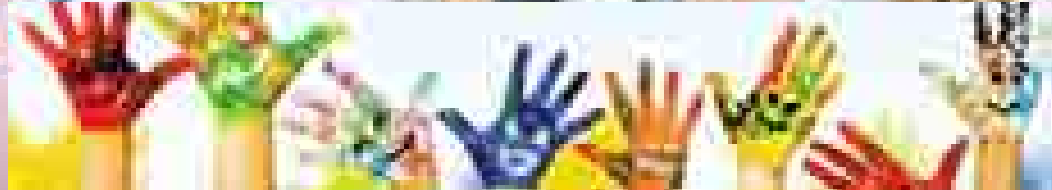
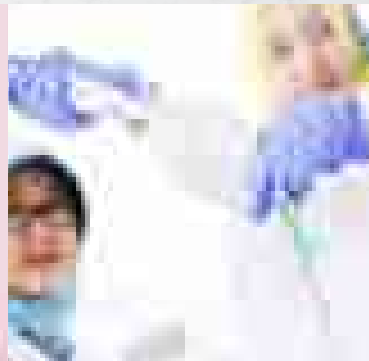


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BIO FOR LIFE

Supported by competence, experience and learning process that span more than 125 years, we are here as part of the fight to save lives and improve the quality of living, as we play a crucial role in developing the health of the nation, maintaining our existence throughout the years. With “Dedicated to Improve Quality of Life” as our philosophy, we are ready to dedicate our hard work to the global health security, so that through Bio for Life, we provide solutions for global welfare.





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GOLD PROPER – PROOF OF OUTSTANDING RESULT OF COMMUNITY EMPOWERMENT



President Director of PT Bio Farma (Persero), Iskandar (fourth from right), posed with Vice President of the Republic of Indonesia, Jusuf Kalla (sixth from left) and the Minister of Environment and Forestry of the Republic of Indonesia, Siti Nurbaya (seventh from left) and the winners of the PROPER Gold rating in the 2014 PROPER Environmental Award Night at Mangala Wanabakti Jakarta, 2 December 2014.



2008-2009
Blue PROPER



2011
Green PROPER



2012
Green PROPER



2013
Green PROPER



2014
Gold PROPER

The implementation of beyond compliance standards in all operational activities is a reflection of our commitment to achieve environmental excellence.

Bio Farma obtained the Gold rating for the Company Performance Ranking Assessment Program (PROPER) from the Ministry of Environment and Forestry for the sector of Manufacture, Infrastructure, and Services. The award was handed out by the Vice President of the Republic of Indonesia. GOLD PROPER rating is the highest award in the environmental field, which signifies that a company has implemented a comprehensive and sustainable environmental management system, which has been proven to develop the communities.

Bio Farma implements a beyond compliance environmental management policy, reflecting Bio Farma's commitment to achieve environmental excellence in all its operational activities.

Bio Farma believes that high-quality vaccines that are environmentally friendly can only materialize through a conducive and environmentally friendly production activities, and implementation of environmental management in a comprehensive manner, starting from the stage of planning, implementation, monitoring, review, and continuous improvement, with an eco-efficient production principle.

The diversity in resources, including bio-diversity, geo-diversity, and cultural-diversity, becomes the driving force for innovation, by utilizing and conserving biodiversity through purification, which continuously inspires us and accordingly we spread it out for the sovereignty and wellbeing of the human race and the sustainability of the coming generations.



Prof. Ibrahim Komoo (third from left), President of Asia Pacific Geopark Network (APGN), visited the Batik Pakidulan artisans in Sukabumi.



PENTABIO VACCINE – ENVIRONMENTALLY FRIENDLY PRODUCT

On 16 December 2014, the Pentabio 5 in 1 vaccine product (for Diphtheria, Tetanus, Pertussis, Hepatitis B, and Haemophilus Influenzae Type B) obtained the Pre-Qualification (PQ) from the World Health Organization, so that the product became part of Bio Farma’s vaccine portfolio that is ready for purchase by the WHO, UNICEF, PAHO, and sovereign countries in the world, in addition to the priority to supply the domestic demand.

PROOF OF ADVANTAGE PENTABIO VACCINE

ONE INJECTION, 5 PROTECTION

»



The Pentabio vaccine offers, in injection to the baby, protection from five diseases, namely Diphtheria, Tetanus, Pertussis, Hepatitis B, and Haemophilus Influenzae Type B.

68.57 MWh ENERGY SAVED PER YEAR

»



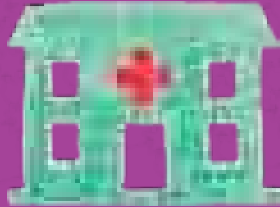
66.67% WATER CONSUMPTION RATE REDUCTION, 914 M3 WATER POLLUTION LOAD REDUCTION

»



MINIMIZING VISITATIONS TO CLINICS

»



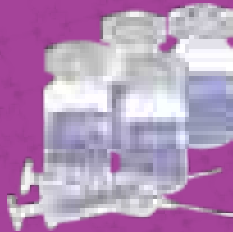
10.21% CONSERVATION RATE FOR RAW MATERIALS AND PACKAGING MATERIALS

»



2.3% REDUCTION IN HAZARDOUS AND TOXIC WASTE PILEUP IN 2012, AND UP TO 113.2% IN 2013

»



SIGNIFICANT REDUCTION IN PACKAGING WASTE AND MORE ENVIRONMENTALLY FRIENDLY PRODUCT

»



Reduction in DTP+Hb waste by 16.49 tons, Pentabio (DTP+HepB+Hib) by 5.54 tons.

VACCINE RECIPIENTS IN INDONESIA PER YEAR»

5 million babies,



27.6 million school-age children



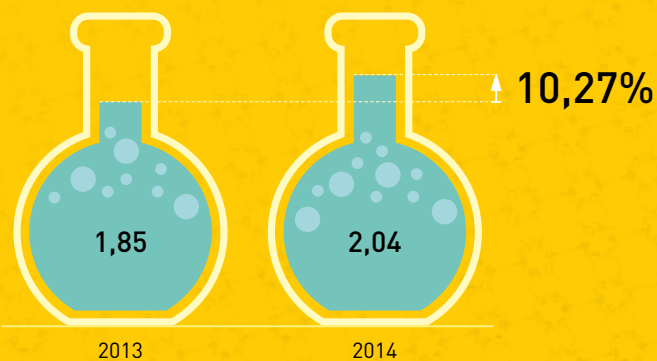
15 million fertile-age women





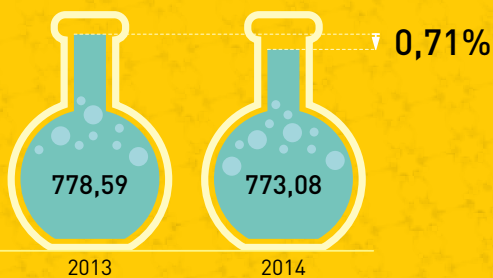
BIO FARMA'S SIGNIFICANT ACHIEVEMENTS IN 2014

NET SALES [Rp trillion]



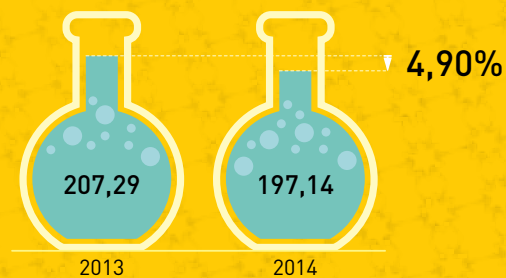
Bio Farma's net sales in 2014 reached **Rp 2.04** trillion, up **10.27%** from the net sales in 2013 amounting to **Rp 1.85** trillion.

INCOME BEFORE TAX [Rp billion]



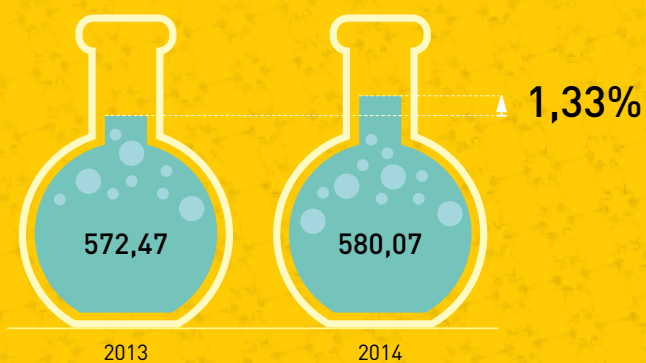
Bio Farma recorded income before tax of **Rp 773.60** billion in 2014, down **0.71%** from 2013 income before tax of **Rp 778.59** billion.

CURRENT TAX LIABILITY [Rp billion]



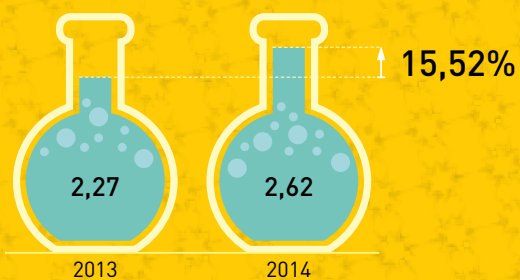
Bio Farma's contribution to the state through the payment of income tax of **Rp197.14** billion in 2014, down **4.90%** from 2013 income tax of **Rp207.29** billion.

NET INCOME [Rp billion]



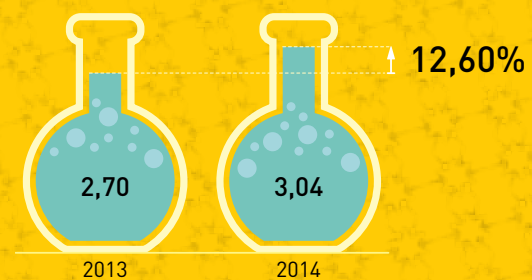
Bio Farma booked a net income of **Rp580.07** billion in 2014, up **1.13%** from 2013 net income of **Rp572.47** billion.

TOTAL EQUITY [Rp trillion]



Bio Farma's total equity in 2014 was **Rp2.62** trillion, up **15.52%** from total equity at the end of 2013 of **Rp2.27** trillion.

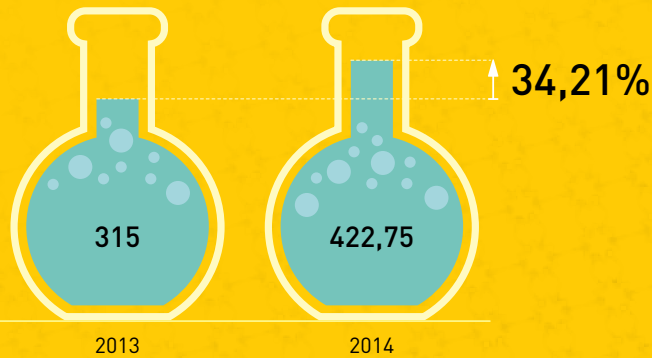
TOTAL ASSETS [Rp trillion]



In its 124th year, Bio Farma has reached a new milestone as a company, with total assets amounting to **Rp3.04** trillion as at end of 2014. Bio Farma's total assets increased **12.60%** from **Rp 2.70** trillion as at end of 2013.

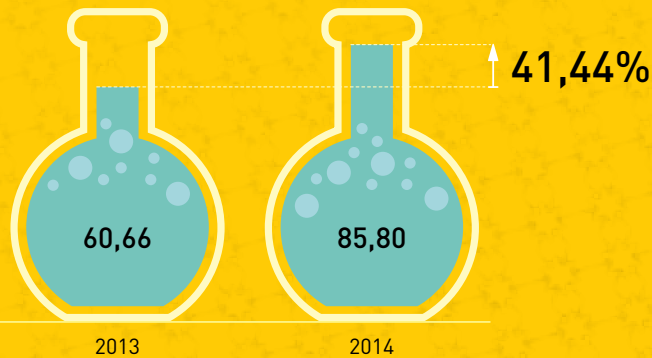


THE EXCELLENCE PERFORMANCE ASSESSMENT CRITERIA (KPKU)



Result of the Criteria for Performance Excellence (CfPE) assessment result in 2014 was **422.75**, or up by **34.21%** from the 2013 score of **315**.

PUBLIC INFORMATION DISCLOSURE SCORE



Bio Farma obtained the highest score for its Public Information Disclosure (KIP) among state-owned enterprises in 2014, reaching **85.80** or up **41.44%** from 2013 score of **60.66**.

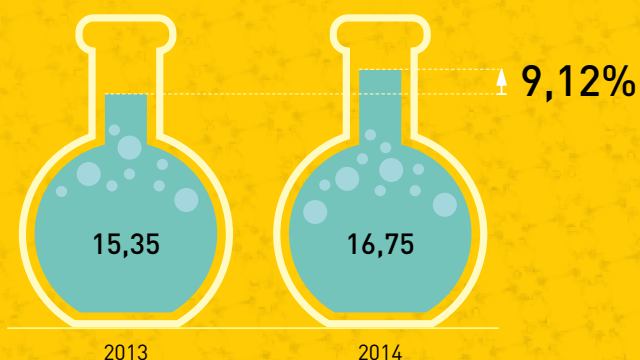
GCG ASSESSMENT SCORE

83,42%

Category:

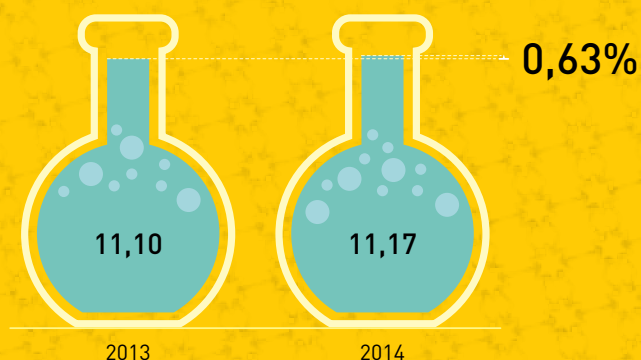
GOOD

HUMAN CAPITAL COMPETENCE DEVELOPMENT EXPENDITURES [Rp billion]



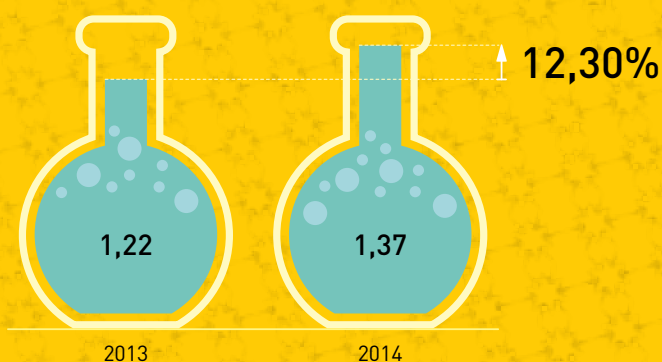
Bio Farma spent a total of **Rp16.75** billion for its human capital competence development in 2014, up **9.12%** from 2013 expenditures of **Rp15.35** billion.

INFORMATION TECHNOLOGY INVESTMENT [Rp billion]



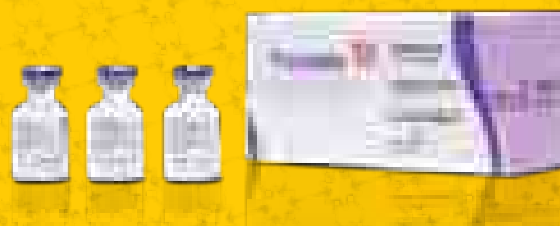
Total information technology system and infrastructure development investment in 2014 amounted to **Rp11.17** billion, or up by **0.63%** from 2013 figure of **Rp11.10** billion.

EXPORT PERFORMANCE [Rp billion]



Bio Farma's total export value in 2014 reached **Rp1.37** trillion, up **12.30%** from 2013 total export value of **Rp1.22** trillion.

WHO PREQUALIFICATION



The Pentabio Vaccine (DTP, Hepatitis B, Haemophilus Influenza Type b) obtained the **World Health Organization (WHO) Prequalification certification**, ensuring the vaccine's quality, safety, and efficacy, on **16 December 2014**.



As the only vaccines and antisera producer in Indonesia, Bio Farma has played a significant role in nurturing future Indonesian generations with good health, freedom from infectious diseases, and the capability to become productive and ready to compete globally.



BIO FARMA IN BRIEF

Bio Farma has gone a long way towards becoming a world-class vaccines and antisera producer, beginning from when the Dutch East Indies colonial government established the “Parc-vaccinogène” (State Vaccine Development Institute) on 6 August 1890. The institute initially occupied a building in Weltevreden, Batavia, which is now the Central Army Hospital (RSPAD) Gatot Subroto, Jakarta.

From the time of its establishment, Parc-vaccinogène focused on research to eradicate infectious diseases, and eventually Parcvaccinogène collaborated with Institut Pasteur to conduct research on microbiology, so that the institution changed its name to Parcvaccinogène en Institute Pasteur.

In keeping with the developments of the era, the Company had undergone several name changes and legal entity forms, up until 1997 when, based on the Government Regulation No. 1 Year 1997, the Company was transformed into a state-owned limited liability company, with all its shares owned by the Government of the Republic of Indonesia, and named PT Bio Farma (Persero).

The Deed of Incorporation and the Articles of Association of the Company were notarized by the Deed of Muhani Salim SH., No. 1 dated 3 February 1997, and approved by the Minister of Justice of the Republic of Indonesia in the Decree No.C2 - 1423HT.01.01. dated 5 March 1998 on the Ratification of the Deed of Company and published in the State Gazette of the Republic of Indonesia No.57 dated 16 July 2002 Supplement No.6884.

The Articles of Association of the Company have been amended several times and most recently the Articles of Association were published in the State Gazette of the Republic of Indonesia No. 65 dated 14 August 2009 Supplement No. 21702. The most recent composition of the Board of Directors was stated in the Deed No. 45 dated 30 October 2009

on the Statement of the Minister of State Owned Enterprises as the General Meeting of Shareholders (GMS) of the Company, notarized by Fathiah Helmi, SH., and has been received and recorded in the database of the Department of Legal Administration of Justice and Human Rights No. AHU-AH.01.10 - 19828 dated 9 November 2009, and the changes in issued capital have been included in the Deed No. 26 dated 18 July 2012 of decision of the General Meeting of the Company's Extraordinary Shareholders of the Company, which was notarized by Fathiah Helmi, SH.

To this day, Bio Farma has played a significant role in the history of the development of vaccines and sera. It is currently the only state-owned enterprise that produces vaccines and antisera.

Bio Farma's accomplishments have been globally recognized. Since 1997, Bio Farma has been one of approximately 29 vaccine manufacturers in 22 countries globally that have earned WHO (World Health Organization) Prequalification, earning the world's trust to meet the needs of vaccines in more than 130 countries. Working closely within a global international network of research institutions, regional professional organizations, and multinational companies, Bio Farma actively participates in the efforts to improve public health worldwide, both by providing quality vaccine products and developing technology transfer partnerships, resulting in health policies that are more beneficial for everyone.

Currently, Bio Farma's activities are centered on Jalan Pasteur No. 28, Bandung, on an area of 91,058 m² for production, research and development, marketing and administration facilities. In addition, the Company maintains a supporting facility in Cisarua, Lembang, West Bandung regency, on an area of 282,441 m² used for breeding and raising laboratory animals. The Company also has a representative office in Prakarti Center Building Tanah Abang III Street No.23-27, Jakarta.



INTEGRATED MANAGEMENT SYSTEM



The commitment to offer quality and innovative products is shown by Bio Farma's reference to international standards and current quality management systems. Bio Farma has implemented a wide range of integrated systems, among others: Good Manufacturing Practices (GMP) of National Food & Drugs Control Agency, and current Good Manufacturing Practices (cGMP) of World Health Organization (WHO), Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Distribution Practices (GDP), ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007. As well as world-class standards, including ISO 26000 for CSR, ISO 31000 Enterprise Risk Management, and International Financial Reporting Standard (IFRS).

CORPORATE POLICY AND CULTURE

CORPORATE CULTURE

Each organ of the Company acts and thinks in a professional manner, with high integrity, spirit of teamwork, innovation-driven and customer service-oriented.

PROFESSIONAL

Committed to executing all tasks with responsibility, efficiency, effectiveness, forward-orientation, and procedural compliance.

INTEGRITY

Honest, transparent, and accountable, in line with the Company's objective.

TEAMWORK

Working together by respecting others' roles and opinions.

INNOVATION

Carrying out continuous improvement and development to generate new ideas.

CUSTOMER ORIENTED

Understanding the needs of customers and providing the right solutions to them.

CORPORATE POLICY

1. High quality products.
2. Environmentally friendly products.
3. Global competitiveness.
4. Customer satisfaction.
5. Continuous improvement.
6. Pollution control.
7. Prevention of occupational accidents and work-related diseases.
8. Conservation of energy and natural resources.
9. Compliance to laws and other regulations.

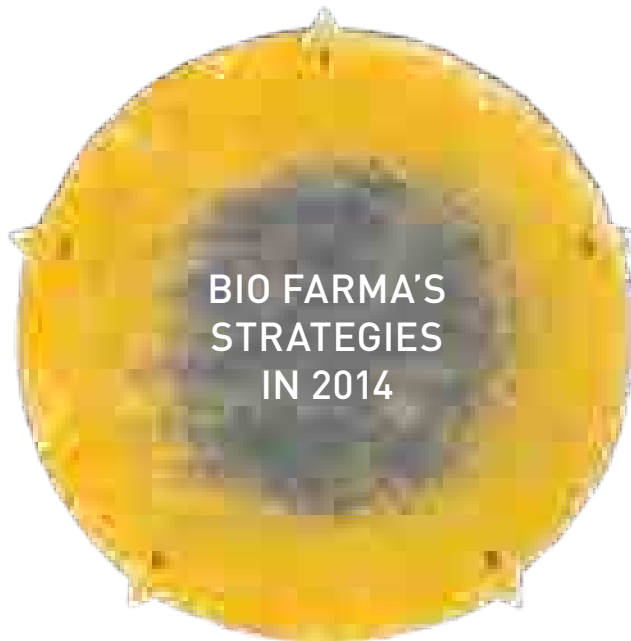




2014 STRATEGIES

Priority scaling the **investment** for production capacity increase.

Implementation of **Information Technology** through ERP (Enterprise Resources Planning) to improve effectiveness and efficiency of business processes and control for improving the Company's performance.



Enhancement of domestic **marketing** and expansion of global markets.

Rearrangement of product **supply chain**.

Increase of **research and partnership** through the National Vaccine Research Forum.



2015 PRIORITY STRATEGIES

We aim to create a sustainable value for all stakeholders of the Company, by enhancing our 2014 vision to a world-class life science company with global competitiveness. To achieve that goal, we require acceleration regarding our rate of change in Bio Farma through the integration of strategies that we have implemented in 2014.

INTEGRASI STRATEGI MENUJU WORLD CLASS COMPANY

Improvement of the R&D activities are focused on enhancing our product portfolio, beginning with the improvement of the R&D Division organizational structure to be more focused and efficient in terms of operations and business model, and also improve the competence of our human capital.

We continue to focus on improving our R&D results' quantity and quality by creating a synergy with various research institutions and universities, governmental institutions and enterprises, both from the country and overseas. We believe that the long-term growth for life science products will continue to rise, in line with better understanding among people on the importance of health.

Our marketing strategy consists of expanding our export market, our private market share in the domestic market, and improving the public's awareness on the importance of preventing infectious diseases through the use of vaccines. Market penetration for adult vaccine products is carried out in the private sector of the domestic market as well as through geographical marketing activities and market development. Our marketing aspect is also strengthened by the improvement of the Company's reputation through education, information dissemination on various media, both domestic and overseas.



Our investment strategy is done by increasing our production capacity and expanding our product portfolio through additional infrastructure and area for production facility. The selection for the area used for our production facility takes into consideration the holistic environmental view at all times, starting from the very beginning.

Our information technology strategy is one of the steps in the business transformation of Bio Farma. This will enable Bio Farma to compete in the global scene. Information technology used for supporting our vaccine production include the implementation of Enterprise Resource Planning (ERP) and Electronic Batch Production Record (E-BPR). The implementation of ERP helps control all processes and activities and also integrate all data.

The strategy to increase production capacity is carried out by adding new production machinery, especially for the fill and finish process. The implementation of the Material Resource Planning (MRP) to support the inventory control process is aimed at ensuring raw material availability so that all production processes can take place as planned, and thus the vaccines that we produce can meet public demand



VACCINE PRODUCTION PROCESSES



1. Media Preparation

Selection of the best vaccine seeds (virus/bacteria) to fulfill the needs of vaccine production.

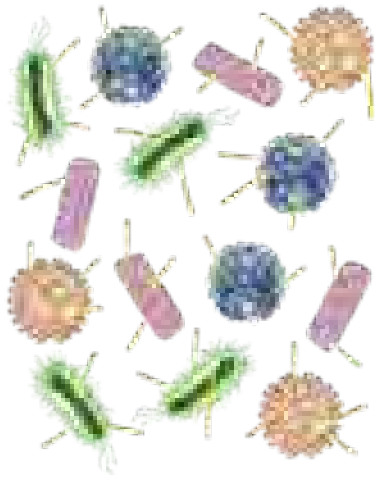
2. Inoculation & Cultivation

Cultivation of virus or bacteria on a media that has been purified.

3. Harvesting

Harvest of the virus or bacteria that have been grown on a media at a certain amount.





4. Inactivation

Attenuation/inactivation of the virus or bacteria which have been harvested.



5. Purification.

Elimination of substances that are not relevant to the function of the vaccine.



6. Formulation

Formulation of vaccine bulk which has been purified with additional substances



7. Final Product (Filling & Packaging)

Filling the vaccine into the packaging.

Labeling of the packaging.

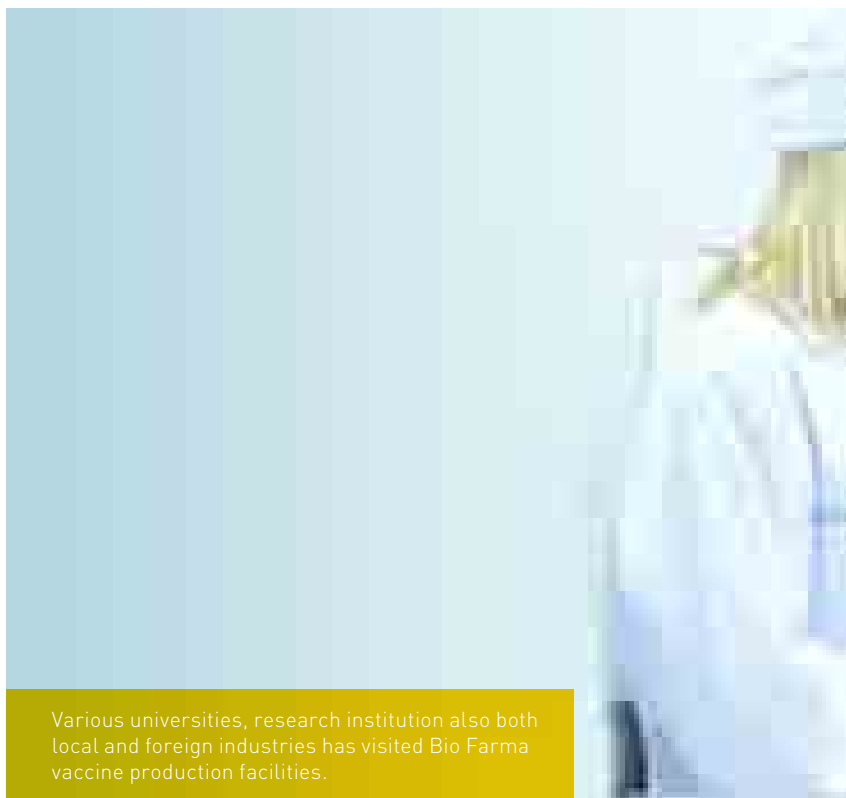


Vaccine production processes are highly regulated and complicated. This pictorial guide is for illustrative purposes only and provides a general overview of how a vaccine is produced. It is not representative of the actual production of any or all vaccines produced by Bio Farma.



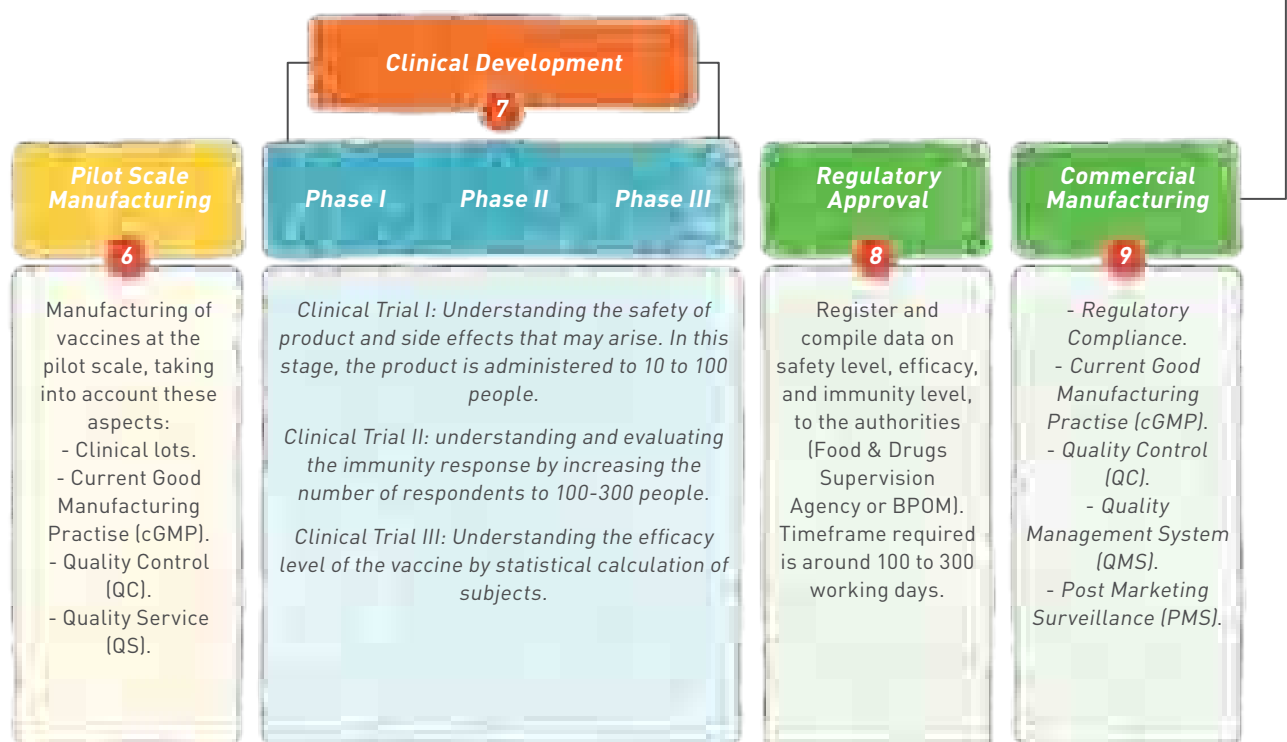
VACCINE DEVELOPMENT LIFECYCLE

Research is the basis for the development of a product. Research begins with an exploratory stage, where the pattern of a disease that becomes the subject of the research is studied in order to be understood. Identification of a molecule or antigen that will be used as a precursor for a product, as well as the method to produce or to purify such antigen, are two critical things in the development of a product. Also important is the information regarding the seed's history and the documentation of the material. The output of this research is the proof of concept.



Various universities, research institution also both local and foreign industries has visited Bio Farma vaccine production facilities.





This vaccine development lifecycle is for illustrative purposes only and provides general overview. It is not representative of the development of any or all vaccines produced by Bio Farma.



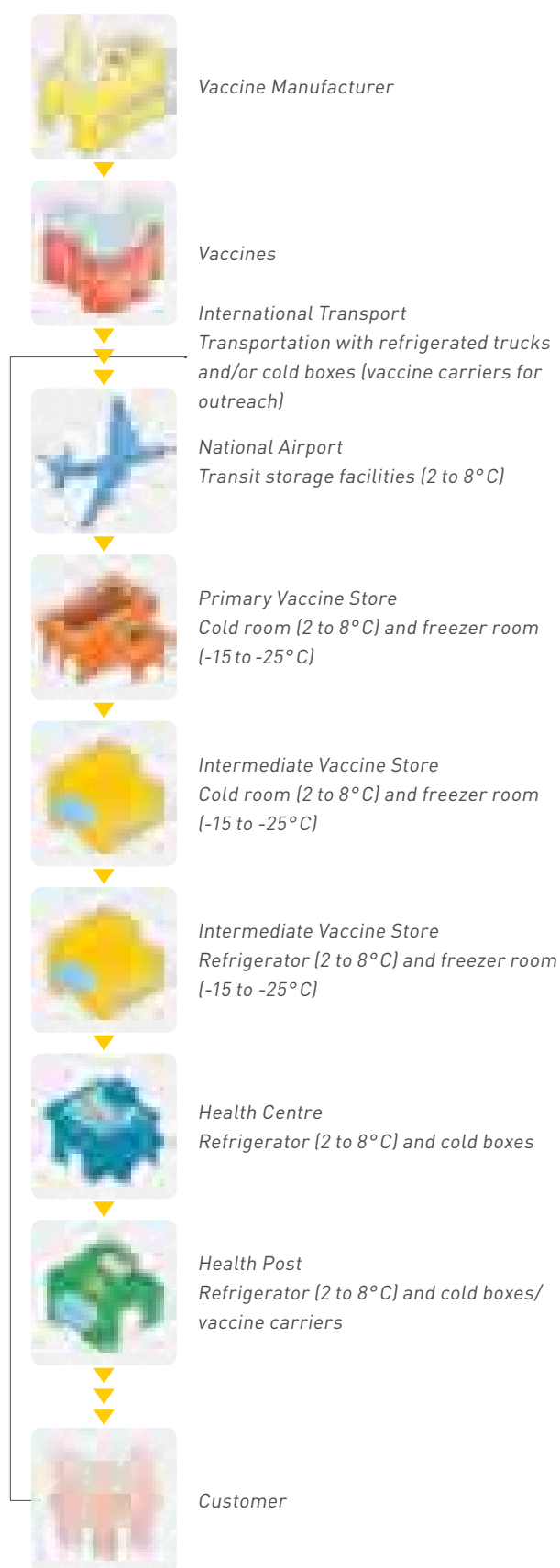
COLD CHAIN SYSTEM

Vaccine is a biological product that requires special handling in its distribution.

A special system called the Cold Chain System is required for the distribution of vaccines, starting from the manufacturer, distribution, storage at the destination, storage of stock vaccines, up to the delivery of vaccines to the customers.

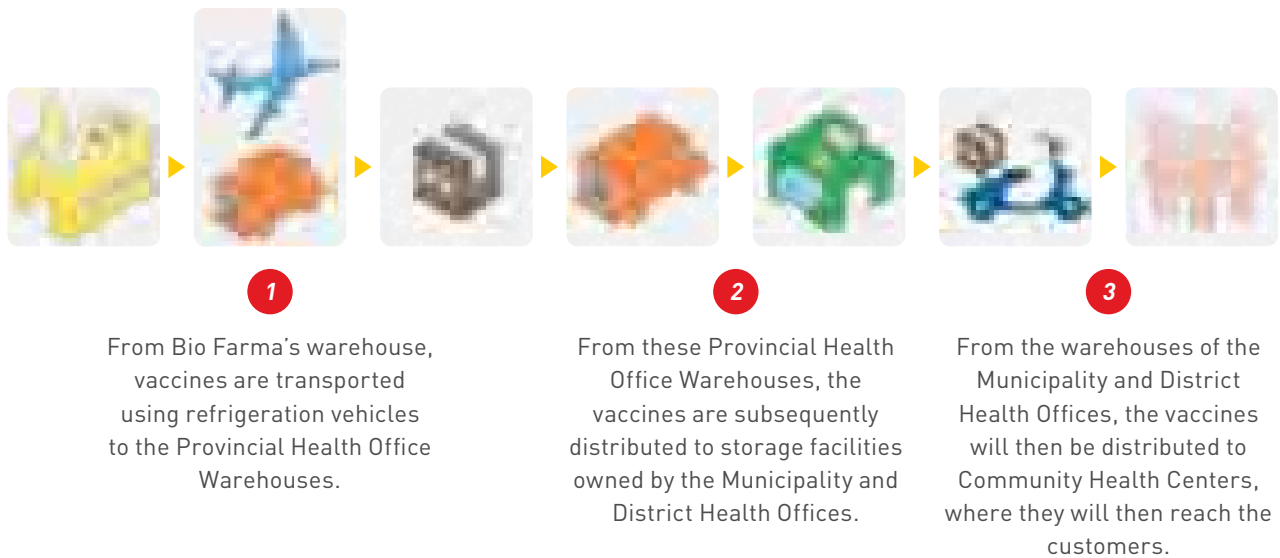
Vaccine temperature must be maintained within the range of 2 to 8 degrees Celsius, for BCG, DTP, TT, Td, DTP-HB-Hib, Measles, Hepatitis B, and Influenza vaccines. Polio vaccines must be stored at -20 (minus twenty) degrees Celsius.

The Cold Chain System is a procedure to keep vaccines in a stable condition, so that their safety, efficacy, and quality will be maintained and thus the recipients obtain the benefit of protection and prevention from various infectious diseases. Deadline for delivery of all vaccines must not exceed 48 hours, as stipulated in WHO guidelines, and with due regard to the Cold Chain System for all types of vaccine.

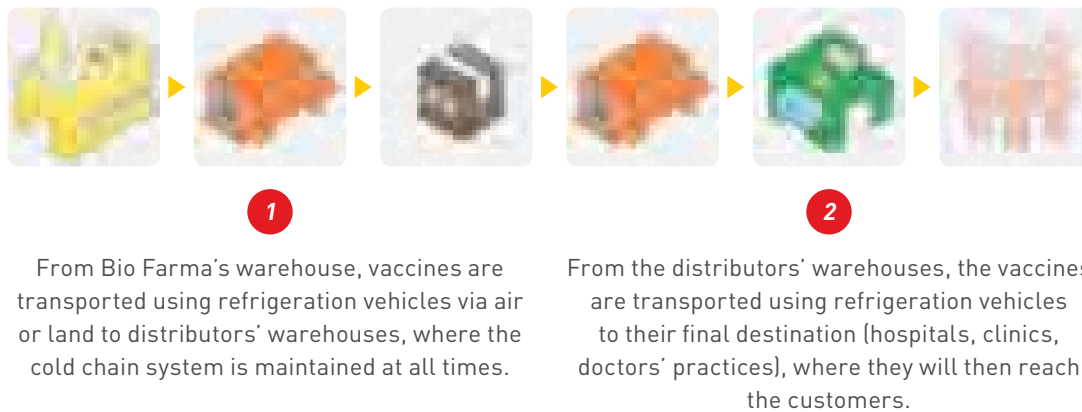


HOW OUR VACCINES REACH OUR CUSTOMERS

DISTRIBUTION OF VACCINES IN THE GOVERNMENTAL SECTOR



DISTRIBUTION OF VACCINES IN THE PRIVATE SECTOR



DISTRIBUTION OF VACCINES OVERSEAS





FINANCIAL HIGHLIGHTS

1. BIO FARMA'S BUSINESS RESULTS IN THE PAST 5 YEARS

SALES/REVENUE, INCOME/(LOSS), AND TOTAL COMPREHENSIVE INCOME/(LOSS)

Numerical notations in all tables and graphs in this Annual Report are in Indonesia.

[Rp million]

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Net Sales								
Company's Products	1,186,361	1,324,046	1,432,966	1,848,452	1,939,918	2,028,988	9.77	4.59
Merchandise Products	21,067	1,784	1,206	1,848	2,200	10,287	456.65	367.59
Services	2,835	2,899	3,470	3,382	3,920	4,805	42.09	22.59
Total Net Sales	1,210,263	1,328,729	1,437,642	1,853,682	1,946,038	2,044,080	10.27	5.04
Cost of Goods Sold								
Company's Products	(481,125)	(535,017)	(580,216)	(718,462)	(734,085)	(767,609)	6.84	4.57
Merchandise Products	(18,121)	(848)	(518)	(1,148)	(512)	(8,827)	668.90	1,624.02
Services Expenses	(2,792)	(3,133)	(3,183)	(3,986)	(3,814)	(3,654)	(8.33)	(4.20)
Total Cost of Goods and Services Sold	(502,038)	(538,998)	(583,917)	(723,596)	(738,411)	(780,090)	7.81	5.64
Gross Profit	708,225	789,731	853,724	1,130,085	1,207,627	1,263,991	11.85	4.67
Other Income	42,639	62,660	53,159	152,838	1,785	118,630	(22.38)	6,545.96
General and Administrative Expenses	(160,871)	(206,088)	(227,583)	(304,313)	(345,212)	(378,448)	24.36	9.63
Selling Expenses	(160,818)	(128,095)	(58,592)	(72,830)	(63,990)	(72,570)	(0.36)	13.41
Research Developments and Survey Expenses	(40,501)	(68,793)	(78,262)	(68,318)	(98,916)	(88,779)	29.95	(10.25)
Other Expenses	(50,255)	(41,643)	(21,346)	(58,873)	(10,521)	(69,748)	18.47	562.94
Total	(369,806)	(381,959)	(332,624)	(351,496)	(516,854)	(490,915)	39.66	(5.02)
Income (Loss) Before Income Tax	338,419	407,772	521,100	778,589	690,772	773,076	(0.71)	11.91
Income Tax Benefits (Expenses)								
Current Tax	(89,843)	(105,826)	(137,261)	(207,288)	(189,055)	(197,136)	(4.90)	4.27
Deferred Tax	2,239	473	2,053	1,166	1,397	4,134	254.51	195.89
Total Tax Expenses	(87,604)	(105,353)	(135,208)	(206,121)	(187,658)	(193,002)	(6.36)	2.85
Net Income (Loss)	250,815	302,419	385,892	572,468	503,115	580,074	1.33	15.30
Other Comprehensive Income	-	-	-	-	-	377	-	-
Comprehensive Income (Loss)	250.815	302.419	385.892	572.468	503.115	580.451	1.39	15.37

RKAP: Company's Budget Plan.

EARNINGS/(LOSS) PER SHARE

As on 31 December 2014, Bio Farma remains non-listed as a State-Owned Enterprise, i.e. it had no shares listed on the Indonesia Stock Exchange, and therefore the earnings/(loss) per share information is not available.

2. BIO FARMA'S FINANCIAL POSITIONS IN THE PAST 5 YEARS

A. TOTAL INVESTMENTS ON ENTITIES

a. Investment Realization According to Usage

Investment Realization According to Usage [In Million Rupiah]							
Investment Group	2010	2011	2012	2013	2014	Total	Increase/Decrease [%]
	1	2	3	4	5	6	5/4
Routine							
Assessment WHO & GMP	41,085	136,242	39,428	50,654	30,873	298,282	(39.05)
Replacement	25,734	18,464	18,592	44,814	29,889	137,493	(33.30)
Quality Control	3,372	6,984	2,695	1,632	10,133	24,816	520.89
Development							
Capacity Building	60,817	20,648	25,423	114,224	69,109	290,221	(39.50)
Research & Development	40,876	39,945	9,106	24,690	12,984	127,601	(47.41)
New Products	23,962	50,605	80,878	12,262	21,636	189,343	76.44

b. Investment by Group.

Investment by Group [In Million Rupiah]								
Investment Group	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Office Equipment	13,832	6,231	7,110	10,968	34,051	32,554	196.81	(4.40)
Factory Equipment	81,413	53,900	29,208	82,722	83,513	49,448	(40.22)	(40.79)
Machinery	15,972	79,169	99,457	16,411	15,136	27,424	67.11	81.18
Utility Equipment	8,233	2,161	8,926	15,546	13,500	4,595	(70.44)	(65.96)
Building	67,573	128,314	30,903	115,387	409,646	39,849	(65.46)	(90.27)
Vehicles	462	745	-	-	700	750	-	7.14
Land Investment	-	-	-	-	12,000	-	-	-
Intangible Asset	6,615	2,367	518	7,242	27,458	20,004	176.22	(27.15)
Deferred Charges	1,746	-	-	-	-	-	-	-
Total	195,846	272,887	176,122	248,276	596,004	174,623	(29.67)	(70.70)

c. Cash Flows.

Statements of Cash Flows [In Million Rupiah]								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Cash Flows from Operation Activities								
Net Cash Provided by (Used in) Operating Activities	216,420	339,416	378,642	632,880	471,496	505,839	(20.07)	7.28
Cash Flows from Investing Activities								
Net Cash Provided by (Used in) Investing Activities	(144,532)	(270,307)	(210,656)	(199,177)	(744,672)	(208,727)	4.79	(71.97)



Statements of Cash Flows [In Million Rupiah]

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Cash Flows Provided by Financing Activities								
Net Cash Provided by (Used in) Financing Activities	72,701	(135,394)	(57,460)	(113,938)	(82,890)	(228,987)	100.98	176.26
Increase (Decrease) of Net Cash	144,589	(66,285)	110,527	319,765	(356,065)	68,125	(78.70)	(119.13)
Effect of Foreign Exchange Translation on Cash and Cash Equivalent	(15,256)	(5,972)	16,100	72,988	-	12,341	(83.09)	-
Cash and Cash Equivalent at Beginning of Year	314,794	444,127	371,871	498,498	704,780	891,251	78.79	26.46
Cash and Cash Equivalent at End of Year	444,127	371,870	498,498	891,251	348,714	971,717	9.03	178.66

B. TOTAL ASSETS

Assets [In Million Rupiah]

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Current Assets	856,606	814,712	1,033,864	1,542,901	1,242,132	1,824,639	18.26	46.90
Non Current Assets	714,363	918,792	1,011,824	1,160,169	1,702,442	1,219,141	5.08	(28.39)
Total Assets	1,570,969	1,733,504	2,045,688	2,703,070	2,944,574	3,043,780	12.60	3.37

C. TOTAL LIABILITIES

Liabilities [In Million Rupiah]

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Short Term Liabilities	252,982	220,879	197,714	389,637	334,723	339,668	(12.82)	1.48
Long Term Liabilities	107,912	34,525	41,441	48,371	55,258	87,586	81.07	58.50
Total Liabilities	360,894	255,404	239,155	438,008	389,980	427,254	(2.46)	9.56

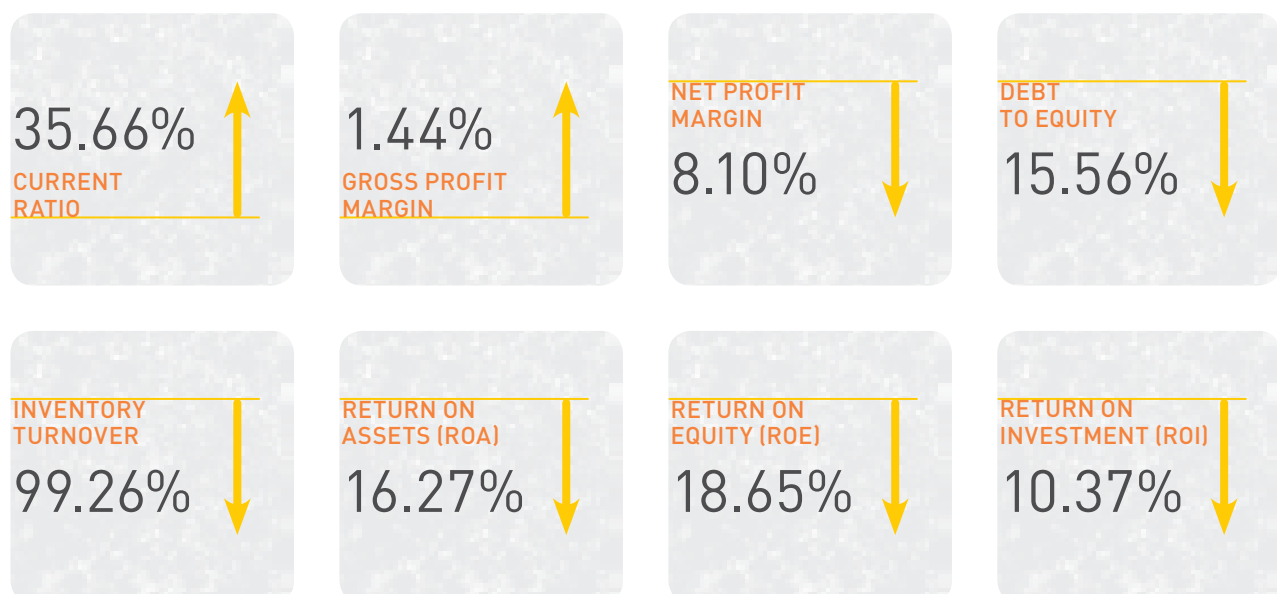
D. TOTAL EQUITY

Equity [In Million Rupiah]

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Share Capital	450,000	450,000	750,000	750,000	1,250,000	1,250,000	66.67	0.00
Donated Capital	-	-	-	-	-	-	-	-
Unrealized gain (loss) on the ownership of securities available for sale (2010 – RKAP)	-	-	-	-	-	377	-	-
Retained Earnings (Loss)								
- Appropriated	490,635	701,913	670,641	941,919	801,478	786,075	(16.55)	(1.92)
- Un-appropriated	269,441	326,187	385,892	573,143	503,115	580,074	1.21	15.30
Total Equity	1,210,076	1,478,100	1,806,533	2,265,062	2,554,593	2,616,526	15.52	2.42
Total Liabilities and Equity	1,570,969	1,733,504	2,045,688	2,703,070	2,944,574	3,043,780	12.60	3.37

3. FINANCIAL RATIOS

Financial Ratios	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Liquidity								
Cash Ratio	176%	168%	252.13%	228.74%	104.18%	286.08%	25.07	174.60
Current Ratio	339%	369%	522.91%	395.98%	371.09%	537.18%	35.66	44.76
Rentabilitas								
Gross Profit Margin	58.52%	59.44%	59.38%	60.96%	62.06%	61.84%	1.44	(0.35)
Operating Margin	28.59%	29.11%	34.03%	36.93%	35.95%	35.43%	(4.06)	(1.45)
Net Profit Margin	20.72%	22.76%	26.84%	30.88%	25.85%	28.38%	(8.10)	9.79
Return on Equity (ROE)	30.00%	34.70%	29.36%	37.81%	30.51%	30.76%	(18.65)	0.82
Return on Investment (ROI)	28.34%	33.53%	31.22%	34.81%	32.33%	31.20%	(10.37)	(3.50)
Return on Assets (ROA)	18.36%	18.47%	20.42%	24.11%	17.70%	20.19%	(16.27)	14.06
Solvability								
Debt to Equity	29.87%	17.65%	13.24%	19.34%	15.27%	16.33%	(15.56)	6.94
Turnover (Times)								
Inventory Turnover	3.19	3.15	3.59	3.95	3.01%	2.94%	(99.26)	(2.33)
Receivable Turnover	7.93	8.93	7.8	7.29	10.25%	7.54%	(98.97)	(26.44)
Growth								
Sales	102.31%	109.79%	108.20%	128.94%	116.65%	110.27%	(14.48)	(5.47)
Operating Income	101.49%	111.77%	126.51%	139.92%	121.48%	105.78%	(24.40)	(12.92)
Net Income before Tax	106.62%	120.49%	127.79%	149.41%	119.77%	99.29%	(33.55)	(17.10)





4. SHARE PERFORMANCE AND SHARELISTING CHRONOLOGY

SHARE OWNERSHIP COMPOSITION

As on December 31, 2014, Bio Farma is not a publicly listed company so the public, the Board of Directors, or the Board of Commissioners of Bio Farma do not have the shares of Bio Farma. The Company is entirely or 100% owned by the Government of the Republic of Indonesia.

SHARE PERFORMANCE

As on December 31, 2014, Bio Farma is not a publicly listed state-owned enterprise, which means it has not listed its shares on the Indonesia Stock Exchange. Therefore, there was no pertinent information regarding total number of shares outstanding, market capitalization, highest, lowest, and closing prices of the traded shares, or the transaction volume of shares.

SHARELISTING CHRONOLOGY

As on December 31, 2014, Bio Farma is not a publicly listed state-owned enterprise, which means it has not listed its shares on the Indonesia Stock Exchange. Therefore, there was no pertinent information regarding sharelisting chronology, corporate actions, changes in the number of shares, or the exchange on which the Company's shares are listed.

5. SUMMARY OF BONDS/SUKUK/ CONVERTIBLE BONDS AND THE LISTING CHRONOLOGY OF OTHER SECURITIES

SUMMARY OF BONDS/SUKUK/CONVERTIBLE BONDS

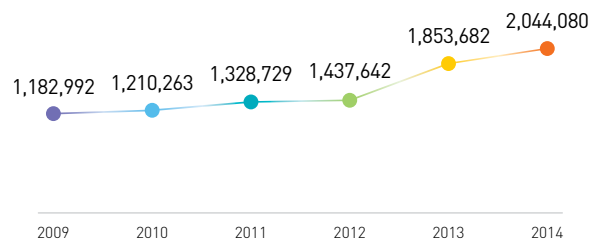
Bio Farma has never issued any bonds/sukuk/convertible bonds, and therefore it has no pertinent information regarding the amount of bonds/sukuk/convertible bonds outstanding, interest rate, maturity date of such securities, or the rating of such securities.

LISTING CHRONOLOGY OF OTHER SECURITIES

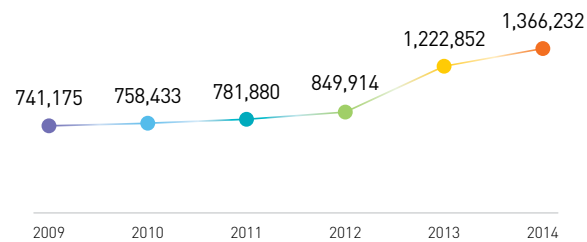
Bio Farma has not issued securities in any form, and therefore it has no pertinent information regarding the listing chronology of securities, corporate actions, changes in the number of securities, the exchange on which the securities are listed, or the rating of such securities.



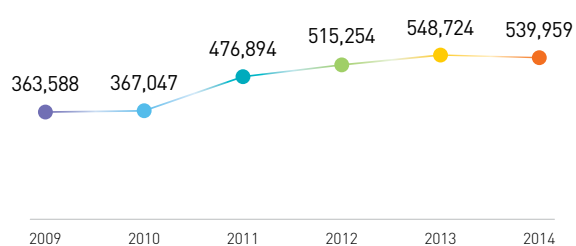
Net Sales [in million Rp]



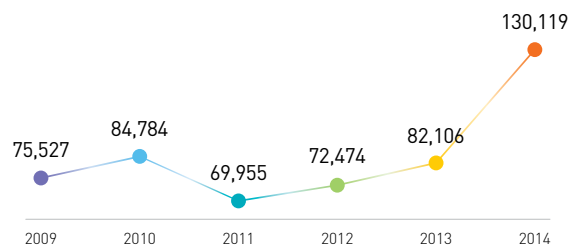
Export Sales [in million Rp]



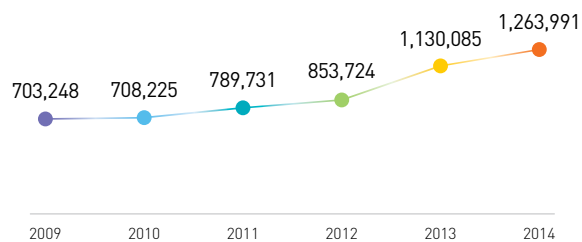
Sales - Government [in million Rp]



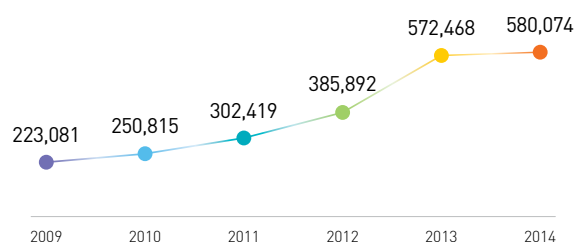
Sales-Private [in million Rp]



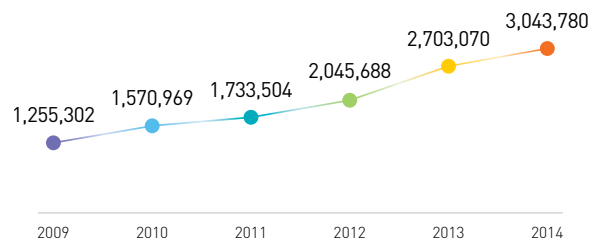
Gross Profit [in million Rp]



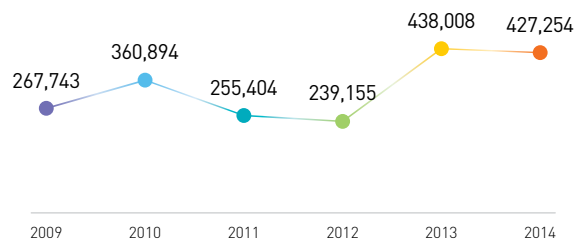
Net Income [in million Rp]



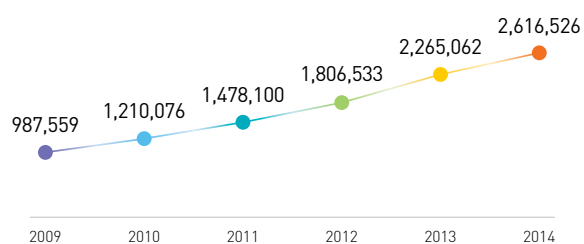
Asset [in million Rp]



Liabilities [in million Rp]



Equity [in million Rp]





REPORT FROM THE BOARD OF COMMISSIONERS



Bio Farma has aspired to be a world class life-science company with global competitiveness. This is a challenge as well as an opportunity for Bio Farma, to always create innovations and develop products in order to be recognized by its peers in the biotechnology industry.

Ahmad M. Ramli
PRESIDENT COMMISSIONER

Bio Farma continuously conducts research in collaboration with local and international universities and research institutions to create innovative new products, as well as improve product quality and functions, in accordance with the Company's philosophy, that is "Dedicated to improve the quality of life". In 2014, Bio Farma carried out initiatives such as implementing the Innovation Management Policy, receiving an award as an area of work with innovative culture, and has registered several innovations to be patented by the Directorate General of Intellectual Property Rights, the Ministry of Law and Human Rights, the Republic of Indonesia. We hope that by receiving this award Bio Farma will have an established role in participating and improving the acceleration of drug innovation, especially vaccines for national self-sufficiency.

Dear Stakeholders,

With praises to the God Almighty, allow us the Board of Commissioners present the 2014 Annual Report to shareholders of Bio Farma, in order to inform you with the latest developments and management of Bio Farma for the year ending 31 December 2014. In general, the global economic growth showed an improvement compared to in 2013, even though the growth was not as rapid as predicted. The United States economy, deemed as the locomotive of global economic growth, was not followed with a similar pace by the European region. In fact,

Japan's economy tended to be stagnant, and China's too, slowed down, leading to a structural deceleration. IMF corrected its estimate for global economic growth from originally 3.7% to 3.4%. Naturally Indonesia was affected by this slowing down of the global economic growth. Indonesia's growth, predicted to be at 5.6%, only grew by 5.1%.

However, the human vaccine industry is a unique industry. This industry is not directly affected by the global economic crisis. This shows that vaccine is still a primary need for humans in the aspect of health, that is to prevent the spread of diseases caused by viruses/bacteria.



PERFORMANCE ASSESSMENT THE BOARD OF DIRECTORS REGARDING CORPORATE MANAGEMENT AND THE BASIS OF THE ASSESSMENT

The Board of Commissioners congratulates the Board of Directors and all employees for Bio Farma's achievement of various awards in 2014, including the First Prize for Keterbukaan Informasi Publik (KIP) or Public Information Disclosure, and also as one of the first companies to implement KIP. Furthermore, Bio Farma has also achieved international awards, namely the Star Quality Award from the BID Conventions in Geneva, Switzerland, Green CSR from an international institution in Germany, the Primaniyarta award from the Ministry of Trade of the Republic of Indonesia, and the PROPER Gold Award from the Ministry of Environment and Forestry of the Republic of Indonesia, and other prestigious awards. In terms of product absorption, in 2014 Bio Farma's latest product, Pentabio, a vaccine to prevent Diphtheria, Tetanus, Pertussis, Hepatitis B, and Haemophylus Influenza Type B (DTP-HB-Hib) now has been used in 33 provinces in Indonesia, while previously in 2012-2013, Pentabio was only used in 4 provinces.

The Board of Commissioners appreciates the Board of Directors and all employees of Bio Farma that have succeeded in increasing the Company's revenue by 9.46% from Rp2.04 trillion, from 2013 revenue of Rp1.85 trillion. The revenue recorded in 2014 was also higher than the target planned in the 2014 RKAP, namely Rp82.3 billion, or up by 4.26%. The increase in revenue in 2014 significantly contributed to the Net Profit in 2014, namely Rp580.07 billion or 1.33% rise compared to the 2013 Net Profit of Rp572.47 billion. And compared to the 2014 RKAP there was an increase in Profit by 15.3%.

We believe that we were able to achieve this by implementing professional management principles, complying with good corporate governance principles, and topped with hard work, exceptional performance, and a solid synergy carried out by the Board of Directors and all employees of Bio Farma in 2014.

VIEW OF THE COMPANY'S BUSINESS PROSPECTS DRAWN UP BY THE BOARD OF DIRECTORS AND THE BASIS OF THE REASONING

The vaccine industry is one of the industries with a unique characteristic. It is highly regulated and involves rapid changes. Every company in this industry is expected to adapt with the latest updates issued by the WHO to comply with the Current Good Manufacturing Practices (cGMP) standards. Not many companies can survive in the rapidly changing environment of vaccine standardization, as Bio Farma has. Since 1997, Bio Farma has been the one and only vaccine company in ASEAN that consistently maintains its Pre-Qualification World Health Organization (PQ-WHO). This fact demonstrates the commitment and full intent of the Company in delivering and providing quality products

After our Oral Polio Vaccine 10 doses (OPV 10ds), Diphtheria Tetanus Pertussis (DTP), Diphtheria Tetanus (DT), Tetanus Toxoid (TT), Tetanus Toxoid Uniject casing (TT Uniject), Hep-B Uniject, DTP - Hep, measles, Monovalent Oral Polio Vaccine type 1 (mOPV 1), Bivalent Oral Polio Vaccine Type 1 and type 3 (bOPV), and Tetanus Diphtheria (Td) products have maintained their PQ WHO since 1997, in the end of 2014, our Pentabio Vaccine was certified by WHO for export. We are expecting as many as 500.000 doses of Pentabio vaccine to be purchased by UNICEF in early 2015. Other countries have also expressed interest in purchasing the Pentabio vaccine. The Board of Commissioners encourages the Board of Directors and Employees of Bio Farma to prepare themselves well to fulfill the immediate demands for Pentabio vaccine from various countries.

Vaccines for humans are still the main priority to prevent the spread of diseases caused by virus/bacteria, especially those hosted by animals (zoonosis). For a developing country such as Indonesia, the usage of vaccines to prevent diseases caused by virus/bacteria is still greatly needed. Moreover, in 2014, there was an outbreak of the Ebola virus in Africa which eventually spread to the Americas and Europe. Eventhough Asia is not an endemic area of this disease, the prospect of this virus to spread to Asia, especially Southeast Asia,



1 Ahmad M. Ramli
PRESIDENT COMMISSIONER

2 Herman L. Djuni
COMMISSIONER

3 Nizar Yamanie
COMMISSIONER

4 Ihsan Setiadi Latief
COMMISSIONER

5 Heridadi
COMMISSIONER

6 Paruli Lubis
COMMISSIONER

should make us cautious at all times. Therefore the Board of Commissioners is expecting that Bio Farma, in particular the Board of Directors, continuously maintain a good relationship with local and international institutions that are registered in the Forum Riset Vaksin Nasional (FRVN) or the National Vaccine Research Forum and other international forums, such as the World Health Organization (WHO), Developing Countries Vaccine Manufacturer Network (DCVMN), Organization Islamic Cooperation (OIC), and Global Alliances Vaccine Immunization (GAVI), so that Bio Farma may accelerate its invention of new products required by the public. Besides maintaining good relationship with other institutions, the Board of Commissioners expects Bio Farma to maintain an intensive communication between each of its business units to realize the work plans within an appropriate system framework.

Competition in the vaccine industry has become more intensive and tough, as shown by the emergence of new biotechnology and pharmacy players in the industry. Vaccines are considered highly profitable as there are no generic products available yet, in contrast to pharmaceutical drugs that after their patent expires will have their generic version made. The vaccine market will be populated with more than 200-250 producers that are operating globally, developing more than 600 types of vaccine. Players in Asia such as in India and China will also develop rapidly. Due to that, Bio Farma will face competition not only in the global market, but also in the domestic and regional markets ASEAN by the year 2015.



“The Board of Commissioners is expecting that Bio Farma, in particular the Board of Directors, continuously maintain a good relationship with local and international institutions that are registered in the Forum Riset Vaksin Nasional (FRVN) or the National Vaccine Research Forum and other international forums, such as the World Health Organization (WHO), Developing Countries Vaccine Manufacturer Network (DCVMN), Organization Islamic Conference (OIC), and Global Alliances Vaccine Immunization (GAVI), so that Bio Farma may accelerate its invention of new products required by the public.”



In order to achieve the performance targets in 2015, the Board of Commissioners hopes that the principle of placing the right man in the right place at the right time continues to be upheld by the Company. This will make it easier to evaluate employees in their respective positions as we strive to achieve our goals.

We consider this very important, because amidst the tight competition in the vaccine industry, the Board of Commissioners would like to emphasize on Human Capital as one of the most important factors in business, apart from Method, Machine, Capital, and Material. Bio Farma employs people with specialized competencies in biotechnology that are the best talents in the country. We remain optimistic that we are set to be a world class life science company.

GOOD CORPORATE GOVERNANCE

The Board of Commissioners expects that all decisions made by the Board of Directors and all employees of Bio Farma be grounded upon Good Corporate Governance (GCG) principles, namely: Transparency, Accountability, Responsibility, Independence, and Fairness, to allow for accurate risk analysis and evaluation mechanism, thus reducing operational risks of business.

PERFORMANCE ASSESSMENT OF THE COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In supporting the Board of Commissioners in the exercise of duties, that is to advise, control, and approve matters, in line with its authorities and responsibilities, the Board of Commissioners is assisted by a number of committees, namely the Audit Committee, whose function is as a supervisor on financial issues and the implementation of GCG principles; the Risk Committee that is responsible for assuring that risk management principles are implemented properly and that the management has implemented an adequate system in the processes of employee selection, recruitment, and succession, and the Nomination Committee, whose task is to prepare candidates for the Board of Directors from within the Company.

The Remuneration and Nomination Committee of PT Bio Farma (Persero) was changed into the Audit and Remuneration Committee and the Risk & Nomination Committee. In 2014 these committees conducted their functions and advised the Board of Commissioners regarding the Board of Directors' reports, especially Financial Reports, Management Reports, Community Development Programs and partnership programs, Internal Audit Reports, analyzed the independence and objectivity of external audit, analyzed the effectiveness of internal control, as well as reviewed the Company's compliance with the laws and regulations. In carrying out their functions, these committees conducted intensive meetings with the relevant Directors, the internal audit unit and the Compliance and Risk Management (CRM) Division. Recommendations brought by the committees have greatly assisted the Board of Commissioners in supervising the policies and management course of the Company, and in providing a comprehensive view and input on the performance of the Board of Directors to the GMS.

The Risk & Nomination Committee carried out their duties according to their work plans, including recognizing and monitoring risk potentials and advising improvements through the review of the Enterprise Risk Management (ERM) implementation within the Company. Using the advice from the committee, the Board of Commissioners was able to evaluate the effectiveness of control activities in all work units and business units, based on the regulations and the thorough implementation of risk management.

CHANGES IN COMPOSITION OF THE BOARD OF COMMISSIONERS AND THE REASON FOR THE CHANGE

In early 2014, the President Commissioner of PT Bio Farma (Persero), Sam Soeharto, passed away. On behalf of the Board of Commissioners and the Board of Directors we would like to posthumously commend his hard work and ideas while serving as President Commissioner. On 23 January 2014, Bio Farma appointed myself, Ahmad M. Ramli, as President Commissioner, who was previously serving as Commissioner of Bio Farma. In order to complete the composition of the Board of Commissioners, Heridadi was appointed as a Commissioner also on 23 January 2014, in accordance with the SK-17/MBU/2014.

APPRECIATION

Last but not least, the Board of Commissioners extends appreciation for the continuous support and trust from the shareholders and stakeholders, we extend our sincere gratitude to the Board of Directors, the management and all employees that have displayed their hard work and dedication.

A change of vision and mission that was carried out in 2014 should be a reference point for all of us to step into becoming a life science industry, while preventing us from stepping out from the Company's philosophy: Dedicated to improve quality of life.

We hope that God Almighty will always lead our path and shield us, keep ourselves united and set us on a propitious path towards realizing Bio Farma's Work Plan for 2015.

On Behalf of the Board of Commissioners



Ahmad M. Ramli
PRESIDENT COMMISSIONER



REPORT FROM THE BOARD OF DIRECTORS



We give praise to God Almighty that Bio Farma managed to top off 2014 with an outstanding achievement. Various accomplishments, awards and global trust were gained through the hard work of all employees of Bio Farma.

Iskandar
PRESIDENT DIRECTOR

The 2014 Proper Gold is one of the highest achievement received through the shared value Biotech for Community that has been applied by our partners thanks to successful community development programs. Bio Farma's most recent product, Pentabio (DTP, Hepatitis B, Hib) received the Pre-Qualification World Health Organization (PQ-WHO) certification at the end of 2014, increasing the number of Bio Farma's products that have received PQ-WHO certification to 12 products. The year 2014 was also a year of achievements for Bio Farma, with the continuing trust by various international institutes to become the leader of the Developing Countries Vaccine Manufacturer Network (DCVMN) and given the confidence for technology transfer to allow for vaccine manufacturers' self-sufficiency in Islamic countries.

Dear Shareholders,

We are thankful to God Almighty because His blessings allowed Bio Farma to get through 2014 successfully with outstanding achievements in all business aspects. Furthermore, let us present the performance report of PT Bio Farma (Persero) for the year ended 31 December 2014.

MACRO ECONOMIC CONDITIONS

Throughout 2014, the global economic situation was similar to the one in 2013. The United States was still leading in economic terms compared to other countries, even though its growth was not as high as had been predicted. China was one of the countries recording remarkable growth, while Brazil, Mexico, Russia, African nations and other developing countries continued to grow and contributed positively to the global economic growth. This condition shows that global economy is recovering but not yet in its optimal state. Indonesia was also affected by this. Indonesia's economic growth was predicted to be 5.8%, yet in reality the growth was recorded at 5.1%. This condition had been predicted by the World Bank and the International Monetary Fund (IMF), and the government took strategic measures by

diverting energy subsidies to develop infrastructure in order to Indonesia's economy to grow as impressively as it had been in the previous years.

COMPANY PERFORMANCE ANALYSIS

STRATEGIC POLICY, COMPARISON BETWEEN THE OUTCOMES WITH THE TARGET

We are thankful to God Almighty that Bio Farma ended 2014 with a satisfactory tone. Bio Farma's hard work has created a positive impact in the gaining of various awards and achievements. Virtues that we passed along to the public also have brought positive results. From the business point of view, the growth trend of Bio Farma shows a significant rise in 2010-2014, even though in that period Indonesia's economic, as well as global economic, remained volatile.



Our Operating Revenue graph for 2013-2014 shows an increase of 10.27% from Rp. trillion in 2013 to Rp2.04 trillion in 2014. Compared to the 2014 RKAP (Work Plan and Budget), there was a growth of Rp98.04 trillion or around 5%.

The largest contribution was still from the export sector, namely 66.84% of the total 2014 revenue, or Rp1.37 trillion. This signifies an increase of 11.73% from 2013 revenue. When compared to the target set in the 2014 RKAP, the actual figure exceeded the target by 18.76%. The increase in export sales was triggered by increase in sales of products such as tOPV 20ds, Td 10ds, bOPV 20ds, BioTT 1ds, Pertussis bulk, Tetanus bulk and Diphtheria bulk.

There was an increase in sales to the private sector in 2014 by 58.48% from 2013 figure, thus actual realized figure was Rp130.12 billion, compared to Rp82.11 billion in 2013.

Meanwhile, in the domestic Government sector, sales in 2014 changed due to the decrease in vaccine demand from the Government. Sales to this sector in 2014 reached 83.24% of the budget or Rp547.73 billion, while in 2013 the figure was Rp548.71 billion.

The increase in the Company's revenue in 2014 positively affected the Net Profit recorded by Bio Farma. In 2014, Net Profit recorded by Bio Farma was Rp580.07 billion, up 1.33% from 2013 Net Profit of Rp572.47 billion.

In this occasion we would like to extend our greatest appreciation to the rise in sales to the domestic private sector, which contributed to the 58,48% increase in total sales compared to 2013. The Board of Directors believes that although the domestic private sector is a captive market, in order to maintain and strengthen the government as Bio Farma's partner, Bio Farma shall continue to support the national vaccination program while not reducing the sales target for the foreign market.

Biofarma's achievements are due to the hard work of all employees, who have worked in an integrated business system, with strategic policies. Our product development is already on the right track, as Bio Farma is entrusted to produce new vaccines, such as for pneumococcus, typhoid conjugate, and other vaccines that are still in the research stage.

11.73% INCREASE IN EXPORT SALES

HUMAN RESOURCES

Some important initiatives that we have carried out in developing our human capital are employee mapping based on competence and Human Resources management by implementing the talent management strategy, which covers talent need and talent selection to obtain employees with an excellent competence in biotechnology. To maintain human resources competence development in biotechnology and biopharmaceutical industry, one of the ways we do is assigning employees to continue their postgraduate studies either domestically or abroad, and assigning them to conduct research with international institutions. This is because build a life-science industry specializing in biotechnology requires a strong human capital.

In accordance with our Human Capital Development Management Roadmap 2012-2017 towards the life science industry, in 2014 our efforts were focused on reinforcing the human capital management system and infrastructure based on information technology, namely the Human Capital Management System (HCMS). This system contains modules such as performance management, reward management, talent management, and knowledge management. With the knowledge management module, the learning and sharing of knowledge in Bio Farma environment can be done continuously without being limited by time and physical place. We expect that the culture of learning and sharing of knowledge in Bio Farma continues to thrive.

Every year, Bio Farma assigns its employees to participate in various competence development programs within and outside of the country. The programs may either be related to core business, i.e. biotechnology, or other specialities that supports the Company's business processes.



1 Iskandar
PRESIDNET DIRECTOR

2 Andjang Kusumah
HUMAN RESOURCES DIRECTORS

3 Mahendra Suhardono
MARKETING DIRECTOR

4 Pramusti Indrascaryo
FINANCE DIRECTOR

5 Juliman
PRODUCTION DIRECTOR

6 Sugeng Raharso
PLANNING & DEVELOPMENT DIRECTOR

ISSUES FACED BY THE COMPANY

Achieving progress in 2014 was not a walk in the park for us. There were several external as well as internal issues that we had to face. The main issue was the fact that our research activities—carried out by university research teams and research institutions—had not been integrated, which resulted in the delay in publishing our research results to the public.

In addressing this issue, Bio Farma welcomed the establishment of the Forum Peneliti Pemuda Indonesia (ForMind) or the Indonesian Young Researchers Forum in Bandung on 28 October 2014. ForMind is a community

of researchers from various disciplines that is formed to gather thoughts and engender discussions in collaborative manner across disciplines. Through this forum, Bio Farma as a knowledge based life science industry may obtain a qualified intellectual asset which it requires.

Bio Farma shall be able to grow with the strong support of Research & Development, and in order to minimize research delay issues, we shall ensure that the synchronization of researchers' goals with the needs of the industry takes place, so that the government's aim, namely to be self sufficient and sovereign, can be realized.



ANALYSIS OF PROSPECTS

Bio Farma is now more confident in entering the new phase of its life as a world class life science industry with global competitiveness to upgrade the quality of life of mankind, in accordance with its vision, mission and philosophy that is currently aligned with the development of biotechnology and pharmacy. In the last few years, chemistry based medical innovations will soon be replaced by life science. To put it simply, the life science industry is "science of life for nature's creature", that is science about and for humans (biology, medicine, anthropology, ecology) that in majority are based on nature. Biotechnology, Biomedical, and Neurobiology.

We have formulated various plans and developments as we go into this life science industry, one of which is to build a life science centre in Jasinga, Bogor. Jasinga will be used not only in the interest of mankind, but also for the conservation of animals and plants. The construction of Bio Farma's facility in Jasinga is aimed at making it the biggest vaccine and pharmaceutical drugs testing center in all of South East Asia. We are also planning to implement the Rain Water Harvesting technology to prevent water shortage. Using this technology, rain water will be collected and subsequently retained for use in the dry season. This demonstrates that we want our operations to remain environmentally friendly.

In 27 March 2014, at the Conference Hall of the World Health Organization, South-East Asia Regional Office in New Delhi, India, Indonesia received the Polio-Free Certificate. There is no doubt about Bio Farma's ability to provide Oral Polio Vaccine (OPV). Bio Farma has been able to supply 60% of all polio vaccines in the world. However, it is predicted that by 2018 polio will be eradicated, and therefore Bio Farma has anticipated this situation by providing new vaccines required by public.



**10.27% INCREASE IN
SALES IN 2014**

Bio Farma has constantly received offers to conduct research from the world's notable research institutes to develop new vaccines. The trust given by these research institutions shows that Bio Farma has a great potential in terms of infrastructure and competent human capital, and also a potential for acceleration in producing new vaccines. Currently we are developing Rotavirus, Pneumococcus, and Typhoid Conjugate vaccine. Pneumococcus will be a revolutionary vaccine in the world to be launched, while for Typhoid Conjugate vaccine, provided that it is launched with the right timing, Bio Farma shall be the second producer of this vaccine.

In the upcoming years, Bio Farma will not only have to deal with WHO for international standardization. Bio Farma will also need to obtain industry standardizations from the United Nations Industrial Development Organization (UNIDO). It is an organization within the United Nations whose function is to promote and accelerate industrial development in developing countries and in countries in economic transition, and to promote international industrial cooperation.

The UNIDO has required Bio Farma to create shared values based on its core competence in technology to the public that are the eventual stakeholders of Bio Farma.

NATIONAL VACCINE RESEARCH FORUM

The Fourth Forum Riset Vaksin Nasional (FRVN) or the National Vaccine Research Forum was held on 19-20 August 2014 in Jakarta. This forum was formed in 2011 and mainly consists of researchers in the fields of biotechnology and vaccine. The main purpose of FRVN is to allow for self sufficiency and acceleration, so that it will take less than 15-20 years, which is normal for vaccine development, to introduce a new vaccine to the public. In addition, we will support the creation of new vaccines that are needed by the public, especially in Indonesia, through self-sufficient cooperation with self sufficient vaccine research by maintaining synergy with academics, the government, and the industry and community.

The Fourth FRVN's theme, i.e. "Implementing Vaccine Research Result for National Vaccine Self Sufficiency" was expected to capture the implementation of research results from each previously established consortium, and to disseminate product regulation in order for vaccine development and research in Indonesia to be adequately regulated and to have a better strategy for implementation. The substantial results from this FRVN was the formation of consortia and working groups. There are currently five consortia, two of which have shown a significant progress and in the near future will be launching the Hepatitis B and Erythropoietin (EPO). There are five consortia that cover Hepatitis B, New-TB, Dengue, HIV, Erythropoietin (EPO) or Bio Similar vaccines, and seven working groups that cover Influenza, Malaria, Rotavirus, Stem Cell, Pneumococcus And Delivery System, Human Papilloma Virus (HPV), and Policy.

The existence of FVRN is expected to help Indonesia achieve the targets of MDGs (Millennium Development Goals), namely the control of infectious diseases, such as HIV/AIDS, TB (Tuberculosis) and Malaria, all of which are included on the list of diseases that can be prevented by vaccination (PD3I). In addition, FRVN also provides the opportunity for researchers to upgrade their research capacity in order for their basic vaccine products to be useful for and aligned to public needs and the epidemiologic characteristic of the diseases.

STRATEGY & INITIATIVES

The advanced biotechnology industry create products that are considered "low volume high value", two of whose indicators are quantity and number of patents. In this context, seen from the product spread coverage standpoint, Bio Farma's market share in the global market is around 0.5-0.6%. Based on the Global Mapping issued by a multinational vaccine manufacturer, Bio Farma's international scope is in the medium level going towards global. However, in terms of product portfolio, Bio Farma already enjoys global recognition as it offers a complete range of products.

On the other hand, multinational vaccine manufacturers consider the Indonesian and ASEAN markets as a hugely potential market. This is one of the biggest challenges currently faced by Bio Farma. Bio Farma has to upgrade its marketing strategies especially to win a larger market share in the domestic non-governmental, or private, sector. Within the ASEAN community, Bio Farma has taken strategic steps by establishing the center of excellence in the vaccine industry by forging a synergy in ASEAN countries that are stepping into the pharmacy industry by engaging in vaccine technology transfer agreements.

Bio Farma aims to enter the market in Islamic countries. We closely are eyeing the development potential in the Islamic countries in Asia, Africa, and East Europe, whose populations will significantly increase in the next few years, and the market in United Arab Emirates. As one of the top ranking vaccine producer in an Islamic country, Bio Farma is confident to enter these markets. We have begun to approach these markets by joining the Organization of Islamic Cooperation (OIC).

At the Fourth Organization of Islamic Cooperation – Strategic Health Programme of Action (OIC-SHPA) Health Ministry Level Forum held in Jakarta in 2013, followed by subsequent meetings in 2014 in Islamic countries, Indonesia has been entrusted to act as the Head of Hub of Vaccine Technology for OIC countries. Indonesia supports other OIC members to achieve self-sufficiency in producing qualified and affordable



In 2014, the world was shocked by the ebola virus outbreak in Africa which eventually spread to the Americas and Europe. Even though Asia is not an endemic area of this disease, the prospect of this virus spreading to Asia, especially Southeast Asia, should make us cautious at all times. Currently the world's vaccine manufacturers are teaming up to accelerate the invention of new vaccines in anticipation of the rapid mutation of viruses, which will most likely be faster than the discovery of the vaccines to combat them. Bio Farma continues to play an active role in the international community in ensuring Global Health Security.



vaccine and pharmaceutical products. Bio Farma as a vaccine manufacturer that has passed the WHO pre-qualification is prepared to support OIC members in the supply of raw materials and intermediate products, as well as upgrading their human resources in carrying out downstream or Fill and Finish processes.

With a comprehensive experience on a global forum, such as as the organizer of TCTP (Third Country Training Program), Executive Committee and President of DCVMN (Developing Countries Vaccine Manufacturer Network) and GAVI Alternate Board, Bio Farma is confident to lead the establishment of a center for excellence for biological products to be marketed to Islamic countries.

In maintaining partnerships, our marketing strategy is not only focused on competitiveness, cost and quality. It is more focused on synchronizing the perception on the importance of Global Vaccine Security such as ensuring vaccine production and vaccine cost allocation, estimation of national and global vaccine needs, green industry, GRC (governance, risk management, compliance), and world class CSR (corporate social responsibility).

One of the elements that support our capacity and supply increase strategy is a reliable information technology system to support the business processes of Bio Farma towards becoming a world class company. In order to achieve this, Bio Farma has carried out a number of breakthroughs in information technology. The implementation of Enterprise Resource Planning (ERP) in 2014 is expected to manage all business processes and all support functions in an integrated manner.

The implementation of ERP in Bio Farma's business processes, aside from ensuring the implementation of GMP (Good Manufacturing Practices), also showed our commitment towards running a green industry. We participate in the effort to minimize deforestation and global warming by implementing the touch screen technology to reduce our paper use.

FUTURE PROSPECTS

In the vaccine business, vaccine security is an important issue. In recent years, market conditions have changed due to the difference in the vaccines needed in developed countries and those needed in developing countries. Developed countries require more complex vaccines for a great number of diseases, while developing countries require vaccines that are more basic for the prevention of infectious diseases. Some major producers do not produce basic vaccines. This is why UNICEF has a concern to support the vaccine industry in developing countries so as to increase production capacity, to ensure the availability of vaccines for global vaccination programs especially in less developing countries.

Vaccine security and global vaccination program are two main issues for GAVI Alliance (Global Alliance for Vaccines and Immunizations), a non-profit organization that engages in global health partnerships dedicated to providing "vaccination for all". GAVI Alliance has ample funding to carry out global vaccination programs as it has the support of international donors such as Bill & Melinda Gates Foundation. Currently GAVI Alliance is supporting the funding of Pentavalent vaccination program in Indonesia up to the next three years.

There are still huge market opportunities in the vaccine business. Bio Farma has the opportunity to produce vaccines for infectious diseases as industries in developed countries in general are producing pharmaceutical products and vaccines for non-contagious diseases. The domestic and private sectors will also grow due to the expansion of middle and upper class segments that are willing to spend more for premium health services for their family.

Bio Farma's long term vision is to transform itself as a Life Science Industry by focusing in five strategies, namely Research and Partnership, Investment, Information Technology, Marketing, and Product Supply Chain.



As a player in the Life Science industry, Bio Farma can focus more on biological products that now are increasingly dominating in the health field. Supported by the competence and experience in the fields of biotechnology and vaccines, Bio Farma is confident that it can produce more economical and affordable biological products. The development of biological products will require the interaction of various disciplines with the exploitation of nanotechnology and bio-informatics. Biological products are not only used for medication nowadays, but also for preventing diseases. About 50% of biological products are blood products and their derivatives, while 19% are diagnostic products, 16% are vaccine products, and 15% are monoclonal antibodies. These biological products make up more than 70% of the global pharmacy industry.

The market for biosimilar products will also grow in the near future. A biosimilar product is created by duplicating microorganisms using the recombinant DNA technology. These products are high on demand yet not accessible for all due to their high costs. However, using current technologies whose patents will expire in a few years' time is a solution to this.

GOOD CORPORATE GOVERNANCE IMPLEMENTATION

Bio Farma maintains and uphold the values of integrity and apply the principles of Good Corporate Governance – GCG) as the groundwork for all of its business activities. GCG practices based on the highest standards of ethics are inherent in the attitude, behavior, mindset and work ethic of Bio Farma employees.

In 2014, various policies related to the implementation of GCG were enhanced, disseminated to all, and implemented. A number of Decrees of the Board of Directors and Joint Decrees of the Board of Commissioners and the Board of Directors related to GCG policy in 2014 were on Code of Conduct, Whistle Blowing System (WBS), control of gratification and the Board Manual for the Board of Commissioners and the Board of Directors.

The Company conducts periodic evaluation of its GCG implementation using external assessment and self-assessment in order to achieve its GCG implementation goals. In 2014, GCG self-assessment was conducted by the counterpart team. Aside from conducting the assessment, GCG awareness was enhanced through the of KPKU (Criteria for Performance Excellence) Assessment in November 2014.

Based on KPKU team's evaluation that were carried out in two stages, i.e. on-desk review and site visit, Bio Farma's Criteria for Performance Excellence score was 422.75, higher than what we achieved in the year before, i.e. 315.

An external evaluation was conducted by a Financial and Development Supervisory Board (BPKP) of West Java in March 2013 for the period of 2011–2012. The result of the assessment was a score of 83.416, or equal to the "Good" category. The achievement of every aspect under evaluation in the four assessment periods continued to improve, although the total score obtained in 2013 assessment was slightly lower than the scores for 2009–2010, which was 86.68. This was due to the change in and separation of certain evaluation aspects along with their weighting, compared to the previous year.

RISK MANAGEMENT

Since 2009, the Risk Management System implemented in Bio Farma has been based on COSO Enterprise Risk Management – Integrated Framework. Along with the formulation of Bio Farma's Integrated Management System, Bio Farma also combined and integrated the ISO 31000 (2009) and COSO Enterprise Risk Management – Integrated Framework into its risk management system.

In 2014 there were 7 (seven) corporate risks that were divided into 4 (four) risks from regular activities and 3 (three) project risks. Among these risks are increased competition, global delay in vaccine supply, changes in WHO's regulations and requirements, fluctuation

in foreign exchange rates, delayed investments, unpreparedness of the influenza vaccine, and upgrade of the Information Technology (IT) Integration. After determining the corporate risks and strategic steps to be taken in addressing these risks, the Corporate Risk Management (CRM) Division, which is responsible for corporate risks, will conduct an evaluation and monitoring of risk management activities carried out by every unit. Each Unit Head will be held responsible for each risk and overall mitigation activities that altogether will become the measure of effectiveness of risk management implementation in Bio Farma.

CORPORATE SOCIAL RESPONSIBILITY

Bio Farma carries out its Corporate Social Responsibility (CSR) based on the ISO 26000:2010 standard guidelines for Social Responsibility. Since 1890 when the Company was first established until now in its 124th year, Bio Farma has the skills and experience in developing and managing virus and bacteria, the environment, water, air, cold chain and distribution system. Using these skills we create shared value in order to provide solutions for the public, especially for small industries to align our sustainability to the social, economic and environmental aspects.

Aside from our operational activities, the beyond compliance standard is a reflection of Bio Farma's commitment to achieve environmental excellence at every operational stage. Bio Farma believes that high quality and environmentally friendly products, which are the most important element of the Company, may only be possible through conducive and environmentally friendly production activities. All production efforts can be done comprehensively, from planning, implementing, monitoring, reviewing and continuous improvement with the clean production principle, or eco-efficiency.

The diversity of resources, which includes bio-diversity, geo-diversity and cultural diversity, can be the main driver for innovation from year to year. Biodiversity can be harnessed in such a way that will allow for the

sovereignty and welfare of mankind and sustainability for future generations. This will be the overarching objective of our Corporate Social Responsibility activities.

Community development programs are conducted to foster the self-sufficiency of the communities. Least developed villages are brought up to be self-sufficient by exploring their potential resources, creating business opportunities for SMEs, and supporting villagers to engage in economically productive activities.

Bio Farma's effort received the appreciation from the Ministry of Environment that took the form of the highest award in the environmental field, namely the GOLD PROPER, which was received in December 2014. The Proper award assessed about 1,980 companies in Indonesia, and Bio Farma was the only pharmaceutical company in Indonesia to achieve the GOLD PROPER.

DEVELOPMENT OF VILLAGES UNDER OUR PATRONAGE

In line with one of Bio Farma's Corporate Social Responsibility (CSR) programs, that is developing the Tamanjaya Village located at the center of the Ciletuh Geopark, Bio Farma in cooperation with several parties are developing this village to turn it into a world class ecotourism village without overlooking the local wisdom. One of the cultural values of this ecopark village is the Pakidulan batik motif that emerged from Taman Jaya village. The creation of this type of batik employs nanotechnology for the coloring agents, making the process environmentally friendly. Pakidulan motifs display the beautiful natural scenery in Ciletuh Geopark, and these motifs have been registered as patents to the Directorate General of Intellectual Property Rights.



In addition, social mapping has been conducted to discover geo-diversity, biodiversity and cultural diversity potentials.

ACCESS TO MEDICINE AND HEALTHCARE

The World Health Organization (WHO) has determined that every country should support each other especially in driving the pharmaceutical industry to play a greater role in increasing public access to medicine and healthcare for those who still require support, in particular in developing countries.

Bio Farma is implementing the Access to Medicine and Healthcare program through its CSR activity. This was brought to reality through educational programs and nutrient rehabilitation programs for toddlers, which include medical check-up, delivery of vitamin supplements, nutrient supplement, supervision of nutrition status and counseling. Bio Farma distributes free vaccines to the public, trains health educators, establishes and empowers village health cadre system, assists malnutrition eradication and has built a Public Health Center in Ujung Genteng, Sukabumi. Bio Farma works with UNICEF in providing free vaccines to relatively inaccessible countries, such as Iran, Tunisia, African countries, Timor Leste, and Tajikistan. In Indonesia, the access to medicine and healthcare program was carried out in remote areas such as Inner Baduy and South Garut.

CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS

In 2014 there were no changes to the composition of the Board of Directors of Bio Farma. It is our hope that the current composition of the Board of Directors, made up of people from various backgrounds, competence and experience, will result in a more excellent performance

with greater contribution to all in the future. We also report that the Board of Directors of Bio Farma is capable for actively participating in national or international interactions.

APPRECIATION

We would like to extend our appreciation to our Stakeholders, the Board of Commissioners, our partners and other stakeholders for their support and trust in Bio Farma. We commend all employees that have shown their dedication and professionalism by working consistently and upholding our corporate values. We are confident that with the support of all parties, in the future Bio Farma will continue to increase its value for shareholders, benefit the public, and fulfill the Company's vision, that is to be a world class company in the life science industry.

On behalf of the Board of Directors,

Iskandar

PRESIDENT DIRECTORS

RESPONSIBILITY STATEMENT FOR ANNUAL REPORT OF 2014

This 2013's Annual Report includes financial statement and other information falls under the full responsibility of all Board of Directors and Board of Commissioners whose signature appears below.

BOARD OF COMMISSIONER



Ahmad M. Ramli
PRESIDENT COMMISSIONER



Herman L. Djuni
COMMISSIONER




Nizar Yamanie
COMMISSIONER



Paruli Lubis
COMMISSIONER



Ihsan Setiadi Latief
COMMISSIONER



Heridadi
COMMISSIONER

BOARD OF DIRECTOR



Iskandar
PRESIDENT DIRECTORS



Andjang Kusumah
HUMAN RESOURCES DIRECTOR



Mahendra Suhardono
MARKETING DIRECTOR



Pramusti Indrascaryo
FINANCE DIRECTOR



Juliman
PRODUCTION DIRECTOR



Sugeng Raharso
PLANNING & DEVELOPMENT
DIRECTOR



COMPANY NAME AND ADDRESS

COMPANY NAME

PT Bio Farma (Persero).

DOMICILE

Bandung.

ESTABLISHMENT

6 Agustus 1890.

ESTABLISHMENT DEED

Decree of the Minister of Justice of the Republic of Indonesia on 5 March 1998 with No. C2-1423hT.01.01. in 1998.

AUTHORIZED CAPITAL

Rp 5 trillion consisting of 5 million shares with a nominal value of Rp 1 million per share.

ISSUED & PAID-UP CAPITAL

Rp 1.25 trillion consisting of 1.25 million shares with a nominal value of Rp 1 million per share.

SHARE OWNERSHIP COMPOSITION

100% owned by the Government of the Republic of Indonesia.

No Subsidiary.

Non Listed.

SCOPE OF BUSINESS

Research, development, production, marketing of biological products, pharmaceutical products and medical devices.

ADDRESS

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Website: www.biofarma.co.id

Facebook: Info Imunisasi

Twitter: @infoimunisasi

@biofarmalD

Blog: www.infoimunisasi.com







BRIEF HISTORY OF THE COMPANY

6 August 1890

Bio Farma was established under the name of "Parc Vaccinogene" on 6 August 1890 based on the Decree of the Governor of the Dutch Indies No. 14 of 1890, in the Weltevreden Military Hospital, Batavia, which now function as the military Hospital (RSPAD) Gatot Soebroto, Jakarta.

1942-1945

During the Japanese occupation, Bio Farma changed its name to "Bandung Boeki Kenkyusho" and was led by Kikuo Kurauchi.

1945-1946

The Indonesian name of "Gedung Cacar and Lembaga Pasteur" was attributed to the Company, which was then led by R.M. Sardjito, the first Indonesian officer who led the Company. Under his leadership, the head office was moved to Klaten.

1895-1901

The Company's name was changed to "Parc Vaccinogene en Instituut Pasteur."

1946-1949

During the Military Aggression, when Bandung was taken over by the Dutch army, the Company changed its name once more to "Landskoepeok Inrichting en Instituut Pasteur."

1902-1941

The Company changed its name again to "Landskoepeok Inrichting en Instituut Pasteur." In 1923, Bio Farma was relocated in Jalan Pasteur No. 28 Bandung, and led by L. Otten.

1950-1954

The Company changed its name again to "Gedung Cacar and Lembaga Pasteur", and was one of the institutions under the auspices of the Ministry of Health of the Republic of Indonesia.

1955-1960

During the nationalization of Dutch companies in Indonesia, the Company later changed its name to "State Company Pasteur". The Company was then more popularly known as PN. Pasteur.

1978-1996

Based on Government Regulation No. 26/1978, the Company changed its name to Bio Farma public company, better known as Perum Bio Farma.

1961-1978

The Company changed its name again to "Bio Farma state company" or better known as PN. Bio Farma.

1997-2011

Bio Farma succeeded in obtaining WHO Prequalification for 12 types of vaccines, marking WHO's approval for entering global market.

1997

Based on Government Regulation No. 1/1997, the Company changed its name from Perum Bio Farma to Perusahaan Perseroan or more familiarly PT Bio Farma (Persero) up to the present time.

2009

Under the new management team, Bio Farma stepped forward as a worldclass vaccine company with global competitiveness.

2008

The launch of a new logo reflected the spirit and optimism towards entry into the world class vaccine industry.

2014

Enhancement of a new Vision, "To be a World Class Lifescience Company with Global Competitiveness".



LINE OF BUSINESS

COMPANY BUSINESS ACTIVITIES

In accordance with the articles of association of the Company, the purpose of the establishment of the Company is to engage in research, development, production and marketing of biological, pharmaceutical, and medical products, and optimization of the Company's resources to create high quality products and services with a strong competitiveness to secure profit in order to improve the Company's value by implementing the principles of a limited liability company.

CURRENTLY ENGAGED LINES OF BUSINESS

The Company is currently engaged in the following lines of business:

1. Research and development of biological and pharmaceutical products, both on its own as well as in collaboration with other parties;
2. Production of biological and pharmaceutical products, both on its own as well as in collaboration with other parties;
3. Marketing, trading and distribution of biological, pharmaceutical, and medical products, including general goods, both domestically and overseas;
4. Medical laboratory services and clinic services;
5. Services related to the businesses described in points a, b, c, and d.

COMPANY PRODUCTS

Our products consist of vaccines and antisera for human, classified as follows:



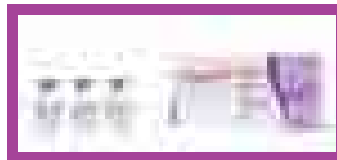
VIRAL VACCINES

1. Oral Polio Vaccine –for poliomyelitis type 1, type 2, and type 3 prevention.
2. Bivalent Oral Poliomyelitis Vaccine – for poliomyelitis type 1 and type 3 prevention.
3. Monovalent Oral Poliomyelitis Tipe 1 Vaccine (mOPV1) – for the prevention of type 1 poliomyelitis disease.
4. Measles Vaccine (Freeze Dried) –for measles prevention.
5. Recombinant Hepatitis B Vaccine –for Hepatitis B prevention.
6. Flubio Vaccine – for seasonal influenza disease prevention.



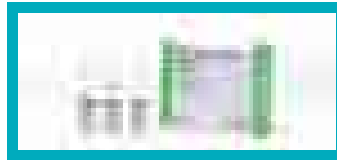
BACTERIAL VACCINES

1. TT Vaccine – for tetanus and Neonatal Tetanus (Tetanus in newborns) prevention.
2. DT Vaccine – for diphtheria and tetanus prevention.
3. DTP Vaccine – for diphtheria, tetanus and pertussis prevention.
4. BCG Vaccine (Freeze Dried) – for tuberculosis prevention.
5. Td Vaccine – for tetanus and diphtheria prevention, for children aged 7 years and over.



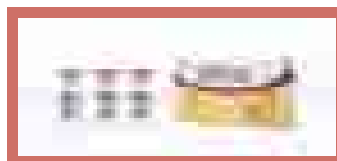
COMBINATION VACCINES

1. DTP-HB Vaccine – for prevention of Diphtheria, Tetanus, Pertussis (whooping cough) and Hepatitis B.
2. Pentabio Vaccine (DTP-HB-Hib) – for Diphtheria, Tetanus, Pertussis, Hepatitis B and Haemophilus influenza type B prevention.



ANTISERA

1. Anti-tetanus Serum – for treatment of tetanus.
2. Anti-diphtheria Serum – for curing diphtheria diseases.
3. Anti-snake Venom Serum – for curing the poisonous snakes bite which contains neurotoxin effects (Naja sputratix/cobra and Bungarus fasciatus/striped snake) and hemotoxin effect (Ankystrodon rhodostoma/ground snake).



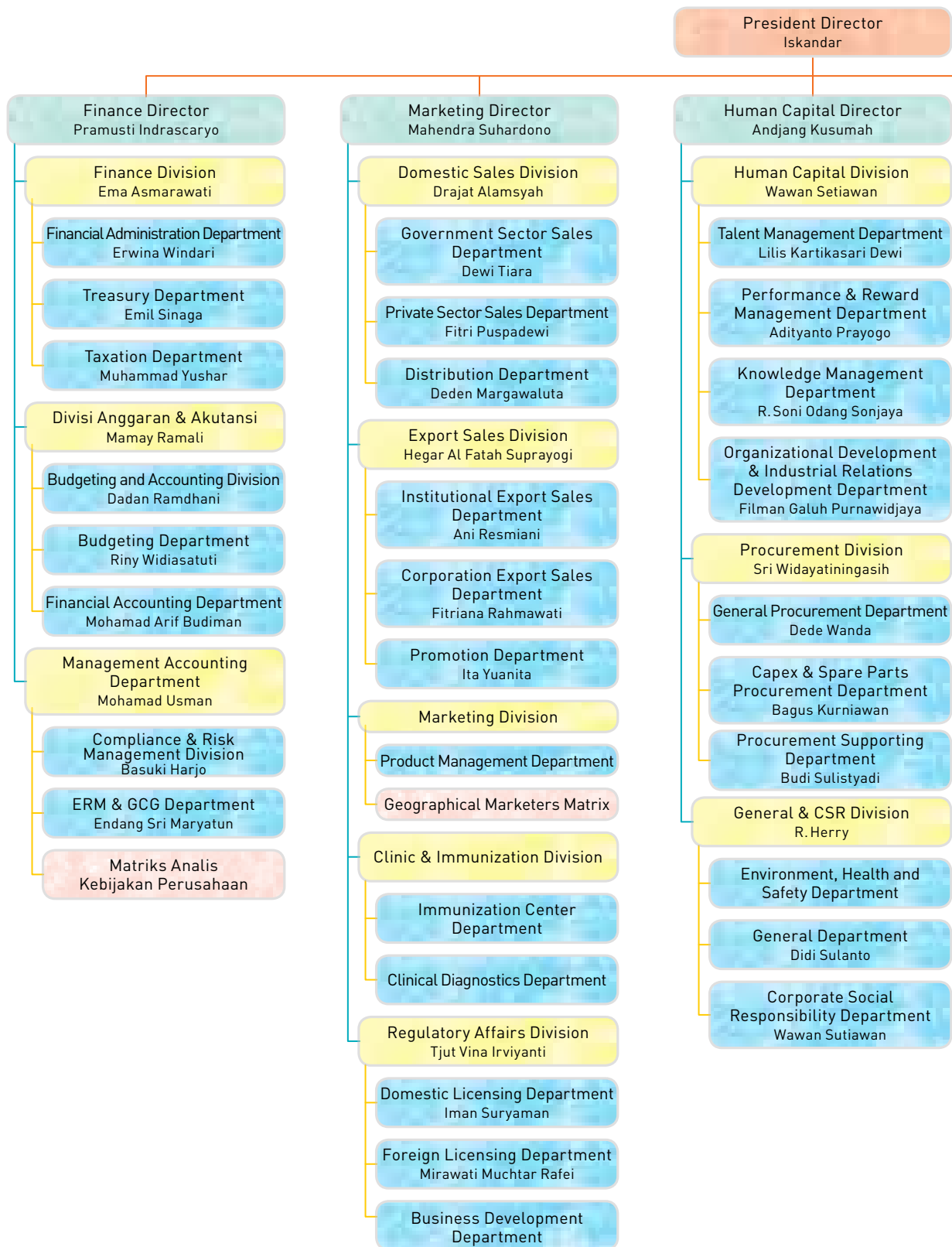
DIAGNOSTICS

PPD RT 23 (Purified Protein Derivative) –for testing an individual's sensitivity against tuberculosis Infection.





ORGANIZATIONAL STRUCTURE



Bio Farma's organizational structure is based on the Decree of the Board of Directors of PT Bio Farma (Persero) No. 02491/DIR/VI/2014 dated 2 June 2014 on PT Bio Farma (Persero)'s Organizational Structure.





PHILOSOPHY, VISION, MISSION

OUR PHILOSOPHY

Dedicated to Improve Quality of Life

OUR VISION

To become a World-Class Life Science Company with Global Competitiveness.

OUR MISSION

Provide and Develop Life Science Products of International Standards to Improve the quality of Life.

DESCRIPTION ON CHANGES TO THE PHILOSOPHY, VISION, MISSION AND VALUES

On 6 March 2014, Bio Farma transformed its Philosophy, Vision, Mission and Values in accordance with the Joint Decision of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014, No. 01103/DIR/III/2014 on Changes to the Joint Decision of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 on the Code of Conduct of PT Bio Farma (Persero) Article I verse 1.5 and 1.6.

The new Philosophy, Vision, Mission and Values have been disseminated by the Company to its employees through:

- Training programs held on 21-25 April 2014 at GH Universal Bandung, with the theme of "Internalization of Corporate Vision, Mission and Values".
- Directors' Induction on 26 May 2014 in Bio Farma's Multi-Purpose Building
- Moderated e-mail on 30 June 2014.



EXPLANATION OF THE COMPANY'S VISION

Bio Farma's Vision is stipulated in the Document MBF-01 revision 12, dated 30 June 2014, that is to be a world-class producer of vaccines and antisera with global competitiveness. This vision emphasizes Bio Farma's role in fulfilling the national and global needs for vaccines, repositioning itself from a vaccine producer to a life science company in the spirit of greater transformation. The world-class status is achieved through innovation in various segments, increasing efficiency in various environmentally-friendly business processes, technological updating, implementation of world-class CSR activities, and enhancement of world-class human capital quality.

EXPLANATION ON THE COMPANY'S MISSION

Bio Farma's Mission in order to make its Vision come to life has been formulated by taking into consideration the Company's primary competencies and the strategic challenges it faces. Bio Farma continuously implements innovations by producing, marketing, and distributing vaccines and antisera with international standards of quality. To maintain its quality, Bio Farma has deployed various integrated systems that have been certified with ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, CPOB, ASEAN GMP, WHO GMP, and followed the global development of cGMP requirements. In running its mission, Bio Farma continues to uphold the principles of GCG. Its presence for 123 years is expected to contribute optimally to all of the Company's stakeholders.



BRIEF PROFILE OF MEMBERS OF THE BOARD OF COMMISSIONERS



AHMAD M. RAMLI
President Commissioner

Born in Bandung, 4 July 1961, Ahmad M. Ramli obtained the Bachelor of Law degree from the Faculty of Law, Padjadjaran University, Bandung in 1985. He obtained the Master of Law degree at the Legal Studies Master's Program and Doctor of International Law from Padjadjaran University in 1999. Began his career as Assistant Lecturer at the Faculty of Law of Padjadjaran University in 1986. Served as Assistant Dean II (1999-2001) and Assistant Dean I (2001-2004). An Intellectual Property Rights and Cyber Law expert, and holds the Certificate on Industrial Property Rights, Japan Institute of Invention and Innovation. He is also a Professor at the Faculty of Law of Padjadjaran University, and has served as Expert Staff for the Minister of Communications and Informatics of the Republic of Indonesia (2004-2007), member of the Arbitration and Alternative Dispute Resolution Law Preparation Team, and member of the Law Review (Law Reform) Team at the Ministry of Justice of the Republic of Indonesia (1998-1999), Chairman of the Interdepartmental Team of Public Information Acquisition Freedom Law, Department of Communications and Informatics, Department of Law and Human Rights (2006), Head of the National Law Encouragement, Department of Law and Human Rights (2007) and member of the Telecommunications Regulation Agency – BRTI (2005-2007). Has been working as Arbiter at the Indonesian National Arbitration Agency (BANI) since 2004, and also as Director General of Intellectual Property Rights at the Ministry of Law and Human Rights of the Republic of Indonesia. Appointed as Commissioner of Bio Farma on 8 October 2007 to 5 November 2012, and then reappointed as Commissioner of Bio Farma on 12 April 2013. As of 31 December 2014 he was 53 years of age.

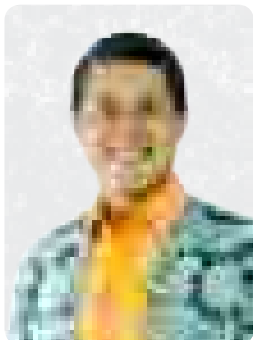
His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. SK-220/MBU/2013 dated 12 April 2013. He has no affiliation with members of the Board of Directors or other members of the Board of Commissioners or the shareholders.



NIZAR YAMANI
Commissioner

Born in Surabaya, 23 December 1952, Nizar Yamani graduated from the Faculty of Medicine of Airlangga University, Surabaya and completed his Consulting Neurospecialist program at the University of Indonesia. Active at Cipto Mangunkusumo Hospital Jakarta, National Brain Hospital Jakarta, and Husada Utama Hospital in Surabaya. Member of the advisory team at the Indonesian Epilepsy Prevention Union (PERPEI) and appointed as Commissioner of Bio Farma on 28 May 2012. As of 31 December 2014 he was 62 years of age.

His legal basis of appointment as Commissioner is the Decision Outside of the GMS No. 204/MBU/2012 dated 28 May 2012 in conjunction with the Decree of the Minister of SOE No. SK-81/MBU/2013 dated 4 February 2013. He has no affiliation with members of the Board of Directors or other members of the Board of Commissioners or the shareholders.

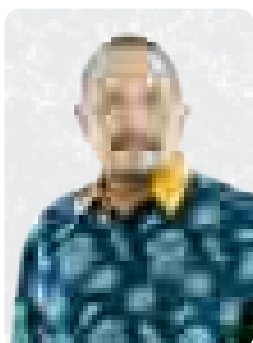


HERMAN L. DJUNI

Commissioner

Born in Brastagi, 7 August 1949, Herman L. Djuni was a retired Army Officer graduating from the Armed Forces Academy of the Republic of Indonesia (Akabri) in 1972. Enrolled on various advanced military courses among others Infantry Special Course (1973), Infantry Officer Advanced Course (1983), School of Staff and Commando of TNI-AD (1991) and School of Staff and Commando of ABRI (1994). Obtained a Bachelor of Industrial Engineering degree from the Jenderal Achmad Yani University, Bandung (2000). Accomplished various military assignments, among others as Commander of the Mechanical Infantry Battalion 203/Arya Kemuning (1972), Tangerang, Adjutant of the Minister of Information of the Republic of Indonesia, Commander of the Infantry Battalion 642/Kapuas in Sintang, West Kalimantan (1987-1989), lecturer of Seskoad (1991), Widya Iswara Lemhanas (2002) and member of the DPR RI from the TNI/POLRI Fraction (2003). Appointed as Commissioner of Bio Farma on 27 June 2011. As of 31 December 2014 he was 65 years of age.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. KEP-153/MBU/2011 dated 27 June 2011. He has no affiliation with members of the Board of Directors or other members of the Board of Commissioners or the shareholders.



PARULI LUBIS

Commissioner

Born in Yogyakarta, 21 January 1953, Paruli Lubis completed his education at the Financial Sciences Institution in Jakarta in 1980. He graduated with the of Business Administration degree from Washington University – Saint Louis, USA (1986). Worked in the scope of the Ministry of Finance of the Republic of Indonesia and had served as Chief of the XXVII Regional Office, Directorate General of Budgeting in Manado (2002), Director of Budget Execution (2004), Director of Treasury System (2008) and Director of Treasury Transformation, Directorate General of Treasury of the Ministry of Finance of the Republic of Indonesia (2009). Appointed as Commissioner of Bio Farma on 5 November 2012. As of 31 December 2014 he was 61 years of age.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. 392/MBU/2012 dated 5 November 2012. He has no affiliation with members of the Board of Directors or other members of the Board of Commissioners or the shareholders.



IHSAN SETIADI LATIEF

Commissioner

Born in Bandung, 14 July 1972, Ihsan Setiadi Latief completed his bachelor's degree at the Ushuluddin Faculty, majoring in Philosophy of Aqidah, IAIN Sunan Gunung Djati Bandung in 1996. He studied at the Social Sciences Master's Program majoring in Communication Sciences at Padjadjaran University in 2004. Has been active since as a student in various organizations, such as ICMI (Indonesian Muslim Academics Association), Perhimpunan Masyarakat Madani, Komunitas Konsultasi Komunikasi (Konklusi) and Persatuan Islam. Worked in various higher learning institutions, such as a teacher at the Sekolah Tinggi Agama Islam Persatuan Islam (STAI Persis), Chairman III of the Sekolah Tinggi Keguruan dan Ilmu Pendidikan Persatuan Islam (STKIP Persis) from 1998 to 2002, and then as Chairman of STKIP Persis until present. Also serves as guest lecturer of Communications and Counseling at the Sekolah Tinggi Ilmu Kesehatan Jenderal Achmad Yani (Stikes Unjani) Bandung, guest lecturer of Communications and Negotiations at Al- Azhar University Indonesia Jakarta and Bung Karno University. Founded the Cita Insani Mandiri Foundation that engages in the teaching of Islam and social issues. Appointed as Commissioner of Bio Farma on 1 May 2013. As of 31 December 2014 he was 42 years of age.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. SK-235/MBU/2013 dated 1 May 2013. He has no affiliation with members of the Board of Directors or other members of the Board of Commissioners or the shareholders.



HERIDADI

Commissioner

Born in Tanjung Karang on 24 July 1952. Heridadi obtained a Doctoral degree from the Faculty of Medicine, University of Indonesia in 1997, then enrolled to the ABRI Military School. His first assignment as TNI AD Officer was at Kesdam II/Sriwijaya with the rank First Lieutenant CKM as Pusat Latihan Tempur (Puslatpur) Doctor. In 1985-1987 was enrolled to the Health Planning and Management Master's Program at the Faculty of Health, University of Indonesia, and afterwards he was assigned to the Directorate of Health, TNI AD. In 1990 he became the Vice Commander of the Health Battalion, First Infantry Division Kostrad and in 1992 participated in Seskoad education. Subsequently served as Commander of the Health Battalion, First Infantry Division of Kostrad. In 1994-1995 served as Commander of the XIV/A Garuda Contingent for UN duty in Bosnia Herzegovina. His subsequent military post was at Health Chief of Kostrad, Health Chief of Kodam Jaya, and Health Education Center Commander of TNI AD. In 2004 he served as Director of Health of TNI AD until 2008. In 2007 participated in Lemhannas program and in 2008 became the Health Chief of TNI up to 2010. In 2013 graduated with a Doctoral degree at the Faculty of Medicine of the Gadjah Mada University, majoring in Biodefense. Appointed as Commissioner of Bio Farma on 23 January 2014. As of 31 December 2014 he was 62 years of age.

His legal basis of appointment as Commissioner is the Decree of the Minister of SOE No. SK-17/MBU/2014 dated 23 January 2014. He has no affiliation with members of the Board of Directors or other members of the Board of Commissioners or the shareholders.





BRIEF PROFILE OF MEMBERS OF THE BOARD OF DIRECTORS



ISKANDAR
President Director

Born in Sukabumi, 25 December 1955, Iskandar obtained a Bachelor of Pharmacy (1980) and the Pharmacist Professional Certification (1981) from the Department of Pharmacy, Faculty of Mathematics and Natural Sciences, Bandung Institute of Technology. He obtained his Master of Management degree, majoring in Financial Management, from the Master of Management Program at the Faculty of Economics and Business at Padjadjaran University in 2004. Has been working in Bio Farma for more than 30 years, and occupied various managerial positions, such as Head of Intravenous Production Unit (1988), Head of Miscellaneous Production Unit (1994), Head of Logistics Division (2002), Head of Research and Development Division (2005), and Director of Planning and Development (2007). Active in various global vaccine industry and currently is member of the Board of Trustees of the International Vaccine Institute (IVI) Korea, Chairman of the Self Reliance Vaccine Production program at the Islamic Development Bank (SRVP – IDB) and Member of the National Vaccines Research Board. Appointed as President Director of Bio Farma on 17 September 2009 and reappointed for the second term of office on 12 April 2013. As of 31 December 2014 he was 59 years of age.

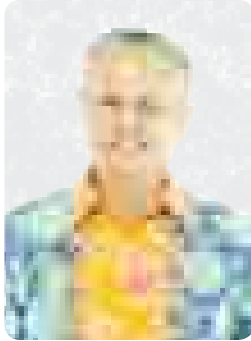
His legal basis of appointment as President Director is the Decree of the Minister of SOE No. SK-285/MBU/2012 dated 3 August 2012 and SK-221/MBU/2013 dated 12 April 2013. He has no affiliation with other members of the Board of Directors or members of the Board of Commissioners or the shareholders.



MAHENDRA SUHARDONO
Marketing Director

Born in Situbondo, 5 April 1962, Mahendra Suhardono obtained his Bachelor of Pharmacy (1986) and the Pharmacist Professional Certification (1988) from the Department of Pharmacy, Faculty of Mathematics and Natural Sciences, Bandung Institute of Technology. He obtained his Master of Management degree from the Master of Management Program of Sekolah Tinggi Manajemen Bandung (STMB)/Institut Manajemen Telkom Bandung in 2009. Throughout his career at Bio Farma, he served in a number of positions, such as Head of Packaging Unit (1994-1997), Head of Quality Assurance Division (2002-2007) and Production Director (2007-2012). Active as member of Indonesian Pharmaceutical Association (ISFI). Is one of the key persons of Bio Farma with active participation in various World Health Organization (WHO) activities. Selected as President of DCVMN (Developing Countries Vaccine Manufacturers Network) for the period of 2012-2014. Reselected as the President of DCVMN (Developing Countries Vaccine Manufacturers Network) for the period of 2014-2016. Appointed as Marketing Director of the Company on 12 April 2013. As of 31 December 2014 he was 52 years of age.

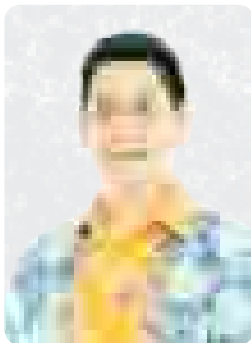
His legal basis of appointment as Marketing Director is the Decree of the Minister of SOE No. SK-285/MBU/2012 dated 3 August 2012 and SK-221/MBU/2013 dated 12 April 2013. He has no affiliation with other members of the Board of Directors or members of the Board of Commissioners or the shareholders.



ANDJANG KUSUMAH
Human Resources Director

Born in Cianjur, 8 August 1953, Andjang Kusumah obtained his Bachelor of Economics degree from the Faculty of Economics, Padjadjaran University (1979) and Master of Management from the Financial Management Postgraduate Program in Jakarta (2002). Has been working in the Ministry of SOE and occupied various positions, such as Assistant Deputy of Manufacturing and Strategic Industries (2010-2012) and Assistant Deputy of Telecommunications Business (2007-2010) and as Commissioner in various SOEs, such as PT Kawasan Berikat Nusantara (2001-2007), PT Dahana (2007-2011), PT Jakarta Lloyd (2007-2011) and PT Sucofindo (2010-2012). Appointed as Human Resources Director of Bio Farma on 7 March 2012. As of 31 December 2014 he was 61 years of age.

His legal basis of appointment as Human Resources Director is the Decision Outside of GMS No. SK-116/MBU/2012 dated 7 March 2012 in conjunction with the Decree of the Minister of SOE No. SK-69/MBU/2013 dated 4 February 2013. He has no affiliation with other members of the Board of Directors or members of the Board of Commissioners or the shareholders.



JULIMAN
Production Director

Born in Pangkalpinang, 23 September 1962, Juliman obtained his Bachelor of Pharmacy (1988) and the Pharmacist Professional Certification (1989) from the Department of Pharmacy, Faculty of Mathematics and Natural Sciences, Bandung Institute of Technology. He obtained his Master of Management degree from the Master of Management Program of the Faculty of Economics and Business, Padjadjaran University in 2005. Working in Bio Farma, he had occupied a number of important positions, such as Head of Polio and Measles Vaccine Support Unit (1994-1998), Head of Measles Vaccine Production Unit (1998-2002), Head of Production Engineering and Maintenance Division (2002-2003), Head of Export Sales Division (2003-2012) and Head of Logistics Division (2012-2013). Active as trainer in Global Training Network (GTN)/Third Country Training Program (TCTP) and participated in various fora organized by the World Health Organization (WHO) and Global Alliance for Vaccine Immunisation (GAVI). Appointed as Production Director of Bio Farma on 12 April 2013. As of 31 December 2014 he was 52 years of age.

His legal basis of appointment as Production Director is the Decree of the Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013. He has no affiliation with other members of the Board of Directors or members of the Board of Commissioners or the shareholders.

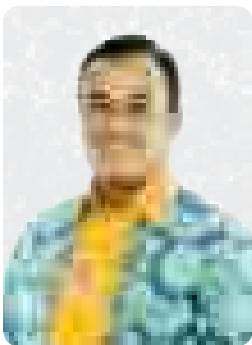


PRAMUSTI INDRASCARYO

Finance Director

Born in Semarang, 23 August 1965, Pramusti Indrascaryo obtained his bachelor's degree from Diponegoro University, Semarang, in 1989 and his Master of Management, majoring in Financial Management, from the Faculty of Economics and Business, Gadjah Mada University, Yogyakarta in 1998. He has a long history working in the banking industry. He had worked as Branch Head at Bank Ekspor Impor Indonesia prior to the merger of four state-owned banks into Bank Mandiri in 1999. Subsequently he occupied a number of important positions in Bank Mandiri, such as Senior Manager at the Corporate Risk Management and Corporate Banking (2003), Assistant Vice President (2004) and Vice President (2012). Appointed as Finance Director of Bio Farma on 12 April 2013. As of 31 December 2014 he was 49 years of age.

His legal basis of appointment as Finance Director is the Decree of the Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013. He has no affiliation with other members of the Board of Directors or members of the Board of Commissioners or the shareholders.



SUGENG RAHARSO

Planning & Development Director

Born in Surabaya, 20 December 1959, Sugeng Raharso obtained his Bachelor of Veterinarian Studies in 1983 and his Veterinary Professional Certification in 1984 from the Faculty of Veterinarian Studies, Bogor Institute of Agriculture. He obtained his Master of Management, majoring in Operational Management, from the Master of Management Program, Faculty of Economics and Business, Padjajaran University, in 2004. He has participated in various workshops on Biosimilar and Vaccine Technology at Finlai. He has worked in Bio Farma since he had graduated and had occupied a number of positions, such as Head of Animal Husbandry Unit (1985-1989) and Staff to the Board of Directors (2002-2007). He holds the Certified Professional Internal Auditor (CPIA) certification from the Center for Development of Accountancy and Finance – The Association of Internal Auditor. He had been appointed as Internal Audit Head (2007-2010) prior to his role as Head of Laboratory Animals Division (2010-2013). He has trained SPF Eggs Production for Measles Vaccine Substrate Production and Quality Control in Kanonji, Research Foundation for Microbial Diseases of Osaka University, Japan (1989 – 1990), Workshop on Immunological Aspect of Difteria Toxin Neutralization and Antisera Production, IVAC, Na Thrang, Vietnam (1997 and 2001)

He was appointed as Director of Planning & Development of Bio Farma on 12 April 2013. As of 31 December 2014 he was 55 years old.

His legal basis of appointment as Planning & Development Director is the Decree of the Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013. He has no affiliation with other members of the Board of Directors or members of the Board of Commissioners or the shareholders.





HUMAN RESOURCES

Human resources (HR) is the most important and decisive factor responsible for the success and sustainability of Bio Farma. As a company engaged in the vaccines and life-science industry that applies modern technology and has global business partners, Bio Farma requires professional human resources with world-class competence. Human Resource Management

in Bio Farma follows the concept of Human Capital (HC) management, in which the employees are the main capital of the Company. Bio Farma is encouraged to continuously improve individuals' quality and competence to achieve optimum performance. In the end, the overall competence of human resources will reflect the Company's ability in achieving its best performance.





Andjang Kusumah
Human Resources Director

"We focus on planning and recruiting highly competent workforce, so that they not only possess a good talent, but a great talent, through creating learning & development solutions that are in line with the Company's business needs as well as human resource management's pattern of transformation based on information technology. The challenge of tomorrow for Bio Farma is to change and push the envelope beyond the comfort zone in order to be ready to face economic competition of the upcoming ASEAN Economic Community (AEC)."

HR PLANNING

Bio Farma systematically undertook various initiatives to anticipate the Bioeconomy or Life Science Industry era in 2030, where biotechnology will become the backbone of economic growth in the world. Bio Farma has formulated up a human capital development road map towards the Life Science Industry, with the following stages:

1. HCMS Building (2012-2013)

The period of 2012–2013 was a year of development for the information Technology (IT)-based HR management system, which was then called the Human Capital Management System (HCMS). HCMS is a continuation of the Human Resource Management System (HRMS). HCMS includes the application of Performance Management System (PMS), Reward Management System (RMS), Talent Management System (TMS) and Knowledge Management System (KMS).

2. Learning Organization Building (2014)

In 2014, the KMS applications and infrastructure initiated in 2013 were expected to perform satisfactorily. Upon the availability of these facilities,

it is expected that a culture of knowledge learning and sharing grow quickly in Bio Farma as it aims to transform itself into a learning organization.

3. Talent & Competency Based Development (2015)

By 2015, the Talent Management System (TMS) will have been applied comprehensively and supported with an excellent Knowledge Management infrastructure. TMS provides a fully-documented workforce competence data for easy analysis. Thus, workforce development process is expected to be more effective and efficient.

4. Embedding Values in Corporate Culture (2016)

Bio Farma will enhance its cultural values in 2016. The Company had designed a systematic and comprehensive program for internalizing Company Values based on the results of the Culture Value Assessment conducted in 2013. It is expected that during the process, the values applied will become the culture of the workforce and the organization.





5. Human Capital Excellent Integrated (2017)
- By 2017, the entire Human Capital System (HCMS) consisting of PMS, RMS, TMS and KMS along with the organizational culture will have been integrated perfectly into the system, to realize an excellent and world-class company.

To achieve the goals of Human Capital development in accordance with the roadmap prepared, the Company has established Human Capital strategies as follows:

1. Adopt a performance and competency-based human capital management, including remuneration system.
2. Set a Multi-Rater System for workforce performance assessment.
3. Implement the Attract strategy in recruiting talented candidates with above average competence.
4. Promote a Work Life Balance by developing various programs.
5. Build a knowledge sharing culture to accelerate learning process.
6. Set up information technology (IT)-based Human Capital Information System (HCIS) application, which is integrated with ERP.

Strategic HR initiatives that were successfully implemented in 2014 were as follows:

1. Bio Farma developed its information technology system as a foundation for its HCMS.
2. Dispatched selected employees to pursue postgraduate programs specifically in the field of Biotechnology and organize both soft- and hard-skills training to support future business plans.
3. Established individual working capacity optimization process by performing Work Load Analysis in advance for all positions to map each employee's job position and contribution to the result.
4. Completed the HCMS-related system tests through mini projects.

5. Established Bio Farma's core competencies, namely Affordable Life Science Product, Green Process/Product, Global Marketing, Employee Engagement and Innovation.
6. Continuously internalized and externalized the Company's Vision, Mission, Values and Culture.
7. Instilled the habit of knowledge sharing among workforce with specific expertises and/or well-trained workforce.
8. Knowledge systems through Information Technology (IT) media.



IN 2014, BIO FARMA DETERMINED ITS 5 CORE COMPETENCIES, NAMELY:

- AFFORDABLE LIFE SCIENCE PRODUCT
- GREEN PROCESS/PRODUCT
- GLOBAL MARKETING
- EMPLOYEE ENGAGEMENT
- INNOVATION



Andjang Kusumah, Human Resources Director

RECRUITMENT

The Company recruits people based on the formation management established in its Work Plan and Budget (RKAP) in line with Bio Farma's business development and organizational growth. Bio Farma provides equal employment opportunity to both male and female job applicants. The Company also gradually offered employment opportunity for people with disabilities in 2014.

The recruitment process is open and accessible to everyone, without discrimination as long as they meet the given requirements. To provide wider employment opportunities, Bio Farma publicly promoted its recruitment process on both national and local print media (including Pikiran Rakyat, Kompas and Media Indonesia daily newspapers), electronic media (company website, Facebook, Twitter, SOE portals and radio) as well as job fairs, special events, and on-campus recruitment.

The selection process begins with following up prospective applicants applying online through www.biofarma.co.id career portal. Furthermore, applicants will go through a selection mechanism including verification, interview and psychological examination by the HR team, technical aptitude test and interview by the user, as well as medical test assessed by the Company's doctors. Applicants who are successfully accepted are the best candidates selected after a rigorous selection process based on the Company's requirements. The number of employees recruited in 2014 was 67, in line with the Company's needs.

Performance Management

In the end of 2013 Bio Farma designed a performance appraisal system, namely Multi Rater System or the 360-degree feedback system replacing the previous 90-degree feedback system (employee assessment by their direct supervisor). The performance of each employee is assessed by the users, subordinates, equal partners and stakeholders (internal/external customers) in order to obtain a more objective result.

The 360-degree performance appraisal system in 2014 was complemented with an application and was put on trial. The system will be implemented fully starting in 2015.

Corporate Culture

Corporate culture plays an important role in achieving the Company's vision, mission, goals and objectives. Hence, all employees are required to understand and apply them daily in the workplace. Along with the demands of our globally oriented business, Bio Farma has carried out an evaluation of the Company's culture by conducting a survey in 2014 to explore and create values based on employee perception. These values aim to design an organizational value internalization program systematically and comprehensively. Workforce contributed to this process and it is expected to strongly become a positive culture to promote the Company's growth and achieve its new vision, mission and values. They are as follows:

1. Professional: Committed to being responsible, efficient, effective, future-oriented and to abide by work procedures.
2. Integrity: To be honest, transparent and credible in accordance with the Company's purposes.
3. Teamwork: To build a strong teamwork with respect of other roles and opinions.
4. Innovation: To make improvements and continuous development to generate new ideas.
5. Customer Oriented: Understand customers' needs and provide proper solutions.

In order to deepen the corporate culture's understanding, Bio Farma has implemented a gradual internalization to all employees and socialized it publicly to the Company's guests and suppliers through its website.

Remuneration

Bio Farma imposes a competitive remuneration system by considering the wage levels in similar industries, labor regulations, provincial minimum wage (UMP) provisions and the Company's ability. Bio Farma ensures that the minimum wage for its workforce is above the provincial minimum wage. In addition, there is no remuneration policy that discriminates between male and female employees across all job levels.

Competitive remuneration will retain highly-competence workforce. The given remuneration is based on a fair performance assessment. It continues to develop the remuneration system to be in line with the company's business development. The Human Capital Division develops a performance and competency-based remuneration system in 2014. The total rewards received by the employees include:

1. Pay For Person (compensation of competencies),
2. Pay For Position (compensation for work),
3. Pay For Performance (compensation for performance), and
4. Incentives.

Workforce payroll system is applied by grade and job level, from grade 17 (lowest) to grade 2 (highest). The following table shows the monthly wage (Take Home Pay) in December 2014.



Gross Monthly Income

Position Level	Grade	Minimum	Maximum
Division Head	6-2	15.845.847	28.081.906
Department Head	8-3	10.815.727	19.937.323
Section Head	12-3	5.856.204	16.397.396
Staff	9-5	6.253.860	8.338.027
Junior Staff	13-5	4.407.853	11.246.004
Operation Staff	17-7	3.396.621	9.089.201

Workforce Welfare

Bio Farma provides various benefits to its employees as part of the remuneration package. The benefits take the form of Holiday Allowance, Welfare Allowance, Paid Annual Leave, Holiday Entitlement, Uniform Allowance, and Annual (Production) Bonus.

Employees also receive other facilities, such as medical treatment (both outpatient and inpatient), cafeteria, sports facilities, places of worship and recreation.

In providing basic rights to the employees, Bio Farma has determined:

1. Types of leave: Holiday Entitlement, Paid Annual, Sick, Maternity, Menstruation, Abortion, Religious and Unpaid Leaves. Employees are entitled to obtain permission and take leave for important reasons in accordance with the prevailing regulations.
2. Retirement plans with defined contribution and benefits of monthly income, superannuation, life insurance, and healthcare.

Basically all employees, both permanent or contract, receive all incentives/bonuses. Uniform Allowance and Holiday Entitlement however are not provided to contract employees.

Training and Development

The Company designs and develops workforce training programs on an ongoing basis to maintain performance quality and increase competency. Each employee has an equal opportunity to improve their competencies based on their respective potentials, abilities and skills.

Bio Farma conducts various training in-house as well as external training at selected educational institutions. Trainings that are provided include competency training,

technical/functional skill development, mandatory expertise certifications, management training and knowledge sharing sessions. The Company also provides scholarships to its employees to pursue postgraduate studies. Training and development activities in 2014 were as follows:

1. Training

The Company held 308 training programs in 2014, with 21 training held based on current needs of the organization and future business plans. There were 287 training that were based on divisions' needs related to technical competencies. Among the training were the Update of Good Manufacturing Practices (GMP), Environment Health & Safety Behavior, Character Building Training, Emotional Spiritual Quotient, Executive English Class with Native Speakers, Public Speaking, Career Transition Program, Accelerated Culture Transformation, Team work, Work Load Analysis, CSR ISO 26000, Communication skills, Microsoft Office, AutoCAD, Creative Design Presentation and Customer Service Orientation.



Type of Training	Training Basis	Number of Programs	Number of Participants
Organizational Competency	Organizational competence needs	21	1.899
Divisional Competency	Division technical/hard-skills competence needs	278	656 Domestic 127 Abroad

On average, each employee participated in Bio Farma's training for 8 days in a year, or equivalent to 4 times of training (assuming an average training duration of 2 days).

2. Postgraduate Scholarship

Bio Farma provides scholarships to its employees to pursue graduate and postgraduate studies. Majors are chosen according to the Company's strategic plan for organizational development, management and product development. Thus, the thesis or dissertation will not merely be a basic research, but a valuable practical business study for the employees. Bio Farma dispatches its employees to attend graduate programs at various universities which have research collaborations with the Company, so that it has a distinct selling value and contributes to the acceleration of the Company's research. In 2014 there was 1 (one) employee receiving doctorate scholarships at the University of Melbourne (lecture and research studies) and 1 (one) employee taking up a doctorate study at Bandung Institute of Technology (ITB).

3. Knowledge Management

Knowledge management aims to secure the knowledge assets owned by the Company. It includes identifying knowledge resources, knowledge storage and knowledge dissemination. Activities in Knowledge Management include:

a. Knowledge Exchange

This is knowledge sharing among skilled employees through presentations or coaching sessions. These activities also include exit interviews for retiring employees in order to provide knowledge to future generations. There were 21 Knowledge Exchange events held in 2014.

b. Community of Practice (CoP)

This is a sharing process among the internal workforce community to discuss a specific technical problem which aims to collect knowledge from other disciplines to formulate solutions. There are 2 CoP events held during 2014.

c. Lesson-Learned Sharing

This is knowledge sharing event following a particular training session outside the Company (public training) or benchmarking. The knowledge learned has to be shared and implemented in order to distribute equal knowledge in particular in each work units. Employee participation in this program reached 70% of public training realization, with a total of 420 contributors.

Development Programs & Realization

I. Training of Leaders

Year	2010	2011	2012	2013	2014
Planned	134	150	117	177	109
Actual	77	87	49	129	50

II. Training of Non-Leaders

Year	2010	2011	2012	2013	2014
Planned	143	202	64	148	139
Actual	114	181	51	117	30



III. Formal Education

Year	2010	2011	2012	2013	2014
Planned	3.118	3.567	4.158	6.444	7.839
Actual	2.973	4.056	3.968	5.111	3.775
Number of Participants					
- Domestic	-	20	1	1	1
- Overseas	-	-	2	2	1

Employee Competency Development Expenditures

The total expenditures for Bio Farma's employee competency development in 2014, including formal education and training, were as follows:

1. The budget for formal education programs was Rp 3 billion with a realization of Rp 1.83 billion (60.87%) used to finance 2 employees' postgraduate education in the study year of 2014/2015 and 3 employees' postgraduate education from the previous study year of 2013/2014.
2. The budget for training program was Rp 13.75 billion with a realization of 99.99% to finance training activities, seminars and workshops in 2014.

Cost of Employee Competence Development and Number of Participants

Year	2010	2011	2012	2013	2014
Cost:					
- Domestic	1.268.371.857	972.764.500	1.593.634.460	5.236.670.299	4.025.550.883
- Overseas	1.268.371.857	559.227.360	1.049.928.981	1.629.923.768	1.689.115.734
Number of Training Participants					
- Domestic		213	182	196	
- Overseas		43	38	40	



THE TOTAL COST FOR EMPLOYEE COMPETENCY DEVELOPMENT IN 2014 WAS RP 16.75 BILLION, OR 9% HIGHER THAN IN 2013 OF RP 15.35 BILLION.



Industrial Relations

Bio Farma recognizes its employees' freedom to establish union within the Company's area. Employees' freedom to gather and associate is in compliance with the Employment Law No. 13/2003 and ILO Conventions No. 87 and 98.

On 1 April 1999, the employees of PT Bio Farma (Persero) formed an organization called the Employees Association (HIKA). On 5 April 2010, another organization called the Employees Communications Forum (Forwan) was formed. The Company encourages the existing unions to be managed professionally to serve as a liaison between

the employees and the Company to foster a harmonious relationship and bring mutual benefits to all parties.

The most recent negotiation between the Labor Unions and the Company took place in 2012, in which the current Collective Labour Agreement (CLA) for the period of 2012 to 2014 was agreed. The CLA was subsequently registered as stipulated in the Decree of the Head of the Office for Manpower and Transmigration of West Java No. 568/07/PKB/Perlind/2012.

Awards for Employees

The Company confers awards to its employees that have shown exceptional achievements, dedication and professionalism at work. Each year, Bio Farma rewards exemplary employees with the Hajj and Umrah pilgrimage, and gives rewards to those with over 20 years of dedication to the Company, as well as gives awards to blood donors. Here is the list of awards and the number of award recipients in 2014.

Type of Reward	Number of Recipient 2012	Number of Recipient 2013	Number of Recipient 2014
Hajj	3 and partners	3 and partners	3 and partners
Umrah	5	5	11 and partners
20 Years of Service Award	28	22	16
Blood Donor	54	37	31

Work-Life Balance (WLB)

Work-life balance is a concept of work without ignoring other aspects of life aside from work. This includes prioritizing personal, family, spiritual and social life to take full responsibility and contribute fully to the work. Recognizing the importance of quality in employment, the Company pays attention to both the physical and emotional wellbeing of its employees. In 2014, Bio Farma formed a special Work-Life Balance team, namely the Healthy Living Paradigm Team. This team is tasked to formulate the programs for the employees and is responsible for evaluating its implementation.

Five important aspects of the healthy living paradigm program according to Bio Farma's philosophy of 'Dedicated to Improve the Quality of Life' include the aspects of personal life, work life, religious life, family & community life, and culture. In addition to improving life quality, the Company also pays attention to creating a HAPPY (Healthy, Balanced & Enthusiastic) workforce.

Human Resources Development Plan in 2015

Bio Farma's human resources development will be integrated with the Company's entire business operations. In 2015, training programs and human resources development will refer to competency-based training for personal and divisional levels. The goal is to fill workforce competency gaps, requirements of compliance with standard unit of competency, and development of structured human resources through continuous learning, knowledge sharing and knowledge dissemination.

Workforce Profile

Bio Farma employed 1,029 permanent employees, 446 contract employees and 192 outsourced employees as at 31 December 2014. There was an 8% increase % in the number of permanent employees in 2014 from 2013, where there were 953 permanent employees. The Company's breakdown of workforce profile for the past

six years is provided as follows:

Employee Composition by Directorate

Direktorat	2010	2011	2012	2013	2014
Main	148	150	83	77	97
Finance	102	102	58	57	61
Marketing	78	80	76	83	82
Human Capital	0	0	110	122	126
Production	348	336	369	405	450
Planning & Development	218	214	225	209	213
Total	894	882	921	953	1029

**Employee Composition by Position Level**

Position	2010	2011	2012	2013	2014
Division Head	148	150	83	77	30
Main Expert	102	102	58	57	
Department Head	78	80	76	83	98
Middle Expert	0	0	110	122	
Section Head	348	336	369	405	167
Junior Expert					
Staff	218	214	225	209	116
Junior Staff	894	882	921	953	132
Operation Staff	429	388	419	439	486
Researcher Matrix					
Portfolio Management Team	0	0	4	4	-
Project Integration Manager	0	0	2	2	-
Research Coordinator	0	0	2	1	-
Researcher	0	0	4	5	-
Junior Researcher	0	0	21	14	-
Operation Staff	0	0	12	12	-
Total	894	882	921	953	1.029

Employee Composition by Years of Service

Years of Service	2010	2011	2012	2013	2014
0-5	311	301	326	316	333
6-10	172	187	197	194	261
11-15	155	160	147	174	162
16-20	110	105	108	118	119
21-25	60	52	63	68	79
26-30	71	63	62	54	48
>31	15	14	18	29	27
Total	894	882	921	953	1.029

Employee Composition by Age

Years of Service	2010	2011	2012	2013	2014
<20	0	0	0	0	0
21-25	67	56	43	27	43
26-30	154	160	171	193	221
31-35	183	186	201	210	228
36-40	207	185	166	172	165
41-45	142	159	192	189	201
46-50	97	96	102	112	112
>51	44	40	46	50	59
Total	894	882	921	953	1.029

Employee Composition by Education Level

Education Level	2010	2011	2012	2013	2014
Doctorate	2	2	2	2	1
Postgraduate	38	41	44	43	44
S1	212	227	231	234	262
Diploma	149	162	157	170	189
High School	493	450	487	504	533
Total	894	882	921	953	1.029

Employee Composition by Gender

Gender	2010	2011	2012	2013	2014
Male	695	674	716	747	810
Female	199	208	205	206	219
Total	894	882	921	953	1.029

Recapitulation of Employees of PT Bio Farma (Persero) 2009-2014 by Position & Gender

Position	2010		2011		2012		2013		2014	
	L	P	L	P	L	P	L	P	L	P
Division Head	13	5	15	5	19	9	18	11	14	9
Main Expert	0	0	0	0	0	0	2	0	4	1
Department Head	32	27	31	28	32	28	32	24	32	26
Middle Expert	16	6	14	4	16	2	22	4	30	9
Section Head	91	39	94	43	86	43	87	41	85	44
Junior Expert	12	5	14	6	16	7	19	13	19	14
Staff	56	56	64	61	63	60	52	57	57	46
Junior Staff	73	34	81	34	79	30	89	31	98	34
Operation Staff	402	27	361	27	405	26	426	25	450	25
Researcher Matrix										
Portfolio Management Team	-	-	-	-	-	-	-	-	0	0
Research Coordinator	-	-	-	-	-	-	-	-	1	0
Researcher	-	-	-	-	-	-	-	-	4	1
Junior Researcher	-	-	-	-	-	-	-	-	4	9
Operation Staff	-	-	-	-	-	-	-	-	11	0
Total	894		882		921		953		1.029	

Employee Composition by Employment Status

Employment Status	2010	2011	2012	2013	2014
Permanent Employees	894	882	921	953	1029
Contract/CBT Employees	291	326	311	376	421
Outsourced Employees	92	101	152	164	190
Total	1.277	1.309	1.384	1.493	1.640



Employee Composition by Expertise (Field of Work)

Year	2010	2011	2012	2013	2014
Production	277	416	408	481	394
Research & Development	46	35	58	52	54
Marketing & Support	527	431	455	420	581
Total	850	882	921	953	1.029

Gender Balance in Bio Farma’s Workforce

Bio Farma upholds gender equality and fair employment. It provides a great chance and encourages anyone to apply for a position regardless of their gender. Currently the number of women in the workforce is 217, and 45% of the Company’s female employees work as Division Heads and Department Heads.

SHAREHOLDING COMPOSITION



Government of the Republic of Indonesia

100%

**LIST OF SUBSIDIARIES AND/OR
ASSOCIATED ENTITIES**

As on 31 December 2014, Bio Farma had no subsidiaries and/or associated entities.

CORPORATE GROUP STRUCTURE

As on 31 December 2014, Bio Farma had no subsidiaries and/or associated entities, joint ventures, or other special purpose vehicles (SPVs), and thus Bio Farma has no corporate group structure that can be portrayed as a diagram of itself with subsidiaries, associated entities, joint ventures, or special purpose vehicles (SPVs).

SHARELISTING CHRONOLOGY

**SHARE PERFORMANCE & SHARELISTING
CHRONOLOGY**

Share Ownership Composition

As on 31 December 2014, Bio Farma is not a publicly listed company so the public, the Board of Directors, or the Board of Commissioners of Bio Farma do not have the shares of Bio Farma. The Company is entirely or 100% owned by the Government of the Republic of Indonesia.

Share Performance

As on 31 December 2014, Bio Farma is not a publicly listed state-owned enterprise, which means it has not listed its shares on the Indonesia Stock Exchange. Therefore, there was no pertinent information regarding total number of shares outstanding, market capitalization, highest, lowest, and closing prices of the traded shares, or the transaction volume.

Sharelisting Chronology

As on 31 December 2014, Bio Farma is not a publicly listed state-owned enterprise, which means it has not listed its shares on the Indonesia Stock Exchange. Therefore, there was no pertinent information regarding sharelisting chronology, corporate actions, changes in the number of shares, or the exchange on which the Company’s shares are listed.

LISTING CHRONOLOGY OF OTHER SECURITIES

SUMMARY OF BONDS/SUKUK/CONVERTIBLE BONDS AND THE LISTING CHRONOLOGY OF OTHER SECURITIES

Summary of Bonds/Sukuk/Convertible Bonds

Bio Farma has never issued any bonds/sukuk/convertible bonds, and therefore it has no pertinent information regarding the amount of bonds/sukuk/convertible bonds outstanding, interest rate, maturity date of such securities, or the rating of such securities.

Listing Chronology of Other Securities

Bio Farma has not issued securities in any form, and therefore it has no pertinent information regarding the listing chronology of securities, corporate actions, changes in the number of securities, the exchange on which the securities are listed, or the rating of such securities.

NAMES AND ADDRESSES OF CAPITAL MARKET SUPPORTING PROFESSIONAL INSTITUTIONS

Bio Farma as on 31 December 2014 did not use the services of any share registrar to administer the Company's shares, securities rating agency, or public accountant. Lembaga Profesi Penunjang Perseroan:
Supporting Professional Institutions:

- Public Accountant Office
Djoemarma, Wahyudin & Rekan
Jl. Dr. Slamet No. 55, Bandung
Tel. (62-22) 203 4044
Fax. (62-22) 203 7466
E-mail: kapdw@yahoo.com
- Notary
Fathiah Helmi, SH.
Graha Irama Lt. 6C
Jl. H.R. Rasuna Said Blok X-1 Kav. 1&2, Kuningan
Jakarta 12950
Tel. (62-21) 5290 7304/5290 7305/5290 7306
Fax. (62-21) 526 1136



Bio Farma's products have been used widely in 130 countries.



CERTIFICATIONS & AWARDS

CERTIFICATIONS



World Health Organization (WHO)

Recognition from the World Health Organization (WHO) for polio vaccines (9 April 1997), measles 10 doses & 20 doses (9 April 1997 & 4 September 2006), Hepatitis B Uniject (13 May 2004), Oral Polio Vaccine Tipe 1/mOPV-1 monovalent (3 November 2009), Oral Polio Vaccine/bOPV bivalent (26 May 2010), bacterial vaccines (Diphtheria, Pertussis, Tetanus) (6 April 2011), Tetanus in vial form (11 March 1999) & Uniject (29 October 2003), Td (6 July 2011), DT (11 March 1999) and DTP-HB combination vaccine, have all passed the WHO prequalified test (7 October 2004), Pentabio (16 December 2014).**



CPOB Certificate

CPOB (Cara Pembuatan Obat yang Baik—Good Manufacturing Practice) from National Agency of Drugs and Food Control of the Republic of Indonesia :

- Polio Vaccine: Manufacturing of bulk antigens type 1, 2, and 3, validity until 4 Apr 2016.
- Measles Vaccine: Formulation, Filling, Liophilization of Measles Vaccine, validity until 4 Apr 2016.
- Bacterial Vaccines: Preparation of Bulk Pertussis Production, Cultivation for Bulk Pertussis Production, Pooling for Bulk Pertussis Production, Preparation for Bulk HiB Production, Cultivation for Bulk HiB Production, Conjugation & Purification for Bulk HiB Production, validity until 16 Sep 2018.
- Bulk Measles Vaccine: Breeding of SPF Chicken, Bulk Production, validity until 31 Mar 2019.
- Bulk BCG Vaccine: Bulk Production, validity until 31 Mar 2019
- Diphtheria Toxoid Bulk: Bulk Production (Cultivation & Detoxification), Bulk Production (Purification), validity until 31 Mar 2019.
- Tetanus Toxoid Bulk: Bulk Production (Cultivation & Detoxification), Bulk Production (Purification), validity until 31 Mar 2019.
- Viral Vaccine: Formulation, Filling, Liofilisasi Measles Vaccine, Measles Vaccine Packaging, Formulation, Polio Vaccine Filling, Polio Vaccine Packaging, Formulation, Hepatitis B Vaccine Filling, Hepatitis B Vaccine Packaging, Formulation, Influenza Seasonal Vaccine Filling, Influenza Seasonal Vaccine Packaging, validity until 31 Mar 2019.
- Bacterial Vaccine: Formulation, Filling, Liofilisasi BCG Vaccine, BCG Vaccine Packaging, validity until 31 Mar 2019.
- Bacterial Vaccines: Formulation, Filling of DTP Vaccine, DTP Vaccine Packaging, Formulation, Filling of TT Vaccine, TT Vaccine Packaging, Formulation, Filling of DT Vaccine, DT Vaccine Packaging, Formulation, Filling of Td Vaccine, Td Vaccine Packaging, validity until 31 Mar 2019.
- Combination Vaccines: Formulation, Filling of DTP-HB Vaccine, DTP-HB Vaccine Packaging, Formulation, Filling of DTP-HB-HiB Vaccine, DTP-HB-HiB Vaccine Packaging, validity until 31 Mar 2019.
- Bulk Pertussis Vaccine: Preparation, Cultivation, Inactivation and Pooling, validity until 31 Mar 2019.
- Bulk Polio Vaccine: Bulk Production, validity until 31 Mar 2019.
- Bulk Antisera: Separation & Pooling of Plasma, Bulk Production, validity until 14 Jan 2020.
- Antisera: Formulation of Antisera, Filling of Antisera, Packaging of Antisera, validity until 14 Jan 2020.



*Certificate has a validity period
**Certificate has no validity period



Environmental Management System-ISO 14001:2004

ISO 14001:2004 certification for Environmental Management System was given by Lloyd's Register Quality Assurance Ltd., Singapore, valid until 3 October 2015.*



Vaccine Vial Monitor (VVM) Certificate

Certificate of Honor from the World Health Organization (WHO) in implementing the use of Vaccine Vial Monitor (VVM) for Indonesia through Bio Farma.**



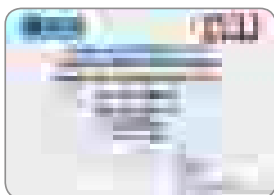
Occupational, Health and Safety Management System-OHSAS 18001:2007

Occupational, Health and Safety Management System-OHSAS 18001:2007 for the management of occupational security, safety and health was given by Lloyd's Register Quality Assurance Ltd., Singapore. Valid until 16 September 2015.*



Bill & Melinda Gates Foundation Certificate of Appreciation

Bio Farma received an appreciation from the Bill & Melinda Gates Foundation. This Certificate of Appreciation was given for Bio Farma's commitment and dedication in improving global health, among others in eradicating polio disease by producing two-third of the world's global demand for Oral Polio Vaccine (OPV).**



Laboratory Accreditation from WHO Regional South East Asia

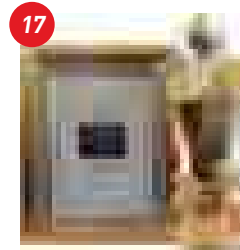
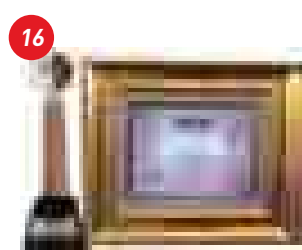
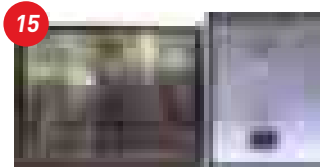
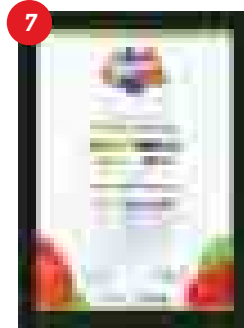
Laboratory Accreditation Certificate was given by the World Health Organization (WHO) Regional South East Asia and Immunization and Vaccine Development (IVD) to Bio Farma for passing the accreditation for the laboratory facility as a reference for polio laboratory test. Valid until December 2013.



PENGHARGAAN



- 1** 18 MARCH 2014
10 BEST TAXPAYERS IN 2013 AWARD
- 6** 18 JUNE 2014
INDONESIA GREEN AWARD FOR 6 CATEGORIES AND THE BEST IGA 2014
- 2** MARCH 2014
GLOBAL GREEN AWARD, BERLIN 2014
- 7** 21 AUGUST 2014
BUMN MARKETING AWARD 2014
- 3** 27 MARCH 2014
CLEAN SOE WITH THE "COMMITTED" CATEGORY
- 8** 25 SEPTEMBER 2014
PKBL BUMN AWARD FOR PUBLIC SERVICE IN 2014
- 4** 15 APRIL 2014
INTELLECTUAL PROPERTY RIGHTS-ORIENTED AREA AWARD
- 9** 21 SEPTEMBER 2014
INTERNATIONAL STAR AWARD FOR QUALITY (ISAQ) GENEVA 2014
- 5** 20 MAY 2014
INDONESIA'S CENTENNIAL 2045
- 10** PRIMANIYARTA AWARD 2014
FIVE TIMES ACHIEVEMENTS



11 CEO OF CHOICE AT SPS 2014 CORPORATION OF CHOICE AT SPS 2014

16 "EXCELLENT" RANKING FOR 2013 FINANCIAL PERFORMANCE ACCORDING TO INFOBANK

12 INDONESIAN RED CROSS AWARD FOR DONATING 1923 BLOOD BAGS IN 2013

17 ISKANDAR, PRESIDENT DIRECTOR OF PT BIO FARMA (PERSERO), AS AN "AGENT OF DEVELOPMENT OF NON LISTED STATE OWNED ENTERPRISE 2014" ACCORDING TO INVESTOR MAGAZINE

13 BUMN MARKETING AWARD 2014 GOLD (STRATEGIC MARKETING), SILVER (TACTICAL MARKETING)

18 BIO FARMA COMMENDATION FOR 1ST G4 SUSTAINABILITY REPORT 2013 FROM THE NATIONAL CENTER FOR SUSTAINABILITY REPORTING

14 2 DECEMBER 2014
PROPER GOLD 2014 FROM THE MINISTRY OF ENVIRONMENT

19 AWARD FOR PUBLIC INSTITUTIONS THAT IMPLEMENT LAW NO. 14/2008 ON KIP FOR SOE CATEGORY

15 PUBLIK 2 BUILDING AS "2014 ENERGY EFFICIENT BUILDING", NATIONAL ENERGY EFFICIENCY AWARD, MINISTRY OF ENERGY AND MINERAL RESOURCES



SIGNIFICANT EVENTS

5 FEBRUARY 2014

CREATION OF 1,240 BIOPORES, INAUGURATION OF THE EMISSION-FREE PARKING SPACE, AND SIGNING OF THE STONE INSCRIPTION BY MAYOR OF BANDUNG, RIDWAN KAMIL



Creation of 1,240 biopores, inauguration of the emission-free parking space, and signing of the stone inscription by Mayor of Bandung, Ridwan Kamil.

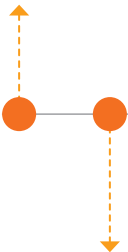
The six-storey building with a capacity of 300 four-wheeled vehicles was built with the green building concept and features a cross-ventilation (open walls) system, solar cells and LED lighting, so that this building will reduce electricity usage by 40%. The building, called the Publik II building, will be used as the first parking space in Bandung and even in West Java that may only be used for four-wheeled vehicles that have passed the emission test. This means that 100% of the vehicles parking in this Publik II building will be those passing the emission test by the Transportation Office of Bandung.

27 MARCH 2014

BUMN BERSIH ASSESSMENT RESULTING IN "COMMITTED" RATING

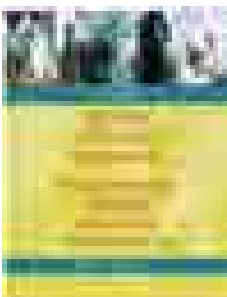


PT Bio Farma (Persero) obtained the highest score in the BUMN Bersih Assessment 2014 out of all state-owned enterprises in West Java. The BUMN Bersih Assessment 2014 was conducted by the BPKP Team of West Java and announced at the Exit Meeting on 27 March 2014 at Arthaloka Building Jakarta, attended by BPKP West Java officers, the Board of Commissioners, the Committees of the Board of Commissioners, the Board of Directors, and Executives of Bio Farma.



6 MARCH 2014

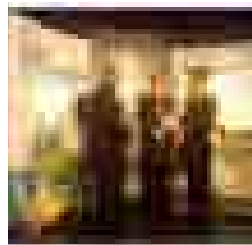
CHANGE OF PHILOSOPHY (MEANING), VISION AND MISSION OF PT BIO FARMA (PERSERO)



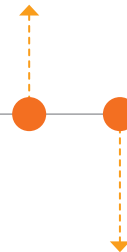
Bio Farma changed its Philosophy (Meaning), Vision and Mission, in accordance with the Joint Decree of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014, No. 01103/DIR/III/2014.

END OF MARCH 2014

GLOBAL GREEN AWARD 2014

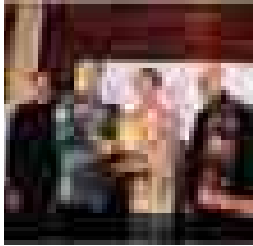


In the end of March 2014 Bio Farma received the Global Green Award from Otherways Association Management & Consulting – France in Berlin, Germany. This demonstrated Bio Farma's innovation in the green & environmental aspect. The energy efficiency commitment has been consistently implemented by Bio Farma, not only on production activities but also on other operational activities, starting from energy-efficient office space design and HVAC system and sterilization of production area and storage area that shall not be interrupted in its 24-hour a day operations.



18 JUNE 2014

INDONESIA GREEN AWARDS



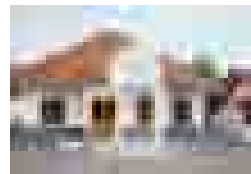
Bio Farma obtained "The Best Indonesia Green Awards 2014" initiated by The La Tofi School of CSR, supported by the Ministry of Forestry and Ministry of Industry. Bio Farma received awards in five categories, namely:

1. Preservation of Water Resources.
2. Development of New and Renewable Energy.
3. Development of Biodiversity.
4. Pioneer Work in Pollution Prevention.
5. Development of Integrated Waste Management.

These awards were given by the Chairman of the DPD RI, Irman Gusman, on 18 June 2014 to the Marketing Director of Bio Farma, Mahendra Suhardono, at Hotel Indonesia Kempinski, Jakarta.

16 AUGUST 2014

INAUGURATION OF PUSKESMAS PARIWISATA



Located in the beach of Ujung Genteng, Sukabumi Regency, the Puskesmas Pariwisata (Tourism Public Health Center) was inaugurated by the Regent of Sukabumi and the President Director of Bio Farma. This facility is a manifestation of the Access to Medicine and Healthcare program.



6 AUGUST 2014

124TH ANNIVERSARY OF BIO FARMA

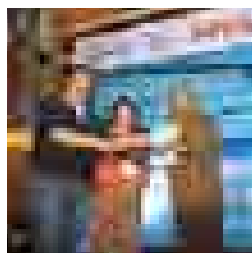


On 6 August 2014 Bio Farma celebrated its 124th anniversary. In gratitude the Company conducted the mass prayer and tausyah at the Multipurpose Building. The event was participated by the Board of Directors, the Board of Commissioners, and Employees. The President Director of Bio Farma at this event expressed his appreciation of the employees' hard work and hope that Bio Farma may rise up to future global challenges.



19-20 AUGUST 2014

4TH NATIONAL VACCINE RESEARCH FORUM (FRVN)

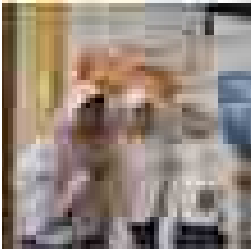


The Fourth National Vaccine Research Forum was conducted at the Grand Hyatt Hotel in Jakarta for two days straight and carried the theme "Indonesia is Ready to Implement Vaccine Research Results to Achieve National Vaccine Self-Sufficiency". The purpose of this event was to view the picture of research implementation in each established consortium, as well as to disseminate information regarding the product regulation aspect so that research and development of vaccines in Indonesia may be more well-structured and well-implemented. The aim of the FRVN is to achieve national vaccine research self-sufficiency.



22 AUGUST 2014

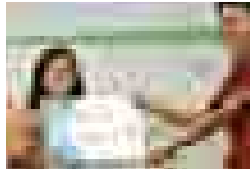
ROADSHOW OF THE VACCINE YOUNG AMBASSADORS



PT Bio Farma (Persero) yet again conducted the Roadshow to seek the Vaccine Young Ambassadors, i.e. 10 students from high school or its equivalents in West Java. The selection of the Vaccine Young Ambassadors took place in 10 regencies and municipalities, among others the City of Bandung, Bandung Regency, Cimahi, Kuningan, Palimanan, Cirebon, Depok, Bogor, Cianjur, and Garut. These ten areas were selected owing to their still low immunization coverage, based on the data from the Health Office of West Java.

27 SEPTEMBER 2014

SPEECH TO IMPROVE QUALITY OF LIFE

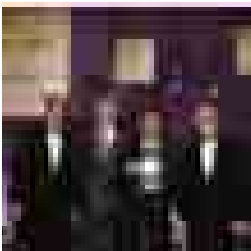


The event that carried the theme of "Speech to Improve Quality of Life" was conducted to commemorate the 124th anniversary of Bio Farma in August 2014. The theme was chosen as it was aligned with the philosophy of Bio Farma, namely "dedicated to improve quality of life". As a world-class company, Bio Farma invited young generations to speak up publicly using the English language, to prepare themselves in facing global challenges.



21 SEPTEMBER 2014

INTERNATIONAL STAR QUALITY AWARD 2014



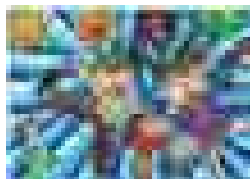
PT Bio Farma (Persero) received the International Star Quality Award – Gold Category for at the 15th annual program of BID Conventions in Geneva, Swiss, on 21 September 2014.

The award was given for Bio Farma's consistent commitment to maintain the quality of its vaccine products. The event was participated by businesses, organizations and entrepreneurs from all over the world, and was aimed at awarding parties that had shown their commitment in maintaining their products' quality.



21 SEPTEMBER 2014

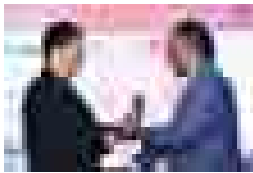
CELEBRATING ITS 124TH ANNIVERSARY, BIO FARMA ORGANIZED DRAWING COMPETITION FOR ELEMENTARY SCHOOL STUDENTS IN BANDUNG



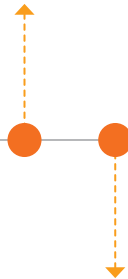
Commemorating the 124th anniversary of Bio Farma, and grounded by the hope to provide an understanding as early as possible on the importance of immunization, vaccines and Bio Farma to the children, Bio Farma organized a drawing competition for elementary school students in all of Bandung. The theme "Immunization and I" was selected as the major theme of this competition, which was participated by around 200 students. Participants were divided into two categories, category I was for students in the first to third grades, and category II was for students in the fourth to sixth grade.

27-29 OCTOBER 2014

MAHENDRA SUHARDONO, MARKETING DIRECTOR OF BIO FARMA, SELECTED AS PRESIDENT OF DCVMN FOR THE PERIOD OF 2014-2016



On 27-29 October 2014 the 15th annual meeting of the Developing Countries Vaccine Manufacturers Association took place.



30 OCTOBER 2014

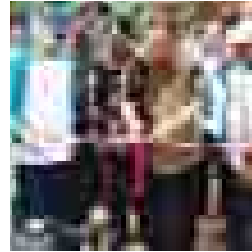
GOLDEN TROPHY INFOBANK BUMN AWARD 2014



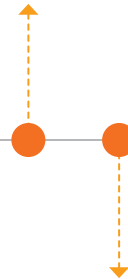
Thursday, 30 October 2014, located in the Ballroom of Shangri-La Hotel, Jakarta, the 5th Infobank BUMN Awards 2014 took place. Out of the 122 State-Owned Enterprises surveyed by the Infobank's Research Bureau, 54 SOEs managed to obtain the "Excellent" rating and Bio Farma was at the top of the ranking. It received the Golden Trophy for its excellent financial performance for five consecutive years, namely from 2009 to 2013. The award was conferred by Gatot Trihargo, Deputy of Financial Services Business, Construction Business, and Other Services, Ministry of SOE, representing the Minister of SOE of the Republic Indonesia, to Pramusti Indrascaryo as the Finance Director of PT Bio Farma (Persero).

7 NOVEMBER 2014

INAUGURATION OF THE LEUWISACA BRIDGE



The Leuwisaca Suspension Bridge, connecting two villages, i.e. Mekarwangi and Sagara Villages in the Subdistrict of Cibalong, Regency of Garut, was inaugurated on Friday, 7 November, by the Vice Governor of West Java, Deddy Mizwar, witnessed by the Regent of Garut, Rudi Gunawan, and HR Director of Bio Farma, Andjang Kusumah and the locals. The Leuwisaca Suspension Bridge was a manifestation of Bio Farma's CSR initiative.



18 NOVEMBER 2014

2014 NATIONAL ENERGY EFFICIENCY AWARD FOR THE MOST ENERGY-EFFICIENT BUILDING CATEGORY, FROM THE MINISTRY OF ENERGY AND MINERAL RESOURCES



The Ministry of Energy and Mineral Resources (MEMR) awarded the most energy-efficient building title to PT Bio Farma (Persero) at the Inauguration Night of the 2014 National Energy Efficiency Award (PEEN) at the Borobudur Hotel, Jakarta, on 18 November 2014. The National Energy Efficiency Award was conceived by the MEMR, and is given to companies and governmental institutions that have been successful in running energy-efficiency measures.



2 DECEMBER 2014

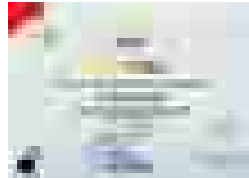
PROPER GOLD FROM THE MINISTRY OF ENVIRONMENT AND FORESTRY



PT Bio Farma (Persero) received the Corporations Performance Rating Assessment Program (PROPER) Gold award from the Ministry of Environment and Forestry, for the sector of Manufacturing, Facilities, and Services. The Award was given by the Vice President of the Republic of Indonesia, Jusuf Kalla, to the President Director of Bio Farma, Iskandar, on 2 December 2014, at the Auditorium Manggala Wanabakti, Ministry of Environment of the Republic of Indonesia. The Proper Gold is the highest award in the environmental sector which demonstrates a company's commitment and thorough and comprehensive implementation of sustainable environmental management programs.

12 DECEMBER 2014

FIRST IN PUBLIC INFORMATION DISCLOSURE FROM THE CENTRAL INFORMATION COMMISSION



Bio Farma received the first prize in Public Information Disclosure from the Central Information Commission. The award was conferred by the Vice President of the Republic of Indonesia, Jusuf Kalla, to the HR Director of PT Bio Farma, Andjang Kusumah, at the Vice Presidential Palace on Friday afternoon.

10 DECEMBER 2014

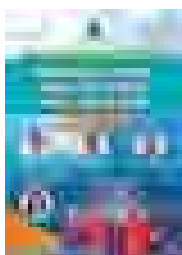
AWARD FOR THE PRESIDENT DIRECTOR OF PT BIO FARMA (PERSERO), ISKANDAR, AS THE AGENT OF DEVELOPMENT OF NON-LISTED STATE-OWNED ENTERPRISE 2014"



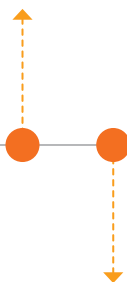
Iskandar, the CEO of PT Bio Farma (Persero) was selected as Agent of Development of Non-Listed State-Owned Enterprise 2014. The award was given to CEOs at the Inauguration Night of the Indonesian Financial Figures 2014, on Wednesday (10/12) at the Sasono Mulyo Ballroom, Le Meridien Hotel, Jakarta. The event was attended by the Minister of Finance, Bambang PS Brodjonegoro. For the selection of candidates and winners, the jury referred to the theme of "Sustainable Growth and Innovation in the Politically Tumultuous Year". The CEOs chosen to receive the award were considered successful in bringing new innovations and strategies in their business in order to achieve positive performance amidst the global economic slowdown and Indonesia's economic issues. These CEOs were also considered as having contributed substantially to the industries in which their companies were engaged, and thus should be seen as role models.

15 DECEMBER 2014

NATIONAL HEALTH DAY SEMINAR



Commemorating the National Health Day on 12 December 2014, PT Bio Farma (Persero) collaborated with the Health Office of West Java and the Rumah Vaksinasi to conduct the HKN Campaign, by organizing a seminar with the theme "Immunization for a Better Quality of Life", held on Monday, 15 December 2014.



16 DECEMBER 2014

WORLD HEALTH ORGANIZATION (WHO) PRE-QUALIFICATION FOR PENTABIO VACCINE



On 16 December 2014, the Pentabio 5 in 1 Vaccine (Diphtheria, Tetanus, Pertussis, Hepatitis B, Haemophilus influenzae type b) was declared passing the World Health Organization (WHO) Pre-Qualification. Thus the product is now part of the Bio Farma's portfolio of vaccines that are purchased by the World Health Organization (WHO), UNICEF, PAHO, and other countries in the world. However, Bio Farma still focuses on fulfilling domestic demand for vaccines.



SUBSIDIARIES AND/OR BRANCH OFFICES OR REPRESENTATIVE OFFICES

Bio Farma as on 31 December 2014 did not have any subsidiary or branch office. It had one representative office located at Gedung Pakarti Centre, Jl. Tanah Abang III No.23-27, Jakarta.

National & international supply and distribution via:

- **PT BIO FARMA**

Jl. Pasteur No. 28

Bandung 40161

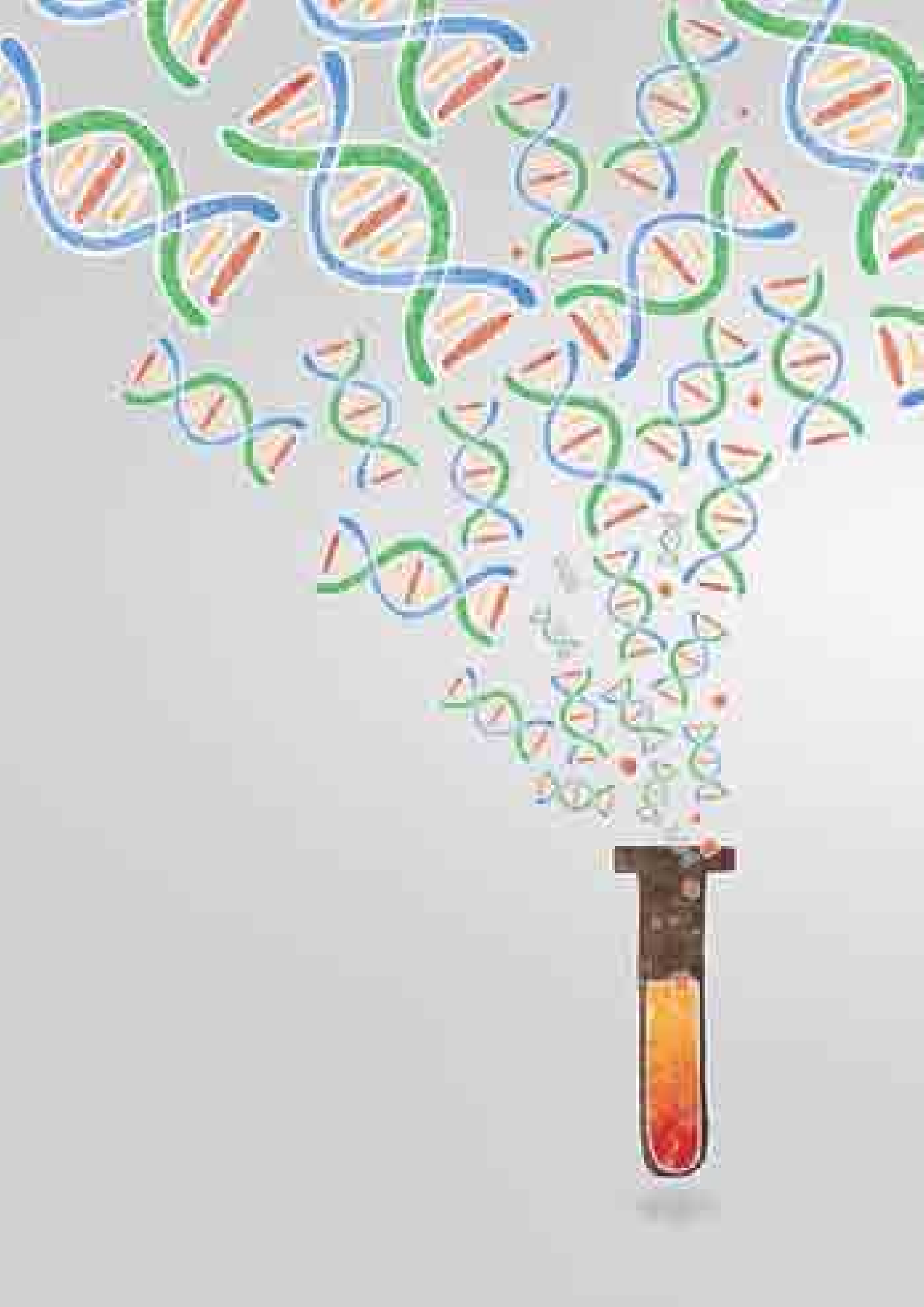
Indonesia

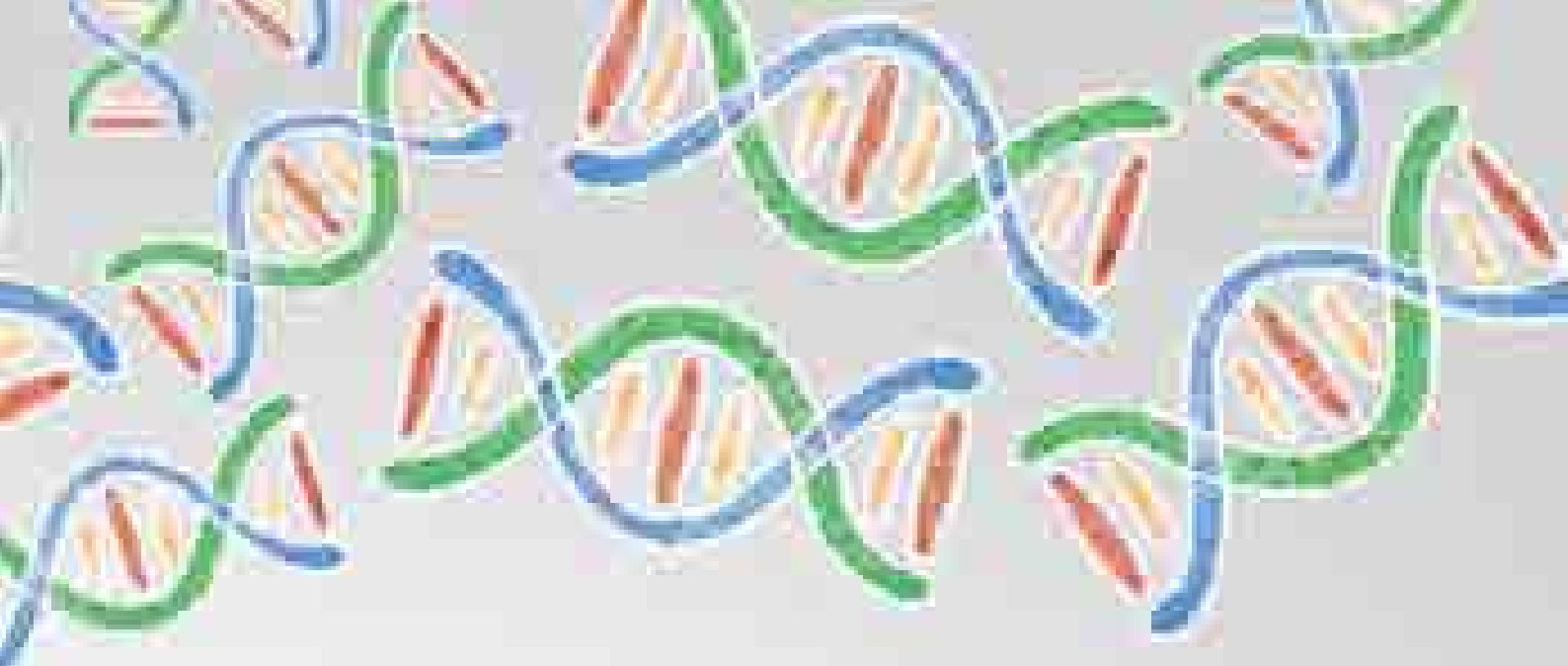
Tel. (62) 22 203 2755 ext. 747

Fax. (62) 22 204 1306

E-mail: sales@biofarma.co.id







MANAGEMENT ANALYSIS AND DISCUSSION COMPANY PERFORMANCE



By implementing a strategy of optimizing production capacity to meet a dynamic marketing projection, in 2014 Bio Farma achieved its production target of 1.7 billion doses.

GLOBAL ECONOMIC OVERVIEW

The global economy in 2015 is predicted to be burdened still by growth downside risks as in 2014 and the previous years.

As a result of these risks, the 2014 economic growth was projected to be 0.1% lower than the original estimate to 3.3%, and in 2015 economic growth is predicted to be 0.2% lower, to 3.8%.

There are three risks that resulted from the 2009 crisis and these will build up to create more uncertainties in the global economy in 2015. These risks are:

1. Low interest rate in many developed countries that have been going on for several years. This may drive investors to seek unnaturally large return in the global money markets with the prospect of increase of interest rate in the United States. Prudent macroeconomic policies are recommended to stave off this risk.
2. Geopolitical risk that will have a significant impact on the global economy, although in 2014 the effect had not been clearly seen.
3. The presence of a possibility of a global economic stagnation and deflation in the countries within the European Union. In anticipation of this risk, Oliver Blanchard suggested developing countries should seek to continue their structural reforms, both those that are mandatory and those that are deemed politically feasible. Asia's economy, according to the Capital Economics research institution, can still be relied upon as the driver of global economic growth in 2015. Asia's economic growth is predicted to reach 4.7%, higher than 4.3% in 2014. There are three factors that may help accelerate this, i.e. the low global oil price situation, lenient economic policy in many developed countries, and the recovery of global demand.

These opportunities must be exploited as fully as possible by Indonesia by carrying out structural reforms so that it may achieve the upper limit of its growth projection window between 5.1% to 5.8%. Indonesia is expected to continue facing economic stability issues with its current account deficit that remained relatively high entering 2015. The Rupiah's exchange rate is expected to further depreciate alongside the Rupee and the Australian dollar, due to the increase in the interest rate of the Federal Reserve. This should be anticipated again by carrying out structural reforms as early as the beginning of the year in order to strengthen investment and export, so that the current account deficit can be reduced and the foreign exchange reserve can be improved.

MACRO ECONOMIC DEVELOPMENTS

In 2014 Indonesia successfully held a democratic election that became a cornerstone for its subsequent development stages. Macroeconomic conditions throughout 2014 displayed a considerable development as illustrated by the macroeconomic indicators below:

1. Economic growth of 5.1%
2. Inflation rate of 8.36%
3. Rupiah's exchange rate against the US dollar on average of Rp 11,878/US\$
4. Interest rate of the 3-month SPN of 5.8%
5. Indonesian crude oil price on average of US\$97/barrel
6. Average lifting of oil of 794 thousand barrels/day
7. Average lifting of natural gas of 1,224 thousand barrels of oil equivalent per day.

The actual economic growth of 5.1% was lower than the economic growth estimated in the 2014 APBNP of 5.5%. This was due to the weakening export performance in line with the anemic global demand and the decline in global commodity prices throughout 2014.

REVIEW OF OPERATIONS OF EACH BUSINESS SEGMENT

DESCRIPTION AND PERFORMANCE OF EACH BUSINESS SEGMENT

PRODUCTION AND BUSINESS ACTIVITY

Production

Bio Farma is a State-Owned Enterprise that manufactures vaccines and antisera for humans to support vaccination/immunization programs in Indonesia and in other countries. Bio Farma has been listed on the World Health Organization's (WHO) Pre-Qualification. The quality control and assurance aspect of all the products of PT Bio Farma (Persero) have complied with the international standards in terms of quality control and quality assurance. In addition, Bio Farma's production processes and quality control processes for its vaccines are constantly monitored by the National Control Authority (NCA)/Badan POM (BPOM) RI, as recognized by the WHO.

In accordance with the Articles of Association of the Company, the purpose and objective of the Company is to engage in the research, development, production and marketing of biological, pharmaceutical, and medical products, and the optimization of utilization of the Company's resources to create high quality goods and/or services with great competitiveness to obtain profit in order to improve the Company's value by implementing the principles of a limited liability company.



The products manufactured by PT Bio Farma (Persero) consist of vaccines and antisera for humans, as follows:

1. Viral Vaccines

a. Oral Polio Vaccine

For the prevention of poliomyelitis types 1, 2, and 3.

b. Bivalent Oral

Poliomyelitis Vaccine For the prevention of poliomyelitis types 1 and 3.

c. Measles Vaccine (Frozen Dried)

For the prevention of measles.

d. Hepatitis & Recombinant Vaccine

For the prevention of Hepatitis B.

e. Flubio Vaccine

For the prevention of seasonal influenza.

2. Bacterial Vaccines

a. TT Vaccine

For the prevention of Tetanus and Neonatal Tetanus (which attacks newborns baby).

b. DT Vaccine

For the prevention of Diphtheria and Tetanus.

c. DTP Vaccine

For the prevention of Diphtheria, Tetanus and Pertussis.

d. BCG Vaccine (Freeze Dried)

For the prevention of Tuberculosis.

e. Td Vaccine

For the prevention of Tetanus and Diphtheria for children aged 7 and above.

3. Combination Vaccines

a. DTP-HB Vaccine

For the prevention of Diphtheria, Tetanus, Pertussis and Hepatitis B.

b. Pentabio (DTP-HB-Hib) Vaccine

For the prevention of Diphtheria, Tetanus, Pertussis, Hepatitis B, and Haemophilus influenza type B.

4. Antisera

a. Anti Tetanus Serum

for the treatment of Tetanus.

b. Anti Diphtheria Serum

For the treatment of Diphtheria

c. Snake Antivenom Serum

For treating bites by poisonous snakes with neurotoxic properties (Naja sputratix/cobra and Bungarus fasciatus/striped snake) and with haemotoxic properties (Ankyrodon rhodostoma/ground snake).

5. Diagnostics

PPD RT 23 (Purified Protein Derivative)

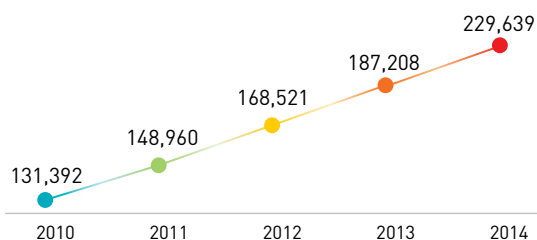
For the testing of one's sensitivity to Tuberculosis infection.

The amount of vaccines and antisera manufactured by Bio Farma in 2014 reached 1.7 billion doses, with actual production costs in 2014 for finished goods and products in process of Rp 882.77 billion, increased by 18.72% from 2013 figure of Rp 743.60 billion, and 12.54% higher than the 2014 target. The details for each of the product categories are as follows:

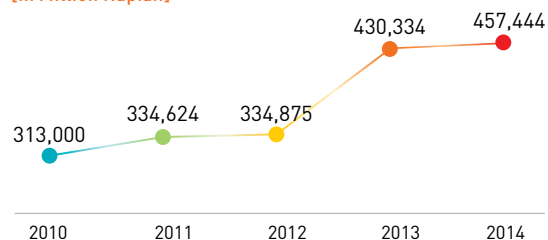
Cost of Production Realization (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014 / Target 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Bacterial Vaccine	131,392	148,960	168,521	187,208	213,096	229,639	22.67	7.76
Viral Vaccine	313,000	334,624	334,875	430,334	415,547	457,444	6.30	10.08
Combination Vaccine	39,931	57,818	54,142	95,464	115,590	163,490	71.26	41.44
Sera & Diagnostics	27,163	21,739	29,379	30,594	40,199	32,196	5.24	(19.91)
Total	511,486	563,141	586,917	743,600	784,432	882,769	18.72	12.54

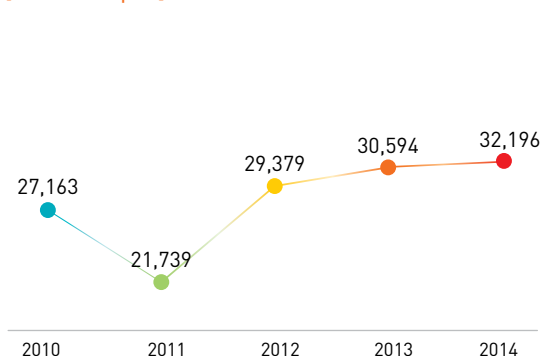
Bacterial Vaccine [In Million Rupiah]



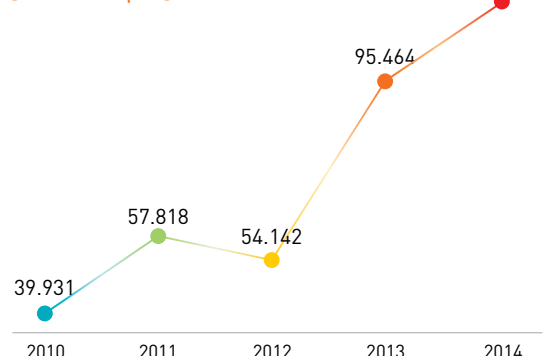
Viral Vaccine [In Million Rupiah]



Sera & Diagnostics [In Million Rupiah]



Combination Vaccine [In Million Rupiah]



Actual production costs in 2014 was 12.54% above the 2014 target, due to the following reasons:

1. Bacterial vaccines.
Production cost for bacterial vaccines was 7.76% above the budget as there was an increase in production cost for local BCG vaccine.
2. Viral vaccines.
Production cost for viral vaccines was 10.08% above the budget as there was a 19.20% increase in the bulk Polio production amount in order to fulfill the increase in export sales of bulk Polio by 10,9% in 2014, and the increase in inventories as at the end of 2014 for fulfilling the demand in the first quarter of 2015, and the increase in the price of bulk HbsAg concentrate for the production of the Infant Hepatitis B vaccine.
3. Combination vaccine.
Production cost for combination vaccine was 41.44% above the budget as there was a 5.55% increase in the Pentabio vaccine production amount, to fulfill demand for sales in 2014, and the increase in inventories as at the end of 2014 for fulfilling the demand in the first quarter of 2015, and also this was affected by the increase in the price of bulk HbsAg concentrate for the production of Pentabio vaccine.

4. Antisera and diagnostics.
Production cost for antisera and diagnostics was 19.91 above the budget in line with the low production volume, reaching only 50.56% of the target, with the exception of the PPD.2TU.

Compared to 2013 figure, production costs increased by 18.72%, due to the following reasons:

1. Bacterial vaccines.
Production cost for bacterial vaccines was 22.7% above the 2013 figure as there was an increase in the purchase price for imported BCG vaccine and increase in the production cost for local BCG vaccine.
2. Viral vaccines.
Production cost for viral vaccines was 6.3% above the 2013 figure as there was a 13.9% increase in the bulk Polio production amount in order to fulfill sales in 2014, and the increase in inventories as at the end of 2014 for fulfilling the demand in the first quarter of 2015, and the increase in the price of bulk HbsAg concentrate for the production of the Infant Hepatitis B vaccine.
3. Combination vaccine.
Production cost for combination vaccine was 71.3% above the 2013 figure as there was a 5.5% increase in the Pentabio vaccine production amount, to fulfill demand

for sales in 2014, and the increase in inventories as at the end of 2014 for fulfilling the demand in the first quarter of 2015, and also this was affected by the increase in the price of bulk HbsAg concentrate for the production of Pentabio vaccine.

4. Sera Products & Diagnostika

Production expenses for sera and diagnostic products was 5.2% above the 2013 figure due to an increase in machine maintenance expenses while the production volume was 32% below the previous year.

The measures that were taken by Bio Farma in order to improve its productivity are as follows:

1. Enhancing the work motivation of employees by encouraging them to participate in proper training programs to maintain and improve their motivation to yield high productivity.
2. Conducive work environment
The role of the top leader in creating a conducive work environment in which employees feel comfortable and optimistic in their work and in providing training that will result in a more positive mindset
3. Integration of Time Management with the Company's Systems
An integrated time management that work hand in hand with the Company's systems contributed to employee productivity, as they are efficient and productive.

4. Reward

The Company extends rewards for accomplished, highly dedicated, and professional employees.

Business Activities

Bio Farma is engaged in the following business activities:

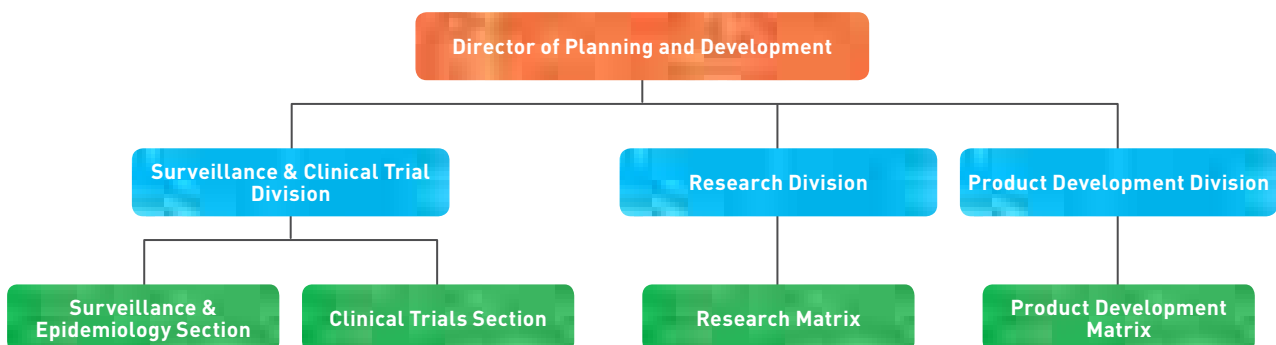
1. Research and development of biological and pharmaceutical products, both on its own as well as in collaboration with other parties;
2. Production of biological and pharmaceutical products, both on its own as well as in collaboration with other parties;
3. Marketing, trading and distribution of biological, pharmaceutical, and medical products, including general goods, both domestically and overseas;
4. Medical laboratory services and clinic services;
5. Services related to the businesses described in points a, b, c, and d.

In addition to the main business activities as mentioned above, in order to optimize the utilization of resources it owns, Bio Farma conducts education and training, agriculture, farming, breeding of laboratory animals, property, office management, warehousing, and tourism businesses.

Research and Development

Bio Farma pays close attention to Research and Development as it aims to improve its own core businesses. In supporting the Research and Development activities, Bio Farma maintains partnerships with various competent parties in order to support the Company's performance.

Surveillance and Clinical Testing Division Organizational Structure



Research and Development Program consists of:

1. Research and development of products.

During 2014 there were activities of research and product development:

- a. DTaP vaccine
- b. Adjuvant Development R4 / E8 Pam2Cys
- c. Liposome Delivery System (TB vaccines as a model)
- d. Typhoid vaccine
- e. Pneumococcus vaccine
- f. Hepatitis B vaccine
- g. Hepatitis B Vaccine Consortium
- h. vaccines Heksavalent
- i. Stemcell
- j. Nanoparticle Adjuvant
- k. s-IPV vaccine
- l. Rotavirus vaccine
- m. Development of Human Monoclonal Antibodies Against GAD65 autoantibodies - (Mab-hGAD65 - Ab): Early Detection Method Development for Type 1 Diabetes Mellitus.

2. Product Innovation.

There are several product innovation activities carried out in 2014 which includes:

- a. Optimization of refining NZ-Case
- b. Making the Working Seed Pertussis In Glycerin

- c. BCG Vaccine in Vial Packaging
- d. Manufacturing BCG Seed Lot
- e. Up Scaling Hib Conjugate Process
- f. Increasing Vaccine Production Capacity of Pentabio 5 ds Formulation Scale 450L

3. Surveillance and Clinical Trials.

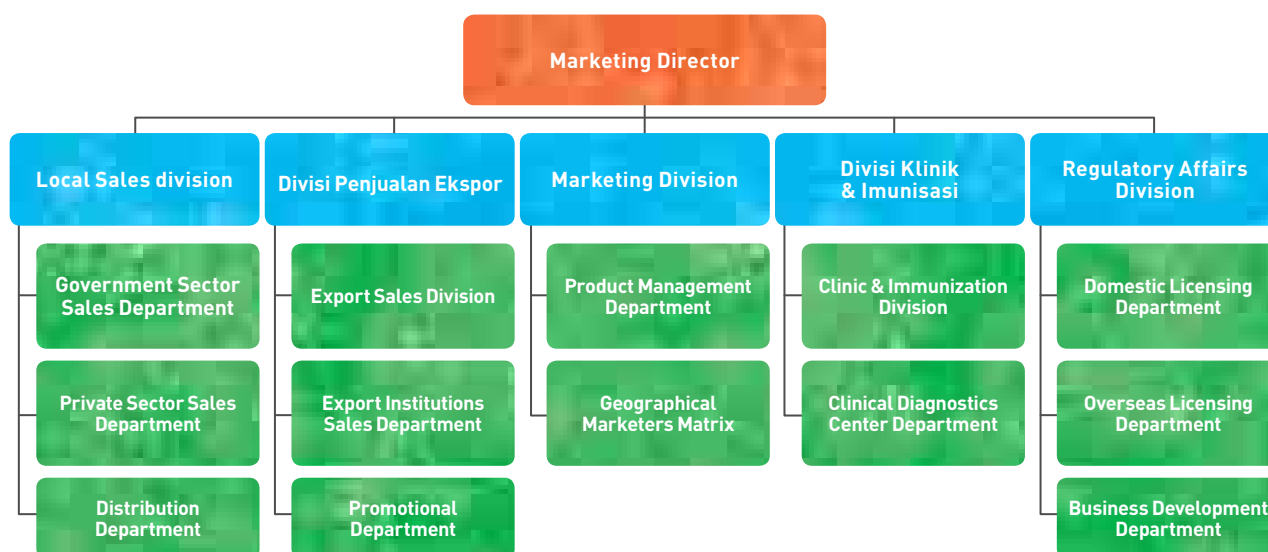
There are several surveillance activities and clinical trials carried out in 2014 include:

- a. AFP (Acute Flaccid Paralysis) Surveillance
- b. Polio Environment Surveillance
- c. Measles surveillance
- d. Rotavirus surveillance
- e. Farmakovigilans implementation
- f. RV3 Clinical Trials Phase II b
- g. Bridging Study tOPV
- h. Clinical trials Pentabio Booster
- i. STD Vaccine Pentabio
- j. Prepandemi H5N1 Vaccine Clinical Trials Preparation
- k. Polio antibody titer examination subject pentavalent Phase III clinical trials
- l. Bactericidal test for Penta Phase II Clinical Trial samples
- m. Employees Antibody titers examination
- n. Flubio Clinical trials in children

Marketing

As a company engaged in the manufacturing of vaccines and antisera products, Bio Farma manufacture products aimed at meeting the demands in the export sector, private sector, and the governmental sector. In 2014, the export sector contributed 67.34% to total revenue, while the private sector contributed 6.05% to sales and the governmental sector contributed 26.61% to sales.

Marketing Division Organizational Structure





1. The nature of business of Bio Farma is to serve domestic and global market needs:

a. Domestic Market:

- Governmental sector: serving the government's needs for national vaccination programs in Indonesia through the Ministry of Health, namely the BCG, DT, TT, Polio, Measles, Hepatitis , DTP-HB, and Td (EPI vaccine) and those outside of regular vaccination programs, i.e. DTP-HB-Hib (pentavalent) and Anti Diphtheria Serum (ADS).
- National private market, i.e. the Private sector: serving domestic distributors fulfill the demand for vaccines outside of the government's vaccination programs that are BCG, BioTd, BioTT, FluBio, Measles, Polio, Hepatitis B, PentaBio, and the BioSAT, BioADS, BioSave, ABU II (Australia) and PPD 2 TU.

2. Overseas Market:

a. Institutional Export Sector: supply of vaccines through institutions such as the World Health Organization (WHO), the UNICEF, PAHO, to fulfill demands for vaccines in developing countries for vaccination programs.

b. General Export Sector: supply of vaccines directly, business to business, business to government or cooperation with appointed agents. All vaccines have passed the WHO Pre-Qualification, both as the finished goods and as bulk.

The vaccines sold overseas have all passed the WHO Pre-Qualification both as the finished goods and as bulk, namely the TT, Td, BioTT, DTP, Polio, Measles, DTP-HB, bulk Polio, bulk Diphtheria, bulk Pertussis, and bulk Tetanus.

Medical Laboratory and Clinic Services

Medical laboratory and clinic services are under the control of the Marketing Directorate, the Clinic and Vaccination Division.

The main tasks of this Clinic and Vaccination Division are as follows:

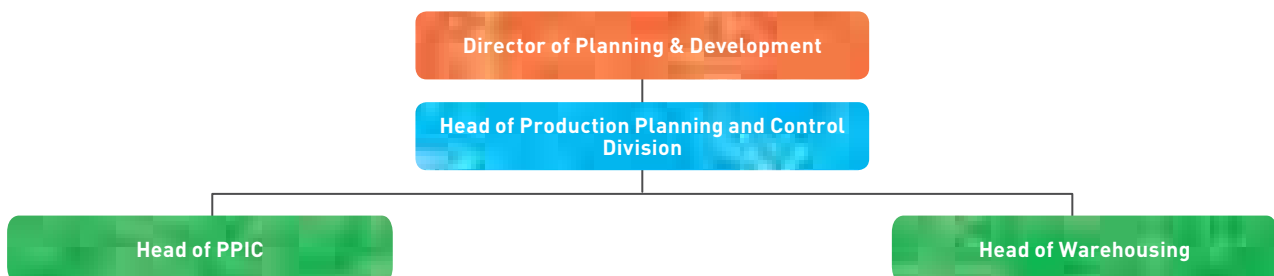
1. Provide vaccination and laboratorial services to loyal customers and garner new customers
2. Establishment of the review team to determine the feasibility of establishing a business unit for laboratory and vaccination services.
3. Carrying out of ISO 17025 certification and KAN accreditation programs for its bacteriology and micology laboratories so that more customers may conduct food/industry microbiological testing.
4. Establishment of the radiology unit to improve medical check-up services, with the target of completing a laboratory for reference among the employees of the Company in terms of their medical check-up results of the Company's employees and candidates for overseas Indonesian workers.

Certain details of the business activities carried out by Bio Farma in order to support its production processes are as follows:

Production Planning and Inventory Control

PPIC is a part that is aimed at planning and controlling the whole production process chain, so that it is carried out in accordance with the prescribed standards and to control inventory to be compatible with the existing need. The PPIC bridges two sections, namely marketing and production. The PPIC translates all of its marketing needs into Production & Raw Materials Availability plan which will be implemented, so that that order received by Marketing can be delivered on time and on quantity.

PPIC Organizational Structure

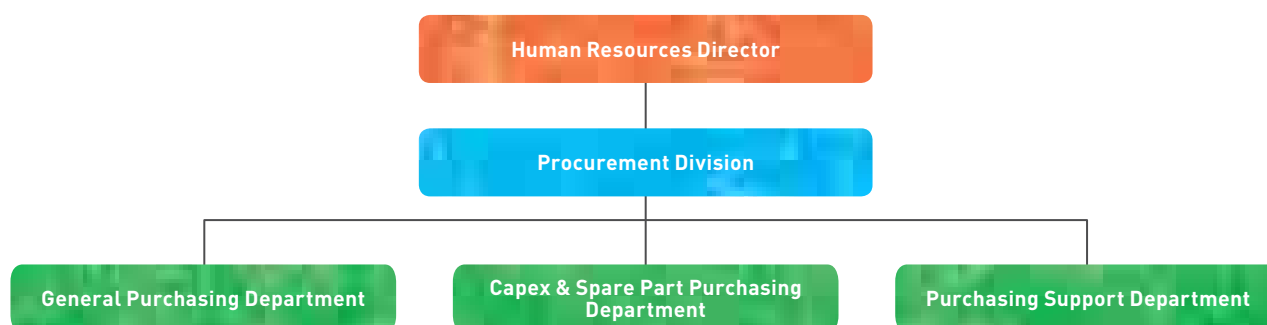


The duties of the PPIC are as follows:

1. Receive orders from Marketing and create a production plan according to the given order.
2. Prepare the planning for the procurement of raw materials, packaging, and auxiliaries based on the forecast from Marketing, by taking into consideration the stock availability by calculating the needs for production materials according to the ideal stocking standard.
3. Monitor every inventory for production processes, and ensuring how much available stock is in the warehouse and to arrive, so that the production processes and order receipt may be run smoothly.
4. Prepare the schedule for production processes at the right time, routing, and quantity, so that the goods may be delivered on time and are suited to the customers' requirements.
5. Maintain the balance among business lines in production to ensure that no machine gets overloaded while other machines are waiting for orders.
6. Inform marketing should there be a problem in the production processes that result in the delay of the delivery.
7. Actively communicate with all relevant parties to obtain an accurate and up-to-date manner.

Procurement

Procurement Division Organizational Structure



Both local and import purchases in 2014 totaled Rp 827.74 billion, or 66.55% above its target and lower by 6.04% when compared to the 2013 figure. The details broken down by group are as follows:

Realization of Purchase Per Group in 2014 (In Million Rupiah)

No.	Group	2012 Realization (Audited)	2013 Realization (Audited)	RKAP 2014 / 2014 Target	2014 (Audited)	Increase/Decrease (%)	
1	Chemicals	49,983	64,240	66,624	63,282	(1.49)	(5.02)
2	Raw Materials & Auxiliary	133,654	179,390	145,623	195,388	8.92	34.17
3	Laboratory Equipment	106,144	117,809	122,345	121,672	3.28	(0.55)
4	Work Equipment	2,952	5,100	4,807	4,767	(6.53)	(0.83)
5	Packaging & Embalage	94,435	123,769	114,203	130,658	5.57	14.4
6	Maintenance Parts	59,849	88,226	101,304	69,778	(20.91)	(31.12)
7	Professional Fee	25,863	23,592	46,092	27,855	18.07	(39.57)
8	Investment	176,122	248,276	596,004	174,623	(29.67)	(70.70)
9	Test	3,138	4,089	3,965	5,416	32.45	36.60
10	General Goods	22,510	25,047	42,299	23,990	(4.22)	(43.28)
11	Merchandise	666	1414	512	10,316	629.56	194.84
	Total	675,316	880,952	1,243,778	827,745	(6.04)	(33.45)



Local and import purchases in 2014 comprised 59% local and 41% import, with the note that the local goods purchased through agents in Indonesia contained certain import goods.

Purchases were lower than the budget as there was a slowdown in the demand for investment realization which was only 29.3% from the budget.

INCREASE PRODUCTION CAPACITY

The achievement of production performance in 2014 was in accordance with the planned targets in early 2014 one of the strategies implemented by the directorate of production is to optimize the production capacity to adjust to dynamic market demand. In 2013 Bio Farma has been producing a new vaccine, the vaccine Pentabio 5 in 1 (Diphtheria, Tetanus, Pertussis, Hepatitis B, Haemophilus Influanzae Type B) were directly distributed to meet the national immunization program.

In December 16, 2014, Pentabio vaccine products have passed the - Pre-qualification (PQ) of the World Health Organization (WHO) so the product will add to the portfolio of Bio Farma vaccines that is ready to be bought by the World Health Organization (WHO), UNICEF, PAHO and other countries in the world, given the priority to fulfill the needs of domestic market. This new product provides many efficiencies in terms of the cost of production and storage of vaccines.

Production scheduling must be carried out tightly to fulfill market needs, given the limitation in production capacity in particular at the fill and finish facility. To address this issue, Production Directorate has prepared and planned for the fill and finish capacity increase through gradual investment from 2013 to 2016. In addition, in 2014 a number of production facilities were rejuvenated, certain production equipment were added, and certain machines were maintained. The Company wishes to achieve the target of carrying out vaccine manufacturing program without any technical hindrances that may result in the delay of the fulfillment of vaccine contribution.

SALES/REVENUE

In 2014 the Company's performance was better compared to 2013, due to ongoing efficiency measures, the presence of other income in the form of gain from foreign exchange transactions of Rupiah to USD and the shift in the cooperation for research, development, and surveillance to external parties in 2015.

The Company's sales performance in 2014 recorded Rp 2.04 trillion, or increased by 10.27% compared to realization in 2013, while the Company's expenses totaled Rp 1.43 trillion or increased by 20.31% from 2013. However the Company's net income increased by 1.34% from the 2013 amounted to Rp 580.07 billion.

Net Sales (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014 / 2014 Target	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
	Company's Products	1,186,361	1,324,046	1,432,966	1,848,452	1,941,579	2,028,988	9.77
Merchandise Products	21,067	1,784	1,206	1,848	2,200	10,287	456.65	367.59
Services	2,835	2,899	3,470	3,382	6,120	4,805	42.09	22.59
Total Net Sales	1,210,263	1,328,729	1,437,642	1,853,682	1,949,899	2,044,080	10.27	5.04

Cost Goods Sold (In Million Rupiah)

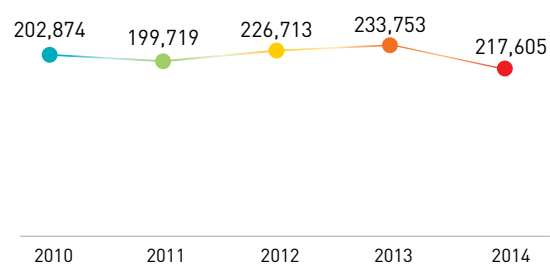
Description	2010	2011	2012	2013	RKAP 2014 / 2014 Target	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
	Company's Products	(481,125)	(535,017)	(580,216)	(718,463)	(734,085)	(767,609)	6.84
Company's Products	(18,121)	(848)	(518)	(1,148)	(512)	(8,827)	668.90	1,622.60
Services Expenses	(2,792)	(3,133)	(3,183)	(3,986)	(3,814)	(3,654)	(8.33)	(4.21)
Total Cost of Goods and Services Sold	(502,038)	(538,998)	(583,917)	(723,596)	(738,412)	(780,090)	7.81	5.64

The Company's revenue was derived from sales of products, sales of merchandise goods, and sales of services. revenue In 2014 recorded Rp 2.04 trillion, increased Rp 190.40 billion or 10.27% from 2013 figure of Rp 1.85 trillion and 5.04% above the 2014 target s of Rp 1.95 trillion.

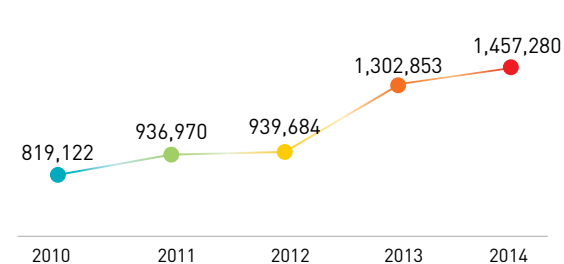
Recapitulation of Sales of the Company's Products (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014 /2014 Target	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Bacterial Vaccine	202,874	199,719	226,713	233,753	248,388	217,605	(6.91)	(12.39)
Viral Vaccine	819,122	936,970	939,684	1,302,853	1,267,967	1,457,280	11.85	14.93
Combination Vaccine	113,933	132,420	210,286	248,565	329,089	276,548	11.26	(15.97)
Sera & Diagnostics	50,872	55,490	56,581	63,635	94,474	90,240	41.81	(4.48)
Total	1,186,801	1,324,599	1,433,264	1,848,806	1,939,918	2,041,673	10.43	5.25
Less: Sales Discount	(440)	(553)	(298)	(354)	-	(12,685)	-	-
Net Sales of Product	1,186,361	1,324,046	1,432,966	1,848,452	1,939,918	2,028,988	9.77	4.59

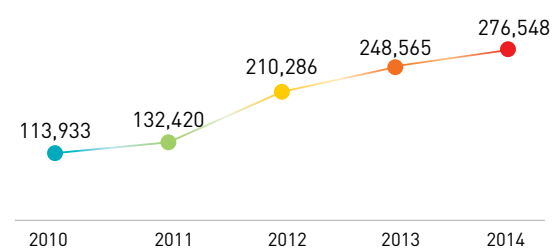
Bacterial Vaccine (In Million Rupiah)



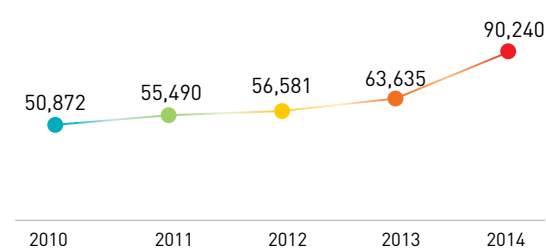
Viral Vaccine (In Million Rupiah)



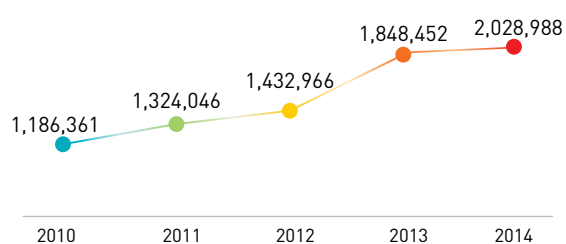
Combination Vaccine (In Million Rupiah)



Sera & Diagnostics (In Million Rupiah)



Net Sales of Product (In Million Rupiah)





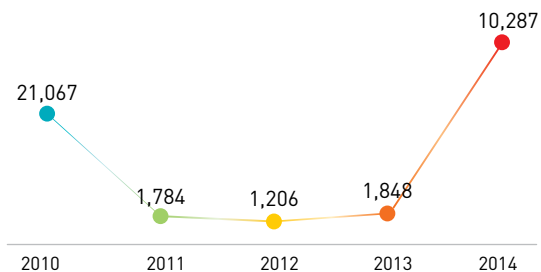
Sales of Merchandise Goods (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease		
	1	2	3	4	5	6	6/4	6/5	
Government	-	-	-	-	-	7.769	-	-	-
Private/Non-Government	21.140	1.785	1.206	1.848	2.200	2.641	42,93	20,06	
Less: Sales Discount	(73)	(1)	-	-	-	(123)	-	-	
Total Sales of Merchandise Goods	21.067	1.784	1.206	1.848	2.200	10.287	456,65	367,59	

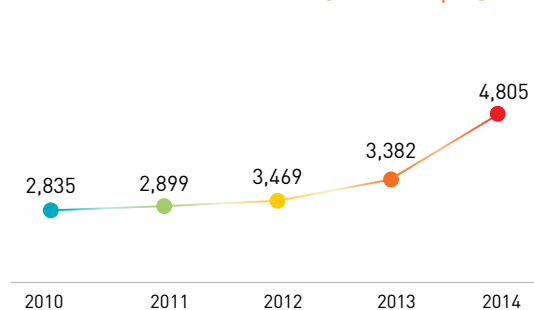
Sales of Services (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Kenaikan/Penurunan	
	1	2	3	4	5	6	6/4	6/5
Immunization	1.305	1.714	2.134	2.501	2.695	3.978	59,06	47,61
Laboratory	1.546	1.186	1.337	881	1.225	827	(6,10)	(32,47)
Total	2.851	2.900	3.471	3.382	3.920	4.805	42,09	22,59
Less: Sales Discount	(16)	(1)	(2)	-	-	-	-	-
Total Sales of Services - Net	2.835	2.899	3.469	3.382	3.920	4.805	42,09	22,59
Total Sales of Product, Goods and Services	1.210.263	1.328.729	1.437.641	1.853.682	1.946.038	2.044.080	10,27	5,04

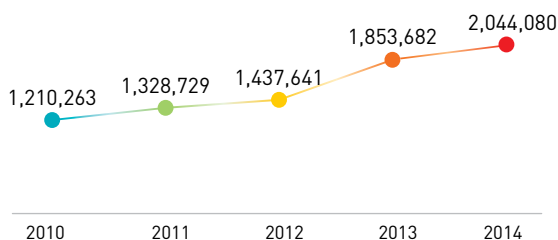
Total Sales of Merchandise Goods
[In Million Rupiah]



Total Sales of Services - Net [In Million Rupiah]



Total Sales of Product, Goods and Services
[In Million Rupiah]



PROFITABILITY

The Company's profitability can be assessed by the increase in net profit of Rp 7.61 billion from Rp572,47 billion in 2013 to Rp. 580.07 billion in 2014. NPM resulted in the decrease of 28.38% in 2014, or decreased by 8.10% compared to 2013 which was recorded at 30.88% Increase in net income in 2014, compared with the budget, due to increased in export sales ongoing efficiency measures, and the non-realization the expenses for a number of research, development and surveillance with external parties, whose completion has been extended to 2015, and the rise in other income from foreign exchange transactions of the Rupiah against the USD thanks to sound foreign exchange management.

Financial Ratios	2010	2011	2012	2013	RKAP 2014 / Target 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
LIQUIDITY								
Cash Ratio	176%	168%	252.13%	228.74%	104.18%	286.08%	25.07	174.60
Current Ratio	339%	369%	522.91%	395.98%	371.09%	537.18%	35.66	44.76
PROFITABILITY(%)								
Gross Profit Margin	58.52%	59.44%	59.38%	60.96%	62.06%	61.84%	1.44	(0.35)
Operating Margin	28.59%	29.11%	34.03%	36.93%	35.95%	35.43%	(4.06)	(1.45)
Net Profit Margin	20.72%	22.76%	26.84%	30.88%	25.85%	28.38%	(8.10)	9.79
Return on Equity (ROE)	30.00%	34.70%	29.36%	37.81%	30.51%	30.76%	(18.65)	0.82
Return on Investment (ROI)	28.34%	33.53%	31.22%	34.81%	32.33%	31.20%	(10.37)	(3.50)
Return on Assets (ROA)	18.36%	18.47%	20.42%	24.11%	17.70%	20.19%	(16.26)	14.06
SOLVABILITY								
Debt to Equity	29.87%	17.65%	13.24%	19.34%	15.27%	16.33%	(15.56)	6.94
TURNOVER (TIMES)								
Inventory Turnover	3.19	3.15	3.59	3.95	3.01%	2.94%	(99.26)	(2.33)
Receivable Turnover	7.93	8.93	7.8	7.29	10.25%	7.54%	(98.97)	(26.44)
GROWTH								
Sales	102.31%	109.79%	108.20%	128.94%	116.65%	110.27%	(14.48)	(5.47)
Operating Income	101.49%	111.77%	126.51%	139.92%	121.48%	105.78%	(24.40)	(12.92)
Net Income before Tax	106.62%	120.49%	127.79%	149.41%	119.77%	99.29%	(33.55)	(17.10)

a. Liquidity

Liquidity ratio in 2014 was above the target as there was an increase in current assets and a decrease in current liabilities.

b. Profitability

In 2014 the Company's profitability ratios were mostly below the targets with the exception of Net Profit Margin and Return on Equity, mainly derived from profits on deposits rates that had reached Rp. 35.6 Billion.

c. Solvability

Solvability ratios in 2014 were lower than the targets as the actual total liabilities exceeded actual total equity

d. Turnover

Compared to the previous year, the Company's receivables turnover was relatively unaltered, which means that the Company's capability to collect its receivables has not changed.

e. Growth

At the end of 2014 the Company recorded a net income growth of 1.3% from the previous year's.

The Company's Ten Major Indicators in 2014

The ten major indicators of the Company's business in 2014 are detailed below:

No.	Description	2012 Realization	2013 Realization	2014 Budget	2014 Realization
1.	Growth (%)				
	a. Revenue/Net Sales	108.2	128.94	116.65	110.27
	b. Operations Profit	126.51	139.92	121.48	105.78
	c. Profit Before Tax	127.79	149.41	119.77	99.29
2.	Return On Investment (ROI) (%) *)	25.47	28.8	23.46	25.40
3.	Profit Margin (PROMA) (%)	36.25	42	35.50	37.82
4.	Company Productivity (COPRO) Rp /Person	918,391,979	1,192,270,887	1,186,243,079	1,224,519,154
5.	Employee Productivity (EMPRO) Rp /Person	1,561,282,295	1,945,473,637	1,885,696,049	1,998,919,897
6.	Asset Productivity (ASPRO) (%)	70.28	68.58	66.09	67.16
7.	Inventory Turn Over (ITO) (Times)	3.59	3.95	3.01	2.94
8.	Receivable Turn Over (RTO) (Times)	7.8	7.29	10.25	7.54
9.	Base Cost Productivity (BASE PRO) (%)	65.97	63.07	64.05	64.57
10.	Quality Performance Rate				
	a. Product Defect (%)	0.92	1.96	-	4.31
	b. Material Defect (%)	0.19	0.06	-	0.15

*) KEP. 210/M-PBUMN/1999



THE COMPANY'S FINANCIAL STATEMENTS

The following are discussions on the Company's financial statements for the year ended 31 December 2014. Comparable figures associated to the year ended 31 December 2013 and the targets set in the budget for 2014 for the purpose of analysis and/or comparison.

CURRENT ASSETS, NONCURRENT ASSETS, AND TOTAL ASSETS

(In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Current Assets								
Cash and Cash Equivalent	444,127	371,870	498,498	891,251	348,714	971,717	9.03	178.66
Securities Available for Sale	-	-	-	-	-	25,600	-	-
Trade Receivables	149,543	148,256	220,544	288,246	203,205	257,260	(10.75)	26.60
Other Receivables	1,462	574	28	346	564	850	145.68	50.83
Inventories	178,481	163,645	161,924	204,899	268,461	326,600	59.40	21.66
Advances	31,845	46,339	18,363	38,623	233,730	50,412	30.52	(78.43)
Prepaid Taxes	49,366	81,459	103,184	96,972	164,834	154,008	58.82	(6.57)
Prepaid Expenses	1,023	1,063	1,530	1,590	1,624	4,767	199.84	193.50
Security Deposits	153	154	-	-	-	-	-	-
Accrued Income	606	1,352	1,889	3,104	21,000	2,726	(12.19)	(87.02)
Other Current Assets	-	-	27,903	17,870	-	30,698	71.78	-
Total Current Assets	856,606	814,712	1,033,864	1,542,901	1,242,132	1,824,639	18.26	46.90
Non-Current Assets								
Deferred Tax Assets	9,220	9,694	11,746	12,913	15,200	17,046	32.01	12.14
Fixed Assets	653,355	889,758	985,019	1,126,086	1,654,864	1,163,473	3.32	(29.69)
Intangible Assets	11,250	13,236	13,365	20,214	31,572	37,855	87.27	19.90
Other Non-Current Assets	40,538	6,103	1,694	956	805	766	(19.84)	(4.85)
Total Non-Current Assets	714,363	918,792	1,011,824	1,160,169	1,702,442	1,219,141	05.08	(28.39)
TOTAL ASSETS	1,570,969	1,733,504	2,045,688	2,703,070	2,944,574	3,043,779	12.60	3.37

Current Assets

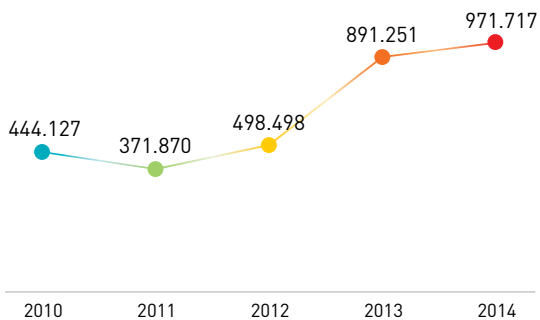
Compared to 2013, current assets in 2014 increased by 18.26% from Rp 1.54 trillion to Rp 1.82 trillion. The Company's current assets comprise cash and cash equivalents 53.26%, securities available for sale 1.40%, trade receivables 14.10%, other receivables 0.05%, inventories 17.90%, advances 2.76%, prepaid taxes 8.44%, prepaid expenses 0.26%, accrued income 0.15%, and other current assets 1.68%.

Cash and Cash Equivalents

(In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014 /Target 2014	2014	Increase/Decrease %	
	1	2	3	4	5	6	6/4	6/5
Cash	63	261	104	74	-	130	75.07	-
Bank	199,916	247,335	98,786	113,542	-	175,725	54.77	-
Deposits	244,148	124,274	399,608	777,635	-	795,863	2.34	-
Total Cash And Cash Equivalents	444,127	371,870	498,498	891,251	348,714	971,717	9.03	178.66



Total Cash And Cash Equivalents [In Million Rupiah]



Cash and cash equivalents at the end of year 2014 increased by 9.03% compared to 2013 amounted Rp 891.251 billion to Rp 971.717 billion at 31 December 2013. This was due to the increased in cash 75.07%.

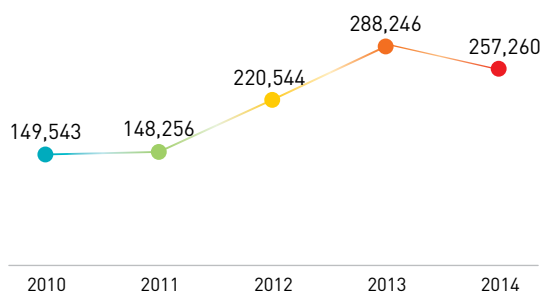
Trade Receivables

[In Million Rupiah]

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Total Receivables Domestic Customers	14,863	13,278	8,541	14,052	-	29,765	111.81	-
Total Receivables Overseas Customers	134,160	135,168	212,054	273,615	-	226,850	(17.09)	-
Services	539	535	721	619	-	766	23.89	-
Total	149,562	148,981	221,316	288,286	-	257,382	(10.72)	-
Less:								
Allowance for Impairment	(19)	(725)	(772)	(40)	-	122	206.20	-
Total Trade Receivables-Net	149,543	148,256	220,544	288,246	203,205	257,260	(10.75)	26.60

Company's Net trade receivables of the Company on 31 December 2014 was recorded Rp 257.260 billion or down decreased by 10.75% from Rp 288.247 billion at the end of 2013. This the decline of company's net receivables is caused by decrease in the amount of receivables around

Total Trade Receivables-Net [In Million Rupiah]

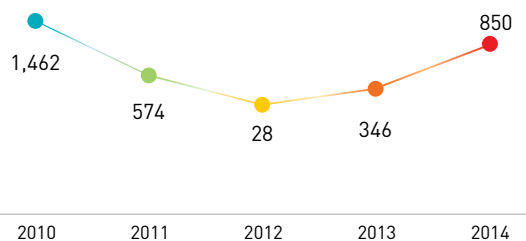


Other Receivables

Other Receivables (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Related Parties								
Receivables with Related	4,214	1,378	1,328	1,303	-	1,303	-	-
Third Party								
Other Receivables	1,462	574	28	346	-	850	145.89	-
Less:								
Allowance for Impairment	4,214	1,378	1,328	1,303	-	1,303	-	-
Total Other Receivables-Net	1,462	574	28	346	564	850	145.89	50.72
Changes In The Allowance For Decline								
Beginning Balance	4,895	4,214	1,378	1,328	-	1,303	1.88	-
Provision for Impairment Losses	2	-	-	-	-	-	-	-
Bad Debt Recoveries for the Year	386	2,836	50	25	-	-	-	-
Ending Balance	4,214	1,378	1,328	1,303	564	1,303	-	130.96

Other Receivables (In Million Rupiah)



Compared to other receivables in 2013, there is an increase in 2014 there is an increased by 145.89% from Rp 346 million to Rp 850 million. The cause of the increase is due to other receivables from third parties.

Inventories

Inventories (In Million Rupiah)

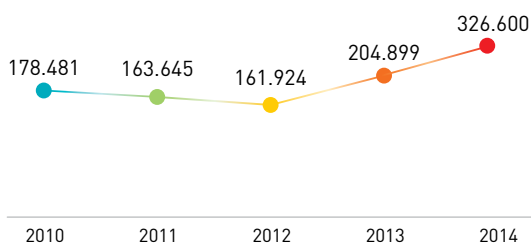
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease &	
	1	2	3	4	5	6	6/4	6/5
Raw Materials/ Auxiliaries	106.141	83.599	81.292	116.251	-	164,540	41,54	-
Product in Progress	31.262	48.087	34.134	46.676	-	97,889	109,72	-
Finished Goods	43.743	31.059	46.963	42.582	-	65,775	54,47	-
Supplies	2.878	2.963	2.392	1.293	-	1,139	(11,92)	-
Merchandise Goods	195	83	40	34	-	1,313	3.746,89	-
Total Inventory	184.219	165.791	164.821	206.836	-	330,656	59,86	-



Inventories (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease &	
	1	2	3	4	5	6	6/4	6/5
Allowance for Impairment	5.738	2.147	2.897	1.937	-	4.056	109,40	-
Total Inventory-Net	178.481	163.645	161.924	204.899	-	326.600	59,40	-
Changes In The Allowance For Decline In Value of Inventories								
Beginning Balance	509	5.738	2.147	2.897	-	1.937	(33,13)	-
Provision for Impairment Losses	5.474	1.513	2.392	1.549	-	4.077	163,22	-
Current Year's Impairment Recovery	245	5.104	1.642	2.509	-	1.958	(21,96)	-
Ending Balance	5.738	2.147	2.897	1.937	268.461	4.056	109,40	(98,49)

Total Inventory-Net (In Million Rupiah)



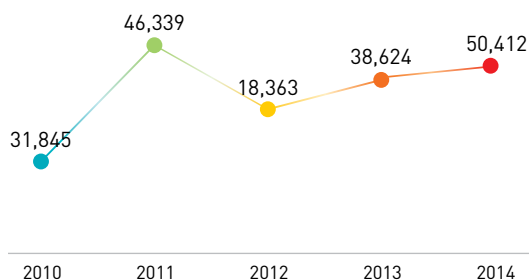
The Company's inventories at the end of year 2014 was Rp 326.600 billion or increased by 59.40% from Rp 204.899 billion at 31 December 2013. This is due to the increased supply of raw / auxiliary materials, products in process, finished products and merchandise.

Advances

Advances (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease %	
	1	2	3	4	5	6	6/4	6/5
Purchases of Imported Goods	3,140	38,356	-	12,179	-	11,445	(6.03)	-
Local Purchases	23,525	6,449	15,275	10,625	-	37,859	256.32	-
Import under Settlement	5,140	936	2,556	1,415	-	17	(98.76)	-
Advance Payments for Monitoring	-	284	346	-	-	-	-	-
Office Travelling	-	108	176	750	-	998	33.12	-
Training Advances	-	106	5	320	-	-	-	-
Other Advances	40	100	5	13,335	-	93	(99.30)	-
Total Advances	31,845	46,339	18,363	38,624	233,730	50,412	30.52	(78.43)

Total Advances (In Million Rupiah)



At the end of 2014 the Company's advances recorded Rp 50.41 billion or increased by 30.52% from Rp 38.624 billion in 2013. The largest contributor to the Company's advances was local purchases, namely for the construction of packaging and production facility building, purchase of diesel oil, procurement of cold room at Adm II building, and others.

Purchases of imported goods were for the down payment for the purchase of Cell Stack/Cell Factory of Rp 7.27 billion, VVM label of Rp 1.32 billion, vial-ampoule packaging line machine of Rp 1.20 billion, and other purchases of Rp 1.65 billion.

Advances for import under settlement are for the payment of insurance costs, unloading costs, inclearing fees, and taxes related to the handling of import goods from domestic ports to the Company's domicile.

Taxes

Prepaid Taxes (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Input Value Added Tax	49,366	81,348	103,073	96,972	-	154,008	58.82	-
Income Tax Article 28 A	-	111	111	-	-	-	-	-
Total Prepaid Taxes	49,366	81,459	103,184	96,972	164,834	154,008	58.82	(6.57)

Prepaid taxes increase 58.82% from Rp 96.97 billion at the end of year 2013 to Rp 154.01 billion at the end of year 2014.

Income Taxes Benefit (Expense)

Income Taxes Benefit (Expense) (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Current Income Tax Expense	89,843	105,826	137,261	207,288	189,055	197,136	(4.90)	4.27
Deferred Tax Benefit (Expenses)	2,239	473	2,053	1,166	1,397	4,134	254.51	195.89
Income Tax Expense-Net	87,604	105,353	135,208	206,122	187,657	193,002	(6.36)	2.85

Bio Farma's contribution to the state through the payment of income tax recorded Rp 193.00 billion in 2014, decreased by 6.36% from the 2013 was recorded Rp 206.12 billion.

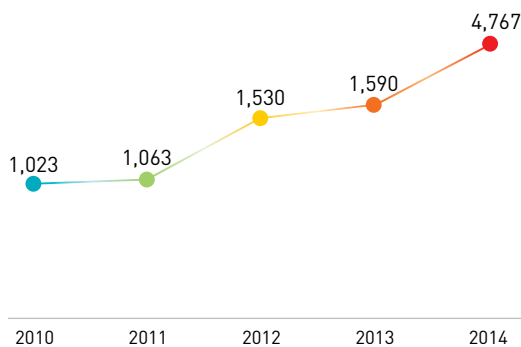


Prepaid Expenses and Margin Deposit

Prepaid Expenses and Margin Deposit (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease %	
	1	2	3	4	5	6	6/4	6/5
Prepaid Expenses								
Insurance	867	972	1,113	1,273	-	4,220	231.54	-
Rent	156	91	417	317	-	547	72.54	-
Others	-	-	-	-	-	-	-	-
Total Prepaid Expenses	1,023	1,063	1,530	1,590	1,624	4,767	199.84	193.56
Security Deposits	153	154	-	-	-	-	-	-

Total Prepaid Expenses (In Million Rupiah)



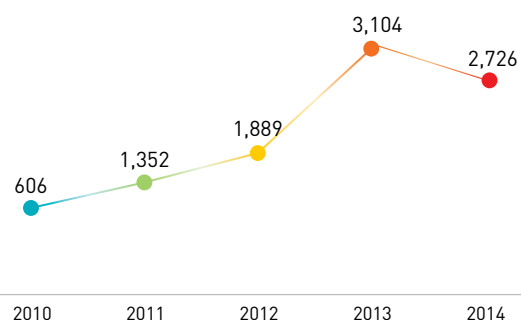
In 2014 prepaid expenses increased by 199.8.4% to Rp 4.767 billion from Rp 1.590 billion at the end of 2013. The increase due to employee, Board of Commissioners and Board of Directors, inventories, fire and vehicles insurance.

Accrued Income

Accrued Income (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease %	
	1	2	3	4	5	6	6/4	6/5
Vaccine Registration Services	-	1,089	1,322	930	-	563	(39.50)	-
Deposits Interest	139	246	567	1,908	-	2,113	10.73	-
Repayment Delay Fines for Distributors and Delivery of Goods and Services by the Supplier								
Share Results of Kimia Farma Pharmacies & Farming Results of K2BF	42	-	-	-	-	-	-	-
Others	425	17	-	266	-	50	(81.09)	-
Total Accrued Income	606	1,352	1,889	3,104	21,000	2,726	(12.19)	(87.02)

Total Accrued Income [In Million Rupiah]



Compared to the year 2013, accrued income in 2014 decreased by 12.19% , from Rp 3.10 billion to Rp 2.73 billion in 2014. The decrease in accrued income due to vaccine registration services and others.

Other Current Assets

Other Current Assets (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Inventories in Delivery	-	-	3,525	6,140	-	3,698	(39.78)	-
Inventories in Quarantine	-	-	24,378	11,730	-	15,684	33.71	-
Inventories in Replacement Process	-	-	-	-	-	11,316	-	-
Total Other Current Assets	-	-	27,903	17,870	-	30,698	71.78	-

Compared with the year 2013, other current assets in 2014 increased by 71.78% from Rp17.87 billion to Rp30.70 billion.

Inventories in delivery consist of purchase of 2ml and 5ml clear vial, which is categorized as inventories on delivery as at 31 December 2014.

Inventories in quarantine consist of the purchase of raw materials for vaccines and sera, and packaging goods that are still in quarantine as at 31 December 2014, as they are still in testing phase.

Inventories in replacement process consist of the inventory of Uniject Blank product of 5,842,821 items that are declared to have failed in the tests. The supplier of these goods have agreed to replace all these goods in a gradual manner up to the month of December 2015.

Non Current Assets

Non Current Assets (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014 / Target 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Deferred Tax Assets	9,220	9,694	11,746	12,913	15,200	17,046	32.01	12.15
Fixed Assets	653,355	889,758	985,019	1,126,086	1,654,864	1,163,473	3.32	(29.69)
Intangible Assets	11,250	13,236	13,365	20,214	31,572	37,855	87.27	19.90
Other Non Current Assets	40,538	6,103	1,694	956	805	766	(19.84)	(4.80)
Total Non Current Assets	714,363	918,791	1,011,824	1,160,169	1,702,442	1,219,141	5.08	(28.39)

Total non-current assets of the Company at the end of 2014 Increased by 5.08% to Rp 1.22 trillion, compared to 2013 was recorded Rp 1.16 trillion. The non-current assets of the Company comprise deferred tax assets 32.01%, fixed assets 3.32%, intangible assets 87.27%, and other non-current assets decreased 19.84%.



Deferred Tax Assets

The reconciliation between the estimated income tax calculated using the prevailing tax rate of 25% of accounting profit prior to the estimate of the income tax benefit (expense) and tax expenses was detailed as follows:

Deferred Tax								
In Million Rupiah								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease %	
	1	2	3	4	5	6	6/4	6/5
Deferred Tax								
Based on Income Statements	331,563	407,772	521,100	778,589	-	773,076	(0.71)	-
Tax Expenses based on Maximum Tax Rate	82,891	101,943	130,275	194,647	-	193,269	(0.71)	-
Tax Effect on Permanent Differences	3,023	3,420	5,050	11,489	-	528	(95.41)	-
Effect of Changes in Tax Rate					-			-
Recovery of Prepaid Expenses	23	10	117	15	-	794	5,194.69	-
Income Tax Expenses	85,890	105,353	135,208	206,122	-	193,002	(6.36)	-
Current Tax	88,129	105,826	137,261	207,288	-	197,136	(4.90)	-
Deferred Tax Expense (Benefit)	2,239	473	2,053	1,166	1,397	4,134	254.51	195.89

Deferred tax is calculated based on the effects from the temporary change between the total recorded assets and liabilities based on the financial statements from the basis for calculating assets and liabilities taxes. The details of the Company's deferred tax assets and liabilities are as follows:

Deferred Tax Assets (In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease %	
	1	2	3	4	5	6	6/4	6/5
Employee Benefits	6,728	8,631	525	12,093	-	15,676	29.63	-
Allowance for Doubtful Account	1,058	526	724	336	-	356	6.04	-
Allowance for Inventories	1,434	537	137	484	-	1,014	109.52	-
Asset Impairment	-	-	11,746	-	-	-	-	-
Deferred Tax Asset Net	9,220	9,694	13,132	12,913	15,200	17,046	32.01	12.14

Deferred tax assets as at the end of 2014 increased by 32.01% r, from Rp 12.91 billion at the end of 2013 to Rp 17.05 billion.

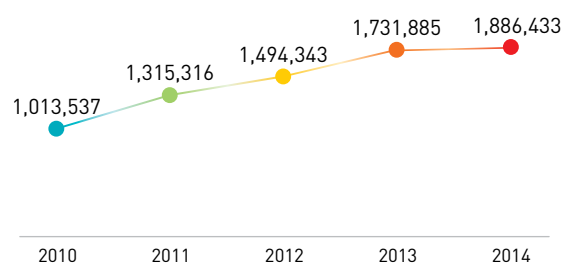
Fixed Assets

Product Sales

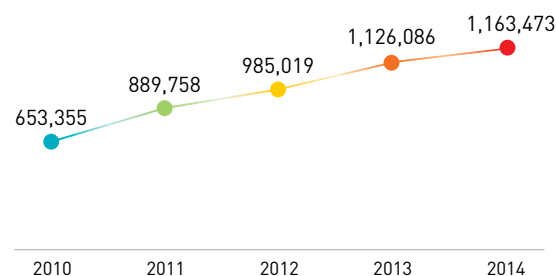
In Million Rupiah

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Acquisition Cost								
Land	13,756	13,756	17,182	17,182	-	17,140	(0.25)	-
Buildings	186,304	229,370	404,787	407,551	-	496,256	21.77	-
Non Permanent Buildings	2,357	4,170	5,595	6,270	-	7,026	12.05	-
Official Housing	54	2	2	2	-	2	-	-
Machinery	189,050	207,207	324,410	386,557	-	405,886	5.00	-
Utility Equipment	36,852	43,023	52,914	55,897	-	67,354	20.50	-
Factory Equipment	420,715	467,130	524,092	610,208	-	670,165	9.83	-
Inventaris Kantor								
Group I	23,031	26,738	37,126	46,414	-	55,930	20.50	-
Group II	14,143	15,324	17,231	18,690	-	23,360	24.98	-
Vehicles	3,990	4,734	4,734	4,460	-	5,210	16.81	-
Construction In Progress								
- Buildings	76,291	159,591	13,240	125,106	-	75,539	(39.62)	-
- Machine, Factory, Utility	46,994	144,671	93,021	53,549	-	62,566	16.84	-
Total of Cost Acquisitions	1,013,537	1,315,716	1,494,334	1,731,886	2,385,423	1,886,433	8.92	(20.92)
Accumulated Depreciation								
Buildings	51,211	61,648	76,463	96,665	-	120,620	24.78	-
Non Permanent Buildings	774	1,112	1,632	2,151	-	2,785	29.48	-
Official Housing	54	2	2	2	-	2	-	-
Machinery	80,316	95,120	114,818	142,447	-	174,517	22.51	-
Utility Equipment	13,399	16,900	20,577	24,870	-	29,441	18.38	-
Factory Equipment	189,120	219,169	254,525	289,836	-	334,703	15.48	-
Office Inventory								
Group I	14,781	19,719	26,680	33,646	-	42,373	25.94	-
Group II	8,893	10,003	11,629	13,022	-	14,982	15.05	-
Vehicles	1,635	2,285	2,989	3,162	-	3,538	11.88	-
Total	360,183	425,958	509,315	605,801	730,559	722,959	19.34	(1.04)
Book Value	653,355	889,758	985,019	1,126,086	1,654,864	1,163,473	3.32	(29.69)

Total of Cost Acquisitions [In Million Rupiah]



Book Value [In Million Rupiah]





The largest contributor to the Company's fixed assets was factory equipment. In total, the fixed assets at the end of 2014 amounted to Rp 1.16 trillion, increased by 3.32% from 2013 amounted Rp 1.13 trillion. a decrease in land assets in 2014 amounted to Rp 41.96 million in 2014 due to the a reduction in the value of the acquisition due to reduced land area located in Kertawangi Village, Cisarua Subdistrict, owing to these reasons:

1. Shifting of boundaries which are appropriated for the river of 3,258 m²;
2. Appropriated for the public facilities, roads, alleys, and waterways of 5,141 m²;
3. Road for the community of 2,065 m², subsequently handed over to the Municipal Government of West Bandung.

The change to the status of the land has been approved by the Ministry of State-Owned Enterprises with the letter No. S-680/MBU/10/2014 dated 17 October 2014. Up to the reporting date of 31 December 2014, the status change is still an ongoing process.

Depreciation Methods

1. Directly-owned fixed assets are stated as the acquisition cost less the accumulated depreciation and value impairment. The current year's depreciation for buildings is calculated using the straight-line method, while the depreciation for non-buildings is calculated using the diminishing balance method. The details are provided below:

Fixed Asset Category	Depreciation Methods	Useful Lives	Depreciation Rates
Building	Straight Line Method	20 Year	5%
Non-Permanent Building	Straight Line Method	10 Year	10%
Official Housing	Straight Line Method	20 Year	5%
Machinery			
Group II	Declining Balance Method	8 Year	25%
Group III	Declining Balance Method	16 Year	12.50%
Utility Equipment	Declining Balance Method	16 Year	12.50%
Factory Equipment			
Group II	Declining Balance Method	8 Year	25%
Group III	Declining Balance Method	16 Year	12.50%
Office Equipment			
Group I	Declining Balance Method	4 Year	50%
Group II	Declining Balance Method	8 Year	25%
Vehicle			
Group I	Declining Balance Method	4 Year	50%
Group II	Declining Balance Method	8 Year	25%

2. Land is stated as the acquisition cost and is not depreciated.
3. Repairs and maintenance costs are charged into the statements of comprehensive income on the date the event take place. Material expenditures after the initial acquisition of an asset may increase the useful life in the future, when capitalized.
4. Fixed assets that are no longer utilized or impaired are excluded out of the fixed assets category, and the resulting profit or loss is recognized in the statements of comprehensive income.
5. Fixed assets in progress are presented separately in the category of fixed assets and are stated as the acquisition cost. All costs, including loan costs that have fulfilled the criteria as costs that can be capitalized, which occur in relation to the construction of such asset, are capitalized as part of the acquisition cost of the fixed asset in progress. Accumulated acquisition costs will then be transferred to the related fixed asset at the time the fixed asset is completed or is ready to use.

Cost Model Accounting Policy

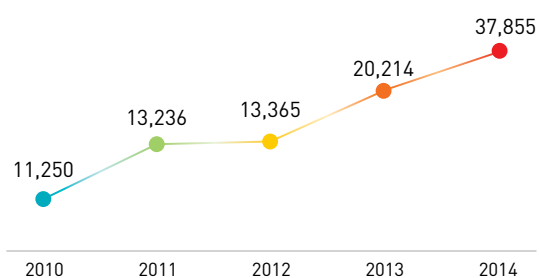
Bio Farma, in valuing its assets, uses the cost model accounting as it is deemed to yield more benefit, among others, to be used as a decision making tool on actual costs, as market changes have no effects on the calculations. In addition, in the benchmarking of similar companies both inside and outside of the country, all similar companies also use the cost model. The calculation of fixed assets value comprise acquisition cost and all directly attributable costs, including costs related to the demolishing and removal of fixed assets and restoration of asset location.

Fixed Asset

Intangible Assets (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Software	1,683	1,820	2,224	2,478	-	29,630	1,095.72	-
Less: Accumulated Amortization	867	1,248	1,637	2,029	-	4,392	116.46	-
Sub Total	816	572	587	449	-	25,238	5,520.91	-
Development of Upstream Flu Vaccine	10,118	10,317	10,317	10,791	-	12,339	14.34	-
Software in Progress	316	2,347	2,461	8,974	-	279	(96.89)	-
Total Intangible Assets	11,250	13,236	13,365	20,214	31,572	37,855	87.27	19.90

Total Intangible Assets (In Million Rupiah)



The largest contributor to the Company's intangible assets was the cost of development of upstream flu vaccine in progress. In total, intangible assets of the Company in the end of year 2014 reached Rp 37.855 billion, or significantly increased by 87.27% from 2013 intangible assets, which recorded Rp 20.214 billion. This increase was due to the significant increase in software, which at the end of 2014 amounted to Rp 25.24 billion, significantly increased by 5,520.91% from the 2013 was recorded only Rp 449 million.

The software consists of:

	2013	2014
ERP System	-	8,968,652,000
EBR System Pertussis	-	7,688,377,223
EBR System PV. Hib	-	7,999,822,746
LIMS Gemini Matrix	-	1,285,678,750
MRP	-	637,000,000
Others (Under 500 million)	2,478,571,070	3,050,371,070
Total	2,478,571,070	29,629,901,789

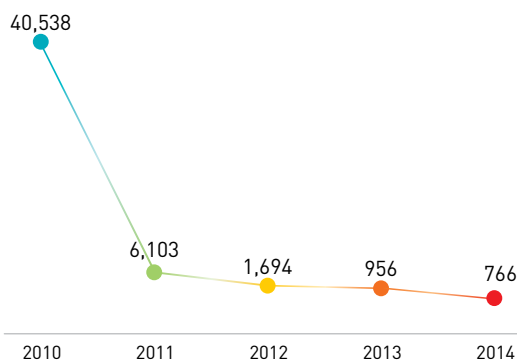


Other Non Current Assets

Intangible Assets (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease [%]	
	1	2	3	4	5	6	6/4	6/5
Deferred Charges	3,783	5,529	1,746	1,746		1,746	0.01	
Less: Accumulated Amortization	231	721	800	1,237		1,673	35.28	
Total Deferred Charges - Net	3,552	4,808	946	509	307	73	(85.71)	(76.30)
Assets on Delivery	34,263	-	-	-		-	-	
Non Productive Asset	407	848	301	-		-	-	
Guarantee Deposits	447	447	447	447	498	694	39.27	1.39
Deferred Charges in Construction	1,746	-	-	-		-	-	
Repossessed Assets	123	-	-	-		-	-	
Total Other Non Current Assets	40,538	6,103	1,694	956	805	766	(4.80)	(4.84)

Total Other Non Current Assets (In Million Rupiah)



There was a decline in other non-current assets in 2014 by 19.84% to Rp 766 million, compared to 2013 amounted Rp 956 million.

Deferred charges are for the PLN electricity grid system that is amortized over the period of 4 years.

Guarantee deposits are deposits for the addition of power capacity, guarantee for the lease of Pakarti Center building (The Board of Directors' Representative Office), and guarantee for LPG.

Total Asset

The Company's total assets on 31 December 2014 were recorded Rp 3.04 trillion, it is higher 3.37% compared to the total assets budgeted in 2014, which expected reach Rp2.94 trillion, and if the total assets in 2014 compared to total assets in 2013, increased by 12.60% recorded Rp 2.94 trillion. This increase is caused by realization of total current assets recorded Rp 1.82 trillion, 46.90% higher than budgeted in 2014 about Rp 1.24 trillion. The increase of total assets is caused by the rise in advances which exceeded the target by 193.50%. The Company's total assets were made up of 59.95% current assets and 40.05% non-current assets.

LIABILITY

(In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Kenaikan/Penurunan	
	1	2	3	4	5	6	6/4	6/5
Current Liabilities								
Trade Payables	130,748	128,725	85,896	158,098	220,947	145,095	(8.22)	(34.33)
Taxes Payable	19,353	22,320	30,131	86,916	24,780	38,919	(55.22)	57.05
Accrued Expenses	69,042	52,862	66,464	112,781	66,996	128,280	13.74	91.47
Unearned Revenue	118	68	1,921	5,405	-	1,366	(74.72)	
Current maturities of long-term loans	20,000	-	-	-	-	-	-	-
Other Current Liabilities	13,721	16,904	13,302	26,437	21,998	26,009	(1.62)	18.23
Total Short-Terms	252,982	220,879	197,714	389,637	334,723	339,668	(12.82)	1.48
Non Current Liabilities								
Long-Term Loans	81,000	-	-	-	55,258	-	-	-
Estimated Employee Benefits Liabilities	26,912	34,525	41,441	48,371	-	62,703	29.63	-
	-	-	-	-	-	24,882	-	-
Total Non-Current Liabilities	107,912	34,525	41,441	48,371	55,258	87,586	81.07	58.50
Total Liabilities	360,894	255,404	239,155	438,008	389,980	427,254	(2.46)	9.56

The Company's total liabilities on December 2014 were recorded at Rp 427.25 billion, it is higher 9.56% compared to the total liabilities budgeted in 2014 which is expected reach Rp 389.98 billion. and if the total liabilities in 2014 is compared to total assets in 2013, increased by 12.60%. If Compared to year 2013, the total liabilities, decreased by 2.46% or decline amounted Rp 10.76 billion from Rp 438.01 billion to Rp 427.25 billion. The Company's liabilities consist of 79.50% current liabilities and 20.50% non current liabilities.

Current Liabilities

The Company's total liabilities on 31 December 2014 were decreased by 12.82%, from Rp 389.64 million in 2013, became 339.67 million in 2014. The short-term trade payables consist of Trade payables, tax liabilities, unearned income, prepaid their debts -masing decreased respectively by 8.22%, 55.22%, 74.72% and 1.62%. While the cost of which remains to be paid in advance increased by 13.74%

Trade Payable

Trade Payable (In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Payables on Purchase of Raw Material/Auxiliaries	67,525	73,338	72,773	105,175	-	106,577	1.33	-
Payables on Purchase of Assets	60,235	51,265	12,201	48,854	-	34,274	(29.84)	-
Payables on Procurement of Services	2,989	4,122	922	4,069	-	4,243	4.28	-
Total Trade Payable	130,748	128,725	85,896	158,098	220,947	145,095	(8.22)	(34.33)



The Company's trade payable consists of payables on the purchase of raw material/auxiliaries, payables on purchase of assets, and payables on procurement of services. Total trade payable on 2014 was Rp 145.09 billion or 8.22% lower compared to total trade payable in 2013, amounted Rp 158.10 billion. This decrease in 2014 due to a decrease in the amount of debt in asset purchases amounting to 29.84% to 34.27 billion from 48.85 billion in 2013.

Taxes Payable

Taxes payable decreased significantly by 55.22% to Rp 38.92 billion in 2014 from Rp 86.92 billion at the end of 2013 which is primarily due to a decrease in income tax payable article 21, article 29 and VAT WAPU.

In Million Rupiah

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Income Tax Article 25	17,831	6,773	8,926	10,301	-	14,224	38.08	-
Income Tax Article 21	696	5,654	5,426	3,762	-	3,319	(11.79)	-
Income Tax Article 23	43	172	159	225	-	613	172.36	-
Income Tax Article 4 (2)	783	239	593	441	-	1,197	171.51	-
Income Tax Article 29	-	9,482	15,027	60,124	-	9,604	(84.03)	-
Corporate Income Tax	-	-	-	-	-	30	-	-
Other Income Tax	-	-	-	-	-	-	-	-
VAT Collected	-	-	-	12,035	-	9,889	(17.83)	-
Income Tax Article 22	-	-	-	28	-	44	55.86	-
Total Taxes Payable	19,353	22,320	30,131	86,916	24,780	38,919	(55.22)	57.06

Accrued Expenses

Accrued Expenses (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Employee Bonus and Others	35,472	44,876	55,779	92,948	-	102,542	10.32	-
Professional Fees	1,585	3,809	2,494	1,747	-	3,716	112.72	-
Export Agencies, Royalties and Sales Incentives	29,821	2,017	3,402	8,479	-	11,717	38.18	-
Repairs & Maintenance	1,508	1,235	-	-	-	2,887	-	-
Transportation and Embalage	346	741	1,690	4,519	-	2,874	(36.39)	-
Human Resources Improvement and Development	17	86	741	1,564	-	1,065	(31.91)	-
Office Administration	110	82	1,785	2,962	-	2,678	(9.58)	-
Business Travelling	109	17	226	559	-	347	(37.79)	-
Monitoring	-	-	347	3	-	-	-	-
Utilization of Raw Material & Auxiliaries	54	-	-	-	-	-	-	-
Others	20	-	-	-	-	453	-	-
Total Accrued Expenses	69,042	52,862	66,464	112,780	66,996	128,280	13.74	91.47

Total accrued expenses of the Company at the end of 2014 were Rp 128.28 billion, which signifies an increased by 13.74% from Rp 112.78 billion at the end of 2013. This is due to increased by 112.72% in professional services, export agency, royalties and sales incentives increased by 38.18%, and the increase of production services of accrued employee's bonus the recognized liability which estimated in 2014 and 2013 .

Unearned Revenue

Unearned Revenue (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Private	118	68	91	160		41	(74.11)	-
Third parties	-	-	1,830	5,245		1,325	(74.74)	-
Total Unearned Revenue	118	68	1,921	5,405	-	1,366	(74.72)	-

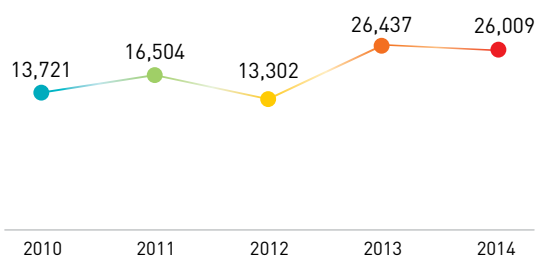
The Company's unearned revenue declined by 74.72% to Rp 1.37 billion in 2014, from Rp 5.40 billion in 2013, due to the decrease in unearned revenue from the private sector and third parties.

Other Current Liabilities

Other Current Liabilities (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Kenaikan/Penurunan	
	1	2	3	4	5	6	6/4	6/5
Management Bonus	5,319	8,910	6,305	16,529	-	17,521	6.00	-
Estimated Freights and Embarkation	5,611	7,487	6,250	9,555	-	7,992	(16.37)	-
Third Parties Deposits	105	65	543	258	-	83	(67.66)	-
Others	2,686	442	204	94	-	412	338.25	-
Total Other Current Liabilities	13,721	16,904	13,302	26,437	21,998	26,009	(1.62)	18.23

Total Other Current Liabilities (In Million Rupiah)



Management bonus payable for 2014 was the recognized amount of the liability estimated based on the prognosis for the management bonus for 2014, as stipulated in the 2015 RKAP, while the Management bonus payable for 2013.

Taxation for estimated freights and embarkation is the recognized amount of the estimated freights and embarkation estimated on 31 December 2014 for the shipping of vaccine sales to the Government.



Long-Term Liabilities

(In Million Rupiah) Accrued Expenses

Description	2010	2011	2012	2013	RKAP 2014	2014	Kenaikan/Penurunan	
	1	2	3	4	5	6	6/4	6/5
Long-Term Loans	81,000	-	-	-	-	-	-	-
Estimated Employee Benefit Liabilities	26,912	34,525	41,441	48,371	55,258	62,703	29.63	13.47
Other Non-Current Liabilities	-	-	-	-	-	24,882	-	-
Total Long-Term Liabilities	107,912	34,525	41,441	48,371	55,258	87,586	81.07	58.50

Estimated Employee Benefit Liabilities

The Company implements the employee benefit liabilities in accordance with the SFAS 24 (Revised 2010). In addition, the Company also enrolls all of its contract and permanent employees on the pension program managed by the third party DPLK.

The following description summarizes the calculation for the expenses and liabilities related to employee benefit for 2014 and 2013, as recognized in the statements of financial positions and statements of comprehensive income. The calculation for the expenses and liabilities related to employee benefit for 2014 and 2013 was carried out by an independent, third-part actuarial firm as reported on 17 January 2015 and 30 December 2013 using the "Projected Unit Credit" method.

Estimated Employee Benefit Liabilities (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Post-Employment Benefits Cost								
Current Service Cost	3,760	4,814	5,563	6,477	-	9,080	40.19	-
Interest Cost	2,826	3,204	5,102	5,418	-	9,284	71.36	-
Past Service Cost-Non Vested	781	781	781	781	-	781	-	-
Actuarial Gains (Loss) Recognized	-	299	(536)	1,161	-	2,045	76.14	-
Retirement	9,220	17,350	7,752	4,362	-	4,236	2.89	-
Total Employee Benefit Expenses	16,587	26,448	18,661	18,198	-	25,427	39.72	-

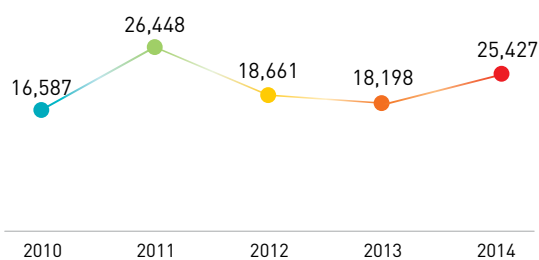
Estimated Liabilities on Post-Employment Benefits

Beginning Balance of Present Value of Estimated Employee Benefit	35,326	45,767	56,101	77,396	-	103,161	33.29	-
Impact of Changes in Actuarial Assumption	-	-	-	(17,509)	-	12,553	(28.31)	
Current Service Expense	3,760	4,814	5,563	6,477	-	9,080	40.19	
Interest Expense	2,826	3,204	5,102	5,418	-	9,284	71.36	
Payment of Pension	(12,181)	(18,835)	(11,745)	(6,907)	-	(6,858)	0.70	
Actuarial Loss on Liability	16,035	21,152	22,374	37,773	-	9,148	75.78	
Balance of Present Value of Estimated Employee Benefit	45,767	56,101	77,395	102,647	-	136,368	32.85	

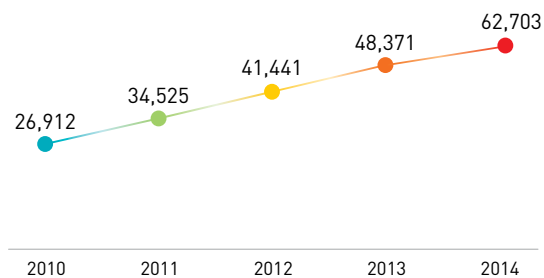
Estimated Employee Benefit Liabilities (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Employment Benefit								
Unrecognized Past Service Cost	9,640	8,860	8,079	7,299	-	6,518	10.70	
Unrecognized Actuarial Gains	9,215	12,716	27,875	46,978	-	67,147	42.93	
Employee Benefit Liability	26,912	34,525	41,441	48,371	55,258	62,703	29.63	13.47
Changes in Liabilities Estimated on Post-Employment Benefits								
Beginning Balance	22,506	26,912	34,525	41,441	-	48,371	16.72	
Employee Benefit Expense of the Year	16,587	26,448	18,661	18,198	-	25,427	39.72	
Payment of Pension	(12,181)	(18,835)	(11,745)	(11,268)	-	(11,094)	(1.55)	
Ending Balance	26,912	34,525	41,441	48,371	55,258	62,703	29.63	13.47

Total Employee Benefit Expenses (In Million Rupiah)



Employee Benefit Liability (In Million Rupiah)



Estimated employee benefit liabilities was the sole component of the Company's total non current liabilities. At the end of 2014, the value of this account increased by 29.63% from Rp 48.37 billion as at 31 December 2013 to Rp 62.70 billion.

The Company implements the employee benefit liabilities in accordance with the SFAS 24 (Revised 2010). In addition, the Company also enrolls all of its contract and permanent employees on the pension program managed by the third party DPLK.

EQUITY

(In Million Rupiah)

Uraian	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Share Capital	450,000	450,000	750,000	750,000	1,250,000	1,250,00	66.67	-
Donated Capital	-	-	-	-	-	377	-	-



(In Million Rupiah)

Uraian	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	6/4	6/5
Retained Earnings (Losses)								
• Appropriated	490,635	701,913	670,641	941,919	801,478	786,075	(16.55)	(1.92)
• Un appropriated	269,441	326,187	385,892	573,143	503,115	580,074	1.21	15.30
Total Equity	1,210,076	1,478,100	1,806,533	2,265,062	2,554,593	2,616,526	15.52	2.42

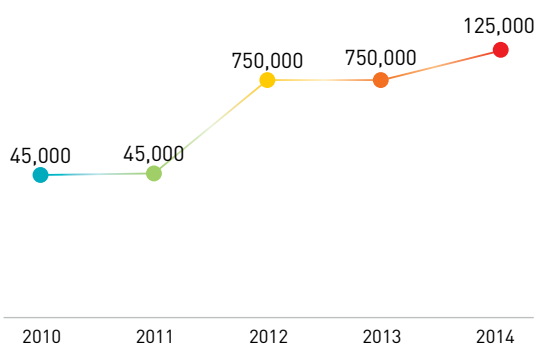
Share Capital

(In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Share capital issued and fully paid at the beginning of the Year	450,000	450,000	450,000	750,000	1,250,000	750,000	-	(40.00)
Capitalization of Reserve	-	-	300,000	-	-	500,000	-	-
Share capital issued and fully paid	450,000	450,000	750,000	750,000	1,250,000	1,250,000	66.67	-

In 2014, in accordance with the Decree of the Minister of State-Owned Enterprises No. S315/MBU/2014 dated 20 May 2014 as registered in the Act No. 26 dated 6 June 2014 drawn by Fathiah Helmi, SH, Notary, and approved by the Minister of Law and Human Rights of the Republic of Indonesia according to the letter No. AHU-04104.40.20.2014 dated 10 June 2014, the Company's share capital was increased from previously Rp 2 trillion (2 million shares) to Rp 5 trillion (5 million shares), and the issued and fully paid capital was increased from previously Rp 750 billion (750 thousand shares) to Rp 1.25 trillion (1.25 million shares), through the capitalization of reserve amounting to Rp 500 billion.

Share capital issued and fully paid (In Million Rupiah)



Total equity of the Company on December 31, 2014 was Rp 1.25 trillion, or in accordance with a budget of Rp 1.25 trillion. Issued and fully paid in 2014 increased by 66.67% to Rp 1.25 trillion, from Rp 750 billion in 2013.

SALES/REVENUE, EXPENSES AND INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME

Sales /Revenue

Net Sales (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Company's Products	1,186,361	1,324,046	1,432,966	1,848,452	1,939,918	2,028,988	9.77	4.59
Merchandise Products	21,067	1,784	1,206	1,848	2,200	10,287	456.65	367.59
Services	2,835	2,899	3,470	3,382	3,920	4,805	42.09	22.59
Total Net Sales	1,210,263	1,328,729	1,437,642	1,853,682	1,946,038	2,044,080	10.27	5.04

The Company's net sales in 2014 increased by 10.27% to Rp 2.04 trillion, from Rp 1.85 trillion at the end of 31 December 2013, and 5.04% higher than the 2014 target expected to reach Rp 1.95 trillion. Company's product sales was dominating the increase of net sales in 2014 around 99.26%, this is due to the increase in sales of virus vaccines, combination vaccines, sera and diagnostics, merchandise products and services by 11.85%, 11.26%, 41.81%, 456.65%, and 42.11%, respectively.

Sales of the Company's Products

Sales of the Company's Products (In Million Rupiah)

Description	2010				2011			
	Government	Private Sector		Total	Government	Private Sector		Total
		Local	Export			Local	Export	
Product Sales								
Bacterial Vaccine	102,955	4,709	95,211	202,874	118,383	5,017	76,319	199,719
Virus Vaccine	150,729	5,171	663,222	819,122	234,822	4,728	697,422	936,972
Combination Vaccine	113,363	570	-	113,933	123,689	592	8,139	132,420
Sera & Diagnostica	-	50,872	-	50,872	-	55,490	-	55,490
Total	367,047	61,322	758,433	1,186,801	476,894	65,827	781,880	1,324,601
Substract: discounted sales	-	(440)	-	(440)	-	(554)	-	(554)
Product Nett Sales	367,047	60,882	758,433	1,186,361	476,894	65,273	781,880	1,324,047

(In Million Rupiah)

Description	2012				2013			
	Government	Private Sector		Total	Government	Private Sector		Total
		Local	Export			Local	Export	
Product Sales								
Bacterial Vaccine	127,508	5,714	93,490	226,713	130,988	3,558	99,208	233,754
Virus Vaccine	177,941	5,888	755,856	939,684	183,656	10,268	1,108,929	1,302,853
Combination Vaccine	209,246	472	568	210,286	233,509	341	14,715	248,565
Sera & Diagnostica	559	56,022	-	56,581	571	63,064	0	63,635
Total	515,254	68,096	849,914	1,433,264	548,724	77,230	1,222,852	1,848,806
Substract: discounted sales	-	(298)	-	(298)	-	(354)	0	(354)
discounted sales	515,254	67,798	849,914	1,432,966	548,724	76,876	1,222,852	1,848,452



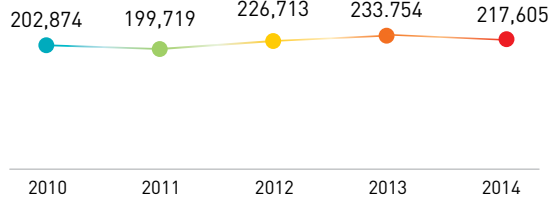
Product Nett Sales

Description	RKAP 2014			Total	2014			Total
	Government	Private Sector			Government	Private Sector		
		Local	Export			Lokal	Export	
Product Sales								
Bacterial Vaccine	137,881	4,127	106,380	248,388	98,522	7,776	111,308	217,605
Virus Vaccine	216,530	19,158	1,032,279	1,267,967	167,684	34,687	1,254,909	1,457,280
Combination Vaccine	303,581	13,748	11,760	329,089	273,678	2,870	-	276,548
Sera & Diagnostica	-	94,474	-	94,474	76	90,149	15	90,240
Total	657,992	131,507	1,150,419	1,939,918	539,959	135,481	1,366,232	2,041,673
Subtract: discounted sales	-	-	-	-	-	12,685	-	12,685
Product Net Sales	657,992	131,507	1,150,419	1,939,918	539,959	122,796	1,366,232	2,028,988

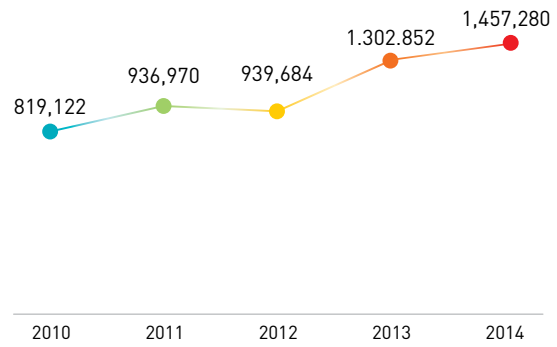
Sales Recapitulation of the Company's Products (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
	Bacterial Vaccine	202,874	199,719	226,713	233,754	248,388	217,605	(6.91)
Viral Vaccine	819,122	936,970	939,684	1,302,852	1,267,967	1,457,280	11.85	14.93
Combination Vaccine	113,933	132,420	210,286	248,565	329,089	276,548	11.26	(15.97)
Sera & Diagnostics	50,872	55,490	56,581	63,636	94,474	90,240	41.81	(4.48)
Total	1,186,801	1,324,599	1,433,264	1,848,807	1,939,918	2,041,673	10.43	5.25
Less: Sales Discount	440	553	298	354	-	12,685	3.483.38	-
Net Sales of Product	1,186,361	1,324,046	1,432,966	1,848,453	1,939,918	2,028,988	9.77	4.59

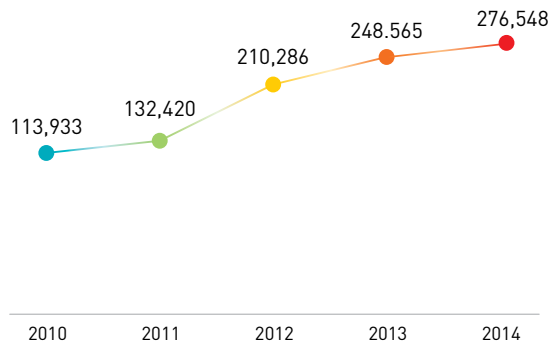
Sales of Bacterial Vaccine
(In Million Rupiah)



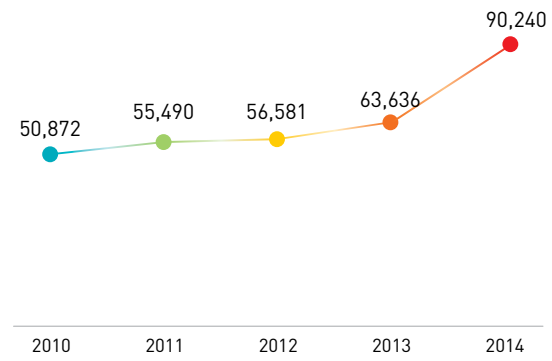
Sales of Viral Vaccine
(In Million Rupiah)



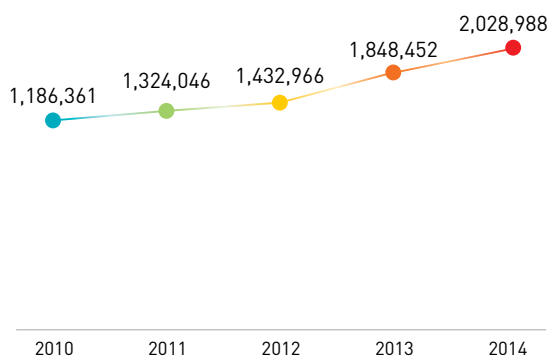
Sales of Combination Vaccine
(In Million Rupiah)



Sales of Sera & Diagnostica
(In Million Rupiah)



Net Sales Company Products
(In Million Rupiah)





Broken down by sector, the Company's sales in 2014 were as follows:

Sales Recapitulation of Products by Sector (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Government	367,047	476,894	515,254	548,724	657,992	539,959	(1.60)	(17.94)
Private	60,882	65,273	67,798	76,876	131,507	122,796	59.73	(6.62)
Export	758,433	781,880	849,914	1,222,852	1,150,419	1,366,232	11.73	18.76
Total	1,186,801	1,324,047	1,432,966	1,848,452	1,939,918	2,028,988	9.77	4.59

- Actual sales to the Government in 2014:
 - » The Sales of product from the government sector in 2014 reached only 82.06% of the budgeted, recorded Rp.539,959 million. Compared to government sector sales in 2013, declined by 1.6% from Rp. 548.72 million in 2013, to Rp. 539.959 million in 2014. this was due to a declining in demand of Td vaccine 10ds about 15.6% and 10 ds DT vaccine at 41.8%. However, the sale of public sector earn Rp. 7.8 billion from the sale of IPV vaccines, which in early 2014 was not budgeted.
 - » Compared to 2013 figure, the 2014 figure was 1,6% lower, due to the decline in the value of contracts for regular vaccines, in particular for the Td 10 ds and DT 10 ds vaccines, which were 89.0% and 70.9%, although in 2014 there were sales of merchandise goods of IPV vaccines amounting to Rp 7.8 billion which were nonexistent in 2013.
 - Actual sales to the Private Sector in 2014:
 - » And if compared to 2014 budget, only achieved 93.38%. Although the sale of the private sector did not meet its sales targets, there are some products that actually exceeds its budget such as DT 10 ds, DTP 10 ds, Flu Bio 1 ds, Pentabio 1 ds, ATS 20,000/BIOSAT-20, and PPD 2TU, of, respectively, 65.0%, 57.8%, 66.1%, 15.5%, 0.01%, and 50.4% from their targets, and there were some products that were not sold as successfully as planned, i.e. the Bio TT 1 ds and Bio Td 1 ds vaccines, valued at Rp 1.4 billion and Rp 622.5 billion, respectively.
 - » Compared to private sector in 2013, the 2014 figure was 59.73% higher, as almost all product sales, merchandise goods, and services increased significantly, and there were sales of a new product, i.e. the Pentabio 1 ds, which were not existent in the previous year. However, there was a decrease of 23.3% and 99.98% in the sales of DTP 10 ds and ATS 20,000 IU/BIOSAT-20 vaccines, respectively.
 - Actual Export Sales in 2014:
 - » Compared to the budget, export sales denominated in rupiah achieved 118.8% of the target, or equivalent to 104.9% when denominated in USD. The products that were considerably successful were TT 10 ds, tOPV 20 ds, bOPV 20 ds, Measles 10 ds, Bio TT, bulk Pertussis and bulk Polio, which achieved 718.6%, 168.8%, 121.9%, 113.3%, 103.8%, 131.1%, and 116.9% from their budgets, respectively, due to the increase in the amount of sales of these vaccines. For bulk Pertussis, the sales increase was due to the increase in price.
- Compared to 2013 figure, the 2014 figure denominated in rupiah was 11.7% higher, or equivalent to 0.3% increase when denominated in USD. This was driven by the increase in the sales of tOPV 20 ds, Td 10 ds, bOPV 20 ds, Bio TT 1 ds, bulk Pertussis, bulk Tetanus, and bulk Diphtheria, which increased by 223.1%, 93.4%, 43.8%, 25.0%, 399.0%, 117.6%, and 40.6% from the 2013 figures, respectively.

Sales of Merchandise Goods

Sales of Merchandise Goods (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Government								
Fluarix	-	-	-	-	-	-	-	-
Syringe	-	-	-	-	-	-	-	-
IPV	-	-	-	-	-	7,769	-	-
Sub Total	-	-	-	-	-	7,769	-	-
Private								
Meningitis	19,761	-	-	-	-	-	-	-
Polyvalent Snake Anti Venom	694	1,785	1,206	1,848	-	2,641	42.93	-
Syringe	542	-	-	-	-	-	-	-
Fluarix	-	-	-	-	-	-	-	-
Vaccine Yellow Fever	-	-	-	-	2,200	-	-	-
Others (less than Rp 500 Million)	143	-	-	-	-	-	-	-
Sub Total	21,140	1,785	1,206	1,848	2,200	2,641	42.93	2.06
Less: Sales Discount	73	1	-	-	-	123	-	-
Total Sales of Merchandise Goods	21,067	1,784	1,206	1,848	2,200	10,287	456.65	367.59

Sales of merchandise goods in 2014 increased by 456.65%, to Rp 10.29 billion from Rp 1.85 billion compared to 2013, and increased by 367.59% from budgeted amount of Rp 2.20 billion.

Sales of Services

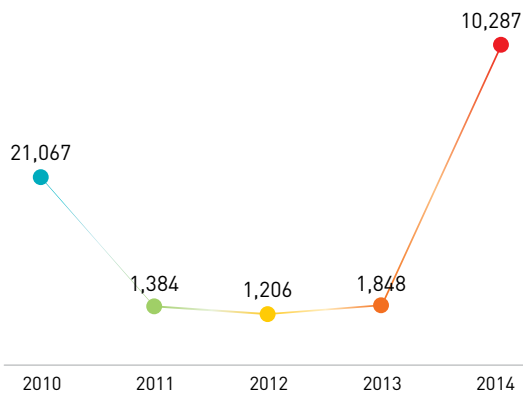
Sales of Services (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Immunization	1.305	1.714	2.134	2.501	2.695	3.978	59.06	47,61
Laboratory	1.546	1.186	1.337	881	1.225	827	(6,10)	(32,47)
Total	2.851	2.900	3.471	3.382	3.920	4.805	42,09	22,59
Less: Sales Discount	16	1	2	-	-	-	-	-
Total Sales of Services - Net	2.835	2.899	3.469	3.382	3.920	4.805	42.09	22,59
Total Sales of Product, Goods and Services - Net	1.210.263	1.328.729	1.437.641	1.853.682	1.946.038	2.044.080	10,27	5,04

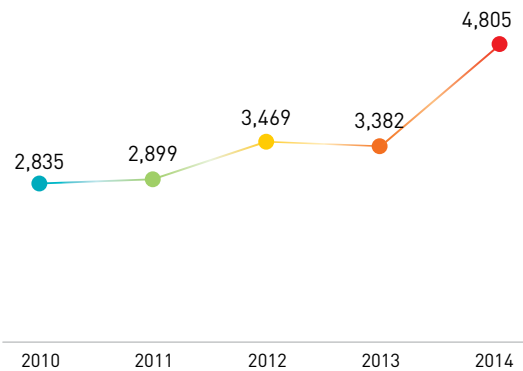


Sales of services in 31 December 2014 recorded Rp 4.80 billion or increased by 42.09% from Rp3.382 billion in 2013 sales of services. Sales of services also increased by 22.59% compared to 2014 target, from Rp3.920 million to Rp4.805 million.

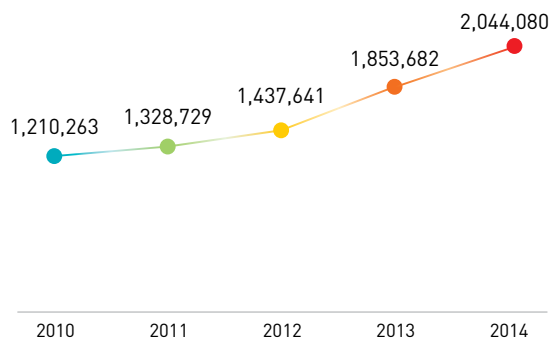
Jumlah Penjualan Bersih Barang Dagangan
(dalam juta Rupiah)



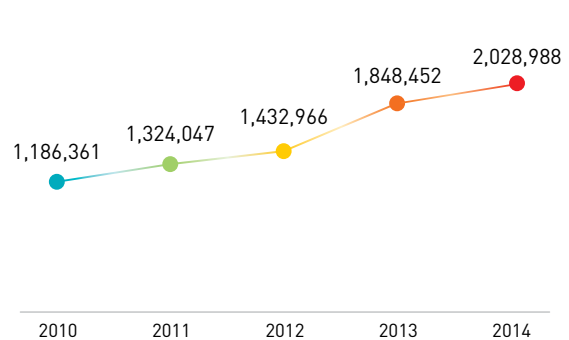
Jumlah Penjualan Jasa Bersih
(dalam juta Rupiah)



Jumlah Penjualan Produk Barang Dagangan dan Jasa
(dalam juta Rupiah)



Jumlah Rekapitulasi Penjualan Produk Perusahaan
(dalam juta Rupiah)



Expenses

Cost of Sales and Services

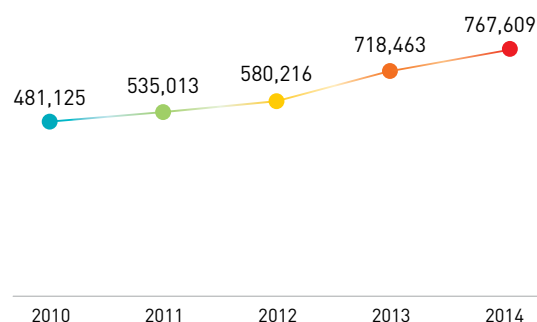
In total, the cost of sales reached Rp 780.09 billion or increased by 7.81% from 2013 from Rp 723.56 billion and 5.64% above the target of Rp738.41 billion, with the details as follows:

Cost of Sales of the Company's Products

Cost of sales of the Company's products as at the end of 2014 reached Rp 767.61 billion or 6.84% higher than Rp 718.46 billion as at 31 December 2013, or 4.57% above the target for the year of Rp734.09 billion. This increase was driven by the increase in production expenses in 2014.

Beban Pokok Penjualan Produk Perusahaan (dalam juta rupiah)							
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)
	1	2	3	4	5	6	6/4 6/5
Production Expenses	511,486	563,141	586,917	743,600	-	882,769	18.72
Work in Process							
at the Beginning of the Year	22,430	31,262	48,087	34,134	-	46,676	36.74
at the End of the Year	(31,262)	(48,087)	(34,134)	(46,676)	-	(97,889)	109.72
Cost of Goods Manufactured	502,654	546,316	600,870	731,059	-	831,555	13.75
Finished Good							
At the Beginning of the Year	23,992	43,743	31,059	46,963	-	42,582	(9.33)
Out of Date/Damaged	(1,225)	(16,357)	(3,229)	(14,561)	-	38,040	161.25
Promotion, Damages, Donated, Replacement and Self Consumptions	311	7,185	837	792	-	1,234	55.59
Cost of Goods Available for Sale	525,110	566,516	627,863	762,668	-	834,863	9.47
Sold for Immunization	(242)	(440)	(684)	(1,623)	-	(1,479)	(8.85)
Inventory at the end of the Year	(43,743)	(31,059)	(46,963)	(42,582)	-	(65,775)	54.47
Cost of Sales of the Company's Products	481,125	535,017	580,216	718,463	734,085	767,609	6.84 4.57

Jumlah Penjualan Pokok Penjualan Perusahaan (dalam juta Rupiah)



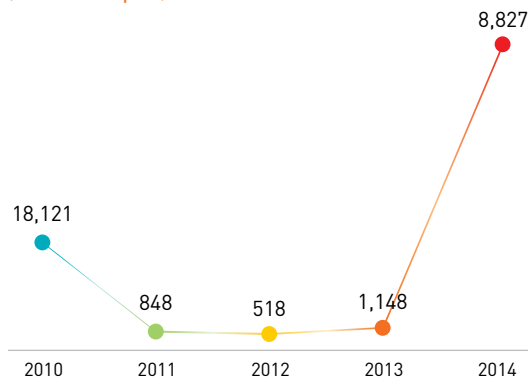


Cost of Sales of Merchandise Goods

As shown in the table below, cost of sales of the merchandise goods as at the end of 2014 increased significantly by 668.90% to Rp 8.83 billion from Rp 1.15 billion in 31 December 2013 and 1,624.02% above the 2014 target of Rp512 billion. This increase was driven by the increase in purchases in 2014 by 630.69% from Rp 1.41 billion to Rp 10.33 billion, and the increase in the goods available for sale by 612.93% from Rp 1.45 billion as at the end of 2013 to Rp 10.37 billion..

Cost of Sales of Merchandise Goods (In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Inventories at the Beginning of The Year	152	195	84	40	-	34	(15.00)	-
Purchases	18,740	1,087	665	1,414	-	10,332	630.69	-
Available for Sale	18,892	1,282	749	1,454	-	10,366	612.93	-
Out of Date/Damaged	-	(29)	(1)	(9)	-	-	-	-
Used for Promotion, Replacement, Self Consumption and Donation	(1)	(1)	(1)	-	-	-	-	-
Used for Immunization	(575)	(322)	(191)	(263)	-	(226)	(13.99)	-
Inventories at the End of The Year	(195)	(84)	(40)	(34)	-	(1,313)	3,746.89	-
Total of Cost of Sales of Merchandise Goods	18,121	848	518	1,148	512	8,827	668.90	1,624.02

Total of Cost of Sales of Merchandise Goods (In Million Rupiah)



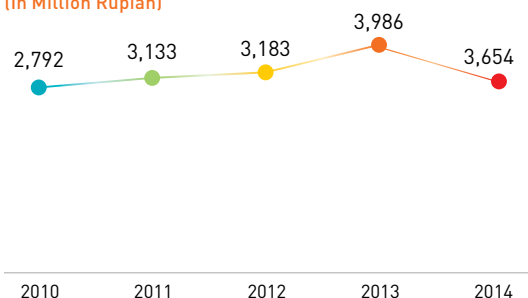
Cost of Sales Services

Compared to the 2013 cost of services of Rp 3.99 billion, as at the end of 2014 the Company's cost of services declined by 8.33% to Rp 3.65 billion or 95.79% from 2014 budget amounted to Rp3,81 billion. This is due to the decline in employee cost around Rp 447 million, from Rp 1.41 billion in 2013 to Rp 967 million in 2014. There was also a decline in the value of products used for immunization by Rp 144 million, use of merchandise goods for immunization of Rp 37 million, and repairs and maintenance of Rp 168 million.

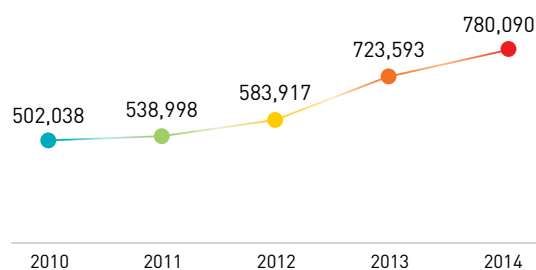
Cost of Services (In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Employees	1,612	2,042	1,952	1,414		967	(31.61)	-
Products used for Immunization	242	440	684	1,623		1,479	(8.85)	-
Merchandise Goods used for Immunization	575	322	190	263		226	(14.18)	-
Travelling	69	103	89	53		66	24.66	-
Depreciation of Fixed Assets	86	69	73	117		218	86.35	-
Repairs and Maintenance	24	17	31	182		14	(92.09)	-
Insurances	1	1	1	1		2	105.40	-
Office	-	-	-	-		-	-	-
Others	183	139	163	333		681	104.55	-
Total Cost of Services	2,792	3,133	3,183	3,986	3,814	3,654	(8.33)	(4.20)
	502,038	538,998	583,917	723,593	738,411	780,090	7,81	5,64
Total cost of sales of products, merchandise and services	502,038	538,998	583,917	723,593	738,411	780,090	7,81	5,64

Total Cost of Services (In Million Rupiah)



Total cost of sales of products, merchandise and services (In Million Rupiah)



Income (Loss) Before Income Tax

Income (loss) before income tax is detailed in the table below:

Beban Jasa (dalam juta rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
GROSS PROFIT	708,225	789,731	853,724	1,130,085	1,207,627	1,263,991	11.85	4.67
Other Income	42,639	62,660	53,159	152,838	1,785	118,630	(22.38)	6,547.31
General and Administrative Expenses	(160,871)	(206,088)	(227,583)	(304,313)	(345,212)	(378,448)	24.36	9.63
Selling Expenses	(160,818)	(128,095)	(58,592)	(72,830)	(63,990)	(72,570)	(0.36)	13.41
Research, Developments and Surveillance Expenses	(40,501)	(68,793)	(78,262)	(68,318)	(98,916)	(88,779)	29.95	(10.25)
Other Expenses	(50,255)	(41,643)	(21,346)	(58,873)	(10,521)	(69,748)	18.47	562.94
Total	(369,806)	(381,959)	(332,624)	(351,496)	(516,855)	(490,915)	39.66	(5.02)
INCOME (LOSS) BEFORE INCOME TAX	338,419	407,772	521,100	778,589	690,772	773,076	(0.71)	11.91



Gross Profit (Loss)

The Company's gross profit increased by 11.85% to Rp1.26 trillion for the year ended 31 December 2014, from Rp 1.13 trillion for the year ended 31 December 2013. This was 4.67% above the 2014 target of Rp 1.21 trillion.

Other Income

The Company's other income in 2014, was targeted at Rp 1.785 million, the realization was recorded Rp 118.630 million or increased significantly by 6,545.94%. even though significantly increase, compare to realization of 2013, other income in 2014 decreased by 22.38% from Rp152,838 million in 2013, to Rp118,630 million in 2014. Other income mainly consisted of the gain from exchange rate in foreign exchange transactions.

Administrative and General Expenses

Administrative and general expenses at the end of 2014 amounted to Rp378,448 million increased by 24.36% compared to at the end of 2013, amounted Rp304,313 million. This was also 9.63% above the target of Rp345,212 million.

Sales Expenses

Sales expenses at the end of 2014 amounted to Rp72,570 million, decreased by 0.36% from Rp 72.830 million as at 31 December 2013. This was also 13.41% above the Company's target of Rp63,990 million. This decrease was due to the decrease in export agency fees, transportation expenses, and embalage.

Research, Development and Surveillance Expenses

Compared to 2013, the research, development and surveillance expenses is increased by 29.95% from Rp68,318 million in 2013 to Rp88,779 million in 2014. This was 10.25% below the Company's target of Rp98,916 billion. The increase was due to the rise in use of raw materials and auxiliaries, professional fees, employee costs, depreciation of fixed assets, repairs and maintenance, and human capital enhancement and development.

Other Expenses

Other expenses in 2014 increased by 18.47% from the previous year's, i.e. from Rp 58.873 million as at 31 December 2013 to Rp 69.748 billion. This was also far above the target for the year, which was set at Rp 10.521 million.

Statements of Comprehensive Income

Statements of Comprehensive Income (In Million Rupiah)									
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)		
	1	2	3	4	5	6	6/4	6/5	
Net Sales									
Company's Products	1,186,361	1,324,046	1,432,966	1,848,452	1,939,918	2,028,988	9.77	4.59	
Merchandise Products	21,067	1,784	1,206	1,848	2,200	10,287	456.65	367.59	
Services	2,835	2,899	3,470	3,382	3,920	4,805	42.09	22.59	
Total Net Sales	1,210,263	1,328,729	1,437,642	1,853,682	1,946,038	2,044,080	10.27	5.04	
Cost Of Goods Sold									
Company's Products	(481,125)	(535,017)	(580,216)	(718,463)	(734,085)	(767,609)	6.84	4.57	
Merchandise Products	(18,121)	(848)	(518)	(1,148)	(512)	(8,827)	668.90	1,622.60	
Services	(2,792)	(3,133)	(3,183)	(3,986)	(3,814)	(3,654)	(8.33)	(4.21)	
Total Cost of Goods and Services Sold	(502,038)	(538,998)	(583,917)	(723,596)	(738,412)	(780,090)	7.81	5.64	
GROSS PROFIT	708,225	789,731	853,724	1,130,085	1,207,627	1,263,991	11.85	4.67	
Other Income	42,639	62,660	53,159	152,838	1,785	118,630	(22.38)	6,547.31	
General and Administrative Expenses	(160,871)	(206,088)	(227,583)	(304,313)	(345,212)	(378,448)	24.36	9.63	
Selling Expenses	(160,818)	(128,095)	(58,592)	(72,830)	(63,990)	(72,570)	(0.36)	13.41	
Research, Developments and Survey Expenses	(40,501)	(68,793)	(78,262)	(68,318)	(98,916)	(88,779)	29.95	(10,25)	
Other Expenses	(50,255)	(41,643)	(21,346)	(58,873)	(10,521)	(69,748)	18.47	562.94	
Total	(369,806)	(381,959)	(332,624)	(351,496)	(516,855)	(490,915)	39.66	(5.02)	

Statements of Comprehensive Income (In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
INCOME (LOSS) BEFORE INCOME TAX	338,419	407,772	521,100	778,589	690,772	773,076	(0.71)	11.91
Benefit (Expense) Income Tax								
Current Tax	(89,843)	(105,826)	(137,261)	(207,288)	(189,055)	(197,136)	(4.90)	4.27
Deferred Tax	2,239	473	2,053	1,166	1,397	4,134	254.51	195.89
Total Tax Expenses	(87,604)	(105,353)	(135,208)	(206,121)	(187,657)	(193,002)	(6.36)	2.85
NET INCOME (LOSS)	250,815	302,419	385,892	572,468	503.115	580,074	1.33	15.30
Other Comprehensive Income	-	-	-	-	-	377	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	250,815	302,419	385,892	572,468	503.115	580,451	1.39	15.37

Income Tax Expense

For the fiscal year ended 31 December 2014, the Company recorded a decrease in tax expense by 6.36% to Rp 193.002 million from Rp 206.121 million in 2013. This was 2.85% above the target of Rp 187.657 million.

Other Comprehensive Income

For the fiscal year ended 31 December 2014, the Company recorded other comprehensive income from unrealized gain from the ownership of securities available for sale, of Rp 377 million.

Net Income

The Company's net income at the end of 2014 increased by 1.33% from Rp 572.468 million to Rp 580.074 million, and this was 15.30% above the target of Rp 503.115 million.

Total Comprehensive Income

The Company's total comprehensive income in 2014 was Rp 580.451 million or 15.37% higher from target, with net profit margin of 28.38%. Compared to the 2013 net profit, increased by 1.39% from Rp 572.468 million, and 15.37% above the target of Rp 503.115 million.

The net profit in 2014 was exceeding the budget is mainly due to an increase in export sales, some of the burden of research that are not realized, development and surveillance of the external parties of which the settlement postponed to 2015 and an increase in other income from foreign exchange and increasing acceptance monetary deposits.

CASH FLOWS

Cash Flows from Operating Activities

For the year ended 31 December 2014, the Company recorded net cash from operating activities of Rp505.839 million, consisting of sales receipt from customers of Rp 2.11 trillion, tax income of Rp 19.53 million, interest income of Rp35.39 million, and WHO donation/grant receipt of Rp4.99 million, which was compensated by the cash payments to suppliers and employees of Rp1.33 trillion, other income (payment) amounting to Rp11.673 million, income from insurance claims amounting to Rp107 million, tax payments of Rp334.448 million and tantiem payment of Rp9.727 million.

Cash flows from operating activities in 2014 were 20.07% lower than 2013, from Rp 632.880 million to Rp505.839 million. The decrease due to the decline in tax restitution by 78.16% and decline in other revenues/receipts – net, by 160.94%. or increased by 7.28% from 2014 budget, amounted Rp471.50 billion.



Cash Flows from Investing Activities

Net cash flows at 31 December 2014, from investing activities increased by 4.79% compared to 2013 from Rp199.117 million to Rp208.727 million. This was due to the increase in the purchase of intangible assets in 2014, amounted Rp20.578 million or increased by 208.47% from Rp6.671 million in 2013. But compare to intangible assets decrease by 71.97% which is targeted to reach Rp744.67 million.

Cash Flows from Financing Activities

Compared to 2013, net cash flows from financing activities in 2014 increased by 100.98% from Rp113.938 million, to Rp228.987 million. Net cash flows from this activity consist of dividend payment of Rp228.99 billion..

Cash Flows from Financing Activities								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease	
	1	2	3	4	5	6	06-Apr	06-May
Cash Flows from Operating Activities								
Cash receipts from customers	1,218,318	1,339,426	1,375,334	1,800,735	1,919,331	2,108,672	17.1	9.86
tax income (restitution)	65,592	54,435	32,346	89,417	(307,866)	19,529	(78.16)	(106.34)
Interest Receipts	3,530	4,269	3,138	12,822	1,300	35,395	176.05	2,622.68
Cash Received from Grant/WHO's Donations	6,857	3,103	1,767	1,278	-	4,989	290.37	-
Other Receipts (Payments) - Net	4,955	3,064	2,405	(19,156)	985	11,673	(160.94)	1,085.51
Cash Received from Insurance Claims	226	10	-	-	-	107	-	-
Payment of Interest	(8,635)	(2,779)	-	-	-	-	-	-
Payment of Tantiem	(5,319)	(4,796)	(5,867)	(6,980)	(11,207)	(9,727)	39.35	(13.21)
Payment for Taxes	(137,587)	(149,472)	(172,123)	(241,386)	-	(334,488)	38.57	-
Cash Paid to Suppliers and Employees	(931,517)	(907,844)	(858,357)	(1,003,850)	(1,131,047)	(1,330,310)	32.52	17.62
Net Cash Provided (Used) by Operating Activities	216,420	339,416	378,643	632,880	471,496	505,839	(20.07)	7.28
Cash Flows from Investing Activities								
Purchase of Fixed Assets	(139,074)	(269,330)	(208,860)	(192,644)	(717,214)	(163,149)	(15.31)	(77.25)
Placement of Security Deposit	-	-	-	-	-	(25,000)	-	-
Purchase of Intangible Assets	(5,839)	(1,251)	(1,816)	(6,671)	(27,458)	(20,578)	208.47	(25.06)
Proceeds from Sale of Fixed Assets	381	274	20	138	-	-	-	-
Net Cash Provided (Used) by Investing Activities	(144,532)	(270,307)	(210,656)	(199,177)	(744,672)	(208,727)	4.79	(71.97)
Cash Flows from Financing Activities								
Short-Term Loan Receipts	77,000	-	-	-	-	-	-	-
Short-Term Loan Payments	(77,000)	-	-	-	-	-	-	-
Payment of Dividends	(21,768)	(24,567)	(45,363)	(105,178)	-	(228,987)	117.71	-
Payment for Partnership and	(6,531)	(9,827)	(12,097)	(8,760)	-	-	-	-

Cash Flows from Financing Activities

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	06-Apr	06-May
Community Programs Donation Capital from WHO	-	-	-	-	-	-	-	-
Long-Term Loan Receipts	101,000	-	-	-	-	-	-	-
Long-Term Loan Payments	-	(101,000)	-	-	-	-	-	-
Net Cash Provided (Used) by Financing Activities	72,701	(135,394)	(57,460)	(113,938)	(82,890)	(228,987)	100.98	176.26
Net Increase (Decrease) in Cash	144,589	(66,285)	110,527	319,765	(356,065)	68,125	(78.7)	(119.13)
Effect of Foreign Exchange Rate Changes	(15,256)	(5,972)	16,100	72,988	-	12,341	(83.09)	-
Cash and Cash Equivalents at the Beginning of the Year	314,794	444,127	371,871	498,498	704,780	891,251	78.79	26.46
Cash and Cash Equivalents at The End of The Year	444,127	371,870	498,498	891,251	348,714	971,717	9.03	178.66





THE COMPANY'S SOLVENCY AND RECEIVABLES COLLECTIBILITY

SHORT-TERM AND LONG-TERM SOLVENCY

Solvency

The Company's solvency is can be seen from the ratio of current liabilities to its equity, which recorded at 12.98% in 2014. This ratio was better compared to 2013 which recorded 17.20%. Meanwhile, non-current liabilities to equity ratio was increase from 2.14% in 2013, to 3.35% in

2014. Total liabilities to equity ratio was better than 2013 which is recorded 19.34% to 16.33% in 2014,. This is due to a decrease in accounts payable of 8.22% to Rp. 145.095 million from Rp158.098 million, tax debt decreased by 55.22% to 38.919 million from Rp.86.916 million.

(In Million Rupiah)								
Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6		6/5
CURRENT LIABILITIES								
Trade Payables	130,748	128,725	85,896	158,098	220,947	145,095	(8.22)	(34.33)
Taxes Payable	19,353	22,320	30,131	86,916	24,780	38,919	(55.22)	57.05
Accrued Expenses	69,042	52,862	66,464	112,781	66,996	128,280	13.74	91.47
Deferred Revenue	118	68	1,921	5,405	-	1,366	(74.72)	-
Current maturities of long-term loans	20,000	-	-	-	-	-	-	-
Other Current Liabilities	13,721	16,904	13,302	26,437	21,998	26,009	(1.62)	18.23
Total Current Liabilities	252,982	220,879	197,714	389,637	334,723	339,668	(12.82)	1.48
NON CURRENT LIABILITIES								
Long_Term Loans	81,000	-	-	-	-	-	-	-
Estimated Employee Benefits Liabilities	26,912	34,525	41,441	48,371	55,258	62,703	29.63	13.47
Other Non Current Liabilities	-	-	-	-	-	24,882	-	-
Total Non-Current Liabilities	107,912	34,525	41,441	48,371	55,258	87,586	81.07	58.50
Total Liabilities	360,894	255,404	239,155	438,008	389,980	427,254	(2.46)	9.56
EQUITY								
Share Capital	450,000	450,000	750,000	750,000	1,250,000	1,250,000	66.67	-
Profits (losses not yet realized on the ownership of securities available for sale)	-	-	-	-	-	377	-	-
Retained Earnings	-	-	-	-	-	-	-	-
Appropriated	490,635	701,913	670,641	941,919	801,478	786,075	(16.55)	(1.92)
Unappropriated	269,441	326,187	385,892	573,143	503,115	580,074	1.28	15.38
Total Equity	1,210,076	1,478,100	1,806,533	2,265,062	2,554,593	2,616,526	15.52	2.42
Debt to Equity	29.87%	17.65%	13.24%	19.34%	15.27%	16.33%	(15.56)	6.94

THE COMPANY'S RECEIVABLES COLLECTIBILITY

Receivables Collectability

Receivables Collectability describes Bio Farma's ability to collect its receivables. At the end of 2014, the collection period showed a decline amounted 19.06% to 45.94 days, from 56.76 days in 2013. To reduce the risk of default, Bio Farma implement policies to anticipate the distributor fails to make loan payments or fails to pay debt, as follows:

1. A 1% fine is charged upon the invoice value for each day of delay in the payment, calculated using calendar days. (stated in the distributorship agreement, article 12).
2. Goods to be shipped are held until the distributor has made a payment. (stated in the SOP and the distributorship agreement).
3. Filed a claim the bank guarantee issued by the distributor. This claim will be filed by the sale of the private sector, which will then be submitted to the financial administration, to be submitted to the bank or insurance company guarantee bank issuers. (A clause on Bank Guarantee is stated in the distributorship agreement article 12 and the SOP).
4. The amount of the Bank Guarantee is determined by the Marketing Department.

Description	Unit	2010	2011	2012	2013	2014	Increase/Decrease (%)
		1	2	3	4	5	5/4
Collection Period	Day	45,10	40,73	55,99	56,76	45,94	(19.06)
Average A/R	Time	7,93	8,93	7,80	7,29	7,54	3.43

CAPITAL STRUCTURE AND MANAGEMENT POLICY ON CAPITAL STRUCTURE

CAPITAL STRUCTURE

(In Million Rupiah)

Description	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Share Capital	1,000,000	1,000,000	2,000,000	2,000,000	5,000,000	5,000,000	150.00	-
Share capital not yet issued	550,000	550,000	1,550,000	1,250,000	3,750,000	3,750,000	200,00	-
Share capital issued and fully paid at the beginning of the Year	450,000	450,000	450,000	750,000	1,250,000	1,250,000	66.67	-
Capitalization of Reserve	-	-	300,000	-	-	-	-	-
Share capital issued and fully paid	450,000	450,000	750,000	750,000	1,250,000	1,250,000	66.67	-

The Company's capital structure consists of owner's equity, i.e. 100% capital from the government, and the issued and fully paid capital as reflected on the Company's equity, and external financing sources such as loans, with a very low debt-to-equity ratio at 16.33%. It shown a very good capital ability of the company. The debt-to-equity ratio decline 15.56% from the ratio in 2013, due to the increase in equity and profit for the year.



MANAGEMENT POLICY ON CAPITAL STRUCTURE AND BASIS FOR THE DETERMINATION OF SUCH POLICY

Authorized capital consisted of 5 million and 2 million shares as at 31 December 2014 and 2013, respectively, with the nominal value of Rp 1 million per share. Issued and fully paid capital consisted of 1,250,000 and 750,000 shares at 31 December 2014 and 2013, respectively.

In accordance with the Decree of the Minister of State-Owned Enterprises No. S-315/MBU/2014, dated 20 May 2014 as stated in the Deed No. 26 dated 6 June 2014 by the

Notary Fathiah Helmi, SH., and approved by the Minister of Law and Human Rights of the Republic of Indonesia in the letter No. AHU-04104.40.20.2014 dated 10 June 2014, the Company's authorized capital as of 30 June 2014 was increased from initially 2 million shares valued at Rp 2 trillion to 5 million shares valued at Rp 5 trillion, and the Company's issued and fully paid capital was increased from initially Rp 750 billion (consisting of 750,000 shares) to Rp 1.25 trillion (consisting of 1,250,000 shares) through the capitalization of reserves up to the end of 31 December 2013, valued at Rp 500 billion.

MATERIAL COMMITMENTS FOR INVESTMENT OF CAPITAL GOODS

PURPOSE OF THE COMMITMENTS

During 2014, Bio Farma do binding material for capital goods investment with several partners with the aim of procurement related to the WHO Assessment & GMP, Replacement, wastewater treatment plant / Occupational Health and Safety/ Environment, Capacity Building, Research and Development and New Products.

Total actual investment in 2014 recorded Rp 174.623 million or reached only 29.90% from the 2014 budgeted amount and decreased by 29.67% compared to total actual investment in 2013. this is due to the shift in investment of Rp421.38 billion to 2015

SOURCE OF FUNDING TO SERVE THE COMMITMENTS

The current source for the Company's investment of capital goods is the Company's internal funding.

OPERATIONAL CURRENCY

The currency that is used in the preparation of the financial statements is Rupiah. Foreign exchange transactions are stated in Rupiah using the exchange rate prevailing on the day each of these transactions take place.

Gains or losses resulting from the statement of financial assets and liabilities in foreign currencies are recognized in the statements of comprehensive income for the year.

At the date of the financial statements, all finances denominated in foreign currencies are stated in rupiah using the Bank Indonesia's middle rate on the date, as follows:

	2012	2013	2014
	Rp	Rp	Rp
1 Euro (EUR)	12,809.86	16,821.44	15,133.26
1 Dollar Amerika Serikat (USD)	9,670.00	12,189.00	12,440.00
1 Dollar Australia (AUD)	10,025.39	10,875.66	10,218.22
1 Dollar Singapura (SGD)	7,907.12	9,627.99	9,422.10
1 Poundsterling Inggris (GBP)	15,578.86	20,096.63	19,370.33
1 Frank Swiss (CHF)	10,596.70	13,731.78	12,582.82
1 Danish Krone Denmark (DKK)	1,717.16	2,254.99	2,031.90
1 Yen Jepang (JPY)	111.97	116.17	104.24

MEASURES PLANNED BY THE COMPANY TO MITIGATE RISK ARISING FROM RELATED CURRENCIES POSITIONS

The main financial risks faced by the Company are credit risk, foreign currency risk, interest rate risk, and liquidity risk. Through the proper risk management approach, the Company aims to minimize the negative impacts of the above mentioned risks.

Foreign currency risk is the risk arising from the fluctuations of values of financial instruments caused by changes in the exchange rates of foreign currencies.

Fluctuation of the Rupiah against foreign currencies may affect the Company's financial conditions.

So far the Company has planned measures to protect itself from the risk of fluctuating foreign exchange rate by carrying out natural hedging policy. The Company is still evaluating the full impact of the implementation of hedging on the changes to the financial transactions.

REALIZED INVESTMENT OF CAPITAL GOODS IN THE PAST FISCAL YEAR

TYPES OF INVESTMENTS OF CAPITAL GOODS

The investments of capital goods taking place in Bio Farma are categorized into two, as follows:

1. Investments by Usage, covering:
 - a. Regular:
 - WHO & GMP Assessments
 - Replacements
 - wastewater treatment plant / Occupational Health and Safety /Environment
 - b. Development
 - h. Deferred Expenses
2. Investments by Group, covering:
 - a. Office Inventory
 - b. Plant Inventory
 - c. Machinery
 - d. Utilities
 - e. Buildings
 - f. Vehicles
 - g. Intangible Assets

- Capacity Increase
- Research and Development
- New Products

PURPOSE OF INVESTMENTS OF CAPITAL GOODS

Throughout 2014 Bio Farma made investment of capital goods for the preparation of the Basic of Design (BOD) and Detail Engineering Design (DED) for its Vaccine Production & Packaging Facilities which will be followed with physical development of these facilities in the coming years.

VALUE OF INVESTMENTS OF CAPITAL GOODS SPENT IN THE PAST FISCAL YEAR

The actual investment in 2014 was Rp 174.62 billion, or 29,30% of the budgeted amount, decreased 29.67% when compared to 2013 realization due to shifted investments to the year 2015 amounting to Rp. 421.38 billion. From the total actual investment in 2014 there were some parts in progress valued at Rp 85.84 billion, among others the Administration 2 (Ex Hall) Building and the Packaging Line. The details are as follows:

Investment Realization by Usage (In Million Rupiah)							
Investment Group	2010	2011	2012	2013	2014	TOTAL	Routine
	1	2	3	4	5	6	%
WHO & GMP Evaluation							
Office Equipment	1,923	395	180	1,013	1,327	5,645	31.00
Factory Equipment	34,484	20,030	8,969	21,863	17,425	103,896	(20.30)
Machinery	1,312	67,453	23,564	7,142	3,026	103,068	(57.63)
Utility Equipment	542	-	-	-	107	649	-
Building	2,824	48,364	6,715	20,580	1,354	81,144	(93.42)



Investment Realization by Usage (In Million Rupiah)

Investment Group							Routine
	2010	2011	2012	2013	2014	TOTAL	%
	1	2	3	4	5	6	5/4
Intangible Asset	-	-	-	56	7,632	7,688	13,528.57
Total	41,085	136,242	39,428	50,654	30,873	302,092	(39.05)
Replacements							
Office Equipment	5,850	3,141	5,507	5,620	17,876	42,033	218.08
Factory Equipment	12,057	10,570	4,651	23,284	7,320	70,413	(68.56)
Machinery	1,623	-	51	3,249	1,341	27,716	(58.73)
Utility Equipment	2,841	1,212	6,843	10,538	1,692	25,944	(983.94)
Building	2,901	2,796	1,540	2,123	909	12,588	(57.18)
Vehicle	462	745	-	-	750	4,384	-
Intangible Asset	-	-	-	-	-	-	-
Total	25,734	18,464	18,592	44,814	29,889	183,079	(33.30)
WWTP/ OHS/ Environment/ Quality Control							
Office Equipment	692	84	340	728	832	2,715	14.29
Factory Equipment	503	5,537	1,713	479	9,277	17,689	1,836.74
Machinery	-	-	-	-	-	-	-
Utility Equipment	-	-	-	-	-	-	-
Building	2,177	1,363	642	425	25	4,939	(92.12)
Intangible Asset	-	-	-	-	-	-	-
Total	3,372	6,984	2,695	1,632	10,133	25,342	520.89
Development							
Investment Group	1	2	3	4	5	6	5/4
Capacity Upgrades							
Office Equipment	5,009	1,644	259	3,589	12,115	23,000	237.56
Factory Equipment	10,080	3,865	611	8,067	482	62,363	(94.03)
Machinery	0	2,285	0	0	13,276	30,689	-
Utility Equipment	4,758	949	2,083	5,009	2,795	21,874	(44.20)
Building	38,967	9,737	21,952	90,904	37,561	225,093	(58.68)
Intangible Asset	257	2,168	518	6,655	2,880	13,408	(56.72)
Deferred Charges	1,746	-	-	-	-	5,529	-
Total	60,817	20,648	25,423	114,224	69,109	381,956	(39.50)
R&D/ Basic Research							
Office Equipment	359	804	375	324	243	2,199	(25.00)
Factory Equipment	8,686	11,244	2,679	19,579	7,886	61,514	(59.72)
Machinery	12,686	9,432	6,023	4,787	4,855	51,740	1.42
Utility Equipment	91	-	-	-	0	91	-
Building	19,054	18,465	29	-	0	37,826	-
Intangible Asset	-	-	-	-	0	3,760	-
Total	40,876	39,945	9,106	24,690	12,984	157,130	(47.41)

Investment Realization by Usage (In Million Rupiah)

Investment Group							Routine
	2010	2011	2012	2013	2014	TOTAL	%
	1	2	3	4	5	6	5/4
New Product							
Office Equipment	-	163	449	230	161	1,003	(30.00)
Factory Equipment	15,603	2,655	10,585	9,449	7,058	45,350	(25.30)
Machinery	350	-	69,820	1,233	4,925	76,328	299.43
Utility Equipment	-	-	-	-	-	-	-
Building	1,651	47,589	24	819	-	50,083	-
Intangible Asset	6,358	198	-	531	9,492	16,579	1,687.57
Total	23,962	50,605	80,878	12,262	21,636	189,343	76.45

Investment Realization by Group:

Investment Realization by Group (In Million Rupiah)

Investment Group	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)	
	1	2	3	4	5	6	6/4	6/5
Office Equipment	13,832	6,231	7,110	10,968	34,051	32,554	196.81	(4.40)
Factory Equipment	81,413	53,900	29,208	82,722	83,513	49,448	(40.22)	(40.79)
Machinery	15,972	79,169	99,457	16,411	15,136	27,424	67.11	(81.18)
Utility Equipment	8,233	2,161	8,926	15,546	13,500	4,595	(70.44)	(65.96)
Building	67,573	128,314	30,903	115,387	409,646	39,849	65.46	(90.27)
Vehicles	462	745	-	-	700	750	-	7.14
Land	-	-	-	-	12,000	0	-	(100.00)
Intangible Asset	6,615	2,367	518	7,242	27,458	20,004	176.22	(27.15)
Deferred Charges	1,746	-	-	-	-	-	-	-
Total	195,846	272,887	176,122	248,276	596,004	174,623	(29.67)	(70.70)

Office equipment

The actual procurement of office equipment in 2014 increased by 196,81% to Rp32.554 million of Rp10,97 million in 2013, or only reached 95.60% of budgeted in 2014. This is due to some inventory shifts to 2015 amounted to Rp1.5 billion, which include furniture for the administrative building II (previously : Auditorium).

Plant Inventory

The realization of factory inventory procurement in 2014 decreased by 40.22% to Rp49.448 million from Rp 82,722 million in 2013, or the 2014 factory inventory realization only reached 59.21% of budgeted in 2014. This was due to some parts of factory inventory were rescheduled to 2015, amounting to Rp34.1 billion, consists of cold rooms cold room to store end products and SS tanks.

Machinery

The realization of machinery procurement inventory in 2014 was increased by 67,11% to Rp27.424 million from Rp16.412 million in 2013, or reaching 181.18% of 2014 budget. This is due to some equipment manufacturing progress has already reached 50% in 2014 in the form of Packaging Line.

Utilities

The procurement realization of utilities inventory in 2014 decreased by 70.44% to Rp4.595 million from Rp15.546 million in 2013, or only reached 34.04% of budgeted in 2014. This is due to Rp8.9 billion worth of utilities for the Vaccine Production and Packaging Facilities was rescheduled to 2015 in line with the facility's construction date of completion being rescheduled to 2015.



Buildings

The procurement realization of building inventory in 2014 decreased by 65.46% to Rp39.85 million from Rp115.39 million in 2013, or only reached 9.73% of budgeted in 2014. This is due to certain parts of this investment that were rescheduled to 2015, amounting to Rp369.79 billion consist of Vaccine Production and Packaging Facilities, Restoration of the Heritage Building, and Renovation of the Distribution Building (Distribution and Administration Facility).

Vehicles

The realization of inventory procurement of vehicles in 2014 was amounted to Rp 750 billion, in other words the realization of vehicle procurement reached 107.14% of the budget.

Intangible Assets

Realization of intangible assets in 2014 increased by 176.22% to Rp20.004 million from Rp7.242 million in 2013, or only reached 72.85% of budgeted 2014. This was due to some parts of this investment is rescheduled to 2015, amounting to Rp7.45 billion, consists of Electronic Quality Management System Software and Sales Administration Software.

Land

There were no budget uptake in land use investment during 2014 due to the actual investment for the land use masterplan in the new location was rescheduled to 2015.

COMPARISON OF TARGETS IN THE BEGINNING OF THE FISCAL YEAR TO THE ACTUAL RESULTS, AND TARGETS OR PROJECTIONS FOR THE NEXT FISCAL YEAR

THE COMPANY'S POSITION

According to the SWOT Analysis in the Company's Long-Term Plan (RJPP) 2012–2016, Company's position is in the growth phase, which internally the Company has more strengths than weaknesses, and externally has greater opportunities than threats. Likewise, in the Industrial Attractiveness and Business Strength Analysis, the Company is considered to also be in the growth phase, whereby the vaccine industry is considered medium scale, with an average business strength. Being in the growth stage, the Company is pursuing a strategy of horizontal integration.

In 2014, the Company was in the growth phase, running the strategies of production capacity increase for its final products and bulk Polio; continuation of the new vaccine development of DtaP, TB, Typhoid, Pneumococcus, Rotavirus, s-IPV, Hepatitis B Consortium vaccines, early detection methods for Diabetes Mellitus Type-1 patients; research and development of among others Adjuvant R4/E8 Pam2Cys, Hexavalent vaccine, Stemcell, Nanoparticle Adjuvant; and maintenance of its quality, environmental, and occupational health and safety management systems; as well as implementation of good corporate governance (GCG) principles.

PRODUCT MAPPING

The company continues to strive to increase of export sales after fulfill the domestic demand from the Ministry of Health of the Republic of Indonesia that will be used in the Expanded Program on Immunization (EPI) or the National Immunization Program.

In 2014, the Company's market shares were 100% for the Government sector, while for UNICEF demand the market share varied, i.e. 27.48% for Measles 10 ds vaccine, 100% for DTP 10 ds, 37.50% for Td 10 ds, and 37.50% for TT 10 ds. For Polio vaccine, Bio Farma prioritized more on supplying vaccines for domestic demand under the regular vaccination programs, while also exporting in bulk quantities to various vaccine manufacturers. The global demand for Polio vaccines as supplied by the WHO/UNICEF in 2014 was 1.27 billion doses, of which Bio Farma provided as many as 173.48 million doses of vaccine, or covering 13.66% of the global/UNICEF demand.

COMPARISON OF TARGETS IN THE BEGINNING OF THE FISCAL YEAR TO THE ACTUAL RESULTS

In 2014, the Company's market shares were 100% for the Government sector, while for UNICEF demand the market share varied, i.e. 27.48% for Measles 10 ds vaccine, 100% for DTP 10 ds, 37.50% for Td 10 ds, and 37.50% for TT 10 ds. For Polio vaccine, Bio Farma prioritized more on supplying vaccines for domestic demand under the regular vaccination programs, while also exporting in bulk quantities to various vaccine manufacturers. The global demand for Polio vaccines as supplied by the WHO/UNICEF in 2014 was 1.27 billion doses, of which Bio Farma provided as many as 173.48 million doses of vaccine, or covering 13.66% of the global/UNICEF demand.

ACTUAL RESULTS VS. RJPP & RKAP

The Company's performance in 2014 compared to the RJPP and RKAP is as follows: Net sales in 2014 were higher than RJPP and RKAP targets by 4.3% and 5.0%, respectively, and net income in 2014 was 43.0% and 15.4% above the targets set in the RJPP and RKAP, respectively.

2014 Performance Realization Compared to 2012-2016 RJPP and 2014 RKAP

In Million Rupiah

Description	RJPP 2012-2016 Untuk 2014	Realization 2013 (Audited)	RKAP 2014	Realization 2014 (Audited)	Increase/Decrease (%)	
	1	2	3	4	4/3	4/1
Net Sales	1,960,287	1,853,682	1,946,038	2,044,080	5.04	4.27
Cost of Goods & Services Sold	824,575	723,596	738,412	780,090	5.64	(10.80)
Company's Expense	1,323,009	1,192,575	1,296,244	1,434,847	10.65	8.41
Investment	1,372,749	248,276	596,004	174,623	(70.70)	(87.28)
Income Before Tax Expense	550,200	778,589	690,772	773,076	11.99	40.60
Net Income	405,854	572,468	503,115	580,074	15.38	43.02
Total Aset	4,250,446	2,703,070	2,944,574	3,043,780	3.36	(28.39)

Ten-Year Statistics of the Company

For the past ten years, the Company's performance has increased significantly, as demonstrated by the following table which also displays growth rate using the 2005 as the base year (100%).

2004-2013 Company's Statistics (%)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Sales	100	142	172	186	273	279	306	331	427	471
Cost of Goods & Services Sold	100	131	152	140	199	208	223	242	299	323
Company's Expense	100	140	162	177	225	247	268	264	330	397
Investment	100	74	236	312	341	390	543	351	494	348
Income Before Tax Expense	100	153	205	247	372	405	488	624	932	925
Net Income	100	155	211	250	393	453	546	697	1,034	1,048
Total Assets	100	110	138	171	231	289	319	376	497	560



The Company's statistics from 2005 to 2014 in rupiah are provided in the table below.

2005-2014 Company's Statistics (In Million Rupiah)

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Sales	433,700	615,660	745,440	805,790	1,182,992	1,210,263	1,328,729	1,437,665	1,853,682	2,044,080
Cost of Goods & Services Sold	241,606	316,583	366,336	337,649	479,744	502,038	538,998	583,917	723,596	780,090
Company's Expense	361,842	506,827	584,833	641,686	815,860	894,396	969,575	954,329	1,192,575	1,434,847
Investment	50,219	37,163	118,666	156,690	171,186	195,846	272,887	176,122	248,276	174,623
Income Before Tax Expense	83,567	128,006	171,369	206,492	310,982	338,419	407,772	521,124	778,589	773,076
Net Income	55,344	85,977	116,767	138,385	217,681	250,815	302,419	385,916	572,468	580,074
Total Aset	543,627	599,908	751,795	930,971	1,255,302	1,570,969	1,733,504	2,045,688	2,703,070	3,043,780

From the above table it can be seen that the Company has grown significantly with the exception of the year 2005, as demonstrated by the growth in sales and income. This was due to the WHO delisting occurring in January to September 2005, which caused export sales to decline and the repercussions were still felt in 2006.

In 2007, the Company's activities recovered with a number of strategic measures taken by the Company, namely increase of production capacity for final products and bulk Polio, and the initiation of technology transfer for Hib Liquid, s-IPV, and Seasonal Flu vaccines, aside from continuing the development of the Rotavirus vaccine, which it had pioneered several years prior.

From 2008 to 2014, the Company conducted various cost efficiency measures in various sectors (including energy efficiency), and increased production capacity for final products and bulk Polio, which was followed by the construction of a storage facility. As a result, net income increased substantially despite the management bonus for the previous year which was taken from the net income of the Company, and increase in employee welfare among others with the Income Improvement Benefit (2009) and Vehicle Allowance (2009).

In terms of research and development activities, the Company has continued the development of new vaccines as well as researching for new products such as the s-IPV vaccine (2007), pandemic flu vaccine (2008), Hepatitis C Indonesian strain, mastering of technological platforms such as MCB TR-7 characterization, development of TB vaccine (2009), development of DTaP vaccine, transfection of vero cells to GMO substrate for influenza virus (2011), development of Hepatitis B vaccine (2012), development of Pneumococcus virus, immuno-contraception for women based on Pelluside-3 monoclonal antibody, early detection method for Diabetes Mellitus Type 1 patients (2013), and development of Adjuvant R4/E8 Pam2Cys,

Typhoid vaccine, Hepatitis B Consortium vaccine, Hexavalent vaccine, Stemcell, and Nanoparticle Adjuvant (2014). In addition, the Company has carried out research and development activities of production innovation, i.e. increasing the concentration of Diphtheria and Tetanus vaccine (2008), in-vial BCG vaccine (2009), Inoculum B Pertussis in Fermentor 70L and Snake Antivenom Serum using Non-Detoxified Venom (2011).

Targets That We Want To Accomplish In The Future

Evaluation of the Company's Long Term Plan

Company's Position

In the Company's Long-Term Plan (RJPP) from 2012 to 2016, the Company's position with a "SWOT Analysis" is in a position to grow where internally the Company has greater strength than weakness and externally have greater opportunities than threats. Similarly, the "Industry Attractiveness and Business Strength Analysis", the Company is in a position to grow where the vaccine industry is classified as moderate with average business strength. With the growing position, the Company pursues a strategy through horizontal integration. In the year 2013, the Company is in a position with a growth strategy to increase production capacity of final products and bulk Polio; continuing development of new vaccines such as DTaP, Tuberculosis, Typhoid, Pneumococcus, Rotavirus, s-IPV, monoclonal antibody-based women ImmunoContraception Pellusida-3, early detection method for patients with Type 1 Diabetes Mellitus; and maintain the quality management system, environment and OHS and also implement the principles of good corporate governance (GCG).

Challenges and Future Plans

In the future, the need for vaccines and other biological products will increase. But the challenge will also be stricter either due to increased competition, regulatory developments and technology as well as the intensifications of counter immunization movement. The World Health Organization (WHO) will also conduct a re-assessment of Bio Farma, so Bio Farma must attempt to maintain WHO prequalification status for existing products and the WHO prequalification status for vaccine Pentabio to be immediately obtained.

Possessing the strength ranging from research and development, production and marketing which are already extensive and being independent, we will overcome the tough challenges in the future.

Bio Farma must increase the diversification of products and expand the types of products towards other biological products and also work hard to meet the needs of the market including 100% fulfillment of Pentabio for the government needs.

Bio Farma will build a new production facility that is equipped with facilities for formulation and filling for the vaccines currently being produced and new vaccines researched by Bio Farma (MR vaccine, sIPV, rotavirus, and others), bulk sIPV production facilities, bulk tetanus and bulk diphtheria. Production facilities will be built in accordance with European standards so that in addition to increasing the production capacity, it is also an opportunity for Bio Farma to supply products to the European market, and improve efficiency because it uses large size batches reduces the use of paper by applying e-BPR (Electronic Batch Production Record).



Juliman
Director of Production

"The means of production that will be built are in accordance with European standards so that in addition to increasing the production capacity it is also an opportunity for Bio Farma to supply products to the European market, and improving efficiency because it uses a large batch sizes. Another benefit is the use of e-BPR (Electronic Batch Production Record) ".

Other future plans:

1. Maintaining good cooperation with the Ministry of Commerce and Ministry of Foreign Affairs, and participate in trade missions in several countries. The aim is to expand the range of export markets.
2. Working closely with international partners to find new markets with a mechanism of cooperation that will benefit both parties.
3. Seeking for markets in India, China, and ASEAN to expand the market.
4. Increase the supply of bulk polio, measles and other bulks.
5. Market penetration for products that are already PQ WHO (Bulk, ready to fill final bulk and finished products).
6. Registering products in potential countries.
7. Strengthen marketing activities in the private sector in domestic sales.
8. Conduct marketing activities to seek synergies among SOEs.



SUBSEQUENT MATERIAL FACTS AND INFORMATION

There were no subsequent material facts and information pertaining to the Company after the date of publication of the Audited Financial Statements, i.e. 30 January 2014.

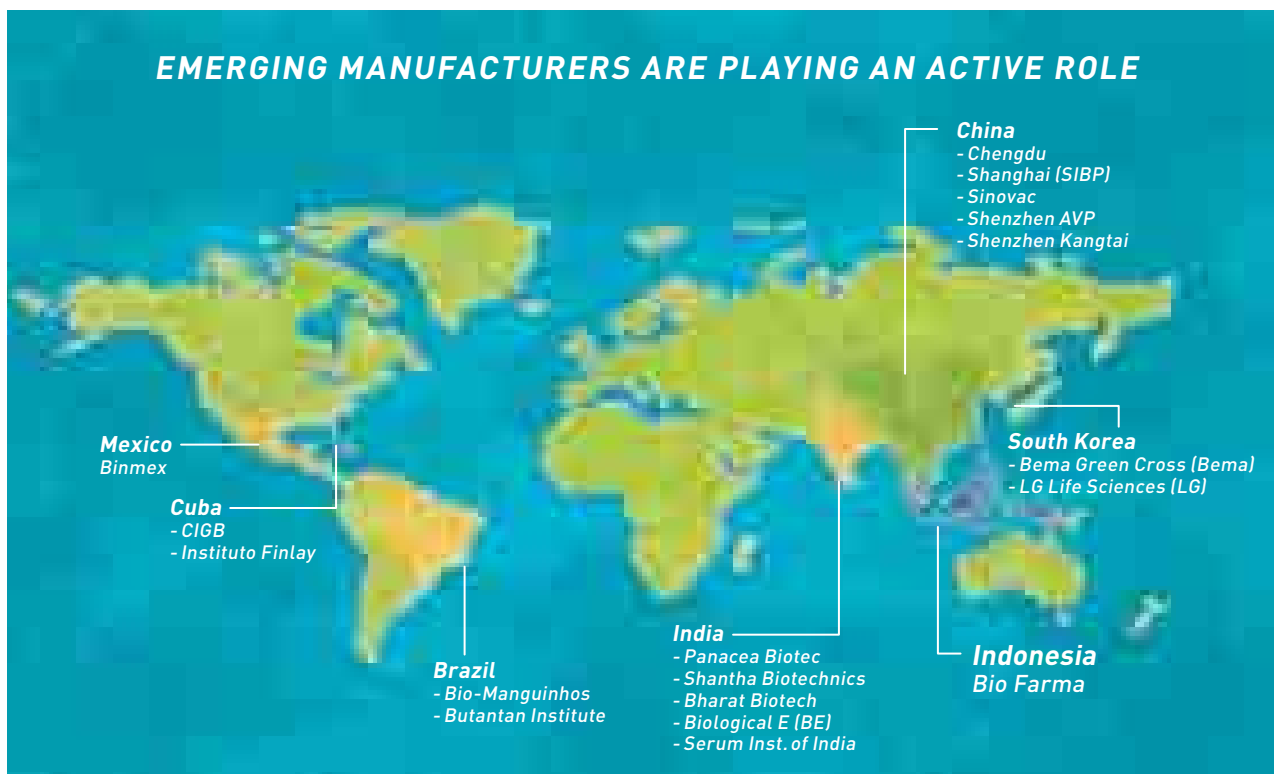
THE COMPANY'S PROSPECTS

THE COMPANY'S PROSPECTS ASSOCIATED WITH THE GENERAL ECONOMIC AND INDUSTRY

OVERVIEW OF THE VACCINE INDUSTRY

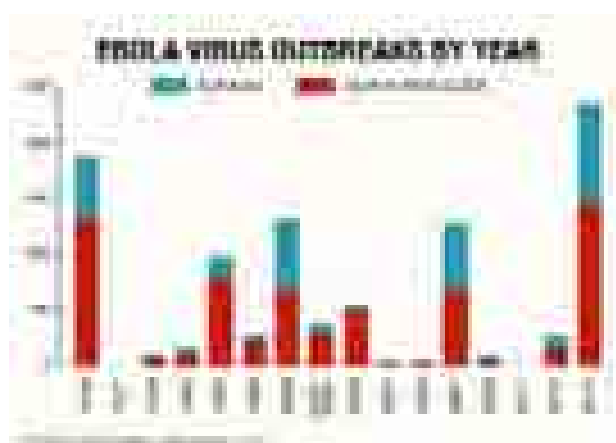
The characteristics of the vaccine industry nowadays are vastly different than those in a few years ago, along with the increasing public awareness regarding preventive measures against diseases and increasing government budget for vaccine purchase. Vaccines business that was previously regarded as a business with lower margins, has now become one of the most lucrative segments in the pharmaceutical industry. Moreover, the success of a number of blockbuster vaccine products, i.e. products which generate sales of more than USD1 billion per year, has changed the vaccine market dramatically. The pharmaceutical industry's business focus is now aimed at vaccine products as a driver of business growth in the future.

Vaccines have become a big business for multinational companies (MNC) around the world, and these MNCs capture a large majority of the market share for pharmaceutical products and vaccines. A series of mergers and acquisitions by MNCs in the pharmaceutical industry have impacted the shifting of the vaccine market as a whole. China's and India's vaccine markets will grow with a quite promising rate in the future and Japan's vaccine market is also starting to open up through the removal of regulatory and political barriers. Overall, the worldwide vaccine market recorded revenues of more than USD22 billion in 2010.



Global Vaccine Development

In 2014 the general public was shocked by the outbreak of Ebola in West Africa that led to hundreds of deaths, as illustrated in the following table:



The vaccine industry in the world continued to strive to innovate and accelerate the discovery of a vaccine against new diseases such as Ebola, MERS, and so on. In line with the effort of finding new vaccines, the World Health Organization (WHO) provides guidelines and policies related to global immunization vision and strategy issued at the World Health Assembly (WHA). In 2011 it established that within the framework of the first 10 years (2006-2015) immunization is a preventive measure that should be taken to control the level of mortality and disability from diseases that are preventable by vaccines. The vision and strategy are the main umbrella in the development of the global vaccine industry. WHA is the highest decision-making body of the World Health Organization (WHO).

The 67th World Health Assembly (WHA) in 2014 in Geneva, which was attended by the delegations of the Ministers of Health of all WHO member states resulted in a variety of agreements in an effort to improve public

health and recommendations for securing greater health benefits for everyone everywhere. Of the 20 resolutions there were several resolutions related to vaccines and drugs in general, summarized from the official release via www.who.int as follows:

- Implementation of the International Health Regulations (2005).

The International Health Regulations (2005) stipulate that Yellow Fever is a disease that warrants proof of vaccination rating as a condition of entry into countries under certain conditions. The World Health Assembly adopted a revision of the provisions concerning yellow fever vaccination or its booster, based on the International Health Regulations (2005). This includes adding the validity period for the yellow fever vaccination certificate, from 10 years to the lifetime of those who are vaccinated. The revised provisions are based on the recommendations of the Strategic Advisory Group of Experts (SAGE) on immunization according to the results of analyses and reviews of scientific evidences. Member states have reaffirmed their strong and ongoing commitment to the implementation of the International Health Regulations (2005).

- Access to essential medicines.

WHO's strategy to assist countries in improving access to essential medicines has been approved. The main principles include selecting a limited range of medicines based on the best evidence available, the procurement of efficient, affordable, effective distribution system, and rational use of the medicines. List of essential drugs published by WHO is recognized as a tool of paramount importance that enables countries to identify a set of essential medicines that should be made available to provide quality medical care.

- Strengthening of regulatory systems

Regulations related to effective use of medicines and medical products require high quality, safety and efficacy; medicines to be manufactured, stored, and distributed properly; production and illegal trafficking of drugs to be controlled and prevented; health professionals and patients to have necessary information to enable them to use medicines rationally; promotion and advertising to be regulated; and access to medicines is to not be compromised by regulations.

In order to improve regulation of medical products in general and ensure that the quality of medical



products, the need for strengthening the regulations of, and improve collaboration in, the regulatory system must be addressed.

- Newborn health: draft action plan.

For the first time a global plan for preventing neonatal deaths and stillbirths by 2035, it is imperative for all countries to achieve the target of less than 10 infant deaths per 1,000 births, and less than 10 stillbirths

per 1,000 total births by 2035. Every year, almost 3 million babies die in their first month of life, and 2.6 million stillbirths (death in the last trimester of pregnancy or during childbirth). Most of these deaths could have been prevented with cost-effective interventions through vaccination.



ON MARCH 27, 2014 HELD AT THE CONFERENCE HALL OF THE WORLD HEALTH ORGANIZATION, SOUTH-EAST ASIA REGIONAL OFFICE IN NEW DELHI INDIA, INDONESIA RECEIVED THE CERTIFICATE OF **NON POLIO**. THE PRESENCE OF BIO FARMA IN PROVIDING ORAL POLIO VACCINE (OPV) IS WITHOUT A DOUBT. BIO FARMA IS ABLE TO PROVIDE **60% OF THE POLIO VACCINE TO THE ENTIRE WORLD**. HOWEVER, THE WORLD PREDICTS THAT THE YEAR 2018 IS THE ERADICATION OF POLIO, AND FOR THAT REASON BIO FARMA IS READY TO ANTICIPATE THIS SITUATION BY **CREATING NEW VACCINES** NEEDED BY THE COMMUNITY.

Vaccine Industry in Developing Countries

On 28 October 2014 the 15th annual meeting of Developing Countries Vaccine Manufacturers Network (DCVMN) took place in New Delhi, India. This activity is held regularly once a year, and this time there was added confidence in Indonesia, with the appointment of Mahendra Suhardono, Marketing Director of Bio Farma, as President of DCVMN for the period of 2014-2016. The 15th DCVMN Annual Meeting was attended by their members of 42 developing country vaccine manufacturers spread over 16 countries, as well as global health organizations such as UNICEF, GAVI (Global Alliance for Vaccine Initiative), and The Bill & Melinda Gates Foundation.

In 2014, DCVMN committed to programs that enable more vaccines to be produced in developing countries, with a good quality (meet WHO standards) and at an affordable price. DCVMN also encouraged vaccine manufacturers

to safeguard and secure a sustainable supply of vaccines, especially for vaccines that are prioritized to meet global needs.

Developing countries that have large populations must prepare themselves to face the emergence of new diseases, and to that end, DCVMN has prioritized targets to be achieved, including new vaccines such as pentavalent/hexavalent, pneumococcal conjugate, rotavirus, typhoid conjugate, human papilloma, measles/rubella and inactivated polio vaccines.



Mahendra Suhardono (left) receives confirmation as President DCVMN 2014-2016.

DCVMN MEMBER STATES

- ARGENTINA
- BRAZIL
- CUBA
- EGYPT
- INDIA
- INDONESIA
- IRAN
- MEXICO
- CHINA
- NORTH KOREA
- ROMANIA
- SOUTH AFRICA
- THAILAND
- VIETNAM
- SOUTH KOREA
- BANGLADESH



Vaccine Industry Self-Reliance in Islamic Countries

Bio Farma, together with vaccine producers from Islamic countries, held the First Meeting of the Vaccine Manufacturers Group From OIC Countries in Jeddah, Saudi Arabia. The meeting discussed the effort to achieve vaccine self-reliance in Islamic countries.



Iskandar (left-front), President Director of PT Bio Farma (Persero) and Prof. Louzir, Director General of the Pasteur Institute of Tunis, and was witnessed by Director General of Pharmaceutical and Medical Devices Ministry of the Republic of Indonesia Maura Linda Sitanggang, as well as Ambassador to Tunisia.

IN THE 2014 INCREASE OF VICTIMS DUE TO THE MIDDLE EAST RESPIRATORY SYNDROME CORONA VIRUS (MERS-COV) OUTBREAK DEMANDED GOVERNMENTS AND VACCINE MANUFACTURERS TO IMMEDIATELY PUT TOGETHER EFFORTS IN RESEARCH AND DEVELOPMENT OF THE VACCINE. **BIO FARMA ACTIVELY COLLABORATES WITH SEVERAL OIC MEMBER COUNTRIES (ORGANIZATION OF ISLAMIC COOPERATION) SUCH AS TUNISIA AND SAUDI ARABIA IN THE FIELD OF RESEARCH OF NEW VACCINES**, ONE OF THE MEETING AGENDA OF THE ISLAMIC STATE OF **VACCINE MANUFACTURERS IS TO DISCUSS THE PRODUCTION OF CORONA MERS (MIDDLE EAST RESPIRATORY SYNDROME) VACCINE OF WHICH IN 2014 IS ENDEMIC IN THE MIDDLE EAST COUNTRIES.**

Currently, some Islamic countries have their vaccine industries. Islamic countries that possess the vaccine industry include Indonesia, Iran, Tunisia, Egypt, and Senegal. But not all vaccines produced in Islamic countries can compete in meeting the needs of global vaccines. This is because most of the vaccine industries have not yet met the WHO prequalification (PQ) requirement. So far, Bio Farma from Indonesia is one vaccine manufacturer from an Islamic country that has obtained the PQ-WHO certification. Indonesia should be proud of being a state with a majority of Muslim population, whose vaccine industry has obtained the largest number of PQ-WHO-certified products since 1997.

Results of the discussion of the OIC-SHPA will be implemented for a period of 10 years (2013-2022) with at least six priority areas, namely: Health System Strengthening; Disease Prevention and Control; Maternal, Newborn and Child Health and Nutrition; Medicines, Vaccines and Medical Technologies; Health Emergency Response and Interventions; and Information, Research, Education and Advocacy.

Indonesia, as one of the OIC member countries, has contributed to the OIC in order to be able to achieve self-reliance in producing pharmaceutical products, especially quality and affordable vaccines. Indonesia, which has been designated as the hub of vaccine technology, has shown concrete evidence in an effort to achieve one of the visions of the OIC, namely self-reliance for vaccine production (SRVP) in Islamic countries, thanks to its latest product, the pentavalent vaccine, produced independently by Bio Farma. The pentavalent vaccine has been used in a national immunization program

since 2013. Bio Farma from Indonesia, as a vaccine manufacturer that has met the qualification standard of the World Health Organization (WHO) is ready to help OIC member countries provide supply of raw materials/intermediate products (bulk) and improve the expertise for downstream process (Fill and Finish Process).

Vaccine Industry in ASEAN

2015 is the year when ASEAN Economic Community (AEC) is commenced. AEC was formed with a mission to improve economies in ASEAN, making them more competitive with countries whose economies are more advanced than the current condition of ASEAN countries. In addition, the realization of the ASEAN Community, in which AEC exists, will bring ASEAN into a more strategic position at the international arena. The existence of the ASEAN Economic Community can establish a complementary synergy among the economic sector stakeholders of the ASEAN countries.

With the AEC, new industries in the field of biotechnology from ASEAN countries have already started to prepare themselves. Bio Farma undertook strategic measures to welcome ASEAN countries's offer to step into the biotechnology industry to collaborate in the vaccine technology transfer, to become a partner in the global framework for cooperatively eradicating diseases that threaten the world.



MARKETING ASPECT

MARKETING STRATEGY

In order to achieve the sales targets, the Company's strategy is to maintain existing market share, and also expanding the new potential markets in order to enhance the marketing of existing products as well as new products, building and fostering a more strategic partnership through direct meetings with customers, so that the Company may become more customer-oriented and may understand what they require and what required by the global markets, participating in project tenders for vaccine supply for specific countries or international agencies, and registering new products selectively by firstly evaluating the market potentials in the export market destinations. The marketing strategies mentioned above are further elaborated below:

- a. The Market Penetration of Vaccine Adults , such as Influenza, Hepatitis B, and other vaccines. In the domestic private sector, the Marketing Directorate conducting market penetration measurement through Geographical Marketing activities and offering vaccination programs to various governmental agencies and private institutions in the country.
- b. Market Development in the international market by expanding the market to member countries of the Organization of Islamic Cooperation (OIC) and Latin American countries through the Pan American Health Organization (PAHO).
- c. Product Development by developing branded products such as BIO Td, BIOSAT, BIOADS, BIOSAVE for entry into the domestic private sector.
- d. Integrated Media Strategy to increase the awareness among customers of the Company and its products through various above-the-line, below-the-line, and through-the-line media campaigns. In facing the needs in the international sector that exceed the available supply, the Company has taken these strategic measures, i.e. planning the construction of new facilities to increase its production and packaging capacity. Other measures taken by the Company to accommodate its customers' demands are extension of expiration date for Measles 10 ds vaccine from previously two years to three years, so that should there be a delay in a country's vaccination campaign execution, the residual shelf life of the vaccine is still acceptable by the country to which the Company exports its vaccine, as well as increasing the batch size for Polio vaccine production.

To improve performance in domestic sector, the Company needs to enhance and adjust the business processes that require the support of an integrated set of facilities and information technology systems. The Company has taken the following strategic measures to address this, namely by investing in the development of the Customer Relationship Management (CRM) application as part of its IT Masterplan, and developing the integrated inventory stock application with domestic distributors.

Sales in all sector brought in a revenue of Rp 2.04 trillion or 5.04% higher than the target set in the 2014 RKAP of Rp 1.95 trillion. The details are provided below:

In Million Rupiah

Description	Realization in 2013 (Rp)	RKAP 2014 Target in 2014 (Rp)	Realization in 2014 (Rp)	Increase/Decrease (%)	
	2	3	4	4/2	4/3
Exports	1,222,852	1,150,419	1,366,232	11.73	18.76
Private/Non-Government	82,106	137,627	130,120	58.48	(5.45)
Government	548,724	657,993	547,728	(0.18)	(16.76)
Total	1,853,682	1,946,038	2,044,080	10.27	5.04

MARKET SHARE

Domestic Market

- Government Sector: serving the needs of the government for the Indonesian national vaccination program
- Private Sector: serving the needs for products outside of the national vaccination program through domestic distributors.

International Market

- Institutional Export Sector: supplying vaccines through institutions such as the World Health Organization (WHO), UNICEF, and PAHO, to fulfill the needs for vaccines in the developing countries for their vaccination programs.
- General Export Sector: supplying vaccines through bilateral agreements with export countries via business-to-business, business-to-government, or other mechanisms of cooperation with international or local partners that have been appointed. Vaccines that are used for this market are vaccines that have met the WHO Pre-Qualification and both in final and bulk forms.

REALIZATION OF MARKETING DIVISION'S WORK PROGRAMS

The work programs of the Marketing Division which were carried out in 2014 are, among others:

Domestic Marketing

1. Sales of existing vaccine products and new products of Bio Farma through the government and private sectors.
2. Improvement of distributors' performance.
3. Division of distributors' operational areas.

4. Establishment of internal marketing staff.
5. Training for internal marketing staff.
6. Training for distributors.
7. Search of alternative products.
8. Marketing of branded products.
9. Enhancement of product image through branded products.

Overseas Marketing

1. Participation in tenders for bilateral countries both regular and new ones.
2. Search of fill-finishers and new buyers of vaccines through international partners and direct marketing.
3. Participation in vaccine manufacturers' meetings held by UNICEF to update trends of global vaccine demands through UNICEF.
4. Execution of UNICEF Long Term Arrangements (LTA) for DTP 10 ds, Td 10 ds, bOPV 20 ds, tOPV 20 ds, and Measles 10 ds vaccines.
5. Supply of DTP 10 ds vaccines to countries under the jurisdiction of PAHO.
6. Sales of a new product, i.e. Td 1 ds, through international partners and direct marketing.
7. Regular sales to meet buyers' demand by prioritizing on bulk sales.
8. Registration of Td products (1 and 10 ds) and Pentabio in potential countries in Asia and Africa.

Clinic and Immunization Division

1. Provision of vaccination and laboratory services to existing customers and new customers.
2. Establishment of a team to study the feasibility of establishing a strategic business unit for the Clinic and Immunization Division.

3. Execution of the ISO 17025 (KAN) accreditation process for the bacteriology laboratory in order to increase the number of customers for industrial/food microbiology testing.

The marketing working programs that have been implemented in 2014 are as follows:

1. Domestic Sales:

- Coordination with Sub Directorate Immunization Directorate General PP – LP regarding the vaccine needs plans for the National Immunization Program in 2014.
- Signing of the regular vaccine procurement contract in 2014 with the Government.
- The signing of procurement contracts DTP-HB-Hib in 2014 by the Government.
- Carry out the vaccines / serum procurement billing, both to the government and private sector.
- Convey information regarding the availability of stock to all Distributors.
- To evaluate the performance of the branch distributors for the region of Yogyakarta and Central Java.
- Extend Contracts Distributorship 2014.
- Conduct a presentation about purchasing mechanism in 2014
- Sending vaccines, sera and other products based on sales demands.
- Prepare and organize the availability of vaccine stocks to meet domestic demand and exports.
- Maintaining the quality of vaccines through continuous temperature monitoring.
- Following the regular vaccine procurement budget year 2014 (repeated auction) through open tender mechanism (E-Tendering).
- Following the procurement process DTP-HB-Hib fiscal year 2014 through direct appointment mechanisms.
- Conduct product analysis for market potential and opportunities for 13 products.
- Conducting socialization and information of products to various companies, government offices / agencies / government agencies, universities and various organizations both internally and externally, as much as 34 + places / activities.
- Perform the preparation of SM & SOP for Product Management Department.
- Price proposal for vaccines and serum immunization programs in 2015.
- Participating for the procurement of APBN-P vaccines (Optimization) at the Ministry of Health of

Indonesia.

- Conveying information regarding the status of Bank Guarantee to all Distributors.
- Conducting the distributor visit in order to audit vaccine and serum storage facilities and administrative regulatory compliance and other administration.
- Meet the needs of Hepatitis B Adult vaccines for the Army, Navy, and Air Force.

2. Overseas Sales:

- Perform initial stage registration of products and registration of variations in some countries.
- Conduct an extension of the registration in several countries.
- Following tenders abroad.
- Receive visits from customers / export sales agent
- The appointment of a local agent for registration activities, marketing and sales abroad.

3. Marketing Support

- Designing materials for corporate and products advertising in 23 mass media.
- Installation of a logo (brand) Bio Farma in 108 media / activities.
- Distributing promotional kits to various companies, government offices / agencies / government agencies, universities and various organizations both internally and externally as well as in various exhibitions, as much as 283 + places / activities.
- Participating in various exhibition / symposium / open table 37 times.
- Registration of imported products as much as 13 times, the registration of imported product variations 16 times and pre-registration products of imported products as much as 19 times.
- Registration of local products as much as 2 times, registration variety of local produce and products as much as 33 times and the pre-registration products of local products as much as 8 times.
- Analysis of market potential and opportunities for 21 products.
- Conducting surveys for market potential and opportunities of Adalimumab protein product, EPO products, varicella vaccine products, influenza vaccine products, typhoid vaccine products, as well as customer satisfaction.
- Make ACYW135 meningitis vaccine packaging design, bOPV Indonesia and IPV.
- Creating a calendar and agenda design PT Bio Farma 2015..

DIVIDEND POLICY, AMOUNT OF CASH DIVIDEND PER SHARE, AND AMOUNT OF DIVIDEND PER YEAR ANNOUNCED OR PAID FOR THE PAST FIVE FISCAL YEARS

DIVIDEND POLICY

The dividend from the net income for 2013 as determined at the General Meeting of Shareholders (GMS) for the 2013 Annual Report held on 21 March 2014 amounted to Rp 171,740,287,00.00, however, in accordance with the letter from the Minister of State-Owned Enterprises No. S-805/

MBU/12/2014 dated 23 December 2014, the Company was requested to pay additional dividend from the net income for 2013 amounting to Rp 57,247,000,000.00. The fund was taken from the Company's equity, so that the total dividend paid was Rp 228,987,287,000.00. The amount of dividend from the net income for FY2014 will be determined at the GMS for the 2014 Annual Report.

TOTAL DIVIDENDS PAID AND DATES OF ANNOUNCEMENT AND PAYMENT OF CASH DIVIDEND FOR EACH YEAR

The distribution of dividends for FY2013 and FY2012 was determined at the GMS for the Annual Report approval, financial statements approval, and distribution of net income for the FY2013 and FY2012, respectively held on 21 March 2014 and 26 March 2013, and in accordance with the letter from the Ministry of State-Owned Enterprises No. S-805/MBU/12/2014 dated 23 December 2014 on the additional payment of dividend from State-Owned Enterprises for FY2013, which was completed on 29 December 2014. The details are provided below:

In Million Rupiah

Description	Net Income for the Fiscal Year 2009	Net Income for the Fiscal Year 2010	Net Income for the Fiscal Year 2011		Net Income for the Fiscal Year 2012		Net Income for the Fiscal Year 2013	
			Total	Presentase	Total	Percentage	Total	%
Reserve	189,383	211,278	244,959	81.00	271,279	77.56	344,155	60.00
Dividend	21,768	24,567	45,363	15.00	105,178	20.00	228,987	40.00
Partnership Program	4,354	4,913	6,048	2.00	1,930	0.50	-	-
Community Development	2,177	4,913	6,048	2.00	6,830	1.77	-	-
Tantien	-	-	-	-	675	-	-	-
Total net Income	217,682	245,673	302,419	100%	385,892	99.83	573,143	100.00

Retained Earnings and Distribution of Income (In Million Ruipah)

Description	2009	2010	2011	2012	2013	RKAP 2014	2014	Increase/Decrease (%)
	1	1	2	3	4	5	6	6/4
RETAINED EARNINGS - RESERVED								
Balance at Beginning of Year	166,327	301,252	490,635	701,913	670,641		941,920	40.45
Reclassification of Retained Earnings - Donated Capital	-	-	-	23,769	-		-	-
Establishment of Reserve	134,925	189,383	211,278	244,959	299,279		400,727	33.90
Capitalization of Reserves to Share Capital	-	-	-	(300,000)	-		500,000	-
Conversion of Appropriation to Dividend	-	-	-	-	(28,000)		675	(102.41)
ADDITIONAL DIVIDEND FROM RESERVES								
							57,247	-
Retained Earnings at the end of Year - Appropriated	301,252	490,635	701,913	670,641	941,920		786,075	(16.55)
Retained Earnings - Unappropriated								
Balance at Beginning of Year	151,611	236,307	269,441	326,187	385,892		573,143	48.52
Income Distribution	(134,925)	(189,383)	-	-	-		228,987	-



Retained Earnings and Distribution of Income (In Million Rupiah)								
Description	2009	2010	2011	2012	2013	RKAP 2014	2014	Increase/ Decrease (%)
	1	1	2	3	4	5	6	6/4
Reserve	-	-	(211,278)	(244,959)	(299,279)		400,727	(233.90)
Reclassification of Retained Earnings -	-	-	-	-	28,000		-	-
Dividends	-	-	-	-	(105,178)		-	-
Reclassification of Retained Earnings - Donated Capital	-	-	-	(23,768)	-		-	-
Dividends	-	(21,768)	(24,567)	(45,363)	-		-	-
Partnership and Community Development Programs	(3,460)	(6,530)	(9,827)	(12,097)	(8,760)		-	-
Tantiem	-	-	-	-	(675)		-	-
Reclassification of Unappropriated Earnings from Additional Bonus 2012, 2013	-	-	-	-	675		675	-
Additional dividend from reserves	-	-	-	-	-		57,247	-
Net Income for the Year	223,081	250,815	302,419	385,892	572,468	503,115	580,074	1.33
Retained Earnings at the end of Year - Unappropriated	236,307	269,441	326,188	385,892	573,143	503,115	580,074	1.21

AMOUNT OF CASH DIVIDEND PER SHARE

Bio Farma as at the end of 2014 was one of the non-listed State-Owned Enterprises whose shares are 100% owned by the Government of the Republic of Indonesia, and thus there is no information regarding the amount of cash dividend per share that can be divulged to the public.

Dividen Payout Ratio (DPR) (In Million Rupiah)						
Kelompok	2010	2011	2012	2013	2014	Kenaikan/Penurunan (%)
	1	2	3	4	5	5/4
Account Net Income After Tax	250,815	302,419	385,892	572,468	580,074	1.33
Dividends	24,567	45,363	105,178	228,987	-	-



EMPLOYEE/MANAGEMENT STOCK OWNERSHIP PROGRAM CARRIED OUT BY THE COMPANY

As at the end of 2014 Bio Farma was one of the non-listed State-Owned Enterprises whose shares are 100% owned by the Government of the Republic of Indonesia. There has been no employee or management stock ownership program (MSOP/ESOP) carried out by the Company.

USE OF INITIAL PUBLIC OFFERING PROCEEDS

PT Bio Farma (Persero) is a State-Owned Enterprise that has not conducted an initial public offering of its shares or bonds on the market, and consequently it has no initial public offering proceeds making up its current equity.

INVESTMENT, EXPANSION, DIVESTMENT, MERGER, ACQUISITION, OR RESTRUCTURING OF CAPITAL DEBT

Purpose of Transactions

Throughout 2014 PT Bio Farma (Persero) made an investment for the preparation of Basic of Design (BOD) and Detail Engineering Design (DED) for its Vaccine Production & Packaging Facilities, which will be followed with physical construction of said facilities in the coming years.

Source of Funding

The source of funding for the abovementioned investment is from the Company's internal funding.

Value of Transaction or Amount Restructured

The actual investment in 2014 was Rp 174.62 billion, or 29.90% of the budgeted amount. This was due to, among others, certain parts of the investment rescheduled to 2015, amounting to Rp 421.38 billion. From the total actual investment in 2014 there were some parts in progress valued at Rp 85.84 billion, among others the Administration 2 (Ex Hall) Building and the Packaging Line.





MATERIAL INFORMATION ON CONFLICT OF INTEREST AND/OR ON TRANSACTIONS WITH RELATED PARTIES

Throughout 2014 the Company did not engage in affiliated transactions with related parties or other transactions with conflict on interest or transactions with related parties.

Account Balance With Related Parties

ACCOUNT BALANCE WITH RELATED PARTIES

Account	31 December 2014		31 December 2013	
	Total	Percentage*	Total	Percentage*
Cash and Cash Equivalents (Note 3)	951,717,046,000	31,27%	866,250,766,156	32,05%
Accounts Receivable (Note 5)	11,959,603,001	0,39%	7,697,268,220	0,28%
Other receivables (Note 6)	1,302,637,458	0,04%	1,302,637,458	0,05%
Advances Local Purchases (Note 8)	34,294,004,725	1,13%	9,285,164,861	0,34%
Accrued income (Note 11)	2,163,072,734	0,07%	2,129,257,903	0,08%
Business debt (Note 16)				
Bio Farma Employee Cooperation	18,396,559,596	0,60%	9,339,128,539	0,35%
CV Karya Cahya Abadi	3,089,624,258	0,10%	1,856,745,234	0,07%
PT Pembangunan Perumahan (Tbk)		0,00%	4,136,589,807	0,15%
PT Adhi Karya (Persero)	2,189,372,274	0,07%	9,171,083,655	0,34%
Universitas Brawijaya	1,150,000,000	0,04%		0
PT Kimia Farma (Tbk)	410,324,291	0,01%	1,046,691,590	0,04%
PT Telkom Indonesia (Tbk)	290,000,000	0,01%		0
Total Business Debt	25,525,880,419	0,84%	25,550,238,825	0,95%

*Percentage of total assets.

NATURE OF RELATIONSHIP

Related Parties	Relation with Company	Nature of Account Balance/ Transaction
State/ Region - Owned Banks	Entities Under Common Control	Cash and Cash Equivalents
PT Kimia Farma T&D	Entities Under Common Control	Product Sales
PT Indofarma Global Medika	Entities Under Common Control	Product Sales
PT Rajawali Nusantara Indonesia	Entities Under Common Control	Product Sales
PT Iglas	Entities Under Common Control	Other Receivables
PT Pembangunan Perumahan	Entities Under Common Control	Investment Purchases
PT Adhi Karya	Entities Under Common Control	Investment Purchases
Bio Farma Employee Cooperation	Privileged Relationship	Purchase Of Goods And Investment
CV Karya Cahya Abadi	Privileged Relationship	Purchase Of Goods And Investment
Other Related Parties	Entities Under Common Control	Others with each transaction under Rp. 1 billion

CHANGES TO REGULATIONS AND THE IMPACTS ON THE COMPANY'S PERFORMANCE

In 2014 there were no changes to the prevailing regulations that made a significant impact on the Company's performance.

CHANGES TO ACCOUNTING POLICIES IMPLEMENTED BY THE COMPANY IN THE LAST FISCAL YEAR

The consolidated financial statements of the Company and its subsidiaries have been prepared in conformity with the prevailing Financial Accounting Standards in Indonesia. The Company and its subsidiaries implement certain new accounting standards and interpretations or revisions that were effective in 2014.

REASON FOR THE CHANGES TO THE ACCOUNTING POLICIES

The changes to the standards and interpretations issued by the Indonesian Financial Accounting Standards Board of the Indonesian Accountants Association had to be implemented by the Company starting from 1 January 2011 and 2012.

IMPLEMENTATION OF STATEMENTS AND INTERPRETATIONS TO THE REVISED FINANCIAL ACCOUNTING STANDARDS

The following are new standards, changes to the standards, and interpretations of the standards issued by the Indonesian Financial Accounting Standards Board of the Indonesian Accountants Association that must be implemented by the Company starting from 1 January 2015.

The Indonesian Financial Accounting Standards Board issued a number of new and revised Statements of Financial Accounting Standards (SFAS) that will be enforced starting from 1 January 2015. SFAS that are relevant to the Company's preparation of its financial statements are as follows:

SFAS 1 (2013) "Presentation of the Financial Statements"

SFAS 24 (2013) "Employee Benefits"

SFAS 46 (2014) "Income Taxes"

SFAS 48 (2014) "Impairment of Assets"

SFAS 68 (2013) "Measurement of Fair Value"

The Company is still evaluating the potential impact of these new and revised SFAS to the financial statements of the Company.

IMPACT OF CHANGES TO THE ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

The changes to the accounting policies require the Company to adjust its presentation of financial statements either prospectively or to restate the financial statements for the previous period.





* THIS IS A HEPATITIS VIRUS ILLUSTRATION.
Fact: This virus can be transmitted through contact with blood or bodily fluids.



**GOOD CORPORATE
GOVERNANCE**



Bio Farma believes that GCG implementation can support the achievement of the Company's purpose in terms of business growth, profitability, as well as long-term business sustainability, and thus will provide added value to stakeholders.

In 2014, Bio Farma achieved the score of Excelent Performance Assessment Criteria (KPKU) 422.75 conducted by SOE Excellence Forum (FEB) compared with the year 2013 which was 315. This increase proves the commitment of GCG implementation and Bio Farma's integrated systems in a sustainable manner.



Bio Farma's journey that has spanned more than 124 years in building its reputation has resulted in the Company continuously maintaining and upholding the values of integrity and principles of Good Corporate Governance (GCG) as the main foundation for all of its business activities. Governance practices that are in line with the policies and prevailing regulations have become an inherent aspect in the attitude, behavior, mindset, and work ethos of every Bio Farma employee, as reflected in the Company's culture of professionalism, integrity, transparency, and accountability.

GCG implementation in Bio Farma is aimed to achieve the vision, the mission, and the purpose of the Company, grounded upon the five basic principles of GCG, namely:

1. Transparency, the openness in disclosing materials and relevant information about the Company.
2. Accountability, the explication of function, the execution and the organ responsibility so that management of the company is done effectively.
3. Responsibility, the conformance in the management of the company regarding the regulations and the principles of a healthy corporation.
4. Independency is a state in which the company is professionally managed without conflict of interest and intervention or pressure from any parties that is not in accordance with the laws and principles of a healthy corporate.
5. Fairness, namely justice and equality in fulfilling the rights of stakeholders arising based on agreement and regulations.

DESCRIPTION ON THE BOARD OF COMMISSIONERS

The Board of Commissioners is a company organ that is responsible for supervising the Company's management based on the Articles of Association and providing recommendations to the Board of Directors.

Appointment and Dismissal of the Board of Commissioners

A. Appointment of the Board of Commissioners

The Board of Commissioners is appointed and dismissed by the Shareholders through the GMS. All members of the Board of Commissioners are appointed and dismissed with consideration to the aspects of integrity, competence, and reputation, in accordance with Bio Farma's business requirements.

The Board of Commissioners is appointed and dismissed by the Shareholders through the GMS with the following quality as consideration:

1. Having an integrity, dedication, understanding of salient issues that are related to one of many management functions, adequate knowledge of the Company's business, and has adequate time to carry out their tasks.
2. Is able to carry out legal actions and has never been declared bankrupt for the last five years prior to the appointment, has never been appointed as member of the Board of Directors or the Board of Commissioners that has been declared guilty for causing a business entity to go bankrupt for the past five years prior to the appointment, and has never

been indicted for any criminal offense that result in the loss of the state's finances and/or anything related to the financial sector for the past five years prior to the appointment. The appointment of the Board of Commissioners includes the fit and proper test.

B. Dismissal of the Board of Commissioners

The dismissal of the a Commissioner takes place if said Commissioner is deemed unable to carry out its tasks adequately, has violated the provisions of the Articles of Association of the Company and/or regulations, is involved in actions that result in the loss of a State-Owned Enterprise and/or the state, has conducted actions that violate ethics and/or the principle of decency expected from members of the Board of Commissioners of a State-Owned Enterprise, charged as guilty by the court with a permanent legal force, or resigns.

Composition of the Board of Commissioners

In 2014 there was a change to the composition of the Board of Commissioners, i.e. Sam Soeharto, appointed as the President Commissioner of PT Bio Farma (Persero) based on the Decree of the Minister of State-Owned Enterprises acting as the General Meeting of Shareholders of PT Bio Farma (Persero) No. SK-392/MBU/2012 dated 5 November 2012, passed away. Therefore there arose the need to affirm the dismissal of the person as the President Commissioner of PT Bio Farma (Persero) on 2 January 2014, with expressions of gratitude for all his contribution



while serving as the President Commissioner. The role of President Commissioner was subsequently assigned to Ahmad M. Ramli, who was appointed as member of the Board of Commissioners based on the Decree of the Minister of State-Owned Enterprises acting as the General Meeting of Shareholders of PT Bio Farma (Persero) No. SK-220/MBU/2013 dated 12 April 2013, to serve as President Commissioner for the remaining period of the previous President Commissioner as stipulated in the decree. In addition, Heridadi was also appointed as member of the Board of Commissioners of PT Bio Farma (Persero). As a result, as at 31 December 2014, the Board of Commissioners of Bio Farma consisted of six persons, namely one President Commissioner and five Commissioners, with the following composition:

Composition the Board of Commissioners

Name	Position	Date of First Served	Appointment Basis
Ahmad M. Ramli	President Commissioner	23 January 2014	Kep Men BUMN No: SK-17/MBU/2014 dated 23 January 2014
Paruli Lubis	Commissioner	5 November 2012	Kep Men BUMN No: 392/MBU/2012 dated 5 November 2012
Herman L. Djuni	Commissioner	27 June 2011	Kep Men BUMN No: 153/MBU/2011 dated 27 June 2011
Nizar Yamani	Commissioner	28 May 2012	Decision other than GMS No. 204/MBU/2012 dated 28 May 2012 Jo
Kep Men BUMN No: SK-81/MBU/2013 dated 4 February 2013	Komisaris	1 Mei 2013	Kep Men BUMN Nomor: SK-235/MBU/2013 tanggal 1 Mei 2013
Ihsan Setiadi Latief	Commissioner	1 May 2013	Kep Men BUMN No: SK-235/MBU/2013 dated 1 May 2013
Heridadi	Commissioner	23 January 2014	Kep Men BUMN No: SK-17/MBU/2014 dated 23 January 2014

The brief profile of each Commissioner is available in the Corporate Data section within this Annual Report.

DESCRIPTION OF THE BOARD OF COMMISSIONERS' RESPONSIBILITIES

Duties, Authorities, and Responsibilities of the Board of Commissioners

Duties of the Board of Commissioners

Duties, authorities, and responsibilities of the board of commissioners as stipulated in the Joint Decision of the Board of Commissioners and Directors of PT Bio Farma (Persero) No. KEP-06 / DK / BF / II / 2013, No. 01025 / DIR / II / 2013 on Guidelines the Board of Commissioners and Directors (Board Manual) PT Bio Farma (Persero).

a. Duties of the Board of Commissioners

1. The Board of Commissioners is obliged to supervise management policies, general operations in terms of the Company and corporate actions taken by the Board of Directors, and to provide recommendations to the Board of Directors including the supervision of implementation of the Long-Term Corporate Plan (RJPP), the Company's Work Plan and Budget (RKAP), the Articles of Association, GMS resolutions and the applicable laws and regulations, for Company benefit and in accordance with the Company's purposes and objectives.

2. In carrying out these duties, each member of the Board of Commissioners must:

- a. Comply with the Articles of Association and the laws and regulations in performing its roles according to principles of professionalism, efficiency, transparency, independence, accountability, responsibility and fairness.
- b. Act with good faith, prudence and responsibility in carrying out the supervision of management policies and in providing recommendations to the Board of Directors for the interest of the Company, in line with the Company's goals and purposes.

b. Authorities of the Board of Commissioners

1. In carrying out its duties, the Board of Commissioners is authorized to:
 - a. Examine books, letters and other documents, inspect cash for verification purposes and other marketable securities and check the Company's assets;
 - b. Enter the grounds, buildings and offices used by the Company;

- c. Request explanation from the Board of Directors and/or other officers concerning any matters related to the Company's management;
 - d. Be informed of all policies and actions that have been and will be done by the Board of Directors;
 - e. Request the Board of Directors and/or other officers under the Board of Directors as acknowledged by the Board of Directors to attend Board of Commissioners meetings;
 - f. Appoint and terminate Secretary of the Board of Commissioners, if deemed necessary;
 - g. Temporarily terminate the Board of Directors in accordance with the Articles of Association;
 - h. Form other committees other than Audit Committee, if deemed necessary with consideration of the Company's capability;
 - i. Use expert staff for particular matters and in a certain period at the Company's expense, if deemed necessary;
 - j. Perform management actions in certain circumstances for a certain period in accordance with the Articles of Association;
 - k. Attend the Board of Directors' meetings and provide insights on discussed matters;
 - l. Perform other supervisory authorities as long as not contrary to the laws and regulations, the Articles of Association and/or the GMS resolutions.
2. The Board of Commissioners is authorized to approve or not approve in writing the Board of Directors' plans in terms of:
- a. Placing fixed assets as collaterals with banks to obtain short-term loans.
 - b. Entering into a cooperation with other business entities or parties in the form of licensing cooperation, management contract, lease of assets, Joint Operation (KSO), Build Operate Transfer/BOT, Build Own Transfer/BOwT, Build Transfer Operate/BTO and other cooperation arrangements with the following conditions:
 - 1. Lease of assets.
The Board of Directors must obtain written consent of the Board of Commissioners to lease Company assets with period of more than three (3) years to 5 (five) years with rent/transaction value of more than 1% to 2.5% of revenue, or more than 2% to 5% of equity, whichever is smaller.
 - 2. Build Operate Transfer (BOT), Build Own Transfer (BowT), Build Transfer Operate (BTO).
 - 3. The Board of Directors must obtain written consent of the Board of Commissioners to conduct Build Operate Transfer (BOT), Build Own Transfer (BowT), Build Operate Transfer (BTO) with period of more than 10 (ten) years to 20 (twenty) years of the Company asset value of more than 6% to 12.5% of revenue, or more than 6.5% to 13% of equity, whichever is smaller.
 - 4. Management Contract and Other Cooperation.
The Board of Directors must obtain written consent of the Board of Commissioners to enter into a management contract and other cooperations with period of more than 10 (ten) years with value of investment (the Company's cooperated asset) more than 2.5% to 5% of revenue, or more than 5% to 10% of equity, whichever is smaller.
 - 5. Implementation of the aforementioned actions on numbers 1), 2), 3) and 4), must be accompanied with Integrity Pact containing statement of the Board of Directors and/or Board of Commissioners that implementation of actions has been considered carefully and in good faith, without influence from other parties, without conflict of interest, and with full caution to the best interests of the Company with regard to the applicable regulations and the Good Corporate Governance (GCG) principles.
 - c. Obtain or grant medium/long term loans, except for payables or receivables arising from business transactions and loan granted to a Company subsidiary, which have to be reported to the Board of Commissioners;



- d. Eliminate uncollectible receivables and obsolete inventory;
 - e. Dispose of fixed assets with normal economic age in industry up to 5 (five) years.
 - f. Establish organization structure of 1 (one) level below the Board of Directors.
 - g. Appoint and dismiss the Head of the Internal Audit Unit.
 - h. Appoint and dismiss the Corporate Secretary.
3. Within the period of 30 (thirty) days from the admission of the application or explanation and complete documentation from the Board of Directors, the Board of Commissioners must make a decision on the Board of Directors' application, as stipulated in point (2) above.

C. Obligations of the Board of Commissioners

In performing its duties, the Board of Commissioners is obliged, among others, to:

1. Provide advice to the Board of Directors in managing the Company.
2. Examine, review and approve Long Term Corporate Plan (RJPP) and Corporate Work Plan and Budget (RKAP) prepared by the Board of Directors, in accordance with the Company's Articles of Association.
3. Provide opinion and advice to the GMS pertaining to RJPP and RKAP regarding explanation on Board of Commissioners's approval for RJPP and RKAP.
4. Keep track of the Company's activities, provide opinion and recommendation to the GMS on every important matter in Company management.
5. Immediately report to the GMS for any indication of the Company's declining performance.
6. Examine and review periodic reports and Annual Report prepared by the Board of Directors and approve Annual Report.
7. Provide explanation, opinion and recommendation to the GMS regarding Annual Report, if requested.
8. Prepare annual work plan and budget of the Board of Commissioners, which is an integral part of RKAP.
9. Establish Audit Committee
10. Nominate public accountant to the GMS

11. Prepare minutes of Board of Commissioners meetings and keep a copy.
12. Report to the Company regarding share ownership of members of the Board of Commissioners and/or their families in the Company or in other companies.
13. Submit report on supervisory roles performed for current/previous years to the GMS.
14. Other obligations in a supervisory and advisory context, as long as not in violation of laws and regulations, the Articles of Association and/or the GMS resolutions.
15. Monitor and ensure that the GCG is implemented effectively and continuously.
16. Propose Key Performance Indicators (KPIs) of the Board of Commissioners to the GMS, and
17. Submit Quarterly Report on progress of Key Performance Indicators (KPI) realization to Shareholders.

The Board of Commissioners' Obligation Related to Long-Term Planning

The Board of Commissioners examines and provides opinion to the RJP prepared by the Board of Directors prior to signing it together with the the Board of Directors.

The Board of Commissioners' Obligation Related to the Work Plan and Budget Formulation

- a. The Board of Commissioners examines and provides opinion to the RKAP prepared by the Board of Directors prior to signing it together with the the Board of Directors.
- b. The Board of Commissioners provides a guidance to the the Board of Directors for the implementation of the Company's plans and policies in the RKAP that are the detailed version of the RJP.

The Board of Commissioners' Obligation Related to the Annual Report Preparation

- a. The Board of Commissioners examines the Annual Report draft and the audited financial statements from the Public Accounting Firm.
- b. The Board of Directors and the Board of Commissioners sign the Annual Report to be subsequently submitted by the Board of Directors to the Shareholders.



Risk Management Implementation

The Board of Commissioners is obliged to supervise and provide advice to the the Board of Directors on a regular basis regarding the effectiveness of risk management implementation.

Internal Control System

The Board of Commissioners is obliged to supervise and provide advice to the the Board of Directors on a regular basis to determine an effective internal control system.

Information Disclosure & Confidentiality

- a. The Board of Commissioners must ensure that in the Company's Annual Report the information regarding their identity, main jobs, position as Commissioner in other companies, as well as the meetings held in one fiscal year (internal and joint meetings with the the Board of Directors) and the honorarium, facilities and/or other allowances received from the Company, be disclosed.
- b. The Board of Commissioners is obliged to the Company regarding their ownership of shares and/or their family's ownership of shares in the Company and other companies, including every change thereof.
- c. The Board of Commissioners is responsible to the Company to maintain the confidentiality of the Company's information.

- d. Information that based on the rules and regulations and/or corporate regulations is deemed confidential related to the Company must be kept confidential in accordance with the rules and regulations and/or corporate regulations.
- e. Confidential information obtained while serving as Commissioner must be kept secret in accordance with the rules and regulations.

Quorum for The Board of Commissioners Meetings (Data from the Board Manual)

A member of the Board of Commissioners can be represented in the Board of Commissioners meeting only by another member of the the Board of Commissioners that is present in the selfsame the Board of Commissioners meeting, based on a written power of attorney that is specific only for the purpose of that the Board of Commissioners meeting. A member of the Board of Commissioners can represent one other member of the Board of Commissioners

Distribution of Duties of The Board of Commissioners

The distribution of duties among members of the Board of Commissioners is determined by the Board of Commissioners itself, and to ensure the smoothness of its duties the Board of Commissioners is assisted by a Secretary to the Board of Commissioners appointed and dismissed by the Board of Commissioners at the Company's expense.



In performing the supervisory and advisory functions, the Board of Commissioners has distributed its duties among its members, in accordance with the Decree of The Board of Commissioners of PT Bio Farma (Persero) No. KEP-04/DK/BF/II/2014 dated 19 February 2014, as follows:

No.	Name	Area of Assignment	Detail of Assignment
1.	Ahmad M. Ramli	President Commissioner	<ul style="list-style-type: none">• Coordinating the duties of the members of the Board of Commissioners.• Supervising and advising the the Board of Directors in performing the latter's duties including its compliance to the provisions of the Articles of Association, and the prevailing rules and regulations.
2.	Paruli Lubis	In Charge of Finance	<ul style="list-style-type: none">• Supervising and providing advice on all aspects related to the procedures and processes of work planning and budgeting, long-term planning, financial responsibility and preparation of reports that include the quarterly management reports by considering all the prevailing reporting standards.• Acting as the Chairman of the Audit Committee with the list of duties as stipulated in the Audit Committee Charter.
3.	Herman L. Djuni	In Charge of Marketing and Information Technology	<ul style="list-style-type: none">• Supervising and providing advice on all aspects related to the domestic and overseas sales and marketing as well as supervising the preparation and implementation of IT Masterplan.• Acting as the Vice Chairman of the Audit Committee with the list of duties as stipulated in the Audit Committee Charter.
4.	Heridadi	In Charge of Research and Development	<ul style="list-style-type: none">• Supervising and providing advice on all aspects related to research and development of vaccines and antisera.• Acting as Vice Chairman of the Risk, Development and GCG Committee with the list of duties as stipulated in the Risk, Development and GCG Committee Charter.
5.	Nizar Yamani	In Charge of Production	<ul style="list-style-type: none">• Supervising and providing advice on all aspects related to production activities, involving processes such as production capacity increase, availability of end products, works-in-progress, raw materials, and control of expired inventory.• Acting as the First Vice Chairman of the Risk, Development and GCG Committee with the list of duties as stipulated in the Risk, Development and GCG Committee Charter
6.	Ihsan S. Latief	In Charge of HR	<ul style="list-style-type: none">• Supervising and providing advice on all aspects related to all labor-related system and procedures, starting from recruitment, disciplinary actions, remuneration and incentives, employee training, and the Company's organizational.• Acting as Second Vice Chairman of the Risk, Development and GCG Committee with the list of duties as stipulated in the Risk, Development and GCG Committee Charter.

Performance of Duties, Authorities and Obligations of the Board of Commissioners in 2014

Throughout 2014, the Board of Commissioners of Bio Farma performed the following duties and responsibilities in accordance with the Articles of Association, including the following:

1. Supervised the policies and management of the Company and advised on the execution of the RJPP, RKAP including the KPIs for the Board of Directors, and the provisions of the Articles of Association and the Resolutions of the GMS and all prevailing regulations for the interest of the Company and in line with the Company's purpose and goals.
2. Implemented GCG principles in the Board of Commissioners and supervised their implementation within the organization.
3. Opined on and provided general input about the Board of Directors Performance Report to the GMS.
4. Led the committees under the Board of Commissioners in carrying out all of their duties and communications among each other.
5. Approved the Board of Directors and provided responses/opinion to the GMS on the Board of Directors' plans in exercising their policies based on the provisions of the Articles of Association.
6. Kept abreast with the Company's developments and provided opinion and recommendations regarding the planning and implementation of RJPP, RKAP, and important issues faced by the Company.
7. Ensured that the Company disclosed its GCG implementation to the GMS and in the Annual Report.

8. Held meetings with the Board of Directors, the Committees under the Board of Commissioners, and other units that are related to the Company, among others:
 - a. Internal meetings of the Board of Commissioners
 - b. Joint meetings with the Board of Directors
 - c. Meetings with divisions related to Internal Audit, Risk Management, and GCG implementation.
 - d. Meetings with divisions and branches to comprehend the issues faced by the Company.
 - e. With external auditors.

Details of the Board of Commissioners' supervisory activities in 2014 are provided below:

1. On Good Corporate Governance

In relation to the GCG self assessment, the final stage of which was held in February 2015 by the Counterpart Team for the GCG implementation assessment for FY2014, PT Bio Farma (Persero) provisionally has earned a score of 83.96, with the "Good" predicate. The assessment includes evaluation of parameters related to the Board of Commissioners and its activities and organs, which earned the score of 82.25. Based on this result for the Board of Commissioners, a number of administrative improvements to the Board of Commissioners are required by acting upon the areas of improvement from the GCG assessment by the provisional Counterpart Team. This will ensure that at the time of assessment by BPKP for FY2015, the Board of Commissioners parameters will earn a higher score, which means that the GCG implementation will also be better.

2. On Research and Development

- a. Supported the formulation and preparation of the Product Development Plan (PDP) for quick-win vaccine product (IPV, rotavirus, dengue, malaria, pneumococcus, etc.) and allocation of resources (human resources, budget, etc.) and oversaw the research and development of said new product.
- b. Supported the preparation for polio eradication by preparing the transfer of polio vaccine from OVP type to IPV.
- c. Collectively discussed Bio Farma's future product and business developments for the basis of policymaking.
- d. Oversaw the research conducted in cooperation with research institutions and universities in and

outside of the country, so that it is always aligned with Bio Farma's vaccine production planning.

- e. Encouraged the synergy among the Academia, Business, and the Government spheres in strengthening the research and development for new products.

3. On Human Capital

- a. Encouraged the dissemination on change management and related reorganization by implementing the ERP.
- b. Urged that marketing staff be equipped with the adequate knowledge and capacity in terms of Bio Farma's product knowledge and process knowledge.
- c. Supervised and directed the planning and development of human capital in Bio Farma.
- d. Encouraged the implementation of knowledge management in line with the Company's needs so that the Company may no longer be dependent on any individual.
- e. Urged for the implementation of talent management in accordance with Bio Farma's needs and the challenges it faces.
- f. Urged the Board of Directors to regularly review the golden handshake policy, which includes:
 - to ensure and anticipate that Bio Farma's employees that are still needed by the Company or those with substantial expertise do not quit the Company, especially through the golden handshake clause,
 - urged that the golden handshake rules and implementation are oriented on its original purpose, i.e. human resources management,
 - a clause on trade secret must be added with the purpose of safeguarding the Company's confidential documentation so that those who quit the Company with a golden handshake may not take such documentation away.

4. On Finance

Carried out periodic monitoring of financial management in the following activities:

- Coordination Meeting for 2014 RKAP.
- Discussion of LMP & Activity Report of the 2013 PKBL (unaudited).
- Discussion LMP & CSR Activities Report for Q1 2014.



- Discussion LMP & Wipe CSR Activities Report for H1 2014.
- Discussion of the selection/reappointment of the Public Accounting Firm.
- Discussion of investment policy and actual use of the investment budget.
- Discussion of the planning and actual use of the Board of Commissioners' budget.

5. On Marketing

- a. Urged market diversification, thereby reducing the risk of dependence on certain buyers considering the impact of the delisting of Panacea Biotech and Bharat Biotech (potential customers from India) from the WHO prequalification list on the export sales of Bio Farma.
- b. Encouraged marketing innovation and creativity regarding transfer of polio vaccine from the OPV type to the injection (IPV) type.
- c. Urged the creation of market Intelligence in line with Bio Farma's needs to become a global player.
- d. Encouraged the market diversification in particular for bulk DTP and OPV as they are highly profitable.
- e. Urged for the creation of sales force teams to address the needs of the private market and institutional market in the country.
- f. Urged for promotional cooperation with media (above-the-line) and below-the-line events.
- g. Urged for the restructuring of the marketing organization including the strengthening of regulatory affairs.
- h. Urged the management to create a brand image or corporate image by advertising in mass media.
- i. Urged for an accelerated registration of products, especially for sales to the private sector.

6. On Investments

Monitored the progress of the capital expenditures plan and realization in 2014 in order to fulfill the aspiration of the shareholders, i.e. physical investment (75%) and program-based investment (100%).

7. On Information System

- a. Supervised and monitored the System Development Life Cycle (SDLC) of the ERP implementation and the progress reports thereof.

- b. Urged the implementation of Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP).
- c. Supervised and monitored the Company's IT Governance.
- d. Urged the management to compete and test the reliability of the Company's IT system by participating in IT-related award events.
- e. Reviewed the IT Masterplan of PT Bio Farma (Persero) for 2014-2017.

8. On Production

- a. Supervised the BCG and polio production activities to meet market demand.
- b. Supervised the production and encourage efforts to minimize damage to end products.
- c. Supervised the readiness to produce new vaccines according to market needs.
- d. Supervised the efficiency measures done in all areas including at lowering production costs and the cost of goods sold.
- e. Urged for production capacity increase to reduce fixed costs and achieve economy of scale.

9. On Strategic Issues

- a. Supervised the planned transfer of polio vaccines from OPV to IPV type.
- b. Urged for actions to address the changes in the business environment, such as: WHO regulations, government regulations: BPJS, Intellectual Property Rights, level of competition, and the exchange rate.
- c. Monitored and advised the Board of Directors for dealing with the Halal Product Guarantee Bill, should it be enacted.
- d. Monitored the progress of H5N1 (Flu Pandemic) vaccine production plan.
- e. Supervised Bio Farma's readiness to address WHO PQ in 2014.
- f. Supervised the restructuring of the marketing organization.
- g. Supervised the planning and realization of the Bio Farma Geopark CSR program.

The Board of Commissioners provided a number of directives, advice and approval on the survival/growth of the Company's business. The details for the directives given by the Board of Commissioners in 2014 include:

1. Suggested that the Board of Directors undertake measured and tactical initiatives to address constraints in the processes of planning, budgeting, execution/implementation, and close monitoring of investment projects, because investment is a key factor for determining the sustainability and progress of the Company in the long run.
2. Suggested that the Board of Directors prepare a scenario planning and investment-operational risk management properly, so that when an issue arises related to WHO or BPOM regulatory changes while an investment is ongoing, it can be detected as early as possible and its mitigation measures be formulated.
3. Bio Farma's net income reached USD 572,467,623,000, up 48.3% from 2012 income of Rp 385,891,884,000. However the increase in net profit was partly derived from the contribution of foreign exchange gain of Rp 93,965,032,980 or 50.36% of the total increase in net profit of Rp 186,575,739,000, or 16.41% of the total net income. Therefore, the Board of Commissioners advised the management to continue to improve its operational performance by market expansion, product diversification, and operational efficiency measures.
4. Although the foreign exchange gain did not fully reflect the actual performance of the Company, the management has been advised to apply sound financial management to obtain optimum benefit (no foreign exchange losses) on foreign exchange management. If possible, a Treasury unit that is supported by the proper employees' competence and expertise in the field of financial management be established.
5. The management has been advised to strengthen the internal control system with all components of the assessment of internal controls, both by themselves or with the help of external parties.
6. Suggested to the management to prioritize the allocation of funds for Community Development programs/activities that are aligned with the

Company's business.

7. Suggested that the management perform a comprehensive tax planning by inventarizing and assessing all taxes and transactions that potentially contain taxable objects based on the prevailing tax regulations, so that all tax corrections and tax penalties are prevented, and prepare the staffing with qualified competence in taxation.

In accordance with its authority as stipulated in the Articles of Association of PT Bio Farma (Persero), the Board has given approval/recommendation for, among others:

1. Approval of the extension of the appointment of the public accounting firm to audit the Financial Statements for FY2014.
2. Approval of the remuneration system of the Board of Directors in accordance with the resolution of the GMS.
3. Approval of the Renewal of Agreement/Extension Period for Working Capital Loan Facility for Export (KMKE) from Indonesia Eximbank (LPEI) Year 2013-2014.
4. Approval of the extension of non-cash loan facilities, treasury bills and bills purchasing line with PT Bank Mandiri (Persero) for the period of 2013 to 2014.
5. Approval of the write-off and transfer of non-productive fixed assets of PT Bio Farma (Persero) in 2014.
6. Approval of changes in the organizational structure of the Company on the level below the Board of Directors.
7. Approval of the increase in subscribed and fully paid capital by the Republic of Indonesia from originally Rp 750,000,000,000 (seven hundred and fifty billion rupiahs), consisting of 750,000 (seven hundred and fifty thousand) shares, to Rp 1,250,000,000,000 (one billion two hundred and fifty billion rupiahs), consisting of 1,250,000 (one million two hundred and fifty thousand) shares.



The Board of Commissioners' 2014 Work Plans

Supervise and provide advice on:

1. Implementation of the 2014 RKAP and the RJPP.
2. Strategic issues for the Company, such as WHO PQ, Vaccine Development Project, etc.
3. Compliance with relevant laws and regulations.
4. Application of GCG principles, ISO, cGMP and others.
5. Implementation of Enterprise Risk Management (ERM).

Make a decision or approve or respond to:

1. RKAP and RKA PKBL Reports
2. Quarterly/Semesterly/Annual Management Reports.
3. Appointment of the Public Accounting Firm.
4. Approval of Assets Write-offs.
5. Remuneration for the Board of Directors.
6. The Board of Commissioners' approval of the Company's management in line with the budget of the Company.

INFORMATION DISCLOSURE CONCERNING THE PROCEDURES FOR DETERMINING REMUNERATION

a. Basis for Determining Remuneration

The determination of remuneration for the Board of Directors and Board of Commissioners of Bio Farma, which includes salary/honorarium, allowances, facilities, and bonuses/incentives, is under the authority of the Board of Commissioners and is stipulated in the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-04/DK/BF/III/2014 on 25 March 2014 on the Determination of Remuneration for the Board of Directors and Board of Commissioners of PT Bio Farma (Persero) in 2014, Such remuneration has been formulated by referring to the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 dated 10 March 2014 on the Guidelines for Determining the Remuneration for Board of Directors, Board of Commissioners, and Supervisory Board of State Owned Enterprises.

b. The procedures for determining remuneration for the Board of Commissioners and the Board of Directors are as follows:

1. The GMS determines the Board of Directors and the Board of Commissioners remuneration based on the PER-04/MBU/2014.
2. The remuneration for the President Director is formulated based on the internal guidelines set by the Minister as a reference for the calculation of remuneration for the Board of Commissioners and its members.
3. The salary/honorarium and bonuses for members of the Board of Directors and the Board of Commissioners for FY2014 was determined by the Resolution of Shareholders as the GMS of PT Bio Farma (Persero) as stipulated in the the Minutes GMS No. RIS-20/D2.MBU/2014 dated 21 March 2014 on the Determination of Remuneration for FY2014, including performance bonuses on the 2013 performance of the Board of Directors and the Board of Commissioners.
4. Based on the approval and the resolution of the Annual GMS of PT Bio Farma (Persero) for FY2013, the bonus for the President Commissioner was set at 40% of the bonus for the President Director, while the bonus for other members of the Board of Commissioners was set at 36% of the bonus for the President Director.

c. Indicators used for determining the remuneration of the Board of Commissioners:

- Remuneration in the form of salary/honorarium, allowances and facilities that are fixed is calculated by considering the factors of income, assets, financial condition and capability of the Company, inflation rate, and other relevant factors, and must not conflict with the prevailing laws and regulations.
- The determination of remuneration in the form of allowances and bonuses which are variable by nature, was carried out by taking into account the achievement of targets, the level of soundness and financial capacity of the Company, as well as other relevant factors.
- The remuneration for the Board of Commissioners took into consideration the achievement of Key Performance Indicators (KPIs) of the Board of Commissioners for its supervision of the Company in 2014.

REMUNERATION STRUCTURE AND NUMBER OF MEMBERS OF THE BOARD OF COMMISSIONERS IN 2014

In accordance with the approval of the annual report and financial statements for FY2013 by the GMS as stipulated in the Minutes of GMS No. RIS-20/D2.MBU/2014 dated 21 March 2014, the salary for the President Director for 2014 amounted to Rp 72.5 million per month, while the salary for the Directors was set at 90% of the salary for the President Director.

The remuneration for the Board of Commissioners of Bio Farma, in accordance with policy of remuneration for the Board of Commissioners, include salary/honorarium, allowances, facilities and bonuses/incentives. The remuneration for the Board of Commissioners in accordance with the GMS resolution is as follows:

1. Honorarium.
 - a. Honorarium for the President Commissioner was determined to be 45% of the salary for the position President Director.
 - b. The honorarium for the members of the commissioners was determined to be 90% of the President Commissioner's honorarium.
2. Allowances
 - a. Holiday allowance was set to be 1 (one) time monthly honorarium

- b. Transport allowance was set to be 20% of honorarium
- c. Post-Employment Insurance: a maximum premium of 25% of the honorarium in one year
3. Facilities
 - a. Health: health facilities are provided in the form of health insurance or reimbursement of medical expenses, with the details outlined in the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 on the Guidelines for Determining the Remuneration for the Board of Directors and the Board of Commissioners of State-Owned Enterprises.
 - b. Legal Aid: legal aid facilities are outlined in the Minister of State-Owned Enterprises No. PER-04/MBU/2014 on the Guidelines for Determining the Remuneration for the Board of Directors and the Board of Commissioners of State-Owned Enterprises.

4. Performance Bonus/Incentive

Performance bonus/incentive was based on performance in FY2013.

Remuneration for the Board of Commissioners is detailed as follows:

BOC's Remuneration in 2014 (In Rupiah)

Name	Honorarium per Year 1	Allowance per Year 2	Net Salary per Year 3 = 1 + 2	Tantiem & Religious Holiday Allowance 4	Total 5 = 3 + 4
Ahmad M. Ramli*	389,169,643	77,833,928	467,003,571	269,574,230	736,577,801
Nizar Yamanie**	352,350,000	70,470,000	422,820,000	356,962,500	779,782,500
Paruli Lubis***	352,350,000	70,470,000	422,820,000	356,962,500	779,782,500
Herman L. Djuni	352,350,000	70,470,000	422,820,000	356,962,500	779,782,500
Ihsan Setiadi Latief****	352,350,000	70,470,000	422,820,000	249,258,386	673,078,386
Heridadi*****	331,376,786	66,275,357	397,652,143	29,362,500	427,014,643
Total	2,129,946,429	425,989,286	2,555,935,714	1,619,082,616	4,175,018,330

* Appointed as President Commissioner on 23 January 2014

** Appointed as Commissioner on 28 May 2012

*** Appointed as Commissioner on 05 November 2012

**** Appointed as Commissioner on 1 May 2013

***** Appointed as Commissioner on 23 January 2014

Honorarium, Allowances and Facilities of BOC

Honorarium	Allowances	Facilities
President Commissioners Rp316,800,000.	<ul style="list-style-type: none"> • Holiday Allowance: 1 (one) month honorarium • Pension benefit insurance: up to 25% of honorarium/year • Transports allowances Rp6,525,000. 	Health Facility <ul style="list-style-type: none"> • insurance or reimbursement of medical expenses, with the details outlined in the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 on the Guidelines for Determining the Remuneration for the Board of Directors and the Board of Commissioners of State-Owned Enterprises. • legal aid facilities are outlined in the Minister of State-Owned Enterprises No. PER-04/MBU/2014 on the Guidelines for Determining the Remuneration for the Board of Directors and the Board of Commissioners of State-Owned Enterprises.
Commissioners Rp285,120,000.		



Meetings of the Board of Commissioners

Meetings of the Board of Commissioners as stipulated in the Joint Decree of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013, and No. 01025/DIR/II/2013 on the Guidelines for the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) [Board Manual].

Meeting Basis, Time and Venue

1. The Board of Commissioners meeting is held regularly, at least once a month.
2. In addition to the scheduled meetings, the Board of Commissioners may also hold a meeting at any other time by stating the issues to be discussed and/or for which a decision shall be made:
 - a. At the request of 1 (one) or more members of the Board of Commissioners.
 - b. At the request of the Board of Directors.
 - c. At the written request of the Shareholders.
3. The Board of Commissioners meetings are held at the Company or elsewhere within the territory of the Republic of Indonesia as determined by the Board of Commissioners.

Participant of Meeting Board Commissioner

The Board of Commissioners meetings are attended by all members of the Board of Commissioners.

If the Board of Commissioners deems it necessary, other parties may attend the Board of Commissioners meetings to provide certain explanations that are deemed necessary.

The Board of Commissioners Meeting Agenda

1. The Board of Commissioners who propose the meeting of the Board of Commissioners must specify the event and prepare the materials/files needed to be discussed in the meeting of the Board of Commissioners.
2. The agenda for the meeting of the Board of Commissioners may be submitted orally or in writing in the form of memo, letter or others, accompanied by the materials/files needed for the meeting of the Board of Commissioners.

The Board of Commissioners Meeting Invitation

1. Meeting invitations is made in writing by the President Commissioner or by the members of the Board of Commissioners representing the President Commissioner and is delivered within at most 3

(three) days before the meeting is held or in a shorter time should it be required to immediately hold a meeting, with no regard to the date of the summons and the meeting date.

2. Invitation to the meeting of the Board of Commissioners should include the date, time, place and agenda of the meeting of the Board of Commissioners.
3. Invitation to the meeting of the Board of Commissioners is not required if all the members of the Board of Commissioners are in attendance.

Quorum of the Board of Commissioners Meetings

1. The Board of Commissioners meeting is deemed legitimate and may take binding decisions if it is attended by more than half of the total members of the Board of Commissioners or their authorized representatives.
2. The meeting of the Board of Commissioners should by norm be attended by all members of the Board of Commissioners.
3. Any member of the Board of Commissioners may be represented in a Board of Commissioners meeting only by another member of the Board of Commissioners who attends the said meeting of the Board of Commissioners, based on a written power of attorney specifically written for the purpose of the said meeting of the Board of Commissioners.
4. A member of the Board of Commissioners may represent another member of the Board of Commissioners.

Board of Commissioners Meetings Chairman

1. The meetings of the Board of Commissioners is chaired by the President Commissioner.
2. In the event that the President Commissioner is absent, the Board of Commissioners meeting shall be chaired by a member of the Board of Commissioners that has been appointed in writing by the President Commissioner.
3. In the event that the President Commissioner is absent and the President Commissioner has not appointed a replacement, then a member of the Board of Commissioners who has served the longest in office as a member of the Board of Commissioners shall chair the Board of Commissioners meeting.
4. In the case that there are more than one member of the Board of Commissioners with the longest serving period as a member of the Board of Commissioners, then the oldest member of the Board of Commissioners of these longest-serving Commissioners shall chair the Board of Commissioners meeting.

Minutes of Meeting of the Board of Commissioners

1. For each meeting of the Board of Commissioners, the Minutes of Meeting should be made.
2. The Minutes of Meeting of the Board of Commissioners shall include:
 - a. Reason for absence of members of the Board of Commissioners, should there be anyone not present;
 - b. The results of the evaluation of the implementation of all the decisions made in the previous meeting of the Board of Commissioners;
 - c. The dynamics of the decision-making process at the meeting of the Board of Commissioners, including the opinions that are formed in the meeting, both arguments in favor or against, or a different opinion (dissenting opinion) if any;
 - d. Consideration and/or analysis in the decision-making at the meeting of the Board of Commissioners;
 - e. Issues that are decided at the meeting of the Board of Commissioners.
3. The Minutes of Meeting of the Board of Commissioners document is signed by the chairman of the meeting, all members of the Board of Commissioners who are present at the meeting, and the secretary.
4. The Minutes of Meeting of the Board of Commissioners document is reproduced and circulated to all members of the Board of Commissioners, both those who are present or not present in the meeting of the Board of Commissioners.
5. The original document for the meeting of the Board of Commissioners is stored and maintained by the Board of Directors. The Board of Directors may assign this duty to the Corporate Secretary. A copy of the Minutes of Meeting of the Board of Commissioners is stored and maintained by the Secretary to the Board of Commissioners.

Secretary of the Board of Commissioners Meetings

1. The secretary of the Board of Commissioners meetings is the Secretary to the Board of Commissioners.
2. In the event that the Secretary to the Board of Commissioners is absent or unavailable, then an attending member of the Board of Commissioners or another person appointed by the chairman of the Board of Commissioners meeting may act as the Secretary of the Board of Commissioners meeting.



Frequency of Meetings and Attendance of the Commissioners at the Meetings of the Board of Commissioners

Frequency of the Board of Commissioners

Throughout 2014, the Board of Commissioners conducted 15 internal meetings of the Board of Commissioners, and 10 supervisory and consultative meetings with the Board of Directors (joint meetings) to discuss various aspects of the operations and management of the Company. The list of members of the Board of Commissioners who were present in those meetings of the Board of Commissioners and the joint meetings with the Board of Directors in 2014 is provided below:

Name	Position	Total Board of Commissioners Meetings	Total Attendance
Ahmad Ramli***	President Commissioner	11	11
Paruli Lubis	Commissioner	11	11
Herman L. Djuni	Commissioner	11	11
Nizar Yamani*	Commissioner	11	10
Ihsan Setiadi Latief**	Commissioner	11	8
Heridadi***	Commissioner	11	9

* Serving since February 2013, ** Serving since May 2013, *** Serving since January 2014

Agendas for the Meetings of the Board of Commissioners in 2014

Throughout 2014, the Board of Commissioners discussed various issues, performance and strategy related to the Company's management, with the following meeting agendas:

No.	Date	Meeting Agenda	Conclusion
1.	10 January	Appointment of Audit Committee and Development Committee, Risk Committee and GCG	Determination of Audit Committee members and the extension of the duty of the Development Committee, Risk Committee and GCG
2.	21 January	Proposed improvements for treatise of GMS	Implement the recommendations from the BPK examination results and follow-up letters from the deputy of strategic industries and manufacturing.
3.	14 February	Task divisions of the BOC and change of Development Committee, Risk and GCG nomenclature.	BOD Decree was made on the task division for BOC members.
4.	14 April	Requests for approval the authorized capital and paid-up / placed	Request approval for the increase of the authorized capital and paid-up / placed as a recommendation to shareholders.
5.	14 May	Board of Commissioners monitoring reports and activities of the Committee for the First Quarter of 2014	Agreed upon submission of the Board of Commissioners monitoring reports and activities of the Committee for the First Quarter of 2014 to share holders.
6.	20 June	Request for approval from the BOD to extend KMKE facilities 2014-2015.	Given approval to extend KMKE facilities with consideration of tangible assets.
7.	10 August	The Company's management reports and monitoring reports of the Board of Commissioners, as well as the activities of the Committee reports first quarter 2014.	Approval of the report to be submitted to the shareholders and proposes to form a team to evaluate investment issues.
8.	3 September	Investment and infrastructure constructions.	Form a team to evaluate the investment.
9.	11 October	Performance reports, cooperation and official travel Directors, discussing halal product guarantee bill.	Bio Farma needs to improve relations with international organizations to increase export sales.
10.	28 October	BOC Business and Budget Plan 2015 and discussing the Bio Farma third quarter 2014 management report.	Finalization of Business and Budget Plan BOC 2015.
11.	5 December	SOE Minister Circular No.08 / MBU / 2014 on efficiency and operational cost savings of SOEs.	Discussion with the Board of Directors on efficiency and operational cost savings of SOEs at a joint meeting of the Board of Directors and the Board of Commissioners

TRAINING PROGRAMS IN ORDER TO INCREASE THE COMPETENCE OF THE BOARD OF COMMISSIONERS AND ORIENTATION PROGRAM FOR NEW COMMISSIONERS

a. Training Programs and Increasing Competence Of The Board Of Commissioners

In order to improve the competence of the members of the Board of Commissioners so that their professionalism, performance, and self-potential may be enhanced to support their duties as members of the Board of Commissioners, in 2014 members of the Board of Commissioners participated in various training programs, workshops, conferences and seminars as well as the induction program for new commissioners.

b. Orientation Program for New Commissioner

In order to develop the competence and introduce the Company to a new Commissioner, Bio Farma maintains an induction program for new Commissioners, which is aimed at providing an overview of the Company, including the general condition of the Company, financial conditions, strategies currently being executed, business activities, long-term plans, as well as the duties and responsibilities of the Board of Directors.

The induction program for new Commissioners was held at Bio Farma on 30 January 2014, titled the Induction Program for New Commissioner of PT Bio Farma (Persero), taking place in Bandung. This induction program for the new Commissioner was prepared by the Corporate Secretary in collaboration with the Human Resources Division and other relevant divisions, and was presented in the form of presentations, handover of annual reports, company profile, company history, Corporate Governance Policy, as well as laws and regulations related to the business processes of Bio Farma.

At the induction program, the new Commissioner agreed to avoid the potential of being involved in the Company's operations, which fall under the authority of the Board of Directors, and to avoid graft and to be committed to implementing good corporate governance as exceptionally as possible. The Board of Commissioners also agreed on the division of duties between the individual Commissioners.

The new Commissioner also actively participated in various forums held by the Company, both on a national scale such as the Vaccine Research Forum and on the international scale such as the Developing Countries Vaccine Manufacturer Networks and the Organization of Islamic Cooperation (OIC).

BOARD MANUAL

The Board Manual for the Board of Commissioners was prepared based on the mutual agreement of Board of Directors and Board of Commissioners. The Board Manual was prepared based on the prevailing rules and regulations. The documentation is reviewed periodically. In addition to the Board Manual, the Board of Commissioners also has the Board of Commissioners Charter, as decreed by the President Commissioner with the letter No. SK-06/DK/BF/XII/2011, dated 19 December 2011. The guidelines set out in the Board Manual and Charter among others discuss these aspects:

- a. Induction program
- b. Training programs
- c. Work relationship between the Board of Commissioners and the Board of Directors
- d. Duties, authorities and obligations as well as the division of duties of the Board of Commissioners
- e. Provisions for the execution of duties of a vacant Commissioner position
- f. Obligations of the Board of Commissioners related to the long-term planning
- g. Obligations of the Board of Commissioners related to the RKAP preparation
- h. Obligations of the Board of Commissioners related to the preparation of Annual Report
- i. Risk management
- j. Internal control systems
- k. Disclosure and confidentiality of information
- l. Business ethics and anti-corruption
- m. Prohibition of acting for personal interest
- n. Supporting organs for the Board of Commissioners
- o. Meetings of the Board of Commissioners
- p. Meetings of the Board of Directors and the Board of Commissioners
- q. Meetings of the Committees of the Board of Commissioners with the Counterparts to the Board of Commissioners





INDEPENDENCE OF THE BOARD OF COMMISSIONERS

Each member of the boc of the Company is expected to act with independence without any conflict of interest that might disrupt their ability to carry out their duties properly, and in maintaining the relationship with all parties related to the Company as well as with the Board of Directors.

All members of the boc of PT Bio Farma (Persero) acts with independence and are free from intervention from any parties.

To ensure the independence in carrying out their duties, the boc encourages the creation of an objective working environment, where the principle of fairness is upheld at all times amidst various interests without any conflict of interest.

On 24 January 2014, the entire boc of PT Bio Farma (Persero) signed the Conflict of Interest Statement, which stipulates that they have no relation whatsoever with the management, ownership, and/or financial relation with all business entities owned by the Shareholders or in similar companies, that they have no relation by blood up to the third degree both vertically or horizontally or from relationships arising from marriage with other members of the boc or the bod.

This independence is described in the following Table of Family and Financial Relationships among Members of the boc with the organs of PT Bio Farma (Persero) in 2014:



Familial and Financial Relations of the Board of Commissioners with PT Bio Farma Organs

Name	Family Relationship with						Financial relationship with					
	BOC		BOD		Shareholder		BOC		BOD		Shareholder	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Ahmad M. Ramli	√		√		√		√		√		√	
Paruli Lubis	√		√		√		√		√		√	
Herman L. Djuni	√		√		√		√		√		√	
Nizar Yamani	√		√		√		√		√		√	
Heridadi	√		√		√		√		√		√	
Ihsan Setiadi Latief	√		√		√		√		√		√	



The composition of the boc has met the requirements of the law. The boc currently has six members, all of whom are Commissioners representing parties outside of the Shareholders, in order to maintain the independence of the supervision of the boc and ensure that the check and balance mechanism is carried out. In 2014, no members of the boc of Bio Farma owned shares of the Company. And in order to minimize any potential conflict of interest, each member of the boc has made a special list containing the information on their or their family members' share ownership, and submitted it to the Company.

Name	Share Ownership						Description
	PT Bio Farma		Other SOE		Other Company		
	Yes	No	Yes	No	Yes	No	
Ahmad M. Ramli		√		√		√	Nihil
Paruli Lubis		√		√		√	Nihil
Herman L. Djuni		√		√		√	Nihil
Nizar Yamani		√		√		√	Nihil
Heridadi		√		√		√	Nihil
Ihsan Setiadi Latief		√		√		√	Nihil

In addition, all members of the boc of PT Bio Farma has no concurrent positions as member of the boc, bod, or as Executive Officer at other State-Owned Enterprises or other companies, with the details as follows:

Dual Positions of the Board of Commissioners

Name	Position at PT Bio Farma	BOD Member at other SOE/ ROE/ Private Company/ Other Organizations	Other Positions at other SOE/ ROE/ Private Company/ Other Organizations
Ahmad M. Ramli	President Commissioner	None	None
Paruli Lubis	Commissioner	None	None
Herman L. Djuni	Commissioner	None	None
Nizar Yamani	Commissioner	None	None
Heridadi	Commissioner	None	None
Ihsan Setiadi Latief	Commissioner	None	None



THE BOARD OF DIRECTORS

The Board of Directors is a company organ that has the authority and full responsibility for managing the Company for the interest of the Company, in accordance with the purposes and objectives of the Company and to represent the Company, both in and outside of the court in line with the provisions in the Articles of Association and the prevailing rules and regulations.

Members of the Board of Directors are appointed and removed through the GMS. Appointment of the Board of Directors is through fit and proper test in accordance with the applicable laws and regulations. All Bio Farma Directors have adequate integrity, competency and reputation.

The Directors may be dismissed from their position due to reaching the end of their term, their resignation, death or removal by the GMS resolution for reasons such as inability to perform their roles properly, violation of applicable laws and regulations or the Company's Articles of Association, or found guilty by the court with a binding legal decision.

Composition of the Board of Directors

Based on the Decree of the Minister of State-Owned Enterprises No. SK-221/MBU/2013 dated 12 April 2013 and Decree of the Minister of State-Owned Enterprises No. SK-69/MBU/2013 dated 4 February 2013 on the Appointment and Dismissal of Members of the Board of Directors of PT Bio Farma, the composition of the Board of Directors of the Company is determined by the shareholders, to run the Company to achieve its targets in line with its vision and mission. The Board of Directors is made up of 6 (six) Directors, with the following composition:

Name	Position	Date of First Served	Legal Basis of Appointment
Iskandar	President Director	April 12, 2013	Kep Men BUMN Number: SK-221/MBU/2013
Juliman	Production Director	April 12, 2013	Kep Men BUMN Number: SK-221/MBU/2013
Sugeng Raharso	Planning & Development Director	April 12, 2013	Kep Men BUMN Number: SK-221/MBU/2013
Mahendra Suhardono	Marketing Director	April 12, 2013	Kep Men BUMN Number: SK-221/MBU/2013
Pramusti Indrascaryo	Finance Director	April 12, 2013	Kep Men BUMN Number: SK-221/MBU/2013
Andjang Kusumah	HR Director	Februari,14 2013	Company (Persero) PT Bio Farma Shareholders Decree Ouytside of GMS No.: SK-116 / MBU / 2012 dated March 7, 2012 Jo. SOE Ministry Decree Number: SK-69 / MBU / 2013

The brief profile of each member of the Board of Directors is available in the Corporate Information section in this Annual Report, on pages 70-72.

SCOPE OF DUTIES AND RESPONSIBILITIES OF EACH MEMBER OF THE BOARD DIRECTORS

Duties and Responsibilities of the Board of Directors

The Board of Directors is the Company's organ retaining full authorization and responsibility for the Company's operations. The Board of Directors has responsibility to achieve the short-term work plan stated in Corporate Work Plan and Budget (RKAP) and Long Term Corporate Plan (RJPP). The Board of Directors must be able to make decisions effectively, precisely, and quickly and act independently, at the same time be responsible for consistent and continuous implementation of good corporate governance and a risk management system.

The duties, authorities and responsibilities of the Board of Directors are stipulated in the Joint Decree of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on the Guidelines for the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero).

Duties of the Board of Directors

The duties, authorities and responsibilities of the Board of Directors are stipulated in the Joint Decree of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on the Guidelines for the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero).

1. The Board of Directors performs all actions related to the Company management for the interest of the Company and in accordance with the Company's purposes and objectives and represents the Company both inside and outside the court on all things and all events within limitations stipulated by the laws and regulations, the Articles of Association and/or GMS Resolutions.
2. In performing its duties, the Board of Directors must fully dedicate their energy, thought, attention, and devotion on its duties, obligations and achievement of the Company's goals.
3. In performing its roles, the Board of Directors must comply with the Company's Articles of Association and the laws and regulations and must implement professionalism, efficiency, transparency, independence, accountability, responsibility and fairness principles.
4. Each member of the Board of Directors must have good faith and full responsibility in performing his/her roles for the Company's benefits and business with regard to the applicable laws.

Authorities of the Board of Directors

In performing its duties, the Board of Directors has the authority to:

1. Establish the management policies of the Company.
2. Determine the transfer of authority of the Board of Directors to one or several members of the Board of Directors to make decisions on behalf of the Board of Directors or to represent the Company in and outside of the court of law.
3. Determine the transfer of authority of the Board of Directors to an individual or a collection of individuals working at the Company, either individually or collectively, or to another party, to represent the Company in and outside of the court of law.
4. Determine the provisions related to employment in the Company, including the determination of salary, pension or retirement benefits and other incomes for the employees of the Company based on the prevailing

regulations, with the proviso that any determination of salary, pension or retirement benefits and other income for employees that exceeds the liabilities stipulated by the laws and regulations must obtain prior approval from the GMS.

5. Appoint and dismiss employees of the Company based on the Company's employment regulations and the prevailing laws.
6. Appoint and dismiss a Corporate Secretary. The appointment and dismissal of the Company Secretary is carried out in accordance with the Company's internal mechanism with the approval of the Board of Commissioners.
7. Appoint and dismiss the Head of Internal Control Unit. The appointment and dismissal of the Head of Internal Audit Unit is carried out in accordance with the Company's internal mechanism with the approval of the Board of Commissioners.
8. Perform all actions and other activities regarding the maintenance and ownership of the Company's assets, to legally bind the Company with other parties and/or to bind other parties with the Company, as well as representing the Company in and out of the court of law on all matters and all events, with the limitations as stipulated in the prevailing laws and regulations and the Company's Articles of Association and/or the Resolutions of the GMS.
9. Cooperate with companies or other parties with their authority limited to:
 - a. Rental of Assets
The Board of Directors of the Company may lease assets with maturities of up to three years with the maximum value of transaction of 1% of the Company's revenue or 2% of its equity, whichever is smaller.
 - b. Joint Operations and Business Cooperation
The Board of Directors may enter into Joint Operations and Business Cooperations with maturities of up to five years with a maximum value of investment (the Company's assets placed into the venture) of up to 2.5% of the Company's revenue or 5% of its equity, whichever is smaller.
 - c. Build Operate Transfer (BOT), Build Own Transfer (BowT), Build Operate Transfer (BTO)
The Board of Directors can enter into cooperation with maturities of up to ten years with a maximum value of the Company's assets placed into the cooperation of 6% of the Company's revenue or 6.5% of its equity, whichever is smaller.



d. Management Contracts and Others

The Board of Directors may enter into cooperation with maturities of up to five years with a maximum value of investment (the Company's assets placed into the venture) of 2.5% of the Company's revenue or 5% of its equity, whichever is smaller.

- e. The implementation of measures stated above (points a to d), must be accompanied by an Integrity Pact that contains the Board of Directors' statement that the implementation of these measures have been considered carefully and in good faith, without the influence of other parties and without any conflict of interest, as well as with prudence to serve the best interests of the Company, and subject to the applicable regulations and the principles of Good Corporate Governance (GCG).

Obligations of the Board of Directors

In performing its duties, the Board of Directors is obliged to:

1. Strive for and guarantee the running of business and activities of the Company in accordance with the Company's purposes and business activities.
2. Prepare the Company's Long Term Plan, Work Plan and Budget, and amendments thereof on time, and submit them to the Board of Commissioners and the Shareholders for approval at the GMS.
3. Provide information to the GMS of the Company's Long-Term Plan and Work Plan and Budget.
4. Prepare a list of Shareholders, the Special Register, Minutes of GMS and the meetings of the Board of Directors.
5. Prepare the Annual Report as a form of accountability of the Company's management, and the Company's financial documents as stipulated in the law on Corporate Documents.
6. Prepare the Financial Statements based on the prevailing Financial Accounting Standards and submit them to the Public Accountant to be audited.
7. Submit the Annual Report including the Financial Statements to the GMS for approval.
8. Provide information to the GMS regarding the Annual Report.
9. Submit the Company's Balance Sheet and Statements of Income that have been approved by the GMS to the minister in charge of law and human rights, in accordance with the provisions of the laws.
10. Submit the statement describing the changes to the composition of the Shareholders, the Board of Directors and the Board of Commissioners to the minister in charge of law and human rights.
11. Maintain the Register of Shareholders, the Special Register, Minutes of the GMS, Minutes of Meetings of the Board of Commissioners and the Board of Directors, the Annual Report and financial documents and other corporate documents.
12. Keep the following items in the domicile of the Company: List of Shareholders, the Special Register, Minutes of the GMS, the Minutes of Meetings of the Board of Commissioners and the Board of Directors, the Annual Report and financial documents and other corporate documents.
13. Develop an accounting system in accordance with the Financial Accounting Standards and based on the principles of internal control, especially the functions of management, recording, storage, and supervision.
14. Provide regular reports in the manner and time that is in accordance with the prevailing regulations, as well as other reports upon the request of the Board of Commissioners and/or the shareholders.
15. Set up the Company's organizational structure complete with the details and description of duties.
16. Provide an explanation about issues that are asked or requested by the members of the Board of Commissioners and the Shareholders.
17. Develop and establish an organizational blueprint for the Company.
18. Develop Key Performance Indicators for the Board of Directors to the GMS to obtain the GMS' approval.
19. Perform other obligations in accordance with the provisions set forth in the Company's Articles of Association and those determined by the GMS based on the prevailing regulations.

Distribution of Tasks and Authorities of Each Member of the Board of Directors

Members of the Board of Directors perform their duties collegially, however in the interest of efficiency and effectiveness in performing such tasks, the duties and responsibilities can be divided among the members of the Board of Directors. The division of duties and responsibilities between members of the Board of Directors does not eliminate the responsibility of the Board of Directors for managing the Company collegially. The duties and responsibilities of each member of the Board of Directors are set out in the Company's Organizational Chart, and determined upon the approval of the Board of Commissioners.

The Board of Directors' Obligations related to Long-Term Planning (RJP)

1. The Board of Directors shall prepare an RJP, which is a strategic plan that includes the goals and objectives to be achieved within a period of 5 (five) years.
2. The RJP must at least contain:
 - a. Evaluation of the implementation of previous RJP.
 - b. The current position of the Company.
 - c. The assumptions used in the preparation of the RJP.
 - d. Determination of the mission, goals, strategies, policies and long-term work program.
3. The Board of Commissioners reviews and provides opinion on the RJP that has been prepared by the Board of Directors prior to signing it together with the Board of Directors to signify its approval.

The Board of Directors' Obligations related to the Work Plan and Budget (RKAP)

1. The Board of Directors shall annually prepare an elaboration of the RJP known as the RKAP.
2. The RKAP must at least contain:
 - a. The Company's mission, goals, strategies, policies and work programs/activities.
 - b. The Company's detailed budget for each program/activity.
 - c. The Company's and its subsidiaries' financial projections.
 - d. Work program for the Board of Commissioners.
 - e. Other matters that require the decision of the GMS.
3. The Board of Commissioners reviews and provides opinion on the RKAP that has been prepared by the Board of Directors prior to signing it together with the Board of Directors to signify its approval.
4. The RKAP draft that has been signed by all the members of the Board of Directors and all the members of the Board of Commissioners must

then be submitted by the Board of Directors to the Shareholders no later than 60 (sixty) days prior to the relevant financial year to obtain the GMS' approval, subject to the prevailing regulations.

5. The RKAP draft is to be approved by the GMS no later than 30 (thirty) days after the current fiscal year.
6. In the event that the RKAP draft has not been submitted by the Board of Directors and/or the RKAP has not been approved within the period referred to in point 5 above, then the RKAP for the previous year shall be imposed on the current year.
7. The RKAP draft as referred to in point 4 above should be made available in the Company's office from the date of the summons to the date of implementation of the GMS to serve the interests of the Shareholders.

The Board of Directors' Obligations related to the Preparation of the Annual Report

1. The Company's fiscal year is the calendar year, and at the end of December of each year, the Company's books are concluded.
2. The Board of Directors shall prepare the annual report that includes at least:
 - a. The financial statements, comprised of at least the balance at the end of the fiscal year in comparison with the previous financial year, the statements of income for the fiscal year, cash flow statements and statement of changes in equity, and the notes to the financial statements.
 - b. Report on the Company's activities.
 - c. Report on the implementation of the Company's Social and Environmental Responsibility programs, if any.
 - d. Details of issues that arose during the fiscal year that have affected the Company's business activities.
 - e. Report on the monitoring task that has been carried out by the Board of Commissioners during the fiscal year.
 - f. The names of the members of the Board of Directors and the Board of Commissioners.
 - g. The salaries and benefits/facilities for the members of the Board of Directors and compensation and benefits/facilities for the members of the Board of Commissioners for the fiscal year being reported.
3. The Annual Report draft includes the financial statements as audited by a public accountant, which has been signed by all members of the Board of Directors and submitted to the Board of Commissioners for review and signing, before it is submitted to the Shareholders.



4. The Public Accountant as referred to in point 3 above is selected by the GMS by taking into consideration the proposal from the Board of Commissioners.
5. The Annual Report, as referred to in point 2 above, which has been signed by all the members of the Board of Directors and all the members of the Board of Commissioners, must then be submitted by the Board of Directors to the Shareholders no later than five months after the end of the fiscal year, subject to the prevailing regulations.
6. In the event that any member of the Board of Directors and Board of Commissioners did not sign the annual report, a reason must be provided in writing, or stated by the Board of Directors in a separate letter attached to the annual report.
7. In the event that a member of the Board of Directors or the Board of Commissioners did not sign the annual report as referred to in point 5 above and did not provide a reason in writing, then he or she is deemed to have approved the content of the annual report.
8. The approval of the Annual Report includes approval of the financial statements as referred to in point 5 above. This must be performed by the GMS at the latest by the end of the sixth month after the end of the fiscal year reported.
9. The approval of the Annual Report including the approval of financial statements by the GMS means that the members of the Board of Directors and the Board of Commissioners have been fully released and discharged from the management and supervision that were implemented during the past financial year, as far as the actions are stated in the Annual Report including the financial statements, subject to the prevailing regulations.
10. The Annual Report including the Financial Statements as referred to in point 5 above shall be made available in the Company's office since the date of the summons to the date of implementation of the GMS to serve the interests of the Shareholders.
11. In the event that the financial statements provided are incorrect and/or misleading, the members of the Board of Directors and the Board of Commissioners must collectively be held responsible for the losses incurred by any party, unless it has been proven that such losses have not been caused by their mistake.

The Board of Directors' Obligations related to the Preparation of Periodic Reports

1. The Board of Directors shall prepare periodic reports detailing the implementation of the RKAP.
2. The annual report as referred to in point 1 above includes the quarterly reports and annual reports.
3. In addition to periodic reports as referred to in point 2 above, the Board of Directors at any time may also prepare a special report for the Board of Commissioners, the Shareholders, and/or the GMS.
4. The periodic reports and other reports as referred to in points 1 and 3 above are prepared in terms of form, content and procedures in accordance with the provisions of the prevailing regulations.
5. The Board of Directors shall submit quarterly reports to the Board of Commissioners and/or the Shareholders no later than thirty days after the end of the quarterly period reported.
6. The quarterly reports as referred to in point 5 above must be signed by all members of the Board of Directors.
7. In the event that a member of the Board of Directors does not sign the quarterly report as referred to in point 6 above, a reason must be provided in writing.

Risk Management Implementation

1. The Board of Directors in making each decision/action should always consider the risks involved.
2. The Board of Directors shall establish and implement an integrated corporate risk management program as part of the GCG program implementation.
3. The implementation of a risk management program may be done by:
 - a. Forming a separate unit under the Board of Directors, or
 - b. Assigning an existing and relevant unit to perform the function of risk management.
4. The Board of Directors shall submit a report concerning the Company's risk management profile and its handling, along with the periodic reports of the Company.



Internal Control System

1. The Board of Directors establishes an effective internal control system to secure the Company's assets and investments.
2. This internal control system must cover, among others:
 - a. Internal control environment within the Company that is treated with structured discipline, comprised of:
 1. Integrity, values, ethics and employee competence
 2. Philosophy and management style
 3. Measures taken by the management to execute its authorities and responsibilities.
 4. Organization and development of human resources.
 5. Concerns and directives of the Board of Directors.
 - b. Assessment of business risk management, i.e. a process for identifying, analyzing, and assessing the management of relevant risks.
 - c. Control activities, i.e. actions undertaken within a control process of the Company's activities that must be present on every level and unit within the organizational structure of the Company, among others, the authority, authorization, verification,

reconciliation, assessment on job performance, division of tasks and the security of the Company's assets.

- d. Information and communication systems, i.e. the process of preparing a report on the activities of the Company's operations and finance and compliance with the prevailing regulations.
- e. Monitoring, i.e. the process of assessing the quality of the internal control system, including internal audit function at every level and unit within the Company's organizational structure, so that the system can be implemented optimally.

Disclosure and Confidentiality of Information

1. The Board of Directors must submit the information on their identities, main jobs, positions as members of the Board of Commissioners in subsidiaries/joint ventures or other companies, as well as the meetings held in the fiscal year (internal meetings and joint meetings with the Board of Commissioners or the Supervisory Board) and the salaries, facilities, and/or other benefits received from the relevant companies and subsidiaries/joint ventures, to be published in the Company's Annual Report.
2. The Board of Directors shall report to the Company regarding their and/or their family's (wife/husband and children) share ownership of the Company and other companies, including any changes thereto.
3. The Board of Directors is responsible for the Company to maintain the confidentiality of corporate information.
4. Information that under the provisions of prevailing regulations and/or the provisions of the Company's regulations is deemed confidential shall be kept confidential in accordance with the prevailing regulations and/or the Company's regulations.
5. Confidential information obtained while serving as member of the Board of Directors should be kept confidential in accordance with the prevailing regulations.



Delegation of Authority

A Director may delegate their authority to other members of the Board of Directors and officers under the Board of Directors. The delegation of authority includes the duties, responsibilities and authorities, and must be made in writing. Each delegation of authority is carried out through a thorough analysis of the work to be delegated and the competence of the person who will be delegated with such authority.

In 2014 members of the Board of Directors delegated their authority 37 times to other members of the Board of Directors, each through a power of attorney.

Distribution of Duties of Directors

The Board of Directors reports its performance to Shareholders at the GMS. The Board of Directors also has to serve the Company's interests in accordance with its vision and mission, and represents the Company in accordance with the Company's Articles of Association and the prevailing laws and regulations. The specific duties and responsibilities of each Director are as follows:

President Director

Is responsible for planning and evaluating the Company's business progress to make sure that they are in line with the Company's vision, representing the Company in cooperation with other parties, determining and adjusting the organizational structure of the Company, and ensuring the that Company carries out its social responsibilities and pays attention to the interest of stakeholders in accordance with the prevailing rules and regulations.

Director of Finance

Is responsible for assisting the President Director in setting the direction of the Company's business through planning and evaluation of the Company's financial management procedures, establishing policies in financial management, preparing accounting system based on the principles of internal control, especially the function of managing, recording, storage, and supervision, and being accountable for state and operations of the Company in the form of an annual report including the annual accounting and the management report to the GMS.

Director of Marketing

Is responsible for assisting the President Director in setting the direction of the Company's business through planning and evaluation of the enterprise marketing management procedures, and establishing policies in the management of corporate marketing.

Director of Planning & Development

Is responsible for assisting the President Director in setting the direction of the Company's business through planning and evaluation of the product development procedures and supporting the effectiveness and efficiency of production processes, and establishing policies on product development, taking into account the domestic and global markets.

Director of Production

Is responsible for assisting the President Director in setting the direction of the Company's business through planning, implementation, and evaluation of the management of production procedures, and establishing policies in production management, including the policy on product quality that meets national and international standards.

Director of Human Resources

Is responsible for assisting the President Director in setting the direction of the Company's Human Resources (HR) management, logistics management, Information Technology (IT) management, and Implementation of Corporate Social Responsibility (CSR) and the Partnership and Community Development Programs (PKBL), setting the policies for Human Resources management, including the performance and reward management system, talent management, knowledge management, and organizational development, establishing policies on logistics management, information technology, and the implementation of CSR and CSR activities.

FREQUENCY OF MEETINGS AND ATTENDANCE OF DIRECTORS IN THE BOARD OF DIRECTORS MEETING

Meetings of the Board of Directors of Bio Farma as stipulated in the Joint Decree of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on the Guidelines for the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) (Board Manual).

Meeting Basis, Time and Venue

1. Meetings of the Board of Directors are conducted on a regular basis, at least once a month.
2. In addition to this schedule, the Board of Directors may also hold meetings at any time by mentioning the issues to be discussed and/or the issues for which a decision must be made, if:

- a. It is requested by 1 (one) or more members of the Board of Directors.
 - b. It is requested in writing by one or more members of the Board of Commissioners.
 - c. It is requested in writing by the Shareholders.
3. Meetings of the Board of Directors is held at the domicile of the Company or in any other place in the jurisdiction of the Republic of Indonesia as determined by the Board of Directors.

Participants of the Meetings of the Board of Directors

1. The participants of the meetings of the Board of Directors are all members of the Board of Directors.
2. Should the Board of Directors deem it necessary, another party can be invited to the meetings of the Board of Directors to provide explanation on the issues being discussed.

Board of Directors Meeting Agenda

1. The Director that proposes that a meeting of the Board of Directors be held must specify the event and prepare the materials/files that need to be discussed at the meeting of the Board of Directors.
2. The agenda for the meeting of the Board of Directors may be submitted orally or in writing in the form of memos, letters and others, accompanied by the material/files that will be needed in the meeting.
3. The Director that proposes that a meeting of the Board of Directors be held must determine the agenda to be discussed/decided in the meeting, for which, if deemed necessary by that particular member of the Board of Directors, the Company Secretary can be assigned to carry out the preparation for the event and prepare the materials/files for the meeting of the Board of Directors.
4. Any agenda that has not been conclusively discussed/decided at the previous meeting of the Board of Directors may be submitted again to the following meeting of the Board of Directors by any concerned member of the Board of Directors.
5. Any member of the Board of Directors may add an agenda to the meeting of the Board of Directors that has been arranged in advance, to be discussed/decided in the meeting of the Board of Directors, as long as the materials/files have been prepared by said member the Board of Directors, and as long as this motion has been agreed by the other members of the Board of Directors or their authorized representatives.
6. All materials/files that need to be discussed in the meeting of the Board of Directors are submitted by the Corporate Secretary to the members of the Board of Directors prior to the meeting.

Board of Directors Meeting Invitation

1. Meeting invitations are prepared in writing by the President Director or by any other member of the Board of Directors on behalf of the President Director and are delivered within 3 (three) days before the meeting is held, or in a shorter time period if required for a meeting that will be held immediately, without regard to the date of the invitation and the meeting date.
2. In the invitation to the meeting of the Board of Directors, the meeting date, time, place and agenda of must be stated.
3. Invitation to the meeting of the Board of Directors is not required if all members of the Board of Directors are present at the meeting.

Quorum for The Board of Directors Meetings

1. Meetings of the Board of Directors are deemed legitimate and may take binding decisions if attended by more than half of the total members of the Board of Directors or their authorized representatives.
2. Every Director should strive to attend all meetings of the Board of Directors.
3. Any member of the Board of Directors may be represented at the meetings of the Board of Directors only by another member of the Board of Directors, based on a written power of attorney made for the specific purpose, i.e. for the said meeting of the Board of Directors.
4. A member of the Board of Directors may only represent another member of the Board of Directors.

Board of Directors Meeting Chairman

1. Meetings of the Board of Directors are chaired by the President Director.
2. In the event that the President Director is absent, the Board of Directors meeting shall be chaired by a member of the Board of Directors that has been appointed in writing by the President Director.
3. In the event that the President Director is absent and the President Director has not appointed a replacement, then a member of the Board of Directors who has served the longest in office as a member of the Board of Directors shall chair the Board of Directors meeting.
4. In the case that there are more than one member of the Board of Directors with the longest serving period as a member of the Board of Directors, then the oldest member of the Board of Directors among these longest-serving Directors shall chair the Board of Directors meeting.



Minutes of Meetings of the Board of Directors

1. For each meeting of the Board of Directors, the Minutes of Meeting should be made.
2. The Minutes of Meeting of the Board of Directors shall include:
 - a. Reason for absence of members of the Board of Directors, should there be anyone not present;
 - b. The results of the evaluation of the implementation of all the decisions made in the previous meeting of the Board of Directors;
 - c. The dynamics of the decision-making process at the meeting of the Board of Directors, including the opinions that are formed in the meeting, both arguments in favor or against, or a different opinion (dissenting opinion) if any;
 - d. Consideration and/or analysis in the decision-making at the meeting of the Board of Directors;
 - e. Issues that are decided at the meeting of the Board of Directors.
3. The Minutes of Meeting of the Board of Directors document is signed by the chairman of the meeting, all members of the Board of Directors who are present at the meeting, and the secretary.
4. The Minutes of Meeting of the Board of Directors document is reproduced and circulated to all members of the Board of Directors, both those who are present and not present in the meeting of the Board of Directors.
5. The original document for the meeting of the Board of Directors is stored and maintained by the Board of Directors. The Board of Directors may assign this duty to the Corporate Secretary.

Secretary of the Board of Directors Meetings

1. The secretary of the Board of Directors meetings is the Corporate Secretary.
2. In the event that the Corporate Secretary is absent or unavailable, then an attending member of the Board of Directors or another person appointed by the chairman of the Board of Directors meeting may act as the secretary of the Board of Directors meeting.

Frequency of the Board of Directors Meetings and Attendance in Meetings

In 2014, the Board of Directors met 24 times with their members' attendance at these meetings described below:

No.	Name	Position	Number of Meetings of the Board of Directors	Jumlah Kehadiran
	Number of Times Present	Direktur Utama	20	20 (100%)
1.	Iskandar	President Director	20	20 (100%)
2.	Juliman Fuad	Production Director	20	19 (95%)
3.	Sugeng Raharso	Planning & Development Director	20	19 (95%)
4.	Mahendra Suhardono	Marketing Director	20	19 (95%)
5.	Pramusti Indrascaryo	Finance Director	20	20 (100%)
6.	Andjang Kusumah	HR Director	20	20 (100%)

Board of Directors Meeting Agendas in 2014

Throughout 2014 the Board of Directors meetings discussed various issues faced by the Company, its performance and strategies related to the management of the Company, as described in the following agendas:

No.	Day/Date	Meeting Agenda	Venue
1.	Tuesday, 21 January 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Discussion on the recommendations of the Board of Commissioners - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Arthaloka Building, Jl. Sudirman, Jakarta
2.	Thursday, 6 February 2014	<ul style="list-style-type: none"> - Follow up on ERP - ERP implementation - Production Facility project implementation - Placement of funds in the RDPT of PT Inti - Other issues 	Lower Meeting Room, Jl. Pasteur No. 28, Bandung
3.	Thursday, 13 February 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Preparation for the meetings with IDB and Arabio - Results of meeting with the Cuban party - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
4.	Thursday, 13 March 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - RJPP - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
5.	Thursday, 20 March 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Plan for the Escalation of Status of Cisarua Land - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
6.	Thursday, 10 April 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Bio Farma's new land search progress - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
7.	Thursday, 5 June 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Investment realization and planning in 2014 RKAP - 2014 production realization - 2014 organizational structure planning - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
8.	Friday, 20 June 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Preparation for the formulation of 2015 RKAP - Preparation for WHO audit - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
9.	Monday, 23 June 2014	<ul style="list-style-type: none"> - Submission of Meeting Resolutions - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
10.	Thursday, 10 July 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - WHO Audit results - Other issues 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
11.	Thursday, 7 August 2014	<ul style="list-style-type: none"> - Follow up on previous meeting - Human resources placement 	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung



No.	Day/Date	Meeting Agenda	Venue
12.	Thursday, 14 August 2014	<ul style="list-style-type: none">- Follow up on previous meeting- National Vaccine Research Forum- New land- Official vehicles- Human Capital- Other issues	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
13.	Thursday, 20 August 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Preparation for the formulation of 2015 RKAP	Hyatt Hotel Meeting Room, Jakarta
14.	Monday, 8 September 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Formulation of 2015 RKAP	Administration Building 1 Meeting Room, Jl. Pasteur No. 28, Bandung
15.	Monday, 6 October 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Blank Uniject- Core Competency- Other issues	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
16.	Friday, 7 November 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Program Explanation from the Healthy Living Paradigm Program- BIKEN meeting agendas- Executive Gathering schedules- Company Visit: MPU Aceh on 12 Nov 2014 and NHSO & FDA Thailand on 13 Nov 2014- Other issues	Lower Meeting Room, Jl. Pasteur No. 28, Bandung
17.	Friday, 12 November 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Directives of the Ministry of State-Owned Enterprises- Other issues	Lower Meeting Room, Jl. Pasteur No. 28, Bandung
18.	Wednesday, 19 November 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Calculation of Number of Employees after ERP Implementation- Other issues	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
19.	Thursday, 27 November 2014	<ul style="list-style-type: none">- Follow up on previous meeting- SOE Operations Efficiency- Plan for the arrival of GAVI team- Other issues	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung
20.	Thursday, 18 December 2014	<ul style="list-style-type: none">- Follow up on previous meeting- Career transfer of division heads- Other issues	Board of Directors of PT Bio Farma (Persero) Meeting Room, Jl. Pasteur No. 28, Bandung

FREQUENCY OF MEETINGS AND ATTENDANCE OF THE DIRECTORS AT THE JOINT MEETINGS OF THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS

Joint Meetings of the Board of Directors and the Board of Commissioners

Meeting Basis, Time and Venue

1. The Joint Meetings of the Board of Directors and the Board of Commissioners are held regularly, at least once a month.
2. In addition to the scheduled meetings, The Joint Meetings of the Board of Directors and the Board of Commissioners may also be held at any other time by stating the issues to be discussed and/or for which a decision shall be made:
 - a. At the request of 1 (one) or more members of the Board of Commissioners or more than half the total number of members of the Board of Directors or more than half the total number of members of the Board of Commissioners.

b. At the written request of the Shareholders.

3. The Joint Meetings of the Board of Directors and the Board of Commissioners are held at the Company or elsewhere within the territory of the Republic of Indonesia as determined by the Board of Directors.

Participants of the Joint Meetings of the Board of Directors and the Board of Commissioners

1. The Joint Meetings of the Board of Directors and the Board of Commissioners are attended by all members of the Board of Commissioners and the Board of Directors.
2. If the Board of Commissioners or the Board of Directors deems it necessary, other parties may attend the Joint Meetings of the Board of Directors and the Board of Commissioners to provide certain explanations that are deemed necessary.

Agendas of the Joint Meetings of the Board of Directors and the Board of Commissioners

1. The Board of Directors and the Board of Commissioners who propose the Joint Meetings of the Board of Directors and the Board of Commissioners must specify the event and prepare the materials/files needed to be discussed in the Joint Meetings of the Board of Directors and the Board of Commissioners.
2. The agenda for the Joint Meetings of the Board of Directors and the Board of Commissioners may be submitted orally or in writing in the form of memo, letter or others, accompanied by the materials/files needed for the Joint Meeting of the Board of Directors and the Board of Commissioners.
3. The Director or Commissioner that proposes that a Joint Meeting of the Board of Directors and the Board of Commissioners be held must determine the agenda to be discussed/decided in the meeting, for which, if deemed necessary by that particular member of the Board of Directors or the Board of Commissioners, the Company Secretary can be assigned to carry out the preparation for the event and prepare the materials/files for the Joint Meeting of the Board of Directors and the Board of Commissioners.
4. Any agenda that has not been conclusively discussed/decided at the previous Joint Meeting of the Board of Directors and the Board of Commissioners may be submitted again to the following Joint Meeting of the Board of Directors and the Board of Commissioners by any concerned member of the Board of Directors or the Board of Commissioners.
5. Any member of the Board of Directors or the Board of Commissioners may add an agenda to the Joint Meeting of the Board of Directors and the Board of Commissioners that has been arranged in advance, to be discussed/decided in the Joint Meeting of the Board of Directors and the Board of Commissioners, as long as the materials/files have been prepared by said member the Board of Directors or the Board of Commissioners, and as long as this motion has been agreed by the other members of the Board of Directors and/or the Board of Commissioners, or their authorized representatives.
6. All materials/files that need to be discussed in the Joint Meeting of the Board of Directors and the Board of Commissioners that come from the Board of Directors are presented to the Corporate Secretary, to be subsequently be transmitted by the Corporate Secretary to the members of the Board of Directors and the Board of Commissioners through the Secretary to the Board of Commissioners, prior to the Joint Meeting of the Board of Directors and the Board of Commissioners.

7. All materials/files that need to be discussed in the Joint Meeting of the Board of Directors and the Board of Commissioners that come from the Board of Commissioners are presented to the Secretary to the Board of Commissioners, to be subsequently be transmitted by the Secretary to the Board of Commissioners to the members of the Board of Directors through the Corporate Secretary, prior to the Joint Meeting of the Board of Directors and the Board of Commissioners.

Invitation to Joint Meetings of the Board of Directors and the Board of Commissioners

1. If the Board of Directors initiates the Joint Meeting of the Board of Directors and the Board of Commissioners, then the schedule for the said meeting is to be agreed upon by the Board of Directors and the Board of Commissioners. Meeting invitations are made in writing by the President Director or by the members of the Board of Directors representing the President Director and is delivered within at most 3 (three) days before the said meeting is held, or in a shorter time should it be required to immediately hold the meeting, with no regard to the date of the summons and the meeting date.
2. If the Board of Commissioners initiates the Joint Meeting of the Board of Directors and the Board of Commissioners, then the schedule for the said meeting is to be agreed upon by the Board of Directors and the Board of Commissioners. Meeting invitations are made in writing by the President Commissioner or by the members of the Board of Commissioners representing the President Commissioner and is delivered within at most 3 (three) days before the meeting is held or in a shorter time should it be required to immediately hold a meeting, with no regard to the date of the summons and the meeting date.
3. Invitation to the Joint Meeting of the Board of Directors and the Board of Commissioners should include the date, time, place and agenda of the Joint Meeting of the Board of Directors and the Board of Commissioners.
4. Invitation to the Joint Meeting of the Board of Directors and the Board of Commissioners is not required if all the members of the Board of Directors and the Board of Commissioners are in attendance.



Quorum for the Joint Meetings of the Board of Directors and the Board of Commissioners

1. Joint Meetings of the Board of Directors and the Board of Commissioners are deemed legitimate and may take binding decisions if attended by more than half of the total members of the Board of Directors or their authorized representatives and more than half of the total members of the Board of Commissioners or their authorized representatives.
2. Every Director and Commissioner should strive to attend all Joint Meetings of the Board of Directors and the Board of Commissioners.
3. Any member of the Board of Directors may be represented at the Joint Meeting of the Board of Directors and the Board of Commissioners only by another member of the Board of Directors, based on a written power of attorney made for the specific purpose, i.e. for the said Joint Meeting of the Board of Directors and the Board of Commissioners.
4. A member of the Board of Directors may only represent another member of the Board of Directors.
5. Any member of the Board of Commissioners may be represented at the Joint Meeting of the Board of Directors and the Board of Commissioners only by another member of the Board of Commissioners, based on a written power of attorney made for the specific purpose, i.e. for the said Joint Meeting of the Board of Directors and the Board of Commissioners.
6. A member of the Board of Commissioners may only represent another member of the Board of Commissioners.

Joint Meetings of the Board of Directors and the Board of Commissioners Chairman

1. Joint Meetings of the Board of Directors and the Board of Commissioners are chaired by the President Commissioner.
2. In the event that the President Commissioner is absent, the Joint Meeting of the Board of Directors and the Board of Commissioners shall be chaired by a member of the Board of Commissioners that has been appointed in writing by the President Commissioner.
3. In the event that the President Commissioner is absent and the President Commissioner has not appointed a replacement, then a member of the Board of Commissioner who has served the longest in office as a member of the Board of Commissioners shall chair the Joint Meeting of the Board of Directors and the Board of Commissioners.

4. In the case that there are more than one member of the Board of Commissioner with the longest serving period as a member of the Board of Commissioners, then the oldest member of the Board of Commissioners among these longest-serving Commissioners shall chair the Joint Meeting of the Board of Directors and the Board of Commissioners.

Minutes of Joint Meetings of the Board of Directors and the Board of Commissioners

1. For each Joint Meeting of the Board of Directors and the Board of Commissioners, the Minutes of Meeting should be made.
2. The Minutes of Joint Meetings of the Board of Directors and the Board of Commissioners shall include:
 - a. Reason for absence of members of the Board of Directors and/or Board of Commissioners, should there be anyone not present;
 - b. The results of the evaluation of the implementation of all the decisions made in the previous Joint Meeting of the Board of Directors and the Board of Commissioners;
 - c. The dynamics of the decision-making process at the Joint Meeting of the Board of Directors and the Board of Commissioners, including the opinions that are formed in the meeting, both arguments in favor or against, or a different opinion (dissenting opinion) if any;
 - d. Consideration and/or analysis in the decision-making at the Joint Meeting of the Board of Directors and the Board of Commissioners;
 - e. Issues that are decided at the Joint Meeting of the Board of Directors and the Board of Commissioners.
3. The Minutes of Joint Meeting of the Board of Directors and the Board of Commissioners document is signed by the chairman of the meeting, all members of the Board of Directors and the Board of Commissioners who are present at the meeting, and the meeting secretary.
4. The Minutes of Joint Meeting of the Board of Directors and the Board of Commissioners document is reproduced and circulated to all members of the Board of Directors and the Board of Commissioners, both those who are present and not present in the Joint Meeting of the Board of Directors and the Board of Commissioners.
5. The original document for the meeting of the Board of Directors and the Board of Commissioners is stored and maintained by the Corporate Secretary.

Secretary of the Joint Meetings of the Board of Directors and the Board of Commissioners

The role of secretary at the Joint Meetings of the Board of Directors and the Board of Commissioners is assigned to the Secretary to the Board of Commissioners.

In the event that the Secretary to the Board of Commissioners is absent or unavailable, then another person appointed by the chairman of the Board of Directors meeting may act as the secretary at the Joint Meetings of the Board of Directors and the Board of Commissioners.

In 2014, the Board of Directors and the Board of Commissioners met 10 times with their members' attendance at these meetings described below:

No.	Name	Position	BOC – BOD Meeting
1.	Iskandar	President Director	10 (100%)
2.	Juliman Fuad	Production Director	8 (80%)
3.	Sugeng Raharso	Planning & Development Director	10 (100%)
4.	Mahendra Suhardono	Marketing Director	10 (100%)
5.	Pramusti Indrascaryo	Finance Director	10 (100%)
6.	Andjang Kusumah	HR Director	10 (100%)

Attendance | 2014 Board of Commissioners – Board of Directors Meeting

No.	Nama	LMP 2014 (Unaudited) 28 January 2014	LMP 2014 (Audited) 19 February 2014	LMP 2014 (28-04-2014) First Quarter	LMP 2014 (24-07-2014) First Half	LMP 2014 (28-10-2014) Third Quarter	RKAP 2015 (28-10-2014)
I. Directors							
1.	Iskandar	Present	Present	Absence	Present	Present	Present
2.	Pramusti Indrascaryo	Present	Present	Present	Present	Present	Present
3.	Andjang Kusumah	Present	Present	Present	Absence	Present	Present
4.	Mahendra Suhardono	Present	Present	Absence	Absence	Absence	Absence
5.	Juliman	Present	Present	Present	Absence	Absence	Absence
6.	Sugeng Raharso	Present	Present	Absence	Present	Present	Present
II. Board Of Directors							
1.	Ahmad M. Ramli	Absence	Present	Present	Present	Present	Present
2.	Herman Ladjidja Djuni	Present	Present	Present	Present	Present	Present
3.	Nizar Yamanie	Present	Present	Absence	Present	Present	Present
4.	Paruli Lubis	Present	Present	Present	Present	Present	Present
5.	Ihsan Setiadi Latief	Present	Present	Present	Present	Absence	Absence
6.	Heridadi	Present	Present	Absence	Present	Present	Present



Agendas of the Joint Meetings of the Board of Directors and the Board of Commissioners in 2014

Throughout 2014, the Joint Meetings of the Board of Directors and the Board of Commissioners discussed various issues faced by the Company, the performance and strategies related to the management of the Company, as detailed in the following table:

No.	Day/Date	Meeting Agenda	Decision
1.	10 January 2014	1. Follow up on the results of meeting on 24 December 2014 2. 2014 Corporate Agendas 3. Medical & retirement expenses in 2014	Approval of the 2014 Corporate agenda Making the law assessment to review the medical expenses.
2.	22 January 2014	Discussion of the Response to the Letter of the Deputy of Strategic Industries and Manufacturing	Following up on the letter of the Deputy of Strategic Industries and Manufacturing.
3.	28 January 2014	Discussion on the 2013 Unaudited Management Report of PT Bio Farma	BOC appreciate the performance achievements of Bio Farma in 2013.
4.	19 February 2014	Discussion of the 2013 Audited Management Report of PT Bio Farma	Achieving company KPI score of 122,66 and health level of 96,00 with health criteria "AAA"
5.	28 April 2014	Discussion of the Management Report of PT Bio Farma and PKBL Activity Report for Q1 2014	Achievement of the first quarter of 2014 investment needs to be improved and to accelerate vaccine contract signing with the Government
6.	14 May 2014	Discussion on the 2014 Investment Plans	Approval of the Board of Commissioners on the mechanisms of the use of credit facilities
7.	27 June 2014	Follow up on RUPS resolutions	Health insurance for employees need to be consulted with shareholders
8.	11 July 2014	1. Urgency of securing land for development 2. Health insurance	Noting the legal aspects related to the land development in Jasinga
9.	24 July 2014	1. Discussion of the Management Report of PT Bio Farma (Persero) for H1 2014 2. Discussion of the Letter of the Board of Directors of PT Bio Farma on the Application for Approval of Extension of Non-Cash Loan Credit Facility	Approval of the extension of Non Cash Loan credit facilities.
10.	10 October 2014	1. Discussion of the Halal Product Guarantee Bill 2. Performance Report, Cooperations and Official Travels and Overseas Travels	Preparation on the application of Halal Product Guarantee Bill.
11.	28 October	Corporate business plans 2015	Approval of the proposed RKAP 2015
12.	22 December	Land leasing plans for development and investment in Jasinga	Assessment of the legal aspects related to the land to be used for development and investment is required.

TRAINING FOR ENHANCING COMPETENCE OF THE BOARD OF DIRECTORS AND INDUCTION FOR NEW DIRECTORS

a. Training and Competence Enhancement for the Board of Directors

Training and self-development for members of the Board of Directors must be carried out in a sustainable manner, to ensure the knowledge, competence, and support the execution of duties of the Board of Directors. In 2014, the Board of Directors participated in the following training, workshop, and information dissemination sessions as follows:

No.	Program	Date	Place	Participant
1.	Culture Revitalisation Workshop	8 January 2014	Bandung	Iskandar
2.	National Work Meeting of PT Indofarma Global Medika	22 January 2014	Jakarta	Mahendra Suhardono (Speaker)
3.	Finalization of Vision, Mission, Value & Meaning Workshop	23 January 2014	Bandung	Iskandar, Andjang Kusumah, Mahendra Suhardono, Juliman, Sugeng Raharso, Pramusti Indrascaryo
4.	Executive Meeting "PKBL Policy"	14 February 2014	Bandung	Iskandar, Andjang Kusumah, Mahendra Suhardono, Juliman, Sugeng Raharso, Pramusti Indrascaryo
5.	<i>GAVI Alliance Board Strategy Workshop</i>	27 - 28 February 2014	Geneva, Switzerland	Juliman
6.	<i>The 7th meeting with International Partners on Prospects for Influenza Vaccine Technology Transfer to Developing Country Vaccine Manufacturers</i>	24 - 28 March 2014	Dubai, UEA	Mahendra Suhardono, Juliman
7.	<i>SAGE (Strategic Advisory Group Experts)</i>	1 - 2 April 2014	Geneva, Switzerland	Mahendra Suhardono
8.	Seminar "Application of Scientific Discoveries in Industries"	12 April 2014	Surabaya	Iskandar (Speaker)
9.	Seminar "Intellectual Property Rights in Improving the Competitiveness in the Pharmaceutical Industry"	15 April 2014	Jakarta	Iskandar
10.	Seminar "Road to Entrepreneur"	19 April 2014	Bandung	Iskandar (Speaker)
11.	<i>Sabin 20th Anniversary Scientific Forum</i>	25 April 2014	Washington, D.C., USA	Iskandar, Mahendra Suhardono (Speaker)
12.	<i>2014 Global Health Product Development Forum</i>	27 April 2014	Seattle, USA	Iskandar
13.	MetroTV Talkshow "World Vaccination Week"	30 April 14	Jakarta, Indonesia	Juliman (Panelist)
14.	Government Goods and Services Procurement Policy Institution	11 June 2014	Jakarta	Mahendra Suhardono (Speaker)
15.	<i>GAVI Alliance Board Meeting</i>	18 - 19 June 2014	Geneva, Switzerland	Juliman
16.	Executive Meeting "Main Tasks and Organizational Functions of the Ministry of State-Owned Enterprises in the Global Life Science Industry"	10-11 August 2014	Banjarmasin	Iskandar, Andjang Kusumah, Mahendra Suhardono, Juliman, Sugeng Raharso, Pramusti Indrascaryo
17.	National Vaccine Research Forum, "Implementation of Vaccine Research Results in Ensuring National Vaccine Self-Sufficiency"	18-19 August 2014	Jakarta	Iskandar (Pengarah), Andjang Kusumah, Mahendra Suhardono (Speaker), Juliman (Moderator), Sugeng Raharso (Speaker), Pramusti Indrascaryo (Moderator)
18.	Seminar "Ready to Retire"	6 September 2014	Bandung	Iskandar (Speaker)



No.	Program	Date	Place	Participant
19.	Talkshow "Kick Andy" Metro TV	17 September 2014	Jakarta, Indonesia	Juliman (Panelist)
20.	The 13 th Annual WHO/UNICEF Consultation with OPV/IPV Manufacturers and National Regulatory Authorities	02-03 October 2014	Geneva, Switzerland	Juliman
21.	Industry Consultation for Vaccine Manufacturers	8 - 9 October 2014	Copenhagen, Denmark	Mahendra Suhardono
22.	Seminar "Success Story in Upholding Corporate Reputation" held by the SPS	17 October 2014	Yogyakarta	Iskandar (Speaker)
23.	National Economic Committee Seminar	17 October 2014	Jakarta	Andjang Kusumah
24.	15 th Annual General Meeting DCVMN (Developing Countries Vaccine Manufacturers Network)	27 - 29 October 2014	New Delhi, India	Mahendra Suhardono (Speaker), Juliman
25.	Seminar "Harmonization and Translation of Research (with the Life Science Industry)" held by the Indonesian Young Researchers Forum	28 October 2014	Bandung	Iskandar (Speaker)
26.	Training ISO 26000:2010	14 November 2014	Bandung	Iskandar (Speaker)
27.	SUKUK Workshop at the Ministry of State-Owned Enterprises	18 November 2014	Jakarta	Pramusti Indrascaryo
28.	Science and Technology Workshop for Building Indonesia from the Remote Areas	9 December 2014	Jakarta	Iskandar (Speaker)
29.	GAVI Alliance Board Meeting	10 - 11 December 2014	Geneva, Switzerland	Juliman
30.	Seminar "Geopark Ciletuh Publication"	13 December 2014	Sukabumi	Iskandar (Speaker)
31.	Seminar "Entrepreneurship and Leadership"	13 December 2014	Semarang	Pramusti Indrascaryo (Speaker)

b. Induction Program for New Directors

In order to develop the competence and introduce the Company to a new Director, Bio Farma maintains an induction program for new Directors, which is aimed at providing an overview of the Company, including the general condition of the Company, financial conditions, strategies currently being executed, business activities, long-term plans, as well as the duties and responsibilities of the Board of Directors.

The induction program for new Directors is prepared by the Corporate Secretary in collaboration with the Human Resources Division and other relevant divisions, and was presented in the form of presentations, handover of annual reports, company profile, company history, GCG-related documentation, product knowledge, and a site visit to the vaccine production facilities.

The new Directors also actively participate in various forums held by the Company, both on a national scale such as the Vaccine Research Forum and on the international scale such as the Developing Countries Vaccine Manufacturer Networks and the Organization of Islamic Cooperation (OIC).

In 2014 there were no changes to the composition of the Board of Directors of PT Bio Farma (Persero), and therefore no induction program was held that year.

BOARD MANUAL

In order to perform the functions and roles as the Company's management and to build rapport with the Board of Commissioners, the Board of Directors is guided by the Board Manual for the Board of Directors.

The Board Manual is a living document, and thus it must be regularly updated and enhanced based on the Company's current needs and the requirements of the prevailing regulations.

The purpose of the Board Manual is

- To act as a set of guidelines for the Board of Commissioners and the Board of Directors in performing their respective duties in a professional and responsible manner.
- To detail the work relationships between the Board of Commissioners and the Board of Directors in performing their duties, so as to ensure a professional management of the Company in line with the good corporate governance principles

The Board Manual for the Board of Commissioners and the Board of Directors was prepared based on the mutual agreement of Board of Directors and Board of Commissioners, and stipulated in the documents No. KEP-06/DK/BF/II/2013 and No. 01025/DIR/II/2013 on the Board Manual for the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero). The guidelines set out in the Board Manual for the Board of Directors among others discuss these aspects:

1. Induction program for new Directors
2. Training programs for Directors
3. Work relationship between the Board of Commissioners and the Board of Directors
4. Duties, authorities and obligations as well as the division of duties of the Board of Directors
5. Provisions for the execution of duties of a vacant Director position
6. Conflict of interest

7. Obligations of the Board of Directors related to the long-term planning
8. Obligations of the Board of Directors related the RKAP preparation
9. Obligations of the Board of Directors related to the preparation of Annual Report
10. Risk management
11. Internal control systems
12. Disclosure and confidentiality of information
13. Business ethics and anti-corruption
14. Prohibition of acting for personal interest
15. Meetings of the Board of Directors
16. Joint Meetings of the Board of Directors and the Board of Commissioners

Policy on the Board of Directors Succession Program

The policy on the Board of Directors succession is stipulated in the Decree of the Board of Directors of PT Bio Farma (Persero) No. 03982/DIR/VII/2013 on the Third Amendment to the Decree of the Board of Directors of PT Bio Farma (Persero) No. 03940/DIR/VI/2007 dated 4 June 2007 on the Employee Career Planning System in PT Bio Farma (Persero). The management succession is intended to prepare the candidates for the members of the Board of Directors from within the Company. The management succession begins with the cadre program, by taking into account the integrity, dedication and competence of the individual. Candidates for the members of the Board of Directors that are from State-Owned Enterprises may be considered to be appointed as members of the Board of Directors at the State-Owned Enterprise based on the Fit & Proper Test by a professional institution appointed by the State-Owned Enterprise. Alternatively, the Technical Deputy or the Secretary of the Ministry of the State-Owned Enterprise may request an opinion from the Board of Commissioners regarding the candidates for the members of the Board of Directors that are from State-Owned Enterprises.



BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS PERFORMANCE ASSESSMENT

BOARD OF COMMISSIONERS

A. Board of Commissioners Performance Assessment Procedures

Board of Commissioners performance is evaluated by the Shareholders at the GMS based on the Company's performance as stated in the authorization of the Company's Financial Statements by the GMS. Board of Commissioners performance assessment by the GMS is reflected on the resolution of the GMS that approves and authorizes the Financial Statements including the Report of the Board of Commissioners on their supervision of the Company for the past fiscal year.

Referring to the Minister of State-Owned Enterprises Regulation No. PER-01/MBU/2011, that the GMS determines the Board of Commissioners Performance Achievement Indicators based on the recommendation from the Board of Commissioners, the Board of Commissioners of Bio Farma issued the Decree of the Board of Commissioners No. SK-06/DK/BF/XII/2011 dated 19 December 2011 on the Determination and Assessment of Key Performance Indicators (KPI) for the Board of Commissioners in 2012.

The Board of Commissioners KPI Assessment results for 2014 are as follows:

B. Criteria Used in the Board of Commissioners Performance Assessment

Board of Commissioners KPI 2014						
Indicator	Rumusan	Target	Weight	Realization	Score	
Aspects of Supervision and Instructions :				60%		60,4
a. Review / analysis of company performance	Meeting to discuss the performance of the company with the Board of Directors	12 kali	15%	12 kali	15	
b. Board of Commissioners Meetings Number of Meetings	Board of Commissioners Internal Meetings	12 kali	15%	12 kali	15	
c. Attendance rate	% of Board of Commissioners that attended	90%	10%	94%	10,4	
d. Providing advice / suggestions to the Board of Directors	Number of reports / minutes of which there are suggestions from the Board of Commissioners to the Board of Directors	12 lap/ris	10%	12 lap/ris	10	
e. Monitoring follow up results / findings of the internal / external audit	Number of reports on the results of monitoring / audit findings	2 kali	10%	2 kali	10	
Reporting Aspect				30%		30
a. Prepare and submit annual work program	Number of annual work programs	1 kali	5 %	1 kali	5	
b. Delivering reports / opinions / advice to the share holders	Number of responses submitted to the shareholders	5 surat	10%	5 surat	10	
c. Delivering the Supervisory Report	Number of supervisory report	1 kali	5 %	1 kali	5	
d. Delivering a reply / response to the letter of the Board of Directors	% The number of Board of Directors letters that have been addressed by the Board of Commissioners	100%	10%	100%	10	
Dynamic Aspects/ Others :				10%		8
Working visit oversight to understand the company's business conducted in the official travel domestic or abroad when deemed necessary	Number of official travel visit domestic or abroad	10 kali	5%	6 kali	3	
Knowledge and capacity building	Number of seminars/ workshops/ FGD/ trainings that has been followed	2 kali	5%	2 kali	5	
Total Weight				100%		98,4





The following table displays the comparison of the Board of Commissioners KPI achievements for the years 2012, 2013, and 2014:

KPI Achievement of The Board of Commissioners of 2014

KPI	Weight	2012	2013	2014
Board of Commissioners' Meeting	10	6.83	7.33	8.83
Board of Commissioners development program	5	3.33	3.82	5.00
Feedback Disposal rate	10	12.67	13.63	15.00
Special GCG Assessment Result for Board of Commissioners	10	7.20	7.40	9.34
Work Plan Implementation	20	18.35	18.77	19.06
Efficiency of Audit & Remuneration Committee's Task	15	1.00	15.00	15.00
Efficiency of Risiko & Nominasi Committee's Task	15	13.33	13.50	13.75
Contribution towards Corporate Performance	20	18.83	19.35	19.50
Total	100	95.54	98.80	100.48

C. Party Conducting the Assessment The Board of Commissioners performance

The Board of Commissioners performance was self-assessed collegially and is part of the Board of Commissioners Report of Supervision. The execution of duties is planned at the beginning of each year in a Work Program stipulated in the Work Plan and Budget. At the end of the year, the Board of Commissioners prepares its Report of Supervision which is subsequently submitted to the Shareholders at the GMS to be evaluated and authorized.

BOARD OF DIRECTORS

A. Board of Directors Performance Assessment Procedures

Board of Directors performance is evaluated by the Shareholders at the GMS in a collective collegial manner based on the Company's performance as stated in the authorization of the Company's Financial Statements by the GMS. At the beginning of each year, the Board of Directors is required to formulate their Key Performance Indicators (KPIs) that captures the Work Plan and Budget authorized by the GMS and stipulated in the management contract. The formulation of the KPIs refers to the Minister of State-Owned Enterprises Letter No. S-676/MBU/2004 dated 22 December 2004 on the Determination of KPIs for the Shareholders' purpose of measuring the Board of Directors performance up to the end of the year. The Board of Directors performance is collectively reported by the Board of Commissioners to the GMS in the Board of Commissioners Report of Supervision.

B. Criteria Used in the Board of Directors Performance Assessment

KPI Evaluation on the Board of Directors of 2014

	KPI	Formula	Unit	Weight	Plan	Realization	Score
Process and Product Effectiveness	Operational Performance	Realization/Target	%	4	2	2	4.00
	Investment realization (Capex)	Realization/Target	%	4	100	90	3.60
	Investment tangible realization	Realization/Target	%	4	75	75	4.00
	Research Program	Realization/Target	Program	4	12	12	4.00
	Energy Saving Program	Realization/Target	%	4	100	100	4.00
Sub Total				20			19.60

KPI Evaluation on the Board of Directors of 2014

	KPI	Formula	Unit	Weight	Plan	Realization	Score
Customer Focus	Customer satisfaction survey	Realization/Target	%	8	1.00	1	8.00
	Sales performance	Realization/Target	%	7	100	80	5.60
	Market Growth	Realization/Target	%	7	20	15	5.25
Sub Total				22			18.85
Human Resources Focus	Training ratio of employees	Realization/Target	Day	6	8	7	5.25
	Employees productivity			6	1,707,768,630	1,707,768,630	6.00
	Employees Engagement	Realization/Target	Day	6	25	25	6.00
Sub Total				18			17.25
Leadership, Good Corporate Governance, and Corporate Social Responsibility	CSR Performance	Realization/Target	Score	4	6	6	4.00
	Update data Portal BUMN	Realization/Target	Score	4			4.00
	GCG Implementation	Assessment Score	Score	4	80	80	4.37
	Environment Green Proper	Assessment Score	Score	4	76	83	4.00
Sub Total				16	100	100	16.37
Financial and market	<i>EBITDA margin</i>	Realization/Target	%	5	38.51	38.51	5.00
	<i>Return on equity</i>	Realization/Target	%	5	25.64	25.64	5.00
	<i>Cash Operation Growth</i>	Realization/Target	%	4	22.08	22.08	4.00
	<i>Sales Growth</i>	Realization/Target	%	5	13	13.26	5.00
	COPRO	Realization/Target	Rupiah	5	1,016,060,798	1,016,060,798	5.00
Sub Total				24			24.00
TOTAL							96.07

The Board of Directors KPI Assessment results for 2012, 2013, and 2014 are as follows:

KPI Achievement of The Board of Directors of 2013

KPI	Score Maximum	2012	2013	2014
Process and product effectiveness	110	38,50	27,5	38,50
Customer Focus	90	18	13,5	18
Human Resources Focus	80	24	24	28
Leadership, Good Corporate Governance, and Corporate Social Responsibility	80	28	20	36
Financial and market	90	31,50	27	45
Total	450	140	112	165,5

C. Party Conducting the Assessment

The Board of Commissioners performance was self-assessed collegially and is part of the Board of Commissioners Report of Supervision. The execution of duties is planned at the beginning of each year in a Work Program stipulated in the Work Plan and Budget. At the end of the year, the Board of Commissioners prepares its Report of Supervision which is subsequently submitted to the Shareholders at the GMS to be evaluated and authorized.



KEY PERFORMANCE INDICATORS (KPIs)

As a whole, the 2014 KPIs have exceeded the targets in particular in the aspects of finance & market, and leadership, governance & social responsibility. However, in the aspects of process & product effectiveness, focus on the customer, and focus on the employees the KPI achievements were below their respective targets.

No.	KPKU Perspective	Target		Realization by Year		Achievement	
		2013	2014	2013	2014	2013	2014
		Weight		Score		%	
I	Process and Product Effectiveness (7.1)	20%	20%	18.42	17.27	92.10	93.76
II	Focus On The Customer (7.2)	22%	22%	20.81	23.59	94.59	113.36
III	Focus On The Employees (7.3)	17%	17%	22.79	16.18	134.06	71.00
IV	Leadership, Governance and Social Responsibility (7.4)	17%	17%	17.95	19.06	105.59	106.18
V	Finance and Market (7.5)	24%	24%	42.8	22.03	178.33	51.47
Total		100%	100%	122.77	98.13	122.77	79.93

Description of 2013 KPIs

Process and Product Effectiveness

The 2013 KPI achievement for process and product effectiveness was 18.42. This was 1.58 points lower than the KPI target of 20.00. The indicators that were measured below the 2013 KPI targets were Realization of Investment (Capital Expenditures) and Physical Realization of Investment, with scores of 2.81 and 2.80, respectively, or only reaching 72% and 70% of the 2013 KPI target of 4.

Focus on the Customer

The 2013 KPI achievement for focus on the customer was 94.59% of the KPI target of 22.00. The indicator that was measured below the 2013 KPI target was Actual Domestic Sales, with a score of 5.81 or 83% of the 2013 KPI target of 7.

Focus on the Employees

The 2013 KPI achievement for focus on the employees was 22.79. This was 134.06% of the KPI target of 17. The indicators that were measured were Employee Training Ratio (with as score of 4.05), Employee Productivity (6.84), and Educational Upgrade (11.90).

Leadership, Governance and Social Responsibility

The 2013 KPI achievement for leadership, governance and social responsibility was 17.95, or 105.59% of the 2013 KPI target of 17.

Finance and Market

The 2013 KPI achievement for finance and market was 42.80 or 178.33% of the KPI target of 24.00. All indicators were measured above the 2013 KPI targets, and they

were EBITDA Margin (with a score of 6.19 out of the KPI weighting of 5.00), Return on Equity (7.44 out of 5.00), Cash Operation Growth (12.17 out of 4.00), Sales Growth (11.13 out of 5.00), and COPRO (5.87 out of 5.00).

Description of 2014 KPIs

Process and Product Effectiveness

The 2014 KPI achievement for process and product effectiveness was 18.42. This was 1.58 points lower than the KPI target of 20.00. The indicators that were measured below the 2013 KPI targets were Realization of Investment (Capital Expenditures) and Physical Realization of Investment, with scores of 2.81 and 2.80, respectively, or only reaching 72% and 70% of the 2013 KPI target of 4.

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Company Soundness Level Assessment

Based on the Decision of the Minister of State-Owned Enterprises No. KEP-100/MBU/2002 dated 4 June 2002

on the Assessment of Company Soundness Level for State-Owned Enterprises, the Company's performance score in 2012 was 95.50, putting it in the "AAA Sound" criterion. In 2013 the score was 96.00 and the criterion was "AAA Sound" and the score in 2014 was 95.50 and the criterion was maintained at "AAA Sound".

Based on the company soundness level assessments carried out in 2012 and 2013, there was a 0.52% increase in score, while from 2013 to 2014 there was an increase in score of 0.52%.

Company Soundness Level Assessment (Audited)

No.	Indikator	Score		Score		Score	
		Value	2012	Value	2013	Value	2014
A. Financial Aspect							
	(ROE)	20.00	29.36	20.00	37.81	20.00	30.76
	(ROI)	15.00	31.22	15.00	34.81	15.00	31.20
	Cash Ratio	5.00	252.13	5.00	228.74	5.00	286.08
	Current Ratio	5.00	522.91	5.00	395.98	5.00	537.18
	Collection Period	5.00	55.99	5.00	56.76	5.00	45.94
	Inventory Turnover	5.00	41.11	5.00	40.35	5.00	58.32
	Total Asset Turnover	3.50	76.87	3.50	79.48	5.00	75.56
	Owned Fund Ratio to Total Asset	7.00	84.61	7.50	77.56	10.00	81.53
	Financial Aspect	65.50		66.00		70.00	
B. Operational Aspect							
	Efficiency in Production & Productivity	5.00	744.29	5.00	766.16	5.00	800.39
	Capital Maintenance	5.00	14.44	5.00	12.89	5.00	16.39
	Research & Development	2.00	87.76	2.00	89.24	2.00	87.20
	Results of Implementation of Government's Assignments	3.00	100.00	3.00	100.00	3.00	100.00
	Operational Aspect	15.00		15.00		15.00	
C. Administrative Aspect							
	Financial Annual Report	3.00	100.00	3.00	100.00	3.00	100.00
	RKAP Plan	3.00	100.00	3.00	100.00	3.00	100.00
	Periodic Report	3.00	100.00	3.00	100.00	3.00	100.00
	PKBL Performance:						
	Effectivity	3.00	91.91	3.00	15.87	3.00	90.07
	Loan Collectibility	3.00	83.95	3.00	71.32	3.00	75.72
	Administrative Aspect	15.00		15.00		15.00	
	Amount	95.50		96.00		95.50	
	Level of Category/Healthiness	AAA		AAA		AAA	

Given that the PKBL programs for 2013-2014 were not optimally implemented due to certain policy changes, based on the Letter of the Minister of State-Owned Enterprises No. S-723/MBU/2013 dated 3 December 2013, the assessment for the effectiveness of the Partnership Program funding for 2013 was accordingly adjusted, with a score of 3.



REMUNERATION FOR THE BOARD OF DIRECTORS

BASIS FOR DETERMINING REMUNERATION

The authority to determine remuneration for members of the Board of Commissioners and the Board of Directors belongs to the Shareholders and is authorized at the GMS. The formulation for determining remuneration refers to the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014 dated 10 March 2014 on the Guidelines for the Determination of Salary for the Board of Directors, Board of Commissioners, and Supervisory Board of State-Owned Enterprises, the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-08/DK/BF/III/2014 dated 25 March 2014 on the Determination of Salary for the Board of Directors and Board of Commissioners of PT Bio Farma (Persero) in 2014 and the Resolution of the Shareholders at the GMS of PT Bio Farma (Persero) No. RIS-20/D2.MBU/2014 dated 21 March 2014 on the Determination of Salary for 2014, including Bonus for 2013 Performance for the Board of Directors and Board of Commissioners.

PROCEDURES FOR DETERMINING REMUNERATION

- a. The GMS determines the salary for the Board of Directors and Board of Commissioners based on PER-04/MBU/2014.
- b. The formulation for calculating the President Director's salary is based on an internal guideline determined by the Minister as a reference for calculating the salary for Directors.
- c. Salary/honorarium and bonus for members of the Board of Directors and Board of Commissioners for FY2014 are determined based on the Resolution of the Shareholders at the GMS of PT Bio Farma (Persero) as stipulated in the Minutes of Meeting No. RIS-20/D2.MBU/2014 dated 21 March 2014 on the Determination of Salary for 2014, including Bonus for 2013 Performance for the Board of Directors and Board of Commissioners.
- d. Based on the approval and resolution of the GMS of the Annual Report of PT Bio Farma (Persero) for FY2013, the salary for the President Director for FY2014 is set at Rp 72,500,000 per month, and the salary for other Directors is set at 90% of the salary for the President Director. Bonus for other members of the Board of Directors is set at 90% of the bonus for the President Director.

INDICATORS USED IN THE DETERMINATION OF DIRECTOR'S REMUNERATION

- a. The determination of income, which is defined as salary/honorarium, allowances and facilities that are permanent, takes into consideration the revenue, assets, and the financial conditions and capability of the Company, inflation rate, and other relevant factors, as long as all these comply to the relevant laws and regulations.
- b. The determination of allowances and bonus that are variable takes into consideration the achievement of targets, the financial situation and capability of the Company, as well as other relevant factors.
- c. Remuneration is given to the Board of Directors by taking into account the achievement of the Board of Directors' Key Performance Indicators (KPIs) in relation to the Company's achievements in 2013.

BOARD OF DIRECTOR'S REMUNERATION STRUCTURE IN 2014

According to the Resolution of the GMS on the approval of the annual report and approval of the financial statements for FY2013, as stipulated in the document No. RIS-20/D2.MBU/2014 dated 21 March 2014, the salary for the President Director for 2013 was set at Rp 72,500,000 per month, while the salary for other members of the Board of Directors was set at 90% of the salary for the President Director.

Based on the Regulation of the Minister of State-Owned Enterprises No. PER-04/MBU/2014, the remuneration received by the Board of Directors of Bio Farma in 2014 consisted of honorarium, allowances, and other facilities such as insurance and pension, as detailed below:

BOD's Remuneration in 2014 (In Rupiah)

Name	Salary per Year	Allowance per Year	Service Deduction	Net Salary per Year	Tantiem + Religious Holiday Allowance	Total
	1	2	4	5=1+2-4	6	7=5+6
Iskandar	870,000,000	517,500,000		1,387,500,000	2,170,000,000	3,557,500,000
Andjang Kusumah	747,000,000	459,750,000		1,242,750,000	1,953,000,000	3,195,750,000
Pramusti Indrascaryo*	747,000,000	1,278,750,000		2,025,750,000	1,953,000,000	3,195,750,000
Mahendra Suhardono	747,000,000	1,278,750,000		2,025,750,000	1,953,000,000	3,195,750,000
Juliman Fuad*	747,000,000	1,278,750,000		2,025,750,000	1,953,000,000	3,195,750,000
Sugeng Raharso*	747,000,000	1,278,750,000		2,025,750,000	1,953,000,000	3,195,750,000

*] Appointed as Director since 12 April 2013

Aside from earning salary, the Directors also receive the following allowances and facilities:

Salary, Allowances and Facilities of BOD

Salary per Year	Allowances	Facilities
President Director Rp 870,000,000,- Board of Directors Rp 747,000,000,-	<ul style="list-style-type: none"> • Holiday Allowance 1 (one) month salary • Pension benefit insurance up to 25% of salary/year • Housing Allowance Capital City of Province • Transportation Allowance 	<ul style="list-style-type: none"> • vehicle facilities • Health facilities Medication reimbursement • Legal facility: as needed





INFORMATION ON ULTIMATE SHAREHOLDER

As at 31 December 2014 Bio Farma is a non-listed company, and thus the public, members of the Board of Directors, or members of the Board of Commissioners of Bio Farma retained no ownership of Bio Farma's shares. All shares (100%) of Bio Farma are owned by the Government of the Republic of Indonesia.

DISCLOSURE OF AFFILIATIONS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS, BOARD OF COMMISSIONERS, AND THE ULTIMATE AND/OR CONTROLLING SHAREHOLDERS OF THE COMPANY

1. Affiliations between Members of the Board of Directors, Members of the Board of Commissioners, and the Ultimate and/or Controlling Shareholders

Independence and Affiliations between the Board of Directors

All Bio Farma Directors do not have any relationships with each other, with any member of the Board of Commissioners, and the Ultimate and/or Controlling Shareholders. The independence of the Board of Directors is determined to run all of the Company's management and interaction with other parties in an independent manner without the intervention of any outside parties or which may be in violation of the laws and regulations and the Company's Articles of Association, and thus may disrupt the objectivity and independence of the Board of Directors' tasks carried out to serve the interest of the Company. Between members of the Board of Directors and members of the Board of Commissioners there are no relationships either by blood up to the third degree vertically or horizontally, nor any relationships that may arise due to marriage.

As at 31 December 2014, no members of the Board of Directors hold shares of PT Bio Farma (Persero), other State-Owned Enterprises, or other companies. Therefore, the Board of Directors of Bio Farma has fulfilled the independence criteria as stipulated in the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011.

Share Ownership of the Board of Directors

Name	PT Bio Farma (Persero)	Other SoE	Other Company
Iskandar	None	None	None
Juliman Fuad	None	None	None
Sugeng Raharso	None	None	None
Mahendra Suhardono	None	None	None
Pramusti Indrascaryo	None	None	None
Andjang Kusumah	None	None	None

Based on the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 Article 19, the Board of Directors must disclose information regarding the position of Commissioner at any subsidiary/joint venture/other company. In relation to this, throughout 2014 all members of the Board of Directors of Bio Farma did not have any concurrent position as member of the Board of Commissioners, Board of Directors, or as Executive Officer at other State-Owned Enterprises nor other companies.

Double Position on the Board of Directors

Name	Position in Bio Farma	Position in the other SoE	Position in the Other Company/Institution
Iskandar	President Director	None	None
Juliman Fuad	Production Director	None	None
Sugeng Raharso	Planning & Development Director	None	None
Mahendra Suhardono	Marketing Director	None	None
Pramusti Indrascaryo	Finance Director	None	None
Andjang Kusumah	HR Director	None	None

2. Affiliations between Members of the Board of Commissioners with the Ultimate and/or Controlling Shareholders

Independence and Affiliations of the Board of Commissioners

All Bio Farma Commissioners must act independently, not have any conflict of interest, and be free from intervention from any party that is related to the Company and that may disrupt or affect the actions they take as members of the Board of Commissioners. In order to maintain the independence of the Board of Commissioners' supervisory function and ensure the mechanism of check and balance, all members of the Board of Commissioners of Bio Farma are external to the Shareholders.

All members of the Board of Commissioners of Bio Farma do not have any financial, managerial, share ownership, or family relationships either by blood up to the third degree by vertical line or horizontal line or those arising from marriage with each other and/or with the Ultimate and/or Controlling Shareholders and/or with the members of the Board of Directors. Therefore, in carrying out its duties, the Board of Commissioners can act independently. PT Bio Farma (Persero) does not have any Independent Commissioner as 100% of its shares are owned by the Government.

Family and Financial Relationships of the Board of Commissioners

The family and financial relationships between members of the Board of Commissioners and/or with the members of the Board of Directors and the Company's Shareholders throughout 2014 are shown below:

Family and Financial Relationship of the Board of Commissioners

Name	Family Relationship with						Financial relationship with					
	BOC		BOD		Shareholder		BOC		BOD		Shareholder	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Ahmad M. Ramli		√		√		√		√		√		√
Paruli Lubis		√		√		√		√		√		√
Herman L. Djuni		√		√		√		√		√		√
Nizar Yamani		√		√		√		√		√		√
Heridadi		√		√		√		√		√		√
Ihsan Setiadi Latief		√		√		√		√		√		√

Family and Financial Relationship of the Board of Directors

Name	Family Relationship with						Financial relationship with					
	BOC		BOD		Shareholder		BOC		BOD		Shareholder	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Iskandar		√		√		√		√		√		√
Andjang Kusumah		√		√		√		√		√		√
Sugeng Raharso		√		√		√		√		√		√
Pramusti Indrascaryo		√		√		√		√		√		√
Mahendra Suhardono		√		√		√		√		√		√



Concurrent Position and Share Ownership of Members of the Board of Commissioners in Other Companies

The concurrent positions and share ownership of members of the Board of Commissioners in 2014 in companies, State-Owned Enterprises, or other institutions are detailed below:

Directorship and Share Ownership in Other Companies

Name	As Member of BOC		As Member of BOD		As Shareholder	
	Yes	No	Yes	No	Yes	No
Ahmad M. Ramli		✓		✓		✓
Paruli Lubis		✓		✓		✓
Herman L. Djuni		✓		✓		✓
Nizar Yamani		✓		✓		✓
Heridadi		✓		✓		✓
Ihsan Setiadi Latief		✓		✓		✓

Remuneration for the Audit Committee

Remuneration for the Audit Committee is determined internally by the Board of Commissioners of Bio Farma and is further regulated in the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-10/DK/BF/IV/2014 dated 15 April 2014 on the Determination of Salary for Members of the Audit Committee of PT Bio Farma (Persero).

Remuneration received by the Audit Committee consists of a honorarium. Members of the Board of Commissioners that serve as the Chairman, Vice Chairman, or members of the Committee are not provided additional salary apart from their salary as Commissioners. Members of the Audit Committee that are not members of the Board of Commissioners receive monthly honorarium whose amount is determined by the Decision of the Board of Commissioners according to the prevailing regulations, with all taxes paid by the Company, and these members not allowed to receive other types of income apart from the honorarium. All costs disbursed by the Audit Committee to carry out its duties are borne by the Company. The amount of remuneration for the Audit Committee is determined at the GMS, with the following details:

Determination of Remuneration for Members of the Audit Committee

No.	Type of Income	Amount
1.	Monthly honorarium for members of the Audit Committee	220% of the remuneration for the President Director
2.	Allowances:	
	- National Holiday Allowance	None
	- Communications Allowance	None
	- Post-Service Allowance	None
	- Transportation Allowance	None
3.	Facilities:	
	- Health Facility	None
4.	Bonus/Incentive	None

Remuneration of Audit Committee in 2014 (In Rupiah)

Name	Salary per Year	Allowance per Year	Net Salary per Year	Tantiem + Religious Holiday Allowance	Total
	1	2	3=1+2	4	5=3+4
Paruli Lubis*	-	-	-	-	-
Herman L. Djuni*	-	-	-	-	-
Dedi Sopyan (masa jabatan sampai dengan Mei 2014)	87,000,000	-	87,000,000	-	87,000,000
Abu Bakar	174,000,000	-	174,000,000	-	174,000,000
M. Aswir Harahap (diangkat mulai Juli 2014)	87,000,000	-	87,000,000	-	87,000,000
Jumlah	348,000,000	-	348,000,000	-	348,000,000

*Commissioner cum member of Committee

Remuneration for the Secretary to the Board of Commissioners

Remuneration for the Secretary to the Board of Commissioners is determined by the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-14/DK/BF/VI/2014 on the Revision to the Attachment to the Decree Determining the Salary and Facilities for the Secretary to the Board of Commissioners of PT Bio Farma (Persero). The remuneration received by the Secretary to the Board of Commissioners consists of honorarium, allowances, facilities, and bonus/incentive.

Determination of Remuneration for the Secretary to the Board of Commissioners of PT Bio Farma (Persero)

No.	Type of Income	Amount
1.	Monthly honorarium for members of the Audit Committee	15% of the remuneration for the President Director
2.	Allowance	1. 1 (one) take home pay per month
	1. National Holiday Allowance	2. 5% of the monthly honorarium
	2. Communications Allowance	3. Post-Service Insurance is given with the following conditions:
	3. Post-Service Allowance	1. Given while serving (from appointment to termination)
	4. Transportation Allowance	2. Premium paid by the Company is maximum 25% of total honorarium in a year
		3. The term "Premium" or other similar terminology used for post-service insurance already includes premium for accidents and death.
		4. 20% of the monthly honorarium
3.	Facilities:	1. Secretary to the Board of Commissioners and his/her spouse and a maximum of 3 (three) children below 25 years old are eligible for health facility given in the form of health insurance or reimbursement of medical expenses
	1. Health Facility	2. In accordance with the Company's regulations
	2. Legal Aid	
4.	Bonus/Incentive	In accordance with the Circular of the Deputy Minister of State-Owned Enterprises No. SE-03/MBU/Wk/2014 on the Affirmation of the Income for the Secretary to the Board of Commissioners/Supervisory Board.

All tax obligations such as income tax is borne by the Company, with the exception of the income tax for the bonus/incentive, which is borne by the Secretary to the Board of Commissioners.

The amount of remuneration for the Secretary to the Board of Commissioners is determined by the GMS with the details as follows:

Remunerasi Sekretaris Dewan Komisaris Tahun 2014 (dalam rupiah)

Name	Salary per Year	Allowance per Year	Net Salary per Year	Tantiem&Religious Holiday Allowance	Total
	1	2	3=1+2	4	5=3+4
Roslyn Sitohang	130,500,000	32,625,000	163,125,000	208,593,750	371,718,750
Total	130,500,000	32,625,000	163,125,000	208,593,750	371,718,750



Remuneration for the Risk, Development & GCG Committee

Remuneration for the Risk, Development & GCG Committee is determined internally by the Board of Commissioners of Bio Farma and is further regulated in the Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-11/DK/BF/IV/2014 dated 15 April 2014 on the Determination of Salary for Members of the Risk, Development & GCG Committee of PT Bio Farma (Persero).

Remuneration received by the Risk, Development & GCG Committee consists of a honorarium. Members of the Board of Commissioners that serve as the Chairman, Vice Chairman, or members of the Committee are not provided additional salary apart from their salary as Commissioners. Members of the Risk, Development & GCG Committee that are not members of the Board of Commissioners receive monthly honorarium whose amount is determined by the Decision of the Board of Commissioners according to the prevailing regulations, with all taxes paid by the Company, and these members not allowed to receive other types of income apart from the honorarium. All costs disbursed by the Risk, Development & GCG Committee to carry out its duties are borne by the Company. The amount of remuneration for the Risk, Development & GCG Committee is determined at the GMS, with the following details:

Determination of Remuneration for Members of the Risk, Development & GCG Committee

No.	Type of Income	Amount
1.	Monthly honorarium for members of the Risk, Development & GCG Committee	20% of the remuneration for the President Director
2.	Allowances:	
	1. National Holiday Allowance	None
	2. Communications Allowance	None
	3. Post-Service Allowance	None
	4. Transportation Allowance	None
3.	Facilities:	
	- Health Facility	None
4.	Bonus/Incentive	None

The amount of remuneration for the Risk, Development & GCG Committee is determined at the GMS, with the following details:

Remuneration for the Risk, Development & GCG Committee in 2014 (Rp)

Name	Salary per Year	Allowance per Year	Net Salary per Year	Tantiem & Religious Holiday Allowance	Total
	1	2	3=1+2	4	5=3+4
Heridadi*					
Nizar Yamanie*					
Ihsan Setiadi Latief*					
Afrizal	174,000,000	-	174,000,000	-	174,000,000
Dadang Epi Sukarsa	174,000,000	-	174,000,000	-	174,000,000
Total	348,000,000	-	348,000,000	-	348,000,000

*Komisaris merangkap anggota Komite

AUDIT COMMITTEE

The Audit Committee of PT Bio Farma (Persero) was established in 2004 to support the Board of Commissioners in carrying out the supervision of the Company's management based on the principles of good corporate governance. Members of the Audit Committee are appointed and dismissed by the Board of Commissioners and reported to the GMS. Members of the Committee that concurrently serve on the Board of Commissioners are automatically dismissed once their respective term of office on the Board of Commissioners ends.

The establishment of the Committee was pursuant to Law No. 19/2003 on SOE article 70 paragraph 1, which states that the Board of Commissioners must establish an Audit Committee that functions collectively as an organ of supervision of the Company, as well as pursuant

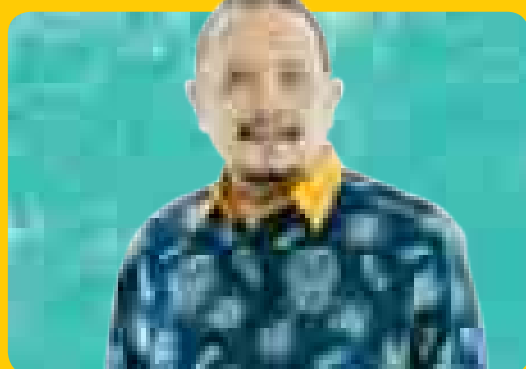
to Regulation of the Minister of SOE No. PER-05/MBU/2006 dated 20 December 2006 on Audit Committee for State Owned Enterprises, as amended by Regulation of the Minister of SOE No. PER-12/MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners/Supevisory Board of SOEs.

In carrying out their duties, the Audit Committee is guided by the Audit Committee Charter, authorized on 1 July 2014. The Audit Committee Charter stipulates the vision, mission, purpose and goals of the Committee, the membership, authority and rights, duties and responsibilities, relationships with all related parties, conflict of interest, and code of conduct.

MEMBERSHIP COMPOSITION

The Audit Committee in office in 2014 was appointed under the Decree of the Board of Commissioners No. KEP-05/DK/BF/II/2014 dated 19 February 2014. The Audit Committee has four members, namely 2 (two) Commissioners, one as a Chairman and one as a Vice Chairman/Member, as well as two independent parties. The term of office of the Chairman and Vice Chairman of the Audit Committee is three years. The Audit Committee composition is as follows:

No.	Name	Position
1.	Paruli Lubis	Chairman
2.	Herman L. Djuni	Vice Chairman/Member
3.	Dedi Sopyan Appointed under the Decree of the Board of Commissioners No. KEP-01/DK/BF/I/2014, in office until May 2014	Member (external)
4.	Abu Bakar Appointed under the Decree of the Board of Commissioners No. KEP-01/DK/BF/I/2014	Member (external)
5.	M. Asawir Harahap Appointed under the Decree of the Board of Commissioners No. KEP-15/DK/BF/VII/2014	Member (external)



Paruli Lubis
Audit Committee Chairman

His profile is available in the Profile of the Board of Commissioners section.



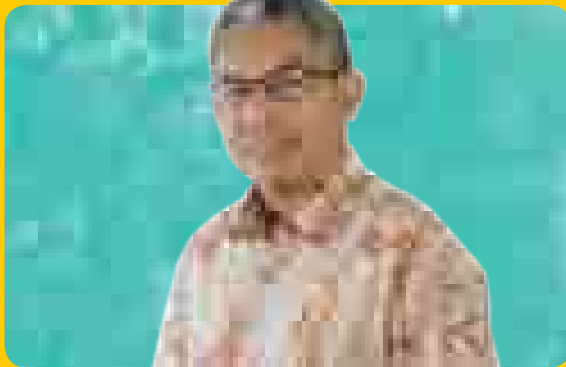
Herman L. Djuni
Audit Committee Vice Chairman /Member

His profile is available in the Profile of the Board of Commissioners section.



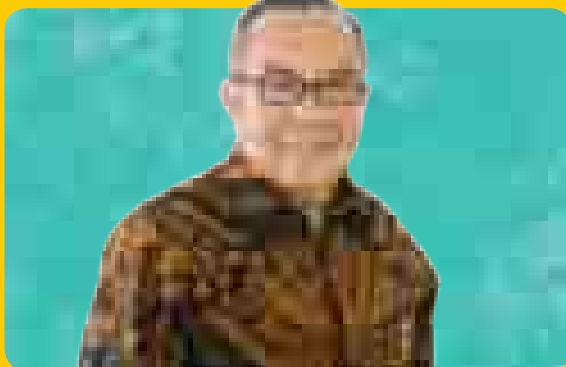
Dedi Sopyan
Audit Committee Member

Born in Tangerang in 1980, obtained his Master of Management degree from the Faculty of Business and Economics, Gadjah Mada University, Yogyakarta, and Bachelor's degree in Industrial Engineering, Faculty of Engineering, University of Indonesia. Currently active as Managing Director at Indonesia Centre for Continuing Professional Education (ICCPE) Consulting Group. Appointed by the Decree of the Board of Commissioners No. Kep-01/DK/BF/I/2014 with the term of office until May 2014.



Abu Bakar
Audit Committee Member

Born on 31 December 1964, graduated from the Faculty of Economics, Syiah Kuala University, majoring in accounting, and is experienced working as middle level auditor at the Ministry of SOE and member of the audit committee of PT PNM in 2012-2013, as well as other institutions. Appointed by the Decree of the Board of Commissioners No. Kep-01/DK/BF/I/2014.



M. Asawir Harahap
Audit Committee Member

Born in Padangsidempuan, 11 August 1946. Graduated with a Bachelor's degree in Finances/Accounting and has an experience working as auditor at various state-owned enterprises and regional government-owned enterprises at the State Accounting Directorate, as well as various positions at Regional Office VII DJPKN Palembang, BPKP of South Sumatera. Appointed by the Decree of the Board of Commissioners No. Kep-15/DK/BF/VII/2014.

Duties and Responsibilities

Based on the Decree of the Board of Commissioners No. KEP-05/DK/BF/II/2014 on the Appointment of the Audit Committee of PT Bio Farma (Persero), the primary duties of the Audit Committee are as follows:

1. Assist the Board of Commissioners in ensuring the effectiveness of internal control system and the execution of duties of the external and internal auditors.
2. Assess the execution of activities and audit results of the Internal Audit Unit and external auditors.
3. Provide a recommendation for the improvement of the management control system and related implementation.
4. Ensure the existence of a satisfactory evaluation procedure for the information released by the Company.
5. Identify issues that may require the attention of the Board of Commissioners and other duties of the Board of Commissioners.
6. Formulate the type and amount of honorarium, allowances and facilities that have been or will be given to the Board of Directors and the Board of Commissioners, to be submitted by the Board of Commissioners to the GMS.
7. Evaluate and analyze the remuneration system including the honorarium, allowances and facilities that have been or will be given to the management and employees.

Conduct other duties assigned by the Board of Commissioners, including but not limited to:

1. Regularly formulate and review the Audit Committee Charter.
2. Evaluate the the information released by the Company, including the financial statements, financial planning projection reports, work plan and budget reports, five-year business plans, management reports, and other information.
3. Review the Company's compliance with the prevailing regulations in all of its activities.
4. Review complaints or grievances related to the Company.
5. Review the adequacy of the internal audit function, including number of auditors, annual audit work plan, and assignments executed.
6. Review the adequacy of the external audit function, including audit plan and number of auditors.

Authority

The Board of Commissioners grants authority to the Audit Committee to conduct its duties to obtain various information legally and ethically, from internal and external parties in relation to accounting, funding, human resources, assets, and other resources of the Company.

In executing this authority, the Audit Committee collaborates with the Internal Audit Unit (IAU) and the management of the Company. Based on the approval of the Board of Commissioners, the Audit Committee may request advice or recommendation from professionals external to the Company, such as accountants, consultants, legal consultants, and other professions, in relation to executing the Audit Committee's duties.

Requirements for Membership and Independence

To become a member of the Audit Committee a person should first and foremost has a strong integrity and educated in accounting or finance, has extensive knowledge to be able to properly read and understand financial statements, as well as extensive knowledge in relation to his or her background, and able to communicate effectively. The educational backgrounds, qualifications and competencies of the Audit Committee members are presented in the profile of each member of the Audit Committee, provided in a separate part of this Annual Report.

To ensure independence in carrying out their duties, Audit Committee members are selected from outside of the Company and they have no financial or managerial relations, share ownership, or familial relationships whatsoever with the members of the Board of Commissioners, the Board of Directors, and have no concurrent positions as director of other companies and/or committee members.

Audit Committee Activities in 2014

Throughout 2014, the Audit Committee conducted a number of activities in accordance with the Audit Committee Work Plan approved by the Board of Commissioners, as follows:

1. Reviewed the audited financial statements and management report for FY 2014.
2. Reviewed the audited PKBL report for FY 2013.



3. Reviewed the audit result report of the IAU for the First Quarter, First Semester, Third Quarter, and Fourth Quarter of 2014.
4. Assisted the Board of Commissioners in appointing an external auditor to audit the Company by taking into account the aspects of independence and objectivity, audit scope and adequacy, and reviewed the fairness of the audit fee.
5. Reviewed the effectiveness of internal control implementation.
6. Supervised the implementation of GCG.
7. Reviewed the remuneration for the Board of Commissioners and the Board of Directors.
8. Conducted regular meetings with the IAU to discuss the effectiveness of internal audit and follow up to the audit results of the IAU and external auditors.
9. Conducted other duties assigned by the Board of Commissioners.

Meeting Frequency and Attendance

The Audit Committee conducted at least one meeting per month, both internally and with the Board of Commissioners, the Board of Directors, Head of the IAU, Division Heads, or External Auditors. Minutes of Audit Committee meetings are distributed to all meeting participants and presented to the Board of Commissioners. The Audit Committee may also be present at meetings of the Board of Commissioners or at joint meetings of the Board of Commissioners and the Board of Directors upon invitation.

Throughout 2014, the Audit Committee conducted seven meetings, including internal meetings, meetings with the IAU, meetings with external auditors, meetings with risk management team, and attended the meetings of the Board of Commissioners and joint meetings of Board of Commissioners and the Board of Directors. The attendance of each member of the Audit Committee in these meetings is as follows:

No.	Name	Position	Attendance
1.	Paruli Lubis	Chairman	17
2.	Herman L. Djuni	Vice Chairman/Member	17
3.	Dedi Sopyan Appointed under the Decree of the Board of Commissioners No. KEP-01/DK/BF/I/2014, in office until May 2014	Member (external)	12
4.	Abu Bakar Appointed under the Decree of the Board of Commissioners No. KEP-01/DK/BF/I/2014	Member (external)	17
5.	M. Asawir Harahap Appointed under the Decree of the Board of Commissioners No. KEP-15/DK/BF/VII/2014	Member (external)	15

Meeting Agenda

No.	Date & Place	Agenda
1.	Jakarta, 7 February 2014	Discussion of the 2014 Audit Committee Work Plan and Budget
2.	Bandung, 14 February 2014	Discussion of the <i>Progress Report</i> of LHP from External Auditors or final draft of the Audited Financial Statements of Bio Farma for FY 2013
3.	Jakarta, 19 February 2014	Technical Discussion of the Financial Statements and LMP for FY 2013 (<i>audited</i>)
4.	Jakarta, 19 February 2014	Discussion of the <i>Progress Report</i> of LHP for Fourth Quarter of 2013 with IAU
5.	Jakarta, 27 February 2014	<ol style="list-style-type: none"> 1. Discussion of the evaluation and determination of external auditors to audit the Financial Statements and PKBL activities of PT Bio Farma (Persero) FY 2014 2. Planning to procure independent management consultant services from the Big Four institutions
6.	Jakarta, 3 March 2014	Discussion of the BUMN Bersih Evaluation Criteria with the Board of Directors and the Board of Commissioners
7.	Bandung, 28 April 2014	Technical Discussion of the Financial Statements and LMP for PKBL activities for First Quarter of 2014

Remuneration for the Audit Committee

The Audit Committee members receive remuneration consisting of honorarium and other facilities such as insurance. Members of the Audit Committee that are also members of the Board of Commissioners do not receive monthly honorarium and facilities. Members of the Audit Committee that are not members of the Board of Commissioners receive monthly honorarium whose amount is determined by the Decision of the Board of Commissioners according to the prevailing regulations, with all taxes paid by the Company, and these members not allowed to receive other types of income apart from the honorarium. All costs disbursed by the Audit Committee to carry out its duties are borne by the Company. The amount of remuneration for the Audit Committee is determined at the GMS, with the following details:

Remuneration of Audit Committee in 2014 (In Rupiah)

Name	Salary per Year	Allowance per Year	Net Salary per Year	Tantiem + Religious Holiday Allowance	Total
	1	2	3 = 1 + 2	4	5 = 3 + 4
Paruli Lubis*	-	-	-	-	-
Herman L. Djuni*	-	-	-	-	-
Dedi Sopyan	87,000,000	-	87,000,000	-	87,000,000
Abu Bakar	174,000,000	-	174,000,000	-	174,000,000
M. Aswir Harahap	87,000,000	-	87,000,000	-	87,000,000
Total	348,000,000		- 348,000,000	-	348,000,000

* Commissioner cum Committee Member

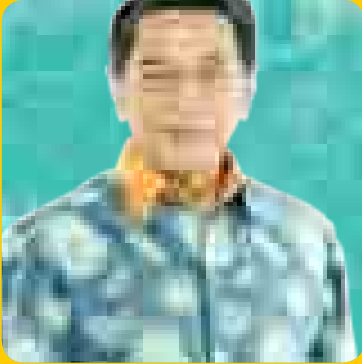
RISK, DEVELOPMENT & GCG COMMITTEE

Risk Committee is formed by the Board of Commissioners to assist the Board of Commissioners in performing their duties. Risk Committee is responsible directly to the Board of Commissioners. Risk Committee members are appointed and dismissed by the Board of Commissioners and reported to the GMS. Risk Committee members who are also members of the Board of Commissioners will have their term of office terminated as their respective term of office as members of the Board of Commissioners ends.

MEMBERSHIP COMPOSITION

Members of the Risk Development and GCG Committee of Bio Farma consists of the Chairman and Vice Chairman and members from the Board of Commissioners and two members from external parties. Term of office of the Chairman and Vice Chairman of the Risk Development and GCG Committee is 3 (three) years. The Risk Development and GCG Committee in office in 2013 was appointed by the Decree of the Board of Commissioners No. KEP-06/DK/BF/II/2014 dated 19 February 2014. The decree changed the name of the previously existing Risk Committee to Risk, Development and GCG Committee. The composition of the Risk Development and GCG Committee, is as follows:

No.	Name	Position
1.	Heridadi	Chairman
2.	Nizar Yamanie	Vice Chairman I/Member
3.	Ihsan Setiadi Latief	Vice Chairman II/Member
4.	Dadang Epi Sukarsa	Member (external)
5.	Afrizal	Member (external)



Heridadi

Risk, Development and GCG
Committee Chairman

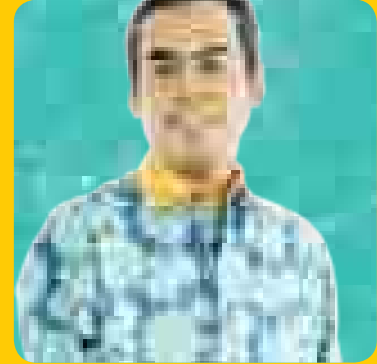
His profile is available in
the Profile of the Board of
Commissioners section.



Nizar Yamanie

Risk, Development and GCG
Committee Vice Chairman I/Member

His profile is available in
the Profile of the Board of
Commissioners section.



Ihsan Setiadi Latief

Risk, Development and GCG
Committee Vice Chairman II/
Member

His profile is available in
the Profile of the Board of
Commissioners section.



Dadang Epi Sukarsa

Risk, Development and GCG Committee Member

Born in Garut on 1 June 1960, graduated from the Faculty of Law of Padjajaran University, and from the Master Studies in Legal Studies at the Gadjah Mada University and is currently undertaking Legal Studies at the Faculty of Law of Padjajaran University. He has extensive experience teaching at the Faculty of Law of Padjajaran University since 1990 to the present, as well as the member of the Brand Appeal Commission, Directorate of Intellectual Property Rights, Ministry of Law and Human Rights.



Afrizal

Risk, Development and GCG Committee Member

Born in Jakarta on 17 April 1960, graduated from the Faculty of Economics, University of Indonesia majoring in Accounting and from the tax policy administration with a graduate degree from the Faculty of Political Sciences, University of Indonesia. He has extensive work experience as the head of internal audit of University of Indonesia since 2008 until now and has occupied various positions such as director of accounting, audit manager at the University of Indonesia.

Duties and responsibilities

Based on the Decree of the Board of Commissioners No. KEP-06/DK/BF/II/2014 on the Appointment of the Risk, Development and GCG Committee PT Bio Farma (Persero), the principal duties of the Risk Committee are as follows:

1. Risk, Development and GCG Committee assists the Board of Commissioners to provide recommendations on the implementation of business strategy, monitoring, evaluation and periodic monitoring of risks in the Company, including reviewing business risks that could potentially disrupt the Company's goals, as well as providing recommendations to the Board of Commissioners of the methods of risk management.
2. The Chairman of the Risk, Development and GCG Committee act as a steering member of the Risk, Development and GCG Committee about any risks faced by the Board of Directors to be immediately discussed by the Board of Commissioners as a form of early warning system implementation.
3. Review and provide recommendations on the effectiveness of risk management performed by the Division of Compliance and Risk Management, through regular meetings or other means to discuss the progress of the stages of the duties and responsibilities carried out by the Risk Management Unit.
4. Review the risk assessment by the Division of Compliance and Risk Management of the investment plan of the material.
5. Supervise the activities of the Division of Compliance and Risk Management in monitoring the implementation of risk mitigation by related work units.
6. Supervise the implementation of the recommendations of Risk, Development and GCG Committee by the Division of Compliance and Risk Management.
7. Conduct analysis and evaluation of the proposed RKAP and annual reviews on RJPP proposed by the Board of Directors.
8. A review of information risk and risk management company in the reports that will be published, malalui process:
 - Discussion with management.
 - Review the draft of a report to be published.
9. Discussion on significant risks on units in a corporate environment, as required.
10. Develop a system of assessment and nomination of candidates for the Board of Directors and the Board of Commissioners.
11. Provide evaluation and analysis of the system of selection, recruitment, and succession of the company's employees.
12. Develop a system of selection and recruitment of candidates for members of the Board of Directors and the Board of Commissioners.
13. Establish the type and amount of salary or honorarium, allowances and facilities that have been/will be given to the Board of Directors and the Board of Commissioners to be submitted by the Board of Commissioners to the GMS.
14. Evaluation and analysis of the payroll system, honorarium, allowances and facilities that have been/will be given to the level of management and employees.

In performing its duties, especially in the aspect of risk management, the Risk, Development and GCG Committee has had a Risk Committee Charter, Development and GCG containing objectives, structure, composition, and time of the Committee's tasks, requirements and the Code of Ethics Committee Member, duties, responsibilities and authority, as well as the execution of tasks of the Risk, Development and GCG Committee which serve as guidelines in each operation.

Requirements for Membership and Independence

Risk Committee members are required to have a strong integrity, educational background, knowledge, ability, and experience that are considered sufficient, and able to communicate effectively. Educational background, qualifications, and competence of members of the Risk Committee can be seen on the profile of each member on a separate section in this Annual Report.

Risk Committee Activities in 2014

Throughout 2014, the Risk, Development and GCG Committee carried out the following tasks according to the work plan approved by the Board of Commissioners:

1. Conducted internal meetings for discussion and preparation of the Work Plan and Budget of the Risk, Development and GCG Committee, and Risk, Development and GCG Committee Charter of PT Bio Farma.
2. Conducted review of corporate risk register in RKAP 2014.
3. Reviewed the risk management report to be issued by the Company.



4. Discussed BUMN Bersih assessment in PT Bio Farma (Persero) with BPKP.
5. Monitored various potential risks faced by the Company.
6. Reviewed the company's management report and financial statements of PT Bio Farma (Persero) First Quarter - 2014.
7. Perform an internal meeting to evaluate the realization of the work program of the Risk, Development and GCG Committee in the first quarter of 2014.
8. Reviewed and analyzed the Company's management report and financial statements in order to provide feedback and recommendations for improvement.
9. Monitored the various potential risks faced by the company.
10. Conducted discussions on corporate register monitoring plan with counterpart.
11. Conducted discussions of plans and progress on the development of vaccines and other products.
12. Conducted discussions corporate monitoring plan counterparty risk register along with the management of PT Bio Farma:
 - a. Delays in vaccine supply.
 - b. Changes in policy and the requirements of the WHO.
13. Conducted discussions on the planned monitoring corporate risk register with a counterpart management team of PT Bio Farma:
 - a. Increased global risk.
 - b. No investment realization schedule.
14. Conducted discussions on planned monitoring corporate risk register with a counterpart team management of PT Bio Farma:
 - a. Unpreparedness facilities and pandemic influenza vaccine production.
 - b. Increased integration of IT technology.
15. Conducted discussions following the implementation of this plan along with the management of PT Bio Farma counterpart:
 - a. GCG self assessment scorecards.
 - b. Governance, Risk Management & Compliance (GRC) and the achievement of corporate goals.
16. Conducted discussions of the following monitoring along with counterparty management of PT Bio Farma, the Division of Human Capital and CRM:
 - a. System selection, recruitment and employee succession.
 - b. Payroll system, honoraria, allowances and facilities.
 - c. The sanctions system and management employees.
17. Performed the following discussion of the monitoring plan along with the management of PT Bio Farma counterpart:
 - a. Preparation of corporate risk register in 2015.
 - b. Aligned the RKAP 2015 with the RJPP for 2012-2016.

Frequency of Meetings and Attendance

The Risk, Development and GCG Committee hold meetings at least once a month, led by the Chairman of the Committee. Decision Committee meeting is considered valid if approved by the Chairman of the Committee. Each Committee meeting shall be detailed in the minutes of meeting submitted to the Board of Commissioners no later than five (5) days after the meeting is held.

During 2014, the Risk, Development and GCG Committee held or attended 16 meetings. The entire meetings were held in accordance with the provisions of the duties and responsibilities of the Risk, Development and GCG Committee. Attendance of each member of the Committee in the meetings is as follows:

No.	Name	Position	Attendance
1.	Heridadi	Chairman	9
2.	Nizar Yamanie	Vice Chairman I/Member	6
3.	Ihsan Setiadi Latief	Vice Chairman II/Member	9
4.	Dadang Epi Sukarsa	Member (external)	8
5.	Afrizal	Member (external)	9

Meeting

No.	Date & Place	Agenda
1.	Bandung, 28 & 29 January 2014	Participated in the the Working Meeting (Plan of Action) PT Bio Farma (Persero) Year 2014
2.	Jakarta, 7 February 2014	Discussion of the Work Plan and Budget Risk, Development and GCG Committee for 2014
3.	Bandung, 27 February 2014	BUMN Bersih assessment preparation discussion with BPKP
4.	Jakarta, 3 March 2014	Entry Meeting BUMN Bersih Assessment with the Board of Directors and the Board of Commissioners
5.	Bandung, 13-14 March 2014	Technical Discussion Document Application The Board of Commissioners Ratings for BUMN Ber 2014
6.	Jakarta, 27 March 2014	Exit Meeting for BUMN Bersih Assessment 2014
7.	Jakarta, 21 April 2014	Internal Meeting for the Realization of Work Program of the Risk, Development and GCG Commit in 2014
8.	Jakarta, 7 May 2014	Internal meeting - conducted a review and analysis of the company's management report and financial statements of PT Bio Farma First Quarter 2014 to prepare the responses and recommendations for improvement that the operation and performance of the company at least according to RKAP 2014
9.	Jakarta, 14 May 2014	a. Discussion of corporate risk management reports of PT Bio Farma b. Discussion of the plan and progress the development of vaccines and other products
10.	Bandung, 11 July 2014	Discussion meeting on the corporate risk register with the Company's management as counterparty
11.	Bandung, 22 August 2014	Discussion meeting on the corporate risk register with the Company's management as counterparty
12.	Bandung, 19 September 2014	Discussion meeting on the corporate risk register with the Company's management as counterparty
13.	Jakarta, 9 October 2014	Internal meeting - conducted a review and analysis of the company's management report and financial statements of PT Bio Farma Third Quarter 2014 to prepare the responses and recommendations for improvement that the operation and performance of the company at least according to RKAP 2014
14.	Bandung, 31 October 2014	Discussion on GCG and KPKU preparation
15.	Bandung, 28 November 2014	Discussion with counterparty, including: a. Recruitment system and career system selection b. Remuneration system including honorarium, allowances and benefits c. Punishments and employee management at the HC Division
16.	Bandung, 12 December 2014	Discussion with the management of PT Bio Farma as counterparty: a. Preparation of the 2015 <i>corporate risk register</i> b. <i>Alignment</i> of RKAP 2015 with RJPP 2012-2016

Remuneration for the Risk, Development & GCG Committee

The Risk, Development and GCG Committee members receive remuneration consisting of honorarium and other facilities such as insurance. Members of the Risk, Development and GCG Committee that are also members of the Board of Commissioners do not receive monthly honorarium and facilities. Members of the Risk, Development and GCG Committee that are not members of the Board of Commissioners receive monthly honorarium whose amount is determined by the Decision of the Board of Commissioners according to the prevailing regulations, with all taxes paid by the Company, and these members not allowed to receive other types of income apart from the honorarium. All costs disbursed by the Risk, Development and GCG Committee to carry out its duties are borne by the Company.

The amount of remuneration for the Risk, Development and GCG Committee is determined at the GMS, with the following details:

Remuneration for the Risk, Development & GCG Committee in 2014 (Rp)

Name	Salary per Year	Allowance per Year	Net Salary per Year	Tantiem + Religious Holiday Allowance	Total
	1	2	3 = 1 + 2	4	5 = 3 + 4
Heridadi*	-	-	-	-	-
Nizar Yamanie*	-	-	-	-	-
Ihsan Setiadi Latief*	-	-	-	-	-
Afrizal	174,000,000	-	174,000,000	-	174,000,000
Dadang Epi Sukarsa	174,000,000	-	174,000,000	-	174,000,000
Total	348,000,000		348,000,000		348,000,000

* Commissioner cum Committee Member



SECRETARY OF THE BOARD OF COMMISSIONERS



Roslyn Sitohang
Secretary of the Board of Commissioners

The Secretary of the Board of Commissioners is currently held by Roslyn Sitohang. Graduated from STAMI Jakarta in Business Administration. Born in Rapusan, North Tapanuli, North Sumatra in 1963. Before becoming Secretary of the Board of Commissioners of PT Bio Farma (Persero), has served in the Ministry of SOE as Head of Sub-Section of LA1 Deputy of Strategic Industries and Manufacturing Businesses.

Secretary of the Board of Commissioners was established through the Decree of the Board of Commissioners No. 18/DK/XII/2012 to assist in the work, transparency, accountability, and the smooth implementation of the tasks of the Board of Commissioners. Criteria and procedures for appointment of the Secretary of the Board of Commissioners are stipulated in the Regulation of the Minister of SOE No. PER-12/MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners of SOEs, which among other things requires the Secretary of the Board of Commissioners to hail from outside of the company, be appointed by the Board of Commissioners, understand aspects of corporate governance, and able to communicate effectively.

DUTIES AND RESPONSIBILITIES

The Secretary of the Board of Commissioners is responsible to the Board of Commissioners with the duties and responsibilities including:

1. Prepare meetings, including meeting materials of the Board of Commissioners.
2. Make the minutes of meetings of the Board of

Commissioners in accordance with the Articles of Association.

3. Administer documents of the Board of Commissioners both incoming mail, outgoing mail, minutes of meetings, as well as other documents.
4. Develop Work Plan and Budget for the Board of Commissioners.
5. Make the draft for the reports of the Board of Commissioners.
6. Carry out other duties of the Board of Commissioners.
7. Ensure that the Board of Commissioners comply with legislation and apply the principles of GCG.
8. Provide information needed by the Board of Commissioners periodically or at any time when requested.
9. Coordinate Committee members The Board of Commissioners if necessary in order to facilitate the tasks of the Board of Commissioners.
10. Act as a liaison between the Board of Commissioners with other parties.
11. Ensure that all documents stored properly carrying out activities in the Company in order to administration and implementation of good corporate governance.

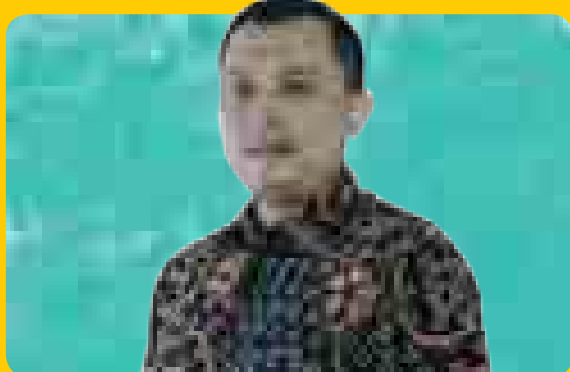
REMUNERATION FOR THE SECRETARY OF THE BOARD OF COMMISSIONERS

The remuneration received by the Secretary of the Board of Commissioners consists of honorarium, allowances, and other facilities such as insurance. The amount of remuneration Secretary The Board of Commissioners is determined by the GMS with the following details:

Remuneration For The Secretary Of The Board Of Commissioners In 2014 (Rp)

Name	Salary per Year	Allowance per Year	Net Salary per Year	Tantiem + Religious Holiday Allowance	Total
	1	2	3 = 1 + 2	4	5 = 3 + 4
Roslyn Sitohang	130.500.000	32.625.000	163.125.000	208.593.750	371.718.750

CORPORATE SECRETARY



M. Rahman Roestan
Company Secretary

Born in Bandung in 1970, obtained his Bachelor of Pharmacy and license to work as a Pharmacist from the University of Padjadjaran, Bandung. Earned the Master of Business Administration (MBA) degree from ITB and is currently continuing the Doctorate Program in Strategic Management at the University of Padjadjaran. Joined PT Bio Farma (Persero) in 1998, and has held various structural positions such as Head of Formulations and Packaging, Head of Quality Assurance System, and Head of Production Planning and Control Division. Since 2009, he has been serving as a Management Representative for the integrated management system. Active in the Indonesian Pharmaceutical Association, Indonesian Pharmacists Association, and is active at the Indonesian Quality Award Foundation (IQAF) as Examiner for the Malcolm Baldrige Criteria for Excellence. Since 2012 he has been included as a delegation to the International Meeting of Occupational Health at the World Health Organization (WHO) in Geneva and Organization of Islamic Cooperation (OIC) forum.

DESCRIPTION AND DUTIES AND FUNCTIONS OF THE CORPORATE SECRETARY

The Corporate Secretary of Bio Farma performs three main functions. The first function is as the Gate Keeper, with a responsibility for analyzing the corporation systems that have been implemented and new systems/standards that need to be implemented in an integrated management system. The second function is as a Compliance Adviser, with a responsibility for providing studies and recommendations to the management in GRC (Governance, Risk, Compliance/legal aspects). The third function is as the Corporate Agenda, with the responsibility for coordinating the Company's agenda and collaboration with other agencies in the national, regional and international scope.

The Corporate Secretary plays an important role in facilitating communication between the Company and all stakeholders. The Corporate Secretary is also responsible for ensuring adherence to laws and regulations, as well as the disclosure of the Company. The Corporate Secretary is directly responsible to the President Director and assists the Board of Directors in complying with good corporate governance.

The Corporate Secretary acts as the representative of the Company in dealing with shareholders, is responsible for the administration of documents and minutes of meetings, policy formulation, planning and control of corporate

communications with stakeholder relationships, the public, and internal parties. The Corporate Secretary of Bio Farma is in charge of two areas, namely Corporate Communications and the Secretariat.

APPOINTMENT AND DISMISSAL OF THE CORPORATE SECRETARY

In accordance with the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 Article 28 (3), the Corporate Secretary is appointed and dismissed by the President Director, with the approval of the Board of Commissioners. The Corporate Secretary of PT Bio Farma (Persero) as at the end of 2014 was M. Rahman Roestan, who was appointed based on the Decree No. 341/TK/ASDM/IV/2008 dated 2 June 2008.

EDUCATIONAL QUALIFICATION & COMPETENCE OF THE CORPORATE SECRETARY

The Corporate Secretary of PT Bio Farma (Persero) has met all job competence requirements, is able to build rapport and working relationship as well as having an analytical mindset and is able to think conceptually. The Company Secretary is responsible for ensuring an integrated management system and corporate agenda can be managed effectively and efficiently through the planning, implementation and monitoring functions and compliance advisor as well as gate keeper.



CORPORATE SECRETARY IN THE ORGANIZATIONAL STRUCTURE

According to the Decree of the Board of Directors No. 02491/DIR/VI/2014 dated 2 June 2014 on the Organizational Structure of PT Bio Farma (Persero) in 2014, the position of the Corporate Secretary is under the President Director. The Corporate Secretary is to perform three main functions, namely:

1. As the Gate Keeper, with a responsibility for analyzing the corporation systems that have been implemented and new systems/standards that need to be implemented in an integrated management system.
2. As a Compliance Adviser, with a responsibility for providing studies and recommendations to the management in GRC (Governance, Risk, Compliance/legal aspects).
3. As the Corporate Agenda, with the responsibility for coordinating the Company's agenda and collaboration with other agencies in the national, regional and international scope.

WORKING GUIDELINES FOR THE CORPORATE SECRETARY

The Working Guidelines for the Corporate Secretary of PT Bio Farma (Persero) are based on the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises.

DUTIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY

Description of Duties and Responsibilities of the Corporate Secretary

The duties and responsibilities of the Corporate Secretary are regulated in the Job Description and Job Specification Document Rev #02 dated 22 June 2012, to be, among others:

1. Acts as the representative of the Company and a liaison officer between the Company and all stakeholders to communicate the activities of the Company accurately and on a timely manner.
2. Directs all aspects in the organization of the GMS, so the GMS runs well and smoothly.
3. Determines the strategy and implement corporate communication program for various audiences domestically and overseas so the reputation of Bio Farma can be properly maintained.

4. Controls the delivery of information about the Company's performance and corporate actions to the concerned parties.
5. Analyzes and oversees the management of communication strategies to build a corporate image based on key performance indicators.
6. Delivers the Company's Annual Report and Financial Report periodically to the Board of Directors and Commissioners.
7. Coordinates the implementation of Board of Directors meetings, Board of Directors meetings with the Board of Commissioners and Annual General Meeting of Shareholders, coordinates the minutes of the meetings as well as controls the Board of Directors secretarial administration.
8. Acts as the Management Representative for the ISO, OHSAS, ERM, and IFRS integrated management systems.
9. Coordinates, monitors, and evaluates aspects of GCG and regulation with the Company's risk activities.

In relation to the tasks of evaluating aspects of corporate governance, the Corporate Secretary provides advice and recommendations to the management with an aim to improve and complement the corporate

governance policies such as the Code of Conduct, GCG Policy, Guidelines for Implementation and Internal Assessment of Good Corporate Governance, Internal Audit Charter and Audit Committee Charter.

To support the Company's vision of becoming a world-class manufacturer of vaccines with global competitiveness, the Corporate Secretary assumes the strategic task of representing the Company to actively participate in various international forums such as the World Health Organization (WHO), the Organization of Islamic Cooperation (OIC), DCVMN, GAVI, and others.

Execution of Duties of the Corporate Secretary

1. As the Gate Keeper, with a responsibility for analyzing the corporation systems that have been implemented and new systems/standards that need to be implemented in an integrated management system.
2. As a Compliance Adviser, with a responsibility for providing studies and recommendations to the management in GRC (Governance, Risk, Compliance/legal aspects).
3. As the Corporate Agenda, with the responsibility for coordinating the Company's agenda and collaboration with other agencies in the national, regional and international scope.

TRAINING PROGRAMS

In order to bolster the performance of the Corporate Secretary and expands the insight in Good Corporate Governance, in 2014 the Corporate Secretary participated in the following training programs:

Competency Development Program of Corporate Secretary

Program	Date	Place
Integration of Corporate Vision, Mission, and Values	31 January 2014	Bandung
Government Policy in Determining New Vaccines in the National Immunization Program	19 August 2014	Jakarta
Vaccine Industry's Potential in Global Competition	19 August 2014	Jakarta
Mapping of R&D Competition in the Global Vaccine Industry	19 August 2014	Jakarta
Policy of Health Development and Policy for National Self-Sufficiency in Health	19 August 2014	Jakarta
<i>Good Corporate Governance & Self Assessment Refreshment</i>	16-19 December 2014	Bandung

CORPORATE SECRETARY PERFORMANCE EVALUATION IN 2014

The Corporate Secretary has carried out the strategies and the work plans related to the disclosure of information to investors and the public. In implementing GCG internalization, the Corporate Secretary has carried out various activities that together help integrate the culture of GCG implementation in the entire Bio Farma environment. The Corporate Secretary's performance is evaluated against a set of Key Performance Indicators (KPI). The Corporate Secretary's KPI achievement in 2014 is as follows:

Corporate Secretary in 2014

Indicators	Targeted	Formula	Unit	Weight	Value (%)	Score
A. Routine						
Ensuring the management of Public Information, Ensuring the preparation of the 2013 Annual Report and Sustainability Report	No later than 3 months after the Company received the Audited Reports	Realization/Target	%	15	100%	15.00
Ensuring positive and harmonious relationships with all stakeholders of the Company	15% brand awareness improvement	Realization/Target	%	15	90%	13.50
Ensuring improvement and management of corporate image in the country and globally through all communication channels	10% positive news improvement	Realization/Target	%	15	90%	13.50
Coordinating and overseeing the implementations of events involving both domestic and foreign parties (National Vaccine Research Forum, 2nd meeting of OIC, Education Seminar, Young Ambassador Program)	Implementation of at least 1 event	Realization/Target	%	15	100%	15.00
Ensuring the preparation and updates of Company documentation (video profile, company profile, safety video, others)	No later than December 2012	Realization/Target	%	10	100%	10.00
Reviewing and responding to correspondence with stakeholders, as well as to plan, coordinate and control Corporate Secretarial activities.	No less than 75% submitted in 2 (two) working days	Realization/Target	%	10	90%	9.00
Sub Jumlah				80		76.00
B. Non Routine						
Implementation of an integrated Quality Management System	System Management Integration	Realization/Target	%	10	100%	10.00
2014 Investment Realization (Rp1,672,964,786.95)	No less than 75% can be realized in the current year	Realization/Target	%	10	75%	7.50
Sub Total				20		17.50
Total				100		93.50



GENERAL MEETING OF SHAREHOLDERS (GMS)

The General Meeting of Shareholders (GMS) is a mechanism for Shareholders to convene and make important decisions regarding the share ownership of the Company. The GMS is a company organ which has authorities that are not granted to the Board of Directors or Board of Commissioners in accordance with the Law or the Articles of Association of the Company. The GMS has the authority to appoint and dismiss members of the Board of Commissioners and Board of Directors, evaluate performance and request for accountability of the Board of Commissioners and the Board of Directors in the management of the Company, approve amendments to the Articles of Association, approve Annual Reports, determine profit allocation, appoint the public accountant and determine amount and type of compensation for the Board of Commissioners and the Board of Directors.

Decision-making in the GMS is carried out in a fair and transparent manner. Furthermore, in decision-making, the GMS pays attention to and considers important issues related to the Company's long-term interests and other interests in the Company. The GMS or the Shareholders do not have authority to intervene in the roles, functions and authorities of the Board of Commissioners and/or the Board of Directors. However, this does not diminish GMS authority to exercise its rights and obligations in accordance with the Articles of Association and the Law.

PREVIOUS YEAR'S GMS RESOLUTIONS

Execution of the GMS, Agenda and Resolutions of the Previous Year's GMS

In the year 2014, Bio Farma conducted three General Meeting of Shareholders, namely 1 GMS for the Company's 2014 Work Plan and Budget, 1 GMS for the Approval and Authorization of the Financial Statements for FY2013, and 1 GMS for the Company's 2015 Work Plan and Budget.

The details of the agenda and resolutions of these GMSes in 2014 are as follows:

I. GMS for the Company's 2014 Work Plan and Budget

GMS on the Discussion and Approval of RKAP 2014 and RKA-PKBL 2014 was held on Friday, 20 December 2013 at the Ministry of SOE Building on Jalan Medan Merdeka Selatan 13, Central Jakarta. This GMS discussed:

1. Approval of the Work Plan and Budget 2014.
2. Approval of the Work Plan and Budget for the Partnership and Community Development Programs (RKA-PKBL) 2014.
3. Approval of the Operational Aspects Indicators for PT Bio Farma (Persero) in 2014 for the calculation of the soundness level of the Company based on the Decree of the Minister of SOE No. KEP-100/MBU/2002 dated 4 June 2002.
4. Determination of KPI as stipulated in the 2014 management contract between the Board of Directors and the Board of Commissioners with the Shareholders of PT Bio Farma (Persero).
5. Approval of charging the company for the company's internal organization.
6. Approval of the Company's authorized capital increase from Rp 2 trillion to Rp 5 trillion at the same time to increase the issued and fully paid by the State of Indonesia from originally Rp 750 billion to Rp 1,250 billion from the capitalization of partial reserves of Rp 500 billion and grant power to the Board of Directors of PT Bio Farma (Persero) with substitution right to declare in a notary deed the GMS resolutions to change the Articles of Association.

Based on the Minutes of the Annual General Meeting of Shareholders of PT Bio Farma (Persero) on the Ratification of RKAP and RKA-PKBL 2014 No. RIS-48/D2.MBU/2013, the resolutions are as follows:

1. Approved the Work Plan and Budget 2014.
2. Approved the Work Plan and Budget for the Partnership and Community Development Programs (RKA-PKBL) 2014.
3. Approved the Operational Aspects Indicators for PT Bio Farma (Persero) in 2014 for the calculation of the soundness level of the Company based on the Decree of the Minister of SOE No. KEP-100/MBU/2002 dated 4 June 2002.
4. Determined the KPI as stipulated in the 2014 management contract between the Board of Directors and the Board of Commissioners with the Shareholders of PT Bio Farma (Persero).

5. Approved the charging the company for the company's internal organization.
6. Approved the Company's authorized capital increase from Rp 2 trillion to Rp 5 trillion at the same time to increase the issued and fully paid by the State of Indonesia from originally Rp 750 billion to Rp 1,250 billion from the capitalization of partial reserves of Rp 500 billion and grant power to the Board of Directors of PT Bio Farma (Persero) with substitution right to declare in a notary deed the GMS resolutions to change the Articles of Association.

II. GMS for the Approval and Authorization of the Financial Statements for FY2013

GMS for the Approval and Authorization of the Financial Statements and Reports of PKBL Activities for 2013 was held on Friday, 21 March 2014 at the Ministry of SOE Building on Jalan Medan Merdeka Selatan 13, Central Jakarta. This GMS discussed:

1. Approval of the Annual Report on the condition and the course of the Company's business, including the Report of the Supervision of the Board of Commissioners during FY 2013.
2. Approval of the Financial Statements and Reports of PKBL Activities for 2013.
3. Determination of the use of Company's Net Income for FY 2013.
4. Approval of the annual bonus based on performance in 2013 and the remuneration for the Board of Directors and the Board of Commissioners for FY 2014.
5. Approval of the Public Accounting Firm (KAP) to audit the Company's Financial Statements and Reports of PKBL Activities for 2014.

Based on the Minutes of the Annual General Meeting of Shareholders of PT Bio Farma (Persero) on the Approval and Authorization of the Financial Statements and Reports of PKBL Activities for 2013 No. RIS-20/D2.MBU/2014, 01394/DIR/III/2014 dated 21 March 2014 the resolutions are as follows:

1. Approve the Annual Report on the condition and the course of the Company's business, including the Report of the Supervision of the Board of Commissioners during FY 2013.
2. Approved the Financial Report for FY 2013 and PBKL Activities Report for 2013 as audited by the Public Accounting Firm (KAP) of Djoemarna, Wahyudin & Rekan.

3. Approved the use of Net Income of PT Bio Farma (Persero) for FY 2013 of Rp 572.47 billion, with the following distribution:

- a. Dividends of 30% or Rp 171.74 billion.
- b. Reserve of 70% or Rp 400.73 billion.

4. Determined:

- a. To award annual bonus based for 2013 performance and the remuneration for the Board of Directors and the Board of Commissioners for FY 2014.
- b. Details regarding the salary of the Board of Directors and the Board of Commissioners are not regulated in this GMS resolution and to follow the provisions of the Regulation of the Minister of SOE No. PER-04/MBU/2014 on Guidelines for Determination of the Salary for the Board of Directors and the Board of Commissioners of SOEs.
- c. The Board of Directors & the Board of Commissioners of PT Bio Farma (Persero) are not allowed to receive honorarium for meetings held by the Company.
5. Approved the re-appointment of the Public Accounting Firm (KAP) Djoemarna, Wahyudin & Rekan that will audit the financial statements and the Company's 2014 PKBL Financial Statements.

III. GMS for the Company's 2015 Work Plan and Budget

Discussion and approval RKAP 2015 held at the Ministry of SOEs on Friday, January 16, 2015 at the Ministry of SOEs Jalan Medan Merdeka Selatan 13, Central Jakarta. According Minutes of Meeting The Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. RIS-01/AGM/BF/I/2015, the decision was approved at the meeting are as follows:

1. To approve the Work Plan and Budget (RKAP) 2015, RKAP Partnership 2015, RKAP The Board of Commissioners in 2015.
2. Establish Key Performance Indicators (KPI) in accordance with Criteria for Performance Excellence (KPKU) and set out in the Management Contract in 2015 between the shareholders, the Board of Directors and The Board of Commissioners of PT Bio Farma (Persero).
3. Establish indicators for the operational aspects of the calculation of the soundness level of the Company in the RKAP 2015 of PT Bio Farma (Persero).



4. Establish Key Performance Indicators (KPI) for the Board of Commissioners of PT Bio Farma (Persero) in 2015.

FULFILLMENT OF THE GMS RESOLUTIONS IN THE YEAR

Bio Farma has acted upon the directives given at the General Meeting of Shareholders in relation to the approval of the 2013 Annual Report pada hari Jum'at tanggal 21 Maret 2014 sebagai berikut:

- a. Bio Farma has recorded the 2013 net income of Rp 572.47 billion to be distributed as follows:
- Dividend of 30% or Rp 171.74 billion.
 - Reserve of 70% or Rp 400.73 billion.
- b. Bonus for the Board of Directors and the Board of Commissioners of PT Bio Farma (Persero) has been distributed.

- Annual bonus for the Directors: 90% of the annual bonus for the President Director
 - Annual bonus for the President Commissioner: 40% of the annual bonus for the President Director
 - Annual bonus for the Commissioners: 36% of the annual bonus for the President Director
- c. The determination of salary for the President Director, the salary/honorarium for Directors, President Commissioner, and Commissioners as per the GMS resolution has been implemented.
- d. The KAP Djoemarma, Wahyudin & Rekan has been appointed to audit the Company's Financial Statements and its CSR Programs' Financial Statements for FY2014.

Follow-Up to the Shareholders' Directives

In order to improve the implementation of good corporate governance, the Board of Directors and the Board of Commissioners have followed up the Directives of the GMS, as follows:

No.	Shareholders Directive	Status		Description	Settlement Deadline
		Effective	Not Effective Yet		
1.	The Board of Directors and the Board of Commissioners were requested to follow up thoroughly all findings of the auditors from the Company's Financial Statements and PKBL Financial Statements for FY 2013 and determine the settlement date so that in 2014 these issues will not become findings again.	V	-	All recommendations of the auditors on the Company's Financial Statements and PKBL Financial Statements for FY 2013 have been followed up, internal supervision will be stricter.	-
2.	Settle the issue of outsourcing work in the Company, in accordance with the Circular of the Minister of SOE No. SE-06/mbu/2013 dated 22 November 2013	V	-	Outsourcing practice in Bio Farma has been in accordance with labor regulations. Bio Farma reported this to the Ministry of SOE on 7 January 2014.	-
3.	Encourage non-cash payment for all transactions conducted by the Company.	V	-	<ul style="list-style-type: none"> • Payments and receipts to/from third parties, except for vaccination services and laboratory examinations involving the customers directly are still paid in cash. • Payment of salary/honorarium/ allowances that are both regular and non-regular to employees/Board of Directors/Board of Commissioners including Contract Employees 	-
4.	Prioritize the use of domestic products including for construction and engineering as well as expanding the opportunity for small businesses as long as the quality, price and purpose can be accounted for.	V	-	Until presently the procurement of services have provided ample opportunities to small businesses except for procurement of specific goods that cannot be fulfilled by small businesses.	-

No.	Shareholders Directive	Status		Description	Settlement Deadline
		Effective	Not Effective Yet		
5.	Audit of the Company's Financial Statements for FY 2014 including the 2014 Annual Report should be completed and presented to the Shareholders at the latest in February 2015.	V	-	Shall be followed up according to the Shareholders Directive and it is expected that the delivery of the Financial Statements to the Shareholders is similar to the time of presentation of the 2013 Financial Statements so that the GMS can be held in March 2015.	-
6.	Encourage the procurement of goods and services through e-procurement mechanism.	V	-	E-procurement cannot yet be implemented for the procurement of goods and services.	-
7.	Pay close attention to taxation obligations in line with the prevailing regulations.	V	-	<ul style="list-style-type: none"> In calculating, paying, and presenting its rights and obligations with respect to taxation, the Company has always updated its understanding on the latest tax regulations both by seeking information independently as well as participating in relevant training programs to solve its taxation issues, and to synchronize the Company's Standard Operating Procedures accordingly. Should a taxation issue occur, the Company consults with the IAU and/or the Account Representative at the registered Tax Office. 	-
8.	Obey the regulations on the requirement to register and report participants of the social security program to BPJS.	V	-	Currently the registration process has just been completed, and the preparation for the provision of funding for BPJS premium for employees has been recently completed.	-
9.	Annual bonus for the Secretary of the Board of Commissioners is to be determined by the Board of Commissioners by taking into account the aspects of propriety and fairness, while the annual bonus for the staff of the secretariat of the Board of Commissioners is pursuant to the Regulation of the Minister of SOE No. PER-12/MBU/2012 article 7 on the Supporting Organs of the Board of Commissioners/Supervisory Board of SOEs.	V	-	Payment of annual bonus for the Secretary of the Board of Commissioners and for the staff of the secretariat of the Board of Commissioners has been done in accordance with the prevailing regulations.	-
10.	Attend to and implement the responses from the Board of Commissioners and the directives from Shareholders, which make up an inseparable part of the GMS resolutions.	V	-	The Board of Directors has regularly evaluated the follow up to the recommendations and responses of the Board of Commissioners and the shareholders' directives.	-

REASONS FOR THE NON-REALIZATION OF CERTAIN GMS RESOLUTIONS

GMS Resolution Not Yet Implemented	Reason
Encourage the procurement of goods and services through e-procurement mechanism.	E-procurement has not been implemented for the procurement of goods and services. However, specific e-auctions have been conducted for the procurement of office stationeries, but the implementation is still dependent on the preparedness of the integration of the ERP application with the e-auction module itself.

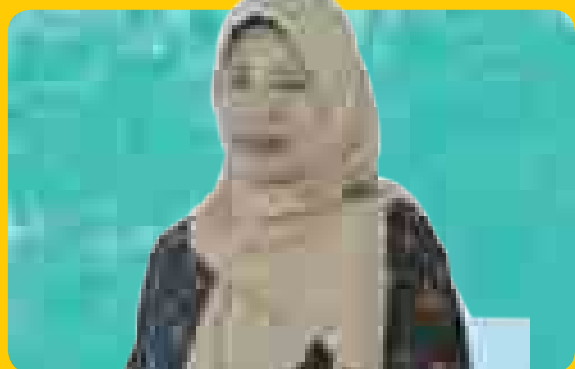


Bio Farma believes that GCG implementation may support the achievement of the Company's goals in terms of business growth, profitability, as well as long-term business continuity and provide added value to stakeholders.

PROFIL OF THE HEAD OF THE INTERNAL AUDIT UNIT

Bio Farma established an Internal Audit Unit led by the Head of the Internal Audit Unit (IAU), who is appointed and dismissed by the President Director upon the approval of the Board of Commissioners. The IAU is an objective and independent supervisory body established to provide added value in the Company's performance by abiding to the principles of good corporate governance (GCG).

PROFIL OF THE HEAD OF THE INTERNAL AUDIT UNIT



Ida Farida Hayati
Head of Internal Audit Unit

Ida Farida Hayati was appointed as the Head of Internal Audit Unit (SPI) in 2010. She was born in Solo in 1961, graduated bachelor of Economics from Padjajaran University 1986 and a Master of Management from the same university in 2005. She joined Bio Farma in 1997, was appointed as Head of Internal Audit based on the Decision of the Board of Directoros of PT Bio Farma (Persero) No.461/TK/ASDM/VIII/2010 dated 24 August 2010 and the approval of the the Board of Commissioners No. 25/DK/BF/VIII/2010 dated 20 August 2010.

Note: The Auditor Matrix consists of Production Auditor, HR Auditor, Marketing Auditor, R&D Auditor, Finance and Administration Auditor.

NUMBER OF INTERNAL AUDITORS UNDER IAU

As at 31 December 2014, the IAU had 12 employees that are directly responsible for the execution of internal audit and 1 personnel that concurrently holds the position as the Secretariat of the IAU.

IAU's auditors have either postgraduate, undergraduate, and high school backgrounds. Each auditor has participated in audit training programs.

The composition of IAU personnel as at 31 December 2014

Position	Number of Personnel
Head of the Internal Audit Unit	1
Finance and Administration Auditors	2
Production Auditors	2
Marketing Auditors	2
HR Auditor	1
R&D Auditors	2
PKBL & CSR Auditors	2
Total	12



The IAU's personnel breakdown based on function

Function	Number of Personnel
Penanggung Jawab Audit	1
Pengawas Audit	1
Ketua Tim Audit	5
Auditor	5
Pembantu Auditor	-
Jumlah	12

Competence Development for IAU Auditors

In order to enhance the competence and capability of its internal auditors, they participate in various training programs, seminars, and workshops, as follows:

Internal Audit Competence Development Program 2014

TRAINING	HEAD OF IA UNIT	IA ASSOCIATED	IA JUNIOR EXPERT
Current SFAS in accordance with IFRS Convergence Program	-	1	1
Qualified Internal Auditor (QIA)	-	-	1
SFAS 4 Consolidated Financial Statements & Common Management	-	-	1
Interpretation of KPKU BUMN	-	2	1

INTERNAL AUDIT CERTIFICATIONS

In carrying out internal audit tasks, the IAU is supported by a host of professional auditors. As at 31 December 2014, the qualifications and competencies of Bio Farma's IAU personnel are as follows:

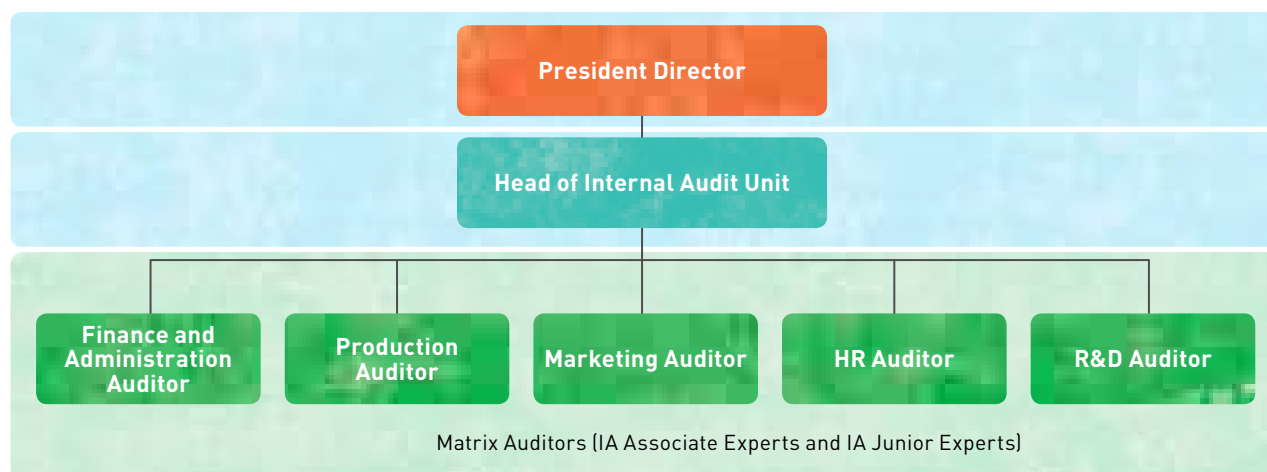
Position	Number of Employees	Qualification	Number of Employees
Head of Internal Audit Unit	1	Qualified Internal Auditor (QIA)	-
Senior Auditor	6	Certified Fraud Examiners (CFE)	-
		Qualified Internal Auditor (QIA)	-
		Certificate in International Financial Reporting (CIFR)	1
		Certified PSAK (CPSAK)	1
Junior Auditor	5	Qualified Internal Auditor (QIA)	1
		Certified PSAK (CPSAK)	1
Total	12	Total	4

A number of other auditors have considerable experience and are undergoing certification program. In 2014 five auditors participated in professional training programs and certification programs.

SPI'S POSITION IN THE ORGANIZATIONAL STRUCTURE

IAU Organizational Structure

In accordance with the Decree of the Board of Directors No. 02491/DIR/VI/2014 dated 2 June 2014 on the Organizational Structure of PT Bio Farma (Persero), the IAU is structurally established under the President Director, and is led by the Head of the IAU. The Head is superior to the Auditor Matrix (Senior and Junior Auditors), which consists of Finance and Administration Auditor, Production Auditor, Marketing Auditor, HR Auditor, and R&D Auditor. Bio Farma's IAU organizational profile is as follows:



Internal Audit Charter

Based on the Joint Decree of Board of Commissioners and Board of Directors No. KEP-13A/DK/BF/XII/2012 and No. 07357/DIR/XII/2012 dated 17 December 2012 on the Internal Audit Charter, the position of the IAU as an internal audit organization, its scope of work, responsibility of reporting, authorities and roles, as well as its professional standards have been outlined. The Internal Audit Charter was formulated to be used as the guidelines for Internal Auditors to carry out their duties optimally, and to be understood by auditees and other related parties in order to create an atmosphere of understanding and excellent cooperation so that Bio Farma's vision and mission can be achieved. With the Internal Audit Charter, the IAU is expected to produce quality audit reports in order to support all of the Company's activities.

IAU Duties, Authorities and Responsibilities

Execution of Duties and Responsibilities

In performing its duties and responsibilities, the IAU refers to the internationally recognized COSO – Internal Control Framework and the Internal Audit Charter as stipulated in the Decree of the Board of Directors No. 05166/Dir/VII/2006 dated 28 July 2006 on the Internal

Audit Charter which was updated and affirmed by the Joint Decree of Board of Commissioners and Board of Directors No. 07357/DIR/XII/2012 dated 17 December 2012, which outlines the vision, mission, structure and position, authorities, duties and responsibilities of the IAU, requirements for professional auditors, and the internal audit code of conduct. The Internal Audit Charter is regularly evaluated and agreed upon by the President Director and the Board of Commissioners through the Audit Committee. Execution of audit tasks refers to the Audit Manual for the IAU, as stipulated by the Decree of the Board of Directors No. 05094/Dir/VIII/2012 dated 27 August 2012.

Duties, Authorities and Responsibilities of the IAU

- a. The Duties and responsibilities of the IAU include the following:
 1. Prepare and implement the Annual Monitoring Work Program (PKPT).
 2. Test and evaluate the implementation of internal audit, risk management, and GCG in accordance with the Company's policy.



3. Perform inspection and assessment on the efficiency and effectiveness of operational, financial, human resources, information technology and other activities in the Company.
4. Provide recommendations for improvements and objective information on the activities being examined to Management.
5. Preparing audit result reports and submitting them to the President Director and the Board of Commissioners.
6. Monitor the follow-up implementation of the recommended improvements.
7. Perform consulting tasks to improve the internal control system.
8. Together with the Audit Committee to discuss audit result reports and request necessary input.
9. Conduct special inspections if necessary.

b. The authorities of the IAU include the following:

1. Conduct direct communication with the Board of Directors and the Board of Commissioners, the Audit Committee, and the Risk Committee.
2. Hold periodic and ad-hoc meetings with the Boards of Directors and Commissioners, and Audit and Risk Committees.
3. Coordinate tasks as the Company is being audited by external auditors (KAP, BPK, etc.).
4. Allocate audit resources, determine the focus and scope and schedule of the audit.
5. Improve knowledge and skills in the field of audits.
6. Obtain advice and counsel from professionals/experts.

SUMMARY OF 2014 WORK REPORT OF THE IAU

The Internal Audit Unit of Bio Farma formulates and implements an Annual Audit Work Program (PKPT) for the audit implementation of the control operations, risk management and corporate governance processes, providing consultation and recommendations that are independent and objective.

In assessing risks, the IAU coordinates its activities with the risk owners to obtain input on the risk assessment resulted from the risk management process.

Throughout 2014, the IAU conducted the Annual Audit Work Program (PKPT) and assessments outside of PKPT (Non-PKPT), namely:

1. Conducted assessments on 10 (ten) audit objects in accordance with the PKPT, as follows:

- a. Operational Assessment on the Quality Assurance Division.
- b. Operational Assessment on the Budget and Accounting Division.
- c. Operational Assessment on the Diphteria Vaccine Production Division.
- d. Operational Assessment on R&D and Marketing Export Division.
- e. Operational Assessment on the Logistic Division.
- f. Operational Assessment on the HR Division.
- g. Operational Assessment on the Production Planning & Control Division.
- h. Operational Assessment on the PKBL & CSR Division.
- i. Operational Assessment on the Finance Division.
- j. Operational Assessment on the Domestic Marketing Division.

2. Assessment outside of PKPT (Non-PKPT), namely:

- a. Stock Opname on 31 December 2014.
- b. The Company's and PKBL program's budget opname on 5 January 2015 and as at 5 January 2015.
- c. Counterpart for the audit of Financial Statements and PKBL Activities Report for FY2014 by KAP Djoemarma, Wahyudin & Rekan.

Based on the Decree of the Board of Directors of PT Bio Farma (Persero) No. 04544/DIR/IX/2014 on the Establishment of the Counterpart Team to the Public Accounting Office for the general audit of PT Bio Farma's financial statements for FY2014 on 29 September 2014.

3. Monthly activities regular audit (production, marketing, purchase, and book keeping evidences).

Of the 2014 work program in accordance with PKPT, 10 (ten) Inspection Reports (LHP) were published, and 10 (ten) recommendations were given, of which all 10 (ten) were followed up.

The Internal Audit Unit also conducted meetings with the Audit Committee, which were carried out at least once a month, with an agreed meeting agenda. The IAU reports the audit results and follow-up of the examination results and discusses the financial statements of, and the latest issues faced by, the Company. The IAU also establishes a good relationship with external auditors, such as BPKP, BPK, and the Public Accounting Firm in order to expedite the audit being conducted.

2015 Internal Audits Plans

At the end of every year, the IAU prepares the Annual Audit Work Plan or PKPT for the following year. The IAU prepares the internal audit schedule by taking into account the risk level of each of the auditees. In 2014, SPI carried out 10 audit tasks. The PKPT has been approved by the President Director, and communicated to the Board of Directors and the Board of Commissioners through the Audit Committee. Aside from audit plans, the IAU also prepares the auditors' competence development plan. The Annual Audit Work Plan (PKPT) and the Bio Farma Auditors' Competence Development Plan for 2015 are detailed below:

Activity Program	Auditing Period	Month of Publication	Number of Audit Reports
Operational Assessment on Chemical & Physical Quality Assurance	26/01-23/03-15	March	1
Operational Assessment on the Clinic and Vaccination Division	28/01-23/03-15	March	1
Operational Assessment on the Marketing Division	14/04-19/06-15	June	1
Operational Assessment on Management, Performance & Reward, and the HR Division	14/04-19/06-15	June	1
Operational Assessment on divisions that are related to investment management	14/07-18/09-15	September	1
Operational Assessment on the Import Procurement, Logistics Division	14/07-18/09-15	September	1
Operational Assessment on the CSR/PKBL Division	14/07-18/09-15	September	1
Operational Assessment on the Treasury Division	14/10-18/12-15	December	1
Operational Assessment on Management Information System (SIM)	14/10-18/12-15	December	1

APPOINTMENT AND DISMISSAL OF THE HEAD OF THE IAU

In accordance with the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 Article 28 (3) dated 1 August 2011, the Head of the IAU is appointed and dismissed by the President Director upon the approval of the Board of Commissioners, the Decree of the Board of Directors of Bio Farma No. 25/DK/BF/VIII/2010 dated 20 August 2010 and 461/TK/ASDM/VIII/2010 dated 24 August 2010 on the Appointment of the Head of the IAU.

Based on the Decree of the Board of Directors of PT Bio Farma (Persero) No. 315/TM/TKK/XII/2014 on the Employee Career Transfer dated 16 December 2014, Ida Farida Hayati, Dra., MM Grade 3 (three), previously Head of Internal Audit Unit at the Main Directorate, was transferred as the Head of the Finance Division under the Finance Directorate.

The appointment of the new Head of the IAU was based on the Decree of the Board of Directors of PT Bio Farma (Persero) No. 317/TM/TKK/XII/2014 on the Employee Career Transfer dated 18 December 2014, Widayatiningsih SE., Grade 4 (four), previously Head of the Procurement Division under the Human Resources Directorate, was transferred as the Head of Internal Audit Unit at the Main Directorate.

Quality Assurance (QA)

Aside from the Internal Audit Unit (IAU), Bio Farma also has the Quality Assurance Division with the duties, authorities and responsibilities among others to conduct audit on Quality Management System, Environmental Management System, Occupational Health and Safety Management System, Good Manufacturing Practice (GMP), Vendors, and Customer Complaints.



Appointment and Dismissal of the Quality Assurance Division Head

The Quality Assurance Division Head is appointed and dismissed by the President Director, as stipulated in the Decree of the Board of Directors of Bio Farma No. 0461/TKK/SDM/VIII/2012 dated 16 August 2012 on the appointment of the Quality Assurance Division Head.

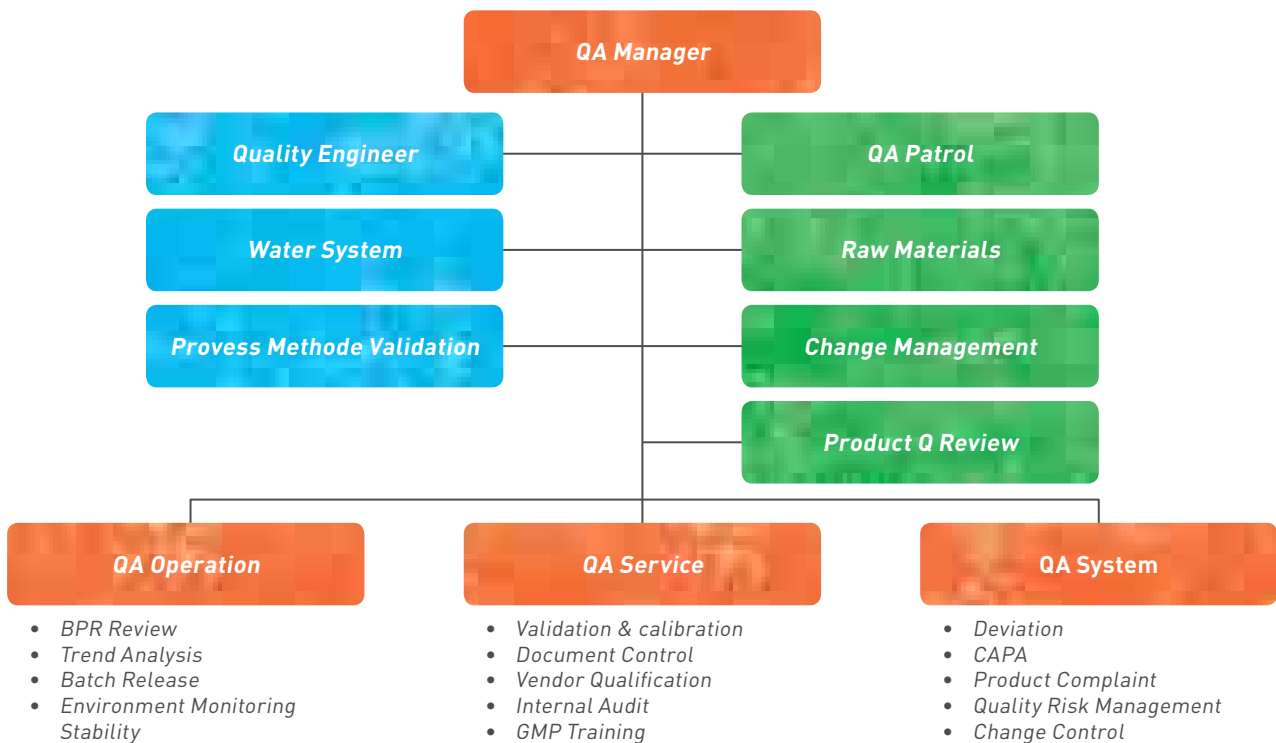


Iin Susanti
Head of Quality Assurance Division

Head of Quality Assurance Division, has responsibility in implementation of ISO 900, ISO 14001, and QHSAS 18001 integration system. She was born in Semarang, July 20, 1967, was appointed as Head of Quality Assurance (QA) division since 2012 up to present. She obtained a bachelor degree in pharmacy and Magister Management from Padjajaran University Bandung. She joined Bio Farma since 1991 as staff of bacterial vaccine quality control department (1991-1997), and has served in various structural positions such as Head of Viral Vaccine Quality Control Department (1997-2006), Quality Control Head Division (2006-2012). She has competencies in quality control and management system, current GMP, etc. she has qualification as auditor for vendor and lead auditor, her experiences as lead auditor of some company national and abroad to ensure Bio Farma vendor fulfill quality management and environment-friendly aspect.

Quality Assurance Organizational Structure

In accordance with the Decree of the Board of Directors No. 02491/DIR/VI/2014 dated 2 June 2014 on the Organizational Structure of PT Bio Farma (Persero), the Quality Assurance Division is structurally placed under the President Director, and is led by the Division Head that is superior to QA System, QA Operation, and QA Service. Bio Farma's QA Division organizational structure is as follows:



Number of QA Auditors

QA Auditors consist of personnel from various work units within Bio Farma that have been qualified as internal auditor. As at 31 December 2014, there were 88 internal auditors of QA, as representatives of the Quality Assurance, Quality Control, Production, Engineering, Laboratory Animals, Inventory Management, Marketing, and Administration Divisions.

Auditor Competence	Number of Personnel
GMP, ISO & OHSAS Auditors	76 personnel
ISO & OHSAS Auditors	12 personnel
Total	88 personnel

These auditors have postgraduate and undergraduate backgrounds in Pharmacy, Biology, Medicine, and many other disciplines. Each Auditor has participated in audit-related training programs.

Competence Development for QA Auditors

In order to enhance the competence and capability of QA Internal Auditors, they participated in various training programs, seminars and workshops, as detailed below:

Training

Coaching for GMP audit implementation with GMP consultant, David Buckley, on 21-24 July 2014, involving 17 auditors.

Internal QMS training for auditors based on ISO 19001:2008 by Lloyd's Register Quality Assurance, approved IRCA Registered, on 18-19 September 2014, involving 2 auditors.

Quality Management System training based on ISO 9001:2015 draft by INTLCERT, on 5-6 November 2014 involving 54 auditors and on 31 December 2014 involving 3 auditors.

QA Auditors Certifications

In carrying out internal audit tasks, the QA is supported by a host of professional auditors. As at 31 December 2014, the qualifications and competencies of Bio Farma's QA auditors are as follows:

Auditor Competence	Number of Personnel
Lead Auditor	39 personnel

A number of other observers have considerable experience and are undergoing certification program. In 2014 two auditor candidates participated in an auditor qualification program.

Duties, Authorities and Responsibilities of the QA in Relation to Internal & External Audits

1. Head of the QA Division and/or Management Representative (MR) is authorized to approve audit programs and appoint an audit team that is competent and independent to conduct audit to each related division/section, and request for unscheduled audits that have been determined with or without prior announcement to the auditee.
2. Head of the QA Service section is responsible for preparing the schedules, audit programs, audit scope, and evaluation including the safekeeping of internal audit records and reporting of the audit implementation to the QA Division Head and/or MR. The internal audit schedule is prepared based on proper risk analysis.

Summary of 2014 Work Report of the QA Auditors

Quality Management System Implementation

The implementation of the Quality Management System in Bio Farma is aimed at maintaining a consistently integrated system. In its implementation, the Company has appointed a Management Representative (MR) as the person in charge, i.e. the Corporate Secretary, and the representative of the Quality MR for the implementation is the Quality Assurance Division. The team for the integration of ISO 9001, ISO 14001, and OHSAS 18001 systems is composed of various work



units, and has a function to coordinate, ensure the implementation of an integrated system, and act as internal auditor and vendor auditor for Bio Farma, in accordance with a decree that is updated on an annual basis, namely the Decree No. 00064/DIR/I/2014 dated 2 January 2014. The implementation of the Quality Management System in 2014 is detailed below:

No.	Activity	Remarks
1.	Internal Audit - Internal Audit Period I was conducted on 6 th February – 30 th June 2014, covering 46 working units. - Internal Audit Period II was conducted on 11 th June – 3 rd October 2014, covering 30 working units. - Internal Audit Period III was conducted on 10 th October 2014 – 8 th January 2015, covering 30 working units.	Internal audit is conducted by Qualified Auditor to monitor and evaluate the implementation of integrated management systems include Quality, Environment, and Occupational Health and Safety.
2.	Quality Management System Audit - ISO 9001:2008 - 1 st and 2 nd Surveillance was conducted on 1 st -2 nd December 2014. PT Bio Farma (Persero) was recommended for an extension of the ISO 9001:2008 certification and gave the impression of a particularly high level of commitment and quality awareness.	The Surveillance audit is conducted by the Lloyd's Register Quality Assurance (LRQA) certification body to assess the effectiveness of the implementation of the Quality Management System in PT Bio Farma (Persero)
3.	Environmental Management System Audit - ISO 14001:2004 - 4 th and 5 th Surveillance was conducted on 1 st -2 nd December 2014. PT Bio Farma (Persero) was recommended for an extension of the ISO 14001: 2004 certification.	The Surveillance audit is conducted by the Lloyd's Register Quality Assurance (LRQA) certification body to assess the effectiveness of the implementation of the Environment Management System in PT Bio Farma (Persero)
4.	Occupational Health & Safety Management System - OHSAS 18001:2007 - 4 th and 5 th Surveillance was conducted on 1 st -2 nd December 2014. PT Bio Farma (Persero) was recommended for an extension of the OHSAS 18001:2007 certification.	The Surveillance audit is conducted by the Lloyd's Register Quality Assurance (LRQA) certification body to assess the effectiveness of the implementation of the Occupational Health & Safety Management System in PT Bio Farma (Persero)
5.	Good Manufacturing Practice (GMP) Audit - GMP audit was conducted on 17-19 March 2014.	GMP audit is conducted by Badan Pemeriksaan Obat & Makanan (BPOM) as National Regulatory Authority to assess company's compliance with Good Manufacturing Practice Regulation.
6.	Vendor Audit - As part of Bio Farma's Quality Management System, 66 vendors were audited in 2014. 58 of it were existing vendors and the rest were potential vendors which were audited as part of vendor qualification process.	Referring to ISO 9001:2008 and cGMP requirements, vendor audit is conducted to evaluate qualification of vendors in their capacity to provide product or service for PT Bio Farma (Persero).
7.	Customer Complaints In 2014, 16 complaint was reported, 4 complaints were related to Adverse effect following immunization (AEFI), 1 complain was related to adverse effect (AE) and 19 related to Product Technical Complaints (PTC)	All the AEFI and AE reports concluded as unrelated to product quality.
8.	Continual Improvements	
8.1	WHO prequalification for New Product: Pentabio Vaccine (DTP_ Hepatitis B-HiB vaccine)	Pentabio vaccine is improvement of quadrivalent vaccine, DTP-Hepatitis B. Hib is added as the fifth component to prevent pneumonia caused by Haemophilus influenza type B.

2015 QA Audit Plans

The audits that will be conducted by QA Auditors in 2015 are as follows:

1. Administration section is to be audited at least once a year (as regards quality, environment, and OHS aspects).
2. Production, QA, QC, engineering and other sections apart from Administration are to be audited at least twice a year (as regards quality, environment, and OHS aspects).
3. EHS section is to be audited at least three times a year (as regards quality, environment, and OHS aspects).

PUBLIC ACCOUNTANT

NUMBER OF PERIODS THE PUBLIC ACCOUNTANT CONDUCTED AUDIT OF FINANCIAL STATEMENTS AND THE NUMBER OF PERIODS THE PUBLIC ACCOUNTING FIRM CONDUCTED AUDIT OF FINANCIAL STATEMENTS

The function of independent oversight to the financial aspects of the Company is done by conducting an external audit performed by an Public Accounting Firm (KAP). Based on the results of the General Meeting of Shareholders (GMS) of Bio Farma on 21 March 2014, the Company appointed the Public Accounting Firm KAP Djoemarma, Wahyudin & Rekan for the third time as the external auditor to conduct an independent audit of the Company's Financial Statements and CSR Programs' Financial Statement for the 2014 Fiscal Year. This Public Accounting Firm has a license from the Minister of Finance No. KEP-350/KM.17/2000 dated 18 September 2000 and BAPEPAM No. 320/PM/STTD-AP/2002 dated 28 June 2002.

The appointment abided by the Regulation of the Minister of Finance No. 17/PMK.01/2008 dated 5 February 2008 Article 3 paragraph 1 that states that the general audit service of the financial statements of an entity is carried out by a Public Accounting Firm for at most six fiscal years in a row, and by a Public Accountant for at most three fiscal years in a row. The appointment of the Public Accounting Firm had gone through the necessary stages for service procurement in Bio Farma. This began with the invitation of various public accounting firms

registered on the BPK and had considerable experience in auditing to participate in the procurement process, and was concluded with the approval of the Board of Commissioners and the report to Shareholders.

KAP Djoemarma, Wahyudin & Rekan has audited the Financial Statements of PT Bio Farma (Persero) Tbk for the years ended 31 December 2014 and 2013, along with the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended 31 December 2014 and 2013, as well as examined the Company's compliance with certain regulations and internal control.

KAP Djoemarma, Wahyudin & Rekan carried out the audit process in full accordance with the auditing standards established by the Indonesian Institute of Certified Public Accountants and the State Auditing Standards issued by the State Audit Board of the Republic of Indonesia.

According to the KAP Djoemarma, Wahyudin & Rekan's Report No. 326/LAI.138F/DWR/2014 dated 30 January 2014, the financial statements of PT Bio Farma (Persero) have presented fairly, in all material aspects, the financial position of PT Bio Farma (Persero) as at 31 December 2014 and 2013, as well as the business results, changes in equity, and cash flows for the years ended on such dates, in accordance with the prevailing Financial Auditing Standards in Indonesia.

TOTAL FEE PAID TO THE PUBLIC ACCOUNTANT

The audit of PT Bio Farma (Persero)'s Financial Statements and the fees paid to external auditors for the past six years is are detailed as follows:

Company's Financial Report Audit for the last 6 years (in rupiah)

Audit Period	Accountant	Public Accountant	Audit Fee	Opinion	Services beyond Financial Audit
2014	Djoemarma Registered under NRAP No. AP.0190	Djoemarma, Wahyudin & Rekan	200,000,000	Reasonable in all material terms	Non
2013	Djoemarna Registered under NRAP No. AP.0190	Djoemarma, Wahyudin & Rekan	200,200,000	Reasonable in all material terms	Non
2012	Aryanto, Amir Jusuf, Mawar & Saptono Registered under NRAP No. R/108. AGA/sat.3/2012	Aryanto, Amir Jusuf, Mawar & Saptoto	200,200,000	Reasonable in all material terms	Non



2011	Aryanto, Amir Jusuf, Mawar & Saptono Registered under NRAP No. R/134. AGA/4.2/2011	Aryanto, Amir Jusuf, Mawar & Saptoto	242,000,000	Reasonable in all material terms	Non
2010	Aryanto, Amir Jusuf, Mawar & Saptono Registered under NRAP No. R/123. AGA/4.1/04/2010	Aryanto, Amir Jusuf, Mawar & Saptoto	187,000,000	Reasonable in all material terms	Non
2009	Aryanto, Amir Jusuf, Mawar & Saptono Registered under NRAP No. R/077.S/7/03/08	Aryanto, Amir Jusuf, Mawar & Saptoto	187,000,000	Reasonable in all material terms	Non

OTHER SERVICES RENDERED BY THE PUBLIC ACCOUNTANT ASIDE FROM FINANCIAL STATEMENTS AUDIT

Aside from the audit of financial statements, the Public Accounting Firm did not provide any other services to Bio Farma.



CORPORATE RISK MANAGEMENT

The obligation for companies to implement risk management is stipulated in the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 dated 1 August 2011 on the Good Corporate Governance Implementation in State-Owned Enterprises. The Corporate Risk Management function in Bio Farma is laid out in the Bio Farma Manual (MBF-01 and MBF-02). Corporate Risk Management is a concerted initiative to identify, analyze and evaluate, manage and review the risks that are faced by the Company so that the goals that have been set by the Company can be achieved while the impact of the risks is kept at a minimum.

RISK MANAGEMENT SYSTEM IMPLEMENTED BY THE COMPANY

Bio Farma realizes that the Company's operations cannot be separated from a variety of risks, both under the control or outside the control of the Company. This is why these risks should not be ignored and must be managed in an integrated, optimal, and continuous manner, as an integral part of good corporate governance practices. Managing risk is the responsibility of each person within the organization; thus, every employee should identify any risks associated with the job and manage them proactively.

The application of Risk Management at Bio Farma is aimed at raising awareness on the impacts of business activities and actions and/or external factors that involve risks, reducing the potential of events that are considered harmful which may occur in the present or the future, increasing shareholders value, and providing a comprehensive picture to the stakeholders and the management about advantages and drawbacks so that decision makers and internal policy makers have the adequate set of data and information on the Company's performance in order to make decisions that are more effective and efficient.

Bio Farma is continuously developing and improving its risk management system's framework and its internal control structure in an integrated and comprehensive manner, so as to provide information regarding any potential risk as early as possible, and then afterwards necessary steps may be taken to minimize the impact of the identified risks. This risk management framework is laid out in the policies, procedures, authorities and other provisions as well as other risk management tools that are valid within the entire range of the Company's business activities.

Since 2009, Bio Farma's Risk Management System has been based on the principles of the Committee of Sponsoring Organizations (COSO) of the Treadway Commission's Enterprise Risk Management – Integrated Framework. In accordance with the design of Bio Farma's Risk Management System, the framework underwent changes affected by the ISO 31000:2009 and the COSO Enterprise Risk Management – Integrated Framework.

Basis for Risk Management Implementation

Based on the prevailing rules and regulations and the Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 Article 25, Bio Farma implements the following:

- a. The Board of Directors, in making any decision or corporate action, must take into consideration the Company's business risks.
- b. The Board of Directors is required to build and implement a corporate risk management program in an integrated manner, as part of the GCG program implementation.
- c. The implementation of risk management program may be done by establishing a specific work unit under the Board of Directors or by assigning to an existing and relevant work unit to carry out the risk management function.

Risk Management Policy

In order to adapt to the developments of the standards in Enterprise Risk Management practices, Bio Farma's risk management policy refers to ISO 31000:2009 Risk Management Principles and Guidelines, which have been adopted as the SNI ISO 31000:2011 national standard and the COSO Enterprise Risk Management – Integrated Framework.

Risk Management Rollout

Risk Management is rolled out regularly and continuously within Bio Farma's environment. In order to improve the competence and obtain risk management certification, employees of Bio Farma have participated in training, workshops, and seminars within and outside of the Company.



EVALUATION ON THE RISK MANAGEMENT SYSTEM'S EFFECTIVENESS

The evaluation on the risk management system's effectiveness is carried out by measuring eight Key Risk Indicators, namely:

- a. Awareness, i.e. the level of awareness among internal stakeholders on risk in general as well as the ongoing implementation of risk management.
- b. Reputation, i.e. view and acceptance of internal stakeholders on risk management implementation.
- c. Culture, i.e. how far the risk awareness culture has taken root and supported risk management practices.
- d. Skills, i.e. the level of competence of internal stakeholders in Risk Management to support risk management implementation.
- e. Trust, i.e. the level of trust among internal stakeholders in the results of risk management implementation.
- f. Resources, i.e. the availability and adequacy of resources, especially human capital, for supporting risk management implementation.
- g. Implementation, i.e. how far risk management practices and management of data/information related to risk management in the Company have been supported by automated processes based on information technology.

- h. Process, i.e. how far risk management practices have been carried out based on the methodology referred to as the best practice in the field of risk management.

Based on the above measurements, Bio Farma's Risk Management System is deemed to run effectively and is continuously being developed in accordance with Bio Farma's Risk Management Roadmap, as demonstrated by the following:

- a. Awareness among risk owners to conduct self-assessment of risks.
- b. The culture of risk awareness has been relatively strong in risk owners, as shown by the efforts to review risks as part of the Company's operational activities.
- c. Stakeholders related to Risk Management have been able to effectively review risks and employ quantitative risk analysis.
- d. There are adequate resources for risk management.

There were more than 700 identified risks from all work units that have been evaluated and measured against their respective likelihood of occurring and their impact, which resulted in a list of prioritized risks that must be controlled.

RISKS FACED BY THE COMPANY

In 2014 there were seven corporate risks, four of which arose from routine activities and three from projects. After determining the corporate-related risks and the strategic measures that would be taken to mitigate these risks, the Corporate Risk Management (CRM) Division as the unit responsible for corporate risks conducted evaluation and monitoring of risk mitigation activities carried out by each work unit. Each Section Head or head of risk unit becomes the person in charge for each risk and its mitigative measures that collectively become the measure of effectiveness of Bio Farma's risk management implementation. The details of the corporate risks are as follows:

Risk Category		Risks Faced	Strategic Measures to Manage Risk
Risks from Regular Activities	1. Increasing global competition	Competitors' products (such as from China and India) that are PQ-WHO certified, and the ASEAN single market may pose a serious threat to the Company's continuation of business. The addition of new competitors that will obtain PQ-WHO certification will drive up competition and may take the Company's domestic and overseas market share. Therefore, the appropriateness of products that follow market trends is of great importance to the Company. Products that are marketed should meet market demands and can be provided in a timely manner. Delays in introducing new products that are greatly needed will result in the loss of potential markets.	<ul style="list-style-type: none"> • Performing product research policy in accordance with the trend and seeks to accelerate the research so that the product time to market meets market needs. • Initiating partnership with research institutes/other vaccine producers to accelerate the product availability on the market.

2. Vaccine supply delay	<p>The Company is the only vaccine producer in Indonesia that supplies all vaccines required for vaccination programs in Indonesia. In addition to meeting the government's needs, the Company also export vaccines to various institutions and other countries. Fulfillment of demands must be carried out in a timely manner, given that the production processes and quality control may take a long time and production capacity is limited. Delay in signing contracts may shorten time to supply products, thus resulting in the delay of fulfilling order requests. This may be detrimental to the Company's image and reputation and the Company may be demanded to pay a fine.</p>	<ul style="list-style-type: none"> • Performing continuous coordination with Ministry of Health and other buyers to ensure the contract can be signed in a timely manner. • Optimizing IT based supply chain management. • Optimizing production and QC schedule according to market needs.
3. Changes on World Health Organization (WHO) policies and requirements	<ul style="list-style-type: none"> • The Company exports its products to various countries to fulfill the countries' needs for vaccination program. The products are supplied there through the UNICEF, which has a strict requirement that all products are to pass the PQ-WHO. Thus, the WHO's recognition of the product's quality holds a key role in ensuring the success of the Company's export sales. The Company must at all time abide by the policies and requirements issued by the WHO. • The risk of the Company being deemed unable to meet WHO's policies and requirements (which means the Company is delisted by WHO) is shared with other parties, i.e. partners that are making bulk purchases (to be subsequently processed into vaccine products). If such partners are delisted, bulk sales to these parties will be disrupted. 	<ul style="list-style-type: none"> • Implementing quality management system consistently and continuously in accordance with WHO regulations so that the Company able to maintain its pre-qualification status. • Forging cooperation with the bulk consumer to maintain the quality management system in order to avoid delisting WHO. • Taking an active role in international activities of both WHO and other organizations, mainly in relation to vaccines to obtain the latest information.
4. Fluctuating foreign exchange	<p>To fulfill the obligations arising from the Company's purchase of goods/imported materials, the Company shall optimize the availability of foreign exchange reserves to pay for such transactions. The risk that the Company faces is that there may be a substantial difference in exchange rate, between the one agreed at the opening of the L/C (at the time of the purchase order) and the one at the time of the payment for such goods as they are delivered.</p>	<ul style="list-style-type: none"> • Analyzing foreign exchange rates that will be used at the time of the purchase order (opening of the L/C) for the imported goods. • Maintaining close communication with vendors to ascertain the arrival of imported goods, given that the longer the time it takes for the goods to arrive, the greater will the difference in exchange rate be.
5. Delayed Realization of Investment	<p>The Company must maintain the availability of products that are aligned to market needs. Therefore, the Company conducts research and development for new products. Adequate facilities are required to support this research and development program and the production phase, so that product development may be carried out in a timely manner, and the product can be introduced to the market while the need is still there. Delay in investment programs that support the research and development stage or the production stage will result in loss of potential market. Thus, planning and implementation of the Company's investment programs must be as prompt and accurate as possible.</p>	<ul style="list-style-type: none"> • Aligning the investment program plan with the needs of research and development of new product and the market requirement for existing products. • Determining priorities in investment program which have major impact on corporate earnings. • Improving the quality of procurement systems and control of project investment execution. • Accelerating the qualification process of new facilities and equipment to be used on schedule.



6. Unpreparedness of Influenza Vaccine Production	As an anticipative measure for the possibility of a flu pandemic, the government through the Ministry of Health of the Republic of Indonesia is currently building a human flu vaccine manufacturing facility. When the construction is finished, the facility will be handed over to Bio Farma to be managed in anticipation of the flu pandemic, taking into account that Bio Farma has controlled the technology for flu vaccine manufacturing. However, as of now there is no significant development in the plan. This brings up a risk of unpreparedness in anticipating the flu pandemic, should it happen.	<ul style="list-style-type: none"> • Coordinating with Ministry of Health to monitor the possibility of the project continuation and the possibility of a flu pandemic status in Indonesia. • Setting up own production facilities for the seasonal flu vaccine to reduce dependency on imported bulk seasonal flu, and the facility at any time can be used to produce pandemic influenza vaccine if needed (although in a smaller scale).
7. Improved Integration of Information Technology (IT)	In order to enhance administrative and operational activities, an integrated information technology system that is aligned with the Company's business characteristics is required. Therefore, an incorrect implementation of IT system may prove hugely detrimental to the Company's financial situation.	<ul style="list-style-type: none"> • Developing integrated business applications involving all business functions within the Company. • Developing IT organization that have a harmonious balance between centralized and distributed policies (autonomy), which is supported by a good change management proces. • Increasing partnership with third parties (outsourcing) for development and maintenance, considering the cost saving, time efficiency, quality of solution, quality of product and service, as well as flexibility. • Developing IT infrastructure to accommodate the current and future business needs.

RISK MANAGEMENT

Bio Farma is committed to complying with all laws and regulations in conducting its activities and continuing its efforts to always implement the culture of compliance and ensuring that the compliance function is upheld at all times. This covers the following actions:

- Ensuring that the culture of compliance is espoused by all levels of the organization and in all business activities of the Company.
- Managing the compliance risk faced by the Company.
- Ensuring that all policies, provisions, procedures and business activities are aligned with the prevailing laws and regulations and business ethics.

Risk Management Concept

Bio Farma's risk management is based on the Joint Decree of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013, No. 01025/DIRR/II/2013 dated 22 February 2013 on the Board Manual of PT Bio Farma (Persero), the Bio Farma Manual MBF-01 and MBF-02, Risk Management Guidelines SM-S.20, as well as Standard Operating Procedures (SOP): 100K-SIS-QRM, Quality Risk

Management; 100K-SIS-IAP, identification of Important Aspects; 100K-SIS-ORM, Operational Risk Management; 100K-SIS-KBS, Finance, Business and Strategic, and 100K-SIS-ERM, Enterprise Risk Management.

Risk Management Components

The risk management system consists of three interconnected components, namely:

1. Risk management principles.

The risk management principles provide a groundwork for the development of risk management framework that serves as a pillar for the implementation of risk management.

2. Risk management framework.

3. Risk management process.

The risk management process is the detailed version of the risk management framework aimed at expediting the implementation of risk management principles, on corporate, work unit, and individual levels.

Risk Management Goals

1. Raising awareness that all efforts to achieve the Company's goals and targets inherently have risks, so that all individuals and work units must be able to manage risks based on their respective position and responsibility as part of an integrated corporate risk management.
2. Improving the certainty of achieving the Company's goals and targets by:
 - Reducing the possibility of events that may disrupt business processes.
 - Minimizing the potential losses as the impacts from the occurrence of such events.

Risk Management Policy Administrator

To administer risk management activities, Bio Farma established the Compliance & Risk Management Division under the Director of Finance, to be responsible for ensuring the management of Compliance function and ensuring compliance within Bio Farma in accordance with all the prevailing rules and regulations.

Profile of the Head of the Compliance & Risk Management Division



Mohamad Usman
Head of Compliance & Risk Management Division

Mohammad Usman was appointed as the Head of Compliance & Risk Management Division in 2011. Born in Cirebon in 1970, he holds a Bachelor in Pharmacy (1995) and Pharmacists (1996) from the Institute of Technology Bandung (ITB) and the Master of Management in 2005. He built his career in Bio Farma as a staff in the BCG Vaccine Production Division (1996), Diphtheria Vaccine Production Staff (2000), Head of Diphtheria Vaccine Production (2001), Head of Quality Assurance System (2008). He was appointed as Head of Compliance & Risk Management by Board of Directors Decision No:563/PROM/ASDM/XI/2011 dated 16 November 2011.

Compliance & Risk Management Division Organizational Structure





Roles of the Board of Commissioners and the Board of Directors

Board of Commissioners

The Board of Commissioners is obliged to carry out active supervision of the compliance function through the committees under the Board of Commissioners, which evaluate the implementation of the compliance function. The Board of Commissioners provides recommendations in order to improve the quality of compliance function implementation.

Board of Directors

- The Board of Directors, in making any decision or corporate action, must take into consideration the Company's business risks.
- The Board of Directors is required to build and implement a corporate risk management program in an integrated manner, as part of the GCG program implementation.
- The Board of Directors is required to submit a risk management profile report and the mitigating measures, together with the Company's periodic reports.
- The Board of Directors plays a role in ensuring the implementation of the compliance function and ensuring the culture of compliance is upheld on all organizational levels and in all business activities, among others by formulating the policies and/or making decisions under the guidance of the prevailing laws and regulations.

Duties and Responsibilities of the Compliance & Risk Management Division

1. Coordinating the Company's compliance with GCG, regulations, and corporate risk activities
2. Monitoring the GCG, Risk, and Legal aspects
3. Evaluating the GCG, Risk, and Legal aspects

Risk Management Measures

To manage risks, the following measures may be taken:

- a. Carrying out a risk assessment on each business target as stipulated in the RKAP and preparing a mitigation plan or risk control plan, which is stipulated in the Operational Work Plan.

- b. Monitoring and evaluating the existing risks to ensure that those risks have been properly managed, among others through regular evaluation by the Compliance & Risk Management Division and through risk-based audits by the Internal Audit Unit.

Compliance Risk Management

The management of compliance risk is focused on improving the culture of compliance in all of the Company's business activities and on all organizational levels. In 2014, the Compliance & Risk Management Division conducted the following activities:

- Disseminated the importance of compliance function and role in encouraging the culture of compliance in all of the Company's activities
- Determined compliance-related steps to be taken to ensure that all policies, provisions, systems, and procedures as well as business activities of the Company had been aligned with the prevailing rules and regulations.
- Monitored and maintained the Company's activities so as not to stray from the prevailing regulations in order to minimize the Company's compliance risk.
- Prevented, whenever necessary, any policy or decision made by the Board of Directors from straying from the prevailing regulations.
- Monitored and maintained the Company's compliance with all agreements and commitments between the Company and other parties.
- Summarized regulations and analyzed their impacts on the Company, and informed each regulatory change issued by the government to the Board of Directors and the relevant Division/Function Heads to expedite the compliance function implementation.
- Assessed risks against each business target, as stipulated in the RKAP and preparing a mitigation plan or risk control plan, which is stipulated in the Operational Work Plan.
- Monitored and evaluated existing risks to ensure that those risks have been properly managed, among others through regular evaluation by the Compliance & Risk Management Division and through risk-based audits by the Internal Audit Unit.

Bio Farma's ERM is divided into Risk Unit ERM and Corporate ERM. Risk Unit ERM is prepared by all Risk units in accordance to the Standard Operating Procedure/ SOP 100K-SISERM, i.e., each Risk Unit prepares an annual Risk Unit ERM report, the format of the report is as follows:

1. Introduction Chapter, contains the purpose and objective of ERM in every risk unit, among others to explore and understand all risks that exist in the Company as a whole so the risk can be managed and controlled.
2. The Scope of Study Chapter, contains the explanation of business processes taking place in the Company.
3. Risk Register, explains the steps of risks identification and measurement to determine the emergence of risk or events, then the value of probability is calculated by the Poisson, Binomial, Z score, and approximation methods and impact with the value at risk (var) method, defining the Risk Status, whether it is in the Quadrant I (Minor/Prevention), Quadrant II (Major/Catastrophic/Avoidance), Quadrant III (Insignificant/Acceptance) or Quadrant IV (Moderate/Mitigation).
4. Discussion Chapter, containing information on:
 - The number of risks that have been identified and stated as the risk of a risk unit.
 - Risk status which is sorted from the largest to the smallest as a basis of risk management priorities.
 - The risks that are considered in the categories of Acceptance, Mitigation or Avoidance
5. Conclusion, which summarize risks that will be or are in the category of a corporate risk and the measures that should be conducted to handle it.
6. The risk management follow-up report, in the form of table that explain how an action or mitigation of the risk that might arise, contains:
 - Risk handling type of activities.
 - Cost estimation to handle the risk.
 - Implementation of the plan.
 - Person in Charge (PIC).

Meanwhile, the Corporate ERM is compiled by the Division of Compliance & Risk Management by analyzing and providing recommendations based on the risk unit ERM report froms all divisions, submission to the management (Board of Directors) will help determine the Corporate Risk Profile.

Follow Up of Corporate Risk Management

After determining the risks associated with corporate and strategic steps to be taken in addressing these risks, the Corporate & Risk Management (CRM) Division, which is responsible for corporate risk, will conduct an evaluation and monitoring that risk management activities are carried out in every unit in which a head of each risk unit is accountable for any risk and overall handling activities, becoming a measurement of the effective implementation of risk Management at Bio Farma.

The following table displays risk management activities of each corporate risk faced by PT Bio Farma (Persero) in 2014:

Risk Mitigation Activities of PT Bio Farma (Persero) Corporate Risk

No.	Event	Risk Mitigation Activities	PIC
1.	Increasing global competition	<ul style="list-style-type: none"> • Performing product research policy in accordance with the trend and seeks to accelerate the research so that the product time to market meets market needs. • Initiating partnership with research institutes/other vaccine producer to accelerate the product availability on the market. 	Kabag. Produksi Vaksin sIPV
2.	Vaccine supply delay	<ul style="list-style-type: none"> • Performing continuous coordination with Ministry of Health and other buyers to ensure the contract can be signed in a timely manner. • Optimizing IT based supply chain management. • Optimizing production and QC schedule according to market needs. 	Dept. Head of Domestic Sales



3. Changes on World Health Organization (WHO) policy and requirement	<ul style="list-style-type: none">• Implementation of quality management consistently and continuously in accordance with WHO regulation that the Company able to maintain its pre-qualification status.• Building cooperation with the bulk consumer to maintain the quality management system in order to avoid delisting WHO.• Taking an active role in international activities of both WHO and other organizations, mainly in connection with vaccines to get the latest information.	Dept. Head of QA Service
4. Fluctuation in the exchange rate of foreign currencies	<ul style="list-style-type: none">• Analyzing exchange rates to be used for opening of LC for Dept. Head of <i>Treasury</i> imported goods/materials• Communicating with vendors regarding the schedule of arrival for the goods/materials, considering that the longer it takes for the goods to be delivered, the fluctuation in the exchange rate for the foreign currency to be used for payment will be greater.	Dept. Head of <i>Treasury</i>
5. Realization of investment is out of schedule	<ul style="list-style-type: none">• Aligning the investment program plan with the needs of research and development of new product and the market requirement for existing products.• Determining priorities in investment program which have major impact on corporate earnings.• Improving the quality of procurement systems and control of project investment execution.• Accelerating the qualification process of new facilities and equipment to be used on schedule.	All Department of Work Function which submitted investment proposal in 2014
6. Unpreparedness of Influenza Vaccine Production	<ul style="list-style-type: none">• Coordinating with Ministry of Health to monitor the possibility of the project continuation and the possibility of a flu pandemic status in Indonesia.• Setting up own production facilities for the seasonal flu vaccine to reduce dependency on imported bulk seasonal flu, and the facility at any time can be used to produce pandemic influenza vaccine if needed (although in a smaller scale).	Dept. Head of PV Influenza
7. Improved Integration of Information Technology (IT)	<ul style="list-style-type: none">• Developing integrated business applications involving all business functions within the Company.• Developing IT organization that have a harmonious balance between centralized and distributed policies (autonomy), which is supported by a good change management proces.• Increasing partnership with third parties (outsourcing) for development and maintenance, considering the cost saving, time efficiency, quality of solution, quality of product and service, as well as flexibility.• Development of IT infrastructure to accommodate the current and future business needs.	Dept. Head of MIS (<i>Management Information System</i>)

DESCRIPTION OF THE INTERNAL CONTROL SYSTEM

BRIEF DESCRIPTION OF INTERNAL CONTROL OF FINANCIAL AND OPERATIONAL ASPECTS

Internal control system is a process involving the Board of Commissioners, management and other personnel, formed to provide assurance on the achievement of such objectives:

- Reliability and validity of information.
- The Company's compliance with work plan, policies, procedures and regulations.
- Safety of assets of the Company.
- Use of resources in the most economical and efficient manner.
- Achievement of the goals and objectives of operations or programs.

Bio Farma has been carrying out monitoring and control system as mandated in the Minister of SOE Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance, article 26 and article 28.

Bio Farma will continuously seek to improve the implementation of the internal control system to safeguard all assets of the Company.

To determine the adequacy of internal controls applied by its business units, Bio Farma developed monitoring and control system in accordance with the Decree of the Board of Directors No. 05097/DIR/VIII/2012 dated 27 August 2012 on Public Policy on Internal Control. The policy covers:

- a. Improvement of internal control environment in a structured and disciplined manner.
- b. Implementation of assessment and management of business risks, including processes to identify, analyze, assess and manage relevant business risks on an ongoing basis.
- c. Control activities to be performed at every level and unit in the organizational structure, among others, authority, authorization, verification, reconciliation, assessment of job performance, job security and the Company's assets.

- d. Improvement and development of the information and communication system which includes the process of preparing reports on the operational and financial aspects and compliance with rules and regulations.

- e. Monitoring of the processes of assessment of internal control system quality, including involvement of the internal audit function at every level and unit within the organizational structure of the Company.

The above activities are handled in a coordinated and proportional manner, across all sections, involving the activities of Internal Audit Unit (IAU), Division of Compliance and Risk Management, Information Technology, Division of Quality Assurance and other related parts.

CONFORMITY OF THE INTERNAL CONTROL SYSTEM WITH INTERNATIONAL FRAMEWORK (COSO)

The scope of Bio Farma's internal control system is as follows:

- Internal control environment: integrity, values and Code of Conduct, employee competence, organization and development of human resources, attention and direction given by the Board of Directors.
- Assessment and management of business risks: processes for identifying, analyzing, assessing and managing relevant business risks.
- Control activities: actions undertaken within a control process of the activities of the Company at every level and unit in the organizational structure.
- Information and communication systems including the processes of preparing reports on the operational and financial aspects and compliance with rules and regulations that apply to SOEs.
- Monitoring covers the assessment of the quality of the internal control system including the internal audit function at every level and unit within the organizational structure so that it can be implemented optimally.



EVALUATION OF INTERNAL CONTROL SYSTEM'S EFFECTIVENESS

To maintain and improve the effectiveness of supervision and internal control system, the Company evaluates its internal control system at regular intervals. The intent and purpose of the evaluation is to:

1. Provide assurance to the Board of Directors in granting assertions regarding the effectiveness of internal control, thus giving confidence to other stakeholders that the implementation of the internal control system the company has been sufficient to achieve the desired objectives, namely compliance with prevailing regulations, availability of financial information and management in a correct, complete and timely manner, as well as efficiency/effectiveness of the Company's operations.

2. Provide recommendations to the Board of Directors concerning the improvement of the implementation of internal control systems in the future (areas of improvement).

Evaluation of the effectiveness of Bio Farma's internal control system is conducted at the entity and operational levels. Evaluation of the effectiveness of the Internal Control System is conducted periodically by internal and external auditors in accordance with the prevailing standard audit procedures. Internal Audit Unit (IAU) evaluates the audited sections while entity-wide evaluation is conducted by external auditors, i.e. the Public Accounting Firm (KAP) during the general audit after the closing of each fiscal year. Audit of the effectiveness of the internal control system is set forth in the Independent Auditor's Report on Compliance with Regulations and Internal Control.

MATERIAL CASES FACED BY THE COMPANY

In 2014, there were no material cases faced by the Company, members of the Board of Directors and/or members of the Board of Commissioners who served during the period of the annual report, involving any civil or criminal cases. Thus there was no impact on the financial condition and operation of the Company.

This demonstrates the level of compliance of the Board of Directors and the Board of Commissioners with the rules related to the Company's management as well as management's commitment to uphold the principles of good governance.

ADMINISTRATIVE SANCTIONS

In 2014 there were no administrative sanctions from regulators that were imposed on the Company nor the members of the Board of Commissioners or of the Board of Directors.

TRANSACTIONS WITH CONFLICT OF INTEREST

In 2014, there were no transactions with conflict of interest which may be detrimental to the Company.

ACCESS TO CORPORATE INFORMATION AND DATA

Bio Farma utilizes and provides various media of communications and information, including electronic media as access to effective two-way communication with stakeholders including employees and the wider public.

Bio Farma has implemented a public disclosure policy that refers to the Freedom of Information Law No. 14/2008. Its continued implementation is accompanied by a comprehensive set of devices has led it to the number 1 in the category of SOE application of public disclosure according to the Central Information Commission.



**2014
BIO FARMA WAS
NAMED NUMBER ONE
IN THE CATEGORY OF
SOE APPLICATION OF
PUBLIC DISCLOSURE**

EXTERNAL COMMUNICATION

Bio Farma maintains a corporate website, www.biofarma.co.id, which presents a complete information about Bio Farma through its company profile, vision, mission, strategies, products, management structure, corporate governance policies, code of conduct, news, annual reports, sustainability reports and media releases. Bio Farma's website features the latest information in a transparent, consistent and targeted manner, so as to create a good understanding in the public of Bio Farma. The Corporate Secretary is responsible for ensuring that the information submitted through the website is timely, accurate, complete and does not violate the prevailing regulations.

In addition, through its website Bio Farma also implements a two-way communication through social media, namely infoimunisasi consisting of Twitter, Facebook, microsite and biofarmalD consisting of Twitter, Instagram, Path, and Youtube accounts. Bio Farma also utilizes TV and print media by engaging in educational and social campaigns about the importance of vaccines.

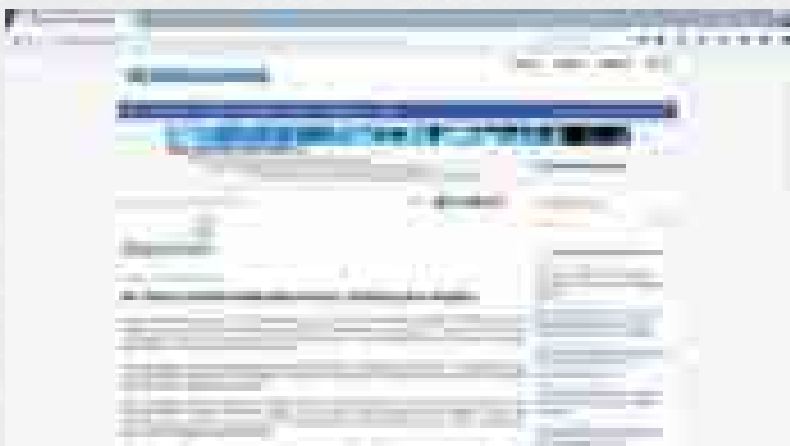
The print media is utilised to disseminate important information relevant to stakeholders. During 2014, Bio Farma has issued about 33 press releases with the following details:

Press Releases in 2014

No.	Title of Press Release	Date	Category
1.	Bio Farma Dirikan Gedung Parkir Emisi Bersih	24-Jan-14	CSR
2.	Bio Farma Telah Membuat 1240 Biopori di Tahun 2014	5-Feb-14	CSR
3.	Bio Farma Bagikan Beasiswa Kepada 500 Anak	9-Feb-14	CSR
4.	Hasil Kerjasama Riset Bio Farma dengan UniBraw Akan Segera Diluncurkan	28-Feb-14	Corporate
5.	Bio Farma menyediakan Vaksin yang terjangkau	16-Mar-14	Corporate
6.	Apresiasi untuk Bio Farma atas Kepatuhan Pajak Terbaik	18-Mar-14	Corporate
7.	Bio Farma Bagian Sejarah Imunisasi	19-Mar-14	Corporate
8.	Bio Farma 60 Menit Tanpa Listrik	29-Mar-04	Corporate
9.	Peran HIKA-BF_2014	4-Apr-14	Corporate
10.	Rilis Bio Farma Raih Inovasi HKI REVISI	15-Apr-14	Corporate
11.	Bio Farma MoU dengan Pasteur Institute Tunisia	6-May-14	Corporate
12.	Bio Farma Adakan Pengobatan Gratis di Kota Cimahi	7-Jun-14	CSR
13.	Komitmen Bio Farma Kembangkan Kemandirian Vaksin	13-Jun-14	Corporate
14.	Bio Farma Serahkan Bantuan Mobil Hijau	17-Jun-14	CSR
15.	Bio Farma Raih Best of the Best Indonesia Green Award 2014	18-Jun-14	Corporate
16.	Bio Farma Gelar School of Vaccine for Journalist	12-Aug-14	Corporate

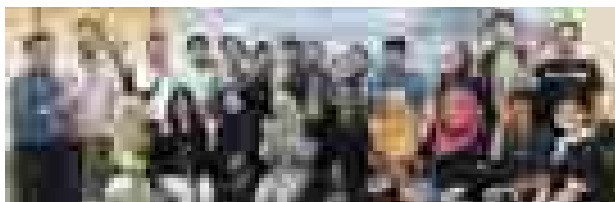


17.	Bio Farma Siapkan Posko Mudik 2014	13-Aug-14	Corporate
18.	Indonesia Siap Implementasikan Hasil Riset Vaksin	19-Aug-14	Corporate
19.	Quadruple Helix Tingkatkan Daya Saing Industri Farmasi Nasional	06-Sep-14	Corporate
20.	Bio Farma Ajak Generasi Muda Berani Bicara Bahasa Inggris	27-Sep-14	Corporate
21.	Bio Farma Raih Eksportir Pelopor Pasar Baru	08/10/2014	Corporate
22.	Kemenkes RI dan Bio Farma Gelar Pertemuan Nasional Koordinasi Pelaksanaan Intensifikasi Imunisasi Rutin	15/10/2014	Corporate
23.	Batik Pakidulan Produk Baru Ramah Lingkungan	22/10/2014	CSR
24.	Peneliti Muda Indonesia Dukung Riset Vaksin	28/10/2014	Corporate
25.	Bio Farma dipercaya Menjadi Presiden Asosiasi Produsen Vaksin Negara Berkembang	29/10/2014	Corporate
26.	Bio Farma Raih <i>Golden Trophy Infobank BUMN Award 2014</i>	30/10/2014	Corporate
27.	Wagub Jabar Resmikan Jembatan Gantung Leuwisaca	07/11/2014	CSR
28.	Bio Farma Miliki Gedung Paling Hemat Energi	18/11/2014	Corporate
29.	Bio Farma Raih PROPER Emas Kementerian Lingkungan Hidup dan Kehutanan	02/12/2014	Corporate
30.	<i>Green Culture</i> jalan menuju PROPER Emas	02/12/2014	Corporate
31.	<i>Roll out of Pentavalent Vaccine & Rotavirus Vaccine</i>	03/12/2014	Corporate
32.	Bio Farma Raih Peringkat ke 1 Keterbukaan Informasi Publik	12/12/2014	Corporate
33.	Bio Farma Gelar Seminar "Imunisasi Untuk Kualitas Hidup yang Lebih Baik"	15/12/2014	Corporate



Bio Farma also distributes PERSS releases not only domestically but internationally via ACN Newswire network, quoted by various international media companies, especially in Asia and the Middle East.

School of Vaccine for Journalist



On 12-13 and 19-20 August 2014, a seminar with the theme "School of Vaccine for Journalists" was held in two places, namely in Bandung on 12-13 August 2014 held at the GSG BioFarma, and in Jakarta on 19-20 August 2014 at the Dewan Pers Pusat Building. A total of 20 participants came from the Bandung and national media companies.

The main objective of this activity is to brief the media on vaccines and biotechnology issues that are not easy to comprehend and refresh the media in terms of newswriting, especially features about vaccine. A total of 20 mass media companies participated in the event.

The School of Vaccine for Journalists featured speakers who are competent in the field of vaccination and journalism, among others, Dr. dr. Julitasari Sundoro., MSc. PH, dr. Sujatmiko., Sp. Ak (K) and other speakers such as chief editors of major media companies.

Site Visits

The Company welcomes outside parties to site visits which are aimed at introducing the Company to them and educate them about the importance of vaccination. Guests visiting Bio Farma in 2014 came from within and outside of Java, with a total of 70 groups visiting the Company last year.

INTERNAL COMMUNICATIONS

Ease of access to internal communication is key to the smooth dissemination of information about the Company and as a means to build the Company's internal solidity. The success of internal communication is supported by the communications media used and content of information disseminated. Thus, all employees can understand the information that is delivered quickly and effectively to them.

Intranet Portal

Bio Farma maintains an intranet portal as a means of internal communication for its employees. Content of the portal includes dissemination of policies, rules and guidelines related to corporate governance and other operational activities.

News Clippings

The Company regularly distributes news clippings related to the Company to the Board of Directors and employees through its intranet network. In 2014 a total of 138,724 news pieces were distributed, with an average of 34.29 news read.

Bulletin Bio Magzs

Bio Magzs are quarterly internal newsletters containing information about the Company's activities. They are distributed via e-bulletin mechanism. In 2014 a total of three editions were published: Edition I for January-April 2014, Edition II for April-June 2014, and Edition III for July to September 2014.

Newsletters

Newsletters containing public information is distributed via e-mail and posted on the bulletin board.

Morning Coffee

Morning Coffee is an informal knowledge sharing activity are conducted every 3 months and attended by the Board of Directors, Heads of Division, Heads of Department concerned with the internal organization. In addition to internal sources, in some occasions speakers from outside the Company are invited to broaden the employees' knowledge.

Intranet Announcement

Intranet (e-mail) is used for disseminating information on activities, announcements and news, such as those concerning human resources and internal organization, the announcement of efficiency and energy conservation measures, blood donation activities, obituaries, etc.

BIO FARMA'S INFORMATION SERVICE CENTER

Bio Farma maintains an information service center for its customers through a variety of interactive communication media, where customers and communities may submit their opinions, complaints or questions via:

Customer Care Menu:
on the corporate website: www.biofarma.co.id
Ministry of SOE Portal:
<http://www.bumn.go.id/biofarma/kontak-kami/>
Corporate blog: www.infoimunisasi.com
Phone: [62-22] 203 3755 • Facsimile: [62-22] 204 1306
E-mail: mail@biofarma.co.id • Facebook: [infoimunisasi](https://www.facebook.com/infoimunisasi)
Twitter: [@biofarmaID](https://twitter.com/biofarmaID), [@infoimunisasi](https://twitter.com/infoimunisasi)



CODE OF CONDUCT

EXISTENCE OF CODE OF CONDUCT

All elements of Bio Farma (Board of Commissioners, Supporting Organs of the Board of Commissioners, Board of Directors, and all employees of the Company) are required to enforce the principles of Good Corporate Governance in the day-to-day management of the Company. To that end, the Board of Directors of Bio Farma has issued the Decree of the Board of Directors No. 00223/Dir/I/2009 dated 12 January 2009 on the Code of Conduct, Joint Decrees of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 dated 22 February 2013 on the Code of Conduct of PT Bio Farma (Persero), as amended by the Joint Decrees of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014, No. 01103/DIR/III/2014 dated 6 March 2014 on the Amendment of the Joint Decrees of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 on the Code of

Conduct of PT Bio Farma (Persero).

The Code of Conduct is a guideline for all elements of Bio Farma to align their attitude and behavior accordingly in carrying out everyday tasks as well as in interacting with co-workers, business partners and other parties concerned. Bio Farma's working environment is thus expected to become a professional working environment that is also convenient, so that all employees' potentials can be optimized.

Contents of the Code of Conduct

The Code of Conduct is a form of commitment of Bio Farma in the framework of the implementation and enforcement of good corporate governance and a set of commitments concerning obligations, prohibitions and relations with other stakeholders.

Code of Conduct regulates the obligations that must be adhered to by every element of Bio Farma, and this contains:

- Chapter II Business Ethics: How the Company Does Business.
- Chapter III Work Ethics: Conduct of the Management and Employees.





Disclosure concerning the Code of Conduct's Applicability to All Levels in Bio Farma

All elements of Bio Farma should be committed to aligning themselves with the working culture and value systems of the Company. Therefore, all elements of Bio Farma are obliged to implement the desirable attitudes and behaviors at work in accordance with the system of values and work culture adopted by the Company, as codified in the Code of Conduct. The successful implementation of the Code of Conduct is the responsibility of every element of Bio Farma in the environment of each business unit.

On 31 October 2014, held at the the GSG, Bio Farma internalized and disseminated the Decrees No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013, as amended by the Joint Decrees No. KEP-07/DK/BF/III/2014 and No. 01103/DIR/III/2014 dated 6 March 2014 on the Code of Conduct of PT Bio Farma (Persero). The event was attended by all elements of Bio Farma and concluded with the signing of the Statement of Compliance with the Code of Conduct.

Once a year all elements of Bio Farma are required in writing to express their willingness to obey and execute every part of the Code of Conduct, which is embodied in the statement of compliance signed by every member of Bio Farma as a condition for continued employment with the Company.

Dissemination of the Code of Conduct

The Company disseminates its Code of Conduct to provide all of its elements with an understanding and awareness to implement the Code of Conduct.

The Code of Conduct has been disseminated in the following manner:

- Each element of Bio Farma is given a handbook and requested to sign the integrity pact which stipulates their commitment to implementing the Code of Conduct of PT Bio Farma (Persero).
- The management provides an understanding and awareness to employees for implementing the Code of Conduct.
- Integrity Pact which contains statements about their willingness to fully implement the Code of Conduct, commitment to report upon one's awareness of any violations of the Code of Conduct taking place, and the readiness to receive punishment in accordance with the provisions that apply. This document is signed annually by every element of Bio Farma and may be updated if necessary.



Efforts to Enforce and Sanctions for Code of Conduct Violations

Enforcement and sanctions for violators of the Code of Conduct are stipulated in the Joint Decrees of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013 and No. 01024/DIR/II/2013, as amended by the Joint Decrees of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014 and No. 01103/DIR/III/2014 dated 6 March 2014 About the Code of Conduct of PT Bio Farma (Persero) Chapter IV: Mechanisms of Code of Conduct Enforcement, Including Reporting and Sanctions for Violations, sub-section 4.4: Handling of Alleged Violations of the Code of Conduct and sub-section 4.5: Sanctions for Violations of the Code of Conduct. They essentially stipulate the following:

Enforcement and sanction for violations of the code of conduct are implemented through the Bio Farma Whistleblowing System. The mechanism for reporting violations is as follows:

1. In case of violation of the Code of Conduct, any element of Bio Farma is obliged to report the violation:

- a. To their immediate supervisor.
 - b. Through the Violation Reporting Box/ Whistleblowing System.
2. Reporting of violation should be based on good faith and not on ill will or slander.
 3. Besides by parties internal to the Company, reporting of violations of the Code of Conduct can also be done by external parties such as the Company's customers, business partners and other stakeholders.
 4. Reporter should state clearly their identity and back their report with the relevant supporting evidence for the alleged violation of the Code of Conduct.
 5. The Company will retain the identity of the reporter in accordance with the applicable procedures.
 6. The Company is obliged to follow up reports that may cause material loss to the Company and/ or may damage its image, in accordance with the applicable procedures.

Handling of Alleged Violations of the Code of Conduct

Authority to Handle Alleged Violations of the Code of Conduct

The authority to handle the alleged violations of the Code of Conduct is given in stages, where the party that handles alleged violations should be led by someone who is one level higher than the alleged perpetrator.

Alleged Perpetrator	Officers Handling the Report
Bio Farma members aside from Head of HC Division, Commissioners, and Directors	- Coordinator: Head of HC Division - Members: Officers of the CRM Division, IAU, HC Division, upon assignment by the Human Resources Director or the President Director
Head of HC Division, Commissioners, and Directors	President Director
Directors	Board of Commissioners

Sanctions for Violations of the Code of Conduct

Any employee of Bio Farma that has been proven to have violated the Code of Conduct will be given a sanction in accordance with the applicable provisions of the Company, under the following conditions:

1. Penalties for employees who violated the Code of Conduct are determined by the Board of Directors.
2. Penalties for members of the the Board of Commissioners, Directors and Supporting Organs

of the Board of Commissioners who violated the Code of Conduct are determined by the Board of Commissioners.

3. If the violation is committed by an external party (suppliers, business partners or other stakeholders), it will be subject to the provisions set forth in the contract and the relevant procedures. If there is any indication of criminal offense, the Company may forward it to the police.

The decision regarding the sanctions for violations committed by employees, Directors, Commissioners and members of the supporting organs of the Board of Commissioners is determined based on the following considerations:

1. Ramifications of the violation:
 - a. Violation of the laws and regulations as well as corporate regulations.
 - b. Losses for the Company and/or other parties both financially and non-financially.
 - c. Disruption of the running of the processes or activities in the Company.
 - d. Disturbance to the security and/or safety of Bio Farma's elements or other parties.
 - e. Libel for Bio Farma or its employees or other parties.
 - f. Violation of the decency and norms prevailing in the community and/or the rights and dignity of other individuals.
2. Degree of intentionality:
 - a. Whether the violation was made intentionally or not.
 - b. Whether the alleged perpetrator has previously received warning regarding their violation.
 - c. Motivation: whether there is any financial or non-financial motivation behind the violation.

Sanctions for violations committed by employees will depend on the severity of the violation, which is divided into mild, moderate and severe. The types of warning given include verbal warning, warning letter (I, II and III) and layoff. Layoff is conducted in accordance with the applicable labor regulations.

Sanctions for violations that may apply to employees are as follows:

- a. Reduction to the merit component for determining their salary.
- b. Reduction to their incentive.
- c. Postponement of their periodic salary increase or promotion, demotion.
- d. Suspension (layoff).
- e. Termination of employment.

If the violation is committed by a member of the Board of Directors, the Board of Commissioners and/or supporting organs of the Board of Commissioners, and if it has been proven, the penalty depends on the severity of the violation and the ramifications. The decision on the sanction is established by the Board of Commissioners.

Enforcement

Enforcement of the Code of Conduct is stipulated in the Collective Labor Agreement (CLA) between the Company (Bio Farma) with the Bio Farma Employees Association (Hika BF) in Chapter XVII: Discipline and Work Rules, Articles 69 to 81. For the Board of Directors and Board of Commissioners, this is set in the Articles of Association of Bio Farma, which has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia through Decree No. AHU-61576.AH.01.02 Tahun 2008 dated 12 September 2008 on the Approval of Amendment of the Articles of Association of the Company.

Conflict of Interest

Conflict of interest is a situation where there is a conflict between the economic interests of the Company and the personal economic interests of the Shareholders, members of the Board of Commissioners or the Board of Directors, and Employees of the Company.

According to the Minister of SOE Regulation No. PER-01/MBU/2011, the Board of Directors of SOE is prohibited from having conflicts of interest and personal benefit, either directly or indirectly from the decisions and activities of said SOE other than their official income.

In relation to these provisions, all members of the Board of Directors of Bio Farma signed a Statement of No Conflict of Interest on 2 January 2014, whose contents are as follows:

STATEMENT OF NO CONFLICT OF INTEREST

In order to uphold the Good Corporate Governance (GCG) in PT Bio Farma (Persero), I hereby declare that I:

1. Have never done any despicable acts in banking, finance and other businesses, has never been convicted of felony nor received any sanctions which prohibit me from taking part as the Company's management, as stipulated in the prevailing rules and regulations.
2. Am able to perform legal actions and has never been declared bankrupt or become a member of the Board of Directors or Board of Commissioners that were found guilty of causing a company to be declared bankrupt by a court decision in the last 5 years before the date of my appointment.
3. Am willing to not hold other positions as:
 - a. Member of Board of Directors in another SOE, Regional SOE, Private Owned Enterprises, and other positions which may cause conflict of interest;
 - b. Other positions in accordance with the prevailing regulations.
4. Shall fully implement the principles of good corporate governance that emphasizes the principles of transparency, accountability, responsibility, independence, and fairness in the management of the Company.
5. Do not have a relationship in the management, ownership and/or finances of the entire business group of the Shareholders of similar companies.



- 6. Will not perform transactions in any form, either directly or indirectly through another party where I or my family has an interest in, or may benefit from.
- 7. Will not serve as a member of the board of any political parties and/or candidates/members of the legislature and/or the candidate or the Head/Deputy Head of Local Government.
- 8. Am not be related by blood to the 3rd degree either vertically or horizontally or as a result of marriage with any members of the Board of Directors or the Board of Commissioners.
- 9. Will wholeheartedly avoid any conflict of interest that may affect the decision-making process in the Company's operations.
If in the future I am found to have made these statements untruthfully, I am willing to be penalized under the applicable regulations.

Throughout 2014, there were no events related to conflicts of interest regarding the members of the Board of Commissioners and Board of Directors.

Donation to Social and Political Activities

The Company does not engage in any form of political activity and does not give donations to political interests. In contrast, a high concern for social and environmental issues is an essential part of the duties and responsibilities of the Company towards its stakeholders and society at large. For that, Bio Farma perform a variety of social and environmental activities through CSR (Corporate Social Responsibility) independently or through the Partnership and Community Development Programs.

Statement on Corporate Culture

Corporate Culture

Bio Farma, in developing its business operations, requires a corporate culture in the form of written guidelines, which can be used as a reference for

organs of the Company in carrying out their duties and obligations. The guidelines containing these Corporate Values are established by the Joint Decree of the Board of Commissioners and the Board of Directors No. KEP-07/DK/BF/III/2014 and No. 01103/DIR/III/2014 dated 6 March 2014 on the Amendment of the Joint Decrees of the Board of Commissioners and the Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013 and No. 01024/DIR/II/2013 on the Code of Conduct of PT Bio Farma (Persero). The corporate culture has been formulated as "PITIC", with the following description:

Each organ of the Company which behaves and thinks in a professional, high integrity, working in a team, full of innovation and oriented towards customer service.

P = Professional

Committed to carrying out all duties with full responsibility, efficiency, effectiveness, forward-looking orientation, and compliance with procedures.

I = Integrity

Honest, transparent and credible in accordance with the objectives of the Company.

T = Teamwork

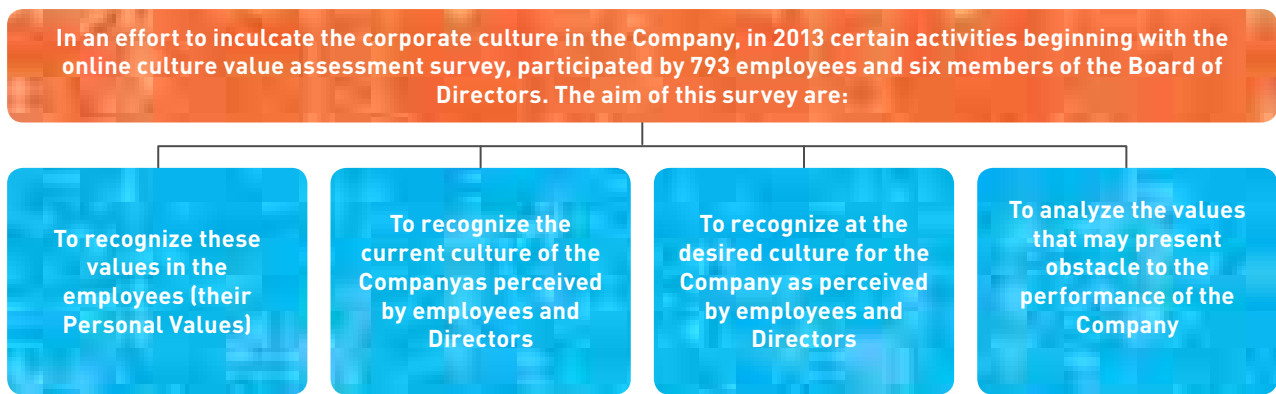
In cooperation with respect to the role and the opinions of others.

I = Innovation

Make improvements and continuous development to result in new ideas.

C = Customer Oriented

Understand the needs and provide the right solutions to customers.



After the Culture Value Assessment, a program will be designed to internalize these corporate values systematically and comprehensively based on the values that arise from within the Company. With such a process, these values are expected to become an inherent aspect of each employee and become a culture that is positive for the growth and development of the Company.

WHISTLEBLOWING SYSTEM

The Whistleblowing System (WBS) is a system that manages complaints or reports regarding unlawful behaviors, unethical acts/improperly in secret, anonymous, and independent manner. WBS is used to optimize the participation of Bio Farma individuals (Board of Commissioners, Supporting Organs of the Board of Commissioners, Board of Directors and all employees of the Company) and other parties in reporting violations occurring within the Company.

This system shall be based on the value of corporate culture which states that every organ of the Company acts and thinks professionally, has integrity, upholds teamwork, is innovative and oriented towards customer service. Thus, the Whistleblowing System is testament to the implementation of the cultural values in the Company.

The added value achieved by the Company through the implementation of this program is the system of supervision and internal control that can detect the occurrence of operational risk, especially early detection of frauds, allowing the Company to be able to cope with risky events promptly.

SUBMISSION OF REPORTS

1. Alleged violations that can be reported through the WBS are: corruption, fraud, theft, bribery and/or receiving of bribes, gratuities, conflict of interest, violation of laws and policies/procedures of the Company.
2. Essentially, the reporter or whistleblower is an employee (internal party), but can also be from external parties (customers, suppliers, the public).

3. The report must be accompanied by supporting evidence of the violation, which must convey, among others:
 - a. The subject matter of the complaint;
 - b. Parties involved, ie anyone who is involved in the infringement complained of included parties that are harmed or benefit from the case;
 - c. Time and location of the violation, the time and date the violation took place and the unit or function in the Company in which the violation took place;
 - d. Chronology of the case;
 - e. Supporting documentation for the case.
4. Report may be submitted via:
 - a. E-mail: pelaporan.wbs@biofarma.co.id.
 - b. Letter: Up. Tim Pengelola Laporan Pelanggaran PT Bio Farma (Persero), Jalan Pasteur No. 28, Bandung 40161.
 - c. Drop Box at the Company's office.

PROTECTION FOR WHISTLEBLOWERS

The Company provides protection to the whistleblowers, as follows:

- a. Protection of the confidentiality on the identity of the whistleblower.
- b. Protection of the whistleblower from reprisals from the reported party.
- c. Protection of the whistleblower from the dismissal, demotion, or postponement in their periodic increase in grade, work pressure, or physical action.
- d. Protection from having an adverse record included in their personal data file.
- e. Information on the follow-up process that is being carried out, conveyed confidentially to the whistleblower.

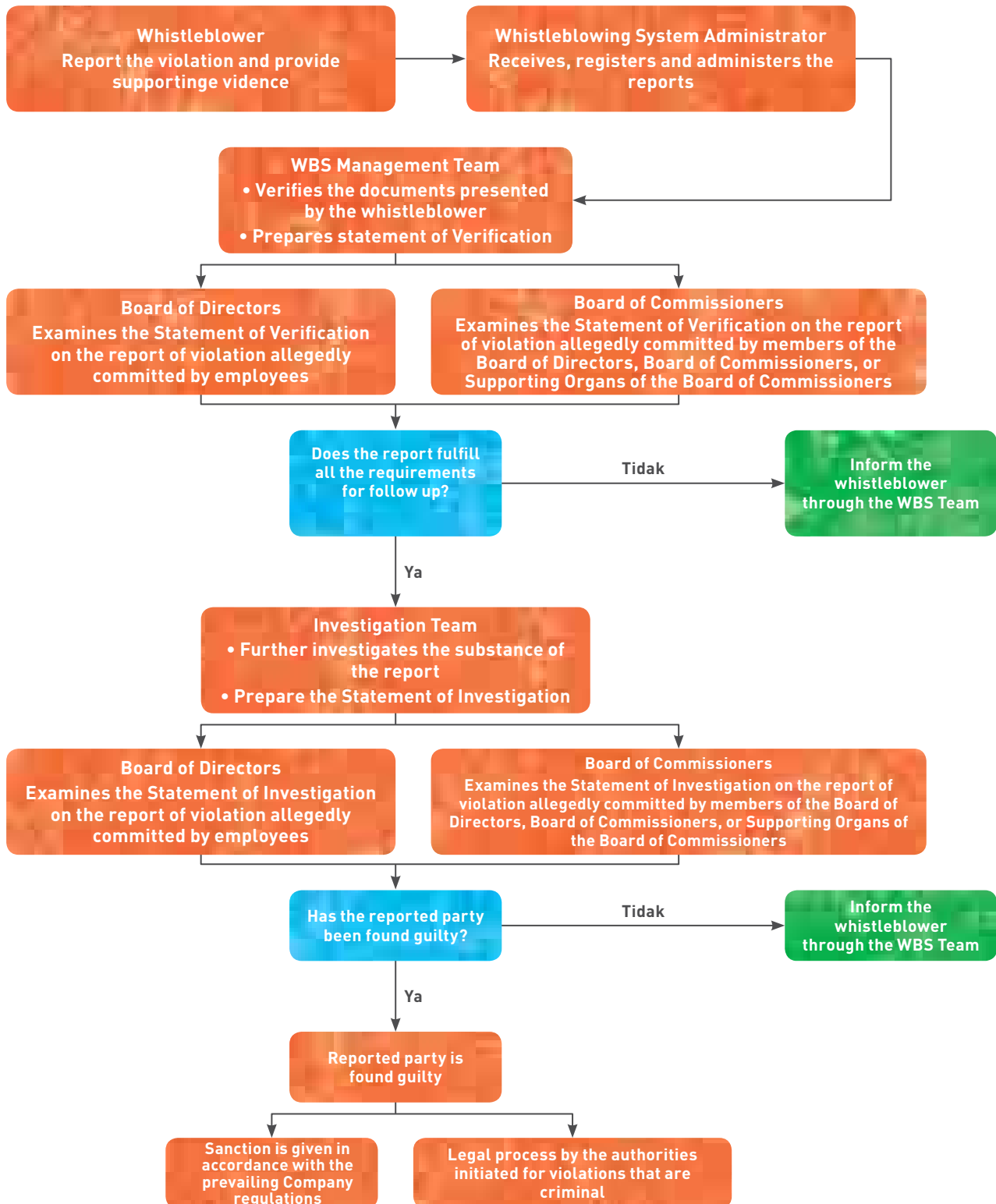
If necessary, the whistleblower may request assistance from the Witness and Victim Protection Agency (LPSK).

PARTY HANDLING WHISTLEBLOWERS' REPORTS

The parties assigned to handle the reports are the WBS Management Team and the Investigation Team, which will pursue the case reported in line with the applicable procedures.



HANDLING OF REPORTS



WHISTLEBLOWING RESULTS IN 2014

In 2014, the WBS Administrator received zero report regarding violations committed by any element of Bio Farma, and thus there was none to be followed up on.

As a manifestation of an effective implementation of good corporate governance, the Whistleblowing System shall be disseminated and enforced further as well as improved in order to align with the Company's business growth.







CORPORATE SOCIAL RESPONSIBILITY





Create Shared Value, Bio Farma gives solution to help developing community potential, one of the examples is breeding of garut sheep.



As a company which grows among the community, Bio Farma continues to maintain a harmonious relationship with the community and runs a pro-environment operation by minimizing its environmental impacts. As a leading manufacturer of vaccines and anti-sera, Bio Farma's business activities cannot be separated from the support of community and environment.

Bio Farma has adopted the ISO 26000:2010: Guidance on Social Responsibility as a guideline in implementing internationally standardized CSR programs since 2011. The ISO 26000 defines CSR as a responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour. By implementing international standard, Bio Farma is demonstrating its commitment to yield the greatest possible benefit for all stakeholders, including its workforce and the surrounding community.

By implementing ISO 26000, Bio Farma aims to realize a social responsibility which is more than simply to fulfill its obligations and sets aside a certain amount of its profits for donation activities. Bio Farma believes which CSR should not only provide short-term relief which does not solve root cause of the problems in the society and the environment, but also should provide long-term impact for all stakeholders. Bio Farma's CSR vision is "to become a company which has a reliable social responsibility and a global reputation in social and environmental development."

Since 2013, Bio Farma has published a Sustainability Report annually as a complement to the Annual Report. The report includes CSR activities undertaken by Bio Farma, and it is prepared in accordance with the international standard issued by the Global Reporting Initiative (GRI), based in Amsterdam, the Netherlands.

In this report, we present a sustainability report overview in accordance with Article 66 (2c) of Regulation No. 40/2007 on Incorporated Company, which requires to include the company's implementation of Corporate Social Responsibility (CSR) in the annual report. The systematics for reporting the summary of our CSR

programs have been in accordance with the provisions of the Indonesia Financial Services Authority (OJK) through the Decree of the Chairman of Bapepam-LK issuance No. Kep-431/BL/2012 dated 1 August 2012 on Submission of Annual Reports of Public Listed Companies.

ENVIRONMENTAL CSR

Preservation is an integration of three potential sets of diversity, which are biological diversity (biodiversity), geological diversity (geodiversity) and cultural diversity. All three potentials are interrelated. Potential of ecosystem, species and genetic diversity are included in Biodiversity. Geodiversity is an overview of geological diversity which can be found in a region, including the presence, spread and circumstances which represent regional geological evolution. Cultural diversity is works of art and culture of a community as a result of human interactions with natural surroundings. Cultural diversity describes local communities understanding in addressing natural conditions in which they live. Thus, through CSR programs, Bio Farma strives to encourage people to utilize those three potential sets of diversity.

Bio Farma continues to implement strategic actions in controlling and preventing pollution. The legal basis for this implementation is Regulation No. 32/2009 on Environmental Protection and Management. Bio Farma is committed to becoming a green and sustainable corporation by operating a pro-environment and pro-community business. Bio Farma has a strict policy on utilizing energy and natural resources efficiently and effectively. Our operations end results should provide optimal benefits for all stakeholders, including our workforce and the society at wide.

Bio Farma's foundational policy as a green company is formulated in such a way which it encompasses five (5) main areas. The first is Green Process, i.e. applying green principles on the Company's entire business processes from the selection of raw materials (through selection of environmentally-conscious vendors), production,



formulation, filling, packaging, to the handling of finished products. The second is efficient use of energy. The third is efficient use of water and water conservation by applying the 4R (reduce, reuse, recycle, recovery) principle. The fourth is sorting and categorizing waste into five categories. And the fifth is ensuring workforce involvement in fostering a pro-environment culture and attitude both in their workplace and in their families.

PRO-ENVIRONMENT PRODUCT: PENTABIO VACCINE

Bio Farma's most recent innovation, namely the Pentabio vaccine, which consists of 5 different vaccines (Diphtheria, Tetanus, Pertussis, HB and HiB vaccines) combines in one single product, thus maximizing efficiency in various aspects including electricity and water consumption during the production processes, reduction of packaging and waste (on syringe per dosage and cold chain/vial costs). From this innovation, we have obtained the following energy saving:

Year	Batch	Saving/Batch	Saving/Year
2013	41	1,672 MWh	68,565 MWh
2014	40	1,672 MWh	66,892 MWh

EFFICIENCY AND ENERGY CONSERVATION

Pharmaceutical industry is an industry which has strict quality requirements as it intimately deals with human lives. Energy consumption thus becomes substantial as the utility system has to operate at all times to guarantee the quality of product, although the production processes have stopped. Nonetheless, Bio Farma strives to reduce its energy use without jeopardizing its quality of product.

Energy efficiency programs are carried out both in manufacturing and administrative activities, starting with energy-efficient office design. The programs which have been implemented include:

- Installation of timer control on the Air Handling Unit (AHU) cooling system (which turns off the AHU in the evening).
- Installation of Inverter on Chiller pump in the Polio and Measles Production Building and Packaging Building.
- Installation of Inverter and night mode on 25 Laminar Air Flows.

- Workforce awareness campaign to turn off electronic appliance in the office when not in use.
- Utilization of Musicool Hydrocarbon refrigerant in 2 Cold Rooms and 5 Split Air Conditioners.
- Replacement of fluorescent lights with LED lights.
- Installation of timer control on drinking water dispensers.

These efforts have reduced our average electricity consumption by up to 2.4 million kWh/year, or about 9-11% of our total electricity use per year.

In addition, through the Exhaust Air Energy Recovery Program we have reduced our electricity power by about 30 to 40 kW. The amount of energy saved is 259.2 Mw if the AHU operate for 24 hours. Total energy saving compared to which without the precooling system is 32%.

Installation of Solar Cells, LED Lights and Motion Sensors

Bio Farma constructed the Public Building in 2013 which equipped with energy-efficient parking area, dining room, and sport center which are energy efficient, by installing solar panels which produce 1.5 MWh of electricity per month or equivalent to 18.0 MWh per year. Bio Farma also saves 50 MWh per year by replacing its fluorescent lamps with LED lights. Other effort performed was installing motion sensors to turn on and turn off LED lights automatically based on the movement of people or vehicles.

Bio Farma gradually replaced all of its mercury lamps with LED lights for garden lighting from 2012 to 2014. The replacement resulted in energy saving of 1,555.20 kWh per month. The power source for the LED lights was subsequently changed to solar panel. The use of solar panel can reduce consumption of electricity purchased from PLN by 25.197 MWh/year.

In February 2014, Bio Farma installed the water recycling pump with solar panel which is used to transfer raw water from the Recycle Water Plant to the tanks. To transfer water, the pump consumes 2.4 kW power for around 10 hours a day derived from the solar panels. The use of solar panels for the water recycling pump resulted in the decrease in electricity consumption from PLN or from genset by 5.76 MWh per year.

Use of the Musicool Hydrocarbons Refrigerant

The installation of a more environmentally friendly and energy saving refrigerant has been carried out on 22 refrigerators (2 cold rooms and 20 split Air Conditioners) by replacing the R22 refrigerant with Musicool Hydrocarbon. This replacement was performed gradually and in stages from 2011 to 2013. Its main objective was to reduce the release of ozone-depleting substances to the environment, as well as saving energy by around 21%. This program saves electricity by up to 1,305 kWh/month (equivalent to 15.66 MWh/year), or equivalent to a reduction of 0.9 tons of CO₂eq/month (or about 10 tons of CO₂ eq/year).

Installation of Timer Control on AHU Cooling System

Bio Farma has HVAC unit which works 24/7. The rooms which use HVAC are production rooms which mostly are clean rooms and require a specific range of temperatures. i.e. from 22 to 26 C. Based on the data calculation and assessment results on electricity consumption, Bio Farma installed 32 Timer Controls on the AHU cooling system which is turned on in nighttime as the chilling requirement has been fulfilled. The saving can be up to 40% per instrument, or approximately 176.64 MWh/month (equivalent to 2,119.68 Mwh/year), which translates to a reduction of 121.8 tons of CO₂ eq/month (equivalent to 1,461.65 tons of CO₂ eq/year).

TREE PLANTING AND MAINTENANCE PROGRAM

The tree planting and maintenance programs conducted both within and outside Bio Farma's operational areas show the Company's commitment to, responsibility for, and concern in environmental management, particularly in order to reduce air pollution, global warming, and as one of the efforts of enriching and preserving biodiversity. Each tree planted (depending on the type and age) is able to absorb different levels of CO₂ emissions. The approximate amount of CO₂ which can be absorbed is calculated using the Method for Calculating the Carbon Sequestration by Tree in Urban and Suburban Settings, Voluntary Reporting of Green House Gases, US Department of Energy, Energy Information Administration, April 1998 documentation¹. By planting more than 100,000 individual trees from more than 50

species of trees from 2011 to 2014, we are able to absorb carbon dioxide emissions by up to 609.34 CO₂eq/year.

WASTE MANAGEMENT

Bio Farma conducts the reutilization of hazardous and toxic waste in liquid form, which is used lubricants. In cooperation with PT Wiraswasta Gemilang Indonesia, 100% used lubricants are processed and reused since 2011. The utilization ratio in 2011–2014 reached an average of 7.2% of the total hazardous and toxic waste in liquid form which we generated.

Deionization system substitution program, from resin-based ion exchanger to a continuous electro de-ionization (CEDI) has eliminated the hazardous and toxic waste of resin from used ion exchanger for each maintenance period (once every two years) by switching from a resin-based system into an electrical-based system in the deionized Water Treatment Plant. A total of 4,192 kilograms of used resin were successfully eliminated in the period of 2010–2014.

Bio Farma's waste management concept starts from waste separation, storage and further management of organic waste composting and recycling of non-organic waste to reduce the burden of landfills.

Bio Farma cooperates with PD Usaha Baru for its waste management efforts, to manage and whenever possible recycle non-organic waste such as plastic, paper and glass. Recycled plastic waste is subsequently formed into pellets which can be used for manufacturing ropes, sacks, plastic bags, etc. Metal and glass waste is molten to create raw materials, while pulp and paper waste is pulverized to create new recycled paper and handicrafts.

WATER MANAGEMENT

Bio Farma has three raw water sources, which are from the State Water Company's, ground water, and treated water from the Recycle Water Plant. Total water consumption was about 193,108 m³/year, the lowest when compared to all other vaccine manufacturers in the world. Bio Farma uses raw water for its operational activities in the form of treated water (water for injection/WFI, pure steam and purified water) and water for steam boilers whose usage amounts to 183,452 m³/year. On the other hand, raw water consumption for domestic needs and non-production washing reached around 9,656 m³/year.



Water saving efforts through the 3R program has resulted in an efficiency of 15.40% of our total water consumption. Bio Farma's water consumption intensity per activity stood at 84.8 m³/year. The ground water recovery effort, conducted over the past five years (2010–2014) has been successfully carried out. And despite the incremental rise in our water consumption each year, according to Bio Farma's GeoElectricity Estimation report, our ground water reserves are well-maintained and their level has increased by an average of 3.53%.

In addition to water use for raw material, water is also utilized for various processes in production activities, such as washing and sterilization of equipment, vials, bottles, and production tanks, which in the process yields polluted water. The total amount of waste water stood at 16,549 m³/year, quite low compared to other vaccine manufacturers in the world.

As a commitment to actively participate in water conservation and water pollution load reduction initiatives, Bio Farma has been running the 3R program, whereby the Reuse and Reduce programs have been able to reduce water pollution load significantly by 47.85% of the total liquid waste.

PRIMATE CONSERVATION PROGRAM

The International Union for the Conservation of Nature (IUCN) states which there are currently 25 endangered species of primate in the world, some of which live in Indonesia. They are the Sumatran Orangutan (*Pongo abelii*), the Siau Island Tarsier (*Tarsius tumpara*), the Javanese Lemur (*Nycticebus javanicus*) and the Pig-tailed Langur (*Simias cocolor*). In the Regulation of Minister of Forestry No. P57/2008, the Indonesian government made a catalog of these endangered primate species, and from this list, the species which are endemic to the region of West Java which are listed as national priority are the Javanese Silvery Gibbon (*Hylobates moloch*) and the Javan Surili (*Presbytis comata*).

As such, the Company maintains a primate conservation and rehabilitation program throughout 2013–2014 in cooperation with PPSC Cikananga, Sukabumi. The program had managed to release 21 primate species including orangutans, gibbons, macaques, ebony-leaf langurs and silvery-leaf langurs in the wild. The Company also performed rehabilitation on other primate species to be released back to their native habitat.

GEOTOURISM VILLAGE DEVELOPMENT PROGRAM

A geopark is a geographical area where a geological heritage site is part of the overall concept of protection, education, and sustainable development. Geopark is a concept of geodiversity management which takes the form of a tourist attraction which includes geological, biological, socio-cultural and tourism potentials.

The Ciletuh region is located on the southeast of the Pelabuhan Ratu Bay, Sukabumi, West Java. Ciletuh Geopark possesses one of the oldest pre-tertiary rock complexes in West Java. Ciletuh Geopark boasts an exotic scenery of mountains, hills, river, waterfall, beach, and an amazing view of the ancient rocks.

Bio Farma develops Geotourism village located in Tamanjaya Village, Ciemas District, Sukabumi. This part of Ciletuh Geopark is developed in conjunction with the West Java Provincial Government, Sukabumi Local Government, and the Paguyuban Alam Pakidulan Sukabumi (PAPSI) community group. This CSR program aims at raising Ciletuh local community values in various aspects, such as biodiversity, geological, and cultural values. An integrated conservation, education, special interest tourism and economy program will be developed according to Bio Farma's Priority Pillars for CSR in the village of Tamanjaya.

SILVOFISHERY AND MANGROVE CONSERVATION PROGRAM

Bio Farma implements a mangrove conservation program in the coastal areas of Karangsang, Indramayu Regency, West Java. This program has been carried out since 2012, involving the planting of 12,300 mangrove trees from the *Avicennia* sp., *Rhizophora* sp., *Bruguiera* sp., and *Sonneratia* sp. species in an area of around two hectares. The conservation program is carried out in cooperation with the LSM Siklus, Karangsang villagers, Indramayu Marine and Fisheries Department, Walhi West Java and Wiralodra University of Indramayu.

The program successfully reduced coastal erosion by 10 m/year. The sedimentation process was also decreased to 30 m. Another step taken by the Company in mangrove conservation was the creation of six wavebreakers made

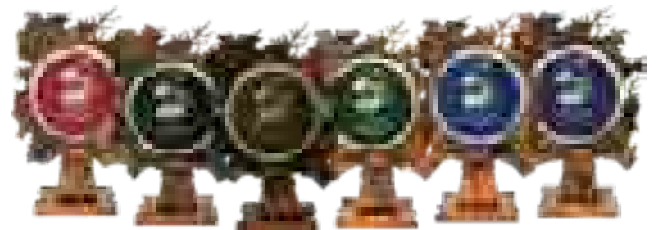
from bamboo and used tires donated by the Company's employees. The wavebreakers are 500 meters long and are used to modulate ocean waves and currents.

In 2014, Bio Farma cooperates with LSM Siklus to carry out silvofishery activities in the coastal areas of Karangsang. This silvofishery program was implemented by combining mangrove planting activities with the establishment of shrimp and milkfish ponds. This program is expected to bring about various benefits to the environment, as well as manage and protect mangrove ecosystems. The shrimp and milkfish ponds are also expected to benefit the economic development of the community. Bio Farma has also planted 5,000 mangrove trees, as well as hatched 12,500 milkfish and 15,000 shrimps.

2014 ENVIRONMENTAL AWARDS

Bio Farma's commitment to the environment is reflected on the several awards it earned in 2014:

- 2 December 2014: Performance Rating Program on Environmental Management (PROPER) Gold Award from the Indonesian Ministry of Environment and Forestry.
- March 2014: Global Green Award from Otherways Association Management & Consulting France in Berlin.
- 18 June 2014: The Best Indonesia Green Award 2014, organized by The La Tofi School of CSR and supported by the Ministry of Forestry and Industry





CORPORATE SOCIAL RESPONSIBILITY FOR SOCIAL AND COMMUNITY DEVELOPMENT

COMMUNITY DEVELOPMENT PROGRAM

Bio Farma's CSR Program in the field of social and community development aims to improve the quality of life in local communities. The program is carried out through the Community Development Program, which is a part of the Partnership and Community Development Programs, as mandated by the Government to be executed by all State Owned Enterprises (SOE).

The scope of this Community Development Program includes:

1. Health Improvement Aid

An aid which provided to improve the quality of public health, including the improvement of physical health through sport activities in the communities.

2. Education and Training Aid

An aid related to the education sector which have a purpose to educate or train members of community, both formally and informally, including education and training to preserve local arts and cultural values.

3. Nature Conservation Aid

An aid which aims to rehabilitate or preserve natural biological diversity.

4. Infrastructure and Public Facilities Development Aid

An aid provided for improving people's welfare facilities, particularly in the aspects of health, education and the environment.

5. Spiritual and Religious Facilities Aid

An aid which helps to improve the quality of places of worship in the communities.

6. Relief for Victims of Natural Disasters

A relief provided to ease the burden of victims of natural disasters or calamities.

7. Social Welfare Aid for Poverty Reduction

Provided in the form of social welfare aid in order to reduce poverty.

Rp6,345,673,995 has been distributed through Community Development Program in 2014. Details are as follows:

1. Relief for Natural Disaster Victims	Rp.	238,061,347
2. Education and Training Assistance	Rp.	1,272,562,700
3. Health Assistance and Health Improvement	Rp.	2,189,464,010
4. Infrastructure and Public Facilities Development Assistance	Rp.	1,090,483,688
5. Spiritual and Religious Facilities Assistance	Rp.	1,161,915,500
6. Nature Conservation Assistance	Rp.	331,991,000
7. Social Welfare Assistance of Poverty Eradication	Rp.	61,195,750
Total	Rp.	6,345,673,995

Furthermore, the funding for Bio Farma's Community Development Program does not only come from its own budget but also from the Company's CSR budget. The fund was distributed through programs in Health, Education, Economic, and Environmental Pillars. Rp 1,643,920,366 has been distributed through CSR Programs in 2014, with the details as follows:

1. Aid for the Health Sector	Rp.	718,813,554
2. Aid for the Education Sector	Rp.	188,204,812
3. Aid for the Economic Sector	Rp.	265,266,700
4. Aid for the Environmental Sector	Rp.	471,635,300
Total	Rp.	1,643,920,366



Koi Carp Aquaculture Development Program in Sukamulya Village

The Community Development Program held in Sukamulya village was an integration of the four pillars of priority, which are health, education, economy, and environment. The Koi Carp Aquaculture Development Program has helped fish farmers successfully breed koi carp, as well as supported the surrounding village community. This program has provided grant which is deposition pond for the farmers.

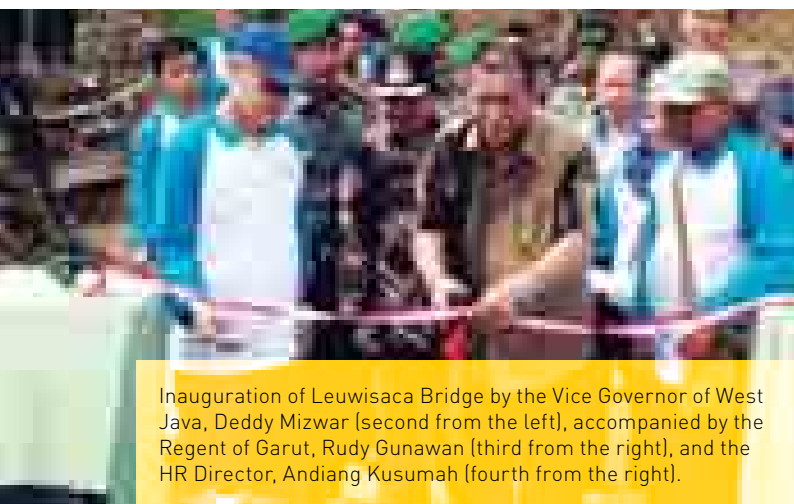
The program also provided Public Toilet facilities (to improve communities Clean and Healthy Lifestyle) and established an Integrated Health Center to provide easy access to health services which would help improve the community's health. On the capacity building, the koi carp farmers were given training on the bio-secure koi carp farming management, which adopts the vaccine production processes. On the empowerment, the Company provided assistance to Mizu-mi Koi Carp Farmer Group (KMK) in the form of 18 high-quality mature koi fish.

Currently the KMK has 12 members. The fish farmers group has been developed using the plasma-core model, in which the existing group members are able to create new groups using the same fish farming methodology. The KMK currently employs 26 local workers whose previous income had been Rp 500,000/month. They now earn about Rp 3,000,000/month, with an average production of around 3,500 fish/month.

Garut Sheep Breeding Village Program

The Garut sheep is the most prolific breed of cattle in the world. Sheep breeding is relatively stagnant at this moment, with the genetic purity of the purebred sheep declining due to predominantly uncontrolled sheep mating (sheep-breeding) with other sheep species or inbreeding (where closely biologically related animals are mated). This activity clearly decreases the number of purebred Garut sheep. Sheep development requires a particular attention. For illustrative purposes, the 2006 Livestock Statistics recorded a population of 7 million sheep in Indonesia and 4 million sheep in West Java (55% of the national sheep population). In the same year, it also recorded the slaughter of 3 million sheep in West Java. Based on the facts provided, this is the time to improve and increase purebred Garut sheep population by DEVELOPING THE GARUT SHEEP BREEDING VILLAGE.

Garut sheep breeding program is one of PT Bio Farma's CSR programs aimed to preserving Indonesia's biodiversity. This program also to preserve Indonesia's geographical indicators (germplasm resources, nature, culture and customs). The Garut sheep conservation and breeding program has been implemented in the Wanajaya Village, Wanaraja Subdistrict, Garut. The Company's vision in developing Garut sheep breeding program is to contribute to the society's welfare, as well as to preserve the indigenous livestock in Garut, West Java.



Inauguration of Leuwisaca Bridge by the Vice Governor of West Java, Deddy Mizwar (second from the left), accompanied by the Regent of Garut, Rudy Gunawan (third from the right), and the HR Director, Andiang Kusumah (fourth from the right).



The Green Car handover, in cooperation with Solidarity of United Indonesia Cabinet Wives (SIKIB), handed over directly by Pramusti Indrascaryo, Bio Farma Director of Finance, to Silvia Agung Laksono as the Chairwoman of SIKIB. The purpose of Green Car to socialize and educate about the environment, nature conservation and CSR.



PARTNERSHIP PROGRAM

To empower the community's economy, Bio Farma continued to implement its Partnership programs in 2014 by providing soft loans to small and medium enterprises in order to develop their businesses. This is a revolving program, whereby repayments from development partners will be subsequently used to assist other development partners.

This program has helped the community improve their wellbeing and their social and economic conditions. Bio Farma's Partnership Program soft loan funds from 1992 to 2014 reached a total of Rp 82,051,325,000.



Batik Pakidulan as an assisted partner of Bio Farma has implemented green process using nano technology and also has registered copyright to the Directorate General of Intellectual Property Rights.

CSR IN PRODUCT RESPONSIBILITY

The Pentabio innovation is one of the indicators of Bio Farma's success in product research. Innovation is implemented in the process of vaccine filling, so which the D, T, P, Hib, and HB vaccines can be integrated in one single product. The innovation's purposes are to increase product value in which the consumers are able to obtain 5 different vaccines in one single product at a cheaper price, and also to reduce the number of visits to the health facilities. The obligation to visit health facilities also reduces the number of individuals which undergo vaccination, when the obligation is not fulfilled. Thus, Bio Farma's Pentabio innovation has also successfully increased the vaccine's protection and reduce the number of unvaccinated individuals.

On the other hand, this innovation has also reduced the number of vaccine packaging waste which classified as a toxic and hazardous waste, particularly in the healthcare facilities. Hence, toxic and hazardous waste processing load in these facilities can be minimized. The innovation is an example of Bio Farma's product responsibility, by extending its responsibility of the impacts of its products on the environment as and after they are utilized. There was a reduction in the amount of toxic and hazardous waste produced, from 2.3% in 2012, to 113.2% after the innovation of Pentabio. This shows a significant influence of Pentabio innovation, especially for its consumers.



INFORMATION TECHNOLOGY



In line with the Company's vision to become a world-class company, an adequate information technology system and infrastructure is highly needed to support the Company's business processes in order to maintain competitive advantage in the global market. An effective information technology solution will increase work efficiency, effectiveness and productivity so that the Company is able to create competitive products and services. Information technology at Bio Farma is handled by the Information Technology Division that acts as a supporting unit for the Company's operational activities, by providing information technology and communication services that are adequate, reliable, and aligned with the Company's business needs.



INFORMATION TECHNOLOGY DEVELOPMENT

Bio Farma continues to develop business application systems that are integrated to support the operations of all business units in the organization. By designing an effective and efficient IT system, the existing IT system may support the Company's competitive advantage in facing competition and developing its business in the future.

The Company has developed its information technology system development up to 2017, which includes the development of tools and applications especially related to the improvement of service quality and production processes. In 2014 new application development was underway in a more integrated manner and the application covers the needs for the Marketing, Production, Warehousing and Quality Assurance, as well as Human Resources Directorates.

In the Marketing Directorate, the development of CRM (Customer Relationship Management) application was completed, to be implemented in 2015.

In the Production, Warehousing and Quality Assurance Directorate, the Bio Production Managements (BioPM) application was developed as a collaboration between various production modules of Forecast & Schedule, Master Formula, Inventory, Raw Material Management, Production, Quality Control, Quality Assurance, Label, Product Sales, and Preventive Management. The process is nearly completed and it will be live in 2015.

In the Human Resources Directorate, the ERP-HR application was developed, integrating the HR (Human Resources) and Payroll applications with the ERP (Enterprise Resource Planning).

All tools and applications are aligned to the standard operating procedures (SOP) in order to provide an integrated, timely, and effective information system. The business process applications that were developed are categorized into main, supporting, E-Office, and document workflow applications, as follows:

Main Applications:

1. Enterprise Resource Planning (ERP) Application.
2. Human Capital Management System (HCMS) Application.
3. Laboratory Information Management System (LIMS) Application.
4. BioQA Application.
5. Deviation Application.
6. Change Control Application.
7. CAPA Application.
8. Raw Material & Vendor Management Application.
9. Environment Monitoring Application.
10. Physical Monitoring Application.
11. Data Form Application.
12. Calibration Validation Application.
13. Customer Relationship Management (CRM) Application.

Supporting Applications

1. Training Record Application.
2. Filling System Application.
3. Help Desk Online (SIMApp) Application.
4. Bio Budgeting Application.
5. Inventory (SIAAP) Application.
6. Accounting (SIAB, Fixed Asset) Application.
7. Finance (SIAK) Application.
8. E-SPT Application.
9. Marketing Application.
10. Logistics (SIAPBJ) Application.
11. e-procurement (Bioeproc) Application.
12. Biosis Application.
13. Medical Records Application.
14. Online Attendance Application.
15. Payroll Application.
16. Services Application.
17. Laboratory Animals (Bioware) Application.
18. SMS Gateway Application.

E-Office Applications

1. Intranet, communications media and internal publication applications.
2. Internet Application www.biofarma.co.id, corporate website publication media.
3. Mail Server, for corporate electronic mailing system.
4. News Clipping Admin, internal application developed to document news clippings related to the Company.
5. File server, file documentation, and centralized data applications.



DOCUMENT WORKFLOW APPLICATIONS

In order to support the Company's activities that uphold the spirit of Go Green Industry, the Information Technology Division has implemented applications that may reduce the use of paper and result in paperless business in all internal administrative activities, among others:

1. e-Correspondence Database Application.
2. Online SPPD Application.
3. Online Leave Application.
4. Payroll Application.
5. Logistics Document Workflow Application.
6. User Access Control Application.

IT INFRASTRUCTURE AT BIO FARMA

Up to the end of 2014, the development of information technology systems, networks and infrastructure at Bio Farma had covered the following:

1. Telecommunications Server (IP-PBX), IP (internet protocol) based telecommunications system integrated with mail server and applications.
2. Server Virtualization, whereby one server system allows many logical servers running simultaneously on a physical server, therefore vastly reducing the use of resources (electricity, hard drive space, memory, etc.)
3. Implementation of the latest operating system and database.
4. Implementation of infrastructure security monitoring technology.
5. Implementation of a centralized antivirus system.
6. Infrastructure enhancement according to the IT Master Plan, i.e. installation of fiber optic cables, server virtualizations, blade servers, SAN storage, and Tape backup.
7. Preparation for the room and installation of Disaster Recovery Plan (DRP) tools, including grounding, CCTV, fire system and raised floor.
8. Consultation for the planning of ERP implementation with PT Sigma Cipta Caraka.

9. Regular monitoring and maintenance of physical and logical network infrastructure.
10. Maintenance of networks and phone lines.
11. Installation of internal access points (Wi-Fi) in meeting rooms and other rooms requiring connectivity for the smoothness of internal operations of ERP, internet access, and other applications.
12. Installation of physical firewall to replace old firewall.
13. Plan for installation of IP-based phone infrastructure and call center connected to the CRM application.
14. Installation of fiber optic cables that connect data network from Pasteur to Cisarua Lembang as the first step in DRC (Disaster Recovery Center) development.

INFORMATION SYSTEM GOVERNANCE

Information system investments nowadays are not only aimed at improving effectiveness, efficiency and work speed, but also to improve overall organizational performance. Therefore, responsibility for IT management cannot be wholly ascribed to any single unit specifically managing the technical aspect of IT, but also must be shouldered by the various elements of the management. This is a new paradigm in managing information system, and it is called IT Governance. IT Governance is a commitment, awareness and process of the organization's management controlling the entire IT resources, including computing resources (software, brainware, database, etc.) and information technology as well as LAN/internet. Subsequently, the implementation of IT governance is targeted to be in line with the Company's goals. To implement IT governance at Bio Farma, the Company has established the following IT Policy, covering:

1. Policy for Development of Software and Computer System Validation
 - a. Software
A set of instructions executed by computer in order to run its tasks. Software can process input and produce output used as information.
 - b. Computerized System
A combination of various software, hardware, networking, and standard operating procedures, users, interconnecting input and output processes of information used in reporting or control of information system.

- c. Computer System Validation (CSV)
A process for validating a software or a computerized system to ensure that such software or computerized system has been aligned with its intended functions and user's requirements.
- d. Hardware Qualification
Process for determining that the hardware used in a computerized system has been ensured in terms of configuration and performance.
- e. Creation and development of software is properly managed in line with the prevailing regulations and the System Development Life Cycle (SDLC) concept.
- f. Validation of software or computerized systems is implemented according to the prevailing regulations to ensure quality.

2. Information Security Policy

- a. The Company has full authority to implement the security measures for its information system to protect its information-related assets and ensure its business process continuity.
- b. Bio Farma's information-related assets belong to the Company and are intended to further the Company's business/operations and to ensure confidentiality, integrity, and availability of information as well as effectiveness and efficiency of IT services.
- c. IT risks are managed by the Company to ensure security of Bio Farma's IT governance.

3. Electronic Record and Electronic Signature Policy

- a. Electronic Record
Electronic record is a combination of text, graphics, audio, images, and or other information in digital form that can be created, modified, updated, saved, acquired, or distributed by computerized systems.
- b. Electronic Signature
Electronic signature is a compilation of data consisting of computer symbols that are executed, adopted or authorized and legalized to be considered equivalent to a manual signature.

- c. Electronic record that is an output from a process done by a computerized system and electronic signature at Bio Farma is considered to be valid and legally binding, equivalent to the manual processes and signatures that are also valid.

Documents related to the information technology governance policy in Bio Farma are as follows:

1. Manual Bio Farma MBF2, Information Technology Policy subchapter.
2. IT Master Plan for 2013-2017.
3. Backup and Restore Data Guidelines.
4. Computer Troubleshooting Guidelines.
5. Software Development, Hardware Qualification, and Computerized System Validation Guidelines.
6. Information Technology Policy Guidelines.
7. Email Creation Standard Guidelines.
8. Data Backup and Restore Standard Guidelines.
9. Antivirus Standard Guidelines.
10. Computer Troubleshooting Standard Guidelines.
11. Logical Access Standard Guidelines..
12. Manual Backup of BioQa Database Standard Guidelines.
13. Online Document Application Intranet Usage Standard Guidelines for Users.
14. Online Document Application Intranet Usage Standard Guidelines for Administrators.
15. Batch Record Software Usage Standard Guidelines.
16. Training Record Software Usage Standard Guidelines.
17. Software Testing Standard Guidelines.
18. Physical Monitoring Software Usage Standard Guidelines.



19. Environment Monitoring Software Usage Standard Guidelines.
20. Data Form Software Usage Standard Guidelines.
21. DEV-CC-CAPA Software Usage Standard Guidelines.
22. Documentation System Software Usage Standard Guidelines.
23. Raw Material Software Usage Standard Guidelines.
24. Qualification, Installation, Operations and Performance of BioQA Online Application.
25. Qualification, Installation, Operations and Performance of EM Application.
26. Qualification, Installation, Operations and Performance of Batch Record.
27. Design Qualification (DQ) of Val-Cal Manager Application.
28. Qualification, Installation, Operations and Performance of TR Software.
29. Design Qualification (DQ) of Batch Record Application.
30. Design Qualification (DQ) of Environment Monitoring Application.
31. Design Qualification (DQ) of Training Record Application.
32. Qualification, Installation, Operations and Performance of Val-Cal Manager.
33. Physical Monitoring Software Validation Protocol.
34. Documentation System Software Validation Protocol.
35. DEV-CC-CAPA Software Validation Protocol.
36. Batch Record Software Validation Protocol.
37. Spreadsheets Validation Protocol.
38. Training Record Software Validation Protocol.
39. Data Form Software Validation Protocol.
40. Training Record Software Validation Protocol.
41. DEV-CC-CAPA Software Validation Protocol.
42. Online Document Application Intranet Validation Protocol.
43. Raw Material Software Validation Protocol.
44. SIAAP Software Validation Protocol.

Bio Farma realizes that the challenges ahead will be more complex and competitive, especially in the vaccine and antisera industry. The support of an integrated communications and information technology system that is aligned with the Company's business characteristics can provide strategic planning and decisionmaking solutions that are more timely, accurate, and affective. In contrast, a mistake in implementing IT system may lead to substantial losses. Therefore, the Company has determined the following information technology-related strategies:

- a. Building integrated business applications that involve all functions within the Company.
- b. Developing IT organization that is harmoniously organized and featuring both centralized and decentralized (autonomous) policymaking, followed by a sound change management process.
- c. Increasing collaboration with third parties (outsourcing) for development and maintenance by taking into consideration effectiveness and efficiency of cost, time, solution quality, products and services quality, and flexibility.
- d. Developing IT infrastructure to accommodate current and future business needs.

IT Human Resources Training and Development

The training and development of IT human resources in 2014 began to be aimed at IT as Business Enabler. Bio Farma's IT Team not only participated in technical training programs but also business-related ones. The training programs in which Bio Farma's IT Team participated were:

Technical Training

- a. ERP for Programming and Administering Databases.
- b. ERP for all modules implemented, such as Finance & Accounting, Procurement, Inventory, and Sales.
- c. Infrastructure.
- d. Programming Language aligned to the IT Masterplan, such as VB.Net.
- e. Essential Networking and TCP/IP Fundamentals.
- f. VMP Training & Workshop and Risk-Based Assessment Workshop HP.
- g. Microsoft Exchange 2010.



Non-Technical Training

- a. Basic Accounting.
- b. Public Speaking.
- c. Control Objective for Information and Related Technology—COBIT 5.
- d. Software Validation.
- e. HP Solution and Product Knowledge.
- f. Work Load Analysis.
- g. Risk Analysis.
- h. Software Validation.
- i. Executive Presentation for Staff.
- j. Smart and Effective Presentation.
- k. Business Process Mapping.
- l. Big Data Management and Data Mining.

IT System Investment

In 2014, the value of investment in IT system and infrastructure development was higher than the previous year, owing to the implementation of firewall and IPBX-based telephone technology.

FINANCIAL STATEMENTS



PT BIO FARMA (PERSERO)

LAPORAN KEUANGAN

**31 Desember 2014 dan 2013 dan
Untuk Tahun-Tahun Yang Berakhir Pada Tanggal Tersebut**

DAN LAPORAN AUDITOR INDEPENDEN

FINANCIAL STATEMENTS

***December 31, 2014 and 2013 and
For The Years Then Ended***

AND INDEPENDENT AUDITOR'S REPORT

PT. BIO FARMA (Persero)

Jl. Pasteur No. 28 Bandung 40161 Indonesia, PO. Box 1136, Telp. 022 2033755, Fax 022 2041306
email : mail@biofarma.co.id – [http : //www.biofarma.co.id](http://www.biofarma.co.id)

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**DIRECTOR'S STATEMENT LETTER RELATING TO
THE RESPONSIBILITY FOR FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013
PT BIO FARMA (PERSERO)**

We the undersigned:

Name : Iskandar
Office address : Jl. Pasteur No. 28 Bandung 40161, Jawa Barat
Residential address : Komplek Bio Farma no. 17 Bandung 40184
Phone : (022) 2033755
Title : President Director

Name : Pramusti Indrascaryo
Office address : Jl. Pasteur No. 28 Bandung 40161, Jawa Barat
Residential address : Kav. Lestari II / 63 RT 012 RW 007
Lebak Bulus, Cilandak - Jakarta
Phone : (022) 2033755
Title : Finance Director

State that:

1. Responsible for the preparation and the presentation of the financial statements'
2. The financial statements have been prepared and presented in accordance with the Indonesian financial accounting standards;
 - a. All information has been fully and correctly in the Company's financial statements;
 - b. The Company's financial statements do not contain false material information or facts, nor do they omit material information or facts.
3. Responsible for the Company internal control system.

This statement letter is made truthfully

Bandung, February 2, 2014

President Director

Finance Director

(Iskandar)

(Pramusti Indrascaryo)

PT BIO FARMA (Persero)

Jl. Pasteur No. 28 Bandung 40161 - Indonesia, P.O. Box 1191, Telp. (022) 2033755, Fax. (022) 814 1300
www.biofarmaindonesia.com

LAPORAN AUDITOR INDEPENDEN

Nomor: 0001A/1431/DWI/2014

Kepada Yth,
Pemegang Saham, Dewan Komisaris dan Direksi
PT BIO FARMA (PERSERO)

Laporan Atas Laporan Keuangan

Kami telah melakukan audit laporan keuangan PT Bio Farma (Persero) terbatas, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2014, serta laporan laba rugi komprehensif, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu opini terhadap informasi akuntansi signifikan dan informasi perantara lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kelalaian maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah menyatakan suatu opini atas laporan keuangan tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi kewajiban etika serta melaksanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Sama with melibatkan perencanaan prosedur untuk memperoleh bukti audit tentang aspek-aspek dari pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kelalaian maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan antara lain merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keterandalan pengendalian internal tersebut. Suatu audit juga mencakup pengungkapan atas ketidakselarasan rekening yang diuraikan dalam laporan ekuitas akuntansi yang dibuat oleh manajemen, serta pengungkapan atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan kuat untuk menyimpulkan suatu hasil bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan tersebut memuat informasi secara wajar. Selain semua hal yang terdapat pada laporan keuangan PT Bio Farma (Persero) tanggal 31 Desember 2014 serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia.



LAPORAN AUDITOR INDEPENDEN (Lainnya)

Nomor: 043ALAR.14.BP/DWI/2019

Laporan Atas Kepatuhan Terhadap Peraturan Perundang-Undangan dan Pengendalian Internal

Kami juga melakukan pengujian atas kepatuhan Perusahaan terhadap peraturan perundang-undangan tertentu dan pengendalian internal. Kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal adalah tanggung jawab manajemen perusahaan. Tanggung jawab kami adalah untuk menyatakan atas kepatuhan terhadap peraturan perundang-undangan tertentu dan pengendalian internal berdasarkan audit kami. Pengujian atas kepatuhan terhadap peraturan perundang-undangan tertentu kami penerapkan berdasarkan Standar Pemeriksaan Keuangan Negara yang diterbitkan oleh Badan Pemeriksa Keuangan Republik Indonesia dan Penerapan Standar Audit Nomor 62 yang ditetapkan oleh Institut Akuntan Publik Indonesia.

Laporan kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal, diterbitkan secara terpisah kepada manajemen dalam laporan kami Nomor 043ALAR.14.BP/DWI/2019 dan Nomor 043BALAR.14.BP/DWI/2019 tanggal 2 Februari 2019.

Patrick

Dwidarmas, Wahyudin, CPA
NSRP AP 0190

Bandung, 2 Februari 2019

PT BIO FARMA (PERSERO)
LAPORAN POSISI KEUANGAN
Per 31 Desember 2014 dan 2013
(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)
STATEMENT OF FINANCIAL POSITION
As of December 31, 2014 and 2013
(Expressed in Rupiah, unless otherwise stated)

ASET	2014	Catatan/ Note	2013	ASSETS
ASET LANCAR				CURRENT ASSETS
Kas dan Setara Kas	971.717.046.000	2.d., 2.e., 3	891.250.766.156	Cash and Cash Equivalents
Efek Tersedia Untuk Dijual	25.599.792.849	2.d., 2.e., 4	-	Available For Sale Securities
Piutang Usaha (setelah dikurangi penyisihan penurunan nilai sebesar Rp.122.481.675 pada 31 Desember 2014 dan Rp.39.963.975 pada 31 Desember 2013)	257.259.801.488	2.d., 2.e., 5	288.245.632.609	Trade Receivables (Net of provision for impairment of Rp.122.481.675 on December 31, 2014 and Rp.39.963.975 on December 31, 2013)
Piutang Lain-Lain (setelah dikurangi penyisihan penurunan nilai sebesar Rp.1.302.637.458 pada 31 Desember 2014 dan 2013)	850.045.644	2.d., 2.e., 6	345.695.659	Other Receivables (Net of provision for impairment of Rp.1.302.637.458 on December 31, 2014 and 2013)
Persediaan (setelah dikurangi penyisihan penurunan nilai sebesar Rp.4.056.315.911 pada 31 Desember 2013 dan Rp.1.937.136.864 pada 31 Desember 2013)	326.600.044.823	2.g., 7	204.898.642.887	Inventories (Net of provision for impairment of Rp.4.056.315.911 on December 31, 2014 and Rp.1.937.136.864 on December 31, 2013)
Uang Muka	50.412.492.381	2.d., 2.e. 8	38.623.576.284	Advances
Pajak Dibayar Dimuka	154.008.287.440	2.l., 9	96.972.139.772	Prepaid Taxes
Biaya Dibayar Dimuka	4.767.416.002	2.j., 10	1.590.600.267	Prepaid Expenses
Pendapatan yang Masih Akan Diterima	2.725.696.829	2.j., 11	3.103.901.498	Accrued Income
Aset Lancar Lainnya	30.697.999.071	12	17.870.452.584	Other Current Assets
Jumlah Aset Lancar	1.824.638.622.527		1.542.901.407.716	Total Current Assets
ASET TIDAK LANCAR				NON CURRENT ASSETS
Aset Pajak Tangguhan	17.046.156.404	9	12.912.599.379	Deferred Tax Assets
Aset Tetap (setelah dikurangi akumulasi penyusutan sebesar Rp.722.959.394.505 pada 31 Desember 2014 dan Rp.605.800.589.557 pada 31 Desember 2013)	1.163.473.244.976	2.h., 13	1.126.085.478.917	Fixed Assets (Net of accumulated depreciation of Rp.722.959.394.505 on December 31, 2014 and Rp.605.800.589.557 on December 31, 2013)
Aset Takberwujud (setelah dikurangi akumulasi amortisasi sebesar Rp.4.392.006.950 pada 31 Desember 2014 dan Rp.2.029.191.105 pada 31 Desember 2013)	37.855.462.048	2.i., 14	20.214.346.797	Intangible Assets (Net of accumulated amortization of Rp.4.392.006.950 on December 31, 2014 and Rp.2.029.191.105 on December 31, 2013)
Aset Tidak Lancar Lainnya (setelah dikurangi akumulasi amortisasi sebesar Rp.1.673.441.667 pada 31 Desember 2014 dan Rp.1.236.891.667 pada 31 Desember 2013)	766.323.829	15	956.273.829	Other Assets (Net of accumulated amortization of Rp.1.673.441.667 on December 31, 2014 and Rp.1.236.891.667 on December 31, 2013)
Jumlah Aset Tidak Lancar	1.219.141.187.257		1.160.168.698.923	Total Non Current Assets
JUMLAH ASET	3.043.779.809.784		2.703.070.106.639	TOTAL ASSETS

Lihat catatan atas laporan keuangan yang merupakan bagian tidak terpisahkan dari laporan keuangan secara keseluruhan

See the accompanying notes which are an integral part of the financial statements taken as a whole

LIABILITAS DAN EKUITAS	2014	Catatan/ Note	2013	LIABILITIES AND EQUITY
LIABILITAS				LIABILITIES
Liabilitas Jangka Pendek				Current Liabilities
Utang Usaha	145.094.985.807	16	158.098.233.953	Trade Payables
Utang Pajak	38.918.793.669	2.l.,9	86.916.418.287	Taxes Payable
Biaya Yang Masih Harus Dibayar	128.279.650.927	17	112.780.949.155	Accrued Expenses
Pendapatan Diterima Dimuka	1.366.412.394	2.j.,18	5.405.049.445	Unearned Revenue
Liabilitas Lancar Lainnya	26.008.569.142	19	26.436.649.335	Other Current Liabilities
Jumlah Liabilitas Jangka Pendek	339.668.411.938		389.637.300.175	Total Current Liabilities
Liabilitas Jangka Panjang				Non Current Liabilities
Liabilitas Diestimasi Imbalan Pasca Kerja	62.703.190.571	2.m.,20	48.370.659.217	Estimated Employee Benefits Liabilities
Liabilitas Tidak Lancar Lainnya	24.882.312.222	21	-	Other Non-Current Liabilities
Jumlah Liabilitas Jangka Panjang	87.585.502.793		48.370.659.217	Total Non Current Liabilities
JUMLAH LIABILITAS	427.253.914.731		438.007.959.392	TOTAL LIABILITIES
EKUITAS				EQUITY
Modal Saham				Share Capital
Modal dasar - 5.000.000 dan 2.000.000 lembar saham pada 31 Desember 2014 dan 2013, nominal Rp.1.000.000 per lembar saham. Ditempatkan dan disetor penuh - 1.250.000 dan 750.000 saham pada 31 Desember 2014 dan 2013	1.250.000.000.000	21	750.000.000.000	Authorized capital - 5,000,000 and 2,000,000 shares on December 31, 2014 and 2013, par value Rp.1.000.000 per share. Issued and fully paid - 1,250,000 and 750,000 shares as on December 31, 2014 and 2013.
Keuntungan (Kerugian) Belum Direalisasi Atas Kepemilikan Efek Tersedia Untuk Dijual	377.292.849		-	Unrealized Gains (Loss) From Available For Sale Securities
Saldo Laba (Rugi)				Retained Earnings
Dicadangkan	786.074.860.369	22	941.919.524.322	Appropriated
Belum Dicadangkan	580.073.741.835	22	573.142.622.925	Un-appropriated
JUMLAH EKUITAS	2.616.525.895.053		2.265.062.147.247	Total Equity
JUMLAH LIABILITAS DAN EKUITAS	3.043.779.809.784		2.703.070.106.639	TOTAL LIABILITIES AND EQUITY

Lihat catatan atas laporan keuangan yang merupakan bagian tidak terpisahkan dari laporan keuangan secara keseluruhan

See the accompanying notes which are an integral part of the financial statements taken as a whole

PT BIO FARMA (PERSERO)
LAPORAN LABA-RUGI KOMPREHENSIF
Untuk Tahun-Tahun Yang Berakhir Pada Tanggal
31 Desember 2014 dan 2013
(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)
STATEMENT OF COMPREHENSIVE INCOME
For the Years Ended
December 31, 2014 and 2013
(Expressed in Rupiah, unless otherwise stated)

	2014	Catatan/ Notes	2013	
PENJUALAN BERSIH				NET SALES
Produk Perusahaan	2.028.988.085.136	2.j., 24	1.848.451.643.595	<i>The Company's Product</i>
Barang Dagangan	10.286.943.546	2.j., 25	1.848.000.000	<i>Merchandise Product</i>
Jasa	4.805.423.299	2.j., 26	3.381.998.910	<i>Services</i>
Jumlah Penjualan Bersih	2.044.080.451.981		1.853.681.642.505	Total Net Sales
BEBAN POKOK PENJUALAN				COST OF GOODS SOLD
Produk Perusahaan	(767.608.689.091)	2.j., 27	(718.462.581.178)	<i>The Company's Product</i>
Barang Dagangan	(8.826.987.298)	2.j., 28	(1.148.140.277)	<i>Merchandise Product</i>
Beban Jasa	(3.653.929.719)	2.j., 29	(3.985.651.305)	<i>Services</i>
Jumlah Beban Pokok Penjualan dan Jasa	(780.089.606.108)		(723.596.372.760)	<i>Total Cost of Good and Services Sold</i>
LABA (RUGI) KOTOR	1.263.990.845.873		1.130.085.269.745	GROSS PROFIT
Penghasilan Lain-lain	118.630.367.414	2.j., 30	152.837.828.951	<i>Other Income</i>
Beban Administrasi dan Umum	(378.448.122.194)	2.j., 31	(304.313.116.086)	<i>General and Administrative Expenses</i>
Beban Penjualan	(72.569.877.903)	2.j., 32	(72.830.286.610)	<i>Selling Expense</i>
Beban Penelitian, Pengembangan dan Surveilans	(88.779.215.457)	2.k., 33	(68.317.911.755)	<i>Research, Developments and Surveillances Expenses</i>
Beban Lain-Lain	(69.747.838.173)	2.j., 34	(58.872.795.971)	<i>Other Expenses</i>
Jumlah	(490.914.686.313)		(351.496.281.472)	<i>Total</i>
LABA (RUGI) SEBELUM PAJAK PENGHASILAN	773.076.159.560		778.588.988.274	INCOME (LOSS) BEFORE INCOME TAX
MANFAAT (BEBAN) PAJAK PENGHASILAN				INCOME TAX BENEFITS (EXPENSES)
Pajak Kini	(197.135.974.750)	2.l., 9	(207.287.750.500)	<i>Current Tax</i>
Pajak Tangguhan	4.133.557.025	2.l., 9	1.166.385.151	<i>Deferred Tax</i>
Jumlah Beban Pajak Penghasilan	(193.002.417.725)		(206.121.365.349)	<i>Total Tax Expenses</i>
LABA (RUGI) BERSIH	580.073.741.835		572.467.622.925	NET INCOME (LOSS)
PENDAPATAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME
Keuntungan (Kerugian) belum direalisasi Atas kepemilikan efek tersedia untuk dijual	377.292.849	35	-	<i>Unrealized Gains (Loss) From Available For Sale Securities</i>
LABA (RUGI) KOMPREHENSIF	580.451.034.684		572.467.622.925	COMPREHENSIVE INCOME (LOSS)

Lihat catatan atas laporan keuangan yang merupakan bagian tidak terpisahkan dari laporan keuangan secara keseluruhan

See the accompanying notes which are an integral part of the financial statements taken as a whole

PT BIO FARMA (PERSERO)
STATEMENT OF CHANGES IN EQUITY
For the Years Ended
December 31, 2014 and 2013
(Expressed in Rupiah, unless otherwise stated)

PT BIO FARMA (PERSERO)
LAPORAN PERUBAHAN EKUITAS
Untuk Tahun-Tahun Yang Berakhir Pada Tanggal
31 Desember 2014 dan 2013
(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

	Modal Saham/ Share Capital	Keuntungan (Kerugian)		Saldo Laba/Retained Earnings		Jumlah/Total	Jumlah Ekuitas/ Total Equity
		Belum Direalisasi/ Unrealized Gain (Loss)	Dicadangkan/ Appropriated	Belum Dicadangkan/ Unappropriated	Total		
Saldo Awal per 1 Januari 2013	750.000.000.000	-	670.640.762.322	385.891.883.599	1.056.532.645.920	1.806.532.645.920	Beginning Balance as of January 1, 2013
Pembagian Laba :							
Dividen	-	-	-	(105.178.377.000)	(105.178.377.000)	(105.178.377.000)	Profit Sharing Dividend
Cadangan	-	299.278.762.000	299.278.762.000	(299.278.762.000)	-	-	Appropriated
Program Kemitraan	-	-	(1.929.459.000)	(1.929.459.000)	(1.929.459.000)	(1.929.459.000)	Partnership Program
Bina Lingkungan	-	-	(6.830.285.598)	(6.830.285.598)	(6.830.285.598)	(6.830.285.598)	Community Development
Tantiem	-	-	(675.000.000)	(675.000.000)	(675.000.000)	(675.000.000)	Tantiem
Reklasifikasi Saldo Laba - dari	-	-	-	675.000.000	675.000.000	675.000.000	Reclassification of Unappropriated from Additional Tantiem 2013
Tambahkan Tantiem tahun 2013	-	(28.000.000.000)	(28.000.000.000)	28.000.000.000	-	-	Additional Tantiem 2013
Tambahkan Dividen dari Cadangan	-	-	-	572.467.622.925	572.467.622.925	572.467.622.925	Additional Dividen from Appropriated Earnings
Laba (Rugi) Tahun 2013	-	-	-	572.467.622.925	572.467.622.925	572.467.622.925	Comprehensive Income for the Year
Saldo Akhir per 31 Desember 2013	750.000.000.000	-	941.919.524.322	573.142.622.925	1.515.062.147.247	2.265.062.147.247	Ending Balance as of December 31, 2013
Saldo Awal per 1 Januari 2014	750.000.000.000	-	941.919.524.322	573.142.622.925	1.515.062.147.247	2.265.062.147.247	Beginning Balance as of January 1, 2014
Pembagian Laba :							
Dividen	-	-	-	(228.987.286.878)	(228.987.286.878)	(228.987.286.878)	Profit Sharing Dividend
Cadangan	-	400.727.336.047	400.727.336.047	(400.727.336.047)	-	-	Reserve
Koreksi Saldo Laba	-	-	675.000.000	(675.000.000)	(675.000.000)	(675.000.000)	Correction of Retained Earnings
Konversi Saldo Laba ke Cadangan	-	-	675.000.000	675.000.000	675.000.000	675.000.000	Conversion of Unappropriated to Appropriated
Tambahkan Dividen dari Cadangan	-	(57.247.000.000)	(57.247.000.000)	57.247.000.000	-	-	Additional Dividen from Appropriated Earnings
Kapitalisasi Cadangan ke Setoran Modal	500.000.000.000	(500.000.000.000)	(500.000.000.000)	500.000.000.000	(500.000.000.000)	(500.000.000.000)	Capitalization of Appropriated to Capital
Keuntungan (kerugian) belum direalisasi	-	377.292.849	377.292.849	377.292.849	377.292.849	377.292.849	Unrealized Gains (Loss) from available for sale securities
atas kepemilikan efek tersedia untuk dijual	-	-	-	580.073.741.835	580.073.741.835	580.073.741.835	Comprehensive Income for the Year
Laba (Rugi) tahun 2014	-	-	-	580.073.741.835	580.073.741.835	580.073.741.835	
Saldo Akhir per 31 Desember 2014	1.250.000.000.000	377.292.849	786.074.860.369	580.073.741.835	1.366.525.895.053	2.616.525.895.053	Ending Balance as of December 31, 2014

Lihat catatan atas laporan keuangan yang merupakan bagian tidak terpisahkan dari laporan keuangan secara keseluruhan

See the accompanying notes which are an integral part of the financial statements taken as a whole

PT BIO FARMA (PERSERO)
LAPORAN ARUS KAS
 Untuk Tahun-Tahun Yang Berakhir Pada Tanggal
31 Desember 2014 dan 2013
 (Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)
STATEMENT OF CASH FLOWS
 For the Years Ended
December 31, 2014 and 2013
 (Expressed in Rupiah, unless otherwise stated)

	2014	2013	
ARUS KAS DARI AKTIVITAS OPERASI			CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan Kas dari Pelanggan	2.108.671.544.170	1.800.734.695.980	Cash Received from Customers
Penerimaan Pajak (Restitusi)	19.528.791.388	89.417.116.595	Tax Refund
Penerimaan Bunga	35.394.883.454	12.822.588.282	Interest Receipts
Penerimaan Hibah/ Donasi WHO	4.988.917.314	1.277.818.181	Cash Received from Grant/WHO's Donation
Penerimaan (Pembayaran) Lainnya - Bersih	11.672.993.296	(19.155.596.412)	Other Receipts (Payments) - Net
Penerimaan Klaim Asuransi	106.644.572	-	Cash Received from Insurance Claims
Pembayaran Bunga	-	-	Interest Payment
Pembayaran Tantiem	(9.726.635.616)	(6.980.000.000)	Payment of Tantiem
Pembayaran Pajak	(334.487.626.174)	(241.386.211.508)	Payment for Taxes
Pembayaran Kepada Pemasok dan Karyawan	(1.330.310.145.264)	(1.003.850.388.951)	Cash Paid to Suppliers and Employees
Kas Bersih Diperoleh Dari (Digunakan Untuk) Aktivitas Operasi	505.839.367.140	632.880.022.167	Net Cash Provided by (Used in) Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI			CASH FLOWS FROM INVESTING ACTIVITIES
Pembelian Aset Tetap	(163.149.134.027)	(192.643.776.114)	Purchase of Fixed Assets
Penyertaan pada aset keuangan tersedia untuk dijual	(25.000.000.000)	-	Cash paid for investment in available for available financial assets
Pembelian Aset Takberwujud	(20.578.114.493)	(6.671.065.935)	Acquisitions of Intangible Assets
Hasil Penjualan Aset Lain-lain	-	138.392.500	Proceeds from Sale of Other Assets
Kas Bersih Diperoleh Dari (Digunakan Untuk) Aktivitas Investasi	(208.727.248.520)	(199.176.449.549)	Net Cash Provided by (Used in) Investing Activities
ARUS KAS DARI AKTIVITAS PENDANAAN			CASH FLOWS FROM FINANCING ACTIVITIES
Pembayaran Dividen	(228.987.286.878)	(105.178.377.000)	Payment of Dividends
Pembayaran Program Kemitraan dan Bina Lingkungan	-	(8.759.744.598)	Payment for Partnership and Community Development Program
Kas Bersih Diperoleh Dari (Digunakan Untuk) Aktivitas Pendanaan	(228.987.286.878)	(113.938.121.598)	Net Cash Provided by (Used in) Financing Activities
Kenaikan (Penurunan) Kas Bersih	68.124.831.741	319.765.451.020	Net Increase (Decrease) in Cash
Pengaruh Selisih Kurs Kas dan Setara Kas	12.341.448.103	72.987.703.163	Effect of Changes in Foreign Exchange Rate
Saldo Kas dan Setara Kas Pada Awal Tahun	891.250.766.156	498.497.611.973	Cash and Cash Equivalents at the Beginning of the Year
SALDO KAS DAN SETARA KAS PADA AKHIR TAHUN	971.717.046.000	891.250.766.156	CASH AND CASH EQUIVALENTS AT END OF YEAR

Lihat catatan atas laporan keuangan yang merupakan bagian tidak terpisahkan dari laporan keuangan secara keseluruhan

See the accompanying notes which are an integral part of the financial statements taken as a whole

1. UMUM

1.a. Pendirian Perusahaan

PT Bio Farma (Persero) ("Perusahaan"), pada awalnya bernama "Parc Vaccinogene" yang didirikan berdasarkan Surat Keputusan Gubernur Hindia Belanda No.14 tanggal 6 Agustus 1890. Mulai tahun 1955, berdasarkan Undang-Undang Darurat No.14 tahun 1955 status Perusahaan berubah menjadi Perusahaan Negara (PN) Pasteur. Pada tahun 1961, Perusahaan berubah menjadi PN Bio Farma berdasarkan Peraturan Pemerintah No.80 tahun 1961 Tentang Pendirian Perusahaan Negara Bio Farma. Sesuai dengan Peraturan Pemerintah No.26 tahun 1978 tentang Pengalihan Bentuk Perusahaan Negara Bio Farma menjadi Perusahaan Umum, status Perusahaan berubah menjadi Perusahaan Umum (Perum).

Berdasarkan Peraturan Pemerintah No. 1 tahun 1997 tentang Pengalihan Bentuk Perusahaan Umum (Perum) Bio Farma Menjadi Perusahaan Perseroan (Persero), status Perusahaan berubah menjadi Perusahaan Perseroan (Persero). Akta pendirian dan Anggaran Dasar atas perubahan bentuk Perusahaan tersebut telah dimuat dalam Akta No. 1 tanggal 3 Februari 1997, Akta No. 188 tanggal 20 Juni 1997, dan Akta No. 30 tanggal 21 Oktober 1997 yang dibuat oleh notaris Muhani Salim, S.H., dan telah mendapat persetujuan berdasarkan Keputusan Menteri Kehakiman Republik Indonesia No. C2-1423 HT.01.01.Th.98 tanggal 5 Maret 1998 yang telah diumumkan dalam Berita Negara Republik Indonesia tanggal 16 Juli 2002 No. 57 Tambahan No. 6884.

Anggaran Dasar Perusahaan telah mengalami beberapa kali perubahan dan terakhir Anggaran Dasar Perusahaan Nomor 26 tanggal 6 Juni 2014 yang dibuat oleh notaris Fathiah Helmi, S.H., dan telah mendapat persetujuan Menteri Hukum dan Hak Asasi Manusia, berdasarkan Keputusan Nomor AHU-0104.40.20.2014 tanggal 10 Juni 2014, tentang Persetujuan Perubahan Badan Hukum Perseroan Terbatas PT Bio Farma (Persero).

1.b Tujuan Kegiatan Usaha Perusahaan

Sesuai dengan Anggaran Dasar Perusahaan tujuan Perusahaan adalah melakukan usaha di bidang penelitian, pengembangan, produksi dan pemasaran produk biologi, produk farmasi dan alat kesehatan serta optimalisasi pemanfaatan sumber daya yang dimiliki Perseroan untuk menghasilkan barang dan/atau jasa yang bermutu tinggi dan berdaya saing kuat untuk mendapatkan/mengejar keuntungan guna meningkatkan nilai Perseroan dengan menerapkan prinsip-prinsip Perseroan Terbatas.

Untuk mencapai tujuan tersebut di atas, Perseroan dapat melaksanakan kegiatan usaha utama sebagai berikut :

- a. Penelitian dan pengembangan produk biologi dan farmasi, baik yang dilakukan sendiri maupun kerjasama dengan pihak lain;
- b. Produksi produk biologi dan produk farmasi, baik yang dilakukan sendiri maupun kerjasama dengan pihak lain;

1. GENERAL

1.a. The Company's Establishment

PT Bio Farma (Persero) ("the Company"), formerly "Parc Vaccinogene", was established based on Decree No.14 dated August 6, 1890 of the Governor of Netherlands Indies. In 1955, under Emergency Law No.14 year 1955, the legal status of the Company was changed to a state-owned company named Perusahaan Negara (PN) Pasteur. In 1961, based on the Government Regulation No.80 year 1961, the Company's name changed to PN Bio Farma. Later in 1978, based on the Government Regulation No. 26 year 1978 regarding the Transformation of the State-Owned Company (PN) Bio Farma, the Company status was changed to a Public Company (Perum).

Based on Government Regulation No. 1 year 1997 regarding the Transformation of the Public Company (Perum) Bio Farma Into a Limited Liability Corporation, the status of the Company was changed into a state-owned limited liability corporation (Persero). The Article of Association of the Company's transformation was appeared in notarial deed No.1 dated February 3, 1997, No.188 dated June 20, 1997, and No.30 dated October 21, 1997 of Muhani Salim, S.H., Notary. It has been approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-1423 HT.01.01.Th.98 dated March 5, 1998, and published in State Gazette of the Republic of Indonesia No. 57 Supplement No. 6884 dated July 16, 2002.

The Company's Articles of Association has been amended several times, the most recent amendment was made through notarial deed No. 26 dated June 6, 2014 of Fathiah Helmi, S.H., Notary, and has been approved by the Minister of Law and Human Rights in his Decision Letter No. AHU-0104.40.20.2014 date June 10, 2014, regarding the Approval of Amendment of the State-Owned Limited Liability Corporation of PT Bio Farma (Persero).

1.b The Company's Objective

According to the Company's Articles of Association, the Company's objectives are to make the efforts in research, development, production, and marketing of biological products, pharmaceutical products, and medical equipments, and optimalization of the Company's resources to produce high quality and strong competitive products and services to seek profits that enhance the Company's value by applying the principles of the limited liability corporation.

To achieve the objectives mentioned above, the Company performs major activities as follows:

- a. *Research and development of biological and pharmaceutical products, both performed by the Company itself and by cooperation with other parties;*
- b. *Production of biological and pharmaceutical products, both from the Company's own production and from cooperation with other parties;*

1. UMUM (lanjutan)

1.b Tujuan Kegiatan Usaha Perusahaan (lanjutan)

- c. Pemasaran, perdagangan dan distribusi produk biologi, farmasi, alat kesehatan, termasuk barang umum, baik di dalam maupun di luar negeri;
- d. Pelayanan Laboratorium Kesehatan dan Klinik;
- e. Berusaha di bidang jasa yang ada hubungannya dengan yang tertera pada huruf a,b, c, dan d.

Sifat usaha Perusahaan adalah melayani kebutuhan pasar domestik dan global, sebagai berikut :

- a. Pasar Pemerintah, yaitu melayani kebutuhan Pemerintah untuk program imunisasi dasar/reguler yaitu vaksin BCG, DPT, DT, TT, Polio, Campak, Hepatitis B, Td serta diluar program-program imunisasi reguler yaitu vaksin DTP-HB-Hib dan IPV;
- b. Pasar swasta nasional, yaitu melayani para distributor dalam negeri untuk memenuhi kebutuhan vaksin di luar program imunisasi rutin Pemerintah yaitu vaksin BCG, BioTd, BioTT, FluBio, Campak, Polio, Hepatitis B, Pentabio, anti sera (BioADS, BioSAVE, ABUII (Australia) dan PPD2TU;
- c. Pasar internasional, terutama untuk melayani kebutuhan UNICEF dan pihak-pihak lainnya yang telah melakukan kerjasama bilateral. Vaksin yang digunakan merupakan vaksin yang telah memenuhi prakualifikasi WHO baik dalam bentuk produk jadi maupun bulk, yaitu vaksin TT, Td, BioTT, DTP, Polio, Campak, DTP-HB, Pentabio, bulk Polio, bulk Difteri, bulk Pertusis dan bulk Tetanus.

1.c Dewan Komisaris, Direksi, Komite - Komite dan Karyawan

Susunan pengurus Perusahaan pada tanggal 31 Desember 2014 dan 2013 adalah sebagai berikut:

	2014
Dewan Komisaris	
Komisaris Utama ¹⁾	Prof. DR. Ahmad Ramli, S.H., MH
Komisaris ²⁾	Drs. Paruli Lubis, MBA
Komisaris ³⁾	Herman Ladjidja Djuni, ST
Komisaris ⁴⁾	dr. Nizar Yamani, Sp.S (K)
Komisaris ¹⁾	Ihsan Setiadi Latief
Komisaris ¹⁾	Heridadi
Dewan Direksi ⁶⁾	
Direktur Utama	Drs. Iskandar, Apt. MM
Direktur Pemasaran	Drs. Mahendra Suhardono, Apt, MM
Direktur Produksi	Drs. Juliman, MM
Direktur Keuangan	Drs. Pramusti Indrascaryo
Direktur Perencanaan dan Pengembangan	Drh.Sugeng Raharso, MM
Direktur Sumber Daya Manusia ⁷⁾	Drs. Andjang Kusumah, MM

1. GENERAL (continued)

1.b The Company's Objective (continued)

- c. Marketing, trading and distribution of biological and pharmaceutical products and medical equipments, including general products, for domestics and international
- d. Health care laboratory and clinic services;
- e. Providing services related to a, b, c, and d activities

The nature of the Company is to serve domestic and global market needs as follows:

- a. Government market, provides the Government with BCG, DPT, DT, TT, polio, measles, hepatitis B, Td vaccines for basic/regular immunization programs, and with DTP-HB-Hib and IPV for non-regular immunization programs;
- b. National private market, provides domestic distributors with BCG, BioTd, BioTT, FluBio, Measles, Polio, Hepatitis B, Pentabio, anti-sera (BioADS, BioSAVE, ABUII (Australia)) and PPD2TU vaccines for non-regular Government immunization programs.
- c. International markets, provides particularly the UNICEF needs, and other parties who have bilateral cooperation with the Company, with TT, Td, BioTT, DTP, Polio, Measles, DTP-HB, Pentabio, Polio bulk, Diphtheria bulk, Pertusis bulk, and Tetanus bulk vaccines. The vaccines are those that meet the pre-qualification of the WHO, both in finished products and bulk.

1.c Boards of Commissioners, Directors, Committees, and Employees

The Company's Board of Commissioners, Directors and Committees as of December 31, 2014 and 2013 are as follows:

	2013	
		Board of Commissioners
Prof. Dr. Sam Soeharto, Sp.MK		President Commissioner ¹⁾
Drs. Paruli Lubis, MBA		Commissioner ²⁾
Herman Ladjidja Djuni, ST		Commissioner ³⁾
dr. Nizar Yamani, Sp.S (K)		Commissioner ⁴⁾
Prof. DR. Ahmad Ramli, S.H., MH		Commissioner ¹⁾
Ihsan Setiadi Latief		Commissioner ¹⁾
		Board of Directors ⁶⁾
Drs. Iskandar, Apt. MM		President Director
Drs. Mahendra Suhardono, Apt, MM		Director of Marketing
Drs. Juliman, MM		Director of Production
Drs. Pramusti Indrascaryo		Director of Finance
Drh.Sugeng Raharso, MM		Director of Planning and Development
Drs. Andjang Kusumah, MM		Director of Human Resource Development

1. UMUM (lanjutan)

1.c Dewan Komisaris, Direksi, Komite - Komite dan Karyawan (lanjutan)

	2014
Komite Audit ⁸⁾	
Ketua	Drs. Paruli Lubis, MBA
Wakil Ketua	Herman Ladjidja Djuni, ST
Anggota	Abu Bakar
Anggota ⁹⁾	Asawir Harahap
Komite Pengembangan, Risiko dan GCG ¹⁰⁾	
Ketua	Heridadi
Wakil Ketua	dr. Nizar Yamani, Sp.S (K)
Wakil Ketua II	Ihsan Setiadi Latif
Anggota	Dadang Epi Sukarsa, SH., MH
Anggota	Afrizal, SE.Msi.Ak

- ¹⁾ Berdasarkan Keputusan Menteri BUMN No. SK-17/MBU/2014, tanggal 23 Januari 2014.
- ²⁾ Berdasarkan Keputusan Menteri BUMN No. KEP 392/MBU/2012, tanggal 5 November 2012
- ³⁾ Berdasarkan Keputusan Menteri BUMN No. KEP 153/MBU/2011, tanggal 27 Juni 2011.
- ⁴⁾ Berdasarkan Keputusan Menteri BUMN No. SK-204/MBU/2012, tanggal 28 Mei 2012.
- ⁵⁾ Berdasarkan Keputusan Menteri BUMN No.SK-235/MBU/2013, tanggal 1 Mei 2013.
- ⁶⁾ Berdasarkan Keputusan Menteri BUMN No.SK-221/MBU/2013, tanggal 12 April 2013.
- ⁷⁾ Berdasarkan Keputusan Menteri BUMN No. SK 116/MBU/2012, tanggal 7 Maret 2012.
- ⁸⁾ Berdasarkan Keputusan Dewan Komisaris No. KEP-05/DK/BF/II/2014, tanggal 19 Februari 2014.
- ⁹⁾ Berdasarkan Keputusan Dewan Komisaris No. KEP-15/DK/BF/VII/2014, tanggal 1 Juli 2014.
- ¹⁰⁾ Berdasarkan Keputusan Dewan Komisaris No. KEP-06/DK/BF/II/2014, tanggal 19 Februari 2014.

Susunan Direksi Perusahaan terakhir berdasarkan Akta Nomor 86 tanggal 26 April 2013 yang dibuat oleh Notaris Fathiah Helmi, S.H., dan telah diterima dan dicatat di dalam database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan Surat Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU-AH.01.10-17236 tanggal 3 Mei 2013 perihal Penerimaan Pemberitahuan Perubahan Data Perseroan PT Bio Farma (Persero). Susunan Dewan Komisaris Perusahaan terakhir berdasarkan Akta Nomor 9 tanggal 6 Februari 2014 yang dibuat oleh Notaris Fathiah Helmi, S.H., dan telah diterima dan dicatat di dalam database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan surat Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU-AH.01.10-06408 tanggal 25 Februari 2014 perihal Penerimaan Pemberitahuan Perubahan Data Perseroan PT Bio Farma (Persero).

Pada 31 Desember 2014 dan 2013, Perusahaan memiliki karyawan masing-masing 1029 dan 953 karyawan (tidak diaudit).

1. GENERAL (continued)

1.c Boards of Commissioners, Directors, Committees, and Employees (continued)

	2013	
		Audit Committee ⁸⁾
Drs. Paruli Lubis, MBA		Chairman
Prof. DR. Ahmad Ramli, S.H., MH		Vice Chairman
DR. M. Iqbal Alamsjah, SE, Ak, MA		Member
Dedi Sopyan		Member ⁹⁾
		Committee of Development, Risk, and GCG ¹⁰⁾
Herman Ladjidja Djuni, ST		Chairman
dr. Nizar Yamani, Sp.S (K)		Vice Chairman
-		Vice Chairman II
Dadang Epi Sukarsa, SH., MH		Member
Sawijan Gunadi		Member

- ¹⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No.SK-17/MBU/2014 dated January 23, 2014.
- ²⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No.KEP- 392/MBU/2012 dated November 5, 2012.
- ³⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK- 153/MBU/2011 dated Juni 27, 2011.
- ⁴⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK- 204/MBU/2012 dated Mei 28, 2012.
- ⁵⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK-235/MBU/2013 dated Mei 1, 2013.
- ⁶⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK-221/MBU/2013 dated April 12, 2013.
- ⁷⁾ Based on Decision Letter of the Minister of State-Owned Enterprises No. SK-116/MBU/2012 dated Maret 7, 2012.
- ⁸⁾ Based on Decision Letter of the Board of Commissioners No. KEP-05/DK/BF/II/2014 dated February 19, 2014.
- ⁹⁾ Based on Decision Letter of the Board of Commissioners No. KEP-15/DK/BF/VII/2014 dated July 1, 2014.
- ¹⁰⁾ Based on Decision Letter of the Board of Commissioners No. KEP-06/DK/BF/II/2014 dated February 19, 2014.

The last Company's Board of Directors is based on Notary Deed No. 86 dated April 26, 2013 of Fathiah Helmi, SH, Notary, and has been accepted and recorded in database system of Legal Entity Administration at the Ministry of Justice and Human Rights of the Republic of Indonesia, according to letter of the Ministry of Justice and Human Rights of the Republic Indonesia No. AHU-AH.01.10-17236 dated May 3, 2013 regarding the Notification of Data Change of PT Bio Farma (Persero). Whereas the last Company's Board of Commissioners is based on Notary Deed No. 9 dated February 6, 2014 of Fathiah Helmi, SH, Notary, and has been accepted and recorded in database system of Legal Entity Administration of the Ministry of Justice and Human Rights of the Republic of Indonesia according to letter of the Ministry of Justice and Human Rights of the Republic of Indonesia No. AHU-AH.01.10-06408 dated February 25, 2014, regarding the Notification of Data Change of PT Bio Farma (Persero).

As of December 31, 2014 and 2013 the Company had 1029 and 953 employees (unaudited), respectively.

1. UMUM (lanjutan)

1d. Remunerasi Dewan Komisaris dan Direksi

Perincian gaji dan tunjangan untuk Dewan Komisaris dan Direksi untuk tahun 2014 dan 2013, adalah sebagai berikut:

	2014
Dewan Komisaris	10.060.821.834
Direksi	27.609.955.163
	37.670.776.997

2. IKHTISAR KEBIJAKAN AKUNTANSI

2.a. Pernyataan Kepatuhan

Laporan keuangan PT Bio Farma (Persero) untuk tahun yang berakhir 31 Desember 2014 dan 2013 telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia dan telah memenuhi semua persyaratannya.

2.b. Dasar Penyusunan Laporan Keuangan

Dasar pengukuran dalam penyusunan laporan keuangan adalah konsep biaya perolehan (historical cost), kecuali beberapa akun tertentu menggunakan dasar pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut. Laporan keuangan disusun dengan menggunakan metode akrual, kecuali untuk laporan arus kas.

Laporan arus kas disusun dengan menggunakan metode langsung (direct method) dengan mengelompokkan arus kas ke dalam aktivitas operasi, investasi dan pendanaan.

Perubahan PSAK yang akan berlaku efektif per 1 Januari 2015

Dewan Standar Akuntansi Keuangan Ikatan Indonesia (DSAK IAI) telah menerbitkan beberapa Pernyataan Standar Akuntansi Keuangan (PSAK) baru maupun revisi yang akan berlaku efektif sejak atau setelah tanggal 1 Januari 2015. PSAK-PSAK yang dipandang relevan dengan laporan keuangan adalah sebagai berikut:

- PSAK 1 (2013) "Penyajian Laporan Keuangan"
- PSAK 24 (2013) "Imbalan Kerja"
- PSAK 46 (2014) "Pajak Penghasilan"
- PSAK 48 (2014) "Penurunan Nilai Aset"
- PSAK 68 (2013) "Pengukuran Nilai Wajar"

Perusahaan masih mempelajari dampak yang mungkin timbul dari penerapan standar-standar ini terhadap laporan keuangan perusahaan.

2.c. Penentuan Tingkat Materialitas Suatu

Berdasarkan SM-S15 Pedoman Akuntansi Keuangan, sebagai ukuran obyektif sesuatu dinyatakan material, jika:

- a. 5 % dari jumlah seluruh aset untuk akun-akun aset;
- b. 5 % dari jumlah seluruh kewajiban untuk akun-akun kewajiban;
- c. 5 % dari jumlah seluruh ekuitas untuk akun-akun ekuitas;
- d. 10 % dari pendapatan untuk akun-akun laba rugi; dan
- e. 10 % dari laba sebelum pajak untuk pengaruh suatu peristiwa atau transaksi seperti perubahan estimasi akuntansi.

1. GENERAL (continued)

1d. Remuneration Boards of Commissioners, Directors

The details of salaries and allowances of the Board of Commissioners, Directors and key management personnel Company for 2014 and 2013, are as follows:

	2013	
	10.852.805.219	Board of Commissioners
	28.321.420.919	Directors
	39.174.226.138	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.a Statement of Compliance

The financial statements of PT Bio Farma (Persero) for the year ended December 31, 2014 and 2013 have been prepared in accordance with Financial Accounting Standards in Indonesia and have met all its requirements .

2.b Basis for Preparation of the Financial Statements

The financial statements have been prepared under the historical cost method, except for several accounts which use other measurement basis as explained in the accounting policies applied for those accounts. The financial statements, except for statement of cash flows, are prepared under the accrual basis of accounting, except for statement of cash flows.

Statement of cash flows is prepared using the direct method by classifying cash flows into operating, investing and financing activities.

Changes to the Financial Accounting Standards (PSAKs) that will be effective as of January 1, 2015

The Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) has issued new and revised Statement of Financial Accounting Standards (PSAKs) that will be effective on or after January 1, 2015. The followings are the PSAKs that may considered relevant to the Company's financial statements :

- PSAK 1 (2013) "Presentation of Financial Statements"
- PSAK 24 (2013) "Employee Benefits"
- PSAK 46 (2014) "Income Tax"
- PSAK 48 (2014) "Impairment of Assets"
- PSAK 68 (2014) "Measurement of Fair Value"

The Company is still evaluating the possible impacts of the implementation of these standards on the Company's financial statements.

2.c. Materiality Level

According to the Company's Financial Accounting Guidelines (SM-S15), as objective measurement, something is considered material, if:

- a. 5% of total assets for asset accounts;
- b. 5% of total liabilities for liability accounts;
- c. 5% of total equity for equity accounts;
- d. 10% of revenues for profit and loss accounts; and
- e. 10% of income before taxes for the effect of an event or transaction such as change in accounting estimates.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

2.d. Transaksi dan Saldo dalam Mata Uang Asing

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan ini adalah Rupiah. Transaksi-transaksi dalam mata uang asing dijabarkan dalam mata uang Rupiah dengan menggunakan kurs pada tanggal transaksi.

Keuntungan atau kerugian yang timbul sebagai akibat dari penjabaran aset dan liabilitas keuangan dalam mata uang asing diakui dalam laporan laba rugi komprehensif tahun berjalan.

2.e. Aset dan Liabilitas Keuangan

Aset Keuangan

Aset keuangan dikelompokkan menjadi 4 kategori, yaitu (i) aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi, (ii) pinjaman yang diberikan dan piutang, (iii) investasi yang dimiliki hingga jatuh tempo serta (iv) aset keuangan yang tersedia untuk dijual. Klasifikasi ini tergantung dari tujuan perolehan aset keuangan tersebut pada saat awal pengakuannya.

(i) Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi

Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi adalah aset keuangan yang ditujukan untuk diperdagangkan. Aset keuangan diklasifikasikan sebagai diperdagangkan jika diperoleh terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat dan terdapat bukti mengenai pola ambil untung dalam jangka pendek. Keuntungan/kerugian yang timbul dari perubahan nilai wajar diakui dalam laporan laba rugi komprehensif. Derivatif diklasifikasikan sebagai aset diperdagangkan kecuali telah ditetapkan dan efektif sebagai instrumen lindung nilai.

Pada tahun 2014 dan 2013, Perusahaan tidak mempunyai aset keuangan yang diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

(ii) Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif. Pada saat pengakuan awal, pinjaman yang diberikan dan piutang diakui pada nilai wajarnya ditambah biaya transaksi dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Penyisihan penurunan nilai piutang dibentuk berdasarkan evaluasi manajemen terhadap tingkat ketertagihan saldo piutang. Pencatatan atas penyisihan penurunan nilai piutang dilakukan pada setiap triwulan. Piutang dihapuskan dalam periode ketika piutang tersebut dipastikan tidak dapat tertagih.

Pada tahun 2014 dan 2013, Perusahaan mempunyai kas dan setara kas, piutang usaha, dan piutang lain-lain yang diklasifikasikan sebagai pinjaman yang diberikan dan piutang.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.d. Foreign Currency Transactions

The reporting currency used in the preparation of these financial statements is Indonesian Rupiah, which is the Company's functional currency. Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made.

Gains or losses arising from transactions of monetary assets and liabilities denominated in foreign exchange currencies are presented in the current year's statement of comprehensive income.

2.e. Financial Assets and Liabilities

Financial Assets

Financial assets are classified into 4 categories: (i) financial assets measured at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity financial assets, and (iv) available-for-sale financial assets. This classification depends on the purpose of acquisition of the financial assets at initial recognition.

(i) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets which are held for trading. A financial asset is classified as trading if it obtained particularly for the purpose of selling or repurchasing it in the near term, and for which there is evidence of recent actual pattern of short-term profit taking. Gains or Losses arising from changes in fair value are recognized in the statement of comprehensive income. Derivatives are also categorized as held-for-trading, unless they are designated and effective as hedging instruments.

In 2014 and 2013, The Company has no financial asset classified as financial assets measured at fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest rate method.

Provision for impairment of receivables is determined based on management's evaluation of the collectability of accounts receivable balances. This provision is recorded on a quarterly basis. Receivables are written off in the period when they are determined to be uncollectible.

In 2014 and 2013, the Company has cash and cash equivalent, trade receivables, and other receivables that are classified as loans and receivables.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)
2.e Aset dan Liabilitas Keuangan (lanjutan)

(iii) Investasi yang dimiliki hingga jatuh tempo
Investasi yang dimiliki hingga jatuh tempo adalah investasi non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan, dimana Perusahaan mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo, selain:

- (a) Investasi yang pada saat pengakuan awal ditetapkan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi;
- (b) Investasi yang ditetapkan dalam kelompok tersedia untuk dijual; dan
- (c) Investasi yang memenuhi definisi pinjaman yang diberikan dan piutang.

Pada saat pengakuan awal, investasi yang dimiliki hingga jatuh tempo diakui pada nilai wajarnya ditambah biaya transaksi, dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Pada tahun 2014 dan 2013, Perusahaan tidak mempunyai aset keuangan yang diklasifikasikan sebagai investasi dimiliki hingga jatuh tempo.

(iv) Aset keuangan tersedia untuk dijual
Aset keuangan tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan untuk dimiliki selama periode yang tidak ditentukan, dimana akan dijual dalam rangka pemenuhan likuiditas atau perubahan suku bunga, valuta asing atau yang tidak diklasifikasikan sebagai pinjaman yang diberikan atau piutang, investasi yang diklasifikasikan sebagai dimiliki hingga jatuh tempo atau aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

Pada saat pengakuan awal, aset keuangan tersedia untuk dijual diakui pada nilai wajarnya ditambah biaya transaksi, dan selanjutnya diukur pada nilai wajarnya. Keuntungan/kerugian yang belum direalisasi dari perubahan nilai wajar diakui sebagai pendapatan (beban) komprehensif lain dan disajikan tersendiri pada bagian ekuitas hingga terealisasi, kecuali untuk kerugian penurunan nilai dibawah nilai perolehan yang bersifat non-temporer dan keuntungan (kerugian) yang timbul dari perubahan nilai tukar.

Pada tahun 2014, Perusahaan mempunyai aset reksadana penyertaan terbatas yang diklasifikasikan sebagai aset keuangan tersedia untuk dijual.

Liabilitas Keuangan

Liabilitas keuangan dikelompokkan ke dalam kategori :

(i) Liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

Liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi adalah liabilitas keuangan yang ditujukan untuk diperdagangkan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.e. Financial Assets and Liabilities (continued)

(iii) Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity, other than:

- (a) investments which are designated as financial assets measured at fair value through profit or loss at initial recognition;
- (b) investments that are designated as available for sale category; and
- (c) investments that meet the definition of loans and receivables.

At the time of initial recognition, held-to-maturity investments are recognized at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest method.

In 2014 and 2013, the Company has no financial assets classified as held-to-maturity.

(iv) Available for sale

Available-for-sale financial assets are non-derivative financial assets that are intended to be held for indefinite period of time, which might be sold in response to needs for liquidity or changes in interest rates, foreign exchange or are not classified as loans or receivables, investments that are classified as held to maturity, or financial assets at fair value through profit or loss.

At initial recognition, available for sale of financial assets are recognized at fair value plus transaction costs, and subsequently measured at fair value. Gains/losses arising from changes in fair value are recognized as other comprehensive income (expense) and presented separately as part of equity until realized, except for impairment losses below the value of the acquisition of a non-temporary and gains (losses) arising from changes in the value of exchange.

In 2014, the Company has investment in limited investment mutual fund classified as available-for-sale financial assets.

Financial Liabilities

Financial Liabilities are classified in categories of :

(i) Financial liabilities measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)
2.e Aset dan Liabilitas Keuangan (lanjutan)

Liabilitas Keuangan (lanjutan)

Liabilitas keuangan diklasifikasikan sebagai diperdagangkan jika diperoleh terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat dan terdapat bukti mengenai pola ambil untung dalam jangka pendek. Derivatif diklasifikasikan sebagai liabilitas diperdagangkan kecuali ditetapkan dan efektif sebagai instrumen lindung nilai.

Pada tahun 2014 dan 2013 Perusahaan tidak memiliki liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

(ii) Liabilitas keuangan yang diukur dengan biaya perolehan diamortisasi.

Liabilitas keuangan yang tidak diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi dikategorikan dan diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Pada tahun 2014 dan 2013, Perusahaan mempunyai utang usaha, biaya masih harus dibayar, dan liabilitas lancar lainnya yang diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan

Estimasi nilai wajar

Nilai wajar instrumen keuangan yang diperdagangkan di pasar aktif ditentukan berdasarkan harga pasar yang berlaku pada tanggal pelaporan.

Untuk instrumen keuangan yang tidak diperdagangkan dalam pasar aktif, nilai wajarnya ditentukan dengan menggunakan teknik penilaian tertentu yang meliputi transaksi pasar wajar terkini, referensi nilai wajar instrumen keuangan lainnya yang serupa dan analisis arus kas diskonto atau model penilaian lainnya.

Penghentian Pengakuan

Penghentian pengakuan aset keuangan dilakukan ketika hak kontraktual atas arus kas yang berasal dari aset keuangan berakhir, atau ketika aset keuangan tersebut telah ditransfer dan secara substansial seluruh risiko dan manfaat atas kepemilikan aset tersebut telah ditransfer. Jika secara substansial seluruh risiko dan manfaat tidak ditransfer, maka Perusahaan melakukan evaluasi untuk memastikan bahwa keterlibatan berkelanjutan atas kendali yang masih dimiliki tidak mencegah penghentian pengakuan. Liabilitas keuangan dihentikan pengakuannya ketika liabilitas dilepaskan, dibatalkan atau kadaluwarsa.

Penurunan Nilai Aset Keuangan

Pada setiap tanggal pelaporan, Perusahaan mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan mengalami penurunan nilai. Aset keuangan diturunkan nilainya, dan kerugian penurunan nilai diakui jika, dan hanya jika, terdapat bukti obyektif bahwa penurunan nilai terjadi sebagai akibat dari adanya peristiwa merugikan yang terjadi setelah pengakuan awal aset keuangan tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.e. Financial Assets and Liabilities (continued)

Financial Liabilities (continued)

Financial liabilities are classified as held for trading if acquired particularly for the purpose of selling or repurchasing in the near future and there is evidence of a pattern of short-term profit taking. Derivatives are classified as liabilities for trading unless they are designated and effective as hedging instruments.

In 2014 and 2013, the Company has no financial liabilities measured at fair value through profit or loss.

(ii) Financial liabilities measured at amortized cost.

Financial liabilities that are not classified as financial liabilities at fair value through profit and loss fall into this category and measured at amortized cost using the effective interest rate method.

In 2014 and 2013, the Company has trade payables, accrued expenses and other current liabilities are classified as financial liabilities at amortized cost.

Estimation of Fair Value

The fair value for financial instruments that are traded in active markets is determined based on quoted market price at the reporting date.

The fair value of financial instruments that are not traded in active markets is determined using appropriate valuation techniques such as current fair market transactions, reference to the fair value of other financial instruments that are substantially similar, a discounted cash flow analysis or other valuation models.

Termination of Recognition

Financial assets are derecognized when the contractual rights to receive cash flows from these assets have ceased, or when the assets have transferred and substantially all risks and benefits of the ownership of the assets are transferred. If, all the risks and benefits have not substantially transferred, the Company conducts an evaluation to ensure the ongoing involvement of the existing controls does not prevent the termination of recognition. Financial liabilities are derecognized when they have been redeemed or expired.

Impairment of Financial Assets

At each reporting date, the Company evaluates whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired and an impairment loss is recognized if, and only if, there is any objective evidence that the impairment occurred as the result of one or more loss events occurred after the initial recognition.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)
2.e Aset dan Liabilitas Keuangan (lanjutan)

Penurunan Nilai Aset Keuangan (lanjutan)
Peristiwa yang merugikan tersebut dapat diestimasi secara handal dan berdampak negatif pada estimasi arus kas masa depan dari aset keuangan yang bersangkutan.

Aset keuangan yang dicatat berdasarkan biaya perolehan diamortisasi penurunan nilainya diukur dari selisih antara nilai tercatat dan nilai kini estimasi arus kas di masa depan yang didiskontokan dengan menggunakan suku bunga efektif.

2.f. Transaksi Dengan Pihak-pihak Berelasi

Perusahaan mempunyai transaksi dengan pihak-pihak berelasi. Definisi pihak-pihak berelasi adalah sesuai dengan yang diatur dalam PSAK No. 7 (Revisi 2010) "Pengungkapan Pihak-Pihak Berelasi".

Sifat hubungan dengan pihak-pihak berelasi antara lain sebagai berikut:

- Pemerintah RI yang diwakili oleh Menteri BUMN yang merupakan pemegang saham Perusahaan, Perusahaan dan BUMN lainnya yang memiliki hubungan afiliasi melalui Penyertaan Modal Pemerintah.
- Perusahaan menempatkan dana dan memiliki pinjaman pada bank yang dimiliki oleh Pemerintah atau dari bank yang dimiliki oleh BUMN/D dengan persyaratan dan tingkat bunga normal sebagaimana yang berlaku untuk nasabah pihak ketiga.
- Mempunyai anggota, pengurus yang sama dengan Entitas Anak (komisaris atau Direksi)
- Perusahaan mengadakan perjanjian dalam rangka usaha dengan BUMN lain maupun Entitas Anak BUMN serta badan/lembaga-lembaga Pemerintah.

2.g. Persediaan

1. Biaya Perolehan Persediaan

Biaya perolehan persediaan meliputi harga beli, PPN masukan yang tidak dapat dikreditkan, biaya konversi, dan biaya lainnya yang timbul sampai persediaan dalam kondisi dan tempat yang siap untuk dijual atau dipakai, kecuali untuk persediaan produk dalam proses dicatat sebesar prosentase beban pokok barang dalam proses terhadap beban pokok barang jadi, yaitu :

- Produk dalam proses untuk barang curah (bulk) penilaiannya disamakan dengan yang akan diformulasi menjadi produk akhir atau yang akan dijual.
- Produk dalam proses untuk produk akhir dilakukan berdasarkan rata-rata beban pokok produksi (HPP) tanpa bahan kemasan terhadap HPP Vaksin terapan tahun 2009/2010 dan 2010/2011 dikurangi prosentase produk *reject* saat dikemas, sebagaimana tertuang dalam Nota Dinas Direksi No.07841/DIR/XII/2010 tanggal 8 Desember 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.e. Financial Assets and Liabilities (continued)

Impairment of Financial Assets (continued)
The loss events can be estimated reliably and have adverse impact on estimated future cash flows for the financial assets

Impairment of a financial asset carried at amortized cost is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted using the effective interest rate.

2.f. Transactions with Related Parties

The Company has transactions with certain parties which is considered a related party transaction as defined under PSAK No. 7 (Revised 2010) "Related Party Disclosures".

Nature of the relationship with related parties are as follows:

- *Government of the Republic of Indonesia, represented by the Minister for State-Owned Enterprises, which is a shareholder of the Company, and other state-owned Companies that have affiliated relationships through government investments.*
- *The Company puts its funds and has loans from banks owned by the government or from state-owned banks with normal terms and interest rates as applicable to third party customers.*
- *The Company has same board members (commissioners or directors) as its subsidiaries.*
- *The Company entered into business agreements with other state-owned entities and their subsidiaries, and Government institutions or agencies.*

2.g. Inventories

1. Inventory Cost

Inventories are stated at acquisition cost, which includes such purchase price, the VAT that cannot be credited, conversion costs, and other costs incurred in bringing inventories to present location and conditions, except for inventories of products in process which are recorded at the percentage of cost of goods in process on cost of finished goods, those are :

- *The valuation of work in process of bulk goods (bulk) is measured equivalent to which will be formulated to final products or products to be sold.*
- *Work in process for end products are valued based on the average of production cost without package materials to the applied production cost of Vaccines in 2009/2010 and 2010/2011 less the percentage of reject products incurred as packaging, as stated in the Directors Memorandum No.07841/DIR/XII/2010 dated December 8, 2010.*

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)
2.g. Persediaan (lanjutan)

2. Persediaan Bahan Baku, Penolong dan Perlengkapan
Persediaan bahan baku, penolong dan perlengkapan dinyatakan berdasarkan nilai terendah antara biaya perolehan dan nilai realisasi bersih (*the lower of cost or net realizable value*) yang ditentukan dengan menggunakan metode rata-rata bergerak.

3. Persediaan Produk Dalam Proses
Perhitungan persediaan produk dalam proses di hitung pada setiap triwulan berdasarkan beban pokok produksi terapan dan pada akhir tahun buku dinyatakan sebesar beban pokok produksi dengan menggunakan metode rata-rata sederhana.

Persediaan barang dalam proses terdiri dari :

- *Bulk* hasil produksi yang telah lulus uji (*quality control*) dengan kondisi siap untuk diformulasi menjadi produk akhir dan siap untuk dijual sebelum dilakukan pengemasan.
- Produk akhir hasil produksi yang telah dikemas dalam wadah (botol/ampul/vial/*uniject blank*) dan telah lulus uji (*quality control*) sebelum diberi etiket, leaflet dan dimasukkan ke dalam dus.

4. Persediaan Produk Jadi

- **Persediaan Produk Hasil Produksi Sendiri**
Persediaan produk hasil produksi sendiri dinyatakan sebesar nilai terendah antara biaya perolehan dan nilai realisasi bersih (*the lower of cost or net realizable value*). Biaya perolehan produk hasil produksi sendiri adalah biaya pokok produksi yang ditentukan dengan metode rata-rata sederhana.

- **Persediaan Barang Dagangan**
Persediaan barang dagangan terdiri dari barang jadi yang dibeli secara lokal maupun impor dinyatakan sebesar nilai terendah antara biaya perolehan dan nilai realisasi bersih. Biaya perolehan ditentukan dengan menggunakan metode rata-rata bergerak (*moving average method*).

5. Persediaan Tidak Produktif

Persediaan usang secara teknologi atau tidak dapat dipergunakan lagi karena rusak, dipindahkan ke kelompok Aset Tidak Lancar Lainnya pada akun Persediaan Tidak Produktif dan dihapusbukukan setelah mendapat persetujuan dari Dewan Komisaris atau Pemegang Saham dalam RUPS.

6. Persediaan Dalam Perjalanan

Persediaan dalam perjalanan merupakan persediaan bahan baku/bahan penolong/perlengkapan/barang dagangan yang pada akhir periode pelaporan barangnya sudah diterima/tiba di pelabuhan dan sesuai syarat penyerahan barang sudah menjadi milik Perusahaan. Khusus untuk barang yang berasal dari impor dibuat Nota Perhitungan Barang Impor (NPI) sementara sebagai dasar mencatat nilai "Persediaan dalam Perjalanan".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.g. Inventories (continued)

2. *Raw Materials, Auxiliary Materials and Supplies*
Raw and auxiliary materials, and supplies are stated at the lower of cost or net realizable value, which are determined using the moving average method.

3. *Work In Process*

Work in process inventories are computed at quarterly basis based on the applied production cost. At the end of book year they are stated at production cost using a simple average method .

Work in process inventories consist of :

- *Bulk products which are already passed the quality control tests and ready to be formulated and converted to finished goods inventory and available for sale, prior to packing process.*
- *Final products which have been packaged in bottle, ampul, vial, blank uniject and passed the quality control tests before putting label, brochure and loading into the boxes.*

4. *Finished Goods*

- *Products from the Company's Own Production*
Inventory of products from its own production is stated at the lower of cost or net realizable value. The cost represents cost of production which is determined using the simple average method .

- *Merchandise Products*

Merchandise inventory of finished goods purchased from both domestic and imported is stated at the lower of cost or net realizable value. The cost is determined using the moving average method.

5. *Non Productive Inventory*

Technologically obsolete or damaged unused inventory is transferred to other non-current assets as "Non Productive Inventory", and is written-off under approval of Board of Commissioners or Shareholders in General Meeting of Shareholders.

6. *Inventory in Transit*

Inventories in transit are raw materials/auxiliaries/ supplies/merchandises that have been arrived/received at the port and, according to the delivery terms, have to be the belongings of the Company. Particularly for imported goods are made a temporarily Memorandum of the Calculation of Imported Goods as the basis for recording the value of "Inventories in Transit".

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)
 2.g. Persediaan (lanjutan)

7. Persediaan dalam Karantina
 Persediaan dalam karantina merupakan persediaan bahan baku/bahan penolong/perengkapan/barang dagangan yang pada akhir periode pelaporan barangnya sudah diterima/tiba di Perusahaan, tetapi belum memenuhi syarat penyerahan barang karena belum lulus uji.
8. Penyisihan Nilai Persediaan
 Persediaan barang yang kadaluarsa dan rusak dibebankan ke laporan laba rugi pada saat terjadinya. Mulai tahun 2009 berdasarkan Nota Dinas Direksi No. 02179/DIR/III/2009 tanggal 25 Maret 2009 tentang Penyisihan Nilai Persediaan, dilakukan penyisihan nilai persediaan dengan besaran sebagai berikut :

Jenis Persediaan/ Type of Inventory	Persentase Penyisihan/ Percentage of Provision
Fast Moving	0%
Slow Moving	10%
Surplus	20%
Dead Stock	20%
Obselete	100%
Expired	100%

2.h. Aset Tetap

1. Aset Tetap pemilikan langsung dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan penurunan nilai. Penyusutan untuk golongan bangunan dihitung dengan menggunakan metode garis lurus (*straight-line method*) sedangkan penyusutan untuk golongan bukan bangunan dihitung menggunakan metode saldo menurun (*diminishing balance method*) sebagai berikut:

Kelompok Aset Tetap	Metode Penyusutan/ Depreciation Method	Manfaat Useful Life	Tarif Penyusutan/ Depreciation Rate	Fixed Asset Category
Bangunan	Garis Lurus	20 tahun	5%	Building
Bangunan Tidak Permanen	Garis Lurus	10 tahun	10%	Non Permanent Building
Rumah Dinas	Garis Lurus	20 tahun	5%	Official Housing
Inventaris Mesin				Machinery
Kelompok 2	Saldo Menurun	8 tahun	25%	Group 2
Kelompok 3	Saldo Menurun	16 tahun	12,50%	Group 3
Inventaris Utility	Saldo Menurun	16 tahun		Utility Equipment
Inventaris Pabrik				Factory Equipment
Kelompok 2	Saldo Menurun	8 tahun	25%	Group 2
Kelompok 3	Saldo Menurun	16 tahun	12,50%	Group 3
Inventaris Kantor				Office Equipment
Kelompok 1	Saldo Menurun	4 tahun	50%	Group 1
Kelompok 2	Saldo Menurun	8 tahun	25%	Group 2
Kendaraan Bermotor				Vehicles
Kelompok 1	Saldo Menurun	4 tahun	50%	Group 1
Kelompok 2	Saldo Menurun	8 tahun	25%	Group 1

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
 2.g. Inventories (continued)

7. Inventory in quarantine
 Inventories in quarantine are raw materials/auxiliary materials/supplies/merchandises that have been received at reporting date but have not eligible yet because they have not passed the tests.
8. Provision for Inventory Impairment
 Expired and damaged inventories are directly charged to current statement of comprehensive income. Since 2009, based on Director's Memorandum No. 02179/DIR/III/2009 dated March 25, 2009 regarding the Provision for Inventory Impairment, the Company makes provision for its inventories as follows:

2.h. Fixed Assets

1. Direct ownership fixed assets are stated at acquisition cost less accumulated depreciation and impairment. Depreciation of buildings is computed using the straight-line method, whereas depreciation for non-buildings is computed using the diminishing balance method, as follows:

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)
2.h. Aset Tetap (lanjutan)

2. Tanah dinyatakan sebesar biaya perolehan dan tidak disusutkan.
3. Biaya pemeliharaan dan perbaikan dibebankan ke dalam laporan laba rugi komprehensif pada saat terjadinya. Pengeluaran dalam jumlah yang material setelah perolehan awal suatu aset dan dapat meningkatkan manfaat keekonomian di masa yang akan datang, dikapitalisasi.
4. Aset tetap yang tidak digunakan lagi atau rusak dikeluarkan dari kelompok aset tetap, dan keuntungan atau kerugian yang timbul diakui dalam laporan laba rugi komprehensif.
5. Aset tetap dalam penyelesaian disajikan tersendiri didalam kelompok aset tetap dan dinyatakan sebesar biaya perolehan. Semua biaya, termasuk biaya pinjaman yang memenuhi kriteria sebagai biaya yang dapat dikapitalisasi, yang terjadi sehubungan dengan pembangunan aset dikapitalisasi sebagai bagian dari biaya perolehan aset tetap dalam penyelesaian. Akumulasi biaya pembangunan dipindahkan ke aset tetap pada saat aset tersebut selesai dikerjakan atau siap digunakan.

2.i. Aset Takberwujud

1. Biaya yang berhubungan dengan penyempurnaan sistem dan prosedur yang dapat diidentifikasi, dikendalikan serta memberikan manfaat ekonomi yang melebihi biayanya dalam jangka waktu lebih dari satu tahun, diakui sebagai aset takberwujud. Biaya ini diamortisasi dengan metode garis lurus selama masa manfaat 4 (empat) tahun.
2. Biaya pengembangan *upstream* vaksin flu yaitu biaya yang terkait dengan penemuan riset atau pengetahuan produksi vaksin flu yang berbasis telur dari penyiapan telur, pembuatan *bulk*, uji klinis sampai registrasi dari produk tersebut yang dilakukan oleh pihak eksternal. Biaya pengembangan *upstream* vaksin flu diakui sebagai aset takberwujud dan diamortisasi dengan metode garis lurus selama masa manfaat 8 (delapan) tahun.

2.j. Pengakuan Pendapatan dan Beban

Pendapatan diakui pada saat terjadi transaksi yaitu pada saat penyerahan barang atau jasa kepada pelanggan. Beban diakui pada saat terjadinya (metode akrual).

2.k. Beban Penelitian, Pengembangan dan Surveilans

Biaya yang dikeluarkan dalam tahapan penelitian atau tahapan penelitian pada proyek internal termasuk pemantauan produk yang sudah dijual diakui sebagai beban pada saat terjadinya.

2.l. Pajak Penghasilan

Seluruh perbedaan temporer antara jumlah tercatat aset dan liabilitas dengan dasar pengenaan pajaknya diakui sebagai pajak tangguhan dengan metode liabilitas. Pajak tangguhan diukur dengan tarif pajak yang berlaku saat ini.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)
2.h. Fixed Assets (continued)

2. *Lands are stated at cost and not depreciated.*
3. *Maintenance and repair expenses are charged to the statement of comprehensive income as incurred. Subsequent material expenditures are capitalized when they are probable that economic benefits of the assets will flow to the Company in the future.*
4. *Unused or damaged fixed assets are disposed from fixed assets section, and gains or losses incurred are reported in the statement of comprehensive income.*
5. *Fixed assets in construction are presented separately as part of fixed assets and are stated at cost. All costs of construction, including borrowing costs of loans used in financing the construction of a qualifying asset, are capitalized as part of cost of the assets. The accumulated costs of construction are reclassified to the respective fixed asset when it is complete or ready for use.*

2.i. Intangible Assets

1. *Costs associated with refinement of systems and procedures that can be identified, controlled and provide economic benefits for more than one year are recognized as intangible assets. These costs are amortized using the straight-line method over the estimated useful life of 4 years.*
2. *Development costs of upstream flu vaccines represent the costs associated with research findings or knowledge of production of egg-based flu vaccines from egg preparation, bulk manufacture, clinical trials to registration of such products which performed by external parties. The development costs of upstream flu vaccines are recognized as intangible assets and will be amortized using straight line method over the useful life of 8 (eight) years.*

2.j. Revenue and Expense Recognition

Revenues are recognized when the deliver of goods or services to customers have been completed. Expenses are recognized as incurred (the accrual method).

2.k. Research, Development and Surveillance Expenses

Expenditures in research steps on internal research projects including monitoring of sold products are expensed as incurred.

2.l. Income Tax

All temporary differences between the tax based of assets and liabilities and their carrying amounts are recognized as deferred taxes using liability method. Deferred tax is measured by enacted tax rate.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

2.1. Pajak Penghasilan (lanjutan)

Pajak kini diakui berdasarkan taksiran laba kena pajak untuk tahun yang bersangkutan sesuai dengan peraturan perpajakan yang berlaku.

Perubahan terhadap liabilitas perpajakan diakui pada saat Perusahaan menerima Surat Ketetapan Pajak (SKP) atau, jika Perusahaan mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

2.m Imbalan Kerja

Perusahaan membukukan imbalan manfaat karyawan untuk karyawan sesuai dengan Undang-Undang Tenaga Kerja No.13 tahun 2003. Perhitungan imbalan manfaat karyawan menggunakan metode *Projected Unit Credit*, sesuai dengan PSAK 24 (Revisi 2010) tentang Imbalan Kerja.

Akumulasi keuntungan dan kerugian aktuarial bersih yang belum diakui yang melebihi jumlah lebih besar diantara 10% dari nilai kini pasti dan 10% nilai wajar aset program diakui dengan metode garis lurus selama rata-rata sisa masa kerja yang diperkirakan dari karyawan dalam program tersebut.

Biaya jasa lalu dibebankan langsung apabila imbalan tersebut menjadi hak atau *vested*, dan sebaliknya akan diakui sebagai beban dengan metode garis lurus selama periode rata-rata sampai imbalan tersebut *vested*.

Selain imbalan manfaat karyawan, perusahaan juga menyelenggarakan program pensiun untuk seluruh karyawan tetap yang memenuhi syarat dan karyawan kontrak. Program ini memberikan imbalan manfaat karyawan berdasarkan penghasilan dasar pensiun dan masa kerja karyawan.

Dana pensiun ini dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK) PT Asuransi Jiwasraya. Pendanaan dana pensiun berdasarkan ketentuan terakhir yang dituangkan dalam Perjanjian Kerja Bersama antara Perusahaan dengan Himpunan Karyawan (HIKA) periode 2013-2014 pasal 66, yaitu 15% dari gaji dasar dengan komposisi 60% ditanggung oleh pemberi kerja sedangkan 40% ditanggung karyawan masing-masing.

2.n Hibah

Sejak 1 Januari 2011, Perusahaan melakukan penerapan lebih awal terhadap PSAK 61, "Akuntansi Hibah Pemerintah dan Pengungkapan Bantuan Pemerintah" sehubungan dengan diberlakukannya PPSAK 6, "Pencabutan PSAK 21: Akuntansi Ekuitas, ISAK 1: Penentuan Harga Pasar Dividen, ISAK 2: Penyajian Modal Dalam Neraca dan Piutang Kepada Pemegang Saham dan ISAK 3: Akuntansi Atas Pemberian Sumbangan atau Bantuan". Penerapan PSAK ini dilakukan secara retrospektif.

Hibah terkait dengan aset, termasuk hibah nonmoneter pada nilai wajar, disajikan dalam laporan posisi keuangan sebagai penghasilan ditangguhkan atau dicatat sebagai pengurang jumlah tercatat aset. Hibah terkait dengan penghasilan disajikan dalam laporan laba rugi komprehensif dalam pos umum seperti "penghasilan lain-lain" atau alternatif pengurang dalam beban terkait.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1. Income Tax (continued)

Current tax is recognized based on taxable income for the year, in accordance with current tax regulations.

Corrections of tax liabilities are recognized at the time when tax assessment letter (SKP) is received, or if the Company appealed, when the result of the appeal is determined.

2.m Employee Benefits

The Company records employee benefits in accordance with labor law No.13 of 2003. Computation of the employee benefits using the Projected Unit Credit Method, in accordance with PSAK 24 (Revised 2010) "Employee Benefits".

Net cumulative unrecognized actuarial gains and losses that exceed the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of any plan assets are recognized on a straight-line basis over the expected average remaining working lives of the employees.

Past service costs are charged directly if the benefits become vested, on the other hand it will be recognized as expense using straight line method over the average period until the benefits become vested.

In addition to employee benefits, the Company also provides a pension plan for all eligible permanent employees and contract workers. This program provides employee benefits based on pension basic income and working period of the employees.

The pension plan is managed by the Financial Institution of Pension Plan (DPLK) PT Asuransi Jiwasraya. The pension plan funding is based on the latest decree which is stipulated in the agreement between the Company and the Association of the Company's Employees (HIKA) for the period of 2012-2014 article 66, that is 15% from basic salary with the composition of 60% of which is supported by the Employer and the other 40% is charged to the respective employee.

2.n Grant

Since January 1, 2011, the Company applied early the PSAK 61, "Accounting for Government Grants and Disclosure of Government Assistance" in relation to the enforcement of PPSAK 6, "Revocation of PSAK 21 "Accounting for Equity", ISAK 1 "Determination of Market Price Dividend", ISAK 2: "Presentation of Capital in the Balance Sheet and Receivable to Shareholders" and ISAK 3: "Accounting for Donations or Grant". The application of those SFASs are done retrospectively.

Grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position as deferred income or recorded as reduction of the carrying amount of the asset. Grants related to income are presented in the statement of comprehensive income in a general heading such as "other income" or as reduction of the related costs.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

2.n. Hibah (lanjutan)

Hibah diakui dalam laporan laba rugi dengan dasar yang sistematis selama periode entitas mengakui sebagai beban atas biaya terkait yang dimaksudkan akan dikompensasikan dengan hibah.

2.o. Penggunaan Estimasi

Penyusunan laporan keuangan sesuai dengan prinsip yang berlaku umum, mensyaratkan Perusahaan untuk memakai estimasi-estimasi dan asumsi-asumsi yang mempengaruhi jumlah yang dilaporkan. Sehubungan dengan ketidakpastian yang melekat dalam pembuatan estimasi, hasil sebenarnya yang dilaporkan dalam periode mendatang mungkin didasarkan atas jumlah-jumlah yang berbeda dari estimasi tersebut.

3. KAS DAN SETARA KAS

	2014
Kas	129.553.541
Bank	
Pihak Berelasi	
Rupiah	
PT Bank Mandiri (Persero) Tbk	13.599.595.163
PT Bank Negara Indonesia (Persero) Tbk	1.678.876.808
PT Bank Jabar Banten Tbk	557.995.142
Lembaga Pembiayaan Ekspor Indonesia	172.657.508
Dolar Amerika Serikat	
PT Bank Mandiri (Persero) Tbk	
2014 : USD 10,747,820.13	133.702.882.417
2013 : USD 7,385,907.87	-
PT Bank Negara Indonesia (Persero) Tbk	
2014 : USD 45,103.84	561.091.770
2013 : USD 45,011.43	-
Lembaga Pembiayaan Ekspor Indonesia	
2014 : USD 19,881.75	247.328.970
2013 : USD 47,610.51	-
Euro	
PT Bank Mandiri (Persero) Tbk	
2014 : EUR 1,665,476.75	25.204.092.682
2013 : EUR 320,548.40	-
	175.724.520.459
Sub Jumlah Kas dan Bank	175.854.074.000
Setara Kas	
Pihak Berelasi	
Deposit on call - Rupiah	
PT Bank Mandiri (Persero) Tbk	50.000.000.000
PT Bank Negara Indonesia (Persero) Tbk	30.000.000.000
Deposito Berjangka - Rupiah	
PT Bank Mandiri (Persero) Tbk	550.000.000.000
PT Bank Negara Indonesia (Persero) Tbk	-
PT Bank BRI (Persero) Tbk	100.000.000.000
PT Bank BTN (Persero) Tbk	40.000.000.000
PT Bank Jabar Banten Tbk	-
Jumlah dipindahkan	770.000.000.000

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.n. Grant (continued)

Grants are recognized in statement of comprehensive income on a systematic basis over the period of the entity recognizes as an expense over the related costs which are intended to be compensated with grants.

2.o. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in Indonesia requires the Company to make estimates and assumptions that affects the amounts reported in the financial statements. Due to inherent uncertainty in determination of estimation, the actual amount reported in the future might possibly be different from these estimates.

3. CASH AND CASH EQUIVALENTS

	2013	
	74.578.894	Cash
		Bank
		Related Parties
		Rupiah
		PT Bank Mandiri (Persero) Tbk
	11.915.983.841	PT Bank Negara Indonesia (Persero) Tbk
	1.524.780.860	PT Bank Jabar Banten Tbk
	3.415.831.663	Lembaga Pembiayaan Ekspor Indonesia
	137.029.666	United States Dollar
		PT Bank Mandiri (Persero) Tbk
		2014 : USD 10,747,820.13
		2013 : USD 7,385,907.87
	90.026.831.027	PT Bank Negara Indonesia (Persero) Tbk
		2014 : USD 45,103.84
		2013 : USD 45,011.43
	548.644.320	Lembaga Pembiayaan Ekspor Indonesia
		2014 : USD 19,881.75
		2013 : USD 47,610.51
		Euro
		PT Bank Mandiri (Persero) Tbk
		2014 : EUR 1,665,476.75
		2013 : EUR 320,548.40
	5.392.085.678	
	113.541.511.562	
Sub Total Cash and Bank	113.616.090.456	Sub Total Cash and Bank
		Cash Equivalents
		Related Parties
		Deposits On Call - Rupiah
		PT Bank Mandiri (Persero) Tbk
	5.000.000.000	PT Bank Negara Indonesia (Persero) Tbk
		Time Deposits - Rupiah
	430.000.000.000	PT Bank Mandiri (Persero) Tbk
	70.000.000.000	PT Bank Negara Indonesia (Persero) Tbk
	40.000.000.000	PT Bank BRI (Persero) Tbk
	30.000.000.000	PT Bank BTN (Persero) Tbk
	50.000.000.000	PT Bank Jabar Banten Tbk
	625.000.000.000	Carried Forward

3. KAS DAN SETARA KAS (lanjutan)

	<u>2014</u>
Sub Jumlah Kas dan Bank	175.854.074.000
Setara Kas - pindahan	770.000.000.000
Deposito Berjangka - Dolar Amerika Serikat	
PT Bank Mandiri (Persero) Tbk	
2014: USD 471,300	5.862.972.000
2013: USD 5,471,300	-
PT Bank Jabar Banten Tbk	
2013: USD 5,000,000	-
Pihak Ketiga	
Deposito Berjangka - Rupiah	
PT Bank Muamalat	20.000.000.000
Sub Jumlah Setara Kas	<u>795.862.972.000</u>
Jumlah Kas dan Setara Kas	<u>971.717.046.000</u>

	<u>2014</u>
Tingkat Bunga Deposito Berjangka :	
Deposit On Call - Rupiah	5,60 % - 6,25 %
Deposito Berjangka : Rupiah	9,75% - 11,25%
US Dolar	1,50%
Nisbah Bagi Hasil	
Deposito Bank	50:50

Pada tanggal pelaporan, kas dan setara kas dalam mata uang asing dijabarkan kedalam Rupiah dengan menggunakan kurs tengah Bank Indonesia pada tanggal tersebut, sebagai berikut:

	<u>2014</u>
	<u>Rp</u>
1 Euro (EUR)	15.133,26
1 Dollar Amerika Serikat (USD)	12.440,00
1 Dollar Australia (AUD)	10.218,22
1 Dollar Singapura (SGD)	9.422,10
1 Poundsterling Inggris (GBP)	19.370,33
1 Frank Swiss (CHF)	12.582,82
1 Danish Krone Denmark (DKK)	2.031,90
1 Yen Jepang (JPY)	104,24

4. EFEK TERSEDIA UNTUK DIJUAL

	<u>2014</u>
Reksadana Penyertaan Terbatas (RDPT)	25.599.792.849
	<u>25.599.792.849</u>

Reksadana Penyertaan Terbatas (RDPT) merupakan Penyertaan pada PNM Pembiayaan Industri Telekomunikasi BUMN 2013 - MTN INTI 2014 seri B sebanyak 5 unit dengan nilai Rp 25.000.000.000 ditambah biaya transaksi sebesar Rp 222.500.000. Penyertaan ini berjangka waktu 16 bulan dan akan jatuh tempo pada 3 Juli 2015 dengan tingkat keuntungan sebesar 10,44 % per tahun.

Pada tanggal laporan Reksadana tersebut disajikan sebesar nilai wajar sesuai Laporan PT PNM Investment Management No.INVACC00006316 tanggal Desember 2014. Selisih atas nilai perolehan awal/ nilai tercatat dengan nilai wajar diakui sebagai keuntungan (kerugian) belum direalisasi atas kepemilikan efek pada pendapatan komprehensif lain.

3. CASH AND CASH EQUIVALENTS (continued)

	<u>2013</u>
Sub Total Cash and Bank	113.616.090.456
Cash Equivalents - brought forward	625.000.000.000
Time Deposits - US Dollar	
PT Bank Mandiri (Persero) Tbk	
2014: USD 471,300	-
2013: USD 5,471,300	66.689.675.700
PT Bank Jabar Banten Tbk	
2013: USD 5,000,000	60.945.000.000
Third Parties	
Time Deposits - Rupiah	
PT Bank Muamalat	25.000.000.000
Sub Total	<u>777.634.675.700</u>
Total Cash and Cash Equivalents	<u>891.250.766.156</u>

	<u>2013</u>
Interest Rates on Time Deposits	
Deposits on Call - Rupiah	6,25%
Time Deposits : Rupiah	9,00% - 10,75%
US Dollar	1,50% - 2,10%
Sharing Portion of Deposits	
at Muamalat Bank	50:50

At reporting date, cash and cash equivalents denominated in foreign currencies are translated into Rupiah using the following prevailing middle rate of Central Bank of Indonesia at that date :

	<u>2013</u>
	<u>Rp</u>
1 Euro (EUR)	16.821,44
1 United States Dollar (USD)	12.189,00
1 Australia Dollar (AUD)	10.875,66
1 Singapore Dollar (SGD)	9.627,99
1 Poundsterling (GBP)	20.096,63
1 Switzerland Frank (CHF)	13.731,78
1 Danish Krone (DKK)	2.254,99
1 Japan Yen (JPY)	116,17

4. AVAILABLE FOR SALE SECURITIES

	<u>2013</u>
Limited Investment Mutual Fund	-
	<u>-</u>

Investment in limited investment mutual fund represents the investment in 5 units of mutual fund of "PNM Pembiayaan Industri Telekomunikasi BUMN 2013 - MTN INTI 2014 Seri B" with value of Rp.25.000.000.000, plus transaction cost of Rp.222.500.000. The period of this investment is 16 months, and will due at July 3, 2015 with a yield of 10,44 % per year.

At reporting date the mutual fund is presented at fair value in accordance the report of PT PNM Investment Management No.INVACC00006316 dated December 2014. The difference between carrying value of the mutual fund and its fair value is recognized as unrealized gain (loss) in other comprehensive income section.

PT BIO FARMA (PERSERO)
CATATAN ATAS LAPORAN KEUANGAN
31 Desember 2014 dan 2013 dan
Untuk Tahun-Tahun Yang Berakhir Pada Tanggal Tersebut
(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013 and
For The Years Then Ended
(Expressed in Rupiah, unless otherwise stated)

5. PIUTANG USAHA (lanjutan)

Mutasi penyisihan penurunan nilai adalah sebagai berikut :

	<u>2014</u>
Saldo Awal	39.963.975
Penyisihan Kerugian Penurunan Nilai	118.427.772
Penghapusan Tahun Berjalan	<u>(35.910.072)</u>
Saldo Akhir	<u>122.481.675</u>

Jumlah piutang usaha berdasarkan jenis mata uang :

	<u>2014</u>
Rupiah	30.531.833.415
Mata Uang Asing	<u>226.850.449.748</u>
	257.382.283.163
Dikurangi : Penyisihan Penurunan Nilai	<u>(122.481.675)</u>
	<u>257.259.801.488</u>

Piutang usaha senilai Rp.16.800.000.000 dijadikan jaminan yang bersifat fidusia atas fasilitas kredit yang diterima dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan Surat Persetujuan Perpanjangan Fasilitas Pembiayaan (SPPFP) No.PBD/SP3/28/2014 tanggal 11 Juni 2014 dan Perubahan Perjanjian Kredit Modal Kerja Ekspor No.180/ADDDPK/06/2014 tanggal 23 Juni 2014 untuk perpanjangan jangka waktu kredit sampai dengan 24 Juni 2015.

Manajemen berkeyakinan bahwa penyisihan penurunan nilai piutang cukup untuk menutupi kerugian yang mungkin timbul atas tidak tertagihnya piutang.

Adanya hubungan berelasi mungkin mengakibatkan persyaratan transaksi tersebut di atas tidak sama dengan transaksi lain yang dilakukan dengan pihak ketiga.

6. PIUTANG LAIN-LAIN

	<u>2014</u>
Pihak Berelasi :	
Piutang PT Iglas (Persero)	1.302.637.458
Pihak Ketiga :	
Piutang Lainnya	<u>850.045.644</u>
	2.152.683.102
Dikurangi : Penyisihan Penurunan Nilai	<u>(1.302.637.458)</u>
Jumlah Piutang Lain-Lain	<u>850.045.644</u>

Mutasi Penyisihan Penurunan Nilai :

	<u>2014</u>
Saldo Awal	1.302.637.458
Pemulihan Tahun Berjalan	-
Saldo Akhir	<u>1.302.637.458</u>

Piutang PT Iglas (Persero) merupakan piutang atas pinjaman yang diberikan berdasarkan perjanjian kerjasama keuangan No. P-0087/10-2006 dan No. 07256/DIR/X/2006 tanggal 19 Oktober 2006. Putusan Mahkamah Agung RI No. 397K/Pdt.Sus/2009 tanggal 30 Juli 2009, Jo No. 01/Pailit/2009/PN Niaga Sby tanggal 30 September 2009 menyatakan bahwa PT Iglas (Persero) dalam pailit.

5. TRADE RECEIVABLES (continued)

The movements of provision for impairment losses are as follows :

	<u>2013</u>	
	771.882.856	Beginning Balance
	38.206.401	Provision for Impairment Losses
	<u>(770.125.281)</u>	Bad Debt Recoveries for the Year
	<u>39.963.975</u>	Ending Balance

Details of trade receivables based on currencies :

	<u>2013</u>	
	14.670.499.009	Rupiah
	<u>273.615.097.576</u>	Foreign Currencies
	288.285.596.584	
	<u>(39.963.975)</u>	Less: Allowance for Impairment
	<u>288.245.632.609</u>	

Trade receivables amounting to Rp.16.800.000.000 have been pledged as fiduciary collateral for credit facility obtained from the Lembaga Pembiayaan Ekspor Indonesia (LPEI) based on Letter of Approval for Extended Financing Facility No.PBD/SP3/28/2014 dated June 11, 2014 and Amendment of Export Working Capital Loan Agreement No.180/ADDDPK/06/2014 dated June 23, 2014 for the extension of loan period until June 24, 2015.

Management believes that the amount of provision for impairment losses is adequate to cover possible losses from uncollectible trade receivables.

A related party transaction may result in difference terms of the transactions with those of similar transactions to third parties.

6. OTHER RECEIVABLES

	<u>2013</u>	
	1.302.637.458	Related Party PT Iglas (Persero)
	<u>345.695.659</u>	Third Party Other Receivables
	1.648.333.117	
	<u>(1.302.637.458)</u>	Less: Provision for Impairment
	<u>345.695.659</u>	Total Other Receivables-Net

The movements of provision for impairment losses is as follow :

	<u>2013</u>	
	1.327.637.458	Beginning Balance
	<u>(25.000.000)</u>	Bad Debt Recoveries for the Year
	<u>1.302.637.458</u>	Ending Balance

PT Iglas (Persero) account represents the balance of loan provided for PT Iglas (Persero) based on agreement No.P-0087/10-2006 and No.07256/DIR/X/ 2006 dated October 19, 2006. In 2009, the Supreme Court Decision No.397K/Pdt.Sus/ 2009 dated July 30, 2009, Jo No.01/ Bankruptcy/2009/PN Commerce SBY September 30, 2009 stated that PT Iglas (Persero) was in bankrupt.

6. PIUTANG LAIN-LAIN (lanjutan)

Atas dasar putusan tersebut, Perusahaan melakukan penyisihan 100 % atas pokok piutang PT Iglas (Persero) sebesar Rp.4.894.737.040 dari jumlah kewajibannya sebesar Rp.6.503.458.205 yang terdiri dari :

- Pokok Piutang	Rp	4.894.737.040
- Akumulasi Bunga	Rp	1.398.732.896
- Akumulasi Denda	Rp	209.988.269

Perusahaan belum mengakui pendapatan bunga dan denda atas piutang tersebut karena pendapatan dan denda atas piutang tersebut dapat diakui pada saat diterima.

Sesuai putusan Perdamaian tanggal 13 Januari 2010 yang diputuskan oleh Pengadilan Niaga di Pengadilan Negeri Surabaya bahwa Perusahaan sebagai Kreditur Konkuren PT Iglas (Persero) berhak untuk memperoleh pembayaran atas piutang, sehingga terbuka kembali kemungkinan untuk tertagihnya piutang tersebut.

Posisi Piutang PT Iglas adalah sebagai berikut:

Total Piutang PT Iglas pada saat pailit Rp 4.894.737.040
Pembayaran :

a. Sumber Dana dari PT Iglas (Persero)		
- Tahun 2010	Rp	681.057.000
- Tahun 2011	Rp	302.691.939
- Tahun 2012	Rp	50.000.000
- Tahun 2013	Rp	25.000.000
jumlah	Rp	1.058.748.939
b. Sumber Dana dari PT Perusahaan Pengelola Aset (PT PPA)		
- Tahun 2011	Rp	2.533.350.643
Total Pembayaran	Rp	3.592.099.582
Saldo Piutang Per 31 Desember 2014	Rp	1.302.637.458

Pembayaran sebagian piutang PT Iglas oleh PT PPA sesuai dengan kesepakatan antara PT Iglas dan para Krediturnya yang dimediasi oleh Kurator dari Kantor Pengadilan Niaga Surabaya. Sesuai kesepakatan tersebut, bagian piutang yang akan dibayar oleh PT Iglas dengan sumber dana PT PPA adalah sebesar Rp. 3.533.041.412, sehingga sisa hutang PT Iglas yang belum dibayarkan dengan sumber dana PT PPA sebesar Rp.999.690.769.

Dalam tahun 2013 penerimaan piutang dari PT Iglas berjumlah Rp 25.000.000. dan dalam tahun 2014 tidak ada penerimaan pelunasan piutang.

7. PERSEDIAAN

	<u>2014</u>
Bahan Baku/ Penolong	164.539.897.265
Produk Dalam Proses	97.889.204.813
Produk Jadi	65.775.265.667
Perlengkapan	1.138.633.444
Barang Dagangan	1.313.359.545
	<u>330.656.360.734</u>
Dikurangi : Penyisihan Penurunan Nilai	4.056.315.911
Jumlah Persediaan-Bersih	<u>326.600.044.823</u>

6. OTHER RECEIVABLES (continued)

Based on the Court decision, the Company impaired 100% on the principal of receivable to PT Iglas (Persero) amounting to Rp.4.894.737.040 from total of its debt of Rp.6.503.458.205 which consist of:

- Principal	Rp	4.894.737.040
- Accumulated interests	Rp	1.398.732.896
- Accumulated penalties	Rp	209.988.269

The Company has not yet recognized the interests and penalties on such receivable as revenues. These interests and penalties will be recognized when received.

According to peace decision dated January 13, 2010 which was decided by Commercial Court at the District Court of Surabaya, the Company as a Concurrent Creditor of PT Iglas (Persero) is entitled to obtain payment from this receivable, thus the possibility of collection of this receivable become open.

Details of the receivables to PT Iglas are as follows:

Total receivable at time of in bankrupt Rp 4.894.737.040
Payments :

a. Source of funds from PT Iglas (Persero)		
-Year 2010	Rp	681.057.000
-Year 2011	Rp	302.691.939
-Year 2012	Rp	50.000.000
-Year 2013	Rp	25.000.000
Total	Rp	1.058.748.939
b. Source of funds from PT Perusahaan Pengelola Aset (PT PPA)		
-Year 2011	Rp	2.533.350.643
Total Payments	Rp	3.592.099.582
Balance as of December 31, 2014	Rp	1.302.637.458

The payment from PT PPA was based on an agreement between PT Iglas and its creditors under mediation of Curator from the Office of Commercial Court at Surabaya. According to this agreement, a part of receivable to PT Iglas amounting to Rp.3.533.041.412 would be paid by the source of fund from the PT PPA. Therefore, the rest of the receivable to PT Iglas that would be funded by the source of PT PPA is Rp. 999.690.769.

In 2013, PT Iglas paid Rp.25,000,000. and in 2014 there was not any collection from it.

7. INVENTORIES

	<u>2013</u>	
	116.250.644.680	Raw Materials/Auxiliaries
	46.675.802.415	Products in Progress
	42.582.402.135	Finished Goods
	1.292.789.722	Supplies
	34.140.799	Merchandise Goods
	<u>206.835.779.751</u>	
	1.937.136.864	Less: Provision for Impairment Losses
	<u>204.898.642.887</u>	Total Inventory-Net

7. PERSEDIAAN (lanjutan)

Mutasi Penyisihan Penurunan Nilai Persediaan

	2014
Saldo Awal	1.937.136.865
Pembebanan Tahun Berjalan	4.076.943.172
Pemulihan Tahun Berjalan	(1.957.764.125)
Saldo Akhir	4.056.315.911

Persediaan telah diasuransikan terhadap risiko kerugian berdasarkan suatu paket polis tertentu dengan nilai pertanggungan masing-masing sebesar Rp.308.654.734.044 dan Rp.164.821.243.647 pada tahun 2014 dan 2013. Nilai pertanggungan asuransi tahun 2014 mencerminkan 95 % dari total persediaan bersih.

Manajemen berkeyakinan bahwa nilai pertanggungan asuransi cukup untuk menutup kerugian yang mungkin timbul atas risiko kerugian.

Persediaan barang senilai Rp.34.700.000.000 dijadikan jaminan yang bersifat fidusia atas fasilitas kredit yang diterima dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan Surat Persetujuan Perpanjangan Fasilitas Pembiayaan (SPPFP) No.PBD/SP3/28/2014 tanggal 11 Juni 2014 dan Perubahan Perjanjian Kredit Modal Kerja Ekspor No.180/ADDDPK/06/2014 tanggal 23 Juni 2014 untuk perpanjangan jangka waktu kredit sampai dengan 24 Juni 2015.

8. UANG MUKA

	2014
Pembelian Lokal	37.858.774.000
Pembelian Barang Impor	11.444.997.065
Perjalanan Dinas	998.429.248
Impor Dalam Penyelesaian	17.492.068
Uang Muka Diklat	-
Uang Muka Jasa Produksi	-
Uang Muka Lainnya	92.800.000
Jumlah	50.412.492.381

Uang muka pembelian lokal terdiri dari :

	2014
- Pembangunan gedung fasilitas produksi dan pengemasan	31.849.057.818
- Pembelian solar	2.289.989.050
- Pengadaan cold room gedung administrasi II	1.952.000.000
- Pembangunan gedung administrasi II	-
- Lainnya	1.767.727.132
Jumlah	37.858.774.000

Uang muka pembelian barang impor terdiri dari :

- Pembelian Cell Stack/Cell Factory	7.266.763.800
- Pembelian Heatmarker VVM2 for OPV	1.324.492.025
- Pembelian mesin Vial-Ampoule Packaging Line	1.201.202.513
- Pembelian EBR Bio Farma Pertuisis Facility	-
- Pembelian lainnya	1.652.538.728
Jumlah	11.444.997.066

7. INVENTORIES (continued)

The movements of provision for impairment of inventories are:

	2013	
	2.896.861.910	Beginning Balance
	1.548.850.701	Provision for Impairment Losses
	(2.508.575.746)	Current Year's Impairment Recovery
	1.937.136.865	Ending Balance

Inventories have been insured against loss by certain policy packages with coverage value of Rp.308.654.734.044 and Rp.164.821.243.647 in 2014 and 2013 respectively. The insurance coverage in 2014 represents 95% of the total net inventory.

Management believes that the amount of insurance coverage is adequate to cover potential losses from the insured risks.

Inventories amounting to Rp.34.700.000.000 have been pledged as fiduciary collateral for credit facility obtained from the Lembaga Pembiayaan Ekspor Indonesia (LPEI), based on Letter of Approval of Extended Financing No.PBD/SP3/28/2014 dated Juni 11, 2014 and Changes on Export Working Capital Loan Agreement No.180/ADDDPK/06/2014 dated July 23, 2014 for the extension of credit period until June 24, 2015.

8. ADVANCES

	2013	
	10.624.982.711	Domestics Purchases
	12.178.828.284	Purchases of Imported Goods
	749.922.358	Business Travelling
	1.414.874.731	Import in Progress
	320.000.000	Training
	13.057.408.200	Bonuses
	277.560.000	Other Advances
	38.623.576.284	Total

Advances for domestic purchases consist of:

	2013	
- Construction of buildings for production and packaging facilities	-	
- Purchase of fuel	5.028.661.773	
- Acquisition of cold room at administration building II	-	
- Construction of administration building II	3.988.503.088	
- Others	1.607.817.850	
Total	10.624.982.711	

Advance for purchases of imported goods consist of :

- Purchase of Cell Stack / Cell Factory	6.310.610.970	
- Purchase of Heatmarker VVM2 for OPV	-	
- Purchase of Vial-Ampoule Packaging Line Machine	-	
- Purchase of EBR Bio Farma Pertuisis Facility	2.422.287.360	
- Other Purchases	3.445.929.954	
Total	12.178.828.284	

8. UANG MUKA (lanjutan)

Uang muka impor dalam penyelesaian merupakan pembayaran biaya asuransi, biaya bongkar muat, biaya inkling, dan pajak terkait proses penanganan barang impor dari pelabuhan dalam negeri ke lokasi Perusahaan.

9. PERPAJAKAN

a. Pajak Dibayar Dimuka

	<u>2014</u>
Pajak Pertambahan Nilai - Masukan	154.008.287.440
Jumlah	<u>154.008.287.440</u>

Saldo PPN Masukan per 31 Desember 2014 telah memperhitungkan restitusi PPN Masa Pajak September - Desember 2012 sebesar Rp.19.415.502.236 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80081/051-0081-2014 tanggal 19 Maret 2014.

Saldo PPN Masukan per 31 Desember 2013 telah memperhitungkan restitusi PPN Masa Pajak Juli - Desember 2011 sebesar Rp.45.383.887.276 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80016/051-0016-2014 tanggal 7 Januari 2013, restitusi PPN Masa Pajak Juni - Agustus 2012 sebesar Rp.22.188.528.719 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80039/051-0039-2014 tanggal 22 Februari 2013, dan restitusi PPN Masa Januari - Mei 2013 sebesar Rp.21.844.700.600 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80148/051-0148-2014 tanggal 1 Agustus 2013.

Perusahaan sedang mengajukan restitusi PPN Masa Pajak Januari - Desember 2013 sebesar Rp.71.489.840.600 dan PPN Masa Pajak Januari - Juni 2014 Rp.39.462.446.632 yang masih dalam proses pengajuan restitusi.

b. Utang Pajak

	<u>2014</u>
Pajak Penghasilan Pasal 25	14.223.627.380
Pajak Penghasilan pasal 29	9.603.719.797
PPN Wapu	9.888.701.993
Pajak Penghasilan Pasal 21	3.318.578.569
Pajak Penghasilan Final	1.197.361.995
Pajak Penghasilan Pasal 23	612.819.202
Pajak Penghasilan Pasal 22	43.640.308
Pajak Penghasilan Pasal 26	30.344.425
Jumlah	<u>38.918.793.669</u>

c. Manfaat (Beban) Pajak Penghasilan

	<u>2014</u>
Pajak Kini	(197.135.974.750)
Manfaat (Beban) Pajak Tangguhan	4.133.557.025
Beban Pajak Penghasilan - Bersih	<u>(193.002.417.725)</u>

8. ADVANCES (continued)

Advances for imports in progress represent payments in advance for insurance, unloading, and inkling expenses and taxes related to the process of handling the imported goods from the port to the Company's location.

9. TAXES

a. Prepaid Taxes

	<u>2013</u>	
	96.972.139.772	Input - Value Added Tax
	<u>96.972.139.772</u>	Total

The balance of input-Value Added Tax (VAT) as of December 31, 2014 has taken into account the amount of VAT refund for the period of September to December 2012 amounted to Rp.19.415.502.236, in accordance with Order Letter of Payment of Tax Overpayment (SPMKP) No.80081/051-0081-2014 dated March 19, 2014.

The amount of input-VAT balance as of December 31, 2013 has taken into account the amounts of VAT refund for the period of July-December 2011 amounted to Rp.45.383.887.276, in accordance with Order Letter of Payment of Tax Overpayment No.80016/051-0016-2014 dated January 7, 2013, VAT refund for the period of June-August 2012 amounted to Rp.22.188.528.719 in accordance with Order Letter of Payment of Tax Overpayment No.80039/051-0039-2014 dated February 22, 2013, and VAT refund for the period of January-May 2013 amounted to Rp.21.844.700.600 in accordance with Order Letter of Payment of Tax Overpayment No.80148/051-0148-2014 dated August 1, 2013

The Company will claim for VAT refunds for the period of January - December 2013 amounted to Rp.71.489.840.600, and for the period of January - June 2014 amounted to Rp.39.462.446.632.

b. Taxes Payable

	<u>2013</u>	
	10.300.606.190	Income Tax Article 25
	60.124.202.025	Income Tax Article 29
	12.034.882.228	VAT Collected
	3.762.422.419	Income Tax Article 21
	440.599.829	Income Tax - Final
	225.215.694	Income Tax Article 23
	28.489.902	Income Tax Article 22
	-	Income Tax Article 26
	<u>86.916.418.287</u>	Total

c. Income Taxes Benefit (Expense)

	<u>2013</u>	
	(207.287.750.500)	Current Income Tax Expense
	1.166.385.151	Deferred Tax Benefit (Expenses)
	<u>(206.121.365.349)</u>	Income Tax Expense-Net

9. PERPAJAKAN (lanjutan)

Rekonsiliasi antara laba komersial dan laba fiskal adalah :

	2014	2013
Laba sebelum pajak penghasilan menurut laporan laba rugi komprehensif	773.076.159.560	778.588.988.274
Beda Waktu		
Penyisihan nilai persediaan	2.119.179.047	(959.725.046)
Beban imbalan pasca kerja	14.332.531.353	6.929.427.107
Pemulihan biaya dibayar dimuka	1.590.600.268	1.529.847.560
Penyisihan penurunan nilai piutang	82.517.700	(756.918.881)
Biaya dibayar dimuka	(4.767.416.002)	(1.590.600.268)
Penurunan nilai aset tetap	-	(547.242.577)
Jumlah Beda Waktu	13.357.412.365	4.604.787.896
Beda Permanen		
Tantiem	10.718.398.616	16.529.371.000
Sumbangan sosial masyarakat	3.104.395.882	1.367.928.971
Bantuan sosial pegawai	14.115.386.930	9.077.234.948
Beban HUT perusahaan, dan paket ramadhan	3.698.365.000	3.247.724.000
Jamuan tamu	3.760.908.867	3.136.287.590
Koreksi pajak dan denda pajak	67.738.990	23.717.554.904
Penghargaan dalam bentuk natura	488.795.990	1.609.353.950
Penyusutan mobil direksi	125.319.946	125.319.946
Langganan perpustakaan & surat kabar	484.202.495	342.938.343
Fasilitas utilities dan keamanan direksi	9.633.165	-
Beban telepon genggam	68.678.637	104.068.016
Beban promosi	1.160.576.192	431.133.413
Selisih tantiem antara taksasi dengan RUPS	-	675.000.000
Sewa ruangan dan bagi hasil yg kena PPh final	(92.312.500)	(243.250.000)
Bunga jasa giro dan deposito yg kena PPh final	(35.599.760.785)	(14.163.439.167)
Jumlah Beda Tetap	2.110.327.425	45.957.225.914
Laba Kena Pajak	788.543.899.350	829.151.002.083
Laba Kena Pajak (Dibulatkan)	788.543.899.000	829.151.002.000

Taksiran Beban Pajak Penghasilan Badan

	2014	2013
25 % x Rp. 788.543.899.000	197.135.974.750	
25 % x Rp. 829.151.002.000		207.287.750.500
	197.135.974.750	207.287.750.500
Dikurangi : Pajak Dibayar Dimuka		
Pasal 22	14.775.680.258	13.486.121.395
Pasal 25	172.683.528.558	133.634.040.780
Pasal 23	73.046.137	43.386.300
	187.532.254.953	147.163.548.475
Estimasi Pajak Penghasilan Badan (Lebih) Kurang Bayar	9.603.719.797	60.124.202.025

9. TAXES (continued)

The reconciliation between the commercial income (income before income tax) and estimated taxable income is as follows:

	2014	2013
Laba sebelum pajak penghasilan menurut laporan laba rugi komprehensif	773.076.159.560	778.588.988.274
Beda Waktu		
Provision for impairment of inventories	2.119.179.047	(959.725.046)
Employees benefit expense	14.332.531.353	6.929.427.107
Recovery of prepaid expenses	1.590.600.268	1.529.847.560
Provision for impairment of receivables	82.517.700	(756.918.881)
Prepaid expenses	(4.767.416.002)	(1.590.600.268)
Impairment of fixed assets	-	(547.242.577)
Total Temporary Differences	13.357.412.365	4.604.787.896
Beda Permanen		
Management bonus	10.718.398.616	16.529.371.000
Public social donations	3.104.395.882	1.367.928.971
Employee social aids	14.115.386.930	9.077.234.948
The Company's anniversary and ramadhan packages	3.698.365.000	3.247.724.000
Entertainment	3.760.908.867	3.136.287.590
Tax corection and penalties	67.738.990	23.717.554.904
Rewards	488.795.990	1.609.353.950
Depreciation of directors' cars	125.319.946	125.319.946
Subscription of newspapers and library	484.202.495	342.938.343
Directors' utilities and security	9.633.165	-
Mobile telephone expenses	68.678.637	104.068.016
Promotion expenses	1.160.576.192	431.133.413
Difference between estimated (RUPS) and actual management bonus	-	675.000.000
Room rent and taxable profit sharing	(92.312.500)	(243.250.000)
Interests on bank accounts and time deposits subject to final tax	(35.599.760.785)	(14.163.439.167)
Total Permanent Difference	2.110.327.425	45.957.225.914
Taxable Income	788.543.899.350	829.151.002.083
Taxable Income (Rounded off)	788.543.899.000	829.151.002.000

Estimated Corporate Income Tax

25 % x Rp. 788.543.899.000	197.135.974.750	207.287.750.500
25 % x Rp. 829.151.002.000		207.287.750.500
Less : Prepaid Income Tax		
Article 22	14.775.680.258	13.486.121.395
Article 25	172.683.528.558	133.634.040.780
Article 23	73.046.137	43.386.300
Total Prepaid Tax	187.532.254.953	147.163.548.475
Estimated Corporate Income Tax - (Over) Under Payment	9.603.719.797	60.124.202.025

9. PERPAJAKAN (lanjutan)

d. Pajak Tangguhan

Rekonsiliasi antara taksiran pajak penghasilan yang dihitung menggunakan tarif pajak yang berlaku sebesar 25% dari laba akuntansi sebelum beban (manfaat) pajak penghasilan dan beban pajak seperti yang tercantum dalam laporan laba rugi untuk tahun-tahun yang berakhir tanggal 31 Desember 2014 dan 2013 adalah sebagai berikut:

	2014
Laba Sebelum Pajak Penghasilan Menurut Laporan Laba Rugi	773.076.159.560
Beban Pajak dengan Tarif Maksimum	193.269.039.890
Pengaruh Pajak atas Beda Tetap	527.581.768
Pemulihan Biaya Dibayar Dimuka	(794.203.934)
Beban Pajak Perusahaan	193.002.417.724
Beban Kini	197.135.974.750
Beban (Manfaat) Pajak Tangguhan	(4.133.557.025)

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas menurut laporan keuangan dari dasar pengenaan pajak aset dan liabilitas. Rincian dari aset dan liabilitas pajak tangguhan Perusahaan sebagai berikut:

	Dibebankan ke		Dibebankan ke			
	1 Januari 2013/ January 1, 2013	Laba Rugi/ Charged to the Income Statement	31 Desember 2013/ December 21, 2013	Laba Rugi/ Charged to the Income Statement		31 Desember 2014/ December 2014, 31
Aset Pajak Tangguhan					Deferred Tax Asset	
Imbalan Kerja	10.360.308.027	1.732.356.777	12.092.664.804	3.583.132.839	15.675.797.643	Employee Benefits
Penyisihan Piutang Ragu-ragu	524.880.078	(189.229.720)	335.650.358	20.629.425	356.279.783	Provision for impairment of accounts receivable
Penyisihan Persediaan	724.215.477	(239.931.261)	484.284.216	529.794.762	1.014.078.978	Provision for impairment of inventories
Penurunan nilai aset	136.810.644	(136.810.644)	-	-	-	Asset impairment
Jumlah Aset Pajak Tangguhan	11.746.214.227	1.166.385.151	12.912.599.379	4.133.557.025	17.046.156.404	Deferred Tax Asset Net

9. TAXES (continued)

d. Deferred Tax

The reconciliation between estimated income tax expense computed using the prevailing tax rate of 25% of the income before income tax expense (benefit) and the tax expense as shown in the statement of comprehensive income for the years ended December 31, 2014 and 2013 are as follows:

	2013	
Income before Income tax as shown in the Statement of Comprehensive Income	778.588.988.272	
Tax Expense Based on Maximum Rate	194.647.247.068	
Tax Effect on Permanent Differences	11.489.306.457	
Recovery of Prepaid Expenses	(15.188.177)	
Income Tax Expenses	206.121.365.349	
Current Tax	207.287.750.500	
Expense (Benefit) Deferred Tax	(1.166.385.151)	

Deferred tax is computed based on the effect of the temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. The details of the Company's deferred tax assets and liabilities are as follows:

10. BIAYA DIBAYAR DIMUKA

	2014
Asuransi	4.220.466.002
Sewa	546.950.000
Jumlah	4.767.416.002

Asuransi dibayar dimuka terdiri dari :

	2014
- asuransi karyawan	320.838.833
- asuransi Dewan Komisaris & Direksi	1.756.312.500
- asuransi persediaan	33.696.852
- asuransi kebakaran	2.066.982.403
- asuransi kendaraan	42.635.413
	4.220.466.002

Asuransi dibayar dimuka tersebut merupakan asuransi kepada PT Asuransi Jiwasraya (Persero), PT Asuransi Parolamas, PT Asuransi Bumiputera Muda dan PT Asuransi Jasa Indonesia (Persero).

10. PREPAID EXPENSE

	2013	
	1.273.292.217	Insurance
	317.308.050	Rent
	1.590.600.267	Total

Prepaid insurance consists of :

	2013	
	292.416.667	Employee insurance
	-	Comissioner and Director insurance
	29.702.824	Inventory insurance
	911.371.787	Fire insurance
	39.800.939	Vehicle insurance
	1.273.292.217	

These prepaid insurances represent insurance premiums paid in advance to PT Asuransi Jiwasraya (Persero), PT Asuransi Parolamas, PT Asuransi Bumiputera Muda and PT Asuransi Jasa Indonesia (Persero).

11. PENDAPATAN YANG MASIH AKAN DITERIMA

	2014
Bunga Deposito	2.112.760.234
Jasa Registrasi Vaksin	562.624.095
Lainnya	50.312.500
Jumlah	2.725.696.829

12. ASET LANCAR LAINNYA

	2014
Persediaan dalam Perjalanan	3.698.169.935
Persediaan dalam Karantina	15.683.892.268
Persediaan Dalam Proses Penggantian	11.315.936.868
Jumlah	30.697.999.071

Persediaan dalam perjalanan merupakan pembelian Impor 2ml Uniject dan 5ml Vial clear yang masuk dalam kategori persediaan dalam perjalanan karena posisinya per 31 Desember 2014 masih di pelabuhan. (Lihat Catatan 2g)

Persediaan dalam karantina berasal dari pembelian bahan baku vaksin dan sera dan bahan perkemasan yang sampai dengan tanggal 31 Desember 2014 masih dalam status karantina karena sedang dalam proses pengujian. (Lihat Catatan 2g)

Persediaan Dalam Proses Penggantian merupakan persediaan produk Uniject Blank sebanyak 5.842.821 buah yang dinyatakan tidak lulus uji. Becton Dickinson (BD) selaku supplier telah menyetujui untuk mengganti seluruh produk tersebut secara bertahap sampai dengan bulan Desember 2015.

11. ACCRUED INCOME

	2013	
	1.907.882.903	Interest on Time Deposits
	929.697.595	Vaccine Registration Services
	266.321.000	Others
Total	3.103.901.498	Total

12. OTHER CURRENT ASSETS

	2013	
	6.140.613.770	Inventory in Transit
	11.729.838.814	Inventory in Quarantine
	-	Inventory in Exchange Process
Total	17.870.452.584	Total

Inventory in transit represents imported goods of 2ml Uniject and 5ml Vial Clear that included in inventory in transit because they are still at the port as of December 31, 2014 (See Note 2g)

Inventories in quarantine are purchased raw materials of vaccine and sera and packing materials that are in quarantine for testing process. (See Note 2g)

Inventory in exchange process represents purchased products of 5,842,821 pieces Uniject Blank that did not pass the test. Becton Dickinson (BD), the supplier, agreed to change the products gradually until December 2015.

13. ASET TETAP

13. FIXED ASSETS

	2014					
	Saldo awal/ Beginning Balance	Penambahan/ Additions	Pengurangan/ Disposal	Reklasifikasi/ Reclassification	Saldo Akhir/ Ending Balance	
Biaya Perolehan						Cost Acquisitions
Tanah	17.181.840.772	-	41.955.815	-	17.139.884.957	Land
Bangunan	407.550.963.298	-	-	88.705.213.193	496.256.176.491	Building
Bangunan Tidak Permanen	6.269.685.436	-	-	755.976.870	7.025.662.307	Non Permanent Building
Rumah Dinas	1.956.000	-	-	-	1.956.000	Official Housing
Inventaris Mesin	386.557.475.668	18.390.383.379	-	938.600.000	405.886.459.047	Machinery
Inventaris Utility	55.897.339.885	730.837.300	-	10.725.327.000	67.353.504.185	Utility Equipment
Inventaris Pabrik	610.207.624.298	33.774.263.030	-	26.182.770.602	670.164.657.930	Factory Equipment
Inventaris Kantor						Office Equipment
Kelompok I	46.413.524.805	575.573.084	-	8.940.746.840	55.929.844.729	Group I
Kelompok II	18.690.233.119	69.894.000	-	4.599.450.774	23.359.577.893	Group II
Kendaraan	4.459.520.100	750.000.000	-	-	5.209.520.100	Vehicles
Aset Dlm Penyelesaian						Construction in Progress
Bangunan	125.106.452.330	40.583.999.449	-	(90.151.190.063)	75.539.261.716	Building
Mesin, Pabrik, Utility	53.549.452.764	64.960.629.427	-	(55.943.948.065)	62.566.134.126	Machine, Factory, Utility
Jumlah	1.731.886.068.474	159.835.579.669	41.955.815	-	1.886.432.639.481	Total
Akumulasi Penyusutan						Accumulated Depreciation
Bangunan	96.664.719.308	23.955.254.110	-	-	120.619.973.418	Building
Bangunan Tidak Permanen	2.150.933.420	634.236.456	-	-	2.785.169.876	Non Permanent Building
Rumah Dinas	1.955.998	-	-	-	1.955.998	Official Housing
Inventaris Mesin	142.446.638.962	32.069.974.516	-	-	174.516.613.478	Machinery
Inventaris Utility	24.870.063.479	4.570.480.600	-	-	29.440.544.079	Utility Equipment
Inventaris Pabrik	289.835.940.544	44.866.802.034	-	-	334.702.742.578	Factory Equipment
Inventaris Kantor						Office Equipment
Kelompok I	33.645.679.021	8.727.580.351	-	-	42.373.259.372	Group I
Kelompok II	13.022.122.572	1.959.453.279	-	-	14.981.575.852	Group II
Kendaraan	3.162.536.252	375.023.603	-	-	3.537.559.855	Vehicles
Jumlah	605.800.589.557	117.158.804.948	-	-	722.959.394.505	Total
Nilai Buku	1.126.085.478.917	-	-	-	1.163.473.244.976	Book Value

PT BIO FARMA (PERSERO)
CATATAN ATAS LAPORAN KEUANGAN
31 Desember 2014 dan 2013 dan
Untuk Tahun-Tahun Yang Berakhir Pada Tanggal Tersebut
(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

PT BIO FARMA (PERSERO)
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013 and
For The Years Then Ended
(Expressed in Rupiah, unless otherwise stated)

13. ASET TETAP (lanjutan)

13. FIXED ASSETS (continued)

	2013					
	Saldo awal/ Beginning Balance	Penambahan/ Additions	Pengurangan/ Disposal	Reklasifikasi/ Reclassification	Saldo Akhir/ Ending Balance	
Biaya Perolehan						Cost Acquisitions
Tanah	17.181.840.772	-	-	-	17.181.840.772	Land
Bangunan	404.786.544.543	-	18.216.615	2.782.635.370	407.550.963.298	Building
Bangunan Tidak Permanen	5.594.737.267	-	62.809.451	737.757.620	6.269.685.436	Non Permanent Building
Rumah Dinas	1.956.000	-	-	-	1.956.000	Official Housing
Inventaris Mesin	324.409.578.197	-	111.199.813	62.259.097.284	386.557.475.668	Machinery
Inventaris Utility	52.914.364.335	829.204.370	15.500.000	2.169.271.180	55.897.339.884	Utility Equipment
Inventaris Pabrik	524.092.459.050	44.941.568.980	2.767.402.838	43.940.999.105	610.207.624.298	Factory Equipment
Inventaris Kantor						Office Equipment
Kelompok I	37.125.828.791	8.781.245.034	-	506.450.979	46.413.524.805	Group I
Kelompok II	17.231.258.203	1.560.591.280	225.591.364	123.975.000	18.690.233.119	Group II
Kendaraan	4.734.355.100	-	274.835.000	-	4.459.520.100	Vehicles
Aset Dim Penyelesaian						Construction in Progress
Bangunan	13.240.149.088	115.386.696.231	-	(3.520.392.990)	125.106.452.329	Building
Mesin, Pabrik, Utility	93.021.274.379	69.527.971.930	-	(108.999.793.545)	53.549.452.765	Machine, Factory, Utility
Jumlah	1.494.334.345.727	241.027.277.826	3.475.555.081	-	1.731.886.068.474	Total
Akumulasi Penyusutan						Accumulated Depreciation
Bangunan	76.462.580.528	20.215.801.241	13.662.461	-	96.664.719.308	Building
Bangunan Tidak Permanen	1.632.045.956	579.079.855	60.192.391	-	2.150.933.420	Non Permanent Building
Rumah Dinas	1.955.998	-	-	-	1.955.998	Official Housing
Inventaris Mesin	114.817.609.968	27.740.228.803	111.199.809	-	142.446.638.962	Machinery
Inventaris Utility	20.577.577.152	4.307.986.326	15.499.999	-	24.870.063.479	Utility Equipment
Inventaris Pabrik	254.525.407.816	37.521.738.034	2.211.205.306	-	289.835.940.544	Factory Equipment
Inventaris Kantor						Office Equipment
Kelompok I	26.679.919.834	6.965.759.187	-	-	33.645.679.021	Group I
Kelompok II	11.628.838.230	1.615.634.546	222.350.203	-	13.022.122.572	Group II
Kendaraan	2.988.890.697	448.480.552	274.834.997	-	3.162.536.252	Vehicles
Jumlah	509.314.826.179	99.394.708.543	2.908.945.166	-	605.800.589.557	Total
Nilai Buku	985.019.519.548				1.126.085.478.917	Per Book

Rincian Aset Dalam Pelaksanaan sebagai berikut:

The details of construction in progress are as follows:

	2014	2013	
Bangunan			Buildings
Gedung Adm II	54.037.408.551	22.852.074.088	Administration Building II
Gedung Produksi Vaksin & Pengemasan	10.897.625.650	10.884.575.650	Production of Vaccines and Packaging
Gedung Sentral Lab	6.518.089.000	1.980.199.000	Central Laboratory Building
Gedung Publik II	-	71.632.530.680	Public Building II
Perluasan Bangunan R. Penyimpanan Freezer	-	15.154.379.924	Extension of Freezer Storage Room
Lainnya	4.086.138.515	2.602.692.989	Others
Jumlah	75.539.261.716	125.106.452.330	Total
	2014	2013	
Mesin Pabrik, Utility			Factory Machine, Utility
Pekerjaan Interior Admin II	14.963.634.072	-	Interior work for Admin II
Vial Ampoule Packaging Line	13.276.234.084	-	Vial Ampoule Packaging Line
Bio Reactor 150L	4.924.906.112	-	Bio Reactor 150L
Autoclave	4.477.507.901	-	Autoclave
Overhaul Mesin Washing Gilowy	3.797.857.000	3.797.857.000	Overhaul of Washing Gilowy Machine
Overhaul Autoclave Sakura	2.673.440.000	5.346.880.000	Overhaul of Autoclave Sakura
Kompresor Udara	2.500.000.000	-	Air Compressor
Mesin Boiler	1.985.500.000	-	Boiler Machine
Furniture Gd. Upakarti	1.786.813.200	-	Furnitures for Upakarti Building
Aset Pabrik/ Mesin/ Utility/ Kantor Eks. IHU	1.662.238.625	1.662.238.625	Factory/Machines/Utility/IHU Office
jumlah dipindahkan	52.048.130.994	10.806.975.625	Carried forward

13. ASET TETAP (lanjutan)

	<u>2014</u>
Mesin Pabrik, Utility	
jumlah pindahan	52.048.130.994
Kompresor Udara	1.498.055.000
Perbaikan Water Chiller	1.317.536.000
HPLC	1.149.750.000
FFF URS Documents	1.063.601.200
Rekondisi Autoclave	916.300.000
Boiler	367.536.000
Kompresor Udara	10.340.000
Overhaul Mesin2 Filling Bosch, WahinG	
Capping, Tunnel/FPVS	-
GE 71413 ARC-2 EU Sterilizer-Getinge	-
Biostat C Plus 30 L-Sartorius	-
Jalur Pipa, kabel, Kill Tank dll	-
Retrofit System Control	-
Panel Distribusi Utama Genset	-
Pure Steam Generator-Stilmas	-
Lainnya	4.194.884.932
Jumlah	<u>62.566.134.126</u>

Pengurangan aset tanah dalam tahun 2014 sebesar Rp.41.955.815 adalah pengurangan nilai perolehan tanah akibat berkurangnya luas tanah yang berlokasi di Desa Kertawangi Kecamatan Cisarua setelah dilakukan pengukuran ulang sehubungan dengan proses perubahan status tanah tersebut dari Hak Pakai menjadi Hak Guna Bangunan. Total luas tanah berkurang 10.464m² disebabkan karena:

- Perqeseran batas dan dikeluarkan untuk sunqai seluas 3.258 m².
- Menjadi sarana umum, jalan, qana, saluran air seluas 5.141 m².
- Sarana jalan oleh masyarakat sekitar seluas 2.065 m² yang selanjutnya diserahkan kepada Pemerintah Daerah Bandung Barat.

Perubahan status tanah tersebut telah mendapat persetujuan Menteri BUMN dengan surat Nomor S-680/MBU/10/2014 tanggal 17 Oktober 2014. Sampai dengan tanggal laporan 31 Desember 2014 perubahan status masih dalam proses penyelesaian.

Pada tahun 2009 Perusahaan menyediakan lahan untuk digunakan sebagai fasilitas vaksin flu burung oleh Departemen Kesehatan RI. Lahan tersebut berlokasi di Desa Kertawangi Kecamatan Cisarua Kabupaten Bandung Barat seluas 5.145 m² dan di Jalan Pasteur seluas 3.953 m². Sejak tahun 2011 proyek tersebut terhenti dan sampai dengan tanggal laporan ini lahan tersebut masih tertutup dan belum dapat digunakan Perusahaan.

Sebagian aset tetap yang terdiri dari mesin, inventaris dan peralatan pabrik yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp.80.500.000.000 dijadikan jaminan fidusia atas fasilitas kredit dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan Surat Persetujuan Perpanjangan Fasilitas Pembiayaan (SPPFP) No.PBD/SP3/28/2014 tanggal 11 Juni 2014 dan Perubahan Perjanjian Kredit Modal Kerja Ekspor No.180/ADDPK/06/2014 tanggal 23 Juni 2014 untuk perpanjangan jangka waktu kredit sampai dengan 24 Juni 2015.

13. FIXED ASSETS (continued)

	<u>2013</u>	
		Factory Machine, Utility
	10.806.975.625	brought forward
	-	Air Compressor
	1.317.536.000	Repair of Water Chiller
	-	HPLC
	550.942.800	FFF URS Documents
	916.300.000	Reconditioning Autoclave
	1.567.500.000	Boiler
	3.840.365.000	Air Compressor
		Overhaul of Filling Bosch, Wahing,
	2.676.878.000	Capping, Tunnel/ FPVS Machines
	4.876.772.089	GE 71413 ARC-2 EU Sterilizer-Getinge
	4.180.227.245	Biostat C Plus
	3.997.500.000	Pipe Track, cable, Kill Tank
	3.249.382.500	Retrofit System Control
	3.151.742.000	Distribution of First Panel Genset
	3.099.627.741	Pure Steam Generator-Stilmas
	9.317.703.764	Others
	<u>53.549.452.764</u>	Total

In 2014, land cost amounting to Rp.41,955,815 was written-off due to reduction of the area of land located at Kertawangi Village, Cisarua after it was re-measured for the process of change the land status from Use Rights (Hak Pakai) to Building Use Rights (HGB). The area of the land has been reduced by 10.464 m², and it was caused by :

- shifting the boundaries and excluded for river of 3,258 m²
- use for public facilities, roads, alleys, drains of 5,141 m².
- use for public road of 2,065 m². This area has submitted to the Local Government of West Bandung.

The change of the land status has been approved by the Minister of State-Owned Enterprise in his letter No.S-680/MBU/10/2014 dated October 17, 2014. Until the reporting date of December 31, 2014 the change of the status is still in progress.

In 2009 the Company provided certain lands for use by the Ministry of Health to build a facility of bird flu vaccines. The lands located at Kertawangi, Cisarua, District of West Bandung in the area of 5,145 m² and at Jalan Pasteur of 3,953 m². Since 2011 the project was suspended, and until this reporting date the lands is closed and the Company has not used them yet.

Certain fixed assets consist of machinery, office and manufacture equipments located at Jalan Pasteur No.28 Bandung with carrying amount of Rp.80.500.000.000 have been pledged as fiduciary collateral for credit facility from an export financing agency named the Lembaga Pembiayaan Ekspor Indonesia (LPEI) based on the Letter of Approval for Extended Financing Facility (SPPFP) No.PBD/SP3/28/ 2014 dated June 11, 2014, and Amendment of Export Working Capital Loan Agreement No.180/ADDPK/06/2014 dated June 23, 2014 for the extension of the period of the loan until June 24, 2015.

13. ASET TETAP (lanjutan)

Sebagian inventaris mesin yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp 135.000.000.000 juga dijadikan jaminan atas fasilitas non cash loan yang terdiri dari penerbitan LC Import (sight, usance & UPAS); treasury line; dan bills purchasing linedari PT Bank Mandiri (Persero) Tbk berdasarkan Surat Penawaran Pemberian Kredit (SPPK) No. IBG.IB1/SPPK.027/2014 tanggal 25 Juli 2014 dengan jangka waktu satu tahun dari 15 Agustus 2014 sampai dengan 14 Agustus 2015.

Aset tetap kecuali tanah, telah diasuransikan pada PT Asuransi Parolamas, PT Asuransi Bumiputera Muda dan PT Asuransi Jasa Indonesia (Persero) terhadap risiko kebakaran dan risiko lainnya kecuali gempa bumi berdasarkan suatu paket polis tertentu dengan nilai pertanggungan masing-masing sebesar Rp.1.615.330.118.410,44 dan Rp.1.566.251.280.488,69 pada 31 Desember 2014 dan 2013.

Kendaraan telah diasuransikan terhadap risiko All Risk dan Total Loss Only (TLO) kepada PT Asuransi Parolamas dan PT Bumiputera Muda 1967 dengan total nilai pertanggungan sebesar Rp.3.395.039.000 dan Rp.3.809.939.000 pada tanggal 31 Desember 2014 dan 2013.

Manajemen berkeyakinan bahwa nilai pertanggungan asuransi cukup untuk menutup kerugian yang mungkin timbul atas risiko kebakaran dan lainnya.

Beban penyusutan aset tetap dialokasikan sebagai berikut :

	<u>2014</u>
Beban Produksi	88.620.608.520
Beban Jasa	218.033.938
Beban Usaha	-
Administrasi dan Umum	13.594.559.195
Penelitian, Pengembangan dan Surveilans	14.725.288.243
Jumlah	<u>117.158.489.896</u>

14. ASET TAKBERWUJUD

	<u>2014</u>
Perangkat Lunak	29.629.901.789
Dikurangi : Akumulasi Amortisasi Perangkat Lunak	(4.392.006.950)
Jumlah	25.237.894.839
Pengembangan <i>Upstream</i> Vaksin Flu Dalam Penyelesaian	12.338.806.708
Perangkat Lunak Dalam Penyelesaian	278.760.500
Jumlah	<u>37.855.462.048</u>

Perangkat Lunak terdiri dari :

	<u>2014</u>
Sistem ERP	8.968.652.000
EBR System Pertusis	7.688.377.223
EBR System PV. Hib	7.999.822.746
Matrix LIMS Gemini	1.285.678.750
MRP	637.000.000
Lain-lain (dibawah 500 juta)	3.050.371.070
Jumlah	<u>29.629.901.789</u>

13. FIXED ASSETS (continued)

Other equipments located at Jl. Pasteur 28 Bandung with carrying amount of Rp 135.000.000.000 have also been pledged for non-cash loan facilities which consist of the issuance of Import LC (sight, usance & UPAS); treasury line; and bills purchasing line from PT Bank Mandiri (Persero) Tbk based on Letter of Credit Offering (SPPK) No.IBG.IB1/SPPK.027/2014 dated July 25, 2014 for one year from August 15, 2014 until August 14, 2015.

Fixed assets, except land, have been insured against fire and other risks, unless the earthquake, from PT Asuransi Parolamas, PT Asuransi Bumiputera Muda and PT Asuransi Jasa Indonesia (Persero) under certain blanket policies with coverage value of Rp.1.615.330.118.410,44 and Rp.1.566.251.280.488,69 at December 31, 2014 and 2013, respectively.

Vehicles have been insured against All Risks and Total Loss Only (TLO) from PT Asuransi Parolamas and PT Bumiputera Muda 1967 for Rp.3.395.039.000 and Rp.3.809.939.000 at December 31, 2014 and 2013, respectively.

Management believes that the insurance coverage is adequate to cover potential losses from fire and other risks.

Depreciation expense of fixed assets was allocated as follows:

	<u>2013</u>	
	77.566.505.770	Production Expense
	116.479.715	Cost of Service
	-	Operating Expenses
	9.174.621.162	General and Administrative
	12.537.101.897	Research, Development and Surveilans
	<u>99.394.708.544</u>	Total

14. INTANGIBLE ASSETS

	<u>2013</u>	
	2.478.571.070	Software
	(2.029.191.105)	Less: Accumulated Amortization - Software
	449.379.965	Total
	10.791.097.460	Development of Upstream
	8.973.869.373	Flu Vaccines in Progress
	<u>20.214.346.797</u>	Software in Progress
		Total

Software consists of :

	<u>2013</u>	
	-	ERP System
	-	EBR System Pertusis
	-	EBR System PV. Hib
	-	Matrix LIMS Gemini
	-	MRP
	2.478.571.070	Other (below Rp500 millions)
	<u>2.478.571.070</u>	Total

14. ASET TAKBERWUJUD (lanjutan)

Pengembangan Upstream Vaksin Flu dicatat sebagai aset takberwujud sesuai Nota Dinas No.09698/XII/2009 tanggal 21 Desember 2009 yang sampai dengan tanggal 31 Desember 2014 masih dalam penyelesaian. Biaya ini merupakan biaya yang terkait dengan penerapan temuan riset atau pengetahuan produksi vaksin flu yang berbasis telur dari penyiapan telur, pembuatan bulk, uji klinis sampai registrasi dari produk tersebut.

Biaya Pengembangan Upstream Vaksin Flu Dalam Penyelesaian sebesar Rp.10.791.097.458,31 merupakan biaya yang terkait dengan transfer teknologi upstream flu dengan BIKEN-Jepang yang meliputi aktivitas pengembangan vaksin flu pada skala pilot (5000 telur), optimalisasi proses produksi pada skala pilot untuk memperoleh hasil yang ekonomis, produksi preclinical lot, uji pra klinis (uji immunogenisitas pada hewan coba mencit), hingga produksi clinical lot untuk vaksin flu prepandemik.

Tahapan selanjutnya dari proses pengembangan vaksin flu (pre-pandemik) yang telah diselesaikan sampai dengan tanggal 31 Desember 2014 meliputi uji preklinis (uji toksisitas) pada hewan percobaan (tikus dan kelinci) dengan nilai sebesar Rp.1.547.709.250. Pada tahun 2014, juga secara bersamaan dikembangkan produksi vaksin seasonal flu dengan 4 jenis strain skala 5000 telur. Tahapan selanjutnya yang akan dilaksanakan mulai tahun 2015 untuk vaksin flu (pre-pandemik) meliputi ujiantang (challenge study) pada hewan uji ferret, produksi down stream clinical lot pada proses formulasi-filling, dan uji klinis phase 1. Uji klinis fase 2 dan 3 serta lisensi/registrasi produk ke BPOM diharapkan dapat diselesaikan hingga tahun 2017.

Biaya pengembangan Upstream Vaksin Flu ini akan diamortisasi dengan metode garis lurus selama masa manfaat 8 (delapan) tahun sejak vaksin tersebut diproduksi secara komersil. Jika pengembangan tidak dilanjutkan (dibatalkan), diakui seluruhnya sebagai beban pada laporan laba rugi komprehensif.

15. ASET TIDAK LANCAR LAINNYA

	2014
Beban Tangguhan	1.746.200.000
Dikurangi : Akumulasi Amortisasi	(1.673.441.667)
Jumlah Beban Tangguhan Bersih	72.758.333
Setoran Jaminan	693.565.496
Jumlah Aset Tidak Lancar Lainnya	766.323.829

Beban Tangguhan merupakan pengeluaran untuk sistem jaringan listrik PLN yang diamortisasi selama 4 tahun.

Setoran jaminan merupakan jaminan yang diberikan untuk penambahan daya listrik, jaminan sewa gedung Pakarti Center (Kantor Perwakilan Direksi) dan jaminan gas elpiji.

14. INTANGIBLE ASSETS (continued)

Cost of development of upstream flu vaccines is recorded as intangible assets in accordance with the Office Memo No.09698/XII/2009 dated December 21, 2009. Until December 31, 2014, the project is still in progress. This cost arises from the application of research findings or egg-based production knowledge of flu vaccine from egg preparation, bulk manufacture, clinical trials, to registration of the product.

Cost of development of upstream flu vaccine in progress amount to Rp10.791.097.458,31 represents costs arise from transfer of flu upstream technology from Biken - Japan that include activities of flu vaccine development at a pilot scale (5000 eggs), optimization of production process at the pilot scale to meet economic yields, preclinical production lots, pre-clinical trials (testing immunogenicity at experimental mice animals), to the production of clinical lots of flu vaccine prepandemic.

The next steps of the process of developing flu vaccine (pre-pandemic) that were completed until December 31, 2014 include preclinical trials (toxicity) at experimental animals (rats and rabbits) of Rp.1.547.709.250. In 2014, at the same time, it has also developed the production of seasonal flu vaccine for 4 types of strain scale of 5000 eggs. Further steps of the process of developing flu vaccine (pre-pandemic) that will be performed starting in 2015 include the challenge study at animal trails of ferrets, production of down stream clinical lots at filling formulation process, and phase 1 of clinical trials. Phase 2 and 3 of clinical trials and the process of product license/registration to BPOM are expected to be completed until 2017.

This cost of development of upstream flu vaccine will be amortized on a straight-line basis over the period of 8 (eight) years since the vaccines are produced commercially. If the development process is terminated (canceled), the costs are recognized as expense in the statement of comprehensive income.

15. OTHER ASSETS

	2013	
	1.746.200.000	Deferred Charges
	(1.236.891.667)	Less: Accumulated Amortization
	509.308.333	Total Deferred Charges - Net
	446.965.496	Guarantee Deposits
	956.273.829	Total Others Assets - Net

Deferred charges represent expenditures for installing system of electricity network from PLN which were deferred and amortized over 4 years.

Guarantee deposits represent deposits provided for additional electric power, lease of Pakarti Center Building (Directors' Representative Office) and LPG.

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16. UTANG USAHA

	<u>2014</u>
Pembelian Bahan Baku/Penolong :	
Pihak Berelasi - Rupiah	
Koperasi Karyawan Bio Farma (K2BF)	14.297.577.296
CV Karya Cahya Abadi	2.071.539.658
PT Kimia Farma (Persero) Tbk	410.324.291
	<u>16.779.441.245</u>
Pihak Ketiga - Rupiah	
CV Sinar Gemilang	6.216.959.210
NurtiLab Pratama	5.277.761.550
PT Global Satria Aji	3.078.681.345
Pall Filtration Indonesia	4.356.876.540
EMS	2.693.427.500
Menjangan Sakti	2.566.209.360
PT Green Medica	1.631.103.670
PT Schott Igar Glass	1.480.094.300
Bakti Mega Lestari	1.462.500.000
Media Televisi Indonesia	1.380.000.000
PT Alere Health	1.259.600.000
PT Cipta Cekas Grafika	1.218.241.360
CV Pop Grafika	870.710.000
CV Adytia Pratama	369.183.470
Brata Jaya	1.011.289.300
Dipa Puspa Labsains	1.685.171.779
Inquatex Primates	1.049.200.000
Juwana Parahyangan	1.973.845.000
Mes Propharma	1.421.206.320
Surya Teknik	1.453.280.250
Tiara Utama	1.417.615.487
Lainnya (di bawah Rp 1 Milyar)	15.757.950.635
	<u>59.630.907.075</u>
Pihak Ketiga - Mata Uang Asing	
Green Signal (USD 16,900.00)	21.023.600.000
Jangsung (USD 341,308.80)	4.245.881.472
Celeris :	
2014 : UER 122,504.60	1.853.893.963
2013 : UER 52,072.80	-
Staten Serum Institute :	
2014 : DKK 777,400.00	1.579.599.060
2013 : DKK 208,647.60	-
Wuxi (USD 57,760.00)	718.534.400
Becton Dickinson (USD : 30.142,78)	374.976.183
Berna (USD 3,271,763.00)	-
Getinge (USD 517,730.00)	-
Biken (JPY) 53,523,964.00)	-
Marchesini Bio Laboratories (USD 109,979.60)	-
IMA (USD 123,870.39)	-
TempTime (USD 231,70)	-
Lainnya (di bawah Rp 1 Milyar)	370.655.193
	<u>30.167.140.272</u>
Jumlah - dipindahkan	<u>106.577.488.592</u>

16. TRADE PAYABLES

	<u>2013</u>
	<u>9.097.869.064</u>
	4.039.419.453
	535.116.000
	2.434.932.750
	944.634.214
	977.060.000
	789.376.800
	1.101.248.750
	3.315.782.440
	-
	-
	3.299.256.000
	1.039.953.099
	2.673.889.000
	1.511.092.500
	463.152.618
	285.151.450
	275.200.000
	206.002.500
	283.125.674
	531.625.000
	356.859.480
	<u>11.480.377.367</u>
	<u>36.543.255.095</u>
	-
	-
	-
	875.939.481
	-
	-
	2.543.205.596
	-
	-
	39.879.519.207
	6.310.610.970
	6.217.878.898
	1.850.015.243
	1.509.856.184
	2.824.191
	<u>344.290.393</u>
	<u>59.534.140.163</u>
	<u>105.175.264.321</u>

Purchases of Raw Material/Auxiliaries
<i>Related Parties - Rupiah</i>
Koperasi Karyawan Bio Farma (K2BF)
CV Karya Cahya Abadi
PT Kimia Farma (Persero) Tbk
<i>Third Parties - Rupiah</i>
CV Sinar Gemilang
NurtiLab Pratama
PT Global Satria Aji
Pall Filtration Indonesia
EMS
Menjangan Sakti
PT Green Medica
PT Schott Igar Glass
Bakti Mega Lestari
Media Televisi Indonesia
PT Alere Health
PT Cipta Cekas Grafika
CV Pop Grafika
CV Adytia Pratama
Brata Jaya
Dipa Puspa Labsains
Inquatex Primates
Juwana Parahyangan
Mes Propharma
Surya Teknik
Tiara Utama
Others (Less than Rp 1 Billion))
<i>Third Parties - Foreign Currencies</i>
Green Signal (USD 16,900.00)
Jangsung (USD 341,308.80)
Celeris :
2014 : UER 122,504.60
2013 : UER 52,072.80
Staten Serum Institute :
2014 : DKK 777,400.00
2013 : DKK 208,647.60
Wuxi (USD 57,760.00)
Becton Dickinson (USD : 30.142,78)
Berna (USD 3,271,763)
Getinge (USD 517,730.00)
Biken (JPY) 53,523,964.00)
Marchesini Bio Laboratories (USD 109,979.60)
IMA (USD 123,870.39)
TempTime (USD 231,70)
Others (Less than Rp 1 Billion)
Total - carried forward

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16. UTANG USAHA (lanjutan)

	2014
Pembelian Bahan Baku/	
Penolong - pindahan	106.577.488.592
Pembelian Aset	
Pihak Berelasi - Rupiah	
PT Pembangunan Perumahan (Persero)	-
Koperasi Karyawan Bio Farma (K2BF)	4.098.982.300
PT Adhi Karya (Persero)	2.189.372.274
CV Karya Cahya Abadi	1.018.084.600
Pihak Ketiga - Rupiah	
Karya Mentari Seraya	4.406.712.725
PT Sinar Gemilang	3.589.522.550
Sigma Bimed	2.335.639.650
PT Biotech Maju Sejahtera	1.557.850.000
Fajar Mas Murni	1.344.400.000
PT Fluida Teknika	1.300.000.000
Kromtekindo	1.149.750.000
PT Bakti Mega Lestari	923.650.000
CV Catu Daya Perkasa	573.750.000
CV Adytia Pratama	-
PT Daya Cipta Dianrancana	-
Lainnya (di bawah Rp 1 Milyar)	9.139.241.833
	<u>26.320.516.758</u>
Pihak Ketiga - Mata Uang Asing	
Biott Corporation (JPY 4,460,000.00)	464.910.400
Marchesini (UER 12,048.30)	182.330.056
	<u>647.240.456</u>
Subjumlah - Pembelian Aset	<u>34.274.196.388</u>
Utang Usaha Lainnya	
Jasa Audit Manajemen dan Riset	2.732.900.000
Biaya Impor	1.510.400.827
Subjumlah - Lainnya	<u>4.243.300.827</u>
Jumlah Utang Usaha	<u>145.094.985.807</u>

17. BIAYA YANG MASIH HARUS DIBAYAR

	2014
Jasa Produksi Karyawan	86.705.000.000
Beban Karyawan	15.836.708.807
Keagenan Ekspor, Royalti dan Insentif Penjualan	11.716.530.647
Jasa Profesional	3.716.194.621
Pemeliharaan dan Perbaikan	2.887.314.575
Beban Angkutan dan Embalage	2.874.208.270
Beban Kantor	2.678.072.559
Peningkatan dan Pengembangan Sumberdaya Manusia	1.065.010.500
Perjalanan Dinas	347.448.946
Monitoring	-
Lainnya	453.162.002
Jumlah	<u>128.279.650.927</u>

Jasa produksi karyawan yang masih harus dibayar merupakan pengakuan liabilitas diestimasi tahun 2014 dan 2013 masing-masing sebesar 13 % dan 12% dari laba bersih setelah pajak, sesuai Nota Dinas Direksi No.00433/DIR/I/2015 untuk tahun 2014 dan Nota Dinas Direksi No.00246/DIR/I/2014 untuk tahun 2013.

16. TRADE PAYABLES (continued)

	2013	
	105.175.264.321	Purchases of Raw Material/
		Auxiliaries - brought forward
		Purchases of Assets
		Related Parties - Rupiah
	4.136.589.807	PT Pembangunan Perumahan (Persero)
	2.908.876.650	Koperasi Karyawan Bio Farma (K2BF)
	9.171.083.655	PT Adhi Karya (Persero)
	235.819.650	CV Karya Cahya Abadi
		Third Parties - Rupiah
	-	Karya Mentari Seraya
	7.961.493.750	PT Sinar Gemilang
	258.500.000	Sigma Bimed
	4.677.741.240	PT Biotech Maju Sejahtera
	375.653.000	Fajar Mas Murni
	2.140.977.000	PT Fluida Teknika
	-	Kromtekindo
	2.709.900.000	PT Bakti Mega Lestari
	2.829.916.100	CV Catu Daya Perkasa
	1.063.952.500	CV Adytia Pratama
	151.896.881	PT Daya Cipta Dianrancana
	10.231.321.156	Others (Less than Rp 1 Billion)
	<u>32.401.351.627</u>	
		Third Parties - Foreign Currencies
	-	Biott Corporation (JPY 4,460,000.00)
	-	Marchesini (UER 12,048.30)
	<u>-</u>	
	<u>48.853.721.389</u>	Subtotal - Purchases of Assets
		Other Accounts Payable
	3.873.571.620	Audit Management and Researches Services
	195.676.623	Import Expenses
	<u>4.069.248.243</u>	Subtotal - Others
	<u>158.098.233.953</u>	Total Accounts Payable

17. ACCURED EXPENSES

	2013	
	78.739.000.000	Employee Bonus
	14.209.320.733	Employee Expenses
		Export Agencies, Royalties and
	8.479.320.145	Sales Incentives
	1.747.437.883	Professional Fees
	-	Maintenance and Repairs
	4.518.581.407	Freights and Embarkations
	2.961.955.259	Office Expenses
		Improvement and Development of
	1.564.195.441	Human Resources
	558.511.594	Business Traveling
	2.626.693	Monitoring
	-	Others
	<u>-</u>	Total
	<u>112.780.949.155</u>	

Accrued employee bonus represents the amount of estimated employee bonus liability recognized for 2014 and 2013 which represent of 12% and 11% of net income after tax, respectively, in accordance with the Directors Memorandum No.00433/DIR/I/2015 for 2014 and No.00246/DIR/I/2014 for 2013.

18. PENDAPATAN DITERIMA DIMUKA

	<u>2014</u>
Swasta Dalam Negeri	41.431.996
Propam	839.482.300
Pharmak Vaccine	-
Bionet Asia	72.774.000
Servbio	29.856.000
Biological Ltd	8.863.500
Zhejiang Med	374.004.598
Jumlah Pendapatan Diterima Dimuka	<u>1.366.412.394</u>

19. LIABILITAS LANCAR LAINNYA

	<u>2014</u>
Tantiem	17.521.134.000
Taksasi Ongkos angkut dan embalage	7.992.038.341
Titipan Pihak Ketiga	83.444.591
Lainnya	411.952.210
Jumlah	<u>26.008.569.142</u>

Utang tantiem tahun 2014 merupakan pengakuan liabilitas yang diestimasi berdasarkan prognosa tantiem tahun 2014 yang tercantum pada RKAP 2015, sedangkan tantiem tahun 2013 diestimasi dari laba bersih setelah pajak sesuai Nota Dinas Direksi No. 00423/DIR/I/2014.

Taksasi ongkos angkut dan embalage merupakan pengakuan jumlah biaya angkut dan embalage yang diestimasi per 31 Desember 2014 dan 2013 untuk pengiriman penjualan vaksin kepada Pemerintah.

20. LIABILITAS DIESTIMASI ATAS IMBALAN PASCA KERJA

Perusahaan menerapkan liabilitas imbalan pasca kerja sesuai dengan PSAK 24 (Revisi 2010). Selain itu Perusahaan juga mengikutsertakan seluruh karyawan tetap dan kontrak ke dalam program pensiun yang dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK) PT Asuransi Jiwasraya.

Uraian berikut ini merupakan rangkuman perhitungan beban dan liabilitas imbalan pasca kerja karyawan tahun 2014 dan 2013 yang diakui pada laporan laba rugi dan laporan posisi keuangan. Perhitungan beban dan liabilitas imbalan pasca kerja karyawan tahun 2014 dan 2013 dilakukan oleh aktuaris independen PT Katsir Imam Sapto Sejahtera Aktuaria dalam laporannya tanggal 7 Januari 2015 dan 30 Desember 2013 dengan menggunakan metode "Projected Unit Credit".

Beban Imbalan Pasca Kerja

	<u>2014</u>
Beban Jasa Kini	9.080.370.505
Beban Bunga	9.284.473.649
Beban Jasa lalu - <i>Non Vested</i>	780.528.804
Laba (Rugi) Aktuarial yang Diakui	2.045.300.912
Pemberhentian	4.235.960.873
Jumlah Beban Imbalan Pasca Kerja	<u>25.426.634.744</u>

18. UNEARNED REVENUE

	<u>2013</u>	
	160.227.037	Domestic Private
	-	Propam
	335.234.478	Pharmak Vaccine
	4.909.587.930	Bionet Asian
	-	Servbio
	-	Biological Ltd
	-	Zhejiang Med
Total Unearned Revenue	<u>5.405.049.445</u>	

19. OTHER CURRENT LIABILITIES

	<u>2013</u>	
	16.529.371.000	Management Bonus
	9.555.622.801	Estimated Freights and Embarkations
	258.252.126	Third Parties Deposits
	93.403.408	Others
Total	<u>26.436.649.335</u>	

Management bonus liability as of December 31, 2014 represents the recognition of estimated management bonus liability based on prognosis of management bonus for 2014 as shown in the RKAP 2015, whereas management bonus for 2013 was estimated from net income after tax in accordance with Directors' Memorandum No. 00423/DIR/I/2014.

Freights and embarkations liabilities represent the recognition of the amount of estimated liabilities for freights and embarkations expenses as of December 31, 2014 and 2013 due to delivery of selling vaccines to the Government.

20. ESTIMATED EMPLOYEE BENEFIT LIABILITIES

The Company accounts for employee benefits liabilities in conformity with PSAK 24 (Revised 2010). In addition, the Company arranges a defined contribution pension plan covering both its permanent and contract employees. The plan is managed by Financial Institutions of Pension Fund (Dana Pensiun Lembaga Keuangan or DPLK) PT Asuransi Jiwasraya.

The following information is the summary of computation of employee benefit expenses and its liabilities in 2014 and 2013 which were recognized in the statement of comprehensive income and the statement of financial position. The amount of estimated employee benefit expenses and liabilities for the years 2014 and 2013 were computed using "Projected Unit Credit" method by independent actuary of PT Katsir Imam Sapto Sejahtera Aktuarial as mentioned in its reports dated January 7, 2015 and December 30, 2013.

Post Employee Benefit Expenses

	<u>2013</u>	
	6.476.743.015	Current Service Costs
	5.417.689.783	Interest Costs
	780.528.804	Past Service Costs
	1.161.222.551	Actuarial Gains (Losses) Recognized
	4.361.692.330	Retirements
Total Employee Benefit Expenses	<u>18.197.876.483</u>	

20. LIABILITAS DIESTIMASI ATAS IMBALAN PASCA KERJA
 (lanjutan)

Liabilitas Diestimasi atas Imbalan Pasca Kerja

	2014	2013
Saldo Awal Nilai Kini		
Liabilitas Imbalan Kerja	103.160.818.325	77.395.568.323
Dampak Perubahan		
Asumsi Aktuarial	12.552.956.172	(17.509.477.859)
Beban Jasa Kini	9.080.370.505	6.476.743.015
Beban Bunga	9.284.473.649	5.417.689.783
Pembayaran Pensiun	(6.858.142.517)	(6.906.757.046)
Rugi Aktuarial atas Kewajiban	9.147.633.731	37.773.189.734
Saldo Akhir Nilai Kini		
Liabilitas Imbalan Kerja	136.368.109.865	102.646.955.950
Beban Jasa lalu yang Belum Diakui	(6.518.122.731)	(7.298.651.535)
Keuntungan Aktuarial yang Belum Diakui	(67.146.796.563)	(46.977.645.197)
Liabilitas Imbalan Pasca Kerja	62.703.190.571	48.370.659.217

Perubahan Liabilitas Diestimasi atas Imbalan Pasca Kerja

	2014	2013
Saldo Awal	48.370.659.217	41.441.232.110
Beban Imbalan Pasca Kerja		
Tahun Berjalan	25.426.634.744	18.197.876.483
Pembayaran Pensiun	(6.200.891.390)	(5.290.702.376)
Pembayaran GSH (sesuai cadangan)	(657.251.127)	(1.616.054.670)
Pembayaran GSH (beban langsung)	(4.235.960.873)	(4.361.692.330)
Saldo Akhir	62.703.190.571	48.370.659.217

Asumsi utama yang digunakan :

	2014	2013
Usia Pensiun Normal	56 Tahun / 56 Years	56 Tahun / 56 Years
Tingkat Diskonto	8%	9%
Tingkat Proyeksi Kenaikan Gaji	8%	8%
Tabel Mortalita	TMI III 2011	TMI III 2011
Tingkat Cacat	1% dari Mortalita 0 %	1% from Mortalita 0 %
Tingkat Pengunduran Diri	sesuai/conform with TMI III 2011	sesuai/conform with TMI III 2011

21 LIABILITAS TIDAK LANCAR LAINNYA

	2014	2013
Grant	24.882.312.222	-
	24.882.312.222	-

Perusahaan menandatangani perjanjian untuk melaksanakan suatu proyek dengan grant senilai USD 2,919,998 yang berlaku sejak 17 November 2014 sampai dengan 31 Juli 2017. Grant tahap pertama telah diterima sebesar USD 2,000,000, yang diakui sebagai liabilitas. Keberlanjutan proyek akan dievaluasi pada tanggal 30 Juni 2015. Jika hasil evaluasi menyimpulkan proyek dapat dilanjutkan, sisa dana sebesar USD 919,998 akan dibayarkan. Namun jika tidak dilanjutkan, maka proyek akan dihentikan dan seluruh sisa dana harus dikembalikan. Berkenaan dengan syarat dan ketentuan grant, perusahaan mengakui grant sebagai pendapatan hibah berdasarkan laporan progres proyek.

20. ESTIMATED EMPLOYEE BENEFIT LIABILITIES (continued)

Post Employee Benefit Liabilities

	2014	2013
Saldo Awal Nilai Kini		
Liabilitas Imbalan Kerja	103.160.818.325	77.395.568.323
Dampak Perubahan		
Asumsi Aktuarial	12.552.956.172	(17.509.477.859)
Beban Jasa Kini	9.080.370.505	6.476.743.015
Beban Bunga	9.284.473.649	5.417.689.783
Pembayaran Pensiun	(6.858.142.517)	(6.906.757.046)
Rugi Aktuarial atas Kewajiban	9.147.633.731	37.773.189.734
Saldo Akhir Nilai Kini		
Liabilitas Imbalan Kerja	136.368.109.865	102.646.955.950
Beban Jasa lalu yang Belum Diakui	(6.518.122.731)	(7.298.651.535)
Keuntungan Aktuarial yang Belum Diakui	(67.146.796.563)	(46.977.645.197)
Liabilitas Imbalan Pasca Kerja	62.703.190.571	48.370.659.217

Changes in Post Employee Benefit Liabilities

	2014	2013
Saldo Awal	48.370.659.217	41.441.232.110
Beban Imbalan Pasca Kerja		
Tahun Berjalan	25.426.634.744	18.197.876.483
Pembayaran Pensiun	(6.200.891.390)	(5.290.702.376)
Pembayaran GSH (sesuai cadangan)	(657.251.127)	(1.616.054.670)
Pembayaran GSH (beban langsung)	(4.235.960.873)	(4.361.692.330)
Saldo Akhir	62.703.190.571	48.370.659.217

The principal assumptions used :

	2014	2013
Usia Pensiun Normal	56 Tahun / 56 Years	56 Tahun / 56 Years
Tingkat Diskonto	8%	9%
Tingkat Proyeksi Kenaikan Gaji	8%	8%
Tabel Mortalita	TMI III 2011	TMI III 2011
Tingkat Cacat	1% dari Mortalita 0 %	1% from Mortalita 0 %
Tingkat Pengunduran Diri	sesuai/conform with TMI III 2011	sesuai/conform with TMI III 2011

21 OTHER NON-CURRENT LIABILITIES

	2014	2013
Grant	24.882.312.222	-
	24.882.312.222	-

The Company entered into an agreement to perform a grant project amounting to USD 2,919,998. The project is in effect since November 17, 2014 until July 31, 2017. The Company had received the first term of the grant amounting to USD 2,000,000 which was recognized as a liability. The sustainability of the project will be evaluated on June 30, 2015. If the result of the evaluation concludes that the project can be continued, the Company will receive the remaining grant of USD 919,998. However, if it is not continued, the project will be terminated and the rest of the funds should be returned to. Considering the terms and conditions of the grant, the company will recognize the grant as revenue based on progress report of the project.

22. MODAL SAHAM

	2014
Modal ditempatkan dan disetor pada awal tahun	750.000.000.000
Kapitalisasi Cadangan ke Modal Disetor	500.000.000.000
Modal ditempatkan dan disetor pada akhir tahun	<u>1.250.000.000.000</u>

Pada tahun 2014, sesuai dengan Keputusan Menteri Negara BUMN No.S315/MBU/2014, tanggal 20 Mei 2014 yang telah dicatatkan dalam akta No. 26 tanggal 6 Juni 2014 dari Notaris Fathiah Helmi, SH., dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia sesuai surat Nomor: AHU-04104.40.20.2014 tanggal 10 Juni 2014, modal dasar Perusahaan ditingkatkan dari semula Rp.2.000.000.000.000 (2.000.000 lembar saham) menjadi Rp.5.000.000.000.000 (5.000.000 lembar saham) dan modal ditempatkan dan disetor ditingkatkan dari semula Rp.750.000.000.000 (750.000 lembar saham) menjadi Rp.1.250.000.000.000 (1.250.000 lembar saham) melalui kapitalisasi cadangan sebesar Rp.500.000.000.000.

23. SALDO LABA DAN PENGGUNAAN LABA

a. Saldo Laba - Dicadangkan

	2014
Saldo pada Awal Tahun	941.919.524.322
Pembentukan Cadangan	400.727.336.047
Kapitalisasi Cadangan ke Setoran Mod:	(500.000.000.000)
Tambahan Dividen dari Cadangan	(57.247.000.000)
Konversi Saldo Laba ke Cadangan	675.000.000
Saldo Laba - Dicadangkan Pada Akhir Tahun	<u>786.074.860.369</u>

b. Saldo Laba - Belum Dicadangkan

	2014
Saldo Laba pada awal tahun	573.142.622.925
Pembagian Laba	
Cadangan	(400.727.336.047)
Dividen	(228.987.286.878)
Tambahan Dividen dari Cadangan	57.247.000.000
Program PKBL	-
Tambahan Tantiem	-
Koreksi Saldo Laba	-
Konversi Saldo Laba ke Cadangan	(675.000.000)
Laba (Rugi) Tahun Berjalan	580.073.741.835
Saldo Laba - Belum Dicadangkan Pada Akhir Tahun	<u>580.073.741.835</u>

c. Penggunaan Laba

Pembagian atas laba bersih tahun 2013 dan 2012 ditetapkan dalam RUPS tentang persetujuan laporan keuangan tahunan, pengesahan perhitungan tahunan, dan pembagian laba bersih tahun buku 2013 dan 2012 pada tanggal 21 Maret 2014 dan 26 Maret 2013.

22. SHARE CAPITAL

	2013
Share capital issued and fully paid at the beginning of the year	450.000.000.000
Capitalization of Reserve	300.000.000.000
Share capital issued and fully paid at end of year	<u>750.000.000.000</u>

In 2014, in accordance with Decision Letter of the Minister of State-Owned Enterprises No.S315/MBU/2014, dated May 20, 2014 that has been recorded in Deed No. 26 dated June 6, 2014 of Notary Fathiah Helmi, SH., and has been approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Letter No. AHU-04104.40.20.2014 dated June 10, 2014, the Company's authorized capital was increased from Rp.2.000.000.000.000 (2.000.000 shares) to Rp.5.000.000.000.000 (5.000.000 shares), and share issued and fully paid was increased from Rp.750.000.000.000 (750.000 shares) to Rp.1.250.000.000.000 (1.250.000 shares) through the capitalization of reserves amounting to Rp.500.000.000.000.

23. RETAINED EARNINGS AND DISTRIBUTION OF INCOME

a. Retained Earnings - Appropriated

	2013	
Balance at Beginning of Year	670.640.762.322	
Establishment of Reserves	299.278.762.000	
Capitalization of Reserves to Share Capital	-	
Additional Dividen from Appropriated Earnings	(28.000.000.000)	
Transfer of Unappropriated to Appropriated	-	
Appropriated Retained Earnings at End of Year	<u>941.919.524.322</u>	

b. Retained Earnings - Unappropriated

	2013	
Balance at Beginning of Year	385.891.883.599	
Income Distribution		
Reserve	(299.278.762.000)	
Dividend	(105.178.377.000)	
Additional dividends from Appropriated Earnings	28.000.000.000	
Partnership Program	(8.759.744.599)	
Additional Management Bonus	(675.000.000)	
Correction of Retained Earnings	675.000.000	
Transfer of Unappropriated to Appropriated	-	
Net Income for the Year	572.467.622.925	
Unappropriated Retained Earnings at End of Year	<u>573.142.622.925</u>	

c. Distribution of Income

The distribution of net income for the years of 2013 and 2012 was decided in the General Meeting of the Company's Shareholders regarding the approval of the annual financial statements and distribution of net income for the years of 2013 and 2012 on March 21, 2014 and March 26, 2013, respectively.

23. SALDO LABA DAN PENGGUNAAN LABA (lanjutan)

23. RETAINED EARNINGS AND DISTRIBUTION OF INCOME
 (Continued)

	Laba Tahun Buku 2013 Net Income for the year 2012		Laba Tahun Buku 2012 Net Income for the year 2012		
	Jumlah Total	Persentase Percentage	Jumlah Total	Persentase Percentage	
Dividen	171.740.286.877	39,95%	77.178.377.000	15,00%	Dividend
Cadangan	401.402.336.047	60,05%	299.278.762.000	81,00%	Appropriated
Kemitraan	-	0%	1.929.459.000	2,00%	Partnership Community
Bina Lingkungan	-	0%	6.830.286.000	2,00%	Development
Tantiem	-	0%	675.000.000	0%	Management Bonus
Jumlah	573.142.622.924	100%	385.891.884.000	100%	Total

Sesuai surat Menteri BUMN No.S-805/MBU/2014 tanggal 23 Desember 2014 dan No. S-765/MBU/2014 tanggal 20 Desember 2013 keputusan RUPS tersebut dirubah dengan menambah dividen masing-masing sebesar Rp.57.247.000.000 untuk tahun 2014 dan Rp.28.000.000.000 untuk tahun 2013.

According to the Letter of the Minister of State-Owned Enterprises No.S-805/MBU/2014 dated December 23, 2014 and No.S-765/MBU/2014 dated December 20, 2013, dividends for 2014 and 2013 were added by Rp.57.247.000.000 and Rp.28.000.000.000, respectively.

24. PENJUALAN PRODUK PERUSAHAAN

24. SALE OF THE COMPANY'S PRODUCTS

	2014			Jumlah/ Total	
	Pemerintah / Government	Swasta/Private Lokal/Local Ekspor/ Export			
Penjualan Produk					Sale of Products
Vaksin Bakteri	98.521.504.420	7.775.693.842	111.308.249.149	217.605.447.411	Bacterial Vaccines
Vaksin Virus	167.683.728.790	34.687.104.183	1.254.909.371.263	1.457.280.204.236	Virus Vaccines
Vaksin Kombinasi	273.678.128.790	2.869.785.960	-	276.547.914.750	Combination Vaccines
Sera & Diagnostika	75.955.500	90.148.847.936	14.879.040	90.239.682.476	Antisera and Diagnostics
	539.959.317.500	135.481.431.921	1.366.232.499.452	2.041.673.248.873	
Dikurangi : Potongan Penjualan	-	(12.685.163.736)	-	(12.685.163.736)	Less: Sales Discount
Jumlah Penjualan Bersih	539.959.317.500	122.796.268.185	1.366.232.499.452	2.028.988.085.136	Total Net Sales
	2013				
	Pemerintah/ Government	Swasta/Private Lokal/Local Ekspor/ Export		Jumlah/ Total	
Penjualan Produk					Sale of Products
Vaksin Bakteri	130.988.124.650	3.557.837.386	99.207.773.391	233.753.735.427	Bacterial Vaccines
Vaksin Virus	183.656.344.950	10.267.594.029	1.108.928.760.611	1.302.852.699.590	Virus Vaccines
Vaksin Kombinasi	233.508.586.620	340.927.797	14.715.000.000	248.564.514.417	Combination Vaccines
Sera & Diagnostika	571.441.200	63.063.647.414	-	63.635.088.614	Antisera and Diagnostics
	548.724.497.420	77.230.006.626	1.222.851.534.001	1.848.806.038.047	
Dikurangi : Potongan Penjualan	-	(354.394.452)	-	(354.394.452)	Less: Sales Discount
Jumlah Penjualan Bersih	548.724.497.420	76.875.612.174	1.222.851.534.001	1.848.451.643.595	

25. PENJUALAN BARANG DAGANGAN

25. SALE OF MERCHANDISE GOODS

	2014		2013		
Pemerintah					Government
IPV	7.768.581.546		-		IPV
Swasta					Private
Polyvalent Snake Anti Venom	2.641.320.000		1.848.000.000		Polyvalent Snake anti Venom
	10.409.901.546		1.848.000.000		
Dikurangi : Potongan Penjualan		(122.958.000)		-	Less: Sales Discount
Jumlah Penjualan Bersih	10.286.943.546		1.848.000.000		Net Sales of Merchandise Goods

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26. PENJUALAN JASA

	<u>2014</u>
Imunisasi	3.978.163.573
Laboratorium	827.259.726
	<u>4.805.423.299</u>
Dikurangi : Potongan Penjualan	-
Jumlah Penjualan Jasa Bersih	<u>4.805.423.299</u>

Hasil penjualan imunisasi diperoleh dari imunisasi vaksin dan serum, sedangkan hasil penjualan laboratorium diperoleh dari jasa pengujian mutu dan pemeriksaan laboratorium.

26. SALE OF SERVICES

	<u>2013</u>	
	2.500.869.260	Immunization
	881.468.400	Laboratorium
	<u>3.382.337.660</u>	
	(338.750)	Less: Sales Discount
	<u>3.381.998.910</u>	Total Sales of Service-Net

The sales of immunization obtained from vaccine and serum immunization services, whereas the laboratory sales obtained from providing the laboratory and quality testing services.

27. BEBAN POKOK PENJUALAN PRODUK PERUSAHAAN

	<u>2014</u>
Beban Produksi Langsung	
Pemakaian Bahan baku	316.474.526.851
Karyawan	39.349.456.729
Total Beban Produksi Langsung	<u>355.823.983.580</u>
Beban Produksi Tidak Langsung	
Pemakaian Bahan baku	44.502.629.822
Pemakaian Bahan Penolong	148.920.764.165
Karyawan	96.334.363.135
Sosial Karyawan	5.544.496.183
Perjalanan Dinas	3.563.809.743
Jasa Profesional	2.705.006.417
Pemeliharaan dan Perbaikan	124.174.675.333
Asuransi	1.446.458.020
Penyusutan dan Amortisasi	89.753.664.615
Kantor	7.016.279.858
Peningkatan dan Pengembangan SDM	2.982.472.221
Total Beban Produksi Tidak Langsung	<u>526.944.619.513</u>
Beban Produksi	<u>882.768.603.093</u>
Persediaan Produk Dalam Proses	
Awal Tahun	46.675.802.415
Akhir Tahun	(97.889.204.813)
Beban Pokok Produksi	<u>831.555.200.695</u>
Persediaan Produk Jadi	
Awal Tahun	42.582.402.135
Kadaluarsa/Rusak	(38.040.438.465)
Promosi, Rusak, Disumbangkan, Penggantian dan Pemakaian Sendiri	(1.233.818.867)
Tersedia untuk Dijual	834.863.345.498
Dijual untuk Imunisasi	(1.479.390.740)
Akhir Tahun	(65.775.265.667)
Jumlah Beban Pokok Penjualan	<u>767.608.689.091</u>

27. COST OF SALES OF THE COMPANY'S PRODUCTS

	<u>2013</u>	
	308.657.992.574	Direct Production Costs
	31.155.101.954	Raw Materials Used
	<u>339.813.094.528</u>	Employees
		Total Direct Production Costs
		Indirect Production Costs
	10.524.914.577	Raw Materials Used
	124.812.752.438	Auxiliary Materials Used
	81.180.792.701	Employees
	4.371.229.639	Social Employee
	3.362.147.094	Business Travelling
	2.838.422.936	Professional Fees
	86.668.908.059	Maintenance and Repairs
	870.158.412	Insurance
	78.174.380.157	Depreciation and amortization
	8.253.624.592	Office
	2.729.792.931	Improvement and Development of Human Resources
	<u>403.787.123.536</u>	Total Indirect Production Costs
	<u>743.600.218.064</u>	Production Costs
		Goods in Process Inventory at the Beginning of the Year
	34.134.147.653	at the End of the Year
	(46.675.802.415)	Cost of Goods Manufactured
	<u>731.058.563.301</u>	Finished Goods Inventory at the Beginning of the Year
	46.962.748.523	Expired/Damaged
	(14.560.529.952)	Promotion, Damages, Donated, Replacement and Self Consumptions
	(792.456.741)	Cost of Goods Available for Sale Sold for Immunization
	762.668.325.132	Inventory at End of the Year
	(1.623.341.818)	Cost of Sales
	(42.582.402.135)	
	<u>718.462.581.178</u>	

28. BEBAN POKOK PENJUALAN BARANG DAGANGAN

	<u>2014</u>
Persediaan Awal Tahun	34.140.799
Pembelian	10.331.922.097
Tersedia untuk Dijual	10.366.062.896
Kadaluarsa/rusak	-
Digunakan untuk Promosi, Penggantian, Pemakaian Sendiri dan Disumbangkan	-
Digunakan untuk Imunisasi	(225.716.053)
Persediaan Akhir Tahun	(1.313.359.545)
Jumlah	<u>8.826.987.298</u>

28. COST OF SALES OF MERCHANDISE GOODS

	<u>2013</u>	
	39.784.250	Inventories at Beginning of Year
	1.413.671.927	Purchases
	1.453.456.177	Available for Sale
	(8.641.408)	Out of Date/Damaged
	(94.500)	Used for Promotion, Replacement, Self Consumption and Donation
	(262.439.193)	Used for Immunization
	(34.140.799)	Inventories at End of Year
	<u>1.148.140.277</u>	Total

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29. BEBAN JASA

	2014
Karyawan	967.140.262
Pemakaian Produk Jadi untuk Imunisasi	1.479.390.741
Pemakaian Bahan Baku dan Penolong	149.668.392
Pemakaian Barang Dagang untuk Imunisasi	225.716.053
Perjalanan Dinas	66.071.440
Penyusutan Aset Tetap	218.033.938
Pemeliharaan dan Perbaikan	14.405.000
Asuransi	2.054.577
Lain-lain	531.449.318
Jumlah	3.653.929.719

30. PENGHASILAN LAIN-LAIN

	2014
Keuntungan Selisih Kurs	70.215.332.574
Pemulihan Penyisihan Persediaan	1.957.764.125
Pemulihan Penyisihan Piutang	34.960.874
Pendapatan Hibah	4.988.917.314
Royalti	1.493.832.930
Pendapatan Jasa Giro	988.749.765
Pendapatan Bunga Deposito	33.089.386.020
Pendapatan Bunga Investasi	1.521.625.000
Pendapatan Denda dari Pemasok dan Pelanggan	389.605.973
Hasil Sewa Ruangan dan Bagi Hasil	92.312.500
Klaim Asuransi	106.644.572
Penghasilan Lainnya (di bawah Rp 1 milyar)	3.751.235.767
Jumlah	118.630.367.414

31. BEBAN ADMINISTRASI DAN UMUM

	2014
Karyawan	207.334.353.634
Dewan Komisaris dan Direksi	37.670.776.997
Beban Kantor	36.010.265.385
Pemeliharaan dan Perbaikan	29.377.750.248
Sosial Karyawan	13.076.837.761
Penyusutan Aset Tetap	13.594.559.195
Peningkatan dan Pengembangan SDM	12.885.533.823
Perjalanan Dinas	6.113.251.087
Jasa Profesional	3.669.884.233
HUT Perusahaan dan Olahraga	3.698.365.000
Jamuan Tamu	3.760.908.867
Pajak Bumi dan Bangunan & Pajak Kendaraan	1.903.287.248
Kemitraan dan Bina Lingkungan	4.061.787.035
Sumbangan Sosial Masyarakat	1.969.132.866
Asuransi	85.517.965
Amortisasi Beban Tanggahan dan Aset Takberwujud	1.666.309.750
Lain-lain	1.569.601.100
Jumlah	378.448.122.194

29. COST OF SERVICE

	2013
	1.414.253.568
	1.623.341.818
	187.480.164
	262.439.193
	53.033.000
	116.479.715
	181.438.655
	1.336.240
	145.848.951
Jumlah	3.985.651.305

30. OTHER INCOME

	2013
	127.501.194.468
	-
	28.824.130
	1.277.818.181
	1.870.124.469
	1.062.607.726
	13.100.831.441
	-
	799.099.888
	243.250.000
	-
	6.954.078.648
Jumlah	152.837.828.951

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2013
	173.050.921.213
	39.174.226.137
	25.905.606.849
	14.433.566.029
	10.708.205.506
	9.174.621.162
	11.085.794.003
	4.757.097.962
	5.956.003.520
	3.247.724.000
	3.136.287.590
	1.790.540.355
	-
	1.367.928.971
	103.950.392
	220.935.877
	199.706.520
Jumlah	304.313.116.086

Employees
Products used for Immunization
Raw Materials and Auxiliaries used
Merchandise Goods used for Immunization
Business travelling
Depreciation of Fixed Assets
Repairs and Maintenance
Insurance
Others
Total

Gains on Foreign Exchange
Recovery of Inventory Impairment
Recovery of Receivable Impairment
Donation Revenue
Royalties
Interest from Deposit Accounts
Interest from Time Deposits
Interest from Investment
Penalties from Distributors and Supplier
Room Rent and Profit Sharing
Insurance Claims
Others (below Rp 1 billion)
Total

Employees
Directors and Commissioners
Office Expenses
Repairs and Maintenance
Employees Social Expenses
Depreciation Expense
Human Resources Development
Business travelling
Professional Fees
Company's Anniversary and Sports
Entertainment
Land and Buildings and Vehicle Taxes
Partnership and Community Development
Donation
Insurance
Amortization of Deferred Charges and Intangible Assets
Others
Total

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32. BEBAN PENJUALAN

	<u>2014</u>
Keagenan Ekspor	-
Ongkos Angkut	27.021.798.405
Embalage	13.075.049.196
Promosi dan Periklanan	9.818.143.008
Pemeliharaan Pasar	10.522.105.506
Insentif Penjualan	1.775.301.247
Jaminan dan Kerugian Penjualan	326.010.138
Royalti	9.913.042.631
Penyisihan Penurunan Nilai Piutang	118.427.772
Jumlah	<u>72.569.877.903</u>

Rincian beban royalti tahun 2014 dan 2013 terdiri dari :

	<u>2014</u>
Biken-Jepang atas penjualan vaksin flu bio	246.398.600
Cape Biologicals atas penjualan vaksin pentabio	4.970.640.022
Bionet Asia atas penjualan vaksin pentabio	4.696.004.008
Jumlah	<u>9.913.042.631</u>

33. BEBAN PENELITIAN, PENGEMBANGAN DAN SURVEILANS

	<u>2014</u>
Pemakaian Bahan Baku dan Penolong	21.242.673.637
Jasa Profesional	21.030.107.325
Karyawan	17.910.310.534
Penyusutan Aset Tetap	14.725.288.243
Pemeliharaan dan Perbaikan	8.020.363.195
Perjalanan Dinas	2.352.694.597
Beban Kantor	588.764.489
Peningkatan & Pengembangan SDM	2.739.770.846
Asuransi	169.242.590
Jumlah	<u>88.779.215.457</u>

34. BEBAN LAIN-LAIN

	<u>2014</u>
Kerugian Selisih Kurs	59.322.831.500
Bunga Pinjaman	-
Koreksi Pajak dan Denda Pajak	67.738.990
Denda selain Pajak	378.189.000
Kerugian Penjualan Aset Lain-lain	-
Beban Penurunan Nilai Aset	41.955.815
Beban Lainnya (di bawah Rp 1 milyar)	9.937.122.869
Jumlah	<u>69.747.838.173</u>

35. PENDAPATAN KOMPREHENSIF LAINNYA

	<u>2014</u>
Keuntungan (Kerugian) belum direalisasi atas kepemilikan efek tersedia untuk dijual	377.292.849
Jumlah	<u>377.292.849</u>

32. SELLING EXPENSES

	<u>2013</u>
	876.933.648
	31.269.417.083
	20.159.386.968
	6.382.782.157
	7.456.712.536
	1.606.268.651
	249.695.600
	4.790.883.567
	38.206.401
Jumlah	<u>72.830.286.610</u>

Details of royalty expenses in 2014 and 2013 consist of :

	<u>2013</u>
	162.139.097
	2.314.372.235
	2.314.372.235
Jumlah	<u>4.790.883.567</u>

Export Agencies
Transportations
Embarkations
Advertising and Promotion
Market Maintenance
Sales Incentives
Sales Warranties
Royalties
Provision for Impairment of Receivables
Total

Biken-Japan on sale of flu bio vaccines
Cape Biologicals on sale of pentabio vaccines
Bionet Asian on sale of pentabio vaccines
Total

33. RESEARCH AND DEVELOPMENT EXPENSES

	<u>2013</u>
	13.119.084.947
	14.797.860.627
	15.739.734.589
	12.537.101.897
	6.611.799.104
	2.614.749.385
	743.556.141
	2.029.716.358
	124.308.708
Jumlah	<u>68.317.911.755</u>

Materials and Auxiliaries Used
Professional Fees
Employees
Depreciation Expense
Repairs and Maintenance
Business travelling
Office Expenses
Human Resources Development
Insurances
Total

34. OTHER EXPENSES

	<u>2013</u>
	30.432.437.421
	-
	23.717.554.904
	-
	729.188.915
	-
	3.993.614.730
Jumlah	<u>58.872.795.971</u>

Loss on Foreign Exchange
Interest of Loans
Tax Corrections and Penalties
Other penalties
Loss on Sale of Other Assets
Loss on Impairment of Assets
Other Expenses (below Rp 1 billion)
Total

35. OTHER COMPERHENSIVE INCOME

	<u>2013</u>
	-
Jumlah	<u>-</u>

Unrealized Gains (Loss) From Available For Sale Securities
--

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36. ASET DAN LIABILITAS DALAM MATA UANG ASING

		31 Desember 2014	
		Mata Uang Asing/ Foreign Currency	Ekuivalen Rupiah/ Rupiah Equivalent
Aset			
Kas dan Setara Kas	USD	11.284.106	140.374.275.157
	EUR	1.665.477	25.204.092.682
Piutang Usaha	USD	18.235.567	226.850.449.748
Uang Muka	USD	809.856	10.074.606.028
	EUR	155.047	2.346.362.023
	AUD	2.100	21.458.262
	SGD	-	-
Jumlah Aset		404.871.243.899	
Liabilitas			
Pendapatan Dimuka	EUR	24.714	374.004.598
	USD	76.445	950.975.800
Utang Usaha	USD	438.000	5.448.722.364
	EUR	134.553	2.036.224.019
	GBP	-	-
	JPY	6.966.954	726.235.285
	DKK	777.400	1.579.599.060
Biaya YMH Dibayar	USD	28.800	358.272.000
Utang Lainnya	USD	31.020	385.885.939
Jumlah Liabilitas		11.859.919.065	
Aset (Liabilitas) - Bersih		393.011.324.834	

36. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

		31 Desember 2013			
		Mata Uang Asing/ Foreign Currency	Ekuivalen Rupiah/ Rupiah Equivalent		
				Assets	
		17.949.830	218.790.475.554	Cash and Cash Equivalent	
		320.548	5.392.085.678		
		22.447.707	273.615.097.576	Trade Receivables	
		573.710	6.992.949.362	Advances	
		347.000	5.837.039.680		
		-	-		
		4.294	41.342.568		
			510.668.990.417	Total Assets	
				Liabilities	
		19.929	335.234.478	Unearned Revenues	
		402.788	4.909.587.929		
		4.139.035	50.450.700.784	Trade Payables	
		162.052	2.725.954.723		
		3.464	69.614.726		
		54.126.452	6.287.869.929		
		-	-		
		320.764	3.909.794.346	Accrued Expenses	
		45.677	556.756.953	Other Liabilities	
			69.245.513.869	Total Liabilities	
			441.423.476.548	Assets (Liabilities) - Net	

36. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

a. Saldo akun dengan pihak berelasi adalah sebagai berikut :

		31 Desember 2014 December 31, 2014	
		Jumlah/ Total	Persen* / Percentage*
Kas dan Setara Kas (Catatan 3)		951.717.046.000	31,27%
Piutang Usaha (Catatan 5)		11.959.603.001	0,39%
Piutang Lainnya (Catatan 6)		1.302.637.458	0,04%
Uang Muka Pembelian Lokal (Catatan 8)		34.294.004.725	1,13%
Pendapatan yang masih akan diterima (Catatan 11)		2.163.072.734	0,07%
Utang Usaha (Catatan 16)			
Koperasi Karyawan Bio Farma		18.396.559.596	0,60%
CV Karya Cahya Abadi		3.089.624.258	0,10%
PT Pembangunan Perumahan		-	-
PT Adhi Karya		2.189.372.274	0,07%
Universitas Brawijaya		1.150.000.000	0,04%
PT Kimia Farma Tbk		410.324.291	0,01%
PT Telkom Indonesia Tbk		290.000.000	0,01%
Jumlah		25.525.880.419	0,84%

36. TRANSACTIONS WITH RELATED PARTIES

a. Account balances with the related parties are as follows:

		31 Desember 2013 December 31, 2013			
		Jumlah/ Total	Persen* / Percentage*		
		866.250.766.156	32,05%	Cash and Cash Equivalent (Note 3)	
		7.697.268.220	0,28%	Trade Receivables (Note 5)	
		1.302.637.458	0,05%	Other Receivables (Note 6)	
				Advances	
		9.285.164.861	0,34%	(Note 8)	
				Accrued income	
		2.129.257.903	0,08%	(Note 11)	
				Trade Payables (Note 16)	
		9.339.128.539	0,35%	Koperasi Karyawan Bio Farma	
		1.856.745.234	0,07%	CV Karya Cahya Abadi	
		4.136.589.807	0,15%	PT Pembangunan Perumahan	
		9.171.083.655	0,34%	PT Adhi Karya	
		-	0,00%	Universitas Brawijaya	
		1.046.691.590	0,04%	PT Kimia Farma Tbk	
		-	0,00%	PT Telkom Indonesia Tbk	
			0,95%	Total	

* Persentase terhadap jumlah aset / Percentage to total asset

36. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)

36. TRANSACTIONS WITH RELATED PARTIES (continued)

b. Sifat Hubungan Pihak Berelasi <i>Related Parties</i>	Hubungan dengan Perusahaan <i>Relationship with the Company</i>	Sifat Saldo Akun/Transaksi <i>Nature of Accounts/Transactions</i>
Bank Milik Negara/ Daerah	Entitas Sepengendali <i>Entity Under Common Control</i>	Kas dan setara kas <i>Cash and Equivalent Cash</i>
PT Kimia Farma T&D	Entitas Sepengendali <i>Entity Under Common Control</i>	Penjualan Produk <i>Sale of Products</i>
PT Indofarma Global Medika	Entitas Sepengendali <i>Entity Under Common Control</i>	Penjualan Produk <i>Sale of Products</i>
PT Rajawali Nusantara Indonesia	Entitas Sepengendali <i>Entity Under Common Control</i>	Penjualan Produk <i>Sale of Products</i>
PT Iglas	Entitas Sepengendali <i>Entity Under Common Control</i>	Piutang Lain-lain <i>Other Receivables</i>
PT Pembangunan Perumahan	Entitas Sepengendali <i>Entity Under Common Control</i>	Pembelian Investasi <i>Purchase of Investment</i>
PT Adhi Karya	Entitas Sepengendali <i>Entity Under Common Control</i>	Pembelian Investasi <i>Purchase of Investment</i>
Koperasi Karyawan Bio Farma	Entitas Sepengendali <i>Entity Under Common Control</i>	Pembelian Barang dan Investasi <i>Purchase Goods and Investment</i>
CV Karya Cahya Abadi	Entitas Sepengendali <i>Entity Under Common Control</i>	Pembelian Barang dan Investasi <i>Purchase Goods and Investment</i>
Pihak Berelasi Lainnya	Entitas Sepengendali <i>Entity Under Common Control</i>	Lain-lain dengan transaksi dibawah Rp 1 milyar <i>Other Transactions under Rp 1 billion</i>

38. PERJANJIAN DAN PERIKATAN PENTING

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a. Pada tanggal 21 Juli 2014, Perusahaan mengadakan perjanjian jual beli pengadaan vaksin regular tahun 2014 dengan Direktorat Bina Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia, dengan nomor perjanjian No.KN.01.01/5/221-PK/2014. Disepakati bahwa Direktorat Bina Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia akan membeli berbagai jenis vaksin untuk program tersebut dari Perusahaan dengan rincian sebagai berikut:

a. On July 21, 2014, the Company entered into an agreement with the Directorate of Public Drugs and Medical Products of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia regarding the sale and purchase of regular vaccine in 2014 as mentioned in a letter of agreement No.No.KN.01.01/5/221-PK/2014. It was agreed that the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health of the Republic of Indonesia will purchase the following various types of vaccines from the Company :

Jenis Vaksin/	Kemasan/ Pack	Kuantum/ Quantity	Harga/ Unit Price	Jumlah/ Amount	Vaccine Type
BCG	20 ds/amp	1.384.254	50.460	69.849.456.840	BCG
TT	10 ds/vial	1.425.101	12.910	18.398.053.910	TT
DT	10 ds/vial	375.316	15.550	5.836.163.800	DT
Campak	10 ds/vial	2.771.691	24.450	67.767.844.950	Measles
Polio	10 ds/vial	2.597.272	17.270	44.854.887.440	Poliomyelitis
Hep. B 0.5 ml	1 ds/pouch	3.042.044	18.100	55.060.996.400	Hepatitis B Ads (PID)
IPV	10 ds/vial	29.984	259.091	7.768.581.546	DTP Hepatitis B 5 mcg
Td	10 ds/vial	291.397	14.710	4.286.449.870	Td
Total				273.822.434.756	
PPN/VAT 10%				27.382.243.476	
Total + PPN/VAT 10%				301.204.678.231	

Persyaratan Perusahaan dalam memenuhi perjanjian tersebut antara lain:

1. Vaksin yang diproduksi harus memiliki spesifikasi sebagaimana tercantum dalam Perjanjian Jual Beli (kontrak).

The terms of the agreement that should be followed by the Company among others are:

1. Vaccines produced should have specifications as stated in the sale and purchase agreement.

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

2. Semua jenis vaksin tersebut harus diserahkan di gudang tujuan paling lambat tanggal 13 Desember 2014 serta dianggap sah apabila sudah dilengkapi dengan Berita Acara Penerimaan Barang di Dinas Kesehatan Provinsi yang bersangkutan, ditandatangani oleh Penerima Barang dan diketahui oleh Pejabat Struktural Dinas Kesehatan di Provinsi.
- Bukti Berita Acara Penerimaan Barang di Pusat ditandatangani oleh Penerima Barang di Gudang Direktorat Jenderal Pengendalian Penyakit dan Penyehatan Lingkungan (PP&PL) dan diketahui Pejabat Struktural. Panitia Penerimaan Hasil Pekerjaan Pengadaan Barang/Jasa Direktorat Bina Kefarmasian membuatkan rekap bukti penerimaan yang diketahui oleh Pejabat Pembuat Komitmen Satuan Kerja Direktorat Bina Obat Publik dan Perbekalan Kesehatan.
3. Menyerahkan jaminan pelaksanaan (Bank Garansi) yang diterbitkan oleh Bank Mandiri (Persero) No.MBG666089988814N tanggal 18 Juli 2014, sebesar 5% dari nilai kontrak atau sebesar Rp.15.060.233.912, yang berlaku sampai tanggal 31 Desember 2014.
- b. Pada tanggal 21 Juli 2014, Perusahaan mengadakan perjanjian jual beli pengadaan vaksin DPT-HB-Hib untuk tahun 2014 dengan Direktorat Bina Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia, dengan nomor perjanjian No.KN.01.01/5/223-PK/2014. Disepakati bahwa Direktorat Bina Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Bina Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Republik Indonesia akan membeli vaksin DPT-HB-Hib untuk program tersebut dari Perusahaan dengan rincian sebagai berikut:

Jenis Vaksin/ <i>Vaccine Type</i>	Kemasan/ <i>Pack</i>	Kuantum/ <i>Quantity</i>	Harga/ <i>Unit Price</i>	Jumlah/Amount <i>Amount</i>
DTP-HB-Hib	5 ds/vial	2.280.424	63.930	145.787.506.320
Total				145.787.506.320
PPN/VAT 10%				14.578.750.632
Total + PPN/VAT 10%				160.366.256.952

Persyaratan Perusahaan dalam memenuhi perjanjian tersebut antara lain:

- Vaksin yang diproduksi harus memiliki spesifikasi sebagaimana tercantum dalam Perjanjian Jual Beli.
 - Semua jenis vaksin tersebut harus diserahkan di gudang tujuan paling lambat 13 Desember 2014 serta dianggap sah apabila sudah dilengkapi dengan Berita Acara Penerimaan Barang di Dinas Kesehatan Provinsi yang bersangkutan, ditandatangani oleh Penerima Barang dan diketahui oleh Pejabat Struktural Dinas Kesehatan di Provinsi.
- Bukti Berita Acara Penerimaan Barang di Pusat ditandatangani oleh Penerima Barang di Gudang Direktorat Jenderal Pengendalian Penyakit dan Penyehatan Lingkungan (PP&PL) dan diketahui Pejabat Struktural.

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

2. The Company has to submit those vaccines at the destination warehouse by December 13, 2014, and it is considered valid if it is equipped by the Receiving Report issued by the Provincial Health Office, signed by the recipient of goods, and known by the Official of the Provincial Health Office.

At the Ministry Office, the receiving report should be signed by the recipient of goods at the Warehouse of Directorate General of Disease Control and Environmental Healthcare (PP & PL), and known by the Official of the Directorate. The Committee for Receiving of Goods/Services of the Directorate of Pharmaceutical provides a recapitulation of the Receiving Reports and known by the Official in Charge of the Directorate of Public Drugs and Medical Products.

3. Submit a performance bond (Bank Guarantee) of 5% of the contract price, or equivalent to Rp.15.060.233.912. The bond was issued by Bank Mandiri (Persero) No.MBG666089988814N dated July 18, 2014, valid until December 31, 2014.
- b. On July 21, 2014, the Company entered into an agreement to sell DPT-HB-Hib vaccines to Directorate of Public Drugs and Health Products of the Directorate General of Pharmaceutical and Medical Devices of the Ministry of Health, Republic of Indonesia, as shown in letter of agreement No.KN.01.01/5/223-PK/2014. It was agreed that the Directorate will buy the following vaccines from the Company.

The terms of the agreement which should be followed by the Company, among others are:

- Vaccines produced should have specifications as stated in the agreement.
- The Company has to submit the vaccines at the destination warehouse by December 13, 2014, and it is considered valid if it is equipped by the Receiving Report issued by the Provincial Health Office, signed by the recipient of goods, and known by the Official of the Provincial Health Office.

At the Ministry Office, the Receiving Report should be signed by the recipient at the Warehouse of Directorate General of Disease Control and Environmental Healthcare (PP & PL) and known by the Official of the Directorate.

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Panitia Penerimaan Hasil Pekerjaan Pengadaan Barang/Jasa. Direktorat Bina Kefarmasian membuatkan rekap bukti penerimaan yang diketahui oleh Pejabat Pembuat Komitmen Satuan Kerja Direktorat Bina Obat Publik dan Perbekalan Kesehatan.

3. Menyerahkan jaminan pelaksanaan (Bank Garansi) yang diterbitkan oleh Bank Mandiri (Persero) No.MBG666089982214N tanggal 18 Juli 2014, sebesar 5% dari nilai kontrak atau sebesar Rp.8.018.312.848, yang berlaku sampai dengan tanggal 31 Desember 2014.
- c. Pada tanggal 23 Juli 2014, Perusahaan mengadakan perjanjian jual beli pengadaan vaksin DPT-HB-Hib (Dana Hibah GAVI) tahun 2014 dengan Direktorat Surveilans, Imunisasi, Karantina dan Kesehatan Matra Kementerian Kesehatan Republik Indonesia dengan nomor perjanjian No.BN.01.03/II.5/1926/2014. Disepakati bahwa Direktorat Surveilans, Imunisasi, Karantina dan Kesehatan Matra Kementerian Kesehatan Republik Indonesia akan membeli DPT-HB-Hib (Dana Hibah GAVI) untuk program tersebut dari Perusahaan dengan rincian sebagai berikut:

Jenis Vaksin/ <i>Vaccine Type</i>	Kemasan/ <i>Pack</i>	Kuantum/ <i>Quantity</i>	Harga/ <i>Unit Price</i>	Jumlah/Amount
DTP-HB-Hib	5 ds/vial	2.000.479	63.930	127.890.622.470
Total				127.890.622.470
PPN/VAT 10%				12.789.062.247
Total + PPN/VAT 10%				140.679.684.717

Persyaratan Perusahaan dalam memenuhi perjanjian tersebut antara lain:

1. Vaksin yang diproduksi harus memiliki spesifikasi sebagaimana tercantum dalam Perjanjian Jual Beli.
2. Semua jenis vaksin tersebut harus diserahkan di gudang tujuan paling lambat 31 Desember 2014 serta dianggap sah apabila sudah dilengkapi dengan Bukti Penerimaan Barang di Dinas Kesehatan Provinsi yang bersangkutan, ditandatangani oleh Panitia Penerima Barang/ Jasa dan diketahui oleh Pejabat Struktural Dinas Kesehatan di Provinsi. Bukti Penerimaan barang di Pusat ditandatangani oleh Panitia Penerimaan Barang/Jasa dan diketahui Pejabat Pembuat Komitmen GAVI/UNICEF Satker Direktorat Surveilans, Imunisasi, Karantina dan Kesehatan Matra Kementerian Kesehatan Republik Indonesia.
3. Menyerahkan jaminan pelaksanaan (Bank Garansi) yang diterbitkan oleh Bank Mandiri (Persero) No.MBG6660800541114N tanggal 22 Juli 2014, sebesar 5% dari nilai kontrak atau sebesar Rp.6.394.531.124, yang berlaku sampai dengan tanggal 20 Januari 2015.

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

The Committee for Receiving of Goods/Services of the Directorate of Pharmaceutical provides a recapitulation of the receiving reports, and known by the Official in Charge of the Directorate of Public Drugs and Medical Products .

3. *Submit a performance bond (Bank Guarantee) of 5% of the contract price, or equivalent to Rp.8.018.312.848. The bond was issued by Bank Mandiri (Persero) No.MBG666089982214N dated July 18, 2014, valid until December 31, 2014.*
- c. *On July 23, 2014, the Company entered into an agreement to sell DPT-HB-Hib vaccines (GAVI Grant) to the Directorate of Surveillance, Immunization, Quarantine and Matra Health of the Ministry of Health of the Republic of Indonesia, as mentioned in letter of agreement No.KN.01.03/5/1926/2014. It was agreed that the Directorate will buy the following vaccines (GAVI Grant) from the Company :*

The terms of the agreement which should be followed by the Company, among others are:

1. *Vaccines produced should have specifications as stated in the agreement.*
2. *The Company has to submit the vaccines at the destination warehouse by December 13, 2014, and it is considered valid if it was equipped with the Receiving Report issued by the Provincial Health Office, signed by the Committee of Receiving of Goods/Services, and known by the Official of the Provincial Health Office. At the Ministry Office, the receiving report should be signed by the Committee of Receiving of Goods/Services and known by the Official in Charge of GAVI/UNICEF of the Directorate of Surveillance, Immunization, Quarantine, and Matra Health of the Ministry of Health of the Republic of Indonesia.*
3. *Submit a performance bond (Bank Guarantee) of 5% of the contract price, or equivalent to Rp.6.394.531.124. The bond was issued by Bank Mandiri (Persero) No.MBG666080054111N dated July 22, 2014, valid until January 20, 2015.*

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

- d. Perusahaan melakukan penandatanganan perpanjangan Fasilitas Kredit dengan PT Bank Mandiri (Persero), Tbk pada 25 Juli 2014 dengan rincian fasilitas sebagaimana tercantum pada SPPK No.IBG.IB1/SPPK.027/2014 perihal Surat Penawaran Pemberian Kredit (SPPK) untuk jangka waktu satu tahun dari 15 Agustus 2014 sampai dengan 14 Agustus 2015 yang meliputi fasilitas *Non Cash Loan* untuk penerbitan *LC Impor/SKDN (Sight, Usance & UPAS)/BG* dengan *sub limit Trust Receipt, Fasilitas Treasury Line, dan Purchasing Line*. Jaminan Fidusia atas Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl.Pasteur No. 28 Bandung dengan nilai penjaminan sebesar IDR135.000.000.000.
- e. Perusahaan melakukan penandatanganan perpanjangan Fasilitas Kredit Modal Kerja Ekspor (KMKE) dengan Lembaga Pembiayaan Ekspor Indonesia (LPEI)/Indonesia Exim Bank pada tanggal 11 Juni 2014 sesuai dengan Surat Persetujuan Pemberian Pembiayaan (SPPP) No.PBD/SP3/28/2014 dan Perubahan Perjanjian Kredit Modal Kerja Ekspor No.180/ADDPK/06/2014 tanggal 23 Juni 2014 untuk perpanjangan jangka waktu kredit sampai dengan 24 Juni 2015, yang meliputi Fasilitas Kredit Modal Kerja Ekspor (KMKE) Transaksional dan/atau Fasilitas Non Cash Loan (Pembukaan LC Sight/Usance/UPAS dan/atau Pembiayaan LC Impor (Post Import Financing) dan/atau Pembukaan SKBDN dan/atau Pembiayaan SKBDN dan/atau Trust Receipt dan/atau Pembelian Tagihan Ekspor/SKBDN dan/atau Pembelian Tagihan atas dasar Non LC/SKBDN);
- Jaminan;
 - Fidusia atas Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl.Pasteur No. 28 Bandung dengan nilai penjaminan sebesar IDR. 80.500.000.000
 - Fidusia atas Persediaan barang yang berlokasi di Jl.Pasteur No. 28 Bandung dengan nilai penjaminan sebesar IDR. 34.700.000.000.
 - Fidusia atas piutang dagang dengan nilai penjaminan sebesar IDR 16.800.000.000.
- f. Perusahaan mengadakan perjanjian kerjasama kegiatan pengembangan produk dengan pihak ketiga yaitu University of Melbourne, Artes Biotechnology GmbH., PATH Vaccine Solution (PVS), International Vaccine Institute, Lipotek Pty.Ltd, Iwate Medical University, dan Japan Poliomyelitis Research Institute (JPRI), Jepang.
- Selain itu, Perusahaan juga ikut terlibat didalam konsorsium pengembangan vaksin yang dilakukan oleh beberapa institusi didalam negeri yang berada di bawah koordinasi Kementerian Riset dan Teknologi.
- g. Perusahaan mengadakan perjanjian jual beli produk produk Perusahaan dengan beberapa pelanggan di luar negeri sebagai berikut:
1. Pada tanggal 3 Desember 2014, Perusahaan mengadakan perjanjian No.05887/DIR/XI/2014 dengan Propharm (M) SDN.BHD tentang penjualan Finished Product (Vaccine), yang berlaku hingga 30 April 2018.

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- d. On July 25, 2014, the Company obtained the extension of credit facilities from PT Bank Mandiri (Persero) Tbk for one year from August 15, 2014 to August 14, 2015. This credit, as stated in the Offer Letter of Credit Facility No.IBG.IB1/SPPK.027/2014, includes a Non-Cash Loan Facility for the issuance of LC Import/SKDN (Sight, Usance & UPAS)/BG with sub limit Trust Receipt, Treasury Line Facilities, and Purchasing Line. This facility is fiducially secured by machineries, office equipments, and factory equipments which are located at Jalan Pasteur No 28 Bandung with the value of IDR1.35 000 000 000
- e. On June 11, 2014, the company obtained the extension of the Export Working Capital Loan Facility (KMKE) from the Indonesia Exim Bank (Lembaga Pembiayaan Ekspor Indonesia - LPEI) for the period until June 24, 2015. This facility, in accordance with Letter of Acceptance for Financing (SPPP) No.PBD/SP3/28/2014, and Amendment of the Agreement of Export Working Capital Loan No.180/ADDPK/06/ 2014 dated June 23, 2014, includes an Export Working Capital Credit Facility (KMKE) Transactional and/or Non Cash Loan Facility (Opening LC Sight/Usance/UPAS) and/or LC Import Financing (Post Import Financing) and/or Opening SKBDN and/or SKBDN Financing and/or Trust Receipt and/or Export Bills Purchase/SKBDN and/or Bill Purchase on the basis of Non LC/SKBDN):
- Guarantee
 - Fiduciary of Machinery, Office and Factory Equipments located at No. Jalan Pasteur.28 Bandung with a guarantee value of IDR 80.500.000.000
 - Fiduciary of Inventories which are located at Jalan Pasteur.28 Bandung with a guarantee value of IDR. 34.000.000.000
 - Fiduciary of trade receivables with a guarantee value of IDR 16.800.000.000
- f. The Company entered into cooperation agreements for product development activities with the University of Melbourne, Artes Biotechnology GmbH., PATH Vaccine Solutions (PVS), the International Vaccine Institute, Lipotek Pty Ltd, Iwate Medical University, and the Japan Poliomyelitis Research Institute (JPRI), Japan .
- In addition, the Company also involved in the consorsium of vaccine development conducted by several domestic institutions under the coordination of the Ministry of Research and Technology.
- g. The Company entered into the following sales agreements with some overseas customers :
1. Agreement No.05887/DIR/XI/2014 dated December 3, 2014 with the Propharm (M) Sdn.Bhd concerning the sale of Finished Product (Vaccine), which is valid until 30 April 2018.

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

2. Pada tanggal 27 Desember 2013, Perusahaan mengadakan perjanjian dengan PAHO (Pan American Health Organization) untuk pengadaan Vaksin DTP-10 ds selama tahun 2014.
3. Pada tanggal 13 November 2013, Perusahaan mengadakan perjanjian dengan UNICEF tentang pengadaan vaksin TOPV 20 ds dan BOPV 20 ds tahun 2013 - 2014.
4. Pada tanggal 3 Juni 2013, Perusahaan mengadakan perjanjian No. 03137/DIR/VI/2013 dengan KEBS Pharmacy & Gen. ENT. LTD., tentang penanganan registrasi produk Bio Farma (OPV) di Nigeria yang di-supply melalui UNICEF, dengan masa berlaku perjanjian 3 (tiga) tahun sejak ditandatangani.
5. Pada tanggal 16 Maret 2013, Perusahaan mengadakan perjanjian No.01391/DIR/II/2013 dengan Biological E Limited tentang penjualan Measles Bulk, yang berlaku hingga 5 tahun mendatang (16 Maret 2018). Pada tanggal 5 Desember 2013 dilakukan amendement I atas perjanjian tersebut sesuai dengan perjanjian No. 06511/DIR/XII/2013, yang memperbaharui masa berlaku hingga 31 Desember 2018.
6. Pada tanggal 20 Desember 2012, Perusahaan mengadakan perjanjian No. 07444/DIR/XII/2012 dengan BioNet-Asia Co. Ltd tentang penjualan Ready-to-fill Final Bulk Td Vaccine, yang berlaku untuk jangka 5 tahun sejak tanggal registrasi dari produk akhir di wilayah Thailand.
7. Perusahaan mengadakan perjanjian (*Long Term Arrangement*) dengan UNICEF untuk pengadaan vaksin-vaksin berikut ini, yang ditandatangani pada tanggal :
 - 23 November 2012, untuk supply Vaksin Campak 10 ds. dari tahun 2013 sampai 2016.
 - 28 November 2012, untuk supply Vaksin TT-10 ds, Td-10 ds, dan DTP-10 ds dari 2013 sampai 2015.
 - 11 Desember 2012, untuk supply tOPV 20 ds dan bOPV 20 ds dari tahun 2013 sampai 2016.
8. Pada tanggal 7 November 2011, Perusahaan mengadakan perjanjian No. 06384/DIR/XI/2011 dengan BioNet Asia Ltd tentang penjualan DPT Bulk, yang berlaku hingga 31 Desember 2015. Pada tanggal 14 Mei 2012 dilakukan amendement II atas perjanjian tersebut sesuai perjanjian No. 03098/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016. Pada tanggal 17 November 2014 dilakukan amendement III atas perjanjian tersebut sesuai dengan perjanjian No.05664/DIR/XI/2014, yang memperbaharui masa berlaku hingga 31 Desember 2019.
9. Pada tanggal 7 November 2011, Perusahaan mengadakan perjanjian No.06383/DIR/XI/2011 dengan BioNet Asia Ltd tentang penjualan Monovalent Poliomyelitis Bulk, yang berlaku hingga 31 Desember 2015. Pada tanggal 14 Mei 2012 dilakukan amendement I atas perjanjian tersebut sesuai dengan perjanjian No.03097/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2017.

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

2. Agreement with the PAHO (Pan American Health Organization) on December 27, 2013 for the procurement of DTP-10 ds vaccines for 2014.
3. Agreement with the UNICEF on November 13, 2013 for the procurement of TOPV 20 ds and BOPV 20 ds vaccines for 2013 - 2014.
4. Agreement No.03137/DIR/VI/2013 dated June 3, 2013 with KEBS Pharmacy & Gen. ENT. LTD. for handling the registration of the products of Bio Farma (OPV) at Nigeria which are supplied through the UNICEF. The agreement valid for 3 (three) years since it is signed.
5. Agreement No.01391/DIR/II/2013 dated March 16, 2013 with the Biological E Limited for the sale of Measles Bulk which is valid until the next 5 years (March 16, 2018). On December 5, 2013 the agreement was amended by the agreement No.06511/DIR/XII/2013 for renew the period of the agreement until December 31, 2018.
6. Agreement No.07444/DIR/XII/2012 dated December 20, 2012 with Bionet-Asia Co. Ltd. for the sale of Ready-to-fill Final Bulk Td Vaccines which is valid for 5 years since registration date of the end products in Thailand territory.
7. Long term arrangements with UNICEF for the procurements of the following vaccines, which were signed on:
 - November 23, 2012, to supply Measles Vaccines 10 ds for 2013 until 2016.
 - November 28, 2012, to supply the TT-10 ds, Td-10 ds, and DTP-10 ds vaccines for 2013 until 2015.
 - December 11, 2012, to supply tOPV 20 ds and bOPV 20 ds for 2013 until 2016.
8. Agreement No.06384/DIR/XI/2011 dated November 7, 2011 with the Bionet Asia Ltd., for the sale of DPT Bulk, which is valid until December 31, 2015. On May 14, 2012 the agreement was amended by amendment No.03098/DIR/V/2012 for renew the period of the agreement until December 31, 2016. Later, on November 17, 2014 it was amended by amendment III No.05664/DIR/XI/2014 for renew the period of the agreement until December 31, 2019.
9. Agreement No.06383/DIR/XI/2011 dated November 7, 2011 with the Bionet Asia Ltd., for the sale of Monovalent Poliomyelitis Bulk, which is valid until December 31, 2015. On May 14, 2012, the agreement was amended by agreement No.03097/DIR/V/2012 for renew the period of the agreement until December 31, 2017.

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Pada tanggal 30 September 2013 dilakukan amendement II atas perjanjian tersebut sesuai perjanjian No.05265/DIR/IX/2013, yang memperbaharui nilai perjanjian. Pada tanggal 17 November 2014 dilakukan amendement III atas perjanjian tersebut sesuai dengan perjanjian No.05665/DIR/XI/2014, yang memperbaharui masa berlaku hingga 31 Desember 2019.

10. Pada tanggal 30 Juni 2010, Perusahaan mengadakan perjanjian No.04394/DIR/VI/2010 dengan Universal Exim tentang perjanjian pemasaran yang meliputi penjualan Monovalent Poliomyelitis Bulk dan DTP Bulk, yang berlaku hingga 31 Maret 2014. Pada tanggal 12 Juli 2013 dilakukan amendement IX atas perjanjian tersebut sesuai dengan perjanjian No.08905/DIR/VII/2013, yang memperbaharui masa berlaku hingga sampai 31 Maret 2016. Pada tanggal 17 Desember 2013 dilakukan amendement X atas perjanjian tersebut sesuai dengan perjanjian No.06724/DIR/XII/2013, yang memperbaharui nilai perjanjian.
11. Pada tanggal 30 Maret 2010, Perusahaan mengadakan perjanjian No. 02051/DIR/III/2010 dengan BioNET ASIA CO.LTD tentang penjualan Poliomyelitis Bulk, yang berlaku hingga 30 Maret 2013. Pada tanggal 9 Mei 2012 dilakukan amendement II atas perjanjian tersebut sesuai dengan perjanjian No.02957/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016.
12. Pada tanggal 8 April 2010, Perusahaan mengadakan perjanjian No.02305/DIR/IV/2010 dengan BioNET ASIA CO.LTD tentang penjualan DPT Bulk, yang berlaku hingga 8 April 2013. Pada tanggal 9 Mei 2012 dilakukan amendement II atas perjanjian tersebut sesuai dengan perjanjian No.02958/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016.
13. Pada tanggal 12 Juni 2009, Perusahaan mengadakan perjanjian No.04358/DIR/VI/2009 dengan The Biologicals and Vaccines Institute of Southern Africa (Propriety) Limited (BIOVAC), South Africa. BIOVAC tentang penjualan TT High Purity, yang berlaku hingga 31
14. Pada tanggal 4 Agustus 2006, Perusahaan mengadakan perjanjian dengan The Biologicals and Vaccines Institute of Southern Africa (Propriety) Limited (BIOVAC), South Africa. BIOVAC akan membeli produk Perusahaan berupa Purified Diphtheria Toxoid, Pertussis Bulk, Purified Tetanus Toxoid, yang berlaku hingga 31 Desember 2015.

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

On September 30, 2013 the agreement was amended by amendment II No.05265/DIR/IX/2013 for renewing the value of the agreement. Later, on November 17, 2014 it was amended again by amendment III No.05665/DIR/XI/2014 for extending the period of the agreement until December 31, 2019.

10. *Agreement No.04394/DIR/VI/2010 dated June 30, 2010 with the Universal Exim concerning the marketing of selling Poliomyelitis Monovalent Bulk and Bulk DTP, which is valid until March 31, 2014. On July 12, 2013, the agreement was amended by amendment IX No.08905/DIR/VII/2013, which renew the period of the agreement until March 31, 2016. On December 17, 2013, it was amended by amendment X No.06724/DIR/XII/ 2013 for renew the value of the agreement.*
11. *Agreement No.02051/DIR/III/2010 dated March 30, 2010 with the BioNET ASIA CO.LTD for the sale of Poliomyelitis Bulk, which is valid until March 30, 2013. On May 9, 2012 the agreement was amended by amendment II No.02957/DIR/V/2012, which renew the period of the agreement until December 31, 2016.*
12. *Agreement No.02305/DIR/IV/2010 dated April 8, 2010 with the BioNET ASIA CO.LTD for the sale of DPT Bulk, which is valid until April 8 2013. On May 9, 2012 the agreement was amended (II) by agreement No.02958/DIR/V/2012, which renew the period of the agreement until December 31, 2016.*
13. *Agreement No.04358/DIR/VI/2009 dated June 12, 2009 with the Biologicals and Vaccines Institute of Southern Africa (Propriety) Limited (BIOVAC), South Africa for the sale of TT High Purity, which is valid until December 31, 2015.*
14. *Agreement with the Biologicals and Vaccines Institute of Southern Africa (propriety) Limited (BIOVAC), South Africa, dated August 4, 2006. The BIOVAC agreed to purchase the Company's products of Purified Diphtheria Toxoid, Pertussis Bulk, Purified Tetanus Toxoid which is valid until December 31, 2015.*

39. ASET DAN LIABILITAS KEUANGAN

a. Manajemen Risiko Keuangan

Risiko keuangan utama yang dihadapi Perusahaan adalah risiko kredit, risiko mata uang, risiko suku bunga dan risiko likuiditas. Melalui pendekatan manajemen risiko, Perusahaan mencoba untuk meminimalkan potensi dampak negatif dari risiko risiko di atas.

(i). Risiko Kredit

Risiko kredit adalah risiko dimana salah satu pihak atas instrumen keuangan akan gagal memenuhi kewajibannya dan menyebabkan pihak lain mengalami kerugian keuangan. Instrumen keuangan Perusahaan yang mempunyai potensi atas risiko kredit terdiri dari kas dan setara kas di bank, piutang usaha dan piutang lain dan aset keuangan tersedia untuk dijual dalam bentuk Reksadana Penyertaan Terbatas (RDPT) PNM Pembiayaan Industri Telekomunikasi BUMN 2013. Jumlah eksposur risiko kredit maksimum sama dengan nilai tercatat atas akun-akun tersebut.

Untuk risiko atas penjualan kredit, Perusahaan mensyaratkan adanya bank garansi atau LC dengan limit tertentu. Untuk risiko kredit yang berhubungan dengan bank, hanya bank bank dengan predikat baik yang dipilih. Selain itu, kebijakan Perusahaan adalah untuk tidak membatasi eksposur hanya kepada satu institusi tertentu, sehingga Perusahaan memiliki kas dan setara kas di berbagai bank.

Tabel di bawah ini menggambarkan eksposur maksimum risiko kredit dan konsentrasi risiko Perusahaan:

	Konsentrasi Risiko Kredit <i>Concentration Risk Credit</i>		Eksposur Maksimum/ <i>Maximum Exposure</i>	
	Institusi <i>Institution</i>	Lain - Lain <i>Other</i>		
Piutang Usaha	257.443.381.798	-	257.443.381.798	Trade Receivables
Piutang Lain-lain	1.302.637.458	11.991.445.532	13.294.082.990	Other Receivables
	<u>258.746.019.256</u>	<u>11.991.445.532</u>	<u>270.737.464.788</u>	

(ii). Risiko Mata Uang

Risiko mata uang adalah risiko fluktuasi nilai instrumen keuangan yang disebabkan perubahan nilai tukar mata uang asing.

Perusahaan menggunakan mata uang asing dalam transaksi pengadaan barang/jasa dan penjualan ekspor dengan pihak luar negeri serta pengeluaran biaya operasional sehingga terdapat risiko fluktuasi nilai tukar mata uang asing terhadap Rupiah yang berlangsung sejak transaksi terjadi sampai dengan pembayaran dilakukan atau diterima.

Disamping terkena eksposur transaksi yang dapat menyebabkan kerugian arus kas dimasa yang datang pada saat menerima atau melakukan pembayaran, juga Perusahaan akan terkena eksposur ekonomi karena melakukan transaksi perdagangan internasional. Perusahaan akan menghadapi risiko penurunan nilai pendapatan atau peningkatan biaya akibat fluktuasi nilai tukar sehingga harga jual produk menjadi tidak kompetitif dibanding pesaing baik di pasar global atau pesaing asing

39. FINANCIAL ASSETS AND LIABILITIES

a. Financial Risk Management

The main financial risks faced by the Company are credit risk, currency risk, interest rate risk and liquidity risk. The Company applies risk management to minimize the potential negative impacts of the risks.

(i). Credit Risk

Credit risk represents the risk that one party will fail to meet its obligations and cause the other party suffered financial losses from financial instruments. The Company's financial instruments that potentially containing credit risk are cash and cash equivalents, trade receivables, other receivables and financial asset available for sale in mutual fund of limited investment (RDPT) "PNM Pembiayaan Industri Telekomunikasi BUMN 2013". Total maximum credit risk exposures are equal to the carrying value of these accounts.

For credit risk from credit sales, the Company applies the requirement of a bank guarantee or LC with certain limit. For credit risk associated with banks, the Company chooses only the well-predicate banks. In addition, the Company has a policy that not to limit the exposure to one particular institution only, therefore, the Company has cash and cash equivalents at various banks.

The following table shows the maximum exposure of credit risk and risk concentration of the Company:

(ii). Currency Risk

Currency risk represents the risk of value fluctuations of the financial instruments due to changes in foreign currency exchange rates.

The Company uses foreign currency in performing the transactions of procurement of goods/services from and of export selling to foreign parties, and disbursement for operating activities, so that there are risk of fluctuations in foreign currency exchange rates against the Rupiah since the transactions occurred until the payments are made or

Besides exposed to transaction exposures that can lead to suffer losses of future cash flows when receive or making payments, the Company also will be affected by the economic exposures by international trade transactions. The company will face the risk of impairment of income or increased costs due to exchange rate fluctuations so that the selling price of the Company's products becomes uncompetitive both compared to competitors in global market and foreign competitors in the domestic market.

39. ASET DAN LIABILITAS KEUANGAN (lanjutan)

Penerimaan hasil penjualan ekspor yang didominasi oleh mata uang Dolar AS {USD} secara tidak langsung merupakan lindung nilai alami {natural hedging} terhadap eksposur fluktuasi nilai tukar.

Namun demikian, karena posisi penerimaan dalam valuta asing lebih besar dibanding kebutuhan (long position) serta terdapat pengeluaran untuk pengadaan barang impor dalam mata uang asing non USD, maka Perusahaan mempunyai eksposur yang signifikan terhadap fluktuasi mata uang asing.

Untuk menghindari risiko fluktuasi nilai tukar di atas, Perusahaan melakukan lindung nilai alami dengan menyeimbangkan penerimaan dan pengeluaran mata uang asing dengan cara memelihara saldo mata uang asing sesuai kebutuhan, mengalihkan harga beli barang/jasa dengan Vendor Luar Negeri dari non USD ke USD, dan menjual sisa kebutuhan USD secara bertahap sesuai proyeksi kebutuhan arus kas dan harga pasar.

(iii) Risiko Suku Bunga

Risiko suku bunga adalah risiko fluktuasi nilai instrumen keuangan yang disebabkan perubahan suku bunga pasar. Perusahaan melakukan pengawasan terhadap dampak pergerakan tingkat suku bunga untuk meminimalisasi dampak negatif terhadap Perusahaan. Tabel dibawah ini menggambarkan detail jatuh tempo aset dan liabilitas keuangan Perusahaan yang dipengaruhi oleh tingkat suku bunga.

	31 Desember 2013/ December 31, 2013					Jumlah/Total	
	Suku Bunga Mengambang/ Floating rate		Suku Bunga Tetap/ Fixed Rate		Tidak dikenakan bunga/ No interest charged		
	Kurang dari satu tahun/ Less than one year	Lebih dari satu tahun/ More than one year	Kurang dari satu tahun/ Less than one year	Lebih dari satu tahun/ More than one year			
Aset							
Kas dan							Cash and
Setara Kas	175.724.520.459	-	795.862.972.000		129.553.541	971.717.046.000	Cash Equivalents
Aset Keuangan							Financial Assets
Tersedia untuk Dijual				25.683.230.349	-	25.683.230.349	Available for Sale
Total aset keuangan	175.724.520.459	-	795.862.972.000	25.683.230.349	129.553.541	997.400.276.350	Total financial assets
Jumlah gap suku bunga	175.724.520.459	-	795.862.972.000	25.683.230.349	129.553.541	997.400.276.350	Total of interest rate gap

(iv) Risiko Likuiditas

Risiko Likuiditas adalah risiko dimana Perusahaan akan mengalami kesulitan dalam memperoleh dana untuk memenuhi komitmennya terkait dengan instrumen keuangan.

Perusahaan mengelola risiko likuiditas dengan mempertahankan kas dan setara kas yang mencukupi agar Perusahaan dapat memenuhi komitmen kepada semua pihak dan melakukan pengawasan proyeksi dan arus kas aktual secara terus menerus serta pengawasan tanggal jatuh tempo aset dan liabilitas keuangan.

39. FINANCIAL ASSETS AND LIABILITIES (continued)

Receipts from sale of exports that dominated by the US dollar {USD} indirectly represent a natural hedging against the exposure of exchange rate fluctuations.

However, because the amount of cash receipts in foreign currencies is greater than that of the needs (long position), and there are expenditures for procurement of imported goods in foreign currencies other than USD, the Company has a significant exposure to foreign currency fluctuations.

To avoid the risk of exchange rate fluctuations, the Company makes a natural hedging by maintaining the amount of foreign currency cash balance as needed, changing the purchase price of goods/services from foreign vendors of non-USD to USD, and gradually selling the remaining needs of USD in accordance with projected cash flows and the market price.

(iii) Interest Rate Risk

Interest rate risk is risk associated with value fluctuations of financial instruments due to changes in market interest rates. The Company controls the impact of the fluctuations in interest rates in order to minimize their negative impact on the Company. The table below describes the detail of the maturity of the financial assets and liabilities that are affected by interest rates.

(iv) Liquidity risk

Liquidity risk is the risk in which the Company will suffer difficulties in acquiring funds to meet its commitments associated with its financial instruments.

The Company manages liquidity risk by maintaining the sufficient cash and cash equivalents to enable the Company to meet the commitments to all parties, continuously supervising the projected and actual cash flows, and monitoring the maturity date of its financial assets and liabilities.

39. ASET DAN LIABILITAS KEUANGAN (lanjutan)

Risiko Likuiditas terkait penyertaan atas aset keuangan tersedia di jual dalam bentuk Reksadana Penyertaan Terbatas (RDPT) PNM Pembiayaan Industri Telekomunikasi BUMN 2013 dapat terjadi karena kemungkinan tidak mampu/ gagal membayar kupon dan atau pokok baik sebagian maupun seluruhnya secara tepat waktu dan pengalihan dana investasi yang hanya dapat dilakukan melalui persetujuan Manajer Investasi dengan ketentuan yang ada serta pembubaran RDPT oleh Otoritas Jasa Keuangan.

Risiko ini dapat dimitigasi melalui penyerahan jaminan pemberi kerja oleh PT INTI (Persero) kepada (RDPT) PNM Pembiayaan Industri Telekomunikasi, sesuai dengan kesepakatan yang telah disetujui oleh PT INTI (Persero) dengan PT Telkom (Persero).

b. Nilai Wajar Aset dan Liabilitas Keuangan

Nilai wajar adalah suatu jumlah dimana aset dapat ditukar, atau liabilitas dapat diselesaikan dengan transaksi *arms-length*.

Perusahaan memperhitungkan nilai wajar dari aset dan liabilitas keuangan jangka pendek mendekati nilai tercatatnya, sebagai dampak pendiskontoannya yang tidak signifikan.

Nilai wajar dari pinjaman jangka panjang diestimasi pada nilai kini arus kas masa depan pada tingkat bunga yang ditawarkan oleh bank kepada Perusahaan untuk utang dengan jatuh tempo sejenis.

Perusahaan melakukan penyertaan atas aset keuangan tersedia di jual dalam bentuk Reksadana Penyertaan Terbatas (RDPT) PNM Pembiayaan Industri Telekomunikasi BUMN 2013. Nilai unit Penyertaan RDPT dapat berfluktuasi akibat kenaikan atau penurunan Nilai Aktiva Bersih (NAB). Penurunan NAB ini dapat disebabkan oleh perubahan harga efek dalam portofolio.

Risiko atas penurunan Nilai Aktiva Bersih (NAB) tidak akan terjadi karena Perusahaan merencanakan RDPT ini akan dicairkan untuk jangka waktu 16 bulan sesuai dengan jangka waktu MTN INTI 2014 seri B.

Pada 31 Desember 2014 tidak ada kewajiban Perusahaan yang diklasifikasikan sebagai pinjaman jangka panjang.

40. TANGGUNG JAWAB ATAS LAPORAN KEUANGAN

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan yang diotorisasi untuk diterbitkan pada tanggal 2 Februari 2015.

39. FINANCIAL ASSETS AND LIABILITIES (continued)

Liquidity risk that related to financial assets available for sale in Mutual Fund of Limited Investment (RDPT) of the PNM Pembiayaan Industri Telekomunikasi BUMN 2013 may occurred due to the possibility of the investee company is not able to pay coupons and principal on a timely manner both the part of and the whole of its debt in a timely manner, the transfer of investment funds that can be done only by approval of the Investment Manager in accordance with the prevailing regulation, and the dissolution of RDPT by the Financial Services Authority.

This risk can be mitigated through providing guarantees by PT INTI (Persero) to RDPT PNM Pembiayaan Industri Telekomunikasi, in accordance with the agreement that has been approved by PT INTI (Persero) and PT Telkom (Persero).

b. Fair Value of Financial Assets and Liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, under the arms-length transactions.

The Company considers the fair value of its short-term financial assets and liabilities approximate to their carrying value as the impact of not significant discounting

The fair value of long-term loans is estimated by discounting the future cash flows at the interest rate offered by bank to the Company for debts with similar maturities.

The company invested in financial assets available for sale of Mutual Fund of Limited Investment (RDPT) PNM Pembiayaan Industri Telekomunikasi BUMN 2013. The fluctuation in value of the RDPT may occurred due to increase or decrease of the value of its net asset. The decrease in value of RDPT may caused by the change of the security price in portfolio.

The risk of value decline in net asset of the RDPT will not happened because the Company plans to cash it at due date in accordance with the term of the MTN INTI 2014 serie B.

On December 31, 2014, the Company has not any obligation that classified as long-term loans.

40. RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of the financial statements that are authorized to issue on February 2, 2015.

**CROSS REFERENCE
TO BAPEPAM-LK
REGULATION NO.
X.K.6**



CRITERIA + DESCRIPTION		PAGE	
I. General			
1.	Written in good and correct Indonesian, and it is recommended to present the report in English as well.	√	
2.	Printed with good quality, using readable type and size of font.	√	
3.	Corporate identity should be stated clearly.	Company name and year of annual report on: 1. Front cover 2. Side cover 3. Back cover 4. Every page	√
4.	Posted in the Company's website.	Mencakup laporan tahunan terkini dan tahun-tahun sebelumnya	√
II. Financial Highlights			
1.	Financial information in comparative form over a period of three financial years or since operation commence date if company has been operational less than three years.	Information covers at least: 1. Sales/operating income 2. Profit (loss) 3. Comprehensive total profit (loss) 4. Profit (loss) per share	26-27, 31
2.	Financial information in comparative form over a period of three financial years or since operation commence date if company has been operational less than three years.	Information includes: 1. Total investment in associates and/or joint ventures 2. Total assets 3. Total liabilities 4. Total equity	27-28, 31
3.	Financial ratios in comparative form over a period of three financial years or since operation commence date if company has been operational less than three years.	Information includes five general ratios that are relevant to company's business.	29, 31
4.	Share price in table and graph.	1. Information in tables and graphs depicts: a. Number of shares in circulation b. Market capitalization; c. Highest, lowest and closing share prices; and d. Trade Volume 2. Share transaction volume for every quarter in the last two financial years (if any).	30 (N/A)
5.	Information on total bonds, sukuk or convertible bonds outstanding in the last two financial years.	Information describes: 1. Total outstanding bonds/sukuk/convertible bonds 2. Coupon rate 3. Maturity date 4. Bond/sukuk rating	30 (N/A)
III. Board of Commissioners and Directors Report			
1.	Board of Commissioners Report	Information includes: 1. Evaluation of Board of Directors performance 2. Review of business prospects stated by Board of Directors 3. Evaluation on performance of committees under the Board of Commissioners; and 4. Changes in Board of Commissioners composition (if any)	32-37

CRITERIA + DESCRIPTION			PAGE
2.	Board of Directors Report	Contains the following information: 1. Analysis of company performance: strategic policy, comparison of result and target, problems facing the company 2. Business prospects 3. Good corporate governance practice 4. Changes in Board of Directors composition (if any)	38-48
3.	Signatures of Board of Commissioners and Board of Directors members	Provides the following information: 1. Signatures are printed on a separate sheet 2. Statement of Board of Commissioners and Board of Directors that they are fully responsible for the validity of annual report 3. Signatures, names and positions of all members of Board of Commissioners and Board of Directors 4. Separate written statement of any member of Board of Commissioners or Board of Directors not signing the report, or separate written statement of other members in case there is no explanation from the member who does not sign the report.	49
IV. Corporate Profile			
1.	Name and address	Information includes name, address, postal code, telephone and/or fax number (s), e-mail and website	50
2.	Brief history	Description includes date of establishment, name and change of name (if any)	52-53
3.	Line of business	Description regarding: 1. Line of business in accordance with articles of association 2. Line of business; and 3. products or services provided	54
4.	Organization structure	In the form of chart, depicting names and positions at least to one level below board of directors.	56-57
5.	Vision and mission	Elaborates on: 1. Corporate vision 3. Corporate mission 2. Statement that corporate vision and mission are approved by Board of Directors/Board of Commissioners	58-59
6.	Identity and brief curriculum vitae of Board of Commissioners Members	Information includes: 1. Name 2. Position (incl. position in any other company or institution) 3. Age 4. Education 5. Working experience 6. Date of first appointment as member of Board of Commissioners	60-62



CRITERIA + DESCRIPTION			PAGE
7.	Total employees (two-year comparison) and description of potential development (e.g. education and training)	Information describes: 1. Number of employees in each organization level 2. Number of employees by employment status 3. Accomplished training reflecting equal opportunity for all employees 4. Total costs incurred	63-66
8.	Shareholding composition	Information describes: 1. Number of employees in each organization level 2. Number of employees by employment status 3. Accomplished training reflecting equal opportunity for all employees 4. Total costs incurred	68-78
9.	Shareholding composition	Information includes among other things: 1. Name of shareholders owning 5% or more ownership 2. Directors and Commissioners owning shares 3. Public shareholders each owning less than 5% and the percentage of their ownership	78
10.	Subsidiaries and/or affiliates	Information contains at least: 1. Name of subsidiaries/affiliates 2. Percentage of share ownership 3. Core business of subsidiaries/affiliates 4. Operating status of subsidiaries/affiliates (operational or non operational)	78
11.	Company Group Structure	Structure describes the subsidiary, affiliates, joint ventures, special purpose vehicle (SPV) or statement of not owning any group	78
12.	Share listing chronology	Information describes at least: 1. Share listing chronology 2. Corporate action affecting total number of shares 3. Changes of share total number from initial listing to end of financial year 4. Name of bourse(s) where company shares are listed	78 (N/A)
13.	Other securities listing chronology	Description includes among other things: 1. Other securities listing chronology 2. Corporate action affecting total number of other securities 3. Changes of securities total number from initial listing to end of financial year 4. Name of bourse(s) where securities are listed 5. Securities rating	79 (N/A)

CRITERIA + DESCRIPTION		PAGE	
14.	Name & address of capital market institutions and professionals	Information with regard to: 1. Name & address of Share Registrar 2. Name & address of public Accountant 3. Office name & address of Rating Agency	79
15	Awards and/or certifications received by company at national and international level	Information includes, among other things: 1. Name of award and/or certification 2. Year awarded 3. Agency issuing the award and/or certification 4. Validity period (for certification)	80-83
16	Name and address of subsidiaries or branches or representative offices (if any)	Containing information of, among others: 1. Name and address of subsidiary; and 2. Name and address of branch/representative office. Note: If company does not have a subsidiary/branch/representative office, this should be disclosed	90
V. Management Discussion and Analysis			
1.	Review of business operations per business segment	Contains information on: 1. Production or business activity 2. Increase/decrease of production capacity 3. Sales/operating income 4. Profitability of each business segment presented in financial statement, if any	95-102
2.	Description of financial performance	Comparative financial analysis of current and previous years (in narration and table), covering: 1. Current assets, non-current assets, total assets 2. Current liabilities, non-current liabilities, total liabilities 3. Equity 4. Total comprehensive profit (loss) net profit 5. Cash flow	107-118 119-123 123-124 125-135 135-137
3.	Discussion and analysis of debt service ratio and turnover rate	Explanation on: 1. Ratio solvability 2. Account receivable collectability ratio	138 139
4.	Discussion of capital structure and capital structure policy	Explanation on: 1. Capital structure 2. Capital structure policies	139 140



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5.	Material commitment in capital expenditure	Description of: 1. Purpose of commitment 2. Funding sources to honor commitment 3. Currency 4. Action plans to hedge foreign currency risks Note: if company has no commitment in capital expenditure, it should be stated 141-142
6.	Material commitment in capital expenditure	Description on: 1. Type of capital goods investment 2. The aim of capital goods investment; and 3. The value of capital goods investment incurred in the last financial year. Note: if there is no capital goods investment realization, state so 141-144
7.	Comparative information between targets in beginning of financial year and results achieved, also targets or projection for one year to come of revenue, profit, capital structure and others deemed important by company	Information includes, among other things: 1. Comparison between targets in beginning of financial year and results achieved 2. Targets or projections for one year to come 144-145 146-147
8.	Material information and fact subsequent to date of accountant report	Description of significant events subsequent to accountant report including the effects on company's future performance and business risk. Note: if there is no significant event subsequent to accountant report, state so 148
9.	Description of company business prospects	Description of business prospects in relation to industry and general economic condition, with supporting quantitative data from reliable sources 148-153
10.	Description of marketing aspect	Description of marketing of products and/or services, covering marketing strategy and market share of the company 154-156
11.	Description of dividend policy, total cash dividend per share and total dividend per year declared and paid for the past two financial years	Description includes: 1. Policy of dividend sharing 2. Total cash dividend 3. Total cash dividend per share 4. Payout ratio for each year 5. Date of announcement and payment of cash dividends for each year. Note: if no dividend is paid, state the reason 157-158
12.	Employee Stock Option (ESOP) and Management Stock Option (MSOP)	Information on the following: 1. Number of ESOP/MSOP stocks and the realization; 2. Tenure; 3. Requirement of rightful employee and/or management and 4. Exercise price. Note: if there is no such program, state so 159 (N/A)
13.	Application of public offering proceeds (if company is still required to make such report)	Description of the following: 1. Total fund acquired 2. Proposed application of fund 3. Detail of fund application 4. Balance of fund 5. Date of GMS approval for revised fund application, if any 159 (N/A)

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14	Material information on investment, expansion, divestment, acquisition or debt/capital restructuring	Information on the following: 1. Purpose of transaction 2. Value of transaction or restructuring 3. Source(s) of fund Note: if there is no such transaction, state so	159
15.	Information on material transaction involving conflict of interest and/or transaction with affiliated parties.	Description of the following: 1. Name of party making transaction and nature of affiliation 2. Explanation on transaction fairness 3. Reason for making transaction 4. Realized transaction in current period 5. Company policy in relation to mechanism of transaction review 6. Compliance with related rules and regulations Note: if there is no such transaction, state so	160
16	Description of changes in laws and regulations significantly affecting the company	Describe changes in government policy and the effects on the company Note: if there are no significant changes in laws and regulations, state so	161
17.	Description of changes in accounting policies	Describe changes in accounting policies, reasons and effects on financial statement Note: if there are no changes in accounting policies, state so	161
VI. Good Corporate Governance			
1.	Description of Board of Commissioners	1. Board of Commissioners responsibility 2. Procedures of fixing remuneration Remuneration 3. structure showing remuneration components and nominal amount per component for each member of Board of Commissioners 4. Frequency and attendance rate of Board of Commissioners meeting 5. Training program for enhancing Board of Commissioners' competence 6. Disclosure of Board Charter (work guidelines and procedures of Board of Commissioners)	165-173 174 174-175 176-178 178-179 169-170
2.	Description of Board of Directors	Comprising, among others: 1. Criteria of selecting Independent Commissioner; and 2. Statement on each Independent Commissioner's independence	180-181



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3.	Description of Board of Directors	<p>Description include:</p> <p>1. Scope of duty and responsibility of each member of Board of Directors 182-188</p> <p>2. Frequency of Board of Directors meeting 189-196</p> <p>3. Attendance rate of Board of Directors meeting 194-196</p> <p>4. Training program for enhancing Board of Directors' competence 197-198</p> <p>5. Disclosure of Board Charter (work guidelines and procedures of Board of Directors)</p> <p>6. Policy on Board of Directors' succession 199</p>
4.	Assessment of members of Board of Commissioners and Board of Directors	<p>Description includes:</p> <p>1. Procedures of fixing remuneration 200-205</p> <p>2. Remuneration structure showing type and amount of short-term, long-term and post employment benefits for each member of Board of Directors</p> <p>3. Performance indicator of Board of Directors</p>
5.	Description of remuneration policy for Board of Directors	<p>1. Procedures of fixing remuneration 206-207</p> <p>2. Remuneration structure showing type and amount of short-term, long-term and post employment benefits for each member of Board of Directors</p> <p>3. Performance indicator of Board of Directors</p>
6.	Information on Principal Shareholders and Controlling Shareholders, either directly or not directly, through to individuals	In the form of chart or diagram. unless for SOE which entirely owned by the Government 208
7.	Disclosure of affiliate relation between Board of Commissioners, Directors, and principal shareholders and/or controlling shareholders	<p>Information includes among other things:</p> <p>1. Affiliate relation between Board of directors member and other Board of directors member 209-210</p> <p>2. Affiliate relation between Board of directors member and Board of commissioners member</p> <p>3. Affiliate relation between Board of directors member and Principal shareholder and/or Controlling Shareholder</p> <p>4. Affiliate relation between Board of commissioners member and other Board of commissioners member</p> <p>5. Affiliate relation between Board of commissioners member and Principal shareholder and/or Controlling Shareholder</p> <p>Note: if no such affiliate relation exists, state so</p>
8.	Audit Committee	<p>Information includes:</p> <p>1. Name and position of members 213-217</p> <p>2. Qualification and experience of members</p> <p>3. Independence of members</p> <p>4. Duty and responsibility</p> <p>5. Activity report</p> <p>6. Audit Committee meeting frequency and attendance rate</p>

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9.	Nomination and Remuneration Committee	Description includes: 1. Name, position, brief curriculum vitae of members 2. Independence of members 3. Duty and responsibility 4. Activity report 5. Meeting frequency and attendance rate	199, 217-221
10.	Other Committees under Board of Commissioners	Information covers at least: 1. Name, position, brief curriculum vitae of members 2. Independence of members 3. Duty and responsibility 4. Activity report 5. Other Committees meeting frequency and attendance rate	217-221
11.	Job and function of Corporate Secretary	Description includes: 1. Name and brief curriculum vitae of Corporate Secretary 2. Activity report	222-225
12.	Information on previous year's General Meeting of Shareholders (GMS)	Comprising, among others: 1. Decision of the GMS in the previous year; 2. Realization of the GMS results in the financial year; and 3. Reason for unrealized GMS decisions	226-229
13.	Internal Audit Unit	Description of: 1. Name of head of internal audit unit 2. Total employees of internal audit unit 3. Professional internal audit qualification/certification 4. Structure and position of internal audit unit 5. Activity report 6. Party appointing/terminating head of internal audit unit	231-238
14.	Accountant	Information on: 1. Number of periods accountant has audited company's annual financial statements 2. Number of periods public accountant office has audited company's annual financial statements 3. Amount of audit fee and other attestation fees (if accountant provides attestation concurrently with audit) 4. Other accountant services besides financial audit Note: if no other service exists, state so	239-240
15.	Description of company's risk management	Description includes: 1. Risk management system 2. Evaluation of effectiveness of risk management system 3. Risks facing the company 4. Efforts to manage such risks	241-248
16.	Description of internal control system	Information includes: 1. Brief report on internal control system, including financial and operational control 2. Explanation on internal control system suitability with internationally acknowledged frameworks/COSO (control environment, risk assessment, control activities, information and communication, and monitoring activities) 3. Evaluation of effectiveness of internal control system	249-250



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17.	Description of corporate social responsibility related to environment	Description includes information on: 1. Policy 2. Activities Financial effect of environmental program activities, such as usage of recyclable material and ecofriendly energy, waste treatment system, etc. 3. Environmental certification owned by the Company	265-269
18.	Description of corporate social responsibility related to employment, work safety and health	Comprising information on, among others: 1. Policy set by the management; and 2. Activities carried out in terms of manpower, occupational health and safety practices such as gender equality and work opportunity, work facility and safety, employee turnover rate, occupational accident rate, and others.	N/A
19.	Description of corporate social responsibility related to social and community development	Information includes: 1. Policy 2. Activities Financial effect of these activities in relation to employment, work safety and health, gender equality and equal opportunity, working facilities, employee turnover, work-related accident rate, training, etc. 3. The costs incurred related to social and community development, such as utilization of local workers, development of community surrounding the company's premise, social facility and infrastructure improvement, other donations, etc.	270-272
20.	Description of corporate social responsibility in relation to customer	Information covers: 1. Policy 2. Activities Financial effect of these activities in relation to customer's safety and health, product information, means of handling customer complaints, total number of customer complaints settled, etc.	273
21.	Description of significant cases faced by the company, subsidiaries, incumbent members of Board of Directors and Board of Commissioners	Description includes: 1. Subject of cases/claims 2. Status of cases/claims settlement 3. Effects on company's financial condition 4. Administrative penalty imposed on subsidiary, members of Board of Directors and Board of Commissioners, by the related authority (capital market, bank, etc) in the last financial year Note: if there is no significant case, state so	250
22.	Public access to corporate data and information	Elaboration on availability of public access to corporate data and information, through website, mass media, mailing list, bulletin, analyst meeting, etc.	251-253
23.	Discussion of code of conduct	Discussion includes: 1. Content of code of conduct 2. Statement that code of conduct is applicable to all organization levels 3. Dissemination of CoC. 4. Efforts to implement and enforce code of conduct 5. Statement of corporate culture	254-258
24.	Elaboration on whistleblowing system	Elaboration on whistle-blowing mechanism: 1. Method of reporting 2. Protection of whistle-blower 3. Handling of reports 4. Party that handles reports 5. Output of reports handled	259-261

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25.	The composition diversity of the Board of Commissioners and Board of Directors	Description of the Company's policy regarding the composition diversity of the Board of Commissioners and Board of Directors in education (field of study), work experience, age, and gender. Note: if there is no defined policy, the reasons and considerations is to be disclosed.	48
VII. Financial Information			
1.	Statement of Board of Directors regarding its responsibility of financial statement	In conformity with related regulations on Financial Statement	N/A
2.	Independent auditor's opinion on financial statement		
3.	Description of independent auditor in opinion	Description contains: 1. Name and signature 2. Date of audited report 3. License number of Public Accountant office and license number of Public Accountant	N /A
4.	Full financial statement	Contains all financial statement elements: 1. Balance sheet 2. Comprehensive income statement 3. Changes in equity report 4. Cash flow report 5. Notes to financial statement 6. Financial statement at the beginning of comparative periods when the company implements accounting policy retrospectively or restates financial statement accounts, or reclassifies financial statement accounts (if applicable)	287 (1) - 290 (5)
5.	Comparison of profitability ratio	Comparison of current and previous year profit (loss)	287 (1) - 290 (5)
6.	Presentation of cash flow report	In compliance with the following: 1. Classification of activities in three categories: operating, investing and financing activities 2. Usage of direct method in reporting cash flow from operating activities 3. Separate presentation of cash income/expense in current year in operating, investing and financing activities 4. Disclosure of non-cash activities in notes to financial statement	287 (1) - 290 (5)
7.	Description of accounting policy	Description contains at least: 1. Statement of compliance with SFAS 2. Basis of financial statement measurement and presentation 3. Recognition of income and expense 4. Fixed assets 5. Financial instruments	294 (9) - 303 (10)
8.	Disclosure of related-party transactions	Items to be disclosed include: 1. Name of related parties, nature of relationship to related parties 2. Value of transactions and percentage to relevant total income and expense 3. Transaction balance and percentage to total assets or liabilities	326 (41) - 327 (42)



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9.	Disclosure of tax obligations	<p>Items to be disclosed include:</p> <ol style="list-style-type: none"> 1. Relation between tax expense (income) and accounting profit 2. Reconciliation between fiscal and current tax assessment 3. Statement that reconciled taxable profit is the basis of making corporate annual income tax return 4. Breakdown of deferred tax assets and liabilities recognized in balance sheet for each period and total deferred tax expense (income) recognized in income statement if such amount is not shown in total deferred tax assets or liabilities recognized in financial statement 5. Statement whether or not there is any tax dispute 	307 (22) – 311 (26)
10.	Disclosure of fixed assets	<p>Items to be disclosed:</p> <ol style="list-style-type: none"> 1. Depreciation method applied 2. Description of accounting policy adopted between fair value model and cost model 3. Significant method and assumption adopted in estimating fair value of fixed assets (revaluation model) or disclosure of fair value of fixed assets (cost model) 4. Reconciliation of recorded gross amount and cumulative depreciation of fixed assets at beginning and at end of period by showing addition, reduction and reclassification 	312 (27) – 315 (30)
11.	Disclosure of operating segment-related matters	<p>Items to be disclosed include:</p> <ol style="list-style-type: none"> 1. General information that comprises factors referred to for identifying the reported segments; 2. Information of profit and loss, assets and liability of reported segments; 3. Reconciliation of the total segment revenue, the reported segment profit and loss, segment assets, segment liabilities and material elements of other segments against the number of entities involved; and 4. Disclosure of entity level, comprising information on product and/or service, geographic area and main customers. 	N/A
12.	Disclosure of financial instruments	<p>Items to be disclosed include:</p> <ol style="list-style-type: none"> 1. Accounting requirements, conditions and policies for each group of financial instruments 2. Classification of financial instruments 3. Fair value of each group of financial instruments 4. Purpose and policy of financial risk management 5. Explanation on risks related to financial instruments: market risks, credit risks and liquidity risks 6. Quantitative analysis on risks related to financial instruments 	333 (48) – 335 (50)
13.	Publication of financial statement	<p>Items to be disclosed include:</p> <ol style="list-style-type: none"> 1. Date of authorization for financial statement publication 2. Party responsible for authorizing financial statement 	335 (50)



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