

Advancing Towards EXCELLENT PERFORMANCE

Annual Report

2016

PT Semen Padang



Sejak 1910



Photo title:
Dump Truck in Action

Photo location:
Limestone mine - Bukit Karang Putih

Photo caption:
Semen Padang mines limestone in Bukit Karang Putih. The process of limestone mining begins with blasting the hills, then by using dump trucks, limestone was brought into crusher to be crushed and sent to limestone storage.



ADVANCING TOWARDS EXCELLENT PERFORMANCE

2016 was a challenging year for cement industry. In the midst of intense competition, low consumption and over-supply, Semen Padang managed to perform well throughout the year. Realizing its growing profitability, Semen Padang is committed to creating operational excellence and cost efficiency through Cost Transformation program.



THEME CONTINUITY



2013

GROWTH IN
SUSTAINABILITY

Semen Padang proves itself as a formidable company and still maintains growth in tough competition of the cement industry.



2014

STRENGTHENING FOR
SUSTAINABLE GROWTH

Growth performance of Semen Padang provides value added to the economy of West Sumatra and Indonesia in general.



2015

MOVING FORWARD TO
WIN THE COMPETITION
WITH TRANSPARENCY

Semen Padang is committed to improve and optimize all its resources and applying the disclosure of information in order to win the tough competition.



2016

ADVANCING TOWARDS EXCELLENT PERFORMANCE

2016 was a challenging year for cement industry. In the midst of intense competition, low consumption and over-supply, Semen Padang managed to perform well throughout the year. Realizing its growing profitability, Semen Padang is committed to creating operational excellence and cost efficiency through Cost Transformation program, in order to ensure the achievement of Semen Padang vision statement.

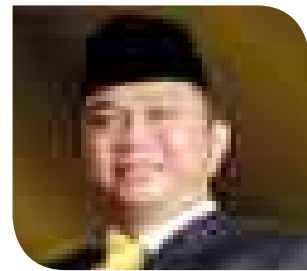
TESTIMONY



Rini Soemarno
Minister of State-Owned
Businesses

Regarding the role of Semen Padang in the future, Rini expects PT Semen Padang to continue to building and fostering the economy of West Sumatra. "We from the Ministry of SOEs emphasized how SOEs can be there for the country, and together build the Indonesian economy," she said.

"I hope Semen Padang, a long-established company in West Sumatra, to continue to build West Sumatra and promote its economy as well as through other CSO/ PKBL programs in synergy with other SOEs, especially the banking sector, so that it can foster small businesses, cooperative and mid-class business," she added.

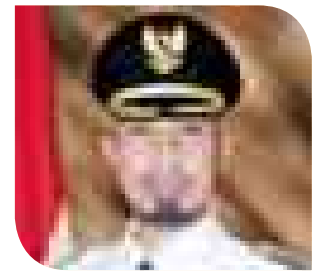


Hendra Irwan Rahim
Chairman of DPRD of West
Sumatra

As one of the first cement companies in Indonesia, PT Semen Padang is the pride of West Sumatra. Therefore, this big company is expected to have a big impact on the progress of the region, especially the society and the environment. *Alhamdulillah*, the Company demonstrates its environmental awareness, which should be improved in the future.

Irwan Prayitno
Governor of West Sumatra

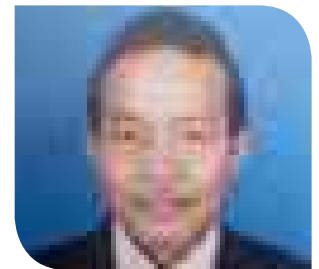
In 2016, PT. Semen Padang showed such a great concern towards the people of West Sumatra. Various donation and partnership program through CSR funds that are very useful for the community. We hope this can continue in the coming years. Going forward we hope that PT Semen Padang to operate smoothly, successfully dominate the market, and the same goes for the investment of Indarung VI Plant, hopefully it will operate successfully adding competitiveness in Indonesia.



Mahyeldi Ansharullah
Mayor of Padang

PT Semen Padang's concern for the environment needs to be appreciated said Padang Mayor Mahyeldi Ansharullah, PT Semen Padang is environmentally responsive, whether in developing small businesses, distributing scholarships, preserving the environment with tree planting.

A good company is a company that encourages its environment to also grow, through its CSR programs, to become sustainable in assisting the community.



Merry Nasrun
PT Cipto Sadar Pratama

Sumarsono
Labor Union of Semen Padang

Syaripuddin Datuak Rajo Bungsu
Chairman of KAN Limau Manis

Syukriandi Syukur
Director of PT Ranah Tigo Luhak

We do hope that we can maintain such a good relationship, and we are really expecting support from PT Semen Padang, despite there were many competitors, but we remain committed to be the best distributor for PT Semen Padang.

Labor Union has an increasingly conducive relationship with the management. We realize that despite the high demands of the Labor Union of Semen Padang, but with the commitment to maintain the Company and to increase its performance, we believe that the management will not object to agree upon the expenditure associated with increased welfare of employees.

Surely it is our common hope to support the Company where we work, improve its performance, and build together in order to improve employee welfare.

Since Semen Padang is active in developing the surrounding community and supporting the development of small economic sector, we are very proud of PT Semen Padang's policy and activeness. In the future we hope PT Semen Padang will increase cooperation in all sector with surrounding communities, such as in agriculture and infrastructure sector.

PT Semen Padang, the pride of Minang Community, PT Semen Padang is one of Semen Indonesia Group (SMIG) managed by qualified and professional human resources. The partnership with stakeholders is harmonious, cooperative and dignified. The existence of PT Semen Padang has given a very big impact for the improvement of West Sumatra economy. Especially in the real sector, services and investment. Going forward, PT Semen Padang is expected to pay more attention to community development by giving CSR fund.

Photo title:

Dusk at Indarung VI

Photo location:

Indarung VI

Photo caption:

Indarung VI is Semen Padang's factory to be inaugurated in 2017. Equipped with the latest technology, this factory is designed to be environmentally friendly and energy efficient.



INTRODUCTION

2016 was indeed a challenging year. Semen Padang began the year with a passion to keep on Taking Steps to Achieve Superior Performance. The Company constantly observes every change in the business environment in order to achieve its business goals and objectives. Various strategic policy implemented throughout 2016 supported by the implementation of good corporate governance and competent human resources, has enabled the Company to record sustainable business growth.



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SEMEN PADANG'S EXCELLENCE



RENEWABLE ENERGY

WHRPG is a power plant that uses exhaust gas from the cement manufacturing to generate electricity. Semen Padang is the first company in Southeast Asia to operate WHRPG. WHRPG electricity production up to December 2016 amounted to 53,524 MWh equivalent to Rp53 billion.



THE GEOGRAPHICAL POSITION THAT SUPPORTS EXPORT ACTIVITIES

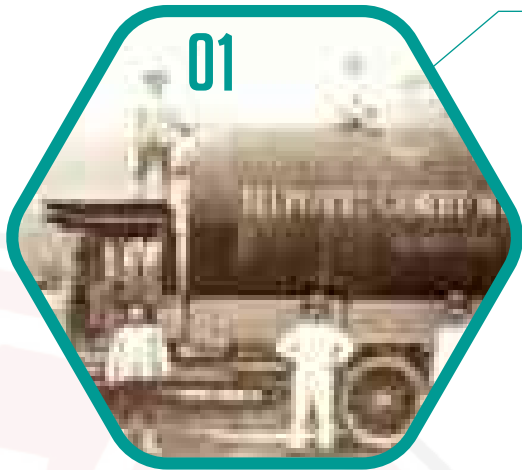
The geographical location of Semen Padang, at the west coast of Sumatra, makes it easier for Semen Padang to export cement and slag abroad. The export market share of Semen Padang spread from Asia, Africa, Europe, Australia to America.



RAW MATERIAL RESERVES OF MORE THAN 50 YEARS

With the expansion of limestone quarry site for Semen Padang covering a 412 hectares area, then Semen Padang has raw material reserves for more than 50 years. Such a sufficient raw material reserves and efficient limestone mining costs support Semen Padang in winning the increasingly tight competition in the cement industry.





LONG EXPERIENCE IN INDONESIAN CEMENT INDUSTRY

Semen Padang was founded on March 18, 1910 under the name of NV Nederlandsch Indische Portland Cement Maatschppij (NV NIPCM). With a history of more than one hundred years, Semen Padang was once managed by the Netherlands and Japan. During Dutch administration, Semen Padang products were used for road and bridge construction, while during Japan occupation, the product of Semen Padang was used for military infrastructure. Currently, some buildings that used Semen Padang products among others were Bareleng - Batam bridge, tsunami museum - Aceh, Kualanamu airport - Medan, jalan Kelok Sembilan - West Sumatra, West Sumatra mosque - Padang and so forth.



FINANCIAL CAPABILITIES AND ASSETS

As a cement company that controls the marketing area in Sumatra, owning 5 factories and 7 packing plants and 1 cement mill with total assets of more than Rp9,211 billion. With its strong financial capacity, Semen Padang has the advantages for its business development in the future.



A STRONG DISTRIBUTION NETWORK AND SPREAD ACROSS MAJOR CITIES

With production capability of more than 7 million tons, PT Semen Padang has the highest market share in Sumatra. All are supported with a strong distribution network spread across major cities, where in each marketing area Semen Padang has representatives ensuring that the distribution of cement reaches the end user.



HIGH SYNERGY THROUGH SEMEN INDONESIA GROUP IN TERMS OF CEMENT PRODUCTION AND MARKETING

The joining of Semen Padang in Semen Indonesia Group provides significant benefits, in terms of finance, production, distribution and sales. This synergy helps Semen Padang to remain a market leader in Sumatra.

MASTERPIECE BY SEMEN PADANG

BRIDGE SIAK-RIAU



KUALANAMU INTERNATIONAL AIRPORT-NORTH SUMATRA



2002

2006

1992

2003

BRIDGE BARELANG-RIAU ISLAND



KELOK SEMBILAN-WEST SUMATRA



GRAND MOSQUE-WEST SUMATRA



BRIDGE GENTALA ARASY-JAMBI



2007

2012

2009

2015

**SEMEN PADANG HOSPITAL-
WEST SUMATERA**



**MEDAN BINJAI TOLL ROAD-
NORTH SUMATRA**



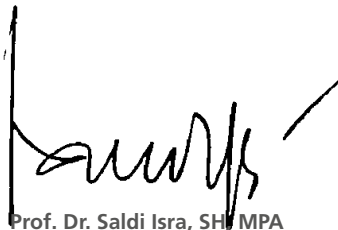
ACCOUNTABILITY ON THE 2016 ANNUAL REPORT

The Board of Commissioners and the Board of Directors hold accountability for the 2016 Annual Report, financial statements, and other relevant information by affixing their signatures below.

This statement was made with actual.

Padang, February 2017

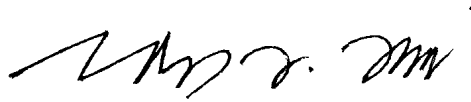
BOARD OF COMMISSIONERS



Prof. Dr. Saldi Isra, SH, MPA
President Commissioners



Ir. Suharto, M.M.
Commissioner

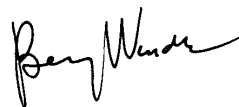


Prof. Dr. Eddy R. Rasyid, PhD. C.A.
Commissioner



Wiztlan Yoetri, SH
Commissioner

BOARD OF DIRECTORS



Ir. Benny Wendry, M.M.
President Director



Tri Hartono Rianto, S.E., M.Bus
Financial Director



Pudjo Suseno, S.E.
Commercial Director



Ir. Indrieffouny Indra
Production Director

Photo title:
For my Indonesia

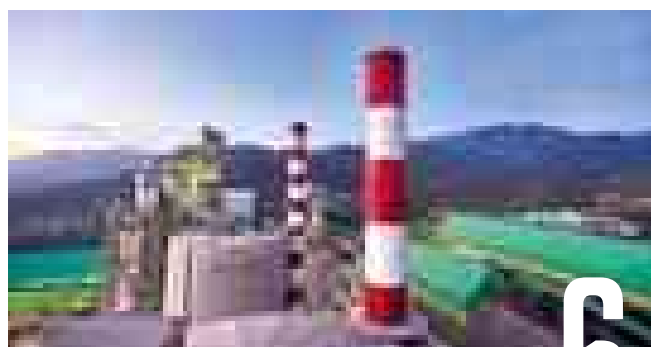
Photo location:
Batu Kapur Mine - Bukit Karang Putih

Photo caption:
Human resource is the most important asset, then Semen Padang is committed to developing human resources. The scholarship program is one of the programs routinely conducted by Semen Padang as the Company's contribution to the country.



TABLE OF CONTENT

Preparation of the 2016 Annual Report of PT Semen Padang refers to the applicable provisions concerning the presentation of information disclosure to be submitted in the Annual Report. List of contents as a whole can be found on the opening page of each chapter. The essence of the topics discussed in each chapter of this Annual Report is as follows:



INTRODUCTION

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A brief run down of corporate highlights in 2016 for Semen Padang in terms of financial and operational achievements as well as other attainments.

- Accountability on the 2016 Annual Report
- Highlights 2016
- Financial Highlights
- Bond Information, Subscriptions or Conversion Bonds
- Awards and Certificates in 2016



REPORT FROM THE BOARD OF DIRECTORS AND COMMISSIONERS

32

The Board of Directors and Board of Commissioners described the operations of the Company in the face of increasing challenges in the cement industry as well as in anticipation of the Company's future aspirations.

- Report from the Board of Directors
- Information on Concurrent Positions of BOD
- Report from the Board of Commissioners
- Information on Concurrent Positions of BOC
- Statement of Independence of Independent Commissioners



COMPANY PROFILE

72

A section containing general pertinent information of the company: about the 'what, who, where, when and how' of Semen Padang.

- Company Profile in Brief
- Brief Information on the Change of Company Name
- Structure and Composition of Semen Padang Ownership
- Line of Business
- Organizational Structure



BUSINESS SUPPORT OVERVIEW

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Human Capital and Information & Communication Technology are the support components to the operations of the Company that are vitally important to successfully compete in the cement industry.

- Highlight Business Support Overview
- Human Resource Management
- Information and Communication Technology



MANAGEMENT DISCUSSION AND ANALYSIS **180**

Semen Padang achieved an overall satisfactory performance amidst tight competition in the cement industry, driving growth through a variety of breakthrough initiatives.

- Highlight Management Discussion and Analysis
- Industry Overview
- Marketing Review
- Networks and Business Partners Inside and Outside the Country
- Financial Performance Overview



GOOD CORPORATE GOVERNANCE **238**

As a State-Owned Enterprise, Semen Padang is obligated to implement proper corporate governance based on relevant laws and regulations as well as the Articles of Association.

- GCG Framework and Roadmap
- Corporate Governance Assessment
- Board of Commissioners
- Board of Directors
- Corporate Secretary



CORPORATE SOCIAL RESPONSIBILITY **336**

Semen Padang continue to intensify its contribution to the communities and environment through various initiatives and activity programs to improve the welfare and life quality of communities.

- CSR Vision and Mission
- Corporate Responsibility to Environment
- Corporate Responsibility of Occupational Health and Safety (K3)
- Corporate Social Responsibility Towards Social and Community Development
- Corporate Responsibility to Products and Customers

AUDITED FINANCIAL REPORT 2016

AUDITED FINANCIAL REPORT 2016 **363**

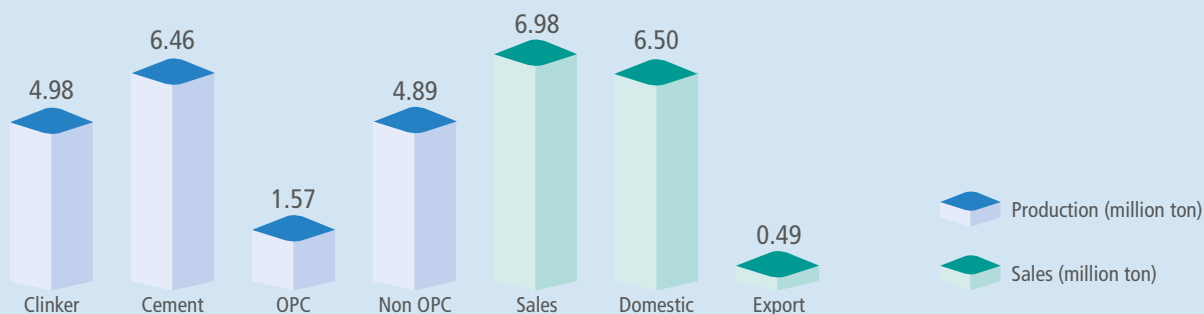
Present information from an independent auditor on corporate management during the fiscal year 2016.

- Statement Letter of the Board of Directors and/or Board of Commissioners on the Responsibility of the Financial Statement
- Opinion An independent auditor on financial statements
- Comparison of profitability level
- Cash Flow
- Disclosure of related party transactions

HIGHLIGHTS 2016

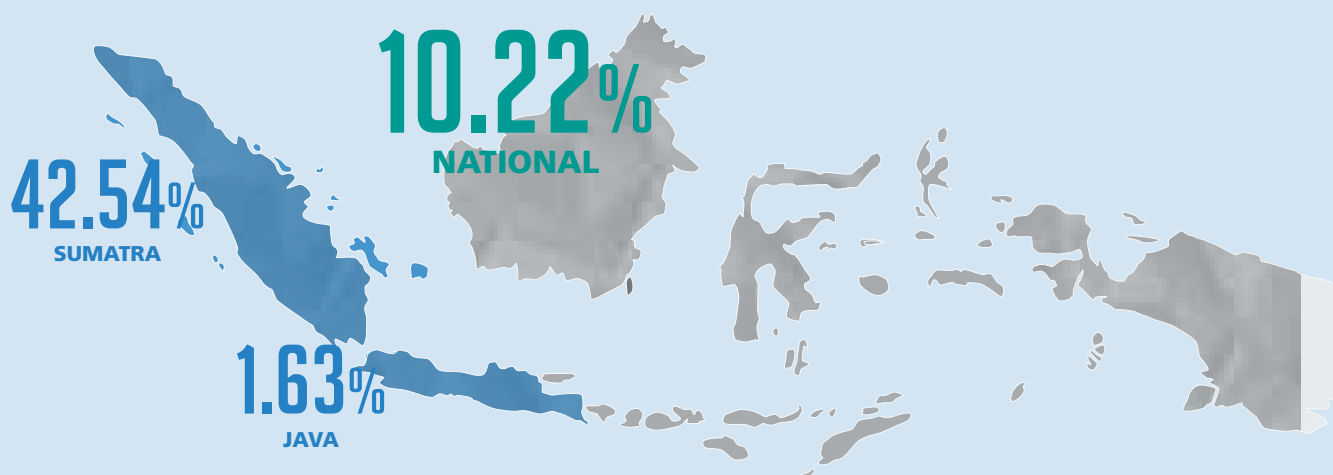
CLINKER-CEMENT PRODUCTION AND SALES

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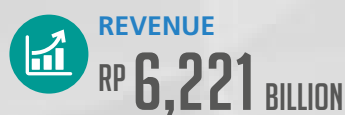
MARKET SHARE

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FINANCIAL PERFORMANCE

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ENVIRONMENTAL MANAGEMENT

Page 63, 350, 351



TREE PLANTING
2,407 TREES

RECLAMATION
2.4 HA

EMISSION OF DUST
50 MG/NM³

ENVIRONMENTAL INVESTMENTS
RP 53 BILLION

GCG, SPIP, IQA SCORE, AND RML INDEX

Page 242, 249, 316, 319

86.48

GCG score predicated
"VERY GOOD"
scale 100

87.66

SPIP score predicated
"EFFECTIVE"
scale 100

621

IQA score level
"EMERGING INDUSTRY
LEADER"
scale 1,000

3.95

RML index rated
"MANAGED"
scale 5

SOCIAL RESPONSIBILITY

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RP 9.17 BILLION

PARTNERSHIP
PROGRAM FUND



373 UKM

FOSTER PARTNERS



872 PERSONS

SCHOLARSHIP
GRANTEE



102 %

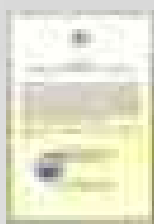
PERCENTAGE OF
FUNDS DISTRIBUTED

NATIONAL AWARD

Page 29



Best Taxpayer



Appreciation of Foster
Partner



Green Property



Green PROPER

INTERNATIONAL AWARD

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PLATINUM & GOLD
Global Communication Competition LACP

RUNNER UP
Risk Innovation at ASEAN Risk Award

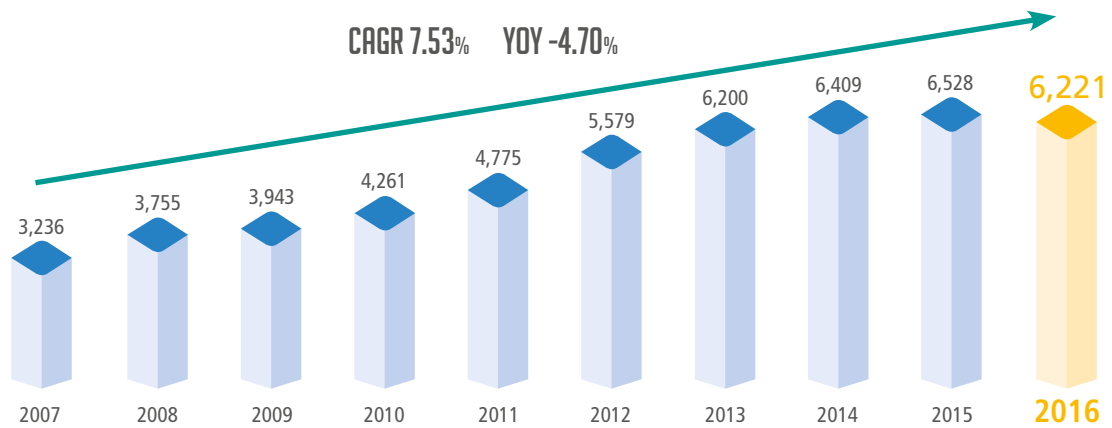
FINANCIAL HIGHLIGHTS

TABLE OF FINANCIAL HIGHLIGHTS IN THE LAST 10 YEARS

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
FINANCE (billion Rupiah)										
Revenue	3,236	3,754	3,943	4,261	4,775	5,579	6,200	6,408	6,528	6,221
Gross Profit	815	998	1,142	1,253	1,398	1,700	1,873	1,708	1,689	1,890
Operating Expenses	289	345	373	383	438	490	535	573	675	943
Operating Profit	526	652	768	869	959	1,209	1,337	1,135	1,014	947
Profit for the Year	358	480	538	649	731	927	1,044	927	722	723
Profit Attributable	358	480	538	647	728	925	1,041	925	721	724
EBITDA	654	808	908	1,020	1,136	1,439	1,536	1,358	1,260	1,191
Profit per Share (Rupiah)	1,079	1,446	1,622	1,951	2,196	2,787	3,137	2,786	2,175	2,181
FINANCIAL POSITION (billion Rupiah)										
Current Assets	771	1,080	1,073	1,420	1,753	2,319	2,415	2,685	2,296	2,127
Fix Assets	1,093	1,248	1,483	1,714	1,978	2,159	2,462	2,771	4,762	6,799
Other Assets	14	16	12	11	23	68	248	451	333	283
Total Assets	1,879	2,345	2,569	3,147	3,755	4,547	5,126	5,908	7,393	9,210
Current Liabilities	529	735	674	876	1,030	1,260	1,164	1,420	2,243	1,883
Long-Term Liabilities	108	67	52	75	122	123	300	320	688	2,437
Total Liabilities	638	802	726	952	1,153	1,383	1,464	1,741	2,932	4,321
Non Controlling Interest	4	5	7	7	9	10	11	12	12	12
Equity	1,236	1,537	1,835	2,187	2,592	3,153	3,650	4,153	4,447	4,877
Working Capital	242	345	399	544	722	1,059	1,252	1,265	53	244
Investment in Associates	0,7	0,7	0,7	0,7	2	2	1	2	2	2
Total Liabilities and Equity	1,875	2,340	2,563	3,139	3,746	4,537	5,115	5,895	7,380	9,198
Total Liabilities and Equity	1,879	2,346	2,570	3,147	3,755	4,548	5,126	5,908	7,393	9,211
FINANCING RATIOS										
Liquidity (%)										
Cash Ratio	41.5	25.2	36.6	48.6	72.6	97.7	88.4	72.3	33.1	34.4
Acid Test Ratio	79.1	57.9	64.0	82.9	109.0	126.7	134.2	124.3	68.1	73.9
Current Ratio	145.7	146.9	159.1	162.1	170.1	184.1	207.5	189.1	102.4	112.9
Profitability (%)										
Operating Margin	16.3	17.4	19.5	20.4	20.1	21.7	21.6	17.7	15.5	15.2
Net Profit Margin	11.1	12.8	13.7	15.2	15.3	16.6	16.8	14.4	11.1	11.6
EBITDA Margin	20.2	21.5	23.0	24.0	23.8	25.8	24.8	21.2	19.3	19.2
Return on Equity	29.0	31.2	29.3	29.7	28.2	29.4	28.6	22.3	16.3	14.8
Return on Assets	19.1	20.5	21.0	20.6	19.5	20.4	20.4	15.7	9.8	7.9
Return on Profit	11.1	12.8	13.7	15.2	15.3	16.6	16.8	14.5	11.1	11.6
Return on Investment	19.1	20.5	21.0	20.6	19.5	20.4	20.4	15.7	9.8	7.9
Solvency (%)										
Debt to Total Assets Ratio	34.0	34.2	28.3	30.3	30.7	30.4	28.6	29.5	39.7	46.9
Debt to Total Equity Ratio	51.5	52.0	39.4	43.4	44.3	43.7	40.0	41.8	65.7	88.4
Activity Ratio (days)										
Inventory Turn Over	47	61	80	77	67	60	63	52	45	44
Collection Period	22	21	19	21	25	24	26	36	42	44
Total Assets Turn Over	172.2	160.1	153.5	135.4	127.2	122.7	121.0	108.5	88.3	67.5
Total Equity to Total Assets	65.8	65.5	71.4	69.5	69.0	69.3	71.2	70.3	60.2	52.9

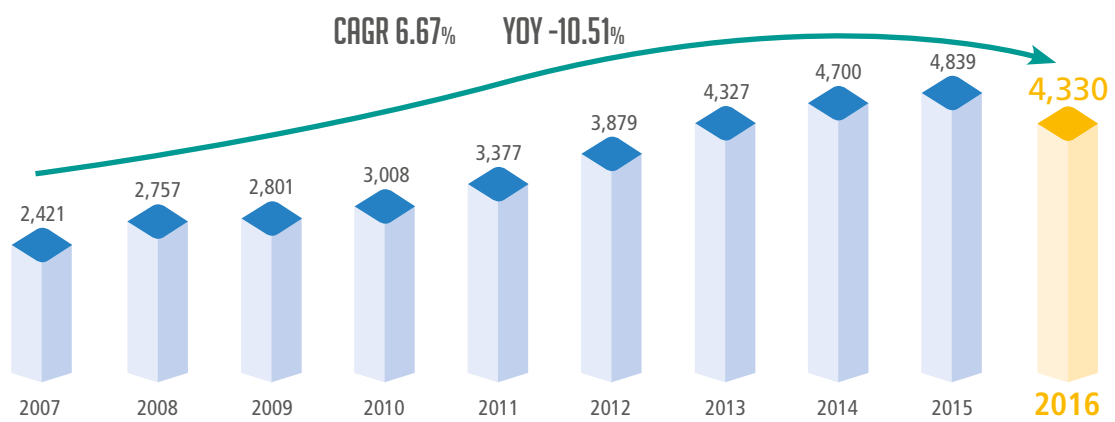
REVENUE

(billion Rupiah)



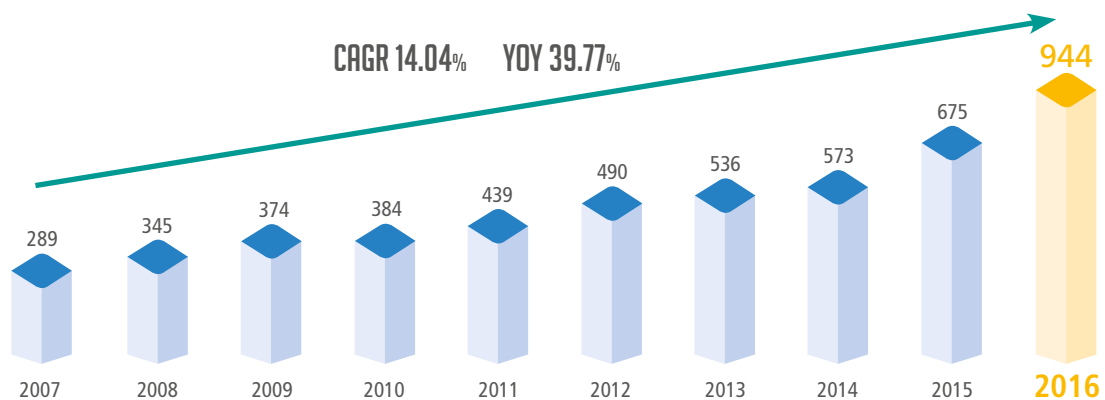
MAIN EXPENSES SALES

(billion Rupiah)



OPERATING EXPENSE

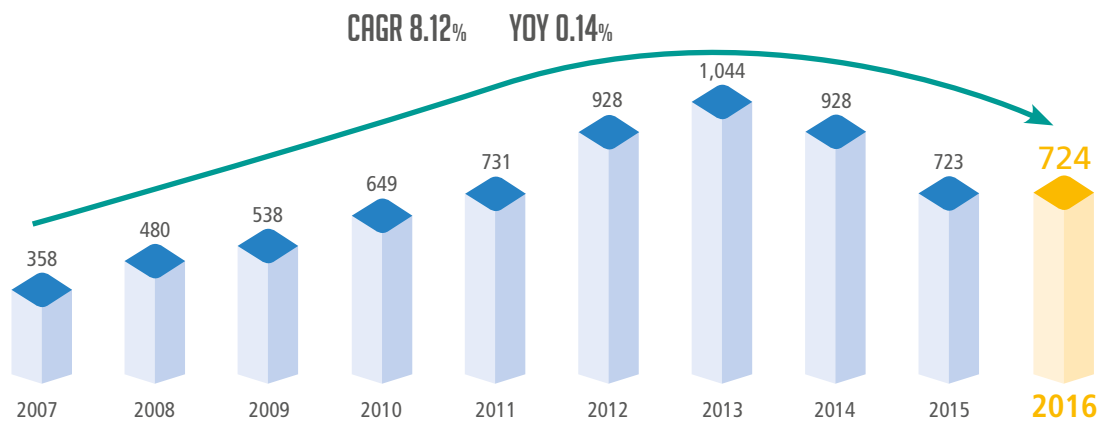
(billion Rupiah)



FINANCIAL HIGHLIGHT

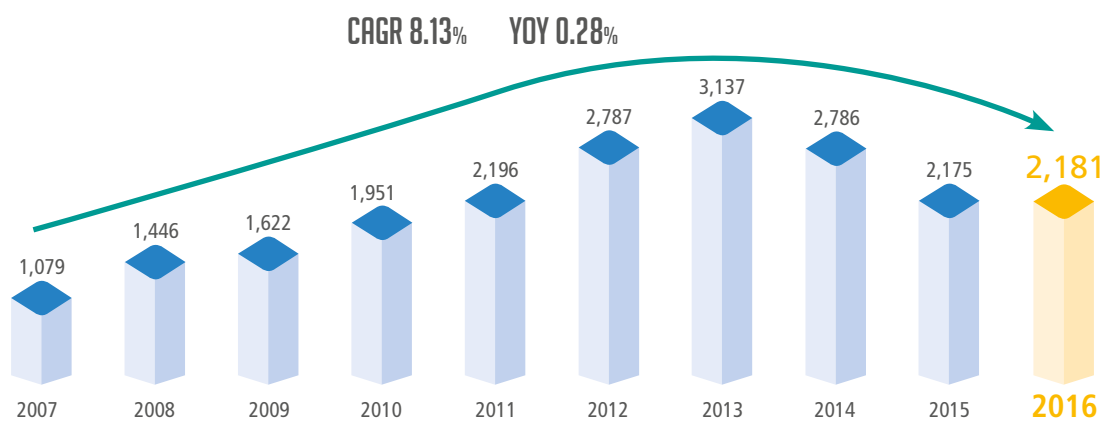
PROFIT FOR THE YEAR

(billion Rupiah)



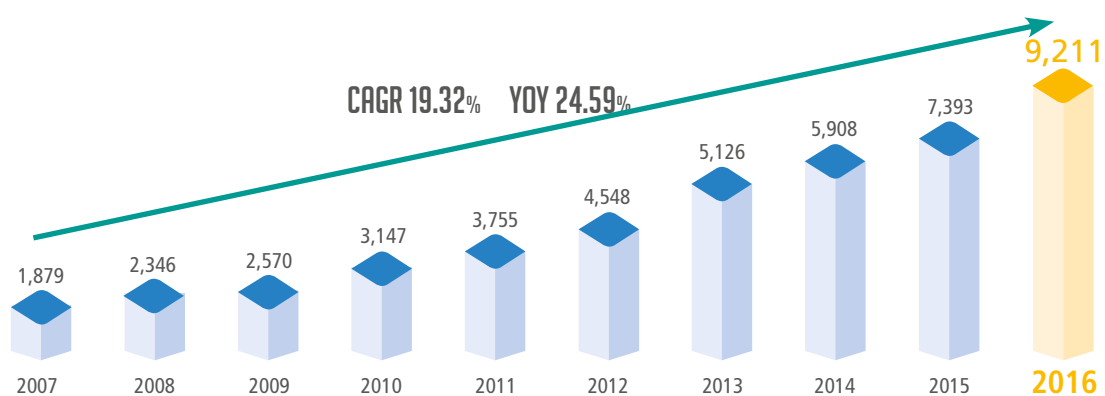
PROFIT PER SHARE

(Rupiah)



TOTAL ASSETS

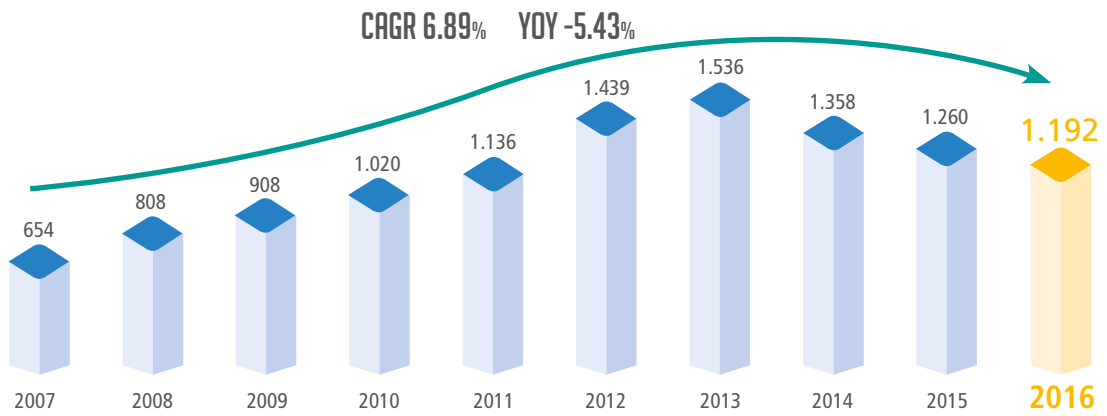
(billion Rupiah)



FINANCIAL HIGHLIGHT

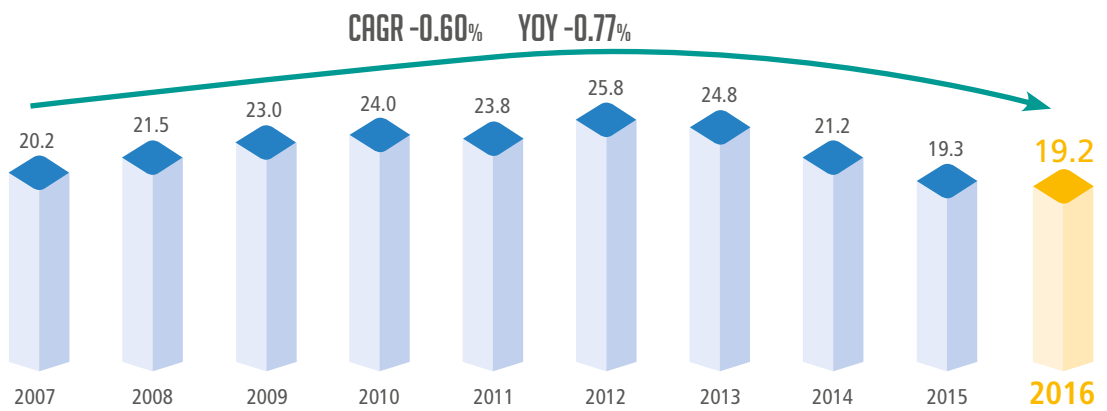
EBITDA

(billion Rupiah)



EBITDA MARGIN

(%)



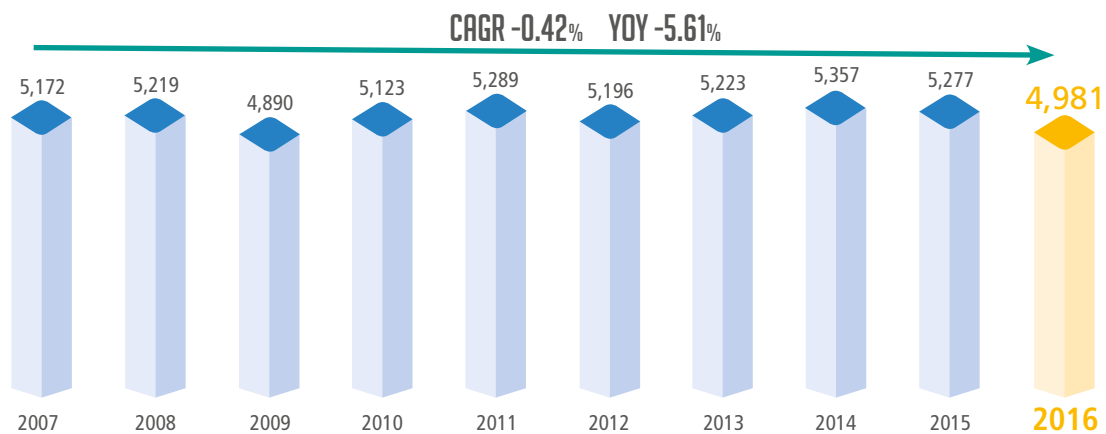
OPERATIONAL HIGHLIGHTS

TABLE OF OPERATIONAL HIGHLIGHT IN THE LAST 10 YEARS

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PRODUCTION VOLUME (thousand ton)										
Clinker	5,172	5,219	4,890	5,123	5,289	5,196	5,223	5,357	5,277	4,981
Cement	5,474	5,840	5,365	5,675	6,152	6,522	6,613	6,671	6,889	6,456
SALES VOLUME (thousand ton)										
Domestic Sales	4,837	5,175	5,067	5,721	6,192	6,842	7,226	7,087	6,855	6
Exported Cement	1,566	895	449	195	19	–	56	116	397	0.4
Exported Clinker	45	–	107	–	–	–	21	–	–	0.9
Total Sales	6,448	6,070	5,623	5,915	6,212	6,842	7,304	7,203	7,253	6,981

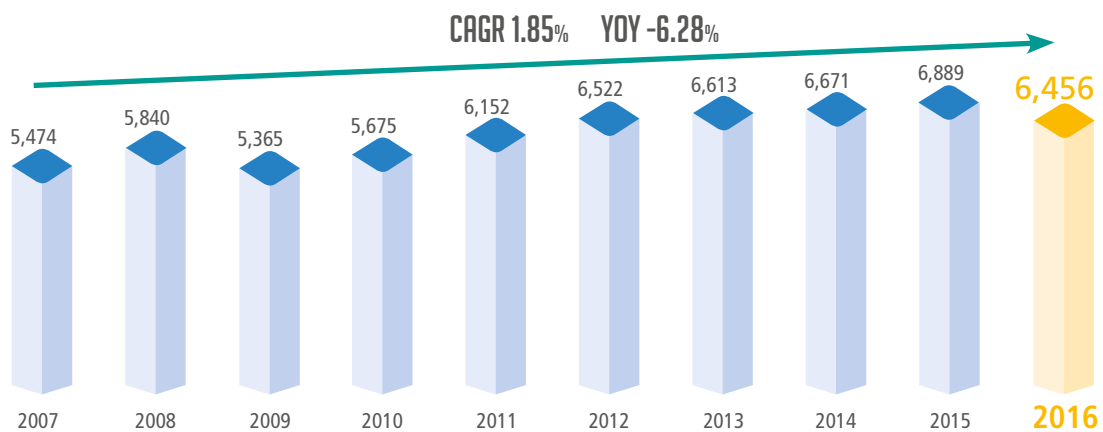
CLINKER PRODUCTION VOLUME

(thousand ton)



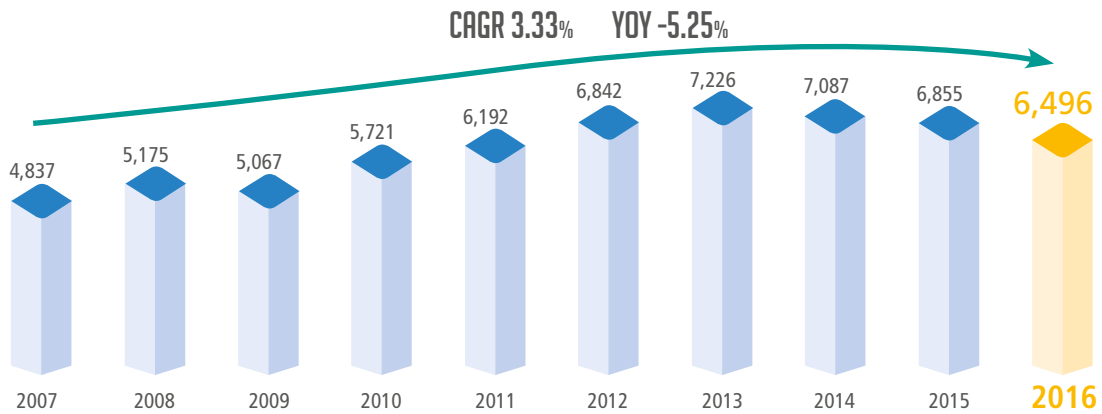
CEMENT PRODUCTION VOLUME

(thousand)



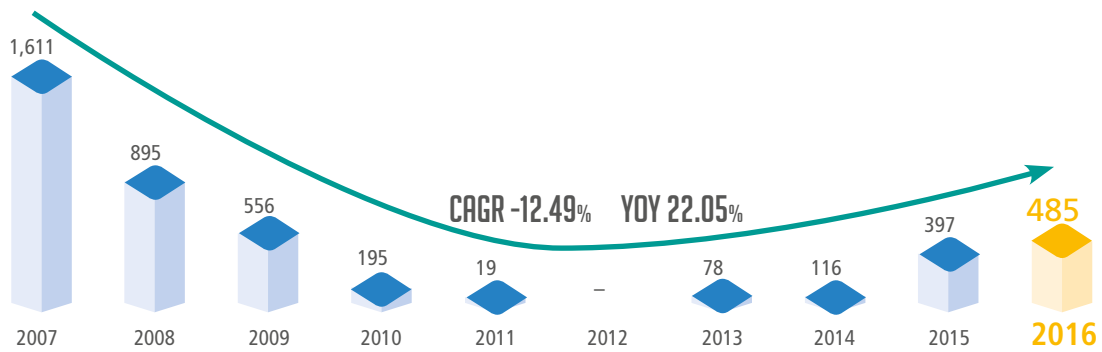
DOMESTIC VOLUME SALES

(thousand ton)



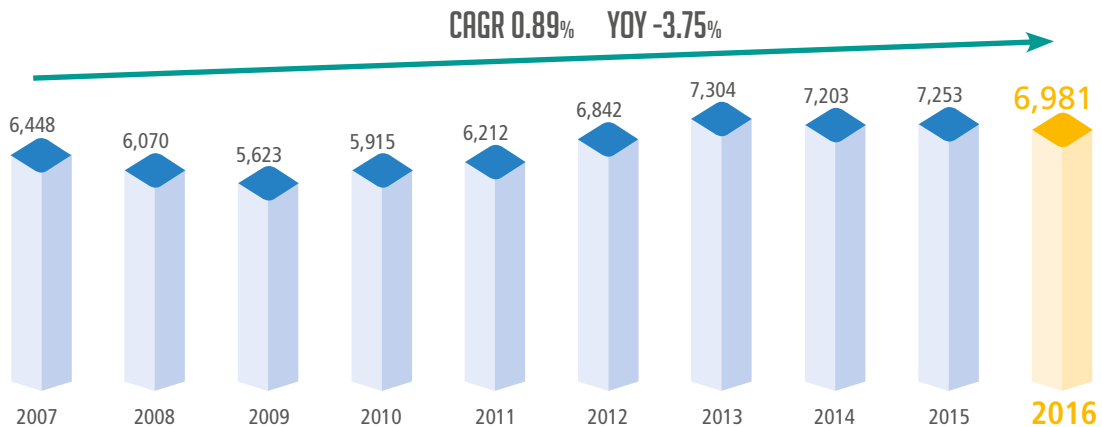
EXPORT VOLUME SALES

(thousand ton)



TOTAL SALES VOLUME

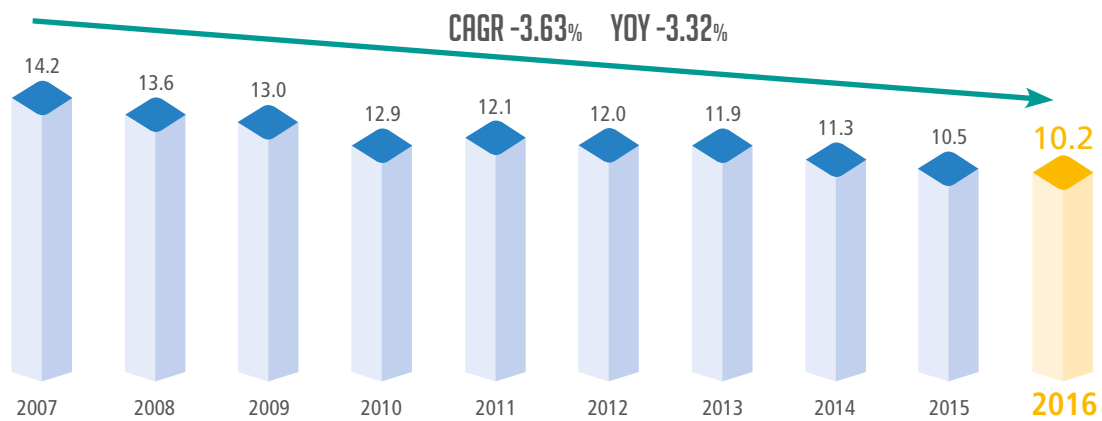
(thousand ton)



OPERATIONAL HIGHLIGHTS

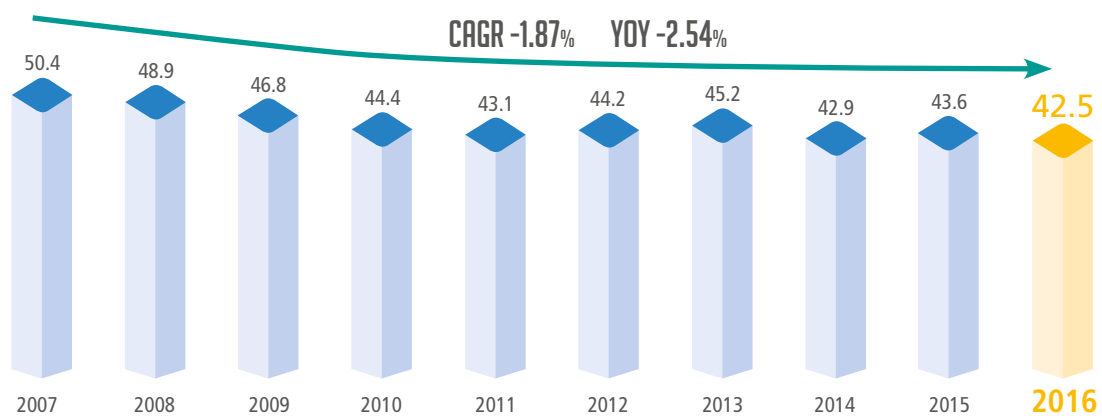
NATIONAL MARKET SHARE

(%)



SUMATRA MARKET SHARE

(%)



STOCK INFORMATION

Up to the end of 2016, Semen Padang has not listed any stock in any securities, on that account, stock information in the form of tables and graphs can not be shown in this annual report.

BOND INFORMATION, SUBSCRIPTIONS OR CONVERSION BONDS

Until the end of 2016, Semen Padang did not register bonds, sukuk or convertible bonds in any stock exchange, on that account, stock information in the form of tables and graphs cannot be displayed in this annual report.

Photo title:

Friendly with nature

Photo location:

Taman Reklamasi Semen Padang

Photo caption:

As a commitment to the environment, Semen Padang transforms the former land of clay into a reclamation park that also serves as a sporting sport.



2016 EVENT HIGHLIGHTS

01



JANUARY

Opening Ceremony of K3 Quality Month (12 January)

Semen Padang held a ceremony in commemoration of the National Quality Month with the theme of "Through the Consolidation of K3 Culture, We Increase Productivity and Competitiveness of Free Market."

FEBRUARY

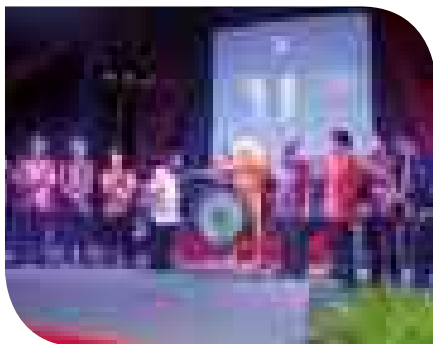
K3 Quality Month Blood Drive at GSG (10 February)

Semen Padang carried out blood donation activities during National K3 month and Quality Month 2016. 214 bags of blood was collected from 248 participants donor blood to be submitted to PMI of West Sumatra.



02

03



MARCH

SPIE 2 GSG (3 March)

One of the means in improving the Company's operational effectiveness. The number of SPIE participants was 48 teams, more than the previous year.

APRIL

Plant Visit of Marketing Area I Customer (7-9 April)

In order to strengthen the relationship with customers (Bathing Plant and Building Stores). Semen Padang invites Plant Visit participants to review the mines and factories. Participants consist of customers of Aceh, Medan, Kepri and Lampung regions.



04

05



MAY

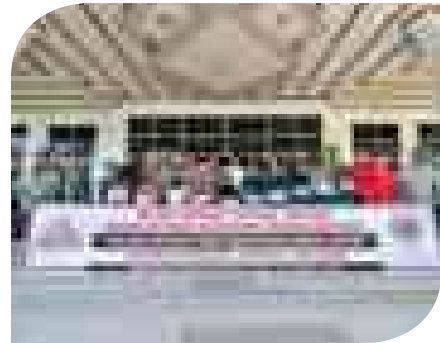
Scholarship Delivery (30 May)

Donating scholarship is Semen Padang's routine agenda every semester. The event was attended by thousands of students from elementary to senior high school and university students, principals, companion teachers, sub-district heads and heads of KAN from Padang city. Total funds disbursed amounting to Rp944 million provided to 1,324 people.

JUNE

SOE for the Nation Cheap Market (24 June)

Discount Market was held by Semen Padang in five location, spread around Padang. The basic staple-food package was sold for only Rp25,000, from a normal price of Rp150,000.



06

07



JULY

Idul Fitri & Directors Gathering to Padang Grand Mosque (6 July)

Eid prayers by thousands of people from Indarung and surrounding areas went smoothly.

In addition to commemorating the Eid al-Fitr, Semen Padang also held a gathering for all levels in Semen Padang.

AUGUST

SOE for the Nation Healthy Walk (13 August)

Fun Walk began with flag-waving the Minister of SOE at 06.00 WIB at GOR H. Agus Salim Padang. Accompanied by Semen Padang marching band, participants walk along the 5 km route to the beach Muaro Lasak.



08

09



SEPTEMBER

Public Information Disclosure (KIP) Award (8 September)

Semen Padang was named as the Best Public Agency regarding Information Disclosure on the Category of BUMN/BUMD in West Sumatra.

The award was given by the Deputy Governor of West Sumatra to the President Director of PT Semen Padang at Hotel Bumi Minang Padang.

OCTOBER

Dissemination of GRC Fraud and BPKP at WI (26 October)

As a manifestation of the implementation and evaluation of Good Corporate Governance, Semen Padang disseminates the implementation of WBS and FCP to employees, distributors, vendors and contractors.

Speaker of this event was from BPKP West Sumatra.



10

11



NOVEMBER

Semen Indonesia Award Innovation of Semen Padang in Bali (6-11 November)

Semen Padang Innovation Team got 2 Platinum, 4 Gold and 2 Silver. The event was attended by 362 teams with 1,662 participants, companies participating was more than 180 companies from three countries, namely Indonesia, Malaysia, and Thailand.

DECEMBER

Green PROPER Award from the Minister of Environmental Affairs (7 December)

Green PROPER Certificate was submitted by the Minister of Environment and Forestry and received directly by the President Director of Semen Padang.

This was an evidence that Semen Padang has performed good environmental management, efficient utilization of resources through 4R and taking appropriate responsibility effort.



12

AWARDS AND CERTIFICATES IN 2016

AWARDS

	<p>Best Tax Payer</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>Regional Revenues Service Office of Padang City</td> </tr> <tr> <td>Date</td> <td>January 2016</td> </tr> </table>	Awarding Institution	Regional Revenues Service Office of Padang City	Date	January 2016	<p>ICQCC 2016 - Bangkok</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>The Association Of QC Headquarters of Thailand</td> </tr> <tr> <td>Date</td> <td>25 August 2016</td> </tr> </table> 	Awarding Institution	The Association Of QC Headquarters of Thailand	Date	25 August 2016
Awarding Institution	Regional Revenues Service Office of Padang City									
Date	January 2016									
Awarding Institution	The Association Of QC Headquarters of Thailand									
Date	25 August 2016									
	<p>Public Information Disclosure for the SOE Category</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>West Sumatra Information Committee</td> </tr> <tr> <td>Date</td> <td>8 September 2016</td> </tr> </table>	Awarding Institution	West Sumatra Information Committee	Date	8 September 2016	<p>Award for the Participation of Semen Padang in the Annual Report Award Event</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>KNKG</td> </tr> <tr> <td>Date</td> <td>27 September 2016</td> </tr> </table> 	Awarding Institution	KNKG	Date	27 September 2016
Awarding Institution	West Sumatra Information Committee									
Date	8 September 2016									
Awarding Institution	KNKG									
Date	27 September 2016									
	<p>International Exposition of Team Excellent</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>Singapore Productivity Association</td> </tr> <tr> <td>Date</td> <td>28 September 2016</td> </tr> </table>	Awarding Institution	Singapore Productivity Association	Date	28 September 2016	<p>TKMPN XX (Platinum 2, Gold 4, Silver 2)</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>TKMPN</td> </tr> <tr> <td>Date</td> <td>10 November 2016</td> </tr> </table> 	Awarding Institution	TKMPN	Date	10 November 2016
Awarding Institution	Singapore Productivity Association									
Date	28 September 2016									
Awarding Institution	TKMPN									
Date	10 November 2016									
	<p>Global Communication Competition</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>LACP</td> </tr> <tr> <td>Date</td> <td>November 2016</td> </tr> </table>	Awarding Institution	LACP	Date	November 2016	<p>Green Proper</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>Ministry of Environmental Affairs</td> </tr> <tr> <td>Date</td> <td>November 2016</td> </tr> </table> 	Awarding Institution	Ministry of Environmental Affairs	Date	November 2016
Awarding Institution	LACP									
Date	November 2016									
Awarding Institution	Ministry of Environmental Affairs									
Date	November 2016									
	<p>Indonesia Quality Convention (Gold 2, Silver 3)</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>Indonesia Quality Management Association</td> </tr> <tr> <td>Date</td> <td>2 December 2016</td> </tr> </table>	Awarding Institution	Indonesia Quality Management Association	Date	2 December 2016	<p>ASEAN Risk Award 2016</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>ERMA (Enterprise Risk Management Academy)</td> </tr> <tr> <td>Date</td> <td>8 December 2016</td> </tr> </table> 	Awarding Institution	ERMA (Enterprise Risk Management Academy)	Date	8 December 2016
Awarding Institution	Indonesia Quality Management Association									
Date	2 December 2016									
Awarding Institution	ERMA (Enterprise Risk Management Academy)									
Date	8 December 2016									
	<p>Environmental Partnership Appreciation</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>Directorate General of Social Forestry & Environmental Partnership</td> </tr> <tr> <td>Date</td> <td>22 December 2016</td> </tr> </table>	Awarding Institution	Directorate General of Social Forestry & Environmental Partnership	Date	22 December 2016	<p>2016 Green Industry</p> <table border="1"> <tr> <td>Awarding Institution</td> <td>Minister of Industry</td> </tr> <tr> <td>Date</td> <td>December 2016</td> </tr> </table> 	Awarding Institution	Minister of Industry	Date	December 2016
Awarding Institution	Directorate General of Social Forestry & Environmental Partnership									
Date	22 December 2016									
Awarding Institution	Minister of Industry									
Date	December 2016									

CERTIFICATE

Integrated Management System Certificate

- ISO 14001:2004/SNI 19 – 14001:2005 Certificate
- SNI ISO 9001:2008
- OHSAS 18001:2007



Scope	Integrated Management System
Issued by	Sucofindo International Certification Services
Effective Date	6 January 2015–24 January 2018

SNI Logo Branding Product Certificate

Scope	Drilling Cement
Issued by	Product Certification Institution, Standardization Center, Department of Industry
Effective Date	12 November 2013–1 May 2017



ISO 14001:2004/SNI 19 – 14001:2005 Certificate



Scope	Environmental Management Systems – Requirements with guidance for use
Issued by	Sucofindo International Certification Services
Effective Date	25 January 2015–24 January 2018

SNI ISO 9001:2008 Certificate

Scope	Quality Management Systems – Requirements
Issued by	Sucofindo International Certification Services
Effective Date	11 August 2015–10 August 2018



Occupational Health and Safety Management System Audit Certificate



Scope	Occupational Health and Safety Management System
Issued by	Minister of Manpower and Transmigration
Effective Date	14 May 2014–14 May 2017

OHSAS 18001:2007 Certificate

Scope	Occupational Health and Safety Management System - Requirements
Issued by	Sucofindo International Certification Services
Effective Date	11 August 2014–10 August 2017



ISO-IEC 17025-2005 Testing Laboratory Accreditation Certificate



Scope	
Issued by	Chairman of the National Accreditation Committee
Effective Date	17 September 2014–16 September 2018

Certification of Authority to Use the Official API Monogram API Spec. Q1 and API Spec. 10A

Scope	API Well Cement Class G, Type HSR
Issued by	API (American Petroleum Institute)
Effective Date	4 May 2015–6 March 2017



Security Management System Audit Certificate



Scope	Has implemented the Spontaneous Security system based on the regulation of the Chief of the Police Force of the Republic of Indonesia No. 24 of 2007 with Gold Reward achievement
Issued by	Chief of Police Force of the Republic of Indonesia
Effective Date	15 January 2013–15 January 2016

Archiving Accreditation A Certificate



Scope	Law No. 43 of 2009 on Archiving & Government Regulation No. 28 of 2012 on the Implementation of Law No. 43 of 2009 on Archiving
Issued by	National Archive of the Republic of Indonesia
Effective Date	17 June 2015–17 June 2020

Statement of Port Facility Security Compliance Certificate



Scope	International Code for The Security of Ships and Port Facilities (ISPS Code)
Issued by	Director of Marine and Coast Guard Unit, Deputy Director of Patrol & Security
Effective Date	22 December 2014–21 December 2019

SNI Logo Branding Product Certificate



Scope	Mixed Portland Cement
Issued by	Product Certification Institution, Standardization Center, Department of Industry
Effective Date	10 October 2013–2 May 2017

SNI Logo Branding Product Certificate



Scope	Pozolan Portland Cement
Issued by	Product Certification Institution, Standardization Center, Department of Industry
Effective Date	10 October 2013–1 May 2017

SNI Logo Branding Product Certificate



Scope	Composite Portland Cement
Issued by	Product Certification Institution, Standardization Center, Department of Industry
Effective Date	10 October 2013–2 May 2017

SNI Logo Branding Product Certificate



Scope	Portland Cement Type I, Type II, Type III, and Type IV
Issued by	Product Certification Institution, Standardization Center, Department of Industry
Effective Date	10 October 2013–2 May 2017

**Photo title:**

Togetherness between the Board of Commissioners and Directors

Photo location:

Head Office Semen Padang

Photo caption:

Togetherness between the Board of Commissioners and the Board of Directors after the company's performance meeting to strategize ahead in order to win the increasingly tight competition of the cement industry

MANAGEMENT REPORT

- Throughout the year 2016, the Board of Commissioners and the Board of Directors synergized in carrying out surveillance and implementing strategic policies in achieving the vision of becoming a reliable, superior and environmentally sound cement company in western and south eastern of Indonesia. By Moving to Achieve Superior Performance, Semen Padang successfully faced competition 2016 with a satisfactory profit.



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Profile of the Board of Commissioners	66		

REPORT FROM THE BOARD OF DIRECTORS

IR. BENNY WENDRY, MM
President Director



WHEN THE CEMENT INDUSTRY WAS FACED WITH A TOUGH CONDITION, INDICATED WITH LOW CONSUMPTION, TIGHT COMPETITION, AND OVER SUPPLY, PT SEMEN PADANG WAS ABLE TO POST A GOOD PERFORMANCE IN 2016. WITH THE SPIRIT OF OPERATIONAL EXCELLENCE TO WIN COMPETITION, THE COMPANY SUCCESSFULLY FACED THE COMPETITION IN 2016 WITH SATISFYING PROFIT PERFORMANCE.

THE BOARD OF DIRECTORS EXPRESSED THEIR GRATITUDE AND APPRECIATION TO ALL EMPLOYEES WHO HAVE WORKED WITH DEDICATION AND WITH LOVE IN CARRYING OUT THEIR RESPECTIVE DUTIES AND RESPONSIBILITIES AND SUPPORT EFFORTS TO REALIZE THE COMPANY'S VISION, MISSION AND TARGET.

REPORT FROM THE BOARD OF DIRECTORS

ESTEEMED SHAREHOLDERS AND STAKEHOLDERS,

MACROECONOMY AND DOMESTIC CEMENT INDUSTRY IN 2016

Against difficult background condition in the cement industry with weak consumption, tight competition, and market oversupply, PT Semen Padang was able to show good performance in 2016. With a spirit of 'Operational Excellence to Win the Competition', the Company posted satisfactory profits in the face of competition throughout 2016.

Praise be to Allah SWT for His Grace and Blessings, enabling the Company, after 106 years in existence, to survive yet again through difficult times.

The year 2016 provided a highly challenging operating condition to the national cement industry. While the macroeconomy was relatively favorable with growth in the construction sectors and infrastructure projects, the demand for cement however did not increase in any significant manner.

Actually, cement consumption levels in 2016 were relatively stagnant, and even slightly down from demand in 2015. In 2016, domestic cement demand amounted to 61.59 million tons, a slight decline of 0.66% from cement demand in 2015 of 61.99 million tons.

The Indonesian Cement Association (ASI) recorded that of the total cement consumption of 61.59 million tons, the housing construction sector accounted for some 40 million tons, while the Government priority program in strategic/infrastructure projects have not contributed much to the demand.

At a time of sluggish demand, the domestic cement market experienced an over-supply condition, with an additional 14.5 million tons of production capacity to 89.7 million tons in 2016, from 75.2 million tons in 2015.

These additional production capacities were derived from six cement producers: Semen Merah Putih, Semen Jawa, Semen Bima, Conch Semen, Semen Tiga Roda, and Semen Bosowa.

// There was an over supply in Java which then spread to outside Java, namely Sumatra, Kalimantan and East Indonesia //

As a result, there was a marked over-supply of cement in Java that subsequently spread to markets in Sumatra, Kalimantan and East Indonesia as well. The competition became even tighter when cement products from China entered the domestic market, the result of an over-supply in their market.

This over-supply eventually resulted in price competition and penetration to markets outside Java by competitors. Competitors from West Java, for instance, began to penetrate into the eastern Sumatra market which is relatively close to their plants.

Meanwhile, cement producers from China resorted to a price-cutting strategy to disrupt markets traditionally held by existing players.

This kind of competition eventually affected the sales performance of Semen Padang in its markets in Java and Sumatera. However, by applying the correct strategy, we managed to rise above the tight competition and ended up with a satisfactory profitability performance.

ANALYSIS OF COMPANY PERFORMANCE

Strategic Policy

For a business entity, strategic policies play an important part in the decision-making process to formulate goals and determine the best way to achieve those goals. Accordingly, the Company remained vigilant of ongoing changes in the business environment, whether external ones or internal, in order to ensure the achievement of Semen Padang's business objectives and targets. Among some of the strategic policies implemented by Semen Padang in 2016 towards the creation of sustainable growth were:

- Cost transformation through Cost Reduction Program (CRP) and Cost Saving Program (CSP);
- Maintaining product quality level;
- Improving the response-time to product request; and
- Strengthening the distribution network.

REPORT FROM THE BOARD OF DIRECTORS

2016 Achievements and Comparison with 2016 RKAP Targets

While most of the targets in the 2016 Corporate Work Plan and Budget (RKAP) were not met, the overall performance of the Company in 2016 was quite satisfactory.

Clinker production in 2016 amounted to 3,980,985 tons, representing 92.41% of the RKAP target of 5,390,380 tons, due to the kiln capacity factor that was lower than the target set in the RKAP.

With insufficient clinker production in 2016 due mostly to maintenance of production equipment and machineries, cement production in 2016 amounted to 6,456,059 tons, representing 90.47% of the RKAP target for cement production of 7,136,000 tons. Cement production fell due to full capacity of cement silos in the first semester of the year, as well as to critical levels in clinker inventory due to problems in the kiln. As a consequence, clinker supply for the Dumai cement mill was satisfied through intercompany, domestic and overseas purchases of clinker to the amount of 476,973 tons.

Clinker and cement production that were below target was also the result of a high level of unscheduled plant maintenance. This was due to non-optimum management of equipment overhaul, spare parts, and routine inspection of equipment. Most notable were problems with the coolers in Indarung II/III, cooler exhaust fan in Indarung IV, and the crack in tyre 2 kiln at Indarung V.

Sales volume amounted to 6,980,615 tons. This was 91.14% of the RKAP target of 7,659,000 tons. Net sales throughout 2016 amounted to Rp6.22 trillion, or 88.04% of the RKAP target of Rp7.07 trillion. The non-achievement of RKAP sales target was mainly due to limited stocks of cement available in the second semester of 2016, and the tight competition in the markets in Java and Sumatera. However, in the Sumatera region, the Company's sales amounted to 5.75 million tons, or 102.03% of the RKAP target of 5.64 million tons. The achievement also represented an increase of 0.88% over recorded cement sales in 2015 of 5.7 million tons.

Meanwhile, sales volume in the markets in Java throughout 2016 amounted to 545,000 tons, compared with the RKAP target of 1.01 million tons, due to a very competitive price war in the market.

In 2016, Semen Padang was successful in reducing its Cost of Goods Sold (COGS) through the implementation of cost transformation programs, which resulted in savings of Rp411 billion from the RKAP. Actual COGS for Semen Padang in 2016 was Rp4.33 trillion, with the RKAP target at Rp5.27 trillion. The 2016 COGS was also lower than the amount for 2015 at Rp4.85 trillion. Savings were realized in fuel and electricity usage at Rp248.77 billion, trading at Rp113.27 billion, overhead expenses at Rp22.02 billion, and OPEX at Rp26.99 billion.

In 2016, Semen Padang successfully suppressed COGS through Cost Transformation program, savings of Rp411 billion from RKAP

In terms of profitability, and particularly in terms of EBITDA margin and net income, Semen Padang was also successful in exceeding the RKAP targets in 2016. Net income amounted to Rp724.01 billion, or 101.38% from the RKAP target of Rp721.99 billion. The 2016 net income was also 0.28% more than net income in 2015 of Rp721.98 billion.

The improved profitability is supported by higher fee income on HIS waste disposal of Rp80.83 billion. Better performance was also shown in EBITDA Margin of 20.64%, which represented an achievement of 112.25% of the RKAP target of 18.39%. Meanwhile, EBITDA amounted to Rp1.28 trillion, or 98.83% of the RKAP target of Rp1.3 trillion.

Increased Production Capacity

As of December 2016, construction progress on the Indarung VI plant was 97.32%. The plan was to undertake hot test raw mill and fire on kiln in early 2017. The remaining works to be done include Individual & Group Test Mine LS Crusher, Individual & Group Test Area Raw Mill System, Individual & Group Test Pyroprocessing, construction of clinker output facility, as well as landscaping, drainage and roads.

Another investment made by the Company towards increased production capacity was the construction of an additional Packing Plant in Bengkulu. The ground breaking

REPORT FROM THE BOARD OF DIRECTORS

of the Packing Plant took place on 28 December 2016. With a capacity of 300 thousand tons per annum, the packing plant is intended to facilitate the supply of cement to Bengkulu. The packing plant facility constructed by Semen Padang includes a pier, unloading facility, loading trucks, 2 x 3,000 ton-capacity steel silos, packer, bulk loading, big bag loader, and support facilities.

Business Challenges and Solutions

Throughout 2016, Semen Padang was faced with considerable challenges in its business, including heavy competition in the Java market and insufficient supply of cement particularly during the second semester 2016. In the face of competition, Semen Padang implemented a number of strategies, such as the cooperation with partners to secure more efficient sources of supply. The Company also engaged in a strategy for marketing communication, which include customer gatherings, plant visits, joint test/trial mix, billboard placements in strategic locations (airport, main roads, etc), the synergy between MarComm and Public Relations and CSR involving Semen Padang brand in public events such as 'people's party', recreational walk, and "Semen Padang Mengajar".

In the face of shortfalls in cement supply, the Company resorted to purchases of cement and clinker. With limited production, cement supply was prioritized for the market with higher margin, namely the Sumatra region. Meanwhile, the Company also developed its export markets in 2016 through efforts in mapping out potential markets in export destination countries, cooperation with Semen Indonesia International Trading (SII Trading) to secure potential export buyers, and exploring opportunities for export of clinker and bagged cement.

The delay in the completion of the Indarung VI project constituted another challenge for the Company in 2016. Up to end of December 2016, progress of the Indarung VI project has reached 97.60%. In response, the Company undertook a number of initiatives including assigning additional man power and work hours to the project, expediting the personnel assignment for plant commissioning and operation, and assigning a priority scale to items that will be fabricated in the workshop.

In terms of operations, the Company in 2016 has had to deal with issues of inconsistent quality of raw materials and unscheduled equipment maintenance. To mitigate these issues, the Company optimized the mill equipment related to raw material feed, improved the reliability of plant equipment and increased vigilance over potential and recurring problems.

In addition, the Company also has to contend with problems in the supply of fuel and electricity. To deal with these challenges, the Company strived to secure long-term

contracts with coal suppliers, to realize the contract and cooperation with PT Bukit Asam for coal mining and the use of the coal jetty at Teluk Bayur, to ensure the availability of coal in the quantity and quality needed, and to prepare plans for the construction of a coal-fired power plant to in order to secure lower cost (Rp/KwH) electricity.

Meanwhile, in terms of distribution and transportation, the challenges include lower product availability compared to demand, and high congestion costs in ports. In response, the Company engaged in mitigation efforts that include increasing the capacity and reliability of transportation from Indarung Packing Plant to Teluk Bayur Packing Plant, synchronizing

the shipping schedule with cement sales targets in each representative region, and improving coordination with port authorities to facilitate the process of ship loading-unloading.

CONTINUOUS INNOVATION

Innovation has become part of the work culture at Semen Padang. To facilitate the process, the Company organizes the Semen Padang Improvement Event (SPIE) twice in a year. Winners in these events are sent to participate in domestic and overseas innovation competitions. In 2016, there were 123 teams that participated in the SPIE, with 42 teams in the SPIE First Phase and 81 teams in the SPIE Second Phase.

Of the participation in various innovation events throughout 2016, innovators from Semen Padang won a variety of achievements. Semen Padang sent eight teams with total

Accelerating the completion of Indarung VI Project:

1. Increasing HR and Work-Hour
2. HR for commissioning
3. Priority Scale for fabrication

REPORT FROM THE BOARD OF DIRECTORS

48 personnel to participate in the XXth National Quality and Productivity Convention (TKMPN) and the International Quality and Productivity Convention (IQPC), held on 7-10 November 2016 in Sanur, Bali. Innovators from Semen Padang succeeded to garner two Platinum, four Gold and two Silver, awards.

In the Indonesian Quality Convention (QC) 2016 in Bandung, five teams of 28 personnel, who succeeded in achieving two Gold and three Silver awards, represented Semen Padang.

At the International Exposition of Team Excellence Symposium (IETEX) 2016 in Singapore, Semen Padang was represented by two teams of 12 personnel, which succeeded in garnering a variety of 3 Star and 2 Star awards.

Semen Padang also sent two teams with 11 personnel to participate in the International Convention on Quality Control Circles (ICQCC) 2016 in Bangkok. In this event, Semen Padang managed to get two Gold awards.

BUSINESS PROSPECT ANALYSIS

For 2017, Bank Indonesia predicted that global economic growth would reach 3.4%, as compared with a growth of only 2.4% in 2016. Meanwhile, the domestic economy in 2017 is predicted to grow by 5.1% versus the growth of 5.0% recorded in 2016. The accelerated construction of infrastructure projects beginning early 2017 is expected to benefit Indonesia's cement industry. The inflation rate, which is predicted at 4% in 2017 against the recorded 3.02% in 2016, is also expected to bring a positive impact in increasing development budget by lowering the interest rates on bank loans, and thus to stimulate the economic growth. This is shown by the policy of Bank Indonesia (BI) that established the BI 7-Day Repo Rate of 4.75% as the benchmark interest rate. At that level, the BI 7-Day Repo Rate is expected to bring positive impact to the economy by lessening the burden of industries. These can now avail themselves to lower-cost loans from domestic banks, instead of relying more on expensive overseas loans as they previously did.

In 2017, Bank Indonesia forecasted that global economy will reach 3.4% after growing only 2.4% in 2016

The domestic cement industry saw fairly good prospects for growing cement consumption in 2017. The conducive domestic economic conditions would encourage the government to build more infrastructures. This is evident in the focus on increased infrastructure construction within the Masterplan for Accelerated and Expanded Economic Development on Indonesia (MP3EI) and the 2015-2019 National Medium-Term Development Plan (RPJMN). These, in turn, would impact on increased cement consumption nation-wide.

The Indonesian Cement Association (ASI) predicted that domestic cement consumption in 2017 would increase by around 2.4%. This is higher than the growth of 0.02% recorded in 2016. The increased growth is driven mainly by increased construction of government-led infrastructure projects, such as the construction of the Trans-Sumatera toll road project, Kuala Tanjung international seaport, a Light Rail Transit (LRT) project in South Sumatera, and development of other seaports. These will be supported by increased production capacity among the existing national cement producers as well as the new players in the cement industry.

The Ministry of Industry predicted that, as more investments in the domestic cement industry were completed, total national cement production capacity in 2017 would reach 102 million tons annually, with a domestic cement consumption of around 70 million tons. With the inevitable over-supply condition in that year, the excess cement supply is expected to be absorbed by demands in the export markets. However, the national cement over-supply is expected to be only temporary, considering the very high level of demand for cement for infrastructure development.

Going forward, domestic demand for cement is expected to continue to increase in line with the growth in the property industry and continuing construction of infrastructure projects facilitated by the government for several years ahead. Government projects are also expected to consume increasing amounts of cement each year, especially with regards to the Masterplan for Accelerated and Expanded Economic Development on Indonesia (MP3EI), the Papua and



From left to right:
Ir. Indrieffouny Indra
Production Director

Tri Hartono Rianto, S.E., M.Bus
Financial Director

Ir. Benny Wendry, M.M.
President Director

Pudjo Suseno, S.E.
Commercial Director



BOARD OF DIRECTORS

REPORT FROM THE BOARD OF DIRECTORS

West Papua Accelerated Development Unit (UP4B) program, and the construction of public housings and Thousand Tower Project by the Ministry of Public Housings.

Thus, the domestic demand for cement is predicted to continue to increase in line with development projects initiated by the government in support of higher national economic growth in Indonesia through a continuing program of infrastructure development in the period of 2011 up to 2025.

In response to such conditions, Semen Padang has formulated a number of strategic policies to improve Company performances in the years ahead. Among these policies is the strategy to continually improve market competitiveness through cost management, product quality and product availability. The Company has put in place a continuous cost management program with a cost transformation approach through cost reduction (CRP) and cost saving (CSP). Product quality will be maintained through better control throughout the production value chain. Meanwhile, to ensure product availability, the key initiatives will include an effective and efficient marketing program that is followed by reliable and efficient transportation and distribution of product. In addition, following the directions given by the Board of Commissioners, Semen Padang will continue to cooperate in synergy with State-Owned Enterprises (SOEs) in the construction sector. This cooperation is important to position Semen Padang as the primary cement supplier for Government infrastructure projects, especially those in Sumatera and parts of Java.

IMPLEMENTATION OF CORPORATE GOVERNANCE

The Board of Directors firmly believed that the consistent implementation of Good Corporate Governance (GCG) principles by Semen Padang would result in sustainable excellent performance over the long term as well as the achievement of business prospects and objectives. Thus, for Semen Padang, GCG implementation goes way beyond

mandatory, but has become a necessity in order to maintain transparency and accountability in the management of the Company.

The continuing and consistent development of best practice in GCG will result not only in adequate protection and equitable treatment of Shareholders and other Stakeholders, but will also promote the creation of shareholder value in an optimum manner. Thus, the Board of Commissioners, Board of Directors and all employees of Semen Padang are fully committed to the implementation of GCG principles in the

highest standard. These principles will serve as reference points for responsible decision-making, avoidance of conflict of interest, optimization of performance, and increased accountability.

“National demand of cement is projected to increase along with the increase of infrastructure project from 2011 to 2025”

As a manifestation of this commitment, in 2016 the Company achieved a score of 86.48 (Excellent predicate) in the GCG self-assessment. This achievement was an improvement over the previous year's achievement with a score of 85.81 point. In addition, the implementation of risk management is also a vitally important element towards the achievement of the Company's targets and objectives. In 2016, Semen Padang conducted a risk management self-assessment exercise, resulting in a score of 3.95

(category Managed). This achievement was an improvement over the score in 2015 of 3.91 point.

Also as a manifestation of its strong commitment to GCG, in 2016 Semen Padang inaugurated the National Anti-Corruption Day, the first event of its kind by companies in in Semen Indonesia Group. This represents a milestone in the socialization of an anti-fraud culture to all stakeholders of the Company.

In 2016, Semen Padang participated in the LACP (League of American Communications Professionals) competition and was rewarded with Platinum and Gold awards. In the ASEAN Risk Ward, Semen Padang was the runner-up position in the Risk Innovation category.

REPORT FROM THE BOARD OF DIRECTORS

In 2016 Semen Padang also conducted an assessment of its Corporate Internal Control System (SPIP), resulting in a score of 87.66 point (category Very Effective). The assessment evaluates the effectiveness of information quality and information availability to the stakeholders.

CORPORATE SOCIAL RESPONSIBILITY

The implementation of Corporate Social Responsibility (CSR) program is driven by the awareness that success in business does not depend on merely excellent operations and performance, but is also the result of supporting factor from the communities, the environment, and all other stakeholders. Accordingly, with reference to the GCG principles, Semen Padang has formulated its CSR programs towards increased concerns over the quality of environment, the empowerment of communities, and improved relationship with the Company's stakeholders.

The Company's flagship CSR program, dubbed 'Basinergi Mambangun Nagari' (literally, 'Synergy in Developing the Country') has four pillars, which are Semen Padang Campin Nagari, Semen Padang Pandai Nagari, Semen Padang Paduli Nagari, and Semen Padang Elok Nagari. CSR programs and activities are conducted along the Partnership Program, the Community Development Program, and the Non-PBL CSR Program. The Partnership Program is directed along efforts to empower micro and small-scale businesses and cooperatives to become self-sufficient and resilient, through the provision of revolving loans, monitoring and coaching, as well as mentoring through training, product promotion and product marketing. Through the Partnership Program, Semen Padang plays the important role of a business entity helping the Government to realize better welfare for communities through the development and empowerment of the economic potential of communities.

The goal of the Community Development Program is to improve the welfare of communities in terms of social and environmental aspects. The scope of the Community Development Program thus consists of assistance for

education and/or training, construction of public facilities, religious facilities, nature preservation, social donations to eliminate poverty, and assistance for victims of natural disasters.

The CSR-Non PKBL Program meanwhile consists of community and environment empowerment activities in the form of donations for social welfare, culture, arts and sports.

In 2016, total fund disbursement in Semen Padang CSR programs amounted to Rp39.277.303.562. This amount was distributed as follows: Rp12.423.241.486 for the Community Development Program, Rp9.172.500.000 for the Partnership Program, and Rp17.681.562.076 for the CSR No-PKBL Program.

// In 2016, total disbursement of CSR Fund of Semen Padang amounted to Rp39,277,303,562 //

Activities in the Community Development Program included aids for natural disaster victims, grants in the Partnership Program, healthcare, nature preservation, training and education, religious facilities, public facilities and social welfare. Funding in the Partnership Program was disbursed in various sectors including manufacturing, trading, agriculture, animal husbandry, plantation, fisheries, services and others.

MANAGEMENT OF HUMAN RESOURCES

Initiatives in the management of Human Resources (HR) are focused in support of the needs of business development. HR management at Semen Padang starts from the recruitment process, and eventually equipped Semen Padang human resources with a deep sense of integrity along the CHAMPS spirit.

Semen Padang has formulated a Human Capital Master Plan (HCMP) to prepare excellent and highly competitive human resources. The management of human capital (HC) is optimized on the development of competences, character, and integrity. These three refer to a single objective, namely the availability of highly competent HC with a strong character and integrity in support of the achievement of Semen Padang vision and mission statements.

REPORT FROM THE BOARD OF DIRECTORS

The Company firmly believes that human capital development is a necessary element to sustain the Company in achieving a dynamic growth. The strategy for human capital development centers on efforts towards better human resources development, competences development, and increased employee engagement, and thus to achieve maximum performance. Throughout 2016, we have seen significant improvements, both in human resources capabilities as well as in human capital management.

ACHIEVEMENTS

Throughout 2016, Semen Padang received various awards from leading institutions, both domestic and overseas. Semen Padang is the proud receiver of a total of 28 awards. These achievements include, among others:

- First rank in the SOE level in the Archive Unit and the Best National Archive Institution of State Universities 2016 Award from the National Archive of the Republic of Indonesia.
- Recognized as Best Taxpayer by Dispenda Padang for the largest and timely tax payment.
- First rank in Public Information Transparency in SOE/Regional SOE category from the Information Commission, West Sumatera Province.
- Recognized as Partner of Environment and Forestry from the Directorate General of Social Forestry and Environment Partnership.
- Awarded the Green Ranking at the PROPER for 2015-2016 period from the Ministry of Environment and Forestry in 2016
- The award as Green Industry Level 4 Year 2016 from the Ministry of Industry, in December 2016.

Throughout 2016, Semen Padang received a total of 28 awards from various leading institutions from in and abroad

- Runner-up position in the ASEAN Risk Awards 2016 in the category of Risk Innovation.
- Received the Platinum Award in the Spotlight Awards 2016 event from the League of American Communications Professionals.

Semen Padang also received the "The Platinum Award for The Highest Score Achievement", recognizing its success in improving process implementation and performance, so as to record the highest in increase in score in the Indonesian Quality Award 2016 competition.

Altogether, during 2016, Semen Padang received a total 17 awards from various domestic and overseas institutions.

CHANGES IN BOARD COMPOSITION

The Extraordinary General Meeting of Shareholders (EGMS) held in Jakarta on 11 May 2016 initiated a change in the composition of the Board of Directors.

Based on the resolutions of the EGMS, the Company replaced Ir. Agus Boing Nurbiantoro, MM with Ir. Indrieffouny Indra, as Director of Production. The change was made towards more effective and efficient management and operations of the Company, and eventually improving performance for Semen Padang.

The Board of Directors would like to thank Ir. Agus Boing Nurbiantoro for his dedication, time and contributions to Semen Padang. At the same time, the Board of Directors would like to welcome the new work colleague, Ir. Indrieffouny Indra.

REPORT FROM THE BOARD OF DIRECTORS

With this change, the composition of the Board of Directors is:

- Ir. Benny Wendry, MM as President Director.
- Tri Hartono Rianto, SE., M.Bus., Ak., CA, as Director of Finance.
- Pudjo Suseno, SE as Director of Commercial.
- Ir. Indrieffouny Indra as Director of Production.


APPRECIATION

In closing, the Board of Directors would like to extend its appreciation and sincere thanks to the Board of commissioners for their directives, advice and suggestions to the Board of Directors. Our appreciation also goes to the Shareholders, customers and business partners, for their support, trust and cooperation throughout these times. The Board of Directors would also like to thank all the employees of Semen Padang that have worked hard with dedication in their respective duties and responsibilities, in support of the achievement of Semen Padang vision and mission statements as well as the Company's business objectives.

Lastly, our thanks goes to all other stakeholders of the Company as well as the various parties impossible to name that have cooperated with Semen Padang, and thus contribute to the achievement of excellent performance and sustainable growth for the Company. Hopefully, in the years ahead, Semen Padang would be able to grow and develop even more, arising above any challenges and obstacles in its growth journey. Amen

Padang, February 2017

On behalf of
The Board of Directors



Ir. Benny Wendry, M.M.
President Director



From left to right:
Ir. Indrieffouny Indra
Production Director

Ir. Benny Wendry, M.M.
President Director

Tri Hartono Rianto, S.E., M.Bus
Financial Director

Pudjo Suseno, S.E.
Commercial Director

PROFILE OF THE BOARD OF DIRECTORS

Ir. Benny Wendry, MM
President Director



CAREER PATH

Financial Director
PT Semen Padang
(2014)

He started his career as an orientation staff in the Human Resources Department (1994-1995), and an Intern Staff in the Department of Production II / III (1995-1996), Head of Kiln & Coal Mill I/III (1998-1999), Young Expert II (Study Assignment) Dept. of HR (1999-2001), Young Expert I Engineering R&D (2001-2002), Head of Business Development Bureau (2002-2003), Head of PR Bureau (2003-2006), Head of R&D Dept. (206-2008), Corporate Secretary (2008-2011), Marketing Director of PT Semen Padang (2011-2014), Financial Director (2014-2014), Acting President Director concurrently Financial Director of PT Semen Padang (2014).

EDUCATION

Institut Teknologi Bandung
Bachelors Degree in Chemical Engineering
(1994)

Universitas Gadjah Mada, Yogyakarta
Masters Degree in Management
(2001)

CITIZENSHIP

Indonesia

AGE

47 Years

PLACE, DATE OF BIRTH

Padang, West Sumatra, 1 May 1969

DOMICILE

Padang

APPOINTMENT

10 November 2014
In accordance with the resolution of the General Meeting of Shareholders (AGMS) dated 10 November 2014

PROFILE OF THE BOARD OF DIRECTORS



Tri Hartono Rianto, S.E., M.Bus
Financial Director

CAREER PATH

He started his career in PT Semen Gresik Since 2 January 1995 as a an Employee Candidate in training in the Personnel Division, Head of Database Information Communication & Technology Administration Team in 1996, Advisor in Accounting equals to the head of Section in 1998, Head of Business Development in 2006, General Manager of Team of Office of the CEO in 2011, then he served several important positions in the acquisition project of Thang Long Cement JSC (TLCC) in Vietnam since 12 June 2012 as Team Leader of Due Diligence TLCC, and he then served as Deputy II of Post Merger Integration Team Leader TLCC. Subsequently, since 2 April 2013 he was appointed as Director of Strategic Planning & Procurement of TLCC and since 2014 he was appointed as Director of Marketing of TLCC, Director of Ho Chi Minh Branch of TLCC and CEO of An Phu Cement JSC.

CITIZENSHIP

Indonesia

AGE

45 Years

PLACE, DATE OF BIRTH

Jayapura, Papua, 4 September 1971

DOMICILE

Padang

EDUCATION

Universitas Surabaya
Bachelor's Degree in Accounting ('Cum Laude')
(1994)

University of Technology Sydney
Master of Accounting & Finance
(‘Academic Excellent UTS AusAid Master Degree Student’)
(2002)

Universitas Andalas Padang
Pendidikan Profesi Akuntansi ('Cum Laude')
(2016)

Ikatan Akuntan Indonesia
Chartered Accountant
(2017)

APPOINTMENT

10 November 2014
In accordance with the resolution of
the General Meeting of Shareholders
(AGMS) dated 10 November 2014

PROFILE OF THE BOARD OF DIRECTORS

Pudjo Suseno, S.E.

Commercial Director



CAREER PATH

He started his career in Semen Padang as a Orientation Staff in Human Resource Department on (1988-1990), Manager of Marketing Planning and Analysis (1990-1993), Manager of Export (1993-1995), Manager of Sales Area III (1995-1998), Senior Manager of Sales Area III (1999-2002), Senior Manager of Export (2002-2004), Senior Manager of Sales Area II (2004-2006), Head Department of Marketing (2006-2011), assigned as Second Junior Advisor in PT Semen Gresik (2011-2013), served as Marketing Director in Thang Long Cement Company (2013-2014), and Commercial Director in Semen Padang (2014-present).

CITIZENSHIP

Indonesia

AGE

55 Years

PLACE, DATE OF BIRTH

Salatiga, Central Java
4 August 1961

EDUCATION

Universitas Diponegoro, Semarang
Bachelor in Management Economics
(1987)

DOMICILE

Padang

APPOINTMENT

1 July 2014
In accordance with the resolution of the
General Meeting of Shareholders (AGMS)
dated 1 July 2014

PROFILE OF THE BOARD OF DIRECTORS



Ir. Indrieffouny Indra
Production Director

CAREER PATH

He started his career in Semen Padang as an Orientation Staff in HR Dept. (1991-1992), Section Head, Engineering Dept. (1992-1994), Section Head, PM Rawmill II (1994-1995), Section Head PM Kiln & Coal Mill II/III (1995-2000), Section Head of raw mill V maintenance (2000-2002), Bureau Head of PM II/III (2002-2007), Bureau Head of PM IV (2007-2009), Head of Production Department II/III (2009-2010), Director of PT Pasoka Sumber Karya (2010-2011), Head of Production Department V (2011-2014), Mining Department Head (2014-2016), Production Director of PT Semen Padang (2016-present).

CITIZENSHIP

Indonesia

AGE

50 Years

PLACE, DATE OF BIRTH

Sawahlunto, West Sumatra
3 April 1967

DOMICILE

Padang

EDUCATION

Universitas Sriwijaya, Palembang
Bachelors Degree in Mechanical Engineering
(1991)

APPOINTMENT

11 May 2016
In accordance with the resolution of the
General Meeting of Shareholders (AGMS)
dated 11 May 2016

INFORMATION ON CONCURRENT POSITIONS OF THE BOARD OF DIRECTORS

All members of the Board of Directors do not have concurrent positions of Directors and Board of Commissioners of similar companies. Members of the Board of Directors also commit to non-concurrent positions, as prohibited by the applicable laws and regulations concerning the implementation of GCG.



Photo title:
Spirit Operational Excellence

Photo location:
Kiln Indarung VI

Photo caption:
Kiln is one of the main tools of cement plant. Kiln output is slag. The slag is ground with gypsum and other materials to become cement.

REPORT FROM THE BOARD OF COMMISSIONERS



PROF. DR. SALDI ISRA, SH, MPA
President Commissioner

2016 WAS A STRENUOUS YEAR FOR THE CEMENT INDUSTRY IN INDONESIA, HOWEVER, PT SEMEN PADANG WAS ABLE TO GET THROUGH IT WITH A GOOD PERFORMANCE. 2017 WILL BE A MUCH MORE CHALLENGING YEAR. PT SEMEN PADANG MUST MAKE EXCELLENCE IN MANAGING COSTS, MAINTAINING OF QUALITY, AND INCREASE IN THE SPEED OF RESPONSE TO THE DEMAND FOR PRODUCTS AS THE KEY STRATEGIES TO STAY AHEAD OF THE COMPETITION.

THE BOARD OF COMMISSIONERS EXPRESSES THEIR GRATITUDE AND HIGHEST APPRECIATION TO THE BOARD OF DIRECTORS AND EMPLOYEES FOR THEIR SOLID COLLABORATION IN REALIZING THE COMMON VISION AND STEPS AND EARNESTNESS IN MANAGING THE COMPANY.

REPORT FROM THE BOARD OF COMMISSIONERS

ESTEEMED SHAREHOLDER AND STAKEHOLDERS,

Throughout 2016, the Board of Commissioners undertook a variety of initiatives in the implementation of its duties and responsibilities in accordance with the Articles of Association. In supervising the management policies and the administration of the Company by the Board of Directors as well as in providing advice and input to the Board of Directors, the Board of Commissioners has prepared an annual work program as included in the Company Long Term Plan (RJPP), the Company Work Plan and Budget (RKAP) and the Key Performance Indicators (KPI).

Through this report, the Board of Commissioners would like to present its evaluation on the performance of the Board of Directors over the management of the Company in 2016, its opinion on the business prospects prepared by the Board of Directors, and its view on the implementation of the Whistle Blowing System (WBS) at Semen Padang and the role of the Board of Commissioners in the WBS.

CONDITIONS IN MACROECONOMIC AND DOMESTIC CEMENT INDUSTRY IN 2016

The domestic economy in 2016 grew by 5.02%, a slight improvement over economic growth of 4.88% recorded in 2015. However, this was below the previously expected rate of growth, reflecting the slow government budget spending on capital expenditures and especially on infrastructure development. Likewise, growth in the property and real estate sector was also weaker than previously predicted. In the cement industry, meanwhile, new players appeared bringing significant changes to the market with an estimated 30%-40% over-capacity in excess of domestic cement demand, leading in turn to strict competition in the market. These were the likely factors that contributed to the slowing demand for cement in the domestic market.

This is a far cry from conditions just a few years earlier, when the domestic cement industry has yet to experience the impact of significant levels of over-capacity. The over-capacity was the result of the entry of new players to the domestic cement market, which succeeded in penetrating into market segments that previously were the exclusive domain of PT Semen Padang.

Many new players entered cement industry leading to a major changes of the industry causing an excess capacity of between 30%-40% of the national cement demand

In actuality, near the end of 2015, we have anticipated such conditions in the domestic cement industry and national economy to occur in 2016. In consequence, early in 2016 the Board of Commissioners advised the Board of Directors concerning strategic issues of importance, including continuing efficiency improvements while maintaining quality, quantity and timely deliveries of cement to the customers. Specifically, the Board of Commissioners underlined the importance of cost reduction and cost saving programs, the strengthening of synergy within Semen Indonesia Group, and the harmonious cooperation with the network of suppliers, distributors and retail shops.

Evaluation of Board of Directors Performance in 2016

In the evaluation of the Board of Commissioners, the Board of Directors have performed and recorded satisfactory growth amidst uncondusive conditions throughout 2016. The evaluation was based on the achievement of KPI targets and assessment of Company Health Level in 2016.

Under the management of the Board of Directors, Semen Padang successfully navigated through 2016 with satisfactory performance. The Board of Commissioners also appreciated the core strategies of the Board of Directors to keep ahead of competition through excellent cost management, maintaining product quality, and enhancing product delivery response time. The year 2016 also marked the high point in the completion of the construction of Indarung VI cement plant. The Board of Commissioners is especially concerned that the project could be completed in schedule, in budget, and in the right quality, with reference at all times to the principles of good corporate governance and risk management practices.

The performance evaluation of the Board of Directors also considers the achievement of net income in 2016 of Rp723.81 billion. This was slightly higher compared with both the 2016 RKAP target of Rp714.83 billion as well as the achievement in 2015 of Rp722.83 billion. While the absolute EBITDA was below target, EBITDA margin was 19.16%, higher than the 2016 target of 18.22% and comparable to 2015 achievement of 19.31%. The achievement in EBITDA margin indicated that the Board of Directors was successful in the implementation

REPORT FROM THE BOARD OF COMMISSIONERS

of cost saving program through cost transformation, and also the implementation of marketing strategy that focuses sales on high-margin areas. In 2016, realized savings from cost transformation amounted to Rp411 billion.

The Board of Commissioners also noted that despite of the best efforts by the Board of Directors to achieve sales volume target amidst tight market competition, actual sales achieved was 6.98 tons, which was 8.86% below target and a decline of 3.75% from sales volume in 2015. In addition to tight competition in a weak domestic market, the low sales achievement was also the result of low levels of production and the under-achievement of intercompany sales/SWAP at just 60.76% of the 2016 RKAP target. Weak sales were particularly recorded in Java area with achievement of 46.01% less than the RKAP target and 33.58% less than the sales in 2015. On the other hand, the Company succeeded in maximizing sales in the Sumatra area, thus achieving a national market share of 10.22%, from the target of 10.23%.

Clinker production in 2016 amounted to 4.98 million tons, which was 7.59% less than the RKAP target of 5.39 million tons and down 5.61% from 5.28 million tons in 2015. This was due to low production capacity due to operational issues such as the low quality of coal, inconsistent quality of feed material, and disruptions of a number of plant machinery/ equipment. The low level of clinker production resulted in cement production of only 6.46 million tons in 2016, compared with the year target of 7.14 million tons and actual production in 2015 of 6.89 million tons.

SUPERVISION OF IMPLEMENTATION OF STRATEGIC POLICIES

The Board of Commissioners focused on two aspects related to the Company's performance, namely strategic issues and routine work programs. The latter represent the elaboration of strategic issues at the operational level, and are included in the scope of supervision to the implementation of strategic policies by the Board of Directors. Throughout 2016, the

Board of Commissioners has supervised and provided advice to the Board of Directors regarding the implementation of all strategic policies. Supervision is conducted continuously both prior to, and following the, implementation of strategic policies as part of a comprehensive evaluation process. Through continuous supervision, the Board of Commissioners ensures that the Board of Directors have taken all pertinent factors comprehensively in its consideration.

In addition to supervision of the business operations of Semen Padang, the Board of Commissioners also conducted supervision on other strategic aspects, including in ensuring the proper implementation of Good Corporate Governance (GCG) principles and risk management practices. The Board of Commissioners believes that these two aspects play a role in ensuring the management of risks through the identification, mitigation and evaluation of business risk factors that have the potential of disrupting the Company's business activities and continuity, thus resulting in failure to achieve the objectives of Semen Padang.

With regards to supervision of Company's targets, the Board of Commissioners pays particular attention to efforts by the Board of Directors in terms of sales targets. In our opinion, the Board of Directors has made every efforts to maintain customer satisfaction, which represents one of the KPIs. In 2016, customer satisfaction index was 90.5 compared with the target of 89.0.

The construction of the Indarung VI cement plant started in 2014 was one of the strategic policies of the Board of Directors, and had experienced delays due to various factors. Nevertheless, the Board of Commissioners appreciated the fact that up to end of December 2016, overall progress of the plant construction project has reached 97.6%. The main contributing factor to the project delays was the procurement and construction aspect. Meanwhile, the Cost Performance Indicator (CPI) was recorded at 0.91, which indicated trends of cost overrun from the planned budget.

// The Board of Commissioners continuously exercises supervisory functions and advises the Board of Directors on the application of all strategic policies //

REPORT FROM THE BOARD OF COMMISSIONERS

Going by the level of construction progress, the new Indarung VI Plant could be expected to reach the commissioning phase early in 2017 and then to begin commercial operations. The Board of Commissioners have cautioned the Board of Directors to take the proper preparatory measures in terms of financial, administrative and legal aspects towards the successful closing of the Indarung VI project. At the same time, the Board of Commissioners was also in support of initiatives by the Board of Directors to prepare excellent human resources for the new plant, so that the Indarung VI Plant could become the center of excellence for cement plant management within Semen Indonesia Group (SMIG). The Board of Directors should also prepare the sales and marketing infrastructure to handle the additional production capacity of PT Semen Padang following the operations of the Indarung VI Plant.

The Company's total assets at the end of the year benefited from the results of operations in 2016 and the construction of new cement plant, and have grown to reach Rp9.21 trillion, up 24.59% from total assets recorded in 2015 of Rp7.39 trillion. The asset growth rate was higher than the target set at 24.34%.

GRAND STRATEGY FOR MARKETING WITH INДАРUNG VI AND REMBANG PLANTS

Along with the construction of the Indarung VI Plant, Semen Indonesia Group also constructed another new cement plant in Rembang. Both of these new plants are scheduled to commence commercial operation in 2017. This will provide an additional 6 million tons per annum to total cement production capacity at the SMIG, at a time when cement production is already 30%-40% over the domestic market demand. Hence, the need for a marketing grand strategy. PT Semen Padang, as an operating company within SMIG, also need to prepare a strategic plan as a marketing blueprint that is fully integrated within the overall marketing grand strategy in SMIG. Such marketing blueprint should also be synchronized with the strategic plans for cement production, competency improvement of human resources, and strategic plans for the development of marketing infrastructure, including distribution and transportation aspects. With the right preparations, the Board of Commissioners highly

optimistic that Semen Padang will be able to gain the maximum benefit from the additional production capacity.

SYNERGY

Synergy has become a central theme of management approach within the Semen Indonesia Group, including at Semen Padang. Internally, the Board of Commissioners sees synergy as being implemented in the form of solidarity and cooperation in mutual support, thus leading eventually to maximum positive impact for the Company. Throughout 2016, this kind of internal synergy was highly visible in the face of tight competition in the market. Thus, we notice with satisfaction the successful build-up of synergy between the production directorate and the marketing directorate in 2016.

It can also be said that the Company's fine achievements in 2016 were the result of support derived from the synergy among cement producers within the Semen Indonesia Group. This synergy is not limited to the marketing aspect, but also covers mutual support in terms of ensuring smooth production and availability of clinker and cement.

Seeing the importance of synergy, the Board of Commissioners would advise the Board of Directors to pay special attention to internal synergy, and especially synergy among directorates. At the same time, external synergy among cement producers in SMIG

and with management at the holding company should also be nurtured. The Board of Commissioners is already in communication with the Holding Management in order to give priority for synergy to improve human capital competences and to build competitive advantages in the marketing aspect following the planned production of Indarung VI and Rembang cement plants.

AVAILABILITY OF FUEL AND FEEDSTOCK

Feedstock such as coal, gypsum and limestone is the primary raw materials in the production of cement. Limestone is available from our own quarries and its stock is therefore under our control. On the other hand, coal and gypsum are supplied by third parties, and thus require our special attention. The availability of coal supply and consistency of coal quality are important factors in cement plant operations. The Board of Commissioners thus would like to

// The Company's performance during 2016 was the result of synergy among cement producers in Semen Indonesia Group //

REPORT FROM THE BOARD OF COMMISSIONERS

remind the Board of Directors to pay special attention to ensure the long-term availability and quality consistency of coal supply. The Board of Commissioners also requested that coal for cement production at the Indarung VI Plant should be supplied from a single source or an exclusive supplier, in order to ensure that the new plant could operate at its best capacity and quality.

RELATIONS WITH SUBSIDIARIES AND SUPPORTING INSTITUTIONS

The Subsidiaries and Supporting Institutions (APLP) have core businesses that support the Company's business activities. Up to year-end 2016, however, the contribution of these APLPs to the Company's operational performance was still far from being optimum. An important aspect in this regard is the soundness and organizational management of the respective APLP. The Board of Commissioners would advise the Board of Directors to implement a systematic consolidation of these APLP, including through a special audit on the organization and management.

Considering the strategic role of these APLPs and the need to supervise the Company's investments in these companies, the Board of Commissioners advice and supported the Board of Directors in efforts to strengthen the performance of these APLP so that they could grow and contribute as expected.

BUSINESS PROSPECTS AND CHALLENGES IN 2017

The Board of Directors has prepared the business prospects as set out in the RJPP and the 2017 RKAP. Overall, the Board of Commissioners evaluated the business prospects as excellent and also very promising, while keeping in line with direction and objectives of Semen Padang as well as the anticipation on projected macroeconomy conditions regarding the recovery and challenges of the cement industry in the future.

BUSINESS PROSPECTS

The Medium-Term National Development Plans (RPJMN) for the 2015-2019 period as the Government's development program, has proceeded for 2 years already. So far, the actual achievements in this Program, as reflected against targets

set out in the State Budget (APBN), is not very encouraging. Nevertheless, many economic observers believe that Indonesia's economy will be fundamentally healthy in 2017, due to reforms in the fiscal sector as well as increased budget allocations for productive sectors such as infrastructure spending.

The Government's development targets in 2017, as elaborated in the following points, provide quite a rosy outlook for the domestic cement industry:

- Economic growth in 2017 is predicted at 5.1%, better than the growth of 5.0% in 2016. The World Bank, IMF, Asian Development Bank and Consensus Economy even predicted that economic growth in Indonesia in 2017 could be higher than the target set out in the State Budget;
 - The decline in the poverty rate to 10.5%, from 10.8% in 2016, is expected to be of benefit to domestic consumption;
 - Government's infrastructure spend will increase to Rp387.3 trillion, from Rp317.1 trillion in 2016; credit in the banking sector is predicted to grow by 11%-12% in 2017, higher than the growth of 7%-9% recorded in 2016; the increase of 7.6% of funds transfer to the regions from Rp710.9 trillion to Rp764.9 trillion; and also the expected growth of 12%-15% in the property sector in 2017;
- Consumer purchasing power remains robust as inflation rate is maintained in the range of 4%±1% throughout 2017;
- The increase in the budget for house financing in 2017 to Rp16.6 trillion, from just Rp12.4 trillion in 2016.

Considering such predictions in the economy as well as the development plans, the Indonesian Cement Association predicted that domestic cement demand in 2017 would amount to 63.07 million tons, up 2.4% from 61.59 million tons recorded in 2016. This potential demand in the domestic market is 30%-40% less than the current total production capacity. Thus, the national cement industry in 2017 will still experience tight competition, a condition that is made worse by the emergence of new players crowding the domestic market.

// The Indonesian Cement Association predicts that national cement demand in 2017 will grow by 2.4% compared to 2016 //

REPORT FROM THE BOARD OF COMMISSIONERS

The tight competition will be met not only in the domestic market but also in the export market as well. To maintain optimum capacity utilization, excess production that are not consumed by the domestic market must necessarily be exported. Thus, cement producers will also vie to gain their share of the export market.

2017 STRATEGIC PROSPECTS

In view of such expected conditions, the Board of Commissioners would encourage the Board of Directors to continue to improve competitiveness through the proper management of product cost, quality and availability according to market needs. The approach to cost transformation through the CRP and CSP cost management programs should be continued. Applying control along the entire production value chain will be key to maintain product quality. Cost transformation to control growing costs also includes initiatives in energy management optimization such as optimization of coal mixing, WHRPG operation, packaging cost efficiency, control of effectiveness of distribution costs for cement, and inventory management.

The Board of Commissioners would also emphasize the need for effective Capex Management, with priority for the Company's strategic development programs and security of plant operations, along with investment planning and implementation that are right on target, right on schedule and right on budget. Meanwhile, product availability will depend on two key elements, namely an effective and efficient marketing program followed by reliable and efficient distribution and transportation management.

Cooperation with SOEs in the construction sector was satisfactory in 2016, and should to be improved further in 2017. This is important so as to position Semen Padang as the primary supplier of cement for Government infrastructure projects, especially in Sumatra and part of Java. Our grinding plant, packing plant and distribution facilities in a number of locations should be managed in a reliable and efficient manner so as to provide a sustainable competitive advantage for the Company.

The Board of Commissioners would also emphasize increasing competitive advantage through development of human resources competences, organization effectiveness, optimization of management systems, governance and risk management and environment management.

ORGANIZATION STRUCTURE

In the face of future business dynamics, the Board of Commissioners sees the need for the Company to have a dynamic and responsive organization with a robust internal control. Experiences in 2016, for instance, showed the need for a research and development (R&D) function within the Company. At the SMI Group, the R&D function is handled at the level of Holding Company. However, the effectiveness of such function need to be improved, as the present system has been incapable of accommodating the R&D needs related to the Company's operational activities.

Another aspect is the procurement function at Semen Padang, which is handled by the Commercial Directorate as well as the Marketing function. This leads to excessive work load at the Commercial Directorate. The combination of procurement and marketing functions within a single directorate also led to supervision issues. As such, the Board of Commissioners sees the need to evaluate the organization structure.

// Cooperation with BUMN Karya that was implemented in 2016 needs to be further improved in 2017 //

IMPLEMENTATION OF CORPORATE GOVERNANCE

Semen Padang has implemented the principles of Good Corporate Governance (GCG) in the management of the Company. The expected long-term impact of GCG implementation is in the creation of greater value and stronger image as a company with good governance.

To ensure the quality of GCG implementation, the Company's Internal Audit unit has conducted an assessment under the supervision of West Sumatra BPKP. The result showed that GCG implementation at Semen Padang continue to improve during the previous four-year period. On a scale of 100, the GCG Index in 2013 was 77.37, which was subsequently

REPORT FROM THE BOARD OF COMMISSIONERS

improved to 84.17 in 2014, and improved yet again to 85.81 in 2015.

For the 2016 period, the GCG Index has improved yet again to 86.48. This showed that GCG implementation at the Company continue to improve over time. The Board of Commissioners would like to appreciate the continuous efforts by the Board of Directors in effecting improvements in the implementation of GCG principles.

FREQUENCY AND METHOD OF PROVIDING ADVICE TO THE BOARD OF DIRECTORS

In accordance with the Articles of Association, the mechanism to provide direction, suggestion and advice to the Board of Directors is through the meetings of the Board of Commissioners, the joint meetings of Board of Commissioners and Board of Directors, and the General Meeting of Shareholders. In 2016, the Company convened an Annual General Meeting of Shareholders (AGMS) and Extraordinary General Meeting of Shareholders (EGMS), which approved among others the ratification of Company Annual Report for fiscal 2015 including the Board of Commissioners Supervisory Report and the Financial Statements for fiscal 2015.

The Board of Commissioners also convened 33 meetings, comprising 14 internal meetings of the Board of Commissioners and 19 joint meetings with the Board of Directors, from the scheduled 12 meetings each, respectively. Direction, suggestion and advice to the Board of Directors were provided in those meetings as recorded in the minutes of meeting.

IMPLEMENTATION AND MANAGEMENT OF WHISTLE BLOWING SYSTEM (WBS) AND THE RELEVANT ROLE OF THE BOARD OF COMMISSIONERS

The Board of Commissioners also turned its attention on efforts to reduce potential frauds through the implementation since 2015 of a web-based Whistle Blowing System (WBS) application. The Board of Commissioners encouraged the Board of Directors to intensify the socialization of the WBS. During 2016, there were 2 (two) reports received via

the website at <https://wbs.semenpadang.co.id>. Although the two reports eventually failed to be followed-up due to lack of required data or information being supplied by the informers, it showed that the Company has been somewhat successful in creating awareness about the existence of a fraud reporting system and media.

PERFORMANCE EVALUATION OF BOARD COMMITTEES

The Audit Committee and the Legal and Community Development Committee assist the Board of Commissioners in discharging its supervisory and advisory duties and in implementing the principles of good corporate governance. The functions of the remuneration committee meanwhile are taken up by an organ of the Board of Commissioners of PT Semen Indonesia (Persero) Tbk. These committees have performed their roles and responsibilities properly in accordance with the respective committee charter, and have thus provided support to the Board of Commissioners in the implementation of its duties and responsibilities.

AUDIT COMMITTEE

The Audit Committee is an oversight organ of the Board of Commissioners, tasked with assisting the Board of Commissioners in ensuring effective internal control through supervision by internal auditors. The Audit Committee also ensures that the external auditors performed an audit on the financial statements in accordance with auditing standards established by the Indonesian Public Accountant Association in order to maintain the integrity of financial reporting. In addition, the Audit Committee also assists the Board of Commissioners in supervising the operations of the Company.

During 2016, the Audit Committee has performed supervision on issues that were related to, among others (a) performance and financial reporting, (b) internal control system, (c) plant, distribution and transportation operations, (d) capex implementation, (e) CRP and CSP implementation, (f) dry-bulk handling, especially coal, and (g) progress of the construction of Indarung VI Plant.

// The Board of Commissioners also pays attention to the efforts in reducing potential deviations or fraud //



From left to right:
Wiztian Yutri, SH
Commissioner

Prof. Dr. Saldi Isra, SH, MPA
President Commissioner

Ir. Suharto, MM
Commissioner

Prof. Eddy R Rasyid, PhD, CA
Commissioner



BOARD OF COMMISSIONERS

REPORT FROM THE BOARD OF COMMISSIONERS

The Audit Committee has also performed the selection and subsequent recommendation to the Board of Commissioners of the Public Accountant Firm (KAP) that were to perform an audit of the Consolidated Financial Statements and PKBL, as well as an audit on agreed upon procedures (AUP) of PKBL in fiscal 2016. Subsequently, the Audit Committee supervised the implementation of such audit to ensure that the auditors have performed their assignment in an independent manner and in accordance with applicable auditing standards.

LEGAL AND COMMUNITY DEVELOPMENT COMMITTEE

The Legal and Community Development Committee has assisted the Board of Commissioners with its supervisory duties in terms of (a) monitoring compliance with applicable laws and regulations, (b) maintaining good relations with communities, central government and regional government, (c) monitoring, reviewing and providing recommendations on the legal aspects of coal provision, land of PP Lampung, establishment of subsidiaries of PT Semen Padang and PT Pelindo I, Chevron waste utilization, environment issues at CM Dumai, cement purchases, (d) reviewing risk management policies and implementation in coordination with the Audit Committee, and (e) performing a special assignment from the Board of Commissioners to evaluate the legal aspects of PT Igaras.

RISK MANAGEMENT IMPLEMENTATION

The Company has consistently implemented the practice of risk management that was first developed in 2014. The Board of Commissioners appreciated efforts in this direction that is expected to increase value for the Company in the long run. The Board of Directors should continue to monitor all potential risk factors as well as formulate and implement risk mitigation initiatives as an integrated part of risk-based management at the Company.

The Company has monitored and evaluated the implementation of risk management through the establishment of an internal team in the Internal Audit

unit, assisted with supervision by the West Sumatra BPKB. In the evaluation, the team utilized the score card issued by BPKP that refers to Enterprise Risk Management – COSO standards. The evaluation results showed that the Company has a Risk Maturity Level score of 3.95 points, categorized as in the 4th level (“Managed”) from a 5-level system. This was an improvement from the score of 3.91 points in 2015. The Board of Commissioners appreciated this achievement, and we expect further improvement in the future to reach the 5th level (“Optimized”).

CORPORATE SOCIAL RESPONSIBILITY

The Company had carried out various Corporate Social Responsibility (CSR) activity programs since 1997, long before the issuance of formal regulations governing aspects of corporate social responsibility. Through the implementation of CSR programs and the Partnership and Community Development Program (PKBL), the Company has shown its active participation in realizing its commitment towards the implementation of stipulations under Law No. 40 Year 2007 on Limited Liability Company. Further, the Company has utilized the services of independent auditors to audit the financial reports of the PKBL and to observe the compliance of PKBL management to applicable rules and regulations. Meanwhile, the audit on expenses for CSR activities have been integrated into the annual audit of the Company’s financial statements.

The Board of Commissioners consistently supervises and advises the Board of Directors to implement well-targetted CSR and PKBL programs so as to provide the optimum of benefits to beneficiary communities. In 2016, the Company has disbursed loans in the framework of the Partnership Program amounting to Rp9.17 billion. This amount was 102% of the target set in the 2016 Work & Budget Plan (RKA) and also 26.62% higher than the amount disbursed in 2015 of Rp7.28 billion. Meanwhile, funds allocated for the Community Development program amounted to Rp12 billion, 103.53% of the RKA and a sharp increase over the amount of Rp30.07 million spent in 2015.

// The Board of Commissioners is assisted by the Audit Committee, the Legal and Environment Development Committee //

REPORT FROM THE BOARD OF COMMISSIONERS

CORPORATE ENVIRONMENTAL MANAGEMENT

Dust emissions is one of the primary concerns of the Company in its operations, as it is directly related to production processes at the cement plants. Exhaust gas emission is controllable during a stable production process. However, emission levels over the prescribed benchmark might occur if production processes become unstable. Such production process instability might result due to non-standard or inconsistent quality of process input such as coal, feedstock, electricity supply, or any other disruption to the production process.

The Board of Commissioners would like to commend the Board of Directors for their implementation of the equipment recovery and upgrade program that have been successful in meeting the Company's internal emission standard of less than 50 mg/Nm³, while the National Emission Standard is 80 mg/Nm³.

The year 2016 also saw a special achievement: the Green rating in PROPER. This achievement is the result of the Company's persistent efforts in environmental management in accordance with standards established by the government. The Board of Commissioners would like to congratulate the Board of Directors and all staff for this achievement, and expect that efforts will continue to reach higher rating, namely the Gold rating of PROPER. The Board of Commissioners also encourages the Board of Directors to seek suitable new technologies to control dust and exhaust emission, as well as tighter control on the operation of plant machineries and equipment. Hopefully, there will be no more complaints from surrounding communities in future years regarding dust emissions.

HUMAN RESOURCES MANAGEMENT

There are two separate KPIs in terms of Human Resources (HR) management, namely 'knowledge management' and the percentage of talents in the desired groupings. Assessment results showed that the score for the first indicator was 761 point, or 6% higher than the target at 720 point. The second indicator meanwhile scored 20%, the same as the target. Human capital has become a key aspect

towards developing a competitive advantage in the face of constantly changing dynamics in the business environment. In the last several years, PT Semen Indonesia (Persero) Tbk as the Holding Company has implemented a grand strategy to create Semen Indonesia Center of the Champs (SICC) in order to become one of the powerhouses in Indonesia. Accordingly, our investments in promoting the corporate culture of 'The Champs' are intended to nurture a set of core values, which will enable the Company not only to compete within the cement industry, but also to compete in shaping the industry structure into the future.

CHANGES IN BOARD OF COMMISSIONERS MEMBERSHIP COMPOSITION

Following the GMS on 11 May 2016, there were some changes to the membership composition of the Board of Commissioners. Based on the resolutions of the GMS on 11 May 2016, the Company has honorably dismissed Lt. Gen. (Ret) Djamari Chaniago as President Commissioner, and Ir. Basril Basyar, MM as Commissioners, both appointed at the EGMS on 6 April 2015.

In their places, the Company appointed Prof. Dr. Saldi Isra, SH, MPA and Wiztian Yutri, SH as President Commissioner and Commissioner, respectively. Thus, at the conclusion of the GMS on 11 May 2016, the Board of Commissioners comprises:

- Prof. Dr. Saldi Isra, SH, MPA as President Commissioner.
- Prof. Eddy R. Rasyid, PhD, CA, as Commissioner.
- Ir Suharto, MM as Commissioner.
- Wiztian Yutri, SH as Commissioner.

The Board of Commissioners would like to extend its thanks and appreciation to Lt. Gen. (Ret) Djamari Chaniago and Ir. Basril Basyar, MM for their dedication, time and contributions to Semen Padang. We would also like to welcome Prof. Dr. Saldi Isra, SH, MPA dan Wiztian Yutri, SH into the Board. Hopefully, the membership change would prove beneficial in further strengthening the cooperation between the Board of Commissioners and the Board of Directors and its staffs, in order to promote efforts towards performance improvements and sustainable development of Semen Padang in future years.

// A special achievement in 2016: obtaining green PROPER status //

REPORT FROM THE BOARD OF COMMISSIONERS


APPRECIATION

In closing, the Board of Commissioners would like to extend its heartfelt thanks and appreciation to the Board of Directors and all Company employees for their solid teamwork and dedication in working with a shared vision and harmonious steps in the management of the Company. Likewise to our Shareholder and stakeholders such as the Central Government, Regional Governments, community leaders and many other parties that have supported and contributed to the achievement of our performance in 2016.

The Board of Commissioners is hopeful for the continuing support and commitment of all stakeholders towards the achievement of the Company's performance targets for 2017. May Semen Padang thus continue to grow and develop even better, strengthening its solid position within the national and global cement industries.

Padang, February 2017

On behalf of
The Board of Commissioners
PT Semen Padang



Prof. Dr. Saldi Isra, SH, MPA
President Commissioner



From left to right:
Prof. Eddy R Rasyid, PhD, CA
Commissioner

Prof. Dr. Saldi Isra, SH, MPA
President Commissioner

Wiztian Yutri, SH
Commissioner

Ir. Suharto, MM
Commissioner

PROFILE OF THE BOARD OF COMMISSIONERS



Prof. Dr. Saldi Isra, SH, MPA
President Commissioner

CAREER PATH

Lecturer (Professor)

Law Faculty of the Universitas Andalas
(2004-present)

Started his career as a Lecturer at the Law Faculty of University of Andalas, ultimately appointed as the Professor in Constitutional Law in the Law Faculty of the University of Andalas. In addition, he also serves as the Chairman for the Law Doctorate Program of the Law Faculty of the University of Andalas and Director of Constitution Study Center (PUSaKO) of the Law Faculty of the University of Andalas (2004-present).

Writer

Books and Scientific
(1995-present)

Actively writing books (2001-2016), and actively writes in various scientific publications: Magazine, Journal, newspapers (1995-present).

Speaker

Seminar
(2000-present)

Active as a speaker in seminars.

CITIZENSHIP

Indonesia

AGE

49 Years

PLACE, DATE OF BIRTH

Panninggahan, Solok, West Sumatra,
20 August 1968

DOMICILE

Padang

APPOINTMENT

11 May 2016
In accordance with the decision of the
GMS on 11 May 2016

EDUCATION

Universitas Andalas

Bachelor of Law
(1995)

Institute of Postgraduate Studies and Reserch University of Malaya, Kuala Lumpur

Master of Public Administration
(2001)

Universitas Gadjah Mada Yogyakarta

Doctorate in Legal Sciences
(2009)

Wiztian Yutri, SH

Commissioner



CAREER PATH

Journalist
Jayakarta Jakarta Daily
(1982-1985)

Editor in Chief
Padang Ekspres Padang
(2002-2007)

Managing Director
Posmetro Padang
(2007-2009)

Vice President Commissioner
Padang Ekspres Jawa Pos Grup
(2009-2012)

Expert Editor
Penerbit Kabarita
(2012-present)

President Director
PT Sumbar Satu Media
(2014-present)

EDUCATION

Universitas Taman Siswa Padang
Bachelor of Law
(2009)

CITIZENSHIP

Indonesia

AGE

55 Years

PLACE, DATE OF BIRTH

Pariaman, West Sumatra
30 May 1962

DOMICILE

Padang

APPOINTMENT

11 May 2016
In accordance with the decision of the
GMS on 11 May 2016

PROFILE OF THE BOARD OF COMMISSIONERS



Prof. Eddy R Rasyid, PhD, CA
Commissioner

CAREER PATH

Lecturer (Professor)

Faculty of Economics of the Universitas Andalas
(2009-2013)

Started the career as a Lecturer at the Faculty of Economics of the University of Andalas, ultimately appointed as a Professor in Accounting, Member of the Financial Accounting Standards Board, Indonesian Accountant Association.

Member of the Board of Higher Education Grants Commission

Directorate General of Higher Education
(2008-2012)

Vice President Commissioner

Padang Ekspres Jawa Pos Grup
(2009-2012)

Member of the Supervisory Board

PK-BLU Universitas Andalas
(sekarang)

EDUCATION

Universitas Gajah Mada Yogyakarta

Bachelor of Accounting Economics
(1984)

The University of Wollongong, Australia

Master of Commerce (Honours)
(1996)

Universitas Andalas Padang

Professor of Accounting
(2009)

CITIZENSHIP

Indonesia

AGE

60 Years

PLACE, DATE OF BIRTH

Bukittinggi, West Sumatra
10 October 1957

DOMICILE

Padang

APPOINTMENT

6 April 2015

SPECIAL ASSIGNMENT

Chairman of the Audit Committee

PROFILE OF THE BOARD OF COMMISSIONERS

Ir. Suharto, MM
Commissioner



CAREER PATH

Operational & RD Director
PT Semen Gresik (Persero) Tbk
(2011-2013)

Started his career as an Acting Head of Corporate Development Department at PT Semen Gresik (Persero) in 2000, Head of Production III Department (2000-2002), Acting Head of Tuban Factory Compartment (2003), Head of Production Compartment (2004-2005), he was then appointed as Director of Research and Development & Operations in PT. Semen Gresik (Persero) Tbk (2005-2010), Project Director of Tuban Factory (2008-2012), Operational & RD Director of PT Semen Gresik (Persero) Tbk, 2011-2013

Engineering & Project Director
PT Semen Indonesia (Persero) Tbk
(2014-2015)

EDUCATION

Institut Teknologi 10 Nopember, Surabaya
Bachelor of Mechanical Engineering
(1978)

Universitas Airlangga, Surabaya
Master in Strategic Management
(2010)

CITIZENSHIP

Indonesia

AGE

66 Years

PLACE, DATE OF BIRTH

Malang, East Java
18 October 1951

DOMICILE

Jakarta

APPOINTMENT

6 April 2015

INFORMATION ON CONCURRENT POSITIONS OF THE BOARD OF COMMISSIONERS

There are concurrent positions held by several members of the Board of Commissioners with the following information:

1. Prof. Dr. Saldi Isra, SH, MPA, serves as Professor of Law at the University of Andalas;
2. Prof. Eddy R Rasyid, PhD, CA, serves as Professor of Accounting at the University of Andalas

STATEMENT OF INDEPENDENCE OF INDEPENDENT COMMISSIONER

In line with the implementation of GCG practices, the Board of Commissioners has signed the integrity pact and submitted the State Administration Assets Report (LHKPN) as well as Personal Taxes (LP2P) Reports as a commitment to avoid conflict of interest transactions. All members of Independent Commissioners act independently and are free of intervention from any party.



Photo title:
Establishment of production pillars

Photo location:
Indarung VI

Photo caption:
Vertical mill Indarung VI is one of the main tools that serves to grind the raw materials of cement, limestone, silica and clay into raw mix. This tool comes from FL Smidth.



Photo title:
Here We Are

Photo location:
Head Office

Photo caption:
Our head quarter is located at Indarung, District Lubuk Kilangan, Padang, West Sumatra Barat. Jalan Raya Indarung Padang. 25237. We have 1,719 employee and we operate factories, packing plant, cement mill and representative office.

COMPANY PROFILE

In achieving superior performance, Semen Padang continues to produce and trade cement and other related products oriented to customer satisfaction. The Company believes that Semen Padang can be one of the best national cement companies.



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COMPANY PROFILE IN BRIEF



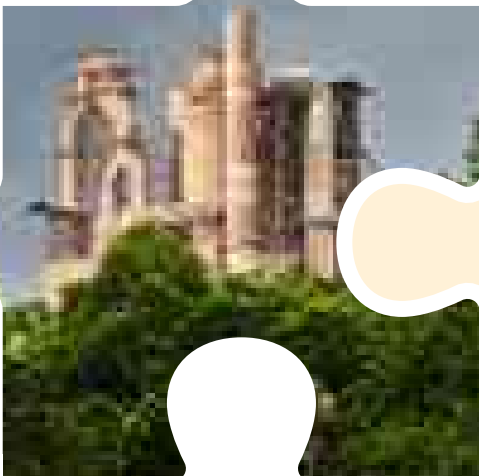
01 EXPERIENCE **106** YEARS

With over 106 of age, Semen Padang has proven to be able to overcome a variety of challenges in its journey to build Indonesia.



02 MOTTO

We have done before others thought of. Which means that Semen Padang has the spirit to innovate and speed to seize the opportunities to be the best.



03 VISION

Becoming a reliable and superior cement company with environmental insight in Western Indonesia and Southeast Asia.

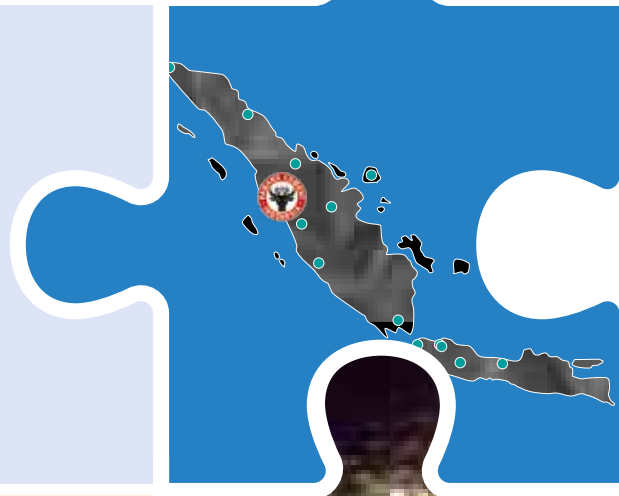
04 STRATEGIC POSITION

The position of Semen Padang that is on the west coast of the island of Sumatra provides convenience and close access to export to neighbouring countries.



05 DISTRIBUTION CHANNEL

As cement company that dominates the market share of Sumatra island, Semen Padang has a distribution network spread not only on the island of Sumatra.



06 PRODUCTION CAPACITY **7.4** MILLION TON/YEAR

Tested with experience in the cement industry for more than 106 years, Semen Padang proves the excellence and quality assurance on the quality and synergy with the environment and is able to overcome the many challenges on its journey to build Indonesia.



CORPORATE IDENTITY

Photo title:
Us and our environment

Photo location:
3rd floor of head office

Photo caption:
We are committed to being an environmentally sound company

Company Name

PT Semen Padang

Line of Business

Cement Producer and Trade

Company Status

Subsidiary of State Owned Enterprise (SOE)

Legal Basis of Establishment

Deed of Establishment No. 5 dated 4 July 1972, made before Notary Julian Nimrod Siregar, S.H in Jakarta and was amended by the Amendment Deed No. 117 dated 28 December 2012, made before Notary Kharisma, S.H in Jakarta, which has been approved by the Minister of Justice of the Republic of Indonesia No. AHU-AH.01.10-10399 dated 21 March 2013 and was published in the State Gazette of the Republic of Indonesia No. 24 dated 25 March 2014

Shareholding

- PT Semen Indonesia (Persero) Tbk by 99.99%
- Semen Padang Family Cooperative by 0.01%

Date of Establishment

- Plant Establishment on 18 March 1910
- Nationalization from the Netherlands Government on 5 July 1958
- Establishment of Legal Entity - Limited Liability Company 10 February 1973

Authorized Capital

Rp500,000,000,000 (Five hundred billion Rupiah)

Placed and Fully Paid-up Capital

Rp332,000,001,000 (Three hundred and thirty two billion and one thousand Rupiah)



1. Circle

Circle symbol = globe, in the company identity is a key element of the symbol which should be maintained and can be interpreted as : "The ideals of Semen Padang to build the world"

2. Gonjong

Gonjong is the roof of the traditional Minang house named bagonjong, could also be interpreted as crown.

3. Buffalo Head

Minangkabau/ West Sumatra symbol. Semen Padang is based on the minang philosophy that is to look forward consistently to expand into the global direction.

4. Establish 1910

Adapted to the year of establishment in 1910, consequently the selected letter handwriting.

Production Capacity

7,400,000 ton/year

Indarung II Plant : 720,000 ton/year

Indarung III Plant : 860,000 ton/year

Indarung IV Plant : 1,920,000 ton/year

Indarung V Plant : 3,000,000 ton/year

Cement Mill Dumai : 900,000 ton/year

Tye of Production

I. Ordinary Portland Cement (OPC), consist of: Portland Cement Type I, Portland Cement Type II, Portland Cement Type III, Portland Cement Type V, and Oil Well Cement (OWC)

II. Non Ordinary Portland Cement (Non OPC), consist of: Portland Pozzolan Cement (PPC) & Portland Composite Cement (PCC).

Number of Employee

1,719 people

Head Office

Jl. Raya Indarung, Padang 25237, West Sumatra

Tel. : (0751) 815 250

Fax. : (0751) 815 590

Website

www.semenpadang.co.id

Customer Service

Tel. 0 800 1888 222

Social Media

Facebook : PT SEMEN PADANG

Instagram : @semenpadang

Twitter : @semenpadang1910

Total Asset 2016

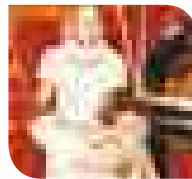
Rp9,21 trillion

HISTORY OF SEMEN PADANG



Semen Padang was established on 18 March 1910 under the name NV Nederlandsch Indische Portland Cement Maatschappij (NV NIPCM), which is the first cement factory in Indonesia and Southeast Asia.

1910



On 5 July 1958 The Company was nationalized by the Government of the Republic of Indonesia from the Dutch Government. During this period, the Company experienced a renaissance process through the process of rehabilitation and capacity development in Indarung I plant to 330,000 tons/year. Furthermore, the factory underwent the transformation of plant capacity expansion from wet process to dry process technology with the construction of the Indarung II, III, and IV plants.

1958



The Government transferred its shares in Semen Padang to PT Semen Gresik (Persero), Tbk at the same time with the development of Indarung V plant.

1973



On 10 February 1973 Establishment of Legal Entity -Limited Liability Company

1995

2012



As of this period, PT Semen Gresik (Persero) Tbk, changed its name into PT Semen Indonesia (Persero) Tbk under the EGMS resolution on 20 December 2012 in Jakarta, with 99.99% of shareholding, and Cooperative of Semen Padang Family with 0.01% of shareholding. The majority of PT Semen Indonesia (Persero) Tbk share is held by the Government of the Republic of Indonesia by 51.01% and public shareholders by 48.99%.

2014



In 2014, Semen Padang began the construction of its new plant, namely Indarung VI.

PERKEMBANGAN LOGO SEMEN PADANG

	<p>1910 The first logo of PT Semen Padang (PTSP) in 1910, when the Company was established as the Nederlandsch Indische Portland Cement Maatschappij (NIPCM).</p>
	<p>1913 A new logo was introduced, retaining the round shape with two circles and the logotype, with the addition of 'NV' in front of NIPCM.</p>
	<p>1928 The words 'Nederlandsch-Indische' was replaced by 'Padang', with an inscription in the lower section that read 'Plant in Indarung, Near Padang' Central Sumatera'.</p>
	<p>1950 The logotype NV PPCM was replaced with 'Semen Indarung'. The logo of PT semen Padang remained unchanged except for the transition of the logotype from Dutch to Bahasa.</p>
	<p>1958 The central government issued a policy of foreign company nationalization. PT Semen Padang retained its round-shaped logo, with the logotype 'NV PPCM' replaced with 'Semen Padang'.</p>
	<p>1970 The logotype 'Padang Portland Cement Indonesia' was drawn circling around the logo, and the addition of the motto of PT Semen Padang, translated as "We Already Do Before the Others Think About It".</p>
	<p>1972 The logo was modified with the addition of two circles, a big one and a small one.</p>
	<p>1991 The logotype 'Padang Portland Cement' was replaced with 'Padang Cement Indonesia'.</p>
	<p>2012 On 1 July 2012, the new logo was refined into getting bigger and stronger or shielding buffalo horns, eyes looked sharpen/assertive, gonjong(crown) be simple, and its ears are in "on" position (always on hearing).</p>

BRIEF INFORMATION ON THE CHANGE OF COMPANY NAME

Company Name	Change of Name	Effective Date
NV Nederlandsch Indische Portland Cement Maatschappij (NV NIPCM)	Asano Cement	August 1942
Asano Cement	Kilang Semen Indarung	September 1945
Kilang Semen Indarung	Padang Portland Cement Maatschappij (PPCM)	8 April 1948
Padang Portland Cement Maatschappij (PPCM)	Perusahaan Negara Semen Padang	1961
Perusahaan Negara Semen Padang	PT Semen Padang	1971

COMPANY VISION, MISSION, AND CULTURE

In order to support the synergies and achieve the vision and mission of Semen Indonesia Group as well as to realize its commitment to become a national cement company that is resilient and able to respond to global competition, Semen Padang formulates the vision, mission, and commitment to implement the CHAMPS Corporate Culture in every point of view and step of all personnel in the Company.

Semen Padang sets the vision, mission and values of the Company and ensures that the Company has been managed professionally through the implementation of the good corporate governance principles. The establishment of the Company's Vision and Mission has been studied in depth in line with the development of increasingly competitive business.

/// Semen Padang's Vision and Mission are stipulated based on the Decree of Director No. 292/SKD/PUSMJ/07.2012 ///

Semen Padang's Vision and Mission are stipulated based on the Decree of Director No. 292/SKD/PUSMJ/07.2012 on the Ratification of the Vision, Mission, Meaning, Motto, Culture, and Logo of Semen Padang.

The vision was established by the Company as the guideline for the Company's personnel in achieving the Company's objectives. The Company's vision illustrates the focus of the company to keep increasing the company's performance in order to be a company engaged in the production and trading of cement with reliable, superior, and highly competitive performance and well managed in accordance with the practices of good governance. The company's vision also illustrates

the company's commitment to the preservation of the environment where the company runs its business activities.

COMPANY POLICY

In conducting the cement business pursuant to the sound industry and commerce rules by implementing the principles of good corporate governance, PT Semen Padang as the Company in the cement industry has the commitment to conduct the following:

1. Alignment of the Company's Strategy Map with the Strategy Map of semen Indonesia (Holding Company), and still refer to the Company's Long Term Plan (RJPP), which is integrated into the Company's Work Plan & Budget (WPB) to improve the synergy of the Semen Indonesia Group
2. An increase in value and growth as well as competitiveness of the Company through marketing strengthening, which focuses on major markets, operational increase, and productivity efficiency in all aspects, as well as business development of the Company.
3. Meeting the customer's expectations for all products produced and marketed through the fulfilment of requirements for quality, best service, as well as the validity of the test results with the support of an integrated management system.
4. An increase of responsibility and concern to stakeholders, including;
 - Management of the environment including the prevention of air pollution and emission control, B3 (hazardous and toxic) and non B3 waste management, water conservation, efficient use of energy and the protection of biodiversity.
 - Management of resources effectively and efficiently.
 - Occupational health and safety by maintaining a safe and healthy work environment as well as preventing the occurrence of accidents.
 - Implementation of effective and sustainable corporate social responsibility
 - Security and smooth operation of the Company's assets
 - Management of the archive which is properly governed and appropriately presented
5. Implementation of Good Corporate Governance (GCG) and risk management and the prevention of fraud in the Company's operations.
6. Compliance with laws, regulations, and other requirements.
7. Development of competent and professional human resources to support the implementation of all the commitments of the Company.

VISION

CEMENT COMPANY

The company's scope of business covers the production and sale of cement and other products and services related to the cement industry, namely: Engineering, Cement Equipment, Cement Equipment Manufacturing, Cement's Raw Material, fuel, cement derivative products.

RELIABLE

Being able to consistently meet customer's needs in terms of both quantity and quality.

SUPERIOR

Dominating the main market in Sumatra Island.

ENVIRONMENTAL FRIENDLY

Friendly to environment and society and meeting the applicable laws and regulations.

IN WESTERN INDONESIA AND SOUTHEAST ASIA

Company's market and business development regions in the future.

MISSION

1. Manufacturing cement and other relevant products as well as trading with emphasis on customer satisfaction.

Meeting the needs and providing satisfaction which exceeds customer expectation through cement and other relevant products and services manufacturing and trading.

2. Developing competent, professional, Human Capitals with high integrity.

Developing human capital capability of the Company to master high competency, act and conduct professionally, and have high integrity.

3. Improving engineering capability to develop national cement industry.

Developing engineering capability to actively participate in national cement industry development.

4. Empowering, developing, and synergizing human capitals with environmental insight.

Highly committed in preserving the environment and developing social environment by empowering and synergizing existing human capital.

5. To enhance corporate value in a sustainable manner and give the best to the stakeholders.

The Company constantly innovates to improve productivity and operational efficiency as well as to develop its business in order to contribute optimally to the stakeholders.

CULTURE

1. Compete with A Clear & Synergized Vision

Each Semen Padang individual understands and fully supports corporate vision, which is in line with Semen Indonesia Group (SMIG) vision to improve the company's competitiveness.

2. Having High Spirit for Continuous Learning

Each Semen Padang individual has high spirit to continually improve his competency, as the effort in adapting occurring changes.

3. Act with High Accountability

Each Semen Padang individual always implements the mandated duties properly and dares to be responsible for all the actions taken.

4. Meet Costumer Expectation

Each Semen Padang individual has the commitment to implement his duties with orientation to complying with requirements and exceeding customer expectation.

5. Implement Business Ethics with High Integrity

Each Semen Padang individual always ensures that the actions taken do not violate applicable ethics and norms and has high integrity.

6. Strengthen Teamwork

Each Semen Padang individual always strengthens teamwork with colleagues and other relevant parties in order to achieve the best result for the Company.

MOTTO

WE'VE DONE IT BEFORE OTHERS THINK ABOUT IT

It means that Semen Padang has a passion for innovate and to quickly seize opportunities to be the best

MEANING

GIVING THE BEST

Every individual in Semen Padang has always worked with the best ability and high motivation in accordance with each duties assigned by the Company.

TO BUILD

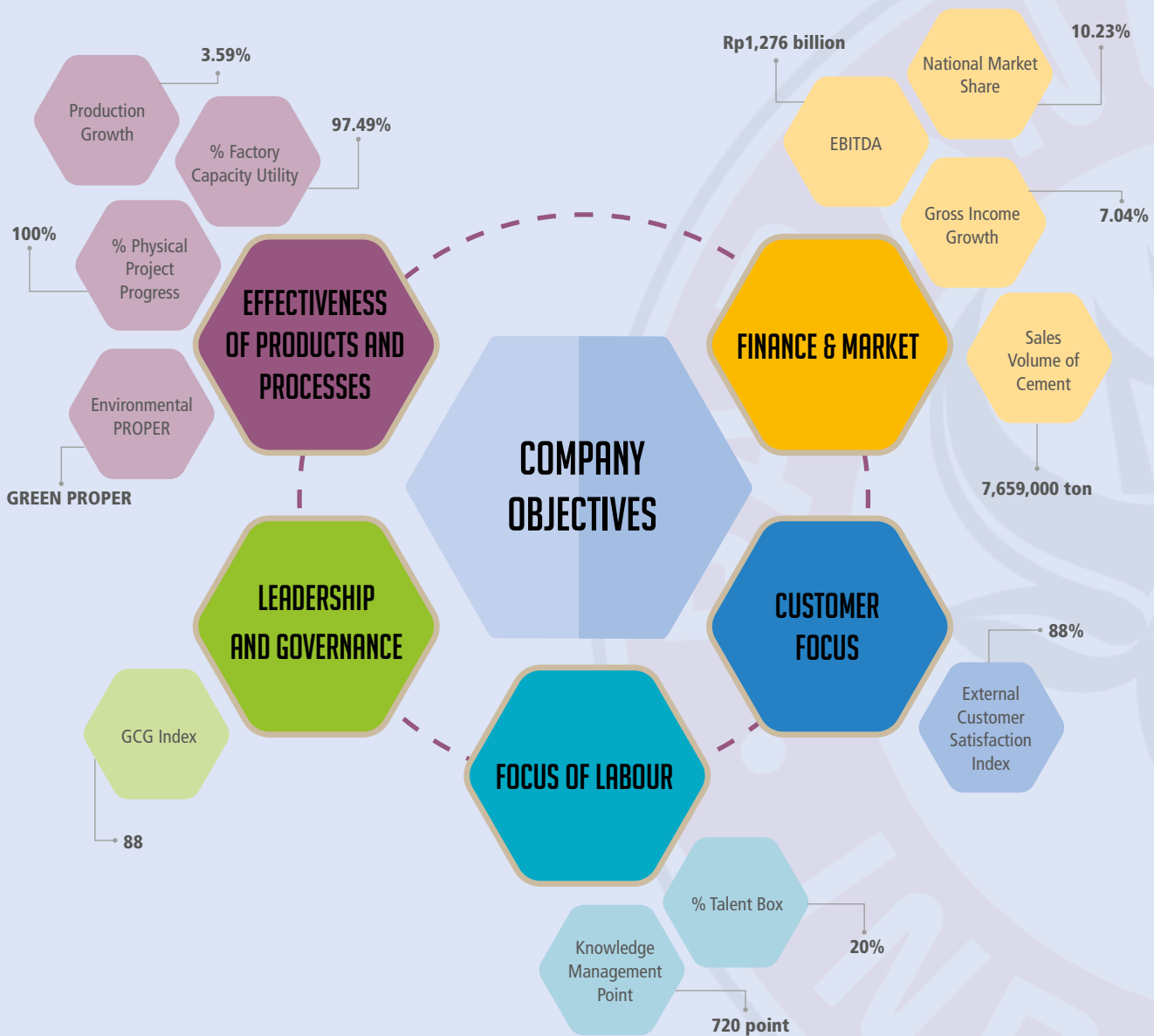
Employees of Semen Padang collaboratively provide solutions exceeding the "customer" expectations and contribute to the development of civilization on earth

A BETTER LIFE

For the sake of better human life from time to time.

COMPANY OBJECTIVES AND STRATEGIES

COMPANY OBJECTIVES



COMPANY STRATEGIES



01

Increased capacity, efficiency, effectiveness of production and marketing Increased Supply of Raw Material, Fuel & Energy

02

Optimisation CAPEX Management

03

Increased Cost Efficiency

04

Mastery & Security Distribution Line
 Increased Synergy with SMIG Increased Customer Loyalty Expanding Coverage Product Distribution Warranty Availability Products on the Market Maintain Existing Market Share

05

Increase revenue growth

06

Improved Environmental Performance Implementation SICC Human Capital Readiness High Performing Human Capital System Corporate transformation Downstream Business Mastery with Empower APLP

07

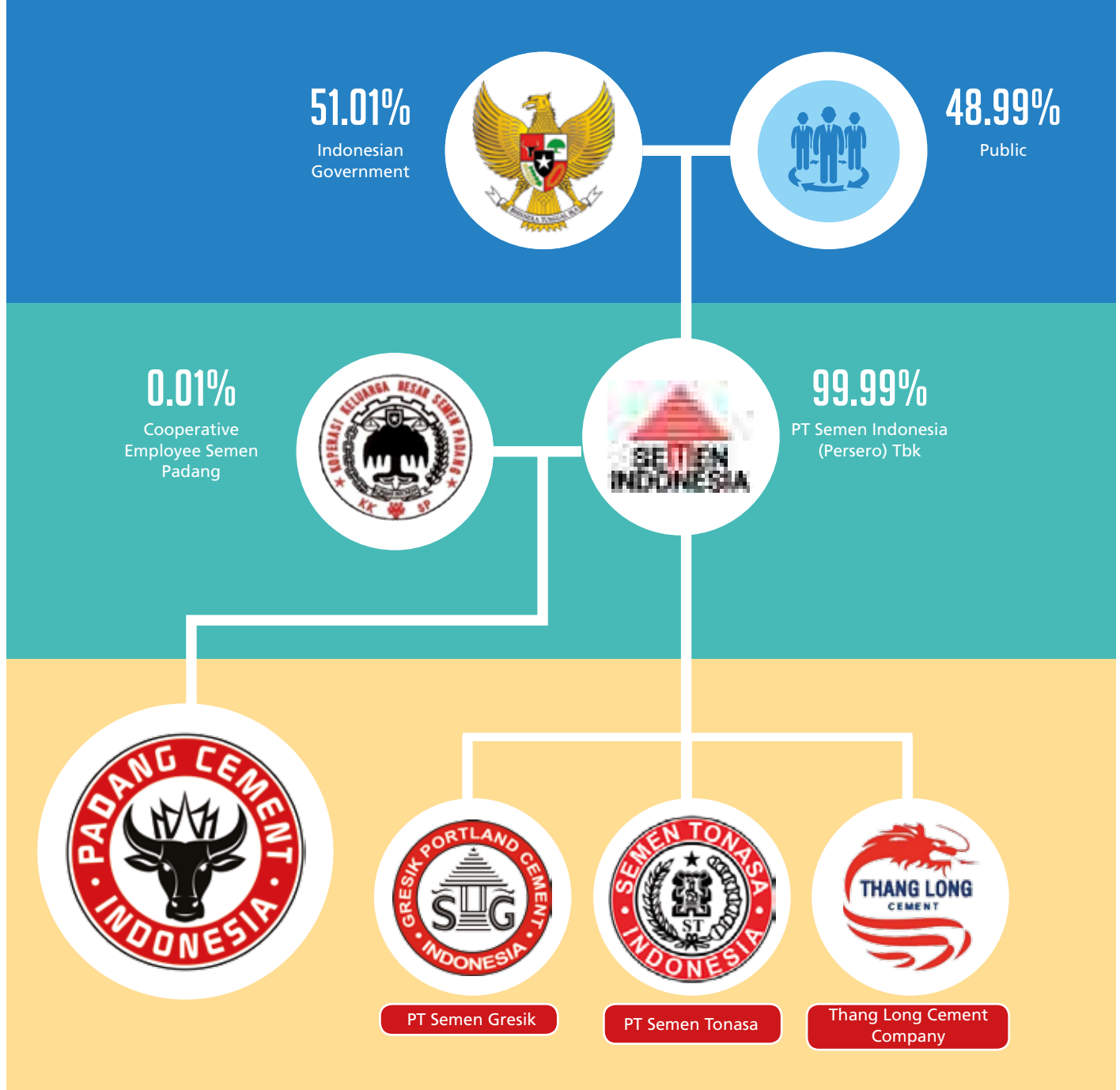
Optimisation Capital Structure, Optimisation Liquidity Management

08

GRC management and sustainable ICT

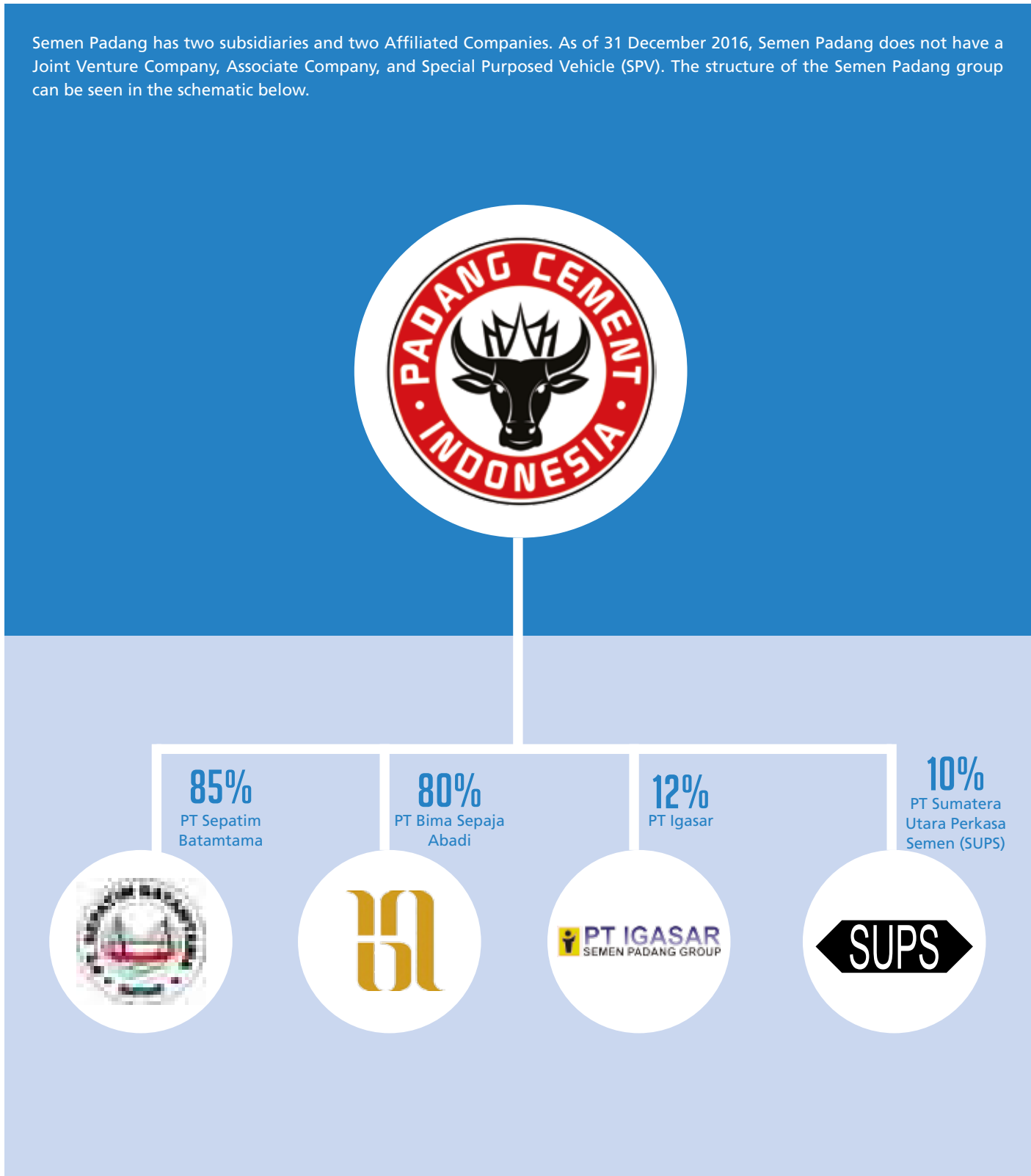
STRUCTURE AND COMPOSITION OF SEMEN PADANG OWNERSHIP

Semen Padang is part of Semen Indonesia Group (SMIG), where PT Semen Indonesia (Persero) Tbk is the majority shareholder, and the composition of share ownership is as follows:



SEMEN PADANG GROUP STRUCTURE

Semen Padang has two subsidiaries and two Affiliated Companies. As of 31 December 2016, Semen Padang does not have a Joint Venture Company, Associate Company, and Special Purposed Vehicle (SPV). The structure of the Semen Padang group can be seen in the schematic below.



SHARE OWNERSHIP COMPOSITION

NAME AND PERCENTAGE OF SHAREHOLDERS

Shareholders	Stock		
	Shares	Nominal (in Rupiah)	Percentage
PT Semen Indonesia (Persero) Tbk	332,000,000	332,000,000	99.99%
Semen Padang Family Cooperative	1	1,000	0.01%
Total	332,000,001	332,001,000	100.00%

SHARE OWNERSHIP OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Until the end of 2016, the Board of Commissioners and Directors do not own any shares in Semen Padang.

THE NUMBER OF SHAREHOLDERS AND THE PERCENTAGE OF OWNERSHIP BY CLASSIFICATION

Classification	Shares	Nominal (in Rupiah)	Percentage
Ownership of Local Institutions	332,000,001	332,001,000	100.00%
Ownership of Foreign Institutions	–	–	–
Ownership of Local Individuals	–	–	–
Ownership of Foreign Individuals	–	–	–

STOCK LISTING CHRONOLOGY

Up to 2016, Semen Padang does not list shares on the Stock Exchange because Semen Padang is a subsidiary company of PT Semen Indonesia (Persero) Tbk. So there is no information related to the chronology of listing, types of corporate actions, changes in the number of shares, as well as the name of the exchange.

CHRONOLOGY OF OTHER SECURITIES LISTING

Up to 2016, Semen Padang does not list other securities on the Stock Exchange, so there is no information related to the chronology, types of corporate actions and changes in the number of securities, name and rating of securities exchanges.

LIST OF SUBSIDIARIES AND AFFILIATED COMPANIES

Name an Company Address	Company Entity Operating Status	Work Unit	Semen Padang Share Ownership		Line of Business
			Nominal (Rp)	%	
PT Sepatim Batamtama	2 November 1991	Operating	5,950,000,000	85%	<ul style="list-style-type: none"> • Trading and public transportation service • Cement packing • Contractor
PT Bima Sepaja Abadi	17 September 1993	Operating	1,600,000,000	80%	<ul style="list-style-type: none"> • Cement packing • Services related to cement trading
PT Igarar	12 September 1974	Operating	300,000,000	12%	<ul style="list-style-type: none"> • Cement distribution • Transportation and heavy equipment • General trading • Construction • Building materials industry

PROFESSIONAL INSTITUTIONS SUPPORTING THE COMPANY

Professional Institution	Name	Address
Public Accounting Office	KAP Osman Bing Satrio & Eny (Deloitte)	The Plaza Office Tower, Lt 32 Jl. MH. Thamrin Kav 28 - 30 Jakarta 10350, Indonesia, Tel : +62 21 29923100, Fax : +62 21 29928200, 29928300, www.deloitte.com
Law Consultant	Handra Darwin & Partners	Dwima Plaza - I, 4 th Floor Room 407 Jl. Jend. A. Yani Kav. 67 Jakarta - 10510, Telp. 021 - 4206542, Up. Bpk. Handra Deddy Hasan, SH
	Nanda Oetama, SH, MH	Komplek Rindang Alam No.11 RT 02/RW 03, Koto Luar, Pauh Padang
	Ilhamdi Taufik, SH, MH	Jl. Fisiko IV, Blok B II No. 06, Komplek Universitas Andalas, Ulu Gadut, Padang
	Prof. Dr. Ismansyah, SH, MH	Komp. Perumahan Dosen Blok D1/04/02, Ulu Gadut, Padang
	Sukanda Husin, SH, LLM	Komp. Pola Mas I Blok J No.1 Padang
Notary/Land Deed Officer	DR. Ferdi, SH, MH	Jl. Jati Adabiah Komplek DPRD No.15 Padang
	Dasrizal, SH	Jl. Padang Pasir X No.1, Kel. Padang Pasir, Padang Telp.0751 - 31011
	Harti Virgo Putri, SH	Jl. Proklamasi No. 24 Padang Telp.0751 - 22883
	Helsi Yasin, SH, MKn	Jl. Bagindo Aziz Chan No.2 Padang Telp.0751 - 36894

SUBSIDIARY PERFORMANCE AT A GLANCE

PT Sepatim Batamtama



PT Sepatim Batamtama (here in after abbreviated Sepatim) was established on 2 November 1991 by Notarial Deed Ny. Siti Marjami Supangat SH domiciled in Jakarta. Sepatim is basically a joint venture between PT Semen Padang and PT Timsco Development Corporation (TDC) with a total capital investment of Rp7 billion, with the following proportion of ownership; PT Semen Padang by 85% (Rp5.95 billions) and the remaining (15%) PT TDC (Rp1.05 billions). The establishment of the Company has

through the Decision of the Shareholders without going through the mechanism of General Meeting of Shareholders (GMS) of PT Sepatim Batamtama.

Semen Padang Shareholding becomes as follows:

PT Semen Padang	: Rp5,950,000,000 (85%)
PT Bima Sepaja Abadi	: Rp1,050,000,000 (15%)

COMPANY ADDRESS

Jl. Lumba-lumba No. 1 Batam, Kepulauan Riau, Indonesia 29432

LINE OF BUSINESS

- General Trading
- Cement Packing
- Cement Trading
- Contractor
- Service and General Transportation

COMPOSITION OF THE BOARD OF COMMISSIONER AND DIRECTORS

Board of Commissioners

President Commissioner	: Pudjo Suseno, SE.
Commissioner	: Admartin, ST., MM.
Secretary of BOC	: Ruky Hendra

Board of Directors

President Director	: Ir. Tarlo Sembiring, M.T.
Director	: Alexander Dirgantara, S.Kom., SE.

PERFORMANCE 2015-2016

In 2016, total assets owned by PT Sepatim Batamtama stood at Rp33 billion, growing 12.4% or Rp4 billion compared to the year 2015 of Rp29 billion.

PT Sepatim Batamtama booked revenues in 2016 of Rp86 billion, down 7.0% or Rp 6 billion compared to 2015 Rp92 billion. Meanwhile, net profit obtained by PT Sepatim Batamtama amounting to Rp956 million fell 48% or Rp1.045 million compared to the year 2015 Rp2.001 million.

// In 2016, total assets owned by PT Sepatim Batamtama stood at Rp33 billion, growing 12.4% or Rp4 billion compared to 2015 amounting to Rp29 billion //

obtained approval from the Minister of Justice of the Republic of Indonesia through Decree No.C2-7377.HT.01.01 in 1992 dated 5 September 1992.

In a further development, on 31 October 2002, there was a transfer of ownership of TDC shares to the Pension Fund of PT Semen Padang (through a share purchase deed No.186) made before the Notary Arry Supratno SH. domiciled in Jakarta. Under an agreement between PT Semen Padang and PT TDC (as approved by notarial deed No. 28 dated 12 February 2002 by Notary Arry Supratno SH), it was agreed that there was an activity of release/ transfer of shares of the company amounted to 15% of the total shares issued by the Company (as much as 1,050,000 shares) owned by PT TDC to PT Semen Padang.

Furthermore, based on the Deed No. 189 dated 31 October 2002 (Notary Arry Supratno SH) it has been carried out changes in the company's authorized capital from Rp35.000.000.000 (thirty five billions rupiah) to Rp28.000.000.000 (twenty eight billions rupiah). Lastly, on 24 November 2012, Dana Pensiun Semen Padang released 1,050,000 shares to PT Bima Sepaja Abadi (BSA)

PT Bima Sepaja Abadi



PT Bima Sepaja Abadi (PT BSA) was established on 17 September 1993. Previously, it was a joint venture of PT Bima Siti Wisesa (PT BSW) and PT Semen Padang. PT BSW had the majority of shares with 60%, while PT Semen Padang had a 40% share in PT BSA. In 1997, PT BSW transferred its ownership to PT Bima Intan Kencana (PT BIK), which is also a subsidiary of PT Bimantara.

Since 7 August 2006, PT Semen Padang increased the number of its ownership in PT BSA and PT BIK had 20% shares. Finally, on 8 October 2010, PT BIK performed a release of shares as much as 200 shares to Mr. Drs. H. Hikmayudi Mahmoed through the General Meeting of Shareholders (GMS) of PT BSA.

Initially, PT BSA was established as a company engaged in packing services of Semen Padang in Java Island, and started to operate commercially in 1996. PT BSA diversifies its business by engaging in the distribution business as an effort to expedite the distribution of PT Semen Padang to Jakarta and its surrounding areas. To support the cement distribution business, PT BSA also carries out transportation business by putting investment in vehicles carrying cement to the buyer or customers, both to distributors and retailers. To enhance the portfolio of business ability, PT BSA also implements expedition business (Forwarding)

The Company's share ownership becomes as follows:

PT Semen Padang	: Rp1,600,000,000 (80%)
PT Bima Intan Kencana	: Rp200,000,000 (10%)
Krisman Bahar	: Rp200,000,000 (10%)

COMPANY ADDRESS

Komplek Perkantoran Enggano Megah Blok A No.5Q Jalan Enggano Raya Tanjung Priok Jakarta Utara 14310.

LINE OF BUSINESS

1. Cement packing services
2. Cement trading
3. General freight (transportation)
4. Forwarding

In 2016, total assets owned by PT Bima Sepaja Abadi were recorded at Rp163 billion, down 10.6% or Rp19 billion compared to 2015 amounting to Rp183 billion

COMPOSITION OF THE BOARD OF COMMISSIONER AND DIRECTORS

The structure of the Board of Commissioners and the Board of Directors in 2016 is in line with the Notarial Deed by Varinia SH No. 01 dated 18 August 2016 and the change of the compositions is as follows:

Board of Commissioners

President Commissioner	: Ir. Benny Wendry, MM.
Commissioner	: Drs. H. Hikmayudi Mahmoed
Commissioner	: Krisman Bahar
Secretary of BOC	: Hasfi Rafiq, ST.

Board of Directors

President Director	: Slamet Suyanto, SE
Director	: Freddo Syukri, SE.

PERFORMANCE 2015-2016

In 2016, total assets owned by PT Bima Sepaja Abadi stood at Rp163 billion, down 10.6% or Rp19 billion compared to 2015 amounting to Rp183 billion.

PT Bima Sepaja Abadi posted revenues in 2016 of Rp199 billion, down 36.1% or Rp112 billion compared to 2015 Rp311 billion. Net loss earned by PT Bima Sepaja Abadi amounting to Rp1 billion fell 124% or Rp3 billion compared to the year 2015 which earned a profit of Rp 4 billion.

PT Igasar



PT Igasar existed from a Special Project established by PT Semen Padang in 1971 with the aim to collect, distribute, and develop the creativity of employees and contribute to find a way out of the difficulty of living together at the time. This particular project changed into Yayasan Igasar Semen Padang on 25 January 1972, which aimed at helping the tasks of PT Semen Padang, especially in the areas of social, cultural and economic, thus two commissions were established, the Socio-Cultural commission and the Economic Commission.

Viewing the prospects of Yayasan Igasar Semen Padang in the area of business which is irreconcilable with social activities anymore, the status of the Economic Commission was changed the into limited liability company and it was officially established on 12 September 1974, by deed No. 17 of Notary Abdul Kadir

// In 2016, total assets owned by PT Igasar stood at Rp111 billion, down 10.6% or Rp13 billion compared to 2015 amounting to Rp124 billion //

Usman, SH under the name PT IGASAR, and approved by the Minister of Justice on 25 November 1974, while the socio-cultural commission is still managed by Yayasan Igasar.

The Articles of Association has been amended several times and adapted to the Limited Liability Company Act No. 40 of 2007.

Based on the scope of business units owned by PT Igasar, its activities are not only engaged in the distributor and the transport of cement anymore since it has developed in accordance with national economic growth. PT Igasar begins to grow and diversifies its business, some businesses were managed with good performance including the downstream of cement products, construction services and general trading. Cement-based downstream products includes: ready mix concrete,

pre-cast concrete, and other building materials, for example, businesses that take advantage of its main raw materials of cement such as making hollow bricks, paving blocks, concrete panels, kanstein and others.

With the following ownership:

PT Semen Padang	: Rp300,000,000 (12%)
KKSP	: Rp1,700,000,000 (68%)
Yayasan Igasar Semen Padang	: Rp500,000,000 (20%)

COMPANY ADDRESS

Jl. Raya Indarung Padang, Komplek Semen Padang, Sumatera Barat, Indonesia 25237

LINE OF BUSINESS

1. Cement distribution for West Sumatra, Riau, Jambi, Jakarta, and Bandung
2. Transportation and heavy equipment
3. Building materials industry
4. Construction
5. General trading

COMPOSITION OF THE BOARD OF COMMISSIONERS AND DIRECTORS

Board of Commissioners

President Commissioner	: Ir. Asri Mukhtar, MM.
Commissioner	: Amral Ahmad, ST., MM.

Board of Directors

President Director	: Ir. Dasrial, MM.
Director	: Edwin, SE., Akt.
Director	: Deddy Saptomo, ST.

2016 PERFORMANCE

In 2016, total assets owned by PT Igasar stood at Rp 111 billion, down 10.6% or Rp 13 billion compared to 2015 amounting to Rp 124 billion.

PT Igasar recorded revenues in 2016 of Rp414 billion, down 6.9% or Rp31 billion compared to 2015 Rp445 billion. Net profit obtained by PT Igasar of Rp 6 billion fell 856.8% or Rp5 billion compared to 2015 Rp580 million.

Sumatera Utara Perkasa Semen



PT Sumatera Utara Perkasa Semen, formerly PT Deli Semen, located in Medan was established on 30 April 1982 by deed No. 91 made before Notary Sundari Siregar, SH, in Medan. The Company has undergone several amendments to the deed and the last deed is No. 30 dated 27 August 2008 made before Notary Aida Srifatriani, SH in Medan.

Share composition, in accordance with the deed No. 26 dated 23 June 2001 is as follows:

PT Semen Padang	: Rp402,000,000 (10%)
PT Perusahaan Perdagangan Indonesia	: Rp160,000,000 (4%)
Dana Pensiun Semen Padang	: Rp725,000,000 (18%)
Husman Painan	: Rp2,735,000,000 (68%)

LINE OF BUSINESS

1. Cement packing services
2. Packing Services

COMPOSITION OF THE BOARD OF COMMISSIONERS AND DIRECTORS

Board of Commissioner

Commissioner : Benas Azhari, SE, MM.

Board of Director

Director : Husman Painan

2016 PERFORMANCE

The performance achievement of PT Sumatera Utara Perkasa for the 2016 fiscal year is still being audited by public accountants.

Achievement of performance of PT Sumatera Utara Perkasa Semen 2016 book year is still in the process of auditing by public accounting firm

LINE OF BUSINESS

Pursuant to the Company's Articles of Association, which was amended in Article 3 (three), Semen Padang has a business as a manufacturer of cement and carries out trading associated with the cement industry. The operation run by Semen Padang today is the same as that written in the last amendment to the Company's Articles of Association.

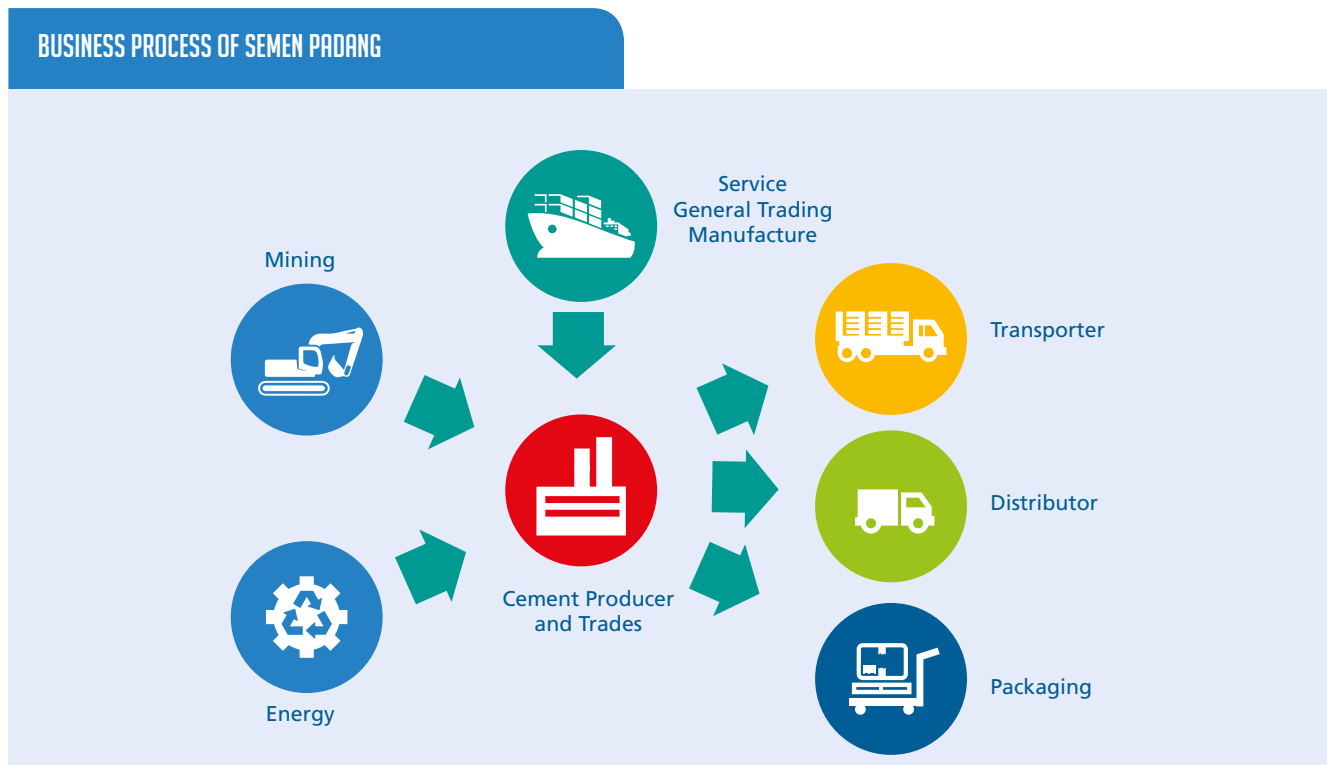
BUSINESS ACTIVITY

In general, the Company's core business process is to produce and trade cement. This process starts from the mining of raw

materials (limestone, silica and clay), energy processing, followed by the production process in four (4) main factory units.

The products are then packaged in Indarung and Teluk Bayur Packing Facility and distributed to several packing facilities in the destination market to be distributed to consumers through the Company's distribution channel.

The entire process is supported by the trading activities, engineering/ manufacturing and other services. Business Processes of the Company can be viewed in the following figure:

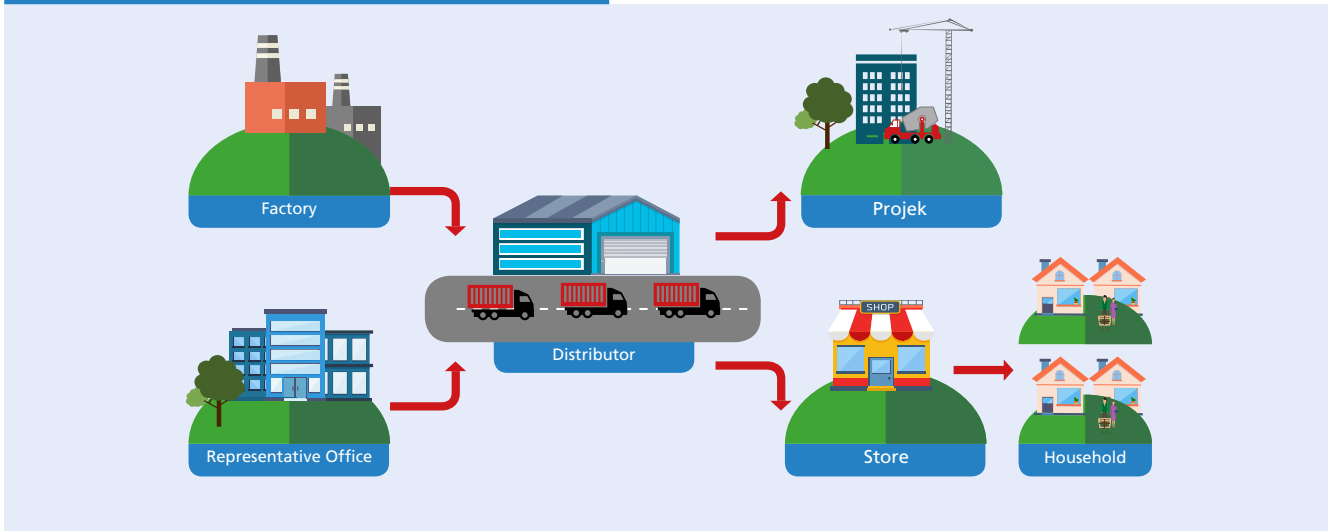


// The entire process is supported by the trading activities, engineering/ manufacturing, and other services //

The mechanism of product delivery to consumers is conducted through the distribution network consisting of distributors, agents and shops. Cement delivery is carried by road and sea either in bulk or bags/box, with a variety of delivery terms as follows:

- FOT (Free on Truck)
- FOB (Free on Board)
- Franco Warehouse
- CIF (Cost Insurance Freight)
- CnF (Cost n Freight)

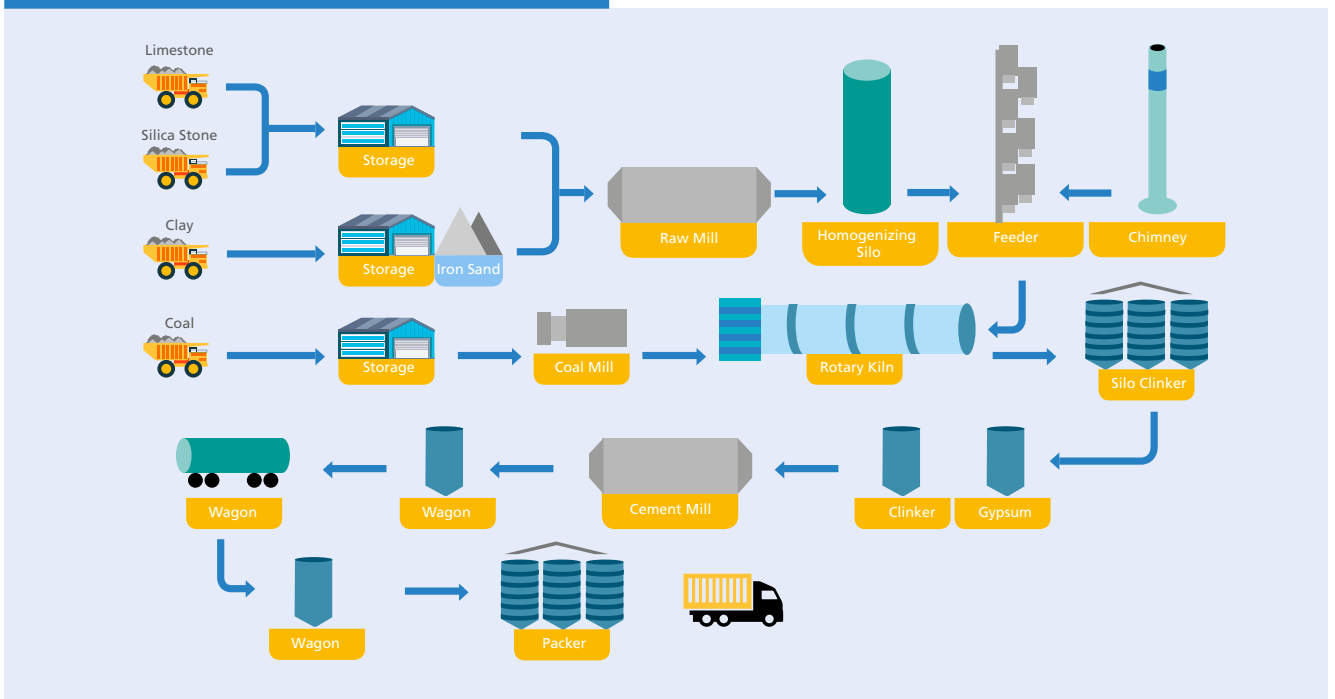
CEMENT DISTRIBUTION FLOW



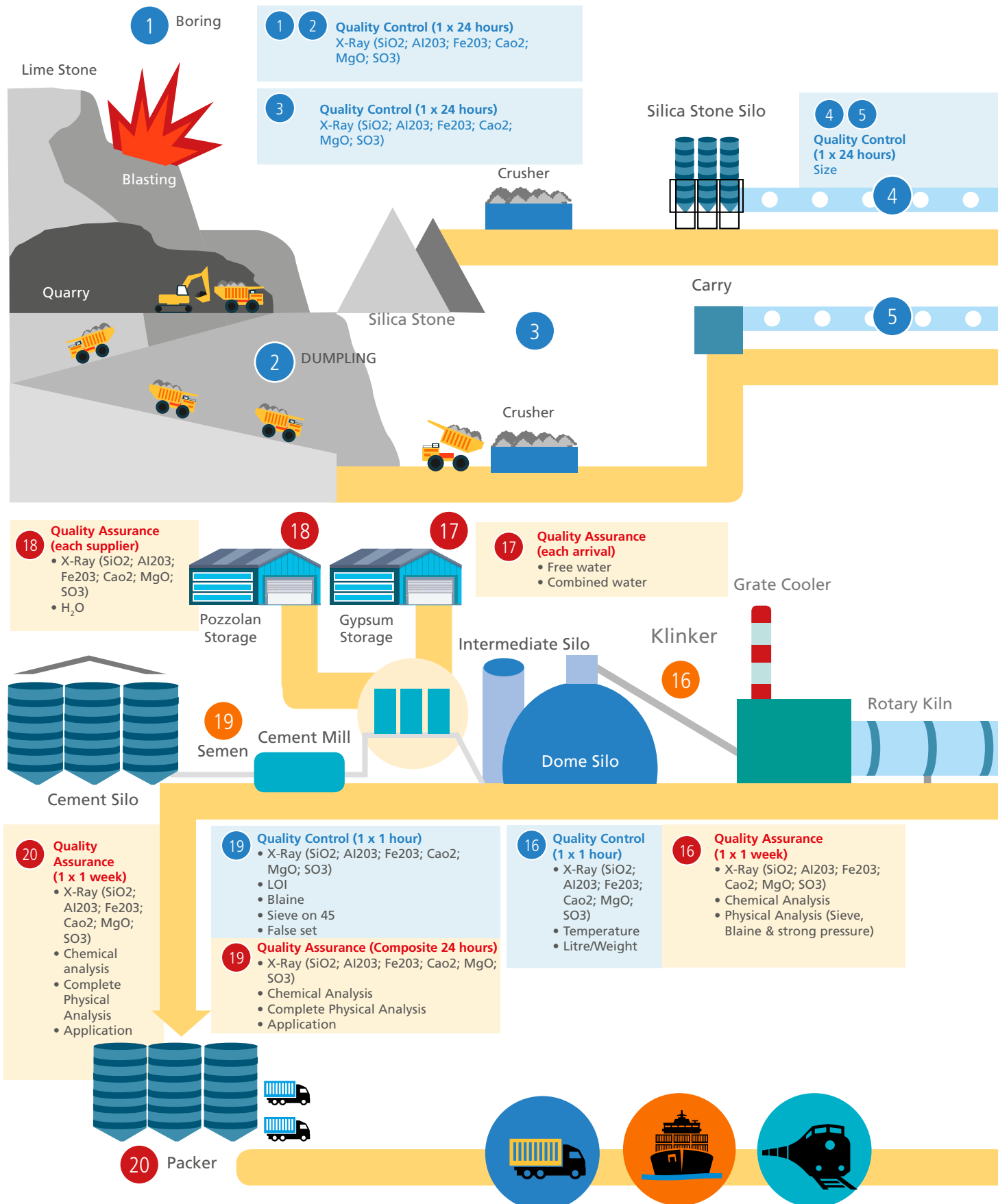
Cement is a hydraulic binder. Principally, the processes experienced by the cement material to become cement are in the forms of physical and chemical processes. Physical process comprises of milling, both grinding raw materials and grinding clinker. The chemical process is burning in the kiln to a temperature of >1,450° C.

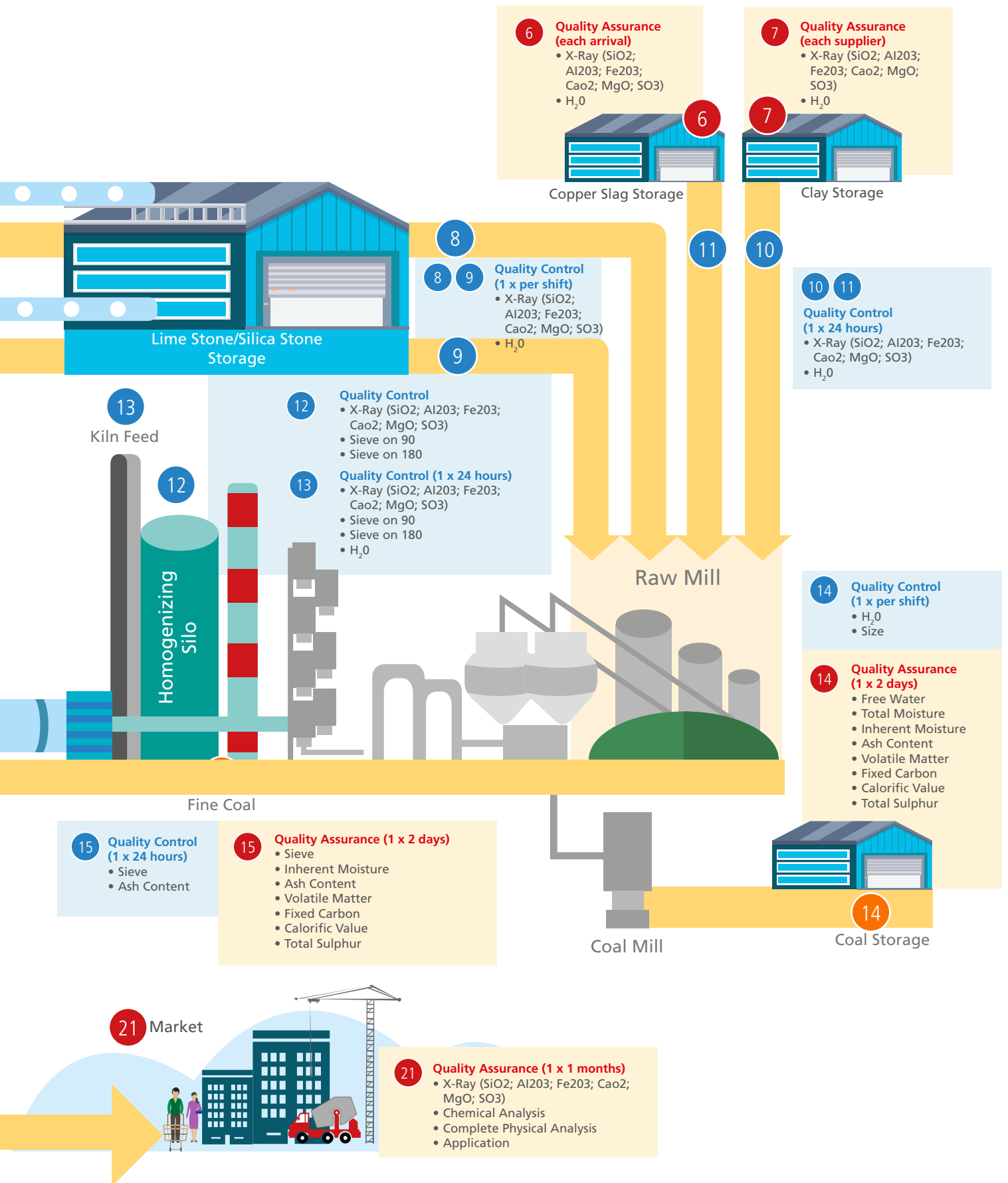
There is a quality control in each stage of the cement manufacturing. Quality control is conducted in real-time via the Central Control Room (CCR) and chemical testing directly in Process Laboratory. Of these processes there are obtained high-quality products. Cement manufacturing processes can be viewed in the following figure.

CEMENT PRODUCTION PROCESS



FLOW OF PRODUCTION QUALITY CONTROL PROCESS





There are four (4) types of cement raw materials namely limestone, silica sand, clay and iron sand. All those four raw materials are milled in the raw mill. There are two kinds of raw mills: tube mill and vertical mill. The result of milled materials in the raw mill is called raw-mix, and after it is fine (escaped from separator), the four raw materials that have been fused were homogenized in the homogenizing silo.

// At the time of producing cement, the production process is critical in determining the quality of the cement produced //

Then, the raw mix powder is sucked into the suspension preheater. This pre-heater helps preheating of the raw mix. In a series of suspension preheater there is calcine in which there is a calcination process. There are two kinds of calciner, Separated Line calciner (SLC) and In-line calciner (ILC). SLC is a calciner that utilizes hot gas from cooler and ILC is a calciner utilizing kiln hot gas. Once separated from the Suspension Preheater circuit, the material will go to Kiln and will be burned into Clinker.

The clinker is cooled to the cooler. There are two (2) kinds of cooler, namely planetary cooler and grate cooler. From this cooler the clinker will go to Silo Clinker. Silo clinker can be tubular and can be dome silo. From silo clinker will be brought to a cement mill with a belt conveyor. In the cement mill, clinker will be grounded and added gypsum for type I.

For PCC cement there are added gypsum, limestone, and pozzolan to the milling. After it is smooth (filtered by separator), then cement is formed. This cement will be collected in a cement silo. Furthermore, it can be distributed to the market. In the process of distribution, there are packing in the form of sacks, in bulk form with wagons and bulk carriers.

At the time of producing cement, the production process is critical in determining the quality of the cement produced. This is a series that should be controlled in real-time from the Central Control Room for the composition, and the Quality Assurance Laboratory for quality control also controls the result of this composition.

SEMEN PADANG PRODUCTS

1. Semen Portland Type I (Ordinary Portland Cement)

This product meets the quality requirements of Portland Composite Cement SNI 15-2049-2004. It is used for general construction with no special requirements to the heat of hydration and early compressive strength. It is better used on soil and water containing sulphate 0.0%-0.10%, and can also be used for building residential homes, high-rise buildings, runway and others.

2. Semen Portland Type II

(Moderate Sulphate Resistance) It is more appropriately used for the construction of buildings made of mass concrete that requires sulphate resistance between 0.08%-0.17% and the medium heat of hydration, for example, building on the shore, building on marshland, irrigation canals, mass concrete for the dam and the bridge foundation. This product meets the SNI 15-2049-2004.

3. Semen Portland Type V (High Sulphate Resistance)

This product is appropriately used for the construction of buildings on the land/water containing 0.17%-1.67% sulphate and is suitable for installation of plant's sewage treatment, construction in the water, bridges, tunnels, ports and nuclear power plants.

4. Drilling Cement OWC (Class G-Hsr)

This product meets the quality requirements of SNI ISO 10426-1-2008 and API Specification 10A. It is special cement that is more appropriate to be used for the manufacture of oil wells and natural gas with the construction of oil wells

under the sea and earth. For the current type OWC that has been produced is the class G, HSR (High Sulphate Resistance) is also known as "BASIC OWC". Additive materials can be added/ blended to produce a combination of OWC product for use in various depths and temperatures.

5. Portland Composite Cement (PCC)

This product meets the quality requirements of Portland Composite Cement SNI 15-7064-2004. It is versatile cement with excellent strength and durability for being used on a variety of concrete applications, such as: the structure of multi-storey buildings, bridge structures, structures of concrete roads, building materials, pre-press and pre-cast concrete, masonry, stucco and levelling compound, concrete panels, paving blocks, hollow brick, brick, tile, tile pieces. Another advantage of this product is that it is more adaptable, the concrete's temperature is lower so it is not easy to crack, more resistant to acid and medium sulphate, more waterproof and the surface of levelling compound is finer.

6. Portland Pozzolan Cement (PPC)

It is hydraulic cement which is made by grinding the slag, gypsum and pozzolan materials, it has met SNI 15-0302-2004. This product is more appropriately used for public buildings and buildings that need sulphate resistance and medium heat of hydration, such as: bridges, highways, housing, docks, mass concrete, dams, irrigation buildings and the foundations of a full plate.



SEMEN PADANG SERVICES

1. Concrete Testing Services

Padang Laboratory has been certified by the National Accreditation Committee for the testing of concrete and is one point of ISO 17025 as the standard of quality management. Therefore, for accurate and reliable results, many outside parties (projects) have entrusted their testing to Laboratory of Concrete Semen Padang, since the National Accreditation Committee (KAN) has accredited its certificate and the certificate could be proof of valid liability if it is required.

2. Mortar Testing Services

Mortar Testing is required for samples that require high precision. Usually these samples on projects are taken at the time of grouting, or for the determination of the compressive strength of the cement prior to the decision-making for the use of cement. This would require certification for the validity/data validation from the test results. Semen Padang also received mortar-testing services.

3. Preparation of Concrete Mix Design services

For concrete Mix Design manufacturing, Semen Padang can perform the service directly to the field for sampling the material to mix designs. Concrete Mix Design is conducted in two methods, namely the Indonesian National Standard (SNI) and Standard of American Concrete Institute (ACI). This mix design includes all material sampling, concrete material testing, mix design, Trial Mix and Compressive Strength Test of Trial Mix.

4. Material Testing Services

In general, the material testing for building materials and other materials can be done at Semen Padang. This test can be Aggregate Concrete sample (sand, gravel/split, coal, gypsum and other materials). From this material testing, a certificate will be issued for the material being tested. On this certificate, the logo of the National Accreditation Committee (KAN) is listed, which means KAN has accredited the laboratory of Semen Padang.

5. Free Service By Request

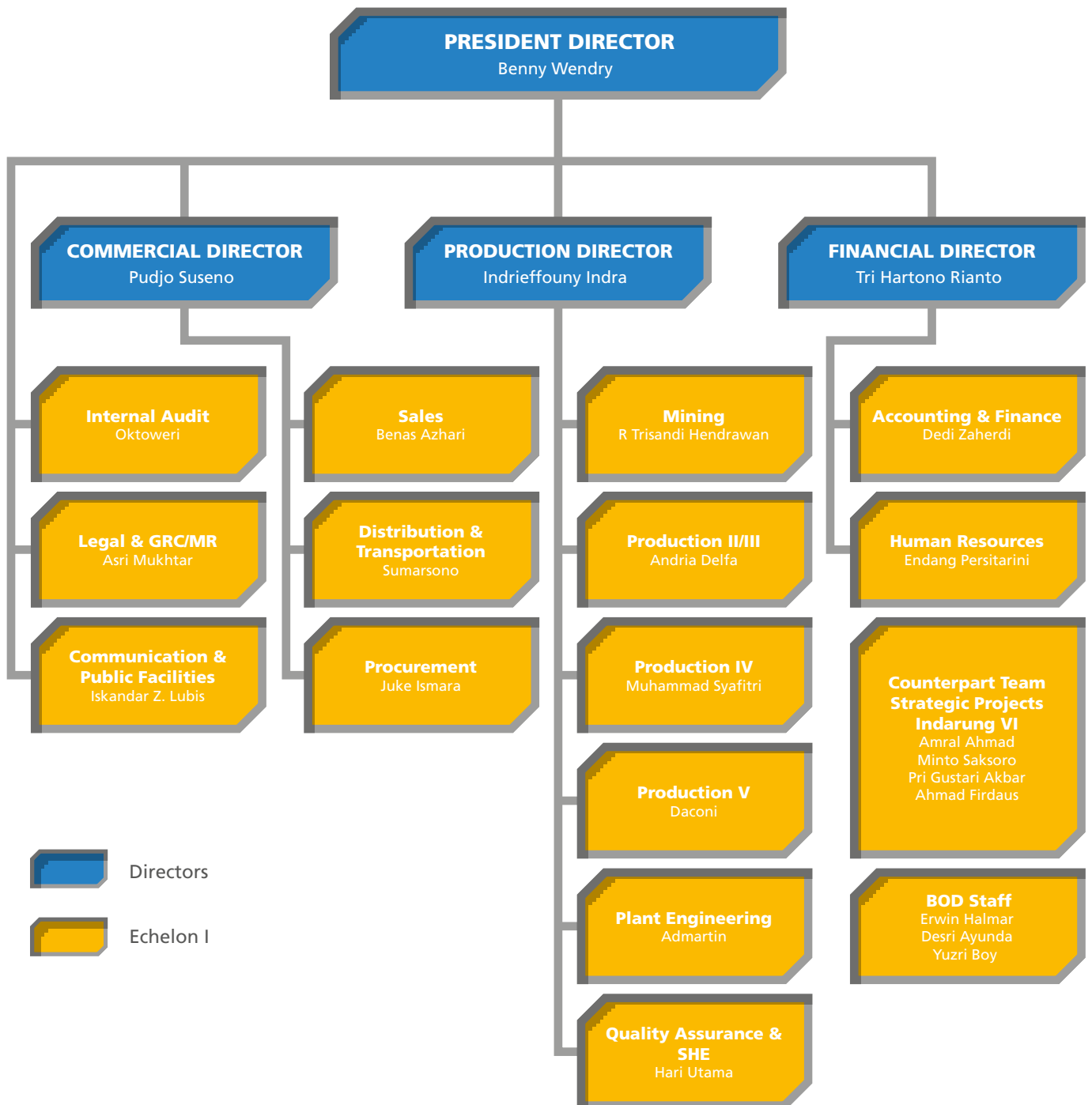
Should anything occur when dealing with the use of Semen Padang Product on your project, please contact the Semen Padang Toll Free number: +62 800 1888 222. We will come to take a survey and will try to provide solutions to the problems in the project. The implementation of this Free Service serves all marketing areas of Semen Padang.

Companies that use the services of Semen Padang are as follows:

No	Suppliers	Test Material
1	PT Koto Alam Sejahtera	Test Stone Mountain
2	PT PLN (Persero)	Silica sand test
3	PT PLN (Persero)	Sand test
4	PT Kamboja Mas	Sand test
5	PT Prada Karya Utama	Test filter & sand analysis
6	CV Mangindo Alam Lestari	Coal test
7	CV Beton Block Padang	Pozzoland & sand
8	PT Falahindo	Cooper Bag
9	PT Sepatim	Cooper Bag
10	PT Sepatim	Fly Ash
11	PT Solusi Beton Indonesia	Equipment Rental Fees
12	PT Surya Pratama Mandiri	Strong Pressure Concrete Test
13	PT Waskita Raya	Strong Pressure Concrete Test
14	PT Adhi Karya	Strong Pressure Concrete Test
15	PT Solaris Mitra Jaya	Strong Pressure Concrete Test (Conbextra UW + Gravel/ Underwater Grounting)
16	PT Agera Harapan Mandiri	Paving Block Tes Size 21 x 10.5 x 10.5 cm
17	PT Kamboja Mas	Dolomit

ORGANIZATIONAL STRUCTURE

The existence of the Company's organizational structure is a means to achieve the goals and objectives of the Company. Preparation of the Company's organizational structure has been studied in depth by aligning this with the Company's vision and mission as well as considering the current needs. Based on the Decree of the Board of Directors No. 122/KD/DESDM/11.16 dated 1 November 2016 on the organizational structure of PT Semen Padang, Structure and Organizational Structure of the Company is as follows:

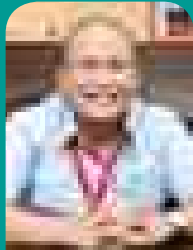


PROFILE OF COMPANY'S SENIOR LEADER

OKTOWERI

Head of Internal Audit

Joined PT Semen Padang in 1995 with the first position as orientation staff in the HR Department.



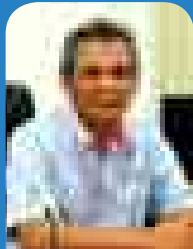
Trainings attended, among others:

Internal Quality Audit (IQA), Strategic Human Resources Management, Introduction, Documentation & Internal Audit of OSHMS, Performance Management System For Executives, Chief Financial Officer, CFO Portfolio Management, CFO Tax Management.

ASRI MUKHTAR

Department of Legal & GRC/MR

Joined PT Semen Padang in 1991 with the first position as orientation staff in the R&D Department.



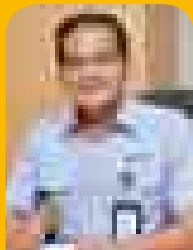
Trainings attended, among others:

SGG Transformation Summit, Leadership Learning, Summit, From Service to Care, Strategic Cost Reduction, Coaching GLDP, Workshop Global Leadership Development Program, Launching Semen Padang Improvement Event, Performance Management System for Executives, LHKPN Technology Counselling, On Going Improvement for Marketing.

ISKANDAR Z LUBIS

Department of Communication & Public Facilities

Joined PT Semen Padang in 2001 with the first position as orientation staff in the HR Department.



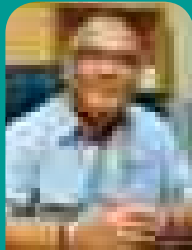
Trainings attended, among others:

Anti Fraud Kick Off & Dissemination, PR & PO Online Approval, Sharing Knowledge on Industrial Explosives, Behavioral Based Interview, HSE Management Plan Project Implementation Session, Company Long Term Plan (RJPP) Preparation Workshop, Congress V Semen Padang Labor Union (SPSP), Preparation of Company Long Term Plan (RJPP), Transformational Leadership Development program (TLDP) Batch 6 Workshop 1, CFCD & Sponsorship National Conference IV.

BENAS AZHARI

Department of Sales

Joined PT Semen Padang in 1988 with the first position as orientation staff in the HR Department



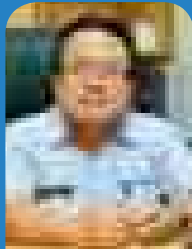
Trainings attended, among others:

Building The Alignment And Engagement On MVVM, Transformation Summit SGG, Cultivating Intelligence Prophetic Based Charisma, From Service To Care, Performance Management System, Global Leadership Development Program Batch 2 Workshop, Law on Limited Liability Company, PR & PO Online Approval, BBI, Coaching GLDP

SUMARSONO

Department of Distribution & Transportation

Joined PT Semen Padang in 1995 with the first position as orientation staff in the HR Department.



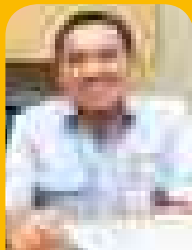
Trainings attended, among others:

Knowledge Management Focus Group Discussion, Update Marketing Knowledge To Survive Dynamic Market Workshop, Supply Chain Management, Corporate Law & GCG Implementation For APLP, Performance Management System For Executives, Vertical/ Horizontal KPI Aligment for APLP, LHKPN Technology Counselling, Preparation of APLP Long Term Plan (RJP), Congress V Semen Padang Labor Union (SPSP), Global Leadership Development Program.

JUKE ISMARA

Department of Procurement

Joined PT Semen Padang in 1993 with the first position as orientation staff in the HR Department.



Trainings attended, among others:

Continuous Improvement Judge, IQA Workshop, Launching of Semen Padang Improvement Event, Company Long Term Plan Preparation Workshop, TLDP Batch II, Congress V SPSP, Workshop on the alert the Supply of Slow Moving & Capex, Launching & Workshop Semen Indonesia Center of CHAMPS, Coaching TLDP, Workshop Asia Cement Trade Summit.

PROFILE OF COMPANY'S SENIOR LEADER

R. TRISANDI HENDRAWAN

Department of Mining

Joined PT Semen Padang in 1995 with the first position as orientation staff in the HR Department.

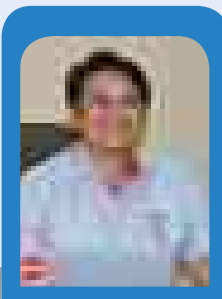
**Trainings attended, among others:**

Transformational Leadership Development Program (TLDP) Batch I, Knowledge Management, Warehouse & Inventory Management, Coaching TLDP Batch 1- Batch 6, Presentation/Coaching TLDP, ISO 19011:2011 Management System Training, Assessor Training, Workshop COP Influencer CHAMPS, Learning Partner, LSP SMIG Assessor Competency Strengthening.

ANDRIA DELFA

Department of Production II/III

Joined PT Semen Padang in 2001 with the first position as orientation staff in the HR Department.

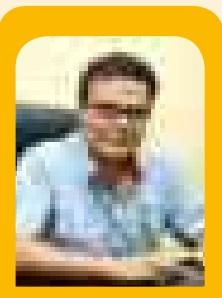
**Trainings attended, among others:**

API Internal Audit Socialization, Performance Management System, Knowledge Management Focus Group Discussion (FGD), PR & PO Online Approval, Supply Chain Management, Transformational Leadership Development Program (TLDP) Batch I, Energy Auditor, Performance Management System For Executives, Study Assignment Selection, Air Pollution Control for PPU Competency.

MUHAMMAD SYAFITRI

Department of Production IV

Joined PT Semen Padang in 1991 with the first position as orientation staff in the HR Department.

**Trainings attended, among others:**

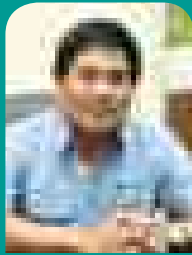
PR & PO Online Approval, Law on Limited Liability Company, BBI, GLDP Coaching, Launching of Semen Padang Improvement Event, Performance Management For Executives, Vertical/ Horizontal KPI Alignment for APLP, LHKPN Technology Counselling, Leading Change With Values & Accountability, LSP SMIG Assessor Competency Strengthening.

PROFILE OF COMPANY'S SENIOR LEADER

DACONI

Department of Production V

Joined PT Semen Padang in 1991 with the first position as orientation staff in the HR Department.

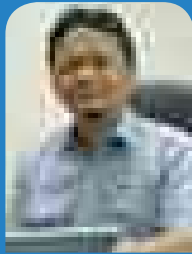
**Trainings attended, among others:**

National Training on Professionalism in Archive, Management & National Archive Technology Counseling based on Archive Regulation No. 43 of 2009, Workshop Cascading KPI Bureau & Division level PT Semen Padang, Outsourcing Workshop, SAP Cost Review Certification Training and SAP Cost Review Certification PT Semen Padang, P2K3 Health Promotion, ISO 26000SR Socialization, Echelon II Assessment, Implementation of Malcolm Baldrige Criteria, Global Leadership Development Program (GLDP) Workshop.

ADMARTIN

Department of Plant Engineering

Joined PT Semen Padang in 1995 with the first position as orientation staff in the HR Department.

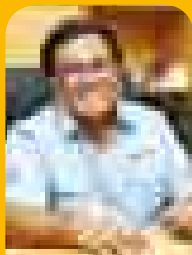
**Trainings attended, among others:**

BBI, Transformation Summit SGG, Directorate of Production Sharing Knowledge, Lean Six Sigma, Cement Making Production Cost Efficiency Knowledge Sharing, Performance Management System, GLDP Coaching, Launching of Semen Padang Improvement Event, Performance Management System For Executives, LHKPN Technology Counselling.

HARI UTAMA

Department of QA & SHE

Joined PT Semen Padang in 1991 with the first position as orientation staff in the HR Department.

**Trainings attended, among others:**

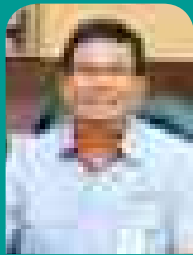
PR & PO Online Approval, Refresh Prestigious Work Improvement Batch 1, Launching of Semen Padang Improvement Event, Corporate Law & GCG Implementation For APLP, Quality & Engineering Manager Training in accordance with ISO/IEC, Performance Management System For Executives, LHKPN Technology Counselling, Seminar on Heart Attack as the cause of Death, how to prevent & treat it, Follow Up Opportunity for Improvement (OFI) of IQA 2014 Workshop, Workshop on Draft DRPKL Proper 2015.

PROFILE OF COMPANY'S SENIOR LEADER

DEDI ZAHERDI

Department of Accounting & Finance

Joined PT Semen Padang in 1995 with the first position as orientation staff in the HR Department.

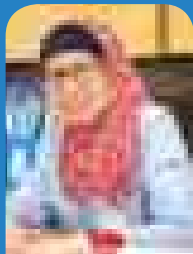
**Trainings attended, among others:**

Supply Correction Control in Warehouse, Launching Semen, Padang Improvement Event, Workshop Drafting of Company's Long Term Plan, Corporate law & GCG Implementation for APLP, Implementation UCP 600 in LC Transaction, Workshop PSAK Revision Year 2013, Performance Management System For Executives, Technology Counselling LHKPN, Transformational, Leadership Development Program, CFO Preparation Program.

ENDANG PERSITARINI

Department of Human Resource

Joined PT Semen Padang in 1991 with the first position as orientation staff in the HR Department.

**Trainings attended, among others:**

Supply Chain Management, Corporate Law & GCG Implementation For APLP, Performance Management System For Executives, LHKPN Technology Counselling, Management of SOE Pension Fund in the Era of National Social Security System, Congress V SPSP, Global Leadership Development Program, Pension Fund Monitoring Management, National Pension Fund Seminar, Business Judgment Rule.

AMRAL AHMAD

Deputy Project Director of Indarung VI Project

Joined PT Semen Padang in 1994 with the first position as orientation staff in the HR Department.

**Trainings attended, among others:**

National Executive ESQ, Workshop on Position Evaluation Committee, Building The Alignment and Engagement On MVVM, Criteria Understanding & Method of Malcolm Baldrige Criteria Assessment Training, SGG Transformation Summit, SGG Corporate Culture Program Workshop, Global Leadership Development Program (GLDP) Workshop International Trade, Performance Management For Executives, GLDP Coaching

INFORMATION ON THE COMPANY'S WEBSITE



The technology and information development grow fastly, giving public the freedom access the information needed. In order to improve transparency while increasing stakeholder access to the actual and up to date Company performance information, Semen Padang provides official website at www.semenpadang.co.id. In order to facilitate understanding of the information presented, the site provides two language options, namely Indonesian and English.

The Company's website is designed with due regard to the applicable legislation, reflecting the identity of Semen Padang. In the site, Semen Padang provides all information needed for stakeholders, including:

- General information about company profile covers the Company's brief history of establishment, vision and mission, policies, profiles of all members of the Board of Commissioners and Board of Directors, organizational structure, shareholder information, and achievements.
- Information on business and production activities covering the production process of cement consists of several stages, types of cement and the usage, to the current production capacity of Semen Padang.
- Information on all Semen Padang products .
- Clear and complete Information of representative and distributor offices.
- Employee recruitment information.
- Information regarding guidelines on the implementation of good corporate governance that includes GCG Guidelines, Whistle Blowing System Guidelines, Code Guidelines, and Implementation of the Board Manual as well as other GCG related matters.
- Detailed Information on General Meeting of Shareholders (RUPS) covering the agenda, summary of minutes of the GMS, date of announcement, date of invitation, date of GMS and date of summary of minutes of the GMS announced.
- Information on the Annual Report and Sustainability Report in the last six years and other digital information covering the 2017

Semen Padang News, Information Service Flow, Warta Semen Padang 2016 and Sportalympic 2016.

- PPID profile is part of Semen Padang's commitment to provide public information services as mandated by Law no. 14 Year 2008 on Public Information Openness. PPID PT Semen Padang opens access to public to know and obtain information about the Company through information provided or upon request.

“ Semen Padang provides official website at www.semenpadang.co.id ”

- Information on the implementation of corporate social responsibility programs and activities as well as other information in the form of complete news and reports.

Although not yet a public company, Semen Padang continues to strive to increase transparency to stakeholders as a form of good corporate governance. Semen Padang sites are regularly managed and supervised to ensure there are no technical constraints. In addition, Semen Padang site has also complied with OJK regulation no. 8 / POJK.04 / 2015, except those that are specific to a public company.

TRAINING AND EDUCATION OF THE BOARD OF COMMISSIONERS, DIRECTORS, COMMITTEES, CORPORATE SECRETARY/LEGAL & GRC/MR DEPARTMENT, AND INTERNAL AUDIT

COMPETENCE DEVELOPMENT TABLE BOC

Seminar/Workshop	BOC	Organizer	Place
Discussion on the 2016 Economic Outlook	Letjen. Purn, Djamari Chaniago Ir. Suharto, MM Ir. Basril Basyar, MM Prof. Eddy R. Rasyid, PhD, CA	PT Semen Indonesia (Persero) Tbk	Gresik
Seminar on Motivation & Productivity	Letjen. Purn, Djamari Chaniago Ir. Suharto, MM Ir. Basril Basyar, MM Prof. Eddy R. Rasyid, PhD, CA	PT Semen Indonesia (Persero) Tbk	Gresik
Discussion on the 2017 Economic Outlook	Prof. Dr. Saldi Isra, SH, MPA Ir. Suharto, MM Prof. Eddy R. Rasyid, PhD, CA Wiztian Yutri, SH	PT Semen Indonesia (Persero) Tbk	Gresik
Implementation of corporate internal control system	Prof. Eddy R. Rasyid, PhD, CA Wiztian Yutri, SH	PT Semen Padang	Indarung, Padang
Law enforcement on Corruption cases.	Prof. Eddy R. Rasyid, PhD, CA Wiztian Yutri, SH	PT Semen Padang	Indarung Padang



Photo title:

Our work is precise, accurate and prudent

Photo location:

Semen Padang Laboratory

Photo caption:

We ensure the quality of products produced exceeds the standards set out in order to meet customer expectations

TABLE OF BOD COMPETENCE DEVELOPMENT

Participant Name	Position	Training	Date	Venue	Organizer
Benny Wendry	President Director	National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
		Leadership Forum	27-29 October 2016	Labuan Bajo	Ministry of State Owned Enterprises
		Workshop of National Insight	5 December 2016	Jakarta	National Defence Agency
Pudjo Suseno	Commercial Director	National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
		Workshop of National Insight	5 December 2016	Jakarta	National Defence Agency
		Grow Your Sales, Wow Your Service	19 May 2016	Padang	MarkPlus
Indrieffouny Indra	Production Director	Indonesia Cement Sustainability Forum in Health, Safety & Environment (ASI)	24 August 2016	Jakarta	Indonesia Cement Association
		Workshop of Directorate of Production & Research & Development of SMIG	29-30 September 2016	Gresik	PT Semen Indonesia (Persero) Tbk
		Workshop of National Insight	15 May 2016	Jakarta	PT Semen Indonesia (Persero) Tbk
		National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
		Workshop in Engineering of ASI	22-23 December 2016	Bogor	Indonesia Cement Association
Tri Hartono Rianto	Financial Director	Coordinating Meeting of Synergy of RS BUMN – Sumatra Region	18-19 May 2016	Jakarta	Ministry of State Owned Enterprises
		Learning Council SMIG	29 August 2016	Gresik	PT Semen Indonesia (Persero) Tbk
		Sosialisasi Tax Amnesty KPP Padang	24 August 2016	Padang	PT Semen Padang
		Indonesia Human Capital Summit 2016	27-28 December 2016	Jakarta	Forum Human Capital Indonesia
		Workshop of National Insight	12 May 2016	Jakarta	PT Semen Indonesia (Persero) Tbk
		National Convention VIII IAI (Indonesia Institute of Accountants)	12 August 2016	Bandung	Indonesia Institute of Accountants
		National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang

TABLE OF COMPETENCE DEVELOPMENT OF LEGAL & GRC/MR DEPARTMENT

Training	Participants	Time & Venue
1. Certified International Supply Chain Professional	Bureau of Performance Management Analysis	11-15 January 2016, Jakarta
2. Pendidikan dan Profesi Akuntansi	Bureau of Development & Evaluation of APLP	9 January 2016, Padang
3. Examiner Kerangka Kinerja Ekselen Baldrige	Bureau of GCG & MR	9-13 May 2016, Jakarta
4. Balanced Scorecard Master Training	Bureau of Analysis of Performance Management	26-28 July 2016, Jakarta
5. Business Continuity Management	Bureau of GCG & MR	7-9 September 2016, Bandung
6. Legal Auditor	Legal Bureau	17-19 October 2016, Jakarta
7. E-Arsip	Legal Bureau	22-23 November 2016, Padang
8. Workshop Wawasan Kebangsaan Lemhanas	Legal & GRC/MR Department	24-25 November 2016, Jakarta

INTERNAL AUDIT EDUCATION AND TRAINING

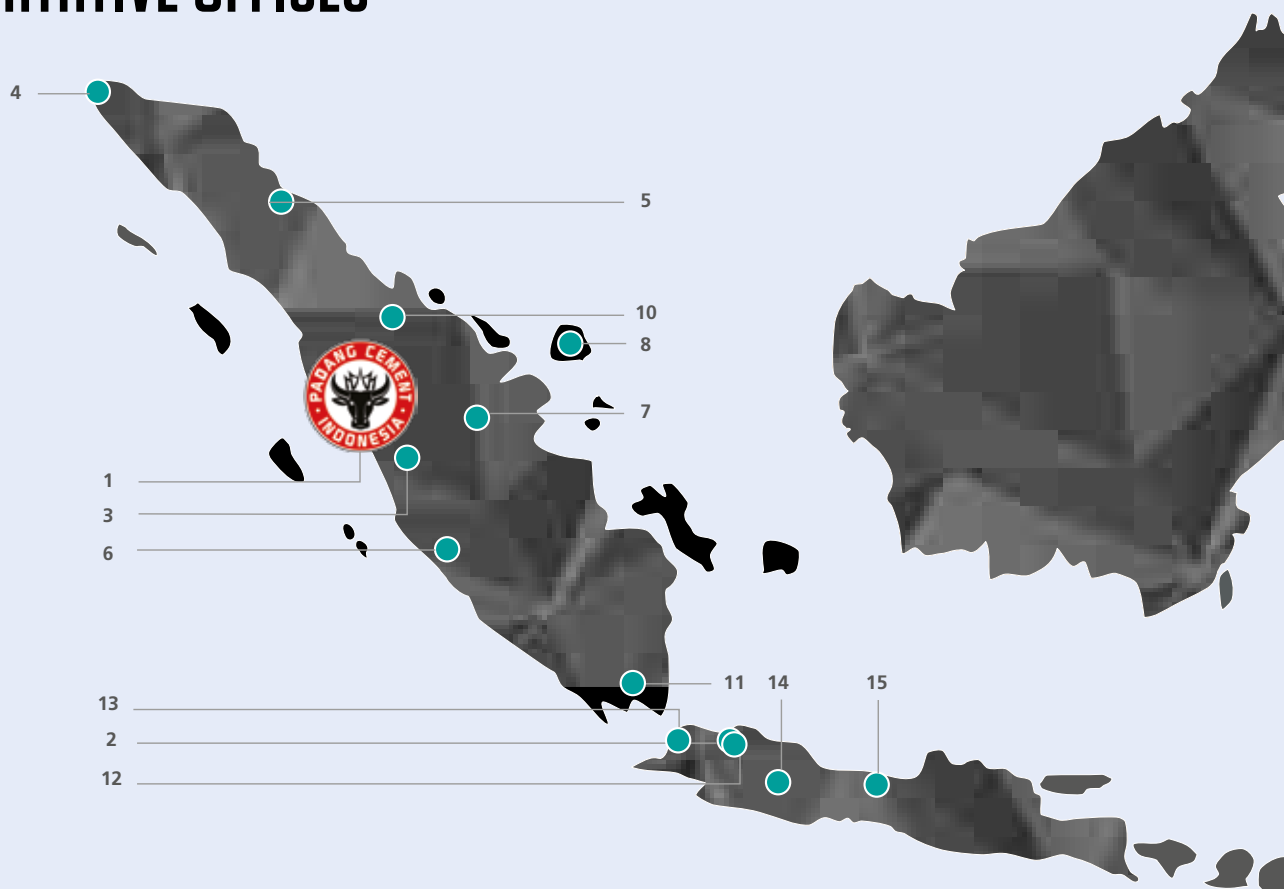
Training	Participants	Organization	Time & Venue
1. Workshop Consequences of Destruction & Management of Archives	Head of Internal Audit	ANRI	17 February 2016, Padang
2. Auditing for Audit Committee	Head of Internal Audit	Semen Indonesia	6 April 2016, Jakarta
3. Synergies Environmental Monitoring in SOEs	Head of Internal Audit	Asosiasi Auditor Internal	2 June 2016, Bandung
4. Special Training for Head of Internal Audit	Head of Internal Audit	PPA & K	21-27 July 2016, Bogor
5. Change Management & Leadership	Head of Internal Audit	PT SGS Indonesia	3-5 August 2016, Padang
6. Inauguration Seminar Internal Auditor Professional Degrees	Head of Internal Audit	PPA & K	23-27 August 2016, Thailand
7. Workshop on Insights of Nationality of Lemhanas	Head of Internal Audit	Semen Indonesia	24-25 November 2016, Jakarta

No	Training	Auditor
A	PIA Certification Training	
1	Fraud Training (PPAK)	Deny Hilman, Jufrial, Sensurianus, Jamaluddin, M. Ilham Bur
2	Basic Auditing (PPAK)	Rizal M**, Jufrial
3	Operational Audit (PPAK)	Deny Hilman, Merisa Putri
4	Audit Tasks Management (PPAK)	Elisa Maris Heru, Ferry Fuadi
5	PIA Inauguration (PPAK)	Oktoweri, Nailul Hamdani
6	Special Training for Head of SPI (PPAK)	Oktoweri
B	QIA Certification Training	
1	Workshop of Assets Insurance Optimization of PT Semen Padang	Mareza Harlan, Wempi Kurniawan, Zulfahmi, M. Ilham Bur, Zalman
2	Internal Audit – Basic I (YPIA)	Zulfahmi
3	Internal Audit – Basic II (YPIA)	Aulia Kurnia Yunas, Aldyans Rio Pratra, Anton Syofnevil
C	Management System Certification Training	
1	Auditing for Audit Committee	Oktoweri, Zulfahmi, Wempi Kurniawan, Mareza Harlan,
2	Internal Audit SNI ISO 17025-2008	Edinal*, M. Ilham Bur, Yulisran B. Putra*, Nailul Hamdani, Merisa Putri
3	Refreshment of Management System ISO 9001:2015 & ISO 14001:2015	Zulfahmi, Mareza Harlan, Wahyuni Retnowati*, Anton Syofnevil, Deny Hilman, Wempi Kurniawan, Elisa Maris Heru, Merisa Putri, Nailul Hamdani, Zalman, Jamaluddin
4	IRCA Registered ISO 9001:2015 Lead Auditor Training	Zulfahmi, Wahyuni Retnowati*
D	Other Trainings	
1	Financial for Non Finance/FINON	Zalman, Jufrial, Deny Hilman
2	Workshop of Follow Up for OFI IQA 2015	Mareza Harlan, Zulfahmi, Wahyuni Retnowati*
3	Workshop of KPI Officer 2016	Mareza Harlan, Wahyuni Retnowati*
4	Training of Implementation of Parking Process of Internal Invoices	Nurma Nengsih.
5	HSE Team Equipping Workshop 2016	Merisa Putri
6	Fire Training for BPK, Security Guard & TRC	Nailul Hamdani
7	National Seminar of Internal Auditor Association 2016	Oktoweri
8	Socialization of GCG & FCP	Febby Rahmadani
9	Workshop of Training Need Analysis	Wempi Kurniawan, M. Ilham Bur, Elisa Maris Heru
10	Workshop of Job Evaluation	Mareza Harlan
11	Training for SPIP, GCG & MR Internal Assessment	Oktoweri, Zulfahmi, Mareza Harlan, Zalman, Aisyah Nur, Elisa Maris Heru, M. Ilham Bur, Jamaluddin, Sensurianus, Jufrial, Anton Syofnevil, Ulfatmi, Febby Rahmadani, Aulia Kurnia Yunas, Merisa Putri, Nailul Hamdani
12	Manager as Coach	Oktoweri
13	Interpersonal & Assertive Communication Skill Training	Ulfatmi
14	Enterprise Risk Management based on ISO 31000 Training	Mareza Harlan, Zalman
15	Strengthening GCG in State Owned Enterprises	Mareza Harlan
16	Workshop for Preparation for Tax Amnesty	Mareza Harlan
17	Workshop for PSAK 65 Consolidated Financial Statements and Technical Bulletin 11 of Asset Revaluation	Mareza Harlan
18	Workshop of E-Arsip	Fauziah Wulandari.

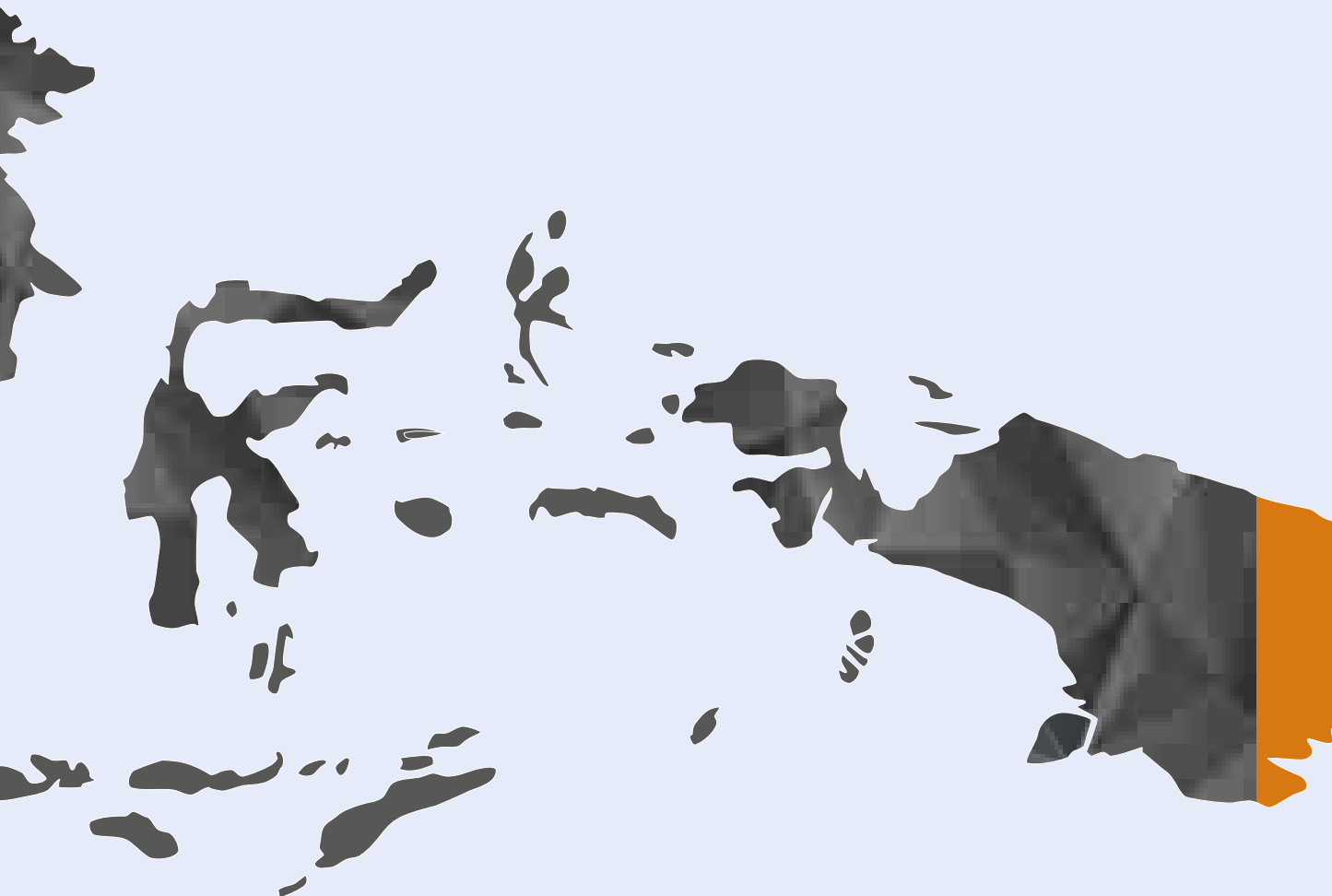
* Transferred to Other Business Unit

** Retired

ADDRESS OF SEMEN PADANG HEAD OFFICE AND REPRESENTATIVE OFFICES



1. **Headquarters**
Indarung, Padang 25237, Sumatera Barat
T : (0751) 815 250
F : (0751) 815 590 H : www.semenpadang.co.id
2. **Representative Office**
Graha Irama 11 floor
Jl. HR Rasuna Said Blok X-1, Kav. 1 & 2 Jakarta 12950
T : (021) 5261272 - 74
F : (021) 526 1414 H: www.semenpadang.co.id
3. **West Sumatra Marketing Office**
Jl. Raya Indarung, Padang 25237
T : (0751) 202011
F: (0751) 28973
4. **Aceh Representative Office**
Jl. Teuku Hasan Dek Beurawa - Banda Aceh
T/F: (0651) 635505
5. **Medan North Sumatra Representative Office**
Jl. Sultan Iskandar Muda No. 39 I, Medan
T: (061) 4156760, 4155642
F : (061) 4535516
6. **Bengkulu Representative Office**
Jl. Kapuas Raya No. 11
Kelurahan Padang Harapan Baru Bengkulu
T/F: (0736) 22797
7. **Jambi Representative Office**
Jl. Kapten A. Bakarudin No. 19 Simpang IV Sipin Telanai Pura, Jambi
T/F: (0741) 669865
8. **Riau Island Representative Office**
Jl. Lumba-Lumba No.1 Batu Ampar, Pelita Batam
T : (0778) 413121
F: (0778) 413889
9. **Riau Representative Office**
Kompleks Sudirman Raya Jl. Jend. Sudirman Blok C No. 8, Pekanbaru
T: (0761) 21406
F: (0761) 856054
10. **North Sumatra Representative Office**
Jl. ...
11. **Bengkulu Representative Office**
Jl. Kapuas Raya No. 11
12. **Sumatra Representative Office**
Jl. ...
13. **Sumatra Representative Office**
Jl. ...
14. **Sumatra Representative Office**
Jl. ...
15. **Sumatra Representative Office**
Jl. ...

**10. South Sumatra Representative Office**

Jl.MP Mangkunegara Lr.Malaka II No.8 RT 12 RW 3, Bukit Sangkal , Kalidoni
Palembang (30114) HP 081283879164

11. Lampung Representative Office

Jl. Lintas Bakauheni KM 18 Desa Rangai triunggal Kec. Katibung Lampung Selatan”

12. Jakarta Marketing Representative Office

Jl. Enggano Blok C 4 No. 15, Tanjung Priok, Jakarta Utara 14310
T: (021) 43936112, 43904390
F: (021) 43938770

13. Banten Representative Office

Komplek PT Pelindo II Cabang Banten Jl Raya Anyer Cilegon Ciwandan, Banten
T/F: (0254) 4605476

14. West Java Representative Office

Jl. Cijagra No. 47, Bandung
T/F: (022) 7331525

15. Central Java Representative Office

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East Lampung Regency**KOPERASI KELUARGA BESAR SEMEN PADANG**

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PT LAMPUNG MANUNGGAL GEMILANG

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BANTEN**Serang****PT BENSTONE CIPTA KREASI**

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Photo title:

We are with Semen Padang

Photo location:

Indarung VI

Photo caption:

Semen Padang provides equal opportunities for all employees to continue growing and thriving with Semen Padang.



BUSINESS SUPPORT OVERVIEW

In developing competent, professional and high integrity human resources, Semen Padang implements Human Capital Master Plan (HCMP). On the other hand, Semen Padang also implements Information and Communication Technology in a more comprehensive manner for customer service and business processes to win the competition and to have a competitive advantage. Evaluation on the work process is also continuously done in a better direction, in order to support the Company's strategy and objectives both in the long term and short term.



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Information and Communication Technology	156

HIGHLIGHT BUSINESS SUPPORT OVERVIEW

HUMAN RESOURCES



TRAINING COSTS 3 LAST YEARS

11.24	12.79	8.41
billion	billion	billion
2014	2015	2016

1,719

employee
SEMEN PADANG
EMPLOYEE



EMPLOYEE BASE ON EDUCATIONAL LEVEL

50	412	380	850
employee	employee	employee	employee
Master Degree	Bachelor Degree	Diploma 3	Senior High School

INFORMATION AND COMMUNICATION TECHNOLOGY

01

ICT FUNCTION

- Enabling SMIG's Business Growth
- Strategic ICT (ICT MP)
- Support Corporate Action
- Adopted Relevant Technology

02

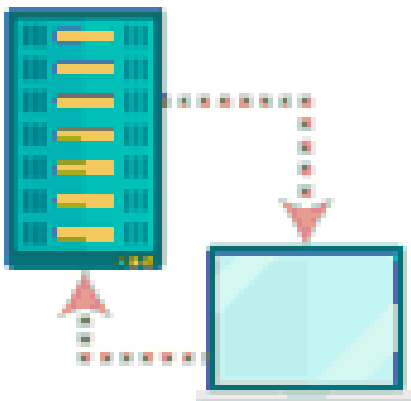
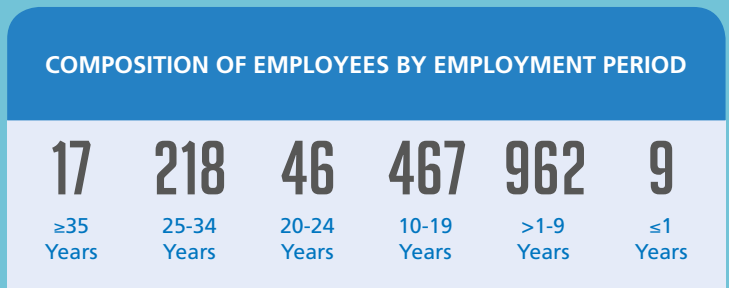
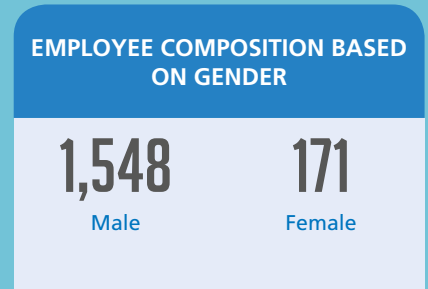
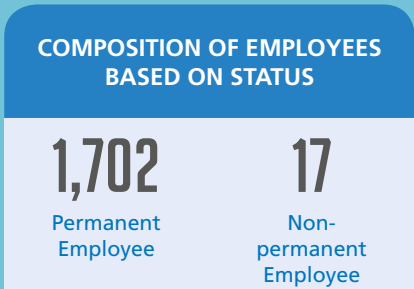
DEVELOPMENT

- Enriching SMIG's Business Growth
- Business Process Re-Engineering
- Demand Management
- IT Service Development

03

OPERATIONAL

- Supporting SMIG's Operation
- Manage Effective and Efficient ICT Service
- ICT Governance



DATA CENTRE

Semen Padang incorporated in PT Semen Indonesia (Persero) Tbk, has one group backbone network to facilitate, communication of data, voice and video, which is able to provide ease of access at each end of branch point SMIG.

HUMAN RESOURCE MANAGEMENT

Through Human Capital Master Plan (HCMP), Semen Padang has optimized human resource management that focuses on developing competence, character and integrity to create high competence, strong character and integrity to support the realization of Semen Padang's vision and mission.

HUMAN RESOURCE GOVERNANCE

In 2016, Semen Padang carried out human resource management which aligned with the needs and demands of business development. The Company developed and managed qualified human resources by applying appropriate remuneration policies and formulations to suit the employee's needs and ability. Semen Padang considered that the overall quality and capacity of human resources in 2016 had experienced significant increase.

These achievements were obtained by applying human resource governance which uphold the principles of

On an ongoing basis, the Company continuously strives to form strong, professional human resources and able to realize the Company's vision and mission



openness, fairness and freedom from discrimination of race, ethnicity, religion, gender, age, limitations of a person or other special circumstances which were protected by laws and regulations. These principles were supported by an objective recruitment system, the determination of remuneration, the implementation of good education and training, career paths, and other related matters without discrimination adjusted to the ability of each individual. Employee performance appraisal system was established and implemented fairly and transparently. Semen Padang also ensured the availability of information that employees needed to know through an effective and timely communication system.

In our company, a harmonious relationship with employees is organized on the basis of mutual respect of their respective

rights and obligations. The Company always commits to put forward the Joint Working Agreement as the main foundation in fostering relationships with employees. Human resource management policies and procedures such as promotion, demotion, mutation, and reward and punishment procedures are developed on the basis of the principles agreed in the Joint Working Agreement. The implementation of HR policies and management is consistently implemented in order to support the achievement of the Company's performance.

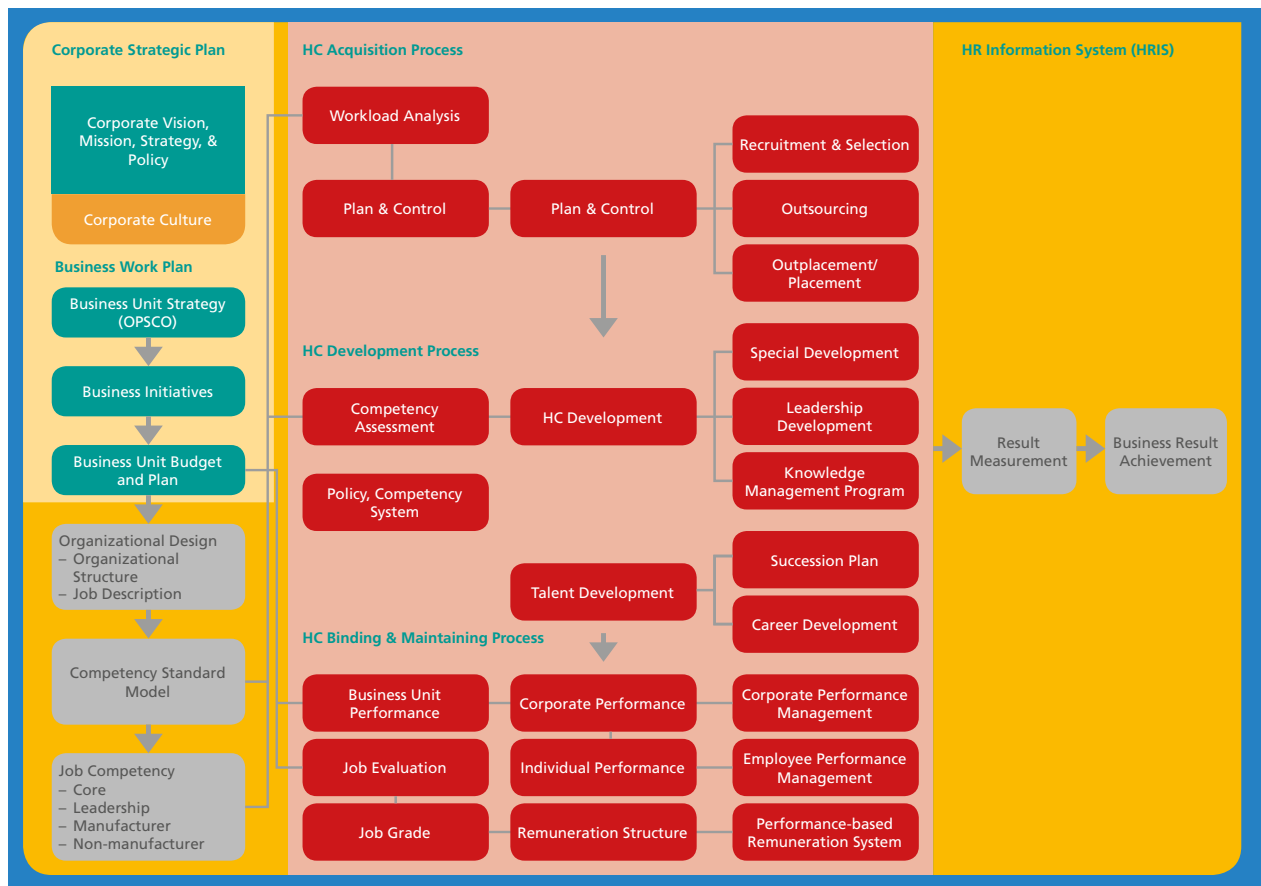
In order to prepare competent and competitive human resources, Semen Padang has implemented HCMP to optimize Human Capital (HC) management in developing competence, character and integrity. Our goals are to provide high competent HC, strong character, and integrity to support the achievement of vision and mission of Semen Padang.

On an ongoing basis, the Company continuously strives to form strong, professional human resources and to accomplish the Company's vision and mission. Semen Padang constantly evaluates the Company's performance and operational processes towards a better direction, so that each part synergizes to support the Company's strategy and objectives, both in the long term and short term.

ARCHITECTURE OF HR MANAGEMENT

HCMP is an HR management system that encompasses the entire HR management process, from the HR acquisition process, the HR competence development process, to the binding and sustaining process of human resources. HCMP is implemented through the Human Resource Information System (HRIS) which includes reward management (Payroll and Enterprise Compensation Management), training management (Learning Solution), People Development and Talent Management, Employee Performance Management System and Corporate Performance Management System.

To shape employees with character and integrity needed to support the vision and mission of Semen Padang, the Company actively internalizes the Corporate Culture called CHAMPS. CHAMPS is an acronym of Corporate Culture with the basic values of "Compete with a Clear & Synergized Vision, Have a High Spirit for Continuous Learning, Act with High Accountability, Meet Customer Expectation, Perform ethically with High Integrity, and Strengthening Teamwork".



TOP HUMAN RESOURCE

Semen Padang believes that HR is the most important and strategic asset for the Company. HR becomes an important focus for the development of Semen Padang business. The Company believes that HR is the key driver of performance so it needs special attention in the development of its requirements and competencies to support the achievement of the Company's vision, mission and strategic objectives.

With the commitment of management to strengthen the work culture excellence, human resource management is focused on various programs to increase capability, leadership, and quality of life and work. Professionalism, integrity, and passion to contribute the best for company were emphasized in all Company's work areas.

Semen Padang believes that HR is the most important and strategic asset for the Company

HUMAN RESOURCE MANAGEMENT (HRM)

ORGANIZATIONAL STRUCTURE OF HUMAN RESOURCE MANAGEMENT



Human resource management is part of advanced corporate planning. Human Resource Management is under the responsibility of the Finance Director, and is managed by the HR Department assisted by three Bureaus, Bureau of HR Planning and Development (Renbang), Bureau of Personnel, and Bureau of Education and Training (Bindiklat).

PROFILE OF THE HEAD OF HR DEPARTMENT 2016

Head of Human Resource Department



Endang Persitarini

Working Period: 18 years (Since 01 December 1999)

Indonesian citizen, domicile in Padang.

Born in Padang, April 3, 1964, 52 years old. A graduate of Master of Human Resource Management (MHRM) University of Wakaito New Zealand. Employment history: Head of Human Resource Management and Development Bureau (2004-2014), Head of Human Resources Department (2014-present).

Head of the Bureau of HR Planning and Development



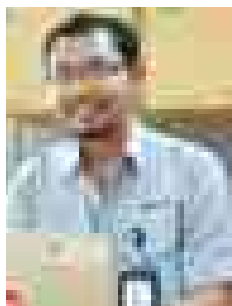
Apriati Indrianti

Working Period: 29 years 5 Months (Since 01 July 1988)

Indonesian citizen, domicile in Padang.

Born in Tanjung Karang, April 14, 1963, 53 years old. A graduate of Management S1 Sriwijaya University. Employment history: Expert Madya II/Supervisory and Compliance Staff (2008-2009), Expert Madya II/ Planning and Monitoring Staff (2009-2011), Head of the Bureau of Compliance Supervisory (2011-2012), Head of the Bureau of Commercial Audit and Management System (2013-2014), Head of the Bureau of HR Planning and Development (2014-present).

HUMAN RESOURCE MANAGEMENT (HRM)

Head of the Bureau of Personnel**M. Irwan Prasetyo**

Working Period: 7 Years 3 Months (since 01 September 2009)
Indonesian citizen, domicile in Padang.

Born in Palangkaraya, December 7, 1982, 34 years old. A graduate of Physics Engineering S1 University of GadjahMada. Employment history: Young Expert II Electrical & Instrument Maintenance IV (2010), Head of Safety Division (2010-2011), Young Expert II HR Planning and Development Staff (2011-2014), Head of Personnel Division (2014-2016), Head of the Bureau of Personnel (2016-present).

Head of the Bureau of Education and Training**Puspha Sari**

Working Period: 7 Years 3 Months (01 September 2009)
Indonesian citizen, domicile in Padang.

Born in Padang, March 28, 1985, 31 years old. A graduate of Psychology S1 UGM. Employment history: Young Experts II Staff HR Planning and Development Department (March 1, 2010 - February 28, 2011) Head of Field Planning and Evaluation Training (March 1- December 31, 2014) Head of the Bureau of Education and Training (January 1, 2015-present).

PLAN, STRATEGY, AND POLICY OF HUMAN RESOURCE MANAGEMENT

To realize its vision and mission, Semen Padang has developed strategic planning in human resource management through Human Capital Master Plan (HCMP) with Semen Indonesia Center of the CHAMPS (SICC) implementation program, Human Capital Readiness, High Performing Human Capital System and Corporate Transformation.

Semen Padang formed an organization that was supported by human resources with knowledge, skills and expertise, and was able to see future prospects by exploiting current opportunities. The Company's human resources have always been proactive towards company's needs and the business environment so that every employee is able to be responsive and dynamic.

// Semen Padang prepares strategic planning in human resource management through Human Capital Master Plan (HCMP) by implementing the Cement Indonesia Center of the CHAMPS //

To improve the competitive advantage, efficiency, and effectiveness of operational management, Semen Padang has refined the establishment of an organizational structure with the following objectives.

1. Optimizing all organizational functions and distribution of work unit responsibilities.
2. Accelerating the completion of strategic corporate projects.
3. Improving the coordination of sales and organization's operations in facing the market challenge, business competition, and competitiveness.
4. Aligning and supporting the consolidation and synergy policies of Semen Indonesia Group.

The implementation of human resources management is referred to the Company's policies established by the Board

HUMAN RESOURCE MANAGEMENT (HRM)

of Directors and described in the form of Directors' Decisions, guidelines, procedures, and work instructions that will improve the effectiveness of performance management.

HUMAN RESOURCE PERFORMANCE ACHIEVEMENT IN 2016

The targets of learning and growth achievement in corporate KPI indicator comprised of Incompetent Employee, Working Climate Index (WCI), KM Implementation, and Information Capital Readiness (ICR). To ensure the fulfilment of targets in all three aspects, the targets were assigned to all work units proportionately.

// In 2016, WCI's targets were 3 out of scale 5 and the realization of WCI was 4.13 or 137.6% of the target set //

Incompetent Employee is a measure of the readiness of human resources based on the percentage of incompetent employees. It is measured by appraisals through direct superior using competency, discipline, initiative, and dexterity parameters.

In 2016, the Incompetent Employee target was 15% and the realization of HCR was 8,83% or 141% of the assigned target. In order to improve the competence of employees, the process of coaching in the form of socialization to the management of human resources was conducted through monitoring and monthly feedback.

Employee competency readiness in executing the Company's strategy was done through process and outcome:

TABLE OF PROCESS AND ASSESSMENT RESULTS

Aspect	Process	KPI Result
Competence Enhancement	<ul style="list-style-type: none"> Employee Training Program Leadership Program Career Management Program Performance Management System Program 	<ul style="list-style-type: none"> Trained Employee Certificate of Competence KPI and Competence Score

The Working Climate Index (WCI) is a measure of organizational readiness and work climate based on aspects assessed through the Company Commitment parameters, WCI is measured through employee surveys using a 1-5 scale formulation as a measure. In 2016, the target of WCI were 3 of scale 5 and the realization of WCI was 4,13 or 137,6% of the assigned target. Organizational readiness to achieve company goals was done through:

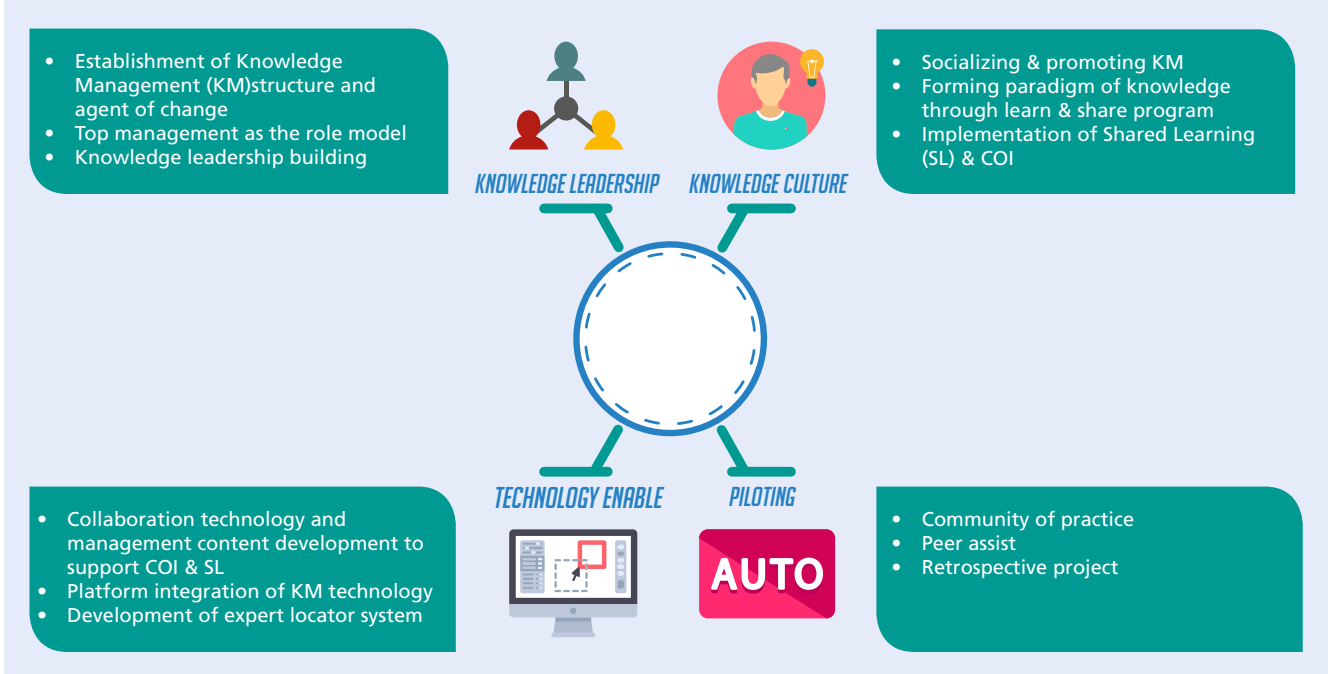
TABLE OF ORGANIZATIONAL READINESS TO ACHIEVE COMPANY GOALS

Aspect	Process	KPI Result
Organizational Development	<ul style="list-style-type: none"> Improvement in Organizational Structure, especially in sales and production Semen Indonesia Group Corporate Transformation 	Organizational Effectiveness
Performance Management	<ul style="list-style-type: none"> Improvement in Performance Management System Habituation of Corporate Performance Management System (CPMS) and Employee Performance Management System (EPMS) Improvement in Parameter of Inauguration Assessment 	Incompetent Employee
Employee Development	<ul style="list-style-type: none"> Improvement in Promotional System and Procedures and Employee Transfer (using Grading System) Exemplary Employee Selection Development of Centre of Dynamic Learning Implementation and Strengthening Knowledge 	<ul style="list-style-type: none"> Under Trained Employee Under Promoted Employee KM Infrastructure Effectiveness of Training

HUMAN RESOURCE MANAGEMENT (HRM)

Aspect	Process	KPI Result
Leadership	<ul style="list-style-type: none"> Performance Evaluation of Direct Underling and Periodic Briefing by each head of all units GLDP for Echelon I, TLDP for Echelon II, and OLDP for Echelon III Assessment Centre Leadership Staff In Succession Planning and Talent Management 	<ul style="list-style-type: none"> Working Climate Index Incompetent Employee Succession Plan Competency Certificate
Job Characteristic	<ul style="list-style-type: none"> Job Description Improvement Improvement in the process of Knowledge Transfer 	Incompetent Employee
Work Environment	<ul style="list-style-type: none"> Safety Induction Program Exemplary Workplace Program Inspection of Violations of APD Use and K3 Regulations 	<ul style="list-style-type: none"> Working Climate Index House Keeping Rate
Teamwork	<ul style="list-style-type: none"> Corporate Event Program Outbound and Family Gathering 	<ul style="list-style-type: none"> Employee Relationship Working Climate Index
Job Characteristic	<ul style="list-style-type: none"> Job Description Improvement Improvement in the process of Knowledge Transfer 	Incompetent Employee
Compensation & Benefit	<ul style="list-style-type: none"> Grading System Implementation Improvement in Promotion System, Transfer, and Remuneration System 	<ul style="list-style-type: none"> Under Paid Employee Working Climate Index Internal Customer Satisfaction Index

IMPLEMENTATION KNOWLEDGE MANAGEMENT



KM Implementation is the process of developing Knowledge Management in company by building the foundation/basis for KM process. Meanwhile, Information Capital Readiness (ICR) is a measure of the maturity of the information technology process and measurement of the readiness level of infrastructure and business applications. ICR aims to understand how to improve the quality of information systems management in order to improve the continuity of business process.

HUMAN RESOURCE MANAGEMENT (HRM)

ICR measurements are carried out using the Maturity Level method of applying information technology governance using percentages, where each level indicates the quality of implementation of each control within the organization/work unit.

HR PROFILE

Until December 31, 2016, the number of employees of Semen Padang reached 1,719 employees, decreased by 7.5% 5.39% compared to 1,849 employees in 2015. The number of employees in 2016 was aligned with the Company's business needs in terms of both quality and quantity.

// Semen Padang has prepared the right composition between the needs and the ideal function in order to create effectiveness and efficiency of work implementation //

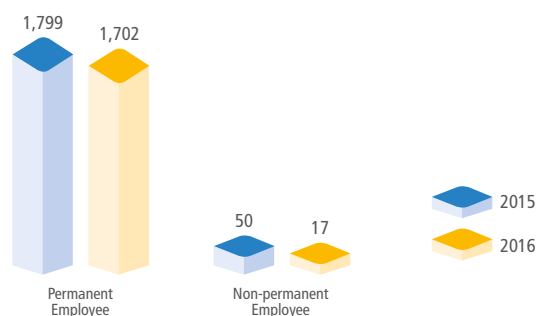
COMPOSITION OF EMPLOYEES BASED ON STATUS

The number of non-permanent employees in the year 2016 was 17 employees or decreased by 66% compared to 50 employees in 2015.

TABLE OF COMPOSITION OF EMPLOYEES BASED ON STATUS 2015-2016

Profile	Category	Year		Change %
		2015	2016	
Employee Status	Permanent Employee	1,799	1,702	-5.39
	Non-permanent Employee	50	17	-66
Total		1,849	1,719	-7.03

GRAPH OF COMPOSITION OF NON-PERMANENT EMPLOYEES BASED ON EMPLOYMENT STATUS IN 2015-2016



EMPLOYEE COMPOSITION BASED ON CAREER PATH

Semen Padang had prepared an appropriate composition between the needs and the ideal function in order to create effectiveness and efficiency of work implementation. Semen Padang employees were divided into several levels of career paths, ranging from Executives, Staff, to Managerial Staff.

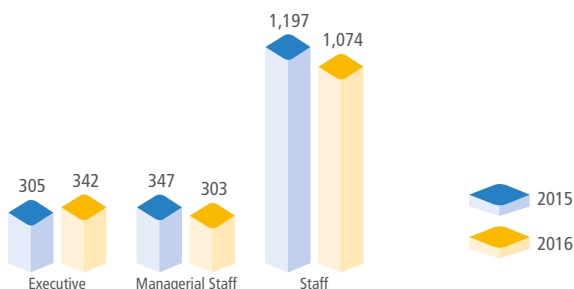
In 2016, the total composition of employees for Managerial Staff was 345 employees, increased by 11.31% compared to 305 employees in 2015. The position of Staff in 2016 was 303 employees, decreased by 12.68% compared to 347 employees in 2015. The number of executive employees in 2016 was 1,074 employees, decreased by 10.28% compared to 1,197 employees in 2015.

TABLE OF COMPOSITION OF EMPLOYEES BASED ON POSITION 2015-2016

Profile	Category	Year		Change %
		2015	2016	
Employee Status	Executive	305	342	12.13
	Managerial Staff	347	303	-12.68
	Staff	1,197	1,074	-10.28
Total		1,849	1,719	-7.03

HUMAN RESOURCE MANAGEMENT (HRM)

GRAPH OF COMPOSITION OF EMPLOYEES BASED ON POSITION IN 2015-2016



Semen Padang upholds the principle of equality in the process of recruitment, management, development, training, certification, placement and promotion for all employees

TABLE OF COMPOSITION OF EMPLOYEES BASED ON STATUS AND POSITION 2015-2016

No.	Work Unit	Status		Position						
		Permanent	Honorary	Managerial Staff			Non Staff			
				Dept.	Biro	Bid.	Urs.	Pel. 1	Pel. 2	Pel. 3
1.	Internal Audit	25	0	1	3	8	4	5	4	0
2.	Department of Communication & Public Facility	73	6	1	5	13	17	21	13	9
3.	Department of Legal & GRC/MR	29	2	1	6	13	0	6	3	2
4.	Staff Directors	2	0	2	0	0	0	0	0	0
5.	Department of Sales	65	0	1	6	22	5	20	8	3
6.	Department of Distrans	85	0	1	3	13	15	22	24	7
7.	Department of Procurement	83	0	1	4	12	18	28	15	5
8.	Department of Mines	171	0	1	5	12	25	56	51	21
9.	Department of Production II/III	262	0	1	4	10	52	94	67	34
10.	Department of Production IV	201	0	1	5	13	40	70	49	23
11.	Department of Production V	193	0	1	4	9	34	70	48	27
12.	Department of Engineering Factory	171	2	1	23	34	37	46	19	13
13.	Department of Quality Assurance & Innovation	74	4	1	6	14	15	22	15	5
14.	Indarung Project VI	140	2	4	11	17	25	41	31	13
15.	Department of Accounting & Finance	53	1	1	4	12	5	17	10	5
16.	Department of HRM	49	0	1	4	6	9	14	8	7
17.	APLP	26	0	7	10	4	2	1	2	0
	Sub Total	1,702	17	27	103	212	303	533	367	174
	Total	1,719				1,719				

COMPOSITION OF EMPLOYEES BASED ON GENDER

Semen Padang upholds the principle of equality in the recruitment process, management, development, training, certification, placement and promotion for all employees. Semen Padang provides equal opportunities for all employees to grow and develop with Semen Padang. The total composition of male employees in 2016 was 1,548 employees, decreased by 7,42% compared to 2015 of 1,672 employees. The number of female employees in 2016 was 171

employees, decreased by 3.39% compared to 177 employees in 2015.

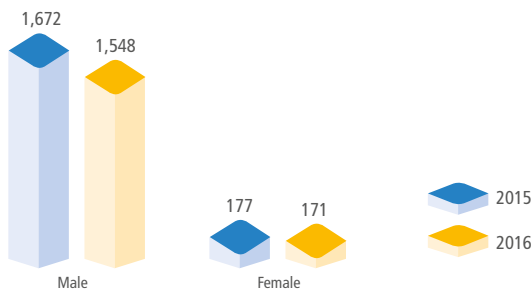
The majority of the composition of employees is dominated by male, given the type of work in the cement industry is in dire need of man power. In spite of that, Semen Padang provides equal treatment to all employees regardless of gender.

HUMAN RESOURCE MANAGEMENT (HRM)

TABLE OF EMPLOYEE COMPOSITION BASED ON GENDER 2015-2016

Profile	Category	Year		Change %
		2015	2016	
Gender	Male	1,672	1,548	-7.42
	Female	177	171	-3.39
Total		1,849	1,719	-7.03

GRAPH OF COMPOSITION OF EMPLOYEES BASED ON GENDER



// Semen Padang has a policy of granting employees the right to work until the age of 56 //

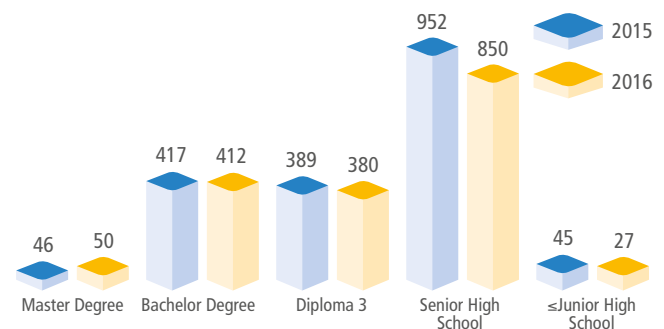
COMPOSITION OF EMPLOYEES BASED ON EDUCATION LEVEL

As a growing company, Semen Padang is supported by human resources that have the capacity and capability in accordance with the needs of Company. In 2016, the number of S2 graduate was 50 employees and S1 graduate was 412 employees. While the total composition of D3 graduate employees in 2016 was 380 employees, high school graduates were 850 employees and junior high school graduates were as many as 27 employees.

TABLE OF COMPOSITION OF EMPLOYEES BASED ON EDUCATION LEVEL 2015-2016

Profile	Category	Year		Change %
		2015	2016	
Educational Level	S2	46	50	8.7
	S1	417	412	-1.2
	D3	389	380	-2.3
	SLTA	952	850	-10.7
	SLTP	45	27	-40
Total		1,849	1,719	-7.03

GRAPH OF COMPOSITION OF EMPLOYEES BASED ON EDUCATION LEVEL 2015-2016



COMPOSITION OF EMPLOYEES BY AGE

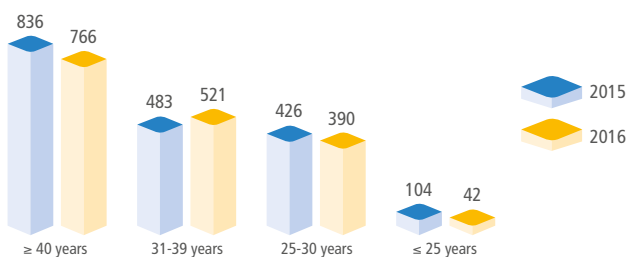
Semen Padang has a policy of granting employees the right to work until the age of 56. In 2016, the composition of employees based on the age of ≥ 40 years of 766 employees was decreased by 8,37% compared to 836 employees in 2015. Meanwhile, the age of 31-39 of 521 employees was increased by 7.87% compared to 483 employees in 2015. The age of 25-30 years of 390 employees was decreased by 8,45% compared to 426 employees in 2015, and the age < 25 years of 42 employees was decreased by 59.62% compared to 183 employees in 2015.

HUMAN RESOURCE MANAGEMENT (HRM)

TABLE OF COMPOSITION OF EMPLOYEES BY AGE 2015-2016

Profile	Category	Year		Change %
		2015	2016	
Age	≥40 Years	836	766	(8.37)
	31-39 Years	483	521	7.87
	25-30 Years	426	390	(8.45)
	<25 Years	104	42	(59.62)
Total		1,849	1,719	-7.03

GRAPH OF COMPOSITION OF EMPLOYEES BY AGE 2015-2016



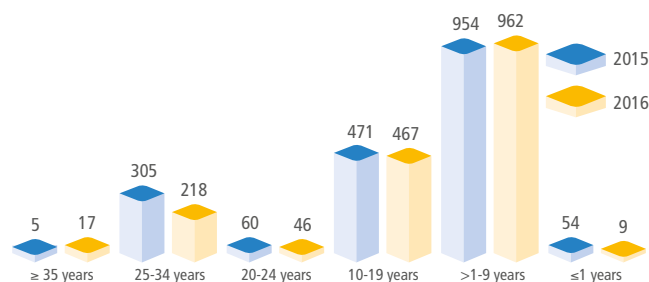
COMPOSITION OF EMPLOYEES BY EMPLOYMENT PERIOD

In 2016, the number of employees based on the employment period of ≥35 years was 17 employees, increased by 240% compared to 5 employees in 2015. The employment period of 25-34 years was 218 employees, decreased by 28,52% compared to 305 employees in 2015. The employment period of 20-24 years was 46 employees, decreased by 23,33% compared to 60 employees in 2015. The employment period of 10-19 years was 467 employees, decreased by 0,85% compared to 471 employees in 2015. Employment period of 1-9 years was 962 employees, increased by 0,84% compared to 954 employees in 2015, and the employment period of ≤ 1 year was 9 employees, decreased by 83.33% compared to 54 employees in 2015.

TABLE OF COMPOSITION OF EMPLOYEES BY EMPLOYMENT PERIOD 2015-2016

Profile	Category	Year		Change %
		2015	2016	
Employment Period	≥ 35 Years	5	17	240
	25-34 Years	305	218	-28.52
	20-24 Years	60	46	-23.33
	10-19 Years	471	467	-0.85
	>1-9 Years	954	962	0.84
	≤ 1 Years	54	9	-83.33
Total		1,849	1,719	-7.03

GRAPH OF COMPOSITION OF EMPLOYEES BY EMPLOYMENT PERIOD 2015-2016



Always uphold the principle of openness, fairness, and equality in recruiting professional human resources

EMPLOYEE RECRUITMENT

The principles of openness, fairness, and equality in the selection of professional human resources is always upheld by the Company, providing equal opportunities to prospective employees regardless of race, religion, race and class. To meet the needs of the Company in accordance with changes

HUMAN RESOURCE MANAGEMENT (HRM)

in business conditions, Semen Padang implemented several programs including the following:

1. Fresh graduate recruitment through job fair, scholarship, cooperative education, collection of applicant candidate database in Semen Padang website.
2. Professional Recruitment.
3. Preparing cadres and talents through an intensive competence development program

Recruitment is an effort of searching and acquiring of a number of eligible employee candidates in order to select the right people to fill required functions. The procedures range from search and selection process applicants, the process of fostering candidates who pass the selection to trainees, to the inauguration to become a permanent employee.

Semen Padang is optimistic that the recruitment process is able to produce competent employees who will be able to grow and have a high commitment to the company. Semen

// Human Resource Development is a requirement for the Company's continuation //

Padang also puts the right people on the right functions to create qualified human resources that will continue to grow in long term.

HR DEVELOPMENT

Semen Padang believes that human resource development is a necessity for the Company's development sustainability. Semen Padang also realizes that as an important factor in business growth, HR requires the development of quality, insight, and good competence in achieving competitive advantage. The human resource development strategy implemented by Semen Padang aims to develop employees to a better direction, to increase employee engagement, and to provide education and training with materials that

are related with the business needs. Thus, the development of human resources Semen Padang is capable of producing quality human resources that generate maximized performance.

COMPETENCE ASSESSMENT

The competence structure that was used by Semen Padang was as follows:

1. Core competency, competence must be possessed by all employees in carrying out duties and responsibilities in Semen Padang.
2. Leadership competency, competencies that must be possessed by employees to be able to carry out managerial and leadership functions properly.
3. Technical competency, special competence in the form of knowledge and technical skills that are required to carry out certain work well. Technical competence is divided into two major groups, namely technical competence based on 16 job families and general technical competencies that must be possessed for all processes both core and non-core processes.

Based on the structure of competence, a job profile that contains of competency profile that must be kept by an official who occupies a position, both in terms of type and level of competence. The next process is the creation of an individual profile, that is, the competence profile of the individual/official. The assessment of this individual profile can be done through external parties or superiors.

A profile match-up is performed to compare the job profile and individual profile so that it will get a gap analysis. Gap analysis will result in training needs analysis (TNA) and the development plan needed for a position. This gap analysis will be related to the learning framework of Semen Indonesia Group.

All competencies will be related to the training, therefore, the competency and training are grouped as follows:

1. Core competence is related to training that aims to control behaviour in carrying out the work.
2. Leadership Competency is used to form leadership model in Semen Indonesia Group, among others:
 - Global Leader, Transformational Leader, Operational
 - Leader and Emerging Leader.

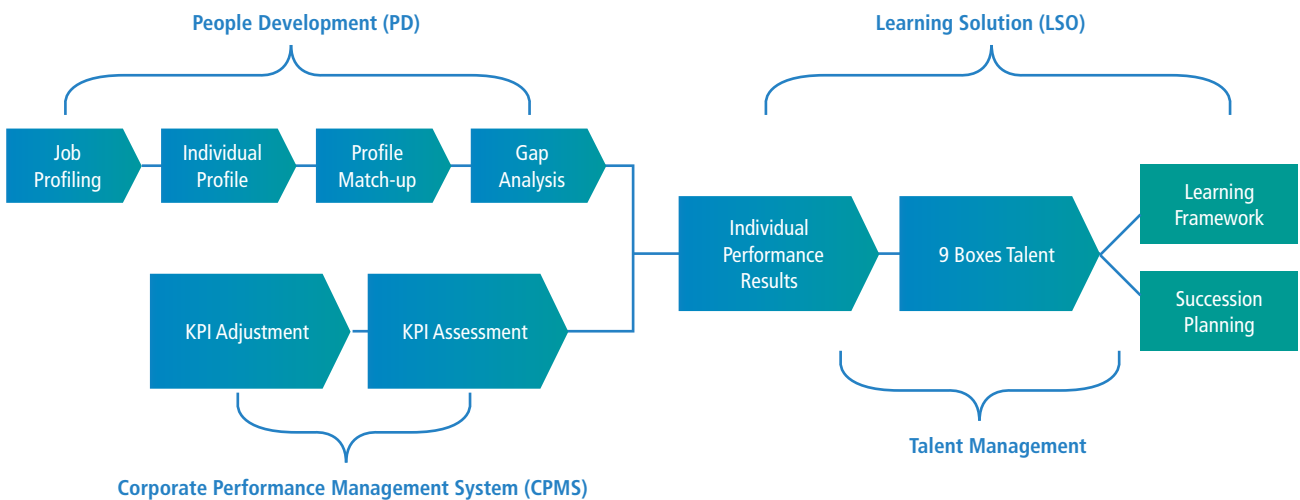
HUMAN RESOURCE MANAGEMENT (HRM)

LEADERSHIP DEVELOPMENT PROGRAM



Technical competency is the employees' ability in carrying out their responsibilities. Technical competence will support the employee to achieve the target work unit. The developed training is related to the business mastery in which the individual is developed to organize, develop, and others (subordinates and co-workers) to achieve goals.

PHASE OF LEADERSHIP DEVELOPMENT



HUMAN RESOURCE MANAGEMENT (HRM)

PERFORMANCE ASSESSMENT

Employee performance assessment was conducted through ePMS system (Employee Performance Management System). The system that was related to the CPMS system (Corporate Performance Management System) became the basis of data for the process of ePMS assessment.

// Employee performance appraisal is done through Employee Performance Management System (ePMS) //

The purpose of the ePMS system is as follows:

1. To support the achievement of vision and mission of Semen Padang.
2. To strengthen the culture of Semen Padang through the establishment of behaviours based on superior values contained in core competency.
3. The alignment of individual targets to the work unit objectives and corporate objectives with the elaboration

of the Key Performance Indicator (KPI) of the Corporation into KPIs of work units and given to individual KPIs.

4. To create mutual understanding among employees about what should be achieved or the final result in the form of KPI.

Through the ePMS, the performance score of each individual will be assessed through KPI and core competence of employees. The results of the performance assessment are part of the career and compensation systems developed by the company.

SUCCESSION PLAN

Succession Plan is a process in preparing personnel who will fill certain positions. Semen Padang must prepare the required competencies through training, development, mutation, and rotation so that candidates are ready to hold a position.

The result of competency and performance assessment will be input in Talent Management system which then used for succession plan. In 2012-2015, Competence Core and Competence Assessment was done for Echelon 1, Echelon 2, Echelon 3, along with feedback from assessment result. Based on the assessment results, Echelon 1 Mapping was made in 9 Talent Pool boxes.



Photo title:

Behind the smoothness of the factory's main tool

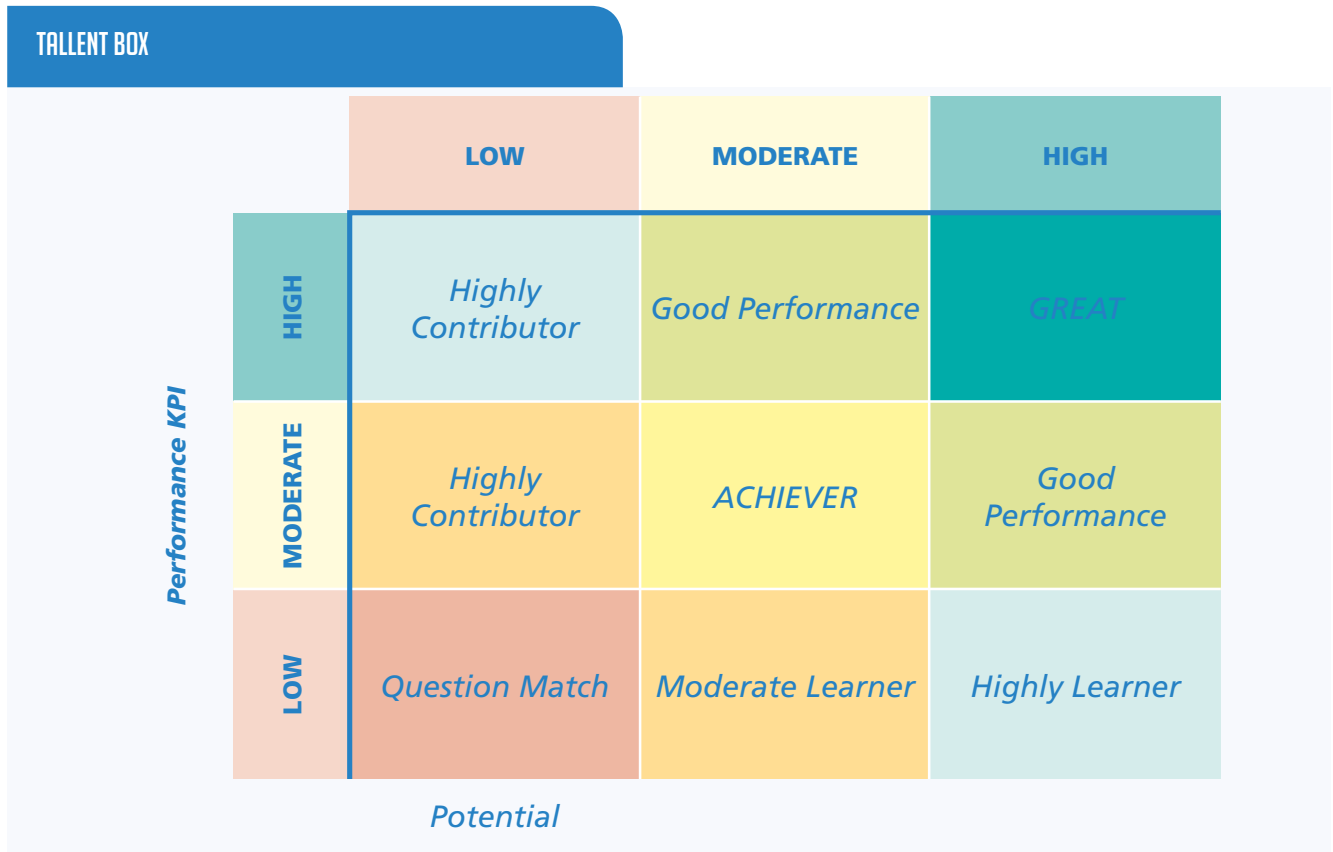
Photo location:

CCR Indarung VI

Photo caption:

CCR is a control room that is useful for monitoring the operational of the main tool of the factory that carries the spirit of operational excellence to win competition.

HUMAN RESOURCE MANAGEMENT (HRM)



CAREER PATH

The career path is a lateral and vertical career movement of the individual in a job family and/or between the job family. Each employee is given equal opportunity to reach a certain level or position within the organizational structure. Semen Padang has prepared a systematic career development program based on the performance assessment of each individual employee.

The basic principle of career path is to balance future demand and supply. Career path is a common pattern that regulates the position levels. Semen Padang together with Semen Indonesia Group (SMIG) have developed a new Career Pattern Management using the principles of Hay Group Consultant.

There are several definitions in the career pattern system, among others:

1. Unit Position, a group of positions that have a relatively similar work nature.
2. Grouped Position, a group of unit positions that have a relatively similar work nature.

3. Structural position, a position that leads a work unit listed on the organizational structure of Semen Padang. This position has subordinates and leads work units within the organizational hierarchy.

Each employee is given equal opportunity to reach a certain level or position within the organizational structure

4. Functional Position, a position that does not lead a work unit and have no sub-ordinates.
5. Position Map is the result of mapping (grouping) positions in Semen Padang to each family of positions, based on the similarity of the work nature.

HUMAN RESOURCE MANAGEMENT (HRM)

The career path of Semen Padang is organized using a unit position approach. Therefore, it will have a wider career path options rather than using the work unit approach. The employee's career path will be more focused on a certain expertise. The nature of the concept of unit position are as follows:

- Have similar work nature.
- Have similar know-how technical requirements.
- Have the same competence to produce good performance.
- Describe a regular career path from lower position to higher position.
- A unit position does not describe the reporting line.
- A unit position may consist of several different grades or levels.

// Career and position movement in Semen Padang is arranged vertically and horizontally //

The unit position focuses on the similarity of characteristics, the responsibility of the role of a group of positions. Career and position movements in Semen Padang are arranged vertically and horizontally. Vertical Movement is a career movement from the lower positions to the higher positions within a unit position, whereas Horizontal Movement is a Career Movement from one position to another position between the unit of position, either in the same or different positions.

Horizontal Career Movement of Executive Position

The horizontal movement of employee's career is governed by the grouping of unit position level, with the majority of

positions in the executive position are able to move from a unit position to another in the company. It is because the nature of job positions at this level does not require a specific and/or deep expertise. Thus, employees are still able to do any work in any unit of positions, with a short briefing of knowledge and skills.

Horizontal Career Movement of Head of Affairs

In this group of heads of affairs, the movement of positions from one unit to another only focuses on a group of the similar position. At this level, the employees are expected to prepare any specialization where the employees already understand about the general knowledge and skills on several similar working units.

Horizontal Career Movement of Head of Division

In this group of head of divisions, the employee transfer from a position in the unit to another unit is focused on the similar unit position. At this level, the employees are expected to take specialization in certain field in order to be experts in at least one particular work field.

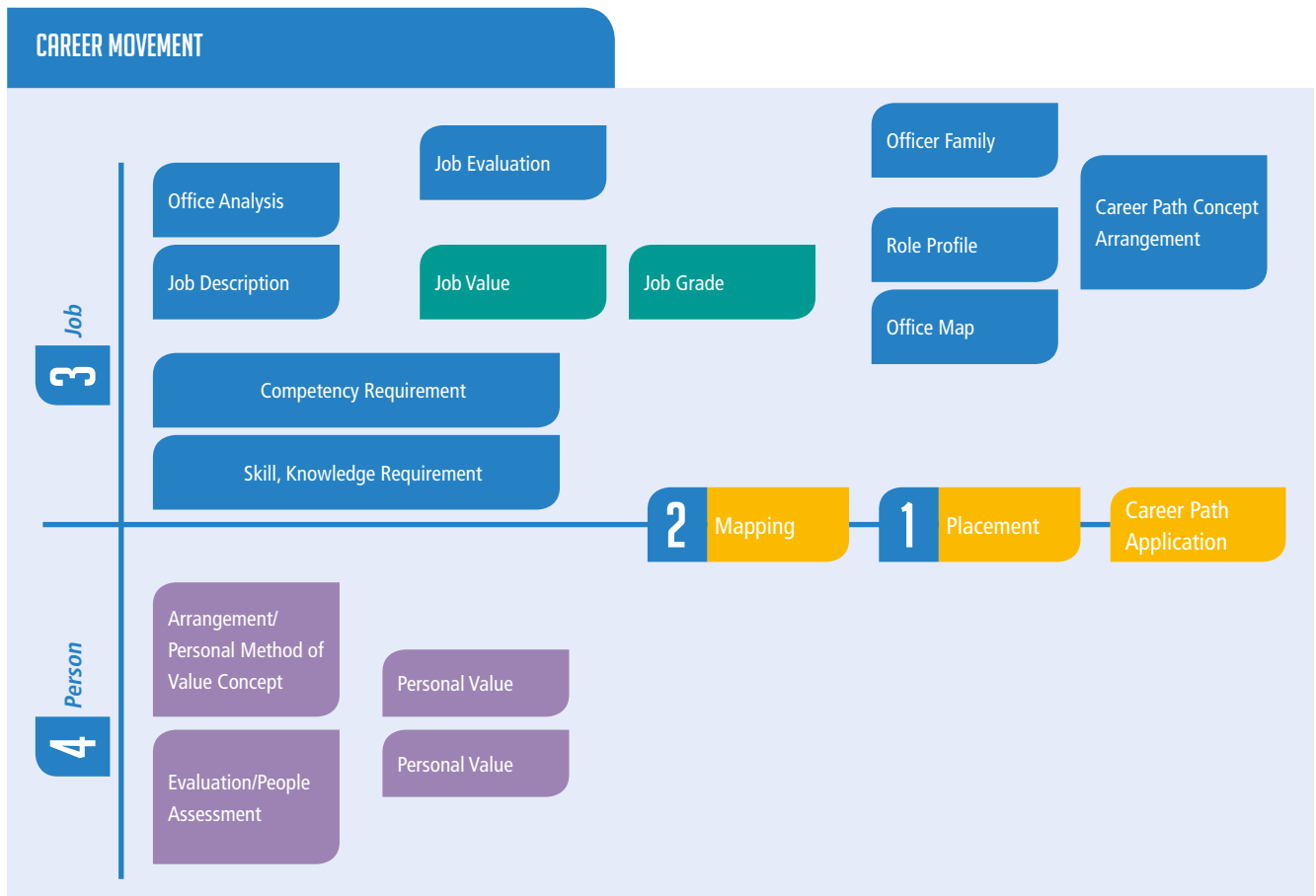
Horizontal Career Movement of Head of Bureau

At the head of bureau level, the employees are expected to be business leaders, where their business insights and leadership are considered more important than their technical skills. At this level, one's career movements are designed to be more flexible after a period of time becoming a specialist. In order to ensure a smooth transition or transfer of knowledge, the transfer of positions between unit positions is still focused only in a group of similar position.

Horizontal Career Movement of Head of Department

At level one, department heads are expected to be Strategic Leaders, where leadership qualities and strategic thinking are far more highlighted than their technical expertise in a particular field. The career movements at this level is flexibly taken place from a unit position to another.

HUMAN RESOURCE MANAGEMENT (HRM)



Special Career Movement

Special career movement is interposition movement with the pattern of general movement. Special movement is also arranged separately for unique positions (position whose work nature is not covered properly in a unit position). Nevertheless, the two specific movements above hold the similarity of work nature between Target Jobs and Feeder Jobs. The career path system requires several conditions to be met to ensure maximum positive impact in its implementation, including:

1. Employee placement according to the most matched position; which may only take place after these measures are taken:
2. Employee mapping, the management of Semen Padang must have sufficient information about the portfolio of knowledge, skills and experience of each employee so that this information can be used to map employees to existing positions in Semen Padang, in accordance with the requirements set for each position. In other words, in order to map the employees, Semen Padang management should have information as follow:

- Workload and job characteristic, where the management must have specific information about duties and responsibilities of each position and its requirements.

Special career movements refer to the common nature of the work between target jobs and feeder jobs

- Workload and job characteristics, where the management must have information about the knowledge and skills of each individual.

HUMAN RESOURCE MANAGEMENT (HRM)

EMPLOYEE PLACEMENT

The basic principle in employee placement is "Job Person Match". Job Person Match is a condition of conformity between the characteristics of employees with a particular position. To find out whether an employee is or will be appropriate to occupy a position, the management needs to know the two job values (Job Value/Characteristic) and the value of the person (Person Value/Characteristic).

Placement of employees not only consider the conditions of job person match, but also taking into consideration the availability of information and organizational needs

If both values meet, then the position and the position holder are match. On the other hand, if both values differ significantly, then between positions and position holders do not match. The degree of conformity or non conformance of a position with the position holder is expressed in a percentage value called the Job Person Match Index (JPM Index). If the score is closer to 100%, then the person and job are matched. In other words, employee placements should adhere to the highest level of conformity between the knowledge characteristics and skills of the employees, their competencies, interests, preferences and aspirations, as well as the requirements of the job and other criteria established by management. Placement of employees is not only considered the conditions of job person match, but also pay attention to the availability of information and aspects of the needs of the organization.

EMPLOYEE MAPPING

Employee mapping is an effort of the Company to obtain information about both the person (employee) and the job (position) so that management will get a map on:

1. In what position an employee has a match level which meets the requirements, in accordance with the ability and characteristics possessed by the person.
2. A position where the matched employee is placed, based on the grade or class of the position.

THE SIZE AND CHARACTERISTICS OF THE POSITION

To be able to do the mapping in two steps above, the Company must have information about each position, consisting of the characteristics of duties, authority, and responsibilities that are outlined in the job description as well as the competency requirements.

Semen Padang's competency requirements consist of three groups, as follows:

1. Core competency that must be possessed by all employees.
2. Leadership competency that must be possessed by all structural position holders.
3. Specific competency that is required in each unit position.

The competency requirements that are stated on job description, for every job/position in Semen Padang, are the level of knowledge, skill and knowledge required based on the scope of duty, authority, and responsibility of the position. The basic assumption in the implementation of the job requirements is that the required knowledge and skills must be measurable, the required knowledge and skills are the minimum requirements for an employee to do the job well, and there is a program or method to develop it. This knowledge and skill requirement will be applied as a requirement to be able to occupy a position. The size of the position, obtained through the process of job evaluation that Was done by Semen Padang, which is reflected in job grade.

SIZE AND CHARACTERISTICS OF PEOPLE/EMPLOYEES

The Company has information on the size and characteristics of employees as follows:

1. The size of each employee, reflecting the person's capacity to work at certain level, taking into account the level of knowledge, skills, and experience that the person possesses (which will be reflected from personal grade or rank).

HUMAN RESOURCE MANAGEMENT (HRM)

- 2. Characteristics of areas of expertise, competence, interests, preferences and other characteristics possessed by each employee.

Semen Padang must have a valid and reliable method, as well as accurate inventory data on the characteristics of each employee to determine personal grade.

HUMAN RESOURCES INFORMATION SYSTEM (HRIS)

In 2016, Semen Padang managed a further implementation of HRIS, in line with human resource synergy with PT Semen Indonesia Tbk, using SAP Enterprise Resource Planning (ERP) system.

“Semen Padang must have a valid and reliable method, as well as accurate inventory data on the characteristics of each employee to determine personal grade”

ERP SAP APPLICATION APPLIED TO SEMEN PADANG

<p style="text-align: center;">ORGANIZATION MANAGEMENT</p> <p style="text-align: center;">An application managing Company's organizational structure.</p>	<p style="text-align: center;">PERSONAL ADMINISTRATION</p> <p style="text-align: center;">An application which store all employee personal data and job histories.</p>	<p style="text-align: center;">EMPLOYMENT PERFORMANCE MANAGEMENT SYSTEM</p> <p style="text-align: center;">An application managing employee performance assessment.</p>
<p style="text-align: center;">TRAVEL MANAGEMENT</p> <p style="text-align: center;">An application managing employee business travel.</p>	<p style="text-align: center;">LEARNING SOLUTION</p> <p style="text-align: center;">An application managing employee education and development.</p>	<p style="text-align: center;">PAYROLL</p> <p style="text-align: center;">An application managing and calculating employee salary and incentive and tax calculation.</p>
		<p style="text-align: center;">TIME MANAGEMENT</p> <p style="text-align: center;">An application managing and recording work schedule and time.</p>

HUMAN RESOURCE MANAGEMENT (HRM)

Other applications that are immediately applied include:

1. People Development, an application that manages competency data and employee development needs.
2. Enterprise Compensation Management, an application that manages remuneration of employees.
3. Personnel Cost Planning, an application that manages individual labor cost planning.

The system implemented in 2015 was a refinement of grading system, grading system based remuneration system, and improvement of CPMS & ePMS. This system was used to improve employee performance. Each position had a value called job grade, according to the standard evaluation criteria of Hay Reference Level (HRL) standardization. The value of job grades and assessment was able to be seen by every employee on HRIS Portal.

“Semen Padang develops its employees’ competence based on the concept of Dynamic Learning (Corporate University)”

EMPLOYEE TRAINING AND DEVELOPMENT

TRAINING AND DEVELOPMENT

Semen Padang develops its employees’ competence based on the concept of Dynamic Learning (Corporate University). Using this concept, the learning process is focused on improving competence based on business issues or challenges faced by the company. The Company provided development and training programs in order to improve the hard competency and non-technical competency of the employees. Every employee is given the opportunity to attend training that suits their needs at work. The company’s policy on training and development programs was organized

based on the process of training and learning tasks No. PR/SDM/012 in 2015, the total learning duration is 93,107 hours or an average of 41.20 hours per employee per year.

The lessons for mastery of core competencies (personal mastery), enhancement of leadership mastery (leadership mastery), and technical mastery (business mastery) aimed to deal with the company’s challenges with details, as follows:

TABLE OF TRAINING CATEGORY BASED ON COMPETENCIES

No.	Training Category	Training Duration (hour)		
		2014	2015	2016
1.	Personal Mastery	8,706	12,384	552
2.	Leadership Mastery	10,931	3,899	4,174
3.	Business Mastery	61,597	61,243	84,868
4.	Others	17,782	156	3,513
Total		99,016	77,682	93,107

EMPLOYEE TRAINING AND DEVELOPMENT COSTS

The total learning hours implemented were a form of Semen Padang’s commitment. To support the organization of training in 2016, the company allocated Rp8.41 billion for training budget.

TABLE OF SEMEN PADANG TRAINING COSTS 2014-2016

Year	Total Employee	Total Training Period (hour)	Training Costs (Rp Billion)
2014	1,924	99,016	11.24
2015	1,849	77,682	12.79
2016	1,819	93,107	8.412

In order to meet the training objectives, besides using external instructors (training institutes), Semen Padang also empowered instructors from internal parties for transfer knowledge. Firstly, through the Leader as Teacher program, where the leadership staff becomes the instructor or coach for the trainees. The Company also managed the experienced retirees who have skills and knowledge required by the company through the Retired Faculty program. Members of this Retired Faculty will provide training materials in the classroom or provide coaching for employees as needed.

HUMAN RESOURCE MANAGEMENT (HRM)

PROFESSIONAL CERTIFICATION INSTITUTIONS (LSP) SEMEN INDONESIA GROUP

In addition to the implementation of learning program, Semen Padang also carried out professional certification for specialized skilled workers in the factory operations through Profession Certification Institute (LSP) Semen Indonesia. In 2016, LSP Semen Indonesia already had 11 assessors with the following competencies:

TABEL OF LSP ASSET COMPETENCY

No.	Competency Group	Number of Assessor
1.	Machine Maintenance	4
2.	Operation/Process	3
3.	Electrical Maintenance	2
4.	Process Evaluation	2

Until 2016, LSP Semen Indonesia conducted a competency test for a total of 22 (twenty-two) employees of Semen Padang with the following scheme:

TABLE OF NUMBER OF PARTICIPANTS BASED ON EXPERTISE

No.	Competency Group	Number of Assessor
1.	Supervision of Cement Mill Field Operation	2
2.	Supervision of Kiln & Coal Mill Field Operation	1
3.	Supervision of Kiln & Coal Mill Machine Maintenance	9
4.	Supervision of Electrical Maintenance	10

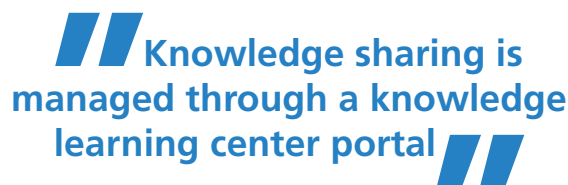
KNOWLEDGE MANAGEMENT

In 2016, Semen Padang developed a strategy in sharing knowledge, by establishing an organization that specifically managed and fostered the flow of knowledge. Various methods of sharing and flowing knowledge were packaged in various forms of activities, including:

1. Leader Cafe
 - a. A knowledge-sharing activity of individual values, culture, and corporate vision that was delivered by the Board of Directors
 - b. This activity was followed by all echelon I, II, III

2. Inspiring Day
A knowledge-sharing activity of innovators or employees who had innovative ideas to provide new ideas for other employees and encouraged the acceleration of the implementation of new ideas.
3. Semen Padang Discussion Club (SPDC)
It was an activity that washeld to express and discuss topics that needed to be discussed openly to support the achievement of company performance.
4. Community of Practice (CoP)
Knowledge Management facilitated the solving of critical issues in company by conducting workshops involving experts and practitioners.

In addition to meetings and discussions, knowledge sharing was also managed through a media portal called Knowledge Management Center (KM Center). This media portal was



expected to encourage employees to share ideas, information and thoughts through blogs, upload knowledge and video documents, online discussion forums, and Wikis.

To encourage the knowledge culture, Semen Padang provided reinforcement by awarding redeemable points with rewards for employees who participated in all these activities. In 2016, it was targeted at 720 points and reached 760 points (105%).

HUMAN RESOURCE MANAGEMENT (HRM)

JOB PROMOTION PROGRAM

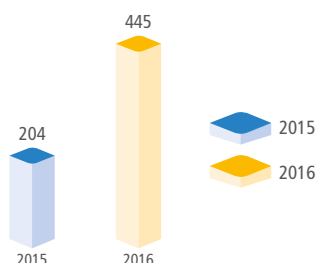
Job performance is a result achieved by performing tasks based on skills, experience, and sincerity and timeliness. Work performance is influenced by three factors, employee's ability/interest, the ability to accept the explanation of task and role delegation, and the level of employee's motivation.

The Company acknowledges that by giving rewards, the employees will be motivated and worked hard to pursue

// Awarding of work achievement will give maximal motivation to work //

the higher position through the promotion procedure. The Company's promotion rate is related with the needs of employee positions and achievements. Semen Padang's commitment is to create opportunities for every employee who has the potential to improve skills and integrity. The promotion system of Semen Padang was stipulated in Promotion Procedure and Employee Grade Increase No. PR / HR / 042. In 2016, the number of employment increased as many as 445 employees.

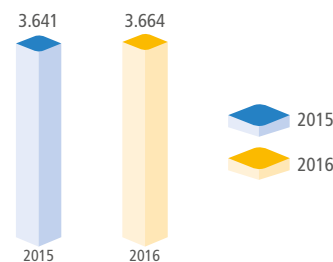
TOTAL OF EMPLOYEES WHO WERE PROMOTED 2015-2016



EMPLOYEE PERFORMANCE PRODUCTIVITY

Employee performance management is focused on increasing productivity and employee contribution to achieve the target set by Semen Padang. Semen Padang continues to improve employee productivity and organizational effectiveness by enhancing employee capabilities through competency-based training programs and special assignments in team task-force and development projects, as well as optimizing the use of information systems and development of Semen Padang Management System. Thus, the productivity trend of Semen Padang in 2016 was increasing compared to 2015.

GRAPH OF EMPLOYEE PRODUCTIVITY 2015-2016



EMPLOYMENT SURVEY

In 2016, the Human Resources Department conducted surveys of Working Climate Index, employee closeness, cultural understanding of Semen Padang, and Internal Customer Satisfaction Index. These surveys were different from previous year's satisfaction survey. This project aimed to improve the performance of Semen Padang, especially on employees. Some of these surveys were as follows:

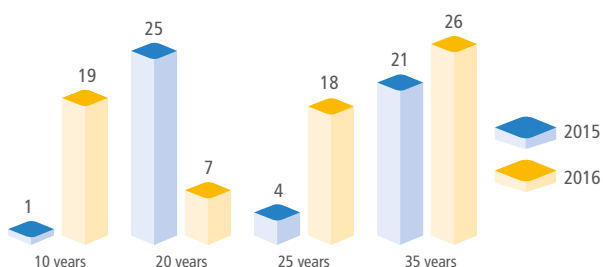
1. The Working Climate Index (WCI) was the conversion of 2013 survey which was adjusted with the needs of 2015 to measure the working climate of each work unit, and was conducted together with Semen Indonesia Group (SMIG).
2. Employee skills survey showed how much is the employees' connection to the Company and work environment.
3. The cultural understanding survey of Semen Padang measured the employees' understanding of CHAMPS culture was implemented in Semen Indonesia Group (SMIG) through Value Measurement System (VMS).
4. Internal Customer Satisfaction Index showed the employees' satisfaction level employees to the HR Department.

HUMAN RESOURCE MANAGEMENT (HRM)

JOB AWARDS

Semen Padang rewarded many work appreciations for employees' loyalty and dedication. The award was manifested in the form of a loyalty charter for employees who dedicated their time, energy and thoughts to the Company. It was divided into loyalty awards for 10, 20, 25 and 35 years working period. In addition to the charter, the Company also provided souvenirs to employees in the form of 24 kart gold jewellery in the form of a ring bearing the logo of Semen Padang with the distribution of 10 years working period for 12,5 grams, 20 years for 25 grams, and 25 years for 37,5 grams, rings for the employees and pendants for employees' wife. A voucher of 5 million IDR was given to employees with 35 years working period.

COMPOSITION OF EMPLOYEE LOYALTY AWARD 2015-2016



OCCUPATIONAL SAFETY AND HEALTH

Safety and Health Equipment

Semen Padang commits to ensuring that safety and health are two important parts of the development of production systems and long-term strategies. Semen Padang continues to meet occupational safety and health standards (K3) and strives to achieve zero value for work accidents in each work unit. Therefore, Semen Padang commits to implement K3 in the work environment by conducting activities that can support K3 performance and increase employee awareness of its implementation in the workplace.

As a manifestation of K3's commitment, Semen Padang has purchased K3 equipment to support the safety equipment

of all employees. Information on K3 equipment purchase in 2016 are as follows:

TABLE OF THE K3 EQUIPMENT PURCHASE 2016

No.	Description	Realization (Rp billion)
1.	Retrofit Fire Alarm	1.8
2.	Factory's Water Hydrant Retrofit	1.5
3.	Provision of Personal Protective Equipment and Emergency Response Equipment	1.3

WORKPLACE ACCIDENTS

In 2016, there was no fatal workplace accidents taken place during the work process. Semen Padang had done the planning, controlling, reviewing, feedback, improvement and prevention to achieve safety and health work.

Every year Semen Padang conducts medical checks for all employees in accordance with Law No. 1 of 1970 on Occupational Safety and Permenakertrans No. Per.02/MEN/1980 concerning Labor Health Inspection on Occupational Safety. With a consistent K3 application, the accidents can be reduced or even eliminated so that employees feel safe from the threat of occupational accidents and diseases that arise from workplace. Thus, it will increase the work productivity.

The awards consist of loyalty awards for 10, 20, 25 and 35 years

Industrial Relations

In establishing harmonious industrial relations, the Company adheres and implements the Law No.13 of 2003 on employment in order to build harmonious, effective, and mutually beneficial industrial relations between the company

HUMAN RESOURCE MANAGEMENT (HRM)

and its employees while accommodating the interests of its employees aligned with applicable laws and regulations. Semen Padang also participates in carrying out industrial relations with labor union that aims to deliver employees' aspirations to the Company's management. The Company provides freedom for all employees to form a professionally managed labor union as a medium between employees and the Company's management.

// Labour Union is the organization from, by and for workers, both in and outside Semen Padang //

Labor Union is an organization formed from, by, and for employees, both in Semen Padang and outside Semen Padang, to fight, defend, and protect the rights and interests of employees while improving the welfare of employees and their families. Furthermore, the union creates a Joint Working Agreement (PKB) which is the result of negotiations between the union and the employer which contains the terms of employment, rights, and obligations of both parties.

In establishing a good relationship between employees and management, the union formed in Semen Padang is called the Semen Padang Labor Union (SPSP), residing in Padang, and registered with in the Manpower Department No. Register 03/Sosnaker/2013, dated December 2, 2013.

The SPSP vision and mission statements are as follows:

Vision Statement

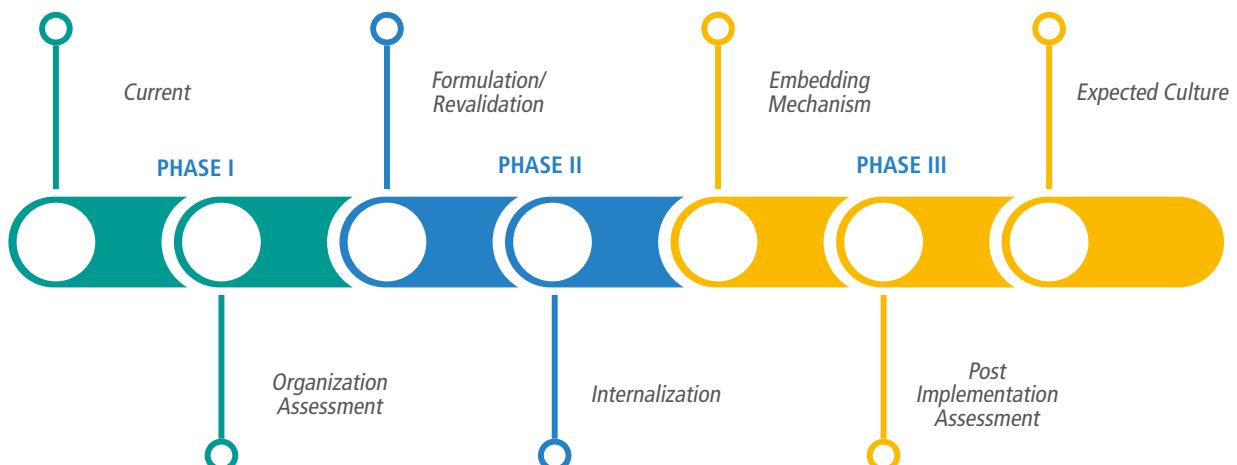
To be an independent, democratic, unified, and professional workers' association as well as to be a reliable partner of Semen Padang.

Mission Statement

1. Improving the welfare of members and families.
2. Providing protection to its members.
3. Distributing and advocating for the interests and aspirations of its members.
4. Actively and pro actively contributing to the Company's programs' success.
5. Acting as partners in proactive industrial relations in the decision-making process/policy that are associated with employment matters.
6. Acting as an educational partner for members to inform of their rights and responsibilities in order to improve the Company.

The signing of the Joint Working Agreement book was conducted by the management representatives, employees, and the ministry of labor and transmigration on December 2, 2013.

THE PROCESS OF STRENGTHENING CORPORATE CULTURAL VALUES



HUMAN RESOURCE MANAGEMENT (HRM)

CORPORATE CULTURE

3. ACT WITH HIGH ACCOUNTABILITY
Undertake duties with the best efforts.



2. HAVE A HIGH SPIRIT FOR CONTINUOUS LEARNING
Highly motivated towards continuous competences improvement.



4. MEET CUSTOMER EXPECTATION
Commitment to deliver beyond the expectation of customers.



5. PERFORM ETHICALLY WITH HIGH INTEGRITY
To act with high standards of ethics, norms and integrity.



1. COMPETE WITH CLEAR AND SYNERGIZED VISION
Each individual to understand and fully support the Company's vision.



6. STRENGTHEN TEAMWORK
Strengthening cooperation with all stakeholders.



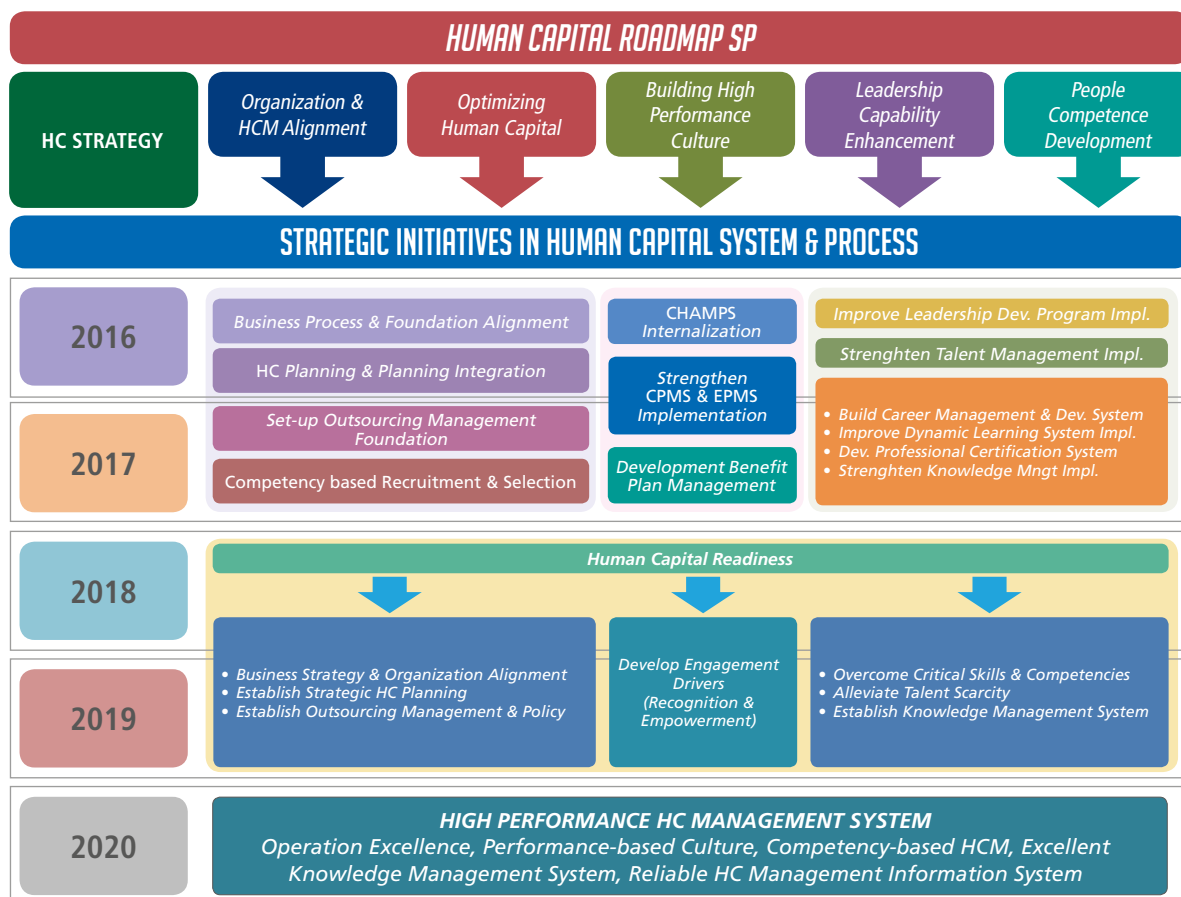
EMPLOYMENT COST

Throughout the 2016, the Company has already born employment-related costs which included the cost of education and employee training, salaries, wages, and employee benefits amounting to Rp770 billion. For outsourced employees, the Company has born cost of Rp4 billion. The overall fund related to employment had complied with applicable laws and regulations as well as the operational needs of the Company's business.

HUMAN RESOURCE MANAGEMENT (HRM)

HR ROADMAP

In future, the Company expects to implement maximum human resource management as follows:



HUMAN RESOURCE MANAGEMENT (HRM)

**Photo title:**

Go forward with Semen Padang

Photo location:

Meeting room ICT 5th floor

Photo caption:

We as part of the Company understand that the Company's progress is a shared responsibility, therefore we always provide the best for the Company

INFORMATION AND COMMUNICATIONS TECHNOLOGY

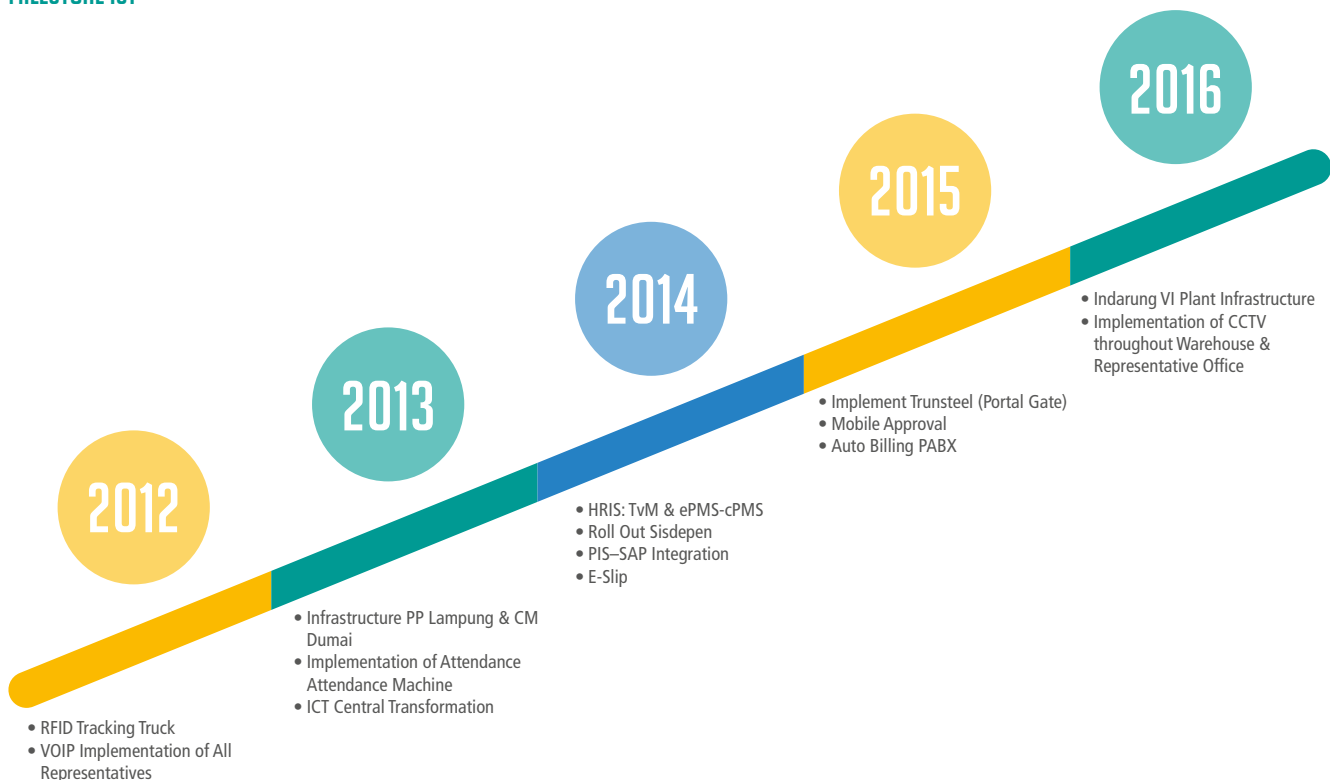
“Comprehensive development of implementing Information and Communication Technology toward customer services and business process in order to win over competitors and gain competitive advantage of the company, with a culture of continuous innovation”

Information and communication technology are implemented by focusing on improving the effectiveness and efficiency, and oriented to the business operations of the Company

Semen Padang fully realizes the crucial role of Information and Communication Technology in the company's business activities – whether operational or non-operational. Throughout 2016, the Company continually increased its utilization of information and communications technology in order to promote business growths that improve competitive advantage. The implementation of information and communication technology focused on improvement of work effectiveness and efficiency, as well as orienting towards the Company's business operations.

Semen Padang has implemented a reliable information and communication technology that meets the business needs of the Company. Information and communication technology plays an important role in bolstering business expansion and growth strategies, starting with acquirement of system and data for market research, market forecasting and simulation, simulation and portfolio of raw material reserves, project management, operations of new production facility, synergy between production facilities, as well as monitoring, evaluation, and consolidation of the Company's performance report.

MILESTONE ICT



INFORMATION AND COMMUNICATION TECHNOLOGY

Year of 2009

- SAP Workshop => Pre-implementation of SAP program, conducted in Jakarta, was attended by Semen Padang, Semen Gresik, Semen Tonasa (SGG) and Consultant.
- Datacenter ERP => Development and updating of the Datacenter for the ERP SGG centralization program.

Year of 2010

- Launching of SAP => Go Live SAP per January 1, 2010, as the official ERP SGG to replace JDE and Oracle, which were previously utilized by each Site (Padang, Gresik, Tonasa).
- Implementation of Active Directory => Development and implementation of Active Directory (Microsoft ADDS) as the administrative center and security network.

Year of 2011

- Implementation of HR – SAP module => Development and implementation of HR module using SAP.

Year of 2012

- RFID Truck Tracking => Implementation of truck verification system on route to transfer destination areas, Rantau Berangin, Duri, Rantau Parapat, Muaro Bungo, Mukomuko.
- Implementation of VOIP for all branches => Replacement of telephones for all Branch Offices with VOIP telephones.

Year of 2013

- Infrastructure of (PP) Lampung & (CM) Dumai => Development and construction of ICT infrastructure to bolster the operations of Packing Plant (PP) Lampung and Cement Mill (CM) Dumai.
- Implementation of Attendance Machine in all Branch Offices => Development and implementation of Attendance Machine in every Branch Office to accommodate the need for staffing data of employees at the branch offices.
- Transformation to ICT Centralization => Effective as of October 1, 2013, Semen Indonesia Group ICT organization was officially centralized under the Strategic Shared Service function at Semen Indonesia Holding Company.

Year of 2014

- HRIS: TvM & ePMS-cPMS => Development and implementation of the Travel Management (TvM) and Performance Based Evaluation (ePMS&cPMS) using SAP.
- Roll Out of Sisdepen => Development and implementation

of distribution and sales system for the Padang area (Area I and II).

- PIS – SAP Integration => Integration of Plant Information System with SAP.
- E-Slip => Implementation of electronic pay slip via email to all employees (paperless).

Year of 2015

- Implementation of Turnsteele (Portal Gate) => Implementation of a system to control the exit and entry of people within the factory area.
- Mobile Approval => Development & implementation of online approval application via mobile phone.
- Auto Billing PABX => Development & implementation of an automated phone call billing system.

“ Semen Padang establishes the ICT Governance Guidelines as a Company policy based on Blue Print Information & Communication (ICT) ”

Year of 2016

- Infrastructure of Indarung VI Factory => Development and construction of ICT infrastructure to support the project & operations of Indarung VI Factory.
- Implementation of CCTV in all Warehouses & Branch Offices => Installation of CCTV in all Warehouses and Branch Offices throughout Indonesia.

MANAGEMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY

The company has implemented the ICT Management Guideline as a Company policy that was compiled based on Blueprint Information & Communication (ICT) in order to realize Semen Padang's commitment to continuously carry out its business activities in accordance to Good Corporate Governance principles. This guideline was legalized through a Decree of Director letter, with reference to best practice and

INFORMATION AND COMMUNICATION TECHNOLOGY



compliance with external regulations, including legislations, Ministry Decrees, PSAK, and others.

The ICT Management Guideline of Semen Indonesia Group is internalized as a guideline for Semen Padang in monitoring and controlling the development and utilization of the system

// In general, ICT Cement Indonesia Group has three main roles, namely strategic, development, and operation //

and information and communication technology within the Company as a Decision Support System for management. ICT of Semen Indonesia Group was developed and planned by taking into consideration management principles and value propositions for the Company and coincides with the

objectives and long term strategy and needs of the Company.

The ICT implementation at Semen Padang was built upon careful planning, proper implementation of technology, Good IT Governance, and suitability with corporate objectives. Semen Padang strives to continuously increase Information and Communication Technology based services and improve the efficiency and reliability of its ICT quality. The application of ICT throughout 2016 plays an important role in supporting the Company's strategy and business goals achievements in increasing efficiency, synergy and decisions making, which are vital for the competitive advantage of Semen Padang.

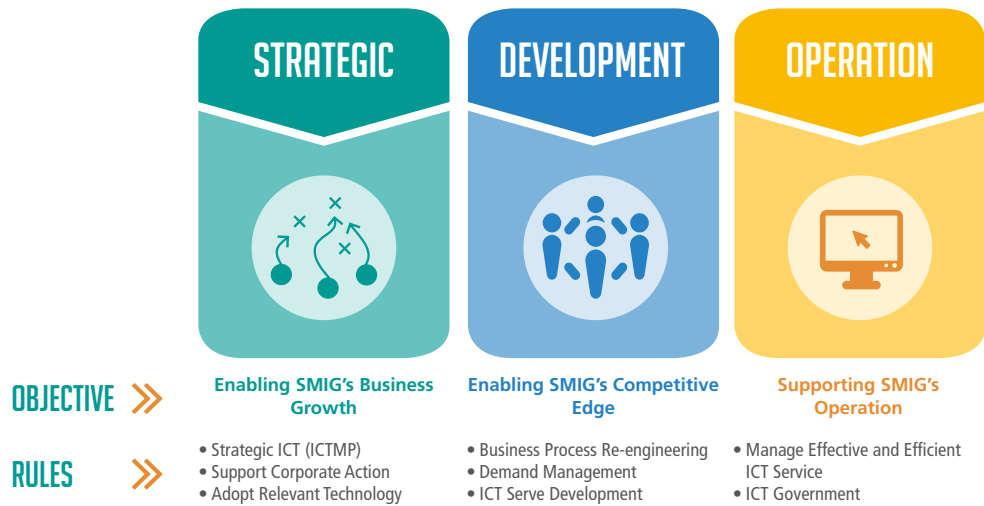
ICT ORGANIZATION

The company has determined that the organization of ICT is centralized into the function of strategic share services within the company level. Every activity concerning procurement and support of ICT services, including development of new services, are centralized into the ICT function found within the Company.

In general, the function of ICT in Semen Padang has three main roles: strategic, development, and operation. The objective and scope of each role is explain in the following illustration:

INFORMATION AND COMMUNICATION TECHNOLOGY

ICT FUNCTION



Since 2014, the ICT Organization of Semen Indonesia Group has been centralized to serve as a strategic function in holding PT Semen Indonesia (Persero) Tbk. To optimize the competence of ICT personnel, a subsidiary (SBU) was formed in June 2014 – PT Sinergi Informatika Semen Indonesia (PT SISI) – with a main function of supporting all ICT operations and developments in Semen Indonesia Group.

ICT MANAGEMENT STRUCTURE

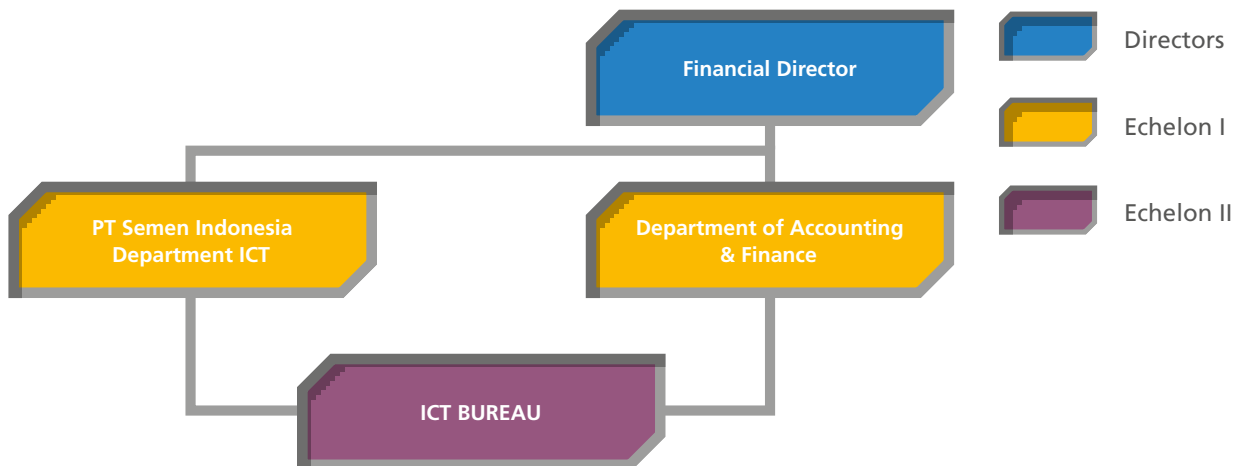
The function of ICT is encompassed by the Semen Padang ICT Operations Bureau, operating under the Accounting and Finance Department through direct coordination with the ICT Department of Semen Indonesia Group. The following illustrates the management structure of ICT at Semen Padang:

ICT function is attached to the function of Bureau of ICT Operation of Semen Padang

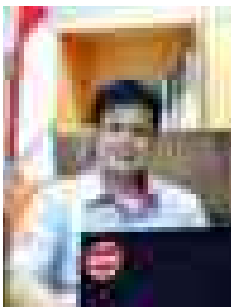


INFORMATION AND COMMUNICATION TECHNOLOGY

ICT MANAGEMENT STRUCTURE



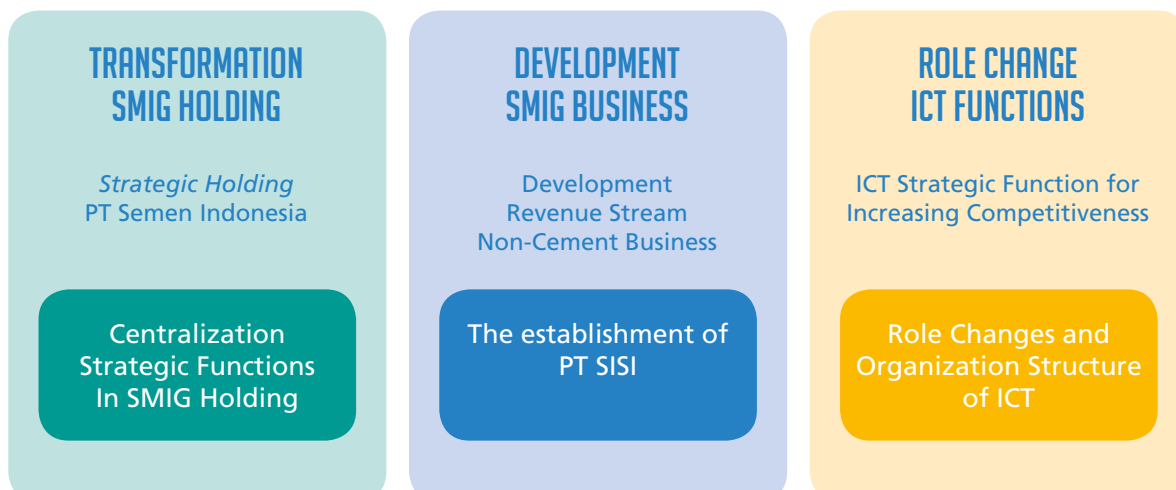
Leadership Profile of ICT SP for 2016



Refcan Afivi, SE, MM
Head of ICT Bureau

Born in Andalas, Sumatera Utara, on July 15, 1968, he now serves as Head of ICT Operations Bureau. He received his diploma in computers, bachelors in economy, and Master of Management from Padang State University. His career in the PDE Bureau in 1989 as a programmer and analyst, and is now services as Head of ICT Operations Bureau since January 2010 – with attendance to trainings and seminars.

ICT ORGANIZATION DEVELOPMENT



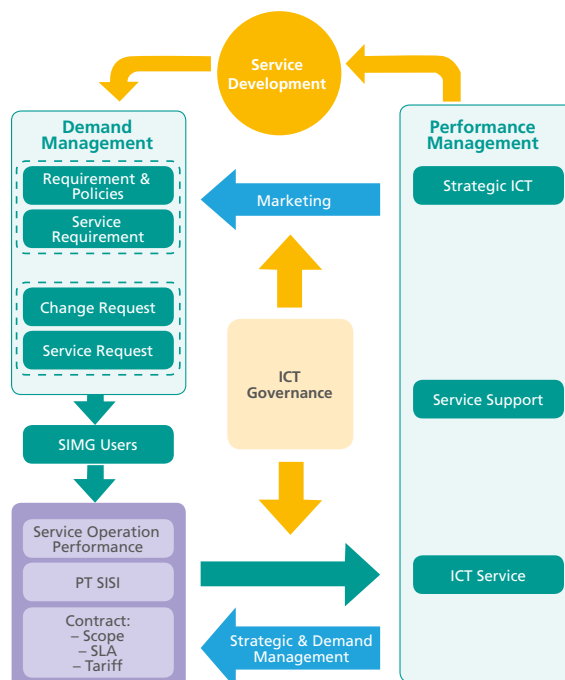
INFORMATION AND COMMUNICATION TECHNOLOGY

The formation of PT SISI subsequently transformed the organization of ICT in Semen Indonesia Group. ICT functions Holding PT SI shifted toward a strategic ICT function. The ICT Strategic Department coordinates with the ICT subsidiary, whom in conjunction acts as the ICT counterpart in carrying out ICT operational and development activities at Semen Indonesia group in order to meet the ICT service demands.

ICT BUSINESS POINT OF VIEW



USER COORDINATION OUTLINE, ICT WITH PT SISI



INFORMATION AND COMMUNICATION TECHNOLOGY

KNOWLEDGE MANAGEMENT

Semen Padang utilizes various media platforms in gathering information and knowledge for employees, by implementing the following procedures:

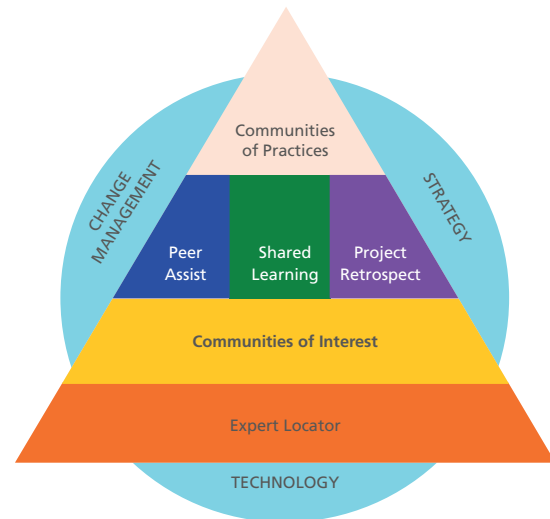
1. Documentation of guidelines, procedures and operational instructions.
2. Archiving of articles, books, training materials, and other sources of information in the library and KM Share portal.
3. Compilation of information from expert locator, project retrospective, community interest, as outlined by the Knowledge Management Procedure (No. Dok. PR/SDM/070).

Knowledge on information technology issues is collected and disseminated through servicedesk website

Knowledge which concerns with information technology are compiled and distributed through the servicedesk website (<http://servicedesk.semenindonesia.com>). Knowledge and factory information can be accessed through CBM Online, Plant Information System (PIS), and the company's website (<http://km.semenindonesia.com>).

Semen Padang conducts transfer of knowledge through various methods, such as Learn and Share (Semen Padang Discussion Club, Leader Cafe, Inspiring Day), Peer Assist, Community of Practice, Online Document, KM Share Portal (<http://km.semenindonesia.com>), and socialization of these methods.

METHODS OF KNOWLEDGE TRANSFER



Semen Padang manages all innovators to produce innovation and improvement through Semen Indonesia Award on Innovation (SMIAI) and Semen Padang Improvement Event (SPIE). These events aim to combine and correlate data from different sources in order to develop new knowledge. Transfer of relevant knowledge from and to customers, suppliers, business partners, and collaborators are conducted through presentations, knowledge sharing, customer meet and greet, trainings/workshops, informal meetings, publicized reports, and website (<http://www.semenpadang.co.id>); which are outlined in the Customer Services Procedure (No. Dok. PR/PSR/023).

Semen Padang structures and transfers relevant knowledge, in order to be used for innovation and strategic planning by encouraging innovation and facilitating learn and share (Innovation Management Technical Guideline of Semen Padang (No. Dok. PD/PSM/012) and Knowledge Management Procedure (No. Dok. PR/SDM/070).

LEARNING AT SEMEN PADANG

To consolidate operation learning within the Company, Semen Padang routinely carries out and performs various innovations, such as work unit Learn and Share, Community of Practice, and Semen Padang Discussion Club within one application.

INFORMATION AND COMMUNICATION TECHNOLOGY

DATA AND INFORMATION QUALITY

To perform data verification and quality, Semen Padang maintains an archiving management system, outlined in the Archive Management Technical Guideline (No. Dok. PD/HKM/014), Document Control and Recording Procedure (No. Dok. PR/PSM/001), Information System Security Technical Guideline (No. Dok. PD/SIM/017).

In addition, the verification of electronic data are done manually and by using the system. Incoming data from the interface can be validated by the calibration tool periodically. To ensure accuracy, validity, integrity, reliability and relevance of the data and information, Semen Padang perform the steps which are outlined in the following table:

TABLE OF METHOD TO ENSURE THE QUALITY OF DATA, INFORMATION, AND KNOWLEDGE

Characteristic	Method
Accuracy & Validity	User testing, internal and external audit, cost control officer certification, archive certification
Integrity & Reliability	Employee ethics, process of multilevel approval & audit log review, Authorized Access (physical & logical), security review, non disclosure statement
Reliability	Management of master data, centralized IT management, process of back up & restore redundant network & server, disaster recovery centre
Temporary	Real time application (transactional), batch application (report), network & server monitoring, service desk

DATA AND INFORMATION SECURITY

The policy of Semen Padang in ensuring safety and confidentiality of information is enforced by implementing regulations that ensure the Company has disclosed and announced information or factual information which required to be disclosed and other parties, in relation to the authority and all stakeholders. To ensure the security of such sensitive data and information, Semen Padang implemented a formal procedure of requiring approval from the leadership or authorized officers.

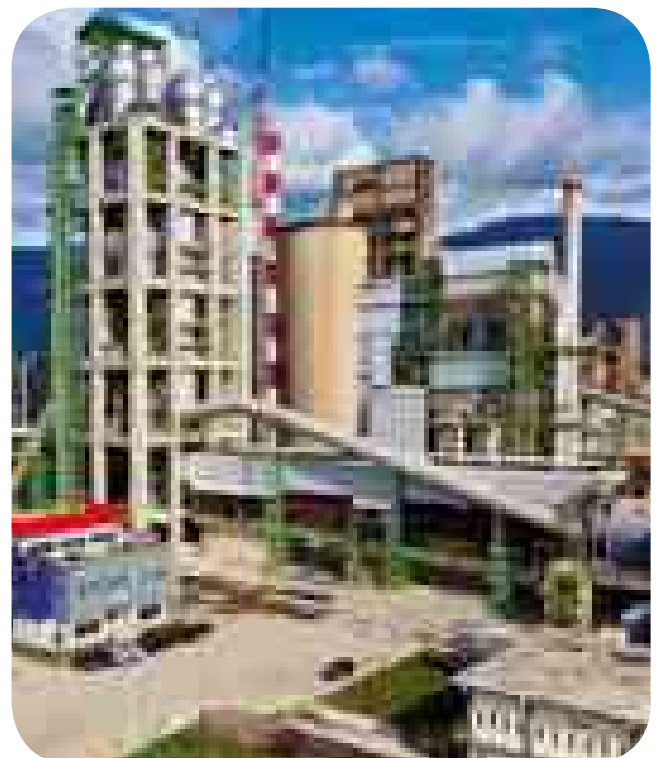
In addition, the technology infrastructure is also equipped with firewall, anti-virus and anti-spam, and periodic security assessments. Data confidentiality is ensured by the implementation of user role system for applications used

at Semen Padang – outline in the Account Management Procedure (No. Dok. PR/SIM/191).

Infrastructure technology is also equipped with firewalls, anti-virus, and anti-spam, and network security assessment

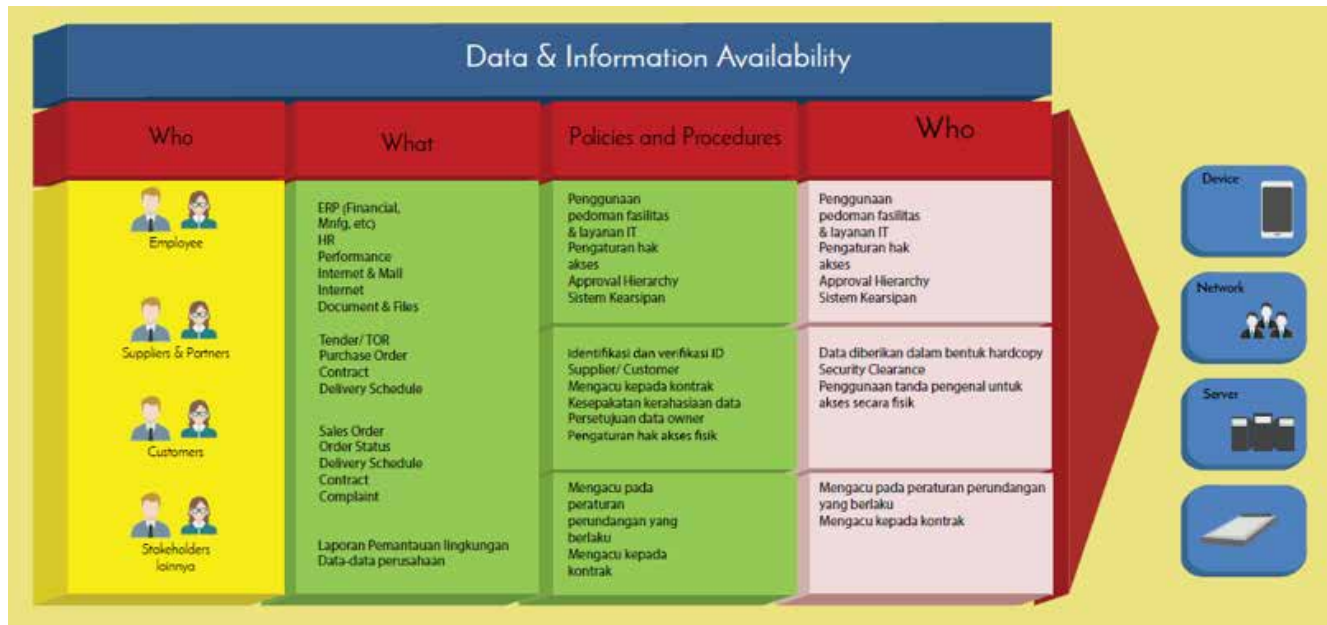
AVAILABILITY OF DATA AND INFORMATION

The company carefully filters the distribution of relevant data and information by implementing the established policies and procedures, and regulates the mechanism by which those information are acquired. Availability and method of accessing data and information is illustrated below.



INFORMATION AND COMMUNICATION TECHNOLOGY

ILLUSTRATION OF DATA & INFORMATION AVAILABILITY



Data access clearance is given to employees based on their authority in performing daily tasks. In general, each employee are provided access through their work computer. Semen Padang provides infrastructure in the form of Local Area Network (LAN) for employees at the Indarung site and

For any technical issues or complaints concerning the information technology (IT) facility, employees can send it to <http://servicedesk.semenindonesia.com> or call center 51.

HARDWARE AND SOFTWARE SPECIFICATION

Semen Padang, through PT Semen Indonesia (Dept. ICT), ensures that the reliability, security, and ease of use of hardware and software illustrated in the Reliability, Safety, and Ease of Use Matrix Table of Hardware and Software. In addition to maintaining and securing the ERP system, information technology also provides a safe and secure network to support the operations of all business applications. The ERP system is now equipped with Disaster Recovery Center (DRC) that is ready for operations should a failure occurred to the main system operated by shared service SMIG. Redundancies using an infrastructure provided by two different provided are also implemented in the network.

“The ICT team provides 24/7 service assisted with servicedesk tools for monitoring”

surrounding area, as well as Wide Area Network (WAN) and website (www.semenpadang.co.id) which is maintained by the Department of Communications and General Facilities.

INFORMATION AND COMMUNICATION TECHNOLOGY

RELIABILITY, SAFETY, AND EASE OF USE MATRIX TABLE OF HARDWARE AND SOFTWARE

Guarantee	Method
Reliability	Monitoring & Maintenance System, DRC, Redundancy, service desk, change control, service standardization, and infrastructure monitoring with solar-winds
Security	Authorization process for rights of access, firewall, anti-virus, anti spam, service standardization
Ease of use	Active involvement of user, training, standardization of service

To provide immediate incidence response, the ICT Team is on standby 24/7 assistance using the servicedesk tools for it monitoring. One of the performance benchmark of the ICT Team is incidence resolution time and availability of ICT services.

Reliability can also be assured by applying change control process. Semen Indonesia adopted Information Technology Infrastructure Library (ITIL) framework for the process management of incident, problem, change, and release. The Semen Padang Bureau of ICT Operations adopted Project Management Body of Knowledge (PMBOK) for the implementation of major issues, as outlined in the Information System Services Development Procedure No. Dok. PR/SIM/204.

The Company also enacted a standard using active directory (management tool to control end user device) as a means of controlling all application through single on, to simplify access to ICT services. The reliability, security, and usage guideline will be regulated in the ICT Management Guideline of PT Semen Padang (No. Dok. 020/Ktps/DIR/2014).

Standardization of service by providing intranet portal (<http://intrasp.semenpadang.co.id>, <http://indarung6.semenpadang.co.id>). Each department is given the opportunity for news updates in portal <http://intranet.semenpadang.co.id>.

“ Semen Padang establishes an active directory as a means of controlling the application ”

SUPPORT OF ENTERPRISE RESOURCE PLANNING (ERP) TOWARDS BUSINESS PROCESS

The implementation of information system in the company aims to fulfil needs and to positively contribute towards the welfare of Stakeholders. As such, the strategic approaches were Supporting Process, Monitoring and Improvement Process:

Supporting Process objective is to provide resources for core processes. Monitoring and Improvement Process on the other hand is a process to ensure targeted goals are attained, as well as performance improvement.

INFORMATION AND COMMUNICATION TECHNOLOGY



To ensure availability of hardware and software, as well as accessibility of data and information during emergency situations, Semen Indonesia has prepared the following strategies:

- Disaster Recovery Center (DRC)
- In the event of ERP system failure, transaction operations will resume by activating the ERP system in DRC, that is maintained by shared service SMIG.
- Network Redundancy

- For ERP, incremental back up are done daily and full back up are done weekly, which are stored in the back-up external hard disk/tape, maintained by shared service SMIG for the Jakarta data center, while the Semen Padang ICT Operations Bureau is responsible for Padang data center.
- Contingency plan is a back-up plan or procedure that is activated when transactions do not run as planned.

Development of information and communication technology help accelerate the growth of the Company's business

DEVELOPMENT OF ICT

To accelerate business decision making as well as increasing efficiency and effectiveness, Semen Padang develop and improved the quality of its main asset – information capital. Quality improvement is done through developing the role of Information and Communication Technology as a catalyst for direct acceleration of business growth. Therefore, in line with strategy design and business development, Semen Padang consistently executes initiatives that are defined in the ICT Master Plan to bolster the business strategy and strengthen its competitive advantage in the cement industry, wherein cost efficiency is one of the main factor to winning over the competition.

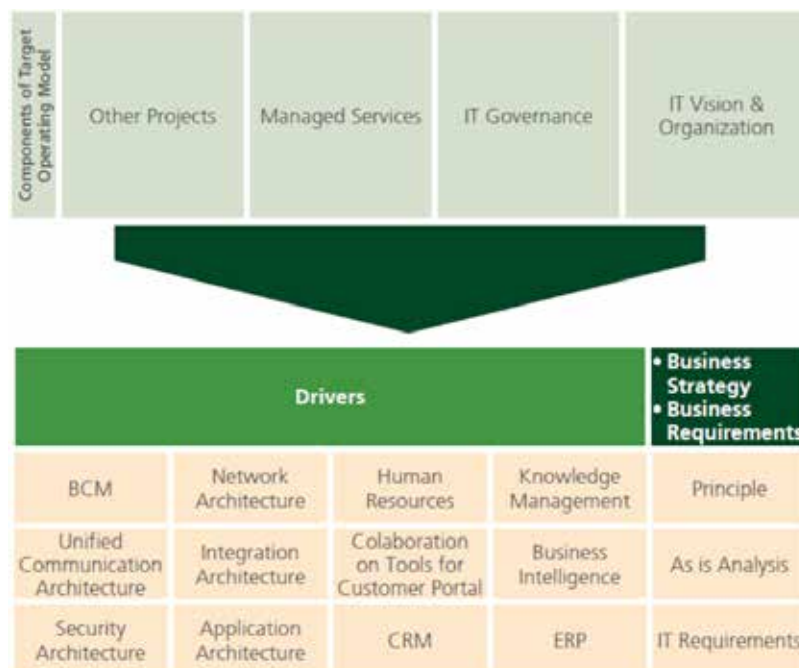
- In the event of network disruptions, the network is altered to the back-up network.
- Periodic Back Up

INFORMATION AND COMMUNICATION TECHNOLOGY

The Company also formulated Target Operating Model ICT to ensure information and communication technology support, within the Semen Padang, in carrying out business strategies, based upon the implementation of:

- Standardization of business processes and systems across all Semen Indonesia group
- Increase to the level of process automation
- Increase of control

The target scheme for ICT Operating Model in supporting business strategy is illustrated below:



IMPLEMENTATION ICT MASTER PLAN (ICTMP)

Semen Padang has composed and implemented an ICT Master Plan using a methodology that ensures alignment between business needs and ICT initiatives. All business needs and plans of operating company (OpCo) are identified, whether in the operational level or strategic level. ICT initiatives that promote or, even, accelerate achievement of business targets are divided into: ICT infrastructure, ICT management, and Business Services.

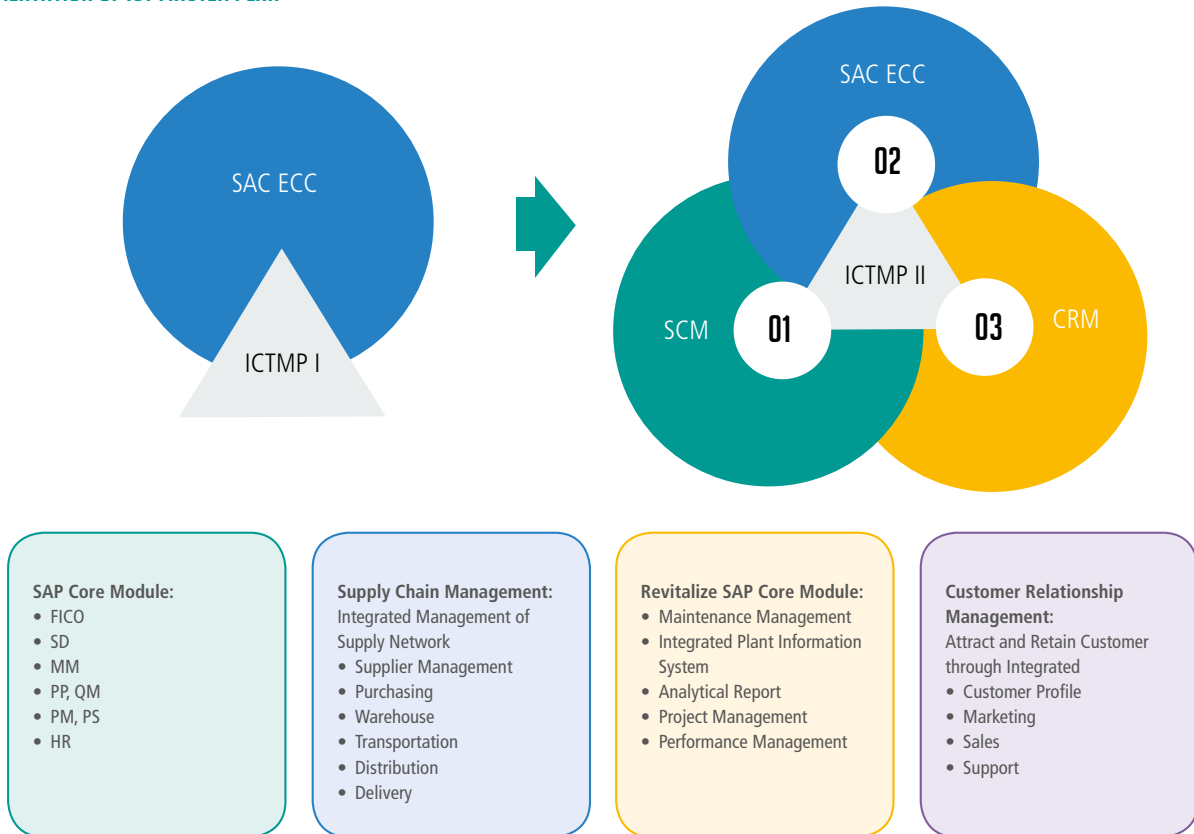
ICT Master Plan Phase II (ICTMP II) for the 2014- 2017 period is a continuation of Phase I (ICTMP I). While ICTMP I focused on the establishment of one ERP system platform to standardize business processes between OpCo, ICTMP II aims to revitalize and increase ERP module as well as expanding the capability to support CRM (Customer Relation Management) and SCM

Semen Padang develops ICT master plan that is aligned between business needs and ICT initiatives

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(Supply Chain Management). CRM and SCM are keys to increasing the Company’s competitive advantage in the domestic and regional market, to increase the company’s growth.

IMPLEMENTATION OF ICT MASTER PLAN



METHODOLOGY IN DEVELOPING ICTMP COMPLIES WITH THE BUSINESS STRATEGY

Assessment results of the current ICT services condition, gap analysis, risk management are explained through the picture below:



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Evaluation of ICT Governance effectiveness is done through risk assessment to determine the gap between the current ICT service conditions with the needs of Semen Padang. The risk assessment results are as follows:

RISK ASSESSMENT OF ICT SERVICES

Risk/Identification of Challenges	Business Impact	Mitigation/Work Plan
Capability/utilization of IT to support the internal process, both core and supporting process are not satisfied and there are still differences among OpCo	Operational Performance among OpCo is diverse and not maximal	Increasing standardization of knowledge/sharing strategic development strategy of SDM through benchmarking and utilizing TI(ERP) system to maximize performance management
Lack of adequate IT skill to support operations	The duration for the process of procurement is very long, the uncertainty of delivery is high, the incompatibility of the operational users' perspective related to number and item quantity especially spare parts, which tend to increase. The lack of management strategy from the key resource (coal, spare parts, outsourcing)	Perform benchmarking on IT leverage industry system (ERP, SRM) to reduce the risk uncertainty
Lack of adequate IT support capability in the customer relation management	The customers' perception is not up to standard, the value proposition offered by the company is not communicated/not understood by the customers, it is difficult to maintain the price predominance in market	Understanding more about the customer s'profiles, requirements, and behaviors to build better communication channel with customers to win new customers. Utilizing IT (ERP, CRM) system to manage customer relationships
Lack of adequate IT support capability in Supply Chain Management, especially in distributing products to the customers, control/collaboration system with distributors, transporters, and shops is not well integrated	It is difficult to control product availability in the market, the bargaining power to distributors and transporters decreases, it is difficult to control price in market	Understanding the new business environment that influences product delivery, observing and understanding the implementation business model of leverage IT (ERP, CRM, SCM) system
Lack of adequate IT support capability in strategic planning and analysis	The incompatibility in the management of strategic initiative, between strategies and operational strategies	The influence of IT (ERP, BI, EPM) system to improve the strategic management effectiveness
Lack of adequate IT support capability in Capex planning and management	Lack of visibility on the status of the project, the increase in the number of projects not completed in a timely manner, incompatibility of profit plans with realization	Development skills IT Leverage (ERP, BI) systems industry visits to improve project and portfolio management
Lack of adequate IT support capability in the planning and implementation of merger, acquisition, new business lines (domestic and regional)	Unpredictable challenge post merger harmonization	Skill Development of IT Leverage (ERP, BI) systems to improve the success level of M & A
The maturity of IT management resources (budgets, organization, persons, hardware, software, partners) in HoldCo and OpCo is still in the development phase	The lack of effectiveness of IT resource management, the increase of number of SLA contravening, the delayed IT projects, the incompatibility of IT service utilization	The standard of skill development industry of IT Leverage (ERP, BI) systems to improve IT of process management

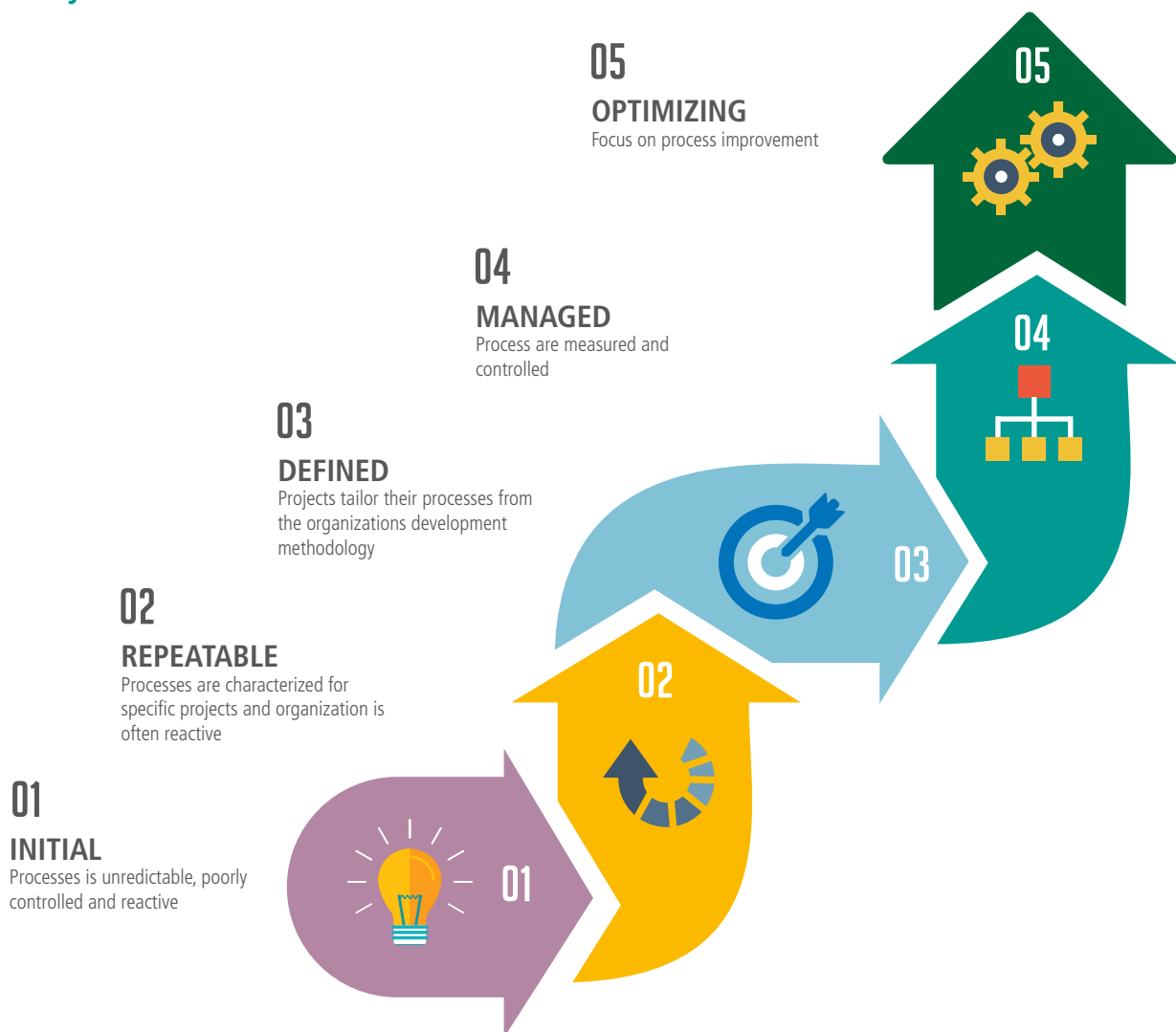
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ICT MATURITY LEVEL ASSESSMENT

Semen Padang conducts an annual maturity level assessment for ICT management and provide evaluation for improvements. In 2016, the maturity score was 4.14, an improvement from 4.07 for the previous year.



ICT Maturity Level Scale:



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FACTORS THAT SUPPORT THE IMPLEMENTATION OF INFORMATION SYSTEM IN THE COMPANY**INTEGRATED COMPUTER NETWORK**

In 2016, the Company built a centralized network backbone group so data communication, voice and video can be accessed from all end point branches of Semen Padang. The Company has also established a centralized server, so all business application is under a centralized location that can be accessed from all locations, including offices, factory, Packing Plant, Distributor, Expenditure, Vendor, or banking offices.

Virtual Meeting

Virtual Meeting to coordinate between work groups, and even between companies within the Semen Indonesia Group has been adopted as part of the company culture. Almost all meeting rooms at Semen Padang are now equipped with up-to-date video conference equipment, allowing users to conduct long distance coordination meetings effectively and efficiently. Therefore, the decision-making process is quicker, business travel costs are saved, and loss of time and effort to conduct coordination is prevented.

ICT SERVICE DESK/CALL CENTER

To provide adequate and accountable service for ICT users, the ICT Service Desk/Call Center was formed. This unit conduct a centralized management and operate 24/7 (24 hours per day, 7 days per week). All ICT related issues at the Operating Company are reported to the Service Desk unit, which will be recorded in the system and assigned a ticket number. This ticket will be relayed to the technicians, and who will report back on its completion status. This allows all issues to be properly managed and customer satisfaction can be maintained.

BUSINESS PROCESS AUTOMATION

In identifying and tracking truck shipments, the Company implements RFID technology that automatically input data into the SAP system as the truck passes through assigned posts. This ensures smooth product distribution processes.

Semen Padang has implemented this technology at broader distribution territories. Machines performance at factories can also be monitored real time and is displayed as dashboard to provide early detection and mitigation of potential issues.

Global Positioning System is also used by the Area Manager to report unidentified retailers, in addition to monitoring ship position. Thus, the management of transportation and retailers are conducted properly.

BUSINESS IMPACT OF ICT DEVELOPMENT**I. Corporate Culture**

Single system ERP SAP fostered terminology synchronization, resulting in effective communication between companies. Transparency of communication is improved, so strategies and experiences can be shared among the company group to prepare for increased competition and to identify business potentials that arise from market growth. With the centralization of ICT at the holding level, the planning pattern of ICT is no longer fragmented but is designed professionally to meet the long term demands of all OpCo.

// Engine performance throughout the factory can be monitored in real time and displayed in the dashboard in order to detect potential problems

**II. IT Shared services**

In line with the implementation of the unified and centralized business service system at the holding, therefore all business services that are required by OpCo will be provided by the ICT organization at the holding, which will then charge the service fees accordingly.

With the implementation of this shared service strategic policies of the group and business process standardization can be maintained, quality of service can be improved, and

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operational costs efficiency are improved. The Company is committed to provide continuous support on the development of the ICT program and expects the highest commitment from all parties involved, from the management, executor, as well as vendors to ensure the achievement and optimal role of ICT in increasing the company's performance sustainably for the future.

PERFORMANCE OF THE ICT FUNCTION IN 2016

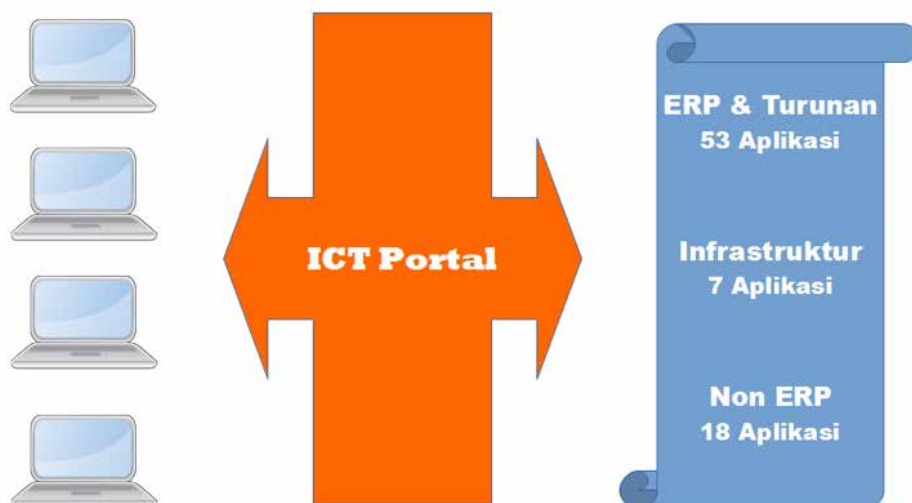
Throughout 2016 the ICT function carried out various activities based on the following ICT function KPI:

No	KPI	Sat	RKAP 2016	Real 2016	%
1	Infrastructure Availability	%	95	98.6	103
2	Fulfilment User Demand	%	70	90.8	129
3	Resolved Incident of ICT Services	%	85	96.6	113
4	Internal Customer Satisfaction Index (ICSI)	Index	3	3.12	100
5	Infrastructure ICT Completion of ICT Infrastructure Request	%	85	90.7	106
6	Implementation of Work Procedure & Instruction	%	75	91	121
7	Follow-up of Audit Findings	%	100	100	100

Management of Services

ICT services are packaged in a portal that functions to provide ease and comfort of usage, without the need for memorizing or bookmarking those services. This portal can be accessed through <http://app.semenpadang.co.id/ictportal>, up to 2016 there are 78 services registered in the ICT portal. These services are divided into three functional groups: ERP & related services (53 applications), Non-ERP (18 applications), and Infrastructure (7 applications). Results of the 2016 IQA assessment stated that PT Semen Padang successfully implemented paperless administration, which is a positive outcome for the company as a direct result from ICT implementation through the above services.

ICT PORTAL SERVICE SCHEME



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SERVICEDESK

All ICT services for Users are managed using the servicedesk application in order to measure, monitor, and report it online and centralized, and to become the knowledge base for the company. In general, management of ICT at servicedesk is divided into two categories, incident and request (demand), to differentiate problems and service requests. The table below outlines servicedesk performance up to December 2016:

No	Criteria	October	November	December	Target	Description
1	Total Ticket	373	289	255	<100	Good
2	Request still open (This month)	0	0	0	<20	Excellent
3	Request still open (All)	2	1	1	<50	Excellent
4	% SLA realisation incident	99.01%	94.11%	97.14%	>85%	Good
5	% Realisation Request	91.91%	90.19%	95.65%	>85%	Good
6	% Realisation Account	96.23%	97.14%	96.30%	>85%	Excellent
7	Total Surveyor	75	76	65	>50	Good
8	Survey Value	85%	86.35%	86.35%	>75%	Good

INCIDENT MANAGEMENT

Incident Management is a response process for operational issues in ICT services. This process aims to:

- Promptly handle every service disruption.
- Identify root cause and prevent re-occurrence of the disruption.
- Provide optimal benefit in increasing ICT services.

Information of ICT service issues can come from user reports (support request/ticket incident) or system alerts (event management). If the problem cannot be handled immediately, it is escalated to a higher technician level, as explained below:

- * Level 1 : Handling of issue by Servicedesk personnel
- * Level 2 : Escalation to on-site ICT technician at each OpCo
- * Level 3 : Escalation to ICT technician at HoldCo
- * Level 4 : Escalation to vendor or consultant

In practice, the issue escalation procedure refers to the standard procedure governing Incident Management.

PROBLEM MANAGEMENT

Problem Management is a response process of reoccurring ICT service incidents. The objective of this process is to identify the incident's root cause and formulate a response plan to prevent future re-occurrence.

Information of reoccurring ICT service incident are derived from evaluation of log or report from the servicedesk application or evaluation of system alerts (event management). If the re-occurrence is an indication for service modifications (change in settings, configuration, flow, or service coding) then it will be handled through the change management process.

ICT services are managed with servicedesk application

In practice, the process refers to the standard procedure governing Problem Management.

CHANGE MANAGEMENT

Change management is a process of managing modifications to the ICT service, with the aim of:

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- Ensuring changes are effectively done to fix the issue or meet user demands
- Identifying and anticipating negative impacts of the service changes.

Information on the need for change management comes from user requests. The necessity of change management is categorized as minor, major, and emergency and is followed up accordingly.

In practice, the process refers to the standard procedure governing Change Management.

DEMAND MANAGEMENT

Demand Management is a process of managing the development of new services or modifications to existing ones to meet the business needs of the company. The objective of this process is to:

- Evaluate the suitability of the new service
- Identify and determine alternative services option according to the current needs.
- Identify availability of resources (facility, budget, human resources)
- Determine development priorities
- Determine the schedule of development activities
- Determine the project team for new services development and other require resources for the development/service modification.

In practice, the process refers to the standard procedure governing Demand Management.

TABEL DEMAND MANAGEMENT & BUSINESS PROCESS REVIEW 2016

No	Demand
1	e-Hukum application
2	Cooperative application
3	e-Insurance PT Semen Padang application
4	Implementation of ERP SISI at PT Igaras
5	Program Monitoring Invoice AP
6	Development of CRM Application for Project surveys
7	View optimization of Tcode MM01 Classification
8	SA and IR notification reminder
9	e-Korin application optimization
10	Vehicle Pool Transportation System
11	Online Shop-Distributor-Semen Padang-BRI
12	e-Invoice application
13	Online Vessel Transaction (MDAL)
14	Expert employee identification and proposal application
15	Wisma Indarung Application
16	Network Monitoring System (NMS) application
17	ICT Inventory Management application
18	Intern Management application
19	Procurement of Desktop & Laptop for the Indarung VI Project
20	Implementation of Open Office
21	Bandwidth evaluation and addition for Warehouse, UP, and Representative Offices
22	Battery change for UPS Data Center
23	Installation of Check Lock at the Indarung VI Plant CCR
24	Installation of FO cables from the Begonjong Office to the Indarung VI CCR
25	Checking the conditions of the Phone network at PPI Lampung

SERVICE CATALOGUE MANAGEMENT

Service Catalogue Management is a management process for the ICT service catalogue given to the users. This process aims to evaluate the development of ICT services and to update (adding, removing, and modifying) the ICT service catalogue based on the evaluation. An up-to-date Service Catalogue is necessary for:

- Informing users of the ICT services options available for them.
- Allocating ICT resources in accordance to operational services and user support

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The following is a list of ICT services in 2016 on registered on the servicedesk application:

No	Service (Catalogue)	Category	Subcategory
1	Incident	Application Login	3 subcategory
		Application	3 subcategory
		Hardware Service	26 subcategory
		Software Service	1 subcategory
		Network Service	5 subcategory
		Multimedia Service	1 subcategory
2	Service	Application Login	3 subcategory
		Hardware Service	8 subcategory
		Software Service	4 subcategory
		Network Service	6 subcategory
		Multimedia Service	3 subcategory
		New Service	3 subcategory
		Portal SMIG	4 subcategory
		Professional Service	2 subcategory
Email Corporate	4 subcategory		

MANAGEMENT OF PROCEDURES AND STANDARDS

In the ICT Management Guideline, Semen Padang assigned the ICT function to compose procedures and work instructions to control ICT SMIG, whether during planning, development, or operational activities/services, taking risk factors into consideration that refers to best practice and in compliance with the various applicable standards and regulations. (UU, Permen, PSAK, GCG Code SMIG, dan others).

Until 2016 there are 19 ICT procedures enacted in OpCo PT Semen Padang, namely:

1. Account Management Procedure
2. Change Management Procedure
3. Incident Management Procedure
4. ICT Services Disaster Prevention and Restoration Procedure
5. ICT Operation Management Procedure
6. Request Fulfilment Procedure
7. Configuration Management Procedure
8. Data Management Procedure

9. Demand Management Procedure
10. IT Financial Management Procedure
11. Third Party Services Management Procedure
12. Strategic Planning Procedure
13. Problem Management Procedure
14. Release Management Procedure
15. Security Management Procedure
16. Service Catalogue Management Procedure
17. Service Level Management Procedure
18. System Development Life Cycle Procedure
19. Sisfo Meeting Room Usage Procedure

ICT has also implemented five Work Instructions that applies internal operations of ICT:

1. Back-up & Restore Windows Server Work Instructions
2. Offline Back-up Work Instructions
3. Server Room Entry Work Instructions
4. Network Monitoring Work Instructions
5. Work Instruction for Material Procurement at Sisfo Warehouse

To demonstrate their commitment toward the implementation in the Company, management enacted three Director’s Resolution Letters (Surat KeputusanDireksi, SKD) until 2016, as listed below:

1. SKD for Implementation of Telephone Auto-Billing System PABX at PT Semen Padang
2. SKD for Provision and Control of ICT Devices at Work Units
3. SKD for the Implementation of Semen Indonesia Group ICT Procedure at PT Semen Padang

ASSETS MANAGEMENT

All Semen Padang assets concerning ICT services and ancillary services that are managed by ICT are managed and recorded in the Assets Management Servicedesk application, so every update (changes/modifications, addition, reduction) are identified. Therefore, information regarding assets management is important for determining the need for ICT service adjustments or improvements. The following table lists all assets managed by ICT as of 2016:

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Asset Category	Assets	Total (unit)
End User Devices	PC/Desktop	732
	Laptop	302
	Printer (local/non IP)	373
	Printer Network (IP)	20
	Single Meter	
Network & Communication Devices	Server	62
	Switch	109
	Router	36
	PABX	18
	UPS	3
License	MS Office	340
	MS Project	5
	MS Visio	3
	Auto-cad	6
	Anti-virus	900
Role & Responsibility	Aruba	90
	Account SAP	493
	Role SAP	7115
	Derived Application Account	7000
	Account Active Directory	2086
	Account Service Desk technicians	21

INFRASTRUCTURE MANAGEMENT

ICT provides services to support the implementation of strategies and corporate action of Semen Padang, to bolster business growth and development. This support includes preparation of ICT services that complements project and operations, production and distribution facilities, as well as new lines of businesses in SMIG with implementations as outlined above.

In support of the realization and success of ICT program implementation, Semen Padang realizes that reliable and optimal infrastructure is a vital necessity. ICT continues to take improvement steps in increasing performance and infrastructure capacity, to meet the service demands, whether internal Semen Padang access or to all Semen Indonesia Group and internet/external.

NETWORK INSTALLATION AT SEMEN PADANG

All network activities are monitored through the Network Monitoring System, allowing real time monitoring and observation of server status and network devices, such as switch, router, access point/wireless, and other network devices. This system is important in anticipating and identifying network problems that can potentially disrupt ICT services, so that these problems can be promptly resolved and preventive steps can be prepared for the future.

DATA CENTER

Semen Indonesia constructed a backbone group in order for data, voice, and video communication to be accessible from every end-point branch company. The company also installed a centralized server to house all business application, also known as the data center. This data center can be accessed from all locations, including offices, factories, packing plants, distributors, expeditor's, vendors, and banking offices.

The data center also houses a group of servers or computer system and data storage system, which is conditioned with a controlled power supply, temperature, humidity and air circulation, fire prevention, and multi-layered safety barriers. Therefore, Semen Indonesia entrusted the physical maintenance of the data center to PT SIGMA, which is a subsidiary of PT Telkom Indonesia and is renowned for their experience and expertise in data center management. The data center location of Semen Indonesia that is maintained by PT SIGMA is at German Center, Serpong, Tangerang.

DISASTER RECOVERY CENTER

The ERP system is equipped with a Disaster Recovery Center (DRC) that is ready to operate in the event of main system managed by shared service SMIG failing. The DRC is located in Surabaya, and is also maintained by PT SIGMA. This location was chosen because one requirement for DRC is that it cannot be in the same building/area as the data center.

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SECURITY MANAGEMENT

Security Management is the management of ICT assets and services, with the purpose of ensuring:

- Confidentiality, protection of data and information confidentiality from unauthorized parties
- Integrity, data modifications by unauthorized parties including from viruses and others
- Availability, data, system, and information availability when it is required.

To achieve the security objectives outlined above, ICT composed and established a security design that is in line with the ICT operational regulations and conditions. This security design is utilized after the following process:

- Security testing
- Management of security incident
- Security review

In practice, it refers to Security Management standard procedure.

To protect intellectual property, the company forbids the usage of illegal software within the company's environment. In meeting the software requirement for operational support, therefore, the company combines the usage of licensed and open source (free) software. The implementation of open source software is proven to significantly reduce the operational cost of the company.

The Company also promotes and allows freedom of ICT service usage that supports the company's operational and business activities, but strictly prohibits any activities that violate applicable regulations, including but not limited to the distribution of pornographic material, sexual harassment, slander, abuse of company name, political activism, provocation, racism, and access to unauthorized sites using the ICT service. The ICT function for developing and implementing control measures—which serves to limit the prohibited activities mentioned above—is legitimized by a procedure and regulation that governs security and is supported with security software (Firewall).

Assets and services security as outlined in the ICT procedures is categorized into three groups:

1. End user devices
2. Network, and
3. Application

END USER DEVICES SECURITY

The regulation for end user devices is applicable to all users and maintainers of ICT services who use desktop/PC, notebook/laptop, and mobile devices to access ICT services and infrastructure, to ensure compliance of desktop/PC, notebook/laptop, and mobile devices usage with the implemented standard, so their effect on the company's ICT infrastructure is minimized.

Desktop, laptop, and mobile devices facilities are restricted for work related tasks and functions, as assigned by the company's management and approved the ICT Operations Bureau. The mobile device users must ensure its security from unauthorized access.

Usage of personal or third party desktop, laptop, or mobile devices using the Semen Padang network must be approved by the ICT Operations Bureau. The ICT of Semen Padang functions to ensure that employees who use end user facilities have an awareness/concern for the rising security risks against information stored in those devices.

The ICT function is also responsible for ensuring that regulations for employees (organic or outsourced) who use desktop, laptop, and mobile devices are in place, and that the employees understand the use standards and regulations. These regulations are outlined in the PT Semen Padang Information System Facilities and Services Usage Guideline.

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NETWORK SAFETY

Network management and usage must always take control and safety into consideration, in accordance to the following guideline:

Network Control

- ICT is required to secure the network from all unauthorized access by implementing adequate controls or systems
- Network activities are monitored to ensure network resources are used effectively and efficiently, and to prevent processing errors
- Computer network connections or expansions, internal or external system access is determined based on company activity needs, and is controlled and arranged by ICT
- User network access limitations must be set in accordance to the allocated service

EMAIL USAGE SECURITY

The regulation concerning email usage applies to all email users, is maintained by ICT, and aims to regulate email usage by employing the facilities from ICT of Semen Indonesia.

Email access authorization is regulated by ICT. Emails can only be used for aiding business activities of Semen Indonesia Group, as required by work tasks, function, and authorization. Email usage must abide by the law and applicable ethics. Semen Indonesia's ICT function includes additional disclaimer statements in every email to prevent law suits over email usage.

All company email account users are required to be vigilant and cautious in using it. They also need to understand the ethics and regulations concerning what can and cannot be done with the company emails, and follow company regulation on data exchange.

Company emails are not for private usage (including file attachments or calendar), but strictly for organizational records. The company reserves the right to, without advance notification, and for security reasons, audit and/or as evidence for violation of the law, monitor, access, inspect, copy, erase, expose, and disclose every messages saved in Semen Indonesia Group email system.

INTERNET SECURITY

The internet usage regulation applies to all users of the internet managed by ICT. Its objective is to control all internet access from Semen Indonesia Group ICT facility.

The official company domain name is semenpadang.co.id for the OpCo, and semenindonesia.com for the group. Internet access authorization is managed by ICT. Internet access is restricted to business related activities of Semen Indonesia Group, in accordance to work assignments, function, and authorization. The law and ethical norms must be adhered to when accessing this facility. ICT regulates and implements security measures necessary to secure internet access through procedures and regulations supported by a reputable security tool – Fortinet.

The official company website is semenpadang.co.id for the OpCo, and semenindonesia.com for the group. ICT is authorized to inspect, without prior notice, all internet files on computer, web browser cache files, and web browser bookmarks in accordance to the applicable procedures at Semen Indonesia Group.

All internet users at the company has high commitment to continue being aware and cautious when accessing it, mindful of ethical norms and regulations of authorized usage, and of company regulation for data exchange.

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ACCOUNT & PASSWORD SECURITY

The regulation concerning Account and Password security applies to all user accounts and passwords for accessing ICT services system at Semen Indonesia group. Its objective is to regulate user accounts and password to ensure suitability with the company's business targets.

Each user can be assign 1 (one) account (username & password) and is fully responsible for it by not sharing it with unauthorized parties, and abides by all regulations, as outlined in the standard procedure regulating username and password at Semen Indonesia Group.

ANTIVIRUS MANAGEMENT

Antivirus usage regulation applies to all systems with direct connection to the ICT system of Semen Padang and Semen Indonesia Group. The regulation aims to regulate steps for prevention, detection, and recovery from malwares (virus, worms, Trojan) at Semen Padang and Semen Indonesia Group.

ICT has established Kaspersky as the antivirus for servers and user devices, as well implementing antivirus standard at the company and ensures the system runs effectively to all users. Any users of ICT services who suspects or finds a virus attack must immediately disconnect from the company network and report the incident to ICT in order for steps to be taken for recovery/cleaning or prevention of virus transfer to other devices in the network.

ICT must conduct periodic reviews of software and data content of critical activity support system. Unauthorized files are to be investigated formally, antivirus software are to be updated periodically, and reporting and recovery protocol from virus attacks are to be prepared.

**/// ICT applies Kaspersky
antivirus for server and user
devices ///**

Photo title:
Smile of togetherness

Photo location:
Meeting Room ICT 5th Floor

Photo caption:
Synergy becomes a solution for better performance in the face of increasingly fierce competition.



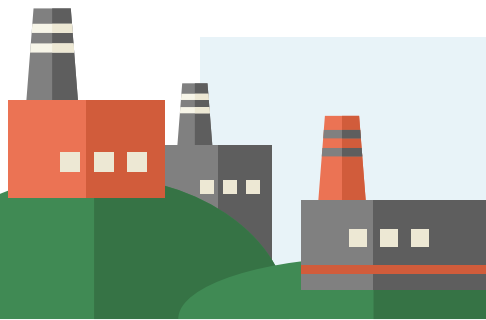
MANAGEMENT DISCUSSION AND ANALYSIS

- From time to time, opportunities and challenges in the national cement industry are getting tighter. Semen Padang constantly improves its engineering and engineering skills to develop the national cement industry. The Company also performs superior performance enhancement, competitiveness growth through operational productivity, efficiency in all areas to achieve cost leadership, steady pace and market-oriented marketing effectiveness, and sustainable business growth.



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HIGHLIGHT MANAGEMENT DISCUSSION AND ANALYSIS



6,456 THOUSAND TON

**CEMENT
PRODUCTION**

4,980 THOUSAND TON

**CLINKER
PRODUCTION**



6,495 THOUSAND TON
DOMESTIC SALES



485 THOUSAND TON
EXPORT CEMENT & CLINKER



6,980 THOUSAND TON
TOTAL SALES



6,221
BILLION RUPIAH
REVENUES



1,191
BILLION RUPIAH
EBITDA



944
BILLION RUPIAH
OPERATING EXPENSES

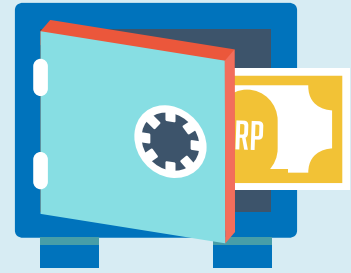


1,039
BILLION RUPIAH
OPERATING PROFIT

724
BILLION RUPIAH
PROFIT FOR THE YEAR



9,210
BILLION RUPIAH
TOTAL ASSET



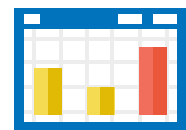
4,877
BILLION RUPIAH
EQUITY



4,321
BILLION RUPIAH
TOTAL LIABILITIES



244
BILLION RUPIAH
WORKING CAPITAL



19.2
%
EBITDA MARGIN



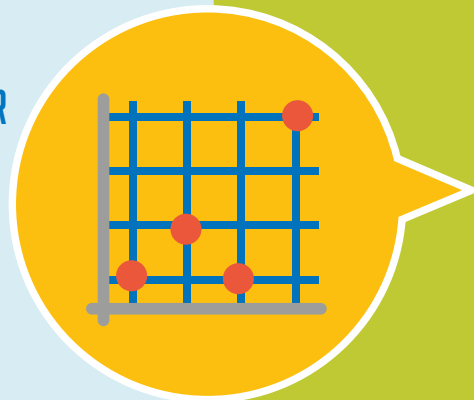
2.312
BILLION RUPIAH
TOTAL INVESTMENT OF CAPITAL GOODS



8.1 TIMES
INVENTORY TURN OVER
RATIO



44 DAY
COLLECTION PERIOD



14.8 %
RETURN ON
EQUITY

7.9 %
RETURN ON
ASSETS

INDUSTRY OVERVIEW



Photo title:
The Giant of Karang Putih

Photo location:
Karang Putih Limestone Hills

Photo caption:
The opening of the Karang Putih limestone quarry that will provide Semen Padang with a raw material reserves for up to 30 years ahead.

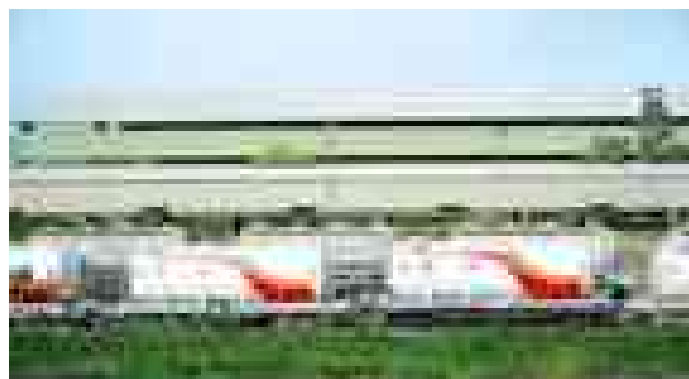
// The slowdown in global economic growth is due to slowing growth in developed countries, low commodity prices, weak global trade, and reduced capital flows //

GLOBAL ECONOMIC REVIEW

In 2016, the global economy in 2016 is characterized by the slowdown and uneven growth as well as uncertainties in the financial market. Global economic growth in 2016 is estimated to be at 2.4%, this figure is the same as the figure in the previous year.

The slowdown in global economic growth is due to the growth slowdown in developed countries, low commodity prices, weak global trade, and reduced capital flows. Developed countries such as the United States and the European Union countries are in the adjustment phase after experiencing instabilities in the domestic economy. Bank Indonesia data states that the GDP growth of the United States is estimated at 2.3% with major sources of growth deriving from consumption and investment. While the

**OPENNESS IN THE ASEAN
ECONOMIC COMMUNITY OPENS NEW
OPPORTUNITIES AND CHALLENGES
FOR THE CEMENT INDUSTRY,
ENABLING EXPORT OPPORTUNITIES
TO EXPAND, IN LINE WITH THE
CHALLENGES OF MAINTAINING AND
EXPANDING THE DOMESTIC MARKET
SHARE**



recovery in the European region in 2016 is estimated to be 1.6%, lower than the figure in the previous year of 2%.

While countries in the Asian region such as Japan is still experiencing economic contraction with growth that did not change significantly. Japan's economy in 2016 is expected to grow by 0.8%, in line with the investment future stimulus package, which reached 5.6% of Japan's GDP.

While the economic growth in China derived from consumption and investment is quite solid and supported by Government's policy to stimulate sales in the property and automotive sectors. The improving investment in China is inseparable from its supporting infrastructure. In 2016, economic growth in China stood at 6.7%, achieving the mid-point Government target of 6.5-7.0%.

According to Bank Indonesia data, US GDP growth was 2.3%, Europe 1.6%, Japan 0.8% and China 6.7%

MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, the increase in world oil prices began to show improvement despite the relatively low level. The increase is in line with the agreement of the Organization of the Petroleum Exporting Countries (OPEC) to reduce the supply by 1.2 million barrels per day, which is effective on 1 January 2017. Subsequent to the OPEC agreement, the price of crude oil (WTI) increased to above USD50 per barrel, from the previous level of about USD46 per barrel.

// The prospects of developing countries especially in East Asia will remain positive for the next three years driven by strong domestic demand //

In the future, Bank Indonesia is projecting that the economic recovery in the United States is expected to remain solid, supported by improved employment conditions. Economic recovery in Europe is expected to continue, Bank Indonesia predicts that the economic growth in Europe in 2017 is expected to be at 1.5%, in line with the projected improvement in the labor sector and accommodative fiscal policies. Meanwhile, Japan's economic growth is expected to continue to grow by 0.8%, in line with the increase in fiscal spending and the determination of other policies. On the other hand, world oil prices in 2017 are also projected to continue to increase. The increase is in line with the expectations of increased demand from the OECD and optimism over OPEC and non-OPEC compliance levels on production cuts.¹

Based on the report of the World Bank in the East Asia and the Pacific Economic Update, the prospects of developing countries, particularly in East Asia will remain positive for the next three years driven by strong domestic demand, as well as the recovery of the global economy and commodity

prices. The poverty rate in East Asia will also decrease, driven by sustainable growth and increased labor income. China's economy will continue to slow down gradually, in line with the country's efforts to balance consumption and services. China's growth is projected to be at 6.5% in 2017. Based on Bank Indonesia's report, Japan's economic growth is projected to increase and grow by 0.8%, supported by consumption activities and the recovery of exports.

For other regions, including large Southeast Asia countries, growth is projected to increase to 5% in 2017 and 5.1% in 2018, increasing from a growth rate of 4.9% in 2016. Overall, the economies of developing countries East Asia and the Pacific are projected to increase to 6.2% in 2017 and 6.1% in 2018.²

INDONESIAN MACRO ECONOMICS

Indonesia's Gross Domestic Product (GDP) growth in 2016 was slightly better than in the previous year, the growth rate of Gross Domestic Product (GDP) in 2016 was posted at 5.0%, increasing by 0.2% compared to 2015 (4.8 %). In the midst of global economic conditions that experienced slowdown and uneven growth, Indonesia's economic growth this year is among the highest in the world. Other countries such as Brazil, Russia, and South Africa that have characteristics that are almost similar to Indonesia were experiencing a deep downturn. Although constantly supported by commodities, Indonesia was still able to still rise when the price of commodities in the global market is collapsing. Meanwhile, the stability of prices of goods and services nationally indicates an improvement in the economy despite the impact of the global economic slowdown, allowing the inflation rate in Indonesia in 2016 to reach the lowest figure since 2010, which was 0.4% in the period of December 2016 and inflation during 2016 amounting to 3.0%.

In 2016, the government implemented the Tax Amnesty Program to increase the revenue of the government from the tax sector. The enforcement of Tax Amnesty encourages the infrastructure sector and supporting industry sectors to increase the state's revenues by Rp1,200trillion. The government has determined the completion of priority infrastructure projects, including the construction of toll roads, power plants and railways. The government's focus on infrastructure development provided huge opportunities for the related industries, such as property, cement producers,

¹ <http://www.bi.go.id/id/publikasi/kebijakan-moneter/tinjauan/Pages/Laporan-Kebijakan-Moneter-Triwulan-IV-2016.aspx>

² <http://www.worldbank.org/en/news/press-release/2017/04/13/world-bank-growth-in-east-asia-pacific-likely-to-remain-resilient>

MANAGEMENT DISCUSSION AND ANALYSIS

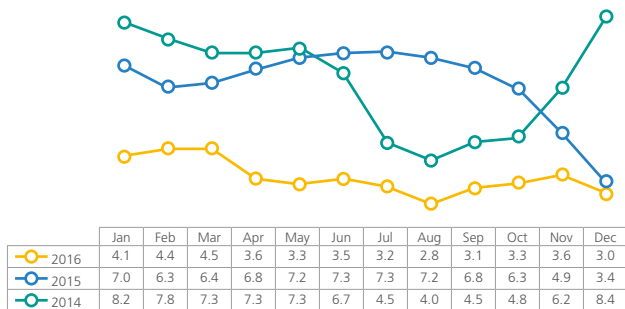
and construction companies, consequently expected to improve the Indonesian economy.

The main factor driving the Indonesian economy in 2016 was investment. Investment in 2016 amounted to Rp613 trillion, an increase of 12.4% compared to 2015, consisting of Domestic Investment of Rp216 trillion and Foreign Investment of Rp397 trillion. The government maintains the stability of investment by maintaining the stability of the exchange rate in accordance with the economic fundamentals. On the other hand, by 2016, through several Economic Policy Packages that have been issued, the Government was able to reduce poverty and unemployment rates. The poverty rate in 2016 decreased to 10.7% from 11.2% in 2015, while the unemployment rate decreased to 5.6% from 6.2% in 2015.

INFLATION

Indonesia's inflation rate fluctuated in 2016. Inflation rate in 2016 stood at 3.0%, lower than in 2015, which stood at 3.4%. The low inflation rate in 2016 was influenced by administered prices and volatile food, which are the main contributor to low inflation in 2016. Another factor affecting the low inflation in 2016 is the coordination between the government and Bank Indonesia, adequate demand compared to supply, adequate control in terms of the rupiah exchange rates despite the increase in commodity prices. Adequate control of the Rupiah exchange rates also helped keep inflation in check, supported by low inflation expectations from the public.

CHART OF NATIONAL INFLATION RATE 2014-2016



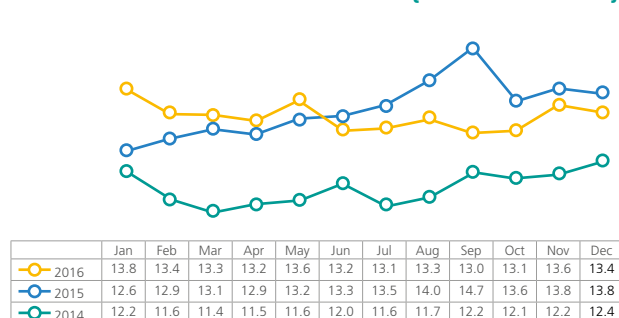
EXCHANGE RATE

In the perspective of the Indonesia's exchange rate conditions starting from December 2014 to December 2016, the Rupiah continues to decline against the Dollar. The rupiah exchange rate at the beginning of 2016 weakened to close to Rp14,000 against the Dollar, before closing at Rp13.436 as of 31 December 2016, which had an influence to the decline in demand. This is due to external sentiment related to the time of Fed Fund Rate increase subsequent to FOMC minutes in July 2016.

Gross Domestic Product (GDP) growth in 2016 was 5.0% up by 0.2% compared to 2015 (4.8%)

In 2017, the prospects of Fed Funds Rates (FFR) increase in the United States by 3 times is predicted to create Dollar strengthening globally, which will impact to the weakening of Rupiah and affecting the national economy.

CHART OF RUPIAH AGAINST DOLLAR 2014-2016 (IN THOUSAND RUPIAH)



In line with the improvement projections of domestic demand and global economic conditions, Bank Indonesia evaluated the economy in 2017 to grow better in the range of 5.0-5.4%. However, there are a number of external and domestic economic risks that must be observed. From the global side,

MANAGEMENT DISCUSSION AND ANALYSIS

the risks are deriving from the increase in the prices of energy and non-energy commodities that may potentially lead to higher inflation. Expansion plans of fiscal policy and trade protectionist policies of the United States, the approval of Hard Brexit by the British Parliament, as well as geopolitical risks in Europe could reduce the volume of world trade and increase global uncertainties. From the domestic side, the fuel price adjustment plan in line with the continued policy of energy subsidy reform by the Government has the potential to boost inflation.

// Cement industry was still over supply in 2016 caused by the growth of new manufacturers and expansions made by old players



NATIONAL CEMENT INDUSTRY REVIEW

Indonesia's economic growth contributes directly and indirectly to the growth of the national cement industry in 2016. The total national cement supply during 2016 was posted at 61.6 million tons, decreasing compared to 2015. The national cement supply decreased by 407 thousand tons compared to 2015, while in 2015 the supply of cement still increased by 2.0 million tons from 2014.

The cement industry was still experiencing cement over supply in 2016, which is due to the growing number of new producers and expansions by the existing cement producers. The over supply condition leads to a tighter competition in Indonesia's cement industry. The capacity of the national cement production in 2016 reached 89.7 tons, higher compared to 75.2 tons in 2015.

COMPETITION IN THE CEMENT INDUSTRY

The increasingly tight competition in the national cement industry is also evident in new cement producers who have entered the cement industry since 2015, among others PT Sinar Tambang Arthalestari (Semen Bima), Siam Cement Group (SCG), PT Jui Shin Indonesia (Semen Garuda), and PT Cement Cemindo Gemilang (Semen Merah Putih) and PT Conch Cement Indonesia (Semen Conch). The presence of new cement producers diminished the market share of existing cement companies, which influenced the decrease in the market share of Semen Indonesia Group from 41.9% in 2015 to 41.7% in 2016. Holcim experienced a decline from 13.9% in 2015 to 12.3% In 2016. While in the second position is occupied by Indocement, which also experienced a decrease from 27.1% in 2015 to 26.2% in 2016.

The competition of the cement industry since the beginning of 2016 has led to price reductions by cement producers in addressing the competition. This decrease in price drop leads to a decline in margin for the Semen Indonesia Group. Anticipation measures performed were through savings and by increasing sales volume. The increase in sales volume is done domestically and abroad in the event domestic consumption does not increase as well as for market share expansion, which is in line with the production increase from the Rembang factory and particularly Indarung VI for Semen Padang in 2017.

In order to survive and thrive in the midst of the cement over supply condition, companies in the cement industry conducted various strategies. One of the strategies implemented by companies in the cement industry included price reduction to attract the consumers' interest. The price reduction had a positive impact on the sales volume of cement. However, the increase in sales volume is not in line with the increase in margin, because the decline in prices resulted in the decrease in margins obtained by companies in the cement industry.

Companies in the cement industry anticipate the decline in margins due to the cement price reduction strategy by performing efficiency measures. Efficiency measures implemented by Semen Indonesia Group included substitution of main and supporting raw materials, optimizing electricity consumption through Waste Heat Recovery Power Generation (WHRPG), as well as interest cost savings through the optimization of funding sources utilization with the lowest cost of money.

MANAGEMENT DISCUSSION AND ANALYSIS

The cement competition in 2017 is predicted to become even fiercer due to the increased production capacity of cement producers in Indonesia. Strategic measures to achieve increased sales volume included expansion in the Southeast Asia and Southern Asia markets, in the event domestic cement consumption does not increase. In addition, the expansion decision is also a market share expansion strategy, which is in line with the increased production from the Rembang plant and especially Indarung VI for Semen Padang, which will be operational in 2017, as well as the ongoing development of Semen Indonesia Aceh in Pidie.

POSITION OF SEMEN PADANG IN THE NATIONAL CEMENT INDUSTRY

As one of the cement companies in Indonesia, Semen Padang also faces problems and challenges that are not much different from those experienced by other national cement producers. The performance of Semen Padang will affect the performance of the national cement industry in general. The performance of Semen Padang during 2016 is in line with the performance condition of the national cement industry in general. Semen Padang was able to improve some of its performance, although the increase was not significant.

NATIONAL CEMENT INDUSTRY OUTLOOK

Nevertheless, the domestic market is projected to increase in 2017. This increase is due to the amount of infrastructure budget in the 2017 State Budget Plan. The budget for infrastructure spending is estimated to amount to Rp387 trillion. The main driver of the economy continues to rely on government spending that focuses on spending in the infrastructure sector.

The Ministry of Industry estimates that the total national cement capacity in 2017 is expected to reach 102 million tons from the total needs of 70 million tons per year, in line with the high realization of investment in the domestic cement industry. In relations to the oversupply that will occur in 2017, the excess of production is expected to meet the demand of the export market. Nevertheless, the national cement supply surplus is estimated to be only temporary, given that the total demand for cement for infrastructure development is enormous.³

In the future, national cement demand is expected to continue to increase, supported by growth in the property sector, as well as the government-driven infrastructure development programs over the next few years. Government

projects are also predicted to require a large supply of cement and will continue to increase every year, particularly with the Master Plan for the Acceleration and Expansion of Indonesia's Economic Development (MP3EI), the Papua and West Papua Development Acceleration Unit (UP4B), as well as the People's House Development and Thousand Tower by Kemenpera.

Therefore, the demand for cement on a national scale is expected to continue to increase as the government continues to pursue its development efforts to pursue Indonesia's economic growth through sustainable infrastructure improvement projects from 2011 to 2025.

// In the future, the national cement demand is expected to continue to increase, supported by property growth, as well as government-driven infrastructure development programs for years to come //

OPERATIONAL REVIEW PER BUSINESS SEGMENT

Business segments of Semen Padang and its subsidiaries are grouped into two segments, namely:

1. Cement Production Segment
Cement production segment is business segment that focuses its activities on the production and sales of cement. Semen Padang as a holding company conducts the management of the cement production activities.
2. Cement Packing and Distribution Services Segment
Cement Packing and distribution Services Segment is the business segment that focuses on the activities of cement packing, cement distribution, and other general sales. Most of the cement packing and distribution services segment is managed by the subsidiaries, namely PT Sepatim Batamtama for the Riau Islands areas, and PT Bima Sepaja Abadi for Jakarta Special Capital Region, West Java and Banten areas.

³ <http://www.kemenperin.go.id/artikel/12223/pasokan-semen-Nasional-102-juta-ton-pada-2017>

MANAGEMENT DISCUSSION AND ANALYSIS

CEMENT PRODUCTION SEGMENT**Cement Production Process And Capacity**

The scope of the cement production segment includes the manufacture of various types of cement products to meet the market demand and started its commercial production since 1913. Production results are more prioritized for domestic consumption.

**Until the end of 2016,
Semen Padang has 5 factories
with a total production capacity
of 6,456,059 tons of cement**

Semen Padang production process can generally described through the following phases:

- Mining of raw materials (quarry) phase. The raw material consists of limestone, clay, iron sand and silica sand. These materials are mined using heavy equipment and then sent to the cement plant.
- The raw materials are examined in the laboratory, then mixed with the appropriate proportions and the initial milling stage of raw materials commenced with the crusher, forming a powder.
- The next phase, the material is heated in the pre heater.
- The heating is continued in the kiln so it reacts to form clinker crystals.
- The clinker crystals are then cooled in the cooler with the help of the wind. The heat from the cooling process is streamed back into the pre heater to save energy.
- The clinker is then re-smoothed in a rotating tube filled with steel balls, forming fine cement powder.
- This smooth clinker is stored in a silo (a cement container like Pertamina oil tank).
- From this silo, the cement is packed and sold to the consumers.

In detail, the production process of Semen Padang is illustrated as follows:



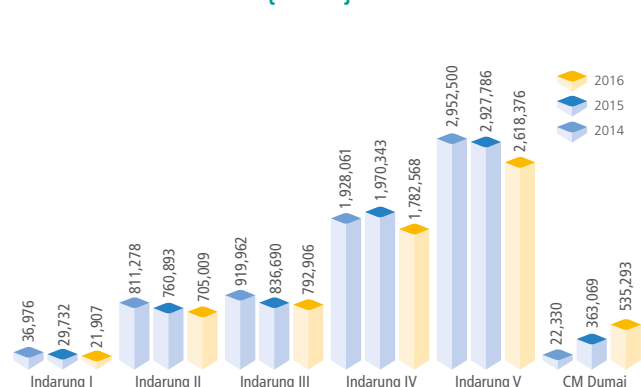
Up to the end of 2016, the Company has 5 plants with a total cement production capacity of 6,456,059 tons. The amount decreased by 6.3% or 432,454 tons compared to the realized production in 2015, which amounted to 6,888,513 tons. On the other hand, the cement production of Cement Mill Dumai increased by 172,244 tons or 47.4% to 363,069 tons, compared to 2015, which amounted to 22,330 tons.

MANAGEMENT DISCUSSION AND ANALYSIS

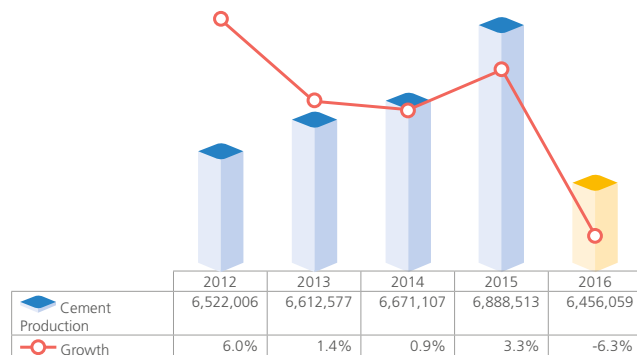
CEMENT PRODUCTION TABLE (IN TONS)

Description	2014	2015	2016	Difference		% Change	
Per Plant							
Indarung I	36,976	29,732	21,907	-7,825	-15,069	-26.3	-40.8
Indarung II	811,278	760,893	705,009	-55,884	-106,269	-7.3	-13.1
Indarung III	919,962	836,690	792,906	-43,784	-127,056	-5.2	-13.8
Indarung IV	1,928,061	1,970,343	1,782,568	-187,775	-145,493	-9.5	-7.5
Indarung V	2,952,500	2,927,786	2,618,376	-309,410	-334,124	-10.6	-11.3
Total	6,648,777	6,525,444	5,920,766	-604,678	-728,011	-9.3	-10.9
Cement Mill Dumai	22,330	363,069	535,293	172,224	512,963	47.4	2.297.2
Total Production	6,671,107	6,888,513	6,456,059	-432,454	-215,048	-6.3	-3.2
Per Jenis							
OPC	1,471,327	1,786,267	1,565,061	-221,206	93,734	-12.4	6.4
Non OPC	5,199,780	5,102,246	4,890,998	-211,248	-308,782	-4.1	-5.9
Total	6,671,107	6,888,513	6,456,059	-432,454	-215,048	-6.3	-3.2

CEMENT PRODUCTION GRAPH (IN TONS)



The development of cement production in the last 5 (five) years can be view in the following graph:



The main cause of the decrease in cement production in 2016 is due to the clinker supply crisis in mid-year up to the end of 2016. In addition, the decrease in cement production is also in line with the strategy of the Indonesian Cement Group of choosing to prioritize the supply needs in Indonesia. In addition, domestically, Semen Padang has calculated the market share with domestic competitors in order to avoid price competition.

The decline in cement production is due to a slag supply crisis in mid-year

MANAGEMENT DISCUSSION AND ANALYSIS

Clinker Production Process and Capacity

CLINKER PRODUCTION TABLE (IN TONS)

Description	2014	2015	2016	Difference		% Change	
Per Plant							
Indarung II	686,679	649,059	593,729	-55,330	-92,950	-8.5	-13.5
Indarung III	697,356	642,331	559,089	-83,242	-138,267	-13.0	-19.8
Indarung IV	1,448,713	1,570,261	1,504,506	-65,755	55,793	-4.2	3.9
Indarung V	2,524,002	2,415,475	2,323,661	-91,814	-200,341	-3.8	-7.9
Total	5,356,750	5,277,126	4,980,985	-296,141	-375,765	-5.6	-7.0

Clinker is a product of semi-finished goods, which is a mixture of some available raw materials to be processed further to be mixed with additional materials based on each type of cement. In 2016 total clinker production amounted to

maintenance activity on cooler as well as other production equipment improvements, which caused delays in the clinker production. Nevertheless, the Company remains able to meet the consumption and competition requirements in clinker sales.

Semen Padang has a major market in Sumatra, Java and abroad, namely to Southern Asia



4,980,985 tons, decreasing by 5.6% or 296,141 tons compared to 2015, which amounted to 4,980,985 tons. The decrease of clinker production compared to 2016 was mainly due to

Sales And Revenue

Semen Padang has the main market in the Sumatra region, in addition, Semen Padang also conducts marketing in the Java region and also markets the products overseas, namely to South Asia.

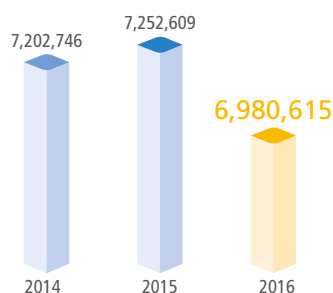
Total sales volume during 2016 reached 6,980,615 tons, decreasing by 3.8% or 271,994 tons compared to the sales volume in 2015, which amounted to 7,252,609 tons. The decrease in sales volume occurred in several major markets of Semen Padang, among others West Sumatra and Jambi, while for DKI Jakarta area experienced a significant decrease of 255,687 tons. Meanwhile, the export sales of cement increased to 485,068 tons, growing by 22.0% or 87,622 tonnes compared to the realization in 2015, which amounted to 397,445 ton.

SALES VOLUME TABLE (IN TONS)

Description	2014	2015	2016	Difference		% Change	
Domestic							
Sumatra	5,363,775	5,699,369	5,749,318	49,950	385,543	0.9	7.2
Java	1,723,268	1,155,795	746,228	-409,566	-977,039	-35.4	-56.7
Total Domestic	7,087,043	6,855,163	6,495,547	-359,617	-591,496	-5.2	-8.3
Export	115,703	397,445	485,068	87,622	369,365	22.0	319.2
Total	7,202,746	7,252,609	6,980,615	-271,994	-222,131	-3.8	-3.1

MANAGEMENT DISCUSSION AND ANALYSIS

2014-2016 SALES VOLUME GRAPH (IN TONS)



Some of the bagging and distribution of Semen Padang products are managed by subsidiaries, namely PT Sepatim Batamtama and PT Bima Sepaja Abadi

Meanwhile, cement sales revenue obtained by Semen Padang in 2016 is as follows:

CEMENT AND CLINKER SALES (IN TON)

Description	2014	2015	2016	Difference		% Change	
Sales of Cement	7,202,746	7,252,609	6,891,092	-361,517	-311,654	-5.0	-4.3
Sales of Clinker	-	-	89,523	89,523	89,523	0.0	0.0
Total	7,202,746	7,252,609	6,980,615	-271,994	-222,131	-3.7	-3.1

CEMENT PACKING AND SALES SERVICES SEGMENT

Most of the packing service and distribution segments of Semen Padang products is managed by its subsidiaries, namely PT Sepatim Batamtama and PT Bima Sepaja Abadi. The scope of this segment includes the packing services sector, sales, and general trading. PT Sepatim Batamtama started its commercial operation in 1994 with the marketing area in Riau Islands, while PT Bima Sepaja Abadi started its commercial operation in 1996, controlling the distribution of cement for the Jakarta, Banten, and West Java areas.

Cement Packing Services Process And Volume

The packing service in 2016 is carried out by the subsidiaries, namely PT Sepatim Batamtama and PT Bima Sepaja Abadi. The cement packing process is done after the cement at Silo is put into the bucket elevator before entering the water slide. Afterward go in bin central for stirring in order to mix evenly. Then, into the packing machine or rotor packer that is used for automatic cement packing. Cement that has been packaged then sorted to obtain the best quality. Furthermore, it is distributed by means of transportation of belt-shaped and driven by a motor, namely the belt conveyor.

In 2016, the cement packing volume of subsidiaries reached 840,729 tons, decreasing by 33.9% compared to 2015. The following is the details of the packing service.

TABLE OF PACKING SERVICE OF SUBSIDIARIES (IN TONS)

Description	2014	2015	2016	Difference		% Change	
PT Sepatim Batamtama							
Packing Services	225,378	317,903	240,109	-77,794	14,730	-24.5	6.5
Cement Sales	56,943	78,395	67,744	-10,651	10,801	-13.6	19.0
PT Bima Sepaja Abadi							
Packing Services	919,214	603,459	366,446	-237,013	-552,768	-39.3	-60.1
Cement Sales	472,667	272,495	166,430	-106,065	-306,238	-38.9	-64.8
Total	1,674,203	1,272,252	840,729	-431,523	-833,474	-33.9	-49.8

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue From Cement Packing Service

Revenue of the cement packing and sales services in 2016 by subsidiaries reached Rp285 billion, decreasing by 29.4% or Rp119 billion, compared to 2015, which amounted to Rp403 billion. The decrease was mainly due to the decrease of revenue of PT Bima Sepaja Abadi in the amount of Rp112 billion compared to 2015.

TABLE OF CEMENT PACKING AND SALES SERVICES REVENUE OF SUBSIDIARIES (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
PT Sepatim Batamtama							
Packing Services	10	15	12	-4	1	-24.5	11.3
Cement Sales	52	74	67	-7	16	-9.2	30.3
Other Products	11	3	7	4	-4	153.9	-39.7
PT Bima Sepaja Abadi							
Packing Services	51	34	22	-12	-29	-35.4	-56.8
Cement Sales	440	255	148	-107	-292	-41.9	-66.3
Other Products	30	22	29	7	-2	29.9	-5.5
Total	594	403	285	-119	-310	-29.4	-52.1

PROFITABILITY PER BUSINESS SEGMENT

From the results of the sales per segment, the Company posted the following Operating Income per business segment:

TABLE OF OPERATING INCOME PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	1,180	1,012	1,040	27	-140	2.7	-11.9
Packing Services	17	8	(0)	-8	-18	-103.9	-101.7
Inter segment net off	-10	-5	0	5	10	-97.4	-98.6
Total	1,187	1,015	1,039	25	-148	2.4	-12.5

Operating Income from the cement production segment in 2016 amounted to Rp1,040 billion, increasing by 2.7% or Rp27 billion compared to 2015, which amounted to Rp1,012 billion. While the Packing Service segment in 2016 experienced a loss of Rp302 million or decreasing by 103.9% compared to the year 2015 which earned a profit of Rp8 billion.

BRIEF REPORT ON SUBSIDIARIES' PERFORMANCE**PT SEPATIM BATAMTAMA**

PT Sepatim Batamtama (here in after abbreviated as Sepatim) was established on 2 November 1991 through the Notary Deed of Ny. Siti Marjami Supangat SH domiciled in Jakarta. Sepatim is basically a joint venture between PT Semen Padang and PT Timsco Development Corporation (TDC) with a total capital investment of Rp7 billions, with the

following ownership proportion; PT Semen Padang by 85% (Rp5.95 billions) and the remaining (15%) by PT TDC (Rp1.05 billions). The establishment of the Company has obtained the approval of the Minister of Justice of the Republic of Indonesia through the Decree No. C2-7377.HT.01.01 of 1992 dated 5 September 1992.

In a further development, on 31 October 2002, there was a transfer of share ownership from TDC to the Pension Fund of PT Semen Padang (through a share purchase deed No. 186) made before the Notary Arry Supratno SH, domiciled in Jakarta. Under the agreement between PT Semen Padang and PT TDC (as approved by notarial deed No. 28 dated 12 February 2002 by Notary Arry Supratno SH), it was agreed that there was an activity of release/ transfer of shares of the company amounted to 15% of the total shares issued by the Company (as much as 1,050,000 shares) owned by PT TDC to the party of PT Semen Padang.

MANAGEMENT DISCUSSION AND ANALYSIS

Furthermore, based on the Deed No. 189 dated 31 October 2002 (Notary Arry Supratno SH) the company's authorized capital has been amended from Rp35,000,000,000 (thirty five billions Rupiah) to Rp28,000,000,000 (twenty eight billions Rupiah). Lastly, on 24 November 2012, Dana Pensiun Semen Padang released shares of 1,050,000 to PT Bima Sepaja Abadi (BSA) through the Decision of the Shareholders without going through the mechanism of General Meeting of Shareholders (GMS) of PT Sepatim Batamtama.

Share Ownership of Semen Padang becomes as follows:

PT Semen Padang : Rp5,950,000,000 (85%)
PT Bima Sepaja Abadi : Rp1,050,000,000 (15%)

Line of Business

- General Trading
- Cement Packing
- Cement trading
- Contractor
- General transportation and services

Composition of the Board of Commissioners and Directors

Board of Commissioners

President Commissioner : Pudjo Suseno, SE.
Commissioner : Admartin, ST., MM.
Secretary of the BOC : Ruky Hendra

Board of Directors

President Director : Ir. Tarlo Sembiring, M.T.
Director : Alexander Dirgantara, S.Kom., SE.

2015 & 2016 Performance

In 2016, total assets of PT Sepatim Batamtama was posted at Rp33 billion, growing by 12.4% or Rp4 billion compared to 2015, which amounted to Rp29 billion.

PT Sepatim Batamtama posted revenues in the amount of Rp86 billion in 2016, decreasing by 7.0% or by Rp6 billion compared to 2015, which amounted to Rp92 billion. Meanwhile, net profit acquired by PT Separatim Batamtama amounted to Rp956million, decreasing by48% or Rp1,045 million compared to Rp2,001 million in 2015.

PT BIMA SEPAJA ABADI

PT Bima Sepaja Abadi (PT BSA) was established on 17 September 1993. Initially, it was a joint venture of PT Bima Siti Wisesa (PT BSW) and PT Semen Padang. PT BSW had the majority of shares with 60%, while PT Semen Padang had a 40% share in PT BSA. In 1997, PT BSW transferred its ownership to PT Bima Intan Kencana, which is also a subsidiary of PT Bimantara.

In 2016, PT Sepatim Batamtama booked a business revenue of Rp86 billion

Since 7 August 2006, PT Semen Padang increased the number of its ownership in PT BSA by a takeover from the majority shares of PT BSA owned by PT Bima Intan Kencana through the Notarial Deed of Varina SH No. 3 on 7 August 2006. The ownership of PT Semen Padang in PT BSA became 80% or 1,600 shares and PT Bima Intan Kencana had 20 % shares or 400 shares. Finally, on 8 October 2010, PT Bima Intan Kencana performed a release of shares as much as 200 shares to Mr. Krisman Bahar through the General Meeting of Shareholders (GMS) of PT BSA.

The last amendment to the articles of association in accordance with the Notarial Deed of Firdhonal, SH. No. 16 dated 28 May 2015 on the grant of the Company's shares of PT Bima Intan Kencana to Mr. Drs. H. Hikmayudi Mahmoed as many as 200 shares. The amendment of the articles of association is in the ratification process by the Minister of Law and Human Rights of the Republic of Indonesia

Initially, PT BSA was established as a company engaged in packing services of Semen Padang in Java Island, and started to operate commercially in 1996. PT BSA diversifies its business by engaging in the distribution business as an effort

MANAGEMENT DISCUSSION AND ANALYSIS

to expedite the distribution of PT Semen Padang to Jakarta and its surrounding areas. To support the cement distribution business, PT BSA also carries out transportation business by putting investment in vehicles carrying cement to the buyer or customers, both to distributors and retailers. To enhance the portfolio of business ability, PT BSA also implements expedition business (Forwarding).

The Company's share ownership becomes as follows :

PT Semen Padang	: Rp1,600,000,000 (80%)
PT Bima Intan Kencana	: Rp200,000,000 (10%)
Krisman Bahar	: Rp200,000,000 (10%)

Line of Business

1. Cement packing services
2. Cement Trading
3. General Freight (Transportation)
4. Forwarding

Composition of the Board of Commissioners and Directors

The structure of the Board of Commissioners and the Board of Directors in 2016 is in line with the Notarial Deed by Varinia SH No. 01 dated 18 August 2016 and the change of the compositions is as follows :

// In 2016, PT Bima Sepaja Abadi booked a business revenue of Rp199 billion //

Board of Commissioners

President Commissioner	: Ir. Benny Wendry, MM
Commissioner	: Drs. H. Hikmayudi Mahmoed
Commissioner	: Krisman Bahar
Secretary of the BOC	: Hasfi Rafiq, ST

Board of Directors

Direktur Utama	: Slamet Suyanto, SE
Direktur	: Freddo Syukri, SE

2015 and 2016 Performance

In 2016, total assets of PT Bima Sepaja Abadi was posted at Rp163 billion, decreasing by 10.6% or Rp19 billion compared to 2015, which amounted to Rp183 billion.

PT Bima Sepaja Abadi posted revenues in the amount of Rp199 billion in 2016, decreasing by 36,1% or Rp112 billion compared to 2015, which amounted to Rp311 miliar. Net loss acquired by PT Bima Sepaja Abadi amounted to Rp 1 billion decreasing by 124% or Rp3 billion compared to 2015, which acquired a profit of Rp4 billion.

PT IGASAR

PT Igarar existed from a Special Project established by PT Semen Padang in 1971 with the aim to collect, distribute, and develop the creativity of employees and contribute to find a way out of the difficulty of living together at the time. This particular project changed into Yayasan Igarar Semen Padang on 25 January 1972, which aimed at helping the tasks of PT Semen Padang, especially in the areas of social, cultural and economic, thus two commissions were established, the Socio-Cultural commission and the Economic Commission. The first commission is active in the fields of education, health, and sports, while the later Commission is engaged in the transport of cement.

Viewing the prospects of Yayasan Igarar Semen Padang in the area of business which is irreconcilable with social activities anymore, the status of the Economic Commission was changed the into limited liability company and it was officially established on 12 September 1974, by the deed No. 17 of Notary Abdul Kadir Usman, SH under the name PT IGASAR, and approved by the Minister of Justice on 25 November 1974, while the socio-cultural commission is still managed by Yayasan Igarar.

The Articles of Association has been amended several times and adapted to the Limited Liability Company Act No. 40 of 2007 by amending the deed of establishment with the Deed No. 16 dated 3 June 2008, made before Harti Virgo Putri, SH. notary in Padang. This deed has been ratified by the Minister of Law and Human Rights.

Based on the scope of business units owned by PT Igarar, its activities are not only engaged in the distributor and the transport of cement anymore since it has developed in accordance with national economic growth. PT Igarar begins to grow and diversifies its business, some businesses were managed with good performance including the downstream

MANAGEMENT DISCUSSION AND ANALYSIS

of cement products, construction services and general trading. Cement-based downstream products includes: ready mix concrete, precast concrete, and other building materials, for example, businesses that take advantage of its main raw materials of cement such as making hollow bricks, paving blocks, concrete panels, kanstein and others.

With the following ownership :

PT Semen Padang	: Rp300,000,000 (12%)
KKSP	: Rp1,700,000,000 (68%)
Yayasan Igarar Semen Padang	: Rp500,000,000 (20%)

Line of Business

1. Cement distribution for West Sumatra, Riau, Jambi, Jakarta, and Bandung
2. Transportation and heavy equipment
3. Building materials industry
4. Construction
5. General trading

Composition of the Board of Commissioners and Directors

Board of Commissioners

President Commissioner	: Ir. Asri Mukhtar, MM
Commissioner	: Amral Ahmad, ST, MM

Board of Directors

President Director	: Ir. Dasrial, MM
Director	: Edwin, SE, Akt.
Director	: Deddy Saptomo, ST

2016 and 2015 Performance

In 2016, total assets of PT Igarar was posted at Rp111 billion, decreasing by 10,6% or Rp13 billion compared to 2015, which amounted to Rp124 billion.

PT Igarar posted revenues of Rp414 billion in 2016, decreasing by 6,9% or Rp31 billion compared to 2015, which amounted to Rp445 billion. Net profit acquired by PT Igarar amounted to Rp6 billion, decreasing by 856,8% or Rp5 billion compared to 2015, which amounted to Rp580 million.

PT SUMATERA UTARA PERKASA SEMEN

PT Sumatera Utara Perkasa Semen, formerly PT Deli Semen, which is domiciled in Medan was established on 30 April 1982 by the deed No. 91 made before Notary Sundari Siregar, SH,

in Medan. The Company has undergone several amendments to the deed and the last deed is No. 30 dated 27 August 2008 made before Notary Aida Srifatriani, SH in Medan.

Share composition, in accordance with the deed No. 26 dated 23 June 2001 is as follows :

PT Semen Padang	: Rp402,000,000 (10%)
PT Perusahaan Perdagangan Indonesia	: Rp160,000,000 (4%)
Dana Pensiun Semen Padang	: Rp725,000,000 (18%)
Husman Painan	: Rp2,735,000,000 (68%)

Line of Business

1. Packing services
2. Cement bag manufacturing

In 2016, PT Igarar booked a business revenue of Rp414 billion

Composition of the Board of Commissioners and Directors

Board of Commissioners

Commissioner	: Benas Azhari, SE, MM
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Board of Directors

Director	: Husman Painan
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Kinerja Tahun 2016 dan 2015

PT Sumatera Utara Perkasa Semen is still in the process of auditing until this Report published.

MARKETING REVIEW

MARKETING STRATEGY AND POLICY

Semen Padang has several types of products to meet the needs of the cement market. The quality of cement products is always maintained consistently accompanied by optimal service in an effort to improve customer satisfaction.

The Company's Policy in marketing is to emphasize on customer satisfaction as well as maintaining and increasing the market share. The policy is embodied in the company policy. In an effort to increase the market share, Semen Padang determines the marketing strategy that includes optimizing synergies, rewards, and punishments to the distributors, as well as conducting effective promotional activities to strengthen/ maintain the brand image. Semen Padang's marketing policies and strategies refer to the Company's long-term goals and synergies with marketing policies and strategies within the Semen Indonesia Group.

// The policy of Semen Padang in marketing is to prioritize customer satisfaction as well as maintain and increase market share //

Semen Padang emphasizes on the customers' satisfaction and trust by providing services with superfine and excellent quality, as well as innovative solution to the customers. Semen Padang interacts with the customers directly to recognize what the customers actually need and to provide the services in accordance with the customers needs.

As one of the efforts to maintain and expand the market share, Semen Padang conducts customer satisfaction surveys. The survey is performed to measure the level of customer satisfaction and to objectively assess the customers' perception regarding the performance of products and services and becomes the further evaluation materials for the Company in determining the action plan as a continuous

improvement effort and ensuring the achievement of customer service performance quality. Performance indicator of customer satisfaction value is a survey performed by an independent party to assess customers' satisfaction level to the services provided by the Company.

The assessment is conducted through the Customer Satisfaction Index (CSI) method to determine the customer satisfaction level in a comprehensive manner by using an approach that considers the level of expectation from the dimension of the measured service quality. The dimension assessed in the CSI survey includes product and packing quality, price and profit, distribution/delivery, as well as promotion and customer service. The Company recognizes the importance of customer satisfaction level in order to maintain the market share. To that account, the Company routinely assesses customer satisfaction, which is reflected in the Customer Satisfaction Index (CSI) activity. The customer satisfaction assessment is performed on the distribution line and end-users, influencer to assess the products and services through the data collection survey taken from questionnaires that are distributed. Based on the CSI results, Semen Padang will be able to determine the next steps in order to optimize the maximum customer satisfaction. (Improvement Plan).

TABLE OF CUSTOMER SATISFACTION INDEX ASSESSMENT RESULTS 2014-2016 (%)

CSI	2014	2015	2016
Distribution Channel	79.47	85.80	86.82
End User	76.40	87.02	92.53
Influencer	74.85	86.10	89.50
CSI Overall	76.90	86.31	90.50

In 2016, the CSI survey results obtained a score of 90.50%, an increase compared to 2015, which obtained a score of 86.31%.

MARKET SHARE

In 2016, Semen Padang posted revenues of Rp6,221 billion or a decrease of 4.76% compared to 2015. Sales volume in 2016 amounted to 6,980,615 tons, decreasing by 3.75% compared to 2015. The national market share in 2016 was 10.22% or a decrease of 0.30% compared to 2015. This decrease was due to the high competition and the number of newcomers, particularly in the Java region.

MANAGEMENT DISCUSSION AND ANALYSIS

Semen Padang is committed to maintain its national market share at 10.22%, although cement production from its factory is still limited, even for the Sumatra market. To that account, the strategy is to increase group synergy in the form of purchase and sale of Intercompany cement as well as SWAP with the Semen Indonesia Group. In 2016, Semen Padang realized the purchase of intercompany cement in the amount of 260,683 tons and clinker in the amount of 123,483 tons. Meanwhile, realized Intercompany and SWAP sales in 2016 amounted to 200,925 tons. Semen Padang also purchased domestic Non Intercompany cement in the amount of 269,777 tons and imports in the amount of 24,080 tons, mostly to meet the market demand in Sumatra, while

the realized purchase of domestic Non Intercompany clinker in 2016 amounted to 110,592 tons and imports in the amount of 242,898 tons, mostly to meet the needs of the Dumai Cement Mill.

The market share in 2016 tends to decrease compared to the market share in 2015. The decline in the market share was due to the increasing level of competition in the national cement industry due to the entry of new competitors from overseas, leading to a decline in the market share of domestic cement producers.

TABLE OF MARKET SHARE (IN TONS)

Description	2014	2015	2016	Difference		% Change	
Sumatra							
Market Demand (ton)	12,492,537	13,058,296	13,516,456	458,160	1,023,919	3.5	8.2
Market Share (%)	42.9%	43.6%	42.5%	-1.1%	-0.4%	-2.5	-0.9
Java							
Market Demand (ton)	33,732,169	34,451,165	33,423,918	-1,027,247	-308,251	-3.0	-0.9
Market Share (%)	4.1%	2.4%	1.6%	-0.8%	-2.5%	-31.5	-60.1
Total Domestic							
Market Demand (ton)	59,909,508	61,994,900	61,587,892	-407,007	1,678,385	-0.7	2.8
Market Share (%)	11.3%	10.5%	10.2%	-0.3%	-1.0%	-2.8	-9.2

PROMOTION STRATEGY AND CHANNEL

The Company seeks to inform, offer, and influence its products to attract potential buyers to use the Company's products through promotional activities and various media on an ongoing basis in order to create a positive Brand Awareness and Brand Image for the public in general and the customers in particular, allowing the improvement of support in each marketing area. The Company's promotional activities are conducted in various manners, such as the installation of billboards, banners, distributor summit, customer meetings, and others.

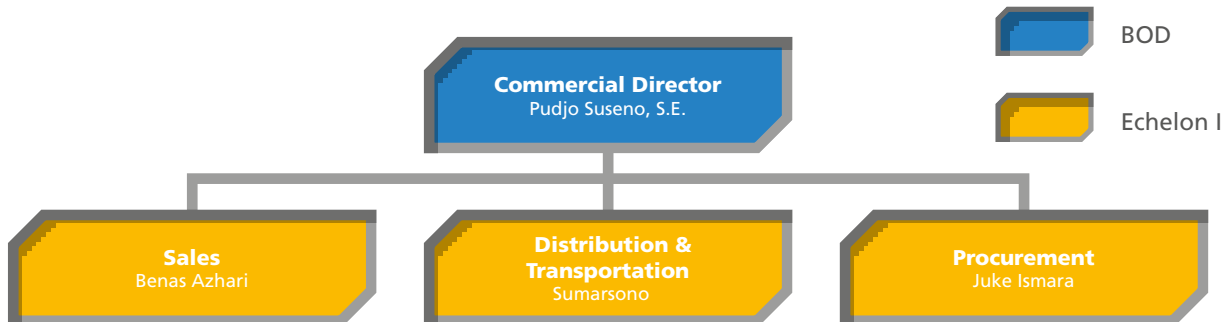
MARKETING MANAGEMENT ORGANIZATION

The organization of marketing management is coordinated by the Commercial Directorate under management of the Commercial Director in the implementation of daily activities, which is performed by the Sales Department, Distribution and Transportation Department.

The market share in 2016 tends to fall compared to the market share in 2015

MANAGEMENT DISCUSSION AND ANALYSIS

MARKETING MANAGEMENT ORGANIZATION STRUCTURE



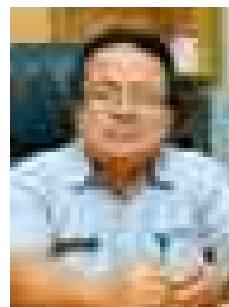
PROFILE OF THE HEAD OF MARKETING DEPARTMENT SEMEN PADANG 2016

Head of the Sales Department

**Benas Azhari**

Born in Pekanbaru, 24 October 1962. Finished the Bachelors Degree from the University of Andalas, Padang (1998) and Magister of Management in the University of Gadjah Mada (2001). Started the career as a staff of orientation in the Human Resource Department (1988), served as the Market Analysis Division Head, Head of Marketing Bureau, Sales Department Head, Distribution and Transportation Department Head, Director of PT Pasoka Sumber Karya, Sales Department Head.

Head of Distribution and Transportation Department

**Sumarsono**

Born in Bukit Tinggi, 8 June 1968. Finished the Bachelors Degree in ITB (1995) and Universitas Terbuka (2004). Started his career as a staff of orientation in the Building Design Department (1995), Staff of Indarung Project V, Head of Cement Mill V Maintenance Division, Raw Mill V Maintenance Division Head, Maintenance Division Head of Indarung Kiln Coal Mill V, Packing Bureau Head, Distribution and Transportation I Bureau Head, President Director of PT Pasoka Sumber Karya, Distribution and Transportation Department Head.

Each marketing area is supported by a number of personnels as sales representatives to monitor the market condition of each region as well as to maintain customer relationship, which is supported by the manager of each marketing area. On that account, the relationship with consumers can be well developed and the customers' complaints and wishes can be followed up immediately.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKETING CONTACT

Customer Service Center

In order to accommodate and provide alternative solution for every suggestion, criticism, complaint, or question from the customers or the community associated with the products, packing, distribution, price, and others, the company provides the customer services facility via free-call phone number +62-800-1-888-222 or via e-mail: layanan.sp@semenindonesia.com. The number of complaints coming into customer service in 2016 was 7 complaints with the following details:

TABLE OF CUSTOMER COMPLAINTS IN 2016

Description	Total	(%)	Follow-up Complaints (%)
Product Quality	7 Complaints	100	100
Packing Quality	0 Complaints	–	–
Delivery/Distribution	0 Complaints	–	–
Price	0 Complaints	–	–
Customer Service	0 Complaints	–	–
Total	7 Complaints	100	100

All complaints have been resolved well to maintain the customers' satisfaction regarding complaints that they have submitted to the company.

Technical Services

The Company intensively disseminates its products to embed the brand equity and brand awareness by performing product presentation or Joint Test/Technical Support to the end-users as well as prospective potential customers as a from of Semen Padang technical service program. It is necessary to conduct due to be importance of informing the customers about how to use the product well, correctly, and appropriately in order to generate economic and high-quality product utilization. Technical service activities are conducted annually to the customers of the Company. The activities are implemented by the Corporate Technical Services Team, which is a combination of the Marketing, Quality Assurance and Technical Services, Distribution, and Transportation units, as well as other related units. In 2016, 51 technical services activities have been conducted throughout the Company's marketing area, such as trial mix in Lampung and Palembang,

product socialization in Batam, Pekanbaru, and Palembang, and the Company's ready mix laboratory personnel training in Jambi.

Distribution, Integration, And Alliance

The marketing area of Semen Padang is currently spread on the island of Sumatra and parts of Java Island. To increase the market share, Semen Padang undertakes various strategies in dealing with the vigorous competition in the national cement industry.

The mechanism of products delivery to the consumers is carried out through a distribution network consisting of distributors, agents, and stores. Cement delivery is carried out by land and sea either in bulk or packaging, with the following various terms of delivery:

1. FOT (Free on Truck)
2. FOB (Free on Board)
3. Warehouse Franco
4. CIF (Cost Insurance Freight)
5. CnF (Cost and Freight)

// Semen Padang provides customer services through +62-800-1-888-222 (Toll-free) or email layanan.sp@semenindonesia.com



In distributing the products, Semen Padang uses distributors with the network spread over area of Aceh, North Sumatera, West Sumatera, Bengkulu, mainland of Riau, islands of Riau, South Sumatera, Jambi, Lampung, Bangka Belitung, Jakarta, West Java, Banten, and Central Java. This gives an opportunity for Semen Padang to increase sales and achieve the settled capacity because Sumatera and Java are Indonesian Territory.



Photo title:
Sailing meet customer expectations

Photo location:
Teluk Bayur Port

Photo caption:
Semen Padang has a special dock that serves as a major bridge to the distribution of cement to customers throughout the market Semen Padang.



NETWORKS AND BUSINESS PARTNERS INSIDE AND OUTSIDE THE COUNTRY





FINANCIAL PERFORMANCE OVERVIEW

The following financial performance overview has been prepared based on the Financial Statement of PT Semen Padang ended on 31 December 2016 and has been audited by the Public Accountant Office of Satrio Bing Eny & Rekan, which was appointed by the Company. The Company's Financial Statements have been presented fairly, in all material respects and in accordance with Indonesian Financial Accounting Standards.

STATEMENT OF FINANCIAL POSITION

Assets

The Company's total assets in 2016 reached Rp9,211 billion, growing by 24.6% or Rp1,818 billion compared to 2015, which amounted to Rp7,393 billion. Total assets consist of current assets amounting to Rp2,127 billion, decreasing by 7.4% or Rp169 billion compared to 2015, which amounted to Rp2,297 billion and non-current assets in the amount of Rp7,084 billion or a growth of 39.0% or Rp1,987 billion compared to 2015, which amounted to Rp5,096 billion.

TABLE OF FINANCIAL POSITION (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Assets							
Current Assets	2,686	2,297	2,127	-169	-559	-7.4	-20.8
Non Current Assets	3,222	5,096	7,084	1,987	3,861	39.0	119.8
Total Assets	5,908	7,393	9,211	1,818	3,303	24.6	55.9
Liability and equity							
Current liabilities	1,421	2,244	1,884	-360	463	-16.1	32.6
Non Current liabilities	321	689	2,438	1,749	2,117	254.0	660.1
Total liabilities	1,741	2,933	4,321	1,389	2,580	47.4	148.1
Equity	4,167	4,460	4,890	429	723	9.6	17.3
Total Liability and Equity	5,908	7,393	9,211	1,818	3,303	24.6	55.9

Current Assets

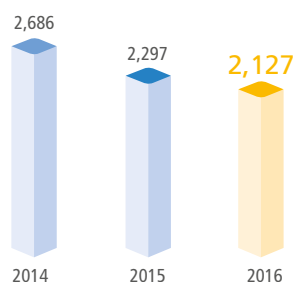
Current assets in 2016 amounted to Rp2,127 billion, decreasing by 7.4% or Rp169 billion compared to 2015, which amounted to Rp2,297 billion. The decrease mainly came from cash and cash equivalents, trade accounts receivable, and inventories, which decreased by 11.4%, 5.3%, and 7.4%, respectively. A detailed description of current assets is presented in the following table and discussion:

TABLE OF CURRENT ASSETS (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Current Assets							
Cash and Cash Equivalent	1,013	721	639	-82	-374	-11.4	-37.0
Restricted Cash and Cash Equivalent	14	22	10	-12	-4	-55.1	-29.1
Trade Receivable	739	785	744	-41	4	-5.3	0.6
Inventories	810	657	608	-49	-202	-7.4	-24.9
Advances and Others	110	112	127	15	18	13.7	16.0
Total Currents Assets	2,686	2,297	2,127	-169	-559	-7.4	-20.8

MANAGEMENT DISCUSSION AND ANALYSIS

GRAPH OF 2014-2016 CURRENT ASSETS (IN BILLION RUPIAH)



Cash and Cash Equivalents

Cash and cash equivalents was posted at Rp639 billion in 2016, decreasing by 11.4% or Rp82 billion compared to Rp721 billion in 2015. The decrease in cash and cash equivalents was primarily due to investment expenditures for the construction of the Indarung VI project amounting to Rp2,287 billion.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents was posted at Rp10 billion in 2016, decreasing by 55.1% or Rp12 billion compared to 2015, which amounted to Rp22 billion. In 2016, the Company's cash and cash equivalents are in PT Bank Negara Indonesia (Persero) Tbk, PT Bank Mandiri (Persero) Tbk and PT Bank Rakyat Indonesia (Persero) Tbk, the balance represents the Non-Cash Loan guarantee to the bank for each opening of letter of credit. Semen Padang is required to deposit a deposit margin of 10% of the nominal value of the letter of credit issued, while the Subsidiaries also performed Working Capital Credit (KMK) for PT Sepatim Batamtama in the amount of Rp360 million.

Trade Accounts Receivable

Trade accounts receivable represents receivables arising from the main business activities in the sale of products in this case cement. Trade accounts receivable in 2016 amounted to Rp744 billion, decreasing by 5.3% or Rp41 billion compared to 2015, which amounted to Rp785 billion.

Trade accounts receivable consist of trade receivables to third parties and trade receivables to related parties. Trade receivables to related parties amounted to Rp203 billion, decreasing by 3.6% or Rp7 billion compared to Rp210 billion in 2015. The balance of the net trade receivables Represents the value after deducting the allowance for decline

Current assets in 2016 fell to Rp2,127 billion

amounted of Rp18 billion. Meanwhile, trade receivables to third parties in 2016 amounted to Rp541 billion, decreasing by 5.9% or Rp33 billion compared to Rp574 billion in 2015 due to the decrease in sales volume and the amount of export sales compared to 2015.

Receivable turnover ratio in 2016 slowed down compared to 2015. The receivable turnover ratio in 2016 was 8.1 times, while in 2015 was 8.6 times. Description of receivable turnover ratio can be viewed in the following table:

TABLE OF 2014-2016 RECEIVABLE TURNOVER RATIO (TIMES)

Description	2014	2015	2016	Difference		% Change	
Receivable turn over ratio	10.1	8.6	8.1	0	-2	-5.0	-19.2

Inventories

Inventories in 2016 amounted to Rp608 billion, lower by 7.4% or Rp49 billion compared to 2015, which amounted to Rp657 billion. The inventory turnover ratio decreased from 7.4 times in 2015 to 7.1 times in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Advance Payment

In 2016, advances were posted at Rp17 billion, increasing by 1% or Rp174 million compared to 2015, which amounted to Rp16 billion. The increase in advance payment was mainly due to an increase in local purchases and business travel by 574.2% and 9.6% respectively.

Prepaid Tax

Prepaid taxes in 2016 amounted to Rp8 billion, decreasing by 79.3% or Rp31 billion compared to 2015, which amounted to Rp39 billion. The decrease was primarily due to a decrease in income tax Article 28A.

Prepaid Expenses

Prepaid expenses in 2016 amounted to Rp9 billion, a decrease of 43.9% or Rp6 billion compared to 2015, which amounted to Rp15 billion. The decrease was mainly due to the decrease of treatment post.

Total non-current assets rose 39%

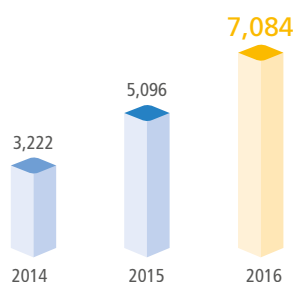
Non-Current Assets

Total non-current assets in 2016 amounted to Rp7,084 billion, increasing by 39.0% or Rp1,987 billion compared to 2015, which amounted to Rp5,096 billion. The increase was mainly attributable to the increase in net asset value of Rp2,037 billion due to the realization of strategic investments related to the Indarung VI plant project. Detailed description of non-current assets can be viewed in the following table:

TABLE OF NON-CURRENT ASSETS (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Non-current assets							
Advance purchase of new plant	255	115	43	-73	-212	-63.0	-83.3
Investment in properties	117	111	104	-6	-12	-5.5	-10.4
Fix assets-net	2,771	4,763	6,800	2,037	4,029	42.8	145.4
Other non-current assets	80	108	137	29	57	26.6	70.9
Total Non-Current Assets	3,222	5,096	7,084	1,987	3,861	39.0	119.8

GRAPH OF 2014-2016 NON-CURRENT ASSETS (IN BILLION RUPIAH)

**Advance on Purchase of Fixed Assets**

Advance payment for fixed assets in 2016 amounted to Rp43 billion, decreasing by 63.0% compared to the realization of

2015, the decrease is in connection with the implementation of Indarung VI project, which has entered the completion stage.

Investment in Associates

Investment in Associates in 2016 was posted at Rp678 million, increasing by 16% or Rp93 million compared to 2015, which amounted to Rp585 million. The investment was conducted to PT Igaras with the main business activity of cement distribution for the West Sumatera, Riau, Jambi, Jakarta, and Bandung regions.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Properties

In 2016, Semen Padang has investment properties in the form of buildings and infrastructures leased to the Semen Padang Hospital Foundation for a period of 30 years. The value of the investment property in 2016 amounted to Rp104 billion, increasing by 5.5% or Rp3 billion compared to 2015, which amounted to Rp111 billion.

Fixed Assets

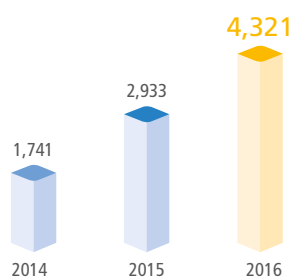
Fixed assets in 2016 amounted to Rp6,800 billion, increasing by 42.8% compared to 2015, which amounted to Rp4,763 billion. The increase was primarily due to the realization of the strategic investments related to the Indarung VI plant project.

Liabilities

Total liabilities in 2016 amounted to Rp4,321 billion, increasing by 47.4% or Rp1,389 billion compared to 2015, which amounted to Rp2,933 billion. The figure consists of short-term liabilities in the amount of Rp1,884 billion or 43.6% of total liabilities and long-term liabilities in the amount of Rp2,438 billion or 56.4% of total liabilities. Description of liabilities is shown in the following table:

TABLE OF LIABILITIES (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Current liabilities	1,421	2,244	1,884	-360	463	-16.1	32.6
Non-current liabilities	321	689	2,438	1,749	2,117	254.0	660.1
Total Liabilities	1,741	2,933	4,321	1,389	2,580	47.4	148.1

GRAPH OF 2014-2016 LIABILITIES (IN BILLION RUPIAH)

Liabilities in 2016 increased 47.4% from 2015

SHORT TERM LIABILITIES

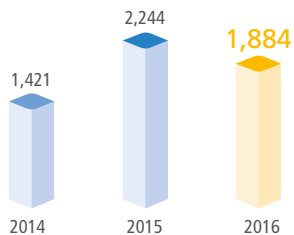
Total short-term liabilities in 2016 amounted to Rp1,884 billion, decreasing by 16.1% or Rp360 billion compared to 2015, which amounted to Rp2,244 billion. The decrease in short-term liabilities is primarily due to the reclassification of short-term dividend to long-term dividend payout.

TABLE OF SHORT TERM LIABILITIES (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Current liabilities							
Trade payables	677	902	1,159	257	482	28.5	71.2
Tax payables	14	54	98	44	85	82.0	618.8
Accrued expenses	84	207	246	39	163	18.8	194.6
Dividend payables	368	732	-	-732	-368	0.0	0.0
Employee benefit liabilities	179	213	207	-6	28	-2.9	15.5
Other current liabilities	99	136	172	37	73	27.2	74.3
Total Current Liabilities	1,421	2,244	1,884	-360	463	-16.1	32.6

MANAGEMENT DISCUSSION AND ANALYSIS

GRAPH OF 2014-2016 SHORT TERM LIABILITIES (IN BILLION RUPIAH)

**Trade Accounts Payable**

Trade accounts payable 2016 amounted to Rp1,159 billion, increasing by 28.5% or Rp257 billion compared to 2015, which amounted to Rp902 billion. Trade accounts payable consists of accounts payable to third parties amounting to Rp756 billion and accounts payable to related parties amounting to Rp403 billion. The increase was mainly due to accounts payable from the purchases of spare parts for the Indarung VI project.

// Increase in long-term liabilities was due to changes in the term of dividend payables //

Other Accounts Payable

Other accounts payable in 2016 amounted to Rp144 billion, increasing by 36.9% or Rp39 billion compared to 2015, which

amounted to Rp105 billion. Other accounts payable consists of payables to related parties amounting to Rp137 billion and payables to third parties amounting to Rp6 billion.

Taxes Payable

Taxes payable in 2016 amounted to Rp98 billion, increasing by 82.0% or Rp44 billion compared to 2015, which amounted to Rp54 billion. The increase is due to the VAT input tax debt, which is the purchase of spare parts for the Indarung VI project.

Accrued Expenses

Accrued expenses in 2016 amounted to Rp246 billion, increasing by 18.8% or Rp39 billion compared to 2015, which amounted to Rp207 billion. The increase is more due to the accrual of distribution expenses which experienced an increase in freight rates in 2016.

Short Term Employee Benefit Liabilities

In 2016, short-term employee benefit liabilities was posted at Rp207 billion, decreasing by 2.9% or Rp6 billion compared to Rp213 billion in 2015.

Short Term and Long Term Bank Loans to be Maturity within 1 Year

In 2016, short-term bank loans was posted at Rp1,253 million. While long-term bank loans was posted at Rp1,740 million, an increase of 300% or Rp1,305 million compared to 2015, which amounted to Rp435 million.

Finance Lease Liabilities

In 2016, financing lease liabilities was posted at Rp25 billion, decreasing by 15.4% or Rp5 billion compared to 2015, which amounted to Rp30 billion.

LONG TERM LIABILITIES

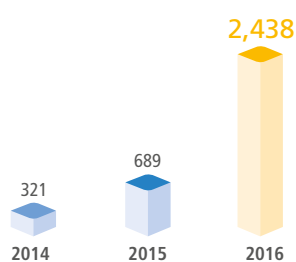
Total long-term liabilities in 2016 amounted to Rp2,438 billion, increasing by 254.0% or Rp1,749 billion compared to 2015, which amounted to Rp689 billion, the increase occurred in dividend payable that was previously a short-term dividend debt, whereas in 2016 it was reclassified to Long-term liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

TABLE OF LONG TERM LIABILITIES (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Non current liabilities							
Bank loan	8	296	1,020	724	1,013	244.7	13,079
Dividend payables	0	0	1,001	1,001	1,001	0.0	0.0
Finance lease liabilities	77	64	38	-25	-39	-39,7	-50.1
Employee benefits liabilities	179	267	300	33	122	12,5	68.0
Other non current liabilities	57	62	78	16	21	25.3	35.9
Total Non Current Liabilities	321	689	2,438	1,749	2,117	254.0	660.1

GRAPH OF 2014-2016 LONG TERM LIABILITIES (IN BILLION RUPIAH)



the Central Bureau of Acturia (BPA) using the Projected Unit Credit method. PSAK No. 24 requires that Semen Padang calculates and records the employee benefits liabilities. Long-term employee benefit liabilities in 2016 amounted to Rp300 billion, 12.5% or Rp33 billion higher compared to 2015, which amounted to Rp267 billion.

Bank Loans

In 2016, bank loans was posted at Rp1,020 billion, increasing by 244.7% or Rp724 billion compared to Rp296 billion in 2015.

Finance Lease Obligations

Financing lease obligations in 2016 amounted to Rp38 billion, decreasing by 39.7% or Rp25 billion compared to 2015, which amounted to Rp64 billion. The decline was mainly due to the end of several lease contracts for vessel financing.

Dividend Payable

Dividend payable in 2016 amounted to Rp1,001 billion, which was a short term dividend payable in the previous year. The dividend payable is the dividend payables for the fiscal year of 2013, 2014 and 2015, which was postponed by Semen Padang in the framework of SMIG financial synergy.

Long Term Employee Benefit Liabilities

Long-term employee benefit liabilities is a liability for the defined benefit pension of Semen Padang employees. The total liabilities is calculated by the Independent Actuary of

The equity of Semen Padang increased 9.6%

Other Non-Current Liabilities

Other non-current liabilities are contingent liabilities for the unloading costs of the Semen Padang Packing Plant located on PT Pelindo land at the end of the land lease contract as well as the restoration of the mine land. Other non-current liabilities balances in 2016 amounted to Rp78 billion, increasing by 25.3% compared to 2015.

Equity

Total Equity of Semen Padang in 2016 amounted to Rp4,890 billion, increasing by 9.6% or Rp429 billion compared to 2015, which amounted to Rp4,460 billion. The increase was derived from the net profit of the 2016 fiscal year 2016 net

MANAGEMENT DISCUSSION AND ANALYSIS

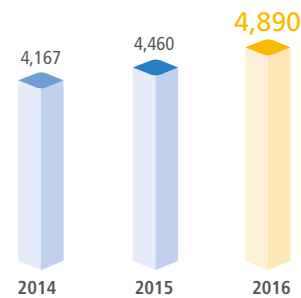
of the deduction for the dividend of the 2015 fiscal year. Income for the year for the 2016 fiscal year amounted to Rp724 billion and the dividend distribution for the 2015 fiscal year amounted to Rp289 billion.

TABLE OF EQUITY (IN BILLION RUPIAH)

Description	2014	2015	2016
Equity	4.167	4.460	4.890

// In 2016 Semen Padang earned a net profit for the current year of Rp724 billion Up 0.1% or Rp977 million compared to the year 2015 of Rp723 billion //

GRAPH OF 2014-2016 EQUITY (IN BILLION RUPIAH)



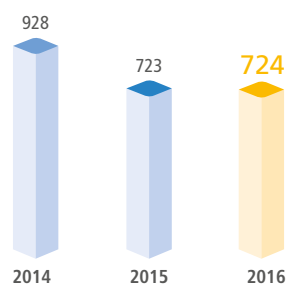
INCOME STATEMENT

In 2016 Semen Padang earned a net income of Rp724 billion, increasing by 0.1% or Rp977 million from Rp723 billion in 2015. The increase in income for the year was primarily due to lower cost of goods sold that decreased by 10.5% compared to 2015. This leads to an increase in net income for the year 2016. See discussion "Revenue" in the next section.

TABLE OF INCOME STATEMENT CALCULATION (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Revenue	6,409	6,528	6,221	-307	-188	-4.7	-2.9
Cost of goods sales	-4,700	-4,839	-4,330	509	370	-10.5	-7.9
Gross Profit	1,709	1,690	1,891	201	182	11.9	10.7
Operating expenses	-521	-675	-852	-177	-330	26.2	26.2
Operating profit	1,187	1,015	1,039	25	-148	2.4	-12.5
Other financial income (expenses)	28	-26	-53	-27	-81	103.5	-291.6
Earning before tax	1,215	989	987	-2	-228	-0.2	-18.8
Profit for the year	928	723	724	1	-204	0.1	-22.0

GRAPH OF 2014-2016 NET INCOME (IN BILLION RUPIAH)



MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

In 2016, Semen Padang's revenues reached Rp6,221 billion, decreasing by 4.7% or Rp307 billion compared to 2015, which amounted to Rp6,528 billion. The revenue was derived from the cement production segment in the amount of Rp6,192 billion and the cement packing and sales services segment in the amount of Rp285 billion as shown in the following table:

TABLE OF REVENUES PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	6,357	6,500	6,192	-309	-165	-4.7	-2.6
Cement Packing Service	594	403	285	-119	-310	-29.4	-52.1
Inter segment net off	-542	-375	-255	120	287	-32.0	-52.9
Total	6,409	6,528	6,221	-307	-188	-4.7	-2.9

Inter segment net off is sales transactional value elimination and inter segment purchasing. Cement productions segment sales to packing services segment is cement sales, whereas packing services segment sales to cement sales production segment is cement packing sales services.

REVENUE OF CEMENT PRODUCTION SEGMENT

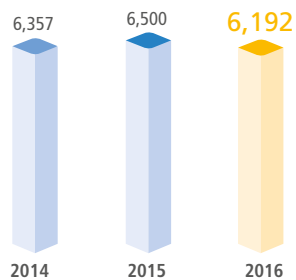
Revenue of the cement production segment in 2016 was posted at Rp6,192 billion, decreasing by 4.7% or Rp309 billion compared to 2015, which amounted to Rp6,500 billion. Due to the low sales volume of cement in Java at 35.4%. More detailed discussion on cement sales volume can be viewed in the sub-section of previous sales volume. Description of the cement production segment per area, as shown in the following table:

TABLE OF CEMENT PRODUCTION SEGMENT REVENUES (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Revenue (in billion Rupiah)							
Domestic							
Sumatra	4,725	5,217	5,345	128	620	2.5	13.1
Java	1,563	1,025	587	-438	-976	-42.7	-62.4
Total Domestic	6,288	6,242	5,933	-310	-356	-5.0	-5.7
Exports	69	258	259	1	191	0.4	278.2
Total	6,357	6,500	6,192	-309	-165	-4.7	-2.6
Volume (thousand ton)							
Domestic							
Sumatra	5,364	5,699	5,749	50	386	0.9	7.2
Java	1,723	1,156	746	-410	-977	-35.4	-56.7
Total Domestic	7,087	6,855	6,496	-360	-591	-5.2	-8.3
Exports	116	397	485	88	369	22.0	319.2
Total	7,203	7,253	6,981	-272	-222	-3.8	-3.1
Sales price (Rp/ton)							
Domestic							
Sumatra	880,959	915,349	929,719	14,369	48,760	1.6	5.5
Java	906,965	887,117	787,099	-100,018	-119,866	-11.3	-13.2
Total Domestic	887,283	910,589	913,334	2,745	26,052	0.3	2.9
Exports	592,299	649,745	534,377	-115,368	-57,922	-17.8	-9.8
Total	882,544	896,295	887,001	-9,294	4,457	-1.0	0.5

MANAGEMENT DISCUSSION AND ANALYSIS

GRAPH OF 2014-2016 CEMENT PRODUCTION SEGMENT REVENUES (IN BILLION RUPIAH)



Sales volume is lower compared to the 2016 plan and also lower than the 2015 realization due to the fiercer competition in the cement industry due to the number of new players entering and existing players that increase the cement production capacity.

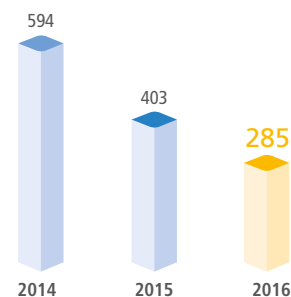
REVENUE OF CEMENT PACKING SEGMENT

Revenue of the Cement Packing Services Segment includes the revenues of packing services, cement sales, and revenues of general trading. Revenues of the packing services and cement sales segments in 2016 reached Rp285 billion, decreasing by 29.4% or Rp119 billion compared to 2015, which amounted to Rp403 billion. The decrease in the packing services and cement sales segment revenues occurred in PT Bima Sepaja Abadi, including the decline in cement sales as previously described.

TABLE OF PACKING SERVICES REVENUE (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
PT Sepatim Batamtama							
Packing Service	10	15	12	-4	1	-24.5	11.3
Cement Sales	52	74	67	-7	16	-9.2	30.3
Other product	11	3	7	4	-4	153.9	-39.7
PT Bima Sepaja Abadi							
Packing Service	51	34	22	-12	-29	-35.4	-56.8
Cement Sales	440	255	148	-107	-292	-41.9	-66.3
Other product	30	22	29	7	-2	29.9	-5.5
Total	594	403	285	-119	-310	-29.4	-52.1

GRAPH OF 2014-2016 PACKING SERVICES SEGMENT REVENUES (IN BILLIONS RUPIAH)



Revenues from bagging services and sales in 2016 reached Rp285 billion

MANAGEMENT DISCUSSION AND ANALYSIS

Cost Of Goods Sold

The cost of goods sold in 2016 amounted to Rp4,330 billion, decreasing by 10.5% or Rp509 billion compared to 2015, which amounted to Rp4,839 billion and decreased by Rp370 billion or 7.9% compared to 2014. Cost of goods sold consists of the cement production segment's cost of goods sold in the amount of Rp4,314 billion and the packing services and cement sales segment in the amount of Rp271 billion. Description of cost of cost of goods sold per business segment, as shown in the following table:

TABLE OF COST OF GOODS SOLD PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement production	4,683	4,833	4,314	-519	-369	-10.7	-7.9
Packing service	560	381	271	-110	-289	-28.8	-51.5
Inter segment net off	-543	-375	-255	120	288	-32.0	-53.0
Total	4,700	4,839	4,330	-509	-370	-10.5	-7.9
Per Ton	652,551	667,176	620,321	-46,856	-32,230	-7.0	-4.9

COST OF GOODS SOLD OF THE CEMENT PRODUCTION SEGMENT

In 2016, the cost of goods sold of the cement production segment was posted at Rp4,314 billion, decreasing by 10.7% or Rp519 compared to Rp4,833 billion in 2015. Semen Padang faced several crucial issues that affect the performance of the company's cost of goods compared to 2015, among others:

- Synergy of Semen Indonesia Group establishes the "Cost Transformation Program" program, which is a savings in various lines of production and non production, with the implementation of this program, Semen Padang was able to save costs in the amount of Rp411 billion during 2016.
- Cost of goods sold per ton amounted to Rp620,321 or lower compared to 2015, which amounted to Rp667,176 per ton of cement sales or 7.0%. This increased the gross profit margin by 17.5% compared to 2015.

COST OF GOODS SOLD OF THE PACKING SERVICES SEGMENT

In 2016, cost of goods sold of the packing services segment amounted to Rp271 billion, decreasing by 28.8% or Rp110 billion compared to 2015, which amounted to Rp381 billion. The decrease is in line with the decrease in revenues of cement packing and sales.

**Semen Padang's gross profit
in 2016 increased by 11.9%**

Gross Profit

Gross profit of Semen Padang in 2016 increased by 11.9% or Rp201 billion from Rp1,690 billion in 2015 to Rp1,891 billion in 2016. The increase in gross profit compared to 2015 was primarily due to lower cost of goods sold, even in terms of income, which is smaller than in 2015.

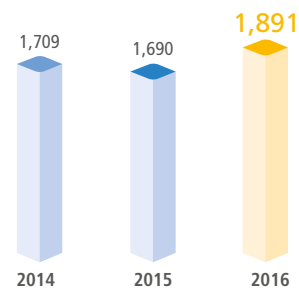
MANAGEMENT DISCUSSION AND ANALYSIS

TABLE OF GROSS PROFIT PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	1,674	1,668	1,878	210	204	12.6	12.2
Packing Service	34	22	13	-9	-21	-40.3	-61.9
Inter segment net off	1	0	0	0	-1	-176.1	-99.0
Total	1,709	1,690	1,891	201	182	11.9	10.7
Gross Profit Margin (%)	26,9	26,0	30,5	5	4	17.5	13.6

GRAPH OF 2014-2016 GROSS PROFIT PER BUSINESS SEGMENT (IN BILLION RUPIAH)

// In 2016, operating expenses were recorded at Rp944 billion. An increase of 39.8% or Rp269 billion compared to 2015 of Rp675 billion //



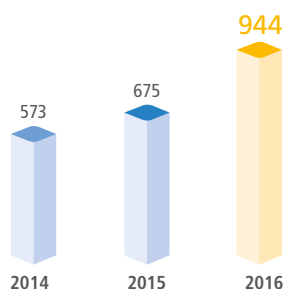
Operating Expenses

Operating expenses are expenses for the purposes of administration and sales. In 2016, operating expenses amounted to Rp944 billion, an increase of 39.8% or Rp269 billion compared to 2015, which amounted to Rp675 billions. Details of operating expenses are shown in the following table:

TABLE OF OPERATING EXPENSES (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Selling Expenses	174	263	532	269	358	102.3	205.7
General and administrative expenses	400	412	412	0	12	-0.1	3.1
Total	573	675	944	269	370	39.8	64.5

GRAPH OF 2014-2016 OPERATING EXPENSES (IN BILLION RUPIAH)



SALES AND GENERAL ADMINISTRATIVE EXPENSES PER BUSINESS SEGMENT

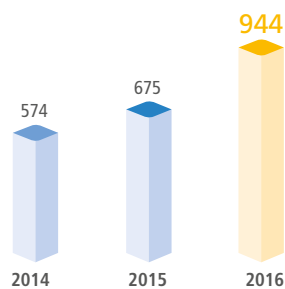
In more details, sales and general administrative expenses in 2016 was posted at Rp944 billion, an increase of Rp269 billion or an increase of 39.8% compared to 2015, which amounted to Rp675 billion. This is mainly due to the increase in commercial expenses in the form of increased freight costs. Details of sales and general administrative expenses per business segment are as follow:

MANAGEMENT DISCUSSION AND ANALYSIS

TABLE OF SALES AND GENERAL ADMINISTRATIVE EXPENSES PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	554	658	928	270	374	41.0	67.5
Packing Service	20	17	16	-1	-4	-7.7	-20.9
Inter segment net off	0	0	0	0	0	0	0
Total	574	675	944	269	370	39.8	64.5

GRAPH OF 2014-2016 SALES AND GENERAL ADMINISTRATIVE EXPENSES (IN BILLION RUPIAH)



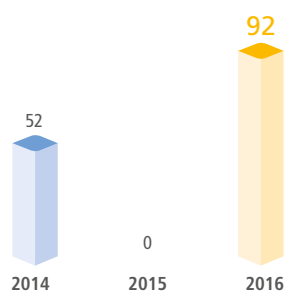
OTHER OPERATING REVENUES AND EXPENSES

Other operating revenues and expenses arise from activities outside the main business, such as claims income, rent, other income, and foreign exchange differences. In 2016, other operating revenues and expenses-net amounted to Rp92 billion, while in 2015 amounted to Rp363 million. The increase occurred because of other income in the form of production waste processing from third parties.

TABLE OF OTHER OPERATING REVENUES AND EXPENSES PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	60	3	90	87	30	2,878.8	50.0
Packing Service	3	3	2	-1	-1	-18.6	-20.7
Inter segment net off	-11	-5	0	5	10	-97.3	-98.6
Total	52	0	92	92	40	25,284.4	76.2

GRAPH OF 2014-2016 OTHER OPERATING REVENUES AND EXPENSES (IN BILLION RUPIAH)



// Increase due to other income, in the form of production waste treatment from third party //

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Income

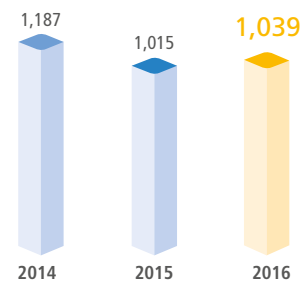
In 2016, Semen Padang posted an operating income of Rp1,039 billion, a decrease of 43.2% or Rp1,150 billion compared to 2014, which amounted to Rp1,187 billion. The decrease in operating income is due to an increase in operating expenses from third-party waste production processing. Operating income per business segment is shown in the following table:

TABLE OF OPERATING INCOME PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	1,180	1,012	1,040	27	-140	2.7	-11.9
Packing Service	17	8	-0	-8	-17	-103.9	-101.8
Inter segment net off	-10	-5	0	5	10	-97.4	-98.6
Total	1,187	1,015	1,039	25	-148	2.4	-12.5

GRAPH OF 2014-2016 OPERATING INCOME GROWTH (IN BILLION RUPIAH)

// The decrease in operating income was due to lower sales volume //

**Profit Before Tax**

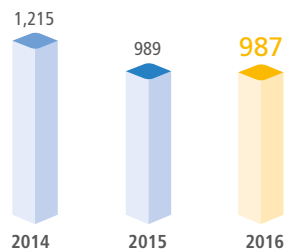
In terms of profit before tax, after calculating the financial revenues and expenses, profit before tax is also smaller by Rp2 billion or 0.2% compared to 2015. Details of profit before tax per business segment are as follows:

TABLE OF PROFIT BEFORE TAX PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	1,207	986	987	2	-220	0.2	-18.2
Packing Service	17	8	0	-9	-18	-103.2	-101.6
Inter segment net off	-10	-5	0	5	10	-97.4	-98.6
Total	1,215	989	987	-2	-228	-0.2	-18.8

MANAGEMENT DISCUSSION AND ANALYSIS

GRAPH OF 2014-2016 PROFIT BEFORE TAX GROWTH (IN BILLION RUPIAH)



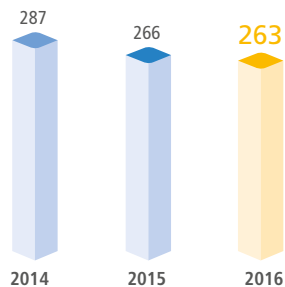
Income Tax Expenses

Income tax expense in 2016 decreased from Rp266 billion in 2015 to Rp263 billion in 2016, the decrease in income tax expense is in line with the decrease in income before income tax compared to 2015. Details of income tax expense per business segment are as follow:

TABLE OF INCOME TAX EXPENSE PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	282	264	263	0	-19	-0.2	-6.8
Packing Service	5	2	0	-2	-5	-109.0	-104.1
Total	287	266	263	-3	-24	-1.1	-8.5

GRAPH OF 2014-2016 INCOME TAX EXPENSE (IN BILLION RUPIAH)



“The profit of the current year is up **0.1%** From the previous year”

Income For The Year

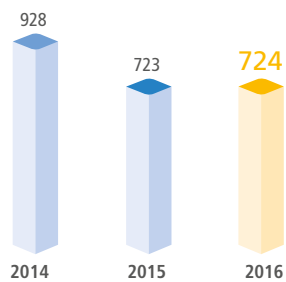
After taking into account the above mentioned income tax expense, the net income of the year in 2016 amounted to Rp724 billion, an increase of 0.1% or Rp1 billion compared to Rp723 billion in 2015. Details of net income per business segment is as follows:

TABLE OF INCOME FOR THE YEAR PER BUSINESS SEGMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cement Production	925	722	724	2	-201	0.3	-21.7
Packing Service	12	6	0	-6	-12	-101.1	-100.5
Inter segment net off	-10	-5	0	5	10	-97.4	-98.6
Total	928	723	724	1	-204	0.1	-22.0

MANAGEMENT DISCUSSION AND ANALYSIS

GRAPH OF 2014-2016 INCOME FOR THE YEAR (IN BILLION RUPIAH)



STATEMENT OF CASH FLOW

The position of cash and cash equivalents in 2016 amounted to Rp638 billion, decreasing by 11.6% or Rp82 billion compared to 2015, which amounted to Rp721 billion. The decrease in cash was mainly due to financing activities in the form of the implementation of Indarung VI strategic project. In addition, cash expenditures for operating activities and investment activities increased compared to 2015. As for cash flow from financing activities, Semen Padang disbursed bank loans to support several strategic projects and operational activities, while expenditures for dividend payments for the fiscal year of 2013 to 2015 was postponed by the shareholders.

Total Comprehensive Income for The Year

In 2016, Semen Padang managed to post a total comprehensive income for the year in the amount of Rp718 billion, growing by 8.68% or Rp57 billion compared to 2015, which amounted to Rp661 billion.

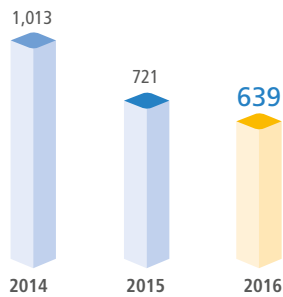
TABLE OF STATEMENT OF CASH FLOW HIGHLIGHTS (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Cash Flows From Operating Activities	838	1,430	1,413	-17	575	-1.2	68.6
Cash Flows for Investing Activities	-571	-1,967	-2,168	-201	-1,598	10.2	280.0
Cash Flows for Financing Activities	-246	245	672	427	919	174.0	-372.7
Increase (decrease) in Cash and Cash Equivalents	21	-292	-83	209	-105	-71.4	-493.5
Cash and Cash Equivalents at Beginning of the Year	992	1,013	721	-292	-271	-28.8	-27.3
Cash and Cash Equivalents at the end of the Year	1,013	721	638	-82	-375	-11.6	-37.1

// The decrease in cash was mainly due to the financing activities of the Indarung V project //

MANAGEMENT DISCUSSION AND ANALYSIS

GRAPH OF 2014-2016 CASH AND CASH EQUIVALENTS (IN BILLION RUPIAH)



Cash Flow For Operating Activities

Cash flows from operating activities decreased by 1.2% or Rp17 billion from Rp1,430 billion in 2015 to Rp1,413 billion in 2016, the decrease in cash from operating results was primarily due to an increase in interest payment.

Cash Flow For Investing Activities

In 2016, Semen Padang disbursed the bank loans to support the smooth implementation of the Indarung VI strategic project in the amount of Rp729 billion, while the dividends for the fiscal year of 2013 to 2015 was postponed by the shareholders.

Cash flow used for financing activities in 2016 was posted at Rp672 billion, increasing by 174% or Rp427 billion compared to Rp245 billion in 2015.

Cash Flow For Investing Activities

Cash flows used for investment activities in 2015 increased by 10.2% or Rp201 billion from Rp1,967 billion in 2015 to

// Total assets in 2016 was recorded at Rp9,211 billion //

Rp2,168 billion in 2016. Cash flow for investment activities was used for the implementation of the Indarung VI strategic project.



MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON BETWEEN 2016 TARGET AND REALIZATION

The comparison between the targets listed in the 2016 WP&B and the realization of financial performance in 2016 can be informed through the following table:

Description	RKAP 2016	Realization 2016	% Achievement
Revenues	7,066	6,221	88.0
Gross Profit	1,794	1,891	105.4
Operating Income	1,036	1,039	91.5
Net Profit	715	724	101.3
Total Assets	9,192	9,211	100.2

COMMITMENT AND CONTINGENCY

In 2016, the Company has no commitments and contingencies made throughout the fiscal year.

FINANCIAL RATIOS

Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
FINANCIAL RATIO										
Ratio of Paying Off Short Term Liabilities (%)										
Cash Ratio	41.5	25.2	36.6	48.6	72.6	97.7	88.4	72.3	33.1	34.4
Acid Test Ratio	79.1	57.9	64.0	82.9	109.0	126.7	134.2	124.3	68.1	73.9
Current Ratio	145.7	146.9	159.1	162.1	170.1	184.1	207.5	189.1	102.4	112.9
Income Ratio (%)										
Operating Margin	16.3	17.4	19.5	20.4	20.1	21.7	21.6	17.7	15.5	15.2
Net Profit Margin	11.1	12.8	13.7	15.2	15.3	16.6	16.8	14.4	11.1	11.6
EBITDA Margin	20.2	21.5	23.0	24.0	23.8	25.8	24.8	21.2	19.3	19.2
Return on Equity	29.0	31.2	29.3	29.7	28.2	29.4	28.6	22.3	16.3	14.8
Return on Assets	19.1	20.5	21.0	20.6	19.5	20.4	20.4	15.7	9.8	7.9
Return on Profit	11.1	12.8	13.7	15.2	15.3	16.6	16.8	14.5	11.1	11.6
Return on Investment	19.1	20.5	21.0	20.6	19.5	20.4	20.4	15.7	9.8	7.9
Paying Off Obligation Ratio (%)										
Debt to Total Assets Ratio	34.0	34.2	28.3	30.3	30.7	30.4	28.6	29.5	39.7	46.9
Debt to Total Equity Ratio	51.5	52.0	39.4	43.4	44.3	43.7	40.0	41.8	65.7	88.4
Activity Ratio (day)										
Inventory Turn Over	47	61	80	77	67	60	63	52	45	44
Collection Period	22	21	19	21	25	24	26	36	42	44
Total Assets Turn Over	172.2	160.1	153.5	135.4	127.2	122.7	121.0	108.5	88.3	67.5
Total Equity to Total Assets	65.8	65.5	71.4	69.5	69.0	69.3	71.2	70.3	60.2	52.9

Rescheduling receivables from some distributors as a result of market situation and competition and decrease of sales volume

MANAGEMENT DISCUSSION AND ANALYSIS

DEBT PAYING ABILITY

The ability of Semen Padang to pay short-term liabilities in 2016 has increased as indicated by the current ratio, which increased from 102.4% in 2015 to 112.9% in 2016.

The ability to pay the liabilities, both short-term liabilities and long-term liabilities strengthened as indicated in the debt to equity ratio in 2016 by 88.4%, an increase compared to 2015 which reached 65.7%. The ability to pay debts is also relatively safe even though Semen Padang has loans to financial institutions or bank.

TABLE OF 2014-2016 DEBT PAYING ABILITY RATIO (IN %)

Description	2014	2015	2016	Difference		% Change	
Current Assets to Current Liabilities Ratio	189.1	102.4	112.9	11	-76	10.4	-40.3
Debt to Equity Ratio	41.8	65.7	88.4	23	47	34.4	111.5
Liabilities to EBITDA Ratio	128.2	232.7	342.9	110	215	47.4	167.4

RECEIVABLES COLLECTIBILITY LEVEL

In 2016, the receivables collectability level decreased compared to 2015 as indicated in the increase in collection period from 42 days in 2015 to 44 days in 2016. The increase occurred because the percentage of receivables increase is greater than the percentage of increase in sales. This is due to the rescheduling of receivables by a number of distributors due to the market situation and competition and the decrease in sales volume occurring in several major markets of Semen Padang, among others: West Sumatra and Riau Islands, while the DKI area experienced a significant decrease of 255,687 tons.

TABLE OF 2014-2016 RECEIVABLES COLLECTIBILITY LEVEL (IN DAYS)

Description	2014	2015	2016	Difference		% Change	
Collection Period	36	42	44	2	8	5.2	22.9

SEMEN PADANG LIQUIDITY LEVEL

The liquidity level of Semen Padang in 2016 increased compared to 2015. The ability of Semen Padang to meet its short-term liabilities is relatively safe with current ratio (current assets ratio to current liabilities) still above 100%, as shown in the following table:

TABLE OF 2014-2016 LIQUIDITY LEVEL (IN %)

Description	2014	2015	2016	Difference		% Change	
Current Assets Current Liabilities Ratio	189.1	102.4	112.9	11	-76	10.4	-40.3
Cash and Cash Equivalents Current Liabilities Ratio	71.3	32.1	33.9	2	-37	5.5	-52.4
Quick Ratio	132.0	73.1	80.7	8	-51	10.4	-38.9

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

CAPITAL STRUCTURE

The capital structure is a balance between liabilities and equity. The main objective of capital structure management is to ensure the maintenance of sound capital ratios to support the business and maximize the return for the shareholders.

The Company is required to maintain certain capital levels by the loan agreement. These external capital requirements have been met by the related entity as of 31 December 2016 and 2015.

In addition, the Company is also required by Law no. 40 of 2007 on Limited Company, effective 16 August 2007, to allocate up to 20% of issued and fully paid capital share into reserve fund that may not be distributed. The external capital requirements have been considered by the Group and have been decided at the General Meeting of Shareholders ("GMS").

The capital structure greatly influences the rate of return on capital invested. Capital structure with minimum cost of capital can increase the value of the Company. The Company monitors the capital by using the gearing ratio, by dividing the total interest-bearing loan with total equity attributable to the owner of the parent entity.

The following is the table of capital management or capital structure of Semen Padang and subsidiaries that forms the net loan to equity ratio:

Capital structure greatly affects the rate of return on capital invested

TABLE OF 2014-2016 CAPITAL MANAGEMENT (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Loan							
Debt Bank Loan	11	296	1,023	727	1,012	245.7	9.064.7
Dividend Payable	368	732	1,001	269	633	36.8	171.9
Finance Liabilities Lease	106	94	64	-30	-42	-31.9	-39.7
Cash and Cash Equivalents and Short Term Investments	-1,027	-743	-648	94	378	-12.7	-36.9
Total Loan	-542	379	1,440	1,061	1,981	280.3	-365.8
Amount of Equity Attributable to the Owner of the Parent Company	4,154	4,448	4,877	430	723	9.7	17.4
Net Loans Ratio to Equity (%)	-13.04	8.51	29.52	21	43	246.8	-326.4

TABLE OF 2014-2016 CAPITAL STRUCTURE (IN %)

Description	2014	2015	2016
Liabilities	29.5	39.7	46.9
Equity	70.5	60.3	53.1
Assets	100	100	100

MANAGEMENT POLICY ON CAPITAL STRUCTURE

Semen Padang manages the capital structure and performs adjustments as needed, based on changes in the economic conditions. To maintain and adjust the capital structure, Semen Padang can adjust dividend distribution to the shareholders, issue new shares or seek funding through

MANAGEMENT DISCUSSION AND ANALYSIS

loans. There was a change in the policy of the capital structure of Semen Padang in the form of adjustment of dividend distribution to the shareholders in 2016, as well as seeking funding through loans in 2016. The change of capital structure policy was conducted to fund the Indarung VI project. In 2016, the assets of Semen Padang were financed 46.9% by liabilities and 53.1% by equity.

The Company's policy is to keep the gearing ratio within a relatively equal range of Indonesia's leading companies to secure access to funding at a reasonable cost. Included in the total interest-bearing loan are short-term bank loans and liabilities of finance leases.

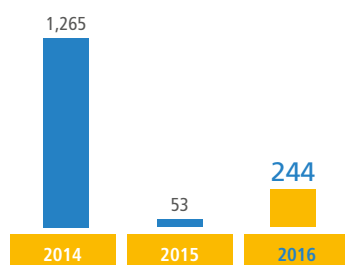
NET WORKING CAPITAL

Net working capital is the difference between current assets and short-term liabilities. In 2016, net working capital amounted to Rp244 billion, an increase of Rp191 billion or 361.8% compared to 2015.

TABLE OF 2014-2016 NET WORKING CAPITAL (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Current asset	2,686	2,297	2,127	-169	-559	-7.4	-20.8
Current liabilities	1,421	2,244	1,884	-360	463	-16.1	32.6
Net working capital	1,265	53	244	191	-1,021	361.8	-80.7

GRAPH OF 2014-2016 NET WORKING CAPITAL (IN BILLION RUPIAH)



// The source of the project fund comes from internal funds of Semen Padang as well as in the form of third party loans //

The increase in working capital is mainly due to the change in the dividend liabilities that were previously short-term liabilities into long-term dividend obligations, which have a significant effect on the net working capital.

MATERIAL COMMITMENT FOR CAPITAL INVESTMENT

In 2016 Semen Padang has material commitments for capital investment with a number of contractors for the construction of several strategic projects, among others, the contract signing for the purchase of major equipment of Indarung VI Project and land acquisition for limestone mining new entrance.

The objective of this engagement was to ensure the realization of the project, the source of the project financing fund is derived from internal funds of Semen Padang as well as in the form of third party loans denominated in IDR, Euro and USD currencies. Details on material commitments can be viewed in the 2016 Audited Financial Statements on page 73 to page 78.

SIGNIFICANT COMMITMENTS AND AGREEMENTS

Some of the significant commitments and agreements conducted by the Company during 2016 consist of purchase commitments, coal, mining rights commitments, hedges, as well as loan facilities from several banks.

MANAGEMENT DISCUSSION AND ANALYSIS

Purchase Commitment

As of 31 December 2016, the Company has several inventory purchase agreements from several suppliers in the amount of Rp662 billion. The purchase commitments include purchase commitments using loan facilities from Bank Negara Indonesia and Bank Mandiri amounting to Rp1,632,199,921, USD1,234,648, and EUR5,288,477.

Coal

Supplier	Contract No.	Unit of Measure	Quantity	Period
PT Bhumi Rantau Energi	HK.03.02./1448/PJJ/PBR12/12.15	Metric Ton	270.000/month	February-December 2016

The price of coal to Teluk Bayur is based on addendum II is Rp538,600 per ton, which is adjusted against calorific value, ash content, sulphur, and water. Such price will be reviewed periodically.

Mining Rights Commitment

The Company entered into an agreement with Nagari Lubuk Kilangan community (Nagari Lubuk Kilangan) to obtain mining rights of 412.03 hectares in the area of Bukit Karang Putih with terms of payment of 30%, 30% and 40% to be paid in June 2004, 2005 and 2006, respectively. After the remeasurement of the area by the mentioned body pertaining to the Area Mapping No. 183/2005 on 12 May 2005, resulted in the actual area involved measuring 429 hectares and the total compensation is estimated to be Rp13 billion, excluding other forms of compensation amounting to Rp2 billion.

- Bank Mandiri Treasury Line Facility No.TOP/CRO/CCL.298/ADD/2015 with a period up to 27 June 2017.

The Company also uses hedging with non-derivative instrument, namely USD time deposit. This hedging is implemented for material/services payment in Indarung VI Project.

Loan Facilities

The loan facilities obtained by the Company in 2016 are from PT Bank Negara Indonesia (Persero) Tbk, PT Bank Mandiri (Persero) Tbk, and PT Bank Rakyat Indonesia (Persero) Tbk.

MEASURES PLANNED BY SEMEN PADANG TO PROTECT FROM FOREIGN CURRENCY FLUCTUATION RISK

The risk of foreign currency exchange rate is the risk of changes in fair value of future cash flows of a financial instrument that fluctuates as a result of changes in foreign currency exchange rates used by the Group. The Group's exposure to exchange rate fluctuations mainly derived from debt for the procurement of goods and services denominated in USD and EUR, as well as receivables from export sales denominated in USD.

Due to the changes in the value of the rupiah against foreign currencies during 2016, the management set a reasonable probability of sensitivity analysis by 10%. Sensitivity analysis of the effect of a 10% change in foreign exchange rates on profit after tax with all other variables are held constant, will lead to net effect to the profit loss because of foreign currency changes in the amount of Rp13 billion.

In 2016, Semen Padang managed the risk of fluctuations in foreign currency exchange rates based on the evaluation

Loans for Semen Padang are from BNI, Mandiri and BRI

As of 31 December 2016, the Company has spent Rp23 billion to obtain the mining rights and Rp54 billion for the preparation of the mining land facilities, which are posted as construction in progress.

Hedging

In 2016, the Company use hedging either with forward or non-derivative instruments. The implementation of the forward instrument is using the following facilities:

- BNI Forex Line Facility No.944/PJJ/DEPAK/09.14 with a period up to 14 June 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

of foreign currency requirement of monthly imports. This requirement was prepared and met through the purchase of foreign currency according to the needs at the time the foreign exchange rate at the optimum condition.

CAPITAL INVESTMENT REALIZED IN THE LAST FISCAL YEAR

Investment in capital goods is fund expenditure activity used to buy a number of fixed assets or to increase the value of fixed assets that are expected to be beneficial in the future.

In 2016, investment in Capital Investment performed by Semen Padang amounted to Rp2,312 billion, an increase of Rp80 billion or by 3.6 % compared to 2015. The increase was mainly due to the project improvement in the Indarung VI

project implementation. Semen Padang strived to improve the performance of the company by investing in capital goods with higher Internal Rate of Return (IRR) than the Weighted Average Cost of Capital (WACC) plus 3%, in accordance with the criteria established by Semen Indonesia as the holding company.

Investment of Semen Padang will be done if IRR is bigger than WACC plus 3%

TABLE OF 2014-2016 CAPITAL GOODS INVESTMENT GROWTH (IN MILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change		Investment Objective
Purchase Price								
Land	217	-	-	-	(217)	-	-	Cement production efficiency
Building and Facilities	33	88	409	321	376	364.5	1,126.2	Cement production support
Plant machinery	2,931	1,260	421	(839)	(2,509)	(66.6)	(85.6)	Cement production efficiency
Heavy equipment and Vehicles	7,740	4,379	106	(4,273)	(7,633)	(97.6)	(98.6)	Cement production support
Office Equipment	102	252	428	176	326	69.8	319.2	Cement production support
Leased Assets	77,449	19,560	25,279	5,719	(52,170)	29.2	(67.4)	Cement production efficiency
Major spare parts and standby equipment	-	12,255	15,596	3,341	15,596	27.3	-	Cement production efficiency
Construction in Progress								
Mining Land	15,026	8,662	5,216	(3,446)	(9,810)	(39.8)	(65.3)	Cement production efficiency
Building and Facilities	262,264	648,396	871,614	223,218	609,350	34.4	232.3	Cement production support
Plant machinery	256,272	1,430,972	834,223	(596,749)	577,951	(41.7)	225.5	Cement production efficiency
Heavy equipment and Vehicles	19,401	57,597	40,089	(17,507)	20,688	(30.4)	106.6	Cement production support
Furniture and office equipment	8,433	49,190	518,993	469,803	510,559	955.1	6,054.1	Cement production support
Total	649,868	2,232,610	2,312,375	79,764	1,662,507	3.6	255.8	

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL COMPONENTS OF OTHER REVENUES AND EXPENSES

Other revenues and expenses consist of other operating revenue and expenses, revenue and finance costs, as well as associates entity profit share with the following explanation:

TABLE OF 2014-2016 OTHER REVENUES/(EXPENSES) (IN BILLION RUPIAH)

Description	2014	2015	2016	Difference		% Change	
Other operating income and expense							
Other operating income	62	21	272	251	210	1,196.8	339.7
Other operating expense	-10	-21	-180	-159	-170	772.8	1,773.2
Sub Total	52	0	92	92	40	25,284.4	76.2
Finance income and cash							
Finance income	64	34	28	-6	-36	-16.9	-55.5
Finance costs	-36	-60	-82	-21	-46	35.3	126.5
Sub Total	28	-26	-53	-27	-81	103.5	-291.6
Equity in income of an associate	0	0	1	1	2	-385.6	-160.3

OTHER REVENUES AND EXPENSES

INSURANCE CLAIMS

Substantial components of other operating revenues and expenses are insurance claims, revenues from workshops, exchange differences, leasing, and other revenues and expenses. The total value of other operating revenues and expenses in 2016 amounted to Rp92 million.

// No extraordinary event that had an impact on Semen Padang's financial report //

FINANCIAL REVENUES AND EXPENSES

Substantial components of financial revenues and expenses are interest income from Semen Padang deposits, in addition to leasing interest cost and deconstruction of fixed assets

expenses. Total value of financial revenues and expenses in 2016 minus Rp53 billion, increasing by 103.5% compared to 2015 primarily due to bank loan interest expenses and dividend interest expenses to shareholders used for supporting investment of Indarung VI project.

FINANCIAL INFORMATION FOR EXTRAORDINARY AND INFREQUENT EVENTS

In 2016, there were no extraordinary events that have an effect to the Financial Statements of Semen Padang.

MATERIAL INFORMATION AND FACTS OCCURRING AFTER THE ACCOUNTANT'S REPORTING DATE

There were no material information and facts occurring after the accountant's reporting date in the 2016 fiscal year.

DIVIDEND POLICY

Semen Padang dividend distribution policy refers to the policy of PT Semen Indonesia (Persero) Tbk Policy as the majority shareholders of the company, which is stipulated in the GMS. Description of the dividend distribution policy in accordance with the fiscal years is as follows:

TABLE OF 2011-2015 DIVIDEND DISTRIBUTION POLICY

Description	2013	2014	2015
Income for the Year (billion Rupiah)	1,044	916	722
Dividend pay out ratio	45%	40%	40%
Paid dividend (billion Rupiah)	470	366	289
Dividend per share (in Rupiah)	1,416	1,104	870
Announcement Date	1-4-2014	28-8-2015	16-6-2016
Maturity Date	1-5-2014	28-9-2015	16-7-2016

The average Dividend Pay out Ratio for the last 5 years is 44%.

In 2016, the shareholders approved a dividend distribution for the 2015 fiscal year amounting to Rp289 billion and retained earnings reserves for business development amounting to Rp433 billion in accordance with the General Meeting of Shareholders on 10 May 2016 and the Annual General Meeting of Shareholders of PT Semen Indonesia (Persero) Tbk on 13 May 2016.

In 2015, the shareholders approved a dividend distribution for the 2014 fiscal year amounting to Rp366 billion and retained earnings reserves for business development amounting to Rp550 billion in accordance with the General Meeting of Shareholders on 6 April 2015 and the Annual General Meeting of Shareholders of PT Semen Indonesia (Persero) Tbk on 16 April 2015.

Up to the 31 December 2016 period, of the dividend declared, Semen Padang had postponement to pay the dividend amounting to Rp1,001 billion in relation to the needs to support strategic project of Indarung VI. As for dividend for the 2016 fiscal year awaits for the decisions of the 2017 GMS.

EMPLOYEE/ MANAGEMENT STOCK OWNERSHIP PROGRAM

Up to 31 December 2016, Semen Padang shares are 99.99 % owned by PT Semen Indonesia (Persero) Tbk and the remaining 0.01 % by the Semen Padang Family Cooperative. Therefore, the Company has no employee or management stock ownership program, on that account there is no information regarding the number of Employee Stock Option (ESOP) and Management Stock Option (MSOP) shares as well as its realization, duration, requirements of employees and/or management entitled to the shares, as well as the exercise price.

REALIZATION OF THE USE OF PROCEEDS FROM PUBLIC OFFERING

Up to 2016, Semen Padang has yet to become a public company or has not conducted a Public Offering on the Stock Exchange, on that account there is no information related to the acquisition of funds, plan for the use of funds, balance of funds, and date of the AGM's approval on the use of funds from the proceeds.

The average percentage of dividend payout over the last 5 years is 44%

OBLIGATION TO THE COUNTRY

Semen Padang is committed to meeting the obligations to the country embodied in Semen Padang's obligation fulfilment as a taxpayer and as a tax cutter, as well as the contribution of Semen Padang to the country from year to year. Throughout 2016, Semen Padang was never late in the submission of tax documents obligations (annual or monthly tax return), never late in the payments of tax liabilities, both Employee Income Tax, Entity Income Tax, VAT Period and Completion, as well as land and building tax. In addition, there was no delay in

MANAGEMENT DISCUSSION AND ANALYSIS

the submission of obligation documents to the regulators, as well as the biggest taxpayer among State Enterprises in the West Sumatra and Jambi regions.

MATERIAL INFORMATION ON INVESTMENT, EXPANSION, DIVESTMENT, BUSINESS CONSOLIDATION/ MERGER, ACQUISITION, AND DEBT/ CAPITAL RESTRUCTURING

In 2016, Semen Padang has no material information regarding expansion, divestment, business merger/ consolidation, acquisition, and debt/capital restructuring. However, the Company has investment activities that do not affect its cash and are not included in the consolidated statement of cash flow as follows:

// In 2016, Semen Padang did not have any conflict of interest transaction with any party //

TABLE OF NON CASH INVESTMENT DISCLOSURE (IN BILLION RUPIAH)

Description	2016	2015
Acquisition of Fixed Assets through Finance Lease	25	19
Acquisition of Fixed Assets through Advance of Purchase on Fixed Assets	95	246
Capitalization on the Estimated Cost of dismantling of Property, Plant and Equipment	24	6

INFORMATION ON MATERIAL TRANSACTION CONTAINING CONFLICTS OF INTEREST AND/ OR TRANSACTION WITH AFFILIATES

CONFLICTS OF INTEREST TRANSACTION

In 2016, Semen Padang did not conduct any transactions containing conflicts of interest with any party.

To avoid the occurrence of a conflict of interest, Semen Padang established the policy that is set forth in the following guidebook and statements:

1. Guidelines for Semen Padang Good Corporate Governance (GCG)
2. Semen Padang Code of Conduct, detailing what can and cannot be done by Semen Padang and individuals within Semen Padang in dealing with customers, suppliers, contractors, government officials, and other parties who have relationships with Semen Padang.
3. Annual Statement of the Board of Commissioners, Board of Directors, Employees and Business Partners, on the understanding and compliance with the Code of Conduct.

TRANSACTION WITH RELATED PARTY

Semen Padang conducts transaction with related parties due to ownership relationship or other nature. Definition of related parties used is as regulated in PSAK No. 7 (Revised 2010), "Disclosure of Related Parties". Details on transactions with related parties can be viewed in the 2016 Audited Financial Statements on page 68 up to page 71.

OTHER AFFILIATES RECEIVABLES

Other affiliates receivables is the accounts receivable of PT Igaras in the amount of Rp17 billion which was restructured in 2013 with an 8.03 % interest rate per year for 8 years with a grace period of 6 months. Regarding these receivables, PT Igaras has provided collateral to Semen Padang in the form of a bank guarantee amounting to Rp7 billions, insurance amounting to Rp40 billions and assets of Rp24 billions.

SHORT-TERM EMPLOYEE BENEFIT COMPENSATION

Short-term employee benefits compensation paid to the Board of Commissioners and Board of Directors of Semen Padang for the year ended on 31 December 2016 amounted to Rp35 billion. Semen Padang provides benefits

MANAGEMENT DISCUSSION AND ANALYSIS

in the form of post-retirement benefits to members of the Board of Commissioners and Board of Directors through the cooperation with PT Asuransi Jiwasraya (Persero) ("Jiwasraya"), in which Semen Padang paid a single premium to Jiwasraya and Jiwasraya will pay the post-retirement benefits to the members of the Board of Commissioners and Board of Directors of Semen Padang when such member of the Board of Commissioners and/or Directors is dismissed, completed the term of office, resigned, or passed away.

COMPANY POLICY REGARDING THE REVIEW MECHANISM ON TRANSACTION AND COMPLIANCE WITH THE RELATED REGULATIONS

From all transactions associated with related parties, the management considers that all the transactions are still within reasonable limits in accordance with the applicable regulations and legislation related to Disclosure of Related Party. The management has established a review mechanism on transactions with related parties through audit processes conducted by both the internal auditor and the external

auditor. In order to ensure a reasonable level of transaction and compliance with the generally accepted accounting standards in Indonesia, the above mentioned affiliate transactions reports have been audited by an Independent Auditor of Deloitte.

Audit was conducted by Deloitte to ensure the fairness of transactions and conformity with generally accepted accounting standards in Indonesia

CHANGES IN THE REGULATION THAT HAVE SIGNIFICANT IMPACT

Throughout 2016, several regulations have been issued which have a significant impact on the performance and operation of Semen Padang as follows:

Description	Regulations
Borrow-to-Use Permits of Forest Areas	The enactment of the regulation of Minister of Forestry of the Republic of Indonesia No. P.38/Menhut-II/2012 on Amendment to Regulation of the Minister of Forestry. No. P.18/MENHUT-II/2011 on Guidelines of Borrow-to-use permits of forest areas, which are the rules become the new guidelines for the application of Borrow-to-use permits of forest areas for the Company.
Environmental Permit	Indonesian Government Regulation No. 27 of 2012 on Environmental Permit, which becomes the new basis for Semen Padang to prepare the EIA related to the construction of Indarung VI plant.
Procurement of Goods and Services	The establishment of Regulation of the Minister for State-Owned Enterprises (SOEs) No.PER - 15/MBU/2012 on Amendment to Regulation of the Minister of State Owned Enterprises (SOEs) No. PER - 05/MBU/2008 on General Guidelines for Procurement of Goods and Services for State Owned Enterprises which is also applied to subsidiaries of SOEs and SOEs affiliated companies, requiring Semen Padang to make adjustments to the applicable procurement system.
Fuel oil and electricity tariffs	Increased fuel price was based on the Minister of Energy and Mineral Resources Regulation No.18 of 2013 on the retail price of a particular fuel to specific users, adjustment to subsidized fuel price and electricity tariff. Minister of Energy and Mineral Resources Regulation No. 31 of 2014 on the electricity tariff provided by PT Perusahaan Listrik Negara.
Employment	Decree of the Minister of Manpower No.19 of 2012 on the terms of submission of most of work to other companies and Law No. 24 of 2011 on the Social Security Agency which requires the Company to include its employees as participants of BPJS Employment and BPJS Health.
The Material Quarry C	Semen Padang has obtained the Mining Business License. Laws and regulations governing mining named Law No. 4 of 2009 on mineral and coal mining. Government Regulation No. 23 of 2010 on the implementation of mineral and coal mining operations. Increased Excavation C tariff stipulated in regulation of Local government No. 7 of 2012 on the reference price of nonmetallic mineral and rock. Minister of Energy and Mineral Resources Regulation No. 7 of 2014 on the Implementation of Reclamation and Post Mining in mining business of Mineral and Coal requires Semen Padang to prepare draft of Document of Reclamation plan, closure, and post mining as well as its collateral.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite having an impact on Semen Padang's performance, the changes to the above regulations and legislation do not have a significant impact on the Company's performance.

CHANGES IN ACCOUNTING POLICY

In the current year, the Company has adopted a new standard, a number of PSAK amendments and interpretations issued by the Indonesian Accounting Standards Board of Financial Accounting Standards that are relevant to its operations and effective for the accounting period beginning on 1 January 2016. Amendment of PSAK 5 Operating Segments (i), requires the entity to disclose the considerations made by the management in applying the incorporation criteria of the operating segment, including a brief description on the combined operating segments and the economic indicators that have been assessed in determining that the combined segment of operations has similar economic characteristics;

- PSAK 70, Accounting of Tax Remission's Assets and Liabilities
- ISAK 30, Levies
- Amendment to PSAK 4, Separate Financial Statements
- Amendment to PSAK 7, Disclosure of related parties
- Amendment to PSAK 15, Investment in Associates and Joint Ventures
- Amendment to PSAK 16, Fixed Assets
- Amendment to PSAK 19, Intangible Assets
- Amendment to PSAK 22, Business Combination
- Amendment to PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendment to PSAK 24, Employee Benefits
- Amendment to PSAK 65, Consolidated Financial Statements
- Amendment to PSAK 66, Joint Arrangement
- Amendment to PSAK 67, Disclosure of Interests in Entity
- Amendment to PSAK 68, Fair Value Assessment

// Data on financial information and activities of Semen Padang is available on the Company's website //

and (ii) clarify that the reconciliation of the total segment assets reported against the entity's assets is only disclosed in the event the segment's assets are regularly provided to the operational decision maker. The Company incorporates several operating segments into a single operating segment and makes the required disclosures in accordance with the amendments.

The implementation of the following standard amendments and interpretations has no significant effect on the disclosures or amounts recorded in the consolidated financial statements in the current year and the previous year as follows:

PERFORMANCE MATRIX (KPI)

Semen Padang is committed to all stakeholders to always provide the financial statements and information regarding the Company's financial condition. The Company is determined to be able to provide accurate, timely, and appropriate to the needs of the recipient information. During 2016, Semen Padang has publicly conveyed the financial statements and information regarding the financial condition of the company to external parties, such as the shareholders, the government, the Bank and other parties related to the Company. Data regarding the Company's financial information and activities are also available on the Company's website at the address www.semenpadang.co.id

The provisions concerning the submission of financial statements in the Company, submitted in the form of publications through Holding PT Semen Indonesia (Persero) Tbk as a Public Company.

MANAGEMENT DISCUSSION AND ANALYSIS

2016 PERFORMANCE MATRIX

No	Management Contract in 2016 PT Semen Padang	Period	Weight (%)	Unit	Target	Realization	%
I	Financial and Market		40				
1	EBITDA	Quarterly	10	Rp trillion	1.30	1.19	91.7%
2	Gross Revenues Growth	Quarterly	10	%	8.30	-4.70	-56.7%
3	Asset Growth	Annual	5	%	24.34	24.59	101.0%
4	Cement Sales Volume	Quarterly	10	million ton	7.66	6.98	91.1%
5	Market Share	Annual	5	%	10.23	10.22	99.9%
II	Customer Focus		10				
6	External Customer Satisfaction Index	Annual	10	%	89	n/a	
III	Effectiveness of Product and Process		35				
7	Production Growth	Quarterly	10	%	3.59	-6.28	-175%
8	% Utility of Plant Capacity	Annual	10	%	97.40	84.30	87%
9	% Physical Progress of Project	Quarterly	10	%	100.00	97.60	98%
10	Proper for Indarung Environment	Annual	5	Rank	Green	Green	100%
IV	Human Resource Focus		10				
11	Knowledge Management Point	Quarterly	5	Point	720.00	760.99	106%
12	% Talent in Box 1, 2, 3 on 9 boxes	Annual	5	%	20.00	n/a	
V	Leadership - Governance		5				
13	GCG Index	Annual	5	Score	88.00	n/a	

SEMEN PADANG BUSINESS PROSPECT AND STRATEGY

BUSINESS PROSPECT

Bank Indonesia estimates that global economic growth will reach 3.4% in 2017 after growing by 2.4% in 2016. Meanwhile, the national economic growth in 2017 is estimated at 5.1% after growing by 5.0% 2016. Acceleration of infrastructure projects in early 2017 is considered to provide a positive boost for the Indonesian cement industry. Inflation in 2017 is estimated at 4%, while in 2016 at 3.02%, which is expected to increase development spending by lowering lending rates to stimulate the development of the economy. This is in line with Bank Indonesia that announced the decrease in BI rate from 7.5% at the end of 2015 to 6.5% in 2016. A decrease in interest rate will have a more positive impact, which makes the burden of the industry, from previously more reliant on overseas loans, switching to national banking due to lower interest rates.

The projected growth of cement consumption in 2017 is expected to be quite good. Favourable economic conditions in Indonesia encouraged the government to increase the availability of national infrastructure. This is in line with the government's program in improving infrastructure

Indonesia announced that BI rate down from 7.5% to 6.5% in 2016

development in accordance with the Master Plan for the Acceleration and Expansion of Indonesia's Economic Development (MP3EI), which subsequently will have an impact on the increase of national cement consumption.

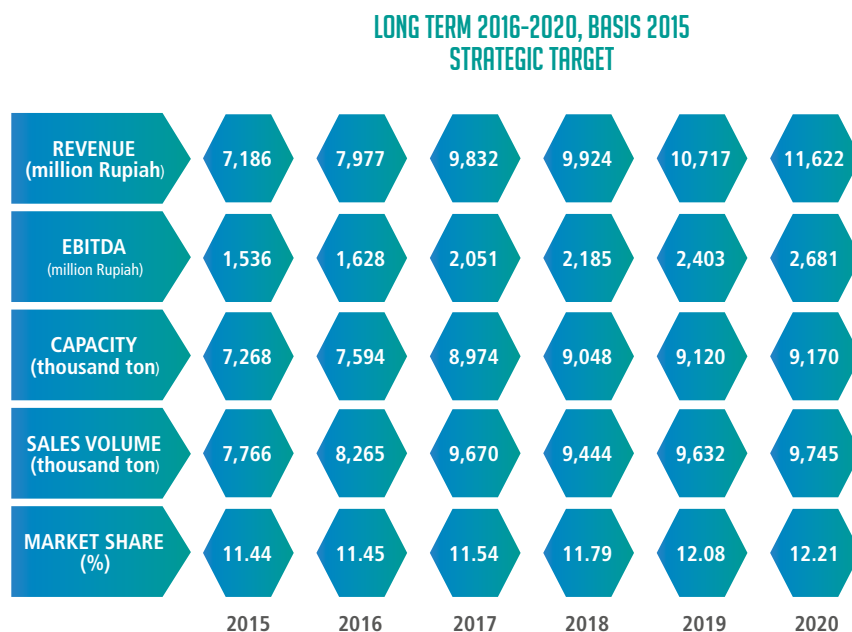
The Indonesian Cement Association (ASI) estimates that Indonesia's cement consumption in 2017 will grow by 2.4%

MANAGEMENT DISCUSSION AND ANALYSIS

or higher compared to 2016 by 0.02%. This increase is attributed to increased government-led infrastructure development such as the Trans Sumatra toll road infrastructure project, the construction of the Kuala Tanjung International port, the construction of Light Rail Transit (LRT) in South Sumatra, as well as the development of the port followed by the increase in the national cement production capacity supported by the addition of capacity by existing cement producers as well as new cement producers.

SEMEN PADANG BUSINESS DEVELOPMENT STRATEGY

Semen Padang development direction for the long term as contained in the 2017-2020 Long-Term Plan Roadmap, the basis from 2016 as follows:



**// Preparation of the
Company's / RJPP's long-term
plan is based on the achievement
of Vision 2030 //**

Semen Padang conducts the preparation on the 2017-2020 Company Long Term Plan basing on the 2016 period with the launching of the 2030 Vision, namely "Becoming a reliable, superior, and environmentally insight cement company in western Indonesia and Southeast Asia". In order to achieve the 2030 Vision, Semen Padang will carry out company development focusing on Expansion & Diversification, which has been commenced in 2016 up to 2020. The strategic project currently in the completion phase in the Indarung VI project.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF 2016 REALIZATION WITH 2017 PROJECTION

TABLE OF 2017 INCOME FOR THE YEAR PROJECTION (IN BILLION RUPIAH)

Description	Actual 2016	Projection in 2017	% Real 2016 : RKAP 2017
Revenue	6,221	7,011	112.7
Cost of a good sold	-4,330	-4,965	114.7
Gross profit	1,891	2,045	108.2
Operating income	-825	-1,027	108.9
Operating profit	1,039	1,018	107.5
Earning before taxes	987	866	87.8
Profit for the Year	724	728	100.6

2017 PROJECTION

In the future, Semen Padang sets the following 2017 financial statements projection achievements:

- Semen Padang is projecting a revenue achievement of Rp7,011 billion in 2017 or 112.7% of the 2016 realization, which amounted to Rp6,221 billion.
- Semen Padang is projecting its cost of goods sold to amount to Rp4,965 billion in 2017 or reaching 114.7% of the 2016 realization, which amounted to Rp4,330 billion.
- Semen Padang is projecting its gross profit to reach Rp2,045 billion in 2017, or 108.2% of 2016 realization, which amounted to Rp1,891 billion.
- Semen Padang is projecting its operating expenses to amount to Rp1,027 billion in 2017, or 108.9% of the 2016 realization, which amounted to Rp944 billion.
- Semen Padang is projecting its operating income to reach Rp1,108 billion in 2017, or 107.5% of the realization in 2016, which amounted to Rp947 billion.
- Semen Padang is projecting its profit before tax to reach Rp866 billion in 2017, or 87.8% of the 2016 realization, which amounted to Rp987 billion.
- Semen Padang is projecting its net profit to reach Rp728 billion in 2016, or reaching 100.6% of the 2016 realization, which amounted to Rp724 billion.

Semen Padang has prepared the strategies in the effort to support the achievement of the income target in 2017 among others through growth of production capacity (optimizing production capacity, realization of investment target, optimizing production of the Dumai Cement Mill, optimizing kiln capacity with new coal mill), revenue growth (achieving the sales target and maintaining the market share, emphasizing on domestic cement sales and conducting export

sales, and optimizing marketing synergies), and improve customer quality (ensuring product quality and product availability, optimizing holding synergies, conducting marketing activities in accordance with the customers' needs).

Projections for the 2017 statement of financial position are as follow:

- Semen Padang is projecting the achievement of its current assets to amount to Rp2,296 billion in 2017, or 107.9% of the 2016 realization, which amounted to Rp2,127 billion.
- Semen Padang is projecting the achievement of its non-current assets to amount to Rp7,518 billion in 2017, or 106.1% of the 2016 realization, which amounted to Rp7,084 billion.
- Semen Padang is projecting the achievement of its total assets to amount to Rp9,814 billion in 2017, or 106.5% of the 2016 realization, which amounted to Rp9,211 billion.

Semen Padang has prepared a strategy to support the achievement of profit target in 2017

- Semen Padang is projecting the achievement of its short-term liabilities to amount to Rp1,725 billion in 2017, or 91.6% of the 2016 realization, which amounted to Rp1,884 billion.
- Semen Padang is projecting the achievement of its long-term liabilities to amount to Rp2,743 billion in 2017, or 112.5% of the 2016 realization, which amounted to Rp2,438 billion.
- Semen Padang is projecting the achievement of its total liabilities to amount to Rp4,468 billion in 2017, or 103.4% of the 2016 realization, which amounted to Rp4,321 billion.
- Semen Padang is projecting the achievement of its equity to amount to Rp5,347 billion in 2017, or 109.3% of the 2016 realization, which amounted to Rp4,890 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

Semen Padang has prepared the strategies in the effort to support the achievement of assets, liabilities, and equity targets in 2017, among others by obtaining and utilizing banking credit facilities in the form of NCL and LC, investment credit withdrawal to support the funding of strategic projects and working capital loans for routine operations.

// Based on data from Bank Indonesia, in the future domestic economic growth continues to recover //

TABLE FINANCIAL PROJECTION 2017 (IN BILLION RUPIAH)

Description	Actual 2016	Projection 2017	% Real 2016 : RKAP 2017
1	2	3	4 = 3 : 2
Current Assets	2,127	2,296	107.9
Non-Current Assets	7,084	7,518	106.1
Total Assets	9,211	9,814	106.5
Current Liabilities	1,884	1,725	91.6
Long Term Liabilities	2,438	2,743	112.5
Total Liabilities	4,321	4,468	103.4
Equities	4,890	5,347	109.3

Assets financed by liabilities stood at 47.0%, indicating an increase of 7.3% compared to 2015. 2017 projections, assets financed by liabilities standing at 45.5%. Assets financed by equity standing at 53.2%, indicating a 7.0% decrease compared to 2015, while equity financed assets is projected to stand at 54.5% in 2017.

TABLE OF 2017 CAPITAL STRUCTURE PROJECTIONS (IN BILLION RUPIAH)

Description	2015	% 2015	2016	% 2016	Projection 2017	% Projection 2017
Total Liabilities	2,933	39.7	4,321	47.0	4,468	45.5
Equities	4,448	60.2	4,890	53.2	5,347	54.5
Total Assets	7,393	99.8	9,192	100.2	9,814	100.0

ASSUMPTION OF CAPITAL STRUCTURE PROSPECTS IN 2017 USING MACRO ECONOMIC ASSUMPTIONS (LOAN INTEREST RATE)

Semen Padang has prepared a strategy to support the achievement of the optimum comparison of Liabilities and Equity in 2017 among others by obtaining and utilizing bank credit facility in the form of NCL and LC, withdrawal of investment credit to support strategic projects and working capital for routine operations.

The preparation for the comprehensive income statement prospect assumptions in 2017 uses macro economic assumptions consisting of GDP growth, inflation rate, USD exchange rate, EURO exchange rate, and interest rate. Other assumptions used are cement demand growth assumptions, sales assumptions, production assumption, assumption of escalation increment of primary ingredients, as well as capex plans.

INFORMATION OF BUSINESS CONTINUITY

The condition of the domestic economy plays an important role in the growth of national cement sector business. In 2016, Indonesia's economic growth stood at 5.02%, up from 2015 at 4.88%. This condition is a bit more influential on the domestic cement sector.

In the midst of a challenging year, Semen Padang was able to record a current profit of Rp724 billion, up 0.1% or Rp1 billion compared to Rp723 billion in 2015.

Based on data from Bank Indonesia, in the future, domestic economic growth is expected to continue to recover. This will certainly affect the cement industry which then gives effect to the performance and achievement of the Company. Thus, it can be said that, there are no things that potentially have a significant effect on the continuity of Semen Padang business in 2017 and in the future.

LONG TERM PLAN SEMEN PADANG

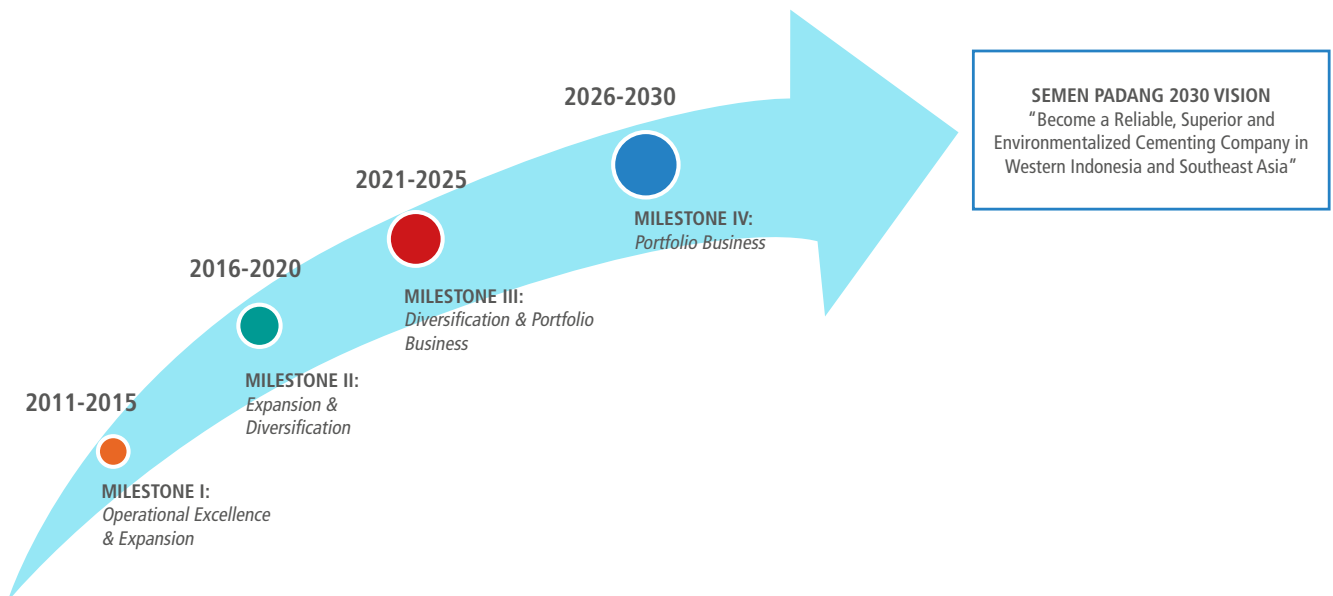


Photo title:

Night view of Indarung factory

Photo location:

Peak Silo factory Indarung V

Photo caption:

The plant operates 24 hours a day, 7 days a week, and 365 days a year. This shows that Semen Padang has implemented good corporate governance in order to produce optimal performance in order to realize a cement company that is reliable and superior.



GOOD CORPORATE GOVERNANCE

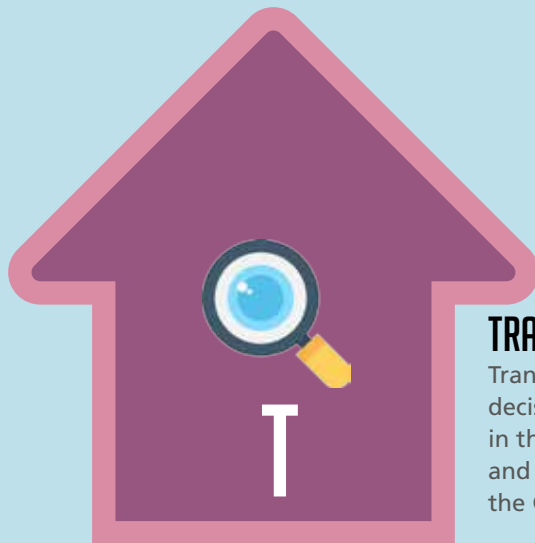
- Semen Padang continues to give its best to its stakeholders by consistently applying Good Corporate Governance (GCG) as a necessity in conducting business activities in order to maintain sustainable business growth and increase the Company's value.



Highlight Good Corporate Governance	240	Corporate Governance Structure and Mechanism	252	External Auditor	312
Good Corporate Governance	242	General Meeting of Shareholders (GMS)	253	Risk Management Report	313
Principle, Commitment and Objectives of GCG Implementation	243	Board of Commissioners (BOC)	257	Internal Control System	317
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HIGHLIGHT GOOD CORPORATE GOVERNANCE

TO BE THE BENCHMARK FOR GRC IMPLEMENTATION IN SOUTHEAST ASIA-2024



TRANSPARENCY

Transparency regarding the decision-making processes and in the disclosure of material and relevant information about the Company.



ACCOUNTABILITY

Clarity of function, execution and accountability of Company personnel to enable the effective management of the Company.



RESPONSIBILITY

Alignment of the execution of business activities with prevailing laws and regulations, based on sound corporate principles, and actively cooperate to realize mutual benefits and tangible contribution.



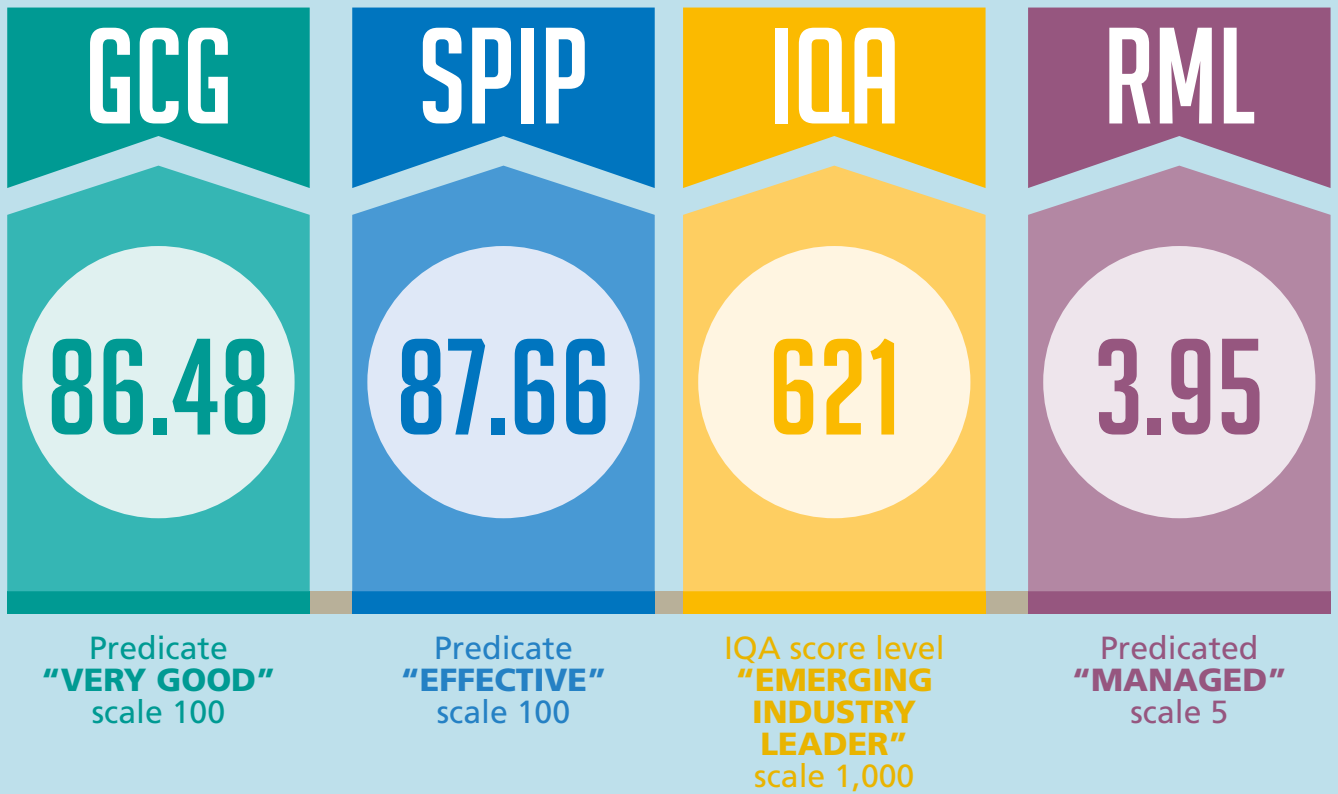
INDEPENDENCY

The professional management of the Company without conflict of interest or influence/pressure from external parties that is not in accordance with prevailing laws and regulations as well as sound corporate principles.



FAIRNESS

Ensuring and guaranteeing justness, fairness and impartiality in performing the rights and responsibilities of stakeholders arising due to agreement or in accordance with prevailing laws and regulations.



Whistleblowing system	Gratification Control Program
https://wbs.semenpadang.co.id	http://intra.semenpadang.co.id/gratifikasi

GOOD CORPORATE GOVERNANCE



Photo title:
National Anti Corruption Day

Photo location:
Wisma Indarung

Photo caption:
As one of the best forms of good governance, Semen Padang held a National Anti-Corruption Day seminar in December 2016. This activity was the first to be held at Semen Indonesia Group

Good Corporate Governance represents the process and structure adopted by the Company's organ to determine its policies for the purpose of improving corporate operational success and accountability, while still considering the interest of stakeholders based on the Company's articles of associations and the prevailing regulations. For Semen Padang, the implementation of GCG would not merely

The implementation of GCG which is in line with best practices could direct and control the Company to align with the expectations of stakeholders, to comply with the prevailing rules and regulations, and to abide with the generally accepted business norms and ethics and corporate values that the management and all employees highly uphold. Such mechanism or system has influenced the decision and achievements of corporate goals, the monitoring and assessment of business risks, the maximized efforts of performance improvements, and establishment and development of corporate culture in the Company's business environment.

// Continuous implementation of GCG will increase the Company's value //

The implementation of GCG in a sustainable manner would increase the value of the Company and serve as an effort to be able to withstand the competition in line with the long-term planning that is consistently oriented to the 3P which is Profit, Planet and People (triple bottom line), optimizing profitability, developing clean and healthy environment, and creating social welfare environment, particularly for surrounding community based on the principles of Good Corporate Governance.

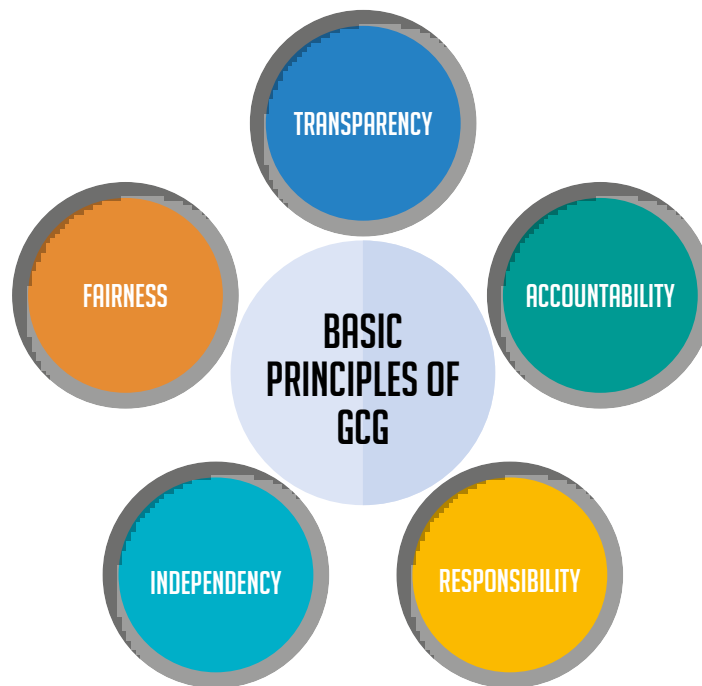
meet its obligations but has become a necessity in managing the Company's business activities to maintain sustainable business growth and to enhance shareholder values for the purpose of coping with the business competition.

PRINCIPLES, COMMITMENT AND OBJECTIVES OF GCG IMPLEMENTATION

GCG PRINCIPLES

The conduct of business activities based on GCG basic principles has been implemented in a consistent, comprehensive and integrated manner in the Company in accordance with the GCG Guidelines revised on August 16, 2013. Semen Padang continues to ensure that the basic principles of good corporate governance that are applied consistently and continuously in every aspect of the business include the five principles as follows:

BASIC PRINCIPLES OF GOOD CORPORATE GOVERNANCE



Transparency

Semen Padang ensures transparency in the decision making process and disclosure in revealing the material and relevant information pertaining to the Company. Disclosure of information is made in accordance with the provisions of the prevailing regulations in a timely, adequate, clear, accurate and reliable manner and also easily accessible to stakeholders in accordance with their rights.

The adoption of the transparency principle is made by providing information promptly and accurately through an intensive and professionally managed media communication, so that shareholders, creditors, communities and all stakeholders may acknowledge the performance

// GCG Principles is TARIF //

GOOD CORPORATE GOVERNANCE



Photo title:
Faithful fulfilling stakeholder escapation

Photo location:
Indarung Factory Area

Photo caption:
Cement distribution utilizes rail services to Teluk Bayur port to ensure the availability of products in the market to meet customer expectations.

// Semen Padang guarantees clarity of functions, implementation and accountability of its personnel //

and activities of the Company management in a clear and transparent manner.

Accountability

Semen Padang ensures the clarity of function, implementation and accountability of the Company's personnel that enables the conduct of effective management. The Company establishes clear responsibilities for each organ of the Company which are aligned with the vision, mission, business goals and strategies of the Company.

Semen Padang also adopts the accountability principle by focusing on improving the justifiable function and roles of each organ of the Company and management so as to enable effective management activities. The company also adopts an internal control system, by implementing internal control system in a planned and systematic manner.

GOOD CORPORATE GOVERNANCE

THE DIRECTION OF THE COMPANY'S LONG-TERM PLANNING IS ALWAYS ORIENTED TO PROFIT, PLANET AND PEOPLE (3P) OR BETTER KNOWN AS THE TRIPLE BOTTOM LINE



The achievement of GCG score of PT Semen Padang in 2016 with categories **"Very Good"**. (scale 0-100)



Achievement of RML index of PT Semen Padang in 2016 with categories **"Managed"**. (scale 0-5)



Responsibility

Semen Padang ensures the compliance in conducting business activities with prevailing rules and regulations, based on the principles of a healthy and sound corporation, actively working in cooperation for mutual benefits and striving to provide real contributions to the society as a part of its corporate social responsibility.

Semen Padang adopts the principle of responsibility to firmly hold to the prudent principles and to ensure compliance with the applicable rules and regulations. Any amendments shall be made if deemed necessary.

Independence

Semen Padang ensures the management of the Company in a professional manner without any conflict of interest and undue influence/pressure from any party that is not in compliance with the regulations and the principles of a healthy and sound enterprise. Each organ of the Company

/// Semen Padang guarantees conformity in carrying out its business activities in comply with laws and regulations ///

GOOD CORPORATE GOVERNANCE

will perform its duties in accordance with its respective duties. Other than the organs of the Company, no other party is allowed to interfere with the management of the Company.

The adoption of Independence principles is made in relation to the decision-making process that is free from any pressures and conflicts of interest from any party which is against the prevailing regulations and the principles of a sound and healthy corporation.

// Semen Padang establishes a corporate policy with a long-term corporate growth orientation //

Reasonableness and Fairness

Semen Padang at all times ensures and assures reasonableness and fairness in meeting the rights of stakeholders arising from the agreement and the prevailing regulations.

Semen Padang adopts the principle of reasonableness and fairness by treating all stakeholders in a balanced manner (equal treatment) for their rights and obligations. The Company opens the access of information for all stakeholders to enable them to provide input for the Company's progress.

GCG COMMITMENT

Semen Padang constantly adopts a policy which is oriented to the Company's long term growth, not only related to the economic aspect but also environmental and social aspects.

As set forth in the 5th point of Corporate Policy which states that "the implementation of GCG and risk management, as well as the prevention of fraud in the operations of the company", such policy serves as the evidence of the Company's commitment in implementing GCG. In a consistent

and sustainable manner, the Company performs socialization to all levels within the organization pertaining to such policy so that each personnel understands and acknowledges such policy as a guideline in the conduct of their day-to-day activities.

The Company is committed to implementing GCG principles in a comprehensive and consistent manner in the conduct of duties and responsibilities of all structures within corporate governance. Semen Padang is of the opinion that GCG implementation which exceeds mere compliance with the standards and regulations would eventually create a highly competitive and sustainable company.

"The direction of the Company's long-term planning is always oriented to Profit, Planet and People (3P) or better known as the triple bottom line"

OBJECTIVES OF GCG IMPLEMENTATION

The implementation of corporate governance principles is aimed at:

1. Optimizing the value of Semen Padang so that the Company maintains its strong competitiveness, both at national and international level, so as have sustainable business to achieve its goals and objectives.
2. Managing the Company in a professional, efficient, and effective manner, and empowering the functions and improving the independence of the Company's organs. All of the decision making process and any actions taken by the organs of the Company shall be made based on high moral values and adherence to laws and regulations, as well as the awareness of its corporate social responsibility to its stakeholders and the environment in which the Company operates.
3. Improving the Company's contribution in national economy.
4. Improving the conducive environment for the development of national investment.

GCG implementation in Semen Padang during 2016 has been highly beneficial. The positive impact of GCG implementation is elaborated into 3 (three) major categories which cover the following:

- People – creating human resources with competence and capable of adopting GCG values
- Profit – optimizing the profits earned and achieving high growth
- Planet – providing real contributions to environment and people empowerment

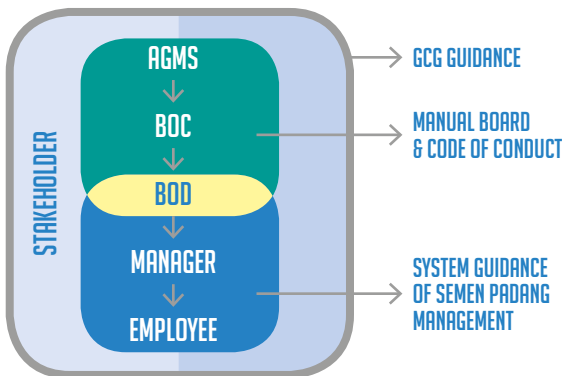
GCG FRAMEWORK AND ROADMAP

FRAMEWORK

In general, the implementation of GCG in Semen Padang refers to the Ministry of State Enterprises Regulation No.Per-01/MBU/2011 regarding the implementation of GCG on State-Owned Enterprises (SOEs), "Guidelines of Good Corporate Governance in Indonesia" issued by the National Committee on Governance Policy, Law 40 of 2007 on Limited Liability Company, Ministry of State Owned Enterprises Circular Letter No. S-375/MBU/Wk/2011 on Management and Supervision of SOEs and best practices in GCG implementation.

The direction of the Company's long-term planning is always oriented to the triple bottom line (Profit, Planet and People) by optimizing the profits, developing clean and healthy environment and community welfare, particularly the surrounding community based on GCG principles.

HIERARCHICAL STRUCTURE



- GCG manual represents a set of basic provisions based on the Articles of Association and Regulations which govern the corporate governance among the organs of the Company including General Meeting of Shareholders (GMS), Board of Commissioners (BOC) and its committees, Board of Directors (BOD) and its committees and the corporate governance of the Company's organs and stakeholders. GCG Manual is elaborated further into Board Manual, Code of Conduct and Semen Padang Management System (SMSP) Guidelines.

- Board Manual represents the compilation of the prevailing rules and regulations, Articles of Association and guidelines from Shareholders as resolved in GMS which governs the work procedures of BOC and BOD.
- Code of Conduct represents a series of commitments in behavioural ethics in managing the business applicable for all personnel within the Company including BOC, BOD, and employees in accordance with the prevailing principles, norms and rules.
- SMSP Guideline represents a set of procedures which integrate various management systems in the Company that serves as a reference for all business activities from BOD to all employees.

The implementation of GCG in Semen Padang refers to Minister of SOE Regulation No. PER-01/MBU/2011

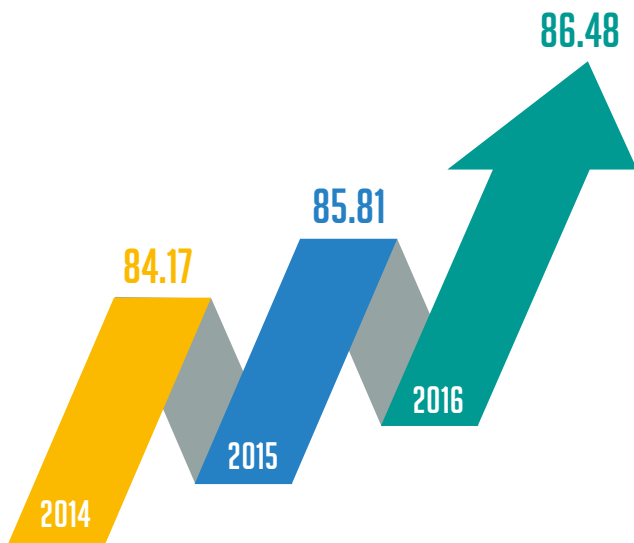
SYNERGY OF SEMEN PADANG WITH ITS SUBSIDIARIES IN THE IMPLEMENTATION OF GCG

Since 2014, PT Semen Padang has evaluated the application of the principles and structure of GCG implementation in its subsidiaries and Supporting Institutions (APLP). The process starts from monitoring and assisting them to complete the recommendations for improvements/Area of Improvement (AOI) based on assessment of the implementation of GCG in 2016 on 3 (three) APLP of Semen Padang which are Semen Padang Hospital, PT Yasiga Sarana Utama and PT Pasoka Sumber Karya. Whereas assessments for PT Sepatim Batamtama, PT Bima Sepaja Abadi and PT Igarar have been completed in 2014. Through the synergy process with its subsidiaries in the GCG implementation, the subsidiaries could strengthen and align their GCG implementation and improve their performance and make optimal contribution.

GOOD CORPORATE GOVERNANCE

ROADMAP GCG

Semen Padang refers to Roadmap for GCG implementation 2014-2016 to achieve the ideal conditions for GCG implementation in a gradual and sustainable manner. The Company refers to the parameters of GCG for of SOEs in the Decree of Ministry of State Owned Enterprises No.SK-16/2012 as follows:



Realization of GCG Roadmap for 2016 focuses on its commitment to the implementation of Good Corporate Governance in a sustainable manner which includes among others:

1. Improving the materials of Annual Report in a sustainable matter by referring to the criteria of the Annual Report Award (ARA).

“GCG implementation in the long-term will generate sustainable value”

2. Improving the materials of Sustainability Report by referring to the criteria of Global Reporting Initiative (GRI).

3. Performing GCG self-assessment accompanied by BPKP Representative of West Sumatra province as independent and competent party with the performance score of 86.48.

FLASHBACK OF CORPORATE GOVERNANCE IMPLEMENTATION IN SEMEN PADANG

2012

Evaluation of GCG soft structure.

2013

Implementation and review of Whistle Blowing System.

2014

Set-up of Anti-fraud program and launching of corporate website at <https://wbs.semenpadang.co.id>

2015

Evaluation of the implementation of anti-gratification.

2016

Declaration of anti-corruption during the commemoration of national anti-corruption day.

STRENGTHENING THE FOUNDATIONS OF CORPORATE GOVERNANCE

Semen Padang acknowledges that the implementation of GCG through a long-term process would create sustainable values, for the purpose of facing the global competition in business world so that the Company could operate and grow in a sustainable manner.

In understanding the meaning of good corporate governance, Semen Padang is committed to making GCG as an integral part in its management by implementing a system that reflects the principles of transparency, accountability, equality and responsibility. The Company has taken a number of initiatives in the implementation of GCG that are intended to achieve sustainable governance.

Semen Padang determined that the effective implementation of GCG represents a strategic challenge that requires commitment and is therefore translated into a systematic and targeted work plan. A number of GCG initiatives have been implemented in 2016, as an evidence of a full commitment to the Company's management in the implementation of GCG as follows:

GOOD CORPORATE GOVERNANCE

1. The signing of an annual statement (Integrity Pact) by the Board of Commissioners, Board of Directors, all employees and business partners early in 2016;
2. Completion of Areas of Improvement (AOI) related to GCG self-assessment in 2016 from Internal Audit of Semen Padang;
3. Continuous socialization concerning the application and use of Whistle Blowing System (WBS) and gratification control system to all stakeholders, both in internal office and at representative offices;
4. Risk management workshop to all Risk Officers and Leaders so that each decision made represents a risk-based decision;
5. Follow-up of Area of Improvements (AOI) from the Internal Audit PT Semen Padang on the results of RML assessments in 2016;
6. Commemoration of National Anti-Corruption Day.

CORPORATE GOVERNANCE ASSESSMENT

ASSESSMENT PROCEDURES AND ASSESSORS

Semen has consistently and continuously performed optimization of GCG implementation through the strengthening of infrastructure, GCG assessment, adjustments to technical guidelines and supporting procedures for better GCG implementation. The Company also performs GCG implementation assessment and review on a periodic basis. The evaluation is conducted by both internal and external parties that are independent and competent as well. Assessment by internal parties is conducted by Internal Audit, whereas evaluation is performed by an independent external party. Based on the results of assessments and evaluations that have been made, the score and the quality of GCG implementation have been showing an increasing trend from year to year.

In 2016, assessment of GCG in the Company is accompanied by BPKP of West Sumatra Province.

GCG SCORE ACHIEVEMENTS IN 2016

In 2016, GCG assessment was performed by Internal Audit of PT Semen Padang. Each organ in the Company is measured under different criteria in accordance with the structure and the ideal process as set forth in the Ministry of SOE Rule No. PER 01/MBU/2011 dated 1 August 2011 and the Technical Guidelines from the Secretary of the Ministry of SOE No. SK-16/S.MBU/2012.

The following table depicts the comparison of GCG scores in the last 4 (four) years:

2013	2014	2015	2016
77.37	84.17	85.81	86.48

GCG assessment in 2016 was conducted in 2 (two) months and Semen Padang received the score of "excellent", with a score of 86.48 (equivalent to 86.48%). GCG assessment

Semen Padang received a "very good" predicate

includes 6 (six) main aspects as follows: (1) The commitment to the implementation of Corporate Governance Good in a sustainable manner, (2) Shareholders and GMS, (3) Board of Commissioners, (4) Board of Directors, (5) Disclosure of information and transparency, and (6) Other aspects whose assessment results are available below:

TABLE GOVERNANCE ASPECT IN 2016

No.	Governance Aspect	Weight	Score	Percentage
1	Commitment to the implementation of governance in a sustainable manner	7	5.93	84.69
2	Shareholders & GMS	9	8.34	92.71
3	Board of Commissioners	35	32.40	92.57
4	Board of Directors	35	31.98	91.37
5	Disclosure of Information & Transparency	9	7.83	87.02
6	Other Aspects	5	0	0
	Total	100		86.48

GOOD CORPORATE GOVERNANCE

SUMMARY OF GCG ASSESSMENT RESULTS OF SEMEN PADANG IN 2016

COMMITMENT TO THE IMPLEMENTATION OF SUSTAINABLE GOVERNANCE

In general, the commitment to the implementation of governance in a sustainable manner has met the required level, as evidenced by the good practices in the Company. Semen Padang has maintained and implemented GCG guidelines and Code of Conduct consistently and has reviewed and updated those up to the approval stage by the Board of Commissioners. The Company has performed the measurement of its good corporate governance and has made GCG implementation as one of the elements in Key Performance Indicators (KPI) and the resulting scores have been included in corporate KPI in 2016.

// Semen Padang has set the implementation of GCG as one of Key Performance Indicator elements //

SHAREHOLDERS/GMS

In general, Shareholders/GMS already refer to the criteria set by the Ministry of State Owned Enterprises. The compliance level for each indicator is generally good, as evidenced by GMS resolutions of appointing and dismissing the Board of Directors and the Board of Commissioners, making decisions in an open, fair and accountable, manner, providing the necessary decisions to safeguard the interests of the Company in a short term and long length based on the regulation and/or Articles of Association, and approving the annual report including the financial statements and BOC oversight duties in accordance with the regulations and/or articles of association.

BOARD OF COMMISSIONERS

In general, GCG implementation at BOC level has met the criteria set by the Ministry of State Owned Enterprises and has improved compared to 2014. BOC implements training programs on an ongoing basis, BOC performs the clear segregation of duties, authorities and responsibilities, the established BOC committees have performed their functions and responsibilities in accordance with applicable regulations, and BOC has given its approval to the draft RJPP and RKAP submitted by BOD and BOC has provided guidance to BOD concerning the implementation of the Company's plans and policies.

BOARD OF DIRECTORS

GCG implementation at BOD level has been appropriate and has met the criteria set by the Ministry of State Owned Enterprises. GCG implementation in 2016 has improved compared to 2015. The good indicators have been evidenced by the clear segregation of duties/functions, authorities and responsibilities for each level. The Board of Directors have developed the Company's plans by establishing

DISCLOSURE AND TRANSPARENCY

The process and assessment results in public disclosure have been implemented very well. To support the disclosure of information and transparency, Semen Padang maintains a website (www.semenpadang.co.id) which contains the latest information for stakeholders. In addition to the website, the Company also provides customer service facility via email at layan.sp@semenindonesia.com and call center numbers to deliver complaints, provide information and discuss various matters related to the Company. In the Annual RJPP, the Company has also revealed important information and financial statements in accordance with the regulation and it has also been submitted in the Annual Report Award in 2016. In the future, Semen Padang will compete in the area of communications by participating in the SOE Web Award.

OTHERS

Related to other aspects, Semen Padang has not obtained any score in accordance with the assessment criteria established since no benchmarking has been made for any other institution or company.

STATE APPARATUS WEALTH REPORT (LHKPN)

In 2016, in line with the rules of Anti-Fraud program and in an effort to improve the commitment of sustainable corporate governance, BOC, BOD and staff leaders (echelon I to III) of Semen Padang have submitted their Wealth Report (LHKPN). The reporting form used is Form A, and the division that organizes such reporting process is Human Resources Department in accordance with the procedure of LHKPN No. PR/PGW/378 that governs LHKPN management of Semen Padang.

GRATIFICATION MANAGEMENT PROGRAM

Semen Padang entered into a Memorandum of Understanding (MoU) to follow up the implementation of gratification management program, in cooperation with the Corruption Eradication Commission (KPK) for the implementation of Gratification Management Program (PPG). The Company has also prepared and ratified Gratification Handling Procedures No. PR/PGW/375 governing the requirements for reporting gratification.

GRATIFICATION REPORT

During 2016, the success of Gratification Management Program serves as one of the measurement of success in the Anti Fraud program launched on 22 July 2014. In 2016, there were 13 (thirteen) reports of gratification. After verification made by the Bureau of GCG & MR, the gratifications received have been categorized as illegal gratification. Goods/money received have been submitted to the Bureau of GCG & MR and seized by the company and further in accordance with the Technical Guidelines Fraud Control Program Semen Padang- Revision 02, the "goods/money which have been accumulated for a year will be utilized for the Company's social activities as approved by the President Director".

SOCIALIZATION OF FCP AND WBS

All policies related to the management of gratification are communicated to the Board of Commissioners, Board of Directors and all employees of the Company. To facilitate the reporting of gratification, since 2014 Semen Padang has launched the website <https://intranet.semenpadang.co.id/gratifikasi> and changed in 2015 into <https://intra>.

[semenpadang.co.id/gratifikasi](https://www.semenpadang.co.id/gratifikasi). The change was made after a process of review and evaluation of the effectiveness of the website and reporting mechanisms which aim at facilitating the process for the personnel in the Company to report any gratification received.

PLAN AND STRATEGY OF GCG IMPLEMENTATION IN 2017

The Company has performed socialization and internalization programs to all management and employees to ensure compliance with GCG practices. In the future, as a follow-up and commitment on the sustainability of corporate governance practices at all levels of operations, by referring to the GCG assessment results in the form of recommendations and Areas of Improvement (AOI), Semen Padang launched several important activities related to corporate governance practices and their improvements for 2017.

// Socialization and internalization of GCG to ensure compliance towards GCG practices //

GCG Roadmap in the Company focused on the improvements and refinement of GCG in line with the needs of Semen Padang. The Company set the course of GCG implementation in the form of a roadmap which is expected to serve as a guideline in the implementation of GCG at all levels. GCG roadmap is also directed towards making GCG as a reference for all operational activities. The final target of GCG Roadmap is to create Semen Padang become a benchmark of GRC Implementation in Southeast Asia. By achieving such final target, the Company is optimistic to improve and maintain its sustainable performance.

GOOD CORPORATE GOVERNANCE

THE INFORMATION CONCERNING GCG ROADMAP 2016-2024 IS AS FOLLOWS:



CORPORATE GOVERNANCE STRUCTURE AND MECHANISM

CORPORATE GOVERNANCE STRUCTURE

In building corporate governance structure, the Company considers the mapping of functions or business activities to business ethics standards and ensures that the mechanism of check and balance could work in an effective manner.

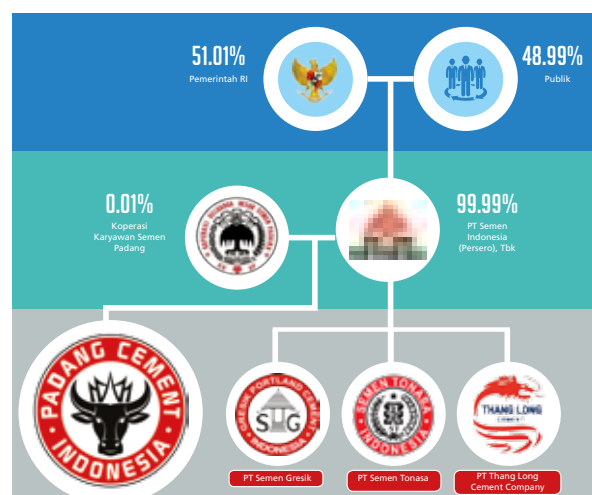
The structure of corporate governance at Semen Padang is in compliance with Law No. 40/2007 regarding Limited Liability Company, whereby the major organs include General Meeting of Shareholders (GMS), the Board of Commissioners and the Board of Directors and supporting organs that cover Committees under the Board of Commissioners,

The interests of major and controlling shareholders are represented by the President Director of PT Semen Indonesia

the Department of Legal & Governance Risk Compliance/ Management Representative (GRC/MR), the Internal Audit Unit, and the Bureau of GCG and Risk Management.

PT Semen Indonesia (Persero) Tbk is the controlling and ultimate shareholder of Semen Padang with the ownership of 332,000,000 (three hundred and thirty-two million) shares, represented by the Director of PT Semen Indonesia (Persero) Tbk.

Scheme of the Controlling and Ultimate Shareholders of Semen Padang:



CORPORATE GOVERNANCE MECHANISM

Corporate Governance mechanism represents the implementation of GCG which is reflected in a strong system. GCG implementation should not only rely on the pillar of governance structure; however, the Company requires a clearly defined structure in the form of a mechanism. Corporate governance mechanism could be interpreted as clearly defined rules, procedures and relationships between the party making the decision and the party performing the control (supervision) over such decision.

Such mechanism refers to GCG manual available in the Company which is then further elaborated into Board Manual, Code of Conduct and Semen Padang Management System Guideline (SMSP). All policies and procedures related to the GCG implementation are intended to create effective check and balances mechanism, shareholder-friendly management culture, and sustainable profit and business sustainability.

GENERAL MEETING OF SHAREHOLDERS (GMS)

General Meeting of Shareholders (GMS) serves as the supreme organ of the Company which has become a forum for shareholders to make important decisions with such an authority not granted to the Board of Directors and Board of Commissioners. GMS is granted with the authority to appoint and dismiss members of the Board of Commissioners and/or Board of Directors, to ratify the amendments, to approve the annual report submitted by BOD, to approve the utilization of the Company's profit, and to approve the appointment of the Public Accountant and other matters.

GMS PROCEDURES

GMS is divided into 2 (two) categories, the General Meeting of Shareholders (GMS), which represents a routine agenda at least once in a year, and the Extraordinary General Meeting of Shareholders (Extraordinary GMS), which may be held in addition to Annual GMS or held simultaneously with GMS.

Prior to the conduct of GMS, the Company will summon at least 14 (fourteen) days prior to the date of the GMS, by considering the date of the summons and the date of the GMS. The summon is made in a registered letter. The summon shall inform the date, time, venue and agenda of

the meeting with a notification that the meeting agenda is available at the Company's premise since the summon date until the GMS date. The GMS agenda may be added as needed providing that they are not against the interest of the Company and approved by the GMS participants. GMS is led by the President Commissioner. GMS can also be held on paper (circular decision) with the following procedures:

1. The Board of Directors prepares the materials pertaining to the activities that require a written response from BOC and the approval of the GMS.
2. The Board of Directors submits the draft/proposal of GMS materials to BOC and GMS.
3. The Board of Commissioners reviews the materials presented by the Board of Directors. If deemed necessary the Board of Commissioners may request for additional clarifications from BOD but not more than once and no later than 14 (fourteen) days after receiving such proposed materials from BOD

**GMS is a forum for
shareholders to exercise
important decision-making**

4. The Board of Directors provides additional explanatory materials requested by the Board of Commissioners, at least 14 (fourteen) days after receiving such request from BOC.

BOC prepares a written response to the materials proposed by BOD to be submitted to the GMS with a copy to BOD, no later than 5 (five) calendar days after reviewing the materials or after receiving additional explanations from BOD. GMS makes a decision on the proposal by BOD after considering the written response from BOC.

GOOD CORPORATE GOVERNANCE

GMS 2016

In 2016, Semen Padang has conducted 1 (one) GMS on 11 May 2016 in accordance with the procedures set forth in the Company's Articles of Association.

IMPLEMENTATION OF GMS 2016

GMS	Invitation	Agenda
GMS for the Approval of Financial Statements 2016	Letter No. 5585/UND/LEGRC/04.2016 dated 27 April 2016 to shareholders	<ol style="list-style-type: none"> 1. Approval of the Company's Annual Report on the conduct and management of the Company in 2015 and full release and discharge (<i>volleying acquit et de charge</i>) to the Company's Board of Directors and the Board of Commissioners for their management and oversight duties in 2015. 2. Approval of the annual report and Partnership and Environmental Development Program (PKBL) for Fiscal Year 2015 and the full release and discharge (<i>acquit et de charge</i>) to the Company's Board of Directors and the Board of Commissioners for their management and oversight duties in PKBL in 2015 3. Approval for the utilization of income in the fiscal year of 2015 4. Determination of bonus in 2015 and salaries for the Board of Directors and the fees for the Board of Commissioners including facilities and other allowances in 2016 5. Approval for the appointment of the Public Accountant (KAP) to audit the company's financial statements 2016 and PKBL financial statements 2016 6. Approval for the changes in the value of investment in project Indarung VI 7. Changes in management

GMS RESOLUTION AND REALIZATION 2015

In 2015, Semen Padang already conducted 1 Annual GMS on 6 April 2015 based on the Company's articles of association. The information pertaining to GMS resolution and realization 2015 is as follows:

GMS Agenda and Resolution 2015	Realization
1. GMS granted approval for the Company's Annual Report concerning the conduct and management in 2014 including the BOC Report in 2014, and approval for the Company's Financial Statements in 2014 including the full release and discharge (<i>volledig acquit et de charge</i>) to BOD and BOC for their management and oversight duties in 2014.	Done

GOOD CORPORATE GOVERNANCE

GMS Agenda and Resolution 2015	Realization
<p>2. GMS granted approval for the Company's Financial Statements 2014 audited by Osman Bing Satrio&Eny, member firm of Deloitte Touche Tohmatsu Limited in accordance with independent auditor's report no. GA/115/0028/SP/FAN dated 11 February 2015 with the rendered opinion that the financial statements present fairly, in all material respects, the consolidated financial position of PT Semen Padang as of December 31, 2014, and the results of operations and cash flows for the year then ended in conformity with generally accepted accounting principles in Indonesia", and granted full release and discharge (volledig acquit et de charge) to BOD and BOC for their management and oversight duties in 2014, to the extent that those do not represent criminal actions or are not against the prevailing legal procedures and regulations and have already been disclosed in the Company's financial statements and are not against the rules and regulations. The financial statements of PT Semen Indonesia (Persero) Tbk for 2014 have been approved by GMS of PT Semen Indonesia (Persero) Tbk, with the following remarks:</p> <ul style="list-style-type: none"> • The Company should resolve the matters noted by external auditor with regard to the Company's Financial Statements 2014, and the follow ups should be reported to major shareholders on a quarterly basis. • The Company should improve its competitiveness in main markets through COGS and the supply capacity of main competitors in those markets. • The Company should perform cost reduction programs to achieve efficiency, particularly in the following areas: <ul style="list-style-type: none"> i. Raw materials; ii. Fuel including coal and alternative fuel at a minimum of 2,0%; iii. Electricity by optimizing the operation of WHRPG; iv. Maintenance; v. Trading; vi. Packaging; vii. Operational Expenditure. • The Company should perform quality control of its products particularly for common market in accordance with the agreed-upon standards and optimal use of clinker factor • The Company should control and evaluate the work program to ensure that the established Internal KPI has been achieved. • The Company should improve work safety and environmental management to obtain green PROPER category and to maintain harmony with environment and to focus on the resolution of matters related to dust emission. • The Company should focus on the market having high profitability so as to achieve maximum net profit margin group particularly for North Sumatra area. • The Company should conduct a synergy program which covers marketing, production, distribution and finance to improve the Company's competitiveness at the group level. • The Company should manage its capex by optimizing its planning, creating efficiency in operation and considering the risks and aligning with the strategies devised by the holding company. • In developing HR programs to improve productivity, the Company should align those with HR development policies made by the group. • The Company should review procurement system and process to improve fairness and efficiency in procurement process to obtain the best resources and to optimize inventory. • The Company should control Indarung VI project and other strategic projects in accordance with the established targets by optimizing the synergy of the Group's resources, including controlling the project expenses and reporting those periodically to Shareholders. • The Company should improve the effectiveness of governance by referring to the Governance, Risk and Compliance Policies of SMI which cover the following: <ul style="list-style-type: none"> i. The Company should improve the maturity level of GCG implementation at the minimum score of 88 (very good) ii. Risk Maturity Level should be at a minimum of 3,85 performed by independent assessor; 	Done

GOOD CORPORATE GOVERNANCE

GMS Agenda and Resolution 2015		Realization
3.	GMS granted approval for the Annual Report of Program Kemitraan dan Bina Lingkungan for the year ended 31 December 2014 prepared based on PKBL Financial Statements audited by Osman Bing Satrio & Eny, a member firm of Deloitte Touche Tohmatsu Limited in accordance with its report No. GA/115/0059/PKBL/SP/FAN dated 17 February 2015 with the rendered opinion that the financial statements present fairly, in all material respects, the consolidated financial position of PKBL of PT Semen Padang as of December 31, 2014, and the results of operations and cash flows for the year then ended in conformity with Financial Accounting Standards of Entities without Public Accountability in Indonesia".	Done
4.	GMS granted full release and discharge (acquitt et de charge) to BOD and BOC for their management and oversight duties over Program Kemitraan dan Bina Lingkungan during 2014, provided that such actions are not criminal actions or they are not against the prevailing rules and regulations, they have been disclosed in PKBL Annual Report and they are not against the prevailing rules and regulations, and PKBL Annual Report of PT Semen Indonesia (Persero) Tbk 2014 which has been approved by GMS of PT Semen Indonesia (Persero) Tbk under the following conditions: <ul style="list-style-type: none"> Resolving the findings reported by external auditor for the audit report of PKBL 2014 and follow up on such findings to be reported on a quarterly basis to shareholders of PT Semen Indonesia (Persero) Tbk. PKBL activities should be coordinated with and conducted in alignment with the holding company's policy and performed in accordance with the prevailing rules and regulations. Improving the performance of PKBL management to achieve better performance with minimum collectability at 70% and minimum effectiveness at 90%. The allocation of PKBL fund in 2015 as budgeted in the Company's RKAP is adjusted based on the Company's needs and ability. 	Done
5.	The Meeting approved the utilization of net income after tax 2014 amounting to Rp.915,980,777,793 (Nine hundred and fifteen billion nine hundred and eighty million seven hundred seventy seven thousand seven hundred and ninety three rupiah) as follows: <ul style="list-style-type: none"> The percentage of final dividend 2014 is similar to the percentage of final dividend payout to be paid by PT Semen Indonesia (Persero) Tbk to its shareholders in the same fiscal year, under the conditions that the payment shall adapt to the financial capacity of the Company by taking into account the cost of money and shall be determined subsequently by PT Semen Indonesia (Persero) Tbk as the Shareholder. The remaining amount is allocated as Reserves for the purpose of expanding the Company's business. Authority and power are given to PT Semen Indonesia (Persero) Tbk as the Shareholder to determine the schedule and procedure of dividend payout 2014 in accordance with the applicable provisions 	Done
6.	GMS granted authority to PT Semen Indonesia (Persero) Tbk as the shareholder of the Company to determine the amount of bonus for BOD and BOC of the Company for the fiscal year 2014 as well as salaries for BOD and Honorarium for the Board Commissioners and other facilities and benefits for 2015.	Done
7.	GMS approved the appointment of Public Accountant Firm as stipulated in the Annual GMS of PT Semen Indonesia Tbk (Persero) Tbk 2015 to audit the Company's financial statements for fiscal year 2015 and the financial statements of PKBL 2015, and the costs of which shall be borne by the Company.	Done
8.	The Meeting respectfully dismissed the members of the Board of Commissioners of the Company, namely: <ul style="list-style-type: none"> MuzaniSyukur as President Commissioner; Imam Hidayat as Commissioner; Shofwan Karim as Commissioner; <p>The dismissal of the members of the Board of Commissioners is effective since the closing of GMS with gratitude for their dedication during their tenure as a member of the Board of Commissioners of the Company;</p>	
9.	The accountability of the Board of Commissioners as referred to in paragraph (1) above from 1 January 2015 to 6 April 2015 shall be granted with full release and discharge for their oversight duties in the Company during the Annual GMS for fiscal year 2015.	Done
10.	GMS appointed members of the Board of Commissioners of the Company, namely: <ul style="list-style-type: none"> Letjend. TNI (Ret.) Djamari Chaniago as President Commissioner; Ir. Suharto, MM as Commissioner; Prof. Dr. Eddy R. Rashid, M.Com (hons), Ak as Commissioner; 	Done

GOOD CORPORATE GOVERNANCE

GMS Agenda and Resolution 2015	Realization
which is effective since the closing of GMS, with a term of office for 5 (five) years, and will end at the close of GMS 2020 or termination of its term of office (whichever earlier), without diminishing the right of the GMS to dismiss the person at any time;	
11. GMS determined the amount of allowance for the end of tenure for the Board of Commissioners whose term of office has expired upon the closing of GMS as stipulated in the corporate rules.	Done
12. GMS granted authority with substitution rights to the Board of Directors of the Company to restate GMS resolutions in the notarial deed and shall further notify the change in the composition of the Board of Commissioners to the Ministry of Law and Human Rights of the Republic of Indonesia to be included in Company Registrar and for such purpose shall be entitled to perform all matters required in connection with such notice.	Done

BOARD OF COMMISSIONERS (BOC)

BOC represents an organ of the Company which functions to perform monitoring in general and/or for specific matters based on the Company’s articles of association and Board Manual and to provide advice to BOD in managing the Company. BOC is also responsible for monitoring the effectiveness of GCG practices implemented by the Company. If deemed necessary, the Company should also prepare adjustments based on the Company’s needs.

BOC REPORT 2016

BOC is an organ of the Company collegially responsible for overseeing and advising the Board of Directors and ensuring that Semen Padang implements GCG at all levels in the organization. To perform these tasks, the Board established supporting committees namely Audit Committee and Legal Committee and Environmental Development. In implementing its duties, each member of the Board of Commissioners shall act collegially. Each member of the Board of Commissioners shall act in good faith based on the principles of prudence and responsibility.

BOC performs supervisory tasks and provides good advice and suggestions required to BOD in managing the Company both on strategic and operational levels. On a strategic level, Board of Commissioners supervises the preparation of the Company’s Long Term Plan (RJPP). Meanwhile, for the management of the Company on annual basis, BOC supervises the preparation of the Company’s Work Plan and Budget (RKAP) to ascertain that the RKAP has been prepared in accordance with the vision and mission by considering the external and internal conditions of the Company. In the implementation, BOC performs the control by referring to the targets set forth in RKAP.

// The Board of Commissioners also monitors the effectiveness of GCG //

BOC CRITERIA

In line with the consistent implementation of GCG, the Company shall establish criteria for candidates for the Board of Commissioners as follows:

1. Candidates for the Board of Commissioners are Indonesian citizens having relevant competence, experience and skills for the duties of the Board of Commissioners, and meeting other criteria specified in the General Meeting of Shareholders, regulations, and the Company’s Articles of Association.
2. The Board of Commissioners shall not have family relationship up to the third degree, either horizontally, vertically or by marriage with members of Board of Commissioners and the Board of Directors.
3. The Board of Commissioners is able to allocate sufficient time to perform their duties.

FIT AND PROPER TEST FOR BOC

In order to ensure the professionalism and integrity of the Board of Commissioners, Shareholders have performed the selection and assessment to ensure that candidates for BOC possess the fit and proper criteria to perform the tasks. Furthermore, the elected Board of Commissioners is appointed and dismissed by Extraordinary GMS.

GOOD CORPORATE GOVERNANCE

TABLE OF BOC FIT AND PROPER TEST STATUS

Name	Domicile	Selection & Assessment
Letjen TNI (Purn) Djamar Chaniago*	Jakarta	Pass
Ir. Suharto, MM	Surabaya	Pass
Prof. Eddy R. Rasyid, PhD, CA	Padang	Pass
Ir. Basril Basyar, MM*	Padang	Pass
Prof. Dr. Saldi Isra, SH, MPA**	Padang	Pass
Wiztitan Yutri, SH**	Padang	Pass

* In accordance with Annual GMS resolutions dated May 11, 2016, the Board has been honourably discharged

** Appointed as the Board of Commissioners in accordance with Annual GMS resolutions dated May 11, 2016

// All members of the Board of Commissioners have adequate integrity, competence and reputation //

APPOINTMENT AND DISMISSAL OF BOC

As noted earlier, the appointment of Board of Commissioners is made after the selection and assessment process has been performed by shareholders. The appointment of BOC meets the requirements established in Board Manual. The appointment of new members should also consider the Company's needs and main criteria including skills, willingness and attitude. All members of the Board of Commissioners possess the required integrity, competence and reputation.

Dismissal of the Board of Commissioners shall be made if the respective person meets the following conditions:

1. Losing Indonesian citizenship
2. Reaching the end of the term of office
3. Being declared bankrupt or placed under custodianship by a court decision
4. Resigning
5. No longer meeting the requirements under the prevailing regulations
6. Deceased
7. Being dismissed by decision of the GMS

BOC COMPOSITION AND SEGREGATION OF DUTIES

BOC Composition

The composition of the members of the Board of Commissioners of Semen Padang as of December 31, 2016 is established under GMS resolutions on 6 April 2015 and May 11, 2016.

TABLE OF COMPOSITION OF THE BOARD OF COMMISSIONERS AS OF MAY 11TH, 2016

Name	Position	Appointment	Representation	Remarks
Letjen TNI (Retired) Djamar Chaniago	President Commissioner	Annual GMS resolution No. 46 dated 6 April 2015	Retired of Indonesia Army (AD)	Honourably discharged by Extraordinary GMS 11 May 2016
Ir. Suharto, MM	BOC member	Annual GMS resolution No. 46 dated 6 April 2015	Commissioner	Annual GMS April 2015 – Annual GMS 2020
Prof. Eddy R Rasyid, PhD, CA	BOC member	Annual GMS resolution No. 46 dated 6 April 2015	Academician	Annual GMS April 2015 – Annual GMS 2020
Ir. BasrilBasyar, MM	BOC member	Extraordinary GMS resolution No 75 dated 24 June 2011	Academician	Honourably discharged by Extraordinary GMS 11 May 2016

TABLE OF COMPOSITION OF BOC AS OF 11 MAY 2016

Name	Position	Appointment	Representation	Remarks
Prof.Dr.Saldilsra, SH, MPA	President Commissioner	Annual GMS resolution No. 35 dated 11 May 2016	Academician	Annual GMS 11 May 2016 – Annual GMS 2021
Ir. Suharto, MM	BOC member	Annual GMS resolution No. 46 dated 6 April 2015	Commissioner	Annual GMS April 2015 – Annual GMS 2020
Prof. Eddy R Rasyid, PhD, CA	BOC member	Annual GMS resolution No. 46 dated 6 April 2015	Academician	Annual GMS April 2015 – Annual GMS 2020
WiztianYutri, SH	BOC member	Extraordinary GMS Resolution No 35 dated 11 May 2016	Public Figure	Annual GMS 11 May 2016 – Annual GMS 2021

BOC Segregation of Duties

In order to perform its duties and responsibilities effectively and by considering the composition of the members, BOC has established the segregation of duties and responsibilities for each member of the Board of Commissioners through BOC Decree No. 92/DK/Kep/VI/2016 dated June 7, 2016, in lieu of BOC Decision 79/DK/Kep/IV/2015 dated April 17, 2015. As for the administrative tasks, BOC is assisted by the Secretary of the Board of Commissioners appointed by BOC in accordance with BOC Decree No. 89/DK/Kep/IV/2015 dated April 27, 2015. The segregation of duties according BOC Decree No. 92/DK/Kep/VI/2016 is as follows:

Commissioners represent elements of academics, practitioners and community leaders

TABLE OF SEGREGATION OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS AS OF MAY 11TH, 2016

Name	Position	Area of Supervision
Letjen TNI (Purn) Djamari Chaniago*	President Commissioner	Coordinating the duties and responsibilities of the members of the Board of Commissioners, including coordination the monitoring of the implementation of Good Corporate Governance and Risk Management
Ir. Suharto	BOC member	Evaluating, reviewing and supervising the conduct of duties of BOD relating to production, procurement, research, development/investment and operation
Prof. Eddy R Rasyid, PhD, CA	BOC member	Evaluating, reviewing and supervising the conduct of duties of BOD relating to the areas of finance, marketing, including monitoring the conduct of human resource development as well as good corporate governance and risk management, while also assigned as Chairman of the Audit Committee
Ir. Basril Basyar, MM*	BOC member	Evaluating, reviewing and supervising the conduct of duties of BOD relating to the area of marketing, the implementation of Corporate Social Responsibility (CSR), and the relationship between the Company and the government, both local government and central government, stakeholders, and the relation between the Company and the environmental, social and community aspects, and those related to legal, while also assigned as Chairman of the Legal Committee and Environmental Development.

* In accordance with GMS 11 May 2016, Letjen (Ret) Djamari Chaniago (President Commissioner), and Ir. Basril Basyar, MM (BOC member) has been honourably discharged as a Commissioner.

GOOD CORPORATE GOVERNANCE

TABLE OF BOC SEGREGATION OF DUTIES AS OF 11 MAY 2016

Name	Position	Area of Supervision
Prof. Dr. Saldi Isra, SH, MPA	President Commissioner	Coordinating the duties and responsibilities of the members of the Board of Commissioners, including coordination the monitoring of the implementation of Good Corporate Governance and Risk Management, including the matters related to legal and environment
Ir. Suharto*	BOC member	Evaluating, reviewing and supervising the conduct of duties of BOD relating to production, procurement, research, development/investment and operation
Prof. Eddy R Rasyid, PhD, CA*	BOC member	Evaluating, reviewing and supervising the conduct of duties of BOD relating to the areas of finance, marketing, including monitoring the conduct of human resource development as well as good corporate governance and risk management, while also assigned as Chairman of the Audit Committee
Wiztian Yutri, SH	BOC member	Evaluating, reviewing and supervising the conduct of duties of BOD relating to the area of marketing, the implementation of Corporate Social Responsibility (CSR), and the relationship between the Company and the government, both local government and central government, stakeholders, and the relation between the Company and the environmental, social and community aspects, and those related to legal, while also assigned as Chairman of the Legal Committee and Environmental Development.

* In accordance with GMS 11 May 2016, Prof. Dr. Saldi Isra, SH, MPA has been appointed as President Commissioner and Wiztian Yutri, SH as Commissioner

The composition of the Board of Commissioners has met the diversity needed by the Company



BOC DIVERSE COMPOSITION

The composition of the members of Board of Commissioners has met the required elements of diversity and has met the prevailing regulations which represent the combination of independence, competence in the form of skills/education, work experience, and age. All Members of the Board of Commissioners Semen Padang possess the integrity, competence and good reputation. These are evidenced by their successfully passing the selection and assessment procedures performed by Shareholders.

The table below shows that the decision of the composition of the Board of Commissioners has considered the business needs and complexities of the Company including the observance towards diversity.

TABLE OF DIVERSE COMPOSITION OF THE BOARD OF COMMISSIONERS

Diversity Aspect	Diversity of BOC
Education	Diverse educational background of BOC is evidenced by the following combination of educational background as follows: <ul style="list-style-type: none"> Educational background includes under-graduate, master, doctoral, and professor degree Areas of competence include Accounting, Mechanical Engineering and Law
Work Experience	Diverse work experience of BOC includes the following: <ul style="list-style-type: none"> Lecturer and Headmaster of Universitas Andalas Padang Ex BOD of PT Semen Indonesia (Persero) Tbk Member of Audit Committee of PT Semen Padang Journalistic
Age	The age of BOC members is ranging within the fairly productive age bracket from 45 – 55 Tahun
Gender	No female member of BOC yet per December 2016

INDEPENDENCE OF BOC

All members of the Board of Commissioners have no financial, management, share ownership and/or family relationship with other members of the Board of Commissioners and/or with the shareholders or other relationship with Semen Padang which could impair his/her ability to act independently. In this sense all members of the Board of Commissioners are independent. In addition, all members of the Board of Commissioners shall not also have concurrent positions which are prohibited by the prevailing regulations regarding the implementation of GCG.

All members of the Board of Commissioners is independent

SHAREHOLDING IN SEMEN PADANG AND OTHER COMPANIES

BOC has revealed its shareholding, either in Semen Padang or in other companies which is annually updated, as depicted in the following table:

TABLE OF SHAREHOLDING OF BOARD OF COMMISSIONERS IN SEMEN PADANG AND OTHER COMPANIES AS OF MAY 11TH, 2016

Name	Shareholding in Semen Padang		Shareholding in Other Companies
	Yes	No	No
Letjen (Purn) Djamari Chaniago	–	√	√
Ir. Suharto, MM	–	√	√
Prof. Eddy R Rasyid, PhD, CA	–	√	√
Ir. Basril Basyar, MM	–	√	√

TABLE OF SHAREHOLDING OF BOARD OF COMMISSIONERS IN SEMEN PADANG AND OTHER COMPANIES AS OF MAY 11TH, 2016

Name	Shareholding in Semen Padang		Shareholding in Other Companies
	Yes	No	No
Prof. Dr. Saldi Isra, SH, MPA	–	√	√
Ir. Suharto, MM	–	√	√
Prof. Eddy R Rasyid, PhD, CA	–	√	√
Wiztian Yutri, SH	–	√	√

In 2016, the Board of Commissioners Semen Padang has no share ownership in Semen Padang and in other companies.

FAMILY RELATIONS AND MANAGEMENT POSITIONS IN OTHER COMPANIES

The following information discloses the family relationship and management positions of the Board of Commissioners with fellow members of the Board of Commissioners and/or members of the Board of Directors and Shareholders of PT Semen Padang. The information also discloses the management relationship of the Board of Commissioners in other companies throughout 2016.

GOOD CORPORATE GOVERNANCE

TABLE OF FAMILY RELATIONSHIPS AND MANAGEMENT POSITION OF BOC IN SEMEN PADANG AND OTHER COMPANIES

Name	Family Relationship with						Management Position in Other Companies					
	BOC		BOD		Shareholders		BOC		BOD		Shareholders	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
BOC as of 6 April 2015												
Letjen (Purn) Djamari Chaniago	-	√	-	√	-	√	-	√	-	√	-	√
Ir. Suharto, MM	-	√	-	√	-	√	-	√	-	√	-	√
Prof. Eddy R Rasyid PhD. CA	-	√	-	√	-	√	-	√	-	√	-	√
Ir. Basril Basyar, MM	-	√	-	√	-	√	-	√	-	√	-	√
BOC as of 11 May 2016												
Prof. Dr. Saldi Isra, SH, MPA	-	√	-	√	-	√	-	√	-	√	-	√
Ir. Suharto, MM	-	√	-	√	-	√	-	√	-	√	-	√
Prof. Eddy R Rasyid PhD. CA	-	√	-	√	-	√	-	√	-	√	-	√
Wiztitan Yutri, SH	-	√	-	√	-	√	-	√	-	√	-	√

In 2016, all BOC members of Semen Padang have no family relationship with fellow BOC members, BOD members, and Shareholders of Semen Padang or other companies

BOC CONCURRENT POSITIONS

In addition to being a member of BOC of Semen Padang, a few members of BOC also have concurrent positions as follows:

1. Prof. Dr. Saldi Isra, SH, MPA, serving as Head Master of Law of Universitas Andalas;
2. Prof. Eddy R Rasyid, PhD, CA, serving as Head Master of Law of Accounting of Universitas Andalas

// The Board of Commissioners reports to the GMS as a form of accountability for the management of the Company



BOC ROLES AND RESPONSIBILITIES

In performing its duties, BOC is reporting to GMS. BOC accountability to the GMS represents its oversight accountability for the management of the Company in the implementation of corporate governance principles.

Duties and responsibilities of the Board of Commissioners in accordance with the Articles of Association are as follows:

1. Perform oversight duties by considering the interests of the shareholders and BOC shall report to the General Meeting of Shareholders.
2. Supervise the management duties performed by BOD and provide advice to the Board of Directors in managing the Company including Corporate Development Plan, Implementation of Work Plan and Budget (RKAP), the provisions of the Articles of Association and General Meeting of Shareholders and the prevailing rules and regulations,
3. Review and respond to RKAP already signed by the Board of Directors, prior to being submitted by the Board of Directors to the Shareholders for approval.
4. Make request for approval from Shareholder on the Company's Long Term Plan (RJPP) presented by the Board of Directors.
5. Provide advice to the Board of Directors in the conduct of management duties of the Company.
6. Provide periodic reports and clarifications to the major shareholders both inside and outside the forum of General Meeting of Shareholders.
7. Implement the decisions that have been made by the majority shareholders in the GMS forum.
8. Follow the development of the Company's business activities, provide opinions and advice to the GMS concerning any matters of importance to the management of the Company.

GOOD CORPORATE GOVERNANCE

9. Report immediately to the GMS along with corresponding recommendations and corrective measures to be taken should the Company display any signs of regressions.
10. Examine and review the periodic reports and Annual Report prepared by the Board of Directors and sign the Annual Report.
11. Provide clarifications, opinions and recommendations to GMS regarding the Annual Report when required.
12. Propose the Public Accountant to the GMS.
13. Prepare BOC minutes of meetings.
14. Provide a report of oversight duties conducted during the fiscal year prior to the GMS.
15. Review additional annual work program, both operational and strategic programs, proposed by the Board of Directors other than the RKAP already approved by shareholders to seek for approval from GMS or majority shareholder.
16. Perform other duties for the purpose of oversight and advisory duties, provided that these are not against the regulations, Articles of Association, and/or GMS resolutions.

BOC decisions represent a part of its oversight duties; accordingly, such decisions do not remove the responsibilities of the Board of Directors in managing the Company.

Pertaining to the oversight duties over the Board of Directors, BOC shall follow the developments in the Company's activities, provide their opinions and recommendations at GMS, concerning any matters deemed important and also report to shareholders in the event of any signs of regressions in the Company's performance. However, the Board of Commissioners is not allowed to interfere with the authorities of the Board of Directors to perform the management duties of the Company. More attention shall be given on the evaluation of the management of the Company and the analysis of transactions that require the approval of the Board of Commissioners.

In performing its supervisory duties, the Board of Commissioners reserves the right to request all of the required information and the Board of Directors shall be required to provide them. BOC is also authorized to suspend the members of the Board of Directors who breach the Articles of Association, the Company's policies and the prevailing regulations.

BOC has mandated the Board of Directors to improve the quality of corporate governance practices and perform socialization to all personnel of Semen Padang on a continuous manner. All regulations which are covered in the GCG Guidelines, Code of Conduct and clarification of the Company's values are expected to be well understood and acknowledged by the employees of the Company.

The Board of Commissioners mandated the Board of Directors to immediately follow up the corporate actions that have been implemented to ensure that all of the provisions set forth in GCG Guidelines and Code of Conduct have been complied with.

// The Board of Commissioners gave mandate to the Board of Directors to follow up corporate actions by referring to GCG Guidelines and Code of Conduct



The Board also pays high attention to improve the quality of implementation of corporate governance principles by making adjustments in BOC. To comply with SOE Ministry Decree No. PER-012/MBU/2012 and the Decree of the SOE Secretary No. SK-16/S.MBU/2012, the Company established Legal Committee and Environmental Development Committee addition to the Audit Committee that has been established before. The authorities of the Board of Commissioners are as follows:

1. Board of Commissioners either collegially or individually at any time during the Company's office working hours is entitled to enter the building and the yard or other places used or controlled by the Company, and is entitled to inspect all books, letters and other documents, to check and match against the cash and others and is also entitled to know all actions taken by the Board of Directors.
2. The Board of Directors and each member of the Board of Directors is required to provide an explanation concerning all things inquired by the Board of Commissioners.
3. BOC meetings with the highest vote reserve the right at all times to temporarily dismiss one or more than one members of the Board of Directors, if such BOD member breaches the articles of association and prevailing regulations.

GOOD CORPORATE GOVERNANCE

4. BOC has the authorities to provide opinions regarding the matters being discussed. BOC may ask the Board of Directors and/or other officials under the Board of Directors at the discretion of the Board of Directors to attend meetings of the Board of Commissioners.

// In general, the policy of the commissioners is based on good faith, prudence, responsibility, openness, objective, fair and consistent //

5. The Board of Commissioners has the authority to give consent in the event that the Board of Directors:
- Collaborate with entities or other parties with a certain value or certain period of time established by GMS
 - Enter into transactions that exceed 10% to 20% of the total amount budgeted in the RKAP.

- Receive or provide short-term loans that are non-operational in nature, and receive or provide medium-term loans.
- Reclassify receivables into doubtful accounts and reclassify inventories into allowance for unused inventory.
- Conduct legal actions by transferring or disposing the rights or securing the assets as a guarantee less than or equal to 50% of the Company's total net worth (including fixed assets), either in a single separated transaction or multiple related transactions in 1 (one) financial year.
- Dispose used goods (afval).

The principles of the Board of Commissioners in providing advice and recommendations to the Board of Directors and the treatment for stakeholders are as follows:

- Policies are made based on good faith, prudence and a sense of responsibility for the interests of the Company.
- Policies are made in a transparent manner to the Board of Directors as well as the stakeholders.
- Policies are based on objectivity and fair and consistent treatment concerning the data and information submitted by the Board of Directors.



Photo title:
Compliance is responsible

Photo location:
Indarung Factory Area

Photo caption:
Use of PPE as a form of compliance with applicable regulations and form of responsibility for the safety of self and environment.

BOC MANUAL

BOC and BOD have been equipped with Board Manual in performing their respective duties. Board Manual represents the results of codification of various regulations applicable for the Company and the best practices in GCG principles, corporate law principles, prevailing regulations, directions from shareholders, and articles of association which govern the work procedures of BOC. Board Manual sets forth the work procedures for BOC and BOD and elaborates the stages of activities in a structured, systematic, easy to comprehend and to implement in a consistent manner. The Board Manual could also serve as a reference for BOC and BOD in performing their respective duties to achieve the Company's vision and mission so as to achieve high work standards in line with GCG principles.

Such Board Manual is prepared based on the prevailing regulations, and is reviewed on a regular basis. Board Manual governs the following aspects:

1. Functions, authorities and duties of the Board of Commissioners
2. Segregation of duties of the Board of Commissioners
3. Induction program for new members of the BOC
4. Supporting organs
5. Meetings of the Board of Commissioners
6. Performance evaluation of the Board of Commissioners

FREQUENCY AND ATTENDANCE LEVEL IN BOC MEETINGS

The oversight process over the operational activities in Semen Padang is conducted through the meetings as follows:

1. Corporate Meetings PT Semen Indonesia (Persero) Tbk which discuss the performance of its subsidiaries (Semen Padang, Semen Tonasa, Semen Gresik and Thang Long Cement) held on a periodic basis. Corporate meetings attended by BOC are only up to the first half of 2016. Prior to the joint meeting, BOC from each subsidiary holds meetings to provide inputs on specific matters from each Subsidiary.
2. Ad-hoc meeting/special meeting of Board of Commissioners and Board of Directors to discuss the performance of Semen Padang, and special or specific matters as necessary.

3. The internal meeting of the Board of Commissioners is held once a month, which can also be attended by the Committees.

Meetings may be held in the cities where PT Semen Indonesia (Persero) Tbk or its subsidiaries are located. Meetings may also be accompanied by other activities such as outbound, team building and seminars with speakers from outside and within the Company.

The manual board contains the standard of procedure of the Board of Commissioners and Directors

BOC meeting resolutions may be made amicably. In the event that consensus is not reached, the decision is made based on the affirmative votes of at least more than ½ (half) of the total valid votes in the meeting. BOC may also make a valid and binding decision without convening a meeting provided that all members of the Board of Commissioners approve the proposal submitted in writing and also sign such approval. Such decision shall have similar power equal to the decisions made in a meeting.

In 2016, the Board held 33 meetings comprising 14 internal meetings and 19 BOC-BOD meetings out of the previously established plan of 12 meetings. The frequency of meetings and attendance in BOC internal meeting in 2016 are depicted in the table below:

GOOD CORPORATE GOVERNANCE

TABLE OF ATTENDANCE IN BOC INTERNAL MEETINGS IN 2016

Meeting Dates in 2016	BOC						Meeting Agenda
	DC*	SI**	Su	ERR	BB*	WY**	
11 January	√	–	√	√	√	–	– Discussion of performance in December 2015 – Evaluation of Audit Progress 2015 – Evaluation of Progress of Issue Settlement with SUPS
27 January	√	–	√	√	√	–	– Discussion of BOC recommendations in Business Meeting Semester I 2016
10 February	√	–	√	√	√	–	– Discussion of performance in January 2016 – Evaluation of Progress of Indarung VI Project
10 March	√	–	√	√	√	–	– Discussion of performance in February 2016 – Evaluation of Progress of Indarung VI Project
10 April	√	–	√	√	√	–	– Discussion of performance in March 2016 – Evaluation of Progress of Indarung VI Project – Evaluation of utilization of Cement Mill in Dumai
8 May	–	–	√	√	√	–	– Discussion of performance in April 2016 – Evaluation of Progress of Indarung VI Project – Plan of Construction of Silo Klinker Dumai
31 May	–	√	√	√	–	√	– Discussion of loan reschedule of PT Igarar – Improvements of organizational structure of Indarung VII
8 June	–	√	√	√	–	√	– Discussion of performance in May 2016 – Performance evaluation of Cement Mill Dumai – Evaluation of progress of audit 2016
13 July	–	√	√	√	–	√	– Discussion of performance in June 2016 – Discussion of follow-up on BPK audit findings – Performance evaluation of PT Igarar
16 August	–	√	√	√	–	√	– Discussion of performance in July 2016 – Evaluation of coal – Performance evaluation of PT Igarar
13 September	–	√	√	√	–	√	– Discussion of performance in August 2016 – Evaluation of coal – Evaluation of Indarung V operations – Evaluation of optimization of Dumai Production Unit – Evaluation of Packing Plant Lampung – Evaluation of cost transformation
14 October	–	√	√	√	–	√	– Discussion of performance in September 2016 – Evaluation of Progress of Audit 2016 – Evaluation of proposal of cement silo Lampung – Evaluation of progress of audit 2016 – Evaluation of overhaul of Indarung V – Evaluation of Indarung VI progress
7 November	–	√	√	√	–	√	– Discussion of performance in October 2016 – Progress of follow up on special audit of PT Igarar – Evaluation of preparation of overhaul of Indarung V factory – Progress of Audit 2016
15 December	–	√	√	√	–	√	– Discussion of performance in November 2016 – Evaluation of Indarung V operations – Progress of follow up on special audit of PT Igarar – Progress of Audit 2016 – Evaluation of progress of marketing blue print – Evaluation of continuation of operations of factory II/III

GOOD CORPORATE GOVERNANCE

Meeting Dates in 2016	BOC						Meeting Agenda
	DC*	SI**	Su	ERR	BB*	WY**	
TOTAL	5	8	14	14	6	8	
%	100	100	100	100	100	100	

DC : Letjen (Purn) Djamar Chaniago
 SI : Prof. Dr. Saldi Isra, SH, MPA
 Su : Ir. Suharto, MM

ERR : Prof. Eddy R Rasyid, PhD, CA
 BB : Ir. Basril Basyar, MM
 WY : Witzian Yutri, SH

Attendance of BOC in the BOC-BOD Joint Meeting reached 100%

Notes:

* Djamar Chaniago as President Commissioner, Basril Basyar as Commissioner has been honourably discharged as Commissioners in accordance with the Annual GMS resolutions on May 11, 2016

** Saldi Isra, has been appointed as President Commissioner and Witzian Yutri, as Commissioner, in accordance with the Annual GMS resolutions on May 11, 2016

The agenda and attendance in BOC meetings that invite the BOD members in 2016 are as follows:

TABLE OF ATTENDANCE OF BOC-BOD JOINT MEETINGS IN 2016

Meeting Date 2016	BOC						BOD					Meeting Agenda
	DC*	SI**	Su	ERR	BB*	WY**	BW	PS	THR	ABN*	II**	
11 January	√	-	√	√	√	-	√	√	√	√	-	- Follow-up of Pending Matters - Performance in December 2015 - Progress of follow-up to the agreement with Pelindo I, SP and SUPS - Project Progress of Indarung VI - Progress of Audit for Fiscal Year 2015
2 February	√	-	√	√	√	-	√	√	√	√	-	- Discussion of Completion of Organizational Structure
10 February	√	-	√	√	√	-	√	√	√	√	-	- Follow-up of Pending Matters - Discussion of Performance in January 2016 - Project Progress of Indarung VI - Progress of Audit for Fiscal Year 2015
10 March	√	-	√	√	√	-	√	√	√	√	-	- Follow-up of Pending Matters - Performance in February 2016 - Preparation of GMS for FY 2015 - Project Progress of Indarung VI
15 March	√	-	√	√	√	-	√	√	√	√	-	- Discussion Optimization of PP and CM Dumai
13 April	√	-	√	√	√	-	√	√	√	√	-	- Follow-up of Pending Matters - Performance in March 2016 - Preparation of GMS - Completion of the Organizational Structure - Project Progress of Indarung VI
9 May	√	-	√	√	√	-	√	√	√	√	-	- Follow-up of Pending Matters - Performance in April 2016
10 May	√	-	√	√	√	-	√	√	√	√	-	- Project Progress of Indarung VI
24 May	-	√	√	√	-	√	√	√	√	-	√	- Introduction of the Company to BOC
8 June	-	√	√	√	-	√	√	√	√	-	√	- Follow-up of Pending Matters - Performance in May 2016 - Project Progress of Indarung VI
23 June	-	√	√	√	-	√	√	√	√	-	√	- Post Marketing Evaluation of Indarung VI - Prognosis of Indarung VI Project Completion - Blue Print of Marketing - PP Bengkulu Project

GOOD CORPORATE GOVERNANCE

Meeting Date 2016	BOC						BOD					Meeting Agenda
	DC'	SI''	Su	ERR	BB'	WY''	BW	PS	THR	ABN'	II''	
13 July	-	√	√	√	-	√	√	√	√	-	√	- Follow-up of Pending Matters - Performance in June 2016 - Project Progress of Indarung VI - Additional investment in Dumai - Evaluation of Coal Supply - Evaluation of Indarung V plant - Blue Print of Marketing
16 August	-	√	√	√	-	√	√	√	√	-	√	- Follow-up of Pending Matters - Performance in July 2016 - Project Progress of Indarung VI
13 September	-	√	√	√	-	√	√	√	-	-	√	- Follow-up of Pending Matters - Performance in August 2016 - Follow-up of Optimization of Dumai Production Unit - Evaluation of plant operations of Indarung V - Evaluation of Coal Procurement - Evaluation of progress of Marketing Blueprint - Project Progress of Indarung VI
14 October	-	√	√	√	-	√	√	√	√	-	√	- Follow up of Pending Matters - Performance in September 2016 - Progress of Capex Dumai Clinker Silo - Evaluation of Preparation of Indarung V overhaul - Evaluation of the coal supply policy - Marketing Blueprint - Preparation of the Principles of RKAP Year 2017 - Project Progress of Indarung VI
31 October	-	√	√	√	-	√	√	√	√	-	√	- Discussion on the Principles of RKAP 2017 - Safety of Coal - Evaluation of Dumai Clinker Silo capex
8 November	-	√	√	√	-	√	√	√	√	-	√	- Follow up of Pending Matters - Performance in October 2016 - Special Audit Progress of PT Igaras - Evaluation of the coal supply policy - Evaluation of progress of capex of clinker silo Dumai - Evaluation of the factory overhaul preparation in Indarung V - Evaluation of the Progress of Marketing Blueprint
15 November	-	√	√	√	-	√	√	√	√	-	√	- Operational Simulation of Indarung V factory - Evaluation of the factory overhaul preparation of Indarung V - Evaluation of human resources needs
15 December	-	√	√	√-	-	√	√	√	√	-	√	- Follow-up of Pending Matters - Evaluation of Preparation for Indarung V factory overhaul - Evaluation of Marketing Blueprint progress - The IPO of Semen Padang - Project Progress of Indarung VI

GOOD CORPORATE GOVERNANCE

Meeting Date 2016	BOC						BOD					Meeting Agenda
	DC*	SI**	Su	ERR	BB*	WY**	BW	PS	THR	ABN*	II**	
Attendance	8	11	19	19	8	11	19	19	18	8	11	
% Kehadiran	100	100	100	100	100	100	100	100	100	100	100	

DC : Letjen (Purn) Djamarri Chaniago

SI : Prof. Dr. Saldi Isra, SH, MPA

Su : Ir. Suharto, MM

ERR : Prof. Eddy R Rasyid, PhD, CA

BB : Ir. Basril Basyar, MM

WY : Wiztlan Yutri, SH

BW : Ir. Benny Wendry, MM

PS : Drs. Pujo Suseno

THR : Tri Hartono Rianto, SE, MBus

ABN : Ir. Agus B. Nurbiantoro, MM

II : Ir. Indrieffouny Indra

Attendance of BOC in the BOC-BOD Joint Meeting reached 100%

Note:

* Djamarri Chaniago as President Commissioner, Basril Basyar as Commissioner has been honourably discharged as Commissioners in accordance with the Annual GMS resolutions on May 11, 2016

* Agus Boing Nurbiantoro, as a Director has been honourably discharged in accordance with the Annual GMS resolutions on May 11, 2016

** Saldi Isra, has been appointed as President Commissioner and Wiztlan Yutri, as Commissioner, in accordance with the Annual GMS resolutions on May 11, 2016

** Indrieffouny Indra has been appointed as a Director in accordance with the Annual GMS resolutions on May 11, 2016.

The decision made in the meetings of the Board of Commissioners of Semen Padang have been recorded and documented in the minutes of the meeting signed by the chairman of the meeting and one member of the Board of Commissioners and distributed to all members of the Board of Commissioners who attended and did not attend the meeting. Dissenting opinion in the meeting will be included in the minutes of the meeting along with the underlying reasons for such disagreement.

BOC AREAS OF SUPERVISION IN 2016

In 2016, BOC of Semen Padang has focused its oversight duties on the following:

1. Supervising the follow-up of the GMS resolutions 2015 by the Board of Directors of and making inquiries of the clarifications from BOD relating to the follow up actions.
2. Supervising the follow ups to the external auditor recommendations presented in the Management Letter for 2015 audit.
3. Supervising the follow-up of BPK audit findings in 2014.
4. Together with the Board of Commissioners of PT Semen Indonesia (Persero) Tbk, evaluating and analysing the prospective auditors and preparing recommendations to the Board of Commissioners of PT Semen Indonesia (Persero) Tbk, on the appointment of auditors for financial year 2016.
5. Supervising and encouraging the management of Semen Padang to strictly control the acceleration of project implementation of Indarung VI, improving the quality assurance/quality control of each work and communicating with shareholders and the Board of Commissioners of PT Semen Indonesia (Persero) Tbk and stakeholders.

6. Monitoring and supervising the existing capex associated with Indarung VI to resolve any issues prior to the completion of Indarung VI project.
7. Providing guidance in the Business Meeting of the Company and APLP Business Meeting in the first semester and the second semester of 2016.
8. Monitoring and supervising the implementation of CSR in 2016.
9. Reviewing, evaluating and providing opinions/recommendations related to the implementation of risk management at the Company in 2015 and in the first half of 2016.

// Dissenting of opinion in the meeting shall be included in the minutes of the meeting along with the reasons //

10. Monitoring and supervising the implementation and improvement of GCG and reviewing and providing opinions/recommendations regarding the implementation of GCG in 2015 and in the first half of 2016.
11. Conducting site visits and providing input/recommendations related to project development acceleration of Indarung VI.
12. Conducting site visits and providing input/recommendations related to the optimization of capacity utilization in Dumai factory.

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BOC FOCUS OF SUPERVISION IN 2016

In accordance with its duties and responsibilities, the Board of Commissioners in 2016 focuses its oversight duties to:

1. Supervise and encourage the management to develop/expand the market, by considering the sluggish domestic demand.
2. Oversee and monitor the implementation of the Transformation Cost efficiency by making efforts to increase competitiveness.
3. Oversee and monitor the implementation of the factory dust emission reduction program.

// The Board of Commissioner Orientation Program is implemented by the Legal & Governance Risk Department //

4. Supervise and encourage the management to strictly control the acceleration of the development projects of Indarung VI so that the project could be completed in 2016 and could commence production in 2017.
5. Supervise and monitor the implementation of good corporate governance and risk management.
6. Oversee and monitor the implementation of RKAP 2016.

BOC SUCCESSION PLAN

The Company maintains a succession plan which among others includes the induction and orientation program for BOC members. Such policy represents the responsibility of Department of Legal and Governance, Risk, Compliance (GRC)/Management Representative which is responsible for providing the materials required.

BOC INDUCTION AND ORIENTATION PROGRAM

BOC members who are newly appointed or have been serving in previous years will participate in orientation/introduction program in Semen Padang. The orientation program is conducted by the Department of Legal and Governance, Risk, Compliance (GRC)/Management Representative. The

materials of the orientation program given to the Board of Commissioners are as follows:

1. The implementation of corporate governance principles by Semen Padang.
2. Corporate overview related to the objectives, nature and scope of activities, financial performance and operations, strategy, short-term business plans and long-term competitive position, risk and strategic issues.
3. Overview related to the delegation of authority, internal and external audits, internal control systems and policies, including the Audit Committee.
4. Description of the duties and responsibilities of the Board of Commissioners and Board of Directors.

The orientation program is performed in the form of presentations, meetings, and field visits.



Photo title:
Reject gratification

Photo location:
Serbaguna Building Semen Padang

Photo caption:
President Commissioner provides guidance to all Semen Padang people to be fully committed to the implementation of GCG especially the control of gratuities.

BOC COMPETENCE DEVELOPMENT 2016

To support the implementation of BOC duties, Semen Padang will continue to develop competencies for all staff, including the BOC. During 2016, the training, seminars or workshops for BOC members are as follows:

COMPETENCE DEVELOPMENT TABLE BOC

Workshop	BOC	Organizer	Location
Discussion on the 2016 Economic Outlook	Letjen. Purn, Djamari Chaniago Ir. Suharto, MM Ir. Basril Basyar, MM Prof. Eddy R. Rasyid, PhD, CA	PT Semen Indonesia (Persero) Tbk	Gresik
Seminar on Motivation & Productivity	Letjen. Purn, Djamari Chaniago Ir. Suharto, MM Ir. Basril Basyar, MM Prof. Eddy R. Rasyid, PhD, CA	PT Semen Indonesia (Persero) Tbk	Gesik
Discussion on the 2017 Economic Outlook	Prof. Dr. Saldi Isra, SH, MPA Ir. Suharto, MM Prof. Eddy R. Rasyid, PhD, CA Wiztian Yutri, SH	PT Semen Indonesia (Persero) Tbk	Gresik
Implementation of corporate internal control system	Prof. Eddy R. Rasyid, PhD, CA Wiztian Yutri, SH	PT Semen Padang	Indarung, Padang
Law enforcement on Corruption cases.	Prof. Eddy R. Rasyid, PhD, CA Wiztian Yuti, SH	PT Semen Padang	Indarung Padang

BOC DECISIONS 2016

As part of its duties and responsibilities, BOC continues to encourage the effective implementation of decisions and advices by issuing various decision which are supervisory in nature.

During 2016, the decisions made by the Board of Commissioners are as follows:

1. Decision of the Board of Commissioners on the segregation of duties of BOC and BOC Organs.
2. Decision of the Board of Commissioners on the remuneration of Secretariat and Committees of the Board of Commissioners.
3. Decision of the Board of Commissioners on the Appointment of Chairman of the Legal Committee and Environmental Development.

The Board of Commissioners continues to encourage effective implementation of monitoring and advisory

OPINIONS/RECOMMENDATIONS OF BOC IN 2016

All BOC and BOD decisions as set forth in the minutes of meetings could be monitored for their follow-up actions in each of the following meetings.

During 2016, BOC has provided various opinions/recommendations that should require the attention of the Board of Directors as follows:

1. Evaluate the Company's performance and provide advice /opinions in order to achieve performance targets on a regular basis in 2016.
2. Provide advice to the Semen Indonesia Corporate Meeting regularly to discuss the performance of the Semen Indonesia Group (SMI Group) up to the First Half 2016.
3. Review, assess and give opinions related to Performance Report for Fiscal Year 2015.
4. Review, assess and give an opinion on the Quarterly Performance Report for Fiscal Year 2016.
5. Review, evaluate and give an opinion on the Company's Work Plan and Budget (RKAP) in 2017 to be submitted by the Board of Directors to the Shareholders for approval.
6. Review, evaluate and provide opinions regarding the plan of the Board of Directors to seek for approval from Shareholders on the company's equity in PT Semen Indonesia Trading International.

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7. Review, evaluate and give opinions related to the owner's estimate on Audit Service in 2016.
8. Review, evaluate and give opinions related to the Company's Organizational Structure Improvement and handover of the duties.
9. Review, evaluate and provide suggestions/opinions related to the Board of Directors plans to seek for approval from Shareholders concerning the addition of human resources.
10. Provide guidance, input/advice on Business Meeting for the First Half and Second Half 2016 and make a request to the Board of Directors to follow-up the results of such meeting.
11. Review and evaluate the performance of a subsidiary namely PT Igarar and give opinions, suggestions and comments related to the requirements of conducting a special audit of PT Igarar.

Assessment results showed the Board of Commissioners has implemented most of the parameters, and obtained a score of 31.98 (very good)

12. Review, evaluate and give opinions related to the implementation of Risk Management in 2015 and in the first half of 2016.
13. Review, assess and provide input/opinions to the Board of Directors of the Company related to the settlement of legal matters such as among others the settlement of issues with PT SUPS and PT Pelindo I (Persero), the establishment of a joint venture between PT Semen Padang and PT Pelindo I (Persero), Packing Plant Lampung and the settlement of problems related to the surrounding community.

APPROVAL/RECOMMENDATIONS OF BOC IN 2016

In accordance with the provisions of Article 11 paragraph 3 of the Articles of Association, BOD may take an action or enter into a transaction after obtaining approval from the Board of Commissioners.

During 2016, after reviewing and evaluating, the Board of Commissioners grants approval/provides the following recommendations which include among others those related to:

1. The release of land and building assets for the construction of Padang By Pass.
2. The release of the used goods/waste materials/afval
3. The comprehensive study related to the proposal of utilization of electricity supply from Dempo Group.
4. Additions/changes in capex in 2016
5. The Board of Directors plans to reschedule the receivables of PT Igarar
6. Investments in a subsidiary namely Semen Indonesia (PT Semen Indonesia International Trade)
7. Non-Cash Loan Facility Extension and extension of Supply Chain Financing facilities with the banks.
8. BOD plans to seek for shareholders approval to participate in the Joint Borrowing of PT Semen Indonesia (Persero) Tbk and PT Bank CIMB Niaga.

BOC PERFORMANCE ASSESSMENT

BOC performs monitoring tasks and provides advice to the Board of Directors in administering and managing company. Performance assessment made by the Board of Commissioners relates to the implementation of the oversight duties.

BOC performance assessment is conducted collegially by the Shareholders and the assessment is conducted with the assistance of BPK West Sumatra Province. The performance assessment by the shareholders is conducted in the Annual GMS concerning the Accountability Report on the conduct of the duties of BOC and Financial Statements. For 2016 performance, GMS would be held around March 2016. The Board of Commissioners would be evaluated by the supervision results for the achievement of performance targets set forth in the Company's Long-Term Plan, Work Plan and Budget, Key Performance Indicators (KPI) and follow-ups on the previous GMS resolutions.

BOC ASSESSMENT

In 2016, working in cooperation with and assisted by BPK West Sumatra province, BOC has performed GCG assessment of the Company, including the evaluation of the performance of BOC under 12 (twelve) indicators and 43 (forty-three) parameters. Assessment results in 2016 indicated that the BOC of Semen Padang has implemented most of the parameters required by achieving the score of 31.98 out of a maximum score of 35 or 91.38% under the category of "Very Good". The result shows an increase compared to the score in 2015 which was 27.40 or 78.29% ("Good" category).

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In such assessment, there are 12 BOC assessment indicators as follows:

1. Implementing training/learning programs continuously.
2. Performing the clear segregation of duties, authorities and responsibilities and determining the factors that are needed to support the duties of the Board of Commissioners.
3. Approving the draft RJPP and RKAP submitted by the Board of Directors.
4. Providing directions to the Board of Directors on the implementation of plans and policies of the Company.
5. Supervising the Board of Directors on the implementation of plans and policies of the Company.
6. Supervising the implementation of management policies for Subsidiaries and Supporting Entities (APLP).
7. Participating in the nomination of members of the Board of Directors, assessing the performance of the Board of Directors (individual and collegial) and proposing the bonuses/incentives in accordance with the corresponding performance.
8. Taking an action against potential personal conflicts of interest.
9. Monitoring and ensuring that the good corporate governance practices have been effectively and sustainably implemented.
10. Conducting effective board meetings and attend board meetings in accordance with the regulations.
11. Having the Secretary of the Board of Commissioners to support the secretarial duties of the Board of Commissioners.
12. Having an effective audit committee.

BOC PERFORMANCE ASSESSMENT IN 2016

Policy and performance assessment of BOC is defined in Key Performance Indicators (KPI) of the Board of Commissioners in accordance with the Regulation of the Ministry of State-Owned Enterprises No. PER-01/MBU/2011.

// The Board of Commissioners views that the Audit Committee and the Legal and Community Development Committee have done their duties well //

TABLE OF BOC KEY PERFORMANCE INDICATORS (KPI)

Work Program	Target	Realization in 2016
1. Monitoring and Advisory Aspect		
a. Review/analysis of Company's performance	12 times	19 times
b. BOC meeting		
• Total meetings	12 times	14 times
• Attendance in meetings	100%	116%
c. Advice/recommendation to BOD	12 times	19 times
d. Monitoring of follow-up of external audit findings	4 times	4 times
e. Monitoring of projects	4 times	5 times
f. Field visit	2 times	2 times
2. Reporting Aspect		
a. Preparing and submitting Work Program	1 time	1 times
b. Preparing and submitting Governance Report	1 time	1 time
c. Submitting report/opinion and recommendation to Shareholders/GMS	2 times	5 times*
d. Submitting report of oversight duties	1 time	1 time**
3. Dynamics/Others		
Competence development	2 times	2 times

* Performance review report in the first quarter and the third quarter of 2016, RKAP Review Report 2017, RKAP Adjustment Review Report 2017 and Performance Review 2015

** BOC Oversight Duties Report 2015 and BOC Corporate Governance Report 2015

PERFORMANCE ASSESSMENT FOR BOC SUPPORTING COMMITTEES

BOC is of the opinion that Audit Committee and Legal and Environmental Development Committee in 2016 has well performed their duties and responsibilities. These are reflected in the performance assessment of each committee which has well performed its routine work programs. In details, the information concerning such matter is available in the discussion of BOC performance assessment for each committee.

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BOC REMUNERATION POLICY 2016**Disclosure of Procedures from Proposal to Decision of BOC Remuneration Package**

The procedures of proposing the remuneration package for BOC are performed by the shareholder which is PT Semen Indonesia Tbk based on the Company's performance during the fiscal year. The proposed remuneration package will then be included in the agenda and approved in the GMS.

// The Board of Commissioners has signed an integrity pact and submitted the Report of State Official Assets (LHKPN) as well as the Personal Taxes (LP2P) Report as a commitment to avoid transactions containing conflict of interest //

Remuneration Structure

As a follow up of the Annual Meeting, shareholders issued letter No. 6457/SM-07/210000/07.2016 dated July 4, 2016, concerning the follow-up of Annual GMS of PT Semen Padang. The following table depicts the salary/remuneration and bonuses of the Board of Commissioners and Directors in 2016:

TABLE OF SALARIES/REMUNERATION AND BONUS OF BOC AND BOD 2016 (IN RP)

Position	Salary	Percentage
President Commissioner	48.927.600	45% of the salary of President Director
Commissioner	44.034.840	90% of the salary of President Commissioner

Position	Bonus	%
President Commissioner	1.350.960.000	40% of bonus of President Director
Commissioner	1.215.864.000	90% of bonus of President Commissioner

Performance Indicator and the Linkage between Remuneration and the Company's Performance

One of main indicators in proposing the remuneration package for BOC is the performance achieved by the Company in the fiscal year. Performance growth would have impact on the remuneration of BOC.

INDEPENDENT COMMISSIONER**INDEPENDENT COMMISSIONER CRITERIA**

Independent Commissioner in the Company has already met the requirements of Ministry of State Owned Enterprises (SOE) no. PER-01/MBU/2011 of GCG implementation in SOE which sets forth that 20% of the BOC composition should represent independent parties. Independent Commissioner represents BOC members not originating from the Company (not being affiliated with the Company) who are selected in a transparent and independent manner, who have appropriate integrity and competence, who are free from influence of personal interest or other parties interest, and who can act objectively and independently by referring to GCG principles.

INDEPENDENCE STATEMENT OF INDEPENDENT COMMISSIONER

In alignment with GCG practices, BOC already signed Integrity Pact and submitted State Apparatus Wealth Report (LHKPN) and Personal Tax Returns (LP2P) as a commitment to prevent any conflicting transactions. All members of Independent Commissioner act independently and are free of any interference from any parties.

AUDIT COMMITTEE

The Audit Committee is established based on the rules and regulations in Indonesia, especially Permeneg No. Per SOE-01/MBU/2011 on Implementation of Good Corporate Governance (GCG) in SOEs. The establishment is intended to maintain corporate governance practices in the Company. This is in line with SOE Permeneg No. Per-10/MBU/2012 on Support Organ BOC/Board of Trustees of SOEs.

The Company established an Audit Committee that is responsible and reporting to the Board of Commissioners in performing the oversight function over the financial reporting process, including monitoring and evaluating the independence of the external auditors. Audit Committee is appointed based on Board of Commissioners Decision No. 90/DK/kep/IV/2015 dated April 27, 2015.

Audit Committee is approved by BOC. The conduct of roles and responsibilities is conducted collectively so as to achieve good performance. In the conduct of such responsibility, each member of Audit Committee has a special focus and ensures that these duties have been well performed.

// The Audit Committee consists of 3 (three) persons, namely an Independent Commissioner as Chairman and 2 (two) independent parties as members //

STRUCTURE AND MEMBERSHIP OF AUDIT COMMITTEE

Audit Committee is composed of three people, which includes an independent commissioner who serves as Chairman assisted by 2 independent parties as members. In 2016, the composition of the Audit Committee is as follows:

Name	Position	Remarks	Period and Term of Office
Prof. Eddy R.Rasyid, PhD. CA	Chairman	BOC	1 May 2016 - 30 April 2018
Prof. Dr. Syukri Lukman	Member	Independent party with expertise in Corporate Finance and Strategic Management.	1 May 2016 - 30 April 2018
Dr. Henmaidi ST, M.Eng.Sc	Member	Independent party with expertise in engineering and industrial operation management	1 May 2016 - 30 April 2018

COMPETENCE AND SKILLS OF AUDIT COMMITTEE MEMBER

Competence and expertise of the Audit Committee members of Semen Padang period in 2016 are available in the profile below:



Prof. Eddy R. Rasyid, PhD, CA

Profile is available under BOC section



Prof. Dr. Drs. Syukri Lukman, MS

Indonesian citizen, domiciled in Padang, born in Pariaman, West Sumatra, February 2, 1952, aged 64 years old.

Economics degree in Management - University of Andalas Padang in 1977, Master of Science degree in Financial Management, Gadjah Mada University, Yogyakarta, in 1984

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and Ph.D. in Strategic Management, University of Sains Malaysia, Malaysia 2007.

Previous work experiences include among others, being a lecturer at the Faculty of Economics, University of Andalas, Master of Management (1980 – present) and the Doctoral Program of Management Sciences Faculty of Economics Andalas Padang (2012-present). Appointed as a professor of the University of Andalas, Rector of the University of Dharma Andalas (2014-2016), Member of the Credit Score Assessment team (Academic position), Associate Professor and Professor at Central Directorate General of Higher Education, Ministry of Education and Cultural Affairs, since 2011.



Dr Henmaidi ST, M.Eng.Sc.

Indonesian citizen, domiciled in Padang, born in Payakumbuh,

// All members of the Audit Committee are independent and professional and do not hold any concurrent position in accordance with GCG guidelines //

West Sumatra, May 20, 1970, aged 46 years old.

Bachelor of Mechanical Engineering - University of Andalas, Computer Integrated Manufacturing Master and Manufacturing Management Doctoral Degree - University of New South Wales, Australia.

Previous work experiences include among others, serving as Chairman of the Affiliate Institute of Technology and Industry Faculty of Engineering, University of Andalas, Secretary of the Quality Assurance Agency of Andalas University and currently still serving as Deputy Director II of the Graduate Program, University of Andalas.

INDEPENDENCE AND CONCURRENT POSITIONS OF AUDIT COMMITTEE MEMBERS

All members of Audit Committee originate from independent and professional parties and they have no concurrent positions in accordance with the regulations concerning the implementation of GCG. The Audit Committee is led by Prof. Eddy R. Rasyid, PhD., CA.

The independence of Audit Committee based on the Audit Committee Charter is as follows:

- Not an employee of the company.
- Have no shares in the company.
- Display independent behaviour and thinking.
- Have no conflict of interest with the Company.

Based on those criteria, all members of the Audit Committee already meet the independent criteria as follows:

Independence Aspect	IH	ERR	SL	He
Not an employee of Semen Padang	✓	✓	✓	✓
Display independent behaviour and thinking	✓	✓	✓	✓
Have no financial relationship with BOC and BOD	✓	✓	✓	✓
Have no management relationship in Semen Padang, subsidiaries or affiliates	✓	✓	✓	✓
Have no share ownership in Semen Padang	✓	✓	✓	✓
Have no family relationship with BOC, BOD and/or fellow members of Audit Committee	✓	✓	✓	✓
Have no position as political party officer, local government officer	✓	✓	✓	✓

IH : Imam Hidayat
ERR : Eddy R Rasyid

SI : Syukri Lukman
He : Henmaidi

AUDIT COMMITTEE GUIDELINES AND CHARTER

The conduct of roles and responsibilities of Audit Committee in 2016 has been equipped with Work Guidelines set out in the Audit Committee Charter effective April 2007. The document is prepared based on prevailing rules and regulations, and had been revised in September 2014.

The duties of the Audit Committee are set out in the Charter of the Audit Committee which include, among others advising the Commissioners on reports or matters submitted by the Board of Directors to the Commissioner, identifying issues that require the attention of Commissioners, giving preliminary approval (pre-approval) for non-audit services to be assigned to an independent auditor, supervising the quality of audit to ensure that the audit has been conducted in accordance with ISO 19011, conducting a review of the adequacy of management efforts in maintaining the effectiveness of internal controls and performing other tasks given by the Board of Commissioners based on the prevailing regulations .

DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE

Duties of Audit Committee are based on the Regulation of the Ministry of State Owned Enterprises No. PER-10/MBU/2012 on Supporting Committees of BOC/Supervisory Board of State-Owned Enterprises, as well as the decision of the Board of Commissioners No. 92/DK/Kep/IV/2016 of Segregation of Duties of BOC and BOC Committees.

In accordance with such Regulation of Ministry of State Owned Enterprises, the duties and responsibilities of the Audit Committee are as follows:

1. Analysing and reviewing the Company's Long-Term Plan (RJPP) in coordination with the Secretary of the Board of Commissioners and providing input regarding RJPP to BOC;
2. Analysing and reviewing the Work Plan and Budget (RKAP) in coordination with the Secretary of the Board of Commissioners, and providing input related to RKAP to BOC;
3. Ensuring the effectiveness of internal control systems, including internal control over financial statements;
4. Monitoring the conduct and results of audit conducted by the Internal Auditor and the External Auditor;
5. Providing recommendations regarding the improvement of the management control system and its implementation;
6. Providing input and recommendations regarding the appointment of a public accounting firm to the Board of Commissioners to be submitted to the General Meeting of Shareholders;
7. Identifying matters that require the attention of the Board of Commissioners;
8. Coordinating with Internal Auditor and the Audit Committee of Semen Indonesia in performing the task;
9. Reviewing the policy and implementation of risk management including the identification, measurement, monitoring and control of risks in coordination with the Legal Committee and the Environmental Development of Board of Commissioners;

// The Audit Committee performs its duties in accordance with the Regulation of the Minister of State Owned Enterprise. PER-10/MBU/2012 concerning the Supporting Organs of the Board of Commissioners/ Supervisory Board of State-Owned Enterprises //

10. Submitting a report to the BOC concerning the conduct of duties including preparing the Mid Year Activities Report and Year End Activities Report.

In addition, the Audit Committee works in coordination with the Secretary of the Board of Commissioners and if necessary also in coordination with the Legal and Environmental Development Committee. Such coordination is necessary to assist BOC in terms of:

1. Reviewing business environment information related to the Company in coordination with the Secretary of the Board of Commissioners;
2. Reviewing information from stakeholders in coordination with the Secretary and the Legal and the Community Development Committee under the Board of Commissioners;
3. Reviewing the policy and implementation of career development in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
4. Reviewing the implementation of procurement policies in coordination with the Secretary and Legal and

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- Community Development Committee under Board of Commissioners;
5. Reviewing the implementation of corporate quality and service policy in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
 6. Reviewing BOC compliance with RJPP and/or RKAP in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
 7. Reviewing/evaluating the request for approval from the Board of Directors in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
 8. Reviewing the company's performance should there be any signs of regression in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;

// The agenda of the Audit Committee meeting is tailored to the tasks and functions stipulated in the Audit Committee Charter



9. Reviewing/evaluating the performance of subsidiaries in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
10. Reviewing/evaluating the performance of the Board of Directors in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
11. Reviewing the proposed remuneration for the Board of Directors in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;
12. Monitoring the effectiveness of the improvement efforts undertaken by BOD on the components considered as still requiring improvements in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners;

13. Evaluating the achievement of the performance of each member of the Board of Commissioners in coordination with the Secretary and Legal and Community Development Committee under Board of Commissioners.

AUDIT COMMITTEE MEETING POLICY IN 2016

Semen Padang Audit Committee prepares meeting agenda at least once a month or 12 times in a year. The focus of meeting agenda is made in accordance with the roles and responsibilities set forth in the Audit Committee Charter. In its implementation, the frequency of the meetings may be tailored to the needs of and with the approval of all members of Audit Committee.

AUDIT COMMITTEE MEETING FREQUENCY AND ATTENDANCE LEVEL

In 2016, the Audit Committee holds regular meetings by referring to the Audit Committee Charter. The meetings comprises the following:

1. Internal Audit Committee meeting attended by Audit Committee Chairman and Members to coordinate the conduct of duties and to address important issues to the Chairman of the Audit Committee.
2. Audit Committee - Internal Audit meetings to coordinate or discuss important issues related to the audit findings made by the Internal Audit or results of supervision of the Audit Committee.
3. Audit Committee – Independent Auditor meetings with either financial statements auditor or PKBL auditor. The meeting is held for the purpose of performing supervisory duties over the conduct of audit by an independent auditor.
4. Coordination meeting with SMIG Audit Committee to mainly discuss the selection of independent auditor and supervision of audit conducted by the independent auditor and to discuss the issues in the adoption of new PSAK in the preparation of the Financial Statements.
5. Meeting with the Board of Directors to discuss any issues arising from the results of supervision and monitoring made by the Audit Committee.

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During 2016, the Audit Committee has conducted 14 internal meetings with details of attendance level of participants, dates and agenda as follows:

TABLE OF INTERNAL MEETING AGENDA AND ATTENDANCE OF AUDIT COMMITTEE MEMBERS IN 2016

No.	Meeting Date	Meeting Agenda	Attendance		
			Eddy R Rasyid	Henmaidi	Syukri Lukman
1	17-02-2016	Coordination of Monitoring Activities of Audit Committee – Internal Audit 2016	√	√	√
2	10-03-2016	Monitoring and Evaluation of Indarung VI Project	√	√	√
3	02-04-2016	Discussion of GMS Preparation	√	√	–
4	08-04-2016	Discussion of Performance in March	√	√	√
5	16-05-2016	Internal Meeting: Evaluation of Work Plan of Audit Committee	√	√	√
6	19-05-2016	Coordination Meeting of Audit Committee – Internal Audit: Monitoring Aspect of Indarung VI Project	√	√	√
7	15-05-2015	Company Performance and Progress of Indarung VI	√	√	√
8	07-06-2016	Monitoring of Commissioning Plan and Project Closing (Indarung VI)	√	√	√
9	21-07-2016	Finalization of Engagement Letter of General Audit and PKBL Audit 2016	√	–	√
10	10-08-2016	Coordination Meeting of Audit Committee – Internal Audit	√	√	√
11	14-09-2016	Kick off meeting of GA and PKBL 2016	√	√	√
12	04-11-2016	Coordination Meeting of Audit Committee – Internal Audit: Discussion of LHA IA 2016	√	√	√
13	07-12-2016	Coordination Meeting of Audit Committee – Internal Audit concerning Activities Plan in 2017	√	√	√
Total meetings*			13	12	12
Percentage of Attendance*			100%	93%	93%

The realization of Audit Committee meetings and the attendance level of each member during meetings in 2016 are as follows:

Type of Meetings	Frequency	Attendance		
		Eddy R Rasyid	Syukri Lukman	Henmaidi
Internal Audit Committee Meeting	14	13	12	12
Coordination Meeting of Audit Committee and Internal Audit	12	11	10	10
Audit Committee Meetings with Units including APLP	7	5	7	7
Supervision Meeting of independent auditor audit*	4	4	3	3
Coordination Meeting between the Company's Audit Committee and SMIG Audit Committee*	5	5	3	2
Meetings with BOD*	4	4	3	3

All decisions made in the Audit Committee meetings are recorded and documented in the minutes of meetings of the Audit Committee. Minutes of the meeting are signed by the head of the meeting and distributed to all members of the Committee who attended or did not attend the meeting. Dissenting opinion will be included in the minutes of the meeting and also the underlying reasons for such disagreement.

DUTIES OF AUDIT COMMITTEE IN 2016

In performing their duties, Audit Committee refers to the Audit Committee Charter. During 2016, the Audit Committee has conducted among others the following activities related to:

1. The independent audit of the Consolidated Financial Statements and Report of Partnership Program and Community Development (PKLBL) in 2016:



From left to right:
Prof. Dr. H. Elwi Danil, SH, MH
Legal & Environmental Development Committee

Dr. Henmaidi ST, M.Eng.Sc.
Audit Committee

H. Basril Djabar
Legal & Environmental Development Committee

Prof. Dr. Drs. Syukri Lukman, MS
Audit Committee

Musri Nizar, SE, MM, M.Hum
BOC Secretary



LEGAL & ENVIRONMENTAL DEVELOPMENT COMMITTEE
AUDIT COMMITTEE
BOC SECRETARY

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- a. Conducting independent supervision of the audit including reviewing the plan, discussing the progress in the conduct of the audit performed by Public Accountant (KPA) and monitoring the discussions of audit findings with management.
 - b. Ensuring that the independent auditor has communicated all matters that need to be communicated based on the auditing standards to management.
 - c. Ensuring that management has discussed the concept of the Consolidated Financial Statements 2016 and PKBL Report 2016 with the independent auditor prior to publication.
 - d. Ensuring that independent auditor has submitted management letter to the management concerning internal control weaknesses and recommendations for improvement.
 - e. In cooperation with the Audit Committee of PT Semen Indonesia (Persero) Tbk, performing the selection process of the independent auditors and giving recommendations to the Shareholders for the appointment of such auditor for the Consolidated Financial Statements and Report of Partnership Program and Community Development (PKBL) in fiscal year 2016.
- // The Audit Committee ensures that the independent Auditor has communicated the matters that should be communicated according to the public accountant's audit standards to the Management //**
2. Strengthening of internal control:
 - a. Conducting regular meetings with Internal Auditor to discuss among others the findings made by Internal Auditor.
 - b. Monitoring the follow-up on recommendations made by the auditors in the management letter.
 - c. Reviewing and analysing the Company's Internal Control System (SIPI).
 3. Coordination of monitoring with Internal Audit:
 - a. Reviewing the proposed work program of the Internal Audit and provide feedback to completion.
 - b. Discussing the findings of internal audit and to report to the Board significant findings that require attention of the Board.
 - c. Monitor follow-up on the internal audit findings are significant.
 4. As for the coordination of supervision made by SMIG Audit Committee as presented above, the Audit Committee has performed the following:
 - a. Coordinating the monitoring of the independent auditors work in auditing the Consolidated Financial Statements 2015 and PKBL Report 2015.
 - b. Discussing the management letter submitted by the independent auditors for the audit of the Consolidated Financial Statements and PKBL Report 2015.
 - c. Discussing the issues in adopting the newly promulgated PSAK standards in financial statements.
 - d. Discussing Internal Audit synergy in SMIG group.
 5. Monitoring of the follow-up made by management on the mandate given by Shareholders submitted in the General Meeting of Shareholders 2016.
 6. Review of the monthly interim financial statements published by management.
 7. Supervisory duties related to the management of operations and investment (capex) mandated by the Board of Commissioners:
 - a. Providing advice and opinions in the preparation of the annual budget of 2017.
 - b. Supervising the investments made in fiscal year 2016, mainly in the construction of Indarung VI project.
 - c. Providing advice and instructions related to the efforts in improving efficiency through cost transformation.
 - d. Evaluating, monitoring and overseeing the procurement, storage and use of coal.
 - e. Monitoring the bulk cement sea transportation management with a focus on the realization of cost transformation efforts in distribution and transportation system.
 - f. Conducting regular monitoring of plant operations, particularly with regard to the performance of major equipment.
 - g. Reviewing and providing opinions and recommendations on GCG implementation in the Company

- h. Reviewing and providing opinions and recommendations on the implementation of Risk Management
 - i. Reviewing and providing opinions and recommendations on the efforts to optimize the Dumai packing plant
8. Supervision of the management's efforts to improve the performance of the APLP and to ensure management has undertaken effective follow-up activities to strengthen the business structure of the subsidiary.

AUDIT COMMITTEE PERFORMANCE ASSESSMENT IN 2016

BOC evaluates the performance of the Audit Committee during 2016 in accordance with the Audit Committee Charter. In 2016, the Board of Commissioners assessed the performance of the Audit Committee as "Good" based on the following performance:

1. Audit Committee has reviewed and monitored the Company's monthly financial statements and budget including proposing the independent auditors, supervising the conduct of audit, reviewing the company's long-term work plan and reviewing financial information.
2. Audit Committee has monitored the selection of prospective independent auditor.
3. Audit Committee has performed a review of the adequacy of management efforts in maintaining the effectiveness of the Internal Control System (SPIP).
4. Audit Committee has performed a review of the company's compliance with rules and regulations and quality standards relating to corporate activities.
5. Audit Committee has conducted a review of the audit performed by Internal Auditor.
6. Audit Committee has performed the specific tasks assigned by BOC
7. The performance evaluation results serve as matters of consideration for BOC to reappoint and/or dismiss the Audit Committee members for the next term of office.

AUDIT COMMITTEE REMUNERATION

In 2016, Audit Committee members who are not serving as BOC members receive remuneration package which includes compensation amounting to Rp16.333.300,-per month.

LEGAL & ENVIRONMENTAL DEVELOPMENT COMMITTEE

Based on Law No. 40 Year 2007 on Limited Liability Company, in performing its oversight duties BOC may establish committees as needed.

Semen Padang which is engaged in cement industry requires a committee which performs monitoring over the policies of the Company due to the complexity of the problems in legal and environmental issues encountered by the Company, accordingly the Board of Commissioners of Semen Padang considers it necessary to establish a committee assigned with specific tasks. The Committee is referred to as Legal and Environmental Development Committee.

// The Legal and Community Development Committee assists the Board of Commissioners in conducting supervision on the board of management of Semen Padang regarding the implementation of good corporate governance principles //

The establishment of Legal and Community Development Committee is also designed to assist the BOC of Semen Padang in its oversight duties over all levels in the Company in the implementation of the principles of good corporate governance (GCG), particularly those related to the compliance with and adherence to regulations, and those related to environmental development.

Legal and Environmental Development Committee of Semen Padang is established under BOC Decision No. 91/DK/Kep/IV/2015 dated April 27, 2015 and No. 91/DK/Kep/VI/2016 dated June 7, 2016. As an organ of the Board of Commissioners, the committee is in charge of monitoring and assessing, as well as reviewing and providing recommendations on the activities having legal implications and environmental impacts. In addition, the committee is also assigned with specific tasks and is reporting to the Board of Commissioners.

GOOD CORPORATE GOVERNANCE

STRUCTURE AND MEMBERSHIP OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

Members of the Legal and Environmental Development Committee possess the integrity, competence and professionalism in the conduct of their duties. Legal and Environmental Development Committee is appointed by the Decision of the Board of Commissioners No. 91/DK/Kep/IV/2015.

The composition of the membership of the Legal and the Environmental Development Committee consists of 3 (three) individuals including an independent commissioner serving as Chairman and assisted by 2 (two) independent parties as members. The composition of the membership of the Legal and Environmental Development Committee is as follows:

TABLE OF COMPOSITION OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

Name	Position	Remarks	Period and Term of Office
Wiztian Yutri, SH	Chairman	Commissioner	12 May 2016 - 1 April 2018
H. Basril Djabar	Member	Independent Party having expertise in environmental and social development	12 May 2016 - 1 April 2018
Prof. Dr. H. Elwi Danil, SH, MH	Member	Independent Party having expertise in legal and banking	12 May 2016 - 1 April 2018

// The Legal and Community Development Committee consists of 3 (three) members, namely an Independent Commissioner as Chairman, and assisted by 2 (two) independent parties as members



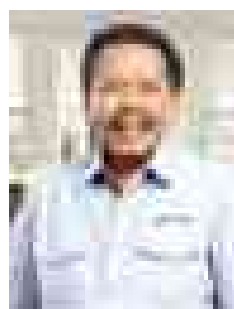
H. Basril Djabar

Indonesian citizen, domiciled in Padang, born in Payakumbuh, West Sumatra, on 21 April 1943, aged 73 years old.

Bachelor of Law, University of Andalas. Previous work experiences include among others, being an entrepreneur, Managing Director of Daily Singgalang, Commissioner of PT Sarana Sumatera Barat Venture, actively serving as the Board of Trustees of the University of Andalas and Chairman of the Advisory Board Kadinda West Sumatra.

COMPETENCE AND SKILLS OF MEMBERS OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

The competence and skills of the Legal and Environmental Development Committee of Semen Padang in 2016 is available in the brief profile below:



Wiztian Yutri, SH

Profile is available under the section of Board of Commissioners.



Prof. Dr. H. Elwi Danil, SH, MH

Indonesian citizen, domiciled in Padang, born in Ombilin, West Sumatra, on June 25, 1960, aged 60 years old.

Bachelor of Law - Andalas University, Master of Law - University of Indonesia and Doctor of Law - University of Law, University of Andalas, Chairman of the Graduate School of Legal Studies, University of Andalas Padang, Professor of Legal Studies, University of Andalas. In addition, he is also teaching/examining in the Doctoral Program of Law, University of North Sumatra, Medan, Doctoral Program of Law of the University of Trisakti, and Doctoral Program of Law, Jayabaya Jakarta.

INDEPENDENCE AND DUAL ROLES OF MEMBERS OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

All members of the Legal and Environmental Development Committee are originating from independent parties and they have no dual roles as prohibited under the regulations concerning GCG implementation.

1. The Chairman of the Legal and Environmental Development Committee, Ir. Basril Basyar, MM, who is a Commissioner.
2. H. Basril Djabbar, is a self-employed individual who is not associated with the Company's activities.
3. Prof. Dr. H. Elwi Danil, SH, MM, Lecturer and Professor of the Faculty of Law, University of Andalas Padang.

// All members of the Legal and Community Development Committee are independent //

In accordance with the Charter of Legal and Environmental Development Committee, the independence criteria of the committee are as follows:

1. Not an employee in the Company.
2. Not having shares in the Company.
3. Displaying independent behaviour and thinking.
4. Having no conflict of interest with the Company.

Based on the results of a review of the independence criteria, all members of the Legal and Environmental Development Committee have met independent criteria as follows:

TABLE OF INDEPENDENCE OF THE MEMBERS OF THE LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

Independence Aspect	Ir. Basril Basyr, MM	H. Basril Djabbar	Prof. Dr Elwi Danil, SH, MH
Not an employee in the Company	✓	✓	✓
Displaying independent behaviour and thinking.	✓	✓	✓
Not having management relationship in Semen Padang, subsidiaries and affiliates.	✓	✓	✓
Not having shareholding relationship in Semen Padang.	✓	✓	✓
Not having family relationship with BOC, BOD, and/or fellow members of Legal and Environmental Development Committee.	✓	✓	✓

GOOD CORPORATE GOVERNANCE

GUIDELINES AND CHARTER OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

In the conduct of its roles and responsibilities and functions, Legal and Community Development Committee is equipped with a guideline set out in the Board Manual No. PD/PGW/023 dated August 14, 2013 by referring to the Charter of the Legal and Environmental Development Committee in January 2014. Such guideline is based on the prevailing regulations, has been periodically reviewed and will be reviewed continuously in accordance with the conditions of the Company.

In addition, the duties of the Legal and Environmental Development Committee are also governed in BOC Decision No. 92/DK/Kep/VI/2016 concerning the segregation of duties of BOC and BOC organs.

/// The Legal and Community Development Committee is equipped with the Working Guidelines based on the Legal and Community Development Committee Charter of January 2014 ///

ROLES AND RESPONSIBILITIES OF THE LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE

As an organ of the Board of Commissioners, the duties of the Legal and Environmental Development Committee are established through BOC Decision No. 92/DK/Kep/VI/2016 the segregation of duties of BOC and BOC organs. Legal and Environmental Development Committee is assigned with the duties to assist BOC to:

1. Review and supervise the activities of companies related to legal and environmental development, both between companies and the central and regional government, and between the Company and community.
 2. Review BOD compliance with the regulations and with the agreements with third parties
 3. Review/asses, recommend and monitor the implementation of the activities of companies giving rise to legal implications and environmental impact;
 4. Perform the tasks specifically assigned by the Board of Commissioners and is responsible for such assignment to the Board of Commissioners;
 5. Develop the relationship with "stakeholders" such as among others the surrounding community, and community leaders in Padang and West Sumatra.
- In addition, Legal and Environmental Development Committee also assists the Board to:
1. Review the business environment information related to the company in coordination with the Secretary of the Board of Commissioners and the Audit Committee;
 2. Review the policy and implementation of risk management in coordination with the Audit Committee;
 3. Review the policy and conduct of Corporate Human Resources career development in coordination with the Secretary of the Board of Commissioners and the Audit Committee;
 4. Review the implementation of procurement policies in coordination with the Secretary of the Board of Commissioners and the Audit Committee;
 5. Review BOD compliance in implementing RJPP and/or RKAP related to legal and environmental development issues in coordination with the Secretary of the Board of Commissioners and the Audit Committee.
 6. Review and evaluate the request for approval from the Board of Directors to BOC on matters relating to regulations and environmental development in coordination with the Secretary of the Board of Commissioners and the Audit Committee;
 7. Under the order of the Board of Commissioners in cooperation with the Audit Committee, review and evaluate the issues legal-related issues and environmentally-related issues in subsidiaries;
 8. Together with Audit Committee, propose the remuneration of Directors in coordination with the Secretary of the Board of Commissioners to be submitted to the Board of Commissioners;
 9. Monitor the effectiveness of the improvement efforts undertaken by BOD on the components considered as still requiring improvements in coordination with the Audit Committee;
 10. In cooperation with the Audit Committee, assist BOC in the efforts to improve the performance of each member of the Board of Commissioners.

GOOD CORPORATE GOVERNANCE

POLICY OF MEETINGS OF THE LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE IN 2016

In 2016, Legal and Environmental Development Committee of Semen Padang planned to hold meetings once a month or 12 times a month, with the focus of resolving the Company's legal matters and also environmental issues. The total number of meetings may change tailored to the needs if approved by all members of Legal and Environmental Development Committee.

MEETING FREQUENCY AND ATTENDANCE LEVEL OF THE LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE IN 2016

Legal and Environmental Development Committee holds meetings regularly by referring to the Charter which compose of regular meetings and meetings with relevant units in the Company.

During 2016, the Legal and Environmental Development Committee has conducted 14 meetings with related parties with details of attendance and agenda as follows:

TABLE OF MEETING AGENDA AND ATTENDANCE OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE MEMBERS IN 2016

No.	Meeting Agenda of Legal and Environmental Development Committee Members in 2016		Committee Members			
	Meeting Date	Meeting Agenda	Ir. Basril Basyar, MM	Wiztlan Yutri, SH	Basril Djabar	Prof. Dr. Elwi Danil, SH, MH
1.	8 January 2016	Discussion of legal matters and other matters related to cooperation of Semen Padang, Pelindo I and SUPS	√	–	√	√
2.	11 January 2016	Discussion of legal issues related to PT SUPS Medan	√	–	–	√
3.	9 April 2016	Discussion of solutions towards public claims of emission of factory dust and SUPS matters	√	–	√	√
4.	18 May 2016	- Discussion of legal and environmental issues related to the utilization of Chevron waste - Discussion of cooperation between Semen Padang, Pelindo I and SUPS	√	–	√	√
5.	9 March 2016	Discussion of legal issues related to the progress of Indarung VI project	√	–	√	√
6.	9 June 2016	- Discussion of environmental issues in CM Dumai - Discussion of legal matters (Consumer Protection Law) related to purchase of cement from other manufacturers	–	√	√	√
7.	7 June 2016	- Discussion of environmental matters related to the recruitment of new employees - Discussion of legal and environmental issues related to the utilization of Chevron waste	–	√	√	√
8.	20 June 2016	Evaluation of PT Igaras issues	–	√	√	√
9.	13 July 2016	- Discussion of legal issues related to the long term coal contracts - Discussion of follow-ups on the evaluation of PT Igaras issues	–	√	√	√
10.	12 August 2016	Discussion of follow-ups on the evaluation of PT Igaras issues	–	√	√	√
11.	15 August 2016	Discussion of follow-ups on the evaluation of PT Igaras issues and legal issues related to the postponed loan repayments of PT Igaras	–	√	√	√
12.	13 September 2016	Review of SOP for coal procurement and legal issues related to coal procurement contracts	–	√	√	√

GOOD CORPORATE GOVERNANCE

Meeting Agenda of Legal and Environmental Development Committee Members in 2016			Committee Members			
No.	Meeting Date	Meeting Agenda	Ir. Basril Basyar, MM	Wiztian Yutri, SH	Basril Djabar	Prof. Dr. Elwi Danil, SH. MH
13.	13 October 2016	- Discussion of legal issues related to the procurement of coal, additional investment in silo cement in Lampung, - Discussion of environmental matters related to the recruitment of new employees.	-	√	√	√
14.	7 November 2016	Discussion of legal matters related to the plan of special audit of PT Igarar	-	√	√	√
15.	12 December 2016	Discussion of development of legal cases related to the procurement of coal and location of PP Lampung.	-	√	√	√
16.	15 December 2016	Discussion of follow ups on special audit of PT Igarar Discussion of developments of legal issues related to the Company	-	√	√	√
TOTAL ATTENDANCE			5	11	15	16
% Attendance			31,25	68,75	93,75	100,00

Remarks: % attendance based on position

The decisions made in the meetings of the Legal and Environmental Development Committee have been recorded and documented in the minutes of meetings of the Legal and Environmental Development Committee. Minutes of the meeting are signed by the chairman of the meeting and

Overseeing and monitoring company policies that have Legal implications and impacting Community Development

distributed to all members of the Legal and Environmental Development Committee who attended and did not attend the meeting. Dissenting opinion in the meeting has been included in the minutes of the meeting along with the underlying reasons for such disagreement.

DUTIES OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE IN 2016

The duties and activities that have been undertaken by Legal and Environmental Development Committee Semen Padang during 2016 in assisting the duties of the Board of Commissioners are as follows:

1. Conducting meetings and regular coordination meetings with relevant departments and bureaus in Semen Padang, along with law enforcement agencies and "external stakeholders" to discuss and find solutions for various legal and environmental issues encountered by the Company, including:
 - a. Coordinating with the management of Semen Padang and staff with regard to the environmental claims from the community concerning the plant dust emission pollution and CM Dumai.
 - b. Monitoring and supervising the completion of legal and environmental issues related to land acquisition for the construction of the mine entrance.
2. Supervising and monitoring the company's policies that give rise to legal implications and environmental issues, particularly with regard to the implementation of the construction of the plant of Indarung VI.
3. Supervising and monitoring Lampung packing plant project and providing input on the legal aspects of the lawsuit filed by Hotel Mini to the Administrative Court of Jakarta.
4. Assisting to perform a review and providing input on various management activities that give rise to legal implications and environmental issues.
5. Supervising and monitoring and assisting management to resolve the issue and case of coal procurement with PT Berkala International and PT Exploration Mantap Indonesia, such as among others:

GOOD CORPORATE GOVERNANCE

- a. Establishing legal measures to be taken to resolve the issue with PT Berkala International and PT Exploration Mantap, both in civil and criminal law perspective.
 - b. Attending various meetings and meetings with SPI and Legal Department of PT Semen Indonesia (Persero) Tbk in an effort to seek and find the best solution to resolve the coal procurement issues with PT Berkala International and PT Exploration Mantap, both from legal and corporation perspective.
6. Assisting management to review and provide input on legal matters related to the procurement of goods and services.
 7. Assisting management to review and provide input on legal matters related to the cooperation among PT Semen Padang and PT Semen Medan Sumatera Utara Perkasa and PT Pelindo I
 8. Conducting a comprehensive assessment of PT Igaras in coordination with the Audit Committee and related business units in the Company.
 9. Performing the tasks that are specifically assigned by the Board of Commissioners in a responsible manner, among others by coordinating with various stakeholders such as community leaders of West Sumatra, both in formal and informal manner, so as to build a harmonious relationship between the Company and its stakeholders.
 10. Submitting periodic reports to the Commissioner that disclose the main points of the results of the duties performed, and also a special report as the findings of the monitoring concerning various issues potentially leading to a disruption in the Company's operations.
 11. Attending corporate monthly performance meeting and playing a part in providing input in an internal meeting or BOC meeting and BOC-BOD meeting.
1. The committee has reviewed and supervised the activities related to legal and environmental development, both between the Company and national and local governments, and between the Company and communities.
 2. The committee has reviewed BOD compliance with regulations and agreements with third parties.
 3. The committee has reviewed, assessed, recommended and monitored the conduct of the activities in the Company which give rise to legal implications and environmental issues.
 4. The committee has performed the tasks specifically assigned by the Board of Commissioners and has reported to BOC for such assignment.
 5. The committee has built relationship with the "stakeholders" such as the communities around the Company, community leaders in Padang and West Sumatra.

Pursuant to Legal and Community Development Committee Charter, the Board of Commissioners assessed that the Legal and Community Development Committee has performed their excellently

The assessment results serve as a basis for consideration for the Board of Commissioners to re-appoint and/or dismiss the members of the Legal and Environmental Development Committee for the next period.

PERFORMANCE ASSESSMENT OF LEGAL AND ENVIRONMENTAL DEVELOPMENT COMMITTEE IN 2016

Performance evaluations are conducted by the Board of Commissioners. Based on the Charter, the Board of Commissioners assessed that the performance of the Legal and Environmental Development Committee has been "Good". The result is based on the performance of the Legal and Environmental Development Committee as follows:

COMMITTEE MEMBER REMUNERATION

In 2016, members of Legal and Environmental Committee who are not serving as BOC members receive remuneration package which includes compensation amounting to Rp16.333.300,-per month.

GOOD CORPORATE GOVERNANCE

NOMINATION AND REMUNERATION COMMITTEE (NRC)

Semen Padang has not established Nomination and Remuneration Committee (NRC). The function, nomination and remuneration in 2016 are conducted directly by Semen Indonesia Group as the holding company, which includes among others:

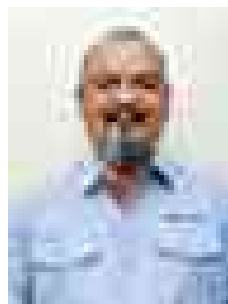
- Nominating the candidates of BOC and BOD members to be appointed in GMS.
- Determining the criteria required in selecting the candidates of BOC and BOD members, including: character strengths, inquiring thoughts, independence, practical wisdom, mature way of thinking, technical skills, special background.
- Reviewing and providing recommendation for the changes in remuneration system of BOC, BOD and employees so as to reflect the linkage between the achievement of performance targets and reward or punishment received.
- Reviewing and providing recommendation for the changes in the provision and utilization of facilities provided for BOC, BOD and employees to avoid any misuse and inefficiencies.

// The Board of Commissioners is also assisted by the Secretary of the Board of Commissioners in implementing their administrative duties //

BOC SECRETARY

Other than being assisted by the committees, BOC is also assisted by the Secretary of the Board of Commissioners for the effective conduct of administrative duties. BOC secretary is appointed by decision of the Board of Commissioners No. 92/DK/Kep/VI/2016. Secretary to the Board of Commissioners is assigned to provide administrative and secretarial support. In the conduct of secretarial duties, the individual is assisted by secretariat staff.

BRIEF PROFILE OF BOC SECRETARY



Musri Nizar, SE, MM, M.Hum

Indonesian citizen, domiciled in Jakarta, born in West Sumatra Sei Jambu, August 7, 1957, aged 57 years old.

Obtained his Bachelor degree in Economics majoring in Economics Development Studies from the Faculty of Economics, University of Andalas Padang in 1982, and Masters Degree in Management from Financial Management from the School of Economics IPWI Jakarta in 1996, Masters Degree in Law in Business Law from the Graduate Program of Law, University of Gadjah Mada Yogyakarta in 2004. He attended non-degree education program in Islamic Financial Analyst at the Faculty of Social and Political Sciences (FISP), University of Indonesia, Jakarta in 2000.

He was appointed as Secretary to the Board of Commissioners of PT Semen Padang with BoC Decree No. 89/DK/Kep/IV/2015 with the term of office from May 1st, 2015 until April 30th, 2018.

Career

From March 1984 he worked at the Ministry of Industry, and ever served as Head of Various Industrial Agriculture Products, Bureau of Administration of SOE Dep. Perindag 1996 to in 1998, Head of Sub Directorate (in the Directorate General of Chemical Industry, Agro and Fores Products, Dep. Perindag 1999 to 2005, the Directorate General of Agro and Chemical Industry, Ministry of Industry 2005 -2010, and most recently as Head of Sub Directorate of Chemical Industry of Basic Inorganic Chemical Industry, Directorate General of Manufacturing Industry Base, Ministry of Industry from 2010 to 2013). He was assigned as coordinator of Fertilizer Industry Revitalization Program 2009 to 2013, construction of the Petrochemical Industry in Tangguh Papua Barat 2012 to 2013, and a member of Team/working group at various agencies, particularly related to the utilization of natural gas and coal for industry. He was also assigned as the staff of the Board of Commissioners of PT Pupuk Iskandar Muda

(Persero) 1986 to 1997. He retired from the Ministry of Industry in September 2013.

DUTIES AND RESPONSIBILITIES OF BOC SECRETARY

In accordance with Decision Letter No. 92/DK/Kep/VI/2016, the duties and responsibilities of the Secretary of the Board of Directors are as follows:

1. Studying and reviewing the Company's Long-Term Plan (RJPP) in coordination with the Committees of the Board of Commissioners.
2. Studying and reviewing the Work Plan and Budget (RKAP) in coordination with the Committees of the Board of Commissioners.
3. Drafting the Annual Work Plan and Budget (RKAP) of Board of Commissioners, in coordination with the Committees of the Board of Commissioners
4. Preparing for the meeting, including BOC meeting materials.
5. Preparing the minutes of board meetings in accordance with the Articles of Association of the Company.
6. Together with the Department of GCG, preparing minutes of meetings of the Board of Commissioners and Board of Directors.
7. Administering the documents of BOC, either incoming mail, outgoing mail, minutes of meetings or other documents.
8. Drafting the Reports of the Board of Commissioners.
9. Performing other duties of the Board of Commissioners.

Other tasks in assisting the BOC include those related to the following:

1. Ensuring that BOC complies with regulations and adopting the principles of good corporate governance.
2. Providing the information required by the Board of Commissioners periodically or at any time upon request.
3. Coordinating the members of Committees of the Board of Commissioners in order to facilitate the task of the Board of Commissioners.
4. Acting as the liaison with other stakeholders.
5. Reviewing business environment information related to the company in coordination with the Committees of the Board of Commissioners.
6. Reviewing information from stakeholders in coordination with the Committees of the Board of Commissioners
7. Reviewing the policy and implementation of Corporate Human Resources career development in coordination with the Committees of the Board of Commissioners.
8. Reviewing BOD compliance with RJPP and/or RKAP in coordination with the Committees of the Board of Commissioners.
9. Reviewing/evaluating the request for approval from the Board of Directors in coordination with the Committees of the Board of Commissioners.
10. Reviewing the performance of Semen Padang should there be any signs of regression performance in coordination with the Committees of the Board of Commissioners.

Preparing minutes of meetings of the Board of Commissioners in accordance with the Company's Articles of Association

BOC SECRETARY ACTIVITIES IN 2016

BOC Secretary Activities during 2016 include the following:

1. Developing the schedule and agenda of BOC internal meeting or joint BOC-BOD meeting.
2. Preparing materials for BOC internal meetings, joint BOC-BOD meetings and coordinating with other BOC Committees including preparing the materials for monthly performance meeting in the fiscal year of 2016 and other meeting materials.
3. Setting up the minutes of BOC internal meeting and joint BOC-BOD meetings.
4. Preparing the Annual Budget and Work Plan of the Board of Commissioners in 2017 in coordination with the Committees of the Board of Commissioners.
5. Preparing an evaluation, review and the opinion of the Board of Commissioners concerning the Work Plan and Budget (RKAP) in 2017, before being submitted by the Board of Directors to the Shareholders.
6. Preparing meeting materials for the evaluation/review of the Company's performance in 2015 in coordination with the Committees of the Board of Commissioners.
7. Preparing evaluation, review and the opinion of the Board of Commissioners to the Shareholders on the performance in 2015.

GOOD CORPORATE GOVERNANCE

8. Preparing the Annual Report of the Oversight Duties of Board of Commissioners in 2015 in coordination with the committees of the Board of Commissioners
9. Preparing the Report of the Implementation of Good Corporate Governance (GCG) by Board of Commissioners 2015 in coordination with the Committees of the Board of Commissioners
10. Preparing BOC letters to the Board of Directors and related shareholders related to the proposed capital expenditure, changes/additions of capex, and the company's operations that require opinions, comments and suggestions from BOC
11. Preparing BOC Decision and Regulation in coordination with the Board of Commissioners, among others, relating to the segregation of duties of BOC, and BOC Decision of the appointment of BOC organs.
12. Preparing the data and information required by BOC
13. Documenting letters, reports and minutes of meetings of the Board of Commissioners.

// The Board of Directors must under do an open fit and proper test process //

BOARD OF DIRECTORS

The Board of Directors is an organ of the Company fully responsible for the management of the Company for the interest and purpose of the Company in accordance with the provisions of the Articles of Association. BOD manages the Company in accordance with the Company's interest and goals and BOD leads such management activities. In the conduct of its duties, BOD is reporting to GMS. BOD's reporting to GMS represents the accountability of the Company's management in accordance with GCG principles.

Directors are collegially responsible for managing the Company so that the value drivers could perform at their maximum to improve operational profitability with the end result of improving the Company's performance and reputation.

Each member of the Board of Directors implements and makes a decision in accordance with their segregation of duties and responsibilities; however, the collegial responsibilities would still remain.

BOD CRITERIA

Semen Padang establish the criteria of appointment of the Board of Directors as follows:

1. Those to be appointed as Directors are Indonesian citizens who have competence relevant to the duties of the Board of Commissioners, possess necessary experience and skills to perform the duties, and meet other criteria required by the General Meeting of Shareholders, regulations and the Company's Articles of Association.
2. The Board of Directors shall not have family relationship up to the third degree, both vertically, horizontally or related by marriage with the members of the Board of Commissioners and other fellow Directors.
3. BOD members shall have no dual roles as BOD or BOC in similar companies, except for BOC position in subsidiaries.

BOD FIT AND PROPER TEST

BOD fit and proper test is conducted through an open fit and proper test, in order to ensure the respective candidates of Board of Directors free from any affiliates or other conflicts of interest, and the interests of minority shareholders are reasonably fulfilled. Furthermore, the selected Board of Directors shall be appointed and dismissed by GMS under a transparent process.

Board of Directors members are selected and appointed by GMS, with a term of office of 5 (five) years. To ensure the integrity and professionalism, all candidates for the selection process for the Board of Directors position shall undergo fit and proper test conducted by Shareholders, in cooperation with the team of Ministry of State Owned Enterprises.

TABLE OF BOD FIT AND PROPER TEST

Name	Domicile	Fit and Proper Test
Benny Wendry	Padang	Pass
Tri Hartono Rianto	Padang	Pass
Pudjo Suseno	Padang	Pass
Indriefounny Indra	Padang	Pass

APPOINTMENT AND DISMISSAL OF BOD

Appointment and dismissal of members of the Board of Directors are conducted through GMS, and have passed the process of fit and proper test based on the prevailing regulations and the provisions of GCG. All members of the Board of Directors possess the required integrity, competence and reputation. Members of the Boards shall terminate if:

1. No longer having Indonesian citizenship.
2. Reaching the end of term of office.
3. Being declared bankrupt or placed under custodianship by a court decision.
4. Resigned.
5. No longer meeting the requirements of prevailing regulations.
6. Deceased.
7. Dismissed by GMS resolutions.

BOD COMPOSITION AND SEGREGATION OF DUTIES AND RESPONSIBILITIES OF EACH BOD MEMBER

The complete composition of BOD of Semen Padang as of December 31, 2016 is as follows:

Name	Position	Other Positions Outside the Company	Tenure
Benny Wendry	President Director	X	2016 – 2021
Tri Hartono Rianto	Financial Director	X	2014 – 2019
Pudjo Suseno	Commercial Director	X	2014 – 2019
Indriefounny Indra	Production Director	X	2016 – 2021

In order to improve the effectiveness and efficiency of the implementation of the duties and responsibilities of the Board of Directors, based on the Articles of Association and Board Manual Semen Padang, the Company has assigned the duties and responsibilities of each member of the Board of Directors in accordance with Decree No. HK.00.02/156/KD/GCG10/06.15 dated 20 June 2016 regarding the Segregation of Duties and Key Performance Indicators of PT Semen Padang as follows:

Name	Position	Task Focus
Benny Wendry	President Director	<ol style="list-style-type: none"> 1. Establishing the Company's Vision and Mission together with BOD and BOC. 2. Controlling and being responsible for the implementation of SMSP. 3. Controlling and being responsible for the Company's financial and operational risk. 4. Communicating the requirements of customers and meeting the prevailing regulations. 5. Establishing quality policy and quality target 6. Leading management review meeting. 7. Providing the necessary resources for the implementation of SMSP. 8. Conducting GMS as an act of accountability to shareholders. 9. Establishing the Company's policies and targets and being accountable for RJP and RKAP to BOC. 10. Leading BOD routine meetings and making final strategic and operational decisions after being approved by all meeting participants. 11. Maintaining the balance of various management functions and group. 12. Supporting the efforts of improving the Company's efficiency and effectiveness. 13. Maintaining, managing and safeguarding the assets of the Company. 14. Supervising the effectiveness of the Company's operations. 15. Supervising social and environmental management. 16. Supervising Departments of Communication & General Facilities, Legal and Governance, Risk, Compliance/Management Representative and Internal Audit.

GOOD CORPORATE GOVERNANCE

Name	Position	Task Focus
Tri Hartono Rianto	Financial Director	<ol style="list-style-type: none"> 1. Developing the long-term financial plan. 2. Establishing the Company's financial ratio target. 3. Monitoring, evaluating, reviewing and measuring the Company's financial/non-financial assessment. 4. Managing and supervising finance and banking and capital market matters towards prevailing regulations and risks. 5. Performing efficiencies in financial management. 6. Leading the preparation of and managing the implementation of RJP and RKAP. 7. Managing, researching, and monitoring the Company's budgeted expenses. 8. Determining the strategies of financing resources that generate benefits for the Company. 9. Devising strategies and preparing policies concerning insurance and tax. 10. Allocating the utilization of the Company's capital/funds. 11. Managing and supervising the remuneration, development of human resources, engagement and employee retention process. 12. Devising HR development strategies to improve the Company's competitiveness. 13. Coordinating HR performance evaluation process. 14. Establishing and meeting the required total headcount. 15. Supervising Accounting and Finance Department and HR Department. 16. Signing the agreement related to HR together with Commercial Director.
Pudjo Suseno	Commercial Director	<ol style="list-style-type: none"> 1. Leading the Company's marketing activities, strategies of design and plans for the Company's marketing targets, particularly for allocated sales, pricing, distribution policy, marketing communication, other marketing developments. 2. Establishing marketing plans and strategies. 3. Coordinating, supervising and managing all marketing activities and providing the best services for customer satisfaction. 4. Determining the pricing, promotions, distribution, and allocated target to increase sales results. 5. Achieving marketing targets and sales of clinker and cement, both in domestic and export market based on plans. 6. Maintaining the existing brand image. 7. Maintaining market share in major marketing areas. Maintaining commitment and long-term harmonious relationship with marketing channels. 8. Making efficiencies in marketing expenses. 9. Managing and supervising the procurement and management of inventories. 10. Managing, controlling, and supervising the quality of goods/materials/services purchased. 11. Supervising the Sales Department, Distribution & Transportation, Department and Procurement Department. 12. Signing the agreements related to the procurement of goods and services together with the related Directors.
Indriefounny Indra	Production Director	<ol style="list-style-type: none"> 1. Managing and supervising the utilization of the Company's raw materials/mining resources. 2. Managing and supervising the maintenance of the Company's assets such as building, machines, heavy equipment, factory equipments and mining area owned by the Company outside the factory location. 3. Coordinating the optimization of production tool operations. Controlling and supervising the prevention of pollution due to production process. 4. Leading production process to align with the Company's target. 5. Supervising and ensuring the quality and volume of production. Supervising and managing work safety and work environment.

GOOD CORPORATE GOVERNANCE

Name	Position	Task Focus
		6. Coordinating the license related to equipment and operation of the factory. Coordinating the investment related to equipment and process of production. 7. Establishing the standards of quality testing for raw materials, supporting materials, and cement products. 8. Supervising Mining Department, Production II/III Department, Production IV Department, Production V Department, Factory Engineering Department, and Quality Assurance & Innovation Department. 9. Signing the agreement of procurement of goods and services in production together with Commercial Director.

BOD DIVERSE COMPOSITION

The composition of the Board of Directors has met the elements of diversity which is a combination of the independence, skills/education, work experience, age and gender. All members of the Board of Directors Semen Padang have the integrity, competence and good financial reputation. These are evidenced by obtaining the approval of Shareholders and passing the fit and proper test.

Based on the policy of Shareholders, in determining the composition of the Board of Directors, the Company has taken into account the needs and complexities of Semen Padang business including attention to diversity as reflected in the following table:

Diversity Aspect	BOD Diversity
Education	Diversity in education is ranging from bachelor degree and master degree in engineering, economics, management, financial accounting, and professional education in accounting with state registry number
Work Experience	Serving as BOD of Thang Long Cement company in Vietnam, and assistant lecturer and lecturer in local and foreign universities
Age	The ages of BOD of Semen Padang are ranging within the productive age bracket from 45 – 55 years
Gender	No female Director on board as of December 2016
BOD Composition has met the diversity requirements in terms of a mix of education, work experience and age.	

BOD AUTHORITIES

The Board of Directors reserves the right to represent the Company inside and outside the court concerning all matters and during any events, legally binding the Company with other party and binding the other party with the Company, as well as taking all actions, both concerning the

// The composition of the Board of Directors is determined by considering the needs and complexity of Semen Padang //

management and ownership, yet with certain limitations. (Actions taken by BOD which requires the written approval of Commissioners and/or GMS). (A) President Director is entitled and authorized to act for and on behalf of the Board of Directors and on the Company's behalf; (B) If the Director is absent or unavailable due to any reasons, not requiring any evidence to be presented to the third party, then the Board of Directors will be represented by two (2) Directors concurrently. The Board of Directors members shall not be able to represent the Company both inside and outside the court, if: (a) there is a legal proceeding between the Company and the respective BOD member; or (b) the respective BOD member has a conflict of interest with the Company.

GOOD CORPORATE GOVERNANCE

To enter into a legally binding commitment such as a transaction that gives rise to a conflict of interest between the personal economic interest of BOD member, BOC member or Major Shareholders and the economic interest of the Company, BOD shall need require an approval from the General Meeting of Shareholders. For certain actions, BOD reserves the right to appoint one or more representative or delegate by granting such authority in a power of attorney.

// All members of the Board of Directors do not hold dual positions, as stipulated by the applicable laws and regulations on GCG implementation //

BOD SUCCESSION POLICY

The Company maintains its BOD succession policy which among others sets forth the induction and orientation program for BOD members. The policy represents the responsibility of Department of Legal and Governance, Risk, Compliance (LGRC)/Management Representative which is assigned to provide the materials required.

BOD INDUCTION AND ORIENTATION PROGRAM

BOD induction program is intended to provide an understanding of the existing conditions in Semen Padang so that the Company's new Board of Directors gain comprehensive understanding of the Company's organizational and operational matters.

The responsibility to conduct such program is assigned to the Department of Legal GRC/MR, and the induction to

new Board of Directors is the responsibility of the President Director. In case the President Director is unable to come or the new Director is the President Director himself, then the induction program shall become the responsibility of President Commissioner. The materials introduced to the new Board of Directors shall at least include:

1. Introduction to macro-economic and cement industry.
2. Introduction of corporate profile, Vision, Mission, Strategy, Values and Corporate Culture and RJP
3. Introduction to the Company's business processes.
4. Regulations related to the business activities of Semen Padang.
5. Aspects of corporate governance and risk management at Semen Padang
6. Management Systems of Semen Padang.

BOD INDEPENDENCE

BOD members and BOC members and Shareholders have no financial, shareholding and family relationship among each other. Each member of the Board of Directors shall act independently in performing the functions and duties both individually and collegially. All members of the Board of Directors have no dual positions prohibited under the prevailing regulations concerning the implementation of GCG. The Board of Directors has expressed their share ownership, both at Semen Padang and in other companies which is updated annually.

Name	Position	Share Ownership in PT Semen Padang	Share Ownership in Other Companies
Benny Wendry	President Director	X	X
Tri Hartono Rianto	Financial Director	X	X
Pudjo Suseno	Commercial Director	X	X
Indrieffounny Indra	Production Director	X	X

FAMILY RELATIONSHIP AND MANAGEMENT POSITION IN OTHER COMPANIES

Family relationships and financial relationship among members of the Board of Directors or the Board of Commissioners and Shareholders in are as follows:

TABLE OF FAMILY RELATIONSHIPS AND MANAGEMENT IN SEMEN PADANG AND OTHER COMPANIES

Name	Position	Family Relationship with Organs of PT Semen Padang						Management Relationship in Other Companies					
		BOC		BOD		Shareholders		As BOC		As BOD		As Shareholders	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Benny Wendry	President Director	-	X	-	X	-	X	-	X	-	X	-	X
Tri Hartono Rianto	Finance Director	-	X	-	X	-	X	-	X	-	X	-	X
Pudjo Suseno	Commercial Director	-	X	-	X	-	X	-	X	-	X	-	X
Indrieffounny Indra	Production Director	-	X	-	X	-	X	-	X	-	X	-	X

DISCLOSURE BOD MANUAL

A good working relationship between the Board of Commissioners and Board of Directors represents one of the most important things so that each of these organs may work in accordance with their respective functions effectively and efficiently. As for the effectiveness of employment relationship, the Board of Directors and Board of Commissioners have compiled their own Work Guidelines referred to as Board Manual established based on mutual agreement between Board of Directors and Board of Commissioners.

Board Manual represents the results of codification of various regulations applicable for the Company and the best practices in GCG principles, corporate law principles, prevailing regulations, directions from shareholders, and articles of association which govern the work procedures of BOC and BOD and elaborates the stages of activities in a structured, systematic, easy to comprehend and to implement in a consistent manner. The Board Manual could also serve as a reference for BOC and BOD in performing their respective duties to achieve the Company's vision and mission so as to achieve high work standards in line with GCG principles.

The Board of Commissioners and Board of Directors are highly committed to referring to the Board Manual as a guideline in the conduct of duties, roles, and the working relationship

“The Board of Commissioners and the Board of Directors are committed to regard the Board Manual as the guideline for the implementation of their functions, duties and working relationships”

between the Board of Commissioners and the Board of Directors to enable them to work effectively. Board Manual is prepared based on the prevailing rules and regulations, and the document is reviewed regularly. Board Manual has been updated and validated on 25 September 2015. BOD manual governs among others the following matters:

1. Roles, authorities and liabilities of the Board of Directors.
2. The segregation of duties of the Board of Directors.
3. Induction Program competence development for the Board of Directors.
4. BOD supporting organs.
5. Board of Directors Meeting.
6. BOD performance evaluation.
7. Governance of relationship between Board of Commissioners and Board of Directors.

GOOD CORPORATE GOVERNANCE

BOD COMPETENCE DEVELOPMENT IN 2016

To further enhance the knowledge, expertise and professionalism of the Board of Directors, the Company provides training and education for Directors who have attended external executive courses in 2016. The members of the Board of Directors have also attended and participated in various trainings and seminars concerning corporate governance and other matters, such as:

TABLE OF BOD COMPETENCE DEVELOPMENT IN 2016

Participant Name	Position	Training	Date	Venue	Organizer
Benny Wendry	President Director	Leadership Forum	27 – 29 October 2016	Labuan Bajo	Ministry of State Owned Enterprises
		Workshop of National Insight	5 December 2016	Jakarta	National Defence Agency
		National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
Pudjo Suseno	Commercial Director	Grow Your Sales, Wow Your Service	19 May 2016	Padang	MarkPlus
		Workshop of National Insight	5 December 2016	Jakarta	National Defence Agency
		National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
Indrieffouny Indra	Production Director	Workshop of National Insight	15 May 2016	Jakarta	PT Semen Indonesia (Persero) Tbk
		Indonesia Cement Sustainability Forum in Health, Safety & Environment (ASI)	24 August 2016	Jakarta	Indonesia Cement Association
		Workshop of Directorate of Production & Research & Development of SMIG	29 - 30 September 2016	Gresik	PT Semen Indonesia (Persero) Tbk
		National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
		Workshop in Engineering of ASI	22 - 23 December 2016	Bogor	Indonesia Cement Association
Tri Hartono Rianto	Financial Director	Workshop of National Insight	12 May 2016	Jakarta	PT Semen Indonesia (Persero) Tbk
		Coordinating Meeting of Synergy of RS BUMN – Sumatra Region	18 to 19 May 2016	Jakarta	Ministry of State Owned Enterprises
		National Convention VIII IAI (Indonesia Institute of Accountants)	12 August 2016	Bandung	Indonesia Institute of Accountants
		Socialization of Tax Amnesty - KPP Padang	24 August 2016	Padang	PT Semen Padang
		Learning Council of SMIG	29 August 2016	Gresik	PT Semen Indonesia (Persero) Tbk
		National Anti-Corruption Day Seminar	21 December 2016	Padang	PT Semen Padang
		Indonesia Human Capital Summit 2016	27 - 28 December 2016	Jakarta	Forum Human Capital Indonesia

BOD MEETING FREQUENCY AND ATTENDANCE LEVEL

To coordinate all activities of the Board of Directors, in order to monitor and anticipate the issues that may disrupt and threaten the Company's operations, the Board of Directors regularly holds Internal Meetings of the Board of Directors which may be held at any time if deemed necessary at the request of President Director or upon the proposal of one or more members of the Board of Directors or at the written request of one or more members of BOC. BOD meeting shall be considered valid and may make a valid and binding decision only if more than a half of the number of Directors are present or legally represented in the meeting.

At any BOD meeting, each director is entitled to one vote and shall give a vote for the other Director being represented. Decision of the Board of Directors shall be taken by consensus. If no consensus is reached, then the decision should be taken by majority vote, and if the affirmative and non-affirmative votes have equal number, then the vote made by President Director/Chairman of the meeting is considered decisive. The Board of Directors may make valid and binding decisions without convening a meeting if all members of the Board of Directors approve the matters to be decided upon and all members sign the minutes of the meeting.

During 2016, the Board of Directors held 12 meetings involving Echelon I (department head) to discuss various agenda in the Company's management, which includes among others the following aspects:

1. Achievement of RKAP 2016 Monthly Performance Report.
2. Progress of strategic projects and realization of investments.
3. Follow-up of internal and external audit.
4. Other aspects, such as GCG, Risk Management, Human Resources, Information Systems, CSR and others.

The decision of the Board of Directors shall be taken by deliberation for consensus

The agenda discussed in the meeting of the Board of Directors is available in the following table:

Date	BOD Attendance				Agenda
	Benny Wendry	Tri Hartono Rianto	Pudjo Suseno	*Indriefounny Indra	
10 February	X	X	X	-	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
7 March	X	X	X	-	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
7 April	X	X	X	-	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
23 May	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings

GOOD CORPORATE GOVERNANCE

Date	BOD Attendance				Agenda
	Benny Wendry	Tri Hartono Rianto	Pudjo Suseno	*Indriefounny Indra	
7 June	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
19 July	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
9 August	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings 4. Additional key issue of management review 5. Kick off of business process review of PT Semen Padang
7 September	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
10 October	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
7 November	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings
14 December	X	X	X	X	1. Monthly performance evaluation & quarterly prognosis 2. Progress of Indarung VI project 3. Progress of GMS mandates, management letter & follow up of BPK audit findings

* Appointed as Director in accordance with Annual GMS Resolutions No. 36 dated 11 May 2016

Validation of minutes of meetings of the Board of Commissioners shall be no later than 5 (five) working days

Minutes of Board of Directors meetings and joint meetings also include the dissenting opinion, the dynamics of the meeting, the evaluation of the previous meeting, and resolutions of the meeting. Minutes of Board of Directors meetings and joint meetings have been submitted to each member of the Board of Directors. Validation for such minutes of meetings should be made no later than the average of 5 (five) working days. The original minutes of meetings are properly stored and can be accessed by any member of the Board of Directors.

BOD REMUNERATION POLICY IN 2016 Procedures of Proposal and Decision of BOD Remuneration

The procedures of proposing the remuneration for BOD are conducted by shareholder which is PT Semen Indonesia Tbk based on the Company's performance in fiscal year. The proposed remuneration will then be scheduled and approved in GMS.

REMUNERATION STRUCTURE

As a follow up to Annual GMS, the shareholder issued letter No. 6457/SM-07/210000/07.2016 dated 4 July 2016 concerning the follow up of Annual GMS of PT Semen Padang, the following table depicts the salary/compensation and bonus of BOC and BOD in 2016:

TABLE OF SALARY/COMPENSATION AND BONUS OF BOC AND BOD IN 2016 (IN RP)

Position	Bonus	Percentage
President	48,927,600	45% of salary of President
Commissioner		Director
Commissioner	44,034,840	90% of salary of President
		Commissioner

Position	Bonus	%
President Director	1,350,960,000	-
Commissioner	1,215,864,000	90% of bonus of President
		Commissioner

PERFORMANCE INDICATOR AND LINKAGE BETWEEN REMUNERATION AND PERFORMANCE OF THE COMPANY

One of the key indicators in the proposed remuneration is the performance displayed.

PROCUREMENT OF GOODS AND SERVICES

The Company maintains procedures and systems of procurement of goods and services that are performed in an accurate and transparent manner, by implementing GCG principles and President of Republic of Indonesia regulation No 70/2012 of Second Amendment to Presidential Regulation No 54/2010 of Procurement of Goods/Services of Government and Regulation of LKPP Chairman No. 6/2012 of Technical Guidelines of Presidential Regulation No. 70/2012 of Second Amendment to Presidential Regulation No.54/2010 of Procurement of Goods and Services in Government.

MECHANISM OF GOODS AND SERVICES PROCUREMENT

In the conduct of procurement of goods and services, the Company refers to the implementation of good corporate governance and also various rules and regulations governing the procurement of goods and services. In doing so, the

Company maintains internal guidelines for the procurement of goods and services referred to as Technical Guidelines for Procurement No. PD/DGM/011 Rev. 03, dated November 27, 2015 and continuously updated in accordance with the latest regulations governing the procurement of goods and services. Procurement of goods and services is also reinforced by the Decree of the Board of Directors Concerning Authority Approval No. HK.00.02/049/SKD/GRCMR/05.2014 dated May 1, 2015.

Semen Padang adopts a proper procedures for procurement of goods and services by applying GCG principles

Semen Padang implements a number of mechanism of procurement of goods and services as follows:

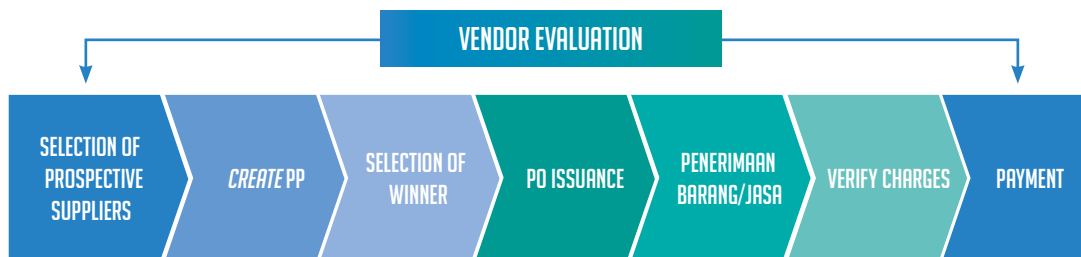
Mechanism of Procurement of Goods and Services	
Mechanism	Definition
Open Bidding	Procurement conducted by inviting bidders in mass media. The selection of vendors of goods and services is made by inviting at least 3 (three) bidders.
Direct Selection	Procurement of goods and services by inviting at least 2 (two) bidders
Direct Appointment	Procurement of goods or services by directly appointing the vendor of goods and services without any bidding or direct selection for procurement with certain criteria.
Direct Purchase	Purchase of goods or services by user (without involving procurement department) for the goods or services available in the market
Joint Purchasing	Purchase of goods conducted in a negotiation together with Semen Indonesia Group. The technical procedures for joint purchasing are separately governed.

GOOD CORPORATE GOVERNANCE

PROCESS OF PROCUREMENT OF GOODS AND SERVICES

In general, the goods and services procurement business process in Semen Padang is made up of the following stages:

1. Determination of Self-Estimated Price (HPS)
2. Purchase Requisition (PR)
3. Selection of potential suppliers/bidders list
4. Process of selecting the preferred bidder
5. Preparation of the purchase order
6. Receipt of Goods or Services
7. Verification of the invoices
8. Payment

**VENDOR EVALUATION**

Vendor evaluation starts when the potential vendor registers as a potential vendor after the vendor enters into transaction with Semen Padang. Each prospective vendor registers as a vendor of Semen Padang would go undergo the stage of verifying the completeness of the required documents and field visits (if necessary) before the vendor participates in the procurement process.

learning purpose, as well as supporting the efficiency and effectiveness of the procurement process.

In November 2016 Supplier Satisfaction Survey has been conducted, with the results that the Supplier Satisfaction Index in the procurement process of PT Semen Padang reached 91.92% or satisfactory. By following up the results of this survey, in the future, the Company will make improvements in the procurement process by focusing on the technology advancement and the transparency of the process through eProcre-implementation program.

// The result of Vendor Satisfaction Index in the procurement process at PT Semen Padang is 91.92% or satisfactory



Vendor performance evaluation is made on a periodic basis, on all vendor who enter into transactions during the period, in order to assess the performance of vendor for

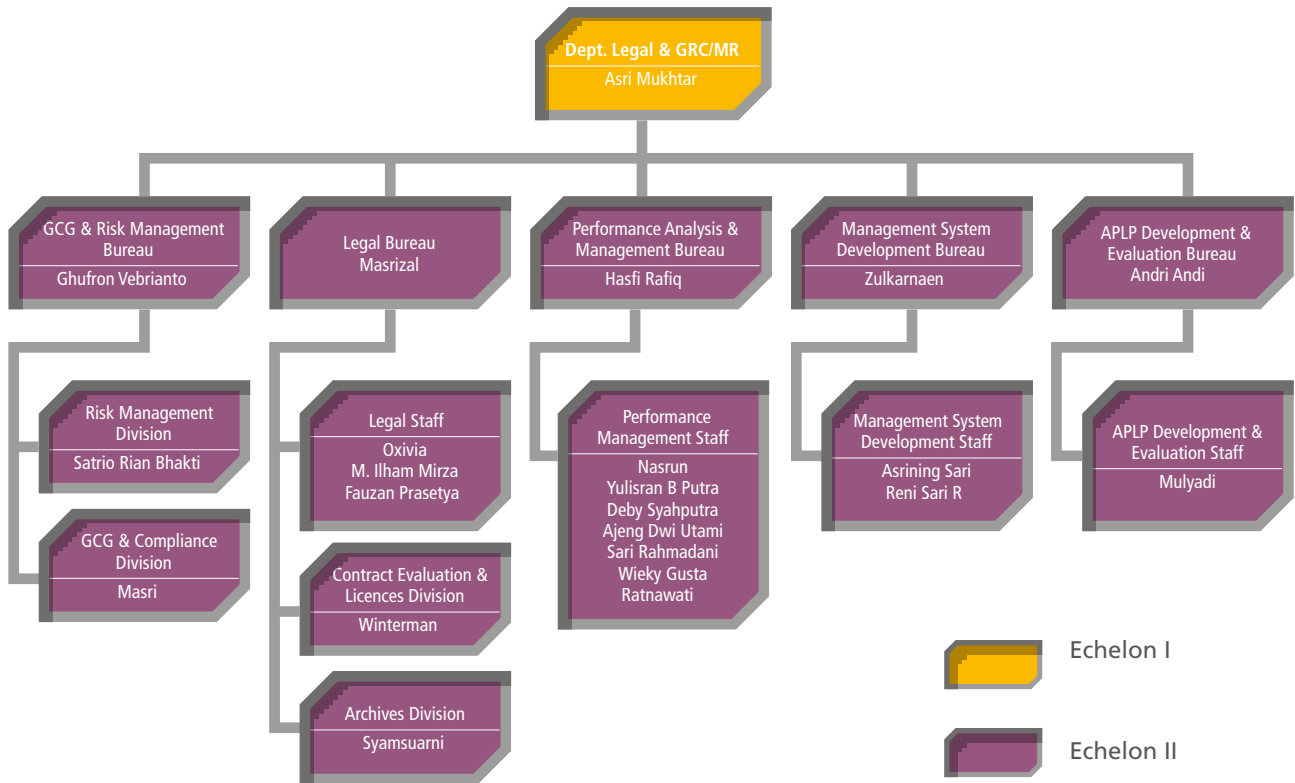
CORPORATE SECRETARY

In line with the increasingly dynamic business developments, in 2016 Semen Padang has made changes to its organizational structure as set forth in the Board's decision No.SM.02.02 080/KD/DESDM/08.2016 June 28, 2016. Based on the decision, the Corporate Secretary functions as set out in Regulation of the Ministry of State No. PER 01/MBU/2011 are performed by the Department of Legal & Governance Risk Compliance/ Management Representative (LGRC/MR).

Semen Padang provides the service of Corporate Secretary whose role is to act as a communication officer between the Company and public, and to provide information to public. The Department of Legal & Governance Risk Compliance is reporting immediately to President Director and ensures that the Company meets GCG principles and all rules and regulations at all times.

DEPARTMENT OF LEGAL & GOVERNANCE RISK COMPLIANCE/MANAGEMENT REPRESENTATIVE (LGRC/MR)

Organizational Structure of the Department of Legal & Governance Risk Compliance/Management Representative

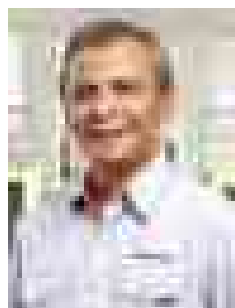


In the organizational structure of Semen Padang, the Department of Legal and GRC/MR is immediately reporting to the Director. In order to perform its functions and roles, the Department of Legal & GRC/MR shall cover GCG and Risk Management Bureau, the Legal Bureau, the Bureau of Analysis and Performance Management, Management Systems Bureau, Bureau of Development and Evaluation of Subsidiaries and Supporting Institutions.

GOOD CORPORATE GOVERNANCE

PROFILE OF HEAD OF DEPARTMENT OF LEGAL & GRC/MR

Head of the Department GRC/MR Semen Padang is Ir. Asri Mukhtar, MM who is reporting immediately to the President Director based on BOD Decision Letter No.SM.02.02 080/KD/DESDM/08.2016 June 28, 2016 with the term of office up to present.

Brief profile of Head of the Legal Department & GRC/MR Semen Padang.

Ir. Asri Mukhtar, MM

Indonesian citizen, domiciled in Padang, born in Pariaman, January 23, 1966, aged 50 years old.

Completing Bachelor degree in Electrical Engineering – High Voltage from Bandung Institute of Technology (1989) and Master of Management at the University of GadjahMada (2001). He began his career as an orientation staff in the Department of Research and Development. He ever served as head of the Re-engineering Division, Bureau Head of Electrical & Instrument Construction of Project Indarung V,

// The Compliance Officer is responsible for monitoring GCG implementation, handling legal issues and managing corporate risk //

staff of Technical Department, Head of the Department of Treasury, Head of Distribution & Transportation Department, Head of the Sales Department, and effective January 12, 2015 up to present he has been serving as Head of Dept. Legal & GRC/MR.

DUTIES AND RESPONSIBILITIES OF DEPARTMENT OF LEGAL & GRC/MR

Duties and responsibilities of the Department of Legal & GRC/MR are:

- a. Internal:
 1. Compliance Officer is assigned to monitor the implementation of GCG, handling of legal matters and managing corporate risks.
 2. Organizing activities in secretarial and administrative matters in BOD and in the Company and managing and storing documents related to the activities of the company, including GMS documents, Minutes of Meeting of the Board of Directors, Minutes of the Joint Meeting, Special Register and related documents.
 3. Coordinating the development and implementation of corporate governance practices and risk management as well as ensuring that the Company's Annual Report has disclosed the matters related to the implementation of GCG and Risk Management.
 4. Ensuring the Company's compliance with regulations and providing legal advice.
 5. Providing recommendation for improving the company's performance to management through an analysis conducted by the Bureau of Analysis and Performance Management.
 6. Coordinating and facilitating APLP and affiliates with the Company.
- b. External:
 1. Coordinating the execution of strategies and synergy policy in GRC/MR with Semen Indonesia Group.
 2. Implementing a communication strategy by becoming a coordinator in the publication of the Annual Report.
 3. On behalf of the Board of Directors, representing the BOD to interact with parties in accordance with the assignment and predefined policies.

In performing its duties, the Department of GRC/MR maintains work guidelines as stipulated in the job description, which includes the duties, authorities and responsibilities, as follows:

1. Establishing risk management.
2. Managing corporate records.
3. Establishing and ensuring the Company's compliance with the regulations and providing legal advice.
4. Preparing SIMO (Strategic Initiative Management Officer), which includes formulating strategy and defining the company's strategic objectives.

GOOD CORPORATE GOVERNANCE

5. Reviewing the effectiveness of the management system, and coordinating the preparation, implementation and follow-up of Management Review.
6. Supervising, monitoring and evaluating the performance of the management of the Subsidiary and Supporting Institutions (APLP).
7. Analysing the company's performance and providing suggestions and recommendations for the Company's improvement/development to management.

DESCRIPTION OF DUTIES OF DEPARTMENT OF LEGAL & GRC/MR IN 2016

During 2016, the Department of Legal & GRC/MR has been conducting and submitting Report of Legal Department & GRC/MR in accordance with the segregated divisions in the organizational structure which include:

1. The Bureau of GCG and Risk Management ensures that corporate governance and risk management in the Company have been in compliance with prevailing regulations.
2. Management System Development Bureau performs verification of documentation system at Semen Padang.
3. Development and Evaluation Bureau of APLP provides recommendations to management concerning the performance of APLP.
4. Legal Bureau ensures business compliance with laws and regulations.
5. Performance Management Analysis Bureau analyses the Company's performance and prepares recommendations concerning the Company's development to management.

PERFORMANCE EVALUATION OF DEPT. LEGAL & GRC/MR

Performance of Legal & GRC/MR department and task execution results are reported monthly to the Board. The Board of Directors evaluates each semester during the Company's Business Meetings to ensure that the functions of corporate secretary as set forth in the Ministry of SOE Regulation No. PER 01/MBU/2011 have been performed in good quality and in an effective manner.

COMPETENCE DEVELOPMENT OF DEPT. LEGAL & GRC/MR

To effectively follow the progress of the function and role of the Legal & GRC/MR Department, Semen Padang has facilitated the employees in the Department of Legal & GRC/MR to participate in the following trainings:

TABLE OF COMPETENCE DEVELOPMENT OF LEGAL & GRC/MR DEPARTMENT

No.	Training	Participants	Time and Venue
1.	Certified International Supply Chain Professional	Bureau of Performance Management Analysis	11-15 January 2016, Jakarta
2.	Accounting Professional Education	Bureau of Development & Evaluation of APLP	9 January 2016, Padang
3.	Examiner of Excellent Performance Framework of Baldrige	Bureau of GCG & MR	9-13 May 2016, Jakarta
4.	Balanced Scorecard Master Training	Bureau of Analysis of Performance Management	26-28 July 2016, Jakarta
5.	Business Continuity Management	Bureau of GCG & MR	7-9 September 2016, Bandung
6.	<i>Legal Auditor</i>	Legal Bureau	17-19 October 2016, Jakarta
7.	E-Archive	Legal Bureau	22-23 November 2016, Padang
8.	Workshop of National Insight from National Defence Agency	Legal & GRC/MR Department	24-25 November 2016, Jakarta
9.	National Anti-Corruption Day Commemoration Workshop	Department Legal & GRC/MR	21 December 2016, Jakarta

// The performance and the results of the Legal & GRC/MR Department duties are reported monthly to the Board of Directors



THE COMPANY'S PUBLISHED INFORMATION

For the purpose of transparency of corporate information, in 2016 the Company has published information on a regular basis both through internal or external sources with the summary of the published news as follows:

GOOD CORPORATE GOVERNANCE

No.	Month	Total Company's related News in Media (Appearance)	Issuance of Newsletter (Frequency)	Update of Website (Frequency)	Press Conference (Frequency)
1.	Jan	198	1	11	7
2.	Feb	145	1	19	7
3.	Marc	140	1	11	4
4.	April	130	1	5	5
5.	May	117	1	5	7
6.	Jun	145	1	8	7
7.	Jul	149	1	5	6
8.	Augt	153	1	14	8
9.	Sept	140	1	7	5
10.	Oct	172	1	5	5
11.	Nov	122	1	7	7
12.	Dec	166	1	11	7

INTERNAL AUDIT

INTRODUCTION

Internal Audit is a business unit established in an organization that serves to provide independent and objective assurance and consulting services designed to add values and improve the Company's operations. Internal Audit assists the Company to achieve its goals by conducting a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and internal control. Therefore, the

Internal Audit serves to provide independent and objective assurance to add value and improve the Company's operations

Company's Internal Audit supports the analysis, assessment, recommendation, consultation and delivery of information on the activities being reviewed.

Internal Audit in the conduct of its duties covers comprehensive audit scope based on adequate consideration of and access to all activities of PT Semen Padang (hereinafter referred to as the "Company"), in order to obtain accountable observations and audit recommendations that provide added values to the Company.

Risk-based internal auditing represents the methodology that connects internal auditing with the Company's risk management framework. Such methodology allows Internal Audit to provide assurance to management that the risk management process has been performed effectively.

Independence serves as a basis for Internal Audit in conducting its audit activities on the auditee. Independence shall result in an impartial and non-prejudiced opinion. Internal Audit also performs its audit tasks in an independent and objective manner, with professional competence, and with independent and honest behavior and mental attitude.

STRUCTURE AND POSITION OF INTERNAL AUDIT

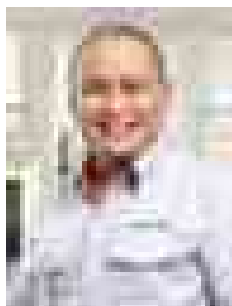
Internal Audit Head is appointed and dismissed by President Director. The Internal Audit function is immediately reporting to the President Director, and coordinating and partnering with Audit Committee and external auditors. In order to provide opinions that are not impartial and prejudice, the purpose, authority and responsibility of Internal Audit should be legally defined and set out in a Charter (Internal Audit Charter).

Head of Internal Audit acts as the coordinator of the Auditors (Senior/Junior Auditor) divided into bureaus assigned based on their respective areas to perform the planning and development of the audit, to conduct the audit, to evaluate and monitor the assignment results, and also to conduct a review of its business processes and other activities as deemed necessary.

PROFILE OF INTERNAL AUDIT HEAD

The Head of Internal Audit is held by Oktoweri ST who is directly responsible to the President Director based on the decision of the Board of Directors No. SM.02.02/07/KD/ DESDM/02.16 dated February 1, 2016.

BRIEF PROFILE OF INTERNAL AUDIT HEAD



Oktoweri ST

Indonesian citizen, domiciled in Padang Born in Talawi, October 6, 1968, aged 49 years. Graduated from Industrial Engineering Department at Bandung Institute of Technology

(year of graduation), started his career as an orientation staff in Human Resources Department, has served as Head of Personnel Bureau, Head of Bureau of Directors, Head of GCG & Risk Management, Head of Human Resources and Director of Pensiun Semen Padang , Head of Internal Audit PT Semen Padang Since 2016 s/d Now.

// In carrying out its duties and responsibilities, Internal Audit refers to the Internal Audit Charter //

EDUCATION AND TRAINING HEAD OF INTERNAL AUDIT 2016

No.	Type of Workop	Participant	Organizer	Time and Location
1.	Workshop Consequences of Destruction & Management of Archives	Internal Audit Head	ANRI	17 February 2016, Padang
2.	Auditing for Audit Committee	Internal Audit Head	Semen Indonesia	6 April 2016, Jakarta
3.	Synergy of Supervision in BUMN Environment	Internal Audit Head	Asosiasi Auditor Internal	2 June 2016, Bandung
4.	Special Training for Head of Internal Audit	Internal Audit Head	PPA & K	21-27 July 2016, Bogor
5.	Change Management & Leadership	Internal Audit Head	PT SGS Indonesia	3-5 August 2016, Padang
6.	Inaugural Seminar Professional Auditor	Internal Audit Head	PPA & K	23-27 August 2016, Thailand
7.	Lemhannas Nationality Insights Workshop	Internal Audit Head	Semen Indonesia	24-25 November 2016, Jakarta

INTERNAL AUDIT CHARTER

In the conduct of its duties and responsibilities, Internal Audit refers to Internal Audit Charter. The charter is accepted and approved by BOD and BOC of the Company as Audit Committee Head, and acknowledged by PT Semen Indonesia (Persero) as the major shareholder.

QUANTITY AND QUALITY OF INTERNAL AUDITOR

The Internal Audit Unit is led by the Head of Internal Audit who is assisted by three (3) bureau heads and 21 (twenty-one) staff. To meet the qualifications and competence, Internal Audit auditors posses the certifications as financial and operational and management system auditors.

The auditors assigned in the Internal Audit shall:

1. Possess the technical audit skills obtained from continuing education such as certification, training, seminars and others; constantly follow and understand the latest development of auditing standards, procedures and methods and also the Company’s business.
2. Have good track record, reliable integrity, and professional, independent, honest, and objective behavior in the conduct of their duties.
3. Possess technical audit knowledge and experience and other disciplines of study relevant in their field of work.
4. Possess sufficient knowledge in IT-related risks and major controls and the current technology-based audit methods to perform the tasks given. However, not all internal auditors are expected to have the expertise of an Internal Auditor who is primarily responsible for IT audit.

GOOD CORPORATE GOVERNANCE

5. Possess the knowledge related to capital market regulations and other relevant regulations.
6. Possess the communication skills to interact and communicate effectively both verbally and in writing.
7. Possess sufficient knowledge to evaluate the risk of fraud or other matters that are managed by the company, but not expected to achieve the expert skill level of an auditor whose primary responsibility is to detect and investigate fraud.
8. Possess proficiency and due professional care required to establish:
 - The level of materiality or significance of the issue,
 - The level of reliability and effectiveness of internal control,
9. Meet the professional standards issued by Internal Audit association.
10. Understand his/her role as Internal Auditor and be willing to meet the Standards of Duties and Code of Conduct of Internal Audit.
11. Understand the principles of good corporate governance and risk management.

AUDITOR COMPETENCE AND TRAINING COMPLIANCE

For financial and operational auditor certifications, the Company has assigned its auditors to participate in the trainings organized by the Accounting and Finance Education Center (PPAK) under the name of certification of skills of Professional Internal Auditors (PIA) and the training organized by the Internal Audit Foundation (YPIA) under the name of Qualified Internal Auditor (QIA), and for management systems auditors, the training is organized by the Naville Clark certification body.

Certification for financial and operational auditors conducted by Semen Padang by enrolling auditors in some relevant training



Photo title:
Collaboration in achieving goals

Photo location:
Meeting Room Head Quarter

Photo caption:
Coordination between work units carried out regularly to ensure the achievement of targets that have been applied.

GOOD CORPORATE GOVERNANCE

REALIZATION OF INTERNAL AUDIT TRAININGS IN 2016

No	Training	Auditor
A	PIA Certification Training	
1	Fraud Training (PPAK)	Deny Hilman, Jufrial, Sensurianus, Jamaluddin, M. Ilham Bur
2	Basic Auditing (PPAK)	Rizal M**, Jufrial
3	Operational Audit (PPAK)	Deny Hilman, Merisa Putri
4	Audit Tasks Management (PPAK)	Elisa Maris Heru, Ferry Fuadi
5	PIA Inauguration (PPAK)	Oktoweri, Nailul Hamdani
6	Special Training for Head of SPI (PPAK)	Oktoweri
B	QIA Certification Training	
1	Workshop of Assets Insurance Optimization of PT Semen Padang	Mareza Harlan, Wempi Kurniawan, Zulfahmi, M. Ilham Bur, Zalman
2	Internal Audit – Basic I (YPIA)	Zulfahmi
3	Internal Audit – Basic II (YPIA)	Aulia Kurnia Yunas, Aldyans Rio Pratra, Anton Syofnevil
C	Management System Certification Training	
1	Auditing for Audit Committee	Oktoweri, Zulfahmi, Wempi Kurniawan, Mareza Harlan,
2	Internal Audit SNI ISO 17025-2008	Edinal*, M. Ilham Bur, Yulisran B. Putra*, Nailul Hamdani, Merisa Putri
3	Refreshment of Management System ISO 9001:2015 & ISO 14001:2015	Zulfahmi, Mareza Harlan, Wahyuni Retnowati*, Anton Syofnevil, Deny Hilman, Wempi Kurniawan, Elisa Maris Heru, Merisa Putri, Nailul Hamdani, Zalman, Jamaluddin
4	IRCA Registered ISO 9001:2015 Lead Auditor Training	Zulfahmi, Wahyuni Retnowati*
D	Other Trainings	
1	Financial for Non Finance/FINON	Zalman, Jufrial, Deny Hilman
2	Workshop of Follow Up for OFI IQA 2015	Mareza Harlan, Zulfahmi, Wahyuni Retnowati*
3	Workshop of KPI Officer 2016	Mareza Harlan, Wahyuni Retnowati*
4	Training of Implementation of Parking Process of Internal Invoices	Nurma Nengsih.
5	HSE Team Equipping Workshop 2016	Merisa Putri
6	Fire Training for BPK, Security Guard & TRC	Nailul Hamdani
7	National Seminar of Internal Auditor Association 2016	Oktoweri
8	Socialization of GCG & FCP	Febby Rahmadani
9	Workshop of Training Need Analysis	Wempi Kurniawan, M. Ilham Bur, Elisa Maris Heru
10	Workshop of Job Evaluation	Mareza Harlan
11	Training for SPIP, GCG & MR Internal Assessment	Oktoweri, Zulfahmi, Mareza Harlan, Zalman, Aisyah Nur, Elisa Maris Heru, M. Ilham Bur, Jamaluddin, Sensurianus, Jufrial, Anton Syofnevil, Ulfatmi, Febby Rahmadani, Aulia Kurnia Yunas, Merisa Putri, Nailul Hamdani
12	Manager as Coach	Oktoweri
13	Interpersonal & Assertive Communication Skill Training	Ulfatmi
14	Enterprise Risk Management based on ISO 31000 Training	Mareza Harlan, Zalman
15	Strengthening GCG in State Owned Enterprises	Mareza Harlan
16	Workshop for Preparation for Tax Amnesty	Mareza Harlan
17	Workshop for PSAK 65 Consolidated Financial Statements and Technical Bulletin 11 of Asset Revaluation	Mareza Harlan
18	Workshop of E-Arsip	Fauziah Wulandari.

* Transferred to Other Business Unit

** Retired

GOOD CORPORATE GOVERNANCE

ROLES AND RESPONSIBILITIES OF INTERNAL AUDITOR

Roles and responsibilities of Internal Audit in accordance with Internal Audit Charter are as follows:

- a. Develop and implement the Annual Internal Audit Work Plan includes examination and assessment of the efficiency and effectiveness of finance, accounting, operations, human resources, procurement, marketing, and other activities.
- b. Provide suggestions for improvements and objective information on activities examined at all levels of management.
- c. Monitoring, analyzing and reporting on recommended follow-up improvements.
- d. Develop a quality assurance program (quality assurance) internal audit activities undertaken.
- e. Review and/or audit corporate financial reports periodically.
- f. Carry out duties as counterpart in coordinating with external auditors and other supervisory institutions.
- g. Conduct a special inspection, if necessary.
- h. Conducting advisory consulting services, generally organized on the basis of specific requests from clients. The nature and scope of consultancy services is based on an agreement with the client. In the implementation of consulting services, Internal Audit should always maintain independence, objectivity and not accept/take over management responsibilities. The management responsibilities include but are not limited to:
 - client operations.
 - any decision-making by the client based on the results of consultation activities.
- i. Conduct analysis, assessment, recommendation, consultation and report submission of all activities undertaken in accordance with:
 - Internal Audit Professional Standards,
 - International Professional Practices Framework (IPPF),
 - Applicable laws, rules and regulations,
 - Other rules that bind the Company such as Management Systems, Directors Decisions, Manuals, Work Instructions.
- j. Make Report of Inspection Result and submit the report to the President Director and Board of Commissioners cq. Audit Committee.
- k. Implementing Internal Audit of Semen Padang Management System (SMSP).
- l. Coordinate, cooperate and work in partnership with the Audit Committee in performing their respective roles and functions in accordance with applicable regulations.

Provide suggestions for improvements and objective information about audit activities at all levels of management

REALIZATION OF AUDIT

No	Audit Topics	Implementation	Status
A	Audit based on Internal Audit Work Plan (RKIA)		
1	Accounting & Financial Audit	July – September	Completed
2	HR Audit	March – May	Completed
3	CSR Audit	February – April	Completed
4	Marketing Audit (Sales & Distribution and Transportation)	March – June	Completed
5	Production Maintenance Audit	February – May	Completed
6	Procurement & Inventory Management Audit	July – December	In progress
7	Inventory & Petty Cash Stock Opname	Quarter I, II, III, IV	Completed
8	Audit of Indarung VI Project	September – December	In progress
9	Analytical Review	Quarter I, II, III	Completed
10	ICoFR	Quarter I, II, III, IV	Completed
11	Audit of Management System Period I & II	March – May October – December	Completed
B	Non RKIA Audit/Special Audit		
1	Supporting Warehouse Audit	May – July	Completed
2	Audit of Project of Jalan Baru Tambang	March – May	Completed
3	Operational Audit of Wisma Indarung	June – August	Completed
4	Evaluation of Warehouse Goods	July – August	Completed
5	Audit of PP Lampung	November – December	Completed
C	Assessment		
1	Assessment of Good Corporate Governance (GCG)	November – December	In progress
2	Assessment of Internal Control System (SPIP)	November – December	In progress
3	Assessment of Risk Management (MR)	November – December	In progress

AUDIT FOLLOW UP

Audit follow-up is reported by the Auditee with the supporting evidence to the Head of Internal Audit, which is then forwarded to the audit team. The follow-up will later be declared as completed (closed) or “follow-up completed” after being verified by the audit team and monitoring staff. The follow-up that has not been completed will be reminded by email by monitoring staff. Slightly different from the management system internal audit, the follow-up settlement process is performed in the following time period:

- Major findings completed within 30 working days.
- Minor findings completed within 45 working days
- Observations completed until the next audit

Major findings shall be completed within 30 working days and minor findings within 45 working days

INTERNAL DEVIATIONS

During 2016, Semen Padang has been consistently conducting dissemination of fraud which includes gratification, misuse of authority and Whistle Blowing System. The positive impact displayed is the compliance of all employees of Semen Padang as evidenced by the number of irregularities within the last four years.

GOOD CORPORATE GOVERNANCE

No	Internal Deviation	Total Findings				Total Findings Followed Up			
		2013	2014	2015	2016	2013	2014	2015	2016
1	Gratification	0	0	0	0	0	0	0	0
2	Misuse of authorities	0	0	0	0	0	0	0	0
3	Mark Up	0	0	0	0	0	0	0	0
4	Corruption	0	0	0	0	0	0	0	0

SUBMISSION OF PERIODICAL REPORTS IN 2016

Each audit report is directly submitted to the chief executive and the party being audited (auditee) accompanied by a follow-up plan and the deadline for closing findings. Internal Audit activity report is prepared monthly submitted to the President Director as an accountability report for the results of the internal audit activity. Submission of Internal Audit

// The External Auditor is responsible for submitting an opinion on the compliance of the Financial Statement under the generally accepted Financial Accounting Standards //

activity report to the audit committee is also prepared on a monthly basis.

EXTERNAL AUDITOR

In ensuring the integrity of financial statements to shareholders and all stakeholders, Semen Padang utilizes the services of an external auditor. The appointment of an external auditor to audit the Company's Financial Statements is made by the Annual General Meeting of Shareholders based on the recommendation from BOC and Audit Committee. External auditors are responsible for rendering an opinion on the Company's audited Financial Statements based on the generally accepted Financial Accounting Standards.

APPOINTMENT OF EXTERNAL AUDITOR

Based on the General Meeting of Shareholders (GMS) on May 11, 2016 relating to the approval of the appointment of Public Accounting Firm (KAP) that will conduct the general audit on the Financial Statements of the Company and the audit of Financial Report of PKBL, the GMS reappointed KAP Osman Bing Satrio & Eny, (a member firm of Deloitte Touche Tohmatsu Limited) to audit the Consolidated Financial Statements of the Company and PKBL 2016. The external auditor appointed should not have any conflict of interest with the organs of the Company and is responsible for rendering an opinion on the compliance with the applicable accounting standards.

The audits of Financial Statements 2016, 2015, 2014, 2013 and 2012 are performed by following Accountant and KAP:

Fiscal Year	Accountant	KAP	Audit Scope	Audit Opinion
2016	Muhammad Irfan Izin No.AP.0565	Osman Bing Satrio dan Eny (member of Deloitte)	Consolidated Financial Statements PKBL Fund Annual Report	Unqualified opinion
2015	Muhammad Irfan Izin No.AP.0565	Osman Bing Satrio dan Eny (member of Deloitte)	Consolidated Financial Statements PKBL Fund Annual Report	Unqualified opinion
2014	Muhammad Irfan Izin No.AP.0565	Osman Bing Satrio dan Eny (member of Deloitte)	Consolidated Financial Statements PKBL Fund Annual Report	Unqualified opinion
2013	Muhammad Irfan Izin No.AP.0565	Osman Bing Satrio dan Eny (member of Deloitte)	Consolidated Financial Statements PKBL Fund Annual Report	Unqualified opinion
2012	Moch. Dadang Syachruna Izin No.AP0697	Purwanto, Suhermandan dan Surja (member firm Ernst dan Young)	Consolidated Financial Statements PKBL Fund Annual Report	Unqualified opinion

EXTERNAL AUDIT FEES

TABLE OF AUDIT FEES FROM 2012-2016 (IN MILLION RUPIAH)

Type of Audit Fees	For the Years then Ended 31 December		
	2014	2015	2016
Audit Fees for Financial Statements	1,320	1,320	1,360.8
Audit Fees for PKBL	195	204.75	215.78

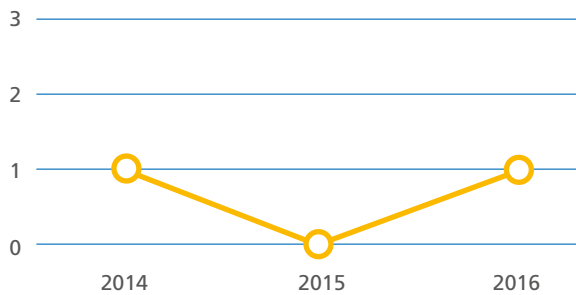
Notes: Audit fees for PKBL 2014, 2015 and 2016 include AUP (Agreed Upon Procedure).

- For 2012, all of KAP audit findings (5 findings) have completed their follow-up actions (progress 100%).
- For 2013, all KAP audit findings (5 findings) have completed their follow-up actions (progress 100%).
- For 2014, the audit finding from KAP (1 finding) has completed its follow-up action (progress 100%).
- For 2015, there are no findings on the audit conducted by KAP.
- For 2016, the audit finding from KAP (1 finding) has completed its follow-up action (progress 100%).

FOLLOW-UP ON FINDINGS FROM EXTERNAL AUDITOR

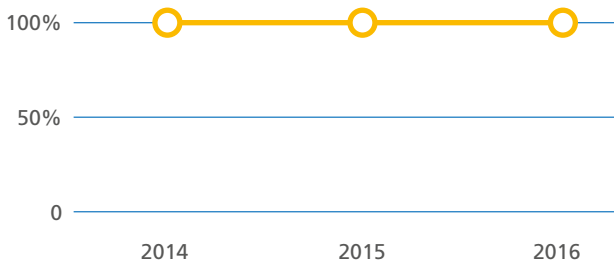
The trend in the number of findings from KAP within the last 5 (five) years are shown in the chart below:

TRENDS IN THE NUMBER OF FINDINGS FROM KAP



Follow-ups made by Semen Padang on the findings made by external audit are available in the graph below:

PROGRESS ON FOLLOW-UP OF KAP FINDINGS



Implementation of risk management can increase shareholder value, while providing a comprehensive picture to stakeholders

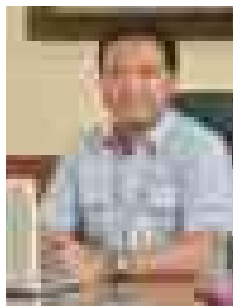
RISK MANAGEMENT REPORT

The Company is continuously developing and improving the framework of its comprehensive risk management system to protect the Company from risks that may adversely affect the achievement of the Company’s goals. Risk management is conducted to anticipate any potential financial pressure and protection against major losses. Each unit in the Company should perform identification, measurement, monitoring and reporting of risks potentially leading to the failure in achieving the Company’s goals.

The implementation of risk management could increase shareholder value, and at the same time also provide comprehensive picture to stakeholders and management of the Company pertaining to the potential opportunities and losses, thereby allowing decision makers and internal policy makers to receive available data and information concerning the Company’s performance which enables effective and efficient decision making process.

GOOD CORPORATE GOVERNANCE

PROFILE OF HEAD OF GCG AND RISK MANAGEMENT



Ghufron Vebrianto Gunawan, ST MM

Head of GCG and Risk Management Bureau

Indonesian citizen, domiciled in Padang. Born in Pemekasan on March 10, 1978, aged 38 years old. He completed his Bachelor degree from Surabaya’s Institut Technology 10 Nopember Surabaya (2001) and Magister Management in UPI YPTK year (2013). He began his career as a staff in the Department of Supplies (2005 to 2009), ever served as head of spare parts and components (2009 to 2013), staff of Performance Management Analysis Bureau (2013 to 2016 and Head of GCG & Management risk Bureau (2016 - present).

1. Following up the 29 recommendations from Risk assessment Maturity Level (RML) results in 2015 in cooperation with BPK Representative of West Sumatra Province;
2. Conducting self-assessment of Risk Maturity Level (RML) in 2016 in cooperation with the Internal Audit and accompanied by BPK West Sumatra;
3. Improving the web-based risk management application in cooperation with the information system unit;
4. Conducting ISO 31000 training to all risk owners in the work unit;
5. Mapping the risk identification/risk register
6. Mapping the risks in all units into a Corporate Risk mapping which is controlled at corporate level. Review Program and Risk Management Clinic are performed on an ongoing basis to identify the developments of risk management implementation and to ensure that the risks have been identified, risk register and risk mapping have been updated to monitor that the controls have been properly executed;
7. Assessing the risk of procurement contracts whose values exceed Rp 5 billion with a total of 104 contract risk reviews.

“The implementation of risk management in Semen Padang refers to ISO 31000”

RISK MANAGEMENT FRAMEWORK

Enterprise Risk Management (ERM) is a comprehensive risk management approach to improve the Company’s ability in managing uncertainties and maximizing opportunities. ERM implementation for all functions in all levels of the organization has adapted the ISO 31000 standard of Risk Management. A number of implementation have been conducted in 2016 as the commitment of the Company’s management to the implementation of Risk Management such as:

RISK MANAGEMENT FRAMEWORK



IMPLEMENTATION OF RISK MANAGEMENT POLICIES

Implementation of risk management at Semen Padang refers to ISO 31000 as stipulated in the Technical Guidelines of Risk Management and other provisions and supported by the System Operating Procedure (SOP) for the implementation.

In ensuring effective risk management mechanism, in addition to defining clear functions, Semen Padang constantly improves the quality of the procedures, guidelines and manuals of risk management. Semen Padang maintains risk management policies and procedures, including:

1. Corporate Policy No. KB/PSM/001 Revision 05
2. Technical Guidelines of Risk Management No. PD/HKM/005
3. Risk Management SKD 2015
4. Procedures of Risk Contract Preparation No. PR/PGW/305
5. Risk Management Assessment and Control Procedure No PR/GCG/176

All the risk of work units in Semen Padang is identified by risk owner using online application

RISK MAPPING OF SEMEN PADANG IN 2016

To minimize the risks, all risks in business units of Semen Padang are identified by the risk owners by using online applications. The use of the application is to monitor the risk mitigation for all identified risks. The following table depicts the risk mapping of Semen Padang in 2016:

TABLE OF RISK MAPPING OF SEMEN PADANG IN 2016

No.	Unit	Status	Risk Level			
			Low	Medium	High	Extreme
1.	Internal Audit	Approved	9	15	0	0
2.	Mining Department	Approved	0	2	10	0
3.	Production II/III Department	Approved	1	6	4	0
4.	Communication & Public Facilities Department	Approved	3	4	2	0
5.	Legal & GRC/MR Department	Approved	12	0	1	0
6.	Sales Department	Approved	8	3	8	0
7.	Distribution & Transportation Department	Approved	14	25	9	2
8.	Production IV Department	Approved	38	26	28	0
9.	Procurement Department	Approved	5	21	13	1
10.	Plant Engineering Department	Approved	7	10	14	0
11.	Quality Assurance & SHE Department	Approved	12	6	2	0
12.	Accounting & Finance Department	Approved	7	101	13	1
13.	Human Resources Department	Approved	3	22	1	0
14.	Strategic Projects	Approved	0	8	4	0
15.	Production V Department	Approved	5	25	30	0
Total			124	274	139	4

RISKS ENCOUNTERED AND RISK MANAGEMENT EFFORTS

The risks encountered by the Company in managing its business activities and the efforts made by Semen Padang to mitigate the current risks include the following:

Strategic Risk

Strategic risk relates to the delay in projects. The risk mitigating efforts include planning and providing the resources needed for the smooth running of projects.

Financial Risk

Financial risk relates to the increasing level of doubtful accounts. The Company performs mitigating efforts by preparing optimal and comprehensive analysis to minimize the potential risks of doubtful accounts in the future.

Legal Risk

Legal risk relates to the risks pertaining to legal proceedings. By mitigating such risk, the Company at all times makes efforts to comply with the prevailing rules and regulations.

GOOD CORPORATE GOVERNANCE

Social Risk

Social risk relates to the risks pertaining to claims from surrounding community near the Company's factory. By implementing and optimizing CSR programs, the Company expects to incorporate the community and build harmonious and sustainable relationship.

MONITORING OF RISK MANAGEMENT

To ensure that risk management has been effectively conducted, the Company considers it necessary to monitor the application of risk management for the purpose of:

- Context definition
- Identification
- Analysis
- Evaluation
- Control
- Monitoring and Review

// Result of assessment on risk maturity level in 2016 scored 3,95, or in the category of "managed"



EVALUATION OF EFFECTIVENESS OF RISK MANAGEMENT

The Company at all times identifies and evaluates the risks through each risk owner. BOD together with Internal Audit and BOC represented by Audit Committee reviews and devises the strategies of management and mitigation needed. In 2016, the evaluation of the Company's risk management system has been running effectively. The review results serve as recommendations that shall be followed up in the improvements for better risk management system in the future.

MATURITY LEVEL ASSESSMENT (REVIEW RESULTS OF RISK MANAGEMENT SYSTEM IN 2016)

Assessment of Risk Maturity Level is conducted regularly, i.e. once in two years by the External Assessor. The evaluation for the follow-up of such assessment results is made by the Internal Audit which is referred to as self-assessment. At the end of 2016 assessment has been performed for fiscal year 2016. The risk maturity level assessment results for 2016 are as follows:

TABLE OF RML ASSESSMENT RESULTS 2016

No.	Components	Max Maturity	Maturity Level	
			2015	2016
1	Internal Environment	5.00	4.28	3.77
2	Establishment of Targets	5.00	4.28	3.99
3	Identification of Events	5.00	3.66	3.14
4	Risk Estimate	5.00	2.34	4.10
5	Risk Response	5.00	2.82	4.16
6	Control Activities	5.00	4.68	4.67
7	Information and Communication	5.00	4.47	3.44
8	Monitoring	5.00	4.00	4.50
Maturity Level		5.00	3.91	3.95

RISK MANAGEMENT INFRASTRUCTURE

In supporting the operational effectiveness of risk management, Semen Padang has built an application of Knowledge Management Center (KMC). In 2015, the topic of risk management has been uploaded in the application of KMC. The function of KMC Application is to manage the knowledge sharing activities among employees. KMC application contains a variety of topics such as among others the GCG, management system, maintenance of plant equipment, filing systems and others.

RISK MANAGEMENT FOCUS IN 2017

Semen Padang risk management focus in 2017 represents the strategic risks and financial risks which include:

1. Strategic Risk
2. Social Environmental Risk
3. Market Risk

INTERNAL CONTROL SYSTEM

Internal control system is a system that comprises organizational structure, methods and measures to maintain and direct the course of the company to move in accordance with the company's objectives and programs and to encourage efficiency by complying with the management policy.

For the purpose of implementing Good Corporate Governance based on the principles of transparency, accountability, responsibility, independence and fairness, the Board of Directors of PT Semen Padang implements the Internal control system over all activities within the Company. The system covers the planning, implementation, monitoring and accountability in an orderly, controlled, efficient and effective manner so as to give assurance for all stakeholders that the implementation of the company's activities to achieve the Company's objectives has been performed efficiently and effectively, to report provide accountable financial management report, and to secure the Company's compliance with rules and regulations.

FINANCIAL AND OPERATIONAL CONTROL SYSTEM

Internal Control in Semen Padang is performed based on the rules and policies and operational procedures standards prepared and approved by management, as follows:

- Detailed organizational structure, both corporate and departmental organizational structure which discloses the position and duties and authorities of each employee.
- The constantly developing rules and policies are adapted to the Company's conditions.
- Application and enactment of Standard Operating Procedures.

SPIP is a system that directs the Company to be aligned with the Company's goals and programs

CONFORMITY OF INTERNAL CONTROL WITH INTERNATIONALLY RECOGNIZED FRAMEWORK

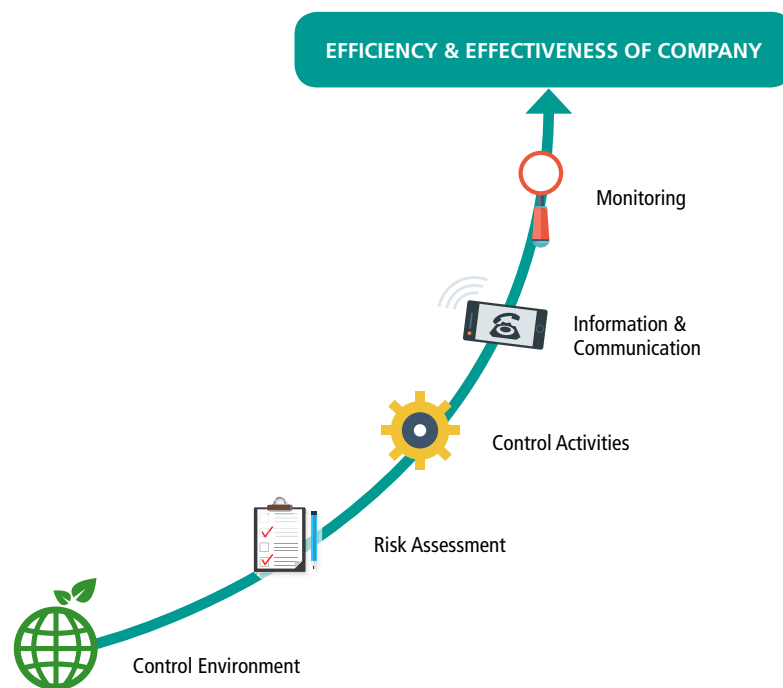
Such Internal Control Policy refers to the internal control framework from Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO framework considers internal control as an integral element in the Company's business processes. COSO framework comprises five elements namely:

1. Supervision by management and establishment of control environment (control environment)
2. Identification and risk assessment (risk assessment)
3. Control activities and segregation of functions (control activities)
4. Accounting, information and communication system (information and communication)
5. Monitoring and corrective actions on non-adherence (monitoring)

Accordingly, the Company established its internal control scheme as follows:

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INTERNAL CONTROL SCHEME



// The implementation of the Company's Internal Control System (SPIP) reached a value of 87.66 (very effective) //

EVALUATION AND REVIEW RESULTS OF INTERNAL CONTROL SYSTEMS

The company has conducted self-assessment on the implementation of the Internal Control Systems of Semen Padang. Based on the evaluation made starting from 7 November 2016, it is concluded that the implementation of Corporate Internal Control System (SPIP) reached the score of 87.66 or the level of compliance is very effective whereby the internal control has been integrated which allow rapid changes in accordance with the demands of organizational and operational changes.

Evaluation of the implementation of Internal Control System is conducted by using the method of gathering information through a review of documents, delivery of questionnaires, interviews, and observations. The assessment results show that the level of effectiveness of internal control system in the company is categorized into five (5) categories with a range of score of effectiveness for each as follows:

TABLE OF RANGE OF EFFECTIVENESS SCORE

Level	Range of Effectiveness Score	Effective	Remark
5	> 85	Highly Effective	Internal control has been integrated which allows the changes to be made immediately in line with the demands of organizational and operational changes
4	75<to≤85	Effective	Internal control has been standardized and evaluated periodically
3	60<to≤75	Moderately Effective	Internal control has been implemented and documented but not yet evaluated against the current organizational changes
2	50<to≤60	Less Effective	Internal control has been designed, but still dependent on particular individuals
1	≤50	Not Effective	The Company has realized the importance of internal control, but not having the methods on how to perform such internal control

TABLE OF SPIIP IMPLEMENTATION RESULTS

Level	Components of SPIIP Implementation	Weight	Score	% Effectiveness Level	Effectiveness Level
1	Control Environment	30	24.81	82.71	Effective
2	Risk Assessment	20	18.12	90.58	Highly Effective
3	Control Activities	20	19.09	95.45	Highly Effective
4	Information & Communication	15	13.84	92.24	Highly Effective
5	Monitoring	15	11.81	78.73	Effective
Total		100	87.66	87.66	Highly Effective

The results of the evaluation of the implementation of SPIIP in PT Semen Padang in 2016 are as follows:

1. Control Environment

a. Enforcement of Integrity and Ethical Values

- The company has maintained its comprehensive code of conduct as set forth in the Company's Code of Conduct Revision 02 in 2014 and No. 205/SKD/GRCMR/11.14 on Establishment of Code of Conduct of PT Semen Padang.
- Leaders serve as role models for the implementation of the Code and communicate those to the entire organization, by providing encouragement and motivation in implementing the Culture of CHAMPS.
- Proper discipline actions have been taken to address the irregularities in the implementation of policies and procedures or for violation of Code.
- Leaders have set aside the intention to behave unethically by establishing realistic goal setting, as set forth in the Company's Strategic Plan 2016-2020 Basis 2015 further elaboration in RKAP of business units.

- The company has maintained a Collective Labor Agreement 2016-2018.

Leader provides exemplary on the implementation of Code of Conduct and communicate it to all employee of Semen Padang

b. Commitment to competence

- The management of the Company has analyzed the tasks that need to be performed for a certain work in accordance with the procedure of Preparation Meeting for Monthly Performance No. PR/PGW/289 which sets out that the President Director as chairman of the meeting and Echelon I and related staff will discuss the strategy of initiatives that have and will be taken by business units to achieve their targets.

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- The Company has conducted assessments on all employees to identify the knowledge, skills, and abilities required in each position.
- The company has organized training and guidance to maintain and improve the competence of employees to perform their duties through PT Semen Padang Learning Program in 2016 as stated in the Report of the Internal and External Training.
- The leaders possess managerial skills and experience in managing the Company, as reflected in the curriculum vitae of Directors and Head of Department in the annual report.

// The Board of Directors of Semen Padang implements a performance-based management



c. Conducive leadership

- The management of the Company has implemented performance-based management method based on the Performance-Based Management Technical Guideline of PT Semen Padang No.PD/SDM.024 revision 00.
- The management of the Company has been relying on financial accounting and the data generated by the system for performance evaluation decision-making purposes, by using the information management functions and has considered those as important and has responded to the monitoring results by providing directions to implement the audit result recommendations included in the summary of the Audit Report.
- The leaders understand and participate in the important issues of financial reporting.

d. Establishment of organizational structure tailored to needs

- The organizational structure has been adapted to the size and nature of the Company's operations as stipulated in the Decision of the Board of Directors No. SM.02.02/122/KD/DESDM/11.16

concerning the duties of the employees in echelon I, II, III of PT Semen Padang.

- The Board of Directors has prepared clear responsibilities and authorities as set forth in the Job Description.
 - The Board of Directors has provided clarity on the relationship and the level of internal reporting within the Company, as disclosed in the document No. PR/HMS/035 Rev.08 regarding communication procedures.
 - The Board of Directors has conducted periodic evaluations and adjustments to the organizational structure with respect to the changes in strategic environment.
 - The Company has determined the number of employees in accordance with their competence, particularly for leadership positions.
- e. Proper delegation of authority and responsibility
- The authorities granted to employees have been made in accordance with the level of responsibility and with corporate goals.
 - Employees granted with such authorities have understood that their authority and responsibility are related to others in the Company.
 - Employees granted with such authorities have understood that the exercise of such authorities and responsibilities is related to the adoption of Internal Control Systems in the Company.
- f. Preparation and implementation of sound policies in human resource development
- The Board of Directors has established policies and procedures for human resource development since recruitment process as set forth in SKD 074/SKD/DESDM/03.13 on Requirements for Management Trainee, Technical Trainee, Operator Trainee and Mechanic/Heavy Equipment Operator of PT Semen Padang in 2013, Procedures of New Employee Development as set out in PR/HR/116 Revision 02, and until the dismissal of employees in accordance with the Collective Labor Agreement (PLB) 2016-2018.
 - Leaders have performed adequate periodic assessment for the employees.
- g. Realization of the effective roles of Internal Audit
- Internal Audit of PT Semen Padang has implemented evaluation on the Company's compliance with Corporate Internal Control System.

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- Internal Audit of PT Semen Padang has assessed the adequacy of the implementation of Corporate Internal Control System.
- h. Participation of Board of Commissioners and the Audit Committee
- The Board of Commissioners and the Audit Committee manage their time, expertise and experience to oversee the implementation of GCG and MR as evidenced in their attendance rate to meet the meeting agenda.
 - BOC has participated in the frequency of BOC meetings with the audit committee and internal audit, management, and external audit. BOC and audit committee have had meetings with Internal Audit and Management/Board of Directors on a regular basis.
 - Audit Committee discussed the scope of work of internal audit and external audit on a regular basis which has been documented in the minutes of meeting.

2. Risk Assessment

- a. Decision of the Company's overall objectives
- The Board of Directors has established the corporate goals, by referring to the regulations.
 - The entire purpose of the Company has been clearly communicated to all employees so that the Company leaders could obtain feedback, which indicates that the communication is working effectively as set forth in the Strategic Planning Procedure PR/PGW/038 Revision 05.
 - Leaders have established operational strategies which are consistent with the Company's strategic plan.
 - In preparing the Company's strategic plan and objectives in 2016-2020, the Company has considered risks, both from internal or external sources.
- b. Goal setting at activities level
- The Board of Directors has established the goal at activities level based on the Company's objectives strategic plans, as set forth in the Guidelines of Semen Padang Management System (SMSP) PD/PSM/001 revision 05 and Strategic Planning Procedures in document PR/PGW/038 revision 05.
 - The purposes set forth at activity levels that have been prepared in RKAP 2016 are complementing and supporting each other and are not against one and another.

- The purposes set forth at activity levels are relevant to all of the Company's main activities.
- The purposes set forth at activity levels have their own measurement criteria as set out in the Corporate KPI's which serve as management contract between the Board of Directors and Commissioners.
- The purposes set forth at activity levels are supported by sufficient resources.
- Leaders have identified the purposes at the activities level that are important for the success of the Company's overall objectives.
- All levels of leadership within the Company are involved in the goal setting process at activity level and are committed to achieving those.

// The Board of Directors uses appropriate risk identification methodologies to identify any events that might hinder the Company's objectives //

- c. Identification of risk
- Leaders adopt appropriate risk identification methodology to identify any events that may hinder the achievement of corporate goals and objectives at the activity level in a comprehensive manner.
 - The risks of external and internal factors have been identified using adequate mechanism.
 - Assessment of other factors that may increase the risk level has been implemented.
- d. Risk analysis
- The risk analysis is performed to determine the likelihood and impact of risks to the achievement of corporate goals.
 - Management adopts the precautionary principle in determining the acceptable risk level

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3. Activities Control**a. Company performance evaluation**

- Leaders have been monitoring the performance achievement (at corporate level) by comparing to the plan as the measurement of performance.
- Leaders have evaluated the performance (at activity level) by comparing to the performance benchmark.

b. Development of human resources

- Management of the Company has clearly and consistently communicated to all employees regarding the Long Term Plan and the Company's Work Plan and Budget.
- The company has developed its complete human resource development strategies in the form of strategic plan, annual work plan and other documents other human resources plans that include updating/evaluation of policies, programs and practices of employees management that serve as a guideline for the Company.

the duties and responsibilities, improving the performance, capabilities, and ability to meet the changing needs in the organization.

- Leaders have conducted succession plan to ensure the availability of employees with the necessary competence.
- The results of the questionnaire show that 93% of the respondents commented that the Company has maintained employee welfare programs.
- The welfare programs among others are set forth in the Corporate Housing Facilities No. PR/HR/223 Revision 02, the work instructions for the Hierarchy of Using Corporate Housing Facilities and Housing Rental Allowance No. IK/HR/848 Revision 01, medical expenses reimbursement procedure No. PR/HR/241 Revision 01, BOD Decision No. SM-04.06/076/KD/DESDM/06.2016 Concerning Work Loyalty Award for 10 years, 20 years and 25 years for employees of PT Semen Padang and BOD Decision No. HK.00.02/082/KD/DESDM/06.2016 concerning Best Employee in Echelon V of PT Semen Padang 2016
- The Company has established guidelines for Corporate Performance Evaluation System Procedures (CPMS) and Employee Performance (EPMS) PR/MON/135 revision 00.
- The Company has established the job requirements and expected performance for each position of leadership, as evidenced by the demonstrated career path.

c. Control over the management of information systems

- The Board of Directors has set the general controls as evidenced by:
 - I. Segregation of duties and responsibilities has been established within the information system organization and the information system users.
 - II. All procedures and operating manuals related to information technology systems have been maintained and documented by the Bureau of Management Systems Management (PSM Bureau) in the online application of documents.
 - III. Controls are available to manage the issues in information systems which include the prevention and mitigation in the Information Systems Security Technical Guidelines PD/Sim/017 revision 01.
- The Company has developed clear job descriptions which set out the target, main responsibility, authority and specifications for each job in the form of educational and competence requirements.
- Leaders have built corporate culture to support the achievement of corporate goals and have socialized those with the establishment of teams of CHAMPS Agents.
- The Company has maintained procedures to ensure that recruited employees have the right competence and can be retained.
- The company has prepared career and competence development program through orientation, training and preparation of work to perform

// The Board of Directors compares performance (activity level) to performance benchmarks



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- IV. Controls of physical security have been made to maintain the physical security of the hardware, software, network infrastructure, and humans as set forth in ICT Governance Guidelines of SMIG.
- Board of Directors has performed the control of its application system as evidenced by:
 - I. The existence control of inputs with the objective to ensure that the data to be entered is correct and error-free prior to the treatment process. The control refers to the Technical Guidance for Information System Security number PD/Sim/017 revision 01.
 - II. The existence control of data processing with the objective to prevent errors that occur during data processing after the data is entered into the system.
 - III. The existence of control in the amount of paper used, which is performed at every stage of process in generating the reports
 - d. Physical control over assets

The Board of Directors has established, implemented and communicated the policies and procedures of physical security over an asset to all employees as evidenced by the following:

 - The Company maintains adequate security system and physical access limit to assets for the risks due to loss, stealing, damage, use without rights such as cash, securities, equipment, inventory, and equipment.
 - Employees who are responsible for keeping the cash and marketable securities will lock them at the locations listed in Cash Management Procedure number PR/KEU/096 Rev.04 and Work Instructions of Petty Cash CSR - IK/KEU/058 Rev.02.
 - Documents to process payments are numbered using systematic form.
 - The employees in charge have physically protected and controlled the access to the validation of the payment in cash by check.
 - Supplies and equipment have been stored and managed in a secure manner by the employee in charge, as set forth in Security Procedures and Work Procedures at Business Unit of PT Semen Padang No. PR/PGW/306 Revision 02 and Procedures of Management of Inventory No. PR/KEU/009 Revision 00 ,
 - The Company has maintained a system of

prevention and protection from fire hazards as set forth in the Procedure of Fire Fighting PR/MON/265, Work Instructions for Handling Explosive Fire at Warehouse IK/TBG/410 Revision 02 and Work Instructions for Monitoring Tool for Fire Early Detection (Fire Alarm) IK/MON/148 Revision 06.

- The management of the company has controlled the access to warehouse facilities with the use of fences, guards and other physical controls as set forth in Security Procedures and Work Procedures at Business Units of PT Semen Padang number PR/PGW/306 revision 02.
- Restrictions have been made on the access to the Company's facility outside working hours as set forth in the Program of Work Safety Unit (PUKP) Bureau of Security Unit.
- Leaders have developed disaster recovery plan (emergency response, rehabilitation and reconstruction) in each department that has been regularly updated and communicated to all employees.

The Management of Semen Padang has developed disaster recovery plan



- e. Establishment and evaluation of indicators and performance measures

Leaders have established and evaluated the performance indicators (KPI and RKAP) and the performance standards/measurements so that performance evaluation could be properly conducted
- f. Segregation of duties

BOD has ensured that all main elements of the transaction or events are not controlled by 1 (one) person only.

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- g. Authorization of transactions and significant events
- Controls are available to provide assurance that only transactions and events that have been authorized in accordance with the Company rules are processed and arranged in the work instructions for each department through a hierarchical evaluation mechanism.
 - Requirements for such authorization have been clearly communicated to managers and employees by the work instructions available in every department.
 - The results of the questionnaire show 94% respondents commented that all the activities have been carried out in accordance with the requirements of authorization.
- h. Accurate and timely recording of events and transactions
- Events and transactions are properly verified and classified and promptly recorded.
 - The process of preparing financial statements is implemented through a proper classification of transactions supported by original documents.
 - For the timely financial reporting purpose, Accounting Dept shall perform adjustments only for corrections with material values.

// The Management has ensured an effective internal and external communication //

- i. Restrictions on access and accountability of resources and recording
- The Board of Directors provides access only to authorized employees in accordance with the predetermined authorization level and performs review on a regular basis.
 - The Board of Directors assigns employees who are in charge of the storage of assets and their safeguarding as well, and performs review of such assignment on a regular basis

- j. Good documentation for the controls of events and transactions

The Board of Directors has owned, managed, maintained, and regularly updated the documentation that covers the entire internal control system as well as transaction and milestones of events

4. Information and Communication

a. Information

- Information from internal and external sources are obtained and submitted to the leadership of the Company as part of the reporting within the Company with regard to the achievement of operating performance to accomplish the established goals.
- The related information has been identified, obtained and distributed to the parties concerned.
- Meeting Preparation Procedures for the Company Monthly Performance PR/PGW/289 01 established that business units provide the meeting materials related to each unit to be discussed during the monthly meeting.
- Information has been provided in accordance with the needs in each level of management in the Company.
- Information to the Board of Directors has been prepared in summary and accompanied with sufficient supporting data to be checked in details as necessary.
- Information is provided on a timely basis so that the events, activities and transactions can be monitored to take corrective actions promptly.
- Operational and financial activities have been performed by each department to report the operational and financial performance as the reference to measure the achievement of the Company's annual performance plan.
- Sufficient financial and budget information has been provided to support the preparation of internal and external financial reporting.

b. Communication

Management of the Company has ensured the establishment of internal and external communications in an effective manner which has a significant impact on the programs of projects, operations, and other activities, including budgeting and funding.

c. Form and Means of Communication

- The Board of Directors has been using various forms and means of communication to discuss

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important information to employees and others.

- Leadership supports the development of information technology by showing its commitment to provide adequate staff and funding towards the development effort.

5. Monitoring

a. Continuous monitoring

- Leaders have developed strategies to ensure that effective and continuous monitoring will trigger a separate evaluation at the time such issue is identified or when the system is in critical stage, and at the time the periodic testing is required.
- In the process of performing their routine activities, employees will get information concerning the effective functioning of internal control.
- Communication with external parties can improve the quality to data generated or can indicate problems in internal control.
- The organizational structure and adequate supervision can help supervise the internal control function.

b. Separate evaluations

Scoping and frequency of separate evaluation in the annual audit plan have been made by considering the results of the risk assessment and the effectiveness of controls of the auditee.

c. Completion of the audit

- The Company has maintained a mechanism to ensure the follow up of audit findings or other evaluation on an immediate basis.
- The Company has followed up the findings and recommendations of audits and other evaluations in an appropriate manner.

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICoFR)

Internal Control over Financial Reporting (ICoFR) is a process that is under the supervision of Chief Executive Officer and Director of Finance and relevant business units that are performed by management and other personnel to provide reasonable assurance regarding the “reliability” of financial reporting and preparation of financial statements to external parties in accordance with generally accepted accounting principles.

In this context, “reliability” means free from material misstatement. The reliability of financial statements implicitly requires accurate accounting records, correct classification

and timing, and all other aspects of financial reporting controls. Testing is undertaken to ensure the effectiveness and implementation of internal controls in order to provide reasonable assurance of the reliability of financial reporting.

ICoFR is a process under the monitoring of the President Director, Financial Director and related units

In accordance with the stages in the implementation and development of ICoFR, there are four stages of the process described as follows:

ICoFR SCHEME PROJECT

No	Process	Stages	Output
1	Identification	Selection of Priority Elements	Top Down Risk Assessment
2	Mapping	<ul style="list-style-type: none"> • Documentation of Process of High Risk Account • Identification of Risk Sources • Control Documents 	Mapping of Major Business Process
3	Design	<ul style="list-style-type: none"> • Building Risk Control Matrix • Building Audit Strategy • Building Audit Program 	<ul style="list-style-type: none"> • Risk Control Matrix • Audit Strategy • Audit Program • Format of Audit Working Papers
4	Testing		<ul style="list-style-type: none"> • Audit Working Papers • Summary of ICoFR Test

For the implementation of ICoFR 2016 testing, the Company refers to the Risk Control Matrix (RCM) which are high risk and medium risk in nature with a total of 316 controls to be tested, with the testing areas on revenue cycle, inventory and production, expenses, fixed assets, payroll and personnel, taxation, and the Financial Closing and Reporting.

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Based on test results ICoFR in 2016, the 316 controls being tested can be explained as follows:

1. There are 268 controls or 85% of the controls whose implementations have been made in accordance with RCM or effective
2. There is one control or 0.3% of the controls which has not been implemented in accordance with RCM due to the access usage which is not in accordance with the relevant user list.
3. There are 47 controls or 14.9% of the controls which could not be tested due to several conditions, such as the absence of transactions/activities related to the control totalling 22 controls or 7%, changes in business processes resulting to irrelevant testing based on the RCM totalling 7 controls or 2%, and there is a business process that is no longer performed or totalling 18 controls or 6%.

Based on the results of ICoFR conducted in 2016, the overall internal control over financial reporting is effective.

/// Semen Padang's policy regarding access to Company information and data refers to the Law of the Republic of Indonesia no. 14 of 2008 ///

SIGNIFICANT EVENTS IN 2016

Since February 7, 2014, the Company has started legal proceedings by filing a Lawsuit against PT Berkala International and PT Eksplorasi Mantap Indonesia at Central Jakarta District Court registered under No. 273/Leg.Srt.Kuasa/PN.JKT.PST and No. 49/PDT.G/2014/ PN.JKT.PST, respectively, to settle for the payment for material and immaterial damages. The status is still being settled until the end of 2016. The risks faced by the Company in these cases are legal risks related to legal matters and financial risks related to legal expenses during the legal process.

Subsidiaries and BOC and BOD members who serve during the annual report period are not involved in any legal proceedings in 2016.

Semen Padang is not under any administrative sanctions imposed on the Company and BOC and BOD members by related authorities (capital market, banking and others) in 2016.

ACCESS TO CORPORATE INFORMATION AND DATA

To implement transparency principle, Semen Padang is committed to providing access to corporate data and information that should be easily accessible and known by the public both externally and internally. Externally, corporate data is accessible through printed and electronic media, while internally the Company provides information access through Internal Communication Forum.

The policy of Semen Padang concerning access to corporate data and information refers to the Law of the Republic of Indonesia Number 14 of 2008 on Public Information which states "the disclosure of Public Information is a tool for optimizing public scrutiny over the conduct of governance in the government of other public entities and all matters which have impact on public interest".

Currently the information and data concerning Semen Padang are accessible for public via website, print media, internal communication forums and electronic media.

CORPORATE WEBSITE

Semen Padang has provided various types of corporate data and information grouped into seven parts, namely company profile, products, distributors, news, technical services, call us feature, and e-paper. Under Company Profile, public may access information pertaining to the history, vision, mission, policy, management, production, achievement, guidelines, and annual reports.

Information concerning the Company's products and their specifications is available under Product section. Under Distributor section, the Company has published information concerning the distributors in 13 provinces. Public can also access the press release, corporate activities related to CSR and Employee Communications Forum of Semen Padang (FKKSP), and the announcement under News section.

Information presented in the portal of Semen Padang website is concerning the exposure to the Company's activities, covering all internal and external activities. It also provides information concerning policy, annual report, organizational structure, product information, customer service and other information to reflect corporate governance based on the principle of transparency.

The following are means of communication of Semen Padang:

1. Website : [Http://www.semenpadang.co.id](http://www.semenpadang.co.id)
2. Facebook : PT Semen Padang
3. Twitter : @semenpadang
4. Instagram : @semenpadang1910
5. Youtube : PT Semen Padang

Electronic Media

Semen Padang maintains three electronic media as a means of communication for corporate data and information including TV, radio in the form of ad lips/radio spots, company info and talk show. Such cooperation represents among others the Company's accountability and transparency to its stakeholders. They include among others Classy radio 103 FM.

Printed Media

Semen Padang provides information to the shareholders and stakeholders in the form of print media including newsletters, website and others. Through those media, all activities of Semen Padang that need to be known by shareholders and stakeholders and public could be easily, quickly, and effectively accessed.

Internal Communications Forum

Semen Padang provides communication channel as a tool for discussion among employees and management through Semen Padang Labor Union (SPSP) which is conducted under a mutual agreement.

KEY PERFORMANCE INDICATORS (KPI) OF DEPARTMENT OF LEGAL & GRC/MR

On a regular basis, Semen Padang annually sets the performance targets for the Department of Legal & GRC/MR which represents the supporting organ of the Company with KPI as follows:

TABLE OF KPIS FOR DEPARTMENT OF LEGAL & GRC/MR

KPI	Target of RKAP 2016	Realization of RKAP 2016
Risk Maturity Level	3.95	3.95
BSC Agenda Implemented	100%	100%
GCG Index	88	86
Contribution of APLP & A to PTSP	9.5%	10.76%
IQA Score	70%	94%

As a reflection of the Company's management based on GCG implementation, every six (6) months the Company evaluates the achievement of KPIs from Department of Legal & GRC/MR with the aim of creating more transparent management in the Company.

Semen Padang establishes a Code of Conduct Code that must be implemented by all Company personnel

CORPORATE CODE OF CONDUCT

CODE OF CONDUCT

As its commitment to create GCG as the core culture of the Company, Semen Padang established GCG that must be adhered by all of the Company's personnel. Code of Conduct serves as a basis to establish and govern the consistent

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behavior based on the principles of ethical sensibility, ethical reasoning and ethical conduct as part of the efforts to develop high integrity.

PURPOSE OF CODE OF CONDUCT

The preparation of Semen Padang Code of Conduct is aimed to:

1. Serve as a practical and behavioral guideline for each employee, subsidiary and affiliate and other stakeholders need to adhere to during their daily interactions with all parties, and serve as the basis for reasoning during the decision making process.
2. Ensure the operation of the business activities in a good and proper manner within the norms and ethics based on the prevailing regulations.
3. Serve as a tool to create harmonious, synergetic and mutually beneficial relationship between stakeholders and the Company.
4. Serve as a tool to create healthy and comfortable working environment in the Company and minimize potential deviations.
5. Serve as one of guidelines in managing and developing corporate values which in turn would enhance corporate image.

// The Code of Ethics is a practical guide and a code of conduct for every employees, Subsidiaries and Affiliates //

CONTENTS OF CODE OF CONDUCT

Semen Padang Code of Conduct sets forth the policy pertaining to behavior, various types of violations, violation reporting mechanisms and penalties for violations. Code of Conduct governs the matters which serve as the responsibility of the Company, individuals within the Company and other parties doing business with the Company.

Scope of code of conduct which represents the responsibility of the Company, individuals in the Company, and other parties conducting activities in the Company includes the following:

1. Corporate Business Ethics
2. Corporate Code of Conduct
3. Implementation of Corporate Code of Conduct

Code of Conduct of Semen Padang fully governs the following matters:

1. Behavior
Serving as a guideline for behavior for the Company's personnel in terms of interaction, behavior and actions according to the norms and ethics based on prevailing regulations.
2. Socialization
Providing guidelines and elaborating the Code of Conduct to all employees and other stakeholders.
3. Violation of Code of Conduct
Disclosing the violations against the Code of Conduct already established by the Company.
4. Violation Reporting Mechanism
Disclosing the reporting procedures against violation of the Code of Ethics.
5. Gifts and donation
Disclosing the procedures for receiving and giving gifts and donation which may lead to conflict of interest and/or decline in public confidence in the integrity of the Company.
6. Compliance
Representing the statement regarding the acknowledgement and willingness to comply with the Code of Conduct.

Basic rules covered in the Business Ethics of the Company with critical aspects on the operational activities include among others:

1. Ethics in dealing with stakeholders.
2. Concerns for the environment, health and safety.
3. Compliance with regulations
4. Fair employment opportunities.
5. Hospitality, gifts and donations.
6. Intellectual property rights.
7. Competition Ethics.
8. Employment Ethics.
9. While the Work Ethics that all individuals must adhere to include the following:

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- a. Integrity and Commitment
- b. Abuse of position
- c. Ethics related to management and fellow employees
- d. Confidentiality of Information
- e. Insider trading
- f. Protection and the efficient use of assets
- g. Corporate image
- h. Involvement in the abuse of alcohol
- i. Drugs

Giving and Receiving Gifts and Donations

Provisions for giving and receiving gifts and donations in Semen Padang as set out in the Code are as follows:

1. It is prohibited to accept, ask for a gift or a donation that may impact or influence the decision-making process and give rise to inappropriate opinion. The exceptions to this include receiving promotional items perceived as not having any impact and creating undue influence on the decision-making process;
2. It is prohibited to allow or agree to receive gifts or rewards or presents from other parties involved with the purpose of receiving favorable treatment or obtaining facilities relating to the Company's activities;
3. It is prohibited to give or offer something, either directly or indirectly, to officials of the State and or individuals representing the business partners, which may influence the decision-making process;
4. It is prohibited to give donations to political parties or one or more candidates of legislative and executive parties in accordance with the prevailing regulations;
5. In the event that another party provides gifts or rewards which are perceived as having impact and/or influencing the decision making process and or the value of gifts or rewards is equal to or greater than 1,000,000, - (one million rupiahs) or its equivalent, then the recipient is required to:
 - Return them based on the prevailing ethics.
 - Report to their immediate/indirect supervisors, if for any reason the gift or reward is not refundable. Accordingly, the gift or the reward shall be kept by

Department of Legal & GRC/MR as the Compliance Officer for GCG implementation, then the gift shall be used as door prize for the Company's special events, and donated for public interest.

6. Each of the Company's personnel is required to sign Annual Statement of Compliance

Competition Ethics

Semen Padang Competition Ethics in its Code of Conduct governs the following matters:

1. Not performing any activities in marketing, procurement, agreement or cooperation agreements against the prevailing regulations.
2. Not making any bribery for commercial purposes (commercial bribery).
3. Being meticulous and honest in interacting with customers, and providing the correct information regarding the quality, aspects, and the availability of goods and services.

// The Code of Ethics prohibits to allow or approve to receive gifts or rewards from other parties related to the purpose of obtaining convenience or facilities



Ethics in Relation to Stakeholders

By understanding the values of stakeholders, Semen Padang expects to make good corporate governance as its core culture and to cultivate these values in every interaction with stakeholders. By referring to the Guidelines of Corporate Ethics, the behavior towards stakeholders is displayed as follows:

GOOD CORPORATE GOVERNANCE

TABLE OF ETHICS TOWARDS STAKEHOLDERS

Stakeholders	Ethics towards Stakeholders
Customer	Semen Padang strives to be the best choice for its customers. All business activities are conducted fairly based on equality and professional attitude and best services to create long-term relationship that is mutually beneficial for both parties.
Shareholder	Semen Padang protects the rights of Shareholders to be resolved in the General Meeting of Shareholders (GMS), the right of shareholders to obtain material information in a timely and orderly manner, including but not limited to the full explanation and accurate information with respect to the GMS and the rights of Shareholders to receive their portion of profit sharing based on the Articles of Association and the prevailing regulations.
Company's employees	In the decisions regarding acceptance of hiring of employees, Semen Padang must have written rules or regulations that clearly govern the recruitment system and the rights and obligations of employees. The aspects governed include but not limited to the matters pertaining to salary, training, a career path, and terms of employment, regardless of ethnic background, race, religion, gender, or other special conditions which are protected by the prevailing rules and regulations. Semen Padang also strives to create work safety which is free from any forms of pressure or intimidation that may arise resulting from the differences in characters, personal condition and cultural background.

Confidentiality of Information

Semen Padang Confidentiality of Information governs the following:

- Each of the Company's personnel is responsible for taking appropriate measures to ensure that the information has been protected commensurate with their corresponding business values and risks.
- The company guarantees access to information for the parties conducting their inspection tasks related to their duties.
- The Company implements its data storage policies in all forms of archives for a certain period, in accordance with prevailing regulations and supported by a complete recording system.

- The Company maintains an internet network to support the Company's progress toward achieving business objectives. Each employee is responsible for avoiding Internet sites that are conflicting with moral and ethic values and avoiding the use of Internet sites for personal purpose. The Company reserves the right to monitor and check the records of internet activities and to block the sites that are offensive, racist, unlawful, offensive with regards to religious belief or race/ethnicity or gender, and non-business related.

Every Employee is required to keep Confidential Information and shall not abused it for personal, family, or other benefits

- The company operates and maintains the electronic mail (e-mail) system to facilitate internal and external business communications. Each company's personnel shall wisely use electronic mail for personal purposes and/or for any purpose which may disrupt the Company's operations, or may be offensive to others, or violate the Company's policy and the laws.
- The Company governs the procedures for access to files or programs, either already computerized or not.
- Each employee is required to maintain the Confidential Information or the Company Trade Secrets and shall not use them for personal interest, family interest, or other parties interest.
- Information concerning the Company's business activities or trade secrets is not allowed to be disseminated to third parties, except by and on behalf of the Company in accordance with internal policies and procedures that have been pre-established, and not conflicting with the prevailing regulations.

Each of the Company’s personnel shall avoid the dissemination of information pertaining to:

1. The Company’s strategic and confidential activities with Indonesian government, both central and local governments.
2. Internal policies and working procedures, which are not related to parties outside the Company,
3. Information System Management and data and reports that are not related to outside parties.
4. Strategies devised between the Company and its customers and partners.
5. Prohibited use of internal information in order to purchase or trade securities for personal interest, family interest or other parties interest, unless such information has already been made public.

DISSEMINATION AND INTERNALIZATION OF CODE OF CONDUCT

Dissemination of implementation of code of conduct is at all times provided to all employees, starting from management to operations through various media in the Company, including the utilization of information technology media accessible for all employees at any time.

Semen Padang performs the dissemination in an effective and comprehensive manner in the following steps:

1. Disseminate the Code of Conduct to all levels within the Company, Customers and Partners on a periodic basis through the distribution of the Company’s Code of Conduct, the signing of the annual declaration by the Board of Commissioners, Board of Directors, all employees and Partners and presentation of materials pertaining to Code of Conduct.
2. Evaluate the achievement or the level of understanding in all personnel of the Company, both during the orientation period and during the years of service.
3. Regularly assess the points of the Code of Conduct for the purpose of further developments.

INTEGRITY PACT

To build a culture of compliance throughout the organization, Semen Padang distributes the Annual Statement of Compliance for BOC, BOD and the Board of Commissioners, Directors and all employees in order to perform the ethical standards established by the Company. The statement is also signed by the husband/wife and immediate supervisor concerned. Accordingly, Code of Conduct is applicable for all individuals in the Company, starting from BOC, BOD, and

employees as work culture in the daily operational activities. The adoption of such ethical values has become a part of compliance within the implementation of GCG.

REWARD AND SANCTIONS FOR VIOLATION OF CODE OF CONDUCT

Code of Conduct is implemented by the Department of Legal & GRC/MR and HR. For employees who adhere to the Code of Conduct, Semen Padang appreciates such compliance by providing rewards to the best employee in the form of haji pilgrimage/umrah or other religious trips for other religions other than Moslem.

Implementation of Company Code of Ethics is done by Department of Legal & GRC/MR and Human Resources

Meanwhile, to create deterrent effect to the employees, for those who violate the provisions of the Code of Conduct, the Company will impose sanctions on those, among others in the form of warning and demotion.

TOTAL BREACHES OF CODE OF CONDUCT AND FOLLOW-UPS

In 2016, Semen Padang has taken disciplinary actions to its employees with details as follows

Type of Violation	Total Violation
Minor	10
Medium	2
Severe	0

Each breach is evaluated and followed-up to minimize the recurrence of similar breaches in the future.

GOOD CORPORATE GOVERNANCE

DISSEMINATION AND IMPLEMENTATION OF CORPORATE CULTURE

To disseminate corporate culture, the Company publishes posters, banners, and the pocket books of "CHAMPS-Semen Padang Corporate Culture" which have been distributed to all employees. In addition to the details of corporate culture, the book also provides examples of actions that should be conducted (the Do's) and should not be conducted (the Don'ts) so that the activities performed by all employees could reflect the desired outcome in corporate culture.

BREACH REPORTING SYSTEM

Semen Padang updates its Whistle Blowing System (WBS) hereinafter referred to as 'WBS Policy' which was originally conducted in a manual system (in a mailbox). Such update is designed to create a conducive climate and to encourage the initiatives of all parties to report any alleged violation which could be detrimental to financial and non-financial aspects.

// Semen Padang provides media for whistleblowing through <https://wbs.semenpadang.co.id>
//

WBS policy has been implemented since 22 July 2014. The provisions are governed under Technical Guideline No. PD/PSM/21 on Fraud Control Program (FCP) and BOC decision letter No.15/DK/Kep/I/2014 concerning Whistle Blower procedures. By governing the whistleblowing procedures, Semen Padang aims to:

1. Establish a policy and infrastructure to protect whistleblowers from retaliation from both internal and external parties.
2. Reduce losses due to breaches through early detection.
3. Improve the effectiveness and facilitate the handling of reports and protect the confidentiality of the whistleblower.
4. Improve the Company's reputation.

SCOPE OF WBS POLICY

The scope of WBS policy governs the unit manager, confidentiality and protection of whistleblowers, reporting procedures, and sanctions. The issues that can be reported under the WBS Policy include corruption, misuse or misappropriation of assets and manipulation of reports made by the Company's personnel.

WBS Structure

By considering that the policy of WBS is part of the Company's control in preventing fraud, the Company requires independence in its adoption.

Accordingly, the structure of WBS management is under the Board of Commissioners, with details as follows:

1. Board of Commissioners is in charge of the WBS.
2. Audit Committee is the executive conducting the program immediately reporting to the Board of Commissioners
3. Clarification Team serves as the team responsible for clarifying cases already reported by the whistleblower and for conducting the investigative audit if necessary, establishing Investigative Audit Team as well.
4. WBS Officer is responsible for managing the administrative matters of WBS and is appointed by and reporting to the Audit Committee.

WBS REPORTING MECHANISM

Semen Padang ensures that all reports of alleged violations will be appropriately followed up through the website at <https://wbs.semenpadang.co.id>. Recurring and systemic violations will be reported to the relevant authorities who have the authorities to make improvements, under the common mechanism as follows:

INFOGRAPHIC OF WBS REPORTING MECHANISM (WBS)



WHISTLEBLOWER PROTECTION AND MEDIA REPORTING POLICY

Under the current WBS reporting system, there are policies of protection for whistleblowers which include the following aspects:

1. The Company is required to protect whistleblowers.
2. The identity of the whistleblower shall remain confidential, so that unauthorized parties could not identify the whistleblower.
3. If the problem is processed further to higher level, even to the court, Semen Padang is obliged to provide legal assistance to the whistleblower.

GOOD CORPORATE GOVERNANCE AND BAD CORPORATE GOVERNANCE IN ANNUAL REPORT

The Company has implemented all the principles of good corporate governance in its annual report. The Company complies and conforms with the reporting requirements stipulated by the relevant authorities. In addition, the Company has prepared and submitted Sustainability/CSR Report compiled based on internationally accepted standards (GRI Sustainability Reporting Guidelines).

TABLE OF WBS REPORTING SYSTEM AND THE UNITS IN CHARGE

No.	Type	Units in Charge
1.	Customer Complaints	Sales Department
2.	Environmental Pollution	HSE Bureau
3.	Employee Code of Conduct	HR Department
4.	Quality & Product	Quality Assurance and Technical Service Bureau
5.	Public Complaints	CSR Bureau
6.	Security	Security Bureau

WBS RESULTS

In 2016, there were two (2) reports submitted through the website at <https://wbs.semenpadang.co.id>; however, these reports could not be followed up since the whistleblower was unable to provide the data and information needed. Such reports indicate that the Company has succeeded in disseminating their WBS reporting system.

“The Company also ensures that throughout 2016 there was no bad corporate governance practice”

The Company also ensures that throughout 2016 there is no bad corporate governance practice undertaken by the Company, with details as follows:

- a. The company is being reported as a company that pollutes the environment
- b. In 2016, the Company is not reported as a company that pollutes the environment. In contrast, Semen Padang through its corporate social responsibility (CSR) activities has contributed to the environment.

GOOD CORPORATE GOVERNANCE

- c. Significant cases currently involving the company, subsidiaries, members of the Board of Directors and/or members of the Board of Commissioners who are still serving are not disclosed in the Annual Report.
- d. The Company has disclosed significant legal matters reported in 2016. And, throughout 2016, Semen Padang and its members of the Board of Directors and the Board of Commissioners in office are not involved in legal proceedings.
- e. The Company is found to be in non-compliance with its tax liabilities.
- f. Semen Padang is always compliant with tax regulations and obligations. In 2016, the Company became the largest taxpayer of all State-Owned Enterprises in West Sumatra and Jambi.
- g. The Company is found to be in non-conformity with the presentation of annual reports and financial statements with applicable regulations and IFRSs.
- h. All presentations of annual reports and financial statements have complied with prevailing regulations and the provisions of the Indonesian Financial Accounting Standards. The Company's annual report is prepared based on the criteria of OJK Circular No. 30/SEOJK.04/2016 and Annual Report Award 2016 criteria, while the financial statements are prepared by adopting all new standards and revisions and interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants which are relevant to its operation and effective for the accounting period beginning on or after January 1, 2016.
- i. Cases are found related to workers and employees.
- j. The harmonious relationship between the Company and its employees is always well maintained. In 2016, the Company declared that there were no labor and employee-related cases against the Company.
- k. There is no disclosure of operating segments in listed companies.
- l. Despite the fact that Semen Padang is not publicly listed yet, in 2016, the disclosure of the Company's annual report has revealed complete and clear operational segments.
- m. There is a discrepancy between the hard copy of Annual Report and its soft copy
- n. The Company reports that the annual report in hard copy accurately reflects the annual report in soft copy form.

GCG IMPLEMENTATION FOR LISTED COMPANIES

Though Semen Padang is not listed yet, the implementation of corporate governance leads to the adoption of corporate governance for listed companies by referring to corporate governance guidelines for public companies. A number of recommendations for the implementation of corporate governance guidelines already implemented by Semen Padang are as follows:

A. Ensuring the Rights of Shareholders by Listed Company and Shareholders

Principle 1

Improving the Values of GMS

No.	Recommendation	Remarks
1	Listed Company maintains its method or technical procedures for voting both openly or privately by focusing on independence and the interest of shareholders	Will be implemented in the future
2	All BOD and BOC members are present in the Annual GMS	Implemented
3	GMS minutes are made available in corporate website at least for 1 (one) year	Will be implemented in the future

Principle 2

Improving the quality of communication between Listed Company and Shareholders or Investors

No.	Recommendation	Remarks
1	Listed Company maintains a communication policy with Shareholders or Investors.	Implemented
2	Listed Company discloses its communication policy with Shareholders or Investors in website	Implemented

B. Function and Role of BOC

Principle 3

Strengthening the membership and composition of BOC

No.	Recommendation	Remarks
1	The decision of total numbers of BOC members shall consider the business condition of the listed company.	Implemented
2	The decision of composition of BOC members shall consider the diversity of skills, knowledge and experiences needed.	Implemented

Principle 4

Improving the quality of the conduct of roles and responsibilities of BOC

No.	Recommendation	Remarks
1	BOC maintains its self-assessment policy to assess the performance of BOC.	Implemented
2	The self-assessment policy to assess the performance of BOC is disclosed in the Annual Report of Listed Company.	Implemented
3	BOC maintains its policy related to the resignation of BOC members in the event of any involvement with financial crime	Implemented
4	BOC or committee performing the functions of nomination and remuneration shall prepare succession plan during the nomination process of BOD members	Referring to the policy of Cement Indonesia as a Holding Company

C. Function and Role of BOD

Principle 5

Strengthening the membership and composition of BOD

No.	Recommendation	Remarks
1	Decision of the total number of BOD members shall consider the business condition of the listed company and the effectiveness in decision making process.	Implemented
2	Decision of composition of BOD members shall consider the diversity of skills, knowledge and experiences needed.	Implemented
3	BOD members who oversee accounting or finance shall have the skills and/or knowledge in accounting.	Implemented

Principle 6

Improving the quality of the conduct of the roles and responsibilities of BOD

No.	Recommendation	Remarks
1	BOD maintains its self-assessment policy to assess the performance of BOC.	Implemented
2	The self-assessment policy to assess the performance of BOD is disclosed in the Annual Report of Listed Company.	Implemented
3	BOD maintains its policy related to the resignation of BOD members in the event of any involvement with financial crime	Implemented

D. Stakeholder Participation

Principle 7

D. Participation of Stakeholders

No.	Recommendation	Remarks
1	Listed company adopts a policy to prevent insider trading	Implemented
2	Listed company adopts anti corruption and anti fraud policies	Implemented
3	Listed company adopts a policy concerning the selection and improvement of the competence for its vendors	Implemented
4	Listed company adopts a policy of meeting the rights of creditors	Implemented
5	Listed company adopts the whistleblowing system	Implemented
6	Listed company adopts the policy of providing long term incentives to BOD and employees	Implemented

E. Information Disclosure

Principle 8

Improving the Disclosure of Information

No.	Recommendation	Remarks
1	Listed Company utilizes information technology service in a wider scope other than website as the tools for disclosure of information.	Implemented
2	Annual Report of Listed Company discloses the ultimate shareholder with at least 5% ownership, other than the disclosure of ultimate shareholders through major and controlling shareholders.	Implemented

Photo title:

Carving out the hope of knitting the culture

Photo location:

Foster Partners Semen Padang

Photo caption:

One of Semen Padang's programs is to foster SMEs to become more advanced and developed as a form of corporate responsibility to improve the welfare of the surrounding community.



CORPORATE SOCIAL RESPONSIBILITY

As a form of environmental responsibility, in addition to improving profit-oriented and people-centered performance, Semen Padang also empowers, develops and synergizes all existing resources with environmental or planetary insights. Ultimately, this orientation creates a performance that embraces the Company's sustainability aspect in the Triple Bottom Line scheme consisting of Profit, People, and Planet.



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HIGHLIGHT CORPORATE SOCIAL RESPONSIBILITY



43,117 ton
CO₂e Reduced GHG
Emissions from WHRPG
Operations

RP 53 BILLION
Environmental Investment

GREEN INDUSTRY



391
ELEMENTARY STUDENTS

245
JUNIOR HIGH
SCHOOL STUDENTS

210
HIGH SCHOOL
STUDENTS

26
COLLEGE STUDENTS

2.4^{Ha}
Land Planting
2016

2,407^{Trees}



GREEN PROPER



RP 9.17 BILLION Disbursement of Loan

184 Foster Partner in Padang

189 Foster Partner Outside Padang

91% Effectiveness



INTRODUCTION



Photo title:
Tree Planting

Photo location:
Reclamation Park Semen Padang

Photo caption:
Semen Padang engaged in a routine tree-planting program as part of efforts at environment preservation.

Semen Padang realizes that as a business entity, the existence of the Company that aims to generate profit, must also aim to contribute the environment, community, and also

sustainable national development. Thusly, in terms of running its business, Semen Padang also focuses on gaining profit while providing program and Corporate Social Responsibility activities at the same time.

Corporate responsibility is no longer a single bottom line, which only concerns the financial condition, but now also incorporates social and environmental issues

During its development, the accountability of the financial report is expected not only to take into account the interest of its shareholders but also to consider the interest of all stakeholders. Therefore, the Company responsibility is no longer resting on one single bottom line, which only focuses on the financial situation, but also takes in the consideration of social and environmental issues (triple bottom line) (Wibisono, 2007).

Semen Padang manifests social and environmental responsibility activities through CSR activities. The implementation of CSR program is the mandate of the Law No. 40 of 2007 article 1 about Limited Liability Companies

CORPORATE SOCIAL RESPONSIBILITY

SEMEN PADANG REALIZES THAT SUSTAINABILITY AND COMPANY WORK ACHIEVEMENT, DO NOT ONLY DEPEND ON QUALIFIED WORK BUT ALSO HARMONIOUS RELATIONSHIP BETWEEN THE COMPANY, COMMUNITY, AND ENVIRONMENT .



where social and environmental responsibility has become the Company commitment in terms of participating in economic, social, and environmental sustainable development.

Semen Padang realizes that sustainability and the Company work achievement are determined by harmonious relationship between the Company, community, and environment as one of the major factor. In the middle of the business competition of cement industry, Semen Padang proves its business growth and development that is sustainable. Therefore, Semen Padang considers the urge to manifest and enhance the CSR program as a way to show its concern towards environment, community development, and also the improvement of stakeholders' relationship. In addition, the implementation of CSR program becomes the Company's effort to maintain its ethical attitude as well as to contribute on sustainable economic development while increasing the employees' quality of life at the same time.

Semen Padang applies Triple Bottom Line (Planet, People, and Profit) as a parameter that is given same weight of focus in efforts to improve the Company's competitive advantage.

/// Semen Padang uses Triple Bottom Line (Planet, People, and Profit) ///

CORPORATE SOCIAL RESPONSIBILITY

Through the presence of ISO 26000 SR as the latest reference in running social responsibilities with those seven core subjects such as: Governance, Employment, Human Rights, Customers, Fair Operation, Involvement, and Community and Environmental Development, is observed very relevant and aligned with Triple Bottom Line. Thusly, in running the Company strategy, the Company is expected to adopt ISO 26000 continuously in the CSR policy of Semen Padang.

CSR Semen Padang's policy is based on Semen Padang CSR mission, namely the 7 (seven) main principles

CSR VISION AND MISSION

VISION

Empowering community through optimizing the natural resources in promoting image and value of the Company continuously in accordance to environmental awareness.

MISSION

1. Maintaining the Company's image through the improvement of noble relationship quality between stakeholders.
2. Applying GCG as well as improving social responsibility within the value chain of the Company.
3. Improve the community empowerment.
4. Maintaining industrial relationship and developing human resources.
5. Respecting local culture as well as local wisdom while respecting Human Rights.
6. Minimizing operational impacts, improving the use of sustainable resources, and preserving the environment.
7. Improving the quality and educational service as well as sustainable community's skills.

CSR METHODOLOGY AND ROADMAP

Semen Padang designs target as well as implement CSR program systematically and integrated by utilising participatory method. This participatory method empowers regional potentials in order to improve skills, income, and also prosperity in sustainable manner. As the long term actions, the Company will continuously evaluate and monitor the undertaken CSR programs to ensure that the programs can achieve the determined goals and the set roadmap.

CSR POLICY

Semen Padang actively plays role in sustainable economic development in order to improve quality of life and environment that is worthwhile for the Company, environmental community, and future generation. Such commitment is implemented through the stipulation of policy management of various CSR programs that are directed, programmed, and also consistent.

The CSR policy of Semen Padang is under the CSR mission of Semen Padang such as 7 (seven) main principles of social responsibility that have become commitment to orient the progress of Semen Padang as listed below:

1. Consumer service; Semen Padang attempts to improve its work performance beyond Semen Padang customers expectation in terms of creating sustainable and useful relationship.
2. Organizational Governance; Semen Padang is fully committed to be the role model in cement industry through strengthening roles and functions in all line levels of organizational structure, the trust of all stakeholders in improving values and work ethics and also maintaining long term sustainability. Through the decent, responsible, transparent, fair, independent, and accountable ethic practices, the Company attempts to achieve the vision, mission, as well as the goals.
3. Fair operational practices; Semen Padang ensures that the fairness and integrity in maintaining relationship with all stakeholders is based on the prevailing laws and regulations, free from corruption and bribery, neutral to political issues, ensuring fair competition, promoting social responsibility in the value chain of business, respecting copy rights, being accessible towards essential services and education, as well as enlighten against violations.
4. Community's Involvement and Development; Through optimizing the available natural resources and also

the commitment of all stakeholders, the Company implement community empowerment by improving the development of education and local culture, creating employment, improving skills and property, developing technological access, improving health aspect and also responsible social investments.

5. Employment practices; Semen Padang ensures industrial relationship qualities to be beyond the requirement of the laws while being committed to develop human resources.
6. Human Rights; Semen Padang respects local culture and local wisdom as well as respect towards Human Rights. The Company supports equality (religion, gender, race, and social status), Human Rights Protection (health and safety in work place, work hour, and also compensation), and also freedom to be allied (organizational rights, rights of expressing opinion, and also social rights).
7. Environment; Semen Padang is committed to minimize the operational impacts, improve the use of sustainable resources, and preserve the environment through internalizing the commitment within the Company culture.

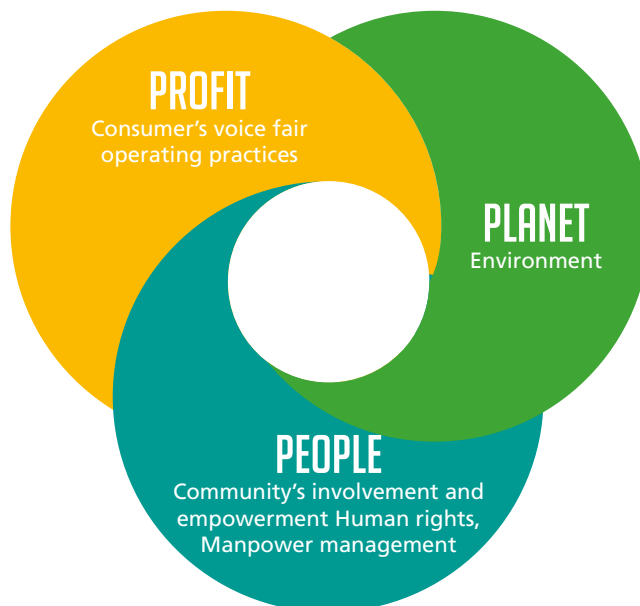
The CSR policy of Semen Padang is communicated to all stakeholders as well as implemented consistently. The policy

is also evaluated in terms of sustainable improvement of the Company.

“Semen Padang’s CSR Program is a manifestation of the Company’s vision and mission in developing “environmentally sound industry””

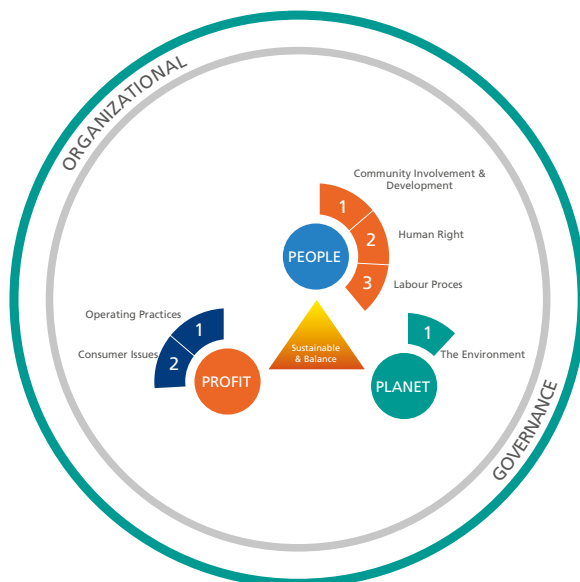
CSR Program of Semen Padang is a form the implementation of the Company’s vision and mission in terms of developing “industry with environmental awareness”. This is the Company strategy to improve competitive power so that the Company will grow sustainably in accordance to Triple Bottom Line aligned with the best practice ISO 26000 SR.

PICTURE OF TRIPLE BOTTOM LINE



CORPORATE SOCIAL RESPONSIBILITY

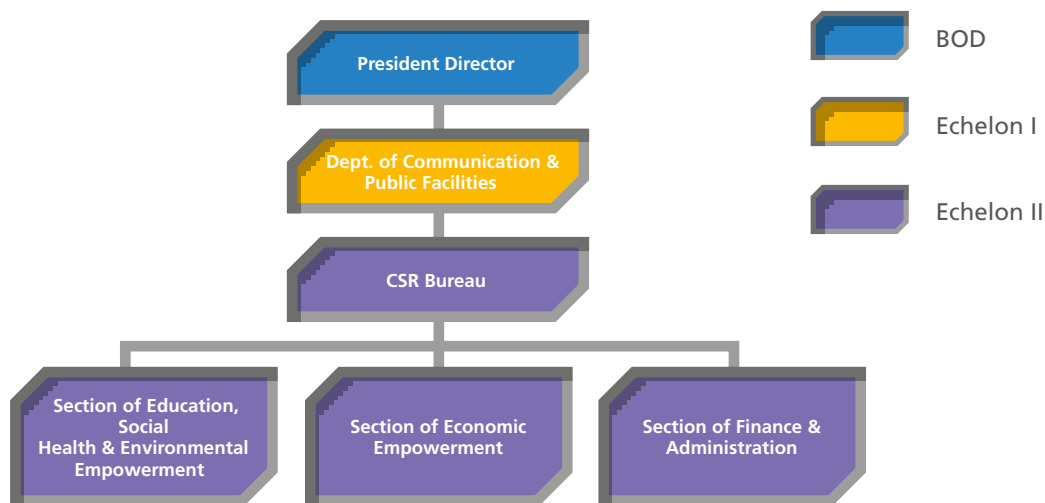
SCHEME OF TRIPLE BOTTOM LINE IS INTEGRATED WITH CORE SUBJECT ISO 26000



ORGANIZATIONAL STRUCTURE OF CSR MANAGEMENT

In order to support the implementation of CSR program, Semen Padang has appointed formally the work unit to manage CSR activities each year. During the process, there have been several organizational enhancements that run the CSR program. The organizational structure of CSR management of Semen Padang is stipulated on Board of Directors Decree No. SM.02.02/080/KD/DESDM/06.16 dated 28 June 2016 as below:

ORGANIZATIONAL STRUCTURE OF CSR MANAGEMENT



CORPORATE SOCIAL RESPONSIBILITY

DESCRIPTION TABLE OF CSR OFFICER JOB DESCRIPTION

Title	Name	Job Description
President Director	Ir. Benny Wendry, MM	<ol style="list-style-type: none"> 1. Determining the policy and the target of Key Performance Index (KPI) of the CSR program. 2. Ensuring the suitability of the policy to the CSR programs. 3. Evaluating the effectiveness and the efficiency of the CSR program.
Dept. of Communication & Public Facilities	Iskandar Zulkarnain Lubis, ST, MM	<ol style="list-style-type: none"> 1. Coordinating the preparation of Long-Term Plan (RJP) together with the partner, implementation of survey and preparation of Work Plan and Budget (RKA). 2. Coordinating the implementation of RKA. 3. Ensuring the effectiveness of the implementation of RKA, including the achievement of KPI of the CSR program. 4. Deciding the distribution of program and development, in the economic empowerment that is given. 5. Cooperating with other units in terms of program preparation. 6. Cooperating with other units in terms of program preparation. 7. Supervising the implementation of programs. 8. Ensuring the suitability of the policy to the CSR programs. 9. Evaluating the effectiveness of the CSR program policy.
Head of CSR Bureau	Dasril, SE, Akt	<ol style="list-style-type: none"> 1. Performing the preparation of RJP and RKA together with the partner. 2. Executing the RKA. 3. Ensuring the effectiveness of the program implementation pursuant to the RKA including the achievement of KPI of the CSR program. 4. Performing evaluation of effectiveness of the CSR program distribution. 5. Deciding the implementation of the given program. 6. Performing cooperation with other units in preparation of the program. 7. Coordinating the preparation of the report of realization of activities and the achievement of monthly KPI of the CSR program. 8. Being responsible to requirement of data internal and external audit documentation. 9. Evaluating the effectiveness of planning and implementation of the CSR program.
Section Head of Education, Social Health & Environmental Empowerment	Kasmawati, SE	<ol style="list-style-type: none"> 1. Preparing for planning, program and implementation. 2. Performing effective distribution program. 3. Performing monitoring and evaluation and effectiveness on the program that has been carried out. 4. Communicating program activities internally and externally. 5. Preparing periodical activity report. 6. Evaluating program implementation. 7. Being responsible to requirement of data and internal and external audit documentation.
Section Head of Economic Empowerment	Syafrianto Rusli	<ol style="list-style-type: none"> 1. Preparing for planning, program and implementation. 2. Performing effective program distribution. 3. Performing monitoring and evaluation and effectiveness on the program that has been carried out. 4. Communicating program activities internally and externally. 5. Preparing periodic activity report. 6. Being responsible to requirement of data and documentation of internal and external audit documentation. 7. Evaluating the implementation of the program.

CORPORATE SOCIAL RESPONSIBILITY

Title	Name	Job Description
Section Head of Finance & Administration	Delfiadri	<ol style="list-style-type: none"> 1. Preparing Work Plan and Budget. 2. Performing control function against the budget of CSR Bureau. 3. Performing accounting and financial functions. 4. Preparing evaluation report of the effectiveness on the CSR Program distribution. 5. Carrying out verification and administration functions of the CSR. 6. Making periodic report of the CSR activities (monthly and annually). 7. Preparing and being responsible for presentation, publication material, requirement of data and internal and external audit documentation. 8. Being responsible to the implementation of Information Communication Technology (ICT) in CSR.

PROFILE OF CSR MANAGEMENT

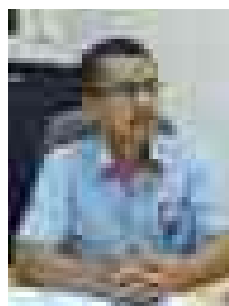
DEPARTMENT OF COMMUNICATION & PUBLIC FACILITIES



Iskandar Zulkarnain Lubis, ST, MM

Indonesian citizen, residing in Padang. He was born in Kotanopan on 26th June 1970, currently 46 years old. He obtained his undergraduate degree majoring Mining Engineering at ITB. He also completed his master's degree at UPI Padang majoring Management. Before officiating as the Head of Department of Communication and Public Facilities, he has performed several positions such as Head of CSR Bureau (2014-2016), Head of Public Relation Bureau (2016), Head of Limestone Mining (2002-2005), Head of Limestone Processing and Transportation Department (2005-2008), Staff of Mining Development Planning (2008-2009), Head of TPM Bureau (2009-2011), Head of Mining Bureau (2011-2012), Senior Manager of Offsite and Mining Project Indarung VI (2012-2014). He has been working for the company approximately for 15 years which started from 2002.

CSR BUREAU



Dasril, SE, Akt

Indonesian citizen, residing in Padang. Born in Bukittinggi on 2nd April 1972, he is currently 44 years old. He is a graduate from Accounting major in Universitas Andalas Padang. Before serving as Head of CSR Bureau (2016-now), he has held several positions which are Staff of Treasury Bureau (1999-2000), Head of Debts and Receivables (2000-2002), Head of Debt Accounting (2002-2006), Staff of Marketing Planning (2006-2010), Director of PT Sepatim Batamtama (2010-2012), Head of Treasury Administration (2012-2014), Head of Finance and CSR Administration (2014-2016). He has been contributing to the Company for approximately 18 years which started from 1999.

CSR STRATEGIES

Aligned with the concept of Triple Bottom Line and also ISO 26000 SR, Semen Padang has prepared strategic flagship CSR in accordance to the direction of the Company development which are:

1. Building a Company that has excellent performance (Profit)
2. Developing and empowering excellent human resources (People)
3. Preserving environment and energy conversion (Planet).

ILLUSTRATION OF CSR MANAGEMENT ORGANIZATION



Taking into account the strategic flagship, Semen Padang describes CSR within the program pillars which are implemented synergically with the whole stakeholders. The pillars of CSR program of Semen Padang cover CAMPIN Nagari, Semen Padang PANDAI Nagari, Semen Padang PADULI Nagari and Semen Padang ELOK Nagari.

CAMPIN Nagari

CAMPIN Nagari are programs which support Semen Padang CSR mission related to the fair ISO 26000 SR-Operasional core subjects, as well as the Consumer's Voice and Governance. The main programs that are implemented through CAMPIN Nagari are listed below:

1. Marketing Programs: certification of construction workers/laborers, housing programs that are sustainable and affordable, and also sustainable products and services.
2. Research and Development Program and Quality Assurance: Innovation of cement derivative products for sustainable construction.
3. Implementation of Governance, risk dan compliance in integrated manner.

“Semen Padang lays out its CSR program in the program pillars, which are implemented in synergy in cooperation with all stakeholders”

Semen Padang PANDAI Nagari

PANDAI Nagari are programs to support the CSR mission related to core subject ISO 26000 SR-Employment. Semen Padang PANDAI Nagari has several major programs such as:

1. Implementation of Capital Master Plan (HCMP) which consists of: Leadership Development Program (LDP), Talent Management (TM), Knowledge Management (KM), and Specialization.
2. Encouraging the employee social relationship and also social dialog.
3. Ensuring the fulfilment of basic rights of workers, welfare condition, insurance, health, safety, and also the quality of work services.

Semen Padang PADULI Nagari

PADULI Nagari are programs which support the CSR mission related to core subject ISO 26000 SR. Semen Padang PADULI Nagari has become one of community Human Rights empowerment and development that has several major programs as listed below:

1. Lumbung Nagari (Village Granary); The improvement of livestock productivity as well as fishery, agriculture, livestock productivity partnership, partnership for Development Partners, marketing support for the products from Development Partners, and the development of ecopreneurship.

CORPORATE SOCIAL RESPONSIBILITY

2. Sehat Nagari (Healthy Village); Nutrition improvement for mothers and children, revitalization of Integrated Health Service Station (Posyandu), and also the campaign of environment and also healthy lifestyle.
3. Development of skills and cultural education, scholarships for outstanding students, green school (adiwiyata), and skills training workshops (Lolapil).

“Semen Padang Elok Nagari is a manifestation of commitment in the use of environmentally friendly technology and lowers fossil energy consumption”

4. Social investment towards infrastructure development and reinforcement of social community institutions.

Semen Padang ELOK Nagari

ELOK Nagari are programs to support the CSR mission related to ISO 26000 SR-Environment core subject. The major programs of Semen Padang ELOK Nagari are:

1. Emission control.
2. Liquid waste control.
3. Solid waste management.
4. The use of renewable energy and environment friendly.
5. The use of environment friendly technology and the decrease of fossil energy.
6. Biological diversity.
7. Green environment.

PLANS AND REALIZATION OF CSR SEMEN PADANG ACTIVITIES

In 2016, plans and realization of CSR Semen Padang activities focused on several aspects such as:

1. Corporate responsibility to customers in relation to operational activities of the Company such as the use of materials, recyclable and environment friendly energy through the Company waste management, the mechanism of environmental complaints, and other related issues.
2. Corporate responsibility regarding employment, health and safety aspects in relation to the Company policy for the employees which is about gender equality and work opportunity, facilities and safety at work, employee' turnover index, accident index, remuneration, the mechanism of employee issues reporting and complaints, as well as other related matters.
3. Corporate responsibility for social and community development in relation to community empowerment both inside and around the Company, local employment management, empowerment of community around the Company, revitalization of social infrastructures, other donations, communication about anti corruption policy and its procedure, and other related matters.
4. Corporate responsibility to the customers regarding the produced products and services policy and responsibility such as the customers' health and safety, product information, facilities, the number and the handling of customers' complaint, and other related issues.



FRAMEWORK ILLUSTRATION OF CSR SEMEN PADANG PROGRAMS



The success of CSR Semen Padang Programs can be achieved by the commitment from the board of management as well as the stakeholders. In addition, this can also be achieved by the support of resources in form of policy, human resources, supporting organizations, budget and social capital so that social risk potentials as the effect of social, economy, and environmental impacts can be mitigated.

company net profit in former years, remaining fund from PKBL in former years, the return of loan, the revenue of loan’s administration services, and also the income from the received interests in the current year.

CSR BUDGET

Semen Padang constantly encourages the implementation of CSR activities as a program that is prepared in accordance to long-term needs and the sustainability of the programs in order to create balance between the Company, community, and surrounding environment.

Funding sources of CSR Semen Padang programs is provided by the Company’s budget as described in RKAP (Work Plan of Company’s Budget).The Company’s CSR budget regarding social and community development is also provided by the

“ Semen Padang continues to encourage the implementation of CSR activities as a program that is developed by taking consideration aspects of needs and sustainability ”

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE RESPONSIBILITY TO ENVIRONMENT

Semen Padang is committed to minimizing the operational impacts, improving the use of sustainable resources, and preserving environment through internalizing "Semen Padang ELOK Nagari" program within the Company culture.

ENVIRONMENT CONSERVATION AND ENERGY CONVERSION (PLANET)

Semen Padang puts efforts in Environment Conservation and Energy Conversion (Planet) as a corporate responsibility program to environment. Through this program, Semen Padang preserves the village forest that is based on the community as synergetic program with Forestry Agency of West Sumatra and the Faculty of Agriculture Universitas Andalas Padang.

// Semen Padang conserves community-based Nagari forests //

This program is implemented in the model of village forest through cultivating Gaharu seeds and other high-quality fruit seeds around the environment. This is implemented through several actions such as:

1. Planting trees as many as 2,407 trees with an area of 2.4 hectares.
2. Planting Gaharu and various fruits trees according to the condition of the location.
3. Community trainings regarding the cultivation process.

Targets of this program are:

1. Improving the community economics.
2. Overcoming dust emission.
3. Overcoming unemployment issues around the Company area.

Program is implemented by involving the agricultural communities in 3 (three) regions. The agricultural communities provide their agricultural land to be planted Gaharu seeds. Up until the end of 2016, the number of agricultural communities is 24 people which are divided into 3 (three) groups. In addition, the number of planted Gaharu seeds is 3,300 trees.

CORPORATE RESPONSIBILITY TO COMPANY

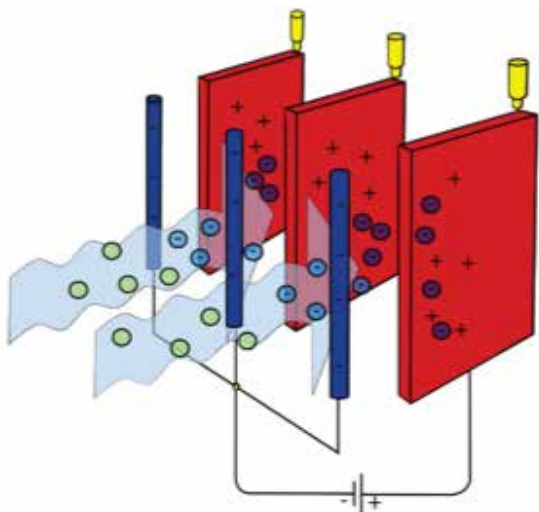
Semen Padang is committed to initiate green industry as reflected on its vision and mission statements, which are to become the excellent and reliable cement company with the environmental awareness in West Indonesia and South East Asia. Then, the mission of Semen Padang is to empower, develop, and create synergy for the Company resources in accordance to environmental awareness.

During 2016, the activities that aim for green industry are listed below:

1. WHRPG (Waste Heat Recovery Power Generation)
Semen Padang plays an active role in reducing emission. One of the approaches is through utilizing waste gas. The use of WHRPG has given positive impacts such as reducing water use in conditioning tower gas process, increasing water recycle, and also reducing the CO2 emission approximately around 43 thousand ton per year.
2. Pollution Mitigation
Semen Padang assures that the business operation in environmental friendly. As an actor in cement manufacture industry, pollution mitigation of air, water, and soil becomes priority.

The Company prepares program to reduce dust emission by increasing the performance of Electro Static Precipitator (ESP). The work principles of ESP is based on electrical particles passing through an electrostatic field.

ILLUSTRATION OF ELECTRO STATIC PRECIPITATOR



3. Green Belt Program

The Company also implements green belt program, which provides reforestation land in urban or housing areas in order to protect the natural environment or semi natural environment as well as increase the air quality.

Productive tree plantation is a form of commitment and support of the Company to Adiwiyata program through providing various seeds of mango, soursop, litchi, rose apple, sawo, and guava to schools in Padang. During 2016 investment for the environment of Rp53 billion.

SUSTAINABLE RESOURCES UTILIZATION

Semen Padang is committed to environmental performance as well as being consistent towards the management and the utilization of renewable resources through the efficiency and the converted also reusable resources management. The examples are the use of alternative energy (AFR), water conservation, the efficiency of energy and material use and also the use of environmental friendly as well as reusable material and energy.

In terms of reducing environmental impacts, Semen Padang implements the principles of 3R (Reduce, Reuse and Recycle) that consists of innovation program for reducing electrical use budget through changing neon bulbs to LED, using used oil as lubricants, utilizing Biomass as coal substitution, and building WHRPG (Waste Heat Recovery Power Generation), from the use of hot steam from the kiln. All these activities are carried out in order to save energy and utilize the waste.

To control the air emission, Semen Padang adds additional tools with advanced systems as a dust filter. This filter will filter out the dust through two phases by using new technology. At the first phase, the dust will be filtered by separator and then refiltered by Electrostatic Precipitator (EP). The refiltered air from EP is what should come out as the ambient air. Every ambient air chimney has an air sensor installed to measure the emission occur real time. This can be monitored in graphic forms.

Through the Bureau of Health, Safety and Environment (HSE) Department of Quality Assurance and Innovation, Semen Padang empowers solid and liquid waste management. All the waste will be separated between B3 waste or not such as oil, grease, and dust cloth which can be utilized further as Alternative Fuel Reduce (AFR). Furthermore, B3 waste such as TL lamps, used batteries, used oil drums, cartridge and chemical bottles will be collected to the permitted third party for further treatment. The Company also utilizes the waste to substitute the major raw material such as copper

“ Semen Padang is committed to environmental performance, and always consistent in the management and utilization of renewable resources ”

slag and concrete waste to replace iron sand, Drilling Cutting Cement (DCC) to replay clay, gypsum purified and fly ash. The Company also utilizes Biomass such as chaff, oil palm fibre, saw dust, and used paper as the alternative fuel (AFR).

CHANGE OF CLIMATE, MITIGATION, AND ADAPTATION

Semen Padang continues to operate under the priority of environmental friendly principles. Therefore, in its business operation, Semen Padang constantly reduces the impact of greenhouse gases such as CO2 emission, Nitrous Oxide (N2O), Methane (CH4) as a commitment to take role in global warming mitigation and adaptation.

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENTAL PROTECTION, BIOLOGICAL DIVERSITY, AND NATURAL RESOURCES RECOVERY

Semen Padang also minimizes ecosystem changes due to business operation in particular to the flora and fauna habitats in the life chain of nature. Semen Padang also focuses on processing hazardous and toxicated waste such as B3 waste from the business or industrial operation.

PROTECTION AND BIOLOGICAL DIVERSITY

There are 225 species of animals and plants in Biodiversity Park (Taman Kehati) of Semen Padang. There are also 6 rare and protected plants (in accordance to Government Regulation No. 7 of 1999 and Cites Red List). In order to add the species variety of Taman Kehati, several efforts are carried out such as the cultivation of rare trees—the Andalas trees. These trees are protected as the icon of West Sumatra as

**// For Semen Padang,
employees are the Company's
strategic asset of //**

stipulated on the Decree of Minister of Home Affairs No. 48 of 1999. Taman Kehati Semen Padang is the only biodiversity park that carries out the cultivation of Andalas seeds.

Semen Padang also carries out reforestation activities for conserved forests in Bung Hatta Great Forest Park, Koto Baru, Gadut and Batu Busuk which the width is 275 hectares.

MECHANISMS OF ENVIRONMENTAL ISSUES COMPLAINT

The company appreciates activities that promote environmental values, services of ecosystem issue complaints, and also natural resources management. In case there is a

complaint regarding the Company's operation that relates to environmental issue, Semen Padang is open to receive the complaint and will do further resolving actions. All stakeholders are allowed to provide opinion and suggestion as well as environmental issue complaints through the Company's mailing address layanan.sp@semenindonesia.com.

CONSIDERATION OF ENVIRONMENTAL ASPECTS THROUGH THE DISTRIBUTION OF ROLLING LOANS

As a cement company who cares for West Sumatra community's economic condition, CSR Bureau on behalf of Semen Padang, distributes capital loan for the actors of Small, Medium, and Micro Enterprises (UMKM) in West Sumatra. One of the major requirements that will be considered in distributing the capital loan in environmental aspect.

The capital loan for enterprise that has been provided is a Partnership Program that has been running since 1987. The actors of Small, Medium, and Micro Enterprises (UMKM) that have been the development partner, will be visited regularly in order to monitor the challenges occur when developing the business.

CERTIFICATION OF ENVIRONMENT

As the commitment proof from the CSR programs up until 2016, Semen Padang has gained certification in environment such as Certificate of ISO 14001:2004/SNI 19 – 14001:2005 from Sucofindo International Certification Services from 25 January 2015 to 24 January 2018.

CORPORATE RESPONSIBILITY OF OCCUPATIONAL HEALTH AND SAFETY (K3)

Employees are strategic corporate asset for Semen Padang. Therefore, Semen Padang creates work ambience and environment that is safe and comfortable for the employees. Semen Padang is committed to provide relationship quality that fulfils the parameters—and even beyond—of the regulating laws when developing its human resources through "Semen Padang Pandai Nagari" program.

BUILDING AND EMPOWERING HUMAN RESOURCES, EQUAL TREATMENT FOR ALL EMPLOYEES ACTIVITY PROGRAMS

In the field of human rights which covers employment aspect, Semen Padang refers to Collective Labor Agreement (PKB) between Semen Padang management and Semen Padang trade Unions (SPSP). This has been approved by Employment Department of Padang on 8th January 2016. The provisions govern the rights as well as the obligations of Semen Padang and the employees in accordance to the prevailing regulations of employment. Furthermore, Semen Padang also has Code of Conduct and discipline regulations of the employees in terms of managing the relationship between Semen Padang and the employees further.

Semen Padang carries out corporate social responsibility in the field of employment, as stipulated in accordance to such aspects:

1. Equality of gender, ethnicity, religion, race, and social groups by referring to the Mandate Act No. 13 of 2003. Welfare Aspect, established Cooperation Institution (LKS) Bipartite at the corporate level, the application of equitable wage system, provide health protection, provide Social Security Program (Jamsostek) for the employees and their families, Life Insurance, Pension Funds, bonuses, leave, incentives, and also special allowance for feast days.
2. Safety Aspects at work, Semen Padang implements SMK3, to ensure the safety and health aspects at work as well as providing work equipments.
3. Development Aspects, by providing training regarding the employee competency in accordance to Training Need Analyst in order to achieve Human Capital Resources Management (HCRM).

In 2016, Semen Padang implements the method of dynamic learning in performing Training Need Analysis. This is a development and training program for the employees that highlights the requirement to fulfil the employees development, supports the targeted achievement of work unit. Assessment system of the employees' performance has been based on behavioral assessment. Since 2016, the system has changed into competency-based assessment. This is expected to increase the working climate and the work productivity.

EDUCATION AND TRAINING OF EMPLOYEES

To guarantee the availability of competent employees, Semen Padang provides trainings and competency development opportunities for the employees. The training in 2016 still focused on improving technical competencies. The number of training hour realization in 2016 is 49.99 hours training/employee/year. This is an improvement comparing to 2015 which the number is 40.21 hours (119%) as well as still able to maintain the training quality.

// The 2016 training program still focused on improving competence technical //

In 2016 as the Company commitment to the employees development program, Semen Padang has allocated the training budget for the employees Rp8,412 billion. Furthermore, the training program has been strengthened by Knowledge Management activities whereas the achievement in 2016 was 760 points out of 720 points.

EMPLOYMENT SURVEY

Semen Padang constantly provides opportunities for every employee to provide input related to employee expectations given by Semen Padang in order to improve the bonding between the employees and the Company. The mechanisms pursued are through family gathering, festival, and leader café activities.

In 2016 Semen Padang has conducted survey regarding employment in form of Working Climate Index (WCI) in the 4th quarter with such assessment indications:

CORPORATE SOCIAL RESPONSIBILITY

No.	Type of WCI	2016	Predicate
1	Commitment of the Company	4.25	Very Satisfied
2	Communication of Workers	4.11	Very Satisfied
3	Team Cooperation	4.32	Very Satisfied
4	Performance Management System	4.00	Very Satisfied
5	Compensation & Benefit	4.07	Very Satisfied
6	Training & Development	3.91	Satisfied
7	Integration of Work & Social Relationship	4.18	Very Satisfied

INDUSTRIAL RELATION AND EMPLOYMENT COMPLAINT MECHANISMS

Semen Padang fully supports the employees' freedom to gather, form the association, and express opinion through the Labor Union. Through the Labor Union, all of the employees can submit complaints related to their employment as well as have communication and aspiration platform for the

// The highest and lowest salary ratio in Semen Padang is 1: 11.5 //

employees. This is expected to provide employment rights protection as well as justice in the law implementation process for the employees through the Labor Union. Semen Padang also provides freedom for the employees to join the Labor Union.

The constructive relationship based on mutual respect between the Company and the Labor Union is manifested in the form of Collective Labor Agreement (PKB). This is continuously reviewed for every 2 (two) years.

TURNOVER RATE

In 2016, the number of Semen Padang employees is 1,719 people with the turnover rate of 90 people. Employees turnover in Semen Padang in the last 3 (three) years is reflected on the table below:

Description	2014	2015	2016
Pension	112	107	84
Passed away	8	2	5
Resigned	2	2	1
Total Employees Reduction	122	111	90
Total Employees Addition	332	0	0
Turnover Rate	37%	0%	0

EMPLOYEE REMUNERATION

One of the forms of appreciation and care that the Company provides to the employees is the remuneration level that takes employees needs into consideration as well as the Company work performance. Several aspects of remuneration that are provided are listed below:

1. Personal grade
2. Work performance and competency
3. Position
4. Work period

Salary, wage and the employees' welfare that are paid by the Company during 2016 reached IDR 770 billion.

HIGHEST AND LOWEST SALARY RATION

The highest and lowest salary information available in Semen Padang environment is as follows:

Detail	Ratio
The highest salary and The lower salary	1 : 11.5

IMPLEMENTATION OF OCCUPATIONAL HEALTH AND SAFETY

Semen Padang believes that work environment which is comfortable, safe, and healthy can improve the employees' engagement and productivity. Therefore, the application of K3 Management system (SMK3) is integrated to Semen Padang Management System (SMSP) in all aspects of company operational activities. All the conducted activities is aimed for maintaining the employment relationship, the work condition, and Employment, Health, and Safety guarantee (K3).

There are activities in relation to health and safety aspects in the Company environment:

1. Counselling
2. Prevention
3. Medication

CORPORATE SOCIAL RESPONSIBILITY

Unit	Year	
	Total Fund (thousand Rupiah) 2015	Total Fund (thousand Rupiah) 2016
Total Employees	29,800,000	29,800,000

RATE OF WORK ACCIDENT AND OCCUPATIONAL SAFETY FACILITIES

During 2016, there was no fatal work accident while business operation in the Company environment carried out. The detail information of work accident of the Company in 2016 are listed below:

Description	2016
First Aid	4
Light	1
Severe	10
Fatal/Resulting in Deaths	0
Total	15

Semen Padang has planned, controlled, evaluated, collected feedback, refined, and prevented the work accident in order to improve the occupational health and safety.

In terms of mitigating and overcoming the rate of work accident in Semen Padang environment periodically, evaluation is carried out towards the program implementation in order to ensure the effectiveness in reducing dangerous risk. This is applied according to provided data and plan in stipulating further actions.

The company has formed organizational structure of Occupational Health and Safety Supervising Committee (P2K3) and carried out regular coordination meetings in order to collect and process all data or issues related to K3, and also formulated solutions to provide suggestions and consideration for the management related to Occupational Health and Safety (K3) issues.

The programs of the Occupational Health and Safety (K3) which are carried out by Semen Padang during 2016 are:

1. Ensuring the reliability of countermeasure facilities in emergency situation (Hydrant, APAR, Fire Truck, Fire Alarm, Fire Suppression System and Lightning Channelling Installation).
2. Ensuring the reliability of production facilities including other supporting facilities through carrying out certifications and recertification for the equipments.

3. Monitoring and measuring physical factors in the work environment which covers noise, lighting, vibration, and working climate.
4. Microbiological measurements that cover water, air, and working psychology measurement.
5. Implementation of Occupational Health and Safety Training and Socialization to all parties within the area of Semen Padang (employees, outsourcing, contractor, and all the guests of Semen Padang) to remind the concerns of Occupational Health and Safety norms.
6. The fulfilment of Occupational Health and Safety (K3) norms in work environment such as the use of Personal Protection Equipment (APD).
7. Implementation of annual medical check up for the employees including the new employees as well as special medical check up such as pyrometry and audiometry.
8. Prevention of epidemic diseases through fogging, elimination of wild dogs, and rodent control.
9. Preparedness and emergency quick response simulation in 10 work locations as well as provide human resources for emergency quick response through internal training.
10. Implementation of internal and external audit of SMK3/OHSAS.

Semen Padang has made improvements and prevention to realize occupational safety and health

For more complete discussion related to Corporate Responsibility in the field of Employment and Occupational Health and Safety, the discussion will be provided on the Chapter of Business Supporting Review for Human resources Department.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY TOWARDS SOCIAL AND COMMUNITY DEVELOPMENT

Semen Padang is committed to empower community through improving educational and cultural development, creating employment and skills development, technology access, creating property and income, health as well as social investment which is responsible for optimizing available resources through “Semen Padang PADULI Nagari” program.

/// Semen Padang realizes the importance of continuing to improve the educational and cultural development of the community ///

IMPROVEMENT OF EDUCATIONAL DEVELOPMENT AND COMMUNITY LOCAL CULTURE

Semen Padang realizes the importance of improving development in the field of education and local community culture. This is expected to increase the empowerment of the community. The Company also continuously encourages the conservation and preservation of local culture so that the cultural values and the local wisdom will remain preserved in order to inspire the reinforcement of social values.

During 2016, community educational and local culture development activities are carried out through:

1. Scholarships program, is a sustainable program that is distributed twice a year (or every semester). This is provided for outstanding students from underprivileged family and domiciled in Semen Padang area. The awardees are students from elementary school level until college level as well as outstanding athletes. The total number of the awarded is 1,048 people.
2. Empowerment of Bustanul Ulum Elementary School, is a form of concern of Semen Padang to the community of Batu Busuk where Water Fired Power Plant of Semen Padang lies. Through Igarar Foundation, the Company regularly supports the learning process through improving the education quality, provision of school tuition, and also revitalization of school facilities. In terms of creating a school which concerns of environment and culture, the Bustanul Ulum Elementary School carries out Adiwiyata program since 2013. This program was

CORPORATE SOCIAL RESPONSIBILITY

successful in obtaining award from the Major of Padang in June 2014 as a Green School. Environmentally-aware culture is also communicated to the student guardians, community around the school through the socialization of organic and an organic waste as well as waste re-utilization as compost.

CREATING EMPLOYMENT OPPORTUNITIES AND COMMUNITY VOCATIONAL DEVELOPMENT

Semen Padang attempts to reduce unemployment around the location of the Company, to prevent the economic gap in the community as the effect of economic growth from time to time. Creating employment opportunities become important in terms of reinforcement strategy in the community.

Vocational Practice Seminar (LOLAPIL) activities are the routine programs which is carried out by the Company every year for youth who could not continue the education to higher level in the region of Lubuk Kilangan. The implementation of LOLAPIL in 2016 focused on the training of Security Unit (Satpam) in cooperation with National Police Academy (SPN), Youth Organization of Pemuda Panca Marga (PPM) and Security Services Agency (BUJP) PT Wiratama Jaya Perkasa, with total number 40 people.

// From 1987 until the end of 2016, the total funds disbursed reached Rp112 billion for 6,466 MSMEs //

CREATING COMMUNITY WEALTH AND EARNINGS

Along with the development of the Company, Semen Padang attempts to increase asset and the community earnings through encouraging local entrepreneurs as partners business operations gradually according to the business capacities. This kind of development is expected to give double impacts for the economic growth in West Sumatra as well as providing employment opportunities.

The Partnership Program which was mandated by the Sate Ministry of State-Owned Enterprise according to Ministerial Regulation No. PER-09/MBU/07/2015, regarding Partnership Program of State-Owned Enterprise with Small Business Environmental Development (UMKM). The program has been carried out since 1987. The Partnership Program is conducted as the effort to increase the community earnings through the productive development of UMKM as the company partners in several economy sectors (industry, trading, agriculture/plantation, fishery/livestock and also services). The Partnership Program is carried out through providing rolling loan for reinforcing the business capital while providing accompaniment such as managerial training, promotion and marketing activities.

Since 1987 up until the end of 2016, the total distributed fund has reached Rp112 billion, to 6.466 units of SMEs in all regions of West Sumatra and Lampung Province. In 2016, the total fund that is distributed is up to Rp9.17 billion to 373 units of SMEs.

TABLE OF PARTNERSHIP PROGRAM LOAN DISTRIBUTION PER REGION IN 2016

No	Region	Actual	
		UKM	Value (Rupiah)
1	Agam Regency	11	302,500,000
2	Bukittinggi City	8	222,500,000
3	Dharmasraya Regency	36	725,000,000
4	Solok Regency	7	82,500,000
5	50 Cities	5	130,000,000
6	Padang City	184	4,820,000,000
7	Padang Panjang City	4	50,000,000
8	Padang Pariaman Regency	5	115,000,000
9	Pariaman City	9	247,500,000
10	Pasaman Regency	7	140,000,000
11	West Pasaman Regency	7	187,500,000
12	Payakumbuh City	1	15,000,000
13	South Pesisir Regency	25	630,000,000
14	Sawahlunto City	5	110,000,000
15	Sawahlunto/SJJ Regency	3	125,000,000
16	Solok City	7	100,000,000
17	South Solok Regency	14	472,500,000
18	Tanah Datar Regency	12	315,000,000
19	Mentawai Island Regency	23	382,500,000
20	South Lampung Regency	-	-
Total		373	9,172,500,000

CORPORATE SOCIAL RESPONSIBILITY

HEALTH IMPROVEMENT

In the implementation of community health service improvement, Semen Padang carries out social and community activities such as Integrated Health Services Center, clinics, hospitals, and also mobile clinics that should be improved from time to time.

Health development programs that were conducted in 2016 are:

1. Revitalization of Integrated Health Services Center Program in the region of Lubuk Kilangan. The improvement of Integrated Health Services Center is conducted as the maternal and child health services for surrounding communities. The undertaken programs consist of health counselling and socialization, provision of additional food, provision of playing facilities, and also the nutrition improvement.
2. Medical Service Program through Mobile Ambulance. The CSR of Semen Padang cooperates with Semen Padang Hospital in providing medical services or free medication through the mobile ambulance. The mobile ambulance also provides medic resources (doctors) as well as medicine.

// Semen Padang implements a system of violation reporting and gratification control //

3. The implementation of mass circumcision event, in cooperation with Semen Padang Hospital (SPH) regularly every year for children from underprivileged families around Semen Padang.

CORPORATE SOCIAL INVESTMENT

Semen Padang ensures that every fund utilization which promotes social investment value is considered as the Company investment, in relation to the decrease of management risk, as well as promote continuous power to all stakeholders.

Forms of social investments consist of infrastructure development, natural disaster aid, the development of worship/religious facilities, and other social aids to improve the community social life. There are several social investments carried out in 2016:

1. Empowerment of Nagari Business group in form of management training for the communities and capital loan provision that is managed by the communities themselves.
2. Building agricultural irrigation for the agricultural communities.
3. Building kindergartens.
4. Revitalizing and building roads and bridges for the local community.
5. Qurban Animal Aids to mosques and mushallas in the Company environment every Moslem feast day (Eid Adha Mubarak). This program is aimed for increasing the relationship as well as Syiar Islam (Missionary endeavor). On the Eid Adha MubarakH2016, the distribution of Qurban animals was up to 50 animals.
6. Operational and Needed Aids for foster children in Lubuk Kilangan Orphanage.
7. Mosque and mushallas renovation in the environment of the Company.
8. Aids that consist of volunteers and groceries for flood disasters victims in the region of South Coast, South Solokand City of Padang.
9. Aids that consist of volunteers and food aids for earthquake victims in Pidie, Aceh Province.

ANTI CORRUPTION POLICY AND PROCEDURES

Anti Corruption policy and procedures around Semen Padang have been written on the Technical Manual of Fraud Control Program (FCP) as well as the Company ethic code. Through FCP, Semen Padang implements the report system of the fraud as well as controls gratification including anti corruption policy and procedures, online.

In 2016, there were 13 (thirteen) reports regarding gratification receipts. After verification conducted by GCG Bureau & MR, the received gratifications were categorized as illegal gratifications. The received money and items have been submitted to the GCG Bureau & MR as the Company has confiscated the money and the items. Then, the money and items will be used for social activities. This is aligned with the procedure written on FCP.

Semen Padang ensures that all the suspected reports that indicate fraud regarding corruption and other violation will be handled well. As a form of anti corruption, in 21st

December 2016, Semen Padang commemorates the National Anti Corruption Day which was attended by the Board of Commissioners, Board of Directors, and also the employees of Semen Padang.

ANTI CORRUPTION TRAINING

As a concern form of anti corruption, Semen Padang is motivated to erase corruption actions by formulating the ethic codes. In the ethic codes, written the importance of decent integrity which is able to build values and develop need capacities. Those will form the employee position in fighting against and mitigating any corruption actions. Semen Padang also conducts training and socialization regarding anti fraud.

CORPORATE RESPONSIBILITY TO PRODUCTS AND CUSTOMERS

Semen Padang is committed to provide the best products and services, ensure the products availability with high quality that is beyond standard as well as clear product information, provide technical services, resolving all the complaints, and also ensuring the fulfilment of customers expectation through the program of "Semen Padang Campin Nagari".

BUILDING THE COMPANY WITH EXCELLENCE PERFORMANCE (PROFIT) AND MAINTAINING PRODUCT QUALITY ACCORDING TO STANDARDS AND REGULATIONS

Semen Padang realizes the importance of maintaining the growth of performance in the Company so that the running business will be sustainable. One of the aspects that should be maintained properly is the customers' trust that believes in the benefits of the provided products and services are real and precious to have.

Semen Padang continuously attempts to maintain all the customers' trust in the quality of the products by always providing the best services. The Company maintains the product quality through applying quality management system in accordance to ISO 9001:2008 that is applied consistently. The Company promotes opportunities to the independent surveyors to conduct periodic examination to the commitment in implementing production system as well as quality consistency referring to the required standards.

CLARITY OF PRODUCT INFORMATION

In providing clarity upon products and services information, Semen Padang has stipulated protection standard and minimized health impacts from the manufactured products since the raw material mining, production activities, until the distribution of the products in various packaging (sacks or bulks) along with distribution procedures and sufficient transportation. The Company monitors strictly the product impacts in terms of health and safety aspects.

This has made the Company remain free from any penalties in terms of discrepancy of disobedience in concerning on health and safety impacts of the product.

// The implementation of ISO 9001: 2008 standard quality management system was applied consistently //

Every manufactured product that is sold to the customers, always concerns on health and safety aspects of the customers as well as completed with clear information regarding the qualities and specifications on the outside cement packaging. The information covers:

1. Mark/logo of Semen Padang as the producer.
2. Product name.
3. National Standards Number of Indonesia (SNI) and Number of Product Registration (NRP).
4. Nett weight.
5. Type of cement/product.
6. Information of type, advantage, and the product use.
7. Instruction of product safety and protection.
8. Usage dosage/composition.
9. Instruction of storage method and safety instruction.
10. Customer service hotline number for complaint/grievance report.

Including the information indicates the company obedience of the provisions, regulations, as well as the laws that assures the customers provided with information as stipulated in Act No. 8 of 1999 regarding Consumer Protection. Fulfilment

of all provisions related to customer protection has made Semen Padang free from any penalty or charges from authorities regarding alleged violations of the inclusion of product information.

MARKETING COMMUNICATION

In addition to maintaining and resolving any customer complaints, Semen Padang also attempts to maintain its product image through various forms of marketing communication. The objective is to strengthen the product position and brand in the market as well as to maintain the customer loyalty. There are two forms of implemented marketing communications such as:

1. In form of advertisement/promotion on television, radio, magazine, newspapers, internet media, and outdoor media.
2. In form of gathering or periodic meeting with distributors, events, sponsorship cooperation, point of sales materials, establishment of cement users' community, including skilled handyman in Sumatra and Java Islands.

// Semen Padang promotional activities aimed to create brand awareness and brand image //

One of the sponsorship cooperation takes form in Semen Padang's support as the main sponsor of Semen Padang FC, the soccer club that competes in national level and Asia region. The activities of marketing communication are carried out in accordance to the prevailing regulations so that Semen Padang has always been free from any penalties or charges against the prevailing laws.

Semen Padang has a system and customer data security mechanism which ensures the system is only accessible for the authorized parties. Such procedures were stipulated in order to prevent any data privacy misuse.

REALIZATION OF PRODUCT PROMOTION

Semen Padang attempts to inform, offer, and influence consumers regarding its products in order to attract the customers to use the product of Semen Padang through sustainable promotion events. The promotion is carried out through various media and promotion events. The promotion events is aimed for creating positive brand image in terms of maintaining current positive image of Semen Padang in the eye of the customers which will eventually lead to the increase of the sales.

FACILITIES, RATE AND RESOLUTION OF CUSTOMER COMPLAINT

Semen Padang fulfils its responsibility for product procurement and utilization in accordance to obedience principles towards the prevailing regulations so there will not be any actions that are against the laws both financial penalty or other penalties. In running the marketing activities, Semen Padang is always customer oriented in order to promote sustainable satisfaction as well as loyalty of the customers.

In order to realize such commitments, Semen Padang carries out several programs such as:

1. Customer Satisfaction Index (CSI)

Semen Padang understands the importance of customer satisfaction rate in order to maintain the market segment. Therefore, Semen Padang regularly measures customer satisfaction which is stated on CSI. The measurement of customer satisfaction is conducted to channel distributor (distributor, shop/agent), end user (household), ready mix concrete, contractor, and influencer in order to assess the provided services and products through question are data collection. According to the CSI result, Semen Padang has decided several further actions to enhance maximal customer (improvement plan).
2. Initiating Call Center for Customer Service

In order collect and provide alternative solutions upon various suggestions, critics, complaints, or questions from the customers that relate to the product, packaging, distribution, price, and other matters, Semen Padang provides customer service facilities through the phone number +62-800-1-888-222 (free call) or service e-mail ayanan.sp@semenindonesia.com. Every complaint from the customer will be treated professionally according to standards and mechanisms that are aimed for customer satisfaction as long and the complaint is filed to the Company.

During 2016, Semen Padang has resolved all the received complaints as listed below.

No.	Complaint	Follow-up Handling
1	Brownish colour of the cement	Carried out mixtrial and the cement is being mixed with normal cement
2	Brownish colour of the cement	Carried out mix trial. As the result turned successful, the Company carried out socialization regarding no changes of quality
3	Brownish colour of the cement	Carried out mix trial. As the result turned successful, the Company carried out socialization regarding no changes of quality
4	Appearance of brittle white Pricast	Carried out mix trial in production scale (good result), apparently the former production used muddy materials
5	Cement was puffy when being poured	Carried out investigation to PT Niaga Sejahtera, apparently the cement was softer. This effected nothing to the quality
6	Pricast concrete mini file was broken when hammered on	Carried out investigation to PT Kunango Jantan, apparently the factor was the imperfect casting process
7	Crack on concrete wall in Soreang Toll Way	Carried out the investigation to PT Standar Beton Indonesia and field observation (Soreang Toll Way). The casting process was carried out when raining

3. Technical Service

Semen Padang is active on initiating product socialization (product knowledge) in order to create brand equity and brand awareness through doing product presentation or joint test/technical support to the end users or potential customers as a form of Semen Padang technical service. This is undertaken since information to customers about product utilization is important. The correct utilization of the product will result economic and high-quality products.

Technical service activities are carried out regularly by Technical Service Team of Semen Padang which consists of marketing unit, quality guarantee unit, distribution and transportation unit, and other related units. Semen Padang has its won service center that is able to handle every complaint from the customers from both distributor and end user. Every received complaint will be followed up through applying several activities such as:

- Coordinating with the technical service team in order to carry out observation upon the complaints and also making clarification. If needed, technical service team, will use the mobile bag facility to initiate sample testing on site.
- Evaluating which will be continued by the complaint resolution.
- Regarding discussion about responsibility towards customers and products, the discussion will be continued in the chapter of Supporting Business Review, Marketing section.

// Semen Padang provides customer service center, through phone number + 62-800-1-888-222 (toll free) //

QUALITATIVE IMPACTS UPON CSR ACTIVITIES IMPLEMENTATION FOR STAKEHOLDERS AND COMPANY

Implementation of Semen Padang CSR program is based on Triple Bottom Line, which provides positive impact to stakeholders. Qualitatively, the impact results are community expectation fulfilment as the stakeholders, supporting the environmental preservation, and fulfilling laws and regulations as well as the prevailing ethics.

Priorities and advantages from CSR programs have positive impacts to the Company which are the improvement of corporate image, the development and security of the company assets, and also the development of the company's competitive power. Those three advantages will be significant to the main objectives of CSR which are sustainability and growth.

CSR MILESTONE PLAN OF 2017

As a follow up action of the preliminary implementation of CSR which adopts international system, in 2017 the Company will initiate several actions such as:

1. Optimization & Harmonization of integrated CSR strategy.
2. Implementation of CSR program that is participative, well planned, measurable, and also integrated to all Company performance.
3. Reinforcement of monitoring effective and CSR program evaluation.
4. Information system reinforcement and reporting mechanism.
5. Supporting the Company program in terms of Environmental Excellency.



Photo title:
Spirit for the Future

Photo location:
SD Semen Padang

Photo caption:
Semen Padang supports a social foundation that manages education institutions (kindergarten, elementary, junior-high, high school and vocational school level) as a form of corporate responsibility for the communities.

**AUDITED FINANCIAL
REPORT 2016**



**PT SEMEN PADANG
DAN ENTITAS ANAK/
AND ITS SUBSIDIARIES**

**LAPORAN KEUANGAN KONSOLIDASIAN
CONSOLIDATED FINANCIAL STATEMENTS**

**UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2019
FOR THE YEAR ENDED DECEMBER 31, 2019**

**DAN LAPORAN AUDITOR INDEPENDEN
AND INDEPENDENT AUDITORS' REPORT**

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LAPORAN KEUANGAN DAN PERUBAHAN KEUANGAN		STATEMENT OF FINANCIAL POSITION AND CHANGES	
LAPORAN LABA (RUGI) KESEKUTUHAN KONSOLIDASIAN - Periode tanggal 31 Desember 2020 dan untuk periode yang berakhir pada tanggal tersebut		CONSOLIDATED STATEMENT OF PROFIT (LOSS) - As of December 31, 2020 and for the year then ended	
Laporan Posisi Keuangan Konsolidasian	1	Consolidated Statement of Financial Position	1
Laporan Laba (Rugi) dan Penghasilan Komprehensif Lain Konsolidasian	2	Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
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PT SEMEN PADANG

PT SEMEN PADANG BERKUALITAS, BERKEMAJUAN, BERKELANCAHAN, BERKORPORASIFITRAH, BERKORANGKUTAN, BERKORANGKUTAN, BERKORANGKUTAN

**BUKTI PERNYATAAN DIRI
TERTANGGUNG
TANGGUNG JAWAB LUPONG KEUANGAN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR
31 DESEMBER 2018 & 2017
P.T. SEMEN PADANG DAN ENTITAS ANAK /
AUDITOR'S STATEMENT LETTER
RELATING TO
THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018 & 2017
P.T. SEMEN PADANG AND ITS SUBSIDIARIES**

Form yang harus diisi lengkap di bawah ini, dan ditandatangani

1. Nama Audit Alamat Kantor/CDO/office Alamat Kantor/Komplek di rumah Nomor Telepon/Phone Number Jabatan/Position	1. Nama Wastu R. Rasy Iskandar Padang (R217), Sumatera Barat Komplek Semen Padang Bukit Batu Padang, Sumatera Barat 0711-821210 Direktur Utama / President Director
2. Nama Nama Alamat Kantor/CDO/office Alamat Kantor/Komplek di rumah Nomor Telepon/Phone Number Jabatan/Position	2. Nama Nama R. Rasy Iskandar Padang (R217), Sumatera Barat Komplek Semen Padang Bukit Batu Padang, Sumatera Barat 0711-821210 Direktur / Director

Menyatakan bahwa:

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian
2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia
3. a. Semua informasi dalam laporan keuangan konsolidasian telah disusun secara lengkap dan benar
b. Laporan keuangan konsolidasian tidak mengandung informasi yang tidak wajar yang tidak mengungkapkan informasi yang telah terjadi
4. Bertanggung jawab atas sistem pengendalian internal dalam Perusahaan

Anda akan:

1. We are responsible for the preparation and presentation of the consolidated financial statements
2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards
3. a. All information contained in the consolidated financial statements is complete and correct
b. The consolidated financial statements do not contain misleading material information or bias, and do not omit material information and facts
4. We are responsible for the Company and its subsidiaries' internal control system

Revisi/penyempurnaan ini dibuat dengan informasi:

The statement letter is made complete:

Padang, Februari 11 February 23, 2019

Direktur Utama/President Director

Direktur/ Director

R. Rasy Iskandar



R. Rasy Iskandar

PT SEMEN PADANG BERKUALITAS, BERKEMAJUAN, BERKELANCAHAN, BERKORPORASIFITRAH, BERKORANGKUTAN, BERKORANGKUTAN, BERKORANGKUTAN



Laporan Keuangan Indonesia

Independent Auditor's Report

KE-14180-2015-01-04-004

KE-14180-2015-01-04-004

PT Semen Padang, Laporan Keuangan
Orang Asli

The Stockholders, Board of Commissioners
and Directors

PT Semen Padang dan ANJUNTA

PT Semen Padang and its ANJUNTA

Kami telah mengaudit laporan keuangan consolidated PT Semen Padang dan anak-anak usahanya, yang terdiri dari laporan laba rugi konsolidasi, laporan arus kas dan penghasilan komprehensif lain konsolidasi, laporan perubahan ekuitas konsolidasi dan laporan aset dan liabilitas konsolidasi untuk tahun yang berakhir pada tanggal tersebut, serta untuk tujuan kebijakan akuntansi, kebijakan dan informasi pengungkapan lainnya.

We have audited the statements of consolidated financial statements of PT Semen Padang and its subsidiaries, which comprises the consolidated statement of financial position as of December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Tanggung jawab manajemen atas laporan keuangan konsolidasi

Management's Responsibility for the Consolidated Financial Statements

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasi dalam rangka kepatuhan Standar Akuntansi Keuangan di Indonesia. Kita juga memercuakan standar yang ditetapkan oleh IAI dan IASB, yaitu yang berkaitan dengan kebijakan akuntansi, kebijakan dan informasi pengungkapan lainnya bebas dari pengaruh ketidak wajarannya, baik yang disebabkan oleh kesalahan atau kecurangan.

Management is responsible for the preparation and the presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such preparation (including management's responsibility to ensure the preparation of consolidated financial statements) and for the fair representation of management, whether due to fraud or error.

Tanggung Jawab Auditor

Auditor's Responsibility

Tanggung jawab kami adalah untuk menyatakan dalam laporan auditor apakah laporan keuangan konsolidasi ini berdasarkan audit kami. Kami melaksanakan audit berdasarkan Standar Akuntansi yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk memperoleh keyakinan yang memadai mengenai apakah laporan keuangan konsolidasi ini disajikan secara wajar, dalam arti yang sejalan dengan ketentuan-ketentuan dalam Standar Akuntansi Keuangan.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with certain requirements and plan the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Satrio Bing Eny & Rekan

Deloitte & Touche is a member firm of the Deloitte network of independent member firms affiliated with the Deloitte Touche Tohmatsu Limited ("DTTL"), a Swiss entity, which is the "parent" of all member firms. DTTL, which is not a member firm, does not provide any services to clients. Each member firm is a separate legal entity, which may or may not be a member firm.

Deloitte & Touche is a member firm of the Deloitte network.

Satrio Bing Ery & Rekan

Saudi Audit melakukan pemeriksaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian PT Semen Padang yang dipergunakan pada perkembangan akhir, termasuk perhitungan laba rugi kelompok perusahaan diakhir tahun yang bersangkutan. Untuk melakukan prosedur pemeriksaan tersebut, auditor memperoleh informasi terperinci mengenai normal yang berkaitan dengan perusahaan dan berbagai aspek lainnya mengenai perkembangan akhir keuangan yang bersangkutan prosedur audit yang dapat sesuai dengan kondisinya, tetapi bukan untuk tujuan pemeriksaan atas nilai benar atau pengungkapan diakhir tahun. Kami juga memeriksa pengungkapan atas ketepatan kebijakan akuntansi yang diadopsi dan konsistensi di masa lalu yang yang dibuat oleh manajemen, serta pengungkapan atas asumsi dasar laporan keuangan konsolidasian secara keseluruhan.

Kami dan Rekan kami audit yang telah kami lakukan adalah cukup dan tepat untuk memperoleh dasar yang tepat audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian tersebut menyajikan secara wajar, dalam semua hal yang material, posisi keuangan, aset liabilitas di PT Semen Padang dan kinerja atas pada tanggal 31 Desember 2016, serta kinerja keuangan dan arus kas berdasarkan nilai wajar yang disajikan pada tanggal tersebut dalam laporan keuangan konsolidasian PT Semen Padang dan Rekan kami.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the audit's objectives and the presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Semen Padang and its subsidiaries as of December 31, 2016, and their consolidated financial performance and their cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Satrio Bing Ery & Rekan



Muhammad Irfan
Tan Menteri Public-Practitioner License No. AP 0365

11 Februari 2017/February 13, 2017

PT SEMEN PADANG DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016

PT SEMEN PADANG AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	Catatan/ Notes	31 Desember/ December 31, 2016 Rp'000	31 Desember/ December 31, 2015 Rp'000	
ASET				ASSETS
ASET LANCAR				CURRENT ASSETS
Kas dan setara kas	5	638.648.238	721.096.875	Cash and cash equivalents
Kas dan setara kas yang dibatasi penggunaannya	6	9.681.474	21.577.101	Restricted cash and cash equivalents
Piutang usaha	7			Trade accounts receivable
Pihak berelasi - setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp 4.476.619 ribu pada 31 Desember 2016 dan Rp 3.065.260 ribu pada 31 Desember 2015	38	202.826.620	210.471.588	Related parties - net of allowance for impairment losses of Rp 4,476,619 thousand at December 31, 2016 and Rp 3,065,260 thousand at December 31, 2015
Pihak ketiga - setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp 14.009.274 ribu pada 31 Desember 2016 dan Rp 10.497.714 ribu pada 31 Desember 2015		540.813.761	574.533.609	Third parties - net of allowance for impairment losses of Rp 14,009,274 thousand at December 31, 2016 and Rp 10,497,714 thousand at December 31, 2015
Piutang lain-lain				Other accounts receivable
Pihak berelasi	38	19.392.335	12.271.646	Related parties
Pihak ketiga		74.142.697	28.299.405	Third parties
Persediaan - setelah dikurangi cadangan kerugian penurunan nilai sebesar Rp 28.745.612 ribu pada 31 Desember 2016 dan Rp 25.704.686 ribu pada 31 Desember 2015	8	608.161.509	657.064.736	Inventories - net of allowance for impairment losses of Rp 28,745,612 thousand at December 31, 2016 and Rp 25,704,686 thousand at December 31, 2015
Uang muka	9	17.066.192	16.892.320	Advances
Pajak dibayar di muka	10	8.093.294	39.173.255	Prepaid tax
Biaya dibayar di muka	11	8.622.072	15.369.270	Prepaid expenses
Jumlah Aset Lancar		<u>2.127.448.192</u>	<u>2.296.749.805</u>	Total Current Assets
ASET TIDAK LANCAR				NONCURRENT ASSETS
Aset pajak tangguhan	35	82.583.396	63.863.652	Deferred tax assets
Investasi pada entitas asosiasi	12	677.999	584.587	Investments in associate
Properti investasi - setelah dikurangi akumulasi penyusutan sebesar Rp 13.610.112 ribu pada 31 Desember 2016 dan Rp 7.559.962 ribu pada 31 Desember 2015	13	104.495.872	110.546.022	Investment property - net of accumulated depreciation of Rp 13,610,112 thousand at December 31, 2016 and Rp 7,559,962 thousand at December 31, 2015
Aset tetap - setelah dikurangi akumulasi penyusutan dan deplesi sebesar Rp 3.051.497.706 ribu pada 31 Desember 2016 dan Rp 2.854.344.422 ribu pada 31 Desember 2015	14	6.799.939.071	4.762.843.305	Property, plant and equipment - net of accumulated depreciation and depletion of Rp 3,051,497,706 thousand at December 31, 2016 and Rp 2,854,344,422 thousand at December 2015
Aset tak berwujud - bersih		3.407.226	3.570.586	Intangible assets - net
Uang muka lain-lain tidak lancar	15	44.281.189	117.067.806	Other advances - noncurrent
Piutang lain-lain - tidak lancar	38	17.283.810	21.220.952	Other accounts receivable - noncurrent
Aset tidak lancar lain-lain		30.835.680	16.584.069	Other noncurrent assets
Jumlah Aset Tidak Lancar		<u>7.083.504.243</u>	<u>5.096.280.979</u>	Total Noncurrent Assets
JUMLAH ASET		<u><u>9.210.952.435</u></u>	<u><u>7.393.030.784</u></u>	TOTAL ASSETS

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SEMEN PADANG DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
31 DESEMBER 2016 (Lanjutan)

PT SEMEN PADANG AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 (Continued)

	Catatan/ Notes	31 Desember/ December 31, 2016 Rp'000	31 Desember/ December 31, 2015 Rp'000	
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK				CURRENT LIABILITIES
Utang bank jangka pendek	16	1.253.573	-	Short-term bank loans
Utang usaha	17			Trade accounts payable
Pihak berelasi	38	403.442.290	405.291.023	Related parties
Pihak ketiga		755.901.043	496.977.414	Third parties
Utang lain-lain				Other accounts payable
Pihak berelasi	38	137.319.441	97.135.249	Related parties
Pihak ketiga	18	6.676.524	8.021.874	Third parties
Utang pajak	19	98.442.454	54.080.296	Taxes payable
Beban akrual	20	257.005.128	207.340.454	Accrued expenses
Utang dividen	24,28	-	731.545.092	Dividend payable
Liabilitas imbalan kerja jangka pendek	36	207.032.368	213.181.461	Short-term employee benefits liabilities
Utang bank jangka panjang yang jatuh tempo dalam satu tahun	23,40	1.740.000	435.000	Current maturities of long-term bank loans
Liabilitas sewa pembiayaan yang akan jatuh tempo dalam satu tahun	22	25.326.397	29.921.835	Current portion of finance lease liabilities
Jumlah Liabilitas Jangka Pendek		1.894.139.218	2.243.929.698	Total Current Liabilities
LIABILITAS JANGKA PANJANG				NONCURRENT LIABILITIES
Liabilitas jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun				Long-term loans - net of current portion
Utang bank	23,40	1.020.324.415	296.022.618	Bank loans
Sewa pembiayaan	22	38.482.533	63.770.624	Finance lease
Liabilitas imbalan kerja jangka panjang	36	300.436.098	266.940.241	Long-term employee benefits liabilities
Utang dividen	24	1.000.967.710	-	Dividend payable
Provisi jangka panjang	21	66.961.690	61.920.000	Long-term provisions
Jumlah Liabilitas Jangka Panjang		2.427.172.446	688.653.483	Total Noncurrent Liabilities
EKUITAS				EQUITY
Modal saham - nilai nominal				Capital stock -
Rp 1.000 per saham				Rp 1,000 par value per share
Modal dasar - 500.000.000 saham				Authorized - 500,000,000 shares
Modal ditempatkan dan disetor penuh - 332.000.001 saham	25	332.000.001	332.000.001	Subscribed and paid-in - 332,000,001 shares
Tambahan modal disetor	26	1	1	Additional paid-in capital
Penghasilan komprehensif lain		(38.300.980)	(32.648.612)	Other comprehensive income
Saldo laba				Retained earnings
Ditentukan penggunaannya	28	3.255.843.054	2.822.652.338	Appropriated
Belum ditentukan penggunaannya		1.327.635.375	1.325.607.697	Unappropriated
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk		4.877.177.451	4.447.611.425	Equity attributable to the owners of the Company
Kepentingan nonpengendali	27	12.463.320	12.836.178	Non-controlling interest
Jumlah Ekuitas		4.889.640.771	4.460.447.603	Total Equity
JUMLAH LIABILITAS DAN EKUITAS		9.210.952.435	7.393.030.784	TOTAL LIABILITIES AND EQUITY

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SEMEN PADANG DAN ENTITAS ANAK
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF
LAIN KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2016

PT SEMEN PADANG AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	Catatan/ Notes	2016 Rp'000	2015 Rp'000	
PENDAPATAN	29	6.221.204.124	6.528.321.253	REVENUES
BEBAN POKOK PENJUALAN	30	<u>(4.330.219.933)</u>	<u>(4.838.769.537)</u>	COST OF GOODS SOLD
LABA KOTOR		1.890.984.191	1.689.551.716	GROSS PROFIT
Beban penjualan	31	(531.601.199)	(262.793.126)	Selling expenses
Beban umum dan administrasi	32	(412.019.777)	(412.322.803)	General and administrative expenses
Pendapatan operasi lainnya - bersih		<u>92.085.312</u>	<u>362.764</u>	Other operating income - net
Laba usaha		1.039.448.527	1.014.798.551	Profit from operation
Pendapatan keuangan	33	28.451.084	34.245.270	Finance income
Beban keuangan	34	(81.838.583)	(60.478.746)	Finance cost
Bagian laba bersih entitas asosiasi	12	<u>665.826</u>	<u>69.587</u>	Equity in net gain of associates
Laba Sebelum Pajak Penghasilan		986.726.854	988.634.662	Profit Before Tax
BEBAN PAJAK PENGHASILAN	35	<u>(262.918.905)</u>	<u>(265.803.612)</u>	INCOME TAX EXPENSE
LABA TAHUN BERJALAN		<u>723.807.949</u>	<u>722.831.050</u>	PROFIT FOR THE YEAR
PENGHASILAN KOMPREHENSIF LAIN:				OTHER COMPREHENSIVE INCOME:
Pos-pos yang tidak akan direklasifikasi ke laba rugi:				Items that will not be reclassified subsequently to profit or loss:
Pengukuran kembali atas program imbalan pasti	36	(8.768.680)	(80.958.584)	Remeasurement of defined benefit obligation
Beban pajak terkait pos-pos yang tidak akan direklasifikasi	35	2.192.170	20.239.646	Income tax expense relating to items that will not be reclassified subsequently
Pos-pos yang akan direklasifikasi ke laba rugi:				Items that may be reclassified subsequently to profit or loss:
Keuntungan (kerugian) nilai wajar bersih atas lindung nilai arus kas		<u>1.034.898</u>	<u>(1.181.969)</u>	Net fair value gain (loss) on hedging instruments entered into for cash flow hedges
Jumlah penghasilan komprehensif lain tahun berjalan setelah pajak		<u>(5.541.611)</u>	<u>(61.900.907)</u>	Total other comprehensive income for the current year, net of tax
JUMLAH LABA KOMPREHENSIF TAHUN BERJALAN		<u>718.266.338</u>	<u>660.930.143</u>	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
LABA YANG DAPAT DIATRIBUSIKAN KEPADA:				PROFIT ATTRIBUTABLE TO:
Pemilik Entitas Induk		724.012.207	721.984.515	Owners of the Company
Kepentingan Nonpengendali	27	<u>(204.258)</u>	<u>846.535</u>	Non-controlling interest
Laba bersih tahun berjalan		<u>723.807.949</u>	<u>722.831.050</u>	Profit for the year
JUMLAH LABA KOMPREHENSIF YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:
Pemilik Entitas Induk		718.359.840	660.065.127	Owners of the Company
Kepentingan Nonpengendali		<u>(93.502)</u>	<u>865.016</u>	Non-controlling interest
Jumlah laba komprehensif tahun berjalan		<u>718.266.338</u>	<u>660.930.143</u>	Total comprehensive income for the year
LABA PER SAHAM DASAR (Dinyatakan dalam Rupiah penuh)	37	2.181	2.175	EARNINGS PER SHARE (Expressed in full Rupiah amount)

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements

PT SEMEN PADANG AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

PT SEMEN PADANG DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2016

	Catatan/ Notes	Modal disetor/ Paid-up capital stock	Rp000	Tambahan modal disetor - neto/ Additional paid in Capital - Net	Rp000	Cadangan lindung nilai arus kas/ Cash flow hedge reserve	Rp000	Penghasilan komprehensif lain/ Other comprehensive income			Rp000	Saldo laba/Retained earnings Belum ditentukan penggunaannya/ Unappropriated	Rp000	Ekuitas yang dapat diatribusikan kepada pemilik Entitas Induk/ Equity attributable to owners of the Company	Rp000	Kepentingan Nonpengendali/ Non-controlling interest	Rp000	Jumlah ekuitas/ Total equity	Rp000	Balance as of January 1, 2015
								Pengukuran kembali atas program imbalan pasti setelah pajak/ Remeasurement of defined benefit obligation net of tax	Jumlah penghasilan komprehensif lain/ Total other comprehensive income	Ditentukan penggunaannya/ Appropriated										
Saldo per 1 Januari 2015		332.000.001		1		-	29.270.776	29.270.776	2.273.017.377	1.519.650.452	4.153.938.607	12.849.621	4.166.788.228							
Laba bersih tahun berjalan		-		-		-	-	-	-	721.984.515	721.984.515	846.535	722.831.050							
Penghasilan komprehensif lain		-		-		-	(60.737.419)	(60.737.419)	(60.737.419)	-	(60.737.419)	18.481	(60.718.938)							
Keuntungan atau kerugian aktuarial		-		-		-	-	-	-	-	-	-	-							
Keuntungan (kerugian) belum direalisasi atas lindung nilai dalam rangka lindung nilai arus kas		-		-		(1.181.969)	(1.181.969)	(1.181.969)	-	-	(1.181.969)	-	(1.181.969)							
Saldo Laba ditentukan penggunaannya	28	-		-		-	-	-	549.634.961	(549.634.961)	-	-	-							
Dividen	28	-		-		-	-	-	-	(366.392.309)	(366.392.309)	(878.459)	(367.270.768)							
Saldo per 31 Desember 2015		332.000.001		1		(1.181.969)	(32.648.612)	(32.648.612)	2.822.652.338	1.325.607.697	4.447.611.425	12.836.178	4.460.447.603							
Laba bersih tahun berjalan		-		-		-	-	-	-	724.012.207	724.012.207	(204.258)	723.807.949							
Penghasilan komprehensif lain		-		-		-	-	-	-	-	-	110.756	(6.576.510)							
Keuntungan atau kerugian aktuarial		-		-		-	-	-	-	-	(6.687.266)	110.756	(6.576.510)							
Keuntungan (kerugian) belum direalisasi atas lindung nilai dalam rangka lindung nilai arus kas		-		-		1.034.898	1.034.898	1.034.898	-	-	1.034.898	-	1.034.898							
Saldo Laba ditentukan penggunaannya	28	-		-		-	-	-	433.190.716	(433.190.716)	-	-	-							
Dividen	28	-		-		-	-	-	-	(288.793.813)	(288.793.813)	(279.356)	(289.073.169)							
Saldo per 31 Desember 2016		332.000.001		1		(147.071)	(38.300.980)	(38.300.980)	3.255.843.054	1.327.635.375	4.877.177.451	12.463.320	4.889.640.771							

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

**PT SEMEN PADANG DAN ENTITAS ANAK
LAPORAN ARUS KAS KONSOLIDASIAN
UNTUK TAHUN YANG BERAKHIR 31 DESEMBER 2016**

**PT SEMEN PADANG AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 Rp'000	2015 Rp'000	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan kas dari pelanggan	6.209.604.959	6.459.147.706	Cash received from customers
Pembayaran kas kepada pemasok	(3.687.052.689)	(3.966.438.939)	Cash paid to suppliers
Pembayaran kas kepada karyawan	(739.547.550)	(736.562.151)	Cash paid to employees
Kas dihasilkan dari operasi	1.783.004.720	1.756.146.616	Cash generated from operations
Penerimaan bunga	28.451.084	34.245.270	Interest received
Pembayaran beban bunga dan beban keuangan	(81.838.583)	(52.124.600)	Interest and financing charges paid
Pembayaran pajak penghasilan	(308.693.953)	(326.515.218)	Income taxes paid
Pencairan (penempatan) kas dan setara kas yang dibatasi penggunaannya	(11.895.627)	7.929.474	Withdrawal (placement) of restricted cash and cash equivalents
Penerimaan pengembalian pajak	7.684.490	-	Tax refund
Kas Bersih Diperoleh dari Aktivitas Operasi	1.416.712.131	1.419.681.542	Net Cash Provided by Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Perolehan aset tetap	(2.168.206.894)	(1.967.080.026)	Acquisition of property, plant and equipment
Kas Bersih Digunakan untuk Aktivitas Investasi	(2.168.206.894)	(1.967.080.026)	Net Cash Used in Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Utang sewa pembiayaan	(55.162.441)	(39.974.508)	Finance lease obligations
Perolehan dari utang bank jangka panjang	729.086.798	310.211.768	Proceeds from long-term bank loan
Pembayaran utang bank jangka panjang	(3.045.000)	(24.920.013)	Payment to long-term bank loan
Perolehan dari utang bank jangka pendek	1.253.573	-	Proceeds from short-term bank loan
Pembayaran utang bank jangka pendek	(435.000)	-	Payment to short-term bank loan
Kas Bersih Diperoleh dari Aktivitas Pendanaan	671.697.930	245.317.247	Net Cash Provided by Financing Activities
PENURUNAN BERSIH KAS DAN SETARA KAS	(79.796.833)	(302.081.237)	NET DECREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS AWAL TAHUN	721.096.875	1.013.084.056	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR
Pengaruh perubahan kurs mata uang asing	(2.651.804)	10.094.056	Effect of foreign exchange rate charges
KAS DAN SETARA KAS AKHIR TAHUN	638.648.238	721.096.875	CASH AND CASH EQUIVALENTS AT END OF YEAR

Lihat catatan atas laporan keuangan konsolidasian yang merupakan bagian yang tidak terpisahkan dari laporan keuangan konsolidasian.

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

1. UMUM

a. Pendirian Perusahaan

PT Semen Padang (Perusahaan) berdiri sebagai NV Nederlandsche Indische Portland Cement Maatschappij pada tahun 1910. Pada tanggal 14 Oktober 1959, Perusahaan diambilalih oleh Pemerintah Republik Indonesia berdasarkan Peraturan Pemerintah No. 50 tahun 1959 dan nama Perusahaan diubah menjadi PN Semen Padang berdasarkan Peraturan Pemerintah No.135 tahun 1961 tentang Pendirian Perusahaan Negara Semen Padang.

Selanjutnya berdasarkan Peraturan Pemerintah No. 7/1971, status Perusahaan berubah dari PN Semen Padang menjadi PT Semen Padang. Anggaran Dasar Perusahaan telah mendapat pengesahan dari Menteri Kehakiman Republik Indonesia dengan Surat Keputusan No. C2-7136. HT.01.04.TH.84 tanggal 19 Desember 1984 dan telah diumumkan dalam Berita Negara No. 36 tanggal 3 Mei 1985. Anggaran Dasar Perusahaan tersebut selanjutnya diubah dengan Surat Keputusan No. C2-585.HT.01.04.TH.91 tanggal 27 Februari 1991. Pada tanggal 15 September 1995, 100% saham Pemerintah Republik Indonesia di Perusahaan dibeli oleh PT Semen Gresik (Persero) Tbk. Perubahan Anggaran Dasar Perusahaan sehubungan dengan penerbitan satu lembar saham baru untuk Koperasi Keluarga Besar Semen Padang disetujui dalam Rapat Umum Pemegang Saham tanggal 3 September 1997. Perubahan Anggaran Dasar Perusahaan tersebut telah memperoleh persetujuan dari Menteri Kehakiman Republik Indonesia dengan Surat Keputusannya No. C2-22274.HT.01.04.TH.98 tanggal 27 Oktober 1998.

Berdasarkan Akta Notaris Ny. Poerbaningsih Adiarsito, S.H., No. 74 tanggal 24 Juni 2011 dilakukan lagi perubahan antara lain perubahan pada maksud dan tujuan Perusahaan, Direksi, tugas dan wewenang Direksi, Dewan Komisaris, tugas dan wewenang Dewan Komisaris serta Rencana Kerja dan Anggaran Perusahaan. Perubahan tersebut telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia melalui surat No. AHU-33332.AH.01.02 tanggal 4 Juli 2011.

Perubahan Anggaran Dasar Perusahaan terakhir terjadi pada tanggal 28 Desember 2012 berdasarkan Akta Notaris Ny. Khairina, S.H., No. 117 tanggal 28 Desember 2012 antara lain mengenai tugas, wewenang, dan kewajiban Direksi dan Dewan Komisaris serta rencana kerja dan anggaran perseroan dan rencana jangka panjang perseroan. Perubahan Anggaran Dasar ini telah diterima dan dicatat di Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia melalui surat No. AHU-AH.01.10-10399 tanggal 21 Maret 2013.

1. GENERAL

a. The Company's establishment

PT Semen Padang (the Company) was established in 1910 as NV Nederlandsche Indische Portland Cement Maatschappij. The Company was taken over by the Government of Indonesia on October 14, 1959 based on Government Regulation No. 50 of 1959 and the Company's name was changed to PN Semen Padang, based on Government Regulation No. 135 of 1961 on Perusahaan Negara Semen Padang.

Subsequently, based on Government Regulation No.7/1971, the Company's status was changed from PN Semen Padang to PT Semen Padang. The Company's Articles of Association were approved by the Minister of Justice of the Republic of Indonesia through Decision Letter No. C2-7136.HT.01.04.TH.84 dated December 19, 1984 and were published in the State Gazette No. 36 dated May 3, 1985. The Company's Articles of Association were further amended by Decision Letter No. C2-585.HT.01.04.TH.91 dated February 27, 1991. On September 15, 1995, the Government of Republic of Indonesia's 100% shareholding in the Company was acquired by PT Semen Gresik (Persero) Tbk. The amendment of the Company's Articles of Association concerning the issue of one share to a new shareholder, Koperasi Keluarga Besar Semen Padang was approved at a meeting of shareholders on September 3, 1997. The amendment of the Company's Articles of Association was approved by the Minister of Justice of the Republic of Indonesia through Decision Letter No. C2-22274.HT.01.04.TH.98 dated October 27, 1998.

The Notarial Deed No. 74 of Ny. Poerbaningsih Adiarsito, S.H., dated June 24, 2011 changed again into the intent and purpose of the Company, Director, Duties and Authorities of Directors, Commissioners, Duties and Authorities of Board of Commissioners and the Company's Budget and Plan. The latest amendment of the Company's Articles of Association has been approved by the Minister of Law and Human Rights of the Republic of Indonesia based on letter No. AHU-33332.AH.01.02, dated July 4, 2011.

Changes in the Company's Articles of Association last occurred on December 28, 2012 based on Notarial Deed Ny. Khairina, S.H., No. 117 dated December 28, 2012 changed the duties and authorities of Directors and Commissioners and the Company's budget and long-term plan. This amendment has been received and recorded in the Minister of Law and Human Rights of the Republic of Indonesia based on letter No. AHU-AH.01.10-10399 dated March 21, 2013.

Ruang lingkup kegiatan Perusahaan dan entitas anak ("Grup") terutama meliputi bidang industri semen serta industri terkait.

The scope of the activities of the Company and its subsidiaries (collectively referred as "the Group") mainly involve in cement sector and related industries.

Perusahaan mulai memproduksi secara komersial pada tahun 1913.

The Company started its commercial operations in 1913.

Perusahaan berdomisili di Padang, Sumatera Barat, Indonesia dengan kantor pusat dan pabrik berlokasi di Indarung, Padang.

The Company is domiciled in Padang, West Sumatera, Indonesia and its head office and plant is located in Indarung, Padang.

Perusahaan merupakan entitas induk yang memiliki dua entitas anak dan tergabung dalam kelompok usaha milik PT Semen Indonesia (Persero) Tbk., sebagai entitas induk terakhir. Berdasarkan Akta Notaris Leolin Jayayanti, S.H., No. 36 tanggal 11 Mei 2016, susunan Dewan Komisaris dan Direksi Perusahaan pada tanggal 31 Desember 2016 adalah sebagai berikut:

The Company owns several subsidiaries and is a member of group of companies owned by PT Semen Indonesia (Persero) Tbk., as the ultimate parent company. Based on Notarial Deed No. 36 dated May 11, 2016 by Leolin Jayayanti, S.H., the Company's Board of Commissioners and Directors as of December 31, 2016 are as follows:

Komisaris Utama
Komisaris

Saldi Isra
Suharto
Eddy R. Rasyid
Wiztian Yutri

President Commissioner
Commissioners

Direktur Utama
Direksi

Benny Wendry
Indrieffouny Indra
Pudjo Suseno
Tri Hartono Rianto

President Director
Directors

Grup memiliki 1.719 dan 1.849 karyawan tetap, masing-masing pada tanggal 31 Desember 2016 dan 2015.

The Group had a total of 1,719 and 1,849 permanent employees as of December 31, 2016 and 2015, respectively.

b. Entitas Anak

b. The Company's Subsidiaries

Perusahaan mempunyai pengendalian langsung dan tidak langsung atas entitas anak sebagai berikut:

The Company has direct and indirect controlling interest in the following subsidiaries:

Entitas Anak / Subsidiaries	Domisili/ Domicile	Jenis usaha/ Nature of business	Persentase pemilikan/ Ownership percentage	Tahun operasi komersial/ Start of commercial operations	Jumlah aset sebelum eliminasi/ Total assets before elimination	
					31 Desember 2016/ December 31, 2016	31 Desember 2015/ December 31, 2015
					Rp'000	Rp'000
PT Sepatim Batamtama ("Sepatim")	Batam, Riau	Pengantongan semen dan distribusi/ Cement packing and distribution	97%	1994	33.050.558	29.396.686
PT Bima Sepaja Abadi ("BSA")	Tanjung Priok, Jakarta	Pengantongan semen dan distribusi/ Cement packing and distribution	80%	1996	163.322.799	182.661.386

2. PENERAPAN STANDAR AKUNTANSI KEUANGAN BARU DAN REVISI (“PSAK”) DAN INTERPRETASI STANDAR AKUNTANSI KEUANGAN (“ISAK”)

a. Standar yang berlaku efektif pada tahun berjalan

Dalam tahun berjalan, Grup telah menerapkan standar baru, sejumlah amandemen dan interpretasi PSAK yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan dari Ikatan Akuntan Indonesia yang relevan dengan operasinya dan efektif untuk periode akuntansi yang dimulai pada 1 Januari 2016. Amandemen PSAK 5 Segmen Operasi (i), mensyaratkan entitas untuk mengungkapkan pertimbangan yang dibuat oleh manajemen dalam menerapkan kriteria penggabungan segmen operasi, termasuk deskripsi singkat tentang segmen operasi yang telah digabungkan dan indikator ekonomi yang telah dinilai dalam menentukan bahwa segmen operasi yang digabungkan memiliki karakteristik ekonomi yang serupa; dan (ii) mengklarifikasi bahwa rekonsiliasi total aset segmen dilaporkan terhadap aset entitas hanya diungkapkan jika aset segmen secara regular disediakan kepada pengambil keputusan operasional. Grup menggabungkan beberapa segmen operasi menjadi satu segmen operasi tunggal dan membuat pengungkapan yang disyaratkan dalam Catatan 39 sesuai dengan amandemen.

Penerapan amandemen dan interpretasi standar berikut tidak memiliki pengaruh signifikan atas pengungkapan atau jumlah yang dicatat di dalam laporan keuangan konsolidasian pada tahun berjalan dan tahun sebelumnya:

- PSAK 70, Akuntansi Aset dan Liabilitas Pengampunan Pajak
- ISAK 30, Pungutan
- Amandemen PSAK 4, Laporan Keuangan Tersendiri
- Amandemen PSAK 7, Pengungkapan pihak-pihak berelasi
- Amandemen PSAK 15, Investasi pada Entitas Asosiasi dan Ventura Bersama
- Amandemen PSAK 16, Aset Tetap
- Amandemen PSAK 19, Aset Takberwujud
- Amandemen PSAK 22, Kombinasi Bisnis
- Amandemen PSAK 25, Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan
- Amandemen PSAK 24, Imbalan Kerja
- Amandemen PSAK 65, Laporan Keuangan Konsolidasian
- Amandemen PSAK 66, Pengaturan Bersama
- Amandemen PSAK 67, Pengungkapan Kepentingan dalam Entitas
- Amandemen PSAK 68, Pengukuran Nilai Wajar

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (“PSAK”) AND INTERPRETATIONS OF PSAK (“ISAK”)

a. Standards and amendments effective in the current period

In the current year, the Group has applied a new standard, a number of amendments, and an interpretation to PSAK issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2016. The amendments to PSAK 5 Operating Segments (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if segment assets are regularly provided to the chief operating decision-maker. The Group has aggregated several operating segments into a single operating segment and made the required disclosures in Note 39 in accordance with the amendments.

The application of the following amendments, and interpretation to standards have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year consolidated financial statements:

- PSAK 70, Accounting for Tax Amnesty Asset and Liability
- ISAK 30, Levies
- Amendments to PSAK 4, Separate Financial Statements
- Amendments to PSAK 7, Related Party Disclosures
- Amendments to PSAK 15, Investment in Associates and Joint Venture
- Amendments to PSAK 16, Property, Plant and Equipment
- Amendments to PSAK 19, Intangible Assets
- Amendments to PSAK 22, Business Combination
- Amendments PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to PSAK 24, Employee Benefits
- Amendments to PSAK 65, Consolidated Financial Statements
- Amendments to PSAK 66, Joint Arrangements
- Amendments to PSAK 67, Disclosure of Interest in Other Entities
- Amendments to PSAK 68, Fair Value Measurement

b. Standar dan interpretasi telah diterbitkan tapi belum diterapkan

Amandemen standar dan interpretasi berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017, dengan penerapan dini diperkenankan yaitu:

- PSAK 1: Penyajian Laporan Keuangan tentang Prakarsa Pengungkapan
- ISAK 31: Interpretasi atas Ruang Lingkup PSAK 13: Properti Investasi

Standar dan amandemen standar berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2018, dengan penerapan dini diperkenankan yaitu:

- PSAK 69: Agrikultur
- Amandemen PSAK 16: Aset Tetap

Sampai dengan tanggal penerbitan laporan keuangan konsolidasian, manajemen sedang mengevaluasi dampak dari standar dan interpretasi tersebut terhadap laporan keuangan konsolidasian.

3. KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

a. Pernyataan Kepatuhan

Laporan keuangan konsolidasian Grup disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia.

b. Dasar Penyusunan

Dasar penyusunan laporan keuangan konsolidasian adalah biaya historis, kecuali instrumen keuangan tertentu yang diukur pada jumlah revaluasi atau nilai wajar dan basis akrual kecuali untuk penyusunan laporan arus kas konsolidasian pada setiap akhir periode pelaporan, yang dijelaskan dalam kebijakan akuntansi di bawah ini.

Biaya historis umumnya didasarkan pada nilai wajar dari imbalan yang diberikan untuk pertukaran barang atau jasa.

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam suatu transaksi teratur antara pelaku pasar pada tanggal pengukuran.

Laporan arus kas konsolidasian disusun dengan menggunakan metode langsung dengan mengelompokkan arus kas dalam aktivitas operasi, investasi dan pendanaan.

b. Standards and interpretations issued not yet adopted

New standards, amendments and interpretation effective for periods beginning on or after January 1, 2017, with early application is permitted are the following:

- PSAK 1: Presentation of Financial Statements about Disclosure Initiative
- ISAK 31: Scope Interpretation of PSAK 13: Investment Property.

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are:

- PSAK 69: Agriculture
- Amendments to PSAK 16: Property, Plant and Equipment

As of the issuance date of the consolidated financial statements, management is evaluating the effect of the effect of these standards and interpretations on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and accrual basis except for the consolidation statement of cash flows at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The consolidated statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

c. Dasar Konsolidasian

Laporan keuangan konsolidasian menggabungkan laporan keuangan Perusahaan dan entitas yang dikendalikan oleh Perusahaan dan entitas anak (termasuk entitas terstruktur). Pengendalian tercapai dimana Perusahaan memiliki kekuasaan atas *investee*; eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*; dan kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil investor.

Perusahaan menilai kembali apakah Perusahaan mengendalikan *investee* jika fakta dan keadaan mengindikasikan adanya perubahan terhadap satu atau lebih dari tiga elemen pengendalian yang disebutkan di atas.

Ketika Perusahaan memiliki kurang dari hak suara mayoritas di-*investee*, ia memiliki kekuasaan atas *investee* ketika hak suara investor cukup untuk memberinya kemampuan praktis untuk mengarahkan aktivitas relevan secara sepihak. Perusahaan mempertimbangkan seluruh fakta dan keadaan yang relevan dalam menilai apakah hak suara Perusahaan cukup untuk memberikan Perusahaan kekuasaan, termasuk (i) ukuran kepemilikan hak suara Perusahaan relatif terhadap ukuran dan penyebaran kepemilikan pemilik hak suara lain; (ii) hak suara potensial yang dimiliki oleh Perusahaan, pemegang suara lain atau pihak lain; (iii) hak yang timbul dari pengaturan kontraktual lain; dan (iv) setiap fakta dan keadaan tambahan apapun mengindikasikan bahwa Perusahaan memiliki, atau tidak memiliki, kemampuan kini untuk mengarahkan aktivitas yang relevan pada saat keputusan perlu dibuat, termasuk pola suara pemilikan dalam RUPS sebelumnya.

Konsolidasi entitas anak dimulai ketika Perusahaan memperoleh pengendalian atas entitas anak dan akan dihentikan ketika Perusahaan kehilangan pengendalian pada entitas anak. Secara khusus, pendapatan dan beban entitas anak diakuisisi atau dijual selama tahun berjalan termasuk dalam laporan laba rugi konsolidasian dan penghasilan komprehensif lain dari tanggal diperolehnya pengendalian Perusahaan sampai tanggal ketika Perusahaan berhenti untuk mengendalikan entitas anak.

Laba rugi dan setiap komponen penghasilan komprehensif lain diatribusikan kepada pemilik entitas induk dan untuk kepentingan nonpengendali. Perusahaan juga mengatribusikan total laba komprehensif entitas anak kepada pemilik entitas induk dan kepentingan nonpengendali meskipun hal tersebut mengakibatkan kepentingan nonpengendali memiliki saldo defisit.

Jika diperlukan, penyesuaian dapat dilakukan terhadap laporan keuangan entitas anak agar kebijakan akuntansi yang digunakan sesuai dengan kebijakan akuntansi yang digunakan oleh Grup.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including (i) the size of the Company's holding of voting rights relative to the size and dispersion of holding of the other vote holders; (ii) potential voting rights held by the Company, other vote holders or other parties; (iii) rights arising from other contractual arrangements; and (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustment are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Seluruh aset dan liabilitas, ekuitas penghasilan, beban dan arus kas dalam intra Grup terkait dengan transaksi antar entitas dalam Grup dieliminasi secara penuh pada saat konsolidasian.

Perubahan kepemilikan Grup pada entitas anak yang tidak mengakibatkan kehilangan pengendalian Grup atas entitas anak dicatat sebagai transaksi ekuitas. Jumlah tercatat dari kepemilikan Grup dan kepentingan nonpengendali disesuaikan untuk mencerminkan perubahan kepentingan relatifnya dalam entitas anak. Selisih antara jumlah tercatat kepentingan nonpengendali yang disesuaikan dan nilai wajar imbalan yang dibayar atau diterima diakui secara langsung dalam ekuitas dan diatribusikan dengan pemilik entitas induk.

Ketika Grup kehilangan pengendalian pada entitas anak, keuntungan atau kerugian diakui dalam laba rugi dan dihitung sebagai perbedaan antara (i) agregat nilai wajar pembayaran yang diterima dan nilai wajar sisa kepemilikan (*retained interest*) dan (ii) jumlah tercatat sebelumnya dari aset (termasuk goodwill), dan liabilitas dari entitas anak dan setiap kepentingan nonpengendali. Seluruh jumlah yang diakui sebelumnya dalam penghasilan komprehensif lain yang terkait dengan entitas anak yang dicatat seolah-olah Grup telah melepaskan secara langsung aset atau liabilitas terkait entitas anak (yaitu direklasifikasi ke laba rugi atau ditransfer ke kategori lain dari ekuitas sebagaimana ditentukan / diizinkan oleh standar akuntansi yang berlaku). Nilai wajar setiap sisa investasi pada entitas anak terdahulu pada tanggal hilangnya pengendalian dianggap sebagai nilai wajar pada saat pengakuan awal untuk akuntansi berikutnya dalam PSAK 55, Instrumen Keuangan: Pengakuan dan Pengukuran atau, ketika berlaku, biaya perolehan pada saat pengakuan awal dari investasi pada entitas asosiasi.

d. Kombinasi Bisnis

Akuisisi bisnis dicatat dengan menggunakan metode akuisisi. Imbalan yang dialihkan dalam suatu kombinasi bisnis diukur pada nilai wajar, yang dihitung sebagai hasil penjumlahan dari nilai wajar tanggal akuisisi atas seluruh aset yang dialihkan oleh Grup, liabilitas yang diakui oleh Grup kepada pemilik sebelumnya dari pihak yang diakuisisi dan kepentingan ekuitas yang diterbitkan oleh Grup dalam pertukaran pengendalian dari pihak yang diakuisisi. Biaya-biaya terkait akuisisi diakui di dalam laba rugi pada saat terjadinya.

Pada tanggal akuisisi, aset teridentifikasi yang diperoleh dan liabilitas yang diambilalih diakui pada nilai wajar kecuali untuk aset dan liabilitas tertentu yang diukur sesuai dengan standar yang relevan.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transaction between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable accounting standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PSAK 55, Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

d. Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

Goodwill diukur sebagai selisih lebih dari nilai gabungan dari imbalan yang dialihkan, jumlah setiap kepentingan nonpengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi (jika ada) atas jumlah neto dari aset teridentifikasi yang diperoleh dan liabilitas yang diambilalih pada tanggal akuisisi. Jika, setelah penilaian kembali, jumlah neto dari aset teridentifikasi yang diperoleh dan liabilitas yang diambilalih pada tanggal akuisisi melebihi jumlah imbalan yang dialihkan, jumlah dari setiap kepentingan non-pengendali pada pihak diakuisisi dan nilai wajar pada tanggal akuisisi kepentingan ekuitas yang sebelumnya dimiliki oleh pihak pengakuisisi pada pihak diakuisisi (jika ada), selisih lebih diakui segera dalam laba rugi sebagai pembelian dengan diskon.

Kepentingan nonpengendali yang menyajikan bagian kepemilikan dan memberikan mereka hak atas bagian proposional dari aset neto entitas dalam hal terjadi likuidasi pada awalnya diukur baik pada nilai wajar ataupun pada bagian proporsional kepemilikan kepentingan nonpengendali atas aset neto teridentifikasi dari pihak yang diakuisisi. Pilihan dasar pengukuran dilakukan atas dasar transaksi. Kepentingan nonpengendali jenis lain diukur pada nilai wajar atau, jika berlaku, pada dasar pengukuran lain yang ditentukan oleh standar akuntansi lain.

Bila imbalan yang dialihkan oleh Grup dalam suatu kombinasi bisnis termasuk aset atau liabilitas yang berasal dari pengaturan imbalan kontinjen (*contingent consideration arrangement*), imbalan kontinjen tersebut diukur pada nilai wajar pada tanggal akuisisi dan termasuk sebagai bagian dari imbalan yang dialihkan dalam suatu kombinasi bisnis.

Perubahan dalam nilai wajar atas imbalan kontinjen yang memenuhi syarat sebagai penyesuaian periode pengukuran disesuaikan secara retrospektif, dengan penyesuaian terkait terhadap goodwill. Penyesuaian periode pengukuran adalah penyesuaian yang berasal dari informasi tambahan yang diperoleh selama periode pengukuran (yang tidak melebihi satu tahun sejak tanggal akuisisi) tentang fakta-fakta dan kondisi yang ada pada tanggal akuisisi.

Akuntansi berikutnya untuk perubahan nilai wajar dari imbalan kontinjensi yang tidak memenuhi syarat sebagai penyesuaian periode pengukuran tergantung pada bagaimana imbalan kontinjensi diklasifikasikan. Imbalan kontinjensi yang diklasifikasikan sebagai ekuitas tidak diukur kembali pada tanggal pelaporan dan penyelesaian selanjutnya diperhitungkan dalam ekuitas. Imbalan kontinjensi yang diklasifikasikan sebagai aset atau liabilitas diukur kembali pada nilai wajar pada setiap tanggal pelaporan dengan perubahan nilai wajar diakui dalam laporan laba rugi.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase option.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another accounting standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured subsequent to reporting dates at fair value, with changes in fair value recognised in profit or loss.

Bila suatu kombinasi bisnis dilakukan secara bertahap, kepemilikan terdahulu Grup atas pihak terakuisisi diukur kembali ke nilai wajar pada tanggal akuisisi dan keuntungan atau kerugian dihasilkan, jika ada, diakui dalam laba rugi. Jumlah yang berasal dari kepemilikan sebelum tanggal akuisisi yang sebelumnya telah diakui dalam penghasilan komprehensif lain direklasifikasi ke laba rugi dimana perlakuan tersebut akan sesuai jika kepemilikan tersebut dilepas/dijual.

Jika akuntansi awal untuk kombinasi bisnis belum selesai pada akhir periode pelaporan saat kombinasi terjadi, Grup melaporkan jumlah sementara untuk pos-pos yang proses akuntansinya belum selesai dalam laporan keuangannya. Selama periode pengukuran, pihak pengakuisisi menyesuaikan, aset atau liabilitas tambahan yang diakui, untuk mencerminkan informasi baru yang diperoleh tentang fakta dan keadaan yang ada pada tanggal akuisisi dan, jika diketahui, akan berdampak pada jumlah yang diakui pada tanggal tersebut.

e. Transaksi dan Saldo Laporan Keuangan Dalam Mata Uang Asing

Laporan keuangan individu masing-masing entitas Grup diukur dan disajikan dalam mata uang dari lingkungan ekonomi utama dimana entitas beroperasi (mata uang fungsional). Laporan keuangan konsolidasian dari Grup dan laporan posisi keuangan Perusahaan disajikan dalam mata uang Rupiah yang merupakan mata uang fungsional Perusahaan dan mata uang penyajian untuk laporan keuangan konsolidasian.

Dalam penyusunan laporan keuangan setiap entitas individual grup, transaksi dalam mata uang asing selain mata uang fungsional entitas (mata uang asing) diakui pada kurs yang berlaku pada tanggal transaksi. Pada setiap akhir periode pelaporan, pos moneter dalam valuta asing dijabarkan kembali pada kurs yang berlaku pada tanggal tersebut. Pos-pos non moneter yang diukur pada nilai wajar dalam valuta asing dijabarkan kembali pada kurs yang berlaku pada tanggal ketika nilai wajar ditentukan. Pos nonmoneter yang diukur dalam biaya historis dalam valuta asing tidak dijabarkan kembali.

Selisih kurs atas pos moneter diakui dalam laba rugi pada periode saat terjadinya kecuali untuk:

- Selisih kurs atas pinjaman valuta asing yang berkaitan dengan aset dalam konstruksi untuk penggunaan yang produktif di masa depan, termasuk dalam biaya perolehan aset tersebut ketika dianggap sebagai penyesuaian atas biaya bunga atas pinjaman valuta asing.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

e. Foreign Currency Transactions and Balance

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the company are presented in Indonesian Rupiah, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowing.

- Selisih kurs atas transaksi yang ditetapkan untuk tujuan lindung nilai risiko valuta asing tertentu (lihat Catatan 3aa dibawah ini untuk kebijakan akuntansi lindung nilai).
- Selisih kurs atas pos moneter piutang atau utang pada kegiatan dalam valuta asing yang penyelesaiannya tidak direncanakan atau tidak mungkin terjadi (membentuk bagian dari investasi bersih dalam kegiatan usaha luar negeri), yang pada awalnya diakui pada penghasilan komprehensif lain dan direklasifikasi dari ekuitas ke laba rugi pada pembayaran kembali pos moneter.

f. Transaksi Pihak-pihak Berelasi

Pihak-pihak berelasi adalah orang atau entitas yang terkait dengan Grup (entitas pelapor):

- a. Orang atau anggota keluarga dekat mempunyai relasi dengan entitas pelapor jika orang tersebut:
 - i. memiliki pengendalian atau pengendalian bersama entitas pelapor;
 - ii. memiliki pengaruh signifikan atas entitas pelapor; atau
 - iii. merupakan personil manajemen kunci entitas pelapor atau entitas induk dari entitas pelapor.
- b. Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:
 - i. Entitas dan entitas pelapor adalah anggota dari kelompok usaha yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya saling berelasi dengan entitas lainnya).
 - ii. Satu entitas adalah entitas asosiasi dari entitas lain (atau entitas asosiasi yang merupakan anggota suatu kelompok usaha, yang mana entitas lain tersebut adalah anggotanya).
 - iii. Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama.
 - iv. Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga.
 - v. Entitas tersebut adalah suatu program imbalan pasca kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor.

- Exchange differences on transaction entered into in order to hedge certain foreign currency risks (see Note 3aa below for hedge accounting policies).
- Exchange differences on monetary items receivable from or payable to a foreign currency operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

f. Transactions with Related Parties

A related party is a person or entity that is related to the Group (the reporting entity):

- a. A person or a close member of that person's family is related to the reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b. An entity is related to the reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same the Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate of the other entity (or an associate of a member of a Company of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity, or an entity related to the reporting entity. If the reporting entity in itself such a plan, the sponsoring employers are also related to the reporting entity.

- vi. Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf (a).
- vii. Orang yang diidentifikasi dalam huruf (a) (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).
- viii. Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

Transaksi signifikan yang dilakukan dengan pihak-pihak berelasi, baik dilakukan dengan kondisi dan persyaratan dengan pihak ketiga maupun tidak, diungkapkan pada laporan keuangan konsolidasian.

g. Aset Keuangan

Seluruh aset keuangan diakui dan dihentikan pengakuannya pada tanggal diperdagangkan dimana pembelian dan penjualan aset keuangan berdasarkan kontrak yang mensyaratkan penyerahan aset keuangan dalam kurun waktu yang ditetapkan oleh kebiasaan pasar yang berlaku, dan awalnya diukur sebesar nilai wajar ditambah biaya transaksi, kecuali untuk aset keuangan yang diukur pada nilai wajar melalui laba rugi, yang awalnya diukur sebesar nilai wajar.

Aset keuangan Grup pada tanggal pelaporan diklasifikasikan sebagai berikut:

- Tersedia untuk dijual

AFS aset keuangan adalah aset keuangan non-derivatif yang ditetapkan baik sebagai AFS atau yang tidak diklasifikasikan sebagai (a) pinjaman yang diberikan dan piutang, (b) dimiliki hingga jatuh tempo atau (c) aset keuangan pada nilai wajar melalui laba rugi (FVTPL).

Investasi dalam instrumen ekuitas yang tidak tercatat di bursa yang tidak mempunyai kuotasi harga pasar di pasar aktif dan nilai wajarnya tidak dapat diukur secara handal diklasifikasikan sebagai AFS, diukur pada biaya perolehan dikurangi penurunan nilai.

Dividen atas instrumen ekuitas AFS, jika ada, diakui pada laba rugi pada saat hak Grup untuk memperoleh pembayaran dividen ditetapkan.

- vi. The entity is controlled or jointly controlled by a person identified in (a).

- vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).

- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Significant transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

g. Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group's financial assets as of reporting date are classified as follows:

- Available-for-sale (AFS)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity or (c) fair value through profit or loss (FVTPL).

AFS equity investments that are not quoted in an active market and whose fair value cannot be reliably measured are also classified as AFS, measured at cost less impairment.

Dividends on AFS equity instruments, if any, are recognised in profit or loss when the Group's right to receive the dividend are established.

• Pinjaman yang diberikan dan piutang

Kas dan setara kas, kecuali kas, piutang pelanggan dan piutang lain-lain dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif diklasifikasi sebagai "Pinjaman yang diberikan dan Piutang", yang diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif dikurangi penurunan nilai.

Bunga diakui dengan menggunakan metode suku bunga efektif, kecuali piutang jangka pendek dimana pengakuan bunga tidak material.

Metode suku bunga efektif

Metode suku bunga efektif adalah metode yang digunakan untuk menghitung biaya perolehan diamortisasi dari instrumen keuangan dan metode untuk mengalokasikan pendapatan bunga atau biaya selama periode yang relevan. Suku bunga efektif adalah suku bunga yang secara tepat mendiskontokan estimasi penerimaan atau pembayaran kas masa depan (mencakup seluruh komisi dan bentuk lain yang dibayarkan dan diterima oleh para pihak dalam kontrak yang merupakan bagian yang tak terpisahkan dari suku bunga efektif, biaya transaksi dan premium dan diskonto lainnya) selama perkiraan umur instrumen keuangan, atau, jika lebih tepat, digunakan periode yang lebih singkat untuk memperoleh nilai tercatat bersih dari aset keuangan pada saat pengakuan awal.

Pendapatan diakui dengan menggunakan metode suku bunga efektif, kecuali untuk piutang jangka pendek di mana pengakuan bunga tidak material.

Penurunan nilai aset keuangan

Aset keuangan dinilai terhadap indikator penurunan nilai pada setiap tanggal pelaporan. Aset keuangan diturunkan nilainya bila terdapat bukti objektif, sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset keuangan, dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan yang dapat diestimasi secara andal.

Untuk investasi ekuitas AFS yang tercatat dan tidak tercatat di bursa, penurunan yang signifikan atau jangka panjang dalam nilai wajar dari instrumen ekuitas di bawah biaya perolehannya dianggap sebagai bukti objektif terjadinya penurunan nilai.

Untuk aset keuangan lainnya, bukti obyektif penurunan nilai termasuk sebagai berikut:

- kesulitan keuangan signifikan yang dialami penerbit atau pihak pemegang; atau

• Loans and receivables

Cash and cash equivalents, except cash on hand, trade accounts receivable and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Loans and Receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized by applying the effective interest method, except for short term receivable where the recognition or interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- pelanggaran kontrak, seperti terjadinya wanprestasi atau tunggakan pembayaran pokok atau bunga; atau
- terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan.

Untuk kelompok aset keuangan tertentu, seperti piutang, aset yang tidak akan dievaluasi secara individual akan dievaluasi penurunan nilainya secara kolektif. Bukti objektif dari penurunan nilai portofolio piutang dapat termasuk pengalaman Grup atas tertagihnya piutang di masa lalu, peningkatan keterlambatan penerimaan pembayaran piutang dari rata-rata periode kredit, dan juga pengamatan atas perubahan kondisi ekonomi nasional atau lokal yang berkorelasi dengan gagal bayar atas piutang.

Untuk aset keuangan yang diukur pada biaya perolehan diamortisasi, jumlah kerugian penurunan nilai merupakan selisih antara jumlah tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa depan yang didiskontokan menggunakan suku bunga efektif awal dari aset keuangan.

Untuk aset keuangan yang dicatat pada biaya perolehan, jumlah kerugian penurunan nilai diukur berdasarkan selisih antara jumlah tercatat aset keuangan dan nilai kini estimasi arus kas masa depan yang didiskontokan pada tingkat imbal hasil yang berlaku di pasar untuk aset keuangan yang serupa. Kerugian penurunan nilai tersebut tidak dapat dibalik pada periode berikutnya.

Jumlah tercatat aset keuangan dikurangi dengan kerugian penurunan nilai secara langsung atas seluruh aset keuangan, kecuali piutang yang jumlah tercatatnya dikurangi melalui penggunaan akun cadangan piutang. Jika piutang tidak tertagih, piutang tersebut dihapuskan melalui akun cadangan piutang. Pemulihan kemudian dari jumlah yang sebelumnya telah dihapuskan dikreditkan terhadap akun cadangan. Perubahan jumlah tercatat akun cadangan piutang diakui dalam laba rugi.

Jika aset keuangan AFS dianggap menurun nilainya, keuntungan atau kerugian kumulatif yang sebelumnya telah diakui dalam ekuitas direklasifikasi ke laba rugi.

Kecuali instrumen ekuitas AFS, jika, pada periode berikutnya, jumlah kerugian penurunan nilai berkurang dan pengurangan tersebut dapat dikaitkan secara obyektif dengan peristiwa yang terjadi setelah penurunan nilai diakui, kerugian penurunan nilai yang diakui sebelumnya dibalik melalui laba rugi hingga nilai tercatat investasi pada tanggal pemulihan penurunan nilai, sepanjang nilainya tidak melebihi biaya perolehan diamortisasi sebelum pengakuan kerugian penurunan nilai dilakukan.

- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial asset carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in equity are reclassified to profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Dalam hal efek ekuitas AFS, kerugian penurunan nilai yang sebelumnya diakui dalam laba rugi tidak boleh dibalik melalui laba rugi. Setiap kenaikan nilai wajar setelah penurunan nilai diakui secara langsung ke penghasilan komprehensif lain.

Penghentian pengakuan aset keuangan

Grup menghentikan pengakuan aset keuangan jika dan hanya jika hak kontraktual atas arus kas yang berasal dari aset berakhir, atau Grup mentransfer aset keuangan dan secara substansial mentransfer seluruh risiko dan manfaat atas kepemilikan aset kepada entitas lain. Jika Grup tidak mentransfer serta tidak memiliki secara substansial atas seluruh risiko dan manfaat kepemilikan serta masih mengendalikan aset yang ditransfer, maka Grup mengakui keterlibatan berkelanjutan atas aset yang ditransfer dan liabilitas terkait sebesar jumlah yang mungkin harus dibayar. Jika Grup memiliki secara substansial seluruh risiko dan manfaat kepemilikan aset keuangan yang ditransfer, Grup masih mengakui aset keuangan dan juga mengakui pinjaman yang dijamin sebesar pinjaman yang diterima.

Penghentian pengakuan aset keuangan secara keseluruhan, selisih antara jumlah tercatat aset dan jumlah pembayaran dan piutang yang diterima dan keuntungan atau kerugian kumulatif yang telah diakui dalam penghasilan komprehensif lain dan terakumulasi dalam ekuitas diakui dalam laba rugi.

Penghentian pengakuan aset keuangan terhadap satu bagian saja (misalnya ketika Grup masih memiliki hak untuk membeli kembali bagian aset yang ditransfer), Grup mengalokasikan jumlah tercatat sebelumnya dari aset keuangan tersebut pada bagian yang tetap diakui berdasarkan keterlibatan berkelanjutan, dan bagian yang tidak lagi diakui berdasarkan nilai wajar relatif dari kedua bagian tersebut pada tanggal transfer. Selisih antara jumlah tercatat yang dialokasikan pada bagian yang tidak lagi diakui dan jumlah dari pembayaran yang diterima untuk bagian yang tidak lagi diakui dan setiap keuntungan atau kerugian kumulatif yang dialokasikan pada bagian yang tidak lagi diakui tersebut yang sebelumnya telah diakui dalam penghasilan komprehensif lain diakui pada laba rugi. Keuntungan dan kerugian kumulatif yang sebelumnya diakui dalam penghasilan komprehensif lain dialokasikan pada bagian yang tetap diakui dan bagian yang dihentikan pengakuannya, berdasarkan nilai wajar relatif kedua bagian tersebut.

h. Liabilitas Keuangan dan Instrumen Ekuitas

Klasifikasi sebagai liabilitas atau ekuitas

Liabilitas keuangan dan instrumen ekuitas yang diterbitkan oleh Grup diklasifikasi sesuai dengan substansi perjanjian kontraktual dan definisi liabilitas keuangan dan instrumen ekuitas.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of financial asset other than its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

h. Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Instrumen ekuitas

Instrumen ekuitas adalah setiap kontrak yang memberikan hak residual atas aset Perusahaan setelah dikurangi dengan seluruh liabilitasnya.

Liabilitas keuangan pada biaya perolehan diamortisasi

Utang usaha dan utang lain-lain, utang bank serta pinjaman lainnya pada awalnya diukur pada nilai wajar, setelah dikurangi biaya transaksi, dan selanjutnya diukur pada biaya perolehan yang diamortisasi dengan menggunakan metode suku bunga efektif, dengan beban bunga diakui berdasarkan metode suku bunga efektif.

Penghentian pengakuan liabilitas keuangan

Grup menghentikan pengakuan liabilitas keuangan, jika dan hanya jika, liabilitas Grup telah dilepaskan, dibatalkan atau kadaluarsa. Selisih antara jumlah tercatat liabilitas keuangan yang dihentikan pengakuannya dan imbalan yang dibayarkan dan utang diakui dalam laba rugi.

i. Saling hapus antar Aset Keuangan dan Liabilitas Keuangan

Aset dan liabilitas keuangan Grup saling hapus dan nilai bersihnya disajikan dalam laporan posisi keuangan jika dan hanya jika,

- saat ini memiliki hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui tersebut; dan
- berniat untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan.

j. Kas dan Setara Kas

Untuk tujuan penyajian arus kas konsolidasian, kas dan setara kas terdiri dari kas, bank dan semua investasi yang jatuh tempo dalam waktu tiga bulan atau kurang dari tanggal perolehannya dan yang tidak dijaminan serta tidak dibatasi penggunaannya.

k. Investasi pada Entitas Asosiasi

Entitas asosiasi adalah entitas dimana Grup memiliki pengaruh signifikan. Pengaruh signifikan adalah kekuasaan untuk berpartisipasi dalam keputusan kebijakan keuangan dan operasional *investee* tetapi tidak mengendalikan atau mengendalikan bersama atas kebijakan tersebut.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of their liabilities.

Financial liabilities at amortized cost

Trade and other payables, bank and other borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

i. Netting of Financial Assets and Financial Liabilities

The Group only offsets financial assets and liabilities and presents the net amount in the statement of financial position where it:

- currently has a legal enforceable right to set off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

j. Cash and Cash Equivalents

For consolidated statement of cash flows presentation purposes, cash and cash equivalents consist of cash on hand and in banks and all unrestricted investments with maturities of three months or less from the date of placement.

k. Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Penghasilan dan aset dan liabilitas dari entitas asosiasi digabungkan dalam laporan keuangan konsolidasian interim dicatat dengan menggunakan metode ekuitas, kecuali ketika investasi diklasifikasikan sebagai dimiliki untuk dijual, sesuai dengan PSAK 58 (revisi 2014), Aset Tidak Lancar yang Dimiliki untuk Dijual dan Operasi yang Dihentikan. Dalam metode ekuitas, pengakuan awal investasi pada entitas asosiasi diakui sebesar biaya perolehan pada laporan keuangan konsolidasian, dan selanjutnya disesuaikan untuk perubahan dalam bagian kepemilikan Grup atas laba rugi dan penghasilan komprehensif lain entitas asosiasi. Jika bagian Grup atas kerugian entitas asosiasi melebihi kepentingannya pada entitas asosiasi (yang mencakup kepentingan jangka panjang yang secara substansi membentuk bagian investasi neto Grup pada entitas asosiasi) maka Grup menghentikan pengakuan bagiannya atas rugi lebih lanjut dan tambahan kerugian hanya diakui oleh Grup sepanjang entitas memiliki kewajiban konstruktif atau hukum atau melakukan pembayaran atas nama entitas asosiasi.

Investasi pada entitas asosiasi dicatat dengan menggunakan metode ekuitas sejak tanggal investasi tersebut memenuhi definisi entitas asosiasi. Dalam akuisisi investasi pada entitas asosiasi, setiap selisih antara biaya perolehan investasi dengan bagian Grup atas nilai wajar neto dari aset dan liabilitas teridentifikasi dari *investee* dicatat sebagai *goodwill*, yang termasuk dalam jumlah tercatat investasi. Setiap selisih lebih dari bagian kepemilikan Grup dari nilai wajar neto aset dan liabilitas yang teridentifikasi dari *investee* terhadap biaya perolehan investasi dimasukkan sebagai penghasilan dalam menentukan laba rugi pada periode investasi diperoleh.

Persyaratan dalam PSAK 55 (revisi 2014) Instrumen Keuangan: Pengakuan dan Pengukuran, diterapkan untuk menentukan apakah perlu untuk mengakui setiap penurunan nilai sehubungan dengan investasi pada entitas asosiasi. Jika perlu, jumlah tercatat investasi yang tersisa (termasuk *goodwill*) diuji penurunan nilai sesuai dengan PSAK 48, Penurunan Nilai Aset, sebagai suatu aset tunggal dengan membandingkan antara jumlah terpulihkan (mana yang lebih tinggi antara nilai pakai dan nilai wajar dikurangi biaya untuk menjual) dengan jumlah tercatatnya. Rugi penurunan nilai yang diakui pada keadaan tersebut tidak dialokasikan pada setiap aset yang membentuk bagian dari nilai tercatat investasi pada entitas asosiasi. Setiap pembalikan dari penurunan nilai diakui sesuai dengan PSAK 48 sepanjang jumlah terpulihkan dari investasi tersebut kemudian meningkat.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with PSAK 58 (Revised 2014) Non-current Assets Held for Sale and Discontinued Operation. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of PSAK 55 (revised 2014), Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PSAK 48, Impairment of Assets, as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PSAK 48 to the extent that the recoverable amount of the investment subsequently increases.

Grup menghentikan penggunaan metode ekuitas sejak tanggal ketika investasinya berhenti menjadi investasi pada entitas asosiasi yang diklasifikasikan sebagai dimiliki untuk dijual. Jika sisa kepentingan dalam entitas asosiasi merupakan aset keuangan, maka Grup mengukur setiap sisa kepentingan tersebut pada nilai wajar pada saat pengakuan awal sebagai aset keuangan sesuai dengan PSAK 55. Selisih antara jumlah tercatat investasi pada tanggal penggunaan metode ekuitas dihentikan dan nilai wajar sisi kepentingan dan hasil dari pelepasan sebagian kepentingan pada entitas asosiasi termasuk dalam penentuan laba rugi pelepasan investasi di asosiasi atau ventura. Selanjutnya, Grup mencatat seluruh jumlah yang sebelumnya diakui dalam penghasilan komprehensif lain yang terkait dengan entitas asosiasi tersebut menggunakan dasar perlakuan yang sama dengan yang disyaratkan jika entitas asosiasi telah melepaskan secara langsung aset dan liabilitas yang terkait. Oleh karena itu, jika keuntungan atau kerugian yang sebelumnya telah diakui dalam penghasilan komprehensif lain oleh entitas asosiasi akan direklasifikasi ke laba rugi pada saat pelepasan aset atau liabilitas yang terkait, maka Grup mereklasifikasi keuntungan atau kerugian dari ekuitas ke laba rugi (sebagai penyesuaian reklasifikasi) ketika penggunaan metode ekuitas dihentikan.

Grup melanjutkan penerapan metode ekuitas dan tidak mengukur kembali kepentingan yang tersisa, jika investasi pada entitas asosiasi menjadi investasi dalam ventura bersama atau investasi dalam ventura bersama menjadi investasi pada entitas asosiasi. Tidak ada pengukuran kembali ke nilai wajar pada saat perubahan kepemilikan.

Jika bagian kepemilikan Grup pada entitas asosiasi berkurang, tetapi Grup terus menerapkan metode ekuitas, maka Grup mereklasifikasi ke laba rugi proporsi keuntungan atau kerugian yang telah diakui sebelumnya dalam penghasilan komprehensif lain yang terkait dengan pengurangan bagian kepemilikan tersebut jika keuntungan atau kerugian tersebut disyaratkan untuk direklasifikasi ke laba rugi atas pelepasan aset atau liabilitas yang terkait.

Ketika Grup melakukan transaksi dengan entitas asosiasi, keuntungan dan kerugian yang timbul dari transaksi dengan entitas asosiasi diakui dalam laporan keuangan konsolidasian Grup hanya sepanjang kepemilikan dalam entitas asosiasi yang tidak terkait dengan Grup.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with PSAK 55. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profit and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

I. Persediaan

Persediaan diakui sebesar nilai yang lebih rendah antara harga perolehan dan nilai realisasi bersih. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang untuk barang jadi dan barang dalam proses serta metode rata-rata bergerak untuk bahan baku, bahan penolong dan suku cadang.

Biaya perolehan barang jadi dan barang dalam proses terdiri dari biaya bahan baku dan bahan penolong, tenaga kerja langsung, biaya-biaya langsung lainnya dan biaya overhead yang dinyatakan sebesar nilai terkait dengan produksi (berdasarkan kapasitas operasi normal). Nilai realisasi bersih adalah estimasi harga jual dalam kegiatan usaha normal dikurangi estimasi biaya penyelesaian dan taksiran biaya yang diperlukan untuk melakukan penjualan.

Persediaan bahan penolong, barang umum dan suku cadang milik Grup diklasifikasikan dalam beberapa kelompok.

I. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method for finished goods and work in progress and using the moving average method for raw and indirect materials and spare parts.

The cost of finished goods and work in progress comprises costs of raw and indirect materials, direct labor, other direct costs and production overheads (based on normal operating capacity). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling cost necessary to make the sale.

Indirect materials, general use and spare parts owned by the Group are classified into several categories.

Persentase
 penyisihan/
*Percentage of
 provision*

Ada pemakaian selama tahun berjalan	-	Used during the current year
Ada pemakaian dalam 1 - 5 tahun	10%	Used in 1 - 5 years
Ada pemakaian dalam 5 - 10 tahun	25%	Used in 5 - 10 years
Tidak ada pemakaian selama lebih dari 10 tahun terakhir	50%	Unused for more than 10 years

m. Biaya Dibayar Dimuka

Biaya dibayar dimuka diamortisasi selama masa manfaat masing-masing biaya dengan menggunakan metode garis lurus.

m. Prepaid Expenses

Prepaid expenses are amortized over their beneficial periods using the straight-line method.

n. Properti Investasi

Properti investasi adalah properti (tanah atau bangunan atau bagian dari suatu bangunan atau kedua-duanya) untuk menghasilkan rental atau untuk kenaikan nilai atau keduanya. Properti investasi diukur sebesar biaya perolehan setelah dikurangi akumulasi penyusutan dan akumulasi kerugian penurunan nilai.

n. Investment Properties

Investment properties are properties (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both. Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Penyusutan dihitung dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomis dari fasilitas bangunan adalah 30 tahun.

Depreciation is computed using the straight-line method based on the estimated useful life of building facilities which is 30 years.

Masa manfaat ekonomis, nilai residu dan metode penyusutan direview setiap akhir tahun dan pengaruh dari setiap perubahan estimasi tersebut berlaku prospektif.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Properti investasi mencakup juga properti dalam proses pembangunan dan akan digunakan sebagai properti investasi setelah selesai. Akumulasi biaya perolehan dan biaya pembangunan (termasuk biaya pinjaman yang terjadi) diamortisasi pada saat selesai dan siap untuk digunakan.

Investment property includes properties in the process of development and will be used as investment property after completion. Accumulated acquisition and development costs (including borrowing costs incurred) are amortized when completed and ready for use.

Properti investasi dihentikan pengakuannya pada saat dilepaskan atau ketika properti investasi tidak digunakan lagi secara permanen dan tidak memiliki manfaat ekonomi masa depan yang diperkirakan dari pelepasannya. Keuntungan atau kerugian yang timbul dari penghentian atau pelepasan properti investasi ditentukan dari selisih antara hasil neto pelepasan dan jumlah tercatat aset dan diakui dalam laba rugi pada periode terjadinya penghentian atau pelepasan.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

o. Aset Tetap – Pemilikan Langsung

o. Property, Plant and Equipment – Direct Acquisition

Aset tetap dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan akumulasi kerugian penurunan nilai. Biaya perolehan termasuk biaya penggantian bagian aset tetap saat biaya tersebut terjadi, jika memenuhi kriteria pengakuan. Biaya perolehan juga termasuk estimasi awal biaya pembongkaran dan pemindahan aset tetap, dan restorasi lokasi aset.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Such cost also includes the initial the estimated of the costs of dismantling and removing the item and restoring the site on which it is located.

Suku cadang utama dan peralatan siap pakai diklasifikasikan sebagai aset tetap bila diperkirakan akan digunakan dalam operasi selama lebih dari satu tahun.

Major spare parts and standby equipment are classified as property, plant and equipment when they are expected to be used in operations during more than one year.

Penyusutan (selain tanah pertambangan) diakui sebagai penghapusan biaya perolehan aset dikurangi nilai residu dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomis aset tetap sebagai berikut:

Depreciation (except for mining properties) is recognized so as to write-off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Tahun/ Years</u>	
Bangunan dan prasarana	15 – 35	Buildings and improvements
Mesin pabrik	2 – 35	Plant machinery
Alat berat dan kendaraan	3 – 10	Heavy equipment and Vehicles
Perlengkapan dan peralatan kantor	4 – 8	Furniture and office equipment

Tanah disajikan pada biaya perolehan dan tidak disusutkan.

Land is stated at cost and is not depreciated.

Tanah pertambangan didepleksi dengan menggunakan metode unit produksi berdasarkan estimasi cadangan.

Mining properties are depleted using the unit of production method based on estimated reserves.

Aset sewa pembiayaan disusutkan berdasarkan taksiran masa manfaat ekonomis yang sama dengan aset tetap yang dimiliki sendiri atau disusutkan selama jangka waktu yang lebih pendek antara periode sewa dan umur manfaatnya.

Assets held under finance lease are depreciated based on the same estimated useful life with directly acquired assets or over the lease period whichever is shorter.

Suku cadang utama disusutkan sesuai dengan sisa umur manfaat dari aset utamanya. Peralatan siap pakai disusutkan sesuai dengan umur manfaat dari peralatan yang bersangkutan.

Beban pemeliharaan dan perbaikan dibebankan pada laba rugi pada saat terjadinya. Biaya-biaya lain yang terjadi selanjutnya yang timbul untuk menambah, mengganti atau memperbaiki aset tetap dicatat sebagai biaya perolehan aset jika dan hanya jika besar kemungkinan manfaat ekonomis di masa depan berkenaan dengan aset tersebut akan mengalir ke entitas dan biaya perolehan aset dapat diukur secara andal.

Aset tetap yang dihentikan pengakuannya atau yang dijual nilai tercatatnya dikeluarkan dari kelompok aset tetap. Keuntungan atau kerugian dari penjualan aset tetap tersebut dibukukan dalam laba rugi.

Biaya konstruksi bangunan dan pabrik serta pemasangan mesin dikapitalisasi sebagai aset dalam penyelesaian. Biaya bunga dan biaya pinjaman lain, seperti biaya provisi pinjaman yang digunakan untuk mendanai pembangunan aset tertentu, dikapitalisasi sampai dengan saat proses pembangunan tersebut selesai. Biaya-biaya ini direklasifikasi ke akun aset tetap pada saat konstruksi atau pemasangan selesai. Biaya perolehan atas aset dalam penyelesaian termasuk transfer lindung nilai atas keuntungan dan kerugian selisih kurs berkaitan dengan pembelian untuk pembangunan aset tersebut.

Aset dalam penyelesaian dinyatakan sebesar biaya perolehan dipindahkan ke masing-masing aset tetap yang bersangkutan pada saat selesai dan siap digunakan.

Penyusutan aset dimulai pada saat aset tersebut siap untuk digunakan, yaitu pada saat aset tersebut berada pada lokasi dan kondisi yang diinginkan agar aset siap digunakan sesuai dengan keinginan dan maksud manajemen.

Masa manfaat ekonomis, nilai residu dan metode penyusutan direview setiap akhir tahun dan pengaruh dari setiap perubahan estimasi tersebut berlaku prospektif.

p. Penurunan Nilai Aset Non-Keuangan

Pada setiap akhir periode pelaporan, Grup menelaah nilai tercatat aset non-keuangan untuk menentukan apakah terdapat indikasi bahwa aset tersebut telah mengalami penurunan nilai. Jika terdapat indikasi tersebut, jumlah terpulihkan dari aset diestimasi untuk menentukan tingkat kerugian penurunan nilai (jika ada). Bila tidak memungkinkan untuk mengestimasi jumlah terpulihkan atas suatu aset individual, Grup mengestimasi jumlah terpulihkan dari unit penghasil kas atas aset.

Major spare parts are depreciated over the remaining useful lives of the related assets. Standby equipment is depreciated based on its respective useful life.

The cost of maintenance and repairs is charged to operations as incurred. Other costs incurred subsequently to add to, replace part of, or service an item of property, plant and equipment, are recognized as asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

The costs of the construction of buildings and plant and the installation of machinery are capitalized as construction in progress. Interest and other borrowing costs, such as fees on loans used in financing the construction of a qualifying asset, are capitalized up to the date when construction is completed. These costs are reclassified into fixed asset accounts when the construction or installation is complete. The cost of construction in progress includes the transfer of foreign exchange gains and losses on qualifying cash flows hedges in respect of the purchases for the construction of such assets.

Construction in progress is stated at cost and transferred to the respective property, plant and equipment account when completed and ready for use.

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives, residual values and depreciation method are review at each year end, with the effect at any changes in estimated account for an prospective basis.

p. Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimasi jumlah terpulihkan adalah nilai tertinggi antara nilai wajar dikurangi biaya pelepasan dan nilai pakai. Dalam menilai nilai pakainya, estimasi arus kas masa depan didiskontokan ke nilai kini menggunakan tingkat diskonto sebelum pajak yang menggambarkan penilaian pasar kini dari nilai waktu uang dan risiko spesifik atas aset yang mana estimasi arus kas masa depan belum disesuaikan.

Jika jumlah terpulihkan dari aset non-keuangan (unit penghasil kas) lebih kecil dari nilai tercatatnya, nilai tercatat aset (unit penghasil kas) diturunkan menjadi sebesar jumlah terpulihkan dan rugi penurunan nilai segera diakui dalam laba rugi.

Kebijakan akuntansi untuk penurunan nilai aset keuangan diungkapkan dalam Catatan 3g.

q. Sewa

Sewa diklasifikasikan sebagai sewa pembiayaan jika sewa tersebut mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset. Sewa lainnya, yang tidak memenuhi kriteria tersebut, diklasifikasikan sebagai sewa operasi.

Sebagai Lessee

Aset pada sewa pembiayaan dicatat pada awal masa sewa sebesar nilai wajar aset sewaan Grup yang ditentukan pada awal kontrak atau, jika lebih rendah, sebesar nilai kini dari pembayaran sewa minimum. Liabilitas kepada lessor disajikan di dalam laporan posisi keuangan konsolidasian sebagai liabilitas sewa pembiayaan.

Aset sewa pembiayaan disusutkan berdasarkan taksiran masa manfaat ekonomis yang sama dengan aset yang dimiliki sendiri atau disusutkan selama jangka waktu yang lebih pendek antara periode masa sewa dan umur manfaatnya.

Pembayaran sewa harus dipisahkan antara bagian yang merupakan beban keuangan dan bagian yang merupakan pengurangan dari kewajiban sewa sehingga mencapai suatu tingkat bunga yang konstan (tetap) atas saldo liabilitas. Sewa kontinjen dibebankan pada periode terjadinya.

Pembayaran sewa operasi diakui sebagai beban dengan dasar garis lurus (*straight-line basis*) selama masa sewa, kecuali terdapat dasar sistematis lain yang dapat lebih mencerminkan pola waktu dari manfaat aset yang dinikmati pengguna. Sewa kontinjen diakui sebagai beban di dalam periode terjadinya.

Estimated recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of the non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is disclosed in Note 3g.

q. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As Lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated financial position as a finance lease liabilities.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter, the term of the relevant lease.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Dalam hal insentif diperoleh dalam sewa operasi, insentif tersebut diakui sebagai liabilitas. Keseluruhan manfaat dari insentif diakui sebagai pengurangan dari biaya sewa dengan dasar garis lurus kecuali terdapat dasar sistematis lain yang lebih mencerminkan pola waktu dari manfaat yang dinikmati pengguna.

r. Biaya pinjaman

Biaya pinjaman yang dapat diatribusikan secara langsung dengan perolehan, konstruksi atau pembuatan aset kualifikasian, merupakan aset yang membutuhkan waktu yang cukup lama agar siap untuk digunakan atau dijual, ditambahkan pada biaya perolehan aset tersebut, sampai dengan saat selesainya aset secara substansial siap untuk digunakan atau dijual.

Penghasilan investasi diperoleh atas investasi sementara dari pinjaman yang secara spesifik belum digunakan untuk pengeluaran aset kualifikasian dikurangi dari biaya pinjaman yang dikapitalisasi.

Semua biaya pinjaman lainnya diakui dalam laba rugi pada periode terjadinya.

s. Pengakuan Pendapatan dan Beban

Pendapatan diukur dengan nilai wajar imbalan yang diterima atau dapat diterima. Pendapatan dikurangi dengan estimasi retur pelanggan dan cadangan lain yang serupa.

Penjualan Barang

Pendapatan dari penjualan barang harus diakui bila seluruh kondisi berikut dipenuhi:

- Grup telah memindahkan risiko dan manfaat kepemilikan barang secara signifikan kepada pembeli;
- Grup tidak lagi melanjutkan pengelolaan yang biasanya terkait dengan kepemilikan atas barang ataupun melakukan pengendalian efektif atas barang yang dijual;
- Jumlah pendapatan tersebut dapat diukur dengan handal;
- Kemungkinan besar manfaat ekonomi yang dihubungkan dengan transaksi akan mengalir kepada Grup tersebut; dan
- Biaya yang terjadi atau yang akan terjadi sehubungan transaksi penjualan dapat diukur dengan andal.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

r. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Revenue and Expenses Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Sale of Goods

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Groups; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Pendapatan Dividen

Pendapatan dividen dari investasi diakui ketika hak pemegang saham untuk menerima pembayaran ditetapkan.

Pendapatan Bunga

Pendapatan bunga diakui berdasarkan waktu terjadinya dengan acuan jumlah pokok terutang dan tingkat bunga yang sesuai.

Beban

Beban diakui pada saat terjadinya.

t. Imbalan Pasca Kerja dan Imbalan Kerja Jangka Panjang Lainnya

Imbalan kerja jangka pendek

Imbalan kerja jangka pendek adalah imbalan kerja yang jatuh tempo dalam jangka waktu dua belas bulan setelah akhir periode pelaporan dan diakui pada saat pekerja telah memberikan jasa kerjanya.

Imbalan pasca kerja

Grup memiliki program imbalan pasca kerja yang terdiri atas program pensiun imbalan pasti dan iuran pasti sesuai dengan peraturan ketenagakerjaan dan kebijakan Perusahaan.

- Program iuran pasti

Program pensiun iuran pasti adalah program pensiun dimana Perusahaan akan membayar iuran tetap kepada sebuah entitas yang terpisah dan tidak memiliki kewajiban hukum atau kewajiban konstruktif untuk membayar iuran lebih lanjut bila dana tersebut tidak memiliki aset yang cukup untuk membayar imbalan kerja terkait dengan jasa yang diberikan oleh karyawan pada periode berjalan dan sebelumnya.

- Program imbalan pasti

Program pensiun imbalan pasti adalah program pensiun yang menetapkan jumlah imbalan pensiun yang akan diterima oleh karyawan pada saat pensiun, yang biasanya tergantung pada faktor-faktor, seperti umur, masa kerja dan jumlah kompensasi.

Dividend Income

Dividend income from investment is recognized when the shareholder's rights to receive payment has been established.

Interest Income

Interest revenue is accrued on time basis, by reference to the principal outstanding and at the applicable interest rate.

Expenses

Expenses are recognized when incurred.

t. Post-employment Benefits and Long-term Benefits

Short-term employee benefits

Short-term employee benefits are employee benefits which are due for payment within twelve months after the reporting period and recognized when the employees have rendered this related service.

Post-employment benefits

The Group has post-employment benefit comprise of defined benefit and defined contribution pension plans in accordance with prevailing labor laws and the Company's policy.

- Defined contribution plan

Defined contribution plans are pension plans under which the Company pay fixed contributions into a separate entity and have no legal and constructive obligation to pay further contributions if the fund does not have sufficient assets to pay all employee benefits related to the employees' services in the current and prior periods.

- Defined benefits plan

A defined benefit pension plan is a pension plan that defines an amount of pension benefit that will be received by the employee upon retirement, which generally depends on certain factors such as age, years of service and compensation.

Biaya penyediaan imbalan ditentukan dengan menggunakan metode *projected unit credit* dengan penilaian aktuarial yang dilakukan pada setiap akhir periode pelaporan tahunan. Pengukuran kembali, terdiri dari keuntungan dan kerugian aktuarial, perubahan dampak batas atas aset (jika ada) dan dari imbal hasil atas aset program (tidak termasuk bunga), yang tercermin langsung dalam laporan posisi keuangan konsolidasian yang dibebankan atau dikreditkan dalam penghasilan komprehensif lain periode terjadinya. Pengukuran kembali diakui dalam penghasilan komprehensif lain tercermin segera dalam saldo laba. Biaya jasa lalu diakui dalam laba rugi pada periode amandemen program. Bunga neto dihitung dengan mengalikan tingkat diskonto pada awal periode imbalan pasti dengan liabilitas atau aset imbalan pasti neto. Biaya imbalan pasti dikategorikan sebagai berikut:

- Biaya jasa (termasuk biaya jasa kini, biaya jasa lalu serta keuntungan dan kerugian kurtailmen dan penyelesaian)
- Beban atau pendapatan bunga neto
- Pengukuran kembali

Grup menyajikan dua komponen pertama dari biaya imbalan pasti di laba rugi, Keuntungan dan kerugian kurtailmen dicatat sebagai biaya jasa lalu.

Liabilitas imbalan pensiun yang diakui pada laporan posisi keuangan konsolidasian merupakan defisit atau surplus aktual dalam program imbalan pasti Grup. Surplus yang dihasilkan dari perhitungan ini terbatas pada nilai kini manfaat ekonomik yang tersedia dalam bentuk pengembalian dana program dan pengurangan iuran masa depan ke program.

Imbalan kerja jangka panjang lainnya

Grup memberikan imbalan kerja jangka panjang lainnya dalam bentuk cuti panjang dan penghargaan masa kerja. Prakiraan biaya imbalan ini diakui sepanjang masa kerja karyawan, dengan menggunakan metodologi akuntansi yang hampir sama dengan metodologi yang digunakan untuk liabilitas pasca kerja imbalan pasti.

Imbalan kerja jangka panjang lainnya dihitung dengan menggunakan metode *Projected Unit Credit* dan didiskontokan ke nilai kini.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Other long-term benefits

The Group provides other long-term employee benefits in the form of long service leave and loyalty awards. The expected costs of these benefits are accrued over the period of employment, using accounting methodology similar to that for post-employment defined benefit plans.

Other long-term employee benefits are calculated using the Projected Unit Credit method and discounted to present value.

u. Aset Tak Berwujud - Hak Atas Tanah

Biaya legal pengurusan hak atas tanah pada saat perolehan tanah tersebut diakui sebagai bagian dari biaya perolehan aset tanah aset tetap dan properti investasi.

Biaya pembaruan atau pengurusan perpanjangan hak atas tanah diakui sebagai aset tak berwujud dan diamortisasi selama periode hak atas tanah sebagaimana tercantum dalam kontrak atau umur ekonomis aset, mana yang lebih pendek.

v. Beban Tanggahan

Pengeluaran tertentu yang memiliki masa manfaat lebih dari satu tahun, ditangguhkan dan diamortisasi sesuai dengan taksiran masa manfaatnya dengan menggunakan metode garis lurus (*straight-line method*).

w. Provisi

Provisi diakui bila Grup memiliki kewajiban kini (baik bersifat hukum maupun konstruktif) sebagai akibat peristiwa masa lalu dan besar kemungkinan Grup diharuskan menyelesaikan kewajiban serta jumlah kewajiban tersebut dapat diestimasi secara andal.

Jumlah diakui sebagai provisi merupakan taksiran terbaik yang diharuskan menyelesaikan kewajiban kini pada akhir periode pelaporan, dengan memperhatikan unsur risiko dan ketidakpastian yang melekat pada kewajiban tersebut. Provisi diukur menggunakan estimasi arus kas untuk menyelesaikan kewajiban kini dengan jumlah tercatatnya sebesar nilai kini dari arus kas tersebut.

Bila beberapa atau keseluruhan dari manfaat ekonomis mengharuskan penyelesaian provisi diharapkan dapat dipulihkan dari pihak ketiga, piutang diakui sebagai aset apabila terdapat kepastian tagihan dapat diterima dan jumlah piutang dapat diukur secara andal.

x. Pajak Penghasilan

Pajak saat terutang berdasarkan laba kena pajak untuk suatu tahun. Laba kena pajak berbeda dari laba sebelum pajak seperti yang dilaporkan dalam laporan laba rugi dan penghasilan komprehensif lain karena pos pendapatan atau beban yang dikenakan pajak atau dikurangkan pada tahun berbeda dan pos-pos yang tidak pernah dikenakan pajak atau tidak dapat dikurangkan.

Beban pajak kini ditentukan berdasarkan laba kena pajak dalam periode yang bersangkutan yang dihitung berdasarkan tarif pajak yang berlaku.

u. Intangible Assets - Landright

The legal cost of land rights upon acquisition of the land is recognized as part of the cost of land under property, plant and equipment and investment property.

The cost of renewal or extension of legal rights on land is recognized as an intangible asset and amortized over the period of land rights as stated in the contract or economic life of the asset, whichever is shorter.

v. Deferred Charges

Certain expenditures which have benefits of more than one year are deferred and amortized using the straight-line method over the period of the expected benefit.

w. Provision

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

x. Income Tax

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Pajak tangguhan diakui atas perbedaan temporer antara jumlah tercatat aset dan liabilitas dalam laporan keuangan konsolidasian dengan dasar pengenaan pajak yang digunakan dalam perhitungan laba kena pajak. Liabilitas pajak tangguhan umumnya diakui untuk seluruh perbedaan temporer kena pajak. Aset pajak tangguhan umumnya diakui untuk seluruh perbedaan temporer yang dapat dikurangkan sepanjang kemungkinan besar bahwa laba kena pajak akan tersedia sehingga perbedaan temporer dapat dimanfaatkan. Aset dan liabilitas pajak tangguhan tidak diakui jika perbedaan temporer timbul dari pengakuan awal (bukan kombinasi bisnis) dari aset dan liabilitas suatu transaksi yang tidak mempengaruhi laba kena pajak atau laba akuntansi. Selain itu, liabilitas pajak tangguhan tidak diakui jika perbedaan temporer timbul dari pengakuan awal goodwill.

Aset dan liabilitas pajak tangguhan diukur dengan menggunakan tarif pajak yang diharapkan berlaku dalam periode ketika liabilitas diselesaikan atau aset dipulihkan berdasarkan tarif pajak (dan peraturan pajak) yang telah berlaku atau secara substantif telah berlaku pada akhir periode pelaporan.

Pengukuran aset dan liabilitas pajak tangguhan mencerminkan konsekuensi pajak yang sesuai dengan cara Grup memperkirakan, pada akhir periode pelaporan, untuk memulihkan atau menyelesaikan jumlah tercatat aset dan liabilitasnya.

Jumlah tercatat aset pajak tangguhan dikaji ulang pada akhir periode pelaporan dan dikurangi jumlah tercatatnya jika kemungkinan besar laba kena pajak tidak lagi tersedia dalam jumlah yang memadai untuk mengkompensasikan sebagian atau seluruh aset pajak tangguhan tersebut.

Pajak kini dan pajak tangguhan diakui dalam laba atau rugi, kecuali sepanjang pajak terkait dengan pos tertentu di penghasilan komprehensif lain maupun secara langsung di ekuitas dalam hal lain pajak kini dan pajak tangguhan juga diakui di penghasilan komprehensif lain atau secara langsung di ekuitas. Dalam hal pajak kini atau aset pajak tangguhan yang berasal dari bisnis kombinasi awal, efek pajak termasuk didalam akuntansi untuk bisnis kombinasi.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates (and tax laws) that have been enacted, or substantively enacted, by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

y. Laba per Saham

Laba per saham dasar dihitung dengan membagi laba bersih residual yang diatribusikan kepada pemilik Perusahaan dengan jumlah rata-rata tertimbang saham yang beredar pada tahun yang bersangkutan.

Laba per saham dilusian dihitung dengan membagi laba bersih residual yang diatribusikan kepada pemilik Perusahaan dengan jumlah rata-rata tertimbang saham biasa yang telah disesuaikan dengan dampak dari semua efek berpotensi saham biasa yang dilutif.

z. Instrumen Derivatif

Grup melakukan bervariasi instrumen keuangan derivatif untuk mengelola eksposur atas risiko suku bunga dan tingkat perubahan nilai tukar mata uang asing, termasuk kontrak valuta berjangka, swap suku bunga, swaps cross currency.

Derivatif awalnya diakui pada nilai wajar pada tanggal kontrak dilakukan dan selanjutnya diukur pada nilai wajarnya pada setiap akhir tanggal pelaporan.

Walaupun dilakukan sebagai lindung nilai ekonomi dari eksposur terhadap risiko suku bunga dan nilai tukar mata uang asing, derivatif ini tidak ditetapkan dan tidak memenuhi persyaratan sebagai akuntansi lindung nilai dan oleh karena itu perubahan nilai wajarnya langsung diakui dalam laba rugi.

Derivatif yang melekat pada instrumen keuangan lainnya atau kontrak utama (host contract) lainnya diperlakukan sebagai derivatif tersendiri jika risiko dan karakteristiknya tidak terikat pada kontrak utama dan kontrak utama tersebut tidak diukur pada nilai wajar dengan perubahan nilai wajar yang diakui dalam laba rugi.

Suatu derivatif disajikan sebagai aset tidak lancar atau liabilitas jangka panjang jika sisa jatuh tempo dari instrumen lebih dari 12 bulan dan tidak diharapkan akan direalisasi atau diselesaikan dalam jangka waktu 12 bulan. Derivatif lainnya disajikan sebagai aset lancar atau liabilitas jangka pendek.

aa. Akuntansi Lindung Nilai

Grup menunjuk instrumen lindung nilai tertentu, termasuk derivatif, derivatif melekat dan non derivatif sehubungan dengan risiko perubahan nilai tukar baik sebagai lindung nilai atas nilai wajar, lindung nilai atas arus kas atau lindung nilai atas investasi neto pada usaha kegiatan usaha luar negeri. Lindung nilai risiko perubahan nilai tukar atas komitmen dicatat sebagai lindung nilai atas arus kas.

y. Earnings per Share

Basic earning per share is computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding as adjusted for the effects of all dilutive potential ordinary shares.

z. Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Although entered into as economic hedge of exposure against interest rate and foreign exchange rate risks, these derivatives are not designated and do not qualify as accounting hedge and therefore changes in fair values are recognized immediately in earnings.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognized in earnings.

A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

aa. Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Pada saat dimulainya hubungan lindung nilai, Grup mendokumentasi hubungan antara instrumen lindung nilai dan item yang dilindung nilai, bersama dengan tujuan manajemen risiko dan strategi pelaksanaan lindung nilai. Selanjutnya, pada saat dimulainya lindung nilai dan secara berkelanjutan, Grup mendokumentasikan apakah instrumen lindung nilai sangat efektif dalam rangka saling hapus perubahan dalam nilai wajar atau perubahan arus kas dari *item* yang dilindung nilai yang dapat diatribusikan pada risiko lindung nilai.

Lindung Nilai atas Arus Kas

Bagian efektif dari perubahan nilai wajar derivatif yang ditujukan dan memenuhi kualifikasi sebagai lindung nilai arus kas diakui sebagai penghasilan komprehensif lain dan terakumulasi pada cadangan lindung nilai arus kas. Keuntungan atau kerugian yang terkait dengan bagian yang tidak efektif langsung diakui dalam laba rugi, dan termasuk dalam 'keuntungan dan kerugian lainnya'.

Jumlah yang sebelumnya diakui sebagai penghasilan komprehensif lain dan terakumulasi dalam ekuitas direklasifikasi ke laba rugi pada periode ketika item yang dilindung nilai diakui dalam laba rugi, di baris yang sama dari laporan laba rugi dan penghasilan komprehensif lain konsolidasian sebagai item yang dilindung nilai diakui. Namun, ketika suatu lindung nilai atas prakiraan transaksi yang kemudian menimbulkan pengakuan aset non-keuangan atau liabilitas non-keuangan, keuntungan dan kerugian yang sebelumnya diakui sebagai penghasilan komprehensif lain dan terakumulasi di ekuitas dipindahkan dari ekuitas dan termasuk dalam pengukuran awal biaya dari aset non-keuangan atau liabilitas non-keuangan.

Akuntansi lindung nilai dihentikan pada saat Grup membatalkan hubungan lindung nilai, ketika instrumen lindung nilai kadaluwarsa atau dijual, dihentikan atau dilaksanakan, atau ketika tidak lagi memenuhi persyaratan akuntansi lindung nilai. Keuntungan dan kerugian diakui dalam penghasilan komprehensif lain dan terakumulasi di ekuitas saat itu tetap berada di bagian ekuitas dan akan diakui pada saat prakiraan transaksi yang pada akhirnya diakui dalam laba rugi. Ketika prakiraan transaksi tidak lagi diharapkan akan terjadi, akumulasi keuntungan atau kerugian dalam ekuitas langsung diakui dalam laba rugi.

bb. Informasi Segmen

Segmen operasi diidentifikasi berdasarkan laporan internal mengenai komponen dari Grup yang secara regular direview oleh "pengambil keputusan operasional" dalam rangka mengalokasikan sumber daya dan menilai kinerja segmen operasi.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

bb. Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

Segmen operasi adalah suatu komponen dari entitas:

- a) yang terlibat dalam aktivitas bisnis yang mana memperoleh pendapatan dan menimbulkan beban (termasuk pendapatan dan beban terkait dengan transaksi dengan komponen lain dari entitas yang sama);
- b) yang hasil operasinya dikaji ulang secara regular oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya; dan
- c) dimana tersedia informasi keuangan yang dapat dipisahkan.

Informasi yang digunakan oleh pengambil keputusan operasional dalam rangka alokasi sumber daya dan penilaian kinerja mereka terfokus pada kategori dari setiap produk, yang menyerupai informasi segmen usaha yang dilaporkan di periode sebelumnya.

4. PERTIMBANGAN KRITIS AKUNTANSI DAN ESTIMASI AKUNTANSI YANG SIGNIFIKAN

a) Pertimbangan Kritis Dalam Penerapan Kebijakan Akuntansi

Berikut ini adalah pertimbangan kritis, selain dari pertimbangan yang melibatkan estimasi (lihat di bawah) yang telah dibuat oleh manajemen dalam proses penerapan kebijakan akuntansi dan yang memiliki dampak yang paling signifikan pada jumlah yang dicatat dalam laporan keuangan konsolidasian:

Komitmen sewa pembiayaan – sebagai lessee

Perusahaan mempunyai perjanjian-perjanjian sewa dimana Perusahaan bertindak sebagai lessee untuk beberapa aset tetap tertentu. Perusahaan mengevaluasi apakah terdapat risiko dan manfaat yang signifikan dari aset sewa yang dialihkan berdasarkan PSAK No. 30 (revisi 2014), "Sewa", yang mensyaratkan Perusahaan untuk membuat pertimbangan dan estimasi dari pengalihan risiko dan manfaat terkait dengan kepemilikan aset.

Perusahaan mengadakan perjanjian sewa kapal laut dan kendaraan. Perusahaan telah menentukan, berdasarkan evaluasi atas syarat dan ketentuan dalam perjanjian, bahwa secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset yang disewa dialihkan di Perusahaan sehingga perjanjian sewa tersebut diakui sebagai sewa pembiayaan. Penjelasan lebih lanjut diungkapkan dalam Catatan 22.

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);
- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segments and assess its performance; and
- c) for which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of their performance is more specifically focused on the category of each product, which is similar to the business segment information reported in the prior periods.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

a) Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimation (see below) that management has made in the process of applying the accounting policies and that have the most significant impact on the amounts recognized in the consolidated financial statements:

Finance leases commitments – as lessee

The Company entered into lease agreements where the Company acts as lessee for certain fixed assets. The Company evaluates whether there are significant risks and rewards of assets transferred under PSAK No. 30 (revised 2014), "Leases", which requires the Company to make judgments and estimates of the transfer of risks and rewards incidental to ownership.

The Company entered into a lease of ships and vehicles. The Company had determined, based on an evaluation of the terms and conditions of the agreement, that substantially all the risks and rewards incidental to ownership of these leased assets were transferred to the Company, therefore the lease agreement are recognized as a finance lease. Further details are disclosed in Note 22.

b) Sumber Estimasi Ketidakpastian

Penyusunan laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan Indonesia mengharuskan manajemen membuat estimasi dan asumsi yang mempengaruhi jumlah tercatat aset dan liabilitas yang dilaporkan dan pengungkapan aset dan liabilitas kontinjensi pada tanggal laporan keuangan konsolidasian serta jumlah pendapatan dan beban selama periode pelaporan. Realisasi dapat berbeda dengan jumlah yang diestimasi.

Informasi tentang asumsi utama yang dibuat mengenai masa depan dan sumber utama dari estimasi ketidakpastian lain pada akhir periode pelaporan, yang memiliki risiko signifikan yang mengakibatkan penyesuaian material terhadap jumlah tercatat aset dan liabilitas dalam periode pelaporan berikutnya dijelaskan dibawah ini.

(i) Rugi penurunan nilai pinjaman yang diberikan dan piutang

Grup menilai penurunan nilai pinjaman yang diberikan dan piutang pada setiap tanggal pelaporan. Dalam menentukan apakah rugi penurunan nilai harus dicatat dalam laporan laba rugi, manajemen membuat penilaian, apakah terdapat bukti objektif bahwa kerugian telah terjadi. Manajemen juga membuat penilaian atas metodologi dan asumsi untuk memperkirakan jumlah dan waktu arus kas masa depan yang direview secara berkala untuk mengurangi perbedaan antara estimasi kerugian dan kerugian aktualnya. Nilai tercatat pinjaman yang diberikan dan piutang telah diungkapkan dalam Catatan 7.

(ii) Penyisihan penurunan nilai persediaan

Grup membuat penyisihan penurunan nilai persediaan berdasarkan estimasi persediaan yang digunakan pada masa mendatang, dengan mempertimbangkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas kepada, kondisi fisik persediaan yang dimiliki, harga jual pasar, estimasi biaya penyelesaian dan estimasi yang timbul untuk penjualan. Walaupun asumsi yang digunakan dalam mengestimasi penyisihan penurunan nilai persediaan telah sesuai dan wajar, namun perubahan signifikan atas asumsi ini akan berdampak material terhadap penyisihan penurunan nilai persediaan, yang pada akhirnya akan mempengaruhi hasil usaha Grup. Nilai tercatat persediaan diungkapkan dalam Catatan 8.

b) Key Sources of Estimation Uncertainty

The preparation of consolidated financial statements in accordance with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that has an effect to the carrying amount of assets and liabilities and disclosure of contingent and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from those estimates.

The key assumptions concerning future and other key sources of estimation at the end of the reporting period, that have the significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment loss on loans and receivables

The Group assess its loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in profit or loss, management makes judgment as to whether there is an objective evidence that loss event has occurred. Management also makes judgment as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivables are disclosed in Note 7.

(ii) Allowance for decline in value of inventories

The Group provides allowance for decline in value of inventories based on estimated future usage of such inventories considering the facts and circumstances, including but not limited to, the inventories own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will impact the result of the Groups' operations. The carrying amount of inventories is disclosed in Note 8.

(iii) Taksiran masa manfaat ekonomis aset tetap dan properti investasi

Masa manfaat setiap aset tetap dan properti investasi Grup ditentukan berdasarkan kegunaan yang diharapkan dari aset tersebut. Estimasi ini ditentukan berdasarkan evaluasi teknis internal dan pengalaman atas aset sejenis. Masa manfaat setiap aset direviu secara periodik dan disesuaikan apabila prakiraan berbeda dengan estimasi sebelumnya karena keausan, keusangan teknis dan komersial, hukum atau keterbatasan lainnya atas pemakaian aset. Namun terdapat kemungkinan bahwa hasil operasi dimasa mendatang dapat dipengaruhi secara signifikan oleh perubahan atas jumlah serta periode pencatatan biaya yang diakibatkan karena perubahan faktor yang disebutkan di atas.

Perubahan masa manfaat aset tetap dan properti investasi dapat mempengaruhi jumlah biaya penyusutan yang diakui dan penurunan nilai tercatat aset tersebut.

Nilai tercatat properti investasi dan aset tetap diungkapkan dalam Catatan 13 dan 14.

(iv) Imbalan pasca kerja

Beban dari program pensiun manfaat pasti dan imbalan pasca kerja jangka panjang lainnya, serta nilai kini dari kewajiban pensiun ditentukan oleh penilaian aktuaris dengan menggunakan beberapa asumsi diantaranya tingkat diskonto, tingkat pengembalian dana yang diharapkan, tingkat kenaikan kompensasi dan tingkat kematian. Liabilitas manfaat pasti sangat sensitif terhadap perubahan asumsi.

Nilai tercatat liabilitas telah diungkapkan dalam Catatan 36.

(v) Provisi pembongkaran dan pemindahan aset tetap

Provisi pembongkaran dan pemindahan aset tetap diakui dalam tahun dimana terjadinya nilai wajar dapat dibuat.

Pengakuan provisi tersebut mensyaratkan estimasi terhadap biaya untuk restorasi/membongkar untuk setiap lokasi dan berdasarkan estimasi terbaik dari pengeluaran yang diperlukan untuk menyelesaikan liabilitas dari restorasi/pembongkaran di masa depan, didiskontokan dengan menggunakan tarif sebelum pajak yang mencerminkan penelaahan pasar saat ini untuk nilai waktu dari uang dan, dimana sesuai, risiko tertentu dari liabilitas (Catatan 21).

(iii) Estimated Useful Lives of Property, Plant and Equipment and Investment Properties

The useful life of each item of the Group's property, plant and equipment, and investment properties are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property, plant and equipment and investment properties would affect the recorded depreciation expense and decrease in the carrying values of these assets.

The carrying amounts of investment properties and property, plant and equipment are disclosed in Notes 13 and 14.

(iv) Post-employment benefits

The cost of defined benefit plan, other long term benefit plan and present value of the pension obligation are determined based on actuarial valuation which makes use of various assumptions such as discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. The defined benefit obligation is highly sensitive to changes in the assumptions.

The carrying amount of the obligation is disclosed in Note 36.

(v) Provision for dismantling and removal of fixed assets

Provision for dismantling and removal of fixed assets are recognized in the year in which the occurrence if reasonable estimates of fair value can be created.

Recognition of provision requires estimation of the cost for restoration/dismantling for each location and based on the best estimate of the expenditure required to settle the obligation of the restoration/dismantling in the future, discounted using a pre-tax rate that reflects current market study for the time value of money and, where appropriate, certain risks of liability (Note 21).

(vi) Provisi untuk biaya restorasi tanah tambang

Perusahaan melakukan penelaahan atas provisi restorasi tanah tambang pada akhir periode laporan. Dalam penentuan jumlah provisi untuk restorasi tanah tambang diperlukan estimasi dan asumsi yang signifikan karena terdapat banyak faktor yang mempengaruhi jumlah terhutang pada akhirnya. Faktor-faktor tersebut mencakup estimasi untuk waktu dan jumlah biaya untuk waktu dan jumlah biaya untuk aktivitas restorasi, perubahan teknologi, perubahan peraturan, peningkatan biaya dibandingkan dengan tingkat inflasi dan perubahan tingkat bunga diskonto. Ketidakpastian tersebut dapat mengakibatkan jumlah pengeluaran aktual di masa mendatang dapat berbeda dengan jumlah yang dicadangkan saat ini. Jumlah provisi pada akhir periode pelaporan merupakan estimasi terbaik manajemen atas nilai kini dari biaya restorasi masa mendatang yang diperlakukan (Catatan 21).

(vii) Pajak Penghasilan

Dalam situasi tertentu, Grup tidak dapat menentukan secara pasti jumlah utang pajak pada saat ini atau masa depan karena proses pemeriksaan, atau negosiasi dengan otoritas perpajakan. Ketidakpastian timbul terkait dengan interpretasi dari peraturan perpajakan yang kompleks dan jumlah dan waktu dari penghasilan kena pajak di masa depan. Dalam menentukan jumlah yang harus diakui terkait dengan utang pajak yang tidak pasti, Grup menerapkan pertimbangan yang sama yang akan digunakan dalam menentukan jumlah cadangan yang harus diakui sesuai dengan PSAK 57: Provisi, Liabilitas Kontijensi dan Aset Kontijensi.

Pajak penghasilan telah diungkapkan dalam Catatan 35.

(vi) Provision for quarry restoration

The Group assess its quarry restoration provision at end of reporting period. Significant estimates and assumptions are made in determining the provision for quarry restoration as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and cost of restoration activities, technological changes, regulatory changes, cost increase as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure deferring from the amounts currently provided. The provision at end of reporting period represents management's best estimate of the present value of the future restoration costs required (Note 21).

(vii) Income Tax

In certain circumstances, the Group may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Group applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK 57: Provisions, Contingent Liabilities and Contingent Asset.

Income tax is disclosed in Note 35.

5. KAS DAN SETARA KAS5. CASH AND CASH EQUIVALENTS

	2016	2015	
	Rp'000	Rp'000	
Kas	2.140.258	1.616.739	Cash on hand
Bank			Cash in banks
Pihak berelasi			Related parties
Rupiah:			Rupiah:
PT Bank Mandiri (Persero) Tbk	59.561.245	30.917.142	PT Bank Mandiri (Persero) Tbk
PT Bank Tabungan Negara (Persero) Tbk	50.265.904	15.002.079	PT Bank Tabungan Negara (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	42.637.952	15.462.444	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	23.956.608	29.166.257	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Bukopin Tbk	2.920.777	3.738.671	PT Bank Bukopin Tbk
PT Bank Syariah Mandiri	2.373.519	736.701	PT Bank Syariah Mandiri
Dolar Amerika Serikat:			US Dollar:
PT Bank Negara Indonesia (Persero) Tbk	19.692.842	17.222.427	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	2.661.320	54.310.886	PT Bank Mandiri (Persero) Tbk
PT Bank Bukopin Tbk	432.872	285.744	PT Bank Bukopin Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	97.033	1.697.155	PT Bank Rakyat Indonesia (Persero) Tbk
Dolar Singapura:			Singapore Dollar:
PT Bank Mandiri (Persero) Tbk	134.154	131.357	PT Bank Mandiri (Persero) Tbk
Euro:			Euro:
PT Bank Mandiri (Persero) Tbk	8.275.127	7.097.354	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	4.652.286	7.448.773	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	124.006	11.385.274	PT Bank Rakyat Indonesia (Persero) Tbk
Pihak ketiga			Third parties
Rupiah:			Rupiah:
PT Bank Pembangunan Daerah Sumatera Barat (Bank Nagari)	16.174.371	3.825.299	PT Bank Pembangunan Daerah Sumatera Barat (Bank Nagari)
PT Bank CIMB Niaga Tbk	3.436.119	415.374	PT Bank CIMB Niaga Tbk
PT Bank Central Asia Tbk	209.594	1.106.537	PT Bank Central Asia Tbk
PT Bank Danamon Indonesia Tbk	6.531	7.254	PT Bank Danamon Indonesia Tbk
Standard Chartered Bank	-	1.553.584	Standard Chartered Bank
Dolar Amerika Serikat:			US Dollar:
PT Bank CIMB Niaga Tbk	3.111.572	-	PT Bank CIMB Niaga Tbk
Standard Chartered Bank	-	1.791.685	Standard Chartered Bank
Euro:			Euro:
PT Bank CIMB Niaga Tbk	2.071.124	-	PT Bank CIMB Niaga Tbk
Standard Chartered Bank	-	4.668.021	Standard Chartered Bank
Jumlah kas dan bank	<u>244.935.214</u>	<u>209.586.758</u>	Total cash and cash in banks
Deposito berjangka			Time deposits
Pihak berelasi			Related parties
Rupiah:			Rupiah:
PT Bank Negara Indonesia (Persero) Tbk	130.000.000	173.869.640	PT Bank Negara Indonesia (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	45.000.000	80.000.000	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	40.000.000	63.913.259	PT Bank Mandiri (Persero) Tbk
PT Bank Bukopin Tbk	40.000.000	60.000.000	PT Bank Bukopin Tbk
PT Bank Tabungan Negara (Persero) Tbk	12.000.000	-	PT Bank Tabungan Negara (Persero) Tbk
Dolar Amerika Serikat:			US Dollar:
PT Bank Bukopin Tbk	36.713.024	28.727.218	PT Bank Bukopin Tbk
Pihak ketiga			Third parties
Rupiah:			Rupiah:
PT Bank Pembangunan Daerah Sumatera Barat (Bank Nagari)	75.000.000	105.000.000	PT Bank Pembangunan Daerah Sumatera Barat (Bank Nagari)
PT BPD Jawa Barat dan Banten Tbk	10.000.000	-	PT BPD Jawa Barat dan Banten Tbk
PT Bank Syariah Mega Indonesia	5.000.000	-	PT Bank Syariah Mega Indonesia
Jumlah deposito berjangka	<u>393.713.024</u>	<u>511.510.117</u>	Total time deposits
Jumlah kas dan setara kas	<u>638.648.238</u>	<u>721.096.875</u>	Total cash and cash equivalents
Suku bunga deposito berjangka			Interest rate on time deposits
Rupiah	6,75% - 9,00%	7,75% - 9,75%	Rupiah
Dolar Amerika Serikat	1,50%	1,50%	US Dollar

6. KAS DAN SETARA KAS YANG DIBATASI PENGGUNAANNYA

	2016
	Rp'000
Pihak berelasi - Rupiah	
PT Bank Negara Indonesia (Persero) Tbk	4.044.533
PT Bank Mandiri (Persero) Tbk	4.895.663
PT Bank Rakyat Indonesia (Persero) Tbk	741.278
Jumlah	<u>9.681.474</u>

Kas dan setara kas yang dibatasi penggunaannya pada PT Bank Negara Indonesia (Persero) Tbk merupakan jaminan sehubungan dengan fasilitas pinjaman dari BNI milik Grup (Catatan 16 dan 40).

Kas dan setara kas yang dibatasi penggunaannya pada PT Bank Mandiri (Persero) Tbk pada 31 Desember 2016 dan 2015 merupakan dana yang ditempatkan sehubungan dengan pembelian untuk proyek Indarung VI.

Kas dan setara kas yang dibatasi penggunaannya pada PT Bank Rakyat Indonesia (Persero) Tbk pada 31 Desember 2016 digunakan untuk kebutuhan operasional Perusahaan yang dibeli dengan menggunakan fasilitas *letter of credit*.

Pada tahun 2016 dan 2015, suku bunga atas kas dan setara kas yang dibatasi penggunaannya sebesar 2,25% - 4%.

6. RESTRICTED CASH AND CASH EQUIVALENTS

	2015
	Rp'000
Related parties - Rupiah	
PT Bank Negara Indonesia (Persero) Tbk	15.490.360
PT Bank Mandiri (Persero) Tbk	6.086.741
PT Bank Rakyat Indonesia (Persero) Tbk	-
Total	<u>21.577.101</u>

Restricted cash and cash equivalents in PT Bank Negara Indonesia (Persero) Tbk represents collateral required in relation to Group's credit facilities (Notes 16 and 40).

Restricted cash and cash equivalents in PT Bank Mandiri (Persero) Tbk as of December 31, 2016 and 2015 are related to funds placed for Indarung VI purchasing activities.

Restricted cash and cash equivalents in PT Bank Rakyat Indonesia (Persero) Tbk as of Desember 31, 2016 used in operations necessary for the Company's purchase by letter of credit facility.

In 2016 and 2015, the interest rate for restricted cash and cash equivalents is 2.25% - 4%.

7. PIUTANG USAHA

a. Berdasarkan Debitur

	2016
	Rp'000
Pihak berelasi	207.303.239
Cadangan kerugian penurunan nilai	<u>(4.476.619)</u>
Jumlah (Catatan 38)	<u>202.826.620</u>
Pihak ketiga	554.823.035
Cadangan kerugian penurunan nilai	<u>(14.009.274)</u>
Jumlah	<u>540.813.761</u>
Jumlah piutang usaha - bersih	<u>743.640.381</u>

Pada tanggal 31 Desember 2016 dan 2015 seluruh saldo piutang usaha di denominasikan dalam mata uang Rupiah.

7. TRADE ACCOUNTS RECEIVABLE

a. By Debtors

	2015
	Rp'000
Related parties	213.536.848
Allowance for impairment losses	<u>(3.065.260)</u>
Total (Note 38)	<u>210.471.588</u>
Third parties	585.031.323
Allowance for impairment losses	<u>(10.497.714)</u>
Total	<u>574.533.609</u>
Net trade account receivables	<u>785.005.197</u>

As of December 31, 2016 and 2015, all outstanding trade accounts receivable was denominated in Rupiah.

b. Berdasarkan Umur

	2016 Rp'000	2015 Rp'000	
Belum jatuh tempo	456.928.538	441.959.906	Not yet due
Lewat jatuh tempo:			Past due:
1 - 45 hari	109.678.308	164.542.292	1 - 45 days
46 - 135 hari	88.627.730	129.637.612	46 - 135 days
136 - 365 hari	58.263.656	45.867.818	136 - 365 days
Lebih dari 365 hari	30.142.148	2.997.569	More than 365 days
Jumlah	<u>743.640.381</u>	<u>785.005.197</u>	Total

b. By Aging

Jangka waktu rata-rata kredit penjualan barang adalah 46 hari. Tidak ada bunga yang dibebankan pada piutang usaha.

The average credit period on sales of goods is 46 days. No interest is charged on trade receivables.

Cadangan kerugian penurunan nilai piutang diakui terhadap piutang usaha berdasarkan jumlah estimasi yang tidak terpulihkan yang ditentukan dengan mengacu pada pengalaman masa lalu pihak lawan dan analisis posisi keuangan kini pihak lawan.

Allowance for impairment losses is recognized against trade accounts receivable based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Mutasi cadangan kerugian penurunan nilai adalah sebagai berikut:

Movement in the allowance for impairment losses are as follows:

	2016 Rp'000	2015 Rp'000	
Saldo awal	13.562.974	12.547.082	Beginning balance
Penambahan	4.922.919	1.015.892	Addition
Saldo akhir	<u>18.485.893</u>	<u>13.562.974</u>	Ending balance

Dalam menentukan pemulihan dari piutang usaha, Grup mempertimbangkan setiap perubahan dalam kualitas kredit dari piutang usaha dari tanggal awalnya kredit diberikan sampai dengan akhir periode pelaporan. Konsentrasi risiko kredit terbatas pada basis pelanggan adalah besar dan tidak saling berhubungan.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade accounts receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited as the customer base is large and unrelated.

Cadangan kerugian penurunan nilai secara individual pada tanggal 31 Desember 2016 dan 2015 masing-masing sebesar Rp 18.485.893 ribu dan Rp 13.562.974 ribu.

Allowance for impairment losses from individual impairment as of December 2016 and 2015 amounting to Rp 18,485,893 thousand and Rp 13,562,974 thousand, respectively.

Penurunan nilai piutang usaha secara individu terdiri atas beberapa pelanggan yang dianggap oleh manajemen tidak terpulihkan berdasarkan penilaian atas kualitas kredit dan kondisi keuangan pelanggan tersebut. Umur piutang yang mengalami penurunan nilai adalah umur piutang diatas 365 hari.

Individually impaired trades receivables consist of customer which management considers are no longer recoverable based on its assessment of credit quality and financial condition of the customers. The aging of those receivables is above 365 days.

Perusahaan bekerja sama dengan perusahaan asuransi, PT Asuransi Kredit Indonesia (Askrindo), untuk menutup kemungkinan kerugian atas tidak tertagihnya piutang usaha dari beberapa distributor dengan beban premi asuransi ditanggung oleh distributor.

The Company entered into an arrangement with an insurance company, PT Asuransi Kredit Indonesia (Askrindo), to cover the risk of losses from uncollectible accounts for certain distributors with the cost of the related insurance premium is borne by such distributor.

Pada tanggal 31 Desember 2016 dan 2015 piutang usaha telah diasuransikan pada Askrindo dan/atau dijaminan dengan bank garansi dan aset tetap masing-masing sebesar Rp 1.002.533.588 ribu dan Rp 954.772.260 ribu.

Manajemen berpendapat bahwa cadangan kerugian penurunan nilai atas piutang adalah cukup. Manajemen juga berpendapat bahwa tidak terdapat risiko yang terkonsentrasi secara signifikan atas piutang kepada pihak ketiga.

Sebesar nilai tertentu dari piutang usaha milik Grup telah dijadikan jaminan atas beberapa fasilitas pinjaman (Catatan 16, 23 dan 40).

On December 31, 2016 and 2015, accounts receivable are insured at Askrindo and/or secured by a bank guarantee and fixed assets amounting to Rp 1,002,533,588 thousand and Rp 954,772,260 thousand, respectively.

Management believes that the allowance for impairment losses is adequate. Management also believes that there are no significant concentrations of credit risk in third party receivable.

Certain amounts from trade accounts receivables of the Group are pledged as collateral for some credit facilities (Notes 16, 23 and 40).

8. PERSEDIAAN

	2016
	Rp'000
Bahan baku, penolong dan bahan bakar	238.884.681
Barang dalam proses	191.745.149
Suku cadang	155.977.953
Barang jadi	25.348.150
Barang dalam perjalanan	24.951.188
	<u>636.907.121</u>
Cadangan kerugian penurunan nilai	(28.745.612)
Bersih	<u>608.161.509</u>

Mutasi cadangan kerugian penurunan nilai adalah sebagai berikut:

	2016
	Rp'000
Saldo awal	25.704.686
Penambahan	3.040.926
Saldo akhir	<u>28.745.612</u>

Manajemen berpendapat bahwa cadangan penurunan nilai persediaan tersebut cukup untuk menutupi kerugian yang mungkin timbul dari penurunan nilai persediaan.

Pada tanggal 31 Desember 2016 dan 2015, persediaan telah diasuransikan pada PT Asuransi Jasindo terhadap risiko kebakaran, pencurian dan risiko lainnya dengan jumlah pertanggungan sebesar Rp 444.508.091 ribu. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian yang timbul.

Persediaan tertentu milik Grup telah dijadikan jaminan atas beberapa fasilitas pinjaman (Catatan 16, 23 dan 40).

8. INVENTORIES

	2015
	Rp'000

Raw, indirect materials and fuel
Work in process
Spare parts
Finished goods
Goods in transit

	277.375.668
	197.159.751
	164.084.830
	30.543.884
	13.605.289
	<u>682.769.422</u>

Allowance for impairment losses

	(25.704.686)
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Net

	<u>657.064.736</u>
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Movements in the allowance for impairment losses are as follows:

	2015
	Rp'000

Beginning balance
Additions

	19.654.762
	6.049.924

Ending balance

	<u>25.704.686</u>
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Management believes that the allowance for impairment losses on of inventories is adequate to cover possible losses on the decline in inventory value.

At December 31, 2016 and 2015 inventories were insured with PT Asuransi Jasindo against fire, theft and other possible risks for Rp 444,508,091 thousand. Management believes that the insurance coverage is adequate to cover possible losses.

Certain inventories of the Group are pledged as collateral for some credit facilities (Notes 16, 23 and 40).

9. UANG MUKA

	<u>2016</u>	<u>2015</u>	
	Rp'000	Rp'000	
Operasional	11.033.701	15.659.664	Operational
Pembelian lokal	5.590.259	829.161	Domestic purchases
Perjalanan dinas	442.232	403.495	Travel
Jumlah	<u>17.066.192</u>	<u>16.892.320</u>	Total

9. ADVANCES10. PAJAK DIBAYAR MUKA

	<u>2016</u>	<u>2015</u>	
	Rp'000	Rp'000	
Pajak penghasilan Pasal 28A:			Income tax Article 28A:
Perusahaan (Catatan 35)	-	34.222.444	The Company (Note 35)
Entitas anak	4.665.752	3.743.029	Subsidiaries
Pajak pertambahan nilai:			Value added tax:
Perusahaan	-	-	The Company
Entitas anak	3.427.542	1.207.782	Subsidiaries
Jumlah	<u>8.093.294</u>	<u>39.173.255</u>	Total

10. PREPAID TAX11. BIAYA DIBAYAR DI MUKA

	<u>2016</u>	<u>2015</u>	
	Rp'000	Rp'000	
Pengobatan	1.886.069	10.808.262	Medical
Sewa	4.626.968	3.196.995	Rent
Asuransi	2.109.035	1.364.013	Insurance
Jumlah	<u>8.622.072</u>	<u>15.369.270</u>	Total

11. PREPAID EXPENSES12. INVESTASI PADA ENTITAS ASOSIASI

Perusahaan Asosiasi/ <i>Associated Company</i>	Tempat kedudukan/ <i>Domicile</i>	Persentase Pemilikan/ <i>Percentage of Ownership</i>	Jumlah Saham/ <i>Number of Shares</i>	<u>2016</u>	<u>2015</u>
				Rp'000	Rp'000
PT Igasar	Padang, Indonesia	12%	51.000	<u>677.999</u>	<u>584.587</u>

12. INVESTMENTS IN ASSOCIATE

Ringkasan informasi keuangan dari entitas asosiasi adalah sebagai berikut:

Summarized financial information in respect of associate is set out below:

	<u>2016</u>	<u>2015</u>	
	Rp'000	Rp'000	
Aset lancar	83.453.086	94.093.926	Current assets
Aset tidak lancar	27.355.102	29.801.698	Non-current assets
Jumlah Aset	<u>110.808.188</u>	<u>123.895.624</u>	Total Assets

	2016 Rp'000	2015 Rp'000	
Liabilitas Jangka Pendek	85.498.583	99.259.691	Current liabilities
Liabilitas Jangka Panjang	19.659.612	23.396.717	Non-current liabilities
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk termasuk penyesuaian lainnya	5.649.993	1.239.216	Equity attributable to owners of the Company include other adjustment
Jumlah liabilitas dan ekuitas	<u>110.808.188</u>	<u>123.895.624</u>	Total Liabilities and Equity
Pendapatan	<u>414.382.086</u>	<u>445.194.748</u>	Revenue
Beban	<u>408.833.536</u>	<u>444.614.856</u>	Expenses
Laba tahun berjalan	<u>5.548.550</u>	<u>579.892</u>	Profit for the year
Laba yang dapat diatribusikan kepada:			Profit attributable to:
Pemilik entitas Induk	5.548.550	579.892	Owners of the Company
Kepentingan nonpengendali	-	-	Non-controlling interests
Laba tahun berjalan	<u>5.548.550</u>	<u>579.892</u>	Profit for the year

Rekonsiliasi dari ringkasan informasi keuangan diatas terhadap jumlah tercatat dari bagian entitas asosiasi yang diakui dalam laporan keuangan konsolidasian:

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associates recognized in the consolidated financial statement:

	PT Igaras		
	2016 Rp'000	2015 Rp'000	
Aset bersih entitas asosiasi	5.649.993	1.239.216	Net assets of the associate
Proporsi bagian kepemilikan Grup	12%	12%	Proportion of the Group's ownership interest
Penyesuaian lain	-	435.881	Other adjustment
Nilai tercatat bagian Grup	<u>677.999</u>	<u>584.587</u>	Carrying amount of the Group's interest

Berdasarkan penelaahan, manajemen Perusahaan berkesimpulan bahwa terdapat pengaruh signifikan pada PT Igaras yaitu melalui penunjukan dan penempatan karyawan Perusahaan sebagai anggota Dewan Komisaris dan Direksi. Entitas asosiasi ini dicatat dengan menggunakan metode ekuitas dalam laporan keuangan konsolidasian.

Based on the review, management concluded that there is significant influence on PT Igaras through the appointment and placement of employees of the Company as member of the Board of Commissioners and Directors. The associate is accounted for using the equity method in these consolidated financial statements.

13. PROPERTI INVESTASI

Properti investasi merupakan aset bangunan dan prasarana sebesar Rp 118.105.984 ribu yang disewakan kepada Rumah Sakit Semen Padang selama jangka waktu 30 tahun dengan akumulasi penyusutan masing-masing sebesar Rp 13.610.112 ribu dan Rp 7.559.962 ribu pada 31 Desember 2016 dan 2015.

Pada tahun 2016 dan 2015 beban penyusutan masing-masing sebesar Rp 6.050.150 ribu dan Rp 6.047.970 ribu dicatat pada beban pokok pendapatan.

Penghasilan sewa properti investasi sebesar Rp 5.000.000 ribu tahun 2016 dan Rp 5.083.333 ribu tahun 2015.

13. INVESTMENT PROPERTY

Investment property consist of building and improvements amounted to Rp 118,105,984 thousand that is leased to Semen Padang Hospital for 30 years with accumulated depreciation amounting to Rp 13,610,112 thousand and Rp 7,559,962 thousand in December 31, 2016 and 2015, respectively.

In 2016 and 2015, depreciation expense amounting to Rp 6,050,150 thousand and Rp 6,047,970 thousand, respectively.

Rental income on investment properties amounted to Rp 5,000,000 thousand in 2016 and Rp 5,083,333 thousand in 2015.

Perusahaan telah mengasuransikan properti investasi terhadap risiko kebakaran dan risiko lainnya kepada perusahaan asuransi Jasindo, pihak ketiga dengan nilai pertanggungan sebesar Rp 100.106.174 ribu pada tahun 2016 dan 2015.

The Company has insured investment properties against fire and other possible risk with Jasindo, third party insurance company for coverage of Rp 100,106,174 thousand as of 2016 and 2015.

Berdasarkan evaluasi dari Briskindo Konsultan di tahun 2014, nilai wajar properti investasi milik Perusahaan adalah sebesar Rp 117.307.095 ribu. Dari evaluasi manajemen, nilai wajar properti investasi pada tahun 2016 tidak mengalami perubahan yang signifikan. Nilai wajar properti investasi diukur menggunakan input level 3.

Based on the evaluation of Briskindo Konsultan in 2014, the fair value of the Company's investment property amounted to Rp 117,307,095 thousand. Based on management evaluation, the fair value of the Company's investment property in 2016 does not change significantly. The fair value of the Company's investment properties are measured using input level 3.

14. ASET TETAP

14. PROPERTY, PLANT AND EQUIPMENT

	1 Januari/ January 1, 2016 Rp'000	Penambahan/ Additions Rp'000	Pengurangan/ Deductions Rp'000	Reklasifikasi/ Reclassifications Rp'000	31 Desember/ December 31, 2016 Rp'000	
<u>Biaya perolehan</u>						<u>At cost</u>
<u>Pemilikan langsung</u>						<u>Direct acquisition</u>
Tanah	53.776.702	-	4.410	-	53.772.292	Land
Tanah pertambangan	9.583.249	-	-	65.617.470	75.200.719	Mining properties
Bangunan dan prasarana	996.240.769	408.952	4.203	55.832.376	1.052.477.894	Buildings and improvements
Mesin pabrik	3.177.121.838	421.371	1.943.234	176.341.220	3.351.941.195	Plant machinery
Alat berat dan kendaraan	574.460.206	106.320	22.585.820	23.466.009	575.446.715	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	103.956.025	428.071	53.223	8.955.016	113.285.889	Furniture and office equipment
Suku cadang utama dan peralatan siap pakai	26.100.502	15.596.412	-	-	41.696.914	Major spare parts and standby equipment
Aset dalam penyelesaian						Construction in progress
Tanah pertambangan	112.660.853	5.215.917	-	(65.617.470)	52.259.300	Mining properties
Bangunan dan prasarana	802.719.928	871.613.865	-	(106.739.345)	1.567.594.448	Buildings and improvements
Mesin pabrik	1.548.531.540	834.223.005	-	(133.941.897)	2.248.812.648	Plant machinery
Alat berat dan kendaraan	9.565.407	40.089.453	-	(19.669.311)	29.985.549	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	49.716.811	518.992.513	-	(4.244.068)	564.465.256	Furniture and office equipment
<u>Aset sewa pembiayaan</u>						<u>Leased assets</u>
Kendaraan	16.001.419	25.278.912	-	-	41.280.331	Vehicles
Kapal	136.752.478	-	53.534.851	-	83.217.627	Vessels
Jumlah	7.617.187.727	2.312.374.791	78.125.741	-	9.851.436.777	Total
<u>Akumulasi penyusutan dan deplesi</u>						<u>Accumulated depreciation and depletion</u>
<u>Pemilikan langsung</u>						<u>Direct acquisition</u>
Tanah pertambangan	6.651.057	46.311	-	-	6.697.368	Mining properties
Bangunan dan prasarana	391.227.325	24.982.515	4.203	-	416.205.637	Buildings and improvements
Mesin pabrik	1.823.485.150	146.261.361	1.867.011	-	1.967.879.500	Plant machinery
Alat berat dan kendaraan	481.887.925	38.973.666	20.593.823	-	500.267.768	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	87.019.249	5.526.856	53.223	-	92.492.882	Furniture and office equipment
Suku cadang utama dan peralatan siap pakai	3.669.669	1.738.143	-	-	5.407.812	Major spare parts and standby equipment
<u>Aset sewa pembiayaan</u>						<u>Leased assets</u>
Kendaraan	6.033.042	7.282.616	-	-	13.315.658	Vehicles
Kapal	54.371.005	17.540.869	22.680.793	-	49.231.081	Vessels
Jumlah	2.854.344.422	242.352.337	45.199.053	-	3.051.497.706	Total
Jumlah Tercatat	4.762.843.305				6.799.939.071	Carrying Value

	1 Januari/ January 1, 2015 Rp'000	Penambahan/ Additions Rp'000	Pengurangan/ Deductions Rp'000	Reklasifikasi/ Reclassifications Rp'000	31 Desember/ December 31, 2015 Rp'000	
<u>Biaya perolehan</u>						<u>At cost</u>
<u>Pemilikan langsung</u>						<u>Direct acquisition</u>
Tanah	53.776.702	-	-	-	53.776.702	Land
Tanah pertambangan	9.583.249	-	-	-	9.583.249	Mining properties
Bangunan dan prasarana	795.247.930	88.037	-	200.904.802	996.240.769	Buildings and improvements
Mesin pabrik	2.853.812.237	1.260.400	8.984.911	331.034.112	3.177.121.838	Plant machinery
Alat berat dan kendaraan	539.875.002	4.379.052	14.963.150	45.169.302	574.460.206	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	99.175.436	252.052	-	4.528.537	103.956.025	Furniture and office equipment
Suku cadang utama dan peralatan siap pakai	32.453.615	12.255.001	-	(18.608.114)	26.100.502	Major spare parts and standby equipment
Aset dalam penyelesaian						Construction in progress
Tanah pertambangan	103.999.318	8.661.535	-	-	112.660.853	Mining properties
Bangunan dan prasarana	351.214.581	648.396.051	-	(196.890.704)	802.719.928	Buildings and improvements
Mesin pabrik	431.334.524	1.430.971.888	-	(313.774.872)	1.548.531.540	Plant machinery
Alat berat dan kendaraan	933.001	57.596.708	-	(48.964.302)	9.565.407	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	3.925.828	49.189.744	-	(3.398.761)	49.716.811	Furniture and office equipment
<u>Aset sewa pembiayaan</u>						<u>Leased assets</u>
Kendaraan	28.702.817	3.177.178	15.878.576	-	16.001.419	Vehicles
Kapal	147.455.071	16.382.817	27.085.410	-	136.752.478	Vessels
Jumlah	5.451.489.311	2.232.610.463	66.912.047	-	7.617.187.727	Total
<u>Akumulasi penyusutan dan deplesi</u>						<u>Accumulated depreciation and depletion</u>
<u>Pemilikan langsung</u>						<u>Direct acquisition</u>
Tanah pertambangan	6.592.815	58.242	-	-	6.651.057	Mining properties
Bangunan dan prasarana	367.368.345	23.858.980	-	-	391.227.325	Buildings and improvements
Mesin pabrik	1.692.559.339	138.479.667	8.709.639	1.155.783	1.823.485.150	Plant machinery
Alat berat dan kendaraan	458.923.684	37.896.424	14.932.183	-	481.887.925	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	80.611.092	6.408.157	-	-	87.019.249	Furniture and office equipment
Suku cadang utama dan peralatan siap pakai	3.832.842	992.610	-	(1.155.783)	3.669.669	Major spare parts and standby equipment
<u>Aset sewa pembiayaan</u>						<u>Leased assets</u>
Kendaraan	13.625.565	8.286.053	15.878.576	-	6.033.042	Vehicles
Kapal	56.729.060	24.727.356	27.085.411	-	54.371.005	Vessels
Jumlah	2.680.242.742	240.707.489	66.605.809	-	2.854.344.422	Total
Jumlah Tercatat	2.771.246.569				4.762.843.305	Carrying Value

Beban penyusutan dan deplesi dialokasikan sebagai berikut:

Depreciation and depletion expense was allocated to the following:

	2016 Rp'000	2015 Rp'000	
Beban pabrikasi	225.899.225	226.293.700	Manufacturing overheads
Beban penjualan (Catatan 31)	77.571	77.571	Selling expense (Note 31)
Beban umum dan administrasi (Catatan 32)	11.939.161	12.963.577	General and administrative expense (Note 32)
Dikapitalisasi ke aset dalam penyelesaian	4.436.380	1.372.641	Capitalized to construction in progress
Jumlah	242.352.337	240.707.489	Total

Group melakukan penghapusan aset tetap dengan nilai buku masing-masing sebesar Rp 2.072.630 ribu dan Rp 306.238 ribu pada 2016 dan 2015.

The Group disposed its, property, plant and equipment with book value amounting to Rp 2,072,630 thousand and Rp 306,238 thousand in 2016 and 2015, respectively.

Pada tahun 2016, termasuk didalam penghapusan aset tetap adalah penghapusan aset sewa pembiayaan kapal dengan nilai buku sebesar Rp 30.854.058 ribu.

In 2016, included in the deduction of property, plant, and equipment is deduction of leased assets of vehicle with book value amounting to Rp 30,854,058 thousand.

Rincian aset tetap dalam penyelesaian pada tanggal 31 Desember 2016 adalah sebagai berikut:

An analysis of construction in progress as of December 31, 2016 are as follows:

	<i>Nilai tercatat/ Carrying value</i>	<i>Persentase penyelesaian/ Percentage of completion¹</i>	<i>Estimasi Penyelesaian/ Estimated completion</i>	
	Rp'000	%		
Tanah pertambangan	52.259.300	25% - 98%	Juli/July 2017	Mining properties
Bangunan	1.467.320.050	10% - 98%	Juni/June 2017	Buildings
Prasarana	100.274.398	35% - 98%	Maret/March 2017	General facilities
Mesin pabrik	2.248.812.648	33% - 98%	Juni/June 2018	Plant machinery
Alat berat dan kendaraan	29.985.549	78% - 98%	Maret/March 2017	Heavy equipment and vehicles
Perlengkapan dan peralatan kantor	564.465.256	33% - 90%	Maret/March 2017	Furniture and office equipment
Jumlah	<u>4.463.117.201</u>			Total

Biaya pinjaman yang dikapitalisasi pada aset dalam penyelesaian sejumlah Rp 66.175.887 ribu pada 31 Desember 2016 dan Rp 14.453.660 ribu pada 31 Desember 2015. Tingkat kapitalisasi rata-rata adalah 24,21% pada tahun 2016 dan 12,46% pada tahun 2015.

Borrowing costs capitalized to construction in progress amounted to Rp 66,175,887 thousand as of December 31, 2016 and Rp 14,453,660 thousand as of December 31, 2015. The average capitalization rates were 24.21% in 2016 and 12.46% in 2015.

Perusahaan memiliki beberapa bidang tanah yang terletak di Padang, Dumai, Riau, Bengkulu dan Jakarta seluas 6.618.556 m² dengan Hak Guna Bangunan ("HGB") seluas 3.018.402 m² dan Hak Pakai ("HP") seluas 3.600.154 m² yang berjangka waktu antara 20 - 30 tahun dan akan berakhir hingga tahun 2032. Manajemen berpendapat bahwa tidak akan terdapat masalah dengan perpanjangan hak atas tanah tersebut.

The Company owns land located in Padang, Dumai, Riau, Bengkulu and Jakarta measuring 6,618,556 m² with land-use rights ("HGB") for land of 3,018,402 m² and with rights to use ("HP") for land of 3,600,154 m² for periods of 20 - 30 years, which use rights will expire at various times through 2032. Management believes that there will be no difficulty in obtaining extensions of these landrights.

Aset tetap yang tidak digunakan terdiri dari mesin dan alat berat dengan jumlah biaya perolehan dan akumulasi penyusutan pada tanggal 31 Desember 2016 masing-masing sebesar Rp 353.531 ribu dan Rp 353.531 dan pada tanggal 31 Desember 2015 masing-masing sebesar Rp 11.717.192 ribu dan Rp 3.599.651 ribu.

Property, plant and equipment which are not used in operations consist of machinery and heavy equipment with total acquisition costs and accumulated depreciation as of December 31, 2016 amounting to Rp 353,531 thousand and Rp 353,531 thousand, respectively, and as of December 31, 2015 amounting to Rp 11,717,192 thousand and Rp 3,599,651 thousand, respectively.

Jumlah biaya perolehan aset tetap yang telah disusutkan penuh namun masih digunakan per 31 Desember 2016 dan 2015 masing-masing adalah sebesar Rp 1.397.721.035 ribu dan Rp 1.334.351.116 ribu.

Berdasarkan evaluasi manajemen, nilai wajar aset tetap per 31 Desember 2016 adalah sebesar Rp 11.185.115.367 ribu dan per 31 Desember 2015 adalah sebesar Rp 9.140.006.804 ribu. Nilai wajar aset tetap diukur menggunakan input level 3.

Pada tanggal 17 Mei 2010, Perusahaan melakukan kerjasama dengan Direktorat Jenderal Industri Agro dan Kimia Kementerian Perindustrian Republik Indonesia tentang *Model Project for Waste Heat Recovery Power Generation*. Kerjasama ini merupakan pelaksanaan Memorandum of Understanding antara Direktur Jenderal Industri Agro dan Kimia Kementerian Perindustrian Republik Indonesia dengan The New Energy and Industrial Technology Development Organization (NEDO), Japan mengenai "*The Model Project for Waste Heat Recovery Power Generation in the Cement Industry*" yang ditandatangani pada tanggal 15 Januari 2009.

The Model Project for Waste Heat Recovery Power Generation in the Cement Industry adalah model proyek percontohan dengan menambahkan peralatan yang memanfaatkan panas gas buang menjadi energi listrik sehingga penggunaan batubara dan emisi gas CO₂ menjadi berkurang. Proyek ini bertujuan untuk memperbaiki kualitas lingkungan yang lebih baik sehingga meningkatkan daya saing dan produktifitas industri semen. Pada proyek ini, peralatan pihak NEDO dipasang pada fasilitas pabrik Perusahaan. Perusahaan berkewajiban menyediakan infrastruktur dan peralatan pendukung dari proyek tersebut. Sampai dengan 31 Desember 2016, Perusahaan telah mengeluarkan dana untuk infrastruktur dan peralatan pendukung sebesar Rp 90.090.208 ribu.

Kerjasama ini berlangsung untuk jangka waktu 10 (sepuluh) tahun dan mulai berlaku sejak perjanjian kerjasama ditandatangani. Selama jangka waktu perjanjian ini PT Semen Padang memiliki kewajiban sebagai berikut:

- Melakukan diseminasi dan demonstrasi yang difasilitasi oleh Menteri Perindustrian.
- Mengoperasikan dan melakukan perawatan peralatan dengan biaya sendiri.
- Bertanggung jawab atas kerusakan dan kehilangan peralatan.
- Melaporkan kinerja peralatan setiap bulan April dan Oktober.

Proyek tersebut telah dapat beroperasi dan telah diresmikan oleh Menteri Perindustrian Republik Indonesia dan perwakilan dari NEDO pada tanggal 26 Oktober 2011.

Total acquisition costs of fully depreciated property, plant and equipment but still in service as of December 31, 2016 and 2015 amounted to Rp 1,397,721,035 thousand and Rp 1,334,351,116 thousand, respectively.

Based on management's assessment, the fair value of fixed assets as of December 31, 2016 amounted to Rp 11,185,115,367 thousand and as of December 31, 2015 amounted to Rp 9,140,006,804 thousand. The fair value of Group's investment properties are measured using input level 3.

On May 17, 2010, the Company collaborated with the Directorate General of Agro and Chemical Industry Ministry of the Republic of Indonesia on the Model Project for Waste Heat Recovery Power Generation. This collaboration is the implementation of the Memorandum of Understanding between the Director General of the Ministry of Agro and Chemical Industry of the Republic of Indonesia with The New Energy and Industrial Technology Development Organization (NEDO), Japan on "The Model Project for Waste Heat Recovery Power Generation in the Cement Industry", signed on January 15, 2009.

The Model Project for Waste Heat Recovery Power Generation in the Cement Industry is a model demonstration project by adding equipment that utilize hot exhaust gases into electrical energy so that the use of coal and CO₂ emissions can be reduced. This project aims to improve the quality of a better environment thus enhancing the competitiveness and productivity of the cement industry. On this project, NEDO equipment is installed on the manufacturing facilities in the Company. The Company has to provide infrastructures and support equipments of the project. Up to December 31, 2016, the Company has spent on infrastructures and supporting equipments for Rp 90,090,208 thousand.

This partnership lasted for a period of 10 (ten) years and shall be effective from the agreement was signed. During the term of this agreement, PT Semen Padang has the following obligations:

- To conduct dissemination and demonstration that facilitated by the Minister of Industry.
- Operate and perform maintenance of equipment at their own expense.
- Responsible for the damage and loss of equipment.
- Reporting the performance of equipment every April and October.

The project has been operating buffer and was inaugurated by the Minister of Industry of the Republic of Indonesia and a representative from NEDO on October 26, 2011.

Pada tanggal 2 Januari 2013, Kementerian Perindustrian Republik Indonesia melalui Direktur Jenderal Basis Industri Manufaktur menyerahkan penggunaan dan pemanfaatan mesin dan peralatan *Waste Heat Recovery Power Generation* kepada Perusahaan.

Aset tetap Grup digunakan sebagai jaminan atas fasilitas pinjaman bank (Catatan 16, 23 dan 40).

Pada tanggal 31 Desember 2016 dan 2015, aset tetap kecuali tanah telah diasuransikan terutama kepada PT Asuransi Jasindo terhadap risiko kebakaran, pencurian dan risiko lainnya dengan jumlah pertanggungan masing-masing sebesar Rp 10.440.600.722 ribu dan Rp 9.550.275.265 ribu. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutupi kemungkinan kerugian atas aset yang dipertanggungjawabkan.

On January 2, 2013, Ministry of Industry of the Republic of Indonesia through the Director General of Basic Manufacturing Industry passes the operation and utilization of *Waste Heat Recovery Power Generation* equipment to the Company.

Property, plant and equipment of the Group are used as collateral for credit facilities (Notes 16, 23 and 40).

As of December 31, 2016 and 2015, property, plant and equipment, except land, were insured mainly with PT Asuransi Jasindo against fire, theft and other possible risks for Rp 10,440,600,722 thousand and Rp 9,550,275,265 thousand, respectively. Management believes that the insurance coverage is adequate to cover possible losses on the assets insured.

15. UANG MUKA LAIN-LAIN – TIDAK LANCAR

	2016
	Rp'000
Uang muka pembelian aset tetap	42.533.282
Lain-lain	1.747.907
Jumlah	<u>44.281.189</u>

Uang muka pembelian aset tetap terutama merupakan uang muka atas pembelian peralatan dan mesin untuk proyek Indarung VI.

15. OTHER ADVANCES – NON-CURRENT

	2015	
	Rp'000	
	115.068.068	Advance on purchase of fixed assets
	1.999.738	Others
Jumlah	<u>117.067.806</u>	Total

Advance on purchase of fixed assets mainly represents the advance purchase of machinery and equipment for Indarung VI project.

16. UTANG BANK JANGKA PENDEK

Berdasarkan Surat Perjanjian Kredit No. 2012-130/KMK pada tanggal 28 Agustus 2012, PT Sepatim Batamtama, entitas anak, memperoleh fasilitas kredit modal kerja dari PT Bank Negara Indonesia (Persero) Tbk (BNI) dengan jumlah plafond maksimum sebesar Rp 4.600.000 ribu dengan tingkat bunga 13,50% per tahun. Fasilitas tersebut diberikan selama jangka waktu 12 bulan. Fasilitas ini terakhir kali diperpanjang kembali sampai dengan tanggal 26 Agustus 2017. Fasilitas perjanjian bank ini secara fidusia dijamin dengan persediaan semen dan suku cadang, piutang usaha dengan kriteria umur dibawah 60 hari, kas dan setara kas yang dibatasi penggunaannya (Catatan 6), tanah, bangunan, kendaraan, mesin serta tagihan atas pengerjaan *cooper sludge*. Utang bank fasilitas kredit modal kerja pada 31 Desember 2016 adalah sebesar Rp 1.253.573 ribu.

16. SHORT-TERM BANK LOANS

Based on the Letter of Credit Agreement for working capital No. 2012-130/KMK on August 28, 2012, PT Sepatim Batamtama, a subsidiary, obtained working capital loan from PT Bank Negara Indonesia (Persero) Tbk (BNI) with maximum facility of Rp 4,600,000 thousand with an interest rate of 13.50% per annum. This facility is granted for 12 months and were most recently extended to August 26, 2017. This is secured by the fiduciary to sparepart inventories, account receivable with age below than 60 days, restricted cash and cash equivalents (Note 6), land, building, vehicle, machine and bill for the working cooper sludge. Bank loans working capital loan as of December 31, 2016 amounting to Rp 1,253,573 thousand.

17. UTANG USAHA

a) Berdasarkan Pemasok

	2016
	Rp'000
Pihak berelasi (Catatan 38)	403.442.290
Pihak ketiga	755.901.043
Jumlah	<u>1.159.343.333</u>

17. TRADE ACCOUNTS PAYABLE

a) By Creditor

	2015	
	Rp'000	
	405.291.023	Related parties (Note 38)
	496.977.414	Third parties
Jumlah	<u>902.268.437</u>	Total

b) Berdasarkan Jatuh Tempo

b) By Aging

	2016 Rp'000	2015 Rp'000	
Belum jatuh tempo	945.090.689	622.324.861	Current
Lewat jatuh tempo:			Overdue:
1 - 45 hari	165.934.049	245.749.179	1 - 45 days
46 - 135 hari	26.598.976	23.699.579	46 - 135 days
136 - 365 hari	21.523.105	10.448.206	136 - 365 days
Lebih dari 365 hari	196.514	46.612	Over 365 days
Jumlah	<u>1.159.343.333</u>	<u>902.268.437</u>	Total

c) Berdasarkan Mata Uang

c) By Currency

	2016 Rp'000	2015 Rp'000	
Pihak berelasi (Catatan 38):			Related parties (Note 38):
Rupiah	403.437.918	405.279.563	Rupiah
Euro	4.372	3.582	Euro
British Poundsterling	-	7.878	British Poundsterling
Sub-jumlah	<u>403.442.290</u>	<u>405.291.023</u>	Sub-total
Pihak ketiga:			Third parties:
Rupiah	694.937.222	403.323.267	Rupiah
Euro	39.874.706	49.028.341	Euro
Dolar Amerika Serikat	20.943.614	44.613.312	US Dollars
Swiss Franc	145.501	-	Swiss Franc
British Poundsterling	-	8.540	British Poundsterling
Dolar Singapura	-	3.954	Singapore Dollars
Sub-jumlah	<u>755.901.043</u>	<u>496.977.414</u>	Sub-total
Jumlah	<u>1.159.343.333</u>	<u>902.268.437</u>	Total

Jangka waktu kredit yang timbul dari pembelian bahan baku utama dan pembantu, baik dari pemasok dalam maupun luar negeri berkisar 30 sampai dengan 60 hari. Tidak ada bunga yang dibebankan pada utang usaha.

Purchases of raw and indirect materials, both from local and foreign suppliers, have credit terms of 30 to 60 days. No interest is charged to the trade accounts payable.

18. UTANG LAIN-LAIN - PIHAK KETIGA

18. OTHER ACCOUNTS PAYABLE - THIRD PARTIES

	2016 Rp'000	2015 Rp'000	
Jaminan calon distributor	-	147.320	Prospective distributors guarantee
Lainnya	6.676.524	7.874.554	Others
Jumlah	<u>6.676.524</u>	<u>8.021.874</u>	Total

Utang lain-lain pihak ketiga terutama terkait transaksi dengan karyawan.

Other accounts payable to third parties mainly pertain to transaction with employees.

19. UTANG PAJAK

	2016
	Rp'000
<u>Perusahaan</u>	
Pajak penghasilan badan (Catatan 35)	26.001.190
Pajak penghasilan	
PPh Pasal 25	18.519.543
PPh Pasal 23	4.931.179
PPh Pasal 22	4.461.525
PPh Pasal 4 (2)	1.183.252
PPh Pasal 15	982.974
PPh Pasal 26	81.007
PPh Pasal 21	-
Pajak Pertambahan Nilai	41.663.954
Jumlah	<u>97.824.624</u>
<u>Entitas anak</u>	
Pajak penghasilan badan	-
Pajak penghasilan	
PPh Pasal 4 (2)	371.009
PPh Pasal 21	148.226
PPh Pasal 25	88.958
PPh Pasal 23	8.812
Pajak Pertambahan Nilai	825
Jumlah	<u>617.830</u>
Jumlah utang pajak	<u>98.442.454</u>

Perusahaan ditunjuk sebagai Wajib Pajak Pungut (WAPU) Pajak Pertambahan Nilai berdasarkan Peraturan Menteri Keuangan (PMK) No. 37/PMK.03/2015 tentang Penunjukkan Badan Usaha Milik Negara sebagai WAPU Pajak Pertambahan Nilai oleh Direktorat Jenderal Pajak yang berlaku efektif per tanggal 1 April 2015. Perusahaan juga ditunjuk sebagai Wajib Pajak Pungut (WAPU) Pajak Penghasilan Pasal 22 berdasarkan Peraturan Direktur Jenderal Pajak No. PER-31/PJ/2015 yang berlaku efektif mulai tanggal 8 Agustus 2015.

19. TAXES PAYABLE

	2015	
	Rp'000	
<u>The Company</u>		
Corporate income taxes (Note 35)	5.661.801	
Income taxes		
Income tax Article 25	-	
Income tax Article 23	1.542.760	
Income tax Article 22	3.070.160	
Income tax Article 4 (2)	2.364.174	
Income tax Article 15	482.140	
Income tax Article 26	55.170	
Income tax Article 21	4.576.838	
Value Added Tax	35.473.607	
Total	<u>53.226.650</u>	
<u>Subsidiaries</u>		
Corporate income tax	237.272	
Income taxes		
Income tax Article 4 (2)	-	
Income tax Article 21	321.713	
Income tax Article 25	291.431	
Income tax Article 23	2.405	
Value Added Tax	825	
Total	<u>853.646</u>	
Total taxes payable	<u>54.080.296</u>	

The Company was appointed as a Value Added Tax Collector (WAPU) based on the Minister of Finance Regulation (PMK) No. 37/PMK.03/2015 concerning the appointment of State Owned Enterprises as WAPU VAT by Directorate General of Taxes, effective on April 1, 2015. And, the Company was also appointed as Income Tax Collector Article 22 based on Peraturan Direktur Jenderal Pajak No. PER-31/PJ/2015 effective on August 8, 2015.

20. BEBAN AKRUAL

	2016
	Rp'000
Pengangkutan	175.610.929
Beban bunga (Catatan 23)	10.599.973
Beban jasa penyedia tenaga kerja	9.341.891
Beban promosi	6.664.024
Jasa profesional	3.341.234
Asuransi, sewa dan ekspedisi	1.893.276
Retribusi pertambangan	1.653.158
Beban pengantongan	1.248.468
Tanggung jawab sosial Perusahaan	172.373
Lain-lain	46.479.802
Jumlah	<u>257.005.128</u>

20. ACCRUED EXPENSES

	2015	
	Rp'000	
Transportation	124.054.456	
Interest expenses (Note 23)	3.289.386	
Labour outsourcing expense	13.237.568	
Promotion expense	7.510.703	
Professional fees	2.909.632	
Insurance, rent and expedition	2.131.568	
Mining rights fees	3.445.269	
Packers fees	294.766	
Corporate social and responsibility	2.722.413	
Others	47.744.693	
Total	<u>207.340.454</u>	

21. PROVISI JANGKA PANJANG

21. LONG-TERM PROVISIONS

	2016			
	Nilai tercatat awal/ <i>Beginning balance</i> Rp'000	Provisi tambahan/ <i>Additional provision</i> Rp'000	Nilai tercatat akhir/ <i>Ending balance</i> Rp'000	
Estimasi biaya pembongkaran dan pemindahan aset tetap	42.237.711	1.952.166	44.189.877	Estimated cost of dismantling and removal of property, plant and equipment
Restorasi tanah tambang	19.682.289	3.089.524	22.771.813	Quarry restoration
Jumlah	<u>61.920.000</u>	<u>5.041.690</u>	<u>66.961.690</u>	Total
	2015			
	Nilai tercatat awal/ <i>Beginning balance</i> Rp'000	Provisi tambahan/ <i>Additional provision</i> Rp'000	Nilai tercatat akhir/ <i>Ending balance</i> Rp'000	
Estimasi biaya pembongkaran dan pemindahan aset tetap	40.197.325	2.040.386	42.237.711	Estimated cost of dismantling and removal of property, plant and equipment
Restorasi tanah tambang	16.856.610	2.825.679	19.682.289	Quarry restoration
Jumlah	<u>57.053.935</u>	<u>4.866.065</u>	<u>61.920.000</u>	Total

Berdasarkan Peraturan Menteri Energi dan Sumber Daya Mineral Republik Indonesia No. 7, tahun 2014 tentang reklamasi dan pasca tambang, Perusahaan wajib melakukan dan mempersiapkan rencana reklamasi dan pasca tambang.

Based on Regulation Minister of Energy and Mineral Resources Republic of Indonesia No. 7 year 2014 about quarry restoration, the Company is required to have taking and preparing plan for reclamation and post restoration.

Restorasi tanah tambang akan dilakukan setiap tahun sesuai dengan rencana reklamasi yang disampaikan kepada otoritas terkait. Pembongkaran aset tetap akan dilakukan pada saat selesainya masa sewa lahan terkait aset tetap tersebut.

Quarry restoration will be carried out every year based on restoration plan reported to the authority. Dismantling of fixed assets will be realized of the end of land rent period of related fixed assets.

22. LIABILITAS SEWA PEMBIAYAAN

22. FINANCE LEASE LIABILITIES

Pembayaran sewa minimum masa datang atas liabilitas sewa pembiayaan dan nilai kini dari pembayaran sewa minimum adalah sebagai berikut:

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Pembayaran minimum sewa/ <i>Minimum lease payments</i>		Nilai kini pembayaran minimum sewa/ <i>Present value of minimum lease payments</i>		
	2016 Rp'000	2015 Rp'000	2016 Rp'000	2015 Rp'000	
a. Berdasarkan pembayaran minimum sewa adalah sebagai berikut:					a. The minimum lease payments are as follows:
Akan jatuh tempo dalam:					Due within
1 tahun	29.419.644	36.136.679	25.326.397	29.921.835	1 year
1 - 5 tahun	41.586.393	31.477.054	38.482.533	27.477.155	1 - 5 years
Lebih dari 5 tahun	-	38.608.505	-	36.293.469	Over 5 years
Jumlah pembayaran sewa masa depan	<u>71.006.037</u>	<u>106.222.238</u>	<u>63.808.930</u>	<u>93.692.459</u>	Total future lease payment
Dikurangi beban keuangan dimasa depan	<u>(7.197.107)</u>	<u>(12.529.779)</u>	<u>-</u>	<u>-</u>	Less: future finance charges
Nilai kini pembayaran minimum sewa	<u>63.808.930</u>	<u>93.692.459</u>	<u>63.808.930</u>	<u>93.692.459</u>	Present value of minimum lease payments
Bagian yang jatuh tempo dalam satu tahun			<u>(25.326.397)</u>	<u>(29.921.835)</u>	Current maturity
Kewajiban sewa jangka panjang - bersih			<u>38.482.533</u>	<u>63.770.624</u>	Long-term lease liabilities - net

	Nilai kini pembayaran minimum sewa/ Present value of minimum lease payments		
	2016 Rp'000	2015 Rp'000	
b. Berdasarkan Lessor			b. By Lessor
<u>Kendaraan</u>			<u>Motor vehicles</u>
PT Serasi Auto Raya	13.217.380	2.156.810	PT Serasi Auto Raya
PT Go Rental	6.776.720	-	PT Go Rental
PT Bara Bentala Indonesia	4.786.558	6.255.838	PT Bara Bentala Indonesia
PT Adi Sarana Armada	3.458.393	50.085	PT Adi Sarana Armada
PT Intercom Mobilindo	426.309	1.978.256	PT Intercom Mobilindo
PT Karang Putih Sejati	178.473	-	PT Karang Putih Sejati
Sub-jumlah	28.843.833	10.440.989	Sub-total
<u>Kapal</u>			<u>Vessels</u>
PT Indobaruna Bulk Transport	23.486.126	66.885.483	PT Indobaruna Bulk Transport
PT Sw adaya Lestari Lines	11.478.971	16.365.987	PT Sw adaya Lestari Lines
Sub jumlah	34.965.097	83.251.470	Sub total
Jumlah	63.808.930	93.692.459	Total
Bagian yang jatuh tempo dalam satu tahun	(25.326.397)	(29.921.835)	Current maturity
Kewajiban sewa jangka panjang - bersih	38.482.533	63.770.624	Long-term lease liabilities - net

Liabilitas sewa pembiayaan dikenakan bunga yang berkisar antara 7,14% - 8,86% per tahun.

The financial lease liabilities are subject to interest at the rates ranging from 7.14% - 8.86% per annum.

23. UTANG BANK JANGKA PANJANG

23. LONG-TERM BANK LOANS

	2016 Rp'000	2015 Rp'000	
Pihak berelasi (Catatan 38)			Related parties (Note 38)
PT Bank Mandiri (Persero) Tbk	1.029.956.875	304.749.375	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	5.650.000	7.390.000	PT Bank Negara Indonesia (Persero) Tbk
Jumlah	1.035.606.875	312.139.375	Total
Biaya transaksi yang belum diamortisasi	(13.542.460)	(15.681.757)	Unamortized transaction cost
Jumlah	1.022.064.415	296.457.618	Total
Jatuh tempo dalam satu tahun:			Current maturities:
PT Bank Negara Indonesia (Persero) Tbk	1.740.000	435.000	PT Bank Negara Indonesia (Persero) Tbk
Utang bank jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun			Long-term bank loans - net of current portion:
PT Bank Mandiri (Persero) Tbk	1.016.414.415	289.067.618	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	3.910.000	6.955.000	PT Bank Negara Indonesia (Persero) Tbk
Sub-jumlah	1.020.324.415	296.022.618	Sub-total
Jumlah	1.022.064.415	296.457.618	Total

Biaya perolehan diamortisasi utang bank adalah sebagai berikut:

The amortized cost of bank loan is as follow:

	2016	2015	
	Rp'000	Rp'000	
Pihak berelasi (Catatan 38)			Related parties (Note 38)
PT Bank Mandiri (Persero) Tbk	1.016.414.415	289.067.618	PT Bank Mandiri (Persero) Tbk
PT Bank Negara Indonesia (Persero) Tbk	5.650.000	7.390.000	PT Bank Negara Indonesia (Persero) Tbk
Jumlah	1.022.064.415	296.457.618	Total
Akrual bunga pinjaman bank (Catatan 20)	10.599.973	3.289.386	Accrued interest of bank loan (Note 20)
Jumlah	1.032.664.388	299.747.004	Total

Informasi mengenai fasilitas pinjaman yang dimiliki Grup disajikan dalam Catatan 40.

Information related to the Group's loan facilities is disclosed in Note 40.

24. UTANG DIVIDEN

Utang dividen merupakan utang kepada PT Semen Indonesia (Persero) Tbk sehubungan dengan pembagian dividen tahun buku 2013 sebesar Rp 470.022.171 ribu, tahun buku 2014 sebesar Rp 366.392.309 ribu dan tahun buku 2015 sebesar Rp 288.793.806 ribu. Perusahaan melakukan pembayaran dividen masing-masing sebesar Rp 19.371.188 ribu, Rp 3.000.000 ribu dan Rp 101.869.388 ribu pada 31 Desember 2016, 2015 dan 2014 melalui kompensasi utang piutang dengan PT Semen Indonesia (Persero) Tbk.

Pada tanggal 5 Desember 2016, berdasarkan surat dari PT Semen Indonesia (Persero) Tbk No. 12159/KU.03.01/253010/12.2016 PT Semen Indonesia (Persero) Tbk menyetujui permintaan Perusahaan untuk mengklasifikasikan utang dividen sebesar Rp 1.000.967.710 ribu sebagai utang jangka panjang yang akan dilunasi secara bertahap mulai tahun 2018-2022. Utang dividen ini dikenakan bunga sebesar JIBOR 6 Bulan + 0,95% (Catatan 28).

24. DIVIDEND PAYABLES

Dividend payable is an obligation to PT Semen Indonesia (Persero) Tbk related to dividend declared for fiscal year 2013 amounted to Rp 470,022,171 thousand, fiscal year 2014 amounted to Rp 366.392.309 thousand and fiscal year 2015 amounted to Rp 288,793,806 thousand. The Company paid the dividend amounted to Rp 19,371,188 thousand, Rp 3,000,000 thousand and Rp 101,869,388 thousand on December 31, 2016, 2015 and 2014, respectively, by off-setting payables and receivables with PT Semen Indonesia (Persero) Tbk.

On December 5, 2016, based on decision letter from PT Semen Indonesia (Persero) Tbk No. 12159/KU.03.01/253010/12.2016, PT Semen Indonesia (Persero) Tbk decided to approve The Company's request to classify the dividend payable amounted to Rp 1,000,967,710 thousand as non current liabilities, which will be paid gradually starting from 2018 to 2022. Dividend payable is subjected to interest amounted to JIBOR 6 Months + 0.95% (Note 28).

25. MODAL SAHAM

25. CAPITAL STOCK

	2016 dan/and 2015			
	Jumlah saham/ Number of Shares	Persentase pemilikan/ Percentage of Ownership %	Jumlah Modal Disetor/ Total Paid-up Capital Rp'000	
Pemegang saham				Stockholders
PT Semen Indonesia (Persero) Tbk	332.000.000	99,99	332.000.000	PT Semen Indonesia (Persero) Tbk
Koperasi Keluarga Besar Semen Padang	1	0,01	1	Koperasi Keluarga Besar Semen Padang
Jumlah	332.000.001	100,00	332.000.001	Total

Setiap lembar saham yang ditempatkan dan telah disetor penuh memiliki hak suara dan turut berpartisipasi dalam pembagian dividen.

The shares issued and fully paid are ordinary shares which entitle the holder to carry one vote per share and participate in dividends.

Berdasarkan Akta No. 115 tentang Pernyataan Keputusan Rapat Umum Pemegang Saham Luar Biasa PT Semen Gresik (Persero) Tbk tanggal 20 Desember 2012 yang dibuat dihadapan Hana Tresna Widjaja, SH., Notaris di Jakarta, pemegang saham PT Semen Gresik (Persero) Tbk menyetujui antara lain perubahan nama menjadi PT Semen Indonesia (Persero) Tbk. Perubahan tersebut telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan surat No. AHU-66304.AH.01.02 tanggal 27 Desember 2012.

Based on Deed No. 115 regarding Statement of Resolution of an Extraordinary General Meeting of Shareholders of PT Semen Gresik (Persero) Tbk dated December 20, 2012 made before Hana Tresna Widjaja, SH., Notary in Jakarta, PT Semen Gresik (Persero) Tbk's agrees among others, to change the name into PT Semen Indonesia (Persero) Tbk. This change was approved by Ministry of Law and Human Rights of the Republic of Indonesia under Decree No. AHU-66304.AH.01.02 dated December 27, 2012.

26. TAMBAHAN MODAL DISETOR

Merupakan selisih lebih jumlah dana yang diterima oleh Perusahaan dengan nilai nominal saham seperti yang ditetapkan dalam Anggaran Dasar Perusahaan.

26. ADDITIONAL PAID-IN CAPITAL

Represents funds received by the Company in excess of the par value of shares issued as per the Company's Articles of Association.

27. KEPENTINGAN NON PENGENDALI

Rincian hak minoritas atas aset bersih entitas anak yang dikonsolidasikan adalah sebagai berikut:

27. NON-CONTROLLING INTEREST

The details of non-controlling interests in net assets of consolidated subsidiaries are as follows:

	2016	2015	
	Rp'000	Rp'000	
PT Bima Sepaja Abadi			PT Bima Sepaja Abadi
Saldo awal	12.836.178	12.849.621	Beginning balance
Bagian laba - neto	(204.258)	846.535	Equity in net income
Dividen	(279.356)	(878.459)	Dividends
Lain-lain	110.756	18.481	Others
Saldo akhir	<u>12.463.320</u>	<u>12.836.178</u>	Ending balance

28. DIVIDEN DAN SALDO LABA DICADANGKAN

Pada tahun 2016, para pemegang saham menyetujui pembagian dividen tahun buku 2015 sebesar Rp 288.793.806 ribu dan pencadangan saldo laba ditahan untuk pengembangan usaha sebesar Rp 433.190.716 ribu berdasarkan Rapat Umum Pemegang Saham Tahunan pada tanggal 10 Mei 2016 dan Rapat Umum Pemegang Saham Tahunan PT Semen Indonesia (Persero) Tbk pada tanggal 13 Mei 2016.

28. DIVIDENDS AND APPROPRIATED RETAINED EARNINGS

In 2016, the shareholders approved the distribution of dividends for 2015 amounting to Rp 288,793,806 thousand and appropriation of retained earnings for the Company's development amounting to Rp 433,190,716 thousand based on Annual General Meeting of Shareholders dated May 10, 2016 and Annual General Meeting of Shareholders of PT Semen Indonesia (Persero) Tbk dated May 13, 2016.

Pada tahun 2015, para pemegang saham menyetujui pembagian dividen tahun buku 2014 sebesar Rp 366.392.309 ribu dan pencadangan saldo laba ditahan untuk pengembangan usaha sebesar Rp 549.634.961 ribu berdasarkan Rapat Umum Pemegang Saham Tahunan pada tanggal 6 April 2015 dan Rapat Umum Pemegang Saham Tahunan PT Semen Indonesia (Persero) Tbk pada tanggal 16 April 2015.

In 2015, the shareholders approved the distribution of dividends for 2014 amounting to Rp 366,392,309 thousand and appropriation of retained earnings for the Company's development amounting to Rp 549,634,961 thousand based on Annual General Meeting of Shareholders dated April 6, 2015 and Annual General Meeting of Shareholders of PT Semen Indonesia (Persero) Tbk dated April 16, 2015.

Perusahaan melakukan pembayaran dividen sebesar Rp 19.371.188 ribu, Rp 3.000.000 ribu dan Rp 101.869.388 ribu masing-masing pada tanggal 31 Desember 2016, 2015 dan 2014 melalui kompensasi utang piutang dengan PT Semen Indonesia (Persero) Tbk (Catatan 24).

The Company paid the dividends amounted to Rp 19,371,188 thousand, Rp 3,000,000 thousand and Rp 101,869,388 thousand as of December 31, 2016, 2015 and 2014, respectively, by off-setting payables and receivables with PT Semen Indonesia (Persero) Tbk (Note 24).

Berdasarkan Undang-Undang Perseroan Terbatas, Perusahaan wajib menyisihkan jumlah tertentu dari Laba Bersih setiap tahun untuk cadangan apabila Perusahaan mempunyai saldo laba positif. Penyisihan Laba Bersih tersebut dilakukan sampai cadangan wajib mencapai paling sedikit 20% dari jumlah modal yang ditempatkan disetor penuh.

Under Indonesian Company Law, companies are obliged to allocate a certain amount from the net earnings of each accounting year to reserve fund if the Company possesses a positive profit balance. The allocation of net earnings shall be performed up to an amount of 20% of the Company's issued and paid up capital.

Berikut posisi pencadangan saldo laba yang telah dilakukan oleh Perusahaan:

The appropriation of retained earning is as follows:

	2016 Rp'000	2015 Rp'000	
Cadangan wajib	66.400.000	66.400.000	Statutory reserve
Cadangan untuk pengembangan usaha	3.189.443.054	2.756.252.338	Appropriation for future development
Jumlah	<u>3.255.843.054</u>	<u>2.822.652.338</u>	Total

29. PENDAPATAN

29. REVENUES

	2016 Rp'000	2015 Rp'000	
Pihak berelasi (Catatan 38):			Related parties (Note 38):
Penjualan semen	565.822.505	658.210.235	Cement
Pihak ketiga:			Third parties:
Penjualan semen	5.630.493.200	5.853.629.215	Cement
Lain-lain	24.888.419	16.481.803	Others
Jumlah	<u>5.655.381.619</u>	<u>5.870.111.018</u>	Total
Jumlah pendapatan	<u>6.221.204.124</u>	<u>6.528.321.253</u>	Total revenue

Penjualan kepada pelanggan yang melebihi 10% kepada PT Cipto Sadar Pratama dan PT RIS Investindo Sarana masing-masing sebesar Rp 801.170.477 ribu dan Rp 763.687.822 ribu pada tahun 2016 dan Rp 710.613.279 ribu dan Rp 657.530.463 ribu pada tahun 2015.

Sales to customers which are more than 10% to PT Cipto Sadar Pratama and PT RIS Investindo Sarana amounting to Rp 801,170,477 thousand and Rp 763,687,822 thousand, respectively in 2016 and Rp 710,613,279 thousand and Rp 657,530,463 thousand, respectively in 2015.

30. BEBAN POKOK PENJUALAN

30. COST OF GOODS SOLD

	2016 Rp'000	2015 Rp'000	
Bahan baku			Raw materials
Pada awal tahun	31.521.671	49.062.581	At the beginning of the year
Pembelian	164.313.828	175.285.839	Purchases
Pada akhir tahun	<u>(41.680.524)</u>	<u>(31.521.671)</u>	At the end of the year
Pemakaian bahan baku	154.154.975	192.826.749	Raw materials used
Upah buruh langsung dan beban pabrikasi	<u>3.859.503.957</u>	<u>4.272.585.847</u>	Direct labor and manufacturing overheads
Jumlah beban produksi	4.013.658.932	4.465.412.596	Total manufacturing cost
Persediaan barang dalam proses			Work in process inventory
Pada awal tahun	197.159.751	248.942.448	At the beginning of the year
Pada akhir tahun	<u>(191.745.149)</u>	<u>(197.159.751)</u>	At the end of the year
Harga pokok produksi	4.019.073.534	4.517.195.293	Cost of goods manufactured
Persediaan barang jadi			Finished goods inventory
Pada awal tahun	30.543.884	18.096.543	At the beginning of year
Pembelian semen jadi	305.950.665	334.021.585	Purchases of cement
Pada akhir tahun	<u>(25.348.150)</u>	<u>(30.543.884)</u>	At the end of the year
Beban pokok penjualan	<u>4.330.219.933</u>	<u>4.838.769.537</u>	Cost of goods sold

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Pembelian kepada pelanggan yang melebihi 10% pada tahun 2016 kepada PT Semen Indonesia (Persero) Tbk dan PT Perusahaan Listrik Negara (Persero) masing-masing sebesar Rp 710.382.951 ribu dan Rp 675.915.708 ribu.

Purchases from suppliers which are more than 10% in 2016 to PT Semen Indonesia (Persero) Tbk and PT Perusahaan Listrik Negara (Persero) amounted to Rp 710,382,951 thousand and Rp 675,915,708 thousand, respectively.

Pembelian kepada pelanggan yang melebihi 10% pada tahun 2015 kepada PT Perusahaan Listrik Negara (Persero) sebesar Rp 732.311.830 ribu.

Purchase to customer which are more than 10% in 2015 from PT Perusahaan Listrik Negara (Persero) amounted to Rp 732,311,830 thousand.

31. BEBAN PENJUALAN

31. SELLING EXPENSES

	2016	2015	
	Rp'000	Rp'000	
Ongkos angkut dan bongkar muat	448.212.664	188.162.572	Transportation and handling
Gaji, upah dan kesejahteraan karyawan	34.241.794	36.193.220	Salaries, wages and employees welfare
Promosi	35.474.679	27.066.971	Promotion
Perjalanan dinas	3.909.115	3.287.360	Business trips
Jasa penyedia tenaga kerja	3.526.151	3.325.632	Labour outsourcing expense
Pemeliharaan	302.163	174.183	Maintenance
Penyusutan (Catatan 14)	77.571	77.571	Depreciation (Note 14)
Lain-lain	5.857.062	4.505.617	Others
Jumlah	531.601.199	262.793.126	Total

32. BEBAN UMUM DAN ADMINISTRASI

32. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015	
	Rp'000	Rp'000	
Gaji, upah dan kesejahteraan pegawai	222.840.787	231.808.858	Salaries, wages and employees welfare
Program kemitraan dan bina lingkungan	41.279.728	30.909.858	Partnership program and community development
Jasa penyedia tenaga kerja	28.386.520	28.674.746	Labour outsourcing expense
Jasa profesional	13.939.231	6.028.034	Professional fees
Biaya sewa	12.717.408	14.464.037	Rent
Penyusutan (Catatan 14)	11.939.161	12.963.577	Depreciation (Note 14)
Perjalanan dinas	11.935.460	12.580.762	Business trips
Komunikasi	9.363.252	6.817.606	Communications
Pemeliharaan	8.150.748	9.977.910	Maintenance
Promosi	7.613.716	5.112.039	Promotion
Pajak dan asuransi	7.196.659	7.578.288	Taxes and insurance
Bahan bakar	6.281.131	7.613.707	Fuel
Tamu dan upacara	5.907.253	7.625.540	Guests and ceremonies
Keperluan kantor	4.597.495	3.827.276	Office supplies
Pendidikan, latihan dan pengembangan	4.220.772	8.869.462	Education, training and development
Lain-lain	15.650.456	17.471.103	Others
Jumlah	412.019.777	412.322.803	Total

33. PENDAPATAN KEUANGAN

	<u>2016</u>
	Rp'000
Deposito berjangka	16.690.749
Rekening giro	10.225.051
Lainnya	<u>1.535.284</u>
Jumlah	<u><u>28.451.084</u></u>

33. FINANCE INCOME

	<u>2015</u>	
	Rp'000	
Time deposits	22.512.179	Time deposits
Current accounts	10.038.565	Current accounts
Others	<u>1.694.526</u>	Others
Total	<u><u>34.245.270</u></u>	Total

34. BEBAN KEUANGAN

	<u>2016</u>
	Rp'000
Bunga atas utang dividen	73.457.068
Bunga sewa pembiayaan	5.430.024
Biaya pembongkaran aset tetap	2.951.491
Beban bunga kredit modal kerja	<u>-</u>
Jumlah	<u><u>81.838.583</u></u>

34. FINANCE COST

	<u>2015</u>	
	Rp'000	
Interest on dividend payable	44.765.351	Interest on dividend payable
Interest on financial lease	8.354.145	Interest on financial lease
Dismantling costs of fixed assets	2.770.639	Dismantling costs of fixed assets
Working capital loan	<u>4.588.611</u>	Working capital loan
Total	<u><u>60.478.746</u></u>	Total

35. PAJAK PENGHASILAN

Beban (manfaat) pajak Grup terdiri dari:

	<u>2016</u>
	Rp'000
Pajak kini:	
Perusahaan	264.042.650
Entitas anak	1.155.480
Pajak tangguhan:	
Perusahaan	(15.168.271)
Entitas anak	(1.359.303)
Penyesuaian diakui tahun berjalan sehubungan dengan pajak kini periode sebelumnya	<u>14.248.349</u>
Jumlah	<u><u>262.918.905</u></u>

35. INCOME TAX

Tax expense (benefit) of the Group consists of the following:

	<u>2015</u>	
	Rp'000	
Current tax:		Current tax:
The Company	271.208.483	The Company
Subsidiaries	3.119.363	Subsidiaries
Deferred tax:		Deferred tax:
The Company	(7.659.706)	The Company
Subsidiaries	(864.528)	Subsidiaries
Adjustment recognised in current year in relation to the corporate tax prior the year	<u>-</u>	Adjustment recognised in current year in relation to the corporate tax prior the year
Total	<u><u>265.803.612</u></u>	Total

Pajak Kini

Rekonsiliasi antara laba sebelum pajak menurut laporan laba rugi konsolidasian dan penghasilan komprehensif lain dengan laba kena pajak adalah sebagai berikut:

	2016	2015
	Rp'000	Rp'000
Laba sebelum pajak menurut laporan laba rugi konsolidasian	986.726.854	988.634.662
Laba sebelum pajak entitas anak	(396.336)	(8.558.217)
Laba sebelum pajak penghasilan Perusahaan	<u>986.330.518</u>	<u>980.076.445</u>
<u>Perbedaan temporer:</u>		
Liabilitas imbalan kerja jangka pendek	(2.325.957)	35.802.983
Cadangan kerugian penurunan nilai piutang	4.922.919	638.768
Cadangan kerugian penurunan nilai persediaan	3.040.927	6.049.923
Estimasi biaya pembongkaran aset tetap	1.808.130	1.904.508
Liabilitas imbalan kerja jangka panjang	23.804.453	6.577.197
Aset sewa	515.103	7.249.600
Penyusutan atas aset tetap selain aset sewa	(32.493.595)	(27.584.154)
<u>Perhitungan yang tidak dapat diperhitungkan menurut fiskal</u>		
Pendapatan bunga yang telah dikenakan pajak penghasilan final	(26.869.051)	(31.793.469)
Program bina lingkungan	8.496.407	4.596.968
Pendapatan sewa bangunan	(5.256.178)	(5.083.333)
Tunjangan pengobatan	39.276.476	38.761.169
Denda pajak	-	19.564.038
Lain-lain	54.920.448	48.073.291
Bersih	<u>69.840.082</u>	<u>104.757.489</u>
Laba kena pajak - Perusahaan	<u>1.056.170.600</u>	<u>1.084.833.934</u>

Current Tax

A reconciliation between income before tax and other comprehensive income per consolidated statements of profit or loss and the taxable income is as follows:

Profit before tax per consolidated statements of profit or loss
Profit before tax of subsidiaries
Profit before income tax of the Company
<u>Temporary differences:</u>
Short-term employee benefits
Allowance for impairment losses of account receivables
Allowance for impairment losses of inventory
Estimated cost of dismantling of fixed asset
Long-term employee benefits
Leased assets
Difference between commercial and fiscal depreciation
<u>Non deductible expenses (non taxable income)</u>
Interest income subject to final tax recorded on a net of tax basis
Community development program
Building rent income
Allowance for medical
Tax penalty
Others
Net
Taxable income of the Company

Rincian beban pajak kini dan pajak kini kurang bayar adalah sebagai berikut:

	2016	2015
	Rp'000	Rp'000
Beban pajak kini	264.042.650	271.208.483
Dikurangi pajak dibayar dimuka		
Pasal 22	(13.034.308)	(48.973.963)
Pasal 23	(4.344.031)	-
Pasal 25	(220.663.121)	(216.572.719)
Pajak kini kurang bayar	<u>26.001.190</u>	<u>5.661.801</u>

The details of current tax expense and current tax underpayment are as follows:

Curent tax expenses
Less prepaid tax
Article 22
Article 23
Article 25
Current tax underpayment

Pada tanggal 10 Maret 2016, Perusahaan menerima Surat Ketetapan Pajak Lebih Bayar (SKPLB) atas pajak penghasilan badan tahun 2014 sebesar Rp 19.974.095 ribu. Lebih bayar pajak penghasilan tersebut dikompensasikan dengan utang pajak Perusahaan sebesar Rp 12.289.606 ribu. Selisih sebesar Rp 14.248.349 ribu telah dicatat sebagai beban pada tahun berjalan.

Pajak Tangguhan

On March 10, 2016, the Company received a Tax Overpayment Assessment Letter (SKPLB) for 2014 corporate income tax amounting to Rp 19,974,095 thousand. Overpayment corporate income tax compensated with Company's tax payable amounting to Rp 12,289,606 thousand. The difference amounting to Rp 14,248,349 thousand recorded as expense in the current year.

Deferred Tax

perkalian laba akuntansi sebelum pajak dengan tarif pajak yang berlaku adalah sebagai berikut:

	2016 Rp'000	2015 Rp'000	
Laba sebelum pajak menurut laporan laba rugi konsolidasian	986.726.854	988.634.662	Income before tax per consolidated statements of profit or loss
Beban pajak kini dengan tarif 25%	246.681.714	247.158.665	Tax expense computed at 25%
Dampak pajak atas perbedaan yang tidak dapat diperhitungkan menurut fiskal Perusahaan	2.087.927	20.784.501	Tax effects on nondecutible expenses (income) The Company
Entitas anak	(99.085)	(2.139.554)	Subsidiaries
Penyesuaian diakui tahun berjalan sehubungan dengan pajak kini periode sebelumnya	14.248.349	-	Adjustment recognized in current year in relation to the corporate tax of prior year
Beban pajak	<u>262.918.905</u>	<u>265.803.612</u>	Tax expense

Group and the amounts computed by applying the effective tax rate to profit before tax is as follows:

36. IMBALAN KERJA

Imbalan kerja jangka pendek

	2016 Rp'000	2015 Rp'000	
Tunjangan produktifitas, uang jasa dan tantiem	203.491.694	207.510.800	Productivity allow ances, incentives and directors and commissioners' bonuses
Tunjangan pegawai lainnya	3.540.674	5.670.661	Other employee allow ance
Jumlah	<u>207.032.368</u>	<u>213.181.461</u>	Total

Jumlah realisasi atas akrual tantiem tahun berjalan akan diputuskan pada Rapat Umum Pemegang Saham (RUPS) tahunan yang akan dilakukan dalam tahun 2017. Jumlah pembayaran tantiem untuk tahun buku 2015 berdasarkan RUPS tanggal 10 Mei 2016 adalah sebesar Rp 20.839.356 ribu.

36. EMPLOYEE BENEFITS

Short-term employee benefits

The realization of accrual tantiem for the current year will be decided at the upcoming Annual General Meeting of Shareholders (RUPS) in 2017. Total payments of tantiem for 2015 based on RUPS dated May 10, 2016, amounting to Rp 20,839,356 thousand.

Imbalan pasca-kerja

- Program Iuran Pasti

- a. DPLK Avrist Assurance

Perusahaan menyelenggarakan program pensiun iuran pasti untuk karyawan tetap dan karyawan kontrak tertentu yang memenuhi persyaratan. Program pensiun iuran pasti ini dikelola oleh Dana Pensiun Lembaga Keuangan Avrist Assurance (DPLK) yang akta pendiriannya telah disahkan oleh Menteri Keuangan Republik Indonesia dengan Surat Keputusannya No. KEP-042/KM.12/2006 tanggal 28 Juli 2006.

Perusahaan memberikan kontribusi bulanan kepada DPLK sebesar 18% pada tahun 2016 dan 18% dari gaji prestasi optimal dan tambahan kontribusi sebesar 18,46% dari gaji dasar pensiun untuk karyawan tetap yang diangkat setelah tanggal 1 Oktober 2007 pada 2016 dan 2015.

Pada tahun 2014, Perusahaan memberikan

Post-employment benefits

- Defined contribution plan

- a. DPLK Avrist Assurance

The Company provides a defined contribution plan covering all their qualified employees. The defined contribution plan was managed by Dana Pensiun Lembaga Keuangan Avrist Assurance (DPLK), the deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his decision letter No. KEP-042/KM.12/2006 dated July 28, 2006.

The Company provides monthly contributions to the DPLK amounting to 18% of employees' take home pay salary and additional contribution amounting to 18.46% of employees' pensionable base salaries for permanent employee hired after October 1, 2007 in 2016 and 2015.

In 2014, the Company provides monthly

kontribusi bulanan kepada DPLK Avrist sebesar 8% dan ditambah dengan kontribusi peserta 4% dari gaji dasar pensiun untuk karyawan tetap yang diangkat setelah tanggal 1 Mei 2011.

contributions to the DPLK Avrist amounting to 8% and additional contributions from participants amounting to 4% from pensionable base salaries for permanent employee hired after May 1, 2011.

Pada tahun 2016 dan 2015, jumlah beban sehubungan dengan program ini masing-masing sebesar Rp 40.509.309 ribu dan Rp 42.467.741 ribu.

In 2016 and 2015, total expenses in relation to this program amounted to Rp 40,509,309 thousand and Rp 42,467,741 thousand, respectively.

b. DPLK Mandiri

b. DPLK Mandiri

Pada tahun 2014, Perusahaan bekerjasama dengan Dana Pensiun Lembaga Keuangan PT Bank Mandiri (Persero) Tbk (DPLK Mandiri) yang akta pendiriannya telah memperoleh pengesahan Dewan Komisaris Otoritas Jasa Keuangan Republik Indonesia No. KEP-17/NB.1/2014 tanggal 16 Januari 2014 dan telah diumumkan dalam Berita Negara Republik Indonesia No. 11 tanggal 7 Pebruari 2014, menyelenggarakan program pensiun iuran pasti bagi karyawan yang memenuhi persyaratan.

In 2014, the Company cooperated with Dana Pensiun Lembaga Keuangan PT Bank Mandiri (Persero) Tbk (DPLK Mandiri), the deed of establishment of which was approved by Dewan Komisaris Otoritas Jasa Keuangan Republik Indonesia No. KEP-17/NB.1/2014 dated January 16, 2014 and has announced in Berita Negara Republik Indonesia No. 11 dated February 7, 2014, established defined contribution plan covering all their qualified employees.

Iuran peserta dibayarkan kepada DPLK Mandiri atas beban pemberi kerja dan masing-masing peserta, penyetorannya dikoordinasi dan dilaksanakan oleh Perusahaan. Porsi iuran pemberi kerja dibayarkan sekaligus saat pendaftaran peserta yaitu senilai Rp 37.249.500 ribu.

The pension plan is funded by contributions from both employees and employer which remittance coordinated and implemented by the Company. The portion of the employer contribution is paid when registration of participants amounting to Rp 37,249,500 thousand.

• Program imbalan pasti

• Defined benefit plan

Perusahaan menyelenggarakan program pensiun imbalan pasti yang dikelola oleh Dana Pensiun (Dana Pensiun Pemberi Kerja dan AJB Bumiputera 1912) untuk seluruh karyawan tetap yang diangkat sebelum tanggal 1 Oktober 2007 sebagaimana ditetapkan dalam Peraturan Perusahaan.

The Company provides a defined benefits plans was managed by Pension Funds (Employer Pension Fund and AJB Bumiputera 1912) which covering for all its permanent employees were hired before October 1, 2007 as stipulated in the Company's policies.

Rincian program pensiun imbalan pasti adalah sebagai berikut:

The defined benefit plan as follows:

• Dana Pensiun Pemberi Kerja (DPPK)

• Employer Pension Fund (DPPK)

Perusahaan memperoleh persetujuan dari Menteri Keuangan Republik Indonesia untuk mendirikan Dana Pensiun manfaat pasti yang dikelola oleh pengurus yang terpisah berdasarkan Surat Keputusan No. S065/MK-II/1979 tanggal 3 April 1979. Seluruh karyawan yang telah memenuhi persyaratan tertentu berhak atas manfaat program imbalan pasti apabila karyawan tersebut, pensiun, cacat atau meninggal dunia.

The Company received approval from the Minister of Finance of the Republic of Indonesia to establish a separate trustee-administered pension fund in Decision Letter No. S065/MK-II/1979 dated April 3, 1979. All employees, after serving qualifying period, are entitled to defined benefits on retirement, disability or death.

Jumlah kontribusi terdiri dari kontribusi karyawan yang dihitung sebesar 5% dari penghasilan dasar pensiun dan kontribusi Perusahaan yang dihitung secara aktuarial.

Total contributions consist of employee contribution of 5% of employees' basic pensionable salaries and the Company's contributions computed on an actuarial basis.

• Asuransi Jasa Bersama Bumiputera 1912

• Asuransi Jasa Bersama Bumiputera 1912

(AJB BP)

Perusahaan bekerjasama dengan AJB BP untuk menyelenggarakan program asuransi dana pensiun. Dalam kerjasama tersebut, Perusahaan membayarkan premi bulanan kepada AJB BP sebesar persentase tertentu dari gaji dasar asuransi karyawan, dimana tingkat kenaikan tahunan gaji dasar asuransi tersebut maksimum sebesar 7,5% per tahun. Besarnya manfaat dihitung berdasarkan perkalian tertentu terhadap gaji dasar asuransi karyawan terakhir.

AJB BP diwajibkan untuk membayar manfaat program seperti yang ditetapkan dalam perjanjian kepada karyawan yang berhak atau kepada tanggungan mereka pada saat karyawan mencapai usia 56 tahun, mengundurkan diri, atau meninggal atau cacat berdasarkan manfaat yang telah ditetapkan sebelumnya.

Berikut ini adalah jenis program asuransi dana pensiun yang diselenggarakan oleh Perusahaan bekerjasama dengan AJB BP:

a) Program Tunjangan Kesejahteraan Hari Tua (TKHT)

Berdasarkan perjanjian tersebut Perusahaan membayar premi asuransi kepada AJB BP sebesar 8% dari gaji dasar asuransi karyawan.

Pada tahun 2016 dan 2015, jumlah beban sehubungan dengan program ini masing-masing sebesar Rp 2.406.075 ribu dan Rp 2.570.570 ribu.

Pada tanggal 31 Desember 2016 dan 2015, nilai kini kewajiban dan nilai wajar aset program tersebut masing-masing Rp 86.544.478 ribu dan nihil dan Rp 87.622.096 ribu dan Rp nihil.

b) Program Bantuan Pemeliharaan Kesehatan Purnakarya (BPKP)

Berdasarkan perjanjian tersebut Perusahaan membayar premi asuransi kepada AJB BP sebesar 4,5% dari gaji dasar asuransi karyawan.

Pada tahun 2016 dan 2015, jumlah beban sehubungan dengan program ini masing-masing sebesar Rp 1.353.418 ribu dan Rp 1.445.946 ribu.

(AJB BP)

The Company entered the insurance program with AJB BP. Under into these agreement, the Company pays monthly insurance premium to AJB BP at certain percentage of employees' insurable base salaries, which salaries are subject to maximum annual increase of 7.5% per annum. The amount of benefit is determined based on specific multiplication to the latest employees' insurable base salaries.

AJB BP has obligation to pay program benefit to eligible employees or their dependants upon employee attaining 56 years age, upon resignation, or in the event of death or disability of the employees, based on benefit which stated in agreements.

The type of insurance pension programs which entered by the Company in cooperation with AJB BP as follows:

a) Old Age Benefit Program (TKHT)

Under the agreement, the Company paid insurance premium to AJB BP at the rate of 8% of employees' insurable salaries.

In 2016 and 2015, total expenses in relation to this program amounting to Rp 2,406,075 thousand and Rp 2,570,570 thousand, respectively.

The present value of the obligation and their fair value of the plan asset relating to this program as of December 31, 2016 and 2015, amounted to Rp 86,544,478 thousand and nil and Rp 87,622,096 thousand and nil, respectively.

b) Pensioners Health Care Assistance Program (BPKP)

Under the agreement, the Company paid insurance premium to AJB BP at the rate of 4.5% of employees' insurable salaries.

In 2016 and 2015, total expenses in relation to this program amounting to Rp 1,353,418 thousand and Rp 1,445,946 thousand, respectively.

<p>Pada tanggal 31 Desember 2016 dan 2015, nilai kini kewajiban dan nilai wajar aset program tersebut masing-masing Rp 49.650.781 ribu dan Rp 82.828.093 ribu dan Rp 46.801.681 ribu dan Rp 85.846.837 ribu.</p>	<p>The present value of the obligation and their fair value of the plan asset relating to this program as of December 31, 2016 and 2015, amounted to Rp 49,650,781 thousand and Rp 82,828,093 thousand and Rp 46,801,681 thousand and Rp 85,846,837 thousand, respectively.</p>
<p>c) Program Kesejahteraan Karyawan (PKK)</p> <p>Berdasarkan perjanjian tersebut Perusahaan membayar premi asuransi kepada AJB BP sebesar 3% dari gaji dasar asuransi karyawan.</p> <p>Pada tahun 2016 dan 2015, jumlah beban sehubungan dengan program ini masing-masing sebesar Rp 763.680 ribu dan Rp 832.349 ribu.</p> <p>Pada tanggal 31 Desember 2016 dan 2015, nilai kini kewajiban dan nilai wajar aset program tersebut masing-masing Rp 9.724.526 ribu dan Rp 11.727.578 ribu dan Rp 10.028.228 ribu dan Rp 12.118.642 ribu.</p>	<p>c) Employee Welfare Program (PKK)</p> <p>Under the agreement, the Company paid insurance premium to AJB BP at the rate of 3% of employees' insurable salaries.</p> <p>In 2016 and 2015, total expenses in relation to this program amounting to Rp 763,680 thousand and Rp 832,349 thousand, respectively.</p> <p>The present value of the obligation and their fair value of the plan asset relating to this program as of December 31, 2016 and 2015 amounted to Rp 9,724,526 thousand and Rp 11,727,578 thousand and Rp 10,028,228 thousand and Rp 12,118,642 thousand, respectively.</p>
<p>d) Program asuransi manfaat sekaligus</p> <p>Berdasarkan perjanjian tersebut Perusahaan membayar premi asuransi sekaligus di depan kepada AJB BP.</p> <p>Pada tahun 2016 dan 2015, jumlah beban sehubungan dengan program ini masing-masing sebesar nihil dan Rp 325.000 ribu.</p> <p>Pada tanggal 31 Desember 2016 dan 2015, nilai kini kewajiban dan nilai wajar aset program tersebut masing-masing Rp 6.483.016 ribu dan Rp 10.650.843 ribu dan Rp 6.685.486 ribu dan Rp 12.308.809 ribu.</p> <p>Pada tanggal 31 Desember 2016 dan 2015, Perusahaan tidak mengakui seluruh kewajiban atas selisih nilai kini kewajiban dengan nilai wajar kekayaan masing-masing sebesar Rp 47.196.288 ribu dan Rp 40.863.203 ribu karena manajemen berkeyakinan AJB BP akan dapat memenuhi kewajiban tersebut pada saat jatuh tempo.</p>	<p>d) Other benefit plan program</p> <p>Under the agreement, the Company paid insurance premium once time to AJB BP.</p> <p>In 2016 and 2015, total expenses in relation to this program amounting to nil and Rp 325,000 thousand, respectively.</p> <p>The present value of the obligation and their fair value of the plan asset relating to this program as of December 31, 2016 and 2015 amounted to Rp 6,483,016 thousand and Rp 10,650,843 thousand and Rp 6,685,486 thousand and Rp 12,308,809 thousand, respectively.</p> <p>As of December 31, 2016 and 2015, the Company has not recognized any liabilities corresponding to the amount of the program assets, amounted to Rp 47,196,288 thousand and Rp 40,863,203 thousand, respectively, since management believes that AJB BP will be able to fulfill its obligations under this program on due dates.</p>

Imbalan kerja jangka panjang lain

Grup juga mengakui imbalan kerja jangka panjang lainnya berupa cuti besar, penghargaan kesetiaan kerja, dan tunjangan lainnya, sesuai dengan Undang-Undang No.13/2003. Imbalan ini didasarkan pada masa kerja. Tidak terdapat pendanaan yang disisihkan oleh Grup sehubungan dengan imbalan kerja ini.

Other long-term benefits

The Group also recognized other long-term benefits entitlement under Labor Law No. 13/2003 such as long service leave, rewards and other benefits. Other long-term benefit was determined based on years of services. No funding has been made to this long-term benefit.

Pada 31 Desember 2016 dan 2015, perhitungan imbalan kerja program imbalan pasti dan imbalan kerja jangka panjang lainnya dihitung oleh PT Sentra Jasa Aktuaria (BPA), aktuaris independen, dengan menggunakan asumsi utama sebagai berikut:

At December 31, 2016 and 2015, the cost of providing defined benefit plan and other long term benefits are calculated by PT Sentra Jasa Aktuaria (BPA), an independent actuary, using the following key assumptions:

	2016	2015	
Tingkat mortalitas	TMI ^{II}	TMI ^{II}	Mortality rate
Tingkat cacat	10% dari tingkat kematian/10% of mortality rate		Disability rate
Tingkat pengunduran diri	1% per tahun untuk usia sampai dengan 30 tahun, kemudian menurun secara linear hingga nol pada usia 52 tahun/ 1% per annum up to age 30, then decreasing linearly to zero at age 52		Voluntary resignation rate
Usia pensiun normal	56 tahun/years		Normal retirement age
Usia pensiun dipercepat	46 tahun/years		Early retirement age
Tingkat diskonto tahunan	8,4%	9%	Annual discount rate
Tingkat hasil investasi	8,4%	9%	Expected return on plan assets
Tingkat kenaikan gaji			Rate of salary increase:
Program pensiun	7,5%	7,5%	Pension plan
Imbalan kerja lainnya	10,0%	10,0%	Other employee benefits

Jumlah yang dibebankan atas imbalan pasca-kerja program imbalan pasti dan jangka panjang lain adalah sebagai berikut:

The amounts recognized in profit or loss arising from the post-employment defined benefits plan and other long-term benefits, are as follows:

	2016			
	Program dana pensiun/Defined pension plan	Imbalan kerja jangka panjang lainnya/Other long-term benefits	Jumlah/Total	
	Rp'000	Rp'000	Rp'000	
Diakui pada laba rugi:				Recognised in profit or loss
Biaya jasa kini	12.848.250	11.887.322	24.735.572	Current service cost
Biaya jasa lalu	-	(497.443)	(497.443)	Past service cost
Bunga neto atas liabilitas	18.583.223	5.427.077	24.010.300	Net interest of liability
Kerugian aktuarial diakui	-	5.744.126	5.744.126	Actuarial losses recognized
	<u>31.431.473</u>	<u>22.561.082</u>	<u>53.992.555</u>	
Diakui pada penghasilan komperhensif lain:				Recognised in other comprehensive income:
Pengukuran kembali dari imbalan pasti neto:				Remeasurement on the net defined benefit liability:
Keuntungan dan kerugian aktuarial yang timbul dari perubahan asumsi keuangan	46.437.400	1.538.644	47.976.044	Actuarial gains and losses arising from changes in financial assumptions
Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian atas pengalaman	(13.934.533)	(2.668.692)	(16.603.225)	Actuarial gains and losses arising from experience adjustment
Imbal pasti aset program	(22.604.139)	-	(22.604.139)	Return on plan assets
	<u>9.898.728</u>	<u>(1.130.048)</u>	<u>8.768.680</u>	
Jumlah	<u>41.330.201</u>	<u>21.431.034</u>	<u>62.761.235</u>	Total

	2015			
	Program dana pensiun/ <i>Defined pension plan</i>	Imbalan kerja jangka panjang lainnya/ <i>Other long-term benefits</i>	Jumlah/ <i>Total</i>	
	Rp'000	Rp'000	Rp'000	
Diakui pada laba rugi:				Recognised in profit or loss
Biaya jasa kini	11.741.482	11.254.628	22.996.110	Current service cost
Bunga neto atas liabilitas	10.082.593	4.607.360	14.689.953	Net interest of liability
Kerugian aktuarial diakui	-	815.657	815.657	Actuarial losses recognized
	<u>21.824.075</u>	<u>16.677.645</u>	<u>38.501.720</u>	
Diakui pada penghasilan komperhensif lain:				Recognised in other comprehensive income:
Pengukuran kembali dari imbalan pasti neto:				Remeasurement on the net defined benefit liability:
Keuntungan dan kerugian aktuarial yang timbul dari perubahan asumsi keuangan	(7.789.311)	(102.133)	(7.891.444)	Actuarial gains and losses arising from changes in financial assumptions
Keuntungan dan kerugian aktuarial yang timbul dari penyesuaian atas pengalaman	27.657.164	(3.616.207)	24.040.957	Actuarial gains and losses arising from experience adjustment
Imbal pasti aset program	64.809.071	-	64.809.071	Return on plan assets
	<u>84.676.924</u>	<u>(3.718.340)</u>	<u>80.958.584</u>	
Jumlah	<u>106.500.999</u>	<u>12.959.305</u>	<u>119.460.304</u>	Total

Dari biaya tahun berjalan, Rp 29.936.443 ribu dan Rp 29.743.121 ribu masing-masing termasuk dalam beban pokok penjualan tahun 2016 dan 2015, Rp 2.010.698 ribu dan Rp 157.176 ribu masing-masing termasuk dalam beban penjualan tahun 2016 dan 2015, dan Rp 13.085.341 ribu dan Rp 7.601.423 ribu masing-masing termasuk dalam beban umum dan administrasi tahun 2016 and 2015.

Of the expense for the year, Rp 29,936,443 thousand and Rp 29,743,121 thousand were included in cost of sales in 2016 and 2015, respectively, while Rp 2,010,698 thousand and Rp 157,176 thousand were included in selling expenses in 2016 and 2015, respectively and Rp 13,085,341 thousand and Rp 7,601,423 thousand were included in general and administrative expenses in 2016 and 2015, respectively.

Liabilitas imbalan pasca kerja Grup sehubungan dengan program pensiun yang termasuk dalam laporan posisi keuangan konsolidasian adalah sebagai berikut:

The amounts included in the consolidated statement of financial position arising from the Group's obligation in respect of the defined benefits plan is as follows:

	2016	2015	
	Rp'000	Rp'000	
Imbalan pasca kerja	737.666.999	669.161.900	Post-employment benefit
Nilai wajar aset program	(501.678.869)	(462.522.525)	Fair value of plan assets
Imbalan kerja jangka panjang lainnya	<u>64.447.968</u>	<u>60.300.866</u>	Other long-term benefit
Jumlah	<u>300.436.098</u>	<u>266.940.241</u>	Total

Mutasi nilai wajar aset program selama tahun berjalan adalah sebagai berikut:

Movements in the fair value of the plan assets in the current year were as follows:

	Program dana pensiun/ <i>Defined pension plan</i>		
	2016	2015	
	Rp'000	Rp'000	
Saldo awal nilai wajar aset program	462.522.525	501.425.237	Beginning fair value of plan assets
Imbal hasil ekspektasian aset program	41.617.297	41.115.243	Expected return on plan assets
Kontribusi pemberi kerja	11.981.445	22.602.921	Contributions from the employer
Kontribusi dari peserta program	2.091.738	2.112.171	Contributions from plan participants
Pembayaran manfaat	(39.138.275)	(39.923.976)	Benefits paid
Pengukuran kembali keuntungan (kerugian) :			Remeasurement gain (loss):
Imbal hasil aset program	22.604.139	(64.809.071)	Return on plan assets
Saldo akhir nilai wajar aset program	<u>501.678.869</u>	<u>462.522.525</u>	Ending fair value of plan assets

Kategori utama aset program pada akhir periode pelaporan untuk setiap kategori adalah sebagai berikut:

The major categories of plan assets at the end of the reporting period for each category are as follows:

	2016	2015	
Kas dan deposito berjangka	12,46%	22,66%	Cash and time deposits
Obligasi	19,38%	29,80%	Bonds
Saham	25,07%	18,34%	Stocks
Tanah dan bangunan	10,00%	10,31%	Land and buildings
Reksadana	12,23%	11,29%	Mutual funds
Penempatan langsung	1,75%	1,82%	Direct settlement
Surat Berharga Negara	19,11%	5,78%	Government Bonds
	<u>100,00%</u>	<u>100,00%</u>	

Imbal hasil aset program adalah Rp 64.131.553 ribu dan Rp 23.677.295 ribu masing-masing pada tahun 2016 dan 2015.

The actual return on plan assets was Rp 64,131,553 thousand and Rp 23,667,295 thousand in 2016 and 2015, respectively.

Jumlah karyawan yang berhak atas imbalan pasca kerja tersebut masing-masing sebanyak 1.730 dan 1.821 pada tanggal 31 Desember 2016 dan 2015.

The number of employees entitled to the benefits is 1,730 and 1,821 at December 31, 2016 and 2015, respectively.

Manajemen berpendapat bahwa estimasi atas imbalan kerja tersebut telah memadai untuk menutup liabilitas manfaat karyawan Grup.

Management believes that the estimated on employee benefits are adequate to cover the Group's employee benefits obligation.

Program pensiun imbalan pasti memberikan eksposur Grup terhadap risiko aktuarial seperti risiko investasi, risiko tingkat bunga dan risiko gaji.

The defined benefit pension plan typically expose the Group to actuarial risks such as: investment risk, interest rate risk and salary risk.

Risiko Investasi

Nilai kini kewajiban imbalan pasti dihitung menggunakan tingkat diskonto yang ditetapkan dengan mengacu pada imbal hasil obligasi korporasi berkualitas tinggi; jika pengembalian aset program di bawah tingkat tersebut, hal itu akan mengakibatkan defisit program. Saat ini program tersebut memiliki investasi yang relatif seimbang pada Surat Berharga Negara, kas dan deposito berjangka, saham, obligasi, reksadana, serta tanah dan bangunan. Karena sifat jangka panjang dari liabilitas program, dewan dana pensiun perlu menetapkan bahwa bagian wajar dari aset program harus diinvestasikan pada efek ekuitas dan real estate untuk meningkatkan imbal hasil yang dihasilkan oleh dana.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment Government Bonds, cash and time deposits, stocks, bonds, mutual funds, and land and building. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Risiko Tingkat Bunga

Penurunan suku bunga obligasi akan meningkatkan liabilitas program; Namun, sebagian akan di *offset* (saling hapus) oleh peningkatan imbal hasil atas investasi instrumen utang.

Risiko Gaji

Nilai kini kewajiban imbalan pasti dihitung dengan mengacu pada gaji masa depan peserta program. Dengan demikian, kenaikan gaji peserta program akan meningkatkan liabilitas program itu

Asumsi aktuarial yang signifikan untuk penentuan kewajiban imbalan pasti adalah tingkat diskonto dan kenaikan gaji yang diharapkan. Sensitivitas analisis di bawah ini ditentukan berdasarkan masing-masing perubahan asumsi yang mungkin terjadi pada akhir periode pelaporan, dengan semua asumsi lain konstan:

	2016			
	Imbalan pasca kerja/ <i>Post-employment benefits</i>	Imbalan kerja jangka panjang lainnya/ <i>Other long-term benefits</i>	Jumlah/ <i>Total</i>	
	Rp	Rp	Rp	
Tingkat diskonto				Initial discount rate
Tingkat diskonto +1%	754.840.951	72.371.507	827.212.458	Discount rate +1%
Tingkat diskonto -1%	844.895.101	80.480.080	925.375.181	Discount rate -1%
Tingkat kenaikan gaji				Future salary increment rate
Tingkat kenaikan gaji +1%	763.900.475	79.004.143	842.904.618	Salary increment rate +1%
Tingkat kenaikan gaji -1%	738.153.489	73.622.227	811.775.716	Salary increment rate -1%

Analisis sensitivitas disajikan di atas mungkin tidak mewakili perubahan yang sebenarnya dalam kewajiban imbalan pasti tidak mungkin bahwa perubahan asumsi akan terjadi dalam isolasi dari satu sama lain karena beberapa dari asumsi dapat berkorelasi.

Selanjutnya, dalam menyajikan analisis sensitivitas di atas, nilai kini kewajiban imbalan pasti telah dihitung dengan menggunakan metode *projected unit credit* diproyeksikan pada akhir periode pelaporan, yang sama dengan yang diterapkan dalam menghitung kewajiban manfaat pasti yang diakui di laporan posisi keuangan.

Interest risk

A decrease in the obligation interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

37. LABA PER SAHAM DASAR

Berikut ini data yang digunakan untuk perhitungan laba per saham dasar:

	2016	2015
	Rp'000	Rp'000
Laba untuk perhitungan laba per saham dasar	724.012.207	721.984.515
Jumlah rata-rata tertimbang saham untuk menghitung laba bersih persaham dasar (satuan penuh)	332.000.001	332.000.001
Laba bersih per saham dasar (satuan penuh)	2.181	2.175

Tidak ada efek yang berpotensi menimbulkan saham dilusi.

37. BASIC EARNINGS PER SHARE

Below is the data used for the computation of basic earnings per share:

Earnings for computation of basic earnings per share

Weighted average number of shares for calculation of basic earnings per share (full amounts)

Earnings per share (full amounts)

No potential effect gives rise to diluted share.

38. SIFAT DAN TRANSAKSI PIHAK BERELASI

Sifat Pihak Berelasi

a. PT Semen Indonesia (Persero) Tbk dan Koperasi Keluarga Besar Semen Padang adalah pemegang saham Perusahaan.

b. Perusahaan yang pemegang sahamnya sama dengan pemegang saham utama Grup:

- PT Semen Tonasa
- PT Thang Long Cement Joint Stock
- Varia Usaha

c. Pihak berelasi yang merupakan entitas sependengali BUMN:

- PT Bank Bukopin
- PT Bank Mandiri (Persero) Tbk
- PT Bank Syariah Mandiri
- PT Bank Negara Indonesia (Persero) Tbk
- PT Bank Rakyat Indonesia (Persero) Tbk
- PT Dahana (Persero)
- PT Kereta Api Indonesia (Persero)
- PT Pelabuhan Indonesia (Persero)
- PT Pertamina (Persero)
- PT Perusahaan Listrik Negara (Persero)
- PT Perusahaan Perdagangan Indonesia (Persero)
- PT Waskita Karya (Persero) Tbk
- PT Telkom Indonesia
- PT Sucofindo
- PT Varuna
- PT Asuransi Jasa Indonesia
- PT Asuransi Kredit Indonesia
- PT Jaminan Sosial Tenaga Kerja
- PT Barata Indonesia
- PT Surveyor Indonesia
- PT Telkom Kandatel
- PT LKBN Antara

d. Pihak berelasi yang merupakan entitas yang dikendalikan personil manajemen kunci Perusahaan:

- PT Kabau Sirah
- PT Pasoka Sumber Karya
- PT Sumatera Utara Perkasa Semen
- PT Yasiga Sarana Utama
- Yayasan Igaras
- Yayasan Semen Padang
- PT Sinergi Informatika Semen Indonesia
- PT Semen Indonesia Internasional

e. PT Igaras adalah entitas asosiasi.

f. Komisaris dan direksi merupakan manajemen kunci.

38. NATURE AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

a. PT Semen Indonesia (Persero) Tbk and Koperasi Keluarga Besar Semen Padang are the stockholders of the Company.

b. Related parties with the same majority stockholder as the Group:

c. Related parties which Entities under common control - State-Owned Enterprises:

d. Related parties which are entities controlled by key management personnel of the Company:

e. PT Igaras is an associate company.

f. Commisioners and Directors are the key management personnel.

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Transaksi-transaksi Pihak Berelasi

Dalam kegiatan usahanya, Grup melakukan transaksi tertentu dengan pihak berelasi, yang meliputi antara lain:

a. Rincian penjualan bersih dan piutang usaha kepada pihak berelasi adalah sebagai berikut:

	2016		2015	
	Penjualan bersih/ <i>Net revenue</i> Rp'000	Piutang usaha/ <i>Trade accounts receivable - net</i> Rp'000	Penjualan bersih/ <i>Net revenue</i> Rp'000	Piutang usaha/ <i>Trade accounts receivable - net</i> Rp'000
PT Igaras	278.438.454	57.096.567	313.798.175	54.810.785
PT Semen Indonesia (Persero) Tbk	144.260.989	114.301.691	245.903.460	139.504.533
Koperasi keluarga besar Semen Padang	51.457.427	6.264.995	30.012.055	4.749.948
PT Varia Usaha	34.266.885	15.873.577	-	-
Koperasi Warga Semen Gresik	33.276.843	6.645.041	33.468.229	6.588.199
PT Perusahaan Perdagangan Indonesia (Persero)	24.086.460	2.605.669	35.010.196	4.799.958
PT Pasoka Sumber Karya	35.447	39.080	-	-
PT Semen Tonasa	-	-	18.120	18.165
Jumlah	565.822.505	202.826.620	658.210.235	210.471.588
Persentase dari jumlah penjualan bersih	9%		10%	
Persentase dari jumlah aset		3%		3%

b. Rincian pembelian dan utang kepada pihak berelasi:

	2016		2015	
	Pembelian/ <i>Purchases</i> Rp'000	Utang usaha/ <i>Trade account payable</i> Rp'000	Pembelian/ <i>Purchases</i> Rp'000	Utang usaha/ <i>Trade account payable</i> Rp'000
PT Perusahaan Listrik Negara (Persero)	675.915.708	57.897.014	732.311.830	65.187.083
PT Pembangunan Perumahan	288.459.702	20.176.727	-	36.965.698
PT Pasoka Sumber Karya	273.380.836	21.149.620	189.724.267	25.050.648
PT Semen Indonesia (Persero) Tbk	136.718.870	117.958.172	321.680.733	128.991.081
PT Waskita Karya (Persero) Tbk	114.437.197	22.594.840	117.776.315	38.456.685
PT WIKA Industri Konstruksi	95.722.256	64.409.414	-	11.755.439
PT Nindya Karya (Persero)	88.812.665	13.273.090	27.932.905	29.001.817
PT Yasiga Sarana Utama	85.420.122	13.419.971	68.952.761	15.325.320
Koperasi Keluarga Besar Semen Padang	77.737.269	6.935.790	64.498.937	6.313.685
PT Igaras	73.068.820	10.485.249	55.277.847	12.776.306
PT Semen Tonasa	68.429.421	18.886.324	-	-
PT Bukit Asam Prima	62.667.346	9.788.965	-	-
PT Pertamina (Persero)	59.924.063	10.016.978	90.908.082	3.422.536
PT Adhi Karya (Persero)	44.588.227	491.118	-	14.509.081
PT Sumatera Utara Perkasa Semen	32.419.257	1.274.661	30.929.444	2.330.689
PT Pelabuhan Indonesia (Persero)	30.112.086	2.162.952	26.746.979	2.495.077
PT Kereta Api Indonesia (Persero)	29.755.039	3.045.295	34.313.498	3.308.360
Yayasan RS Semen Padang	24.974.364	-	49.334.328	-
PT Varia Usaha	18.887.164	1.248.081	-	-
PT Jamsostek	18.801.802	-	13.205.941	-
PT Asuransi Jasa Indonesia	17.762.883	-	-	-
PT Dahana (Persero)	16.536.119	4.080.372	7.724.570	4.393.577
PT Kabau Sirah	14.896.000	1.200.000	15.092.419	-
PT Barata Indonesia	11.976.292	-	-	-
Yayasan Igaras	5.141.182	-	5.604.681	-
PT Sucofindo	4.749.490	903.120	3.848.010	190.256
PT Varuna Tirta Prakarsa	2.512.487	228.499	3.050.489	1.154.336
PT Asuransi Kredit Indonesia	1.152.974	-	2.111.825	-
Koperasi Warga Semen Gresik	-	823.398	-	-
PT Surveyor Indonesia	-	351.861	-	-
PT Varia Usaha Lintas Segara	-	636.396	-	-
PT Telkomsel	-	-	1.571.833	-
Yayasan Dana Pensiun Semen Padang	-	-	18.668.882	3.456.126
PT Thang Long Cement Joint Stock	-	-	35.544.625	-
Lain-lain (masing-masing dibawah Rp 1 milyar)	12.152.664	4.384	2.931.852	207.223
Jumlah	2.387.112.304	403.442.290	1.919.743.053	405.291.023
Persentase dari jumlah penjualan	48%		30%	
Persentase dari jumlah liabilitas		9%		20%

Transactions with Related Parties

The Group entered into certain transactions with related parties, including the following:

a. Detail of net revenue and trade accounts receivable from related parties are as follows:

	2016		2015		
	Penjualan bersih/ <i>Net revenue</i> Rp'000	Piutang usaha/ <i>Trade accounts receivable - net</i> Rp'000	Penjualan bersih/ <i>Net revenue</i> Rp'000	Piutang usaha/ <i>Trade accounts receivable - net</i> Rp'000	
PT Igaras	278.438.454	57.096.567	313.798.175	54.810.785	PT Igaras
PT Semen Indonesia (Persero) Tbk	144.260.989	114.301.691	245.903.460	139.504.533	PT Semen Indonesia (Persero) Tbk
Koperasi keluarga besar Semen Padang	51.457.427	6.264.995	30.012.055	4.749.948	Koperasi keluarga besar Semen Padang
PT Varia Usaha	34.266.885	15.873.577	-	-	PT Varia Usaha
Koperasi Warga Semen Gresik	33.276.843	6.645.041	33.468.229	6.588.199	Koperasi Warga Semen Gresik
PT Perusahaan Perdagangan Indonesia (Persero)	24.086.460	2.605.669	35.010.196	4.799.958	PT Perusahaan Perdagangan Indonesia (Persero)
PT Pasoka Sumber Karya	35.447	39.080	-	-	PT Pasoka Sumber Karya
PT Semen Tonasa	-	-	18.120	18.165	PT Semen Tonasa
Total	565.822.505	202.826.620	658.210.235	210.471.588	Total
Persentase dari total net sales	9%		10%		Percentage of total net sales
Persentase dari total assets		3%		3%	Percentage of total assets

b. Detail of purchases and trade accounts payable from related parties are as follows:

	2016		2015		
	Pembelian/ <i>Purchases</i> Rp'000	Utang usaha/ <i>Trade account payable</i> Rp'000	Pembelian/ <i>Purchases</i> Rp'000	Utang usaha/ <i>Trade account payable</i> Rp'000	
PT Perusahaan Listrik Negara (Persero)	675.915.708	57.897.014	732.311.830	65.187.083	PT Perusahaan Listrik Negara (Persero)
PT Pembangunan Perumahan	288.459.702	20.176.727	-	36.965.698	PT Pembangunan Perumahan
PT Pasoka Sumber Karya	273.380.836	21.149.620	189.724.267	25.050.648	PT Pasoka Sumber Karya
PT Semen Indonesia (Persero) Tbk	136.718.870	117.958.172	321.680.733	128.991.081	PT Semen Indonesia (Persero) Tbk
PT Waskita Karya (Persero) Tbk	114.437.197	22.594.840	117.776.315	38.456.685	PT Waskita Karya (Persero) Tbk
PT WIKA Industri Konstruksi	95.722.256	64.409.414	-	11.755.439	PT WIKA Industri Konstruksi
PT Nindya Karya (Persero)	88.812.665	13.273.090	27.932.905	29.001.817	PT Nindya Karya (Persero)
PT Yasiga Sarana Utama	85.420.122	13.419.971	68.952.761	15.325.320	PT Yasiga Sarana Utama
Koperasi Keluarga Besar Semen Padang	77.737.269	6.935.790	64.498.937	6.313.685	Koperasi Keluarga Besar Semen Padang
PT Igaras	73.068.820	10.485.249	55.277.847	12.776.306	PT Igaras
PT Semen Tonasa	68.429.421	18.886.324	-	-	PT Semen Tonasa
PT Bukit Asam Prima	62.667.346	9.788.965	-	-	PT Bukit Asam Prima
PT Pertamina (Persero)	59.924.063	10.016.978	90.908.082	3.422.536	PT Pertamina (Persero)
PT Adhi Karya (Persero)	44.588.227	491.118	-	14.509.081	PT Adhi Karya (Persero)
PT Sumatera Utara Perkasa Semen	32.419.257	1.274.661	30.929.444	2.330.689	PT Sumatera Utara Perkasa Semen
PT Pelabuhan Indonesia (Persero)	30.112.086	2.162.952	26.746.979	2.495.077	PT Pelabuhan Indonesia (Persero)
PT Kereta Api Indonesia (Persero)	29.755.039	3.045.295	34.313.498	3.308.360	PT Kereta Api Indonesia (Persero)
Yayasan RS Semen Padang	24.974.364	-	49.334.328	-	Yayasan RS Semen Padang
PT Varia Usaha	18.887.164	1.248.081	-	-	PT Varia Usaha
PT Jamsostek	18.801.802	-	13.205.941	-	PT Jamsostek
PT Asuransi Jasa Indonesia	17.762.883	-	-	-	PT Asuransi Jasa Indonesia
PT Dahana (Persero)	16.536.119	4.080.372	7.724.570	4.393.577	PT Dahana (Persero)
PT Kabau Sirah	14.896.000	1.200.000	15.092.419	-	PT Kabau Sirah
PT Barata Indonesia	11.976.292	-	-	-	PT Barata Indonesia
Yayasan Igaras	5.141.182	-	5.604.681	-	Yayasan Igaras
PT Sucofindo	4.749.490	903.120	3.848.010	190.256	PT Sucofindo
PT Varuna Tirta Prakarsa	2.512.487	228.499	3.050.489	1.154.336	PT Varuna Tirta Prakarsa
PT Asuransi Kredit Indonesia	1.152.974	-	2.111.825	-	PT Asuransi Kredit Indonesia
Koperasi Warga Semen Gresik	-	823.398	-	-	Koperasi Warga Semen Gresik
PT Surveyor Indonesia	-	351.861	-	-	PT Surveyor Indonesia
PT Varia Usaha Lintas Segara	-	636.396	-	-	PT Varia Usaha Lintas Segara
PT Telkomsel	-	-	1.571.833	-	PT Telkomsel
Yayasan Dana Pensiun Semen Padang	-	-	18.668.882	3.456.126	Yayasan Dana Pensiun Semen Padang
PT Thang Long Cement Joint Stock	-	-	35.544.625	-	PT Thang Long Cement Joint Stock
Lain-lain (masing-masing dibawah Rp 1 milyar)	12.152.664	4.384	2.931.852	207.223	Others (below Rp 1 billion each)
Total	2.387.112.304	403.442.290	1.919.743.053	405.291.023	Total
Persentase dari total sales	48%		30%		Percentage of total sales
Persentase dari total liabilitas		9%		20%	Percentage of total liabilities

- c. Rincian saldo yang timbul dari luar usaha diluar dari yang disajikan pada Catatan 16, 23 dan 40 adalah sebagai berikut:

Piutang lain-lain dari pihak berelasi

	2016	2015
	Rp'000	Rp'000
<u>Lancar</u>		
Yayasan Semen Padang	12.096.741	6.423.694
PT Semen Indonesia (Persero) Tbk	4.428.466	5.438.042
PT Igaras	2.290.919	51.353
PT Pelabuhan Indonesia (Persero)	289.809	289.809
PT Adhi Karya (Persero)	184.218	-
Yayasan Igaras	-	37.141
Koperasi Keluarga Besar Semen Padang	-	14.633
Lain-lain (masing-masing dibawah Rp 5 juta)	102.182	16.974
Jumlah	<u>19.392.335</u>	<u>12.271.646</u>
<u>Tidak Lancar</u>		
PT Igaras	<u>17.283.810</u>	<u>21.220.952</u>

Piutang lain-lain - tidak lancar

Merupakan piutang usaha PT Igaras yang telah direstrukturisasi pada tahun 2012 dan 2013 dengan tingkat bunga sebesar 5,5% dan 8,03% per tahun selama 7,5 tahun dan 8 tahun dengan *grace period* selama 6 bulan. Atas semua piutang PT Igaras, Perusahaan telah menerima jaminan kepada Perusahaan berupa bank garansi sebesar Rp 7.200.000 ribu asuransi sebesar Rp 39.800.000 ribu dan aset sebesar Rp 24.415.228 ribu.

Utang lain-lain dari pihak berelasi

	2016	2015
	Rp'000	Rp'000
PT Semen Indonesia (Persero) Tbk	137.317.143	97.132.951
Lainnya	2.298	2.298
Jumlah	<u>137.319.441</u>	<u>97.135.249</u>

Utang lain-lain ke PT Semen Indonesia (Persero) Tbk terdiri dari utang bunga atas deviden, utang atas teknologi dan informasi sistem dan utang jasa konsultan Proyek Indarung VI.

- d. Perusahaan mengadakan perjanjian pinjam pakai atas tanah dengan Yayasan Semen Padang dengan jangka waktu 30 tahun. Perusahaan diwajibkan untuk membayar biaya terkait pinjam pakai tersebut seperti yang ditetapkan pada perjanjian. Pada tahun 2016 dan 2015, biaya terkait pinjam pakai tersebut masing-masing sebesar Rp 329.305 ribu dan Rp 225.537 ribu.
- e. Perusahaan menyewakan bangunan dan prasarana kepada Yayasan Semen Padang dengan jangka waktu sewa selama 10 tahun dan dapat diperpanjang melalui persetujuan dan kesepakatan kedua belah pihak. Harga sewa selama 10 tahun adalah sebesar Rp 50.000.000 ribu.

Pendapatan sewa yang diperoleh dari penyewa di akui di pendapatan lain-lain

- c. Non-trade transactions with the related parties aside from those disclosed in Notes 16, 23 and 40 are as follows:

Other accounts receivable from related parties

Current

Yayasan Semen Padang	6.423.694
PT Semen Indonesia (Persero) Tbk	5.438.042
PT Igaras	51.353
PT Pelabuhan Indonesia (Persero)	289.809
PT Adhi Karya (Persero)	-
Yayasan Igaras	37.141
Koperasi Keluarga Besar Semen Padang	14.633
Others (below Rp 5 million each)	16.974
Total	<u>12.271.646</u>

Noncurrent

PT Igaras	21.220.952
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Other receivable - noncurrent

Represents as restructured accounts receivable from PT Igaras in 2012 and 2013 with an interest rate 5.5% and 8.03% p.a for 7.5 years and 8 years with six months grace period. This receivable secured by bank guarantee amounting to Rp 7,200,000 thousand, insurance amounting to Rp 39,800,000 thousand and asset amounting to Rp 24,415,228 thousand.

Other accounts payable to related parties

PT Semen Indonesia (Persero) Tbk	97.132.951
Others	2.298
Total	<u>97.135.249</u>

Other accounts payable to PT Semen Indonesia (Persero) Tbk consist of interest of dividend payable, technology and system payable and consultant service payable for Indarung VI Project.

- d. The Company entered into a land rental agreement with Semen Padang Foundation for a period of 30 years. The Company is required to pay cost of rent as specified in the agreement. In 2016 and 2015, the cost of rent amounting to Rp 329,305 thousand and Rp 225,537 thousand, respectively.
- e. The Company leases buildings and infrastructure to the Semen Padang Foundation with a lease term of 10 years and can be extended through the approval and agreement of both parties. Price lease for 10 years is Rp 50,000,000 thousand.

Rental income earned from the leasee was recognized in other income.

f. Kompensasi imbalan kerja jangka pendek yang dibayarkan kepada Dewan Komisaris dan Direksi Perusahaan untuk tahun-tahun yang berakhir pada 31 Desember 2016 dan 2015 adalah masing-masing sebesar Rp 34.794.726 ribu dan Rp 34.017.140 ribu. Perusahaan memberikan manfaat dalam bentuk imbalan pasca kerja kepada anggota Dewan Komisaris dan Direksi melalui kerjasama dengan PT Asuransi Jiwasraya (Persero) ("Jiwasraya"), dimana Perusahaan membayar premi tunggal kepada Jiwasraya dan Jiwasraya akan membayar imbalan pasca kerja tersebut kepada anggota Dewan Komisaris dan Direksi Perusahaan pada saat anggota Dewan Komisaris dan/atau Direksi diberhentikan, selesai masa jabatan, mengundurkan diri atau meninggal dunia.

f. Short-term compensation paid to the the Board of Commisioners and Directors of the Company for the years ended December 31, 2016 and 2015 amounted to Rp 34,794,726 thousand and Rp 34,017,140 thousand, respectively. The Company provides benefits to the members of the Board of Commisioners and Directors in form of post-employment benefits in cooperation with PT Asuransi Jiwasraya ("Jiwasraya"), whereby the Company pays single premium to Jiwasraya and Jiwasraya will pay the post-employment benefit to the members Board of Commisioners and Directors upon the termination, attained end of service, resignation or death.

39. INFORMASI SEGMENT

Segmen Operasi

Grup pada saat ini melakukan kegiatan usaha sebagai berikut:

1. Produksi semen
2. Jasa pengantongan dan distribusi semen

Berikut ini adalah informasi segmen operasi berdasarkan segmen bisnis:

39. SEGMENT INFORMATION

Operating Segments

The Group are presently engaged in the following operating activities:

1. Cement production
2. Cement packing services and distribution

Segment information based on business segment is presented below:

	2016					
	Produksi semen/ Cement production Rp'000	Jasa pengantongan dan distribusi semen/ Packing services and distribution of cement Rp'000	Jumlah sebelum eliminasi/ Total before elimination Rp'000	Eliminasi/ Eliminations Rp'000	Konsolidasian/ Consolidated Rp'000	
PENDAPATAN						REVENUE
Penjualan	5.979.987.124	241.217.000	6.221.204.124	-	6.221.204.124	Sales
Penjualan antar segmen	211.826.862	43.329.304	255.156.166	(255.156.166)	-	Inter segment sales
Jumlah pendapatan	6.191.813.986	284.546.304	6.476.360.290	(255.156.166)	6.221.204.124	Total revenue
Hasil segmen	1.039.750.829	(302.302)	1.039.448.527	-	1.039.448.527	Segment result
Pendapatan keuangan	28.404.335	46.749	28.451.084	-	28.451.084	Finance income
Biaya keuangan	(81.824.647)	(13.936)	(81.838.583)	-	(81.838.583)	Finance costs
Bagian rugi entitas asosiasi	665.826	-	665.826	-	665.826	Equity in net loss of associates
Laba sebelum pajak penghasilan	986.996.343	(269.489)	986.726.854	-	986.726.854	Income before income tax
Pajak penghasilan	(263.122.728)	203.823	(262.918.905)	-	(262.918.905)	Income tax expense
Laba tahun berjalan	723.873.615	(65.666)	723.807.949	-	723.807.949	Profit for the year
LAPORAN POSISI KEUANGAN						STATEMENT OF FINANCIAL POSITION
Aset segmen	9.120.957.174	194.697.107	9.315.654.281	(105.379.845)	9.210.274.436	Segment assets
Investasi dalam entitas asosiasi	62.505.280	1.676.249	64.181.529	(63.503.530)	677.999	Investments in associates
Jumlah aset	9.183.462.454	196.373.356	9.379.835.810	(168.883.375)	9.210.952.435	Total assets
Jumlah liabilitas segmen	4.306.202.000	121.378.995	4.427.580.995	(106.269.331)	4.321.311.664	Total segmen liabilities
INFORMASI LAINNYA						OTHER INFORMATION
Penyusutan, depleksi dan amortisasi	(234.792.519)	(9.664.713)	(244.457.233)	-	(244.457.233)	Depreciation, depletion and amortization expense
Arus kas yang diperoleh dari aktivitas operasi	1.619.965.479	(84.364.362)	1.535.601.117	-	1.535.601.117	Cash flows provided by operating activities
Arus kas yang digunakan untuk aktivitas investasi	(2.285.771.729)	(1.324.150)	(2.287.095.879)	-	(2.287.095.879)	Cash flows used in investing activities
Arus kas yang digunakan untuk aktivitas pendanaan	671.697.929	-	671.697.929	-	671.697.929	Cash flows used in financing activities

2015						
	Jasa					
	Produksi semen/ Cement production Rp'000	pengantongan dan distribusi semen/ Packing services and distribution of cement Rp'000	Jumlah sebelum eliminasi/ Total before elimination Rp'000	Eliminasi/ Eliminations Rp'000	Konsolidasian/ Consolidated Rp'000	
PENDAPATAN						REVENUE
Penjualan	6.182.856.044	345.465.209	6.528.321.253	-	6.528.321.253	Sales
Penjualan antar segmen	317.620.666	57.661.990	375.282.656	(375.282.656)	-	Inter segment sales
Jumlah pendapatan	<u>6.500.476.710</u>	<u>403.127.199</u>	<u>6.903.603.909</u>	<u>(375.282.656)</u>	<u>6.528.321.253</u>	Total revenue
Hasil segmen	1.007.064.128	7.734.423	1.014.798.551	-	1.014.798.551	Segment result
Pendapatan keuangan	33.487.996	757.274	34.245.270	-	34.245.270	Finance income
Biaya keuangan	(60.475.678)	(3.068)	(60.478.746)	-	(60.478.746)	Finance costs
Bagian rugi entitas asosiasi	69.587	-	69.587	-	69.587	Equity in net loss of associates
Laba sebelum pajak penghasilan	980.146.033	8.488.629	988.634.662	-	988.634.662	Income before income tax
Pajak penghasilan	(263.548.777)	(2.254.835)	(265.803.612)	-	(265.803.612)	Income tax expense
Laba tahun berjalan	<u>716.597.256</u>	<u>6.233.794</u>	<u>722.831.050</u>	<u>-</u>	<u>722.831.050</u>	Profit for the year
LAPORAN POSISI KEUANGAN						STATEMENT OF FINANCIAL POSITION
Aset segmen	7.306.426.835	210.304.748	7.516.731.583	(124.285.386)	7.392.446.197	Segment assets
Investasi dalam entitas asosiasi	63.983.364	1.676.249	65.659.613	(65.075.026)	584.587	Investments in associates
Jumlah aset	<u>7.370.410.199</u>	<u>211.980.997</u>	<u>7.582.391.196</u>	<u>(189.360.412)</u>	<u>7.393.030.784</u>	Total assets
Jumlah liabilitas segmen	<u>(2.922.029.634)</u>	<u>(135.551.799)</u>	<u>(3.057.581.433)</u>	<u>124.998.252</u>	<u>(2.932.583.181)</u>	Total segmen liabilities
INFORMASI LAINNYA						OTHER INFORMATION
Penyusutan, deplesi dan amortisasi	<u>(235.784.080)</u>	<u>(10.090.054)</u>	<u>(245.874.134)</u>	<u>-</u>	<u>(245.874.134)</u>	Depreciation, depletion and amortization expense
Arus kas yang diperoleh dari aktivitas operasi	<u>1.385.407.100</u>	<u>34.274.442</u>	<u>1.419.681.542</u>	<u>-</u>	<u>1.419.681.542</u>	Cash flows provided by operating activities
Arus kas yang digunakan untuk aktivitas investasi	<u>(1.960.884.591)</u>	<u>(6.195.435)</u>	<u>(1.967.080.026)</u>	<u>-</u>	<u>(1.967.080.026)</u>	Cash flows used in investing activities
Arus kas yang digunakan untuk aktivitas pendanaan	<u>245.317.247</u>	<u>-</u>	<u>245.317.247</u>	<u>-</u>	<u>245.317.247</u>	Cash flows used in financing activities

Segmen Geografis

Tabel berikut menunjukkan distribusi penjualan konsolidasian Grup berdasarkan pasar geografi:

Geographical Segments

The following table shows the distribution of the Group consolidated sales by geographical market:

	2016 Rp'000	2015 Rp'000	
Dalam negeri:			Domestic:
Sumatera	5.405.315.025	5.244.758.126	Sumatera
Jawa	587.355.337	1.025.324.820	Jawa
Jumlah	<u>5.992.670.362</u>	<u>6.270.082.946</u>	Total
Ekspor:			Export:
Asia	228.533.762	258.238.307	Asia
Jumlah	<u>228.533.762</u>	<u>258.238.307</u>	Total
Jumlah	<u>6.221.204.124</u>	<u>6.528.321.253</u>	Total

40. IKATAN DAN PERJANJIAN PENTING

Komitmen pembelian

Per tanggal 31 Desember 2016, Perusahaan memiliki beberapa ikatan pembelian persediaan dari beberapa pemasok sebesar Rp 662.418.803 ribu. Komitmen pembelian tersebut termasuk komitmen pembelian dengan menggunakan fasilitas pinjaman (Catatan 16) dari Bank Negara Indonesia dan Bank Mandiri sebesar Rp 1.632.199.921, USD 1.234.648 dan EUR 5.288.477.

Batubara

<u>Pemasok/Supplier</u>	<u>No. Kontrak/ Contract No.</u>	<u>Satuan/Unit of Measure</u>	<u>Jumlah/ Quantity</u>	<u>Periode/Period</u>
PT Bhumi Rantau Energi	HK.03.02/1448/PJJ/PBR12/12.15	Metrik ton	270.000/bulan	Februari - Desember 2016

Harga dasar batu bara saat sampai di Teluk Bayur berdasarkan addendum II sebesar antara Rp 538.600 per ton, yang disesuaikan terhadap nilai kalori, kadar abu, sulfur dan air. Harga dasar tersebut akan ditinjau secara periodik.

Sehubungan dengan perjanjian jual beli batu bara tersebut, pemasok diwajibkan untuk menyerahkan jaminan pelaksanaan.

Komitmen hak penambangan

Sesuai Akta Perjanjian No. 3, tanggal 5 Agustus 2004 yang dibuat antara Nagari Lubuk Kilangan dengan PT Semen Padang di hadapan Dasrizal, S.H., notaris di Padang, Perusahaan mengadakan perikatan dengan masyarakat Nagari Lubuk Kilangan (Nagari Lubuk Kilangan) untuk memperoleh hak penambangan seluas 412,03 hektar di tanah Bukit Karang Putih dengan termin pembayaran 30%, 30% dan 40% masing-masing di bulan Juni 2004, 2005 dan 2006.

Perolehan hak tersebut sesuai dengan Surat Keputusan Gubernur Sumatera Barat No. 503.545/9/EXPL/DTB-1997 tanggal 6 Juni 1997 dan hasil Peta Bidang dari BPN. Setelah dilakukan pengukuran ulang oleh Badan Pertanahan Nasional (BPN) sesuai Peta Bidang No. 183/2005 tanggal 12 Mei 2005 didapatkan luas sebenarnya 429 hektar sehingga jumlah kompensasi diperkirakan Rp 12.879.459 ribu, diluar kompensasi bentuk lain sebesar Rp 2.100.000 ribu.

40. SIGNIFICANT COMMITMENTS AND AGREEMENTS

Purchase commitments

As of December 31, 2016, the Company has several commitments to purchase inventories from several suppliers amounting to Rp 662,418,803 thousand. The above purchase commitments which will involve the use of the non-cash loan facilities (Note 16) from Bank Negara Indonesia and Bank Mandiri in the amounts of Rp 1,632,199,921, USD 1,234,648 and EUR 5,288,477.

Coal

<u>Satuan/Unit of Measure</u>	<u>Jumlah/ Quantity</u>	<u>Periode/Period</u>
Metrik ton	270.000/bulan	Februari - Desember 2016

The price of coal to Teluk Bayur is based on addendum II is Rp 538,600 per ton, which is adjusted against calorific value, ash content, sulphur and water. Such price will be reviewed periodically.

In relation to the such coal buy and sell agreement, suppliers are obliged to submit their performance guarantee.

Mining rights commitment

Based on Deed of Agreement No. 3, dated August 5, 2004 made between the Nagari Lubuk Kilangan community and PT Semen Padang by Dasrizal, S.H., notary in Padang, the Company entered into an agreement with Nagari Lubuk Kilangan community (Nagari Lubuk Kilangan) to obtain mining rights of 412.03 hectares in the area of Bukit Karang Putih with terms of payment of 30%, 30% and 40% to be paid in June 2004, 2005 and 2006, respectively.

The issuance of the mining permit is in line with the Decision Letter by the Governor of West Sumatera No. 503.545/9/EXPL/DTB-1997 dated June 6, 1997 and based on the two dimension map issued by National Land Body (BPN) after the remeasurement of the area by the mentioned body pertaining to the Area Mapping No. 183/2005 on May 12, 2005, resulted in the actual area involved measuring 429 hectares and the total compensation is estimated to be Rp 12,879,459 thousand excluding other compensations amounting to Rp 2,100,000 thousand.

Pada tanggal 7 Juni 2006, Badan Pertanahan Nasional Kota Padang mengirim surat kepada Perusahaan yang menyatakan bahwa dari 429 hektar di tanah Bukit Karang Putih, 256 hektar termasuk dalam kawasan hutan lindung. Dan hal ini sejalan dengan Surat Keputusan Menteri Kehutanan No. 422/KPTS-II/1999 tentang Penunjukan Kawasan Hutan di wilayah Propinsi Daerah Tingkat I Sumatera Barat seluas ± 2.600.268 (dua juta enam ratus ribu dua ratus enam puluh delapan) hektar.

Pada tanggal 16 Juni 2006, Perusahaan mengirim surat kepada Ketua Kerapatan Adat Nagari Lubuk Kilangan yang menyatakan bahwa Perusahaan akan menunda pembayaran sebesar 40% yang seharusnya dibayar pada bulan Juni 2006 sampai masalah kawasan hutan lindung ini diselesaikan oleh masyarakat Nagari Lubuk Kilangan.

Dalam usulan Rencana Tata Ruang Wilayah (RTRW) Propinsi Sumatera Barat tahun 2009 yang dibuat oleh Pemerintah Daerah, lahan seluas 429 hektar tersebut diusulkan untuk diubah statusnya dari hutan lindung menjadi Areal Penggunaan Lain (APL).

Berdasarkan hasil pengukuran terakhir yang dilakukan oleh Dinas Kehutanan provinsi Sumatera Barat tertanggal 24 Agustus 2011, lahan 429 hektar tersebut menjadi lebih kurang 517 hektar yang terdiri dari Areal Penggunaan Lain seluas lebih kurang 114 hektar, Hutan Lindung seluas lebih kurang 54 hektar, Hutan Suaka Alam seluas lebih kurang 107 hektar dan Hutan Produksi Terbatas seluas lebih kurang 242 hektar.

Perda Tata Ruang Kota Padang telah disahkan oleh walikota Padang melalui Peraturan Daerah Kota Padang No. 4 tahun 2012 tanggal 5 Juni 2012 dengan menetapkan di area 429 hektar terdapat area hutan suaka alam wisata kurang lebih 69 hektar, hutan produksi terbatas kurang lebih 242 hektar dan area penggunaan lain kurang lebih 114 hektar.

Dikarenakan adanya perubahan pada tata ruang Kota Padang, mengenai peruntukan kawasan hutan pada area 412 hektar, maka pada tanggal 31 Oktober 2012 telah dilakukan addendum terhadap perjanjian No. 03 tanggal 5 Agustus 2004 antara Nagari Lubuk Kilangan dengan Perusahaan, yang meliputi perubahan:

- Luas lahan yang semula 412 hektar menjadi 356 hektar.
- Nilai kompensasi lahan tahap III dari semula Rp 3.000 per m² menjadi Rp 3.990 per m² sehingga total nilai kompensasi menjadi kurang lebih Rp 13.331.760 ribu.

On June 7, 2006, the National Land Body of Padang sent a letter to the Company stating that out of 429 hectares on top of Bukit Karang Putih land, 256 hectares was a part of the conservation area. This was in line with the Decision Letter of Forestry Minister No. 422/KPTS-II/1999 on the Location of Forest Area in the Province of West Sumatera which covers an area of ±2,600,268 (two millions, six hundred thousand, two hundred sixty eight) hectares.

On June 16, 2006 the Company sent a letter to the Chairman of Kerapatan Adat Nagari Lubuk Kilangan stating that the Company would postpone the 40% payment which was scheduled to be paid in June 2006 up to the conclusive settlement of the problem of the reserved forest area by people of Lubuk Kilangan.

In the proposed Plan for Provincial Area Management of the West Sumatera province for 2009 which was prepared by the Local Government, the status of the 429 hectares of land is proposed to be changed from a forest conservation area to area for other purposes.

Based on the latest measurement taken by Forestry Section of West Sumatera province dated August 24 2011, the land of 429 hectares became approximately 517 hectares, which consist of Area for Other Purposes approximately of 114 hectares, Forest Conservation approximately of 54 hectares, Natural Forest Conservation approximately of 107 hectares and Limited Production Forest approximately of 242 hectares.

The Regulation on the city layout has been approved by the Padang City Mayor through the Mayoral Regulation of Padang City No. 4 year 2012 dated June 5, 2012, stipulating that the area of 429 hectares are forest preserves tourist area of approximately 69 hectares, approximately of limited production forest area of 242 hectares and the other uses approximately 114 hectares.

Due to changes in the spatial Padang, the forest areas in the area of 412 hectares, then on October 31, 2012 has been made an addendum to the agreement No. 03, dated August 5, 2004 between the Company with Nagari Kilangan Lubuk, which include changes in:

- The area of land which was originally 412 hectares to 356 hectares.
- Phase III land compensation value from Rp 3,000 per m² to Rp 3,990 per m² with the total value of compensation to approximately Rp 13,331,760 thousand.

Izin Pinjam Pakai atas areal hutan produksi terbatas seluas kurang lebih 242 hektar telah diperoleh oleh Perusahaan berdasarkan Keputusan Menteri Kehutanan No.SK.467/Menhut-II/2013 tertanggal 28 Juni 2013. Atas dasar telah diperolehnya izin pinjam pakai dari Menteri Kehutanan maka Perusahaan telah melakukan pembayaran tahap III kepada KAN Lubuk Kilangan sesuai dengan Perjanjian antara KAN dan Perusahaan berikut perubahan-perubahannya.

Sampai dengan tanggal 31 Desember 2016, Perusahaan telah mengeluarkan dana sebesar Rp 23.230.005 ribu untuk memperoleh hak penambangan dan Rp 54.356.914 ribu untuk penyiapan fasilitas lahan penambangan yang dicatat sebagai aset dalam penyelesaian - tanah pertambangan (Catatan 14).

Lindung nilai

Selama tahun 2016 telah dilakukan lindung nilai baik dengan instrumen forward maupun dengan non derivatif. Penggunaan instrumen *forward* dilakukan dengan menggunakan fasilitas berikut:

- Fasilitas Forex Line BNI No.944/PJJ/DEPAK/09.14 dengan jangka waktu fasilitas sampai dengan 14 Juni 2017.
- Fasilitas Treasury Line Bank Mandiri No.TOP/CRO/CCL.298/ADD/2015 dengan jangka waktu fasilitas sampai dengan 27 Juni 2017.

Perusahaan juga melakukan lindung nilai dengan menggunakan instrumen non derivatif yaitu deposito dalam USD. Lindung nilai ini digunakan untuk pembayaran barang/jasa Proyek Indarung VI.

Keuntungan atau kerugian atas fluktuasi non derivatif (Deposito dalam USD) akan diakui di dalam pendapatan komprehensif lain pada periode ketika lindung nilai efektif dan akan tetap di dalam ekuitas sampai kedatangan dan pembayaran peralatan.

Fasilitas pinjaman

PT Bank Negara Indonesia (Persero) Tbk

- a) Pada tahun 2007, Perusahaan menandatangani perjanjian berupa fasilitas pembukaan Letter of Credit (LC) dan fasilitas Foreign Exchange Line dengan PT Bank Negara Indonesia (Persero) Tbk (Bank Negara Indonesia) dengan nilai maksimum fasilitas masing-masing sebesar USD 8.500.000 dan USD 5.000.000. Fasilitas ini terakhir kali diperpanjang kembali hingga tanggal 16 April 2017 dengan nilai maksimum fasilitas masing-masing sebesar USD 30.000.000 dan USD 5.000.000. Fasilitas ini dijamin secara fidusia dengan barang, bahan baku, bahan pembantu dan suku cadang yang diimpor/dibeli dengan fasilitas ini.

Usage permissions over a limited production forest area of approximately 242 hectares have been acquired by the Company based on the Ministry of Forestry No.SK.467/Menhut-II/2013 dated on June 28, 2013. On the basis of the presentation of the use permit from the Minister of Forestry of the Company has made phase III payments to the KAN Lubuk Kilangan accordance with the Agreement between the KAN and the Company following amendments.

As of December 31, 2016, the Company has issued Rp 23,230,005 thousand to acquire mining rights and Rp 54,356,914 thousand for the preparation of land mining facilities are recorded as construction in progress - the mine soil (Note 14).

Hedging

In 2016, the Company use hedging either with forward contract instrument or non derivative. The implementation of the forward instrument is using facilities such as :

- Forex Line Facility BNI No.944/PJJ/DEPAK/09.14 with a period of facility until June 14, 2017.
- Treasury Line facility in Bank Mandiri No.TOP/CRO/CCL.298/ADD/2015 with a period of facility until June 27, 2017.

The company use hedging with non-derivative instrument as well such as USD time deposit. This hedging is implemented for material/services payment in Indarung VI Project.

Gain or loss on non derivative fluctuation (USD time deposit) will be recognized in other comprehensive income when the hedging is effectively implemented and fixed recognized in equity until the arrival of materials or materials payment.

Loan facilities

PT Bank Negara Indonesia (Persero) Tbk

- a) In 2007, the Company entered into an agreement for letters of credit (LC) and foreign exchange line facilities with PT Bank Negara Indonesia (Persero) Tbk (Bank Negara Indonesia) involving maximum facilities of USD 8,500,000 and USD 5,000,000, respectively. The facilities maturity was extended, most recently on April 16, 2017 with maximum facilities amounting to USD 30,000,000 and USD 5,000,000, respectively. These facilities are secured by the fiduciary transfer of goods, raw materials, supporting materials and spareparts imported/purchased utilizing these facilities.

Atas setiap pembukaan letter of credit, Perusahaan diwajibkan untuk menyetor margin deposit sebesar 10% dari nilai nominal letter of credit yang diterbitkan (Catatan 6).

Fasilitas ini mensyaratkan Perusahaan untuk memelihara rasio keuangan tertentu dan kewajiban melapor apabila terjadi perubahan susunan Komisaris dan Direksi, modal dan susunan pemegang saham dan melakukan pembayaran dividen, investasi baru, fasilitas kredit atau pinjaman dari pihak lain serta penyampaian laporan keuangan secara berkala. Pada tanggal 31 Desember 2016, Perusahaan dapat memenuhi rasio keuangan yang disyaratkan dalam perjanjian. Fasilitas ini dijamin dengan persediaan senilai Rp 138.000.000 ribu.

Pada tanggal 31 Desember 2016, nilai LC yang telah diterbitkan dan masih berjalan berdasarkan fasilitas ini adalah EUR 2.571.626 dan USD 5.641.880. Tidak terdapat fasilitas LC yang telah jatuh tempo dan belum dibayar pada tanggal 31 Desember 2016.

- b) Pada tahun 2015, sesuai dengan Akta Notaris M.Kholid Artha S.H., No. 48 tanggal 15 Februari 2015, PT Bima Sepaja Abadi (entitas anak) mengalihkan fasilitas kredit investasi dari PT Bank Central Asia Tbk kepada PT Bank Negara Indonesia Tbk. Jangka waktu kredit adalah selama 60 bulan sejak ditandatangani perjanjian kredit tersebut atau sampai dengan tanggal 10 Februari 2020 dengan tingkat suku bunga sebesar 11% per tahun. Utang kredit investasi per 31 Desember 2016 adalah sebesar Rp 5.650.000 ribu (Catatan 23).

Fasilitas ini dijamin dengan beberapa aset tetap milik PT Bima Sepaja Abadi, tanah dan nilai tertentu dari piutang usaha.

PT Bank Mandiri (Persero) Tbk

- a) Pada tanggal 5 September 2012, Perusahaan menandatangani perjanjian fasilitas non-kas dengan PT Bank Mandiri (Persero) Tbk (Bank Mandiri) dengan nilai letter of credit maksimum sebesar Rp 150.000.000 ribu dengan sub-limit trust receipt sebesar Rp 75.000.000 ribu, fasilitas *treasury line* dan *bills purchase line* digunakan masing-masing maksimum sebesar USD 10.000.000 dan USD 2.200.000. Fasilitas ini dijamin secara fidusia dengan piutang usaha, aset tetap berupa tanah SHGB No. 24 atas nama Perusahaan beserta bangunan, prasarana, mesin pabrik dan peralatan di atasnya. Fasilitas ini terakhir kali diperpanjang kembali hingga tanggal 27 Juni 2017.

The Company is required to make margin deposits of 10% of the nominal amounts of letters of credit issued under such facilities (Note 6).

These facilities require the Company to maintain certain financial ratios and to report changes in the Board of Commissioners and Directors, share capital and shareholders, and payments of dividends, new investment, credit facilities or loans obtained from other parties and submission of financial statements periodically. As of December 31, 2016, the Company fulfilled the required financial ratios as mentioned in the loan agreement. These facilities are secured by inventory amounting to Rp 138,000,000 thousand.

As of December 31, 2016, the outstanding LC amounts under this facility were EUR 2,571,626 and USD 5,641,880. There are no amounts under this facility which are due and unpaid as of December 31, 2016.

- b) In 2015, based on Notarial Deed M.Kholid Artha S.H., No. 48 dated February 15, 2015, PT Bima Sepaja Abadi (subsidiary), transfer investment credit facility from PT Bank Central Asia Tbk to PT Bank Negara Indonesia Tbk. Credit period is 60 months from the agreement date has been signed or until February 10, 2020 with interest rate 11% per annum. Investment credit loan as of December 31, 2016 amounted to Rp 5,650,000 thousand (Note 23).

These facility is secured by some of property, plant and equipment, land and certain amount of trade account receivable.

PT Bank Mandiri (Persero) Tbk

- a) On September 5, 2012, the Company entered into a non-cash loan facilities agreement with PT Bank Mandiri (Persero) Tbk (Bank Mandiri) for a letter of credit facility of Rp 150,000,000 thousand with sub-limit trust receipts of Rp 75,000,000 thousand, treasury line and bills purchase line facilities with maximum credit of USD 10,000,000 and USD 2,200,000, respectively. These facilities are secured by fiduciary with accounts receivable, property, plant and equipment such as land SHGB No. 24 on behalf of the Company and its buildings, infrastructure, plant machinery and equipment there on. These facilities were most recently extended to June 27, 2017.

Fasilitas ini mensyaratkan Perusahaan untuk memelihara rasio keuangan tertentu dan kewajiban melapor apabila terjadi perubahan susunan Komisaris dan Direksi, modal dan susunan pemegang saham dan melakukan pembayaran dividen, fasilitas kredit dan/atau pinjaman dari pihak lain serta penyampaian laporan keuangan secara berkala. Pada tanggal 31 Desember 2016 dan 2015, Perusahaan dapat memenuhi rasio keuangan yang disyaratkan dalam perjanjian.

Pada tanggal 31 Desember 2016, tidak terdapat fasilitas LC yang beredar.

- b) Pada tahun 2014, Perusahaan melakukan perjanjian kredit sindikasi dengan Bank Mandiri dalam bentuk Akta Perjanjian No. 12, tanggal 8 Mei 2014. Pinjaman diberikan kepada Perusahaan digunakan untuk pembiayaan proyek Indarung VI.

Fasilitas kredit yang tersedia adalah sebesar maksimum 53% dari jumlah investasi proyek Indarung VI atau jumlah maksimum sebesar Rp 1.950.000.000 ribu yang terdiri dari:

- Fasilitas kredit investasi pokok dengan jumlah maksimum Rp 1.754.945.000 ribu dengan sub limit fasilitas NCL adalah Rp 1.000.000.000 ribu atau ekuivalennya dalam mata uang selain rupiah.
- Fasilitas kredit investasi bunga selama konstruksi (*Interest During Construction*) dengan jumlah maksimum tidak lebih dari Rp 233.618.000 ribu kredit dari Kreditor Sindikasi ditampung dalam rekening penampungan yang dikelola oleh Bank Mandiri selaku agen penampungan dengan tetap mempertahankan komposisi 53:47 dari pinjaman.

Jangka waktu fasilitas kredit adalah 42 bulan sejak ditandatangani akta perjanjian kredit sindikasi dan tanggal jatuh tempo kredit adalah 8 tahun sejak tanggal penandatanganan Akta Perjanjian Kredit Sindikasi.

Suku bunga untuk fasilitas ini berdasarkan time deposit 3 bulan Bank Mandiri. Bank Mandiri membebaskan bunga selama konstruksi (KI IDC) setiap 3 bulan yang akan digunakan sebagai dasar pencatatan bunga selama konstruksi dan pengakuan pendapatan bunga kreditur. Bunga selama masa konstruksi sebesar 55% berasal dari *self financing* tetap harus dibayar oleh Debitur, dan sebesar 45% dicatatkan sebagai tambahan *outstanding* (baki debit) fasilitas KI IDC.

Jumlah jaminan yang harus dijaminkan ialah dengan nilai penjaminan tidak kurang dari 142,8% dari jumlah fasilitas kredit dengan jaminan yang terdiri dari jaminan berupa asset tanah dan jaminan lainnya.

These facilities require the Company to maintain certain financial ratios and to report changes in the Board of Commissioners and Directors, share capital and shareholders, and payments of dividends and credit facilities and/or loans obtained from other parties and submission of financial statements periodically. As of December 31, 2016 and 2015, the Company fulfilled the requested financial ratios as mentioned in the loan agreement.

As of December 31, 2016, there are no outstanding under this facility.

- b) In 2014, the Company entered into syndicated credit agreement with Bank Mandiri which made in the form of Deed No. 12, dated May 8, 2014. Loan granted to the Company for used to finance projects with total investment of Indarung VI projects.

Credit facilities are available at a maximum of 53% of the total Indarung VI project or maximum amounted of Rp 1,950,000,000 thousand, consisting of:

- Principal investment credit facility with a maximum amount of Rp 1,754,945,000 thousand by sub-limit NCL facility amounting to Rp 1,000,000,000 thousand or its equivalent in currencies other than Rupiah.
- Investment credit facility interest during construction with a maximum amount of no more than Rp 233,618,000 thousand. Syndicated loans accommodated in the escrow account that is being managed by the Bank Mandiri as escrow agent while maintaining a 53:47 composition of the loan.

The term of the credit facility is 42 months from the signing of the deed of agreement of syndicated loan and loan maturity of 8 years from the date of signing of the Deed of Loan Syndication.

Interest rate of this facility is estimated based on three months time deposit in Bank Mandiri. Bank Mandiri charged the interest during construction (KI IDC) every three months which is used as the basis to record the interest expenses during construction and creditor interest income recognition. Interest expenses during construction for 55% comes from self financing that must be paid by Debtor, and for 45% recorded as the additional outstanding (debit balance) investment credit facility KI IDC.

The amount of collateral pledged to guarantee value is not less than 142.8% of the total credit facility with collateral consisting of land and other assets.

Jaminan lainnya yang dijaminan yaitu jaminan fidusia atas bangunan-bangunan, mesin-mesin, peralatan dan perlengkapan terkait kontrak suplier Paket 1A, Paket 1B, Paket II, Paket III, Paket IV, Paket V Proyek Indarung VI, tagihan rekening penampungan, klaim asuransi, tagihan bank garansi dari Kontraktor atau Suplier serta bangunan-bangunan, mesin-mesin, peralatan dan perlengkapan terkait kontrak suplier paket lainnya yang ada dan yang akan ada di kemudian hari yang nantinya akan berada di lokasi Proyek Indarung VI.

Jumlah fasilitas pinjaman yang telah digunakan per 31 Desember 2016 adalah sebesar Rp 1.000.000.000 ribu.

Fasilitas ini mensyaratkan Perusahaan untuk memelihara rasio keuangan tertentu.

Pada tanggal 31 Desember 2016, Perusahaan telah memenuhi seluruh rasio keuangan yang dipersyaratkan dalam perjanjian.

- c) Pada tahun 2015, Perusahaan menandatangani perjanjian berupa fasilitas Mandiri Supplier Financing yaitu merupakan fasilitas pembayaran atas pengadaan barang dan/atau jasa kebutuhan operasional Perusahaan kepada supplier dengan PT Bank Mandiri (Persero) Tbk dengan nilai maksimum fasilitas sebesar Rp 500.000.000 ribu. Fasilitas ini berlaku sampai dengan 27 Juni 2017. Jumlah fasilitas yang telah digunakan per 31 Desember 2016 adalah sebesar Rp 36.351.514 ribu.

Fasilitas ini dijamin dengan nilai tertentu dari piutang usaha, tanah dan sejumlah aset tetap.

PT Bank Rakyat Indonesia (Persero) Tbk

Pada tanggal 29 Mei 2013, Perusahaan menandatangani perjanjian berupa pemberian fasilitas *Non Cash Loan* berupa Penangguhan Jaminan Impor (LC/SKBDN) dan Kredit Modal Kerja Impor dengan PT Bank Rakyat Indonesia (Persero) Tbk dengan nilai maksimum fasilitas masing-masing sebesar USD 15.000.000. Fasilitas ini terakhir kali diperpanjang kembali hingga tanggal 29 Mei 2017. Fasilitas ini dijamin dengan barang atau bahan baku, bahan pendukung, *sparepart* atau barang lainnya yang diimpor.

Fasilitas ini mensyaratkan Perusahaan untuk melapor apabila terjadi perubahan susunan pengurus, anggaran dasar, dan modal saham. Serta penyampaian laporan keuangan secara berkala dan wajib melapor apabila melakukan tindakan penyertaan saham atau peningkatan nilai penyertaan, *merger*, akuisisi, *go public*, dan penjualan aset yang melebihi Rp 200.000.000 ribu.

Pada tanggal 31 Desember 2016, tidak terdapat fasilitas LC yang beredar.

Other collaterals pledged are fiduciary on buildings, machinery, equipment and related supplies contract Supplier Package 1A, Package 1B, Package II, Package III, Package IV, Package V, Indarung VI project, bill escrow account, insurance claim, bank guarantee on the bill of the Contractor or Supplier and Fiduciary on buildings, machinery, equipment and related supplies contract Leads Other packages are available and that there will be at a later date which will be located at the Project site Indarung VI

The facility used amounted to Rp 1,000,000,000 thousand as of December 31, 2016.

This facilities require the Company to main certain financial ratios.

As of December 31, 2016, the Company fulfilled the required financial ratios as mentioned in the loan agreement.

- c) In 2015, the Company entered into an agreement for Mandiri Supplier Financing facility for the procurement of goods and or services operational requirements to the supplier of the Company with PT Bank Mandiri (Persero) Tbk with maximum facility of Rp 500,000,000 thousand. These facility is valid until June 27, 2017. The facility used amounted to Rp 36,351,514 thousand as of December 31, 2016.

These facility secured by some amount of trade accounts receivable, land and a number of property, plant and equipment.

PT Bank Rakyat Indonesia (Persero) Tbk

On May 29, 2013, the Company entered into an agreement for non cash loan facility such as *Penangguhan Jaminan Impor* dan *Kredit Modal Kerja Impor* with PT Bank Rakyat Indonesia (Persero) Tbk involving maximum facility of USD 15,000,000. This facility was most recently extended to May 29, 2017. This facility is secured by the goods, raw materials, supporting materials and spareparts or purchased utilizing these facilities.

This facility requires the Company to report changes management structure, constitution and share capital. And also, submission of financial statemens periodically and required to report if they do the investment in shares or increase the value of investment, mergers, acquisition, going public, and selling assets of more than Rp 200,000,000 thousand.

As of December 31, 2016, there is no outstanding balance under this facility.

41. INFORMASI PENTING LAINNYA

Pada tanggal 24 Oktober 2008, Perusahaan mengajukan gugatan No. 99/Pdt.G/2008 PN.PDG terhadap PT Berkala International (PT BI) di Pengadilan Negeri Padang (PN Padang) akibat kegagalan PT BI untuk memenuhi liabilitasnya menyerahkan batu bara pada tahun 2008 sesuai dengan perjanjian jual beli antara Perusahaan dan PT BI. Dalam gugatannya, Perusahaan juga menyampaikan permohonan untuk membatalkan perjanjian jual beli batu bara tersebut kepada PN Padang.

Berkenaan dengan Surat Kredit Berdokumen Dalam Negeri (SKBDN) yang telah diterbitkan dan diakseptasi oleh Bank Mandiri (Bank Penerbit) sehubungan dengan perjanjian jual beli, Perusahaan telah mengajukan permohonan kepada PN Padang untuk melarang Bank Mandiri, PT BI, PT Eksplorasi Mantap Indonesia (selaku beneficiary), PT Maybank Indocorp (selaku bank koresponden) (Maybank) untuk mencairkan/ mengklaim/ mengakseptasi/ mendebit rekening milik Perusahaan pada Bank Mandiri hingga keputusan dalam perkara ini mempunyai kekuatan hukum tetap.

Pada tanggal 17 April 2009, PN Padang mengeluarkan Putusan yang mengabulkan permohonan Provisi dan gugatan Perusahaan sebagai berikut:

- Melarang kepada PT BI, Bank Mandiri, PT Eksplorasi Mantap Indonesia, Maybank Indocorp atau pihak manapun juga maupun kuasa-kuasanya untuk mencairkan/ mengklaim/ mengakseptasi/ mendebit rekening milik Perusahaan ataupun rekening lainnya yang ada pada Bank Mandiri, atas dasar adanya pengajuan SKBDN sampai dengan putusan dalam perkara ini mempunyai kekuatan hukum yang tetap.
- Membatalkan Perjanjian Jual Beli batu bara antara Perusahaan dengan PT BI, berikut segala akibat hukumnya.
- Menyatakan batal SKBDN yang diterbitkan dalam rangka Perjanjian Jual Beli batu bara antara Perusahaan dengan PT BI, berikut segala akibat hukumnya.

Selanjutnya atas putusan PN Padang tersebut, Bank Mandiri dan Maybank mengajukan banding ke Pengadilan Tinggi Sumatera Barat. Pada tanggal 27 Januari 2010 telah dikeluarkan Putusan Pengadilan Tinggi Sumatera Barat yang menguatkan putusan PN Padang.

41. OTHER SIGNIFICANT INFORMATION

On October 24, 2008, the Company filed a lawsuit No. 99/Pdt.G/2008 PN.PDG against PT Berkala International (PT BI) in the Padang District Court (Pengadilan Negeri Padang - the Court) for the failure of PT BI to deliver coal in 2008 as agreed in a sales and purchase agreement between the Company and PT BI. In its lawsuit, the Company also appealed for the cancellation of the aforementioned sales and purchase agreement.

In relation to the domestic Letter of Credit (SKBDN) issued and accepted by Bank Mandiri (Issuing Bank) for the purpose of the sales and purchase agreement, the Company has requested PN Padang to issue an injunction to prevent Bank Mandiri, PT BI, PT Eksplorasi Mantap Indonesia (as beneficiary), PT Maybank Indocorp (as correspondent bank) (Maybank) or any parties or their representatives to liquidate/claim/accept/ debit the Company's account at Bank Mandiri until a final decision on this case has been issued.

On April 17, 2009, PN Padang issued its decision in favor of the Company as follows:

- Forbids PT BI, Bank Mandiri, PT Eksplorasi Mantap Indonesia, Maybank on any other parties as well as their attorneys to withdraw/claim/ accept/deduct the Company's account or other accounts of the Company in Bank Mandiri based on the presentation of a SKBDN until a final decision on this case is issued.
- States that PT BI and PT Eksplorasi Mantap Indonesia have breached the contract agreement between them and the Company.
- Terminated the sales purchasing contract between PT BI and the Company and all of its legal consequences.

Bank Mandiri and Maybank filed an appeal to the High Court of West Sumatera in relation to PN Padang's. On January 27, 2010, the High Court of West Sumatera issued a decision confirming PN Padang's decision.

Atas memori kasasi tersebut Perusahaan telah mengajukan kontra memori kasasi pada tanggal 8 Juli 2010 dan telah dikeluarkan putusan kasasi dari Mahkamah Agung No. 217 K/PDT/2011 pada tanggal 20 Mei 2011 yang memenangkan PT Semen Padang dan menolak permohonan kasasi dari PT Bank Maybank Indocorp dan PT Bank Mandiri (Persero) Tbk. Relas atas putusan kasasi tersebut diterima pada tanggal 10 Nopember 2011.

Terhadap putusan Kasasi Mahkamah Agung, Bank Mandiri telah mengajukan Peninjauan Kembali (PK) kepada Mahkamah Agung dimana relas pemberitahuan Peninjauan Kembali yang diajukan oleh Bank Mandiri diterima oleh Perusahaan pada tanggal 23 Mei 2012. Atas Peninjauan Kembali tersebut, pada tanggal 20 Juni 2012 Perusahaan mengajukan Kontra Memori yang selanjutnya telah dilimpahkan oleh Pengadilan Negeri Padang kepada Mahkamah Agung berdasarkan surat No. W3.P1/4100/HK.02/VI/2012, pada tanggal 27 Juni 2012.

Pada tanggal 14 Maret 2013, Mahkamah Agung, ditingkat Peninjauan Kembali, mengeluarkan putusan No.527/PK/Pdt/2012 yang membatalkan semua putusan sebelumnya dan mengadili sendiri dengan mengabulkan sebagian permohonan Perusahaan, yaitu antara lain: menyatakan PT BI dan PT Eksplorasi Mantap Indonesia telah wanprestasi, dan menyatakan batal perjanjian jual beli batu bara antara BI dengan Perusahaan dan memberlakukan SKBDN yang diterbitkan dalam rangka Perjanjian Jual Beli batu bara antara Perusahaan dengan PT BI.

Perusahaan telah mencadangkan di dalam laporan keuangan konsolidasian 31 Desember 2008 potensi kerugian yang mungkin timbul dari akseptasi SKBDN oleh Bank Mandiri sejumlah Rp 23.760.000 ribu. Pada tahun 2009, Perusahaan dengan niat baik sudah menempatkan dana pada PT Bank Mandiri (Persero) Tbk senilai Rp 30.000.000 ribu yang diperlukan untuk menyelesaikan liabilitas sampai ada putusan yang berkekuatan hukum tetap. Pada tanggal 30 Januari 2014, Perusahaan telah melakukan pembayaran sebesar Rp 25.903.089 ribu atas SKBDN Bank Mandiri berdasarkan keputusan Mahkamah Agung No. 527/PK/Pdt/2012 tanggal 14 Maret 2013. Pada tanggal 7 Februari 2014, Perusahaan mengajukan Gugatan Perbuatan Melawan Hukum terhadap PT Berkala International dan PT Eksplorasi Mantap Indonesia di Pengadilan Negeri Jakarta Pusat yang terdaftar masing-masing dalam Register No.273/Leg.Srt.Kuasa/PN.JKT.PST dan No. 49/PDT.G/2014/PN.JKT.PST untuk membayar ganti kerugian materil dan immaterial senilai Rp 126.050.404 ribu.

For the appeal, the Company has filed a counter against the appeal on the date of July 8, 2010, and has issued the decision of the Supreme Court No. K/PDT/2011 217 on May 20, 2011 that won PT Semen Padang and rejected an appeal from PT Bank Maybank Indocorp and PT Bank Mandiri (Persero) Tbk. Notification from court (Relas) for the decision of the appeal received on November 10, 2011.

In response to the decision of Supreme Court on the appeal, Bank Mandiri has submitted its Judicial Review (PK) to the Supreme Court and the notification of the Judicial Review (PK) requested by Bank Mandiri has been received by the Company on May 23, 2012. To counter the Jurical Review from Bank Mandiri, on June 20, 2012 the Company filed its contra memory then has been submitted to the Supreme Court by District Court of Padang through its letter No. W3.P1/4100/HK.02/VI/2012 dated June 27, 2012.

On March 14, 2013, the Supreme Court, the level of judicial review, with its letter No.527/PK/Pdt/2012 cancels all previous decision and judge by granting some requests the Company, among other things: declare PT BI and PT Eksplorasi Mantap Indonesia has defaults and canceled coal purchase agreement between BI and the Company and enforce SKBDN issued for coal purchase Agreement between the Company and PT BI.

The Company has provided a provision for possible losses in the December 31, 2008 consolidated financial statements, for possible losses which may arise from the acceptance of the domestic letter of credit (SKBDN) by Bank Mandiri in the amount of Rp 23,760,000 thousand. In 2009, the Company placed funds in good faith in Bank Mandiri amounting to Rp 30,000,000 thousand to provide funds required for settlement of amounts involving this matter, if any, depending on the final resolution of the court result on this case. On January 30, 2014, the Company has made a payment of Rp 25,903,089 thousand for SKBDN Bank Mandiri based on the Supreme Court, the level of judicial review, with its letter No. 527/PK/Pdt/2012 dated on March 14, 2013. On February 7, 2014, the Company has filed a lawsuit against PT Berkala International and PT Eksplorasi Mantap Indonesia in Central Jakarta State Court listed on the register No.273/Leg.Srt.Kuasa/PN.JKT.PST and No. 49/PDT.G/2014/PN.JKT.PST to pay for material and immaterial losses amounting to Rp 126,050,404 thousand.

Pada tanggal 4 Nopember 2014, PN Jakarta Pusat mengeluarkan Putusan yang mengabulkan gugatan Perusahaan sebagai berikut:

- Menyatakan PT Berkala Internasional dan PT Eksplorasi Mantap International telah melakukan perbuatan melawan hukum (*onrechtmatigdaad*) sebagaimana diatur dalam pasal 1365 KUH Perdata.
- Menghukum PT Berkala Internasional dan PT Eksplorasi Mantap International mengganti kerugian kepada PT Semen Padang secara tanggung renteng sebesar Rp 26.050.404 ribu secara tunai dan sekaligus.

Selanjutnya atas putusan PN Jakarta Pusat tersebut, PT Berkala Internasional dan PT Eksplorasi Mantap International mengajukan banding ke Pengadilan Tinggi Jakarta sebagaimana tertuang dalam Akta Permohonan Banding No. 172/SRT.PDT.BDG/2014/PN.JKT.PST jo No. 49/PDT.G/2014/PN.JKT.PST tanggal 17 Nopember 2014.

Pada Februari 2016, Perusahaan mengajukan kontra memori banding ke Pengadilan Tinggi Jakarta. Sampai dengan laporan keuangan ini diterbitkan belum ada putusan terhadap perkara tersebut dan masih menunggu proses banding di Pengadilan Tinggi Jakarta.

42. INSTRUMEN KEUANGAN, MANAJEMEN RISIKO KEUANGAN DAN RISIKO MODAL

a. Manajemen permodalan

Tujuan utama pengelolaan modal Grup adalah untuk memastikan pemeliharaan rasio modal yang sehat untuk mendukung usaha dan memaksimalkan imbalan bagi pemegang saham.

Grup disyaratkan untuk memelihara tingkat permodalan tertentu oleh perjanjian pinjaman. Persyaratan permodalan eksternal tersebut telah dipenuhi oleh entitas terkait pada tanggal 31 Desember 2016 dan 2015.

Selain itu, Grup juga dipersyaratkan oleh Undang-undang No. 40 Tahun 2007 tentang Perusahaan Terbatas, efektif sejak tanggal 16 Agustus 2007, untuk mengalokasikan sampai dengan 20% dari modal saham diterbitkan dan dibayar penuh ke dalam dana cadangan yang tidak boleh didistribusikan. Persyaratan permodalan eksternal tersebut telah dipertimbangkan oleh Grup serta telah diputuskan pada Rapat Umum Pemegang Saham ("RUPS").

On November 4, 2014, PN Jakarta Pusat Issued its decision in favor on the Company as follows:

- States that PT Berkala Internasional and PT Eksplorasi Mantap International has committed an unlawful act as stipulated (*onrechtmatigdaad*) in Article 1365 of the Civil Code.
- Punish PT Berkala Internasional and PT Eksplorasi Mantap International idemnity jointly and severally to PT Semen Padang amounted to Rp 26,050,404 thousand in cash.

Furthermore, related to PN Jakarta Pusat's decision, PT Berkala Internasional and PT Eksplorasi Mantap International filed an appeal to the High Court of Jakarta as Stated in the Deed of Appeal No. 172/SRT.PDT.BDG/2014/PN.JKT.PST jo No. 49/PDT.G/2014/PN.JKT.PST dated November 17, 2014.

In February 2016, the Company filed an appeal to the High Court of Jakarta. Until the issuance of this financial statements, there has been no decision and still peding appeal in the High Court of Jakarta.

42. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK

a. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group is required under their respective loan agreements to maintain the level of existing share capital. This externally imposed capital requirement has been complied with by the relevant entities as of December 31, 2016 and 2015.

In addition, the Group is also required by the Law No. 40 Year 2007 regarding Limited Liability Entities, effective August 16, 2007, to allocate and maintain a non-distributable reserve fund until the paid reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirements are considered by the Groups and decided at the Annual General Meeting of Shareholders ("RUPS").

Grup mengelola struktur permodalan dan melakukan penyesuaian, bila diperlukan, berdasarkan perubahan kondisi ekonomi. Untuk memelihara dan menyesuaikan struktur permodalan, Grup dapat menyesuaikan pembayaran dividen kepada pemegang saham, menerbitkan saham baru atau mengusahakan pendanaan melalui pinjaman. Tidak ada perubahan atas tujuan, kebijakan maupun proses selama tahun yang berakhir pada tanggal 31 Desember 2016 dan 2015.

The Group manages their capital structure and makes adjustments to it, if necessary, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes during the years ended December 31, 2016 and 2015.

Grup mengawasi modal dengan menggunakan *gearing ratio*, dengan membagi total pinjaman berdampak bunga dengan total ekuitas yang dapat diatribusikan kepada pemilik entitas induk. Kebijakan Perusahaan adalah menjaga *gearing ratio* dalam kisaran dari perusahaan terkemuka di Indonesia untuk mengamankan akses terhadap pendanaan pada biaya yang rasional. Termasuk dalam total pinjaman berdampak bunga adalah pinjaman bank jangka pendek dan liabilitas sewa pembiayaan.

The Group monitors its capital using gearing ratios, by dividing interest bearing loan to total equity attributable to equity holders of the parent entity. The Company's policy is to maintain its gearing ratio within the range of gearing ratios of the leading companies in Indonesia in order to secure access to finance at a reasonable cost. Including in interest bearing loan are short-term bank loans and finance lease liabilities.

Gearing ratio pada tanggal 31 Desember 2016 dan 2015 adalah sebagai berikut:

The gearing ratios as of December 31, 2016 and 2015 are as follow:

	2016	2015	
	Rp'000	Rp'000	
Pinjaman			Debt
Pinjaman bank jangka pendek	1.253.573	-	Short-term bank loan
Pinjaman bank jangka panjang	1.022.064.415	296.457.618	Long-term bank loan
Utang dividen	1.000.967.710	731.545.092	Dividend payable
Liabilitas sewa pembiayaan	63.808.930	93.692.459	Finance lease liabilities
Kas dan setara kas dan investasi jangka pendek	<u>(648.329.712)</u>	<u>(742.673.976)</u>	Cash and cash equivalents and short-term investment
Pinjaman bersih	<u>1.439.764.916</u>	<u>379.021.193</u>	Net debt
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk	<u>4.877.177.451</u>	<u>4.447.611.425</u>	Equity attributable to owners of the parent entity
Rasio pinjaman bersih terhadap modal	29,52%	8,52%	Total debt to equity ratio

Dewan komisaris dan Direksi secara berkala melakukan penelaahan atas kinerja keuangan Grup. Sebagai bagian dari penelaahan ini, Dewan Komisaris dan Direksi mempertimbangkan eksposur risiko keuangan.

The Board of Commissioners and Directors periodically review the Group's financial performance. As part of this review, the Board of Commissioners and Directors consider the Group's financial risk exposure.

b. Kategori instrumen keuangan

Klasifikasi aset keuangan dan liabilitas keuangan Grup adalah sebagai berikut:

b. Categories of financial instrument

Classification of the Group's financial assets and liabilities are as follows:

	Pinjaman yang diberikan dan piutang/ <i>Loans and receivables</i>	Tersedia untuk dijual/ <i>Available-for- sale</i>	Liabilitas pada biaya perolehan diamortisasi/ <i>Liabilities at amortized cost</i>	
	Rp'000	Rp'000	Rp'000	
<u>31 Desember 2016</u>				<u>December 31, 2016</u>
<u>Aset keuangan lancar</u>				<u>Current financial assets</u>
Kas dan setara kas	638.648.238	-	-	Cash and cash equivalents
Kas dan setara kas yang dibatasi penggunaannya	9.681.474	-	-	Restricted cash and cash equivalents
Piutang usaha				Trade accounts receivables
Pihak berelasi	202.826.620	-	-	Related parties
Pihak ketiga	540.813.761	-	-	Third parties
Piutang lain-lain				Other receivables
Pihak berelasi	19.392.335	-	-	Related parties
Pihak ketiga	74.142.697	-	-	Third parties
<u>Aset keuangan tidak lancar</u>				<u>Noncurrent financial assets</u>
Putang tidak lancar lainnya	17.283.810	-	-	Other noncurrent receivable
Aset tidak lancar lain-lain	15.030.036	1.702.000	-	Other noncurrent assets
Jumlah	<u>1.517.818.971</u>	<u>1.702.000</u>	<u>-</u>	Total
<u>Liabilitas keuangan jangka pendek</u>				<u>Current financial liabilities</u>
Utang bank jangka pendek	-	-	1.253.573	Short-term bank loans
Utang usaha				Trade payables
Pihak berelasi	-	-	403.442.290	Related parties
Pihak ketiga	-	-	755.901.043	Third parties
Utang lain-lain				Other payable
Pihak berelasi	-	-	137.319.441	Related parties
Pihak ketiga	-	-	6.676.524	Third parties
Beban akrual	-	-	257.005.128	Accrued expenses
Utang jangka panjang yang jatuh tempo dalam satu tahun:				Current maturities of long terms loans:
Utang bank	-	-	1.740.000	Bank loans
Sewa pembiayaan	-	-	25.326.397	Finance lease
<u>Liabilitas keuangan jangka panjang</u>				<u>Noncurrent financial liabilities</u>
Utang jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun:				Long term loans - net of current portion:
Utang bank	-	-	1.020.324.415	Bank loans
Sewa pembiayaan	-	-	38.482.533	Finance lease
Utang dividen	-	-	1.000.967.710	Dividends payable
Jumlah	<u>-</u>	<u>-</u>	<u>3.648.439.054</u>	Total

	Pinjaman yang diberikan dan piutang/ <i>Loans and receivables</i>	Tersedia untuk dijual/ <i>Available-for- sale</i>	Liabilitas pada biaya perolehan diamortisasi/ <i>Liabilities at amortized cost</i>	
	Rp'000	Rp'000	Rp'000	
<u>31 Desember 2015</u>				<u>December 31, 2015</u>
<u>Aset keuangan lancar</u>				<u>Current financial assets</u>
Kas dan setara kas	721.096.875	-	-	Cash and cash equivalents
Kas dan setara kas yang dibatasi penggunaannya	21.577.101	-	-	Restricted cash and cash equivalents
Piutang usaha				Trade accounts receivables
Pihak berelasi	210.471.588	-	-	Related parties
Pihak ketiga	574.533.609	-	-	Third parties
Piutang lain-lain				Other receivables
Pihak berelasi	12.271.646	-	-	Related parties
Pihak ketiga	28.299.405	-	-	Third parties
<u>Aset keuangan tidak lancar</u>				<u>Noncurrent financial assets</u>
Piutang tidak lancar lainnya	21.220.952	-	-	Other noncurrent receivable
Aset tidak lancar lain-lain	1.558.546	1.402.000	-	Other noncurrent assets
Jumlah	1.591.029.722	1.402.000	-	Total
<u>Liabilitas keuangan jangka pendek</u>				<u>Current financial liabilities</u>
Utang usaha				Trade payables
Pihak berelasi	-	-	405.291.023	Related parties
Pihak ketiga	-	-	496.977.414	Third parties
Utang lain-lain				Other payable
Pihak berelasi	-	-	97.135.249	Related parties
Pihak ketiga	-	-	8.021.874	Third parties
Beban akrual	-	-	207.340.454	Accrued expenses
Utang dividen	-	-	731.545.092	Dividends payable
Utang jangka panjang yang jatuh tempo dalam satu tahun:				Current maturities of long terms loans:
Utang bank	-	-	435.000	Bank loans
Sewa pembiayaan	-	-	29.921.835	Finance lease
<u>Liabilitas keuangan jangka panjang</u>				<u>Noncurrent financial liabilities</u>
Utang jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam satu tahun:				Long term loans - net of current portion:
Utang bank	-	-	296.022.618	Bank loans
Sewa pembiayaan	-	-	63.770.624	Finance lease
Jumlah	-	-	2.336.461.183	Total

Grup tidak memiliki instrumen keuangan yang diklasifikasikan sebagai investasi dimiliki hingga jatuh tempo dan aset/liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi (FVTPL).

The Group has neither financial assets classified as held-to-maturity and fair value through profit or loss (FVTPL), nor financial liabilities classified as at FVTPL.

c. Kebijakan dan tujuan manajemen

Perusahaan terpengaruh terhadap risiko pasar, risiko kredit, dan risiko likuiditas. Manajemen mengawasi manajemen risiko atas risiko-risiko tersebut. Manajemen didukung oleh Bagian Manajemen Risiko dan Bagian Bendahara yang melakukan evaluasi dan memberikan saran atas risiko keuangan dan kerangka pengelolaan risiko keuangan yang tepat untuk Perusahaan.

c. Financial risk management policies and objectives

The Company are exposed to market risk, credit risk and liquidity risk. Management oversees the management of these risks. Management is supported by risk management department and treasury department that advises on financial risks and the appropriate financial risk governance framework for the Company. Risk management Department and Treasury

Bagian Manajemen Risiko dan Bagian Bendahara memberikan keyakinan kepada manajemen bahwa aktivitas keuangan dikelola sesuai kebijakan dan prosedur yang tepat dan risiko keuangan diidentifikasi, diukur dan dikelola sesuai dengan kebijakan dan risk appetite.

Manajemen menelaah dan menyetujui kebijakan pengelolaan risiko-risiko sebagaimana dirangkum di bawah ini.

Risiko pasar

Risiko pasar adalah risiko nilai wajar arus kas masa depan suatu instrumen keuangan akan berfluktuasi karena perubahan harga pasar. Harga pasar mengandung dua tipe risiko: risiko nilai tukar mata uang asing, risiko suku bunga dan risiko harga. Instrumen keuangan yang terpengaruh oleh risiko pasar termasuk kas dan setara kas, piutang usaha, piutang lain-lain, utang usaha, utang lain-lain, dan beban akrual.

- Risiko nilai tukar mata uang asing

Risiko nilai tukar mata uang asing adalah risiko perubahan nilai wajar arus kas di masa datang dari suatu instrumen keuangan yang berfluktuasi sebagai akibat perubahan nilai tukar mata uang asing yang digunakan oleh Grup. Exposure Grup terhadap fluktuasi nilai tukar terutama berasal dari hutang pengadaan barang dan jasa dalam mata uang USD dan EUR, serta piutang dari penjualan ekspor dalam mata uang USD.

Oleh karena perubahan nilai tukar Rupiah terhadap mata uang asing selama 2016, manajemen menetapkan kemungkinan secara wajar sensitivitas analisis sebesar 10%. Berikut ini adalah analisis sensitivitas efek 10% perubahan kurs mata uang asing terhadap laba setelah pajak dengan semua variabel lain dianggap tetap:

	Dampak bersih/ <u>Net impact</u> Rp'000	
Laba rugi	(13.129.356)	Profit or loss

- Risiko harga

Risiko harga adalah risiko fluktuasi nilai instrumen keuangan sebagai akibat perubahan harga pasar, terlepas dari apakah perubahan tersebut disebabkan oleh faktor-faktor spesifik dari instrumen individual atau penerbitnya atau faktor-faktor yang mempengaruhi seluruh instrumen yang diperdagangkan di pasar.

Risk management Department and Treasury Department provide assurance to the management that the financial activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with policies and risk appetite.

The Management reviews and agrees policies for managing each of these risks which is summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two type of risk: price risk, interest rate risk and foreign currency risk. Financial instruments affected by market risk included cash and cash equivalent, trade receivables, other receivables, trade payable, other payables, and accrued expenses.

- Foreign currency exchange risk

Foreign currency exchange rate risk is a risk in the fair value of future cash flows of a financial instrument fluctuates as a result of changes in foreign currency exchange rates used by the Group. Exposure of the Group against exchange rate fluctuations mainly derived from debt arise from the procurement of goods and services denominated in USD and EUR, as well as receivables from USD denominated export sales.

Due to the fluctuation on foreign exchange rate during 2016 against IDR, management has set the reasonably possible of sensitivity analysis to 10%. Sensitivity analysis of the 10% fluctuation in the foreign exchange rates to profit after tax with other variance considered as constant is as follow:

- Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Perusahaan terkena dampak risiko harga yang terutama diakibatkan oleh pembelian batu bara yang merupakan komponen utama biaya produksi. Harga batu bara tersebut dipengaruhi oleh beberapa faktor, antara lain permintaan, pasokan, nilai tukar, dan cuaca. Dampak risiko harga tersebut mengakibatkan kenaikan biaya produksi. Perusahaan tidak serta merta dapat mengalihkan kenaikan harga tersebut kepada pelanggannya.

Kebijakan Perusahaan untuk meminimalkan risiko yang berasal dari fluktuasi harga batu bara adalah antara lain dengan mengadakan kontrak pembelian yang berjangka waktu 12 bulan atau kurang dan pembelian secara bersama antara Perusahaan kepada pemasok agar mendapatkan harga yang menguntungkan.

Analisa sensitivitas risiko harga batu bara berdasarkan asumsi bahwa semua faktor tetap termasuk biaya-biaya lain dan *uplifted volume*, yang dianalisa berdasarkan kontrak yang masih outstanding pada periode pelaporan atas penggunaan batu bara.

Jika terjadi kenaikan (penurunan) harga sebesar Rp 100 per ton, sebagai akibat perubahan harga batu bara, maka laba setelah pajak Perusahaan untuk tahun yang berakhir 31 Desember 2016 dan 2015, akan mengalami kenaikan (penurunan) masing-masing sebesar Rp 155.778 ribu dan Rp 120.321 ribu.

- Risiko suku bunga

Risiko suku bunga merupakan risiko dimana nilai wajar atau arus kas masa depan dari suatu instrumen keuangan akan berfluktuasi karena perubahan suku bunga pasar. Risiko terjadinya pergerakan suku bunga ini akan mempengaruhi laba komprehensif Grup. Fluktuasi suku bunga menjadi salah satu faktor pertimbangan oleh Grup dalam menjalankan kebijakan investasinya.

The Company is exposed to price risk that is mainly due to the purchase of coal which is the main component of production costs. The price of coal is influenced by several factors, including demand, supply, exchange rates, and weather. The impact of price risk of production costs will rise. The Company does not necessarily able to pass on these price increases to its customers.

The Company's policy to minimize risks arising from fluctuations in the price of coal is among other things entered into purchase contracts for a period of 12 months or less and a joint purchase between the Company to suppliers in order to obtain favorable prices.

The coal price risk sensitivity analysis is based on the assumption that all other factors, such as uplifted volume and other costs, remain constant. The coal price analysis is based on regular consumption and that are still outstanding at reporting date.

If the coal price had increased (decreased) in price of Rp 100 per ton, as a result of change in price of coal, the profit after tax for the year ended December 31, 2016 and 2015 would increased (decreased) by Rp 155,778 thousand and Rp 120,321 thousand, respectively.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of change in market interest rate. The risk of interest rate movements that could affect comprehensive income. Interest rate fluctuation is one factor that is considered by the Group in carrying out its investment policies.

Analisis sensitivitas dibawah ini, ditentukan berdasarkan eksposur suku bunga terhadap aset keuangan yang menggunakan suku bunga mengambang pada tanggal 31 Desember 2016 dan 2015. Analisa ini disajikan dengan asumsi saldo liabilitas keuangan pada akhir periode pelaporan masih beredar sepanjang tahun.

Jika suku bunga mengalami perubahan 100 basis poin lebih tinggi (rendah) dan variable lain konstan, laba setelah pajak Grup untuk tahun yang berakhir 31 Desember 2016 dan 2015, akan mengalami peningkatan (penurunan) masing-masing sebesar Rp 120.550 ribu dan Rp 223.138 ribu.

Risiko kredit

Risiko kredit adalah risiko kerugian yang dihadapi Grup sebagai akibat dari pihak ketiga yang wanprestasi. Pihak ketiga yang dimaksud yaitu distributor dan pihak lawan yang gagal memenuhi liabilitas kontraktual mereka.

Kebijakan manajemen dalam mengantisipasi risiko kredit yang timbul dari distributor ini adalah sebagai berikut:

- 1) Grup hanya akan melakukan hubungan usaha dengan pihak ketiga yang diakui, kredibel dan bankable.
- 2) Mempunyai kebijakan untuk penjualan kredit dan semua pihak ketiga yang akan melakukan perdagangan secara kredit harus melalui prosedur verifikasi kredit.
- 3) Meminta kepada pihak ketiga yang akan melakukan perdagangan kredit dengan Grup untuk memberikan jaminan berupa aset tetap, uang tunai atau bank garansi.
- 4) Memberikan batasan atau plafon kepada pihak ketiga yang akan melakukan perdagangan kredit dengan Grup sebesar jaminannya.
- 5) Melakukan pemantauan atas jumlah piutang secara terus menerus untuk mengurangi risiko piutang tidak tertagih.

Grup meminimalkan resiko kredit aset keuangan seperti kas setara kas dengan mempertahankan saldo kas minimum dan memilih bank yang berkualitas untuk penempatan dana dengan peringkat kredit tinggi yang dinilai oleh lembaga pemeringkat kredit.

The sensitivity analysis below had been determined based on the exposure of the financial asset to floating interest rates as of December 31, 2016 and 2015. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rate had been 100 basis points higher (lower) and the other variable held constant, the Group's profit after tax for the year ended December 31, 2016 and 2015 would increase (decrease) by Rp 120,550 thousand and Rp 223,138 thousand, respectively.

Credit risk

Credit risk is the risk of financial loss facing by the Group as a result of defaulted third parties. Third parties are referred to the distributor and counter parties that failed to meet their contractual obligations.

Management policies in anticipation of this risk is as follows:

- 1) The Group will only do business relationships with third parties who are recognized, credible and bankable.
- 2) Have a policy for credit sales and all third parties who will make credit trade has to go through credit verification procedures.
- 3) Request to third parties who will do the credit trade with the Group to provide collateral in the form of property, plant and equipment, cash or bank guarantee.
- 4) Provide limits or ceiling to a third party who will do credit trade with the Group equivalent to the amount of their guarantees.
- 5) Monitor the amount of receivables on an ongoing basis to reduce the risk for doubtful accounts.

The Group minimize credit risks financial assets such as cash and cash equivalent by maintaining minimum cash balance and select qualified bank for the placement of funds with high credit-ratings assigned by credit-rating agencies.

Nilai tercatat aset keuangan pada laporan keuangan konsolidasian dikurangi dengan cadangan kerugian penurunan nilai yang mencerminkan eksposur maksimum risiko kredit pada tanggal pelaporan adalah sebagai berikut:

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses represents the maximum credit risk exposure at the reporting date as follows:

	2016	2015	
	Rp'000	Rp'000	
<u>Aset keuangan Lancar</u>			<u>Current financial assets</u>
Kas dan setara kas	638.648.238	721.096.875	Cash and cash equivalents
Kas dan setara kas yang dibatasi penggunaannya	9.681.474	21.577.101	Restricted cash and cash equivalents
Piutang usaha			Trade accounts receivables
Pihak berelasi	202.826.620	210.471.588	Related parties
Pihak ketiga	540.813.761	574.533.609	Third parties
Piutang lain-lain			Other receivables
Pihak berelasi	19.392.335	12.271.646	Related parties
Pihak ketiga	74.142.697	28.299.405	Third parties
<u>Aset keuangan tidak lancar</u>			<u>Non-current financial assets</u>
Piutang tidak lancar lainnya	17.283.810	21.220.952	Other noncurrent receivable
Aset tidak lancar lain-lain	15.030.036	1.558.546	Other noncurrent assets
Jumlah	1.517.818.971	1.591.029.722	Total

Tidak ada resiko yang terpusat secara signifikan.

There is no concentration of credit risk.

Tabel berikut merupakan daftar kualitas kredit dari piutang dagang.

The following tables present the credit quality of trade accounts receivable:

Rating kredit	2016		2015		Credit rating
	Rp'000	%	Rp'000	%	
A	338.420.875	74,0	269.214.041	60,9	A
B	77.591.965	17,0	97.442.014	22,1	B
C	29.982.524	6,6	34.497.326	7,8	C
D	3.044.173	0,7	2.846.612	0,6	D
Jumlah	449.039.537	98,3	403.999.993	91,4	Total
Non-rating	7.889.002	1,7	37.959.913	8,6	Unrated
Jumlah piutang usaha belum jatuh tempo dan tidak mengalami penurunan nilai	456.928.539	100,0	441.959.906	100,0	Total neither past due receivable nor impaired

A. Platinum (Sangat Baik); B. Gold (Baik); C. Silver (Cukup); dan D. Bronze (Kurang).

A. Platinum (Very Good); B. Gold (Good); C. Silver (Fair); and D. Bronze (Not Good)

Klasifikasi Distributor diatas disusun berdasarkan realisasi pencapaian target penjualan, kinerja pembayaran, evaluasi kepatuhan distributor terhadap ketentuan legalisir Surat Ijin Pengangkutan Semen (SIPS) maupun komitmen pelunasan piutang jatuh tempo serta mempertimbangkan kondisi suplai semen di Pasar. Klasifikasi distributor ini selanjutnya akan menjadi dasar dan pertimbangan dalam menetapkan kebijakan Grup terkait komposisi jaminan yang harus diserahkan ke Grup, penentuan profil risiko distributor maupun dalam penerbitan rekomendasi oleh Grup.

Classification of Distributors prepared based on actual realization or achievement of sales targets, payment performance, evaluation of Distributor's compliance with the provisions of legalized letter of cement freight (SIPS) or maturing debt repayment commitments, and considering the conditions of supply of cement in the market. Classification of these Distributors will become the basis and consideration in the determination of the Group's policies related to the composition of collateral to be delivered to the Group, the determination of the risk profile for the Distributors and the issuance of a recommendation by the Group.

Kecuali untuk piutang usaha, Grup tidak menggunakan rating kredit internal atau eksternal untuk menentukan kualitas kredit baik yang belum jatuh tempo maupun yang diturunkan nilainya untuk aset keuangan lainnya seperti kas dan setara kas, piutang lain-lain dan aset keuangan tidak lancar lainnya.

Jaminan

Seperti yang dijelaskan diatas, untuk pelanggan yang akan melakukan transaksi secara kredit, Grup akan meminta jaminan dari para pelanggannya baik berupa aset tetap, asuransi atau bank garansi.

Berikut rincian jaminan yang digunakan untuk mengurangi dampak resiko kredit:

	2016			
	Pihak berelasi/ <i>Related Parties</i>	Pihak ketiga/ <i>Third Parties</i>	Jumlah/ <i>Total</i>	
	Rp'000	Rp'000	Rp'000	
Piutang usaha	202.826.620	540.813.761	743.640.381	Trade accounts receivables
<u>Nilai jaminan</u>				<u>Collateral value</u>
Aset tetap	78.979.228	20.449.360	99.428.588	Property, plant and equipment
Asuransi	48.880.000	93.975.000	142.855.000	Insurance
Bank garansi	141.700.000	618.550.000	760.250.000	Bank guarantees
Jumlah nilai jaminan	269.559.228	732.974.360	1.002.533.588	Total collateral value
Selisih nilai jaminan melebihi piutang usaha	66.732.608	192.160.599	258.893.207	Excess of collateral over trade accounts receivable

Risiko likuiditas

Risiko likuiditas adalah risiko yang dapat terjadi dimana pendapatan jangka pendek tidak dapat menutupi pengeluaran jangka pendek.

Mengingat bahwa kebutuhan dana Grup saat ini cukup signifikan sebagai akibat dari meningkatnya aktivitas pengembangan atau perluasan bisnis, maka dalam mengelola risiko likuiditas, Grup terus menerus memantau dan menjaga tingkat kas dan setara kas agar memadai untuk membiayai kebutuhan operasional Grup.

Selain itu, Grup juga secara rutin mengevaluasi proyeksi arus kas, untuk mengatasi dampak dari fluktuasi arus kas termasuk jadwal jatuh tempo liabilitas jangka panjang dan terus menelaah kondisi pasar keuangan untuk insiatif penempatan dan penggalangan dana yang meliputi pinjaman bank.

Tabel berikut ini merupakan analisis likuiditas instrumen keuangan pada tanggal 31 Desember 2016 dan 2015 berdasarkan jatuh tempo atas liabilitas keuangan Grup dalam rentang waktu yang menunjukkan kontraktual tidak terdiskonto untuk semua liabilitas keuangan non-derivatif. Jatuh tempo didasarkan pada tanggal yang paling awal dimana Grup dapat diminta untuk membayar:

Except for trade receivable, the Group does not use internal or external credit rating to determine the credit quality of neither past due nor impaired for other financial assets such as cash and cash equivalents, other receivable and other noncurrent financial assets.

Collateral held as security

As discussed above, the Group will request collateral from its customers, who will do the credit trade, in the form of property, plant and equipment, insurance or bank guarantee.

The following shows the amount of the extent to which collateral mitigate credit risk:

Liquidity risk

Liquidity risk is described as a risk that occurs when short-term revenue can not cover short-term expenditure.

Given that funding requirements of the Group are currently significant as a result of increased activity of development or expansion of business, then in managing liquidity risk, the Group continues to monitor and maintain levels of adequacy of cash and cash equivalents to finance the operational needs of the Group.

In addition, the Group also regularly evaluate cash flow projections and actual cash to cope with the impact of fluctuations in cash flow including the maturity schedule of long-term liabilities and continue to examine the condition of financial markets to placement and fund-raising initiatives, including bank loans.

The following table represents the liquidity analysis of the Group's a financial instruments as of December 31, 2016 and 2015 based on exposure on due date on undiscounted contractual maturities for all non-derivative financial liabilities. The contractual maturity is based on the earliest date on which the Group may require to pay:

d. Estimasi Nilai Wajar Instrumen Keuangan

Aset dan liabilitas keuangan lainnya dicatat sebesar biaya perolehan diamortisasi dalam laporan keuangan konsolidasian mendekati nilai wajarnya baik yang jatuh tempo dalam jangka pendek atau menggunakan suku bunga pasar yang berlaku.

d. Fair Value of Financial Instruments

The carrying amount of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values because of their short-term maturities or they carry market interest rates.

43. PENGUNGKAPAN TAMBAHAN ATAS AKTIVITAS INVESTASI NON KAS

Grup mempunyai aktivitas investasi yang tidak mempengaruhi kas dan tidak termasuk dalam laporan arus kas konsolidasian sebagai berikut:

	2016	2015
	Rp'000	Rp'000
Perolehan aset tetap melalui sewa pembiayaan	25.278.912	19.559.994
Perolehan aset tetap melalui uang muka pembelian aset tetap	95.143.985	245.970.443
Biaya pinjaman dikapitalisasi yang belum dibayar	23.745.000	6.211.875

43. SUPPLEMENTAL DISCLOSURES ON NON-CASH INVESTING ACTIVITIES

The Group entered into a non-cash investing activities which is not reflected in the consolidated statements on cash flows as follows:

	2016	2015
	Rp'000	Rp'000
Acquisition of property, plant and equipment through finance lease	25.278.912	19.559.994
Acquisition of property, plant and equipment through advance of purchase on property, plant and equipment	95.143.985	245.970.443
Capitalization on the estimated cost of dismantling of property, plant and equipment	23.745.000	6.211.875

44. TANGGUNG JAWAB MANAJEMEN DAN PERSETUJUAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN

Penyusunan dan penyajian wajar laporan keuangan konsolidasian dari halaman 1 sampai 92 merupakan tanggung jawab manajemen, dan telah disetujui oleh Direksi untuk diterbitkan pada tanggal 13 Pebruari 2017.

44. MANAGEMENT'S RESPONSIBILITY AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 1 to 92 were the responsibilities of the management, and were approved by the Directors and authorized for issue on February 13, 2017.



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REFERENCE OF ANNUAL REPORT AWARD

REFERENCE OF ANNUAL REPORT AWARD

Subject & Explanation	Pages
I. GENERAL	
1. In good and correct Indonesian, it is recommended to present the report also in English.	√
2. The annual report should be printed in good quality paper, using the font type and size that allow for easy reading	√
3. Should state clearly the identity of the company.	√
Name of company and year of the Annual Report is placed on:	
1. The front cover;	√
2. Sides;	√
3. Back cover; and	√
4. Each page.	√
4. The Annual Report is presented in the company's website	√
II. SUMMARY OF KEY FINANCIAL INFORMATION	
1. Result of the Company information in comparative form over a period of 5 financial years or since the commencement of business if the company has been running its business activities for less than 5 years.	18
The information contained includes:	
1. Sales/income from business;	18
2. Profit (loss).	
a. Attributable to owners; and	18
b. Attributable to non-controlling shareholders;	18
3. Total of profit (loss) and other comprehensive income:	
a. Attributable to owners; and	18
b. Attributable to non-controlling shareholders; and	18
4. Net profit (loss) per share.	
Note: profit (loss) and other comprehensive income disclosed in total if the company doesn't have subsidiaries.	18
2. Financial information in comparative form over a period of 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 years.	18
The information contained includes:	
1. Investments in associated entities;	18
2. Total assets;	18
3. Total liabilities; and	18
4. Total equity.	18
3. Financial Ratio in comparative form over a period of 3 (three) financial years or since the commencement of business if the company has been running its business activities for less than 3 (three) years.	18
The information contains 5 (five) general financial ratios and relevant to the industry.	
4. Information regarding share price in the form of tables and graphs	
1. Number of shares outstanding;	25
2. The table forms contain the following information:	
a. Market capitalization based on share price on the Stock Exchange where the shares are listed;	25
b. Highest, lowest and closing share price based on share price on the Stock Exchange where the shares are listed; and	25
c. Trading volume of shares on the Stock Exchange where the shares are listed.	25

Subject & Explanation	Pages
3. Information presented on graphs that includes at least the closing price and trading volume of the share. a. The closing price of shares based on share price on the Stock Exchange where the shares are listed; and	25
b. Trading volume of shares on the Stock Exchange where the shares are listed for each quarter in the latest 2 (two) financial years. Note: Should be disclosed if the company does not have market capitalization, share price, and share trading volume.	25
5. Information regarding bonds, sharia bonds or convertible bonds issued and which are still outstanding in the last 2 financial years The information contained includes:	25
1. The amount/value of bonds/convertible bonds outstanding;	25
2. Interest rate;	25
3. Maturity date; and	25
4. Rating of bonds. Note: Should be disclosed if the company does not have outstanding bonds, sukuk or convertible bonds.	25
III. BOARD OF COMMISSIONERS' AND BOARD OF DIRECTORS' REPORT	
1 Board of Commissioners' Report Contains the following items:	52-64
1. Assessment on the performance of the Board of Directors in managing the company and the basis of such assessment;	54-55
2. View on the prospects of the company's business as established by the Board of Directors, and the basis of such view;	57-58
3. Assessment of the performance of the committees under the Board of Commissioners; and	59
4. Changes in the composition of the Board of Commissioners (if any) and the reasons of the changes.	63
2 Board of Directors' Report Contains the following items:	34-45
1. Analysis of the company's performance, covering among others: a. strategic policies;	36
b. comparison between targets and achievements; and	37-38
c. challenges faced by the company and initiatives to deal with those challenges;	38
2. Analysis on business prospects;	39; 42
3. Developments in the implementation of GCG during the fiscal year; and	42-43
4. Changes in the composition of the Board of Directors (if any) and the reason for such changes.	44-45
3. Signature of members of the Board of Directors and Board of Commissioners. Contains the following items:	12
1. Signatures are set on a separate page;	✓
2. Statement that the Board of Directors and the Board of Commissioners are fully responsible for the accuracy of the annual report;	✓
3. Signed by all members of the Board of Commissioners and Board of Directors, stating their names and titles/positions; and	✓
4. A written explanation in a separate letter from each member of the Board of Commissioners or Board of Directors who refuses to sign the annual report, or: written explanation in a separate letter from the other members in the event that there is no written explanation provided by the said member.	–
IV. COMPANY PROFILE	
1 Name and Address of the Company Includes information on name and address, zip code, telephone and/or facsimile, email, website.	76-77
2 Brief History of the Company Includes among others: date/year of establishment, name and change in the company name, if any. Note: should be disclosed if the company never change the name.	78-80

Subject & Explanation		Pages
3	Field of Business. The descriptions contains the following items:	96-102
	1. The company's business activities in accordance with the last articles of associations;	96-100
	2. The company's business activities; and	96-100
	3. The types of products and or services produced.	101-102
4	Organizational Structure In the form of a chart, including the names and titles, at least until one level below the board of directors on the structure.	103
5	Company Vision and Mission The information should contain:	82-85
	1. Company vision;	82
	2. Company mission;	83
	3. A note that the vision and mission statements have been approved by the Board of Directors/Commissioners; and	80
	4. Statement concerning the corporate culture.	84
6.	Name, Title, and Brief Curriculum Vitae of the Members of the Board of Commissioners The information should contain:	66-70
	1. Name;	√
	2. Title (including position in other company or institution);	√
	3. Age;	√
	4. Domicile;	√
	5. Education (Field of Study and Institutions);	√
	6. Working experience (position, institution/company and period served); and	√
	7. Appointment history as the Board of Commissioners in the Company.	√
7.	Name, Title, and Brief Curriculum Vitae of the Members of the Board of Directors. The information should contain:	47-51
	1. Name;	√
	2. Title (including position in other company or institution);	√
	3. Age;	√
	4. Domicile;	√
	5. Education (Field of Study and Institutions);	√
	6. Working experience (Position, Institution/Company and Period Served); and	√
	7. Appointment history as the Board of Directors in the Company.	√
8.	Number of employees (comparative in two years) and description of competence building (for example: education and training of employees). The information should contain:	128-155
	1. The number of employees for each level of the organization;	129; 136-137
	2. The number of employees for each level of education;	128; 138
	3. The number of employees based on employment status;	129; 136
	4. The description and data of employees competencies development program that has been conducted, which also reflect equal opportunity to all employees, for each level of the organization; and	148-149
	5. Expenses of employee's competencies development program incurred.	128; 148
9.	Composition of shareholders. Should include:	88; 90
	1. The details include the name of 20 largest shareholders and their percentage of ownership;	88; 90
	2. The details of shareholders and their percentage of ownership, including:	88; 90
	a. Names of shareholders having 5% or more shares;	
	b. Group of public shareholders with individual shareholding of less than 5% each.	88; 90

Subject & Explanation	Pages
3. Names of Director and Commissioner with direct or indirect share-ownership and the percentage of such shareholding. Note: should be disclosed if the Director and Commissioner does not own shares, directly or indirectly.	88; 90
10. List of subsidiaries and/or associated entities In table form, containing:	91-95
1. Name of Subsidiary/Affiliate;	√
2. Percentage of share ownership;	√
3. Information on the field of business of Subsidiary/Affiliate; and	√
4. Explanation regarding the operational status of the Subsidiary/Affiliate (already operating or not yet operating).	√
11. Company's group structure Company's group structure in the form of a chart, that shows subsidiaries, associated entities, joint venture and special purpose vehicle (SPV).	89
12. Chronology of share listing (including private placement) and/or share listing from the share issuance up to the end of the fiscal year. Includes among others:	90
1. Year of share issuance, number of shares issued, par value, and share offer price, for each separate corporate action;	90
2. Total number of shares outstanding following the corporate action; and	90
3. The stock exchange where the shares are listed.	90
Note: should be disclosed if the company does not have a chronology of share listing.	
13. Chronology of other securities issuance and/or listing from the time of issuance up until the end of the fiscal year. Includes among others:	90
1. Name of security instrument, year of issuance, interest rate/yield of securities, and maturity date;	90
2. Offering price of other securities;	90
3. The stock exchange where the securities are listed; and	90
4. Rating of the securities.	90
Note: should be disclosed if the company does not have chronology of other securities issuance/listing	
14. Name and address of capital market institutions and or supporting professions. The information contains, among others:	91
1. Name and address of Share Registrar/parties administering the company's shares;	√
2. Name and address of the Public Accountants' Office; and	√
3. Name and address of the securities rating company	√
15. Award and/or certification received by the company on last fiscal year, both on a national scale and international scale. Information should include:	17; 29-31
1. Name of the award and or certification;	17; 29-31
2. Year of receiving the award;	17; 29-31
3. Institution presenting the award and or certification; and	17; 29-31
4. Period of validity (for certificates).	30-31
16. Name and address of subsidiary companies and or branch office or representative office (if any) Information should include:	112-125
1. Name and address of business entities; and	√
2. Name and address of branch/representative office	√
Note: should be disclosed if there is no business entities/branches/representatives.	
17. Information presented on Company's website Covers at the very least:	109

Subject & Explanation	Pages
1. Shareholders information until individual shareholders;	√
2. Contents of the Code of Conduct;	√
3. Information on the General Meeting of Shareholders (GMS), covering at least agenda of the GMS, summary of GMS resolutions, and information of pertinent dates, namely the dates of GMS announcement, GMS invitation, GMS event, and announcement of summary GMS resolutions;	√
4. Annual Report (in the last 5 years); and	√
5. Profile of the Board of Commissioners and Board of Directors.	√
6. Board manual/Charter of the BOC, BOD, Committees and Internal Audit Unit.	√
18. Training and education for the Board of Commissioners, the Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit	110-113
Cover at least information of type of training and participant of:	
1. Training and/or education for Board of Commissioners;	110
2. Training and/or education for Board of Directors;	111
3. Training and/or education for Audit Committee;	110
4. Training and/or education for Nomination and Remuneration Committee;	110
5. Training and/or education for other Committee(s);	110
6. Training and/or education for Corporate Secretary; and	112
7. Training and/or education for Internal Audit Unit during the fiscal year.	112-113
Note: should be disclosed if there are no training and/or education during the fiscal year.	
V. Management Analysis and Discussion on Company Performance	
1. Explanation of each business segment.	189-197
Includes analysis on:	
1. Explanation of each business segment.	189-197
2. Performance by business segments, among others:	190-197
a. Production;	√
b. Increase/decrease in production capacity;	√
c. Sales/income from business; and	√
d. Profitability.	√
2. Description of company's financial performance	206
Financial performance analysis which includes a comparison between the financial performance of the current year and that of the previous year, and the cause of the increase/decrease (in the form of narration and tables), among others concerning:	
1. Current assets, non-current assets, and total assets;	206-209
2. Short term liabilities, long term liabilities, total liabilities;	209-211
3. Equity;	211-212
4. Sales/operating revenues, expenses and profit (loss), Other comprehensive revenues, and total comprehensive profit (loss); and	212-220
5. Cash flows.	220-222
3. Discussion and analysis on the capacity to pay debts and the company's accounts receivable collectability, by presenting the relevant ratios calculated in accordance with the type of industry of the company	223
Explanation on:	
1. Capacity to pay debts in long term and short term; and	223
2. Accounts receivable collectability.	223
4. Discussion on capital structure and capital structure policies	224-225
Explanation on:	
1. Details of capital structure consisting of subordinated bonds and equity; and	224
2. Management policies of the capital structure, and the basis of the such policies.	224-225
3. Basic selection of management policies on capital structure.	224-225
5. Discussion on material commitments of capital investments (instead of funding commitments) in the last fiscal year	225-227
Explanation on:	
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Subject & Explanation	Pages
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3. Sources of funds to meet the commitments;	225-226
4. Denomination currency of commitments; and	225-226
5. Steps taken by the company to protect the position of related foreign currency against risks. Note: Should be disclosed if the company has no material ties in investments in capital goods on last fiscal year.	226-227
6. Discussion on investment of capital goods realized in the last fiscal year Explanation on:	227
1. Type of the investment of capital goods;	227
2. The purpose of the investment of capital goods; and	227
3. Value of the investment of capital goods realized in the last fiscal year. Note: Should be disclosed if the company has no investments in capital goods realized.	227
7. Information about the comparison between the target at the beginning of the fiscal year with the results achieved (realization), and the target or projected to be achieved for the coming year regarding revenue, earnings, capital structure, or others that are considered important for the company Information should include:	222; 235-236
1. The comparison between the target at the beginning of the fiscal year with the results achieved (realization); and	222
2. The target or projected to be achieved for the coming year (at least 1 year).	235-236
8. Material Information and facts that occurred after the date of the accountant's report (subsequent events). Description of important events after the date of the accountant's report including their impact on performance and business risks in the future. Note: should be disclosed if there is no significant events after the date of accountant report.	228
9. Description of the company's business prospects. Information on the company prospects in connection with industry, economy in general, accompanied with supporting quantitative data if there is a reliable data source.	233-237
10. Information on marketing aspects Information regarding the marketing of the company's products and services, among others concerning the market segment.	198-205
11. Description regarding the dividend policy and the date and amount of cash dividend per share and amount of dividend per year as announced or paid during the past two (2) years. Contains description on:	229
1. Dividend policy;	229
2. Amount of dividend;	229
3. Cash dividend per share;	229
4. Pay-out ratio; and	229
5. The announcement date of cash dividend payment for each year. Note: if there is no dividend payment, disclose the reasons for not making a dividend payment.	229
12. Management and/or Employee Stock Ownership Program implemented by the company (ESOP/MSOP) Contains description on:	229
1. Amount of ESOP/MSOP shares and the realization;	229
2. Time period;	229
3. Requirements of rightful employee and/or management; and	229
4. Exercise price Note: should be disclosed if there is no such program.	229

Subject & Explanation	Pages
13. Use of proceeds from the public offering (in the event that the company is still obligated to report such use of proceeds).	229
Contains information on:	
1. Total funds obtained;	229
2. Plan for funds utilization;	229
3. Details of funds utilization;	229
4. Remaining balance of funds; and	229
5. Date of General Meeting of Shareholder (or Bondholder) approval on change in the funds utilization plan (if any).	229
14. Information on material transactions with conflict of interest and/or transactions with related parties.	230-231
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1. Name of the transacting parties and nature of related parties;	230
2. A description of the fairness of the transaction;	230
3. Reason for the transaction;	230
4. Realization of transactions during the period;	230-231
5. Company policies regarding the review mechanism on the transactions; and	231
6. Compliance with related rules and regulations	231
Note: should be disclosed if there are no such transactions.	
15. Description on changes in laws and regulations during the fiscal year that impacted on the company	231-232
Covers information on:	
1. Name of regulations; and	231
2. The impact (quantitative and/or qualitative) on the company, or statement of the insignificant impact.	232
Note: To disclose if there are no changes in the laws and regulations that have significant impacts.	
16. Description on the changes in accounting policy implemented by the company at the last financial year.	232
Descriptions include among others:	
1. Changes in accounting policy;	232
2. Reasons for the change; and	232
3. Quantitative impact on the financial statements.	232
Note: To disclose if there are no changes in accounting policies during the fiscal year	
17. Information of Business continuity	237
Disclosure about:	
1. Issues with significant potential to affect company's business continuity in the last fiscal year;	237
2. Management assessment on issues in number 1; and	237
3. Assumptions used by management in doing assessment.	237
Notes: if there are no issues of significant potential to affect business continuity in the last fiscal year, should be disclosed underlying assumption which is used by management to assure that there are no issues of significant potential to affect business continuity in the last fiscal year.	
VI. Good Corporate Governance	
1. Information on the Board of Commissioners.	257-274
The information should contain:	
1. Description of the responsibility of the Board of Commissioners;	259-260, 262-264
2. Training programs for improving the competence of the Board of Commissioner or orientation program for new member of Board of Commissioners; and	273; 283; 289
3. Disclosing the Board Charter (guidance and work procedure of the Board of Commissioners).	265
2. Information about Independent Commissioner	274
The information should contain:	
1. The criteria of Independent Commissioner; and	274
2. Statement about the independency of each Independent Commissioner.	274

Subject & Explanation	Pages
3. Information on the Board of Directors. The information should include:	292-301
1. Scope of work and responsibility of each member of the Board of Directors;	293-295
2. Training programs for improving the competence of the Board of Directors or orientation program for new member of Board of Directors; and	Tidak ada Komite Dibawah Direksi
3. Disclosing the Board Charter (guidance and work procedure of the Board of Directors).	297
4. GCG implementation assessment for 2015, at least for aspects of the Board of Commissioners and/or Board of Directors. Includes among others:	249-250; 272-273
1. Assessment criteria;	249
2. Assessor;	249
3. Assessment score on each criteria;	249
4. Recommendations on results of assessment; and	249-250
5. Reasons for the delay or non implementation of such recommendations. Note: should be disclosed if there are no GCG assessment for fiscal 2015.	250
5. Description of the remuneration policy for the Board of Directors that is related to the company performance Includes among others:	274; 300-301
1. Board of Commissioners Remuneration procedures;	274
1. Board of Directors Remuneration procedures;	300
2. Remuneration structure, disclosing the type and amount of short-term and long-term compensation/post service benefits for each member of the Board of Commissioners;	274
4. Remuneration structure, disclosing the type and amount of short-term and long-term compensation/post service benefits for each member of the Board of Directors; and	301
5. Performance indicators to determine the remuneration of the Board of Directors.	301
6. Disclosure of performance bonus, non-performance bonus, and/or share option received by each members of the Board of Commissioners and Directors (if any). Note: should be disclosed if there are no performance bonus, non-performance bonus, and/or share option received by each members of the Board of Commissioners and Directors.	274; 301
6. Meeting frequency and attendance of Board of Commissioners (at least once in 2 months), Board of Directors (at least once in a month), and joint meetings of BOC and BOD (at least once in 4 months) Information include:	265-269; 299-300
1. Date of meetings;	√
2. Meeting participants;	√
3. Meeting Agenda. for each Board of Commissioners meetings, Board of Directors meeting and joint meetings.	√
7. Information on majority and controlling shareholders, direct or indirect, up to the ultimate individual shareholder. Diagram with separate illustration for majority shareholders and controlling shareholders Note: majority shareholders are parties that own, directly or indirectly, at least 20% of the voting rights of the total share with voting rights issued by the company, but is not the controlling shareholder.	88
8. Disclosure of affiliation with other members of the Board of Commissioners and Board of Directors and major and/or controlling shareholders Includes among others:	261-262; 297
1. Affiliation between member of the Board of Directors and other Board of Directors members;	297
2. Affiliation between member of the Board of Directors and Board of Commissioners members;	261-262
3. Affiliation between member of the Board of Directors and major and/or controlling shareholders;	297
4. Affiliation between member of the Board of Commissioners and other Board of Commissioners members; and	261-262

Subject & Explanation	Pages
5. Affiliation between member of the Board of Commissioners and major and/or controlling shareholders Note: should be disclosed if there are no such affiliations.	261-262
9. Audit Committee Includes among others:	274-283
1. Name and title of the members of the Audit Committee;	275-276
2. Qualification of education (Field of Study and Educational Institutions) and work experience (Position, Agencies, and Periods Served) of Audit Committee members;	275-276
3. Independence of the members of the Audit Committee;	276
4. Description of tasks and responsibilities;	277-278
5. Brief report on the activities carried out by the Audit Committee; and	279-283
6. Frequency of meetings and the attendance of the Audit Committee.	278-279
10. Nomination and Remuneration Committee/Function Includes among others:	290
1. Name, title, and brief curriculum vitae of the members of the Nomination and/or Remuneration Committee;	290
2. Independence of the members of the Nomination and/or Remuneration Committee;	290
3. Description of the tasks and responsibilities;	290
4. Activities carried out by the Nomination and/or Remuneration Committee;	290
5. Frequency of meetings and the attendance rate of the Nomination and/or Remuneration Committee;	290
6. Statement about Nomination and/or Remuneration Committee guidelines; and	290
7. Board of Directors succession policy.	290
11. Other committees of the company under the Board of Commissioners Includes among others:	283-289
1. Name, title, and brief curriculum vitae of the members of the committees;	284-285
2. Independence of the members of the committee;	285
3. Description of the tasks and responsibilities;	286
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12. Description of tasks and function of the Corporate Secretary. Includes among others:	302-306
1. Name, title, and brief curriculum vitae of the members of the committees;	304
2. Domicile;	304
3. Duties and responsibilities; and	304-305
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13. Description on Internal Audit Unit Includes among others:	306-312
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3. Certification on internal audit profession;	309
4. Internal audit unit composition in the company's structure;	306
5. Brief report on internal audit unit activity implementation; and	311-312
6. The parties responsible to appoint/terminate the internal audit unit head.	306
14. Public Accountant The information should contain:	312-313
1. Name and year of public accountant that audits the annual financial statements in the last 5 years;	312
2. Name and year of Public Accountant Firm that audits the annual financial statements in the last 5 years;	312
3. The amount of fee for each service provided by public accountant at the last financial year; and	313

Subject & Explanation	Pages
4. Other services provided by the accountant apart from the audit service of annual financial statements at the last financial year.	212
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3. Description of risks faced by the company; and	315-316
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1. Short description of the internal control system, including financial and operational control;	317
2. Description of compatibility between the internal control system and internationally recognized internal control framework (COSO); and	317
3. Description of evaluation on the effectiveness of internal control system.	318-326
17. Description of corporate social responsibility activities related to environment	348-349; 350-352
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1. Activity target/plans by the Management for 2016;	348-349
2. Activities conducted and the quantitative impact of such activities; including environmental programs related to the company's operational activities such as utilization of environment-friendly materials and energy or recycled materials, waste management system, complaint handling of environmental issues, green lending, and others	350-352
3. Environmental certifications.	352
18. Description of corporate social responsibility related to the workforce, work health and safety	348-349; 352
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COMPILATION TEAM OF SEMEN PADANG 2016 ANNUAL REPORT

Position	Name	
Pembina	Benny Wendry	President Director
	Tri Hartono Rianto	Financial Director
	Pudjo Suseno	Commercial Director
	Indrieffouny Indra	Production Director
Person in Charge	Asri Mukhtar	Legal GRC & MR Dept.
	Dedi Zaherdi	Accounting & Finance Dept.
	Iskandar Z Lubis	Communication & Public Facilities Dept.
Chairman	Ghufron Vebrianto G.	GCG & Risk Management Bureau
Vice Chairman	Ruky Hendra	Accounting Management Bureau
Secretary 1	Masri	Bidang GCG
Secretary 2	Pradiptya Wibawa	Bidang Akuntansi Umum & Pelaporan
Members	Musri Nizar	Sekdekom
	Nur Anita Rahmawati	Biro Humas
	Zulfahmi	Biro Audit Komersial
	Mareza Herlan	Biro Audit Akuntansi & Keuangan
	Hasmeru Hasler	Biro CAPEX
	Aprita indriati	Biro Renbang SDM
	Sari Ramadhani	Biro Analisa & Promosi Pasar
	Musytaqim Nasra	Biro SHE
	Refcan Afivi	Biro ICT
	Hanny K Lukito	Biro Rendal Pengadaan
	Dasril	Biro CSR
	Ratnawati	Biro Rendal Produksi & Manajemen Energi
	Flora Mince	Biro Perwakilan Jakarta
	Satrio Rian Bhakti	Bidang Manajemen resiko
	Reni Sari Rahmadhani	Staf PSM
	M.Ilham Mirza	Staf Hukum
	Elisa Maris	Staf Biro
	Rausyan Fikri	Staf Capex

Position	Name	
	Dhea Novanda	Staf Renbang
	Siska Ayu Soraya	Staf Diklat
	Arie Ronaldo	Staf Analisa Pasar
	Meli Agustini	Bidang Promosi
	Rika Putri W	Staf Perencanaan & Pengendalian Pengadaan
	Delfiandri	Bidang Keuangan & Administrasi
	Agrian Peby	Bidang Perencanaan & Pengendalian Produksi
	Deby Saputra	Staf Biro APK
	Febri Maulana	Bidang Kualitas Produk
	John Raflus	Bidang Rumah Tangga
	Yulisran B Putra	Staf APK
	Fredi Jonafri	Staf GCG
	Yoza Reno Hastuti	Staf GCG
	Eva Fitriani	Staf GCG
	Ria Kusumawati	Staf APLP
	Hendra Kusuma	Staf PSM
	Indra	Staf Akt.Umum & Pelaporan
	Welly Gusril	Staf Akt.Umum & Pelaporan
	Raviko Maar	Staf Humas
	Febrizon	Staf Humas
	Bahrain B	Staf Renbang SDM
	Alif Yuza	Staf SHE
	Fauzan	Staf Hukum
	Mentari	Staf Penjualan Luar Negeri
	Dewi Yulia Sari	Staf Kas dan Bank
	Nila Puspa Reni	Staf CSR
	Fitria Intan Purwanti	Staf GCG
	Stevani Sitorus	Staf APLP
	Rebi Yanto	Staf GCG
	Marganty	Staf GCG
Konsultan	Maksimedia	

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Annual Report

2016

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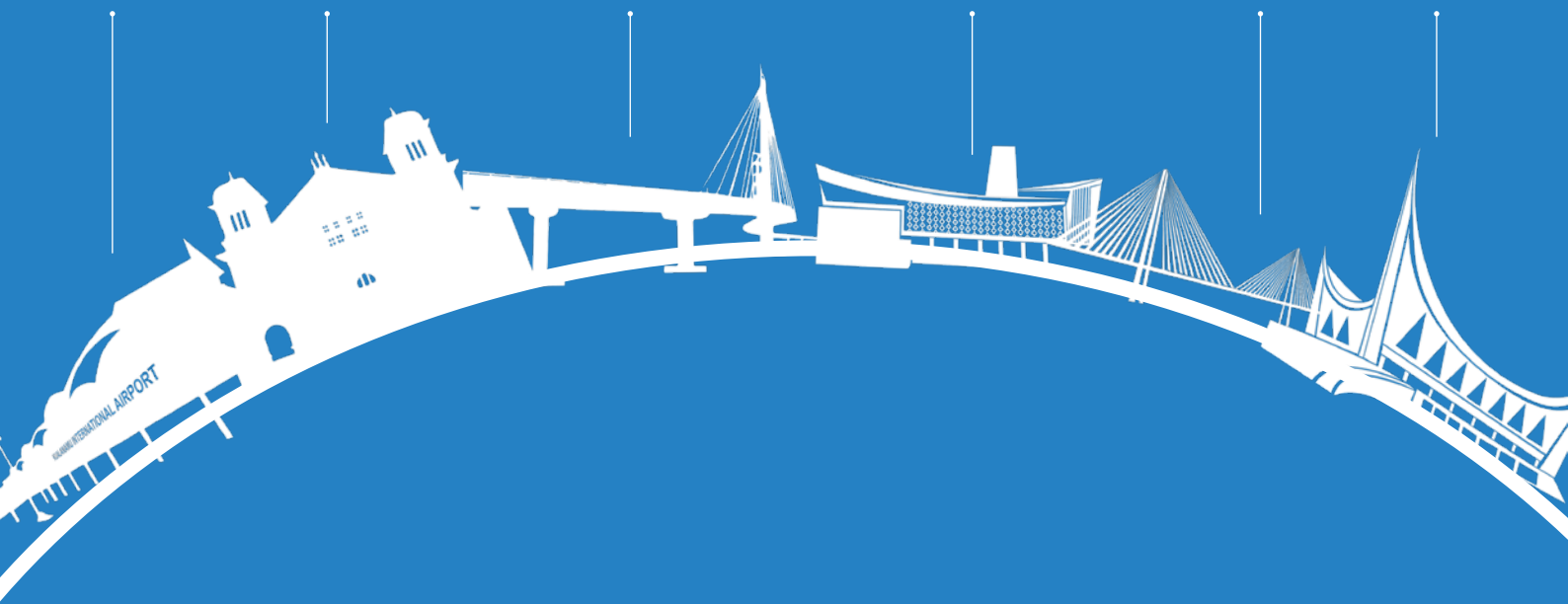
Bank Indonesia
Museum

Bridge Gentala
Arasy

Tsunami Aceh
Museum

Bridge Balerang

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