelve), and authorized the Board of Directors to determine the honorarium of the Public Accounting Firm and other requirements.

### Agenda IV

1. Approved to grant authority to the majority shareholders of the Company, namely PT Eralink International, to determine the salaries and allowances and / or other benefits of the Board of Commissioners of the Company for the fiscal year 2014;
2. Approved to grant authority to the Board of Commissioners to determine the amount of salaries and allowances and / or other benefits for all members of the Board of Directors for the Company for the fiscal year 2014.

### Agenda V

1. Approved to appoint Mr. Djohan Sutanto as the Director, who has agree to be appointed as the Director of the Company effective since the closing of the Meeting until the remaining term of the other members of the Board of Directors, namely until the closing of the General Meeting of Shareholders in 2016, to be held in 2017. Thus, effective since the closing meeting, the composition of the Board of Directors of the Company is as follows:

President Director :

**Mr. Budiarto Halim**

Vice President Director :

**Mr. Hasan Aula**

Director :

**Ms. Sintawati Halim**

Director :

**Mr. Andreas Harun Djumadi**

Director :

**Mr. Sim Chee Ping**

Director :

**Mr. Djohan Sutanto**

Independent Director :

**Mr. Jody Rasjidghanda**

2. Approved to grant the power to the Board of Directors to declare in the separate Notarial Deed and and the care of the notification and registration to the appropriate authority in relation to changes in the Company's Board of Directors.

### Agenda VI

1. Approved the amendment or Article 16 verse 6.a and b of the Company's Articles of Association :

#### **Verse 6a, originally:**

Direktur Utama berhak dan berwenang bertindak untuk dan atas nama Direksi serta sah mewakili Perseroan.

President Director are entitled and authorized to act for and on behalf of the Board of Directors, and are legitimate to represent the Company.

Ammended to:

President Director and Vice President Director individually are entitled and authorized to act for and on behalf of the Board of Directors, and are legitimate to represent the Company.

# GOOD CORPORATE GOVERNANCE

## YEAR 2014

### Verse 6.b, Originally:

In the event that President Director is absence due to any reason whatsoever, which does not need to be proven to third party, then two (2) other members of the Board of Directors jointly are entitled and authorized to act for and on behalf of the Board of Directors, and are legitimate to represent the Company.

### Ammended to:

In the event that President Director is absence due to any reason whatsoever, which does not need to be proven to third party, then three (3) other members of the Board of Directors jointly are entitled and authorized to act for and on behalf of the Board of Directors, and are legitimate to represent the Company

2. Approved to grant the power to the Board of Directors to declare in the separate Notarial Deed and and the care of the notification and registration to the appropriate authority in relation to changes in the Company's Articles of Association.

Publication	Date	Media
AGMS and EGMS Notice	April 24, 2014	Bisnis Indonesia. Investor Daily
Revision of AGMS and EGMS Notice and AGMS Invitation	May 9, 2014	Bisnis Indonesia. Investor Daily
Announcement of AGMS Resolutions	May 30, 2014	Bisnis Indonesia. Investor Daily

### BOARD OF COMMISSIONERS

BOC acts on behalf of the interests of the shareholders. The Board of Commissioners consists of three (3) persons, namely President Commissioner, Commissioner and Independent Commissioner. The number of Independent Commissioner is in accordance with the provisions of the Indonesia Stock Exchange No. Kep-305/BEI/07-2004 on Regulation No.IA on Registration of Shares and Equity Securities other than Shares Issued by the Listed Company, where at least 30% of the number of BOC of a public company is independent commissioners.

As of December 31, 2014, the composition of the Board of Commissioners is as follows:

Name	Position	Appointed
Ardy Hady Wijaya	President Commissioner	1998
Lim Bing Tjay (BT Lim)	Independent Commissioner	2011
Richard Halim Kusuma	Commissioner	2011

### Duties and Authorities of of the Board of Commissioners

Under the Articles of Association, duties and authorities of the Board of Directors are as follows:

- To supervise the policy, the course of management of the Company, both in general and concerning business activities;
- Provide advices and suggestions to the Board of Directors;
- The Board of Commissioners is entitled to examine

all books, letters and other documents, to examine and check the cash and other matters as well as to know every measure that have been implemented by the Board of Directors;

- d. The Board of Commissioners, based on the decision made during the meeting of the Board of Commissioners, has the right to temporarily dismiss one or more members of the Board of Directors from their positions at any time if the said members acting contrary to the articles of association and/or prevailing regulations.

## BOARD OF DIRECTORS

The Board of Directors is responsible for managing day-to-day operational activities under the supervision of the Board of Commissioners. Members of the Board of Directors are appointed and dismissed by the shareholders through the AGM. The Board of Directors consists of 6 persons, namely 1 President Director, 5 Directors and one Independent Director.

As of December 31, 2014, the composition of the Board of Directors of the Company are as follows: Perseroan adalah sebagai berikut :

Name	Position	Appointed
Budiarto Halim	President Director	2005
Hasan Aula	Vice President Director (CEO)	2012
Sintawati Halim	Director	2008
Andreas Harun Djumadi	Director	2011
Sim Chee Ping	Director	2011
Djohan Sutanto	Director	2013
Jody Rasjidghanda	Independent Director	2011

## DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors has full responsibility for performing their duties for the interest of the Company in achieving its goals and objectives.

## REMUNERATION OF THE BOARD OF COMMISSIONERS AND DIRECTORS

The GMS on June 26, 2014 approved to the majority shareholders of the Company, namely PT Eralink International, to determine the salaries and allowances and / or other benefits of the Board of Commissioners of the Company for the fiscal year 2014; and to grant authority to the Board of Commissioners to determine the amount of salaries and allowances and / or other benefits for all members of the Board of Directors for the Company for the fiscal year 2014.

Total remuneration for the Board of Commissioners and he Board of Directors amounted to Rp 56.47 billion for a period of 12 months for the fiscal year ended December 31, 2014.

## AUDIT COMMITTEE

With a view to duly meeting its obligation as issuer, and refer to the Decree of the Board of Directors of Jakarta Stock Exchange No. 339/BEJ/2001 on "General Provisions on the Listing of Equity Securities in the Stock Exchange," on May 21, 2012, the Company established an Audit Committee.

As of December 31, 2014, the composition of the Audit Committee are as follows:

Name	Position
Lim Bing Tjay (BT Lim)	Chairman
Rodolfo C. Balmater	Member
Irawan Riza	Member



# GOOD CORPORATE GOVERNANCE

## YEAR 2014

### Audit Committee Report

The Audit Committee is a committee established by and accountable to the Board of Commissioners to help carry out the duties and functions of the Board of Commissioners.

The structure and composition of the Audit Committee has met the the applicable regulations and requirements. Audit Committee members have the competence and experience sufficient to support the effectiveness of the Audit Committee in carrying out their duties and responsibilities. The Audit Committee is strongly supported by the Board of Commissioners in performing their function effectively.

The main task of the Audit Committee is to review and supervise the activities of the Internal Audit Division to ensure:

- Conduct a review of the financial statements issued by the Board of Directors, including projections and other financial information;
- Evaluate the implementation of the task, the objectivity and independence of public accountants appointed by the Board of Commissioners in the audit of the financial statements of the Company;
- Ensure that the Public Accountants have included all of the risk is important in the implementation of the audit;
- Coordinate and review of the surveillance tasks carried out by the internal audit so as to boost the effectiveness of the audit function;
- Report of the potential risks faced by the Company to the Board of Commissioners and ensure for the implementation of adequate risk management by the Board of Directors;

- Promote compliance with all regulations relating to exchanges, and other regulations relating to the course of the Company.

During 2014, the Audit Committee performed its functions through the following activities:

1. Hold regular meetings with the Internal Audit Division and Corporate Secretary, as many as 11 times. In addition, the Audit Committee also met with the Board of Directors to discuss matters related to the External Audit plan in 2014, as well as meeting with External Auditor to discuss matters related to the results of limited interim financial statements, together with the Division of Finance & Accounting;
2. Provide input and recommendation on the report prepared by the Internal Audit Division on a regular basis and in special cases;
3. Discuss the findings that are significant and require immediate action which would potentially impact the risk for the Company;
4. Reviewing the performance and objectivity of the external auditors of the Company.

Based on the evaluations conducted in 2014, in general, the Audit Committee requested the Management to: Always comply with regulations issued by the regulators (Financial Services Authority, Indonesia Stock Exchange, the Ministry of Commerce of the Republic of Indonesia).

## Profile of Audit Committee



**Lim Bing Tjay (BT Lim)**  
Chairman

BT Lim serves as Independent Commissioner of the Company since 2011. Previously, he served as Deputy CEO of PT Smart Telecom (2008- 2011), CEO of PT Mobile-8 Telecom (2005-2008), CEO of Hewlett-Packard PT Indonesia (2002-2004), CEO of PT Compaq Computer Indonesia (1998-2001), CEO of PT Digital Equipment Corporation, Indonesia (1995-1998), Chief Executive of Astra International / PSO and Managing Director of PT Multi France Motor (Astra Cars group) and Managing Director of PT Astra Graphia Information Technology (1990 - 1995), Managing Director of PT Metrodata Indonesia (1985 - 1990), and the Chief for Information System for the Government of the Netherlands (1979-1985).

He once served as Chief System Development of University Of Nijmegen, the Netherlands (1971-1979). He graduated from the School of Informatics NOVI, Amsterdam in the Netherlands in 1971.



**Rodolfo C. Balmater**  
Member

Rodolfo C. Balmater serves as Audit Committee of the Company since 2012. He earned his Bachelor of Business Administration, Accountancy from Araullo University, Masters in Management from the Asian Institute of Management. Some of his other certifications include Certified Public Accountant-Philippines, Corporate Governance - IFC, Risk Management - Singapore Institute of Directors.

Having over 30 years experience in multinational Accounting / Auditing Professional Services (SGV / Andersen / Ernst & Young). Currently he serves as the Audit Committee of PT Molindo Raya Industry and PT Matahari Sakti.

# GOOD CORPORATE GOVERNANCE

## YEAR 2014

Irawan Riza  
Member



Irawan Riza serves as Audit Committee of the Company since 2012. Graduated from the Academy of Adjutant Accountant (A3N) Surabaya in 1973, the Institute of State Finance (IHK-N) in 1980. He has certification as a Certified Public Accountant in 2007.

Started his career as auditor at the Directorate General of State Finance Supervisory (now Financial and Development Supervisory Agency-BPK) Jakarta / Surabaya (1973-1985), Head of Internal Audit of PT Bimantara Citra Group (1985-1987), Assistant of Finance Director of PT Wono Madu Jakarta (Headquarters) and branch office in Bandar Lampung (1988-1990), Head of Partners of the Public Accounting Firm Riza, Andiek & Partners - Riza, Andiek & Zainuddin - Riza, Wahono & Partners (1990- 2011), Head of Partners of Public Accounting Firm Riza, Adi Syahril & Partners (2011-present).

### CORPORATE SECRETARY

Corporate Secretary is responsible for assisting the Board of Directors to strengthen and maintain a positive image of the Company through effective and intensive communication between the Company and its stakeholders. Corporate Secretary is also responsible for maintaining a good relationship and trust of the regulators, business partners, business associations and other organizations related to the Company's business activities at the level of provincial, national and international.

In accordance with the Financial Services Authority Regulation No. 35 / POJK.04 / 2014 on Corporate Secretary for Public Listed Company, and based on Letter of Appointment of Corporate Secretary by the Board of Directors numbers SK / 112 / DIRBH / X / 2013.ERAA dated October 17, 2013, the Company has appointed Djatmiko Wardoyo as Corporate Secretary.

### Duties and Responsibilities of Corporate Secretary

Duties and Responsibilities of the Corporate Secretary is as follows:

- a. Keeping abreast with the development of capital markets, especially the legislation applicable in the capital market;
- b. Provide input to the Board of Directors and Board of Commissioners of Public Listed Company to comply with laws and regulations in the capital market;
- c. Assist the Board of Directors and the Board in the implementation of corporate governance include:



- Disclosure of information to the public, including the availability of information on the website of issuer or Public Company;
  - Submitting reports to the Financial Services Authority in timely fashion;
  - Implementation and documentation of the General Meeting of Shareholders;
  - Implementation and documentation of Directors meeting and / or the Board of Commissioners; the and
  - Implementation of the orientation program for the Board of Directors and / or Board of Commissioners.
- d. As a liaison between the issuer or Public Company with the shareholder of issuer or public company, the Financial Services Authority, and other stakeholders.

### Profile of Corporate Secretary

Djatmiko Wardoyo  
Corporate Secretary



Indonesian citizen, born in Yogyakarta in 1971. Earned Bachelor's degree in Political Science from the Faculty of Social and Politic of Gajah Mada University, Yogyakarta, Indonesia in 1994.

Started his career at Ogilvy Public Relations as Manager (April 1995 - May 2000), General Manager of Marketing Communications of PT Cipta Multi Usaha Perkasa (Global Teleshop) (June 2000 - April 2004), Managing Director of PT Berlian Global Perkasa (2008-2010), Managing Director of Global Media Group (2004 - 2011), President Director of Global Teleshop Group (April 2005 - March 2011). Served as Director of Marketing & Communications of the Company since October 2011 and Corporate Secretary of the Company since November 2013.

## INTERNAL AUDIT

Internal Audit Division is the Company's organ that works independently to provide advice that focuses on value-added of the organization. Internal Audit helps the Company to achieve its objectives with a set of systematic approach to evaluate and improve the effectiveness of internal controls, corporate governance and risk management of the Company.

### Duties and Responsibilities of Internal Audit

Duties and responsibilities of the Internal Audit Division are as follows:

- Develop and implement annual work plan of Internal Audit;
- Examine and evaluate the implementation of the internal control and risk management system in accordance with the Company's policies;
- Inspection and assessment of the efficiency and effectiveness of finance, accounting, operations, human resources, marketing, information technology and other activities;
- To suggest improvement and objective information about the activities to be examined at all levels of management;
- Prepare audit report and submit it to the President Director and the Board of Commissioners;
- Monitor, analyze, and report on the implementation of the improvements that have been suggested;
- Conduct special inspections if deemed necessary.

In accordance with Bapepam-LK No. IX.1.7 regarding Establishment and Guidelines for Internal Audit Charter, the Company has appointed Hendra Wijaya as Head of Internal Audit based on the Decree of the Board of Directors numbers SK / 121 / DIRBH / X / 2012.ERAA dated October 22, 2012.

As of November 1, 2011, the Company has issued an Internal Audit Charter serves as a guideline for the Internal Audit unit.

## PUBLICATION OF FINANCIAL STATEMENTS

Throughout 2014, the Company also publishes quarterly, mid-year and year-end financial statements. Mid-year and year-end financial statements in particular, with due observance to Bapepam-LK Regulation No.XK2 in 2011, published in a newspaper with national coverage. The Company also publishes its Financial Statements on its website.

Publication	Date	Media
Audited Financial Statement as of December 31, 2014	March 29, 2014	Bisnis Indonesia
Financial Statement as of June 2014	July 26, 2014	Bisnis Indonesia

## PUBLIC EXPOSURE

Referring to Jakarta Stock Exchange Listing Rule Number I-E Number I-E concerning the Obligation of Information Submission, which among others requires listed companies to hold public exposure, the Company held a public exposure on June 26, 2014, on the same day with the implementation of the Annual General Meeting of the Company.

## LEGAL CASES

In 2014, one of the Company's subsidiaries, namely PT Data Citra Mandiri ("DCM") again received a lawsuit from PT Multicom Persada International concerning iBox trademark cancelation lawsuit No. 22/PDT.SUS-MEREK/2014/PN.NIAGA.JKTPST in the District Court of Central Jakarta. The said lawsuit has reached verdict, and the lawsuit from PT Multicom Persada International against the DCM is denied by the Court of Justice.

## ACCESS TO CORPORATE INFORMATION AND DATA SERVICES

### Corporate website

To facilitate stakeholders in accessing information, the Company continues to build a strong and reliable platform of information technology, in providing support for the provision of information in an integrated manner, on time and on target, through the Company's website ([www.erajaya.com](http://www.erajaya.com)). Complete information about the Company can be obtained in this electronic site, including the Annual Report, Financial Statements and Corporate Social Responsibility (CSR) Activity Reports.

To accommodate the information and complaints from customers, and other stakeholders in general, the Company provides facilities "Contact Us" on the Company's website. Further information can also be obtained by contacting the company directly by telephone to + 62-21 690 5050 (hunting); or through electronic mail address [corporate@erajaya.com](mailto:corporate@erajaya.com) (for general information) and [info@erajaya.com](mailto:info@erajaya.com) (for sale).

### Services Sales Website

To better reach its customers directly, the Company provides [www.erafone.com](http://www.erafone.com) sites and [www.ibox.co.id](http://www.ibox.co.id). Platforms, modules and content of the site contains

detailed description and technical description of the products, package sales promotion, online sales force assistance, electronic ordering service and shopping cart, as well as several other information-oriented products services, and electronic sales.

To increase consumer confidence, both websites integrate their contents and services contacts with the Company's corporate site ([www.erajaya.com](http://www.erajaya.com)).

### Intranet

As a means of disseminating information to all employees of the Company, Intranet facility is one of the effective facilities to support the operational activities and the exchange of information within the Company.





# HUMAN RESOURCES



# HUMAN RESOURCES

Human Resources (HR) Division plays a very important role in the business of the Group, namely as a mediator to align the interests of employees with those of the Company. Following is the development of human resources has been carried out by Erajaya Group during 2014:

1. Entering annual competition organized by national business magazine, namely SWA: HR Excellence Award 2015, resulted in ranked 11th in the category of Program HR - People Development (SWA magazine issue 27, December 18, 2014);
2. Head of HR division interviewed by SWA magazine, with the topic of transforming Human Resources Division to support business growth (SWA magazine issue 02, January 22, 2015);
3. benchmarking against the practice of human resource development in Indonesian leading companies, among others Astra International;
4. Launched the final part of the people development tools trilogy, namely: online assessment ([www.assessment-erajaya.com](http://www.assessment-erajaya.com)), which was preceded by [www.knowledgeshared.erajaya.com](http://www.knowledgeshared.erajaya.com) in 2012, and [www.elearning.erajaya.com](http://www.elearning.erajaya.com) in 2013 ;
5. Carrying out the first batch of Leadership Development Program in 2014, a training program for future leaders. The program was held in collaboration with professional vendors, attended by 22 employees of Manager and General Manager level;
6. Holding the inaugural program of Best Service Center TAM, AMS and iBox 2014, the appreciation event for best performed employees of Customer Service and Technician level;
7. Implementation of HRIS Pro-Int, a program that supports the company's activities related to employee database, which include: personal data of employees, annual leave, analysis of recruitment, data on training attended by employees, payroll process and will continue to be developed in 2015 for Performance Management System;
8. To improve services to employees by switching from manual processes to transfer process by using the Internet Banking through one of Indonesia's leading bank so that it can be ascertained that employees receive their rights accordingly.
9. To execute management performance which covers : Performance Planning, Performance Review dan Performance Appraisal;
10. Conduct Intensive discipline campaigns;
11. Analyzing work load (work load analysis) to provide input to the heads of relevant department regarding each department's work load;
12. Conduct a survey to determine employee knowledge related to Company policies, Vision, Mission & Values, and competence.



## EMPLOYEE OF ERAJAYA GROUP 2014

By Position	2014	2013
Vice President	6	6
General Manager	17	14
Manager	87	81
Assistant Manager	154	125
Supervisor	367	298
Staff	2.692	2.790
<b>Total</b>	<b>3.323</b>	<b>3.314</b>

By Education	2014	2013
Master Degree	11	25
Bachelor Degree	1.126	1.041
Diploma Degree	153	263
Under Graduate	2.005	1.032
Junior High	28	53
<b>Total</b>	<b>3.323</b>	<b>3.314</b>

By Age	2014	2013
<25	820	914
25 – 30	1.229	1.207
31 – 40	1.070	1.034
>40	204	159
<b>Total</b>	<b>3.323</b>	<b>3.314</b>

## HUMAN RESOURCES PLANNING, SELECTION AND RECRUITMENT

By embracing the principles of “The Right Man on The Right Place” and “Get The Best Class”, Erajaya Group strategy selection and recruitment of Human Resources as follows:

- a Applying annual manpower planning (MPP) systematically based on the organization’s business development plan;
- b Implement policies and procedures of selection and recruitment;
- c With reference to the competency standards Human Resources, Erajaya Group uses a competency-based approach, namely:
  1. 1. Core Competency, also known as i-ERA:
    - *Integrity*
    - *Excellent Work*
    - *Reliable Partner*
    - *Assuring Continuous Learning*
  2. Management Competency:
    - *Leadership*
    - *Resources Management*
    - *Business Financial Acument*
  3. Technical Competency Following the criteria and technical requirements of a position.

# HUMAN RESOURCES

- d. Working closely with the the employment service companies related to the fulfillment of some positions in the non-core positions for retail and distribution business.

## ASSESSMENT ON THE COMPETENCY DEVELOPMENT

Since assessment service was launched in 2013, this service is significantly optimized in accordance with the objectives, Internally for employees of Erajaya Group, and Externally for new employee candidates. For external interests, it is focused on the selection and recruitment of new employees. As for internal purposes, it is used for diagnostic purposes and competency development, employee status change and objectives of promotion. Assessment Services is one of the strategic intervention because it has a great importance to the organizational development of Erajaya Group, which ensures competent employees at every level of positions and job functions. For external target, in 2014 an assessment for 1,711 new employees candidates has been carried out. As of for internal employees, it reached 277 employees from grade 1 to grade 4.

In 2014, Erajaya Group launched an online asesment ([www.assessment-erajaya.com](http://www.assessment-erajaya.com)), the third in the trilogy of People Development tools. Since it was lainched until the end of December 2014, the online asesment has been used to assess 48 candidates of new employees and 72 internal employees. The goal is to improve the effectiveness of the assessment, especially for participants who live outside Greater Jakarta, and for cost efficiency assessment

## TALENT MANAGEMENT

One of the main functions of assessment service is to support Talent Management strategic program. In short, the talent management process in Erajaya Group has begun improving some aspects from upstream to downstream, ie starting from tight selection and recruitment of employees, employee development, competitive remuneration aspect, talent identification which associated with the procurement of the talent pool, succession planning, as well as retaining strategy (retaining talent). One of the indicators in identifying talent is the input from the management of Erajaya Group on positions that considered strategic (key position), then connecting it to the index value of the annual performance achievement and competence diagnosis (assessment). The report called the Talent Pool Report 2014.

The assessment program is provided for Key Positions, among others Assistant Manager and Manager. This program resulted in the diagnosis and assessment – in collaboration with Human Resources Development, gives recommendations on competency development program for the year ahead.

## TRAINING AND COMPETENCE DEVELOPMENT

Human Resources Training and Development center of Erajaya Group is centralized in e-DNA (Erajaya Development And Assessment Center) located in Central Jakarta. The training and competence development program is targeting:

1. Employee from Non Outlet/Retail department; among others Distribution through Corporate Learning Solution & Development ("Corporate LSD") unit.
2. Employee from Outlet/Retail department through Retail Learning Solution & Development ("Retail LSD") unit.

The Corporate training in 2014 attended by 627 employee of level 1 (Staff) to level 5 (General Manager)



## CORPORATE TRAINING ERAJAYA GROUP 2014

Business Unit	TAM	Erafone	Erajaya	DCM	MMS	AZEC	SES	NGA	PPS	DMT	Total
No of Trainings	236	195	66	64	16	15	7	3	3	2	627

Business Unit	TAM	Erafone	Erajaya	DCM	MMS	AZEC	SES	NGA	PPS	DMT
Staff	137	129	24	62	5	5	0	2	2	3
Supervisor	57	38	19	13	10	3	2	3	0	0
Ass. Manager	33	19	12	2	0	6	1	1	0	0
Manager	7	8	4	8	1	1	0	1	0	0
Gen. Manager	2	1	5	1	0	0	0	0	0	0
<b>Total</b>	<b>236</b>	<b>195</b>	<b>64</b>	<b>86</b>	<b>16</b>	<b>15</b>	<b>3</b>	<b>7</b>	<b>2</b>	<b>3</b>
<b>Grand Total</b>	<b>627</b>									



# HUMAN RESOURCES

To support the process of knowledge transfer and knowledge sharing, Corporate LSD unit has prepared a portal items, namely [knowledgeshared.erajaya.com](http://knowledgeshared.erajaya.com) and libraries. Exclusively for internal purposes, this portal provides information such as: corporate training information, documentation activities, books competency-based references. Every Monday, Corporate LSD regularly provide socialization of competence, through email blast to all employees, and on Friday, Corporate LSD provides updates on [knowledgeshared.erajaya.com](http://knowledgeshared.erajaya.com). LSD Corporate Library, located in the e-DNA provides a collection of books, DVDs, CDs, and competency-based magazine.

For the category of employees of Sales Distribution, follow is the data trainee in 2014:

## PARTICIPANTS OF SALES DISTRIBUTION TRAINING OF TAM

Category	Surabaya	Jakarta	Semarang	Yogyakarta	Medan	Bandung	Makassar	Manado
White Belt	43	35	14	18	9	12	6	5
Red Belt	13	0	0	0	9	0	0	0
Black Belt	8	0	10	0	0	0	0	0
<b>Total</b>	<b>64</b>	<b>35</b>	<b>24</b>	<b>18</b>	<b>18</b>	<b>12</b>	<b>6</b>	<b>5</b>
<b>Grand Total</b>	<b>173</b>							

## PARTICIPANTS OF DISTRIBUTION OPERATOR TRAINING

Category	MMS	PPS	PPS
White Belt	242	28	47
Black Belt	19	3	2
<b>Total</b>	<b>261</b>	<b>31</b>	<b>49</b>
<b>Grand Total</b>	<b>341</b>		

Note :

*White Belt* : New Salesman.

*Red Belt* : Salesman with at least 3-6 month of service.

*Black Belt* : Supervisor of Sales / Head of Depo up to Head of Branch Office.

## PARTICIPANT OF SERVICE QUALITY TRAINING

	CSO	SH/PIC	Technician	Admin
DCM	11	6	12	0
TAM	89	12	58	43
Total	100	18	70	43
Grand Total	<b>231</b>			

As for the category of employees of Outlet / Retail units supported by Retail LSD, the core modules given in the training include the Standard Operating Procedure (SOP), Selling Skills, Service Excellence and Product Knowledge. Data trainees are as follows:

## PARTICIPANT OF OUTLET / RETAIL TRAINING

	Erafone	iBOX
<b>Hard Skill</b>	4.000	357
<b>Soft Skill</b>	693	148

Erajaya Group recognizes the importance of the quality of the Company's future leaders, associated with the business strategy plan, then for the first time Erajaya Group held Trainee Supervisor Retail Development Program ("SRDP") by recruiting 10 graduates from leading universities in Indonesia, and provide them with training to improve operational competence, leadership and management.





# CORPORATE SOCIAL RESPONSIBILITY



# CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility program is a way to realize Company's concern towards its surrounding environment, as well as the commitment to contribute to the development of economic and social welfare, performed on an ongoing basis for the people residing within the operational area of the Company.

In accordance with the Law No. 40 of 2007 on Limited Liability Company, concerning social responsibility to the community and as implementation of Good Corporate Governance ("GCG"), PT Erajaya Swasembada Tbk ("Erajaya Group") is obliged to conduct social activities that brings positive impact on improving quality and capability of life for the people within and around the Company's operational area.

Erajaya Group is committed to continue to carry out corporate social responsibility (CSR) program by organizing various activities that focus on several aspects, namely improving the quality and capabilities in the sector of education, health and social welfare. The entire CSR activities undertaken by Erajaya Group in education, health and social welfare sectors are under the umbrella of Erajaya Group CSR program called "Lentera Erajaya Peduli."

## Erajaya Group CSR at a Glance

LenteraErajayaPeduli is an umbrella program for CSR activities of Erajaya Group, which is focused on several aspects, namely education, health and social welfare. The underlying philosophy is taken from the meaning of the lantern itself, namely shedding light in the darkness. Light is the symbol of the benefits provided, while darkness symbolizes needs of something. Hence, LenteraErajayaPeduli Philosophy means that Erajaya Group is committed and strives to provide maximum benefit, in the sector of education, health and social welfare, to communities in need.

In Lentera Erajaya Peduli, there are three main pillars implemented by CSR Erajaya Group. Each pillar is guidance for the activities to be conducted by CSR Erajaya Group.

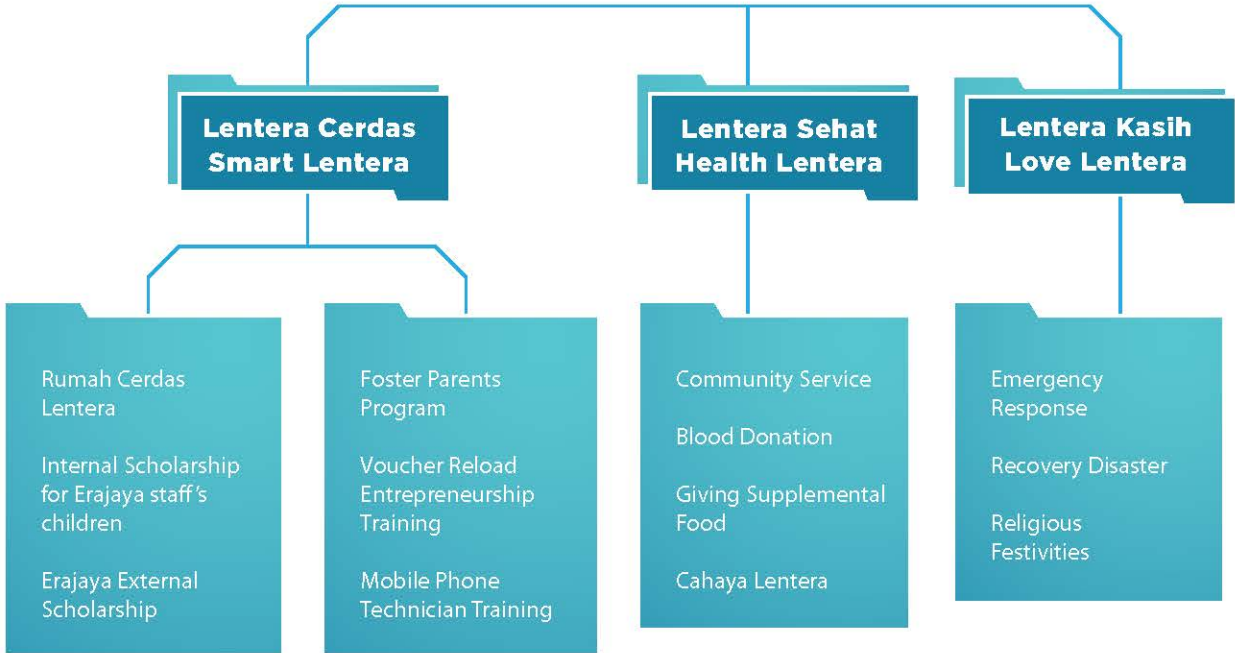
The first pillar is LenteraCerdas, a CSR commitment of Erajaya Group on society, which is based on improving the quality and the quality of education in general. In this LenteraCerdas pillar, there are a number of activities undertaken such as: RumahCerdasLentera, Erajaya Scholarship, Foster Parents Program, skills training for Teachers of early childhood education and kindergarten and Mobile Phone Service Training to the people who need work.

The second pillar is LenteraSehat, Erajaya Group's CSR commitment to the community, which is based on improving the quality of health of employees and the community living in and outside the operational area. In this pillar there are some routines activities conducted in one year, namely: Social Service, Free Health Examination and Treatment, Blood Donor and Supplementary Food Provisions.

The third pillar is LenteraKasih, a form of Erajaya Group's CSR commitment to community, based on the improvement of social welfare (philanthropic programs) and to help disaster victims in Indonesia. Philanthropic activities undertaken by CSR Erajaya Group among others are participating in religious holidays (Eid ul-Fitr, Eid al-Adha and Christmas), giving free mobile phone to remote communities in need, and providing assistance to disaster victims living inside or outside the territory of the company's operation.

LenteraErajayaPeduli is officially launched on June 28, 2013 during the 17th anniversary celebration of Erajaya Group. During this ceremony, Budiarto Halim as President Director of Erajaya Group has symbolically handed over Erajaya CSR program under the umbrella of LenteraErajayaPeduli to DjatmikoWardoyo as Director of Marketing and Communications Erajaya Group.

CSR Pillar





# CORPORATE SOCIAL RESPONSIBILITY

## CSR Challenges in 2014

In carrying out CSR activities, Erajaya Group CSR team still find challenges, both internally and in the implementation of activities. These challenges include:

- The program has not been fully developed, in the internal (office) and external (community).
- Implementation of the programs are still focused on philanthropic program (program contribution).
- Sponsorship and community development programs has not be implemented.
- The impact of the program is not maximized, because of the limitations of the program, such as limited budgets and resources.
- Lack of publicity because of the lack of interest the media to cover the CSR program.

## CSR Strategy in 2014

- Intensive coordination with local communities and prepare internal CSR programs
- Develop existing CSR programs by enhancing the role of empowerment and sustainability through shifting the focus of the program from contributions, sponsorships, community, and development.
- Increase the role of joint programs with strategic partners to maximize the implementation of the program
- Increase the role of media publicity for the promotion of CSR activities in order to enhance the Company's image

## Implementation of CSR Activities in 2014

During 2014, Erajaya Group has been running CSR activities in the pillar of Lentera Pendidikan, Lentera Sehat and Lentera Kasih, the following is description of the overall program.

### Lentera Cerdas:

Is a pillar or concern of CSR activities of Erajaya Group, engaging in the sector of education. Some activities in this pillar are:

- **Rumah Cerdas Lentera:** a program that focuses on the improvement of the means or infrastructure of Early Childhood Education (ECD) located in the area around the Company's operations (ring 1) or in any other area in need. In 2014, the Group has launched 10 Erajaya Rumah Cerdas Lentera in Cengkareng, Tambora, Kamal and Kapok West Jakarta.
- **Beasiswa Erajaya Group:** a program that focuses on improving the quality of children's learning living in the operational area of Erajaya Group. This scholarship program is divided into two sub-programs, namely the scholarship program for employees' children and scholarships for talented children living in the surrounding area of Erajaya Group's operations. In the academic year 2014, Erajaya Group has awarded scholarships to 60 children of employee and 80 excel student of elementary school grade 5-6 living in the operational area Erajaya Group.
- **Mobile Phone Technician Training:** A skills training for people who do not have jobs, so as to create new job opportunities. During 2014 Erajaya Group in cooperation with PKPU, Mesjid Raya Bintaro, Yayasan Wasilatul Ummah, Yayasan Tekad Abadi, Pondok Pesantren Khairul Ummah, KNPI of West Jakarta, Community of MJWJ, LAZ Sucofindo,

and yayasan Ar Raihan. With this training, Erajaya Group has trained 361 people to be mobile phone technicians.

- **Entrepreneurial Training:** It is an entrepreneurial skills training activities selling electronic phone pulses, using capital from Erajaya Group, so as to increase their income.

#### Lentera Sehat:

Is a pillar or concern of CSR activities of Erajaya Group engaging in the sector of public health. There are several activities in this pillar that include:

- **Social service:** a public health program for people living around the area of the Company that provide free nutrition, health and dental checks. During 2014 Erajaya Group held 7 social service activities in Sukasari Bogor, Taman Palem, Pekojan, Solo, Bali and Surabaya. In this activity Erajaya Group has been providing free medical check up and treatment for 1750 residents in need.
- **Blood Donation:** A health program special for employees of Erajaya Group. During 2014, Erajaya Group has provided 225 bags of blood to the Indonesian Red Cross (PMI)
- **Supplementary Food Provision:** a health care program for students in Rumah Cerdas Lentera. Supplementary food is intended to improve the nutrition of children under five. In 2014 Erajaya Group has been providing supplementary food as much as 2154 packets to students at Rumah Cerdas Lentera.
- **Cahaya Lentera:** a health program aimed at the Primary School Teachers and Students, by providing free glasses to help with the teaching and learning activities in the school. In 2014 Erajaya

Group has provided 511 pieces of glasses for free to Elementary School Teachers and Students in Pekojan, Tambora and Angke, West Jakarta.

#### Lentera Kasih:

Is a pillar or concern of CSR activities of Erajaya Group is engaged in the sector of Social Welfare society. Several activities in this pillar include:

- **Emergency Response:** is a program of providing assistance to disaster victims within the area of Company operations or on a national scale. In January 2014, during the floods that hit Jakarta, Erajaya Group participates by providing assistance in the area of Pekojan, Penjaringan Utara and Taman Palem, West Jakarta, in the form of fast food and beverages, drugs, milk, clothes, and blankets.
- **Disaster Recovery:** a program to help victims of disaster recovery, through donations of goods, education facilities, and other social facilities. In 2014 Erajaya Group has distributed educational assistance to students of Elementary School affected by the eruption of Mount Sinabung. Erajaya Group provides 400 educational package comprising school bags, stationery, textbooks and notebooks to students of elementary school in Gung Pinto and Kutmbelin, North Sumatra.
- **Religious Holiday Feast:** A program that participated in religious feasts such as Eid, the Feast of Sacrifice, Christmas and other celebrations. In 2014 Erajaya Group actively participates in celebrating the month of Ramadhan 1435H by conducting social services and distribution of staple food to 700 needies and donation for orphans, victims of fires in Penjaringan Utara.

# CORPORATE SOCIAL RESPONSIBILITY

## DOCUMENTATION

Lentera Cerdas  
Scholarship Care





Teachers Training PAUD



Mobile Phone Technician Training



House of Cerdas Lenters



# CORPORATE SOCIAL RESPONSIBILITY

Lentera Kasih  
Emergency Response



Lentera Sehat  
Community Care



Blood Doration



Giving Glasses & Eye Check



Giving Supplemental Food



Religious Festivities





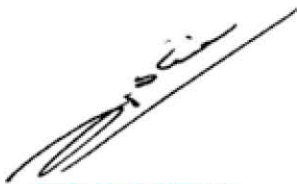
# MANAGEMENT'S STATEMENT FOR THE 2014 ANNUAL REPORT

Dear Shareholders,

We, the undersigned hereby declare that all information presented in the 2014 Annual Report of PT Erajaya Swasembada Tbk has been comprehensively published and that we are fully responsible for the accuracy of the content of this Annual Report.

And we would like to take this opportunity to express our gratitude for the trust that has been given by the shareholders and for good cooperation over the years.

## BOARD OF COMMISSIONERS



**Ardy Hady Wijaya**  
President Commissioner



**Richard Halim Kusuma**  
Commissioner



**Lim Bing Tjay (BT Lim)**  
Independent Commissioner

BOARD OF DIRECTORS



**Budiarto Halim**  
President Director



**Hasan Aula**  
Vice President Director



**Sintawati Halim**  
Director



**Andreas Harun Djumadi**  
Director



**Sim Chee Ping**  
Director



**Jody Rasjidgandha**  
Independent Director



**Djohan Sutanto**  
Director

# THE COMPANY

## AND ITS SUBSIDIARIES ADDRESSES

### **PT Erajaya Swasembada Tbk.**

#### **Head Office**

Jl. Gedong Panjang No. 29-31  
Pekojan-Tambora  
Jakarta Barat

#### **PT Erafone Artha Retalindo**

Jl. Bandengan Selatan No. 20  
Pekojan-Tambora  
Jakarta Barat

#### **PT Sinar Eka Selaras**

Komplek Ruko Mitra Bahari  
Jl. Pakin Blok C No.12  
Penjaringan-Penjaringan  
Jakarta Utara

#### **PT Teletama Artha Mandiri**

Komplek Roxy Mas Blok C4 no. 6- 7  
Jl. Kyai H.Hasyim Ashari 125  
Cideng-Gambir  
Jakarta Pusat

#### **West Swan Overseas Ltd.**

Portcullis Trustnet Chambers  
PO BOX 3444  
Roadtown Tortolla  
British Virgin Islands

#### **PT Data Citra Mandiri**

Jl. Rawa Bahagia I No.12  
Grogol- Grogol Petamburan  
Jakarta Barat

#### **PT Era Sukses Abadi**

Jl. Gedong Panjang No. 29-31  
Pekojan-Tambora  
Jakarta Barat

#### **PT Nusa Gemilang Abadi**

Jl. Gedong Panjang No. 29-31  
Pekojan-Tambora  
Jakarta Barat

#### **PT Azec Indonesia Management Services**

Gedung Menara Thamrin Lt. 3 Suite 301  
JI MH Thamrin Kav. 3  
Kampung Bali-Tanah Abang  
Jakarta Barat



## ADDITIONAL INFORMATION

**Name of Company:**

PT Erajaya Swasembada Tbk.

**Address:**

Jl. Gedong Panjang No. 29 - 31  
Pekojan – Tambora  
Jakarta Barat 11240 - Indonesia  
Tel : +62-21 690 5050  
Fax : +62-21 6983 1225  
E-mail : corporate@erajaya.com

**Date of Establishment:**

October 8, 1996

**Share Listing:**

Indonesia Stock Exchange (BEI)

**Type of Business:**

Retail Trading

**Share Code:**

ERAA

**Public Accountant:**

Purwanto, Suherman & Surja  
Indonesia Stock Exchange Building  
Tower 2, 7th Floor  
Jl. Jend Sudirman Kav. 52-53  
Jakarta 12910, Indonesia  
Tel : +62-21 5289 5000  
Fax : +62 -21 5289 4100

**Share Administration Agency:**

PT Raya Saham Registra  
Gedung Paza Sentral, 2nd Floor  
Jl. Jend. Sudirman Kav. 47 - 48  
Jakarta 12930 - Indonesia  
Tel : +62-21 2525 666  
Fax : +62-21 2525 028

**Investor Relation:**

Jl. Gedong Panjang No. 29 - 31  
Pekojan – Tambora  
Jakarta Barat 11240 - Indonesia  
Tel : +62-21 690 5050  
Fax : +62-21 6983 1225  
E-mail : corporate@erajaya.com  
Website : www.erajaya.com  
Bloomberg : ERAA IJ EQUITY



CONSOLIDATED FINANCIAL  
STATEMENTS OF  
**PT ERAJAYA SWASEMBADA TBK**  
**AND ITS SUBSIDIARIES**







Jl. Gedong Panjang no 29 -31  
Pekojan - Tambor  
Jakarta Barat 11240 - Indonesia  
T +62 21 690 5050  
F +62 21 690 5927A